

GUIDELINES FOR MARKET DEVELOPMENT GRANT (MDG)

Source: Malaysia External Trade Development Corporation (MATRADE)

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

Eligible SMEs

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

- Incorporated under the Companies Act 1965
- For professional services (such as accountants, engineers and architects), partnerships and sole proprietors are also eligible
- 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
- For services sector, having an annual sales turnover not exceeding RM 5 million (based on the latest financial report) or not more than 50 full-time employees. (Financial service, tourism sector and property development are not eligible for MDG)
- For trading companies that meet the following additional conditions:
 1. Having annual sales turnover of at least RM 10 million or export sales of at least RM3 million. (Women owned enterprise are exempted from this condition), and
 2. Exporting Made In Malaysia products especially those manufactured by SMEs, and
 3. Not more than 20% of the company's annual sales is derived from trading in primary commodities. For description of 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, Form 24 and 49. Companies must notify the MDG Secretariat if there are any changes to particulars that effect SME status. For detail application criteria, please refer to application form MDG Rev 1/06.

Form of Grant

Companies can obtain a 50% reimbursable matching grant on the approved cost of the eligible activities. The grant is available for one or more of the eligible activities.

Eligible Activities

The followings activities are eligible for MDG:

1. Participation in International Trade Fairs
2. Participation in Trade And Investment Mission
3. Participation in Specialized Marketing Mission
4. Participation in In-Store Promotion Overseas
5. Participation in Industry and Professional Related International Conferences Overseas

Note (i): For participation in the same International Trade Fairs, and Industry and Professional Related Conference Overseas, companies are eligible to apply for MDG for up to three (3) repeat participation.

For Local International Trade Fairs, Trade and Investment Mission, Specialized Marketing Mission and In Store Promotion there is no limit on repeat participation for MDG.

Note: Trade and Industry Associations and Professional Bodies are eligible to apply for MDG for the expenses of one secretarial staff for participating in overseas trade fairs and missions organized by the Associations and Professional Bodies. Eligible expenses are cost of air fare (economy class), standard hotel room subject to the same limits extended to SMEs.

6. 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
7. Preparation of Promotional Materials to develop export markets
8. 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 research on the market
 - to undertake and monitor implementation of projects and contracts
9. Promotional activities undertaken with Hypermarkets and Retail Outlets overseas
10. Participation in Overseas International Tenders
11. Overseas cost of conducting Export Market Research for the purpose of :-
 - Selecting new markets for new products or existing products
 - Gathering information on existing export market
12. For Women Owned Enterprise, additional eligible activities for MDG are:
 - Participation in Malaysia Export Exhibition Centre (MEEC) at MATRADE
 - Participation in Export Training seminars and workshops held locally.

Definition of Women Owned Enterprise:

For companies 100% owned by Malaysian:

- A woman owns at least 51% of the equity, or
- Biggest shareholder is a woman and she manages the company, or
- Managing Director/Chief Executive Officer of the company is a woman and owns at least 10% equity

For companies 60% owned by Malaysian:

- A woman owns at least 51% of the local equity and the company is managed by her, or

Managing Director/Chief Executive Officer of the company is a woman and owns at least 10% of the local equity

Claimable Expenses

1. Participation in International Trade Fairs

- Participation fee.
- Economy class airfare for one person. Cost does not include items such as visa fees, excess baggage and insurance premium.
- One hotel room not exceeding RM200 per night for local international trade fairs and RM750 per night for overseas 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 (prime rate)
 - 36 sqm for larger products (e.g. furniture, machinery equipment), displayed in lifestyle concept or under country pavilion.
- Construction and enhancement of standard booth or shared cost of construction on group basis. Construction and enhancement of booth cost is limited to 50% of the eligible booth rental cost.
- Interpreter services for non-English speaking countries, maximum cost of RM800 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 subject to maximum cost of RM 500.

For claims related to participation in Local International Trade Fair, company must submit a copy of the event report from the fair organizer, which has been certified by an external auditor. The report must certify that the fair has fulfilled the criteria of an international trade fair, as follows:

- minimum space occupied for the fair must be at least 1000 sq meters gross, and
- 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 (ii): Companies are not eligible for the grant if 50% of the cost of eligible expenses is already born by the organizer or sponsor e.g. booth rental, airfare and accommodation (package)

2. Participation in Trade and Investment Missions and Specialized Marketing Missions

- Participation fee
- Economy class airfare for one person. Cost does not include items such as visa fees, excess baggage and insurance premium.
- One hotel room not exceeding RM750 per night. Payment will cover the duration of the event and two days before or after the event

Note (iii): Trade and Investment Missions organized to promote exports of Malaysian made products and services by Government Agencies, Trade and Industry Associations and Professional Bodies are eligible for MDG. The trade mission programme must be submitted to MATRADE at least one month before the event for approval of the programme. Once approved, companies participating in the programme must apply for MDG individually and will be subjected to the qualifying criteria for MDG.

