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**SOCIO-ECONOMIC
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Program Strategik Memperkasa Rakyat dan Ekonomi (PEMERKASA)

Revitalise A Sustainable Recovery

17 March 2021

PEMERKASA
Program Strategik Memperkasa Rakyat dan Ekonomi

RM20.0 billion PEMERKASA package

- The Government rolled out a RM20 billion **Program Strategik Memperkasa Rakyat dan Ekonomi (PEMERKASA)** containing twenty initiatives under the fifth stage “Revitalise” of the 6Rs (Resolve, Resilience, Restart, Recovery, Revitalise and Reform) economic recovery plan.
- This package incurs **new fiscal injection of RM11.0 billion**, and will push the **overall fiscal deficit to 6.0% of GDP in 2021** (2020: -6.2% of GDP) from the earlier target of -5.4% of GDP made during the tabling of 2021 Budget in November 2020. Malaysia's **statutory debt is expected to hit 58.5% of GDP in 2021**.
- PEMERKASA program marks the seventh economic stimulus and recovery package. Since the COVID-19 pandemic in 2020, the Government has rolled out **a total of six major and small economic stimulus and recovery packages totalling RM340.0 billion or 24.0% of GDP** to save life and economy. Total fiscal injection amounted to RM72.6 billion for the period 2020 to 17 March 2021.
- It outlines five main focuses to revitalise and strengthen the economic recovery. (i) **Containing the spread of the COVID-19**; (ii) **Spurring economic recovery**; (iii) **Strengthening of nation competitiveness**; (iv) **Implementing the agenda of regional and community inclusiveness**; and (v) **Transforming the economy**.

Major and small economic stimulus and recovery packages

Economic packages for the period 2020 to 17 March 2021

Package	Worth (RM billion)	% of 2020's GDP	Fiscal injection (RM billion)	Announcement date
Economic Stimulus Package (ESP)	20.0	18.4%	35.0	27 Feb 2020
PRIHATIN Economic Stimulus Package (PRIHATIN)	230.0			27 Mar 2020
PRIHATIN SME+	10.0			6 Apr 2020
Short-Term Economic Recovery Plan (PENJANA)	35.0	2.5%	10.0	5 Jun 2020
KITA PRIHATIN	10.0	0.7%	10.0	23 Sep 2020
Perlindungan Ekonomi Dan Rakyat Malaysia (PERMAI) Assistance Package	15.0	1.1%	6.6	18 Jan 2021
Program Strategik Memperkasa Rakyat dan Ekonomi (PEMERKASA)	20.0	1.4%	11.0	17 Mar 2021
Total	340.0	24.0%	72.6 (5.1% of 2020's GDP)	

