



MEDIA SHEET

LAUNCHING OF MITI REPORT 2016

Introduction

1. This year's MITI Report is special, as it is the 25th edition since its first publication in 1993.
2. The Report contains a comprehensive overview of trade and industry performance in 2016.

Macro Economic Outlook

3. The OECD Economic Outlook (June 2017) projected Malaysia's economy to remain robust with growth of more than four per cent throughout 2016/17, while global GDP growth is expected to increase from 3 per cent in 2016 to 3.5 per cent in 2017 and 3.6 per cent in 2018.
4. Despite slowdown in global economies, low commodity prices, volatile financial markets, lower oil prices, uncertain economic policies and more intense regional competition, Malaysia has managed to sustain positive economic growth of 4.2 per cent in 2016 and 5.6 per cent in the first quarter 2017. While GDP growth for the quarter had beat expectations, Bank Negara Malaysia maintained its full-year forecast range of 4.3 to 4.8 per cent of 2017.

Trade Performance in 2016

5. Malaysia maintained a high total trade value of RM1.485 trillion in 2016. Exports rose 1.1 per cent to RM785.93 billion while imports rose 1.9 per cent to RM698.66 billion, resulting in a trade surplus of RM87.27 billion.
6. The manufacturing sector expanded 3.2 per cent, accounting for 82.2 per cent of total exports. Exports of electrical and electronic products rose 3.5 per cent to RM287.73 billion, contributing 36.6 per cent to total exports.
7. Regional trade liberalisation and facilitation have contributed significantly to freer movement of goods in ASEAN. As an important and strategic trading partner for Malaysia, ASEAN accounted for 27.1 per cent of Malaysia's total trade in 2016, with a value of RM402.66 billion.
8. Malaysia's total trade with APEC economies was RM 1.139 trillion or 76.8 per cent of total trade in 2016, while FTA partner countries accounted for 63.0 per cent of Malaysia's total trade.

Diversifying Market

9. MITI has been actively enhancing bilateral economic ties, through State Visits, engagements with foreign missions, Malaysia Promotion Programmes (MPP), working visits as well as Trade and Investment Missions (TIM).



10. During the inaugural Africa Business Day held in 2016 MITI proposed a 5-year plan with Africa (2017-2021), to increase annual trade growth between Malaysia and Africa from 10% to 15% and to double the trade from USD8 billion in 2016 to USD16 billion in 2021.
11. Malaysia will initiate the Latin American Business Day in collaboration with the Latin American Embassies here. This Business Day, scheduled on 1 August 2017, will further bridge the gap that exists between our countries and pave new paths to forge business partnerships that will leverage on our inherent strengths and expertise.

Malaysia – China Economic Relation

12. China has been Malaysia's largest trading partner for the past 8 consecutive years (since 2009) and also the largest investor in the manufacturing sector last year. Malaysia signed the 'MoU on Promoting Mutual Economic Development through the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative' on 13 May 2017 in Beijing. This MoU is expected to create and expand business opportunities for the people at large, particularly the business community in various forms such as through joint ventures, technology transfers, direct investments and other relevant services.

Investment

13. In 2016, Malaysia succeeded in securing foreign direct investments and domestic direct investments totalling RM207.9billion, reflecting a growth of 7.7 per cent, mainly in high quality projects.
14. The services sector is a major contributor with 67.9 per cent share in total investment for 2016. Investments in the services sector involved 4,199 approved new projects with 88,110 employment opportunities expected to be created. The development of the services sector is guided by the Services Sector Blueprint launched in 2015. This sector is estimated to grow at 6.8 per cent per annum, provide 9.3 million jobs and contribute 56.5 per cent to the GDP in 2020.
15. Approved investments for the manufacturing sector amounted to RM58.5billion with 733 new/expansion/diversification projects. The petroleum products and petrochemicals subsector contributed the largest share at RM15.9billion, followed by electrical and electronic (E&E) products (RM9.2billion), basic metal products (RM4.9billion) and transport equipment (RM4.8billion).

SMEs

16. SMEs are the backbone of Malaysia's economy accounting for 97.3 per cent of a total of 662,939 business establishments.



17. SME GDP growth is estimated to expand between 5.0 to 5.5 per cent in 2016 and between 5.0 to 6.0 per cent in 2017.
18. As part of the Fourth Strategy under the Bumiputera Empowerment Agenda (BEA), MITI will continue to provide support to Malaysian SMEs under various programmes and incentives such as a Vendor Development Programme (VDP), Capacity Development Programme for Vendors (PPKV) and Research and Commercialisation Grant (GPPV). It is the Government's aspiration for more large local companies, more GLCs and MNCs to participate in SMEs development programme such as VDP so that a higher number of Bumiputera vendors can be developed under this programme.

MOVING FORWARD

19. The Fourth Industrial Revolution (4IR) is a digital revolution coupled with convergence of technologies. Malaysia is targeting a GDP of RM2 trillion within the next seven to eight years. MITI believes that unlocking the potential of Industry 4.0 is key to achieving this target.
20. As the Ministry responsible for industrial development of the manufacturing sector, MITI is collaborating closely with relevant Ministries/Agencies and captains of industry in realising this Industry 4.0 agenda for Malaysia. Major challenges to be addressed in the adoption of Industry 4.0 include development of essential infrastructure and ecosystem, talent and human capital, SMEs, targeted incentives as well as technology and standards.
21. E-commerce is a critical component of the digital economy. To support the efforts in promoting e-commerce, an inter-agency National e-commerce Council (NeCC) was established in January 2016 chaired by MITI to serve as a platform to guide the governance of the e-commerce industry in Malaysia. MITI is working in collaboration with MDEC to drive this initiative.

The aerospace industry generated an annual revenue of RM12.7 billion in 2016 and employed more than 21,000 workers. Apart from investment promotion and policymaking, MITI has been continuously engaging the industry players to further develop the aerospace industry.

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Ministry of International Trade and Industry (MITI)

About MITI:

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020 .



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