

# Malaysia is Open for Business:

## *Investment Opportunities for Relocation and Expansion*

Presented By:  
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**MIDA Johor**

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1

## MIDA & ITS ROLE

# Truly International

- New York
- San Jose
- Chicago



*20 overseas offices*

- London
- Stockholm
- Munich
- Frankfurt
- Milan
- Paris



- Dubai



- Mumbai



- Beijing
- Guangzhou
- Shanghai
- Taipei



- Seoul
- Tokyo
- Osaka



*12 state offices*



Singapore



Sydney

# 2

## Mitigating the COVID-19 Pandemic

# COVID-19

Status in Malaysia:

Total Cases

9,240

96.67%

Recovered:

8,932

*As at 20 August 2020*

## 6 Stage Strategies

To address health & economic impact

RESOLVE

RESILIENCE

RESTART

RECOVERY

REVITALISE

REFORM

## STIMULUS PACKAGE

PRIHATIN  
(RM 240 BILLION)

- 'Rakyat' Centric
- Business Support
- Economic Strengtheners

PENJANA  
(RM 35 BILLION)

- 40 initiatives
- Stimulate National Business
- Economy Recovery

3







## Targeted Growth Areas

# On Going Focus

## 3 + 2 Industries

3

2

<b>Electrical &amp; Electronics</b> 	<b>Machinery &amp; Equipment</b> 	<b>Chemical</b> 	<b>Medical Devices</b> 	<b>Aerospace</b> 	<b>Other Sectors</b> 
<p>The Electrical &amp; Electronics industry is the leading industry in Malaysia's manufacturing sector, contributing significantly to the country's exports and employment</p>	<p>The Machinery &amp; Equipment industry is one of the key areas for growth and development, focusing on high value-added and high technology M&amp;E</p>	<p>The Chemical industry is one of the catalytic industries in the country with rapid growth due to the availability of oil and gas as a feedstock</p>	<p>The Medical device industry spans an extremely wide range of industries from rubber and latex, plastics, machinery and engineering support and electronics</p>	<p>The Aerospace industry has been designated as a strategic sector with high growth potential in the country's industrialisation and technological development programs</p>	<ul style="list-style-type: none"> <li>• Automotive</li> <li>• Transport</li> <li>• Textiles</li> <li>• Pharmaceutical</li> <li>• Metal</li> <li>• Food processing</li> <li>• Services</li> </ul>
<p><b>Subsectors:</b></p> <ul style="list-style-type: none"> <li>• Electronic components</li> <li>• Consumer electronics</li> <li>• Industrial electronics</li> <li>• Electrical products</li> </ul>	<p><b>Subsectors:</b></p> <ul style="list-style-type: none"> <li>• Specialised M&amp;E for specific industries</li> <li>• General industrial M&amp;E, parts and components</li> <li>• Power generating M&amp;E</li> <li>• Machine tools</li> </ul>	<p><b>Subsectors:</b></p> <ul style="list-style-type: none"> <li>• Petroleum products &amp; petrochemicals</li> <li>• Plastic products</li> <li>• Rubber products</li> <li>• Chemical &amp; chemical products</li> <li>• Oleochemicals</li> </ul>	<p><b>Subsectors:</b></p> <ul style="list-style-type: none"> <li>• Consumables</li> <li>• Surgical instruments, clinical device &amp; implants</li> <li>• Healthcare equipment</li> </ul>	<p><b>Subsectors:</b></p> <ul style="list-style-type: none"> <li>• Engineering &amp; design</li> <li>• Aero-manufacturing</li> <li>• System integration</li> <li>• Maintenance, Repair and Operations (MRO)</li> </ul>	

## Key Economic Growth Areas

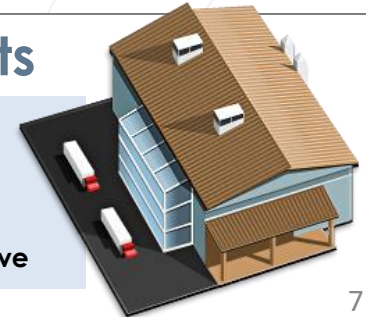
 <b>KEGA 1:</b> Islamic Finance Hub 2.0	 <b>KEGA 2:</b> Digital Economy	 <b>KEGA 3:</b> Industrial Revolution 4.0	 <b>KEGA 4:</b> Content Industry	 <b>KEGA 5:</b> ASEAN Hub
 <b>KEGA 6:</b> Halal & Food Hub	 <b>KEGA 7:</b> Commodity Malaysia 2.0	 <b>KEGA 8:</b> Logistic, Transportation & Sustainable Mobility	 <b>KEGA 9:</b> Coastal & Maritime Economy	 <b>KEGA 10:</b> Centres of Excellence
 <b>KEGA 11:</b> Renewable Energy	 <b>KEGA 12:</b> Green Economy	 <b>KEGA 13:</b> Smart & High Value Agriculture	 <b>KEGA 14:</b> Advanced & Modern Services	 <b>KEGA 15:</b> Malaysia Truly Asia

## Fortune 500 & Global Unicorn Companies

High Technology SMEs  
i.e. Exp. from Japan and Germany (Hidden Champions)

## Targeting Quality Investments

- High Value Added
- Strong Linkages
- Skills-Intensive
- High Income Jobs
- Export Oriented
- High Technology
- Capital-Intensive
- R&D & Design
- GNI Impact
- Knowledge-Intensive



# DIGITAL ECONOMY

## Malaysia New Era of Business Growth

Malaysia is Well Positioned to Meet the Needs of digital companies

Growing Digital Economy



Strategic Location

Focused & Friendly Government



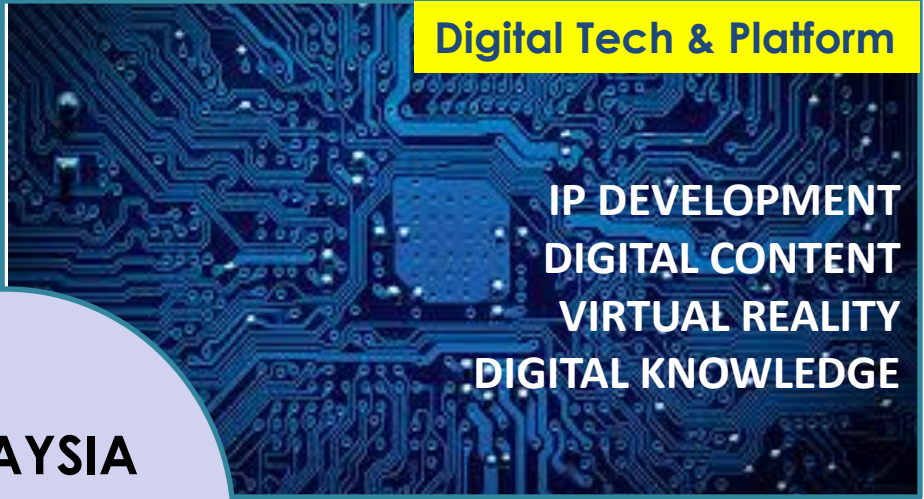
Rich Digital Environment



Multicultural & Multilingual workforce

**MALAYSIA  
DIGITAL  
ECONOMY**

**Digital Tech & Platform**



IP DEVELOPMENT  
DIGITAL CONTENT  
VIRTUAL REALITY  
DIGITAL KNOWLEDGE

**Digital Services**



CENTER OF EXCELLENCE  
GLOBAL BUSINESS SERVICES  
REMOTE OPERATION CENTER



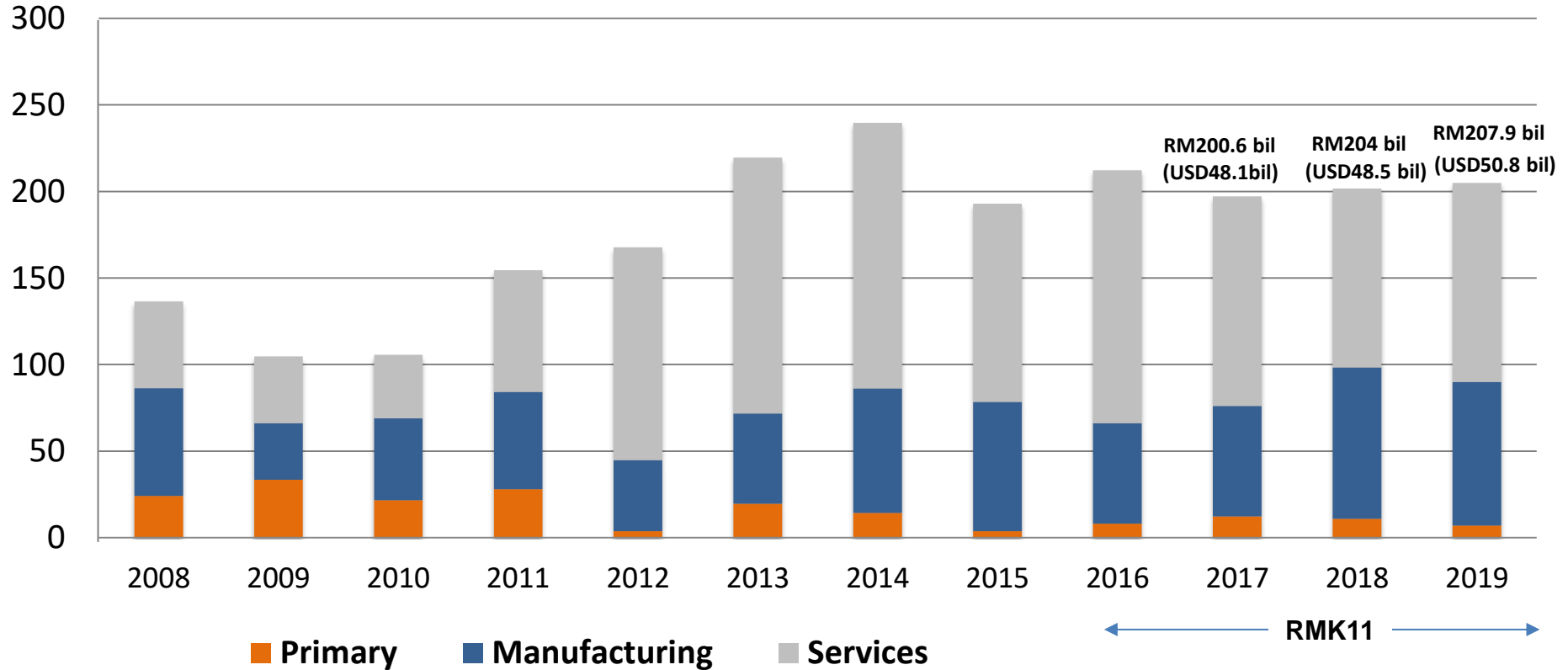
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## **Our Investment Performance**

# Trend of Approved Investments in the Economy

(2008 – 2019)

RM billion

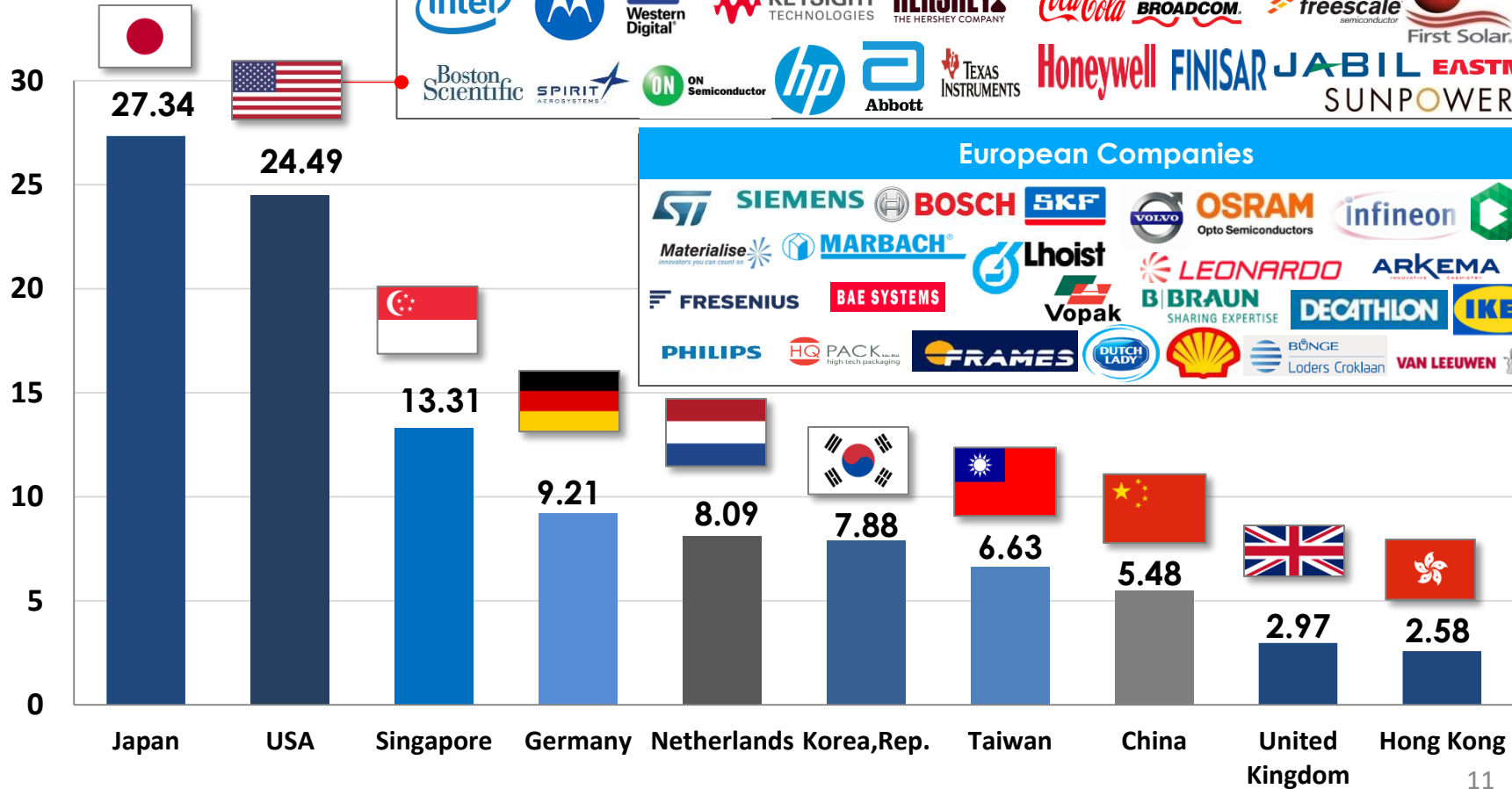


# Malaysia's Top Investor Country

>5,000 companies from over 60 countries

Realised Investments in the Manufacturing Sector

USD Billion



Logos of various companies including: intel, Western Digital, KEY SIGHT TECHNOLOGIES, HERSHEY'S THE HERSHEY COMPANY, Coca-Cola, BROADCOM, freescale semiconductor, First Solar, Boston Scientific, SPIRIT AEROSYSTEMS, ON Semiconductor, hp, Abbott, TEXAS INSTRUMENTS, Honeywell, FINISAR, JABIL, EASTMAN, and SUNPOWER.

**European Companies**

Logos of various European companies including: ST, SIEMENS, BOSCH, SKF, VOLVO, OSRAM Opto Semiconductors, infineon, Besi, Materialise, MARBACH, Lhoist, LEONARDO, ARKEMA, FRESENIUS, BAE SYSTEMS, Vopak, B|BRAUN SHARING EXPERTISE, DECATHLON, and IKEA.

Logos of other European companies including: PHILIPS, HQ PACK high tech packaging, FRAMES, DUTCH LADY, Shell, BUNGE Loders Crokiaan, and VAN LEEUWEN.

# 5

## Moving Forward – Malaysia Value Proposition

# Strong Economic Fundamentals

	2013	2014	2015	2016	2017	2018	2019
Real GDP Growth (%)	4.7	6.0	5.0	4.2	5.8	4.7	4.3
Inflation (%)	2.1	3.2	2.1	2.1	3.8	1.0	1.2
GDP (USD bil.)	313.2	326.9	272.1	246.9	296.2	297.1	311.1
Per Capita Income (USD)	10,265	10,426	9,291	9,096	9,813	10,564	10,809
Unemployment (%)	3.2	2.9	3.3	3.4	3.4	3.4	3.4
International Reserves (USD bil.)	134.9	115.9	95.3	94.5	102	101.4	104.3



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Malaysia a diversified economic structure and a sound track record of macroeconomic management. While the challenges ahead are unprecedented, Malaysia is well placed to weather the storm.



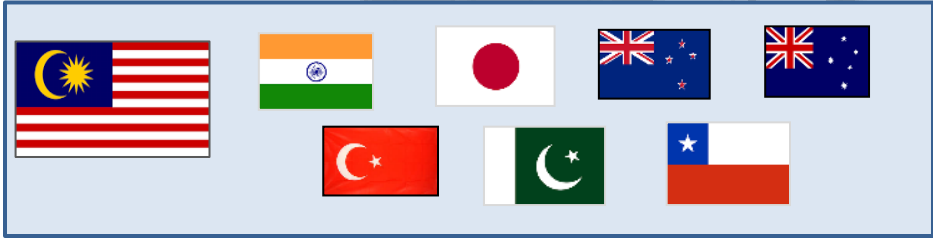
Malaysia's real gross domestic product (GDP) to grow at a rate of 9% next year 2021 among ASEAN-5

Malaysia	9%
Indonesia	8.2%
Thailand	6.1%
Philippines	7.6%
Vietnam	7%

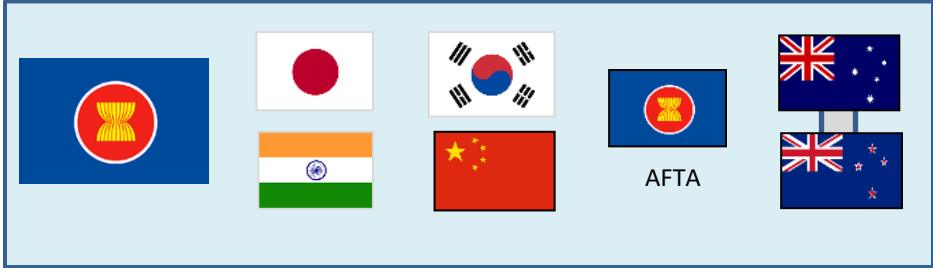
# Market Access

Total: 13 FTA Agreements:

## 7: Bilateral FTAs



## 7: Regional FTAs



**MARKET**  
**3.9 Billion Population**

**More than 90% of products are at 0% Import Duty under these FTA's Agreement**

- Chemicals and Advance materials (HS Chapter 28, 29, 39, 40);
- Electronic and Electrical products (HS Chapter 84, 85, 90);
- Transportation (HS Chapter 68, 84, 85, 86, 87, 94);
- Machinery & Metals (HS Chapter 73, 74, 83, 84);
- Life Science & Medical Device (HS Chapter 29, 30, 33, 34, 38, 90).

# Malaysia as Global Supply Chain

## Malaysia as High Tech Hub



Since the 1990s, Malaysia has adopted a more selective and targeted approach in attracting investments.

Malaysia has its advantage with its strong E&E base, established local engineering supporting cluster and talented workforce.

Strong and reliable local suppliers and MNCs' supply chain network

## Malaysia Connectivity



STEVEN A. ALTMAN AND PHILLIP BASTIAN  
**DHL GLOBAL  
CONNECTEDNESS  
INDEX**

Malaysia ranked at 2<sup>nd</sup> highest in Southeast Asia and 12th out of 169 countries for trade connectivity, says the DHL Global Connectedness Index (GCI) report

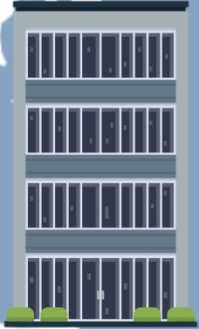
### Airports:

- 7 International Airports in Malaysia
- KLIA (*capacity of handling 40 million passengers and more than 1.2 million tonnes of cargo per year*)

### Ports:

- Port Klang (*10 million TEUs*) – *2nd busiest ports in Southeast Asia*
- Port of Tanjung Pelepas (*7 million TEUs*) - *3rd busiest ports in Southeast Asia*

# Malaysia as Global / Regional Hub



*Undertaking more strategic functions such as supply chain management, business planning, R&D and engineering in Malaysia*



## Procurement Hubs



## Regional Distribution Hubs



## Regional/Global Operations Hubs





6

## Competitiveness Ranking

# International Standing

**1st**

## World's Best countries to invest

*CEOWORLD Magazine 2019*  
*Ranked number 1 among 67 countries*

**CEOWORLD Magazine**

## Most attractive emerging market in Asia

*Bloomberg 2018*

**Bloomberg**

**2nd**

## Ease of doing business within ASEAN

*World Bank Doing Business 2020 Report*

## Protecting investors

*World Bank Doing Business 2020 Report*

 **WORLD BANK GROUP**

**3rd**

## Global offshoring destination

*A. T. Kearney Global Services Location Index™ 2016*

**ATKearney**

**5th**

## Most attractive emerging market in the World

*Bloomberg 2018*

**Bloomberg**

**8th**

## High Tech Manufacturing Exports

*World Bank 2018*

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**12th**

## Ease of doing business

*World Bank Doing Business 2020 Report*

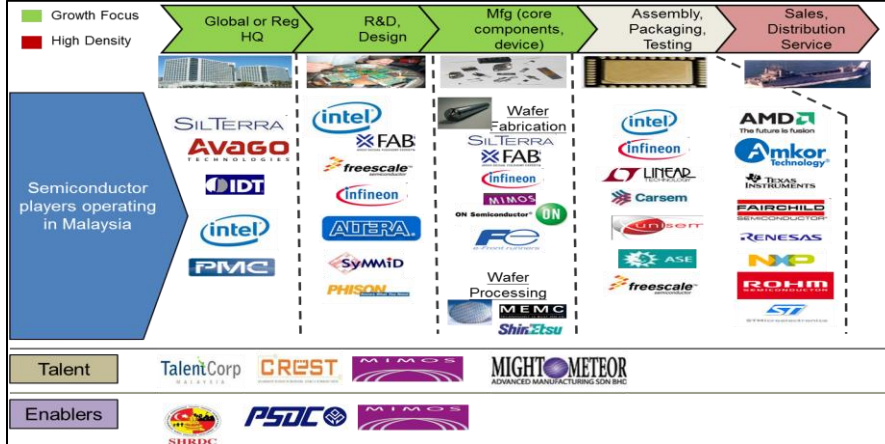
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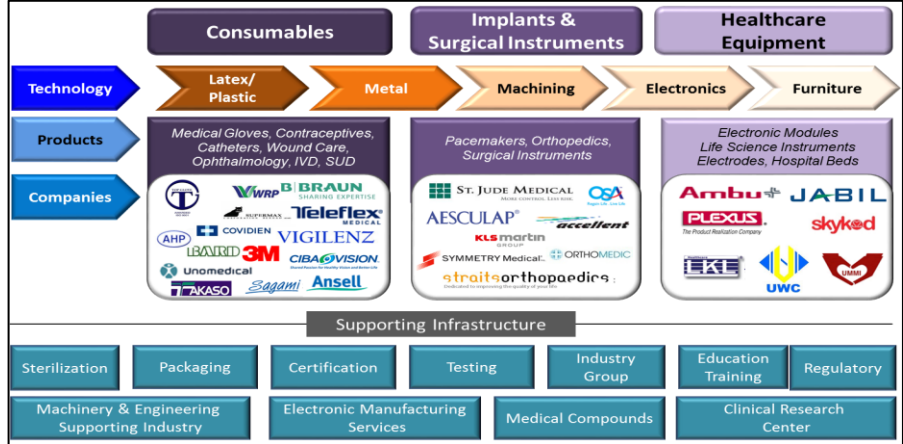
Developed Ecosystