



社会经济研究中心
SOCIO-ECONOMIC
RESEARCH CENTRE

Economic Outlook 2019
Challenges to Steady Growth

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21 November 2019

Section 1:

Risks to Global Growth

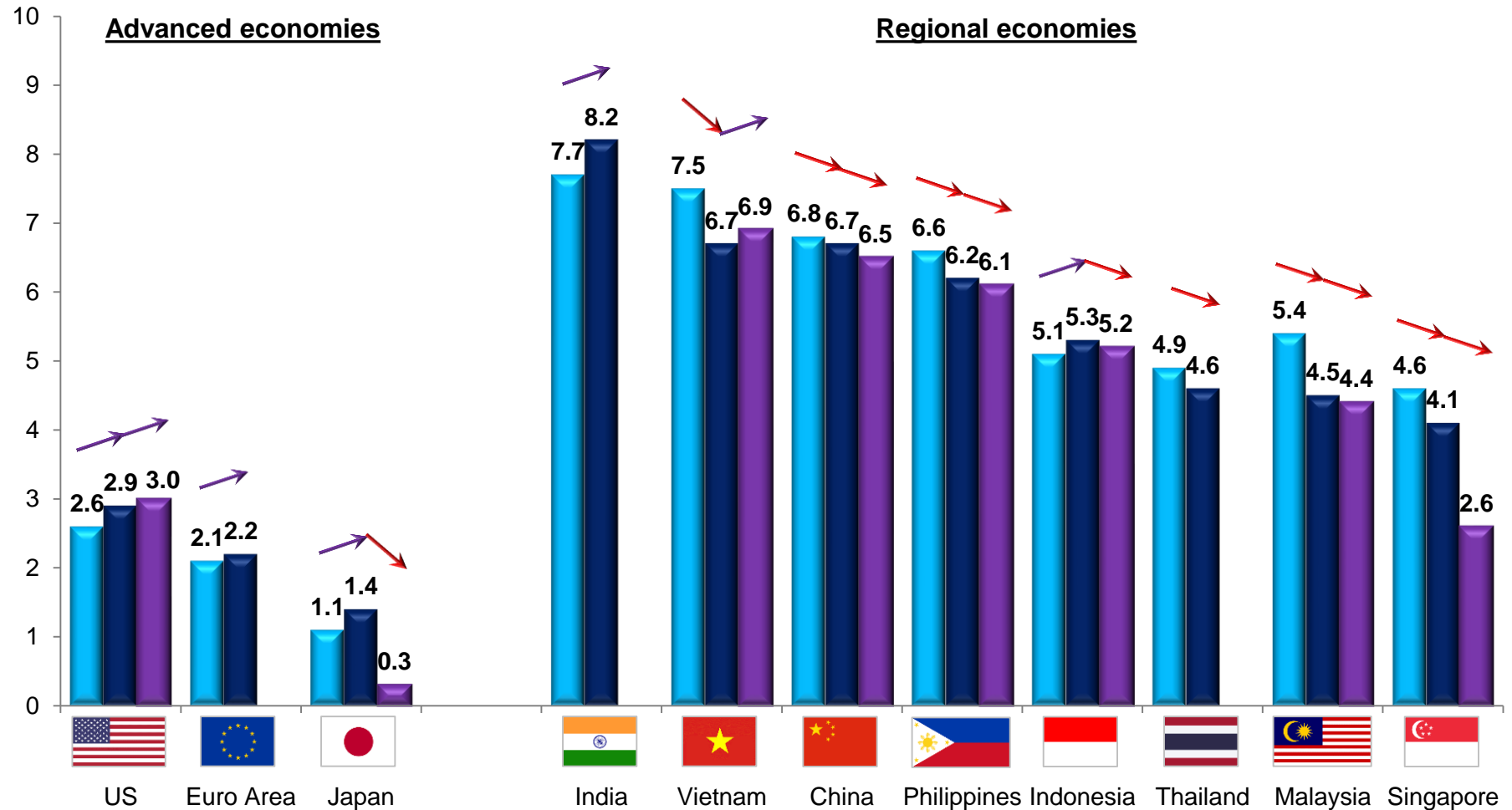
-Growing downside risks-



Uneven EXPANSION in advanced and regional economies

Real GDP growth (% YoY)

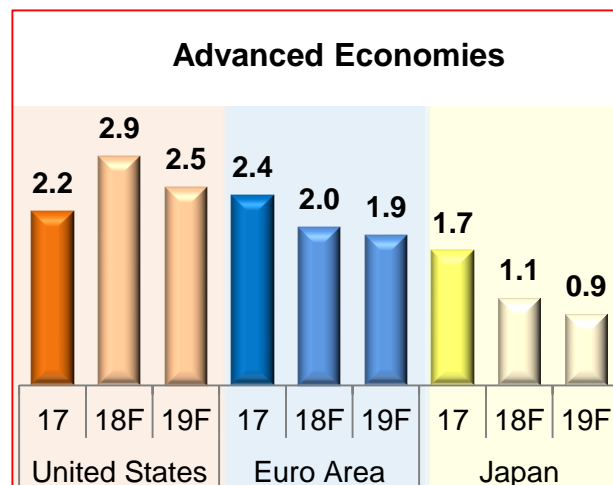
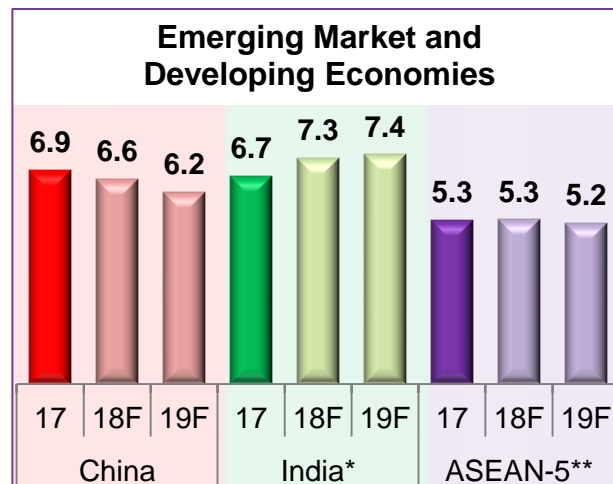
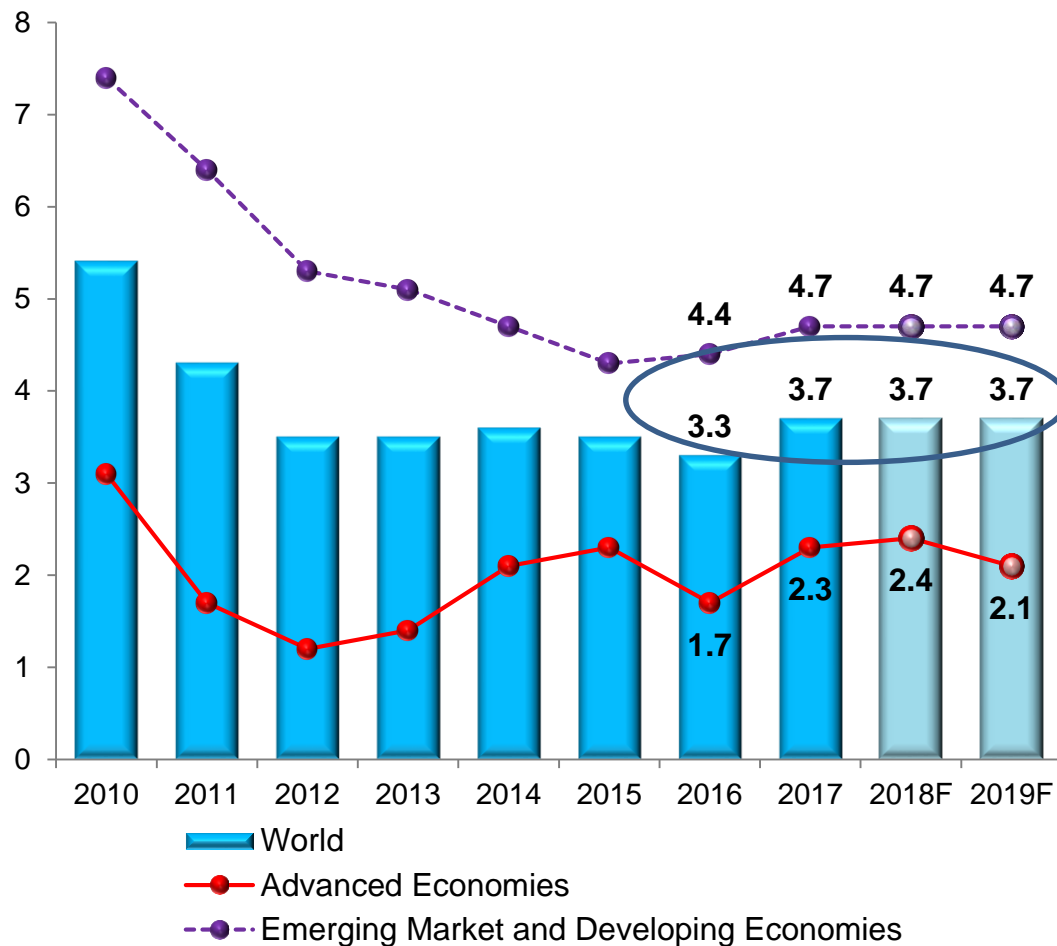
1Q18 2Q18 3Q18



Source: Officials

GROWTH prospects for advanced and emerging economies

Real GDP Growth (%)



Source: Officials; IMF (WEO, October 2018)

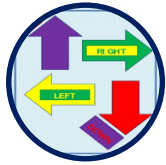
* Annual GDP for India is on fiscal year basis

** ASEAN-5: Malaysia, Indonesia, Philippines, Thailand, Vietnam

Global economy still **GROWING** but **MULTIPLE RISKS** ahead



Global growth has **MATURED** and **PASSED ITS PEAK**. **INCREASING DOWNSIDE RISKS** to growth over next 18 months.



