



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

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HIGHLIGHTS FOCUS

- **UK and EU in ‘constructive discussions’ over NI trade row**
- **G7 says to counter ‘non-market’ policies from China to ensure free trade**
- **World Bank: Malaysian economy to recover this year**
- **China remains Malaysia’s largest foreign partner for manufacturing sector, says MIDA**
- **Sabah on right track as main gateway for BIMP-EAGA trade**
- **Pineapple Industry Board proposed for Sabah**

INTERNATIONAL ANTARABANGSA

UK and EU in ‘constructive discussions’ over NI trade row: The government and the EU have vowed to “work intensively” to quell tensions over post-Brexit checks at Northern Ireland ports. In a joint statement, both sides said recent talks with Northern Ireland leaders were “constructive”. The talks were arranged after checks at some ports were suspended following “sinister” threats made to staff. UK and EU leaders say they condemn “unreservedly” any threats or intimidation. (4 February, BBC News)

G7 says to counter ‘non-market’ policies from China to ensure free trade: Group of Seven leaders said they would seek a collective approach to China to counter “non-market oriented” policies and practices and to ensure a fair multilateral global trade. “With the aim of supporting a fair and mutually beneficial global economic system for all people, we will engage with others, especially G20 countries including large economies such as China,” the G7 said after a virtual leaders’ meeting. (20 February, Reuters)

Russia’s key economic indicators surprise on the upside in January:

Russia’s main barometers of economic health, such as employment, consumer demand and wages, all exceeded expectations in January, opening the door for economic recovery in 2021, recent data showed. Russia’s commodity-dependent economy is on track to grow this year after shrinking 3.1% in 2020, its sharpest contraction in 11 years which, however, was smaller than expected. (19 February, Reuters)

China overtakes US as EU’s biggest trading partner:

China is now the EU’s biggest trading partner, overtaking the US in 2020. China bucked a wider trend, as trade with most of Europe’s major partners dipped due to the Covid-19 pandemic. Trade between China and the EU was worth \$709bn (€586bn, £511bn) last year, compared with \$671bn worth of imports and exports from the US. Although China’s economy cratered in the first quarter due to the pandemic, its economic recovery later in the year fueled demand for EU goods. (17 February, BBC News)

Singapore factory output extends rebound, rising 8.6% in January:

Singapore’s manufacturing output continued expanding last month, driven mainly by electronics and precision engineering. Factory output rose 8.6 per cent year on year in January for a third straight month of growth, according to data released recently by the Economic Development Board (EDB). This came in below the upwardly revised 16.2 per cent growth rate in December last year, but topped the 3.6 per cent forecast of analysts in a Bloomberg poll. (26 February, The Straits Times)

EU to call on G20 not to withdraw COVID-19 stimulus too early:

The European Union will call on financial leaders of the world’s 20 biggest economies this week to keep pumping money into the global economy as long as is needed for it to recover from the COVID-19 pandemic, a document

prepared for the meeting showed. Finance ministers and central bank governors of the world’s top 20 economies, called the G20, will hold a video-conference and the global response to the unprecedented havoc wreaked by the coronavirus on the economy will top the agenda. (23 February, Reuters)

Japan cautious on global economy, urges support for poor nations:

The global economy warrants caution due to uncertainty over coronavirus vaccinations and variants, though Japan’s economy shows signs of recovery with low infections, Japanese Finance Minister Taro Aso said recently. Speaking to reporters after attending a virtual meeting of Group of 20 financial leaders, Aso also urged the major economies to unite in backing low income countries given widening disparities of economic growth and vaccinations. (26 February, Reuters)

China regains slot as India’s top trade partner despite tensions:

China has regained its position as India’s top trading partner despite a decaying relationship between the Asian neighbours. The two countries were involved in a bloody border conflict last year and saw India ban 220 Chinese tech apps. But that did not stop China leapfrogging the US in 2020 to become India’s biggest trade partner. Two-way trade between the long-standing economic and strategic Asian rivals stood at \$77.7bn (£55.2bn) last year. (23 February, BBC News)

Euro zone corporate lending growth slows as monthly flows dry up:

