



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

**"Intellectual Property and Innovation under the RCEP Framework:
Opportunities for Cooperation", Xiamen University, Malaysia**

**Malaysia in RCEP:
Reap the Benefits, Face the Competition**

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Executive Director
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RCEP, the free trade game changer



Malaysia's stake in RCEP



RCEP: Tapping SMEs' Potential to Go Global

RCEP entered into force on 1 January 2022

Regional Comprehensive Economic Partnership (RCEP) consists of 10 ASEAN member countries and 5 ASEAN FTA Partner countries.

Global GDP



US\$29.6 trn; 30.7% of global GDP

Global Trade



US\$12.9 trn; 28.6% of global trade

Global Population



2.3 billion; 29.1% of world population

Main Objectives of RCEP



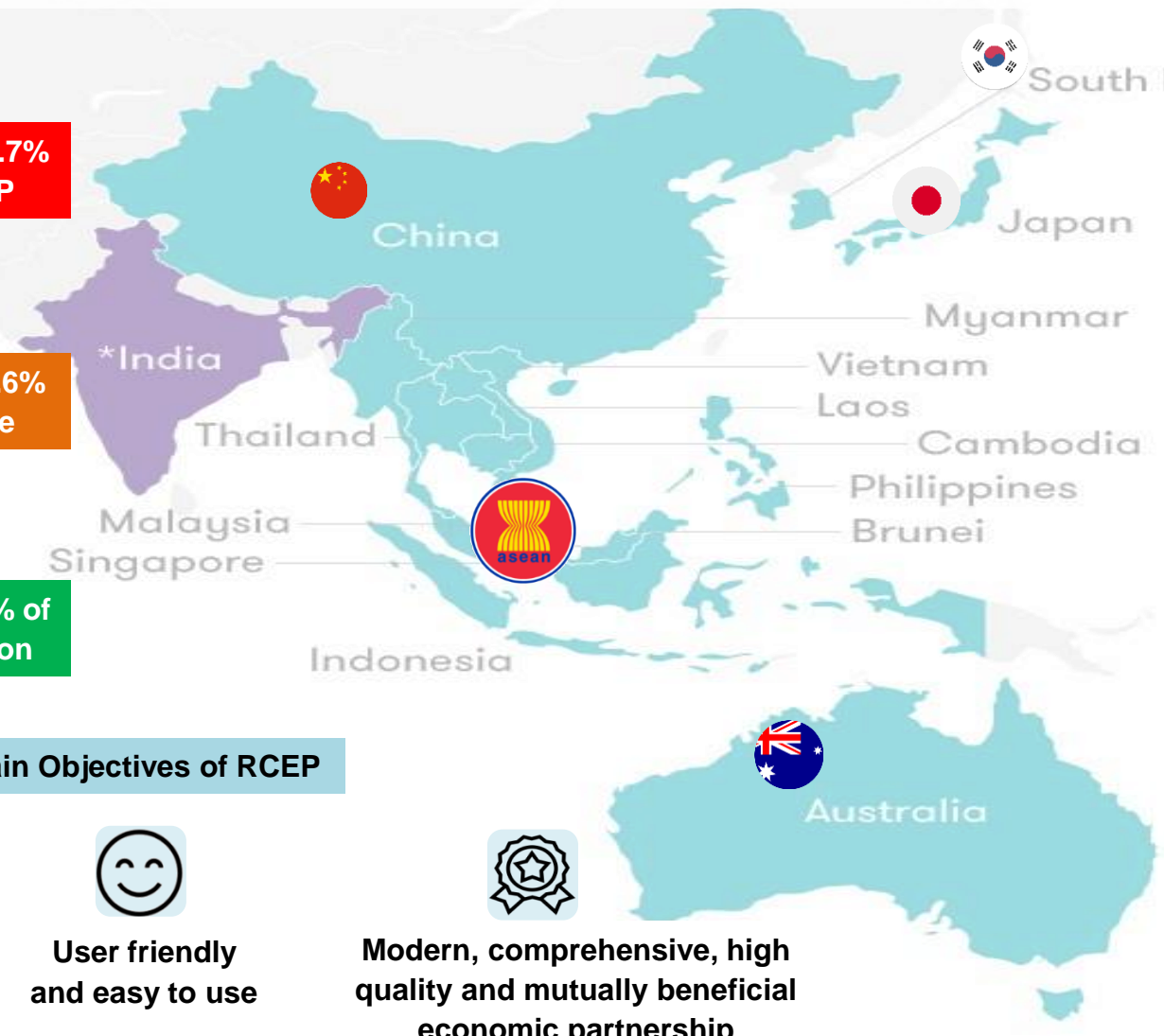
Strengthening regional value chains



User friendly and easy to use



Modern, comprehensive, high quality and mutually beneficial economic partnership



RCEP was initiated in 2012



Lasted for 8 years; RCEP signed in November 2020



Enforced on 1 January 2022**

**RCEP will only come into force after 9 signatory countries (minimum of 6 ASEAN countries, 3 non-ASEAN signatory countries) have ratified the agreement.

The ASEAN Secretariat announced on 2 November 2021 that it has received instruments of ratification from six ASEAN Member States: Brunei Darussalam, Cambodia, Lao PDR, Singapore, Thailand, and Viet Nam; four non-ASEAN signatory States: Australia, China, Japan, and New Zealand.

Source: MITI, World Bank; data as at 2021

*India has withdrawn from RCEP negotiations in 2019

RCEP member's total trade with its respective RCEP partners

Total trade with respective RCEP partners in 2021

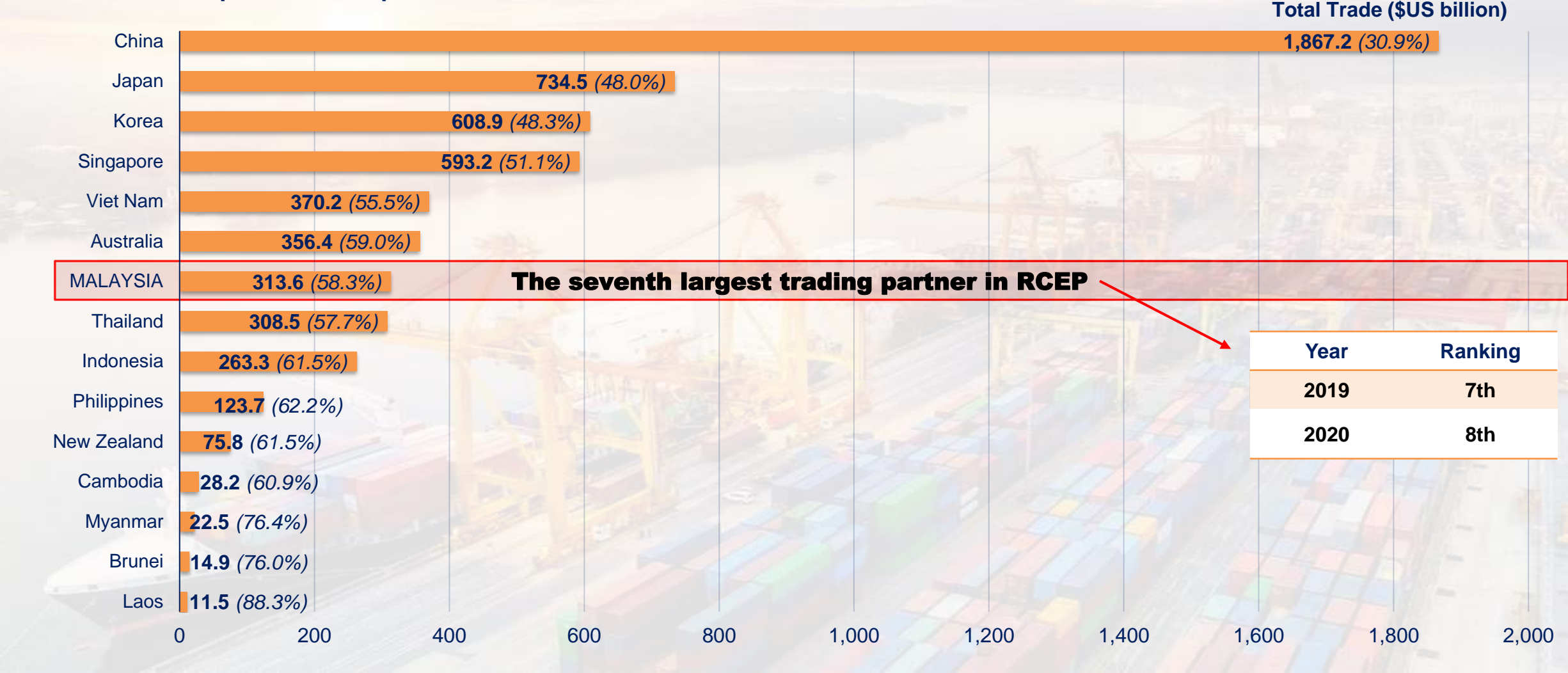


Figure in parenthesis indicates % share to total trade with world
 Source: UN Comtrade

