

**High Commission of India
Kuala Lumpur**

No.KUA/C/201/1/09

15 July 2009

Economic and Commercial Report(ECR)-June 2009

PART – I

i) Total GDP in USD and its growth during the most recent quarter and previous year

Malaysian economy contracted by 6.2 % in Q1 2009(+0.1%% in Q4 2008). Real GDP in Q1 09 was RM 121,162 million at constant 2000 prices. The contraction in Q1 is said to be worse than expected. A turnaround is expected in the second half of the year. The Real GDP expanded by 4.6% in 2008(2007: 6.3%) and the current forecast for 2009 is between -4% and -5%.

ii) Rate of Inflation

The headline inflation rate, as measured by the change in the Consumer Price Index, was 2.4% in May 2009(April 2009: 3.0%), as compared with May 2008.

iii) Total trade in USD and its growth during the most recent quarter and the previous (overall) along with trade balance

In Q1 2009, Malaysia's exports declined by 20% to RM 121.47 billion while imports fell by 28.9% to RM 88.8 billion as compared with RM 151.8 billion(exports) and RM 125.0 billion(imports) respectively in the same period of 2008. Total trade thus amounted to RM 210.27 billion in Q1 2009, a decrease of 24% as compared with RM 276.8 billion in Q1 2008.

iv) Total trade in USD and its growth to 10 major countries

In Jan-April 2009, Malaysia's exports recorded a trade surplus of RM 40.1 billion as compared with that of RM 39.1 billion in the corresponding period of 2008. Malaysian exports declined by 21.7% to RM 162.5 billion, while imports dropped by 27.3% to RM 122.4 billion. Total trade thus decreased to RM 284.9 billion in Jan-Apr 2009 from RM 376.0 billion in Jan-Apr 2008. Malaysia's top ten trading partners were Singapore, the United States, Japan, China, Thailand, Hong Kong, Korea, Australia, India and the Netherlands. These countries contributed 71.8 per cent to Malaysia's total trade in Jan-Apr 2009.

v) Total trade in USD and its growth with India by top 10 commodities

Bilateral total trade between India and Malaysia declined by 26% to RM 8,585.93 million (USD 2,366.74 million) in Jan-Apr 2009 as compared with RM 10,491.27 million (USD 3,163.12 million) in the same period of 2008. Malaysia's exports to India were at RM 5,783.37 million (USD 1,594.96 million) and imports

from India were valued at RM 2,802.56 million (USD 771.78 million) in Jan-Apr 2009. Malaysia's top traditional export items are Crude Petroleum, Electrical & Electronic Products, Chemical & Chemical Products, Palm Oil and Petroleum Products.

Please see Annexes-I & II for more details.

vi) Total trade in USD and its growth in trade in services (of 5 major categories)

Total trade in services, other than Government services, registered a total of RM 45.2 billion in Q1 2009, a decrease of 5.2% from that recorded in Q1 2008. In the same period, i.e., Q1 2009, exports were valued RM 23.9 billion and the imports RM 21.3 billion, thus registering a surplus of RM 2.6 billion. There was a strong growth in exports of travel(RM 12.4 billion), transportation(RM 3.5 billion) and other services(RM 7.9 billion) like, communication, construction, finance, insurance, ICT, etc., in Q1 2009.

