

MALAYSIA WEEKLY ECONOMIC NEWS

(19 September 2016 – 24 September 2016)

| Topics | Highlights |
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| <p>Expats in Malaysia get lowest pay package in Asia-Pacific</p> | <p>The average expatriate who works in Malaysia now gets the lowest payment package in the Asia-Pacific. The average cost of a total expatriate package for middle managers in Malaysia now lies at just over US\$176,000 (RM730,400), compared to US\$239,400 (RM993,510) in Singapore according to the latest expatriate market pay survey published by ECA International. The impact of currency conversion, expatriates in Malaysia get paid relatively cheap because Malaysia is a cheaper location in terms of cost of living compared to other countries. The cost of providing benefits in Malaysia is low compared to others in the region e.g. accommodation and education. According to ECA International's latest Managing Mobility 2016 survey, Malaysia was the eighth most popular destination for companies to send employees. Engineering and technology, petrochemicals and banking, are the biggest industry groups represented in the Managing Mobility 2016 survey. Although the current low oil price situation is impacting the oil and gas industry in Malaysia, ECA International believed the Malaysian economy should be diverse enough overall to continue to show strong growth and attract investments.</p> <p>(Source: The Edge Financial Daily, 19 September 2016)</p> |
| <p>Malaysia urged to have conditional unemployment benefits</p> | <p>Rafael Munoz Moreno (Senior Economist, World Bank) said Malaysia should consider introducing conditional unemployment benefits as part of its fiscal policy to support the labour market, in place of income support programmes like the 1Malaysia People's Aid (BR1M) which can become unsustainable and eventually becomes much more expensive. A better option is to provide a conditional cash transfer type of social protection. He suggested that the Government offer the unemployed with benefits that are conditional upon them acquiring skills sought by the labour market, using existing resources. An unemployment benefit would be the right support for the right people at the right time. Unemployment benefits will also improve the quality of matching jobs. He also stressed that hiring foreign workers is not a solution for the skills problem or the lack of skills in Malaysia. He pointed out that there is a limit to the number of foreign workers that the country can depend on.</p> <p>(Source: The Star, 19 September 2016)</p> |
| <p>Bank Negara: 35-year home loan period 'more than sufficient'</p> | <p>Bank Negara Malaysia (BNM) said that the maximum housing loan tenure of 35 years is more than sufficient. It cited increasing the loan tenure to 40 years will only serve to add to the total cost of financing. BNM also dismissed the suggestion that access to financing is the main problem confronting potential buyers of affordable houses. It stated that access to financing is not the main problem, the fundamental issues that require resolution are affordability and the shortage of supply of reasonably priced houses. It added that the implementation of its responsible financing guidelines serves to protect individuals' interests, this is to prevent borrowers from falling into excessive debt burden. It also pointed out that about 75% of borrowers or approximately 1.5 million borrowers with housing loans, are first-time house buyers.</p> <p>(Source: The Edge Financial Daily, 20 September 2016)</p> |

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| <p>90,000 manufacturing jobs created in last 18 months</p> | <p>The manufacturing sector in the country has seen the creation of some 90,000 jobs in the past 18 months, offsetting the loss of about 10,000 manufacturing jobs resulting from the economic slowdown. Datuk Seri Mustapa Mohamed (Minister of MITI) said Malaysia continued to be a preferred location for investments, as reflected by the performance of approved investments in the manufacturing, services and primary sectors. In the first quarter of 2016 (1Q 2016), Malaysia recorded a total of 1,271 projects with investments of RM37.3 billion. These investments will create 39,990 job opportunities. Approved investments last year provided 180,240 new job opportunities. Year-on-year, foreign direct investment (FDI) increased to RM12.8bil in 1Q 2016 from RM10.0 billion in the corresponding period of 2015. Domestic investments led with RM24.5 billion or 65.7% of total approved investments in 1Q 2016.</p> <p>(Source: The Star, 20 September 2016)</p> |
| <p>Malaysia steadily becoming hub for BDA solution providers</p> | <p>Malaysia is making steady progress to become a hub for big data analytics (BDA) solution providers, said Datuk Yasmin Mahmood Malaysia (CEO of MDEC). As at August 2016, there were 22 multinational BDA companies from six countries in Malaysia. In total, there are 32 BDA companies that have exported their services / solutions and 47 BDA start-ups continuously innovating and testing cutting-edge technology in this space. BDA is the process of examining large data sets to uncover, among others, hidden patterns, unknown correlations, market trends, customer preferences and other useful business information.</p> <p>(Source: BERNAMA, 20 September 2016)</p> |
| <p>MPIC encouraging skills training and automation to reduce dependence on foreign workers</p> | <p>The Government is taking steps to reduce the timber and furniture sector's reliance on foreign labour, by encouraging the industry to train more skilled workers and adopt automation. Datuk Jalaluddin Harun (Director-General of Malaysian Timber Industry Board, MTIB) said, the Ministry of Plantation Industries and Commodities (MPIC) is helping to develop more skilled workers that are needed for high value-added products. He explained that high value-added products are those that are manufactured locally using imported raw materials and are then sold again at higher prices. Thus, automation means that the industry will require more skilled workers than cheap foreign labour in the future.</p> <p>(Source: The Sun Daily, 21 September 2016)</p> |
| <p>BNM unveils new Rentas system</p> | <p>Bank Negara and its wholly owned subsidiary MyClear have launched a new Real-time Gross Settlement and Debt Security Depository (RENTAS) System. The new system offers comprehensive multi-currency settlement and debt securities depository capabilities with ringgit, US dollar and yuan as the initially supported currencies. The launch of RENTAS is a culmination of a multi-year effort to internationalise and modernise Malaysia's financial market infrastructures to support the settlement of wholesale payments and securities denominated in international currencies.</p> <p>(Source: The Star, 21 September 2016)</p> |
| <p>New airport tax scheduled on 1 January 2017</p> | <p>The new rates for airport tax or passenger service charge at all airports are expected to be implemented on 1 January 2017. Datuk Seri Liow Tiong Lai (Minister of MOT) said details of the tax were still being discussed. MOT has made certain decisions but all these are under the purview of the Malaysian Aviation Commission (MAVCOM). He said that MAVCOM had presented their views to the ministry and the matter was discussed in the Cabinet on Wednesday. He said he would leave it to MAVCOM to make the full announcement.</p> <p>(Source: The Star, 22 September 2016)</p> |

**Malaysia
amending 18
laws in
preparation for
TPPA ratification**

The Trans-Pacific Partnership Agreement (TPPA) will come into force even without ratification from the United States, as long as six countries accounting for 85% of the signatories' GDP ratify the agreement, said MITI. All 12 signatories of the TPPA have 24 months after the signing of the finalised proposal on 4 February 2016 in Auckland, New Zealand to ratify the agreement. MITI said Malaysia will make amendments to its legislation to implement TPPA commitments before the 2018 deadline. However, MITI said that if the TPPA does not come into effect, Malaysia will find ways to engage with the four signatories which Malaysia does not have an existing free trade agreement (FTA) with.

(Source: The Star, 24 September 2016)

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