MATRADE’S INCENTIVES FOR THE SERVICES SECTOR

Mr. Amran Yem
Senior Director, Transformation & Digital Trade Division
MATRADE

Seminar Room 1 & 2, MITI
28th August 2018
VISION

Positioning Malaysia as a globally competitive trading nation

MISSION

Promoting Malaysia’s enterprises to the world

The Time to Export is Now
GLOBAL NETWORK

35 Trade Offices  |  11 Marketing Offices
OUR GLOBAL OFFICES OFFER

Export Facilitation & Trade Advisory Services

Links Key Industry Players & Government Bodies

Trade Leads & Market Intelligence

Business Matching Arrangement with International Buyers, Implementing Export Promotion Services
REGIONAL OFFICES

Northern Regional Office (Penang)

Eastern Regional Office (Kuala Terengganu)

Southern Regional Office (Johor)

Kuching (Sarawak)

Kota Kinabalu (Sabah)
OUR REGIONAL OFFICES OFFER

- Business Consultations & Advisory Services for Malaysian Companies
- Promotion of MATRADE’s Events to Malaysian Exporters
- Identifying High-Potential Malaysian Exporters
- Market Information on Export Market Requirements & Opportunities
Composition of Malaysia’s Exports & Imports of Services in 2017
Composition of Malaysia’s Exports & Imports of Services in 2017

Exports RM159.2 billion  Total Services Trade RM 341.1 billion  Imports RM182 billion  
Deficit: -RM22.8 billion
Why You Should Go Global?
WHY YOU SHOULD GO GLOBAL?

- Economies of Scale
  - Contribute to Foreign Direct Investment
  - Extend Product Life Span
  - Be Competitive
  - Diversify Company Portfolio
  - Broadens Market Access
MATRADE’s Support For Services Sector
MDG | MARKET DEVELOPMENT GRANT

OBJECTIVE
To assist SMEs, Professional Services Providers, Trade & Industry Associations, Chambers of Commerce & Professional Bodies in undertaking eligible export promotional activities.

FORM OF GRANT
A reimbursable grant on the eligible expenses.

MANDATORY REQUIREMENTS
Registered as a MATRADE Member under the Malaysia Export Registry (MER)
An active business entity (ONLY applicable for company MORE than 1 year)
NOT a GLCs or have government equity (federal/ state)
Export promotional activities (programme subsidised/ sponsored by 3rd parties are NOT eligible to claim).

GRANT CEILING
Maximum RM200,000 per company. (since the commencement in 2002)

APPLICATION & SUBMISSION
Application MUST be submitted ONLINE through www.matrade.gov.my
Submission of application:
within 40 CALENDAR DAYS
• From the LAST DATE of activity for
  ✓ Int. Trade Fairs;
  ✓ TIM/ EAM;
  ✓ Int. Conferences Overseas;
• from the FIRST DAY of listing in the supermarkets/ hypermarkets/ retail centre overseas.
Submission of reports by the organiser:
• within 40 CALENDAR DAYS
  ✓ Int. Trade Fairs (local)
• within 14 WORKING DAYS
  ✓ TIM/ EAM
MDG | Eligible Activities & Expenses

**ACTIVITY 1**
PARTICIPATION IN INTERNATIONAL TRADE FAIR,
LOCAL = Max. RM5k
OVERSEAS = Max. RM15k

**ACTIVITY 2**
PARTICIPATION IN TRADE INVESTMENT MISSION/EXPORT ACCELERATION MISSION,
Organised by/ Jointly Organised with MATRADE = Max. RM10k;
NOT Jointly Organised with MATRADE = Max. RM2k

**ACTIVITY 3**
PARTICIPATION IN INTERNATIONAL CONFERENCES OVERSEAS,
As a Participant or Speaker = Max. RM2.5k

**ACTIVITY 4**
LISTING FEE FOR MADE IN MALAYSIA PRODUCTS IN HYPERMARKET/SUPERMARKET/RETAIL CENTRE OVERSEAS,
Per Country = Max RM20k

**ELIGIBLE EXPENSES**
- Participation Fees, Booth Construction/Enhancement
- Accommodation & Airfare
- Land Transportation (to ASEAN countries)
- Listing Fees for Activity 4
SEF | SERVICES EXPORT FUND

What is SEF?

