



Ministry of International Trade and Industry

Weekly Bulletin

DRIVING TRANSFORMATION, POWERING GROWTH

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BUDGET 2018: WELL-BALANCED, FUTURISTIC AND PRO-GLOBALISATION



I congratulate YAB Prime Minister for the best ever Budget that is well-balanced and inclusive, touching every aspect of Malaysia and its citizens, as well as preparing us for the future. The Budget continues to empower our SMEs and for the first time ever, they receive a big boost of RM23.7 billion in terms of government allocation, grants, soft loans and guarantees. These initiatives are vital in building the capabilities of our SMEs to ensure they remain competitive in meeting the economic challenges of today and tomorrow. In addition to these said allocations, the RM1 billion provided by major institutional investors and the tax incentive for investment in venture capital will stimulate entrepreneurship and promote the growth of start-ups and innovation in our economy.

With the support and allocations, I have every confidence that SMEs will be able to contribute 41% to GDP by 2020. The Government is committed in positioning our SMEs in new growth areas including the digital economy. We are currently in the process of onboarding more than 1,500 local SMEs into the first phase of the Digital Free Trade Zone (DFTZ) to be launched by YAB Prime Minister and Jack Ma in early November. This will be a further boost to SMEs in terms of their export growth and employment creation.

Malaysia's pro-globalization and international outlook were also reaffirmed by this Budget. The Principal Hub initiative that was introduced in May 2015 has approved 27 applications from multinational companies to establish their regional and global headquarters in Malaysia. The Principal Hub initiative has resulted in business spending of over RM230 million and utilization of local ancillary services worth around RM20 million per annum, as well as creation of high-value jobs. The extension of this Principal Hub incentive package beyond 2017 until December 2020 is a significant move to strengthen Malaysia's position as the gateway to the region and the world.

Our focus in recent years has been to promote high quality investment and thus the RM200 million allocated for High Impact Strategic Fund under MIDA will assist in achieving this objective. These investments would facilitate technology-transfer and creation of high-skilled jobs that will change the landscape of our economy, especially as Malaysia continues to transform itself into a high-income status.

The internationalization agenda is further strengthened with the allocation of RM150 million for MATRADE, MIDA and SME Corp to undertake export and investment promotion activities including Market Development Grant (MDG). In 2016, the MDG has benefited a total of 1,910 SMEs. This allocation will certainly strengthen the Government's efforts to increase the visibility of Malaysia in the international marketplace especially in light of increasingly competitive environment. For the year 2017, we expect our total trade to grow by 17.1% to RM1.7 trillion while exports will accelerate by 16.6% to RM917.5 billion.

Moreover, the allocation for EXIM Bank of RM1 billion for credit insurance facility and RM200 million for export financing will address the financing problem faced by SMEs which are looking to export. It will be instrumental in boosting the export by SMEs, especially as we target to raise their export contribution to GDP to 23% by 2020.

This is also a future-focused Budget which takes cognizance of the need to strengthen Malaysia's embrace of Industry 4.0. Over the last 10 years, MIDF has approved over RM1.5 billion of loans under the Soft Loan Scheme for Automation and Modernization (SLSAM) – an amount which is still small given the importance of automation especially in current business landscape as well as the pressing need not only to reduce dependence on foreign workers, but also to create more high income jobs. As such, we believe the RM1 billion in the form of 70% Government guaranteed loan for companies that plan to innovate will help us achieve this objective.

The provision of RM245 million worth of matching grant under the Strategic Domestic Investment Fund will allow us to upgrade Smart Manufacturing facilities, which are an important dimension of Industry 4.0. The Government is committed in providing a necessary ecosystem that will encourage and facilitate more companies to innovate and adopt Industry 4.0 elements in their business processes.

Overall, Budget 2018 places SMEs in the mainstream of socio-economic development. SMEs form 98.5% of total establishments, where 76.5% of them are micro enterprises. The allocations for promotion and financing activities will further enhance our growth in trade and investment, which will play a major role in delivering the targeted economic growth of 5.2–5.7%.

Dato' Sri Mustapa Mohamed
28 October 2017

www.miti.gov.my

AT A GLANCE

SNAPSHOT OF THE 2018 BUDGET

Malaysia's achievements:

- ✓ Strengthening and deepening diplomatic and trade relations with the world's largest economic powers; and
- ✓ Ability to manage country's finances, practising good governance and prudent fiscal discipline.

2018 FEDERAL BUDGET

2018 Revenue: RM239.86b

2018 Allocation: RM280.25b*

- Operating Expenditure: RM234.25b
- Development Expenditure: RM46b

*excluding Contingency Savings: RM2b

ECONOMIC PERFORMANCE 2018

GDP : 5.0–5.5% (2017 :5.2 – 5.7 %)

**Income Per Capita 2018 : RM42,777
(2017 :RM40,713)**

Fiscal Deficit: 2.8% (2017:3.0%)

**International Reserves: RM428.7b
(as at 13 October 2017)**

2018 BUDGET THEME

**“Prospering an Inclusive Economy,
Balancing Between Worldly and
Hereafter, for the Wellbeing of Rakyat,
Towards the TN50 Aspiration”**

Touchpoints 2018 BUDGET

1 High-impact Investment



RM1 billion

Promoting economic growth and create job opportunities in five main corridors including Southern Perak Region, Bukit Kayu Hitam Duty-Free Zone, Kedah; Tok Bali Industrial Park, Kelantan and Boleh Dam, Sarawak



Emphasising High impact investment

petroleum-related industries, logistics, aerospace, rail and robotics



Extended

the period of Tax Incentive for Principal Hub to 31 December 2020

RM200 million

High-impact strategic fund under



2 Strengthening Small and Medium Enterprises



RM7 billion

Skim Jaminan Pembiayaan Perniagaan for working capital and services sector

RM1 billion

Government Guarantee loans under SJPP to enable SMEs to automate production



RM82 million

Development of halal industries and products under various agencies

RM200 million

Soft loans, grants and training programmes for SME under SME



RM1 billion

Shariah-compliant SME Financing Scheme with subsidy rate of 2%

Touchpoints 2018 BUDGET

3 Micro Financing



RM200 million

Amanah Ikhtiar Malaysia



RM500 million

Loan fund under
Tabung Ekonomi
Kumpulan Usahawan
Niaga
(TEKUN)

SPED

SKIM PINJAMAN EKONOMI DESA

RM80 million

Rural Economic
Financing Scheme
(SPED) for rural
Bumiputera
entrepreneurs

4 Accelerating Exports

RM150 million

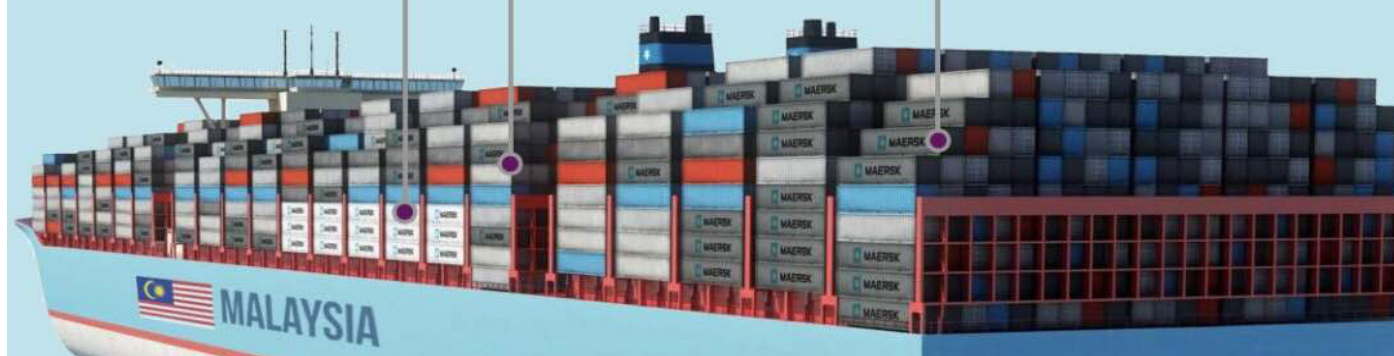
Expand export market and
promotion

RM1 billion

Insurance coverage
credit facility for SME
exporters

RM100 million

Loans to enhance
automation of local
furniture production for
export



Touchpoints 2018 BUDGET

5 Revitalise Tourism Industry



RM1 billion

Tourism Infrastructure Development Fund



Tax Incentive

for investment in new 4-star and 5-star hotels extended for 2 years



Expand

eVisa Regional Hub



RM2 billion

SME Tourism Fund with interest subsidy of 2%



Visit Malaysia

year 2020



RM500 million

Tourism promotion and development programme



Tax incentive

for for tour operating companies extended to 31 December 2020



6 Healthcare Tourism Industry: Malaysian Healthcare Travel Council

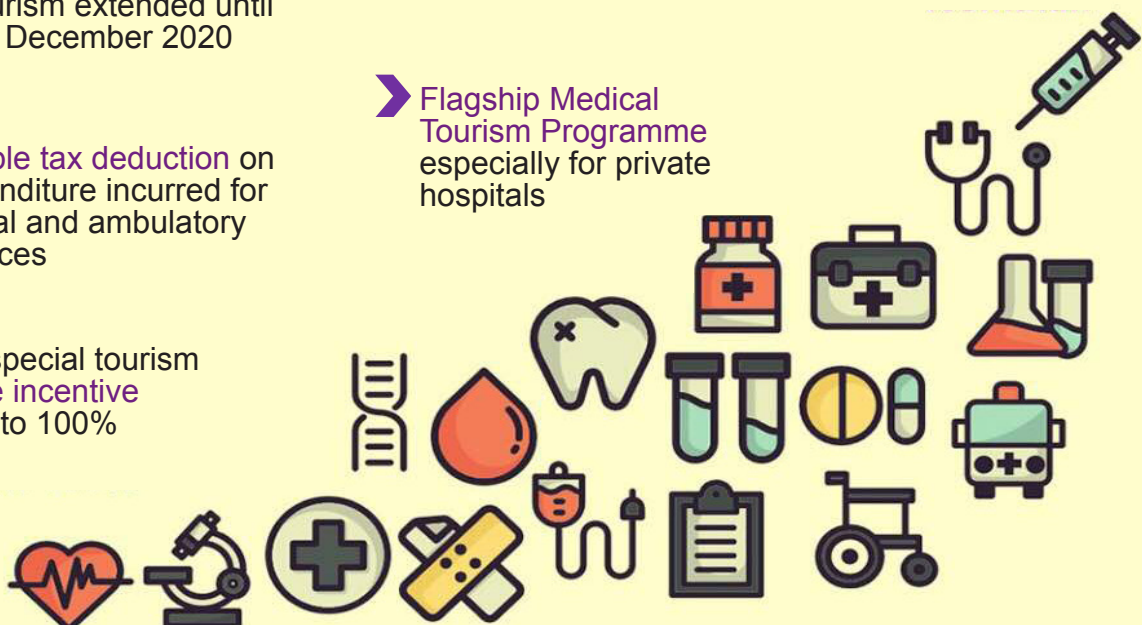
➤ **Investment Tax Allowance** for medical tourism extended until 31 December 2020

➤ **Double tax deduction** on expenditure incurred for dental and ambulatory services

➤ **Increase special tourism healthcare incentive** from 50% to 100%

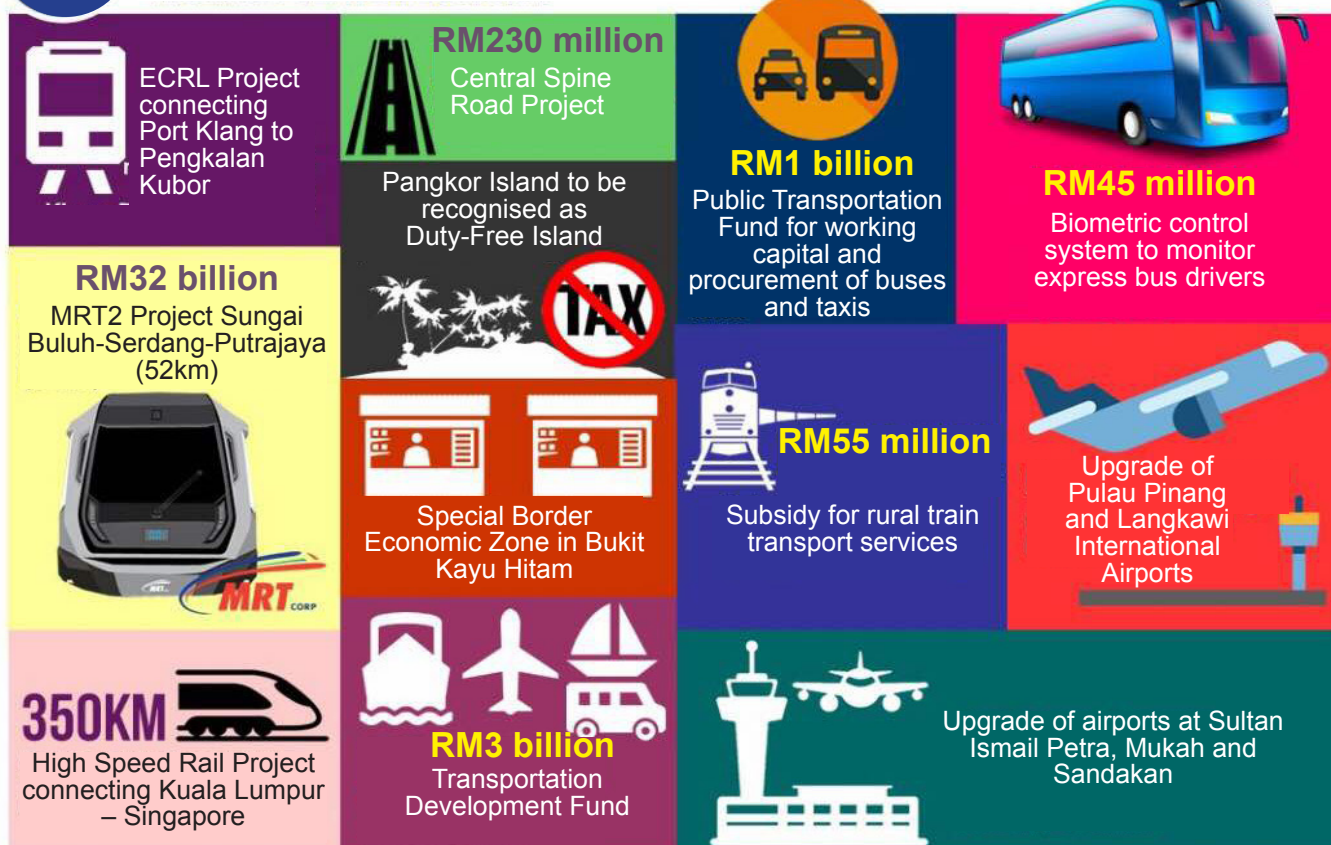
➤ Create a **high value healthcare** packages as Asian Hub for Fertility Treatment and Cardiology