UNEVEN EXPANSION and **LESS SYNCHRONIZED** in advanced economies and emerging Asia.

“FIVE RISKS” increase global uncertainty:



1. TRADE WAR



4. INTENSIFIED RISKS IN EMERGING MARKETS



2. RISING US INTEREST RATES



5. POLITICAL AND GEOPOLITICAL RISKS



3. FINANCIAL VOLATILITY





Section 2

2019 Budget: The Economy, Revenue and Expenditure

-Sustaining growth, Reclassification and Reordering Spending -



The economy at a glance – PERFORMANCE and PROSPECTS

Key indicators	2017	2018E	2019B
Real GDP growth (%)^	5.9	4.8	4.9
Private consumption growth (%)^	7.0	7.2	6.8
Private investment growth (%)^	9.3	4.5	5.0
Income per capita (RM)	41,128	42,937	44,686
Unemployment (%)	3.4	3.3	3.3
Inflation (%)	3.7	1.5-2.5	2.5-3.5
Export Growth (%)	18.8	4.4	3.9
Current account balance RM million % of GDP	40,275 3.0	38,591 2.7	33,995 2.2
Budget deficit RM million % of GDP	40,321 3.0	53,327 3.7	52,080 3.4
Federal government debt RM million % of GDP	686,837 50.7	725,241* 50.7	792,703 51.8
Contingent liabilities RM million % of GDP	238,191 17.6	258,392* 18.1	332,078 21.7

Source: Ministry of Finance (MOF)

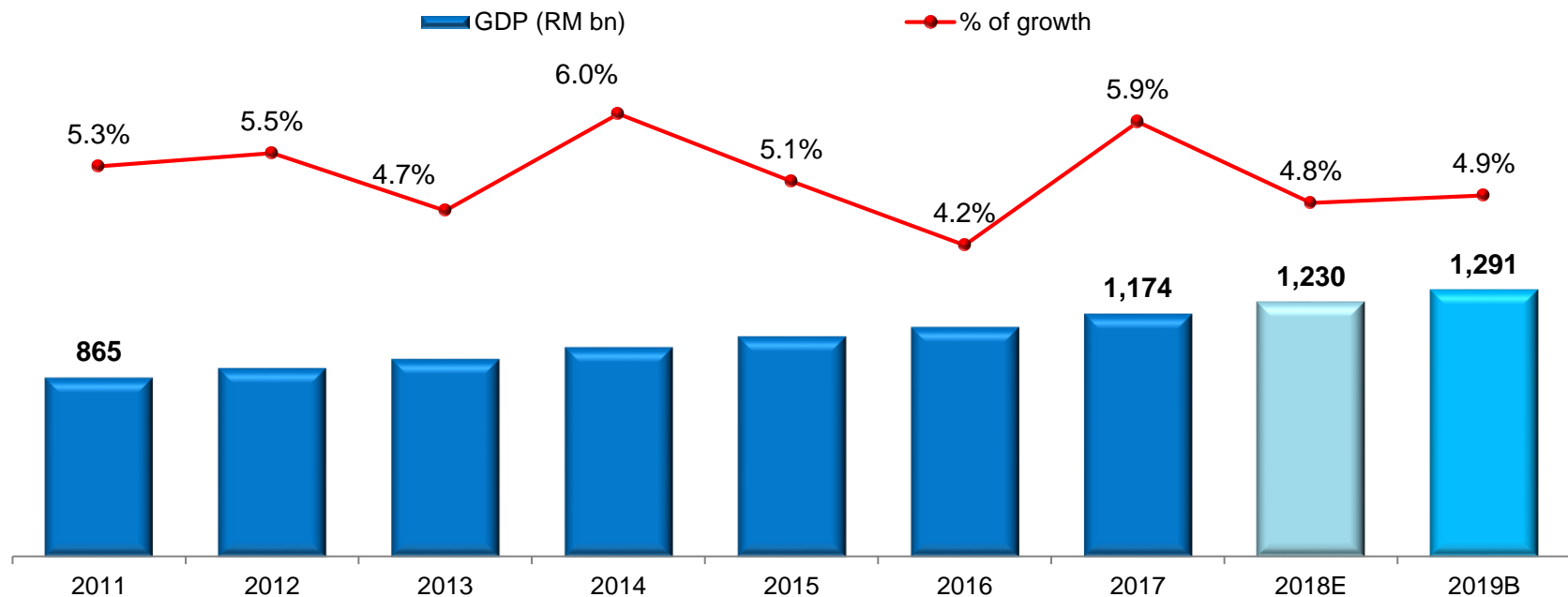
^ 2010=100

* As at end-June 2018

- **Sustaining economic growth.** The Malaysian economy is estimated to **grow by 4.8% in 2018 and 4.9% in 2019** respectively, supported by domestic demand and moderate external demand (SERC's estimates: 4.8% in 2018 and 4.7% in 2019 respectively).
- **Downside risks to growth** come from rising trade conflict, capital flows volatility, oil prices and geopolitical risks.
- **Domestic demand anchors overall growth.** **Consumer spending** growth still respectable (6.8% in 2019 vs. 7.2% in 2018) backed by stable employment and improved income. **Private investment** growth improved to 5.0% in 2019 from 4.5% in 2018. *SERC remains cautious amid external uncertainties and wary about domestic policy implications.*
- **Public sector's consolidation continues** as it rationalises its spending, focusing on cost savings and value for money projects and programs to support the economy.

GDP growth OUTLOOK: 4.8% in 2018 and 4.9% in 2019

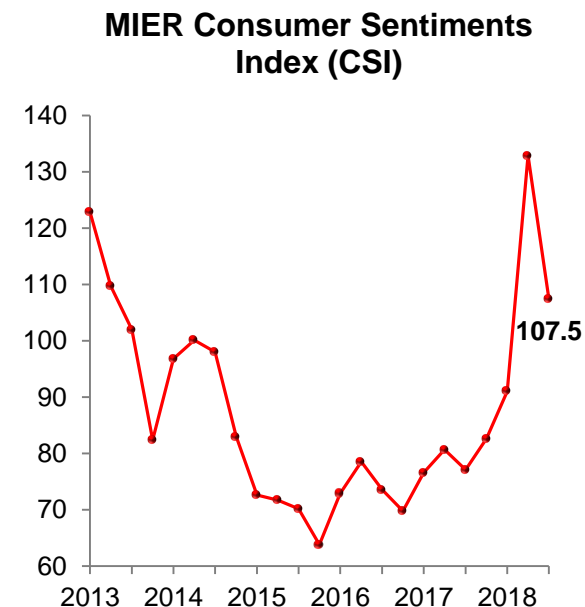
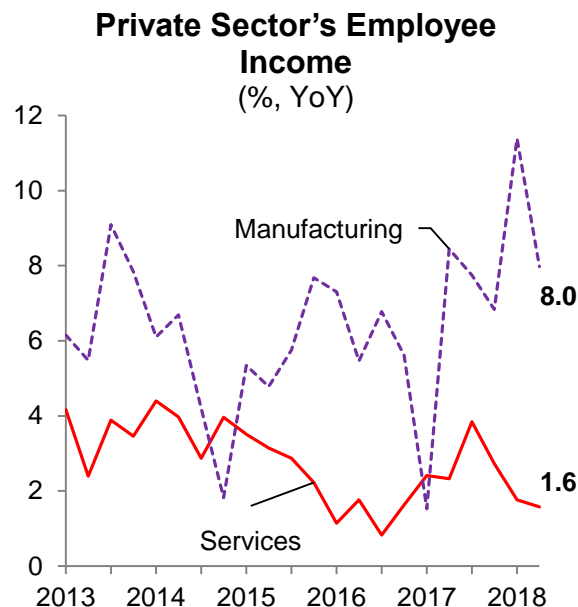
- Not surprisingly, the economic outlook presented in the 2019 Budget was **revised lower to 4.8% this year** (from 5.0%-5.5% previously). A slight improvement in growth to **4.9% for 2019**.
- With stable global growth estimated 3.7% in 2019 (3.7% in 2018) amid more downside risks, the projected GDP growth for 2019 will be supported by **continued expansion of domestic demand**, with the private sector taking the driver seat. The rationalisation of government's expenditure will continue. **Gross exports** are expected to grow slower (3.9% in 2019 vs. 4.4% in 2018).



