

# Weekly BULLETIN

**VOLUME 622** 

26 January 2021 | NO. ISSN: 2180-0448

# GOING FORWARD IN OUR APPROACH TO OVERCOME THE IMPACT OF THE COVID-19 PANDEMIC

Today marks the first year the nation has been battling the COVID-19 pandemic, unprecedented in terms of its global impact on both public health and the economy. In the face of seemingly insurmountable challenges, Malaysia has been able to remain resilient, thanks to our robust public health system and sound economic fundamentals. Nevertheless, with the onset of the third wave of the outbreak, our healthcare system has been subjected to even greater pressure, testing our capability and capacity to the limit.

When the Movement Control Order (MCO) was first introduced in March last year, the overarching priority was to strike a balance between protecting lives and livelihoods. The imperative of protecting public health has always remained paramount in as much as it is crucial that the economic well-being of the people is safeguarded.

With this principle in mind, the Ministry of International Trade and Industry (MITI) together with other economic agencies were tasked to formulate strategies to minimise the impact to our battered economy. MITI was entrusted to coordinate the list of essential economic activities that were allowed to operate. This proved to be a major challenge on account of the fact that the economic value chain is deeply interlinked and highly complex. As Malaysia is an important player in the global supply chain, it was incumbent on us to ensure minimal disruption to the supplies of essential products such as rubber gloves, PPE, parts and components for medical devices. Above all, the Government has to ensure that the people's livelihoods are secured.

Regular engagements were conducted with all stakeholders including Industry Associations and Chambers of Commerce on how best the Government could collaborate with the private sector in restarting, reviving and revitalising the economy.

It bears repeating that in our efforts at fighting this pandemic, a host of unintended economic consequences were unleashed, not the least of which is the debilitating impact on the country's Gross Domestic Product (GDP). Thus, in the second quarter of 2020, Malaysia's GDP suffered its worst ever decline in our history, namely, a contraction to -17.1 per cent. Consequently, the Government took the initiative to pump in a massive RM320 billion of stimulus packages not just to mitigate the adverse economic impact on the rakyat but also to jumpstart and revitalize the entire economy.

By the third quarter of 2020, we managed to bring down the decline in growth to -2.7 per cent. While this definitely manifests the effectiveness of the stimulus packages, it should be borne in mind that it would still take at least another quarter, if not more, before the economy could see actual positive growth. This underscores the fact that despite the best efforts at economic recovery, it would take an extended period of time before the economy can actually pick up to show positive growth after the lifting of the MCO. Hence, the notion that the economy can revive instantaneously

# GOING FORWARD IN OUR APPROACH TO OVERCOME THE IMPACT OF THE COVID-19 PANDEMIC (cont'd)

after a lockdown has been lifted has no real basis. The fact of the matter is that the economy does not run on a 'switch off-switch on' mode.

In this regard, recent calls to re-impose total lockdown in order to deal with the massive spikes in number of infections attendant on this third wave must be viewed along with other suggestions concerning alternative strategies and options. For instance, the Government could consider tightening the Standard Operating Procedures (SOPs) to prevent outbreaks at ignition sites and introducing clear guidance on geospatial planning such as quantifying indoor settings at any given time. Additionally, we could step up targetted testing as well as regulate the costs of RTK-Antigen test kits to make COVID-19 testing more affordable and on a larger scale, particularly for industries.

It has also been suggested that SOPs for social events can be tightened while a full ban on inter-state travel should be imposed for the interim. In any event, the call is for businesses to open on the condition precedent of full compliance with stricter SOPs. It cannot be over emphasised that at the end of the day, community engagement and empowerment remains key. This is because the pandemic starts and spreads in communities and the solutions are within the communities themselves through their behaviour, adaptation and compliance.

It is important to note that apart from the toll on health and the economy, COVID-19 has a direct impact on the people. One loss in income affects the whole household. In practical terms, the loss of income for one breadwinner may well adversely affect the livelihoods of at least 4 persons in a family.