➤ **Flagship Medical Tourism Programme** especially for private hospitals

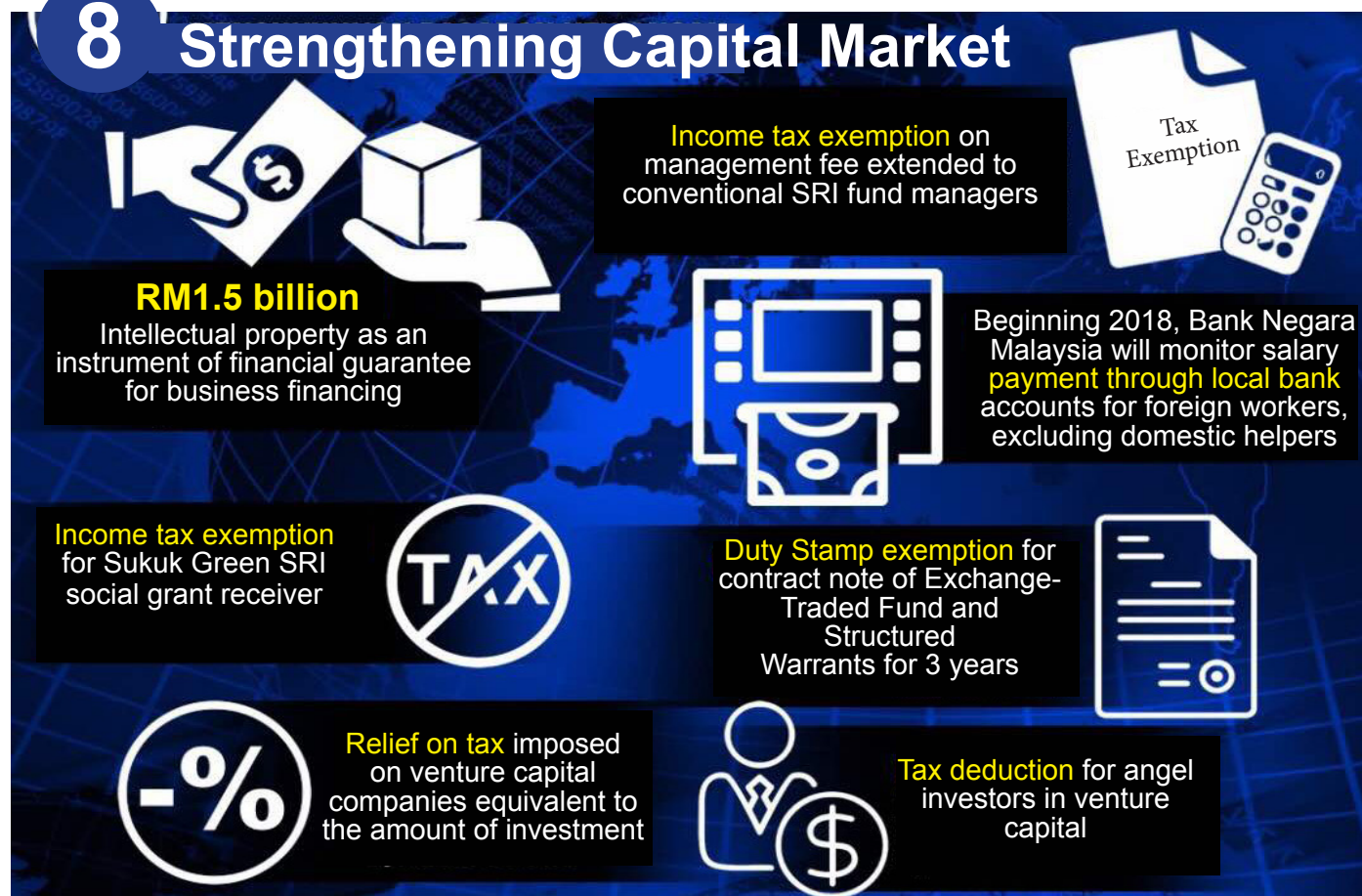


Touchpoints 2018 BUDGET

7 Driving Logistics Sector



8 Strengthening Capital Market





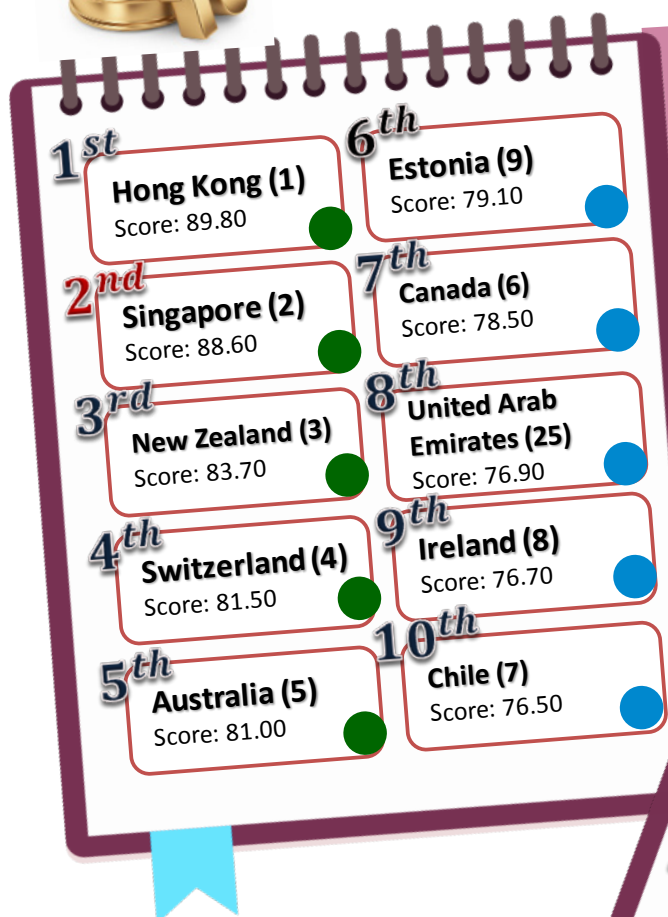
Approved Private Investments 1H 2017



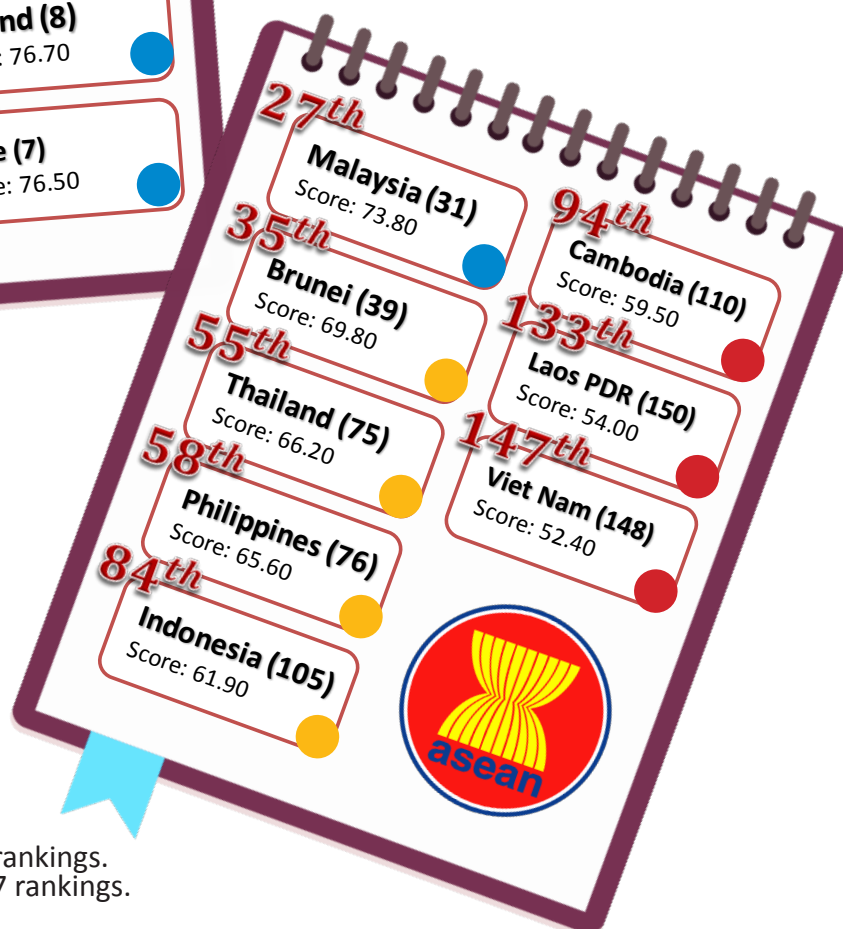
Source: Malaysian Investment Development Authority

INTERNATIONAL REPORT

Top 10 plus ASEAN Economic Freedom Index 2017 ranking



The Economic Freedom Index measure the degree of economic freedom in the world's nations. Economic freedom is the fundamental right of every human to control their own labour and property. In an economically free society, individuals are free to work, produce, consume, and invest in any way they please. In economically free societies, governments allow labour, capital, and goods to move freely, and refrain from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself.

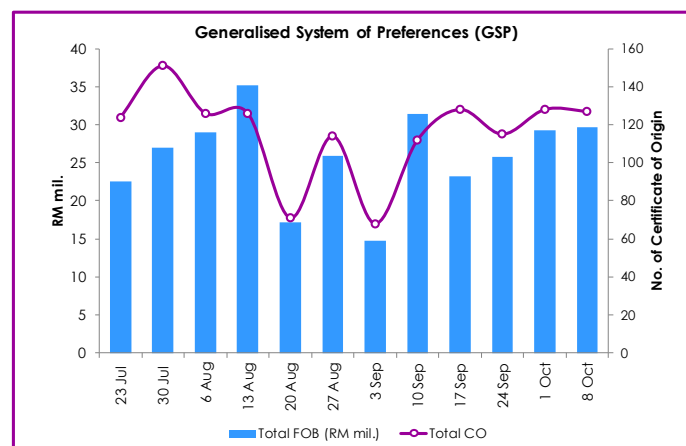
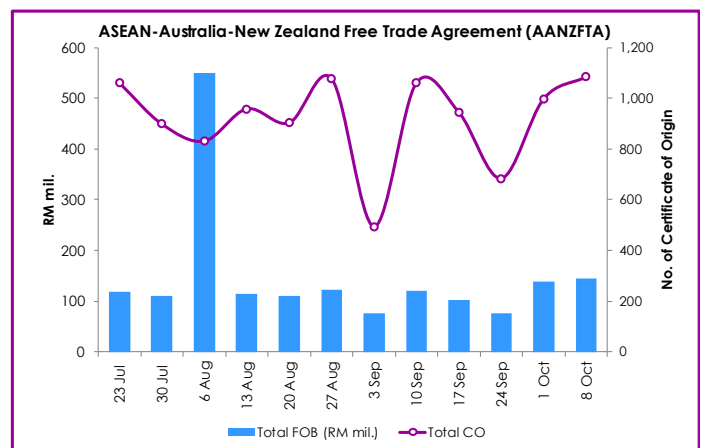
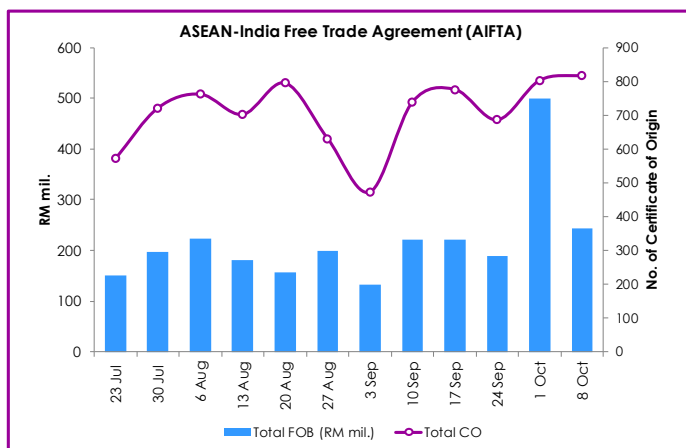
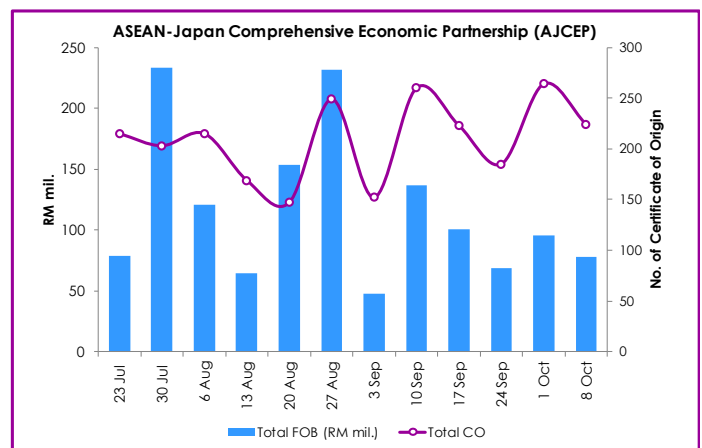
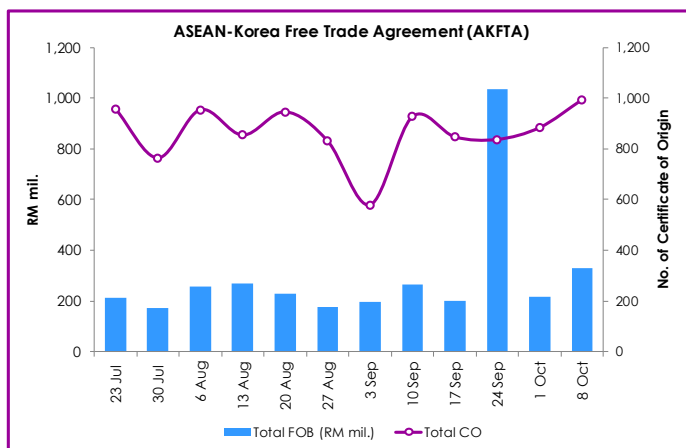
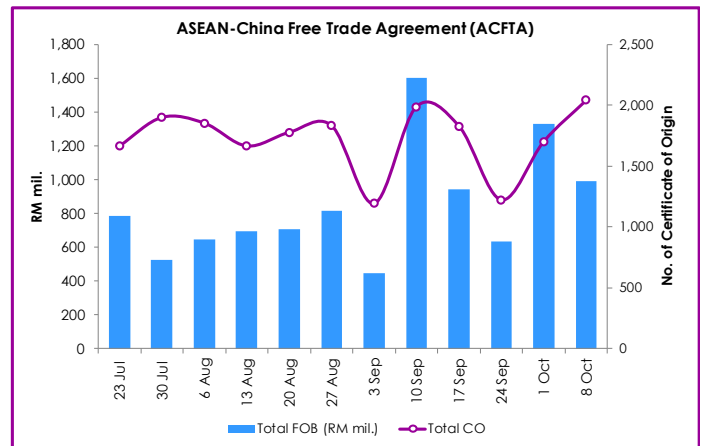
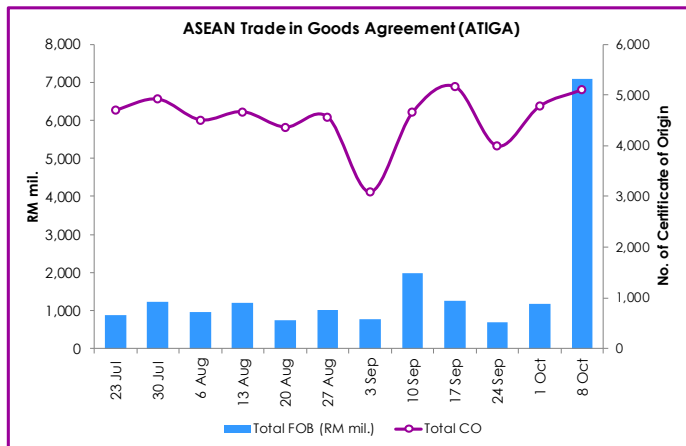


