

# MALAYSIA WEEKLY ECONOMIC NEWS

(13 September 2016 – 16 September 2016)

Topics	Highlights
<p><b>MATRADE helps SMEs lift exports to China</b></p>	<p>MATRADE has signed a memorandum of understanding (MoU) with its Chinese counterparts to pave way for Malaysian SMEs to have better market access to China's market during 13<sup>th</sup> Caexpo and the 13<sup>th</sup> China-ASEAN business and investment summit. The MoU, which was signed between MATRADE, Industrial and Commercial Bank of China (Malaysia) Bhd (ICBC Malaysia) and Guangxi Qinzhou Trade Port Authority (GQFTA), will help MATRADE in identifying SMEs and negotiate the products to be exported to China. GQFTA would assist in the logistics and Customs clearance while MATRADE would facilitate the export of products by SMEs. ICBC Bank will be a coordinator in financing and provide an e-commerce platform called ICBC Online Mall that has 30 million active subscribers. Trade between China and ASEAN reached US\$472.16 billion (RM1.9 trillion) in 2015, a 58% increase from 1991.</p> <p>(Source: NST, 13 September 2016)</p>
<p><b>Immigration Department to start freezing assets of employers who protect illegal foreign workers</b></p>	<p>The Immigration Department will start freezing the assets of employers in the industrial sector who hire and protect illegal foreign workers starting October 2016. Its Director-General Datuk Seri Mustafar Ali said that there is a provision under Section 56(1) of the Immigration Act to freeze assets and bank accounts of employers, however, it has not been fully enforced. He said the Immigration Department has also discussed the matter with legal advisers and gave employers until the end of September 2016 to sort everything including their workers' travel documents, visas and permits.</p> <p>(Source: The Star, 14 September 2016)</p>
<p><b>Property sales slump due to financing issues: REHDA</b></p>	<p>Property sales performance experienced a significant decrease to 39% in the first half of 2016 compared with 52% in the previous corresponding period, according to the Real Estate and Housing Developers' Association Malaysia (REHDA). In its property industry survey for the first half of 2016, REHDA said two to three storey terrace sales dominated the market share by more than half out of the total sales reported. The survey revealed that half of the residential units launched were priced below RM500,000, with launches of properties below RM200,000 on the hike. All states were retaining their prices except for Malacca. The association added that the situation of unsold units was still manageable despite the decreased in sales performance. End financing and loan rejection remained a major problem to nearly 70% of respondents, which had affected almost all price ranges. Conducted in the first half of 2016, the survey was carried out to assess the property market performance for the first half of 2016 and market outlook for the rest of 2016.</p> <p>(Source: The Star, 14 September 2016)</p>
<p><b>Malaysia to launch world's first Islamic venture capital fund</b></p>	<p>The plan to establish the world's first Islamic venture capital fund is now in the final stage and will be launched at the right time, said Treasury Secretary-General, Tan Sri Irwan Serigar Abdullah. He said, Malaysia was also in talks with Indonesia to rope it to join the venture capital fund, which would have an initial fund size of US\$100 million. He said even without Indonesia's participation, Malaysia would still go ahead with the proposed fund with IDB and Malaysia's largest venture capital company, Malaysia Venture Capital Management Bhd. The fund would be used to finance start-up companies not only in Malaysia but also in the region and other Islamic countries.</p> <p>(Source: NST, 15 September 2016)</p>

<p><b>Government to raise CPO export tax to 6.5%</b></p>	<p>Crude palm oil (CPO) export tax will increase to 6.5% in October 2016 from the current 5%. The Royal Malaysian Customs Department, in a circular, said the new tax is calculated based on a reference price of RM2,879.47 per tonne. The circular, made available on the Malaysian Palm Oil Board website, stated that if the price is below RM2,250 per tonne, the tax is nil. However, a 4.5% tax would be incurred should it move above RM2,250 per tonne. If the price ranges between RM2,851 and RM3,000 per tonne, then a 6.5% tax would be levied on exporters. The tax can go up to a maximum of 8.5%. Malaysia is the world's second-largest palm oil producer after Indonesia. In August 2016, Malaysia's palm oil exports rose by 30.89% to 1.81 million tonnes against the 1.38 million tonnes recorded in the previous month.</p> <p>(Source: BERNAMA, 16 September 2016)</p>
<p><b>O&amp;G sector to remain subdued</b></p>	<p>Malaysia's oil and gas (O&amp;G) sector is expected to remain subdued, as the growth in global demand has been revised to be slower than initially predicted. Oil prices rallied in early August 2016, rising from four-month lows near US\$42 per barrel to briefly above US\$50 per barrel amid peak summer demand for crude oil. On 13 September 2016, the International Energy Agency (IEA) oil market report for September predicted that global oil demand growth is expected to be slower than initially predicted for 2016 due to a more pronounced slowdown in economic conditions in the third quarter of 2016. IEA said, a gain of 1.3 million barrels per day (mb/d) is expected for 2016, which is a downgrade of 0.1 mb/d on IEA's previous forecast due to a more pronounced slowdown in the third quarter of 2016.</p> <p>(Source: The Star, 16 September 2016)</p>

Economics and Policy Division  
SME Corp. Malaysia  
19 September 2016