Source: Bank Negara Malaysia (BNM); MOF

SOLID consumer spending but will it normalise?

- **FUNDAMENTAL DRIVERS:** Income growth and labour market conditions
- Household spending will **NORMALIZE** post 3-month zeroed GST tax holiday and the introduction of **SST** on 1 Sep
- Potential **DAMPENING FACTORS:** Review of fuel subsidy and cost of living aid



Private Consumption Growth
(%, YoY)

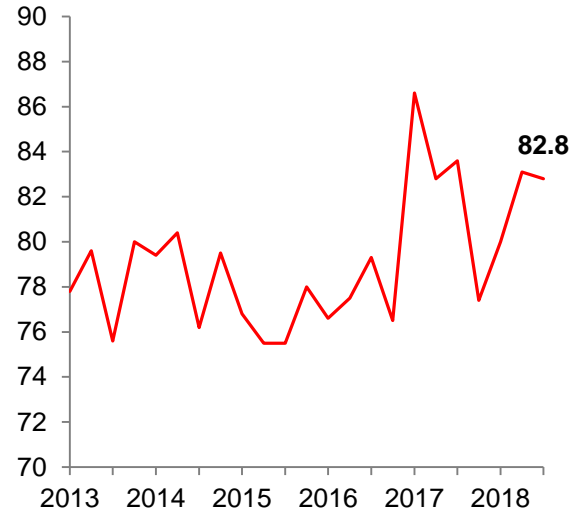


Source: Department of Statistics, Malaysia (DOSM); MIER

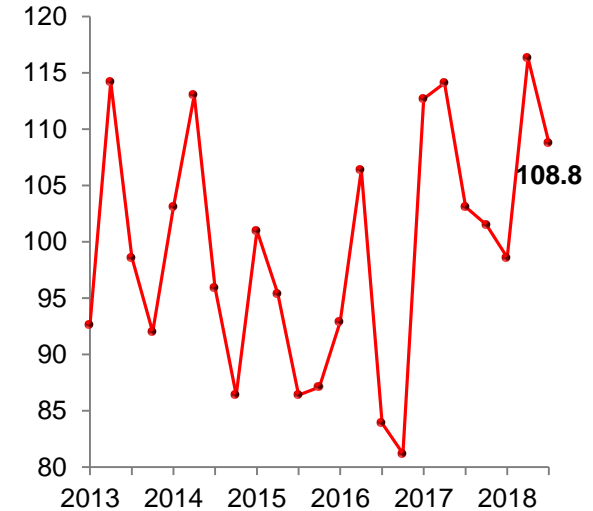
Private investment **BOUNCES** back but **CAUTIOUS**

- Private investment **BOUNCED BACK** to 6.1% yoy in 2Q (0.5% in 1Q)
- CAUTIOUS** about external environment; new policy government's policy implications
- 2019 Budget to **BOOST** private investment in tourism, manufacturing, IR 4.0 and e-commerce

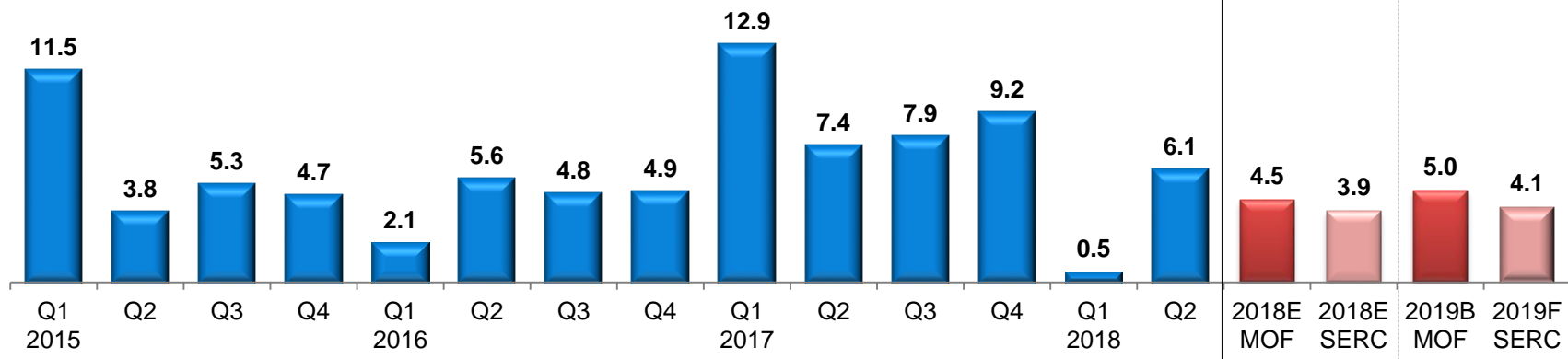
Capacity Utilisation Rate (%)



MIER Business Conditions Index (BCI)



Private Investment Growth (% YoY)



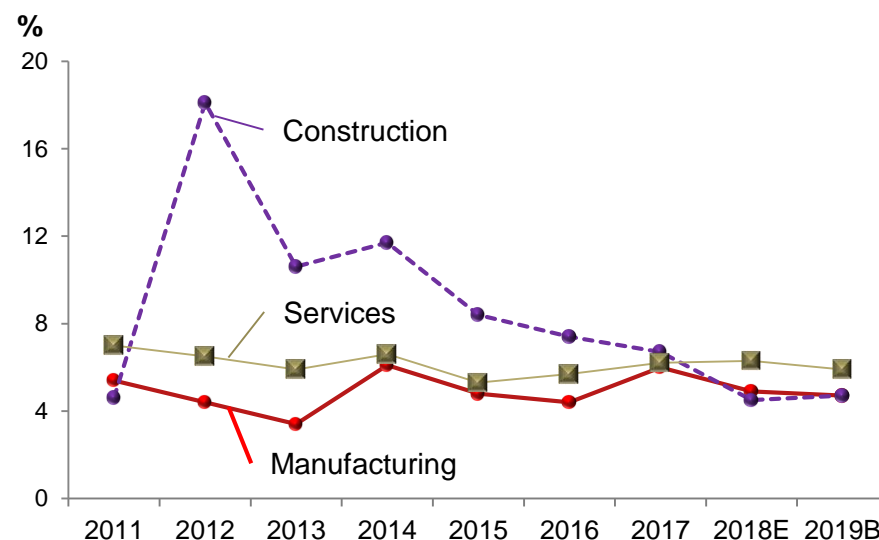
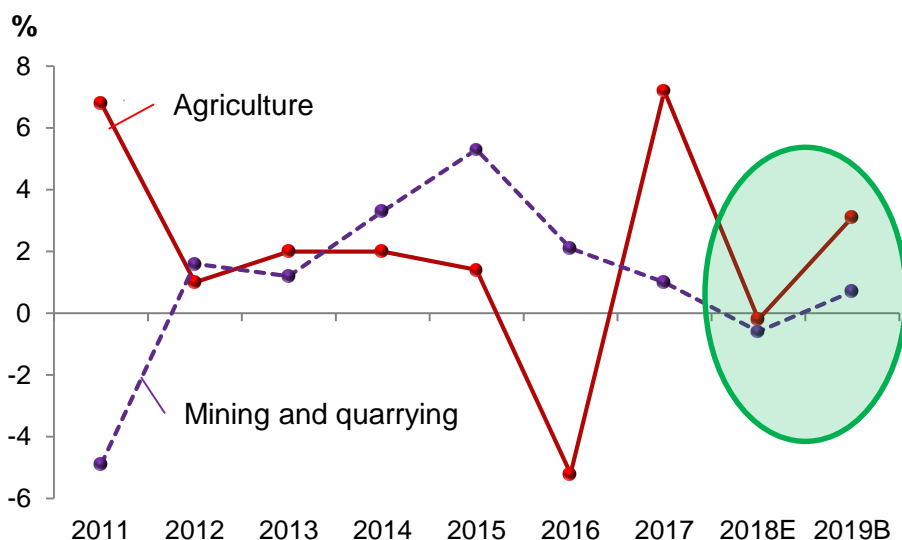
Source: DOSM; MIER

SECTORAL target at a glance

- Both the **services and manufacturing** sectors continued to drive overall growth.
- The **agriculture and mining sectors** are expected to **rebound in 2019**. Growth in the construction sector will remain moderate.