Notes:

1. Number in parenthesis refers to 2016 rankings.
2. Myanmar was not included in the 2017 rankings.
3. ● Free (100-80)
4. ● Mostly free (79.9-70)
5. ● Moderately free (69.9-60)
6. ● Mostly unfree (59.9-50)

Source: <http://www.heritage.org/index/ranking>

Number and Value of Preferential Certificates of Origin (PCOs)

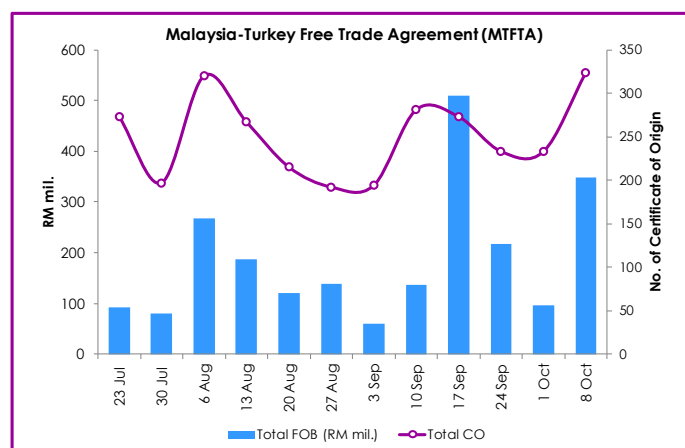
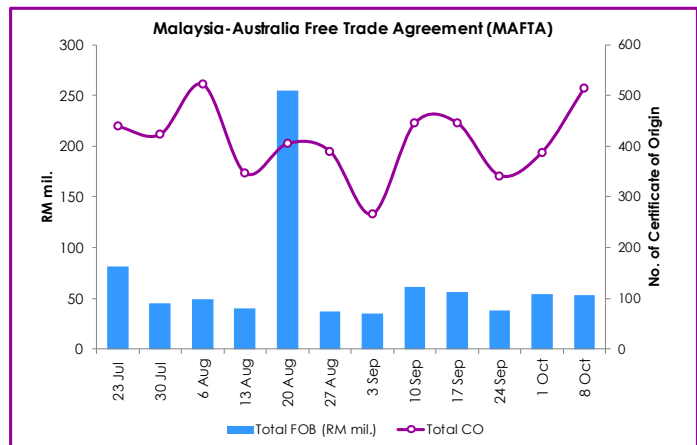
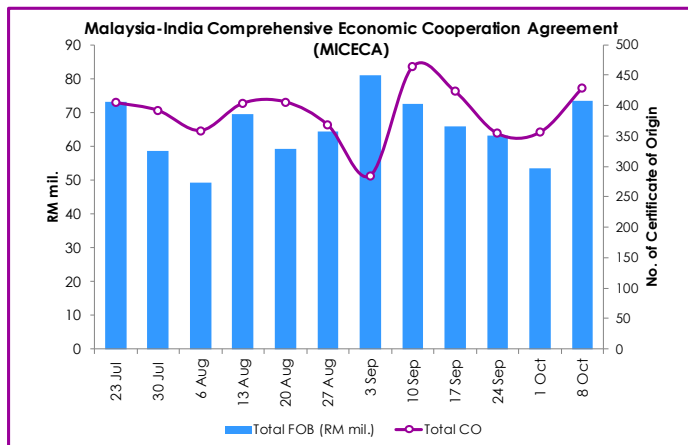
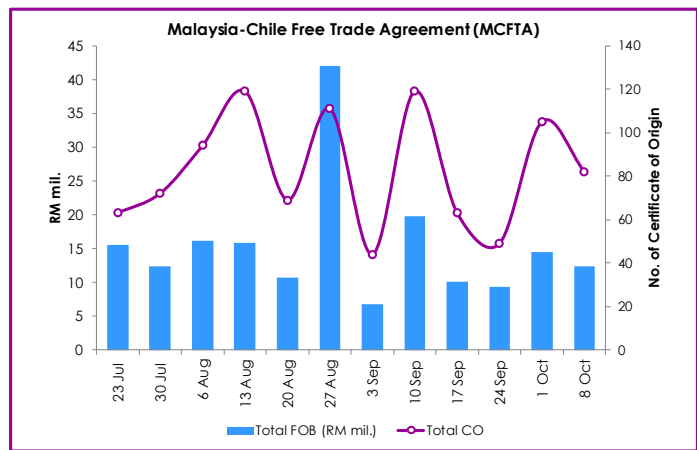
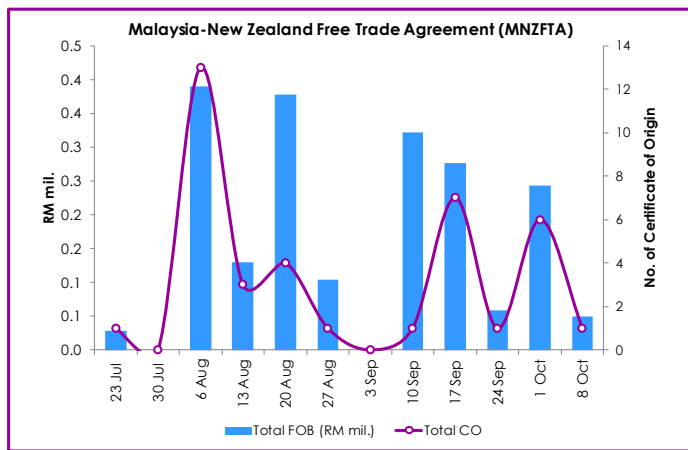
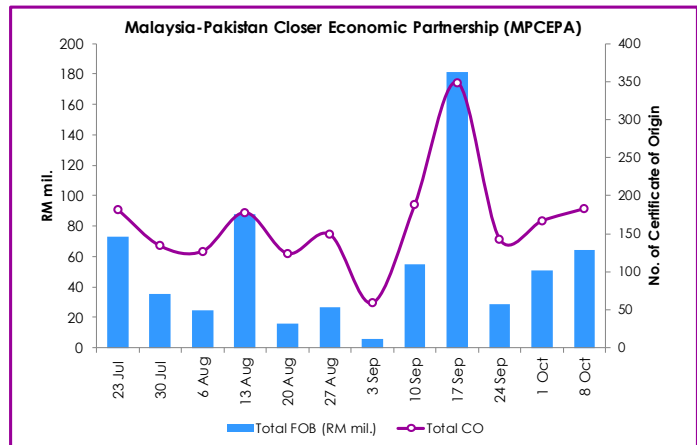
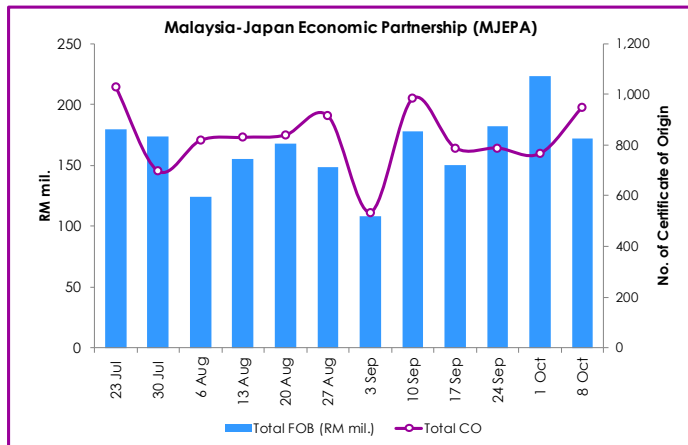


Note: The preference giving countries under the GSP scheme are Liechtenstein, the Russian Federation, Japan, Switzerland, Belarus, Kazakhstan and Norway.