SEF is a financial assistance to encourage Malaysian Service Providers (MSPs) to undertake activities to expand and venture into the international market. Trade Associations, Chambers of Commerce and Associated Professional Bodies are also eligible for Activity 1 – 4.

The grant and soft loan disbursed is according to the maximum amount of each activity.

Up to a total of RM5 million per company for the duration of the period 2015 – 2020.

Objectives

• Expand export of services.
• Brand MSPs as internationally competitive, competent and reliable by increasing the awareness of their expertise in the international market.
• Securing projects overseas by undertaking feasibility studies and other related studies which will enable Malaysian companies to have competitive edge.
# Eligibility Criteria for SEF

## A. Malaysian Service Providers (MSPs) must be:

1. Incorporated under the Malaysian Companies Act 1965
   
   **OR**

   Malaysian professionals, registered with respective professional authorities in Malaysia

   *Note: Activity for SEF Application/Claim must be in line with the activity stated in the entity establishment document*

2. At least 60% Malaysian equity owned

3. In operation at least 1 year

## B. Trade & Industry Associations, Chambers of Commerce & Professional Bodies:

1. Registered with the Registrar of Society (ROS) or Associated Professional Authority.

2. Registered under the Malaysia Exporters Registry (MER)

3. Activity for SEF Application/Claim must be in line with the activity stated in the entity establishment document

4. Not a Government Linked Majority Owned Company

5. Entity is exporting Malaysian services / ready to export

6. Only for Activity (1 – 4)
SEF – GRANT

- Grant by MATRADE
- Soft loan by MIDF
- Maximum amount RM5 million per company (2015 – 2020)
- Application MUST be submitted ONLINE through www.matrade.gov.my

Grants
- 50% reimbursable grant for 5 Activities

Activity 1 (RM50,000)
- Speaker in International Conference / Seminar and participation in services industry related competitions.
- Travelling expenses for tender bidding.
- Procuring commercial intelligence / market reports.

Activity 2 (RM50,000)
- Rendering services for projects undertaken overseas.
- Presentation to potential client.
- Preparation of prototype, system customization / localization.

Activity 3 (RM150,000)
- Setting up office overseas.

Activity 4 (RM1,000,000)
- Logistic cost (port to port)

Activity 5 (RM3,000,000)
- Feasibility study.
SEF – SOFT LOAN

**Soft Loan by MIDF**
- 2% interest rate
- Up to 90% margin of financing
- Repayment period between 1 – 5 years

**Activity 6 (RM2 million)**
- Cost incurred in preparation and submission of project proposals for overseas projects.

**Activity 7 (RM5 million)**
- Expenses related to raising bank guarantee or performance bond to execute overseas project.

**Activity 8 (RM5 million)**
- Collateral in issuance of bank guarantee or performance bond.

**Activity 9 (RM150,000)**
- Remaining 50% on eligible expenses for setting up office overseas for the initial twelve (12) month.

**Activity 10 (RM5 million)**
- Mobilisation costs.
• To strengthen Malaysian SMEs for the international market through knowledge transfer and technical guidance.

• To increase the contribution of SME service providers towards export of services.

• To create market access through overseas projects by larger corporations.

“Helps SMEs to strengthen their capabilities and market reach through partnership with large corporations”

“A partnership to promote productivity and competitiveness”
## Areas of support for SME service providers

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity</strong></td>
<td>Registration fees for certification or related costs to meet requirements by local government / authorities / professional bodies</td>
</tr>
<tr>
<td>1</td>
<td>Financial support: 100% reimbursable grant up to a maximum of RM100,000 per SME</td>
</tr>
<tr>
<td><strong>Activity</strong></td>
<td>Participation in training programmes held locally or internationally to meet project requirements</td>
</tr>
<tr>
<td>2</td>
<td>Financial support: 100% reimbursable grant up to a maximum of RM100,000 per SME covering registration fee, airfare and accommodation</td>
</tr>
<tr>
<td></td>
<td>Eligible expenses: Covering registration fee, airfare and accommodation while attending the training session to meet project requirement</td>
</tr>
<tr>
<td><strong>Activity</strong></td>
<td>Purchasing of software [e.g. Building Information Modelling (BIM)] for project implementation</td>
</tr>
<tr>
<td>3</td>
<td>Financial support: 100% reimbursable grant up to a maximum RM50,000 per SME for purchase of software and related technical support for project implementation</td>
</tr>
<tr>
<td><strong>Activity</strong></td>
<td>Purchasing or rental of machinery for purpose of rendering service during the course of the project</td>
</tr>
<tr>
<td>4</td>
<td>Financial support: 100% reimbursable grant up to a maximum RM100,000 per SME for purchase or rental of machinery and technical support required for installation.</td>
</tr>
</tbody>
</table>
### Large Corporations – SME Partnership Programme