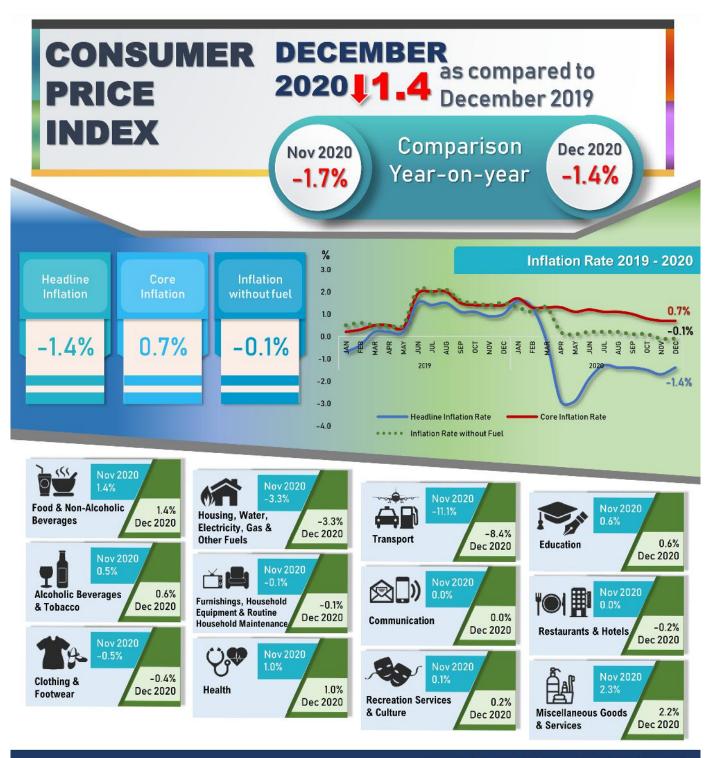
MITI acknowledges the strong support and collaboration by industry stakeholders and the rakyat towards ensuring economic recovery and sustainability during the COVID-19 pandemic. Public-Private-Rakyat synergy is an invaluable value proposition for nation building and should be embraced by all.

Throughout 2020, the security and medical frontliners particularly from the Ministry of Health have demonstrated their commitment, dedication and tireless efforts to contain the spread of the pandemic. We owe them a tremendous and invaluable debt.

DATO' SERI MOHAMED AZMIN ALI Ministry of International Trade and Industry Friday, 22 January 2020

# **CPI, DEC 2020**

Consumer Price Index (CPI) declined 1.4 per cent in December 2020 to 120.6 as against 122.3 in the same month of the preceding year. The decrease in the overall index was attributed by the decline in Transport (-8.4%); Housing, Water, Electricity, Gas & Other Fuels (-3.3%); Clothing & Footwear (-0.4%); Restaurants & Hotels (-0.2%) and Furnishings, Household Equipment & Routine Household Maintenance (-0.1%) which contributed 48.6 per cent to overall weight.



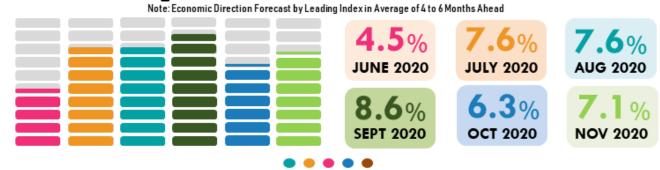
Percentage Change: Year-on-Year

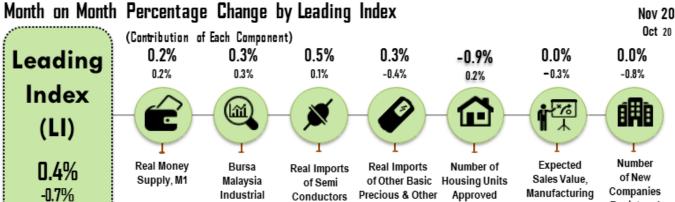
Source: Malaysia's Consumer Price Index (2010=100),
Department of Statistics Malaysia

## **LEADING INDEX, NOV 2020**

Malaysia's LI for November 2020 registered 109.1 points, rose 7.1 per cent from November 2019 following 6.3 per cent in October 2020. Bursa Malaysia Industrial Index which remained to prop up significantly in the reference month was mainly fuelled by the Health Care Index. The trend is in line with the monthly change of LI which posted a growth of 0.4 per cent in November 2020 as against negative 0.7 per cent in the previous month. The gain was primarily contributed by Real Imports of Semi Conductors (0.5%) driven by the encouraging demand of electronic integrated circuit.

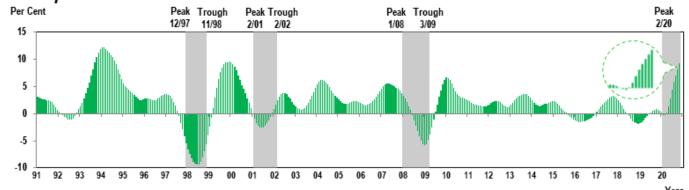
# Leading Index, November 2020 (Year on Year)





Annual Growth Rate of Leading Index (Smoothed) and Business Cycle (Grey Shaded Areas), January 1991 to November 2020

Index



Source: Malaysian Economic Indicators: Leading, Coincident & Lagging Indexes, November 2020 Department of Statistics Malaysia

Non-ferrous

Registered

## **GLOBAL FDI, 2020**

According to UNCTAD Investment Trends Monitor Report, global foreign direct investment (FDI) collapsed in 2020, falling 42% from \$1.5 trillion in 2019 to an estimated \$859 billion. Such a low level was last seen in the 1990s and is more than 30% below the investment trough that followed the 2008-2009 global financial crisis.