Malaysia's trade with RCEP partners

Total trade with RCEP partners in 2022

RM billion

CAGR
(2016-2022)

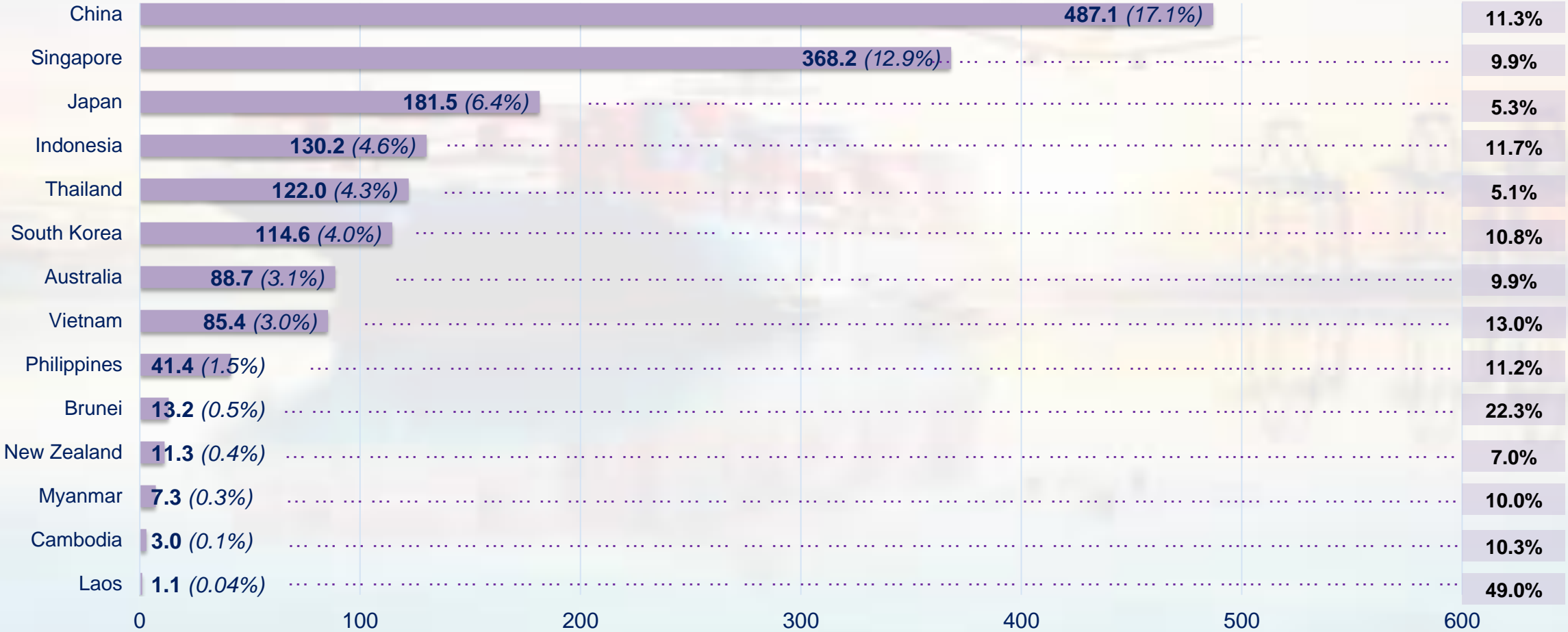


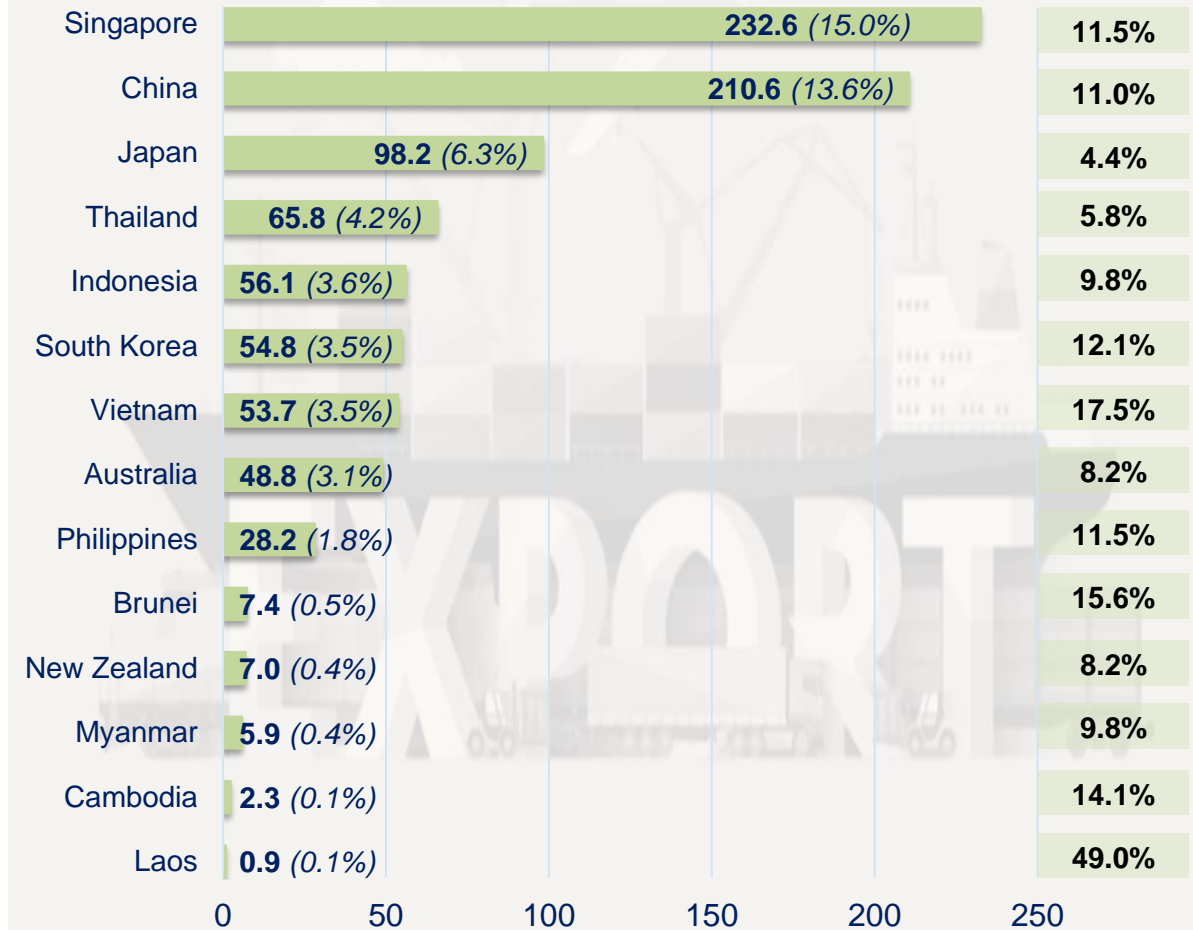
Figure in parenthesis indicates % share of Malaysia's total trade

Source: DOSM

Malaysia's trade with RCEP partners (cont.)