#### Areas of support for Large Corporations and SME service providers

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTIVITY</th>
</tr>
</thead>
</table>
| **Activity 5** | Travelling expenses for the purpose of project inspection during implementation of the project.  
  
  **Financial support:**  
  For Malaysian SME service provider, 100% reimbursable grant up to a maximum RM100,000.  
  Coverage includes standard hotel room at maximum RM1,000 per night and economy class flight.  
  For the Large Corporations, 100% reimbursable grant up to a maximum RM50,000.  
  Coverage includes standard hotel room at maximum RM1,000 per night for a maximum of three (3) nights for each trip and economy class flight, for one project management personnel. |
| **Activity 6** | Defray costs of preparation of documents for negotiated projects or for pre-tendering  
  
  **Financial support:**  
  Reimbursement of 100% to Large Corporations and SMEs for costs associated in securing negotiated-type projects as well as projects which requires tendering process with Malaysian SME service providers, at a maximum RM100,000 each. |
**Large Corporations – SME Partnership Programme**

### Eligibility Criteria

To qualify for the programme:

1. The applicants must all be active and in operations (not dormant);
2. Companies incorporated under the Companies Act 1965, having at least 60% equity owned by Malaysian or Malaysian sole proprietors, professionals and partnerships registered with respective professional authorities in Malaysia;
3. Local Large Corporations (LLCs) and Government-linked companies (GLCs) are Malaysian registered companies with annual revenue above RM500 million for a period of 3 years including year of participation; **OR**
   - any Malaysian companies which have successfully secured overseas project or the leading company can be of any size, provided it has the intention of bringing other SMEs as partners, for project implementation;
4. MNCs registered in Malaysia engaging Malaysian Services for overseas project;
5. SME service providers as defined by National SME Development Council (NSDC) are firms with sales turnover not exceeding RM20 million or full time employees not exceeding 75 workers;
6. SME service providers that are currently exporting or export-ready companies;
7. Registered with MATRADE’s Malaysia Exporters Registry (MER)
Large Corporations must submit completed application form together with:

1. Evidence to demonstrate experience and competency as a company or individual person to be an international service provider either individually or in consortia.
2. Detailed profiles and competencies of SME service providers’ participation in the project
3. Letter of Award or contract(s) / letter of intent / invitation to bid by project owner(s) for overseas projects

**Note:** Application form can be downloaded at [www.matrade.gov.my](http://www.matrade.gov.my)

Open to all services sectors except **tourism and financial sectors**
An initiative to accelerate exports through eCommerce by participation of Malaysian companies on international eMarketplace / eCommerce platform.

How can eTRADE Programme help Malaysian Companies:

- Reduce cost of onboarding eMarketplace / eCommerce platform through eTRADE financial incentive up to RM5,000*
- Enhance knowledge on cross-border eCommerce by participating in eCommerce / eTRADE seminars, workshop, etc.
- Gain market access / increase number of export markets & buyers
- Connect with third party e-commerce enablers

eMarketplaces / eCommerce Platforms under eTRADE Programme:

**B2B**
- Global (Halal Products & Services)
  - Global
  - US: amazon.com, ebay, Alibaba.com
  - Thailand: TARAD.com
  - Indonesia
  - China: JD.com, Suning.com

**B2C**
- Global
  - US: Amazon.com
  - Singapore: Qoo10
  - Indonesia: Mall.com
  - China: Taobao.com, TMall Global
Going Exports (Go-Ex) Programme (HIP4):

**Introduction**

- One of the High Impact Programmes (HIP) under the SME Masterplan (2012-2020)
- As part of the Government’s initiatives to guide and enhance the growth of exports of Malaysian SMEs
- The programme is targeted at export ready companies or high potential exporting companies venturing into new products/services or to explore into new markets overseas.
- Open to Manufacturers and Service Providers only.