Despite projections for the global economy to recover in 2021 – albeit hesitant and uneven – UNCTAD expects FDI flows to remain weak due to uncertainty over the evolution of the COVID-19 pandemic. The organization had projected a 5-10% FDI slide in 2021 in last year's World Investment Report.

#### **Developed countries hardest hit**

According to the report, the decline in FDI was concentrated in developed countries, where flows plummeted by 69% to an estimated \$229 billion.

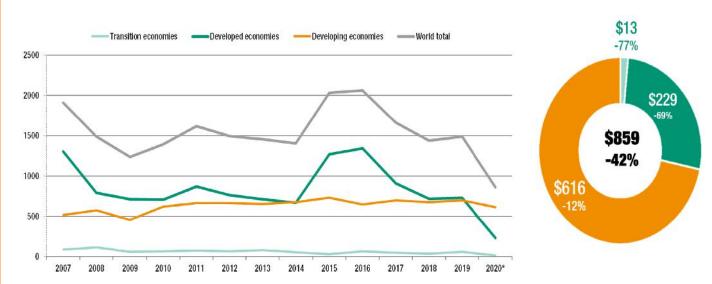
Flows to North America declined by 46% to \$166 billion, with cross-border mergers and acquisitions (M&As) dropping by 43%. Announced greenfield investment projects also fell by 29% and project finance deals tumbled by 2%.

The United States recorded a 49% drop in FDI, falling to an estimated \$134 billion. The decline took place in wholesale trade, financial services and manufacturing. Crossborder M&A sales of US assets to foreign investors fell by 41%, mostly in the primary sector.

On the other side of the Atlantic Ocean, investment to Europe dried up. Flows fell by two-thirds to -\$4 billion. In the United Kingdom, FDI fell to zero, and declines were recorded in other major recipients.

But Europe's overall FDI performance masks a few regional bright spots. Sweden, for example, saw flows double from \$12 billion to \$29 billion. FDI to Spain also rose 52%, thanks to several acquisitions, such as private equities from the United States Cinven,

#### FDI INFLOWS: GLOBAL & BY GROUP OF ECONOMIES, 2007 - 2020 (USD BILLION)



Source: UNCTAD.

Source: UNCTAD Investment Trade Monitor Jan 2021

www.unctad.org

<sup>\*</sup> Preliminary estimates.

## **GLOBAL FDI, 2020 (cont'd)**

KKR and Providence acquiring 86% of Masmovil.

Among other developed economies, flows to Australia fell (-46% to \$22 billion) but increased for Israel (from \$18 billion to \$26 billion) and Japan (from \$15 billion to \$17 billion).

#### Developing economies account for record share of FDI

Although FDI flows to developing economies decreased by 12% to an estimated \$616 billion, they accounted for 72% of global FDI – the highest share on record.

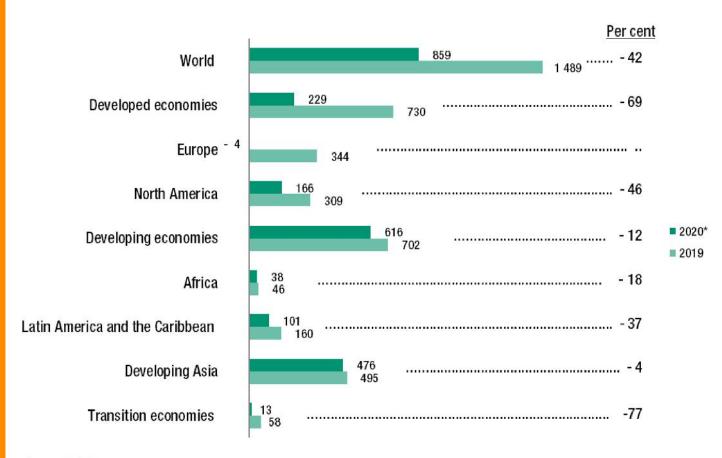
The fall was highly uneven across developing regions: -37% in Latin America and the Caribbean, -18% in Africa and -4% in developing countries in Asia. FDI to transition economies declined by 77% to \$13 billion.

While developing countries in Asia weathered the storm well as a group, attracting an estimated \$476 billion in FDI in 2020, flows to members of the Association of Southeast Asian Nations (ASEAN) contracted by 31% to \$107 billion, due to a decline in investment to the largest recipients in the subregion.

In terms of individual nations, China was the world's largest FDI recipient, with flows to the Asian giant rising by 4% to \$163 billion.

High-tech industries saw an increase of 11% in 2020, and cross-border M&As rose by 54%, mostly in ICT and pharmaceutical industries. India, another major emerging economy, also recorded positive growth (13%), boosted by investments in the digital sector.