Exports to RCEP partners in 2022

RM billion



Imports from RCEP partners in 2022

RM billion

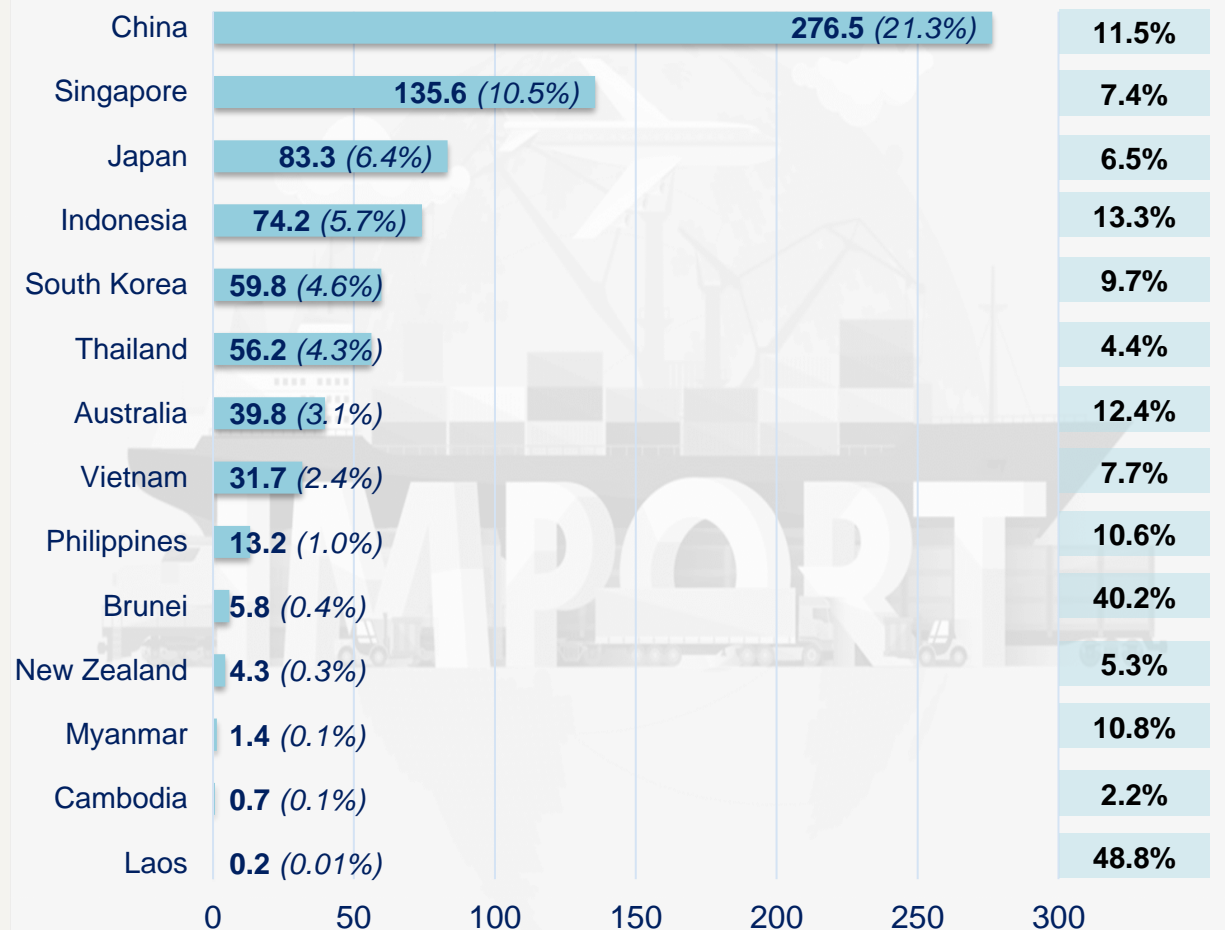


Figure in parenthesis indicates % share of Malaysia's total exports/imports

Source: DOSM

Malaysia's major export products to RCEP members*

China		RM mil	% share
85	Electrical and electronic products	89,730	42.6%
27	Mineral fuels and oils	23,506	11.2%
15	Animal or vegetable fats and oils	10,620	5.0%
39	Plastics products	10,181	4.8%
90	Optical and medical equipment	8,879	4.2%

Singapore		RM mil	% share
85	Electrical and electronic products	108,232	46.5%
27	Mineral fuels and oils	40,598	17.5%
84	Machinery and equipment	24,263	10.4%
90	Optical and medical equipment	7,853	3.4%
39	Plastics products	4,184	1.8%

Japan		RM mil	% share
27	Mineral fuels and oils	39,916	37.6%
85	Electrical and electronic products	23,268	23.7%
15	Animal or vegetable fats and oils	3,453	3.5%
90	Optical and medical equipment	3,407	3.5%
71	Pearls, precious stones and metals	3,162	3.2%

Indonesia		RM mil	% share
27	Mineral fuels and oils	26,227	46.8%
39	Plastics products	4,314	7.7%
84	Machinery and equipment	4,192	7.5%
85	Electrical and electronic products	3,275	5.8%
29	Organic chemicals	2,809	5.0%

Thailand		RM mil	% share
85	Electrical and electronic products	18,564	28.2%
27	Mineral fuels and oils	14,848	22.6%
84	Machinery and equipment	5,041	7.7%
39	Plastics products	3,232	4.9%
90	Optical and medical equipment	2,553	3.9%

South Korea		RM mil	% share
85	Electrical and electronic products	17,088	31.2%
27	Mineral fuels and oils	16,835	30.7%
72	Iron and steel	2,605	4.8%
76	Aluminium products	2,326	4.2%
90	Optical and medical equipment	2,276	4.2%

Australia		RM mil	% share
27	Mineral fuels and oils	24,401	50.0%
84	Machinery and equipment	4,147	8.5%
85	Electrical and electronic products	3,936	8.1%
39	Plastics products	2,020	4.1%
15	Animal or vegetable fats and oils	1,475	3.0%

Vietnam		RM mil	% share
85	Electrical and electronic products	23,196	43.2%
27	Mineral fuels and oils	6,802	12.7%
84	Machinery and equipment	3,546	6.6%
39	Plastics products	3,089	5.8%
15	Animal or vegetable fats and oils	2,173	4.0%

Philippines		RM mil	% share
85	Electrical and electronic products	5,022	17.8%
27	Mineral fuels and oils	4,800	17.0%
15	Animal or vegetable fats and oils	4,573	16.2%
39	Plastics products	1,870	6.6%
84	Machinery and equipment	1,715	6.1%

Brunei		RM mil	% share
27	Mineral fuels and oils	4,790	64.7%
84	Machinery and equipment	300	4.1%
19	Preparations of cereals, etc.	198	2.7%
30	Pharmaceutical products	185	2.5%
39	Plastics products	174	2.3%

New Zealand		RM mil	% share
27	Mineral fuels and oils	2,746	39.4%
15	Animal or vegetable fats and oils	595	8.5%
23	Residues and waste from the food industries	538	7.7%
85	Electrical and electronic products	497	7.1%
84	Machinery and equipment	479	6.9%

Myanmar		RM mil	% share
27	Mineral fuels and oils	2,949	49.9%
72	Iron and steel	904	15.3%
15	Animal or vegetable fats and oils	331	5.6%
39	Plastics products	329	5.6%
31	Fertilisers	231	3.9%

Cambodia		RM mil	% share
27	Mineral fuels and oils	725	31.4%
76	Aluminium products	348	15.1%
60	Knitted or crocheted fabrics	312	13.5%
84	Machinery and equipment	76	3.3%
70	Glass and glassware	73	3.2%

Laos		RM mil	% share
85	Electrical and electronic products	873	92.2%
55	Man-made staple fibres	31	3.3%
84	Machinery and equipment	13	1.4%
27	Mineral fuels and oils	5	0.6%
54	Man-made filaments, etc.	4	0.4%

* By HS code; data as at 2022

Source: DOSM

Malaysia's major import products from RCEP members*

China		RM mil	% share
85	Electrical and electronic products	96,598	34.9%
84	Machinery and equipment	44,795	16.2%
27	Mineral fuels and oils	20,684	7.5%
38	Miscellaneous chemical products	11,208	4.1%
39	Plastics products	10,537	3.8%

Singapore		RM mil	% share
27	Mineral fuels and oils	51,706	38.1%
85	Electrical and electronic products	38,269	28.2%
71	Pearls, precious stones and metals	9,140	6.7%
84	Machinery and equipment	8,040	5.9%
39	Plastics products	4,856	3.6%

Japan		RM mil	% share
85	Electrical and electronic products	27,775	33.4%
84	Machinery and equipment	10,490	12.6%
87	Vehicles	7,008	8.4%
39	Plastics products	4,788	5.8%
27	Mineral fuels and oils	4,387	5.3%

Indonesia		RM mil	% share
27	Mineral fuels and oils	23,302	31.4%
15	Animal or vegetable fats and oils	10,505	14.2%
38	Miscellaneous chemical products	5,927	8.0%
74	Copper products	3,828	5.2%
72	Iron and steel	3,062	4.1%

Thailand		RM mil	% share
85	Electrical and electronic products	10,119	18.0%
87	Vehicles	7,607	13.5%
40	Rubber products	5,874	10.5%
84	Machinery and equipment	5,119	9.1%
27	Mineral fuels and oils	4,229	7.5%

South Korea		RM mil	% share
85	Electrical and electronic products	17,189	28.8%
27	Mineral fuels and oils	16,991	28.4%
84	Machinery and equipment	5,272	8.8%
72	Iron and steel	3,502	5.9%
39	Plastics products	2,280	3.8%

Australia		RM mil	% share
27	Mineral fuels and oils	18,296	45.9%
74	Copper products	3,629	9.1%
71	Pearls, precious stones and metals	2,795	7.0%
26	Ores, slag and ash	2,522	6.3%
28	Inorganic chemicals	2,352	5.9%