**Going Exports (Go-Ex)**

Customised programme for SMEs to venture into international market

To ↑ SMEs contribution to total exports to 23% in 2020

A total of 253 SMEs have been approved into the programme with 40 companies are from the services sectors.

Go-Ex Programme: Eligible Activities

50% Matching Grant
RM 200,000
15 Months Programme

Market Immersion Activities
- Business Meetings
- Products Presentation
- Business Visits to Buyers Office/Facilities

- Engaging Market Linkers/Practitioner Expert
  - Translator/Interpreter
  - Ground Transportation
    - Sending samples
    - International Branding

Rental assistance for setting up a sales promotion office overseas for 12 months

Manufacturing of product prototype for international buyers/markets

Supply Chain Management Programme

International buyer's audit visit to Malaysia

Market Immersion Overseas

50% Matching Grant
RM 200,000
15 Months Programme
Mid-Tier Companies Development Programme (MTCDP)

- Implemented since 2014 to help Malaysian mid-tier companies (MTCs) to accelerate their export growth and to strengthen their core business functions.
- **Definition of MTCs:** companies with annual revenues between RM 50 million to RM 500 million in the manufacturing sector and between RM 20 million to RM 500 million in services sector.
- **Participants:** 50 high-performing MTCs per annum. Currently: 212 MTCs
- **Duration:** 9-month development programme.

- **Follow up after graduation:** Ramp-up Programme for 2 years
  - Business partner introduction
  - Investors event
  - Technology partner introduction
  - Export market intelligence
  - CEO networking & Leadership forum
  - Bi monthly working sessions with MTCDP team
  - Export best practices workshops
  - Export tools

*MID-TIER COMPANIES AND THEIR CONTRIBUTION TO MALAYSIA*
MTCs represent a key driving force behind the Malaysia economy. There are approximately 10,000 MTCs in Malaysia, and despite being just 1% of all Malaysian firms, they collectively contribute ~30% of the country’s GDP and employ over 22% of the workforce.
MATRADE’s Facilities for Malaysian Service Providers
MALAYSIA EXPORT EXHIBITION CENTRE (MEEC)

- One-stop center for foreign buyers to source for Malaysian products & services
- A permanent display centre of 4,500 sqm to showcase and promote Malaysian products and services.
- Accommodate 450 Malaysian companies with participation fee RM600 (products) & RM300 (services) per year. Covering of 30 industries such as Electrical & Electronics, Automotive & Autoparts, Biotech Products, Building Materials, Food & Beverages, Furniture, Household, Plastics & Packaging, Rubber Based Products, Paper & Stationery, Green technology, Chemicals, Cosmetics, ICT, Machinery & Metal Products & Services.
- 27 Malaysian Service Providers are exhibiting in MEEC.
- In 2017, MEEC received more than 6,500 visitors locally and internationally.
Business Information Centre (BIC)

BIC MEMBERSHIP:
- Free access to the library
- Business Directories
- Country Profiles
- Tariff Schedules
- Market Reports
- Periodicals
- Statistics
Export Promotion Activities
# Trade Fairs (TF)

Showcasing Malaysia’s quality products and capabilities through local and international trade events

<table>
<thead>
<tr>
<th>Aerospace &amp; Automotive</th>
<th>E&amp;E</th>
<th>Lifestyle</th>
<th>Mixed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand Autoparts &amp; Accessories 2018 (TAPA)</td>
<td>SEMICON West 2018, USA 10-12 July</td>
<td>PLMA’s World Private Label 2018, Amsterdam 29-30 May</td>
<td>The 123rd China Import and Export Fair - Spring Session (Canton Fair) 1-5 May</td>
</tr>
<tr>
<td>Automechanika Shanghai 2018 14-16 Nov</td>
<td>FOODEX, JAPAN 6-9 Mar</td>
<td>MEDICA Düsseldorf 12-15 Nov</td>
<td>The 15th China-ASEAN Expo (CAEXPO) 12-15 Sep</td>
</tr>
<tr>
<td>Construction &amp; Building Materials</td>
<td>MIHAS 2018, KL 4-7 Mar</td>
<td></td>
<td>China International Import Expo 5-10 Nov</td>
</tr>
</tbody>
</table>