	Agriculture	Mining and Quarrying	Manufacturing	Construction	Services
2017	7.2% (8.2%)	1.0% (8.4%)	6.0% (23.0%)	6.7% (4.6%)	6.2% (54.5%)
2018E	-0.2% (7.8%)	-0.6% (8.0%)	4.9% (23.0%)	4.5% (4.5%)	6.3% (55.3%)
2019B	3.1% (7.6%) ↑	0.7% (7.6%) ↑	4.7% (23.0%) ↓	4.7% (4.5%) ↑	5.9% (55.8%) ↓

Figure in parenthesis denotes % share of GDP



Source: BNM; MOF

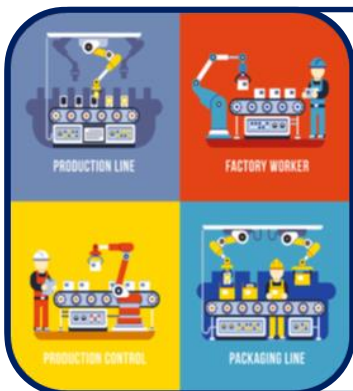
Where is the **GROWTH** coming from?



Services (2018E: 6.3%, 2019B: 5.9%)

% share of GDP in 2019F: 55.8%

- Supported by **consumption** and **domestic tourism**.
- Strong demand for **ICT, transport and finance**.



Manufacturing (2018E: 4.9%, 2019B: 4.7%)

% share of GDP in 2019B: 23.0%

- Continuous expansion in **electronics and electrical products** (wearable gadgets and smart home applications).
- Domestic-oriented industries (**food based and construction-related building materials**).



Agriculture (2018E: -0.2%, 2019B: 3.1%)

% share of GDP in 2019B: 7.6%

- **Higher output of palm oil** (2019: 20,500 tonnes vs. 19,800 tonnes in 2018). **CPO average prices** at RM2,400 per tonne in 2019 vs. RM2,300 in 2018.
- Improved output of rubber and food commodities as well as livestock.

Where is the **GROWTH** coming from? (cont.)



Mining (2018E: -0.6%, 2019B: 0.7%)

% share of GDP in 2019B: 7.6%

- Driven by recovery in the **production of natural gas** following the resumption of operation in Kebabangan and Kinabalu fields as well as expectation of new production from Bakong and Larak fields in the second half of 2019.
- **Crude oil and condensates** subsector is expected to decline due to production constraints in Sabah Gumusut Kakap and Malikai fields.



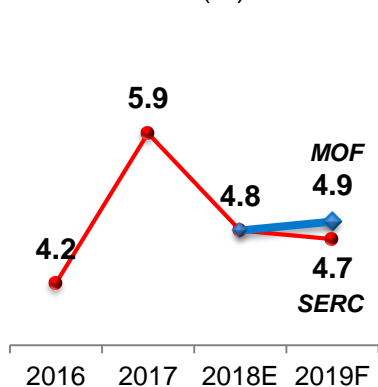
Construction (2018E: 4.5%, 2019B: 4.7%)

% share of GDP in 2019B: 4.5%

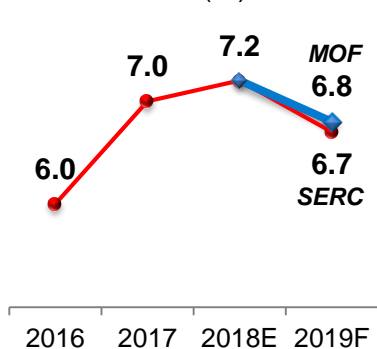
- The **civil engineering** remains as the driver of construction sector, supported by on-going projects (Pan Borneo Highway in Sabah and Sarawak; Central spine Road in East Coast, MRT2, LRT3 in Klang Valley, Deepwater Petroleum Terminal 2 at RAPID, Floating LNG 2 in Sabah and the Central Processing Platform in Bokor, Sarawak.
- Slower growth of **residential subsector and non-residential subsectors**.

Malaysia's key ECONOMIC INDICATORS

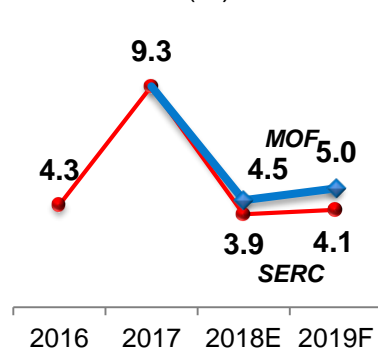
Real GDP Growth (%)



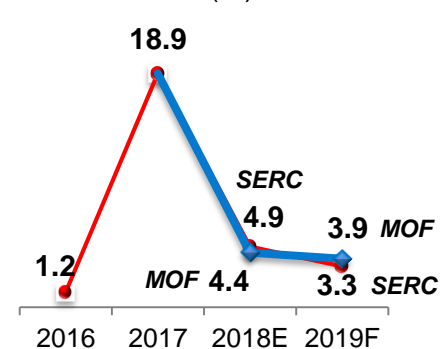
Private Consumption Growth (%)



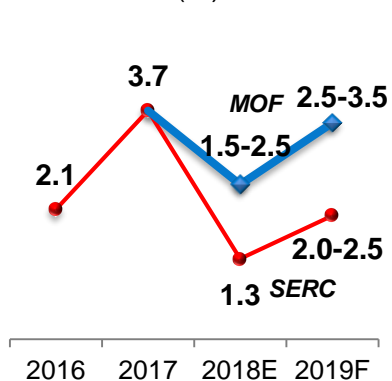
Private Investment Growth (%)



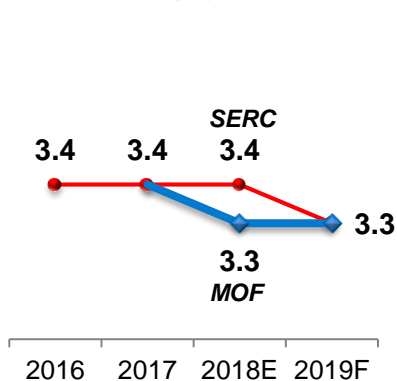
Gross Exports Growth (%)



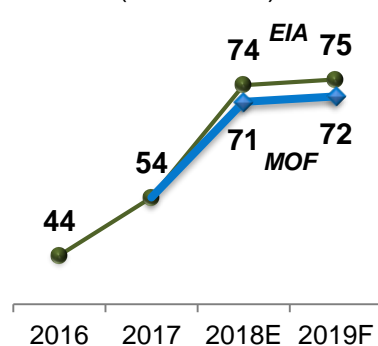
Inflation Rate (%)



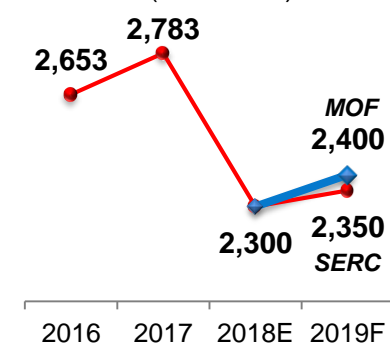
Unemployment Rate (%)



Brent Crude Oil Prices (US\$/barrel)



Crude Palm Oil Prices (RM/tonne)



Source: DOSM; MOF; EIA; MPOB; SERC

Sources of GDP growth: DEMAND and SUPPLY side

- Private sector expenditure will cushion the effects of lower public spending.
- All economic sectors are expected to register positive growth in 2019.

% growth, 2010=100	2016	2017	2018 1H	2018E (MOF)	2018E (SERC)	2019B (MOF)	2019F (SERC)
GDP by demand component							
Private consumption (55.0%)	6.0	7.0	7.4	7.2	7.2	6.8	6.7
Private investment (17.3%)	4.3	9.3	3.4	4.5	3.9	5.0	4.1
Public consumption (12.5%)	0.9	5.4	1.8	1.0	1.8	1.8	0.7
Public investment (7.5%)	-0.5	0.1	-5.2	-1.5	-1.5	-5.4	-4.8
Exports of goods and services (70.9%)	1.3	9.4	2.9	2.0	2.5	1.6	2.0
Imports of goods and services (63.0%)	1.3	10.9	0.0*	1.4	2.6	1.8	2.3
GDP by economic sector							
Agriculture (7.8%)	-5.2	7.2	0.1	-0.2	-0.4	3.1	2.0
Mining & quarrying (8.0%)	2.1	1.0	-1.0	-0.6	-1.0	0.7	0.5
Manufacturing (23.0%)	4.4	6.0	5.1	4.9	4.8	4.7	4.5
Construction (4.5%)	7.4	6.7	4.9	4.5	4.5	4.7	4.4
Services (55.3%)	5.7	6.2	6.5	6.3	6.4	5.9	5.8
Overall GDP	4.2	5.9	4.9	4.8	4.8	4.9	4.7