Vietnam		RM mil	% share
85	Electrical and electronic products	12,439	39.2%
72	Iron and steel	3,206	10.1%
84	Machinery and equipment	2,536	8.0%
10	Cereals	920	2.9%
38	Miscellaneous chemical products	850	2.7%

Philippines		RM mil	% share
85	Electrical and electronic products	7,892	59.6%
27	Mineral fuels and oils	987	7.5%
15	Animal or vegetable fats and oils	821	6.2%
40	Rubber products	639	4.8%
84	Machinery and equipment	557	4.2%

Brunei		RM mil	% share
27	Mineral fuels and oils	5,684	97.7%
84	Machinery and equipment	20	0.3%
29	Organic chemicals	16	0.3%
88	Aircraft, spacecraft, and parts thereof	15	0.3%
72	Iron and steel	14	0.2%

New Zealand		RM mil	% share
04	Dairy products, eggs, honey and edible products of animal origin	2,447	56.7%
02	Meat and edible meat offal	423	9.8%
19	Preparations of cereals, etc.	243	5.6%
44	Wood and wood products	150	3.5%
08	Fruits and nuts	122	2.8%

Myanmar		RM mil	% share
40	Rubber products	514	36.4%
07	Edible vegetables	179	12.7%
61	Knitted or crocheted apparel and clothing accessories	165	11.7%
03	Fish and other aquatic invertebrates	155	11.0%
27	Mineral fuels and oils	97	6.9%

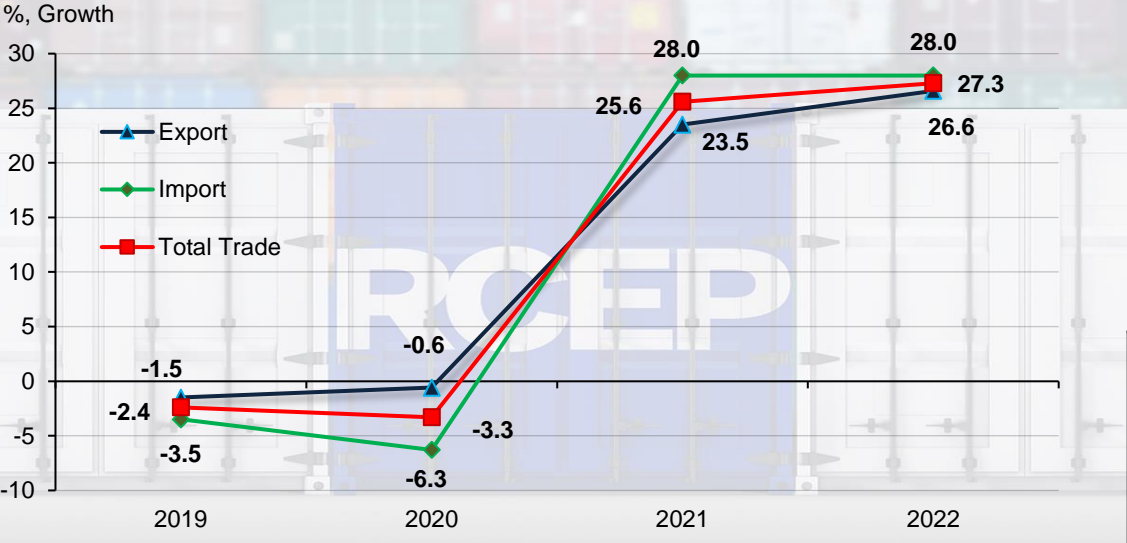
Cambodia		RM mil	% share
61	Knitted or crocheted apparel and clothing accessories	171	24.7%
10	Cereals	148	21.4%
42	Leather products	90	12.9%
62	Articles of apparel and clothing accessories, not knitted or crocheted	79	11.4%
64	Footwear	52	7.6%

Laos		RM mil	% share
31	Fertilisers	141	77.8%
74	Copper products	25	13.7%
70	Glass and glassware	5	2.9%
85	Electrical and electronic products	5	2.6%
40	Rubber products	2	1.1%


* By HS code; data as at 2022

Source: DOSM


Malaysia's trade with RCEP partners (cont.)




Top 3 Major Trading Partners (2022)



China



Singapore



Japan

	China	Singapore	Japan
Total Trade	RM487.1 bn (17.1%)	RM368.2 bn (12.9%)	RM181.5 bn (6.4%)
Export	RM210.6 bn (13.6%)	RM232.6 bn (15.0%)	RM98.4 bn (6.3%)
Import	RM276.5 bn (21.3%)	RM135.6 bn (10.5%)	RM83.3 bn (6.4%)

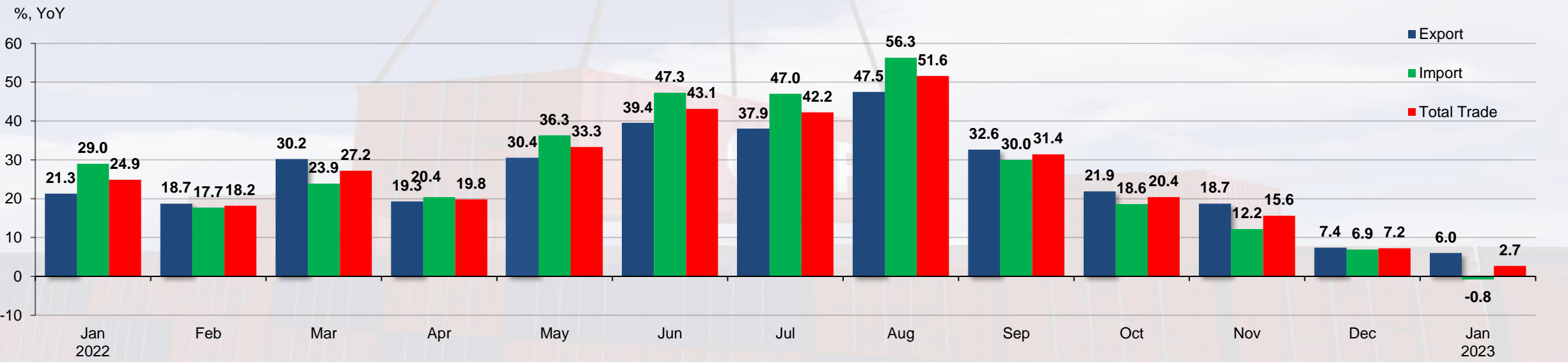
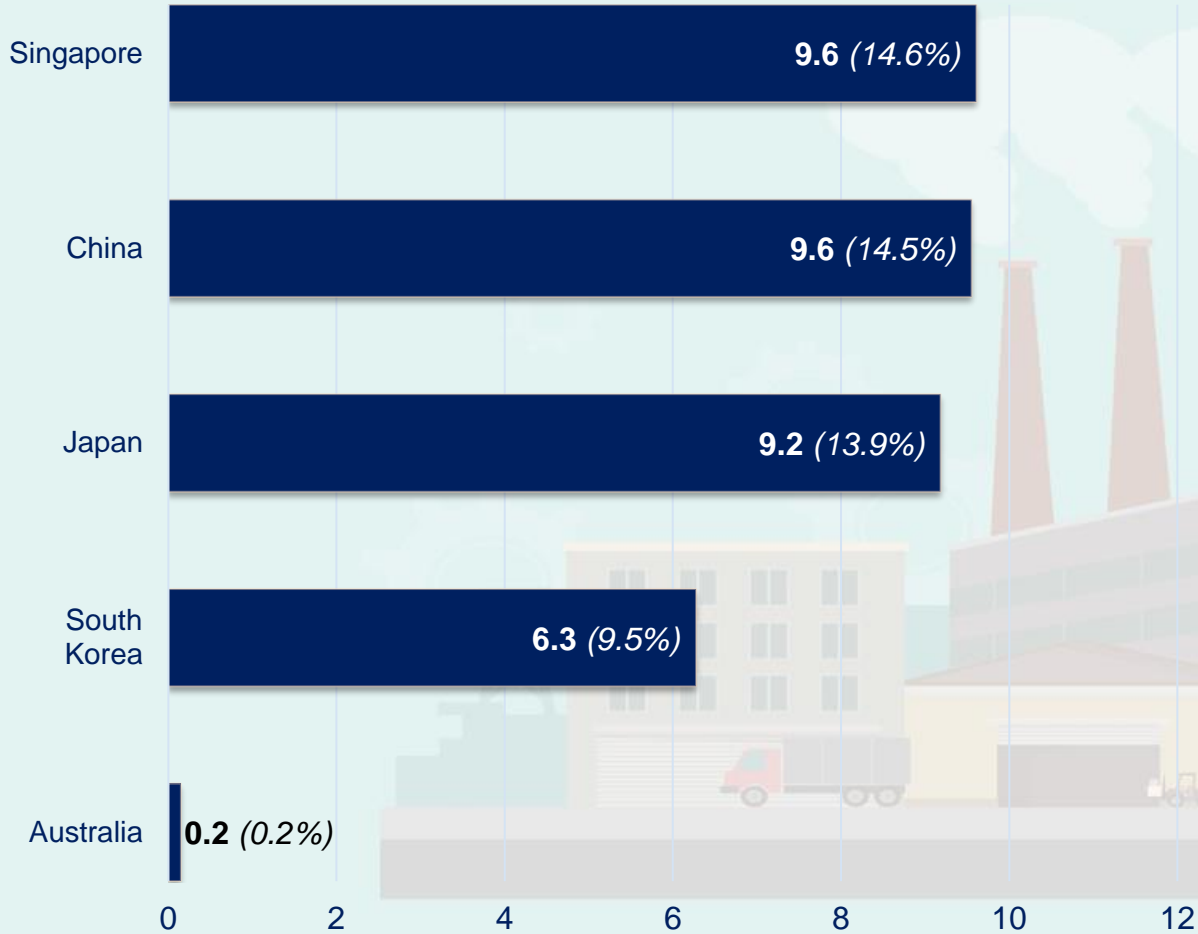