vii) Major investments within and outside the country – description paragraph

- MK Land Holdings Bhd has ventured into the property market in India in a project valued at RM 3 billion in Gross Development Value(GDV) through a joint venture with Embassy Group of India and MKN Embassy Development Sdn Bhd to provide affordable housing and retail stores in Bangalore. The project will be under the JV called Milan Gateway Sdn Bhd where MK Land holds 47.5%, Embassy Group 47.5% and MKN Embassy 5%. A Memorandum of Understanding(MoU), in this connection, was signed by Tan Sri Mustapha Kamal Abu Bakar, Executive Chairman and Chief Executive Officer of MK Land and Jitendra Mohandas Virwani, Chairman, Embassy Group, at a ceremony held in Petaling Jaya on 24 June 2009 and witnessed by Dato' Mukhriz Tun Mahathir, Deputy Minister of International Trade and Industry.
- Malaysia Airlines(MAS), through its subsidiary MAS Aerospace Engineering Sdn Bhd(MAE), has teamed up with Alenia Aeronautica, a Finmeccanica company to capture a big slice of turboprop maintenance, repair and overhaul(MRO services market in Asia. The new company MAS-Alenia Aeronautical Aerospace Engineering (MAAE) is 51% owned by MAE and the remaining 49% by Alenia Aeronautical with its headquarters in Malaysia.

(viii) India's Investment interests

Paper and Pulp Industry, Plantation, Palm oil and derivatives, Bio-diesel, Biotechnology, IT & IT-enabled services, human resource development, higher education, construction, pharmaceuticals, manufacturing, financial services,incl. capital market, banking, healthcare, tourism, agriculture, SME Development, energy, transport, chemical and chemical products, wood and wood products, etc.

ix) Major trading agreements proposed/finalized. Impact of these on trade

During the ASEAN-Republic of Korea Commemorative Summit, Dato' Mustapa Mohamed, Minister of International Trade and Industry signed, on behalf of Malaysia, the Investment Agreement with South Korea under the Framework Agreement of Comprehensive Economic Cooperation in Jeju Island(South Korea) on 2 June 2009. The agreement complements the Trade in Goods(TIG) and Trade in Services Agreement which were signed on 26 August 2006 and 21 November 2007 respectively.

x) The principal five export destinations

Singapore, Japan, USA, China and Thailand

xi) The principal five import sources

China, Japan, USA, Singapore and Thailand

xii) The five principal export commodities

1. Electrical & Electronic products
2. Liquefied Natural Gas (LNG)
3. Palm oil
4. Chemicals and chemical products
5. Crude Petroleum

xiii) The principal five import items (India's rank in each of these categories above including market share if we figure in the top five)

1. Electrical & Electronic products
2. Machinery, appliances & parts
3. Chemical and chemical products
4. Transport Equipment
3. Iron & Steel Products

xiv) The top five items of export from India to Malaysia and the top five items of import from Malaysia into India

a) Export from India to Malaysia

1. Manufactured goods
2. Chemicals and chemical products
3. Live animals and meat
4. Refined Petroleum Products
5. Machinery, Appliances & Parts

b) Import from Malaysia to India

1. Crude Petroleum
2. E & E Products
3. Chemicals and chemical products

4. Palm Oil
5. Petroleum Products

xv) Any development in any of the items above where India figures in the category or at least has a chance to make an entry or an enlargement in market share, should be focussed for reporting in the ECR

Agricultural & Processed Food products

xvi) Any other factor impacting on trade and economic relations

The investors here are looking for a one stop organization which can assist them with all processes of investment like the Malaysian Industrial Development Authority (MIDA) or Board of Investment (BOI) in Bangladesh. The investors have complained about multiple processes in doing business with India. They also find difficulty in understanding our taxation for investment and trade.

xvii) Executive Summary (Highlighting Action Points)

1. Trade and Investment Missions to Malaysia to promote Indian exports, with the objective of narrowing the bilateral trade balance tilted in Malaysia's favour as of now.
2. Conduct Market Surveys to identify 'focus products' with export potential under Market Access Initiative (MAI)
3. Organising Product-specific Exhibitions, Fairs, Buyer Seller Meets (BSM), etc. from the Indian trade promotion agencies.
4. Ensure higher participation of Indian companies in Malaysian Exhibitions and Fairs.
5. Malaysia has excellent infrastructure, abundant land, energy resources and water which are key elements for any business development. Indian companies can benefit by investing in Malaysia, particularly in the recently announced development corridors.