* Growth less than 0.1%

Figure in parenthesis indicates % share to GDP in 2018

Source: DOSM; MOF

CRITICAL BUDGET ISSUES AND DECISIONS



FISCAL CHALLENGES

- **Tax revenue** under pressure under SST
- **Oil revenue & PETRONAS dividends** come to rescue **BUT** not sustainable
- **Non-tax revenue** to fetch more
- **Committed expenses** unlikely to cut more
- **Legacy obligations**



ECONOMIC CONDITIONS

- ❑ **External environment** still challenging
- ❑ **Global & trade growth** revised lower in 2019
 - **Global growth:** +3.7%
 - **Trade growth:** +4.0%
- ❑ **Domestic GDP growth** has slowed; **sentiments** softened

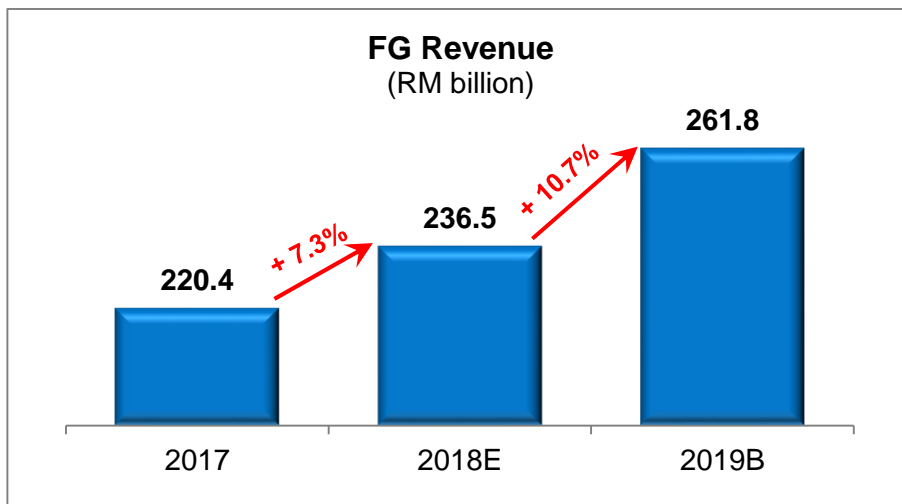


CASE FOR FISCAL RESET / RECONSTRUCTION

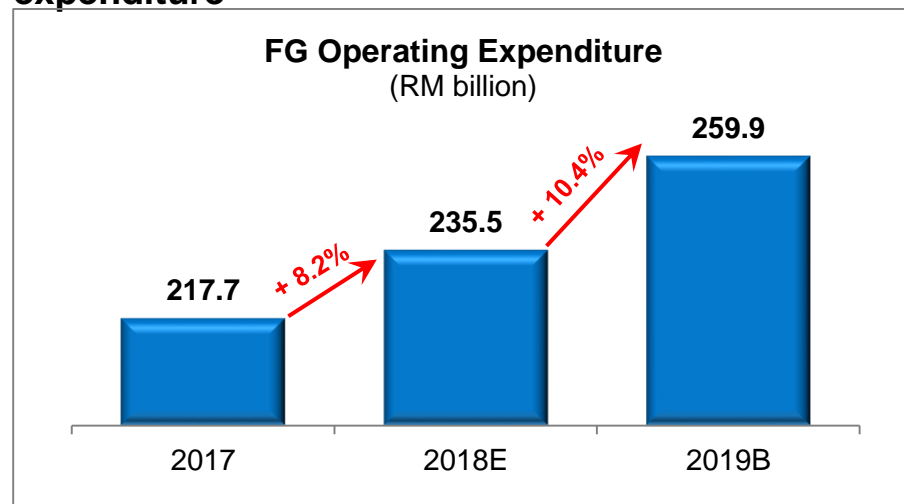
- **Drastic public spending cut** would hurt economic growth
- **Prioritise & smart spending** on key sectors
- **Revenue enhancement** measures to plug deficit
- **Reset** fiscal deficit reduction path

2019 Budget analysis: REVENUE and EXPENDITURE

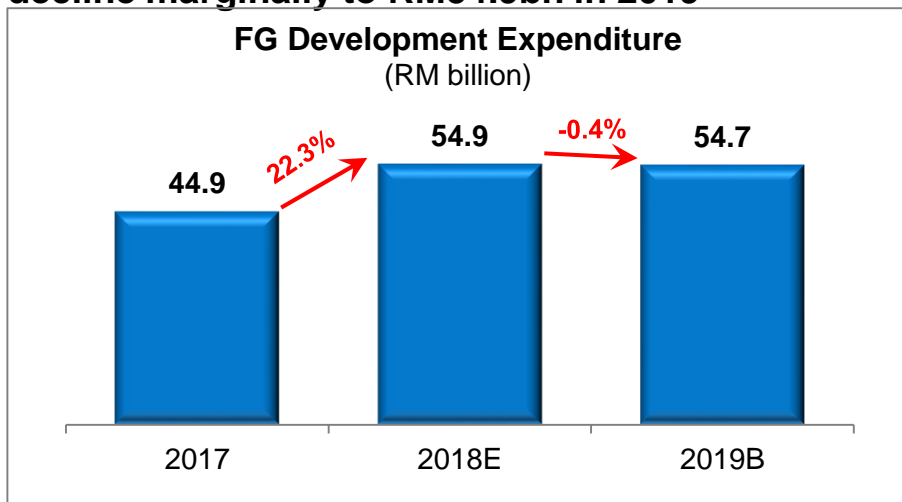
Revenue rises for three consecutive years



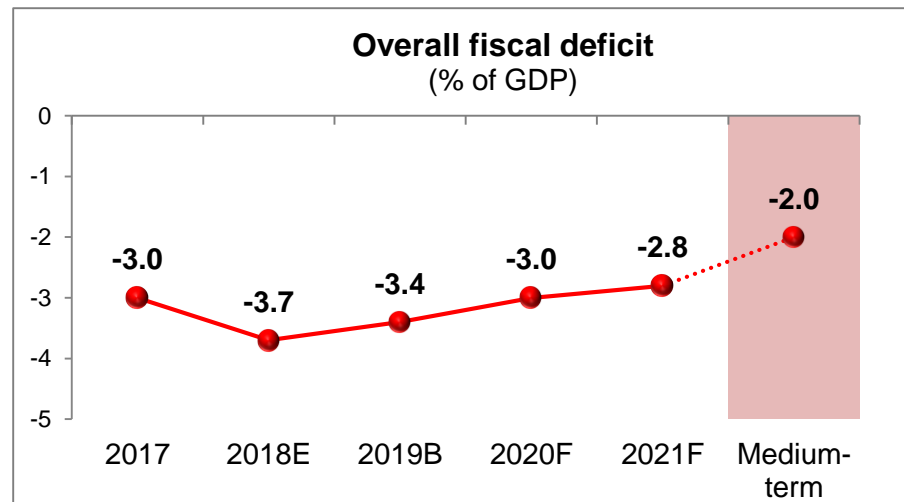
About 99.2% of revenue goes to operating expenditure



Development expenditure is budgeted to decline marginally to RM54.9bn in 2019



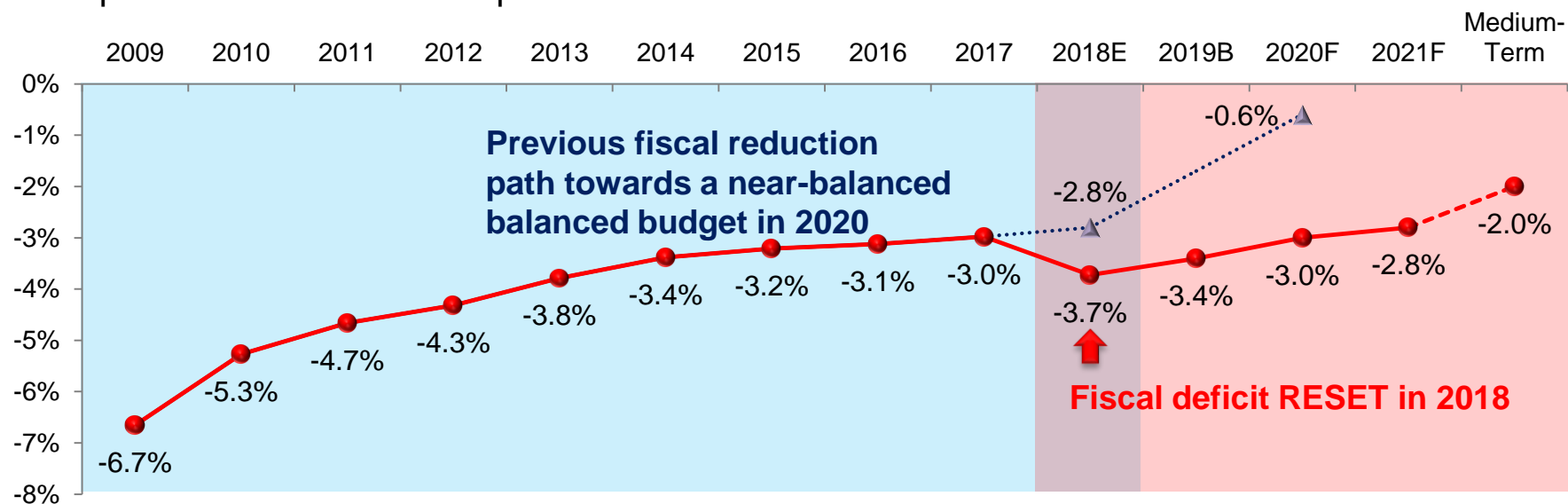
Fiscal deficit to narrow gradually



Source: MOF

Fiscal deficit RESET on a clean slate

- **Overall fiscal deficit** is reset higher to **-3.7 % of GDP in 2018** (from -2.8% previously) due to:
 - a) Shortfall in revenue
 - b) The GST and income tax refunds (RM3.9bn or 0.3% of GDP in 2018 and RM37.0bn or 2.4% of GDP in 2019); and
 - c) Restating of off-budget items and unbudgeted expenses as well as reclassification of capital expenditure in operating expenditure to development expenditure.
- Fiscal deficit to GDP ratio will **come down to -3.4% in 2019, narrowing further to -3.0% in 2020 and -2.8% in 2021**.
- **Restoring fiscal health** remains a priority. A **timeline returning the budget to balance** is important to rebuild fiscal space.