Note: *Provisional Data

Source: Ministry of International Trade and Industry, Malaysia

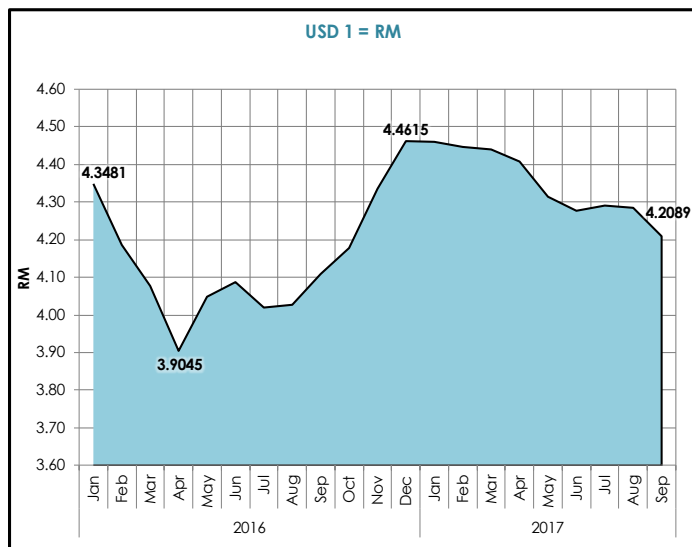
Number and Value of Preferential Certificates of Origin (PCOs)



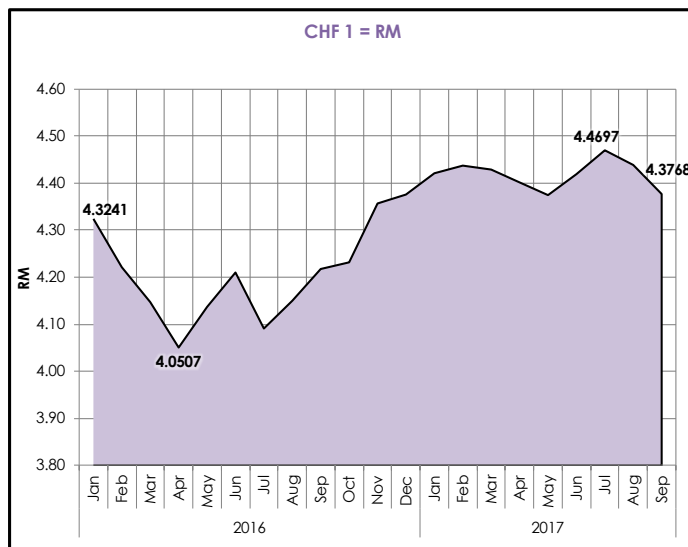
Note: *Provisional Data
Source: Ministry of International Trade and Industry, Malaysia

Malaysian Ringgit Exchange Rate with Selected Countries, January 2016 - September 2017

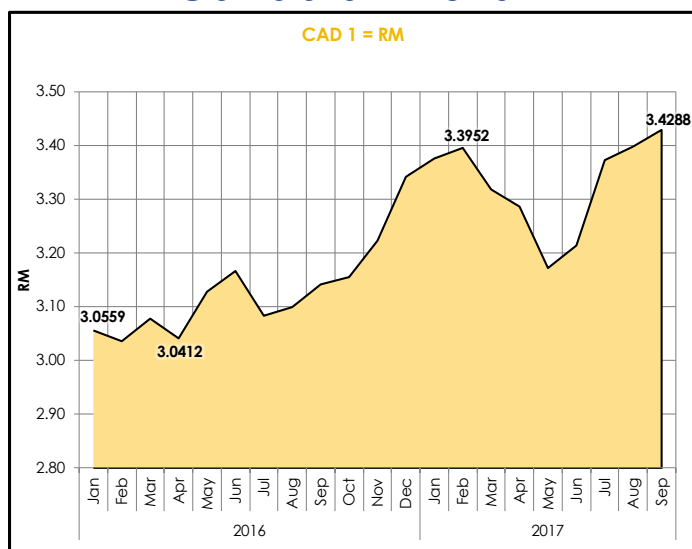
US Dollar



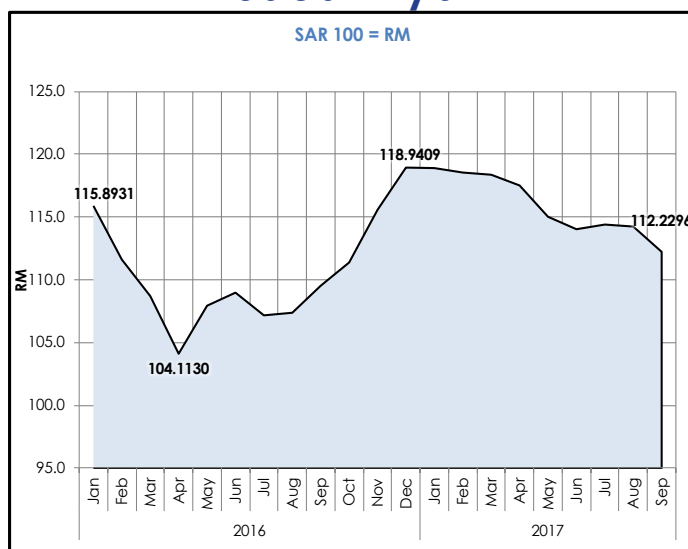
Swiss Franc



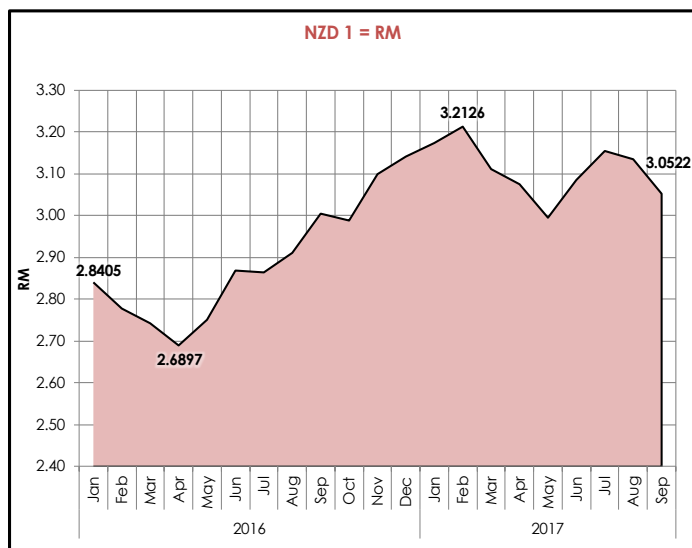
Canadian Dollar



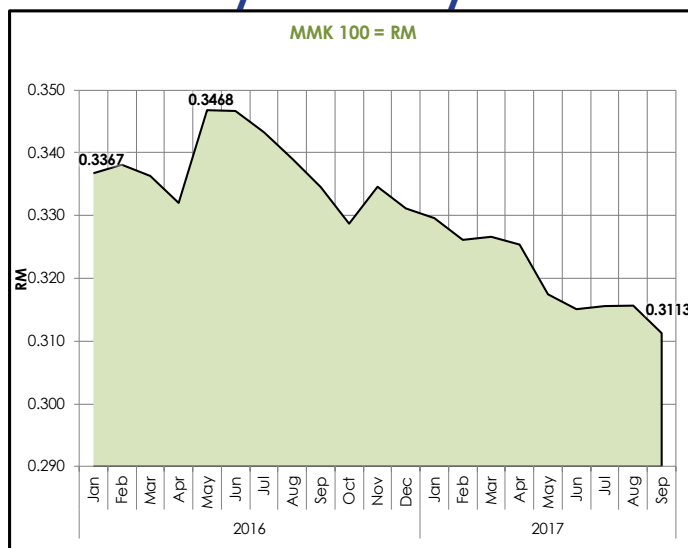
Saudi Riyal



New Zealand Dollar



Myanmar Kyat



Source : Bank Negara Malaysia

Commodity Prices



CRUDE PETROLEUM (BRENT)

-per bbl-

27 Oct 2017 : US\$60.4, ▲ 4.7%*

Average Priceⁱ : 2016: US\$45.3

2015: US\$53.6



CRUDE PALM OIL

-per MT-

27 Oct 2017 : US\$728.5, ▲ 0.8%*

Average Priceⁱ : 2016: US\$702.2

2015: US\$616.9



SUGAR -per lbs-

27 Oct 2017 : US¢ 14.6, ▲ 4.5%*

Average Priceⁱ : 2016: US¢18.2

2015: US¢13.2



RUBBER SMR 20

-per MT-

27 Oct 2017 : US\$1,425.0, ▼ 0.3%*

Average Priceⁱ : 2016: US\$1,394.5

2015: US\$1,364.3



COCOA SMC 2

-per MT-

27 Oct 2017 : US\$1,615.0, ▲ 7.4%*

Average Priceⁱ : 2016: US\$1,609.8

2015: US\$2,077.0



COAL -per MT-

27 Oct 2017 : US\$61.4, ▲ 0.2%

Average Priceⁱ : 2016: US\$45.6

2015: US\$49.9



SCRAP IRON HMS

-per MT-

27 Oct 2017 : US\$320.0 (high), ▼ 8.6%*

US\$300.0 (low), ▼ 9.1%*

Average Priceⁱ : 2016: US\$243.2

2015: US\$239.6

HIGHEST and LOWEST 2016/2017

Crude Petroleum (Brent) -per bbl-



Highest

27 Oct 2017 : US\$60.4

30 Dec 2016 : US\$56.8

Lowest

23 June 2017 : US\$45.5

15 Jan 2016 : US\$28.9

Crude Palm Oil -per MT-



Highest

20 Jan 2017 : US\$843.0

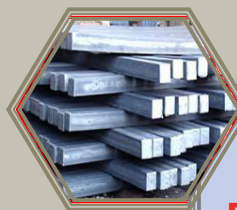
30 Dec 2016 : US\$797.5

Lowest

30 June 2017 : US\$650.0

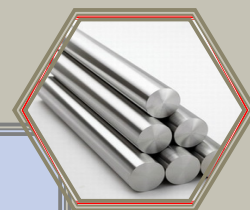
15 Jan 2016 : US\$545.5

Domestic Prices 27 Oct 2017



Billets (per MT)