Figure in parenthesis indicates % share of Malaysia's total trade, exports/imports
 Source: DOSM

Approved RCEP partners' manufacturing investment in Malaysia

Approved manufacturing investment in Malaysia by selected RCEP partners
RM billion, 2022



Approved manufacturing investment in Malaysia by selected RCEP partners
RM billion, 2021

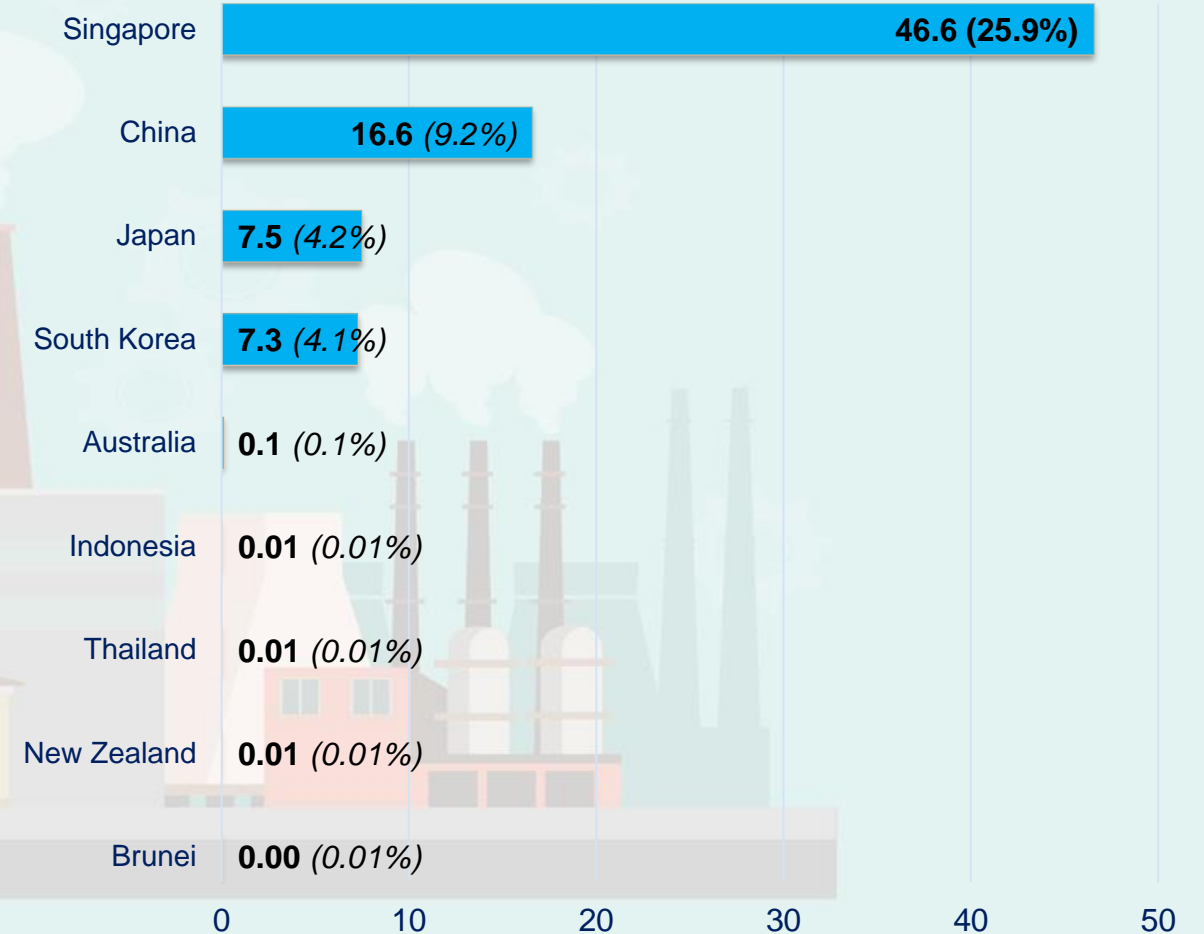


Figure in parenthesis indicates % share of total approved manufacturing investment

Source: MIDA

Malaysia's schedule of tariff commitments



Malaysia's schedule of tariff commitments

- Currently, 9,425 tariff lines in Malaysia's schedule of Tariff Commitments. Before the implementation of RCEP, 64.6% of tariff lines are enjoying zero tariff with the RCEP parties.*
- 20.0% of tariff lines will reduce to zero tariff rate either in Year 10, Year 15 or Year 20.
- Ultimately, 90% of tariff lines will not impose any tariff rate in year 20 and subsequent years.

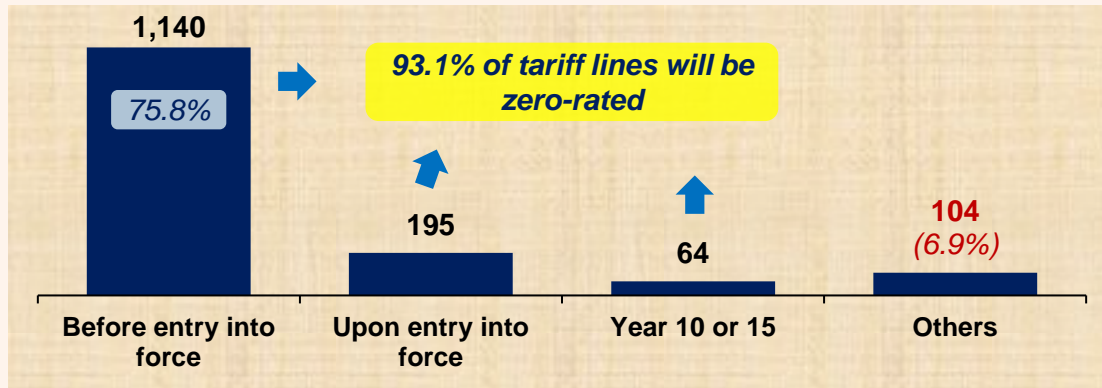
By category		Share of tariff lines
Tariff lines are enjoying zero tariff rate*		64.6%
After implementation of RCEP,		
	Tariff lines will immediately enjoy zero tariff rate	5.3%
	Tariff lines will reduce to zero tariff rate in Year 10	13.2%
	Tariff lines will reduce to zero tariff rate in Year 15	6.1%
	Tariff lines will reduce to zero tariff rate in Year 20	0.7%
Tariff rate will be reduced but not to be zero-rated		2.7%
Tariff lines will be excluded from any commitment of tariff reduction or elimination		7.3%
Total =		100.0%

* Malaysia's Most Favoured-Nation (MFN) rates of duty in effect on 1 January 2014.
Source: SERC calculates