Source: Ministry of Finance, Prime Minister Department

Note: Nominal GDP in 2020 was RM1,415,163 million

20 strategic initiatives under PEMERKASA

FIVE MAIN FOCUSES

20 STRATEGIC INITIATIVES

Containing the spread of COVID-19

COVID-19 National Immunisation Programme

No blanket MCO

Strict and transparent regulations

Spurring economic recovery

Nationwide small-scale projects

Special Prihatin Grant (GKP) 3.0

Micro-credit facilities

Employment retention and payroll incentives

Stimulating tourism and retail sectors

Reduce corporate burden and revitalise cooperatives

Strengthening of nation competitiveness

Strengthening business environment

Automation and digitalisation

Reduce digital gap

Promoting investment and exports

Encouraging sustainable financing

Implementing the agenda of regional and community inclusiveness

Job loss assistance

Improving urban vulnerable assistance

PRIHATIN women

PRIHATIN OKU

PRIHATIN youth

Continued subsidy to reduce cost of living

Transforming the economy

PEMERKASA initiatives

List of strategic initiatives and measures	RM million	Remarks
1. Containing the spread of COVID-19		
<ul style="list-style-type: none"> Additional allocation for the COVID-19 National Immunisation Programme 	2,000	Increase in allocation from RM3.0 billion to RM5.0 billion
<ul style="list-style-type: none"> No blanket MCO 	-	
<ul style="list-style-type: none"> Strict and transparent regulations 	-	
2. Spurring economic recovery		
<ul style="list-style-type: none"> Additional allocation for a nationwide small-scale projects 	2,500	Increase in allocation to RM5 billion
<ul style="list-style-type: none"> Special Prihatin Grant (GKP) 3.0 	-	
<ul style="list-style-type: none"> Additional allocation for microcredit facilities 	500	
<ul style="list-style-type: none"> Employment retention and payroll incentives <ul style="list-style-type: none"> Enhancement of PenjanaKerjaya 2.0 Wage Subsidy Programme (WSP 3.0) 	300 700	
<ul style="list-style-type: none"> Stimulating tourism and retail sectors <ul style="list-style-type: none"> Extend the exemption of tourism tax and services tax for the hotels accommodation to 31 December 2021 Extend tax incentive for tour operators to YA 2022 Deferment of monthly tax instalment payment Waiver of entertainment duty in Federal Territories Tax relief up to RM1,000 covering tourism packages from tour agents that are registered with Ministry Of Tourism, Arts & Culture (MOTAC) Exemption of HRDF levy for tourism and retail sectors' companies until June 2021 One-off Special Assistance Grant of RM3,000 for tour agencies and RM600 for homestay operators that are registered with MOTAC Extension of a 10% discount on electricity bill to selected industries 	- - - - - - - 135	

PEMERKASA initiatives (cont.)

List of strategic initiatives and measures	RM million	Remarks
2. Spurring economic recovery (cont.)		
<ul style="list-style-type: none"> • Reduce corporate burden and revitalise cooperatives • Increase fund raising limit and expand coverage for equity crowdfunding • Waiver of listing fees on the stock market • Increase indebtedness threshold • Financing incentive for cooperatives • Matching grant for mechanisation and automation of the palm oil industry • Matching grant for the purchase of machinery for Koperasi Penanam Sawit Mampan • Expand the coverage of Digitalisation Matching Grant 	<ul style="list-style-type: none"> - - - 50 30 20 - 	
3. Strengthening of nation competitiveness		
<ul style="list-style-type: none"> • Strengthening business environment 	-	
<ul style="list-style-type: none"> • Automation and digitalization <ul style="list-style-type: none"> • Additional allocation for targeted relief and recovery facility • Additional allocation for automated and digitalisation facility • Financing scheme for automation, digitalization and green technology • Additional allocation for smart automation grant • Additional allocation for Industry4WRD Programme • Grant for purchase of machinery 	<ul style="list-style-type: none"> 2,000 700 200 50 50 200 	
<ul style="list-style-type: none"> • Reduce digital gap <ul style="list-style-type: none"> • Increase subsidy for households with school-going children for the purchase of smartphones and new devices to RM300 • Introduction of MyBAIKHATI 	<ul style="list-style-type: none"> - - 	

PEMERKASA initiatives (cont.)

List of strategic initiatives and measures	RM million	Remarks
3. Strengthening of nation competitiveness (cont.)		
<ul style="list-style-type: none"> Promoting investment and exports <ul style="list-style-type: none"> Increase ceiling for Market Development Grant Matching grants for the development of aerospace and medical devices industries 	- 50	
<ul style="list-style-type: none"> Encouraging sustainable financing 	-	
4. Implementing the agenda of regional and community inclusiveness		
<ul style="list-style-type: none"> Job loss assistance <ul style="list-style-type: none"> One-off cash aids of RM500 for B40 group who have lost their income and an additional payment of RM500 for those earning below RM1,000 per month Lengthen the effective period of protection for borrowers that are unable to fulfill their contractual obligation 	1,200 -	
<ul style="list-style-type: none"> Improving urban vulnerable assistance <ul style="list-style-type: none"> Basic necessities aid programme Expand the coverage of mobile clinic health programme (KPT Prihatin, Komuniti Sejahtera (KRIS)) 	100 30	
<ul style="list-style-type: none"> PRIHATIN women <ul style="list-style-type: none"> SMEs and micro SMEs e-Commerce campaign and Malaysia Online Shop Programme PEMERKASA-NITA Micro Financing Scheme 70% matching fund under SOSCO Self-Employment Social Security Scheme 	30 50 10	

PEMERKASA initiatives (cont.)