Lending to euro zone companies slowed last month as the flow of fresh credit came to a halt with the bloc back in recession and banks tightening access to credit, European Central Bank recent data showed. Lending to non-financial corporations in the 19-country euro area slowed to 7.0% in January from 7.1% month earlier, a relatively high level not far from a 10-year high of 7.4% hit in May. (25 February, Reuters)

NATIONAL NASIONAL

World Bank: Malaysian economy to recover this year: Malaysia's economy is expected to return to positive growth this year, along with other economies globally on the sustained progress in the vaccine rollouts that will boost consumption worldwide, the World Bank Group said. Its Macroeconomics, Trade and Investment Global Practice lead economist, Richard Record, said the group expects the vaccine deployment can be mostly completed in 2021 in most economies, leading to strong recovery and demand, as well as boosting trade and commodity prices. "We are projecting a global growth of 4.0% this year. (23 February, The Star)

China remains Malaysia's largest foreign partner for manufacturing sector, says MIDA: China remains Malaysia's largest foreign investor for four consecutive years since 2016 and topped the rank of foreign direct investment (FDI) for the manufacturing sector for the first nine months of 2020. The Malaysian Investment Development Authority (MIDA) senior deputy director of foreign investment promotion May Lim Ming Yee said from January to September 2020, MIDA has approved 58 manufacturing projects with China's participation amounting to RM16.77 billion. "Despite the adverse effects of the Covid-19 pandemic seen on the global investment patterns, China continues to be our top FDI. (22 February, Business Times)

Inflation expected to return on high fuel prices, demand: After facing monthly deflation for nearly a year, Malaysia is expected to feel inflationary price pressure once again as fuel prices increase and demand gradually returns. Hong Leong Investment Bank Research said headline inflation is expected to turn positive starting March 2021 onwards. Apart from the low base effect due to low crude oil prices in March last year, rising domestic fuel prices are also anticipated to lift inflation growth. However, the research house said the government's decision to lower the ceiling price for RON95 petrol by three sen to RM2.05 per litre may cap volatile inflationary pressures. (26 February, The Star)

Malaysia, France agree on developing new forms of cooperation: Malaysia and France, given their experiences in addressing the current COVID-19 pandemic, have agreed that the two countries should develop new forms of cooperation, including guaranteed access to vaccines, and post-pandemic socio-economy recovery, said Foreign Minister Datuk Seri Hishammuddin Tun Hussien. He said this was agreed upon during an hour-long video call with his counterpart from France, Jean-Yves Le Drian, who is Minister for Europe and Foreign Affairs of France, to take stock of and chart the future course for long-standing Malaysia-France cooperation. Both sides also exchanged views on regional and international developments that are of strong interest to the two countries. (24 February, Bernama)

CPI down 0.2% in January: Malaysia's consumer price index recorded a year-on-year (y-o-y) decrease of 0.2% to 122.1 in January, representing a 10th straight month of declines since March last year. On a month-on-month comparison, the CPI was 1.2% higher over December. Transport prices remained the leading laggard, falling 5.1% y-o-y while other declining sectors included housing, water, electricity, gas and other fuels, clothing and footwear, and restaurants and hotels, the National Statistics Department revealed. Excluding fuel, the consumer price index increased 0.5% in January 2021 to 113.6. (25 February, The Star)

Malaysia trade surplus rises 38pct to RM16.6 bil in January 2021: Malaysia's trade surplus soared by 38.0 per cent year-on-year (y-o-y) to RM16.6 billion in January 2021, said the Department of Statistics Malaysia (DOSM). Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said total trade widened by 4.1 per cent y-o-y to RM162.6 billion. He said Malaysia's total exports continued its positive momentum of five consecutive months of improvement by expanding 6.6 per cent y-o-y to RM89.6 billion in January 2021, while imports continued to record an increase of 1.3 per cent to RM73 billion. "This was the highest export value recorded for January so far, driven by both domestic exports and re-exports. (26 February, Business Times)

Recovery in manufacturing moderates in January: IHS Markit: The recovery in the Malaysian manufacturing sector moderated in January due to rising Covid-19 case numbers and stricter restrictions to try and curb the further spread of the virus, according to IHS Markit's survey. In its Malaysia Manufacturing PMI statement issued recently, the headline MPI -- a composite single-figure indicator of manufacturing performance -- slipped to 48.9 in January from 49.1 in December. It said businesses signalled the recovery in the manufacturing sector was hindered at the start of 2021 due to tighter curbs. (1 February, The Star)