RM2,150 – RM2,200



Steel Bars (per MT)

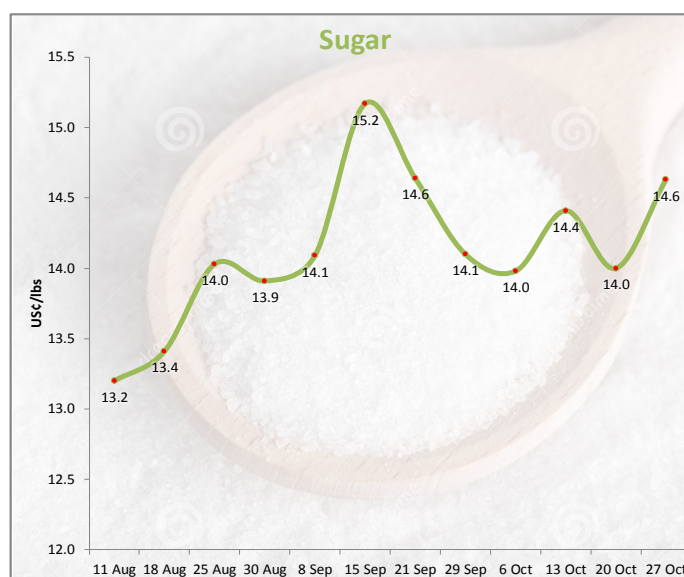
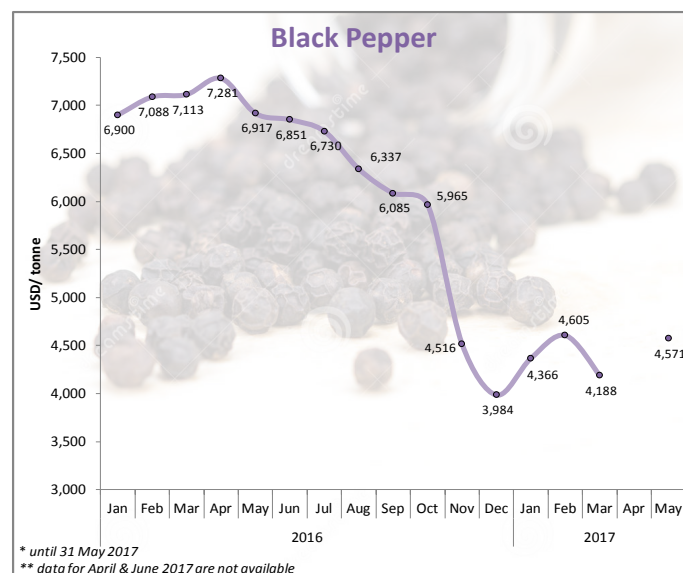
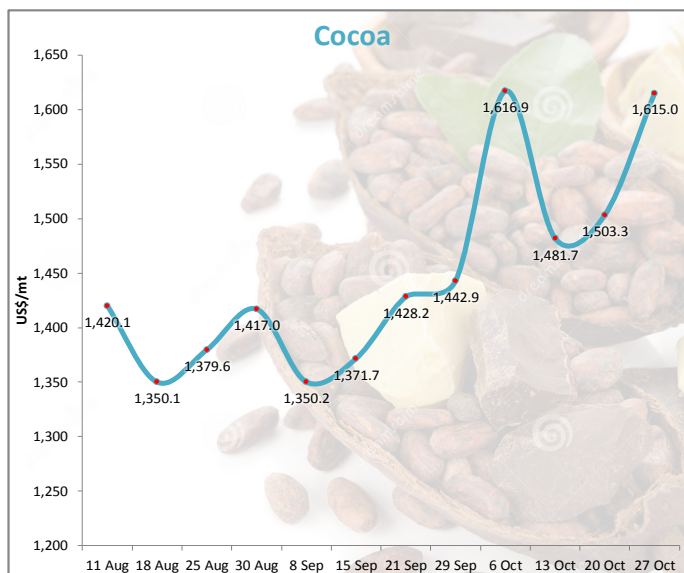
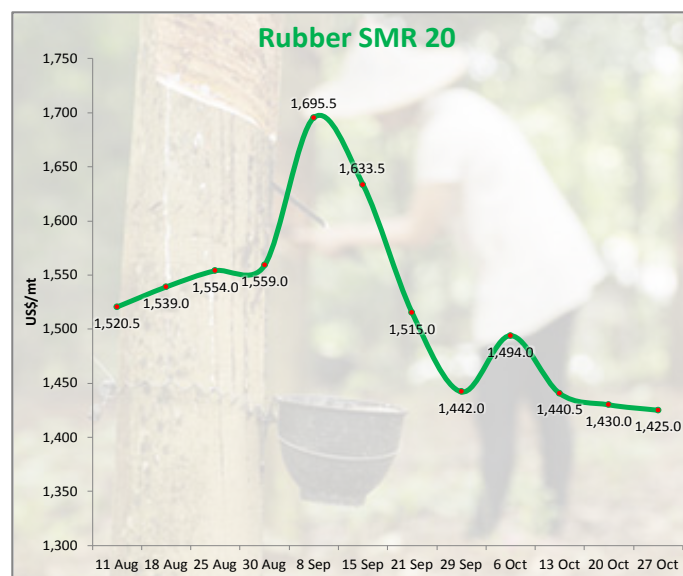
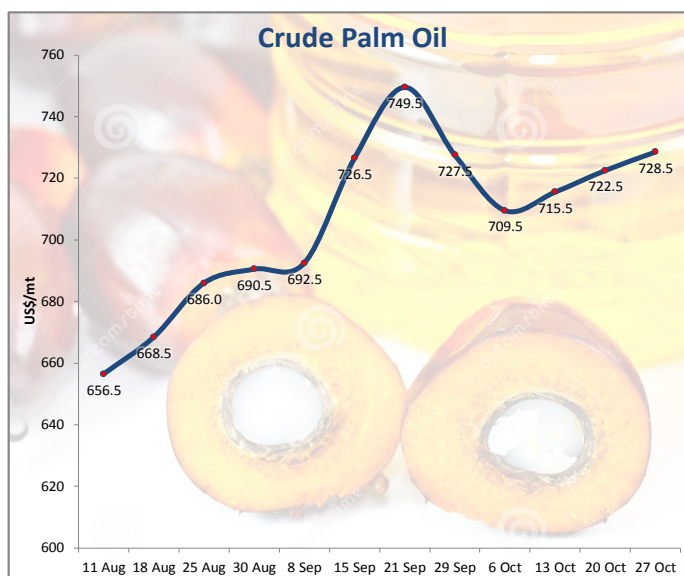
RM2,300 – RM2,450