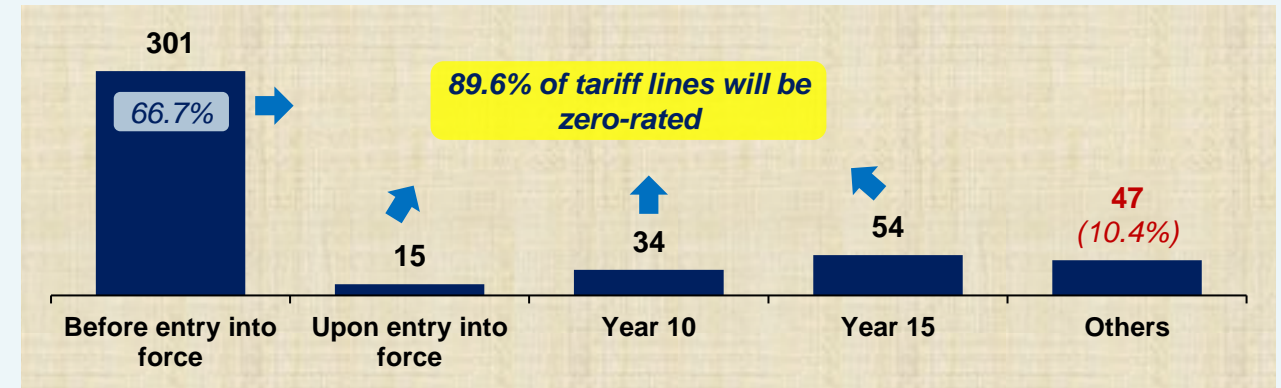
Malaysia's schedule of tariff commitments by selected products



Food and beverages (HS code 01-23) Total tariff lines: 1,503



Electronics and electrical products (HS code 85) Total tariff lines: 451



Silk and cotton (HS code 50 and 52) Total tariff lines: 177

Zero-rated tariff lines	
Before entry into force	14 or 7.9%
By Year 10	177 or 100.0%



Imported passenger cars (HS code 8703) Total tariff lines: 182

Zero-rated tariff lines	
Before entry into force	6 or 3.3%
By Year 20	92 or 50.5%
Not subject to commitment of any tariff reduction or elimination	90 or 49.5%

Note: Tariff lines before entry into force refers to Malaysia's MFN rate as at 1 January 2014.

Malaysia's selected imported goods from RCEP members

Malaysia's selected imported goods from RCEP members "immediately enjoying zero tariffs"



BR=20%

Mattress supports



BR=15%

Kiwi fruits



BR=15%

Upright piano



BR=7%

Smoked pacific salmon



BR=6%

Sweet biscuits



BR=5%

Liquid dielectric transformers



BR=5%

Ballasts for discharge lamps or tubes



BR=5%

Railway or tramway sleepers (cross-ties) of wood



BR=5%

Pears



BR=5%

Dolomite



BR=5%

Theodolites and tachymeters



BR=5%

Hand saws

Note: BR=Base rate*; *Base tariff rate of imported products before the RCEP coming into force.
Source: Malaysia's Schedule of RCEP's Tariff Commitments

Malaysia's selected imported goods from RCEP members (cont.)

Malaysia's selected imported goods from RCEP members
 "excluding from any commitment of tariff reduction or elimination"



TR=30%

Persimmons



TR=30%

**Mata Kuching
 (including longan)**



TR=25%

**White cement, whether or not
 artificially coloured**



TR=20%

**Flat-rolled products of iron or
 non-alloy steel**



TR=20%

Kettles



TR=20%

Rice cookers



TR=20%

Microwave ovens



TR=20%

Bridge cranes



TR=15-40%

**Cereals
 "Rice"**



TR= 5% and RM1.32277

**Bananas, including plantains,
 fresh or dried**



TR=5% and RM0.3307

Durian



TR=5%

Black Tea

Note: BR=Base rate*; *Base tariff rate of imported products before the RCEP coming into force.
 Source: Malaysia's Schedule of RCEP's Tariff Commitments

China's selected imported goods from ASEAN members

China's selected imported goods from ASEAN members
 "immediately enjoying zero tariffs"



BR=20%

Durians



BR=20%

Rambutans



BR=20%

Dragon fruit



BR=17.5%

Upright pianos



BR=15%

Black Tea



BR=15%

Green Tea



BR=15%

Ginger



BR=15%

Guavas



BR=15%

Cocoa powder



BR=15%

Tableware



BR=15%

Slotting machines



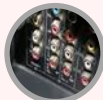
BR=15%

Shaping machines



BR=14%

Padlocks



BR=12%

Audio-frequency electric amplifiers



BR=10%

Tufted textile fabrics

Note: BR=Base rate*; *Base tariff rate of imported products before the RCEP coming into force.
 Source: Malaysia's Schedule of RCEP's Tariff Commitments

China's selected imported goods from ASEAN members (cont.)

China's selected imported goods from ASEAN members (cont.)
 "immediately enjoying zero tariffs"



BR=10%

Walking-sticks, seat-sticks, whips, riding-crops



BR=10%

Safety pins



BR=10%

Liquid filled heaters



BR=10%

Sealed beam lamp unit



BR=10%

Electrical storage water heaters



BR=10%

Sparking plug



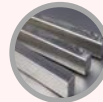
BR=10%

Vacuum cleaners



BR=8.4%

Hand saws



BR=8%

Tin bars, rods, profiles and wire



BR=8%

Surgical gloves



BR=8%

Spades and shovels



BR=6-7%

Aluminium powders and flakes



BR=3-10%

Pharmaceutical Products (HS Code 30)**

Note: BR=Base rate*; *Base tariff rate of imported products before the RCEP coming into force.
 Source: Malaysia's Schedule of RCEP's Tariff Commitments

RCEP's impact on Malaysia – Gain or Pain?



GDP

0.8% - 1.7%



Exports

24.4%



Malaysia's trade with RCEP members make up **58.1%** of total trade in 2022 (Exports: 56.2%; Imports: 60.4%).



ASEAN's investment of RM51.6 billion made up 18.6% of total investment in Malaysia; Japan (8.4%) and China (3.5%)



Increased commercial opportunities and partnerships with RCEP members



Mixed impact on economic sectors and industries (manufacturing, services, SMEs, consumer, agriculture)



Better market access (reduce tariffs and red tape; one set of rules for trade and customs procedures); China and South Korea



Growing opportunities - positioning Malaysia as an economic hub, production base and be part of the growing global value chain activities



Attract investment – encourage more FDI from China and Japan



Digitalisation and E-commerce

Source: DOSM; BNM

Impact on industries – Gain or Pain? (cont.)



- Companies specializing in industries like telecommunications, banking and finance, and consultancy will benefit from enhanced cooperation.

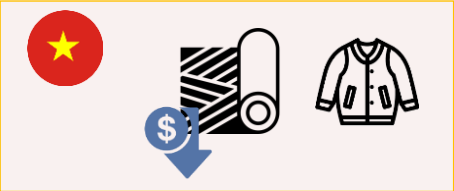


Television

Refrigerator

Air conditioner

- Food and beverages industry, chemical products, rubber products, plastic products, machinery and equipment as well as electronics and electrical products.



- **Textiles and wearing apparels** will be dampened by low-cost competitors such as Vietnam while the **timber and timber products industry** too face competition from the participating countries.

1



Growing concerns having a level playing field;
less competitive (Domestic Businesses, SMEs)

2



Maintaining **product brand trust, good quality and standard products** are important

3



Competitive advantage - Innovation and Advance technology development

4



A company's and businesses' competitiveness depends on the **capacity of its industry to innovate and upgrade**

5



Adoption of digital technology and e-commerce platform





ACCCIM Malaysia's Business and
Economic Conditions Survey (M-BECS)
1H 2021 and 2H 2021F