Malaysia offers incentives to attract investors, more strategic ones to be announced, says Muhyiddin: Prime Minister Tan Sri Muhyiddin Yassin said foreign investors, including Fortune 500 companies, have continued to show interest in investing in Malaysia due to various incentives offered by the government. "We offer special incentives. This is our way to attract investors. So for me, it is important that we increase investment. If you come to Malaysia, you will get very attractive incentives. "So, this is what I think is our way to attract investors. So for me, it is important that we increase investment, but set our eyes on (certain) sectors such as high technology and digital," he said. (28 February, Bernama)

Digital economy's contribution to GDP to hit at least 20 pct by year-end – MDEC: The digital economy's contribution to Gross Domestic Product (GDP) will easily reach 20 per cent by year-end from 19.1 per cent in the current COVID-19 pandemic environment, said Malaysia Digital Economy Corporation (MDEC). Business digital adoption director Muhundhan Kamarapullai said its contribution to the GDP has been quite significant even prior to the pandemic at over 18 per cent and now it had moved up to 19.1 per cent. "From a digital economy standpoint, we have gained quite a bit in terms of how the acceleration of work that has been done in the country. (25 February, Bernama)

LOCAL TEMPATAN

Sabah on right track as main gateway for BIMP-EAGA trade:

Sabah has great potential as the main gateway for trade, focusing mostly on the larger Brunei, Indonesia, Malaysia, Philippines – East ASEAN Growth Area (BIMP-EAGA) region. And, this is made possible with the on-going expansion of the Sepanggar Bay Container Port, a project approved by the previous government in 2016, costing RM1.03 billion. Disclosing his satisfaction over the project, Minister in the Prime Minister's Department (Sabah and Sarawak Affairs) Datuk Seri Dr Maximus Ongkili said the existing on-going port services and businesses offered would also help bounce the state's economy. (16 February, The Borneo Post)

Pineapple Industry Board proposed for Sabah:

The Federal and State Governments are committed to continue working together to ensure development of the agricultural sector and food security in the country. This was stated during a courtesy call by Federal Agriculture and Food Industry Minister Datuk Seri Dr Ronald Khande on Chief Minister Datuk Seri Hajiji Mohd Noor at the Sabah State Administrative Centre (PPNS). This was Dr Ronald's first visit to Hajiji at PPNS which was also attended by the Director General of Paddy and Rice Regulation and Secretary of the Paddy and Rice Industry Division Azman Mahmood, Deputy Director General of the Malaysian Pineapple Industry Board (LPNM) Mohd Khairuzamri M. Salleh, Director of Farmers Development National Farmers Organisation (Nafas) Abu Sujak Sanusi and Director of Integrated Agricultural Development Area (IADA) Kota Belud Salmah Labulla. (21 February, Daily Express)

RM11m bridge to link Ranau villages:

The wishes of about 900 residents of Kampung Togop Lau, Ranau, who want a permanent bridge connecting their village to Kampung Togop Darat will be realised soon after the State Government approved the construction of a concrete bridge worth RM11 million. Deputy Chief Minister Datuk Dr Joachim Gunsalam said works to construct the bridge across Kopusakan River will commence soon. (8 February, Daily Express)

Korean firm to build RM2.3 billion copper foil factory:

The State Government's latest collaboration with SK Nexilis, a South Korean copper foil manufacturer, will create 400 job opportunities. Deputy Chief Minister Datuk Dr Joachim Gunsalam said Sabah is honoured to have been selected as the first overseas production base for the renowned company. "The value of this investment is amounting to RM2.3 billion, and 400 jobs will be created as well. "From the bottom of my heart, I wish to express my sincerest thanks and appreciation to SK Nexilis for choosing Sabah as your investment destination," said Joachim in his speech during the welcoming dinner for SK Nexilis, held at the Sabah International Convention Centre (SICC). (28 February, The Borneo Post)

RM4.9 bln to solve Sabah flood, drainage, sewerage woes:

The Federal Government has allocated RM4.9 billion in efforts to solve problems related to floods, drainage and sewerage in Sabah. According to Minister of Environment and Water Datuk Seri Tuan Ibrahim Tuan Man during his visit to a flood mitigation project, there are about 40 major projects in the state that will be implemented to address these issues. The projects involve the Ministry of Environment and Water, Water Supply Department (JBA), Sewerage Services Department (JPP) and the Irrigation and Drainage Department. (27 February, The Borneo Post)

Special allocation of RM3.1 mln for Sabah opposition assemblymen:

Sabah Chief Minister, Datuk Seri Hajiji Noor announced a special allocation of RM3.1 million for the 31 opposition assemblymen in the state. He said each of these assemblymen would receive RM100,000 to help them tackle problems in their respective constituencies due to the Covid-19 pandemic. "Out of a sense of responsibility, I am giving this special allocation as proof of the Gabungan Rakyat Sabah (GRS) state government's concern for the constituents' wellbeing. This allocation is for the opposition assemblymen to help reduce the burden of the people in their respective areas amid the pandemic." (9 February, The Borneo Post)

RM77m for KB flood mitigation:

The Ministry of Environment and Water (Kasa) has allocated RM77 million for flood mitigation projects in the Kota Belud district, said Minister Datuk Seri Tuan Ibrahim Tuan Man. Tuan Ibrahim said RM27 million was allocated for the Sungai Gurong-Gurong flood mitigation plan expected to complete in 2022, while RM50 million was allocated for the on-going construction of flood mitigation projects in Sungai Kadamaian, Sungai Tempasuk, Sungai Abai, and Sungai Kawang-Kawang. Tuan Ibrahim said the flood mitigation projects would reduce the risk of flooding in the district which had been hit by floods 86 times following the 2015 earthquake. He said the earthquake had caused the change in the terrains, especially the river basins, that resulted in the occurrence of frequent floods in Kota Belud. (28 February, Daily Express)

RM19.6 juta untuk atasi masalah bekalan air bersih di DUN Sg. Manila:

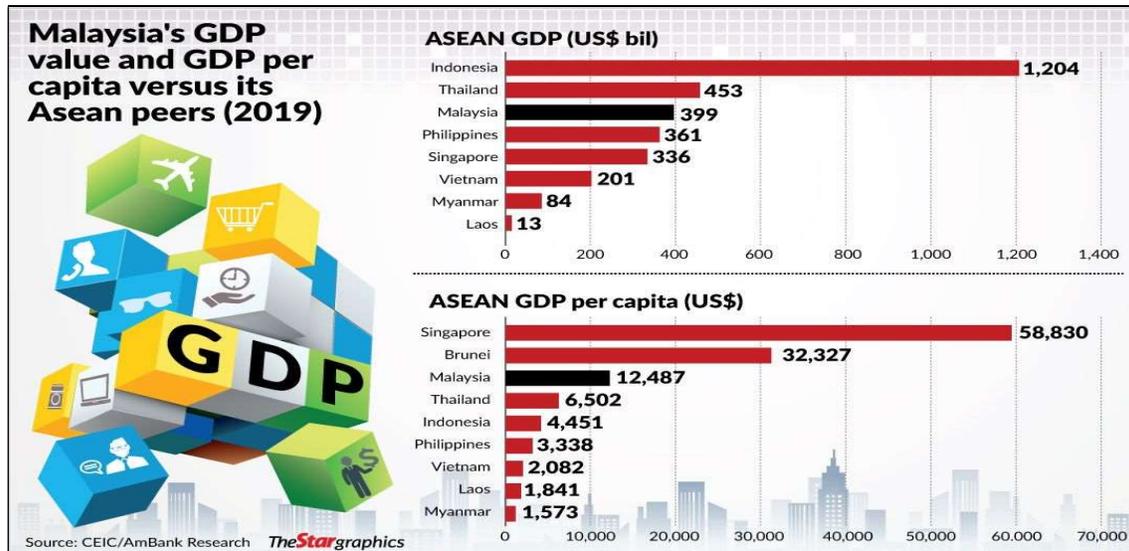
Dua projek bekalan air luar bandar yang sedang dilaksanakan di kawasan Dewan Undangan Negeri (DUN) Sungai Manila yang menelan belanja RM19.6 juta dijangka siap tahun ini. Ahli Dewan Undangan Negeri (ADUN) Sungai Manila Mokran Ingkat berkata dua projek itu iaitu di Kampung Luboh bernilai RM8.2 juta dan Kampung Dandulit RM11.4 juta yang mana kini sedang dalam pembinaan. "Apabila dua projek ini siap sepenuhnya dijangka hujung tahun ini, akan memberi manfaat kepada penduduk kampung menikmati bekalan air bersih," katanya ketika ditemui selepas Taklimat Jabatan Air Sabah di Pejabat Jabatan Air Sandakan. (10 Februari, Utusan Borneo)