Notes: All figures have been rounded to the nearest decimal point

* Refer to % change from the previous week's price

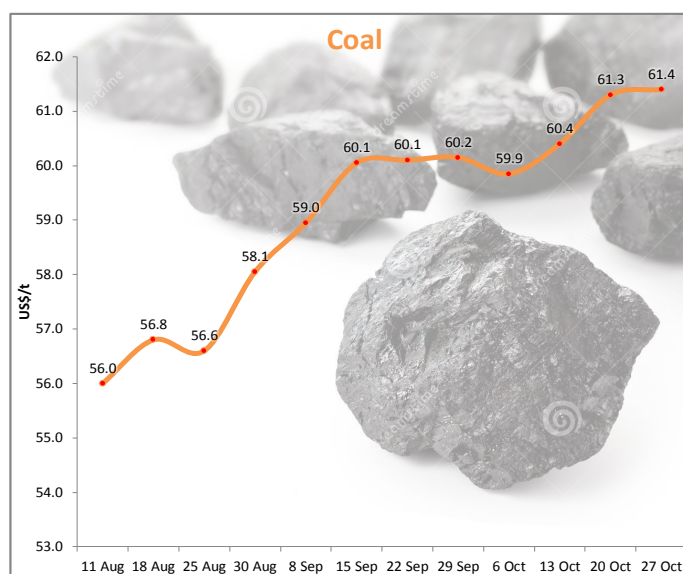
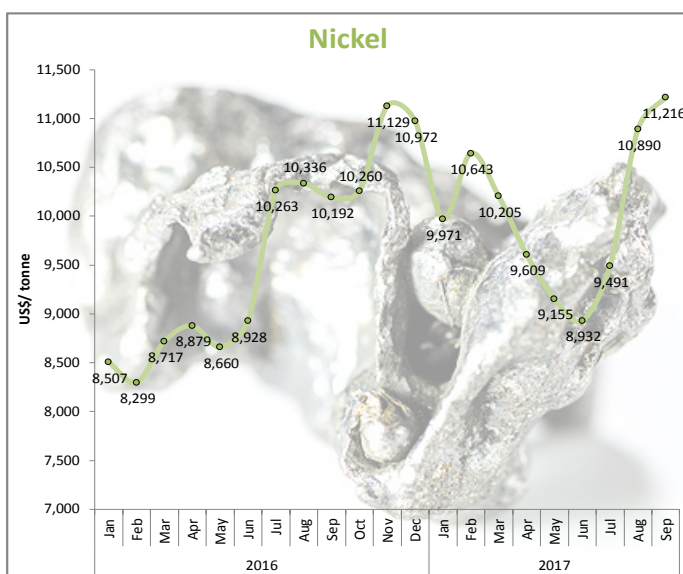
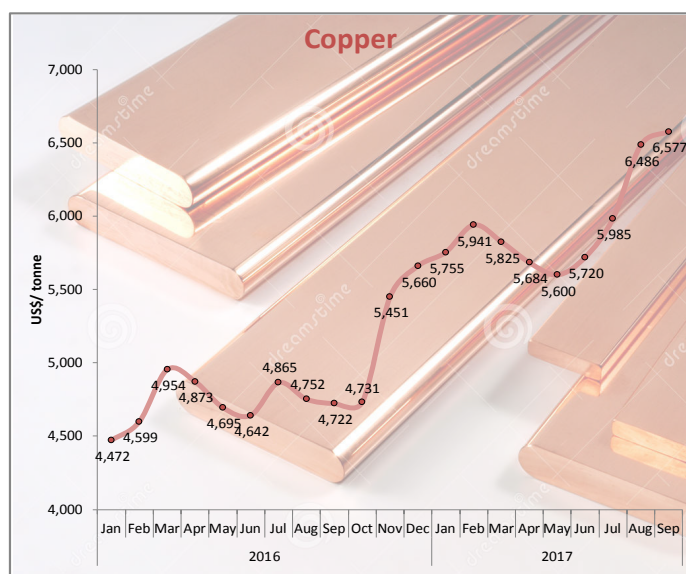
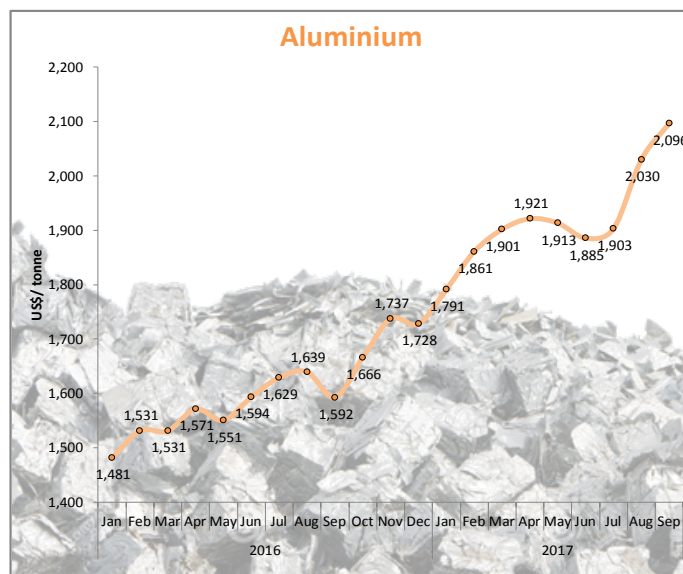
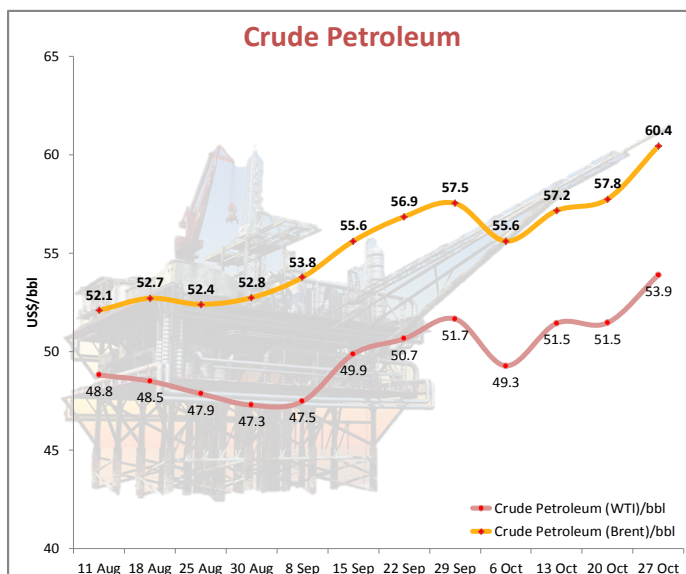
i Average price in the year except otherwise indicated

Commodity Price Trends



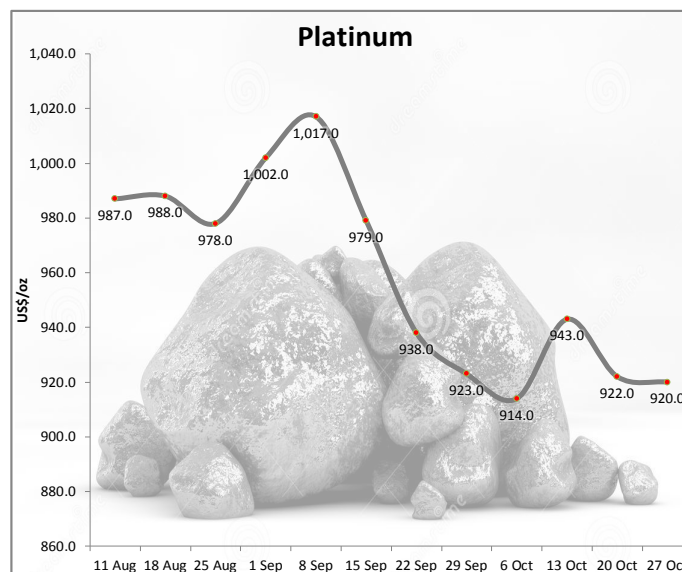
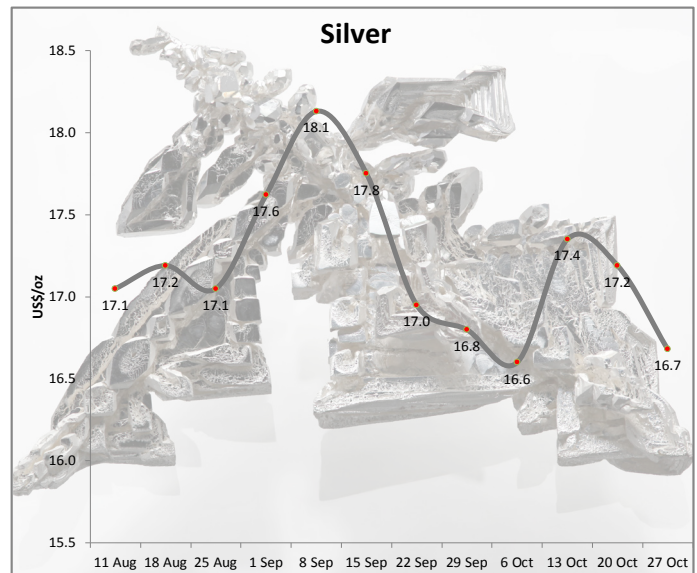
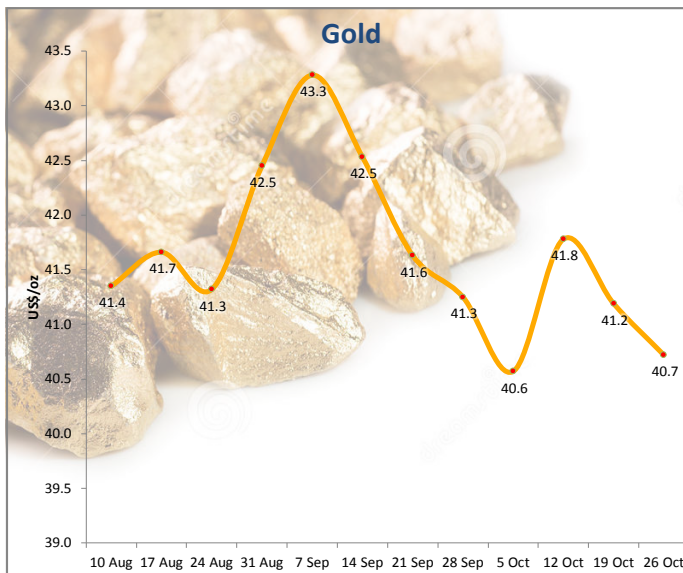
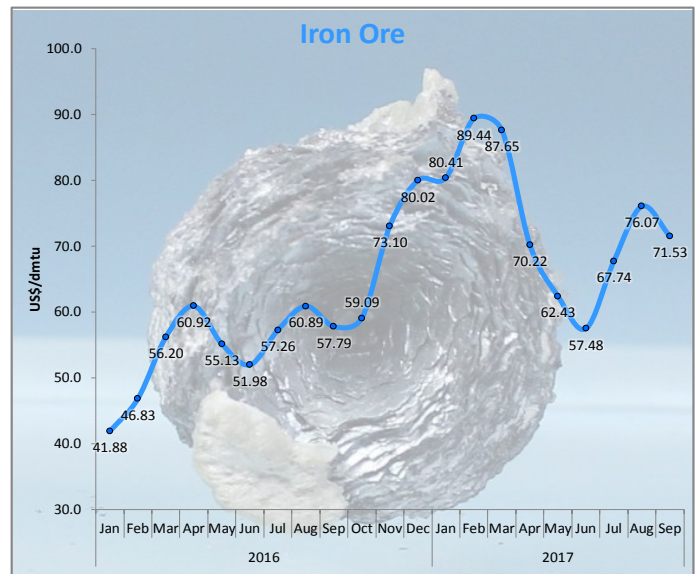
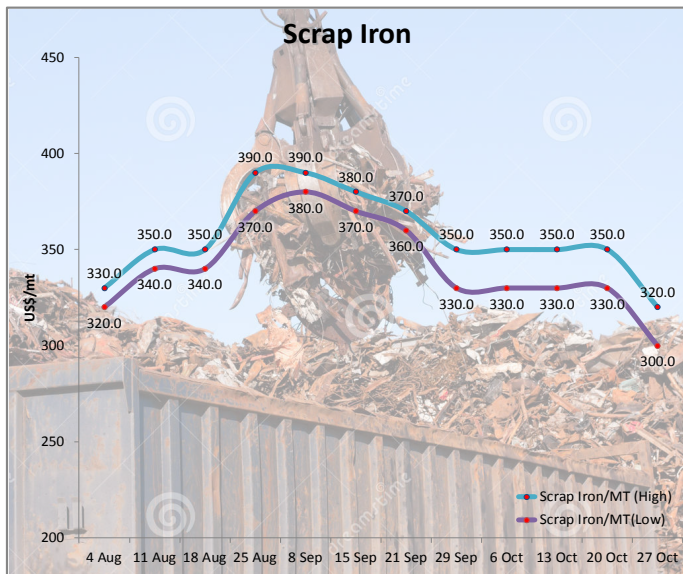
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.