### NOTE:
- Signature Trade Fair

### Mixed

- **Construction & Building Materials**
- **E&E**
- **Food & Beverages**
- **Medical & Pharmaceutical**
- **O&G**
- **Lifestyle**

### Signature Trade Fair

- **Oil & Gas**
- **Construction & Building Materials**
- **Medical & Pharmaceutical**
- **Lifestyle**
- **O&G**

### Event Details
- **SEMICON West 2018, USA** 10-12 July
- **Gulfood 2018, Dubai, UAE** 18-22 Feb
- **FOODEX, JAPAN** 6-9 Mar
- **MIHAS 2018, KL** 4-7 Mar
- **SIAL PARIS 2018, PARIS** 21-25 Oct
- **Arab Health 2017, Dubai, UAE** 29 Jan- 1 Feb
- **MEDICA Düsseldorf** 12-15 Nov
- **Offshore Technology Conference (OTC), USA** 20 Apr – 3 May
- **2018 Silk Road International Expo (SRIE) & The 22nd Investment And Trade Forum For Cooperation Between East And West China** 23-26 May
- **The 15th China-ASEAN Expo (CAEXPO)** 12-15 Sep
- **China International Import Expo** 5-10 Nov
International Sourcing Programme (INSP)

Bringing foreign buyers to Malaysia to meet Malaysian companies for their sourcing needs

- **Malaysia International Furniture Fair 2018, MITEC**: 9-12 Mar
- **Offshore Technology Conference Asia, KL**: 20-23 March
- **Semicon Southeast Asia 2018, KL, Malaysia**: 3 Apr
- **Export Furniture Exhibition (EFE) 2018, KLCC**: 8-10 May
- **Malaysia Halal Showcase (MIHAS) 2018, MITEC**: 23-26 May
- **International Machine Tools and Metalworking Technology Exhibition (METALTECH), PWTC, KL**: 25-27 Sep
- **Malaysia Oil & Gas Services Exhibition & Conference, KL**: 25-27 Sep
Export Acceleration Mission (EAM)

Bringing Malaysian companies abroad to explore opportunities and meet potential partners

EAM on Aerospace Industry @ Aerospace & Defence Supplier Summit, Seattle USA

EAM @ Hannover Messe, Germany

EAM on Logistics @ Transport Logistics China, Shanghai

EAM on Construction @ Interbuild Egypt, Cairo

EAM @ Farnborough International Airshow, UK

EAM @ Tokyo Game Show, Japan

EAM to:
- Aceh
- Qatar, Bahrain & Oman
- Mozambique & South Africa
- India & Bangladesh
- Tajikistan & Uzbekistan
- Latin Americas
- Eastern Europe

14-15 Apr
23-27 Apr
16-18 May
20-24 Jun
16-22 Jul
10-15 Sep
TBC
12-15 Nov
14-18 Oct
11-13 Oct
1-5 Oct

EAM on Oil, Gas & Energy @ Abu Dhabi International Petroleum Exhibition & Conference

EAM @ GITEX Technology Week, Dubai UAE

EAM in Conjunction with Construction, Power & Mining Myanmar

EAM on Oil, Gas & Energy to Azerbaijan & Kazakhstan
Other Facilities
Dissemination of vital trade information to Malaysian exporters through MATRADE's mobile app

Trade Leads

Market Alerts

Product/Market Studies
Top 10 Foreign Countries and Total Visitors:

1. United States 95,875
2. India 89,109
3. Singapore 63,815
4. China 39,569
5. Japan 30,332
6. United Kingdom 29,371
7. Indonesia 25,678
8. Australia 24,421
9. Philippines 23,111
10. Thailand 19,226

2.3 Million Visitors *2016
18 Million Page Views *2016
Step 1: To access the online application, go to “For Malaysian Exporters” section in the MATRADE’s Portal.

Step 2: Choose “Online Application” in the MATRADE Online Services information.

Step 3: Click “Register as MATRADE Member”.

Register Now for FREE
Thank You
Join us online & grow exports

MATRADE HQ  @MATRADE  @matrade_hq  MATRADE

www.matrade.gov.my