Sabah state govt approves upgrading works of Kota Kinabalu-Kudat bypass:

Chief Minister Datuk Seri Hajiji Noor announced that the GRS State Government has approved the upgrading of the flood-prone Kota Kinabalu-Kudat bypass (Lebak Moyoh-Kampung Sembirai) with an estimated cost of RM6.5 million. Visiting the area recently, he said decisive steps must be taken since the road was crucial in linking Kota Marudu, Kudat and Pitas to the Kota Kinabalu City. During the visit, Hajiji was briefed by Public Works Department (PWD) Director Ir Ali Ahmad that in the past two years since 2019, it had been inundated 28 times causing inconvenience to thousands of motorists. (22 February, The Borneo Post)

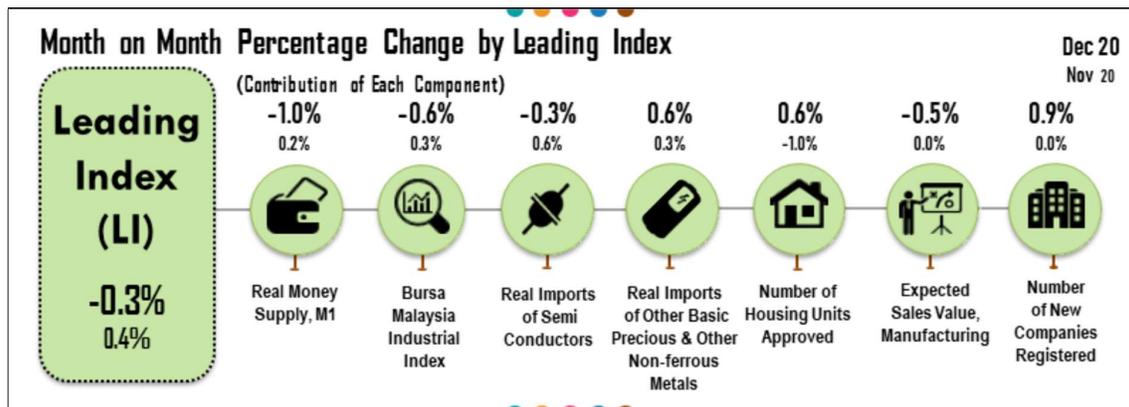
SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

Malaysia's GDP Value and GDP Per Capita Versus Its ASEAN Peers, 2019



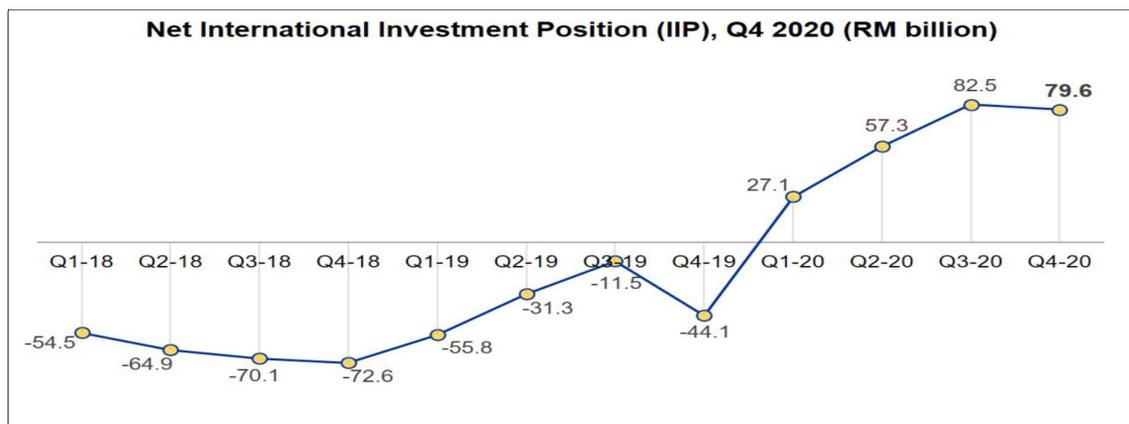
(Source: 15 February, The Star)

Malaysia's Economic Indicators: Leading, Coincident & Lagging Indexes, December 2020



(Source: 24 February, Department of Statistics Malaysia)

Malaysia's International Investment Position, Fourth Quarter 2020



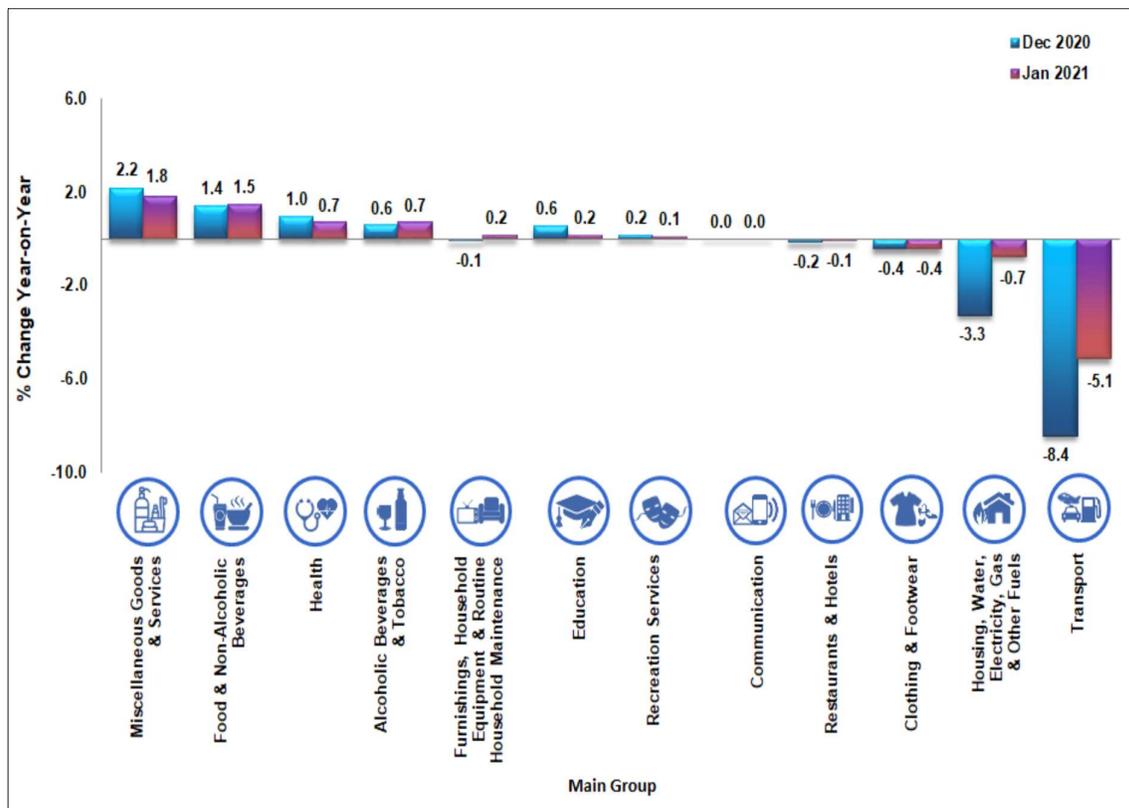
(Source: 11 February, Department of Statistics Malaysia)

Malaysia's Monthly Rubber Statistics, December 2020



(Source: 10 February, Department of Statistics Malaysia)

Malaysia's Consumer Price Index, January 2021



(Source: 24 February, Department of Statistics Malaysia)