

MALAYSIA WEEKLY ECONOMIC NEWS

(4 April 2016 – 8 April 2016)

Topics	Highlights
<p>Chinese firms invest more than RM13 billion in Malaysia since 2009</p>	<p>China's direct investments in Malaysia's manufacturing sector amounted to RM13.6 billion between 2009 and 2015, said Datuk Ahmad Maslan (Deputy Minister of MITI). He said the investments came from 20 companies including Comtec Solar International (M) Sdn Bhd, Jinko Solar Technology Sdn. Bhd., Kaifa Technology Malaysia Sdn. Bhd., Megatrax Plastic Industries Sdn. Bhd. and Mansion Machinery Sdn. Bhd. Most of the investments have already being implemented involving 143 projects and is expected to create 24,786 jobs. Out of the 143 projects, basic metals industry received the highest investments of RM8 billion followed by electrical and electronics sector (RM3.5 billion) and non-metallic minerals industry (RM738 million). The remainder were in textiles and textile products industry (RM556 million) and fabricated metals sector (RM157 million).</p> <p style="text-align: right;"><i>(Source: The Star, 4 April 2016)</i></p>
<p>Bank Negara: Using debit cards as alternative to cash not so successful</p>	<p>While significant progress has been made in reducing the usage of cheques in Malaysia, promoting the use of debit cards as an alternative to cash has been less successful, said Bank Negara. Between 2011 and 2015, there has only been a marginal increase from one to three debit card transactions per capita and from seven to nine payment card terminals per 1000 inhabitants. In the same period, the number of cheques issued had fallen by 27% from 205 million cheques in 2011 to 148 million in 2015. Promising progress has been made in the reduction of cheque usage through the use of electronic funds transfer services such as the Interbank Giro (IBG) and the Instant Interbank Funds Transfer (IBFT). The number of IBG transactions increased by 147% from 60 million in 2011 to 149 million transactions in 2015. IBFT transactions increased by eight-fold to 47 million from only 5.8 million.</p> <p style="text-align: right;"><i>(Source: Bernama, 5 April 2016)</i></p>
<p>Malaysia to advance technological improvements</p>	<p>Malaysia aims to advance technological improvements with commercial potential to help drive local industries ahead of their competitors, said MIDA. In Malaysia, spending on R&D was gaining momentum but was still relatively low at 1.13% of gross domestic product (GDP) against top research-intensive countries such as Sweden at 3.6%, South Korea (3.5%), Finland (3.5%) and Japan (3.4%). While there is a noticeable increase in R&D spending, particularly in manufacturing-led sectors, there is still much room for R&D activities in Malaysia as this sector has not yet reached the full level of maturity and is poised for future growth. The National Policy on Science, Technology and Innovation 2013-2020 aimed for Malaysia to achieve R&D intensity of at least 2.0% of GDP by 2020. To date, MIDA has approved 165 R&D projects with total investments of RM2.41 billion. These comprise of 71 contract R&D, 54 in-house R&D, 26 approved R&D companies and 14 R&D status companies.</p> <p style="text-align: right;"><i>(Source: Bernama, 5 April 2016)</i></p>
<p>Franchise industry to contribute RM28 billion to GDP in 2016</p>	<p>The franchise industry is expected to contribute RM28 billion to the country's GDP in 2016 compared to RM26.8 billion in 2015. Datuk Seri Hamzah Zainuddin (Domestic Trade, Cooperatives and Consumerism Minister) said the target could be achieved on the back of various assistances provided by the Government. The ministry had, among others, planned to participate in the International Franchise, License Business Concept Expo and Conference in Indonesia. The franchise sector is expected to contribute RM35 billion to the GDP by 2020. Currently, there are 813 franchise companies in Malaysia and the ministry aims to register between 60 and 80 new franchisors a year.</p> <p style="text-align: right;"><i>(Source: The Edge Financial Daily, 6 April 2016)</i></p>

<p>ASEAN does not need single currency, current model fits</p>	<p>ASEAN's current development model is appropriate at this point in time and it does not need a single currency, said Datuk Seri Abdul Wahid Omar (Minister in the Prime Minister's Department). He said the current development model, which consisted of three main pillars, namely political-security community, economic community and socio-culture community, fitted well for the region. The European Union has its own set of models, which goes beyond a single market. They have a single currency, European Parliament, European Court and others. That was never the intention for ASEAN. However, he acknowledged that ASEAN has its own set of challenges that needed to be addressed for its development model to be more effective, which included strengthening institutions such as the ASEAN Secretariat.</p> <p style="text-align: right;">(Source: The Star, 7 April 2016)</p>
<p>Maybank's Farid says loan rejection rate for affordable housing only 20%</p>	<p>The Association of Banks in Malaysia (ABM) has denied the Real Estate and Housing Developers Association's (REHDA) claims that the rejection rate for affordable housing loan applications are high. Datuk Abdul Farid Alias (Chairman of ABM and also the Maybank Group President and CEO) said that only 92,000 or 20.39% out of 456,000 housing loan applications received by the industry in 2015 were rejected, instead of over 50% as claimed by REHDA. For loans with principal amount of less than RM500,000, rejection rate by the industry was 19%; RM500,000 - RM1 million range, the rejection rate was 20.71%; RM1 million - RM3 million range at 25%; and for loans above RM3 million at 36%. The main reasons for these rejections were that borrowers exceeded their debt service ratio, high gearing at the borrowers' level and failure to establish the borrowers' repayment capability. As for year-to-date, the rejection rate for the industry stood at 20.6% and this would likely be higher in 2016 considering the slower economic growth.</p> <p style="text-align: right;">(Source: The Star, 7 April 2016)</p>
<p>MyDeposit to aid middle-income first-timers to buy homes</p>	<p>Prime Minister Datuk Seri Najib Razak announced the launch of the First Home Financing Scheme (MyDeposit) on 6 April 2016 as tabled in Budget 2016. The scheme aimed to help the middle 40% income bracket with household incomes of between RM3,000 and RM10,000. It involves a contribution of 10% of the sale price or a maximum of RM30,000, whichever is lower, to first-time house buyers to help them buy a house not more than RM500,000. In order to encourage private developers to build houses costing below RM300,000 several incentives had been offered including the retention of deposits of RM200,000 from 3% of the estimated cost at present.</p> <p style="text-align: right;">(Source: <i>The Edge Financial Daily</i>, 8 April 2016)</p>

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