3. Participation in In-store Promotion Overseas

- Economy class airfare for one person. Cost does not include items such as visa fees, excess baggage and insurance premium.
- One hotel room not exceeding RM750 per night for overseas fairs. Payment will cover the duration of the event and two days before or after the event.
- Women entrepreneurs are eligible for 2 hotel rooms.
- Interpreter services for non-English speaking countries, maximum of cost of RM800 for the duration of the promotion.
- Shipment of exhibits and promotional materials.

4. Participation in Industry Related International Conferences Overseas

- Participation or registration fee.
- Economy class airfare for one person. Cost does not include items such as visa fees, excess baggage and insurance premium.

- One hotel room not exceeding RM750 per night. Payment will cover the duration of the conference and two days before or after the conference

5. 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 on person
- One hotel room not exceeding RM750 per night covering the duration of the meeting and two days before or after the meeting

6. Preparation of Promotional Materials

- Companies are eligible for a maximum grant of RM15,000 for preparation of export promotion materials.
- Cost incurred in relation to the production of promotional materials such as brochures, catalogues, flyers, banners, posters and CD-ROM.

Eligible expenses include:

For printed materials:-

- Design concept
- Finished Artwork
- Colour separation
- Printing
- Re-printing (For Trade fairs or Trade mission only)
- Cost incurred in relation to the production of promotional materials such as brochures, catalogues, flyers, banners, posters and CD-ROM.
- Companies must use the services of local printing and CD-ROM companies to benefit from this grant.
- Cost incurred in relation to the production of promotional materials such as brochures, catalogues, flyers, banners, posters and CD-ROM.
- Production of CD ROM and Video can be considered for MDG only if it is part of the company's participation in trade fairs or trade missions.
 - Content of text, audio, video, photography, graphic, animation, etc.
 - Design
 - Development
 - Replication and Production
CD-ROM packaging
- Companies must use the services of local printing and CD-ROM companies to benefit from this grant.

Note (iv): Application for the grant must be one month before the printing or production of material. The approval of the claim is subject to the acceptance of the promotional materials by the MDG Approval Committee. Companies that have utilized the maximum grant of RM15,000, are not eligible to apply for MDG for this activity.

7. Initial Cost of Setting Up Office Overseas

Companies are eligible for a maximum grant of **RM50,000** per office or the initial Three (3) months set up cost of the office (which ever is earlier)

Eligible expenses are:

- Rental of office and;
- Utilities (water/electricity)

Note (v): For repeat applications, office must be setup in a new city or country. The setting up of overseas office must be for the purpose outlined in the Para 8, page 3, of the guide book.

8. Promotional activities undertaken with Hypermarkets and Retail Stores Overseas

Companies are eligible for a maximum grant of RM30,000 per activity.

Eligible expenses are:

- Listing fee and;
- Joint Advertising and Promotion

Note (vi): For repeat applications, promotional activities must be in a different hypermarket or retail store. For promotion activities with the same hypermarket or retail store it must be in a different location.

9. Participation in International tenders overseas

Expenses incurred for purchase of international tender documents for supply of Malaysian products or services.

10. Export Market Research

Companies are eligible for a maximum grant of RM30,000 per export market study conducted overseas.

Eligible expenses are:

- Research fees
- Cost of publication of initial report

Note (vii): Application for the grant must be made at least one month before undertaking the activity. For repeat applications, market research must be for a different market, product or services. SME's must use the services of the research companies to do the export market research.

11. For Women Owned Enterprise, additional eligible expenses:

- Participation in Malaysia Export Exhibition Center (MEEC)

Eligible expenses are:

- Participation fees
- Cost of transport of exhibits
- Participation in local Export Training Seminars/ Workshops

Eligible expenses are:

- Participation fees

MDG Application & Claim Procedure

- Application for the grant is made using the application form MDG Rev 1/06 which is available free of charge at MATRADE or can be downloaded from MATRADE's website: www.matrade.gov.my/exportsupport/mdg.htm. All companies are encouraged to apply for MDG at least one month before undertaking the activity. This is to ascertain if the activity is eligible for the grant.
- Claims for reimbursement for all eligible activities must be submitted within 3 months of completion of the activity with the invoices and original receipts or copies certified by External Auditors.
- All application and claim supporting documents that companies must provide when applying for the grant is described in the MDG application form and the checklist attached to the form. Companies are advised to submit all the relevant documents when applying for MDG.

For further clarifications please contact:-

Market Development Unit

8th Floor, Menara MATRADE, Jalan Khidmat Usaha,
Off Jalan Duta, 50480 Kuala Lumpur, MALAYSIA

Tel: 603-6207 7077

Fax: 603-6203 7252

E-mail: info@matrade.gov.my