n=693



FEDERATION OF
MALAYSIAN
MANUFACTURERS



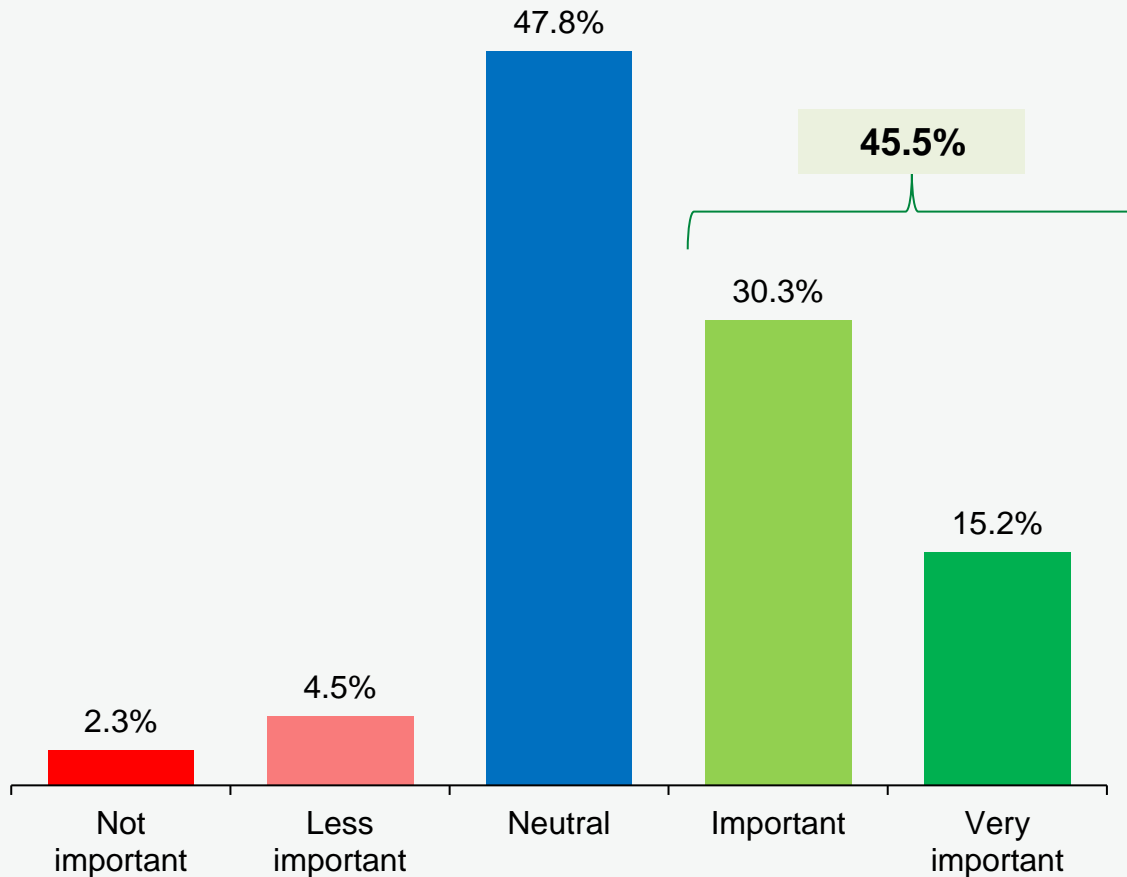
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Business viewpoint about RCEP

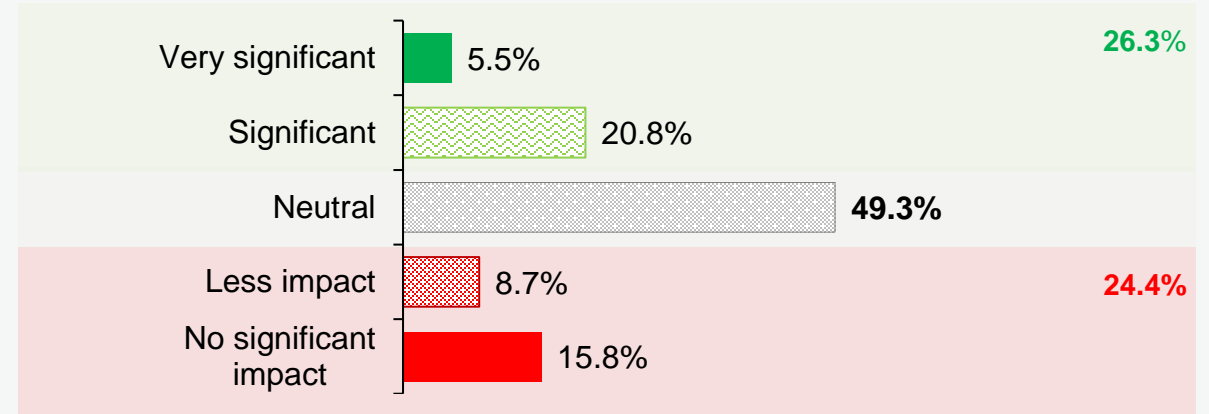


RCEP is an important economic growth catalyst for Malaysia

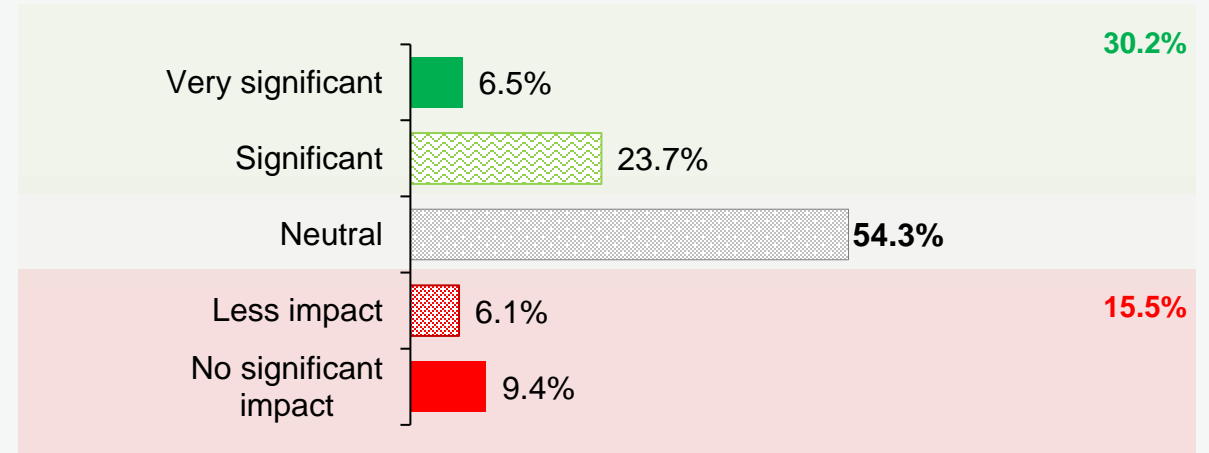
45.5% of respondents rated RCEP as an important growth catalyst for Malaysia.



Please indicate how much the RCEP Agreement could have an impact on your business



Please indicate the level of competition from other RCEP countries



How RCEP impact on local business?

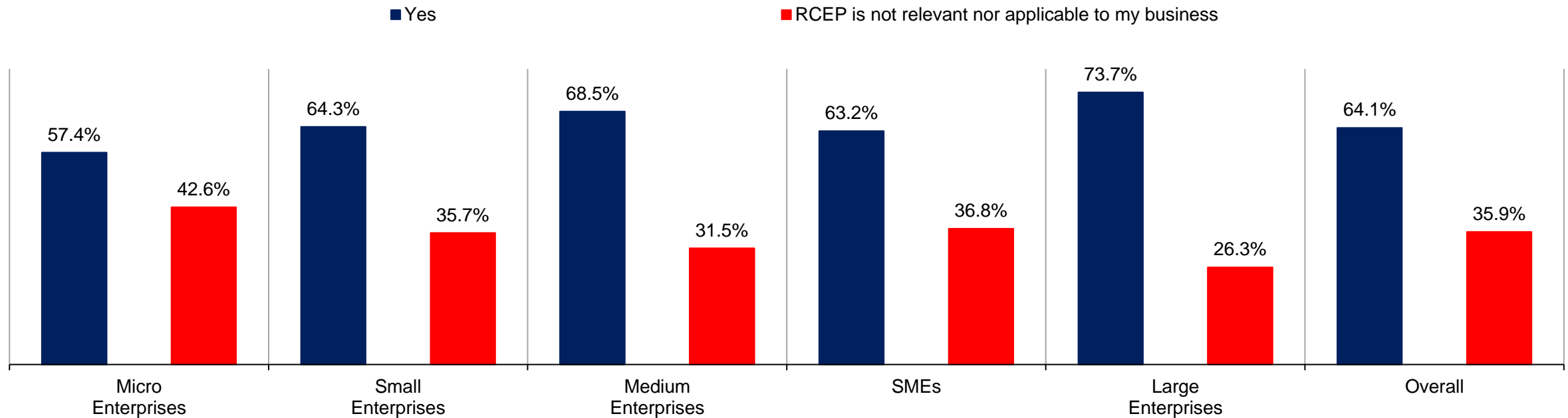
- Each RCEP country has her own strengths. SMEs to focus on **maintaining product quality and standards as well as branding development** to stay competitive.



- More foreign companies would directly list their products via famous e-commerce platforms (e.g., Shopee or Lazada) to compete with local businesses. To reap RCEP opportunities
- To reap RCEP opportunities, **local companies must focus on developing niche, competitive, green or sustainable products** to avoid price wars trap with other RCEP players.

Micro-enterprises feel less relevant to RCEP

- **64.1% of respondents have acknowledged that RCEP is relevant to their company** while 35.9% of respondents rated that “RCEP is not relevant nor applicable to my business”.
- Interestingly, the survey data revealed that the size of company is correlated to the perception of how RCEP relevant to their business. **73.7% of large enterprises rated that RCEP is relevant to their business, followed by medium enterprises (68.5% of respondents), small enterprises (64.3%) and micro-enterprises (57.4%).** Micro-enterprises face constraints in internal resources (e.g., capital and manpower) or lack of know-how to grasp the RCEP opportunities.



For now, Malaysian companies have low utilisation of RCEP



FMM



n=745

77% of the Malaysian manufacturers have yet to utilize RCEP and CPTPP agreements



66% of the respondents said they are aware of the free trade agreements (FTAs)

RCEP 9%
CPTPP 3%

Only one-third (11%) of Malaysian Manufacturers are utilizing both RCEP and CPTPP agreements



% of respondents



Not knowing where to start

(suggesting a lack of information or policy direction on these FTAs) **41%**



Already utilising other FTAs and the duty exemption rate is lower **33%**



Not engaged in imports or exports **16%**



Tedious application process **6%**



“ On the implementation of RCEP and CPTPP, **knowledge about them is still limited**, particularly among exporters ”



The trade associations and government **need to promote aggressively both RCEP and CPTPP** so they can **take [advantage of] this big opportunity for exporting**

Source: Federation of Malaysian Manufacturers' (FMM) Business Conditions Survey (2H 2022)



ACCCIM Malaysia's Business and
Economic Conditions Survey (M-BECS)
1H 2022 and 2H 2022F
















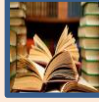

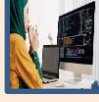





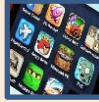
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RCEP: Tapping SMEs' Potential to Go Global

Selected products and services that SMEs have the potential to go into the global market

% of respondents

Products		Services	
	Halal products (55.0%) 		Medical tourism (49.0%) 
	Palm-based bio products (52.3%) 		Halal consultancy services (42.5%) 
	Fruits (46.8%) 		Food and restaurant franchising (38.1%) 
	Frozen food (36.1%)		Education (33.3%)
	Wood-based products (35.4%)		Software design (32.1%)
	Snack product (30.6%)		Data processing activities (27.6%)
	Aquaculture (30.3%)		Engineering services (23.9%)
	Herb product (27.5%)		Smartphone gaming apps (23.0%)

Products and services that SMEs have high potential to go into the global market

% of respondents

Top 3 products



Halal Products (55.0%)



• Spending on halal food, pharmaceuticals and cosmetics has increased to US\$1.44 trillion in 2021, and is expected to grow by another 7.0% in 2022 and will reach US\$1.89 trillion in 2025, growing by a 4-year CAGR of 7.1%.



Palm-based Bio Products (52.3%)



• Exports of palm-based bio products have increased gradually at an average growth of 2.1% per month (Jan 2019 – May 2022). Massive potential development in palm-based bio products is more sustainable compared to animal products, but some issues remain a concern in the EU.



Fruits (46.8%)



• Amongst the major tropical fruits, durians, watermelons, coconuts (including desiccated coconuts), bananas, pineapples, papayas, guavas, mangoes, and mangosteens have a combined export value of RM379.2 million in 2021 or 24.3% of total fruit exports.

Top 3 services



Medical Tourism (49.0%)



• According to the Malaysia Healthcare Travel Council (MHTC), the healthcare travel industry enjoyed double-digit growth of 16.3% pa in 2015-2019.



Halal Consultancy Services (42.5%)



• In aligning with the expansion of halal products, halal consultancy services are crucial to help local and international companies to comply with halal certification requirements and facilitate halal certificate applications.



Food and Restaurant Franchising (38.1%)



• According to KPDNHEP, sales value of franchise companies had increased by 9.7% to RM14.6 billion in 2020 from RM13.3 billion in 2019. While 1,110 franchises were registered under KPDNHEP, 68 local brands have successfully penetrated 70 countries.



The CONSTRAINTS

Top 3 constraints



Small economies of scale
(56.3%)



Lack of technical know-how
(49.8%)



Inadequate knowledge about the trade rules and regulations
(43.0%)



Uncompetitive in sourcing of raw materials **42.8%**



Inadequate export marketing skill **40.4%**



Barriers to access market and product information **34.5%**



Obtaining finance **32.1%**



Non-tariff barriers (NTB) **23.4%**

% of respondents



How to COMPETE?

Top 3 approaches



Participate in trade fair, trade mission and business networking
(57.0%)



Integrating or adapting to new technologies
(55.9%)



Improve the product quality and after-sale service
(53.6%)



Product differentiation and uniqueness **51.7%**



Strategic alliance with local business partners **47.3%**



Enhance the product design and packaging **40.1%**

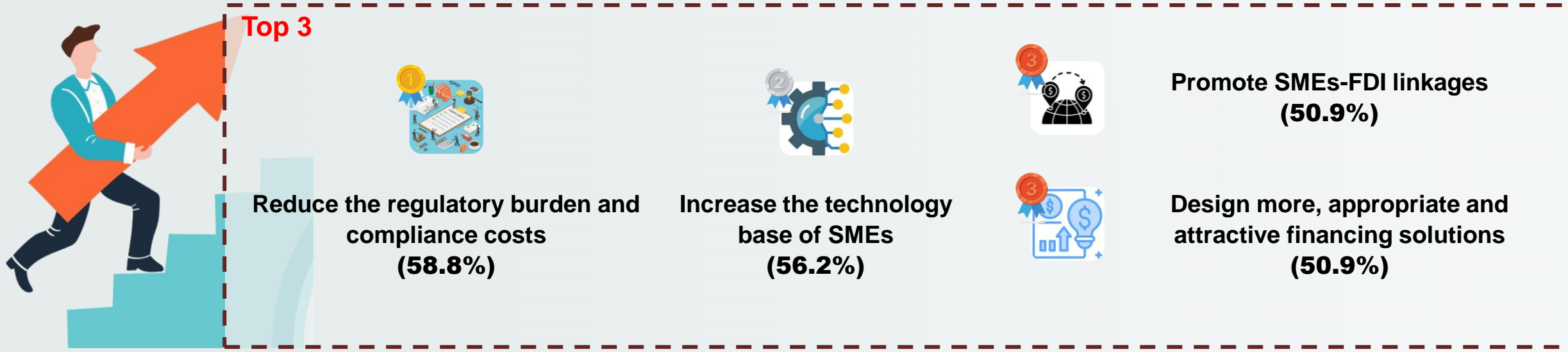


Better practices of ESG **36.5%**

% of respondents



What should the Government do BETTER to enhance SMEs capability?



% of respondents



46.4% Provide management and skills training



45.5% Increase access to markets



41.0% Provide product and branding development



38.6% Improve information and dissemination



34.4% Encourage merger and acquisition (M&A) between SMEs





What should the Government do BETTER to enhance SMEs capability? (cont.)

% of respondents



Reduce the regulatory burdens and compliance costs (58.8%)

ACCCIM's suggestions:

Enhance Government-to-Business experience

- i. Establish a link-up “Join up” government services.
- ii. New regulations before implementation should be screened by Malaysia Productivity Corporation (MPC) and PEMUDAH to minimise unnecessary costs and disruptions to business.
- iii. **Risk-based approach.** Enforcement, inspection, control and supervision as well as “regulatory guillotine” to reduce the types of control/supervisory.
- iv. **“Cost-in, Cost-out” system.** Enforce agencies to restrict the increase of the costs of newly introduced or reinforced regulations by abolishing or relaxing regulations that carry equal or more amount of costs.



Increase the technology base of SMEs (56.2%)

ACCCIM's suggestions:

- i. **Subsidise SMEs to install smart set-top boxes and** link their equipment to the Internet, which could help firms move quickly towards smart management and production.
- ii. Malaysia Productivity Corporation (MPC) can consider establishing a division called **“Technical Service Division”**, which serves as one-stop enterprise R&D innovation services to provide assistance and technical advisory services to businesses.
- iii. Support training on **technology, R&D and innovation; establish innovation and technology centres/co-operation**; promote and develop **inter-firm clusters and networks.**



What should the Government do BETTER to enhance SMEs capability? (cont.)

% of respondents



Promote SMEs-FDI linkages (50.9%)

ACCCIM's suggestions:

- i. **Provision of information** – Government can act as a facilitator by gathering and disseminating information on linkages opportunities via national websites, business directories, 'meet-the-buyer' events, and matching making.
- ii. **Targeting suppliers on the basis of proven abilities and commitment** to future improvements.
- iii. **Close engagements with domestic corporations and MNCs** – Identify areas and opportunities for suppliers; provide feedback on SMEs' weaknesses.
- iv. **Tailored programs assist SMEs/suppliers to identify their needs** and enhance their capability.



Design more, appropriate and attractive financing solutions (50.9%)

ACCCIM's suggestions:

- i. **Broadening the financing options available and accessible to SMEs:**
 - Better understanding the business and financing needs of SMEs.
- ii. **BNM to create a centralised system for SMEs to synchronise loan applications whilst they are applying to financial institutions.** This helps BNM to monitor and capture SMEs' real financing conditions and make SMEs' financing requirements more transparent.



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