#### FDI INFLOWS BY REGION 2019 & 2020 (USD BILLION)

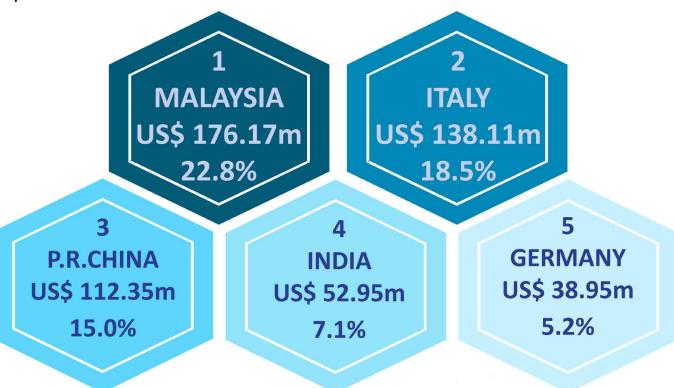


Source: UNCTAD.

\* Preliminary estimates.

# WORLD LARGEST EXPORTER OF MACHINERY FOR THE EXTRACTION OR PREPARATION OF ANIMAL OR FIXED VEGETABLE FATS OR OILS (OTHER THAN CENTRIFUGES, FILTERS AND HEATING APPLIANCES)

In 2019, Malaysia's export of Machinery for the extraction or preparation of animal or fixed vegetable fats or oils (other than centrifuges, filters and heating appliances) recorded US\$176.17 million which was 22.8% share of the world exports.

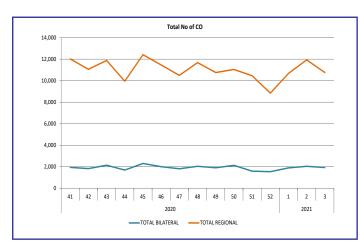


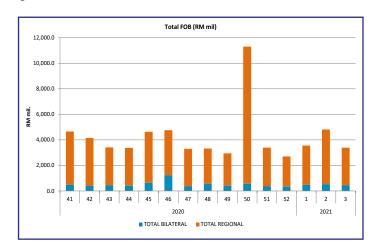


Sources: https://www.trademap.org/index.aspx

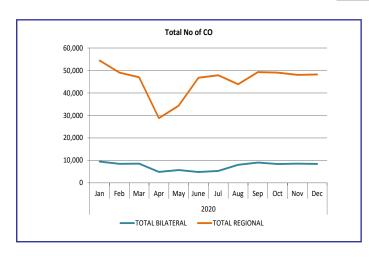
## Number and FOB Value of PCO as at 17 January 2021 Weekly / Monthly/ Annually

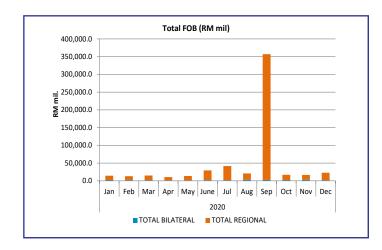
#### Weekly



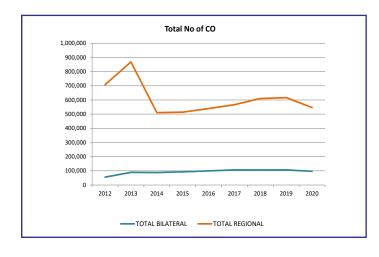


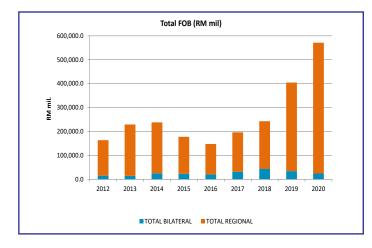
#### **Monthly**





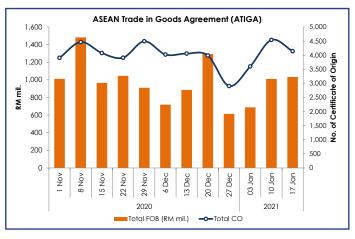
#### **Annually**



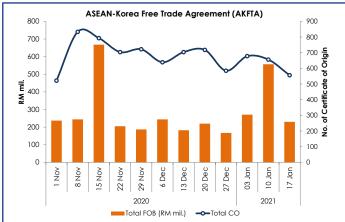


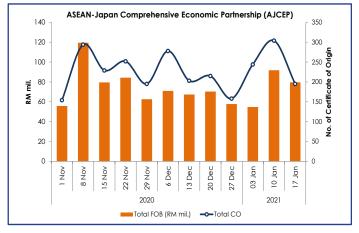
Note: \*Provisional Data Source: Ministry of International Trade and Industry, Malaysia

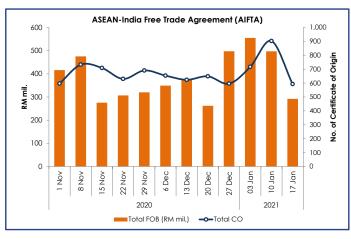
# Regional FTA Number and Value of Preferential Certificates of Origin (PCOs)

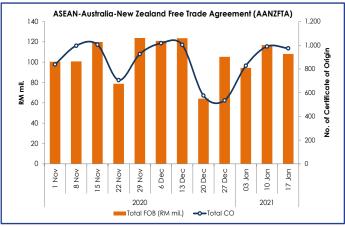




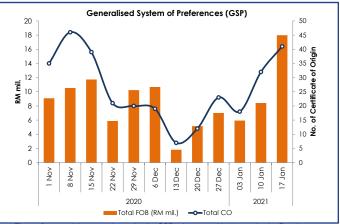












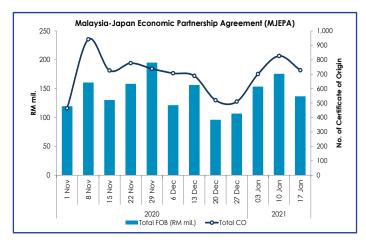
The preference giving countries under the GSP scheme are Liechtenstein, the Russia

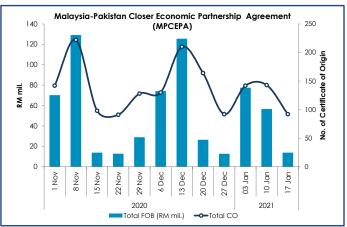
Federation, Japan, Switzerland, Belarus, Kazakhstan, Norway and Cambodia

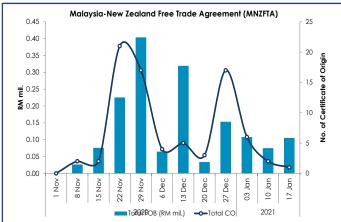
Note: \*Provisional Data Source: Ministry of International Trade and Industry, Malaysia

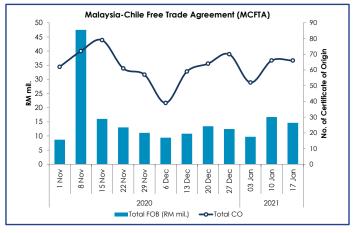
# Bilateral FTA

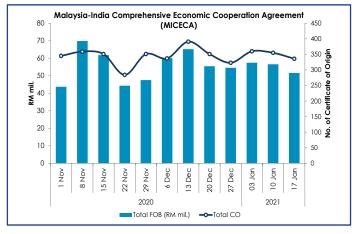
# Number and Value of Preferential Certificates of Origin (PCOs)

