

MALAYSIA WEEKLY ECONOMIC NEWS

(27 January 2020 – 31 January 2020)

Topics	Highlights
<p>RAM Ratings sees RM9.5b trade surplus in December</p>	<p>RAM Ratings expects a trade surplus of RM9.5bil for December as its imports and exports see a turnaround. Its report expected Malaysia's imports to expand by 3.9% and exports by 1.7% in December 2019. However, RAM pointed out the "phase one" trade deal signed between the US and China could trigger another round of disruptions for global trade flows. RAM cautioned that Malaysia's exports to China could be at risk given that the latter's commitment includes some 83% of goods that it currently imports from Malaysia. Moreover, 12.7% of China's imports from Malaysia comprise the committed items in which the US has a revealed comparative advantage (RCA).</p> <p style="text-align: right;"><i>(Source: The Star, 31 January 2020)</i></p>
<p>12th Malaysia Plan to crystallise SPV2030 execution</p>	<p>The 12th Malaysia Plan (12MP), covering three development dimensions - economic empowerment, environmental sustainability and social re-engineering - will further crystallise the implementation of the Shared Prosperity Vision 2030 (SPV2030). The SPV2030 - unlike the National Economic Policy (NEP), which is a policy prescription - is a new initiative providing a 10-year development roadmap and framework for the country's economic restructuring to benefit all Malaysians, regardless of race and ethnicity. Adviser to the Economic Affairs Minister, Datuk Khalid Jaafar, emphasized that the SPV2030 was no way a race-based policy but a needs-based one aimed at narrowing the economic gap in the context of income, irrespective of race. He also dismissed concerns that the SPV would be hijacked by the rich bumiputras, emphasizing that the SPV would instead reduce the economic gap between ethnic groups.</p> <p style="text-align: right;"><i>(Source: The Star, 30 January 2020)</i></p>
<p>No economic implications of coronavirus yet</p>	<p>The 2019 novel coronavirus outbreak has not shown any implications on Malaysia's economy so far but it would affect the nation's growth if the outbreak continues to spread, said Economic Affairs Minister Datuk Seri Mohamed Azmin Ali. He also said there is no necessity yet for Malaysia to temporarily stop the imports of products from China, particularly Wuhan, and the government had taken various proactive measures to contain the outbreak and monitor it closely. On the performance of the ringgit and stock market which were weaker compared with regional markets, Mohamed Azmin said Malaysia's economic fundamentals are still strong and investors are confident of selecting the country as a strategic investment destination. He said the government had implemented various initiatives to restore investors' confidence by making Malaysia as the gateway to Asean.</p> <p style="text-align: right;"><i>(Source: The Star, 29 January 2020)</i></p>
<p>Government determined to drive digital economy growth in 2020</p>	<p>The government is determined to drive the development of digital economy to boost the nation's economic growth, said Finance Minister Lim Guan Eng. He said the digital economy could also attract investors and encourage human capital development as well as research. He said the government will develop the necessary infrastructure for Digital Malaysia with help from the private sector, involving an investment of RM21.6 billion, where approximately half of the cost would be borne by the government. The government would also introduce the 5G Ecosystem Development Grant worth RM50 million to accelerate technological development by companies in the wake of the 5G technological advancement globally, said Lim. Additionally, the government had allocated RM20 million to the Malaysian Digital Economy Corporation (MDEC) to develop local champions in creating digital content such as e-games, animation and digital arts. The government also planned to set up 14 one-stop Digital Enhancement Centres in all states to facilitate access to financing and capacity building for businesses, especially small and medium size enterprises with an allocation of RM70 million.</p> <p style="text-align: right;"><i>(Source: The Star, 27 January 2020)</i></p>