

GUIDELINES FOR MARKET DEVELOPMENT GRANT(MDG)

OBJECTIVE

The scheme is to provide a matching grant to assist Small and Medium Enterprises (SMEs) undertake activities for the development of export.

ELIGIBLE SMES

To qualify for the Market Development Grant (MDG), Small and Medium Enterprises (SMEs) must be:

- **Incorporated under the Companies Act 1965;**
- **At least 60% equity held by Malaysians;**

- For **manufacturing and agricultural sector**, having an annual sales turnover not exceeding **RM 25 million** (based on the latest financial report) **OR** not more than **150 full-time employees** (based on latest EPF Statement)

- For **trading company** that meet the **following conditions**:
 1. Having annual sales turnover of between **RM 10 million to RM25 million** **OR** export sales of at **least RM3 million**. (**Women owned company are exempted from this condition*);
 2. Exporting Made In Malaysia products especially those manufactured by SMEs, and
 3. Not more than 20% of the company's annual sales are derived from trading in primary commodities. For details of the primary commodities, please refer to **Annex A** of MDG Application Form.

*Note: Status of SME will be checked annually based on financial accounts, EPF Statement and Form 49. Companies must notify the MDG Secretariat if there are any changes to particulars that affect the status of SME. For detail application criteria, please refer to Application Form **MDG 1/2009**.*

FORM OF GRANT

Companies can obtain a **50% reimbursable matching grant** on the approved cost of the eligible claims and activities.

ELIGIBLE ACTIVITIES

The following activities are eligible for MDG:

1. Participation in International Trade Fair
2. Participation in Trade and Investment Mission
3. Participation in Specialized Marketing Mission
4. Follow-up Business Meeting within 6 months after participation in Trade and Investment Mission, Specialized Marketing Mission and International Trade Fair organized by MATRADE & MITI Agencies
5. Participation in In-Store Promotion Overseas
6. Participation in Industry and Professional Related International Conferences Overseas
7. Participation in meetings related to negotiations on Mutual Recognition Agreement (MRA), Free Trade Agreement (FTA), ASEAN, World Trade Organization (WTO), APEC and other market access negotiations by representatives of Trade and Industry Associations and Professional Bodies
8. Printing of Promotional Materials
9. Initial cost of setting up office overseas for purpose of:
 - promoting exports of Malaysian product and services;
 - seeking opportunity for outsourcing and subcontracting business;
 - to undertake market research; and
 - to undertake and monitor implementation of projects and contracts.
10. Promotional activities undertaken with Hypermarkets and Retail Outlets overseas
11. Purchasing of International Tenders
12. Conducting Export Market Research with the purpose of :-
 - a. Selecting new markets for new products or existing products; and
 - b. Gathering information on new or existing export market.
13. Participation in Malaysia Export Exhibition Centre (MEEC), MATRADE
14. Participation in Export Training Seminars and Workshops held locally.

Note: Activity No: 4 is a new eligible activity effective 1st January 2009.

Definition of Women Owned Company:

For 100% Malaysian owned company:

- A minimum of 51% of the equity held by a woman/ women, or
- In the case where the major equity is not held by woman/ women;
 - ✓ The largest shareholder is a woman and she manages the company, or
 - ✓ The MD/CEO is a woman and she holds a minimum of 10% of equity in the company

For 60% Malaysian owned company:

- A minimum of 51% of the equity held by a woman/ women and the company is manages by her, or
- The MD/CEO is a woman and she holds a minimum of 10% of equity in the company

CLAIMABLE EXPENSES

1. Participation in International/ Local Trade Fair

Claimable expenses include:-

- Participation fee.
- Economy class airfare for **two persons**. Cost does not include items such as visa fees and insurance premium.
- **Two hotel rooms** not exceeding **RM 200** per night for local international trade fairs and **RM 1,000** per night for overseas trade fairs. Payment will cover the duration of the event and two days before or after the event.
- Rental of standard booth which is limited to: -
 - **18 sqm** for small products
 - **36 sqm** for big items like furniture and machinery equipment
 - **72 sqm** for furniture items **only** for local international trade fair **(effective from 1st July 2007)**
- Construction and enhancement of standard booth.
- Interpreter services for non-English speaking countries, maximum cost of **RM 2,000** for the duration of the international trade fair.
- Shipment of exhibits and promotional materials. Cost does not include items such as import duties, bank guarantee and surcharge. For local international trade fair; sending of samples and promotional materials is subject to a maximum cost of **RM2,000**.
- Standard advertisement in trade fair show directory. For local international trade fair is subject to maximum cost of **RM 1,000**.

For claims related to participation in Local International Trade Fairs, company must submit a copy of the audited event report from the organizer. The report must certify that the fair conducted is an international standard trade fair, stipulated as follows:

- **minimum space occupied for the fair must be at least 1,000 sq meters gross, and (*Mandatory*)**
- **at least 10% of visitors must be foreign visitors, or**
- **at least 20% net space is rented to foreign exhibitors, or**
- **at least 20% of exhibitors are foreign exhibitors.**

Note: Companies are not eligible for the grant if 50% of the cost of eligible expenses is already born by an agency/organizer e.g booth rental, airfare and accommodation (package).

2. **Participation in Trade and Investment Mission and Specialized Marketing Mission**

Eligible expenses include:-

- Participation fee.
- Economy class airfare for **two persons**. Cost does not include items such as visa fees and insurance premium.
- **Two hotel rooms** not exceeding **RM 1,000** per night. Payment will cover the duration of the event and two days before or after the event.

3. **Follow – up Business Meeting within 6 months after participation in Trade and Investment Mission, Specialized Marketing Mission and International Trade Fair organized by MATRADE & MITI Agencies.**

Eligible expenses include:-

- Economy class airfare for **two persons**. Cost does not include items such as visa fees and insurance premium.
- **Two hotel rooms** for a maximum duration of 3 days 2 nights and subject to a maximum room rate at **RM 1,000** per night.

Note : Companies are eligible to apply for one city per country subject to 3 days 2 nights and MDG approval committee.

4. Participation in In-store Promotion Overseas

Eligible expenses include:-

- Economy class airfare for **two persons**. Cost does not include items such as visa fees and insurance premium.
- **Two hotel rooms** not exceeding **RM1,000** per night for overseas fairs. Payment will cover the duration of the event and two days before or after the event.
- Interpreter services for non-English speaking countries, maximum of cost of **RM 2,000** for the duration of the promotion activities.
- Shipment of exhibits and promotional materials.

5. Participation in Industry Related International Conferences Overseas

Claimable expenses include:-

- Participation or registration fee.
- Economy class airfare for **two persons**. Cost does not include items such as visa fees and insurance premium.
- **Two hotel rooms** not exceeding **RM1,000** per night. Payment will cover the duration of the conference and two days before or after the conference.

6. Participation in meetings related to negotiations on Mutual Recognition Agreement (MRA), Free Trade Agreement (FTA), ASEAN, World Trade Organization (WTO), APEC and other market access negotiations by representatives of Trade and Industry Associations and Professional Bodies

- Economy class airfare for **two persons**.
- **Two hotel rooms** not exceeding **RM 1,000** per night covering the duration of the meeting and two days before or after the meeting.

7. Printing of promotional materials

Companies are eligible for a maximum grant of **RM 100,000** for the printing of promotional materials activities such as printing of brochures, banner, advertisement in magazine or product directory and production of CD/DVD. (*Effective 1st January 2009*).

Printing of Promotional Materials:

1. Brochure, catalogue, flyer, leaflet, banner, bunting, poster and backdrop system, paper bag, notepad and sticker.
 - Design concept
 - Finished Artwork
 - Color separation
 - Printing
 - Re-printing (For participation in Trade Fair or Trade mission)

2. Production of CD/ DVD:

- Content of text, audio, video, photography, graphic, animation
- Design
- Development
- Replication and Production
- CD/ DVD packaging
- Printing/ Re-printing (For participation in Trade Fair or Trade mission)

Note:

1. Only services obtained from local (Malaysian) printer/ production house/ media company will be considered for MDG claims.
2. Approval is subject to MDG Technical Approval Committee.
3. Applications/ claims must be submitted within 2 months after the printing/production of the promotional materials. Invoice, original receipt or original bank statement must be appended for claim purposes.

3. Advertisement in magazine and product directory

- Concept
- Creative Development – design/layout and visual
- Size
- Colour
- Execution photography or stock image
- Translation
- Digital editing
- Finished Artwork
- Production materials
- Digital proofing
- Production charges – copy editing/copy writing

Note:

1. The distribution of the magazine/ product directory is mainly for overseas distribution to eligible under this activity.
2. Media/printing services can be obtained either from local (Malaysian) or international printer/ media company.
3. No approval from MDG Technical Committee is required.
4. Applications/ claims must be submitted within 2 months after the release/publication of the advertisement. Invoice, original receipt or original bank statement must be appended for claim purposes.

8. Initial Cost of Setting up Office Overseas

Companies are eligible for a maximum grant of **RM 100,000** per office set up overseas, or incurring the initial **(6) six months** set up cost of the office (whichever is earlier).

Eligible expenses are:

- Rental of office and;
- Utilities (water/electricity);
- Salaries of support staff excluding allowance and bonuses.