MITI PROGRAMME

Sepetang Bersama Menteri dan Majlis Pelancaran Hab PKS, 25 Oktober 2017



MITI PROGRAMME

PERDASAMA EXPLOREASEAN Opportunities and Way Forward 25 October 2017



National MNCs-SMEs Supply Chain Development & Opportunities 30 October 2017





Glossary

of Technical Terms

Producer Price Index

Measures the changes in the price of commodities charged by domestic producers and those paid by importers for importing goods into Malaysia. The commodities originated from (i) Agriculture, Forestry and Logging & Fishing (ii) Mining & Quarrying (iii) Manufacturing and (iv) Water, Gas & Electricity Sectors.

Professional services

Occupations in the tertiary sector of the economy requiring special training in the arts or sciences. Some professional services require holding professional licenses such as architects, auditors, engineers, doctors, accountants and lawyers.

PSR

Product Specific Rules - Rules used to specify that the materials have undergone change in tariff classification or a specific manufacturing process.

QRs

Quantitative restrictions - specific limits on the quantity or value of goods that can be imported (or exported) during a specific time period.

QVC

Qualifying Value Content

RCEP

Regional Comprehensive Economic Partnership (ASEAN+6)

Real GDP

Gross domestic product (GDP) values adjusted for inflation.

Real GDP shows the actual picture of the economic growth of the country (i.e. real GDP is used to see GDP growth)

Regional Economic Integration

Refers to agreements between countries in a geographic region to reduce, and ultimately remove, tariffs and non-tariff barriers to facilitate the free flow of goods and services between one another. In 2009 APEC Senior Officials agreed on a threefold comprehensive approach to accelerating regional economic integration – liberalizing trade and investment flows “at the border”, improving the business environment “behind the border”, and enhancing physical connectivity “across the border”.

Source: <http://www.miti.gov.my/index.php/glossary>

**TO BE
CONTINUED...**

ANNOUNCEMENT

ANUGERAH KECEMERLANGAN INDUSTRI

INDUSTRY EXCELLENCE AWARD



AKI 2018 - Open to All companies
Closing Date: 31 January 2018



EXPO NEGARAKU 2017

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NOV DEC | AM PM

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NEGARAKU**
KUALA LUMPUR 2017

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3rd PUBLIC CONSULTATION ON REVIEW OF INDUSTRIAL CO-ORDINATION ACT 1975 [ACT 156]

From 24 October to 11 November 2017



The Industrial Co-ordination Act 1975 ("ICA") is an Act to provide for the co-ordination and orderly development of manufacturing activities in Malaysia. The Ministry of International Trade and Industry is in the midst of reviewing the ICA with the objective to provide a more conducive environment for businesses.

Thus, all members of the public are invited to participate in this ICA online consultation process which will run from 24 October 2017 until 11 November 2017. Kindly click at http://grp.miti.gov.my/index.php/public_consultation/view/34 to provide feedback and suggestions.



KEMENTERIAN PERDAGANGAN ANTARABANGSA DAN INDUSTRI



HARI MITI

2017

ZON PANTAI TIMUR



#mitiday
#harimitikb17
#tokpa

19 DAN 20 NOV 2017 | 8.00 PG. - 5.00 PTG.

HOTEL GRAND RIVERVIEW, KOTA BHARU



MITIMalaysia



MITIMalaysia



mitimalaysia



MITIMalaysiayoutube



www.miti.gov.my

19 November 2017 | Ahad

MASA	ATURCARA	TEMPAT
8.00 pg - 9.00 pg	- Ketibaan Pengunjung	
9.00 pg - 5.00 ptg	- Pameran MITI & Agensi - Pameran Kerjaya & Sesi Temuduga Terbuka - Kapsul Bumiputera - Pameran Automotif, Pelancaran Kereta Model Baharu & Demonstrasi Kenderaan Autonomous - Program e-Dagang bersama Google - Persembahan Dikir Barat Berinformasi - KADA Food Truck Park	Foyer Aras 1 Foyer, Dewan Wau, Congkak & Sekebun Bunga Aras 1 Foyer & Dewan Selampit 1, Aras M2 Perkarangan Hotel Dewan Lido, Aras G Dewan Putri Sa'adong, Aras 1 Perkarangan Hotel
9.30 pg - 10.30 pg	- Upacara Perasmian oleh YB Menteri MITI, Dato' Sri Mustapa Mohamed	Dewan Putri Sa'adong, Aras 1
10.30 pg - 11.30 pg	- Dialog TN-50 & Sesi Townhall PKS bersama YB Dato' Sri Mustapa Mohamed	Dewan Putri Sa'adong, Aras 1
11.30 pg - 12.30 tgh hari	- Lawatan YB Dato' Sri Mustapa Mohamed ke Pameran : • Pelancaran Kereta Model Baharu di Lokasi Pameran Automotif	Perkarangan Hotel
2.30 ptg - 4.30 ptg	- Jom Labur bersama Tuan Haji Mohd Asri Ahmad	Dewan Putri Sa'adong 2 & 3, Aras 1
2.30 ptg - 4.30 ptg	- Seminar Industri 4.0	Dewan Putri Sa'adong 1, Aras 1
2.30 ptg - 4.30 ptg	- Program Mudahcara Pensijilan HALAL oleh HDC	Dewan Selampit 2, Aras M2
2.30 ptg - 4.30 ptg	- Pocket Talk mengenai ASEAN - Pocket Talk di Kapsul Bumiputera	Dewan Selampit 1, Aras M2
5.30 ptg	- Program Tamat	

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MASA	ATURCARA	TEMPAT
8.00 pg - 9.00 pg	- Pendaftaran	Foyer, Aras 1
9.00 pg - 10.30 ptg	- Upacara Perasmian oleh YB Menteri MITI, Dato' Sri Mustapa Mohamed	Dewan Putri Sa'adong, Aras 1
10.30 pg - 11.45 pg	- SESI PERBINCANGAN PANEL SESI PERTAMA: Sektor Pembinaan & Bekalan Bahan Binaan Ahli-ahli Panel: • Perbadanan PR1MA Malaysia "Projek Perumahan Rakyat 1Malaysia di Kelantan" • Lembaga Pembangunan Industri Pembinaan Malaysia (CIDB) "Penggunaan IBS Dalam Sektor Pembinaan" • Universiti Sains Islam Malaysia (USIM) "Ciri-ciri Persekitaran & Senibina Islam" • Perumahan Penjawat Awam 1Malaysia (PPA1M) "Skim Rumah Mampu Milik Untuk Penjawat Awam"	Dewan Putri Sa'adong, Aras 1
11.45 pg - 1.00 ptg	- SESI KEDUA: Sektor Pemprosesan & Bekalan Makanan Ahli-ahli Panel: • LULU Hypermarket "Peluang Bekalan Produk PKS & Kriteria Kelayakan" • Institut Penyelidikan Produk Halal UPM "Teknologi Penyediaan Produk berasaskan Halalan Toyyiban" • G-Orange Homemart Sdn. Bhd. "Pemasaran Produk Keluaran • PKS & Kriteria Kelayakan" Institut Penyelidikan Dan Kemajuan Pertanian Malaysia (MARDI) "Pembangunan Usahawan Industri Makanan Berasaskan Pertanian"	Dewan Putri Sa'adong, Aras 1
1.00 ptg - 2.00 ptg	- Jamuan Tengahari	Lounge Hotel
2.00 ptg - 4.30 ptg	- Sesi Perbincangan Bersama Institusi Kewangan & Agensi Kerajaan	Dewan Putri Sa'adong, Aras 1
4.30 ptg	- Program Tamat	

Word of the day...

1.What Is Poison?

Anything Which Is More Than Our Necessity Is Poison.
It May Be Power, Wealth, Hunger, Ego, Greed, Laziness,
Love, Ambition, Hate Or Anything.

2.What Is Fear?

Non Acceptance Of Uncertainty.
If We Accept That Uncertainty, It Becomes Adventure.

3.What Is Envy ?

Non Acceptance Of Good In Others,
If We Accept That Good, It Becomes Inspiration.

4.What Is Anger?

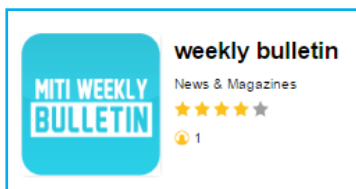
Non Acceptance Of Things Which Are Beyond Our Control.
If We Accept, It Becomes Tolerance.

5.What Is Hatred?

Non Acceptance Of Person As He Is.
If We Accept Person Unconditionally,
It Becomes Love.

by RUMI

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