PART – II

Bilateral Visits & Trade Promotion Measures

Bilateral Visits

- Shri Mani Shankar Aiyar, former Union Cabinet Minister, visited Malaysia from 28 Jun 1 Jul 2009 to take part in the Marcus Evans 2nd Annual Global Infrastructure Projects Conference held in Kuala Lumpur from 29-30 June 2009. At the Plenary Session held on 29 June 2009, he delivered a speech entitled 'India's Infrastructure-Plans, Problems, Potential' which covered North East Region of India also.
- A large Indian delegation from Department of AYUSH, Council of Scientific and Industrial Research(CSIR), Indian Institute of Integrated Medicine(IIM),

- Hamdard University, etc., visited Malaysia to take part in the World Health and Asian Traditional(WHAT) Medicine Conference and Exhibition 2009 held in Malaysia from 19-21 June 2009. The keynote paper titled 'Halal Natural Products Research-Gearing Up for a Trillion Dollar Opportunity' was presented by Prof. G.N. Qazi, Vice Chancellor, Hamdard University.
- Dr. Shyam Agarwal, Joint Secretary, Department of Commerce, Government of India visited Malaysia from 24-28 June 2009 to attend the 23rd meeting of INFOFISH Technical and Advisory Board(TAB) organized by Fisheries Development Authority of Malaysia (LKIM). INFOFISH is an inter-governmental body providing marketing information and technical advisory services to the fishery industry of the Asia-Pacific region and beyond from its headquarters in Kuala Lumpur.
 - A delegation led by Shri Ashok Sinha, Chairman & Managing Director, Bharat Petroleum Corporation Ltd (BPCL) visited Malaysia and signed an agreement with Petronas to renew supply of (5,000 barrels per day, i.e. 0.25 MMT, on yearly basis) Malaysian crude oils (Miri & Labuan).
 - A four member delegation of Indian Oil Corporation Limited(IOC) led by Shri L.N. Gupta, Joint Secretary(Refineries), Ministry of Petroleum and Natural Gas visited Kuala Lumpur from 7-9 June 2009 for finalization of crude oil term contract with Petronas for the year 2009-10 and attend 14th Asia Oil and Gas Conference.
 - Shri A. Bipin Menon, Deputy Secretary and Shri R.K. Jain, Under Secretary, Ministry of Commerce & Industry (Department of Commerce) visited Kuala Lumpur from 2-5 June 2009 to take part in the WTO Regional Seminar on Non-Agricultural Market Access(NAMA) Negotiations for Asian Developing Countries. The Seminar was organized by the Ministry of International Trade and Industry of Malaysia.
 - About 40 delegates from India took part in the 6th World Chambers Congress(WCC) 2009 held in Kuala Lumpur from 3-5 June 2009. WCC 2009 was organized by the International Chambers of Commerce and World Chambers Federation and officiated by Tan Sri Dato' Haji Muhyiddin Bin Yassin, Deputy Prime Minister. Held every two years, the WCC is the largest international forum that brings together leaders for the purposes of sharing experience and developing trade networks.
 - A delegation from Institute of Hotel Management and IITTM, Ministry of Tourism, led by Prof. Umeshwar Pandey, Director, Centre for Management Studies from Administrative Staff College of India(ASCI), Hyderabad visited Malaysia from 20-24 June 2009 to study tourism infrastructure in Malaysia and also interact with senior officials of Tourism Malaysia. This visit offered an opportunity to the Faculty members of two reputed Indian institutions to get an insight into significant progress made by Malaysia in tourism.

- Dato' Krishnan Tan, President, Malaysia India Business Council(MIBC) & Group Managing Director, IJM Corp Bhd, led the first MIBC delegation of 40 CEOs of Malaysian companies from Property Development, Construction(Infrastructure) and Professional Services sectors to take part in the MIBC CEO Forum held in Chennai and Bangalore from 16-19 June 2009 in association with FICCI. Tan Sri Krishnan Tan called on Malaysian companies to invest in the investment and real estate sectors in India.