Source: BNM, MOF

Will Malaysia's sovereign rating at RISK?

- **Fitch Ratings** – Malaysia's **public debt is high** “relative to rating peers”, and a **further increase in debt** over the medium-term could have a rating impact.
- **S&P Global Ratings** – A heavier reliance on **commodity-based revenues** presents an additional risk to Malaysia's fiscal accounts.
- **Moody's** – Wider deficits and a heightened reliance on **volatile oil-related revenues**.
- **Impact on Malaysia's sovereign rating:** a low likelihood of a rating downgrade. A downgrade could be triggered by any one of a series of factors: slowing economic growth prospects, deteriorating external debt, political instability or lack of fiscal reforms.

Fitch
Ratings

S&P Global
Ratings

MOODY'S

Date of change	Grade	
	From	To
8 November 2004	BBB+	A-
7 October 2003	BBB+	A-
16 December 2004	Baa1	A3



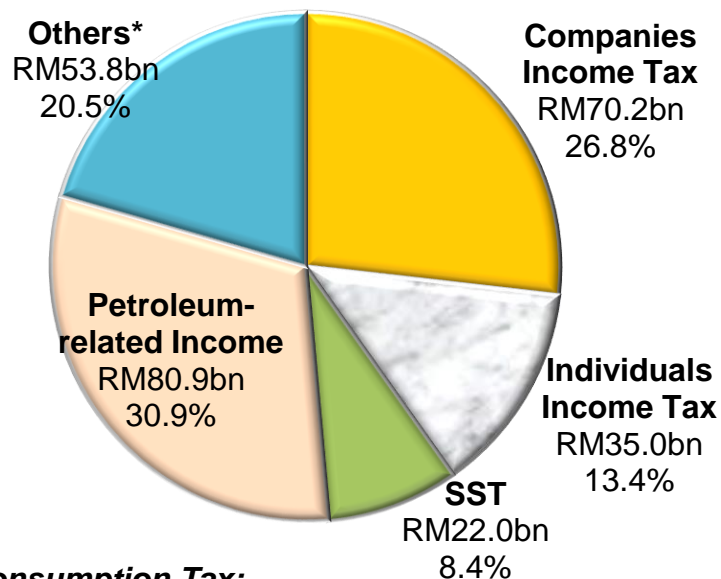
Date of change	Outlook	
	From	To
30 June 2015	Negative	Stable
15 May 2008	Positive	Stable
11 January 2016	Positive	Stable



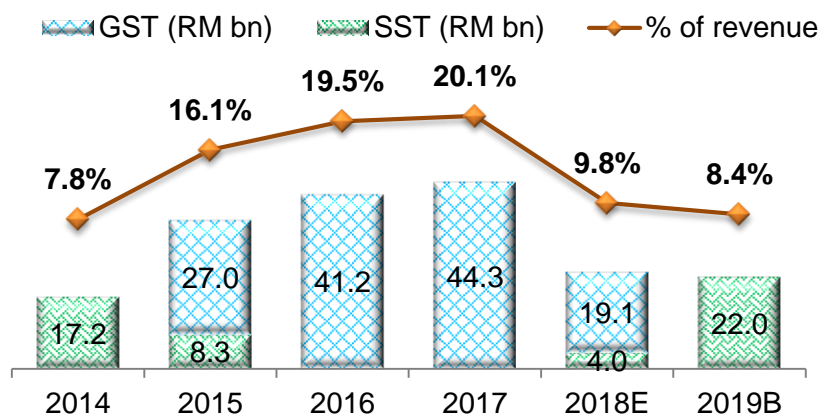
Source: Fitch; S&P; Moody's; Trading Economics

DISTRIBUTION in revenue

2019B: Where is the money coming from?



Consumption Tax:

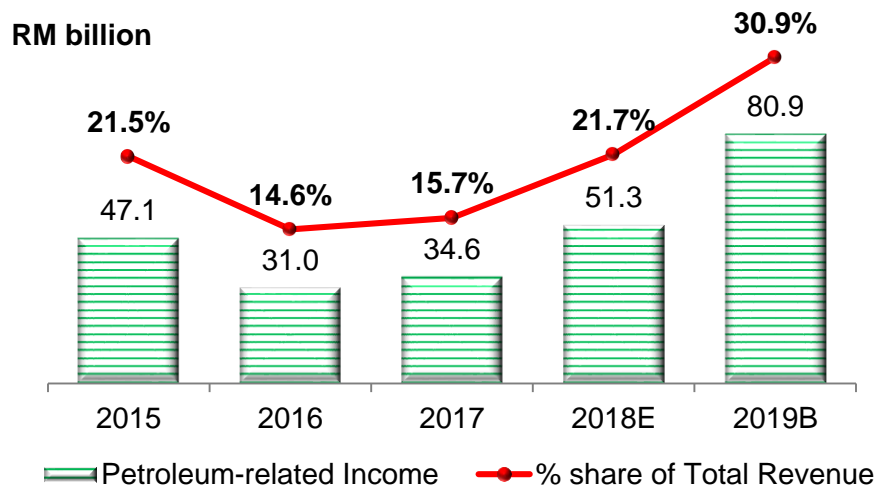


* Includes non-tax revenue, excise duty, stamp duty, etc.

Source: MOF

- **SST revenue** budgeted at RM22.0bn, accounted for 8.4% of total revenue (2018: RM4.0bn).
- Company income tax (-0.5% to RM70.2bn); Individual income tax (+0.4% to RM35.0bn)
- **Petroleum-related income** increased by 56.7% to RM80.9bn (of which **RM30.0bn is PETRONAS's special dividend**).
- **Oil price assumption:** US\$71/bbl in 2018 and US\$72/bbl in 2019.

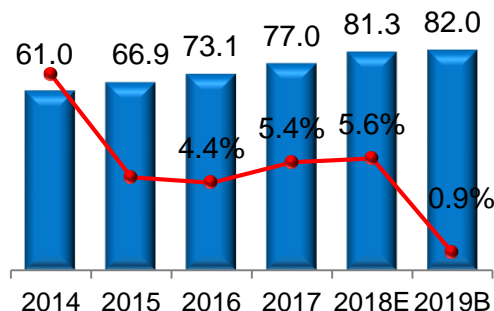
Petroleum-related Revenue:



Operating expenditure analysis calls for FURTHER RESTRAINT

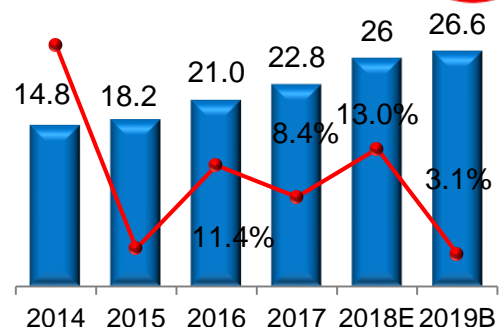
31.6% of total OE

Emoluments
(RM billion)



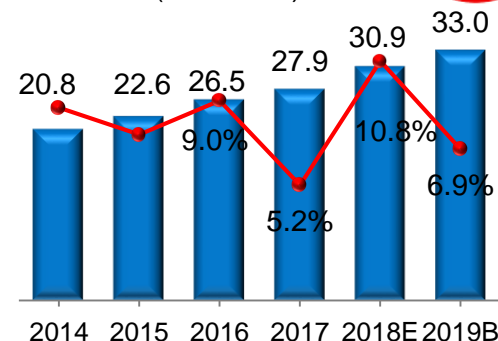
10.2% of total OE

Retirement charges
(RM billion)