Note:

1. Claimable expenses are subject to one office per country;
2. Company staffs must be local resident of the country where the office is set up. For example; if the office is set up in Vietnam; the staffs must be Vietnamese;
3. The salary covers maximum of 3 staffs; and
4. The submission must be made within two (2) months upon full operation of the office.

9. Promotional activities undertaken with Hypermarkets and Retail Stores Overseas

Companies are eligible for a maximum grant of **RM 100,000** per activity.

Eligible expenses are:

- Listing fee and;
- Joint Advertising and Promotion

Note:

Activities must be held in a different hypermarket or retail store. However promotional activities in the same hypermarket or retail store must be in a different city(subject to the size of the country) / country.

10. Purchasing International tenders overseas

Cost of purchasing international tender documents for supplying Malaysian products and services.

11. **Export Market Research**

Companies are eligible for a maximum grant of **RM 30,000** per research accomplished.

11.1 Eligible expenses are:

- Research fees
- Cost of publication of initial report

11.2 Research should include the minimum content as follows:

- *Market Analysis*
- *Marketing Strategies*
- *Prospective Clients/customers*
- *Competitors*
- *Promotion Tools*
- *Distribution Network*
- *Regulations*
- *Need for product/services improvement*

Note: *Application for the grant must be submitted one month before undertaking the activity. Upon approval, each company is required to present their findings to the MDG approval committee.*

12. **Participation in Malaysia Export Exhibition Center (MEEC)**

Eligible expenses are:

- Participation fees
- Cost of transport of exhibits/ samples

13. **Participation in local Export Training Seminars/ Workshops**

An eligible expense is:

- Participation fees

ELIGIBLE ACTIVITIES FOR ASSOCIATION

The following activities are eligible for MDG:

1. Organizing or participating in International Trade Fair Overseas;
2. Organizing or participating in Trade and Investment Mission; and
3. Participation in meetings related to negotiations on Mutual Recognition Agreement (MRA), Free Trade Agreement (FTA), ASEAN, World Trade Organization (WTO), APEC and other market access negotiations by representatives of Trade and Industry Associations and Professional Bodies.

Note: Trade and Industry Associations and Professional Bodies are eligible to apply for MDG for the expenses of two persons for organizing or participating in international trade fairs and trade investment missions. Eligible expenses are subject to the same eligibilities extended to SME companies.

Claimable Expenses

1. **Organizing or Participating in International Trade Fair Overseas**
 - Economy class airfare for **two persons**. Cost does not include items such as visa fees and insurance premium.
 - **Two hotel rooms** not exceeding **RM 1,000** per night for overseas trade fairs. Payment will cover the duration of the event and two days before or after the event.
 - Rental of standard booth **which is limited to 18 sqm.**
 - Construction and enhancement of booth.
 - Interpreter services for non-English speaking countries, maximum cost of **RM 2,000** for the duration of the international trade fair
 - Shipment of exhibits and promotional materials. Cost does not include items such as import duties, bank guarantee and surcharge.
 - Standard advertisement in trade fair show directory.

2. Organizing or Participating in Trade and Investment Mission and Specialized Marketing Mission

- Participation fee.
- Economy class airfare for **two persons**. Cost does not include items such as visa fees and insurance premium.
- **Two hotel rooms** not exceeding **RM 1,000** per night. Payment will cover the duration of the event and two days before or after the event.

Note:

- *Trade Mission programmes **must be submitted within 1 month before the event conducted** for MDG approval. Approval will be based on the mission programme proposed e.g. An overview of the trade mission, objectives of the mission, list and profile of delegates, number of business meeting will be organize, details of visit etc.*

3. Participation in meetings related to negotiations on Mutual Recognition Agreement (MRA), Free Trade Agreement (FTA), ASEAN, World Trade Organization (WTO) and other market access negotiations by representatives of Trade and Industry Associations and Professional Bodies

- Economy class airfare for **two persons**.
- **Two hotel rooms** not exceeding **RM1,000** per night covering the duration of the meeting and two days before or after the meeting or in between.

Note:

- *Applications and claims must be submitted by respective association **within 2 months after undertaking the activities.***

APPLICATION & CLAIM PROCEDURES

- ✓ Application form (**MDG 1/2009**) is available for **FREE** at MATRADE website, www.matrade.gov.my.
- ✓ **Claims for reimbursement for eligible expenses and activities must be submitted within (2) two months after completion of the activity with the invoices and original receipts/bank statement/credit card statement or copies which certified by External Auditor or Chartered Accountant.**
- ✓ It is **mandatory** for companies to submit all required document when applying for MDG.
- ✓ Changes to the new eligibilities and claimable expenses are effective **1st January 2009**.

For further enquiry on MDG, please contact:

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