Investment & other Reports

- Shri Kapil Sibal, Hon'ble Minister of Human Resource Development launched a Seminar entitled "Open and Distance Learning–Bridging the Knowledge Divide", jointly organized by Indira Gandhi National Open University (IGNOU) and Asia e University (AeU), in Kuala Lumpur on 18 June 2009. Prof. V.N. Rajasekharan Pillai, Vice Chancellor of IGNOU, Prof. Dato' Dr. Ansary Ahmed, President & CEO of AeU, Prof. K. R. Srivathsan, Pro-Vice Chancellor of IGNOU and Prof. Unni Kumaran Menon, Deputy Vice Chancellor, Wawasan Open University participated in the Seminar which was attended by about 150 academics, students and other invited guests. Shri Kapil Sibal also soft-launched the India Education Fair 2009, the first such Fair in almost a decade, on 18 June 2009 by launching a dedicated website and also by releasing a Booklet on the Fair.
- Dato' S.K. Devamany, Deputy Minister in the Prime Minister Department inaugurated the India Education Fair 2009 at Mid Valley Exhibition Centre(MVEC), Kuala Lumpur on 20 June 2009. Twenty-four educational institutions and organizations associated with promotion of education in India participated in the Fair held on 20-21 June 2009. CII and EdCIL(India) Ltd, in association with the High Commission of India and EduIndia Sdn Bhd, a local firm which is providing educational services, organized the Fair. Smt. Anju Banerjee, Chairman and Managing Director of EdCIL also visited Kuala Lumpur, in this connection. The High Commission and Indiatourism, Singapore had jointly taken a booth at the Fair in which educational, tourism and investment related information was provided to the visitors. The event received wide coverage in the local media.
- Three banks - Andhra Bank, Bank of Baroda(BOB) and Indian Overseas Bank(IOB) - have signed an agreement to set up a subsidiary called the India BIA Bank (Malaysia) Bhd in Malaysia with an initial investment of USD 86 million (RM 300/- million). Shri M. D. Mallya, Chairman and Managing Director, Bank of Baroda told reporters in Mumbai that they had received permission from the Reserve Bank of India for the joint venture and would seek approval soon from the Malaysian authorities to open its branch in Kuala Lumpur. Under the joint venture, Bank of Baroda will have a 40 percent stake, IOB 35 percent and Andhra Bank 25 percent. The India BIA Bank will target the Indian corporate sector, expatriates from India and the Malaysian Indian community as their customers and is expected commence its operations from September 2009.
- The ground breaking ceremony of SIMS Copper Sdn Bhd's plant, a subsidiary of India's SIMS Group, took place at Port Klang Free Zone(PKFZ), Port Klang on 9

June 2009 in the presence of Shri B. N. Reddy, Deputy High Commissioner. The event was also witnessed by Dato' Mukhriz Tun Mahathir, Deputy Minister of International Trade and Industry and Shri Rajiv Singh, Group Managing Director of SIMS Group. An investment of RM 100 million is being made by SIMS Group over the next three years to produce copper wires and rods in the PKFZ, Port Klang.

- A joint venture of an Indian engineer Shri K. Siva Prasad with Recycle Energy Sdn Bhd, a Malaysian company located in Semenyih(Selangor), is expected to be commissioned very soon. The JV called Core Competencies Sdn Bhd with an investment of USD 40 million is a waste to energy project and said to be the first of its kind in the ASEAN. The project is based on the patented technology developed by Shri Prasad.