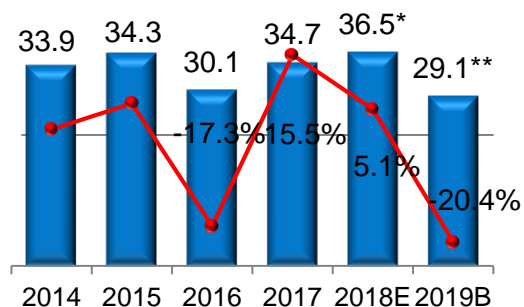


12.7% of total OE

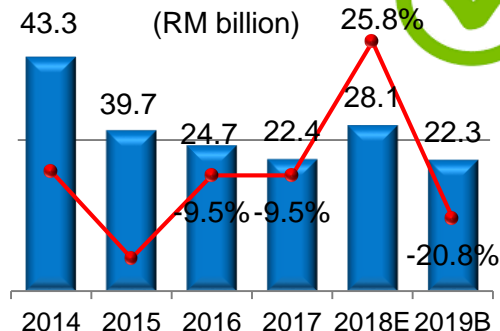
Debt service charges
(RM billion)



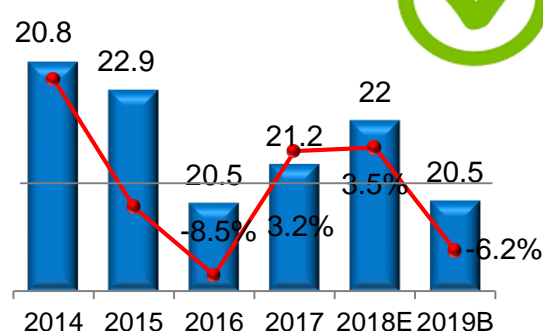
Supplies and services
(RM billion)



Subsidies and social assistance
(RM billion)



Grants and transfers¹
(RM billion)



Note: Line chart indicates changes of operating expenditure; * Higher due to RM3.8bn for hospital cleaning services, school security, asset and system maintenance. ** Reclassification of items related to capital investment from OE to DE; reprioritise of projects under zero-based budgeting; ¹ Includes grants and transfers to state governments and grants to statutory bodies; the line indicated as 0%

Source: MOF

Development expenditure: **SECTORAL ALLOCATION**

By Sector	2017	2018E	2019B	2017	2018E	2019B	2017	2018E	2019B
	RM million			% YoY			% Share		
Economic	24,186	33,025	29,235	-3.7	36.5 ↓	-11.5	53.9	60.2	53.4
Agriculture and rural development	2,219	2,191	2,278	-23.5	-1.2	3.9	4.9	4.0	4.2
Energy and public utilities	2,475	3,379	4,589	-15.4	↑ 36.5	↑ 35.8	5.5	6.2	8.4
Trade and industry	3,800	6,686	5,721	-21.5	75.9	↓ -14.4	8.5	12.2	10.5
Transport	10,429	15,501	13,388	33.2	48.6	↓ -13.6	23.2	28.2	24.5
Environment	2,061	1,725	2,134	-12.1	-16.3	23.7	4.6	3.1	3.9
Others	3,202	3,543	1,125	-25.0	10.6	-68.2	7.1	6.5	2.1
Social	12,425	14,507	15,183	19.1	16.8	4.7	27.7	26.4	27.8
Education and Training	6,306	7,307	8,287	69.2	15.9	↑ 13.4	14.0	13.3	15.2
Health	1,470	1,897	2,257	-1.7	29.1	↑ 19.0	3.3	3.5	4.1
Housing	785	1,144	1,852	-64.9	↑ 45.8	↑ 44.4	1.7	2.1	3.0
Others	3,864	4,159	2,987	30.1	7.6	-28.1	8.7	7.5	5.5
Security	5,334	5,338	7,082	10.4	0.1	32.7	11.9	9.7	12.9
Defence	4,315	3,649	3,737	9.4	-15.4	2.4	9.6	6.6	6.8
Internal Security	1,019	1,689	3,345	14.9	↑ 65.8	↑ 98.0	2.3	3.1	6.1
General Administration	2,939	2,030	3,200	81.4	-30.9	57.6	6.5	3.7	5.9
Total	44,884	54,900	54,700	6.9	22.3	-0.4	100.0	100.0	100.0

Source: MOF

Section 3

Key tax, incentives and initiatives

Belanja**an**²⁰¹⁹



Positive

- New version of **Public-Private Partnership** and reintroduce **Malaysia Incorporated** to empower private initiative and entrepreneurship.
- To carry out a **thorough review of the over-130 types of fiscal schemes** to support investments, administered by 32 approving authorities with the intention to expire incentives which are no longer relevant or are duplicated.
- To enhance **Labuan's competitiveness** by removing restrictions on trade in Malaysian Ringgit, transactions between Labuan and Malaysian residents as well as maintaining the current tax rate of 3%. However, the tax ceiling of RM20,000 under the Labuan Business Activity Tax Act 1990 will be removed.
- **The Ministry of Finance (MoF) and Ministry of International Trade and Industry (MITI)** will form a joint task force jointly chaired by both Ministers to **drive regulatory reform**, particularly in the areas of improving trade processes and tax administration.
- To improve the existing incentives by **charging a concessionary 10% income tax rate** on the overall statutory income related to Principal Hub activities for a period of 5 years.
- MoF will set up a **Special Task Force** to evaluate the **role and functions of statutory bodies and companies owned by Ministry of Finance, Inc.** to reduce duplication of functions and involvement in areas where the private sector is efficient and competent.

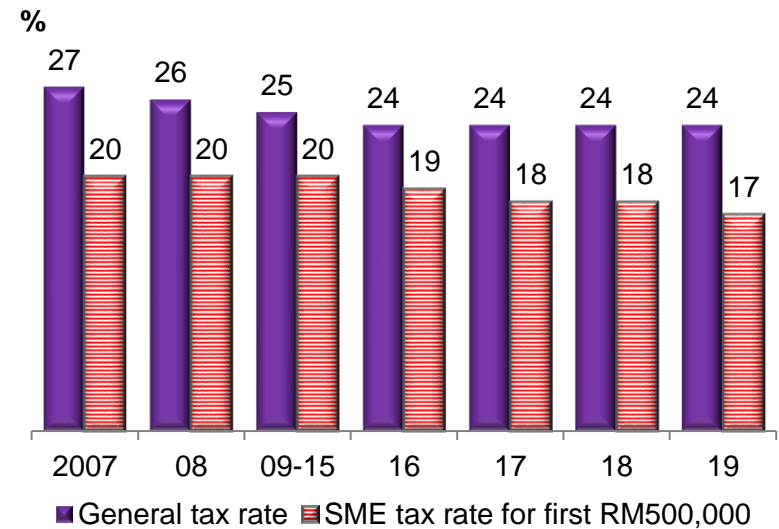
EMPOWERING SMEs

Positive

- **A 1% cut in corporate tax rate** to 17% for the first RM500k chargeable income.
- **RM4.5bn SMEs Loan Fund** with a 60% guarantee from Skim Jaminan Pembiayaan Perniagaan (SJPP).
- **RM2.0bn** is allocated for up to 70% government guarantees via a **Business Loan Guarantee Scheme** to encourage investing in automation.
- **RM2.0bn worth of credit and takaful facilities** provided by EXIM Bank to support export financing.
- **RM100m** to upgrade capabilities of SMES in the **halal industry**.
- **RM1.0bn SME Shariah-Compliant Financing Scheme** given by FIs, with the Government providing a 2% profit rate subsidy.

SMEs' contribution (2017)

98.5% of establishments
66.0% of employment
37.1% of total GDP
17.3% of export



Negative

- **Minimum wage** increase to **RM1,100 per month** (+10% for PM; 19.6% for EM)
- **New tiered foreign workers' (FW) levy**, higher levy for a high proportion of FW. For **agriculture and plantation** sectors, the levy for FW serving 10 years or more, the **levy is lowered to RM3,500 from RM10,000**.

Mitigating high **COST OF LIVING**

Positive

- **Separate tax relief for EPF contributions** (RM4,000) and takaful or life insurance deductions (RM3,000). This raises total relief to RM7,000 from RM6,000.
- **B40 Health Protection Fund** to provide free protection against Top 4 critical illness up to RM8,000 and 14 days hospitalization as well as income cover at RM50 per day.
- **Raise tax relief for National Education Saving Scheme** from RM6,000 to RM8,000.
- **Minimum wage** will be raised to RM1,100 per month.
- **Freeze toll hike** in intra-city toll; abolish tolls for motorcycles for the First and Second Penang Bridges as well as the Johore Second Link.
- A RM100 **transport pass** on the Rapid KL rail and bus network. A RM50 monthly pass will be made available just for Rapid KL bus services only.
- RM150m to **equalize prices of critical goods**.
- RM80m in the form of **subsidy of RM40 per month electricity usage** for poor and hardcore poor households.