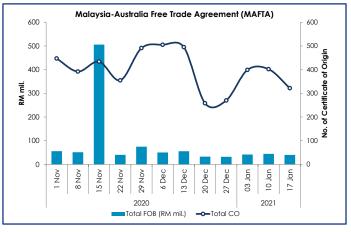


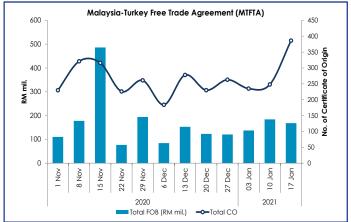










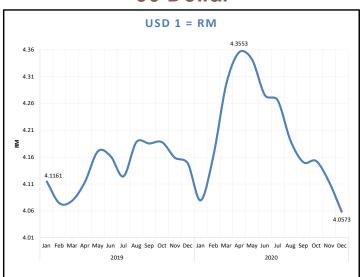


Note: \*Provisional Data

Source: Ministry of International Trade and Industry, Malaysia

# Malaysian Ringgit Exchange Rate with Selected Countries, January 2019 - December 2020

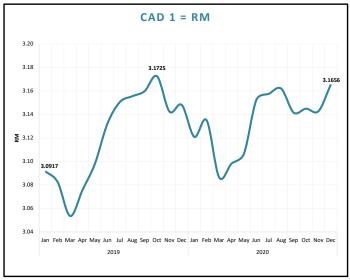
# **US Dollar**



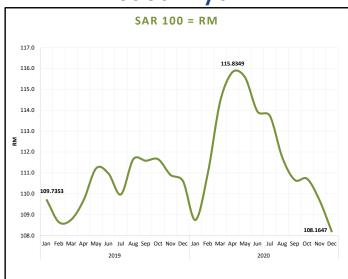
# **Swiss Franc**



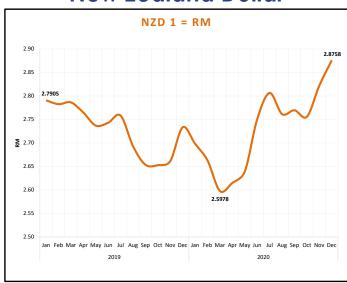
# **Canadian Dollar**



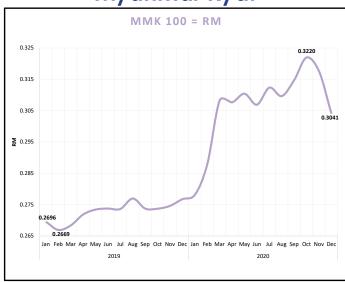
# Saudi Riyal



# **New Zealand Dollar**



# **Myanmar Kyat**



Source : Bank Negara Malaysia

# **Commodity Prices**





**4**0.6%\* US\$55.4 22 Jan 2021 Highest 2020/2021

08 Jan 2021 : US\$56.0

03 Jan 2020 : US\$68.6

15 Jan 2021 : US\$55.1

24 Apr 2020 : US\$21.4

Lowest 2020/2021

Average Price 2020 : US\$43.5

# CRUDE PALM OIL -per MT-



4.0%\* US\$882.7 22 Jan 2021 Highest 2020/2021

8 Jan 2021 : US\$985.7 24 Dec 2020 : US\$944.2

15 Jan 2021 : US\$919.2 8 May 2020 : US\$473.0

> Lowest 2020/2021

Average Price 2020<sup>i</sup>: US\$668.3

#### RUBBER SMR 20 -per MT-



**2.4**%\* US\$1,573.5 **22 Jan 2021** 

Average Price 2020 1: US\$1,333.4

#### COCOA SMC 2 -per MT-



6.2%\* US\$1,500.3 22 Jan 2021

Average Price 2020 : US\$1,576.6

#### SUGAR -per lbs-





Average Price 2020 : US¢12.9

#### COAL -per MT-



V1.6%\* US\$67.5

22 Jan 2021

Average Price 2020 : US\$47.7

#### SCRAP IRON HMS -per MT-



**≘**%\* US\$480.0 (high) = %\* US\$460.0 (low)

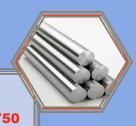
22 Jan 2021

Average Price 2020 : US\$307.9 (high) Average Price 2020 : US\$284.7 (low)

# Domestic Prices 22 Jan 2021



Billets (per MT) RM2,500- RM2,550 Steel Bars (per MT) RM2,650 – RM2,750

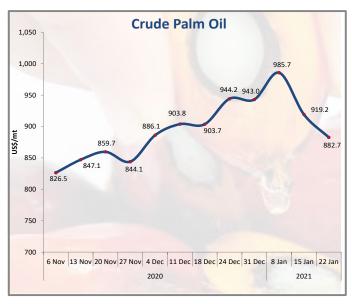


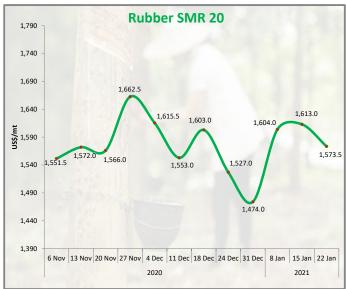
Notes: All figures have been rounded to the nearest decimal point

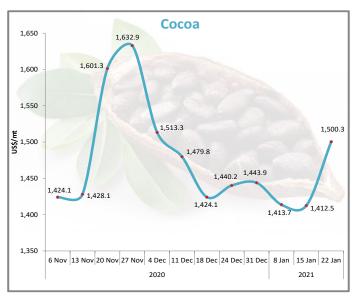
- \* Refer to % change from the previous week's price
- i Average price in the year except otherwise indicated

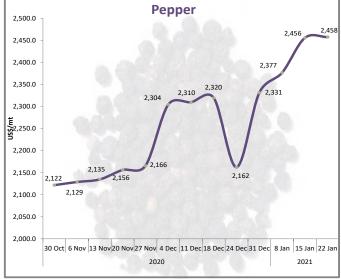
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, and Bloomberg.

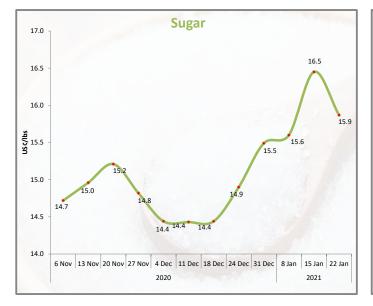
# **Commodity Price Trends**

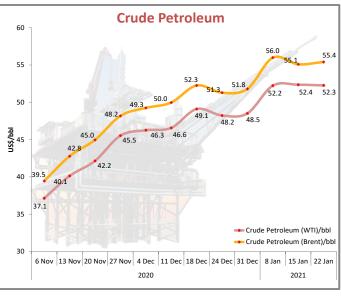






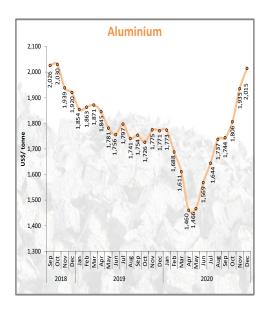


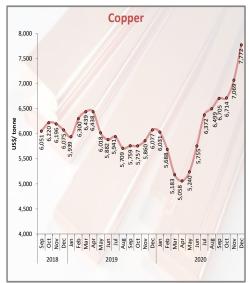


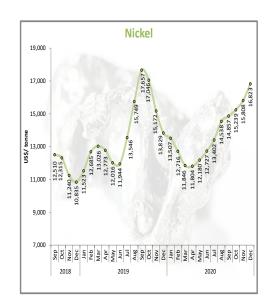


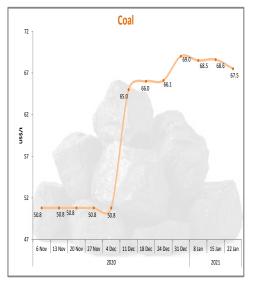
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

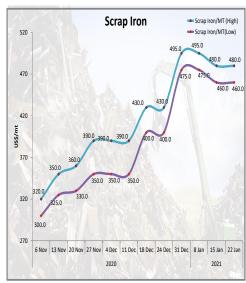
# **Commodity Price Trends**

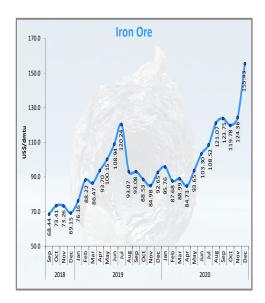


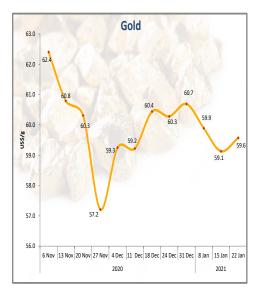


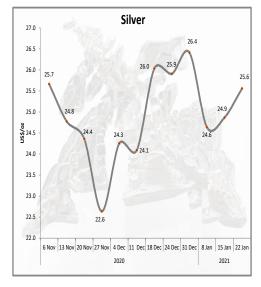


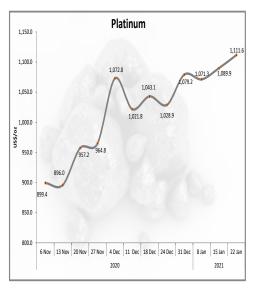












Sources: Ministry of International Trade and Industry Malaysia, , Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



# INDUSTRY4*WRD* RELATED INCENTIVES

Having the extra capital allows SMEs to flourish and prosper. Find the suitable fund for your company

LOANS

Soit Loan Scheme for Automation and Modernisation (SLSAM)

- targets manufacturing sectors
- 4.0% interest rate per annum for SMEs
- www.midf.com.my

Industry Digitalisation Transformation Fund (IDTF)

- targeted sectors: Al. Robotics, Automation etc.
- provides a 2% interest rate subsidy
- www.bomb.com.my

Ceming Seen!

- 1. Intervention Fund\*
- 70:30 matching grant up to RM500,000.
- 2. Industry4WRD DISF\*
- · 60:40 matching grant

\*participation in Industry4WRD RA is a prerequisite to apply

Domestic Investment Strategic Fund (DISF)

- 50:50 matching grant to companies adopting Industry 4.0 enabling technologies
- targets manufacturing and services sectors
- www.mida.gov.my

GRANTS

Digital Transformation Acceleration Program

(DTAP) Pilot Grant

- 1:1 matching grant
- targets large corporate and mid-tier companies in Malaysia
- assists companies to tap on the expertise of Digital Transformation Labs (DTL)
- www.mdec.my

Automation Capital Allowance

(Automation CA)

For Labour Intensive Industries:

Automation CA of 200% on the first RM4 million expenditure incurred within 5 years

For other industries:

- Automation CA of 200% on the first RM2 million expenditure incurred within 5 vears
- www.mida.gov.my

For more information, kindly click the following links:





## All you need to know about Industry4WRD RA



#### What is it?

Trained assessors will help you to understand your readiness for Industry 4.0 and make recommendations on where to start your transformation.

#### Who is eligible?





- Incorporated under the Companies Act (1965/2016)/ Registration of Business Act (1956)
- Hold a valid license
- In operation for more than 3 years

#### What are the benefits?





Readiness Assessment



To identify areas of improvement in terms of people, process and technology.



Receive comprehensive readiness report.



Be entitled to apply for financial incentives.

## Incentives for RA

- 500 SMEs will be selected for free assessment.
- Others will get tax exemption on RA fees up to RM27k.









/bbr/



Process Flow

A FEW SIMPLE STEPS

Evaluation by Committees



Onsite Assessment



Receive RA Report

#### Enquiries

- General: i4.0@miti.gov.my
- RA: industry4wrd@m pc.gov.my











Apply for Financial Incentives



Implement the Intervention Plan

For more information, kindly click the following links: https://www.miti.gov.my/index.php/pages/view/industry4WRD

# MCO 2.0 (13 JAN - 4 FEB 2021)

#### 1. MEDIA RELEASE

Ministry of International Trade and Industry (MITI)

Ministry of Domestic Trade and Consumer Affairs (KPDNHEP)

Ministry of Transportation (MOT)

Ministry of Works (KKR)

Ministry of Higher Education (MOHE)

Ministry of Communications and Multimedia (KKMM)

#### 2. REGISTRATION FOR BUSINESS OPERATION



#### 3. SOPs & GAZETTE



## 4. FAQ & ENQUIRY





























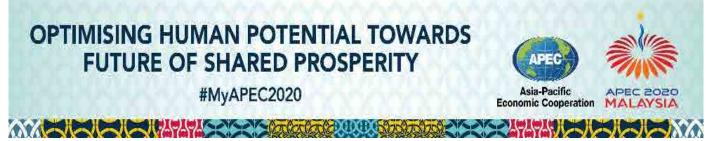


Bagi sebarang pertanyaan berkaitan MITI seperti operasi sektor ekonomi atau amalan BDR/WFH sila hubungi talian hotline MITI seperti di atas.



For more information, please contact:





For more information, kindly click the following links: <a href="https://www.myapec2020.my/en/">https://www.myapec2020.my/en/</a>

# TMPLEMENTATION OF ELECTRONIC SIGNATURE AND SEAL THROUGH THE EPCO SYSTEM EFFECTIVE FROM 13 APRIL 2020

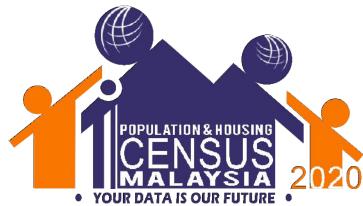
For more information, kindly click the following links: <a href="https://bit.ly/2RUyG81">https://bit.ly/2RUyG81</a>

# HOW COMPANY CAN CHECK THE STATUS OF ATIGA E-FORM D TRANSACTIONS IN THE ELECTRONIC PREFERENTIAL CERTIFICATE OF ORIGIN (EPCO) SYSTEM

For more information, kindly click the following links: https://bit.ly/2ZhxmRp







## **WE ARE GOING FULLY ONLINE!**

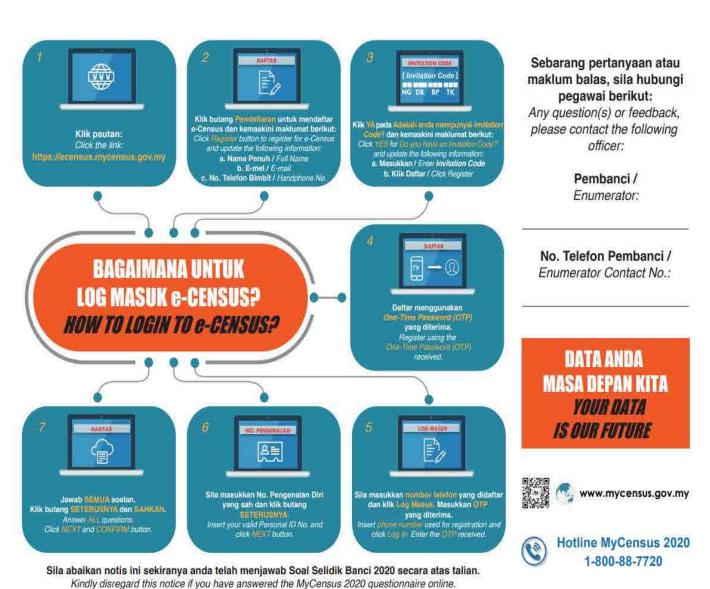
Due to the recent announcement of Movement Control Order (MCO/PKP) by the Government, the Population and Housing Census 2020 will not conduct the face-to-face interview. Please be counted by participating in e-Census at:

#### http://ecensus.mycensus.gov.my

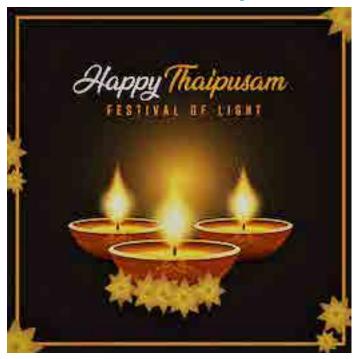
Please contact @MyCensus2020 helpdesk for further assistance.

Hotline: 1-800-88-7720

Stay Home | Keep Calm | Your Data | Our Future



# Wishing all Hindus a blessed Thaipusam and Happy Holiday! Take care and stay safe



From all of us in MITI

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