PART – III

Miscellaneous

- In his Keynote Address delivered on 30 June 2009 at Invest Malaysia 2009(IM09), a conference organised by Bursa Malaysia with co-sponsors CIMB Investment Bank and the Capital Market Development Fund in Kuala Lumpur from 30 Jun-1 Jul 2009, Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister and Finance Minister of Malaysia announced bold measures to further liberalise the Malaysian economy, including repealing Foreign Investment Committee (FIC) guidelines which have long hampered efforts to attract foreign investors. More details are at Annexe-IV and www.pmo.gov.my .
- PM Najib Razak visited South Korea from 1-2 June 2009 to take part in the Asean-South Korea CEO Summit held in Seogwipo(Jeju Island), South Korea in conjunction with the ASEAN-South Korean Commemorative Summit held to mark 20 years of South Korea being a partner with Asean.
- PM Najib Razak paid a four-day State visit to China from 2-5 June 2009 to mark the 35th Anniversary (1974-2009) of establishment of Malaysia -China Ties.
- Malaysia and China are planning to allow exporters to settle some of their trade in the two nation's currencies after the countries agreed to a currency-swap arrangement in February 2009, said the Governor of Bank Negara Malaysia, the Malaysian Central Bank.
- Budget for 2010 is likely to be presented in the Malaysian Parliament on 23 October 2009.
- A list of local trade enquiries received in June 2009 is attached as per Annexe-III.

Malaysian Exports in Jan-Apr 2009

Commodity	RM Million		US\$ Million	
	Malaysia's	Malaysia's	Exports to	Malaysia
	Global	Exports to India	India as % of	Exports to India
			global exports	
Food	5,015.83	27.56	0.55%	
Bev & tobacco	754.02	6.35	0.84%	
Crude materials	3,589.72	356.14	9.92%	
Mineral Fuels	26,999.71	1713.75	6.35%	
Animal & Veg. Oil	12,989.83	1098.17	8.45%	
Chemicals	9,461.10	670.28	7.08%	
Mfg. Goods	14,967.00	368.36	2.46%	
Mach & Trans	71,601.75	1374.49	1.92%	
MISC Mfd Articles	15,629.45	152.15	0.97%	
MISC Trans NES	1,510.99	16.12	1.07%	
Total:	162,519.40	5783.37	3.56%	\$1,594.96

Malaysian Imports in Jan-Apr 2009

Commodity	RM Million		US\$ Million	
	Malaysia's	Malaysia's	Imports from	Malaysia's
	Global	Imports from India	India as % of	Imports from India
			global imports	
Food	8,628.04	756.76	8.77%	
Bev & tobacco	586.90	27.06	4.61%	
Crude materials	3,306.64	97.37	2.94%	
Mineral Fuels	8,659.09	162.35	1.87%	
Animal & Veg. Oil	1,197.10	31.95	2.67%	
Chemicals	10,402.46	596.37	5.73%	
Mfg. Goods	15,637.91	703.12	4.50%	
Mach & Trans	63,932.46	348.32	0.54%	
MISC Mfd Articles	7,167.00	61.02	0.85%	
MISC Trans NES	2,926.88	18.25	0.62%	
Total:	122,444.47	2802.56	2.29%	\$771.78

* Miscellaneous Transactions Not elsewhere specified

Annexe-II

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Malaysia's Exports Apr 2009

Commodity	RM Million		US\$ Million	
	Malaysia's	Malaysia's	Exports to	Malaysia
	Global	Exports to India	India as % of	Exports to India
			global exports	
Food	1,254.74	6.18	0.49%	\$1.73
Bev & tobacco	195.95	2.02	1.03%	\$0.57
Crude materials	953.10	120.17	12.61%	\$33.74
Mineral Fuels	4,842.47	255.34	5.27%	\$71.70
Animal & Veg. Oil	3,417.68	331.97	9.71%	\$93.22
Chemicals	2,675.58	180.70	6.75%	\$50.74
Mfg. Goods	3,974.67	97.54	2.45%	\$27.39
Mach & Trans	19,162.13	251.06	1.31%	\$70.50
MISC Mfd Articles	4,256.55	47.79	1.12%	\$13.42
MISC Trans NES	314.50	4.31	1.37%	\$1.21
Total:	41,047.36	1297.08	3.16%	\$364.24

