

MALAYSIA WEEKLY ECONOMIC NEWS

(1 June 2020 – 5 June 2020)

Topics	Highlights
<p>Micro-credit financing for agropreneurs</p>	<p>In announcing the short-term economic recovery plan, Prime Minister Tan Sri Muhyiddin Yassin said RM350mil of micro credit financing will be extended to agropreneurs under Agrobank with an interest rate of 3.5%. The loans will have a maximum size of RM50,000 for a tenure of five years. Meanwhile, there will be in-kind benefits for urban farming such as fertilizers, seeds, infrastructure, equipment, advisory and training worth RM500 per person and RM50,000 per community. The government will also offer incentives for pioneer companies to train and educate the workforce for agrofood workforce mobility.</p> <p style="text-align: right;"><i>(Source: The Star, 5 June 2020)</i></p>
<p>Government wooing foreign companies to shift businesses to Malaysia</p>	<p>Prime Minister Tan Sri Muhyiddin Yassin has announced a tax incentive of zero per cent for 10 years for new investments in the manufacturing sector with capital investment of between RM300 million and RM500 million from July 1 to Dec 31, 2020. For new investments in the manufacturing sector with capital investment above RM500 million, a zero tax rate will be given for 15 years, he said. PM said the incentives would be given if the companies were to relocate and begin operations within one year from the date of approval and the investment amount involved must be made within three years. The government will also provide an additional RM50 million allocation to the Malaysian Investment Development Authority (MIDA) to carry out promotional and marketing activities, he added.</p> <p style="text-align: right;"><i>(Source: The Star, 5 June 2020)</i></p>
<p>Government sets up RM1.2bil Penjana Nasional Fund for business digitalisation</p>	<p>In a bid to drive the country's economic recovery via digitalisation of businesses, the government will establish the Penjana Nasional Fund, with an allocation totalling RM1.2bil. Prime Minister Tan Sri Muhyiddin Yassin said RM600 million of the allocation would come from the government, and another RM600 million from domestic and international investors. He said the fund would be used to support the digitalisation of Malaysian businesses by channelling funding from international investors into the local venture capital space. Several international investors have expressed their interest in setting up the fund. Muhyiddin said to further encourage the digitalisation of the government service delivery system, the government would provide more services online or e-counter.</p> <p style="text-align: right;"><i>(Source: The Star, 5 June 2020)</i></p>
<p>Malaysia records trade deficit in April after 269 consecutive months of surplus</p>	<p>The COVID-19 pandemic, which has caused major disruptions to the global supply chain, has dragged Malaysia to record a trade deficit of RM3.5 billion in April 2020, after 269 consecutive months of surplus on account of higher contraction in exports compared to imports. The last trade deficit recorded by the country was in October 1997 amounted to RM151.3 million. During the reviewed month, exports contracted by 23.8% to RM64.92 billion, while imports decreased by 8.0% to RM68.42 billion, said the International Trade and Industry Ministry (MITI). MITI said total trade in April 2020 amounted to RM133.34 billion, a decrease of 16.4% compared with April 2019 due to COVID-19 with lower trade recorded particularly with Singapore, Thailand, India, the United States (US), Japan, Vietnam and Saudi Arabia. On a monthly basis, trade and exports slipped by 9.9% and 19.0% respectively compared with March 2020, while imports increased by 0.9%.</p> <p style="text-align: right;"><i>(Source: The Star, 4 June 2020)</i></p>