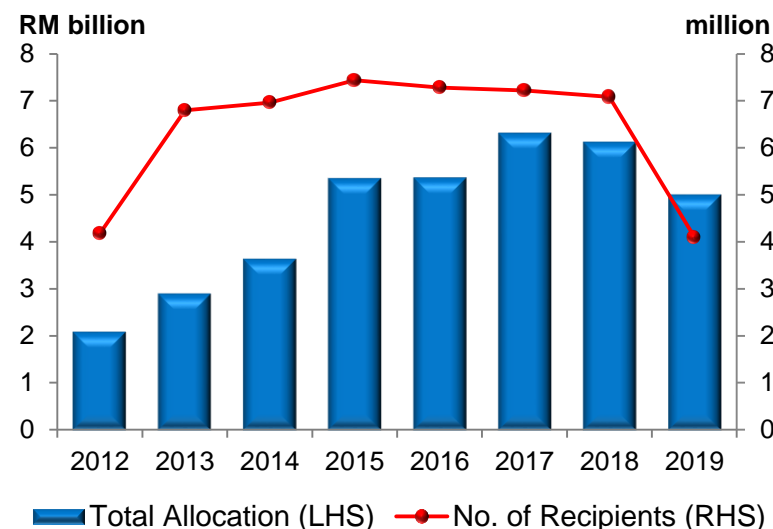
Negative

- **Managed float** of RON95 retail price. **Targeted fuel subsidy** for car owners of 1,500 cc and below at **RM0.30 per litre for 100 litres** and 40 litres for motorcycle owners with 125cc and below.
- **Rationalization** of Bantuan Sara Hidup (BSH).

RATIONALISATION of Bantuan Sara Hidup (BSH)

- Cost of living aid continued but more **targeted at the under-served and vulnerable. 2019B: Benefitting 4.1 million households costing RM5bn**; 2018:7.1 million households at RM6.1bn.
- Individual with income of less than RM2,000 per month is no longer eligible.
- For **every child 18 years old and below or is disabled** in the family, there will be an additional top-up of **RM120 per child** of up to a maximum of four children.

Monthly income	2012	2013	2014	2015	2016	2017	2018	2019
e-Kasih: ≤RM1,000	500	500	650	950	1,050 (+100)	1,200	1,200	1,000
Household: ≤RM2,000		(Same)	(+150)	(+300)	1,000 (+50)	(+150-200)	(Same)	(↓200)
Household: RM2,001-3,000								750 (↓450)
Household: RM3,001-4,000	-	-	450	750 (+300)	800 (+50)	900 (+100)	900 (Same)	500 (↓400)
Individual: ≤RM2,000	-	250	300 (+50)	350 (+50)	400 (+50)	450 (+50)	450 (Same)	- (↓450)



Source: Various

Housing for all, especially **AFFORDABLE** homes

Positive

- Allocate **RM1.5bn** to ensure the availability of supply of affordable homes.
- **A RM1.0bn fund** established by Bank Negara Malaysia, to help those (income of **RM2,300 per month**) to purchase affordable **homes priced up to RM150,000**. The fund is for two years.
- For first-time home-buyers purchasing residential properties **priced up to RM500,000**, the **exemption of stamp duty** up to RM300,000 on sale and purchase agreements as well as loan agreements for a period of two years until December 2020.
- Launch a **National Home Ownership Campaign**, starting 1 January 2019 for 6 months, **waive all stamp duty charges** for **first time purchases of homes valued between RM300,001 and RM1.0m**. Developers will offer a **minimum price discount of 10%** for these residential properties.
- Private sector driven '**Property Crowdfunding**' platforms which will serve as an alternative source of financing for first time home buyers.

Secured the commitment **REHDA** to **lower house prices by 10%** that are not subjected to price control in new projects.



Negative

- **Raise stamp duty** to 1% from 4% for the transfer of property priced above RM1m.
- **Increase** real property gains tax (RPGT) rate.

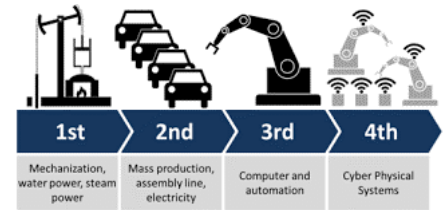
Real Property Gains Tax rates (RPGT) REVISED higher

- Presently, RPGT rates for the disposal of properties or shares in property holding companies within the first five years are between 0% and 30%.
- The rate for the disposal of properties after **the fifth and subsequent years** will be **raised by 5%.**
- **Exemption for low cost, low-medium cost and affordable housing priced below RM200,000.**

RPGT Rate	Disposal	Citizen / PR	Company	Non company / citizen / PR
No change	Within 3 years	30%	30%	30%
No change	4 th year	20%	20%	30%
No change	5 th year	15%	15%	30%
Pre-adjustment	After 5 th year	0% ↻	5% ↻	5% ↻
Post-adjustment	After 5 th year	5% ↻	10% ↻	10% ↻



Accelerating adoption of INDUSTRY 4.0



Positive

- To allocate RM210m from 2019 to 2021 to **assist the first 500 SMEs to carry out the Readiness Assessment** to migrate to Industry4.0 platforms via Malaysia Productivity Corporation.
- To provide RM2.0m in the Knowledge Resource for Science and Technology Excellence (KRSTE.my) to enable greater collaboration between public and private sector based on existing resources.
- To create a **RM3.0bn Industry Digitalisation Transformation Fund** with a subsidised interest rate of 2% under Bank Pembangunan Malaysia Berhad.
- MIDA will continue to provide **matching grants through its High Impact Fund (HIF)** with a specific emphasis of Industry 4.0 initiatives.
- Khazanah will **lead and develop an 80-acre development in Subang as a world class aerospace industry hub.**
- Intend to upgrade the **marketability of our graduates and the skill-level** of the Industry4.0-related workforce by providing **double tax deduction.**

Negative

- Place a **time limit** on the carrying forward of losses and allowances **for tax reliefs to a maximum of 7 years**, apply to unutilised business losses, capital allowances, reinvestment allowance, investment tax allowance and pioneer losses.

EMBRACING the digital economy



Positive

- **Venture capital funds** managed by Government agencies (Malaysia Technology Development Corporation, Malaysia Debt Ventures Bhd, Malaysia Venture Capital Management Bhd, Kumpulan Modal Perdana Sdn Bhd and Cradle Fund Sdn. Bhd) will be **streamline to make them more efficient** in delivering capital to companies in various stages of financing needs.
- **RM2.0bn Government-Linked Investment Funds** to assist strategic sectors and new growth areas.
- **RM50m to set up a Co-Investment Fund (CIF)** to invest alongside private investors via new alternative financing platforms via Equity Crowdfunding and Peer-to-Peer Financing.
- **RM170m raised through crowdfunding platforms** to assist more than 450 companies across a broad cross-section of sectors.
- Capital Market and Services Order to introduce a new framework to **approve and monitor digital forex activities and token market** will be gazetted in 2019.
- To launch the **National Fibre Connectivity Plan in 2019** with an allocation of RM1.0bn to develop our broadband infrastructure to ensure more efficient spectrum allocation to achieve the targeted 30 Mbps speed at rural and remote areas within 5 years to achieve world class infrastructure at affordable prices. The Government has also enforced the **Mandatory Standards for Access Pricing** (MSAP) which will result in fixed broadband prices to be reduced by at least 25% by the end of 2018.

Boosting TOURISM industry



Positive

- **RM100m in matching grants** to the private sector for running promotional and marketing campaigns overseas to increase the number of visitors to the country.
- Tax exemption facility to be given to **duty-free shops at Swettenham Port in Penang** to further promote cruise tourism
- To make **Pulau Pangkor a duty-free island** while **Langkawi's status as a duty-free island will be further expanded.**
- To share 50% of the proceeds on tourism tax, estimated at RM50m, with states.
- Provide **RM500m loan facilities via the SME Tourism Fund** with SME Bank at a 2% interest subsidy to assist handicraft makers and homestay operators.
- **RM20m for the Malaysia Healthcare Tourism Council (MHTC)** to collaborate with reputable private hospitals to enable the branding of Malaysia as a destination of choice for medical tourism.
- **Khazanah Nasional Berhad** will lead the public-private partnership to **redevelopment and restoration of the Sultan Abdul Samad building** in Kuala Lumpur into an arts, cultural and heritage hub.
- To impose a **departure levy for all outbound travellers by air starting 1 June 2019.** The proposed rate is 2-tiered, RM20 for outbound travellers to ASEAN countries and RM40 to countries other than ASEAN, to encourage domestic tourism.

2019 Budget: Who are the **LOSERS?** **WINNERS?**



B40



**Digital &
Industry 4.0**



Healthcare



SMEs



**First-time
home buyer
and
developers**



Tourism



**Rubber
smallholders**



**Beverages
industry**



Gaming



**Property investors
& developers**



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谢谢
THANK YOU

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