

The Malaysian Reserve

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NewsToday

GENERAL NEWS BRIEFS

PG 2 & 20

CORPORATE

Proton joins hands with AIM on automotive innovation: National automaker Proton Holdings Bhd and Agensi Inovasi Malaysia (AIM) have signed a memorandum of understanding to cooperate and collaborate in innovation activities of the automotive sector.

PG 4

Indian firms keen on Malaysian partnerships: Engineering companies from the Indian state of Gujarat — like Varmora Granito Pvt Ltd and Makson group Pvt Ltd — are among the big names at the Global Indian Expo Fair 2011 in Kuala Lumpur.

PG 6

MONEY

Euro drops to eight-month low: The euro fell to an eight-month low against the dollar before European finance ministers gathered overnight to weigh the threat of a default in Greece, which is making fresh budget cuts to secure an international bailout.

PG 9

Asian stocks fall as US faces economic decline: Asian stocks fell after US consumer spending slowed as incomes unexpectedly dropped, souring the earnings outlook for exporters.

PG 11

WORLD

Citigroup to face penalty on Japan regulatory breach: Citigroup Inc may be penalised by regulators in Japan for the third time since 2004 after its Japanese retail banking unit possibly breached rules by failing to fully explain product risk to customers.



PG 19

Freight forwarders want lower fee for RFID seal

Smartag proposes RM10 rental per RFID seal, assuming Customs adopt usage of the seal to track cargo movement

by BHUPINDER SINGH

FREIGHT forwarders have requested a lower fee for the radio frequency identification (RFID) seal solution proposed by Smartag Solutions Bhd to the Royal Malaysian Customs for tracking the movement of containerised cargo domestically and in cross-border trade.

Smartag has proposed to charge rental of RM10 per RFID seal but freight forwarders are seeking about half of that in their communications with the Ministry of Finance (MoF), whose endorsement is required for the proposed rental rate.

"We are willing to negotiate the RFID rental fee with users after we get some critical mass. We need to see volume and number of users before we can start to talk on lowering the rental fee," Smartag chief executive office PK Lim told *The Malaysian Reserve*.

About four million containers are moved annually in Malaysia, according to news reports, which means the ACE-Market listed company stands to make about RM40 million in revenue if it can corner the whole market and assuming the Customs makes the RFID seal usage compulsory. The MoF is expected to decide on the rental rate in a couple of weeks.

Smartag's RFID-based security and trade facilitation system is one



Pic by Shahrin Yahya

The Malaysian stock market is expected to remain bearish over the next 12 months or so as a direct result of the global downturn and the economy's heavy reliance on exports, says iCapital.biz Bhd managing director Tan Teng Boo. SEE P4

of 12 Entry Point Projects launched in April under the Economic Transformation Programme with the goal of improving efficiency of container clearance using paperless RFID approach, enabling automatic detection of compromised or tampered containers, and facilitate faster and more transparent trade.

Smartag has proposed to spend some RM45 million till 2020 on the project.

Airfreight Forwarders Association of Malaysia (AFAM) chairman Walter Culas said it has requested the RFID seal from Smartag to include features such as track and trade. "In

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Market expected to remain bearish over next 12 months

iCapital.biz's Tan is 'tentatively optimistic' of Malaysia's chances in the coming year

by FARAH SAAD

THE Malaysian stock market is expected to remain bearish over the next 12 months or so as a direct result of the global downturn and the economy's heavy reliance on exports, said a fund manager.

"No man is an island. If you have a severe downturn globally, Malaysia will not be spared, but if the downturn is not as severe as we thought it would be, then Malaysia will have a bit of resilience," said iCapital.biz Bhd managing director Tan Teng Boo.

The fund manager is "tentatively optimistic" of Malaysia's chances in the coming year.

Tan said the US' Standard & Poor's index is expected to slip below 900 points within the next year, with the FTSE Bursa Malaysia KLCI (FBM KLCI) trailing at around 1,000 points. Hong Kong's Hang Seng index will see a low of 15,000 points while Japan's Nikkei will fall to 8,000 points.

Malaysia's export-based economy is going to take a further bashing due to its reliance on commodities, he said.

"Growth in our exports has been sustained by major com-



Pic by Shahrin Yahya

Tan (left) and iCapital.biz chairman Tunku Tan Sri Ahmad Tunku Yahaya at the media briefing in Kuala Lumpur

modities. That is worrying because if the global economy slows down for the next 12-13 months, commodity prices are not going to move, so this source of export growth is in the danger zone," he said at a media briefing in Kuala Lumpur yesterday.

He said commodities are not expected to perform well over the next 12 months due to mounting pressure on oil prices.

The Malaysian economy still has an ace up its sleeve in the form of the manufacturing sector, but Tan feels the

recently-announced reforms are long overdue.

"The biggest problem facing the manufacturing sector is that our productivity, efficiency and competitiveness are far too low," said Tan.

The reforms, once fully implemented, should uncover a "sleeping economic giant", he said.

Market pessimism aside, Tan said for the long term, investors should focus on the value of the stocks they hold and not get carried away with the recession hysteria.

"Look at the stock you are

holding; is it worth what you are paying?" he posed.

Currency-wise, the Malaysian ringgit is expected to weaken further against the US dollar, but that could prove to be a blessing in disguise for the tourism and manufacturing industries.

"Stronger economies in surrounding countries combined with a weaker ringgit should prove to be good for tourism. In the past year, some manufacturers were adversely affected by the stronger ringgit, but a weaker ringgit should bring some relief," said Tan.