Malaysia's Imports Apr 2009

Commodity	RM Million		US\$ Million	
	Malaysia's	Malaysia's	Imports from	Malaysia's
	Global	Imports from India	India as % of	Imports from India
			global imports	
Food	2,250.25	179.59	7.98%	\$50.43
Bev & tobacco	190.47	1.06	0.56%	\$0.30
Crude materials	948.02	29.91	3.16%	\$8.40
Mineral Fuels	2,359.64	1.13	0.05%	\$0.32
Animal & Veg. Oil	318.25	9.61	3.02%	\$2.70
Chemicals	3,082.38	130.70	4.24%	\$36.70
Mfg. Goods	4,239.30	215.48	5.08%	\$60.51
Mach & Trans	17,346.96	103.08	0.59%	\$28.95
MISC Mfd Articles	1,893.13	15.32	0.81%	\$4.30
MISC Trans NES	1,014.51	6.78	0.67%	\$1.90
Total:	33,642.92	692.66	2.06%	\$194.51

* Miscellaneous Transactions Not elsewhere specified

US\$1 = RM 3.5610

LOCAL TRADE ENQUIRIES IN JUNE 2009

Sl. No.	<u>CONTACT</u>	<u>AREAS OF INTEREST</u>
1.	Ms. Florence, Kuala Lumpur. H/P: +6016 9194225	TEXTILE WASTE
2.	Mr. Yusof Bin Zakaria Peace Legacy Sdn Bhd No.22-A, Jalan Badminton 13/29, Seksyen 13, 40100 Shah Alam Tel: +603 5510 3722 Fax: +603 5510 3722 H/P: +6016 3100369	TO IMPORT DIESEL GENERATOR SET
3.	Mr. Siva Sanggari Thamaran Max Outdoor Sdn Bhd Unit A-716, Block A, Kelana Square, No.17, SS 7/26, Taman Kelana Indah, 47301 Kelana Jaya, E-mail: sanggari03@yahoo.com	ADVERTISEMENT COMPANIES IN NEW DELHI & MUMBAI
4.	Ms. Nura Kong Long Huat Chemicals Sdn Bhd No.23, jalan 3/3C, Sri Utara, Off Jalan Ipoh, Mukim Batu 68100 Kuala Lumpur. Tel: +603 6254 8692 Fax: +603 6252 9229 E-mail: nora@klhchem.com.my	MANUFACTURERS OF DRY BATTERY IN INDIA
5.	Mr.P.F Wong, Geroge Kent (M) Bhd Lot 1115, Batu 15, Jalan Dengkil P.O.Box 55, 47100 Puchong Tel: +603 8064 8000 Fax: +603 8061 5908 E-mail: pfwong@georgekent.net	WATER METER MANUFACTURERS IN INDIA
6.	Mr. K.J. Pillai K.J Pillai Enterprise, Klang. H/P: +6016 2516491	LOOKING FOR CASHEW NUTS & BIDI EXPORTERS IN INDIA
7.	Mr. G.K.Ng Syarikat Sun Ma Heavy Machinery Sdn Bhd Lot 30679, 9 th Km, Jalan Gopeng 31300 Ipoh, Perak. Tel: +605 3571997 Fax: +605 3571004 E-mail: geokooi@pc.jaring.my	COAL MINES IN INDIA
8.	M/S R.S. Agri Resources 9, Jalan Joget 8, Taman Nesa, 81300 Skudai, Johore.	LOOKING FOR CUTTING MACHINERY DEALERS IN INDIA

	Tel +607 5577999 H/P: +6016 7871410	
9.	Mr. Abuzar Bin Abdeally Al Aqmar Stationery Trading No.6, Jalan Cungah 42000 Pelabuhan Klang, Selangor. Tel/Fax: +603 3165 4603 H/P: +6019 6155074 E-mail: zar-yahussain@yahoo.com	IMPORT/EXPORT PROCEDURE- STATIONERY & OFFICE EQUIPMENTS
10.	Mr. Samuel Cheang Gamex Enterprise Sdn Bhd A302, Kelan Business Centre, No.97, Jalan SS 7/2, 47301 Petaling Jaya Tel: +603 7492 2828 Fax: +603 7492 2300 E-mail: samuel@gamexenterprise.com	FOOD INGREDIENTS MANUFACTURERS IN INDIA
11.	Mr. Edwin Wong WLE Technolgy Sdn Bhd No.7, Jalan Utrid U5/17, Mahsing Intergrated Industrial Park, Seksyen U5, 40150 Shah Alam Tel: +603 7845 0598 Fax: +603 7842 1556 E-mail: edwin@wengloong.com	TO EXPORT STAINLESS STEEL TANK
12.	Ms. Mandy Au Lhoist (Malaysia) Sdn Bhd PT 1338, Off Jalan Kampar Tapah, 35350 Tapah, Perak. Tel: +605 4271184 Fax: +605 427 3093 H/P: +6012 538 5484 E-mail: au.sook.kuan@lhoist.com	LOOKING FOR IMPORTERS OF LIMESTONES IN INDIA.
13.	Mr. Zohrab Zolkipli Puncak Niaga (M) Sdn Bhd No.4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam Tel: +603 5522 8589 Fax: +603 5510 1196 E-mail: zohrab@puncakniaga.com.my	INVESTMENTS IN INFRASTRUCTURE PROJECTS
14	Mr. Gunasegaran Krishnan Wealth Street Sdn Bhd 562, Block A1 No. 9, Jalan PJS 8/9 46150 Petaling Jaya Tel: +603 7876 0085 Fax: +603 7876 0018 E-mail: guna@wealth-street.com	INVESTMENT IN INDIAN CAPITAL MARKET

Highlights of Capital Market Reforms

1. FIC Deregulation

Deregulation of FIC guidelines encompasses:

i) Acquisition of equity stakes, mergers and takeovers;

With immediate effect, FIC guidelines covering the acquisition of equity stakes, mergers and takeovers are repealed.

ii) Treatment of fund raising by listed companies;

Currently, companies going for IPO will need to meet both SC' public spread requirement (25%) and FIC's bumiputra equity requirement (30%). With deregulation, FIC requirement is removed. SC, as sector regulator will continue to impose public spread requirement. SC will now impose a bumiputra equity requirement as part of public spread requirement (specifically 50% of public spread to be offered bumiputra). There will no longer be any equity condition imposed post-IPO except in the case of RTO and backdoor listing.

iii) Acquisition of properties

FIC will only process transactions involving dilution of bumiputra interests (i.e sale of property by bumiputra to non-bumiputra) and government interests in property. Even then, FIC approval is only required for properties above RM20 million, whether bought directly or indirectly. All other transactions will no longer require the approval of FIC.

The threshold for purchase of properties by foreigners is increased in general to RM500,000. Above the threshold, foreigners will no longer need to refer to FIC for the purchase of properties. State government however, maintain the right to impose additional conditions.

2. Fund Management Liberalisation

Ownership in the wholesale segment of the fund management industry fully liberalised to allow 100% ownership for qualified and leading fund management companies to establish operations in Malaysia. For the retail segment, the foreign shareholding limits for the unit trust management companies raised to 70% from current level of 49%.

3. Stock Brokering Liberalisation

Foreign ownership shareholding limits in existing stockbroking companies be increased to 70% from its current level of 49%.

4. Visa Application

BNM and SC will review all visa applications for the financial services industry and capital market respectively.

5. Establishing New Institution

Ekuiti Nasional Berhad (Ekuinas) to be established with initial capital of RM500 million, eventually to be enlarged to RM10 billion fund. Ekuinas will jointly invest with private sector, reflecting a genuine partnership and, through a fully commercial approach, will ensure meritocracy of participating bumiputras. Ekuinas will complement the other existing funds.