List of strategic initiatives and measures	RM million	Remarks
4. Implementing the agenda of regional and community inclusiveness (cont.)		
<ul style="list-style-type: none"> • PRIHATIN OKU <ul style="list-style-type: none"> • Increase the maximum salary threshold limit that is eligible for disabled workers to receive assistance allowance from RM1,200 to RM1,500 a month • Strengthen entrepreneurship programmes implemented by agencies under the Ministry of Women, Family and Community Development • Istimewa Microcredit Scheme under Bank Simpanan Nasional (BSN) 	<p style="text-align: center;">26</p> <p style="text-align: center;">20</p> <p style="text-align: center;">25</p>	
<ul style="list-style-type: none"> • PRIHATIN youth <ul style="list-style-type: none"> • Belia e-wallet programme • Additional allocation for the Urban Community Economic Empowerment (PKEB) programme • Increase in allocation for Tunas Usahawan Belia Bumiputera • New Gen Entrepreneur Online Bootcamp • Skim Pembiayaan Mikro PEMERKASA- BELIA 	<p style="text-align: center;">300</p> <p style="text-align: center;">10</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p>	Increase in allocation to RM21 million
<ul style="list-style-type: none"> • Continued subsidy to reduce cost of living <ul style="list-style-type: none"> • Subsidy rate of 30 sen per litre for RON95 petrol and diesel 	3,000	
5. Transforming the national economy		

Snap points of PEMERKASA

Containing the spread of COVID-19



COVID-19 National Immunisation Programme

- Increase in allocation from RM3bn to RM5bn for the National Immunisation Programme to accelerate the herd immunity target in December 2021 from 1Q 2022
- To achieve this target, a total of 15,000 health workers will be placed in almost 950 Vaccine Administration Centres (PPV) nationwide
- Extend the payment of COVID-19 Special Assistance (RM200 per month) for workers involved in the immunisation program



No blanket MCO

- May no longer need to implement the Movement Control Order (MCO) nationwide or state-wide
- Targeted movement control restrictions will be implemented based on localities and only focus on specific clusters



Strict and transparent regulations

- Safe@Work initiative:
 - For manufacturing companies and manufacturing related services companies, additional tax deductions of RM50,000 per company to cover the rental incurred on premises and hostels for workers' accommodation
 - To eligible for tax deductions, companies have to register with MITI and have passed the "Safe@Work" compliance audit.
 - Registration will open on 1st April 2021
- Tax deductions for the employees' COVID-19 screening costs will be extended to 31 December 2021

Spurring the economic recovery



Nationwide small-scale projects

- Allocation of small-scale projects for class G1 to G4 contractors will be increased from RM2.5bn to RM5.0bn in 2021



Special PRIHATIN Grant (GKP) 3.0

- One-off RM1,000 assistance for micro-enterprises and SMEs who yet to apply GKP before. The application will open on 1 April 2021



Employment retention and payroll incentives

- Expand the scope of recruitment incentives under PenjanaKerjaya 2.0 programme to include temporary employment and gig employment:
 - RM300m Fund to benefit 60,000 workers, with RM600 per month for each worker for a maximum period of six months
 - RM200 employee each for employers who offer short-term employment or gig service provider platforms registering with SOCSO
- Extend the Wage Subsidy Program 3.0 by another three months for targeted groups (tourism sector, wholesale and retail trade and other businesses affected during MCO)
- Extend the duration of PenjanaKerjaya's apprenticeship programme to six months by providing an incentive of RM800 during their apprenticeship



Microcredit facilities

- Additional RM500m Fund for Microcredit Financing Facilities (Total: RM1.5bn) through programs under BSN, TEKUN, MARA and SMEs Corp
 - RM300m via BSN at a maximum of RM50,000 per company carries an interest rate of 3%, lowered from 3.5%. Loan tenure is five years, with payment to begin on the sixth month
 - RM60m for Informal Financing Scheme under TEKUN Nasional at a maximum of RM5,000 for small businesses operating from home, night markets and “pasar tamu”
 - TEKUN MobilePreneur initiative will be expanded to include purchase or repairs of motorcycles up until RM10,000. The purchase of CKD motorcycles of 150cc and below are given excise duty exemption from 1 April 2021 to 31 December 2021
 - TEKUN Pos-Preneur initiative for the delivery drivers, with funding of up to RM20,000 for vehicle repairs, and RM50,000 for purchase of vans or lorries
 - RM50m via MARA for Micro Prihatin Business Financing Scheme to 1,000 Bumiputera micro SMEs at a maximum of RM50,000 carries an interest rate as low as 3%
 - RM50m via SME Corp at a maximum of RM250,000 carries an interest rate as low as 3%

Spurring the economic recovery (cont.)



Stimulating tourism and retail sectors

- Extend the exemption of tourism tax and service tax on accommodation provided by hotel operators until 31 December 2021
- Extend tax incentives to tour operators until YA 2022
- Deferment of monthly income tax instalments for tourism sector and selected industries, such as cinemas and spas from 1 April 2021 to 31 December 2021
- Entertainment duty exemption on admission fees (e.g. theme parks and cinema screenings) in Federal Territories
- RM1,000 special tax relief for individual covers travel package purchase through travel agents registered with Ministry of Tourism, Arts and Culture (MOTAC)
- Extend HRDF levy exemption to June 2021 for affected tourism and retail companies **[Existing exemption given in March 2021 to May 2021 for selected industries]**
- One-off RM3,000 special assistance grant for 5,000 tour agencies registered with MOTAC
- One-off RM600 cash assistance for 4,000 homestay operators registered with MOTAC
- Extended a 10% discount on electricity bill for another three months until 30 June 2021 to hotel operators, theme park, convention centres, shopping malls, local airline offices and travel and tourism agencies



Reduce corporate burden and revitalise cooperatives

- Increase fundraising limits on equity crowdfunding (ECF) platforms to RM20m from RM10m and allow non-listed limited liability companies to raise funds via ECF
- Exempt listing-related fees for 12 months for companies who apply to list on Main, LEAP and ACE Markets
- Rebates for annual listing fees for 2021 to listed companies that have reported losses based on their quarterly reports
- Increase the indebtedness threshold from RM10,000 to RM50,000 to reduce the burden of companies facing financial difficulties, which are at risk of winding up
- Free business registration faculties under Companies Commission of Malaysia (SSM) for B40 group and full-time students of higher education institutes (HEIs) who wish to venture into entrepreneurship
- RM50m from Suruhanjaya Koperasi Malaysia (SKM)'s Revolving Capital Fund at a maximum of RM100,000 without collateral to help the affected cooperatives, with a repayment flexibility of six months upon approval of the funding.
- RM30m matching grant to encourage investment in the mechanization and automation in the palm oil industry
- Allocation of RM20m matching grants for the purchase of machinery related to Koperasi Penanam Sawit Mampan
- Expand the coverage of Digitalisation Matching Grant to include cooperatives

Strengthening of nation competitiveness



Strengthening business environment

- To encourage reinvestment from domestic businesses, the expansion of the National Authorized Economic Operator program provides a green lane to eligible companies for export and import transactions and shorten the processing time for investment applications



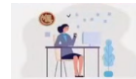
Automation and digitalisation

- RM2bn for Target Relief and Recovery Facility and RM700m for Automation and Digitalisation Facility under BNM to assist SMEs in obtaining loans
- RM200m via MIDF for financing schemes of the development of automation, digitalisation and green technology. Interest rate charged will be reduced from 5% to 3% or a period of 12 months effective 1 April 2021
- RM50m for Smart Automation Grant under MIDA for SMEs and Mid-Tier companies
- RM50m for Industry4WRD initiative under MITI
- RM200m loan fund via SME Bank to finance SMEs for the purchase of machinery with a grant of up to 20% of the value of the machinery



Reduce digital gap

- Increase the subsidy to RM300 for B40 households with children to buy smart devices to aid online learning [**Subsidy of RM180 announced in 2021 Budget**]
- Introduce MyBaikHati programme under MCMC, a crowdsourcing initiative to collect second-hand laptops and other devices that will be refurbished before distribution to Internet Community Centres and other community organisations



Promoting investment and exports

- Raise the ceiling of Market Development Grant (MDG) from RM300,000 to RM500,000 for each company participating in the international exhibition platform
- RM50m matching grants for the development of aerospace and medical device industries



Encouraging sustainable financing

- MySDG Trust Fund will be established by the government and PBB Malaysia to finance projects related to SDG criteria
- The Government will issue a Sustainable Sukuk worth not less than US\$1bn to address socio-economic impact of the COVID-19 outbreak

Implementing the agenda of regional and community inclusiveness



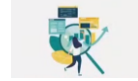
Job loss assistance

- One-off RM500 cash assistance to B40 group who have lost their income
- Additional RM500 given to BPR recipients earning RM1,000 and below
- For bankrupt individuals, the Malaysian Department of Insolvency (MDI) will work with the banks to facilitate their government assistance payments. Any cash assistance credited will not incur any monthly instalment deduction
- Extend the effective coverage period of protection against the inability to perform contractual obligations from 31 March 2021 to 30 June 2021



Improving urban vulnerable assistance

- RM100m for urban poor families to buy basic food items via cashless payment
- B40 group who are allowed to be quarantined at home due to COVID-19 is eligible to receive RM50 per day up to 14 days under mySalam initiative. It is subject to confirmation by Medical Officer
- RM30m to expand health services under the DBKL MyMedic@Wilayah programme that provides mobile clinic services to Projek Perumahan Rakyat (PPR) and public housing residents
- Appoint 2,500 officers under MySTEP



PRIHATIN women

- RM30m for SMEs and Micro SMEs e-Commerce Campaign and Shop Malaysia Online Program to assist woman entrepreneurs' participation in online marketplace
- RM50m for Pemerkasa-Nita Micro Financing Scheme under BSN to encourage women to venture into business
- RM10m through a 70% matching grant will be provided for women entrepreneurs and self-employed women to subscribe to SOCSO Self-Employed Social Security Scheme



PRIHATIN OKU

- The maximum salary threshold eligible for the disabled workers to receive allowance assistance will be increased from RM1,200 to RM1,500 per month
- RM20m to strengthen entrepreneurship programmes by disabled and elderly who come under the purview of the Ministry of Women, Family and Community Development
- Free registration and renewal of business with SSM, subject to SSM's decision
- RM25m under SPECIAL Microcredit Scheme for disabled group to venture into business with a maximum of RM50,000 carrying an interest rate as low as 3%

Implementing the agenda of regional and community inclusiveness (cont.)



PRIHATIN youth

- An allocation of RM300m to promote cashless transactions in the age group (18-20) years old and full-time higher education students, the credit amount under eBelia programme will be increased from RM100 to RM150
- Additional RM10m for Pemerkasaan Ekonomi Komuniti Bandar programme, bringing total allocation to RM21m, to encourage urban youth's participation in entrepreneurial projects
- PEMERKASA-BELIA Micro Financing Scheme under BSN at a maximum of RM50,000 carries an interest rate as low as 3%



Continued subsidy to reduce cost of living

- Continued to subsidise RON95 petrol and diesel – RM3bn at the current price level
- RON95 price is capped at RM2.05 per litre and diesel is RM2.15 per litre. The current subsidy rate is RM0.30 per litre for both RON95 and diesel
- Continued to subsidise LPG

Commentary on PEMERKASA

Overall

- Given the prolonged control movement restrictions, including the less restrictive Movement Control Order (MCO) 2.0 in mid-January till mid-March 2021's scarring effects on domestic economic and business activities, **the roll out of PEMERKASA would provide a temporary relief to the vulnerable groups and sectors that are still lagging behind others and remained under stress.**
- For instance, in the tourism, entertainment and retail industry, their sales still 40-50% below pre-pandemic level; hotels' occupancy rate was 20% in January and 18% in February 2021. We are still in an employment recession as the unemployment rate remained elevated at 4.9% in January 2021.
- PEMERKASA covers a broad spectrum of group and targeted sector, **with B40 and poor households as well as micro enterprises in focus; and the hardest hit tourism and retail sectors be given extended financial assistance and tax relief.**
- **The accelerated pace of inoculation holds the key to support the recovery and lift sentiment, helping economic and business activities return to normalcy. This is why the allocation of National Immunisation Program will be increased to RM5.0 billion from RM3.0 billion, to fast track the herd immunity target by end-2021 from 1Q 2022.**

Commentary on PEMERKASA (cont.)

Overall (cont.)

- Besides **increased public awareness and education to reduce hesitancy and enhance intention to vaccinate**, we believe that **the engagement with the private healthcare to optimize effective vaccination services has the potential to help improve the program and increase coverage as well as achieve the herd immunity target sooner.**
- There were initiatives to drive SMEs business transformation towards greater adoption of digital technologies and automation, creation of employment opportunities as well as focusing on the agenda of inclusive through the SDG programs, encourage youth's and women's participation in economic and business development.

Commentary on PEMERKASA (cont.)

Easing Cash Flow

- **Businesses remain highly concerned to 3Cs (cash flow, cost, credit), as indicated by 74.4% of respondents** from the recent ACCCIM Malaysia's Business and Economic Survey (M-BECS) due to the prolonged impact of the pandemic, which has caused different magnitude of demand retrenchment and supply disruptions as well as movement restrictions. **54.2% of respondents in the same survey remain pessimistic about their cash flow conditions in the first half-year of 2021**, particularly the tourism-related sector, real estate industry as well as wholesale and retail industry.
- It is a welcome relief for the extension of Wage Subsidy Programme (WSP) by another three months to the tourism sector, wholesale and retail industry as well as affected businesses, which were closed during the MCO. The WSP will benefit 37,000 employers and 400,000 employees. Besides, the continuation of Special Prihatin Grant (or GKP 3.0) will ease burden of micro enterprises.
- Besides increased the size of funds and loan facilities to SMEs, we are pleased that the Government is considerate to the Chamber's request to lower the interest rate charged on these loan facilities to as low as 3% from 3.5%-5.0%. The Government **can consider to lower the interest rate charged on some other schemes offered previously, such as All Economic Sector (AES) Facility**, which carries an interest rate of up to 7% per annum in order to improve the utilization rate.

Commentary on PEMERKASA (cont.)

Easing Cash Flow (cont.)

- While the lowering of interest rate would ease businesses' funding cost and boost these funds' utilization, the industry feedback is that **the application and approval system can be made simpler and hassle-free to speed up the loan disbursement.**

Tourism Sector

- Given the “first-in, last-out” nature, the tourism sector is going through a long-hardship period since the beginning of 2020 amid various relief measures were rolled out to ease their pain. The prolonged movement control restrictions and SOP, inter-state ban as well as our borders remain closed to international travel have resulted in severe financial losses and loss of employment in this industry.
- In Jan-Feb 2021, the hotels' average occupancy rate was 20% and 18% respectively. In 2020, Malaysia's international tourist arrivals contracted by 83.4% to 4.3 million (26.1 million in 2019), resulting a decline in international tourist receipts by 85.3% to RM12.7 billion (RM86.1 billion in 2019). The sluggish tourism sector also dragged down a host of supply chains and inter-related services sub-sectors that are closely linked to the travel and tourism industry. These are retail, transportation, accommodation and restaurants as well as entertainment and leisure sectors.

Commentary on PEMERKASA (cont.)

Tourism Sector (cont.)

- In PEMERKASA, the Government has introduced several measures to help the still-suffered tourism and retail sectors to revive their businesses, amongst these include the extension of exemption on tourism tax and services tax for hotel accommodation, extension of tax incentives for tour operators, deferment of monthly tax instalment for tourism and selected industries, waiver of entertainment duty in Federal Territories, one-off cash assistance as well as extension of electricity discount for selected industries.
- **With the gross value added of tourism industries' contributing to 15.9% of GDP in 2019** (the tourism sector's direct GDP share was 6.8% in 2019), **it is vital to revive the sector onto the path of sustainable recovery.** The Government should be actively exploring the "Travel Bubble" arrangement with countries in the region to facilitate the reopening of border. This is to facilitate the potential of "revenge traveling and spending" once the pandemic is under controlled.

Commentary on PEMERKASA (cont.)

Automation and Digitalisation

- As the drivers for future growth, the Government has continuously encouraging businesses to embark on automation and digitalization to lift their competitiveness across the value chains. The Government also launched MyDigital and Malaysia Digital Economy Blueprint on 19 February 2021, which is aspired to transform Malaysia into a digitally-enabled and technology-driven high income nation, and a regional lead in digital economy.
- In PEMERKASA, the Government has allocated more funds to further promote automation and digitalization among businesses and SMEs. It is important that the **Government must step-up the promotion of awareness of various funds offered for automation and digitalization and also make businesses realize the importance of adopting automation and digitalization.** A study has shown that businesses have significantly low level of awareness about the relevant initiatives and incentives.

Export Promotion

- It is commendable that the ceiling for Market Development Grant (MDG) will be raised to RM500,000 per company from RM300,000 previously, which will encourage more domestic SMEs to participate in the international export promotion activities and explore more markets. The increase in MDG is timely to assist Malaysian companies getting prepared to ride on tapping larger market opportunities in ASEAN and Asia-Pacific region when the RCEP is implemented. It is hoped that the **Brand Promotion Grant, which was launched in 2003 and subsequently suspended can be reinstated.**

Commentary on PEMERKASA (cont.)

Safe@Work

- Businesses and employers support the Workers' Minimum Standards of Housing and Amenities Act 2019 (Act 446) to maintain proper and decent standards of housing and amenities for their workers. Under the Emergency Ordinance, the Act 446 is being enforced intensely with a high amount of penalty and also gives a wider empowerment to the enforcement agencies.
- Given that most industries, especially SMEs are still struggling to revive their businesses under a prolonged impact of the virus containment measures and restrictions on movements, **it is proposed to have additional time to allow the businesses to fully understand what are expected to comply with the Act** while working to improvise existing accommodation conditions that were untenable in conformity with the minimum standards of housing and amenities.
- Ministry of International Trade and Industry Malaysia (MITI) has launched Safe@Work initiative under PEMERKASA to incentivise employers to provide a safe workplace and accommodation to their employees. **The provision of RM50,000 tax breaks per company to cover the rental of premises and hostels for workers will help to ease the burden of accommodation cost while they work on meeting the workers' minimum standards of housing and amenities.** This incentive is expected to benefit micro and small manufacturers.

Commentary on PEMERKASA (cont.)

Construction Sector

- The construction sector has declined sharply by 19.4% in 2020 (+0.1% in 2019), with the civil engineering sub-sector plunging by 27.9% from RM24.8 billion in 2019 to RM17.8 billion in 2020 as the COVID-19 induced movement restrictions and supply disruptions had caused a sharp pullback in the implementation of new and on-going projects.
- In PEMERKASA, the **Government has allocated RM5 billion (increased from RM2.5 billion from 2021 Budget) for the implementation of small-scale projects (such as repair of infrastructure and public facilities damaged by floods, repair of roads, social amenity programs, repair of stratified housing, including replacement of lifts in public housing, as well as building of stalls under local government areas).**
- **The tender and procurement processes must be made transparent, quick and simpler in ensuring that the projects can be implemented timely and generate positive spin offs to other industries.** The revival of construction sector can spur demand of more contract jobs for local SMEs and hence, creates more employment opportunities for local workers in 2021-2022.
- Besides, mega projects remain the key catalyst to revive the construction sector. The Government needs to ensure that the development of on-going and new mega projects are progressing smoothly without delays and excessive cost overrun. We expect **the 12th Malaysia Plan will identify some critical infrastructure, ports and transportation projects that will contribute to the nation's future productive capacity**, in tandem with the thrust of accelerating the national industrial development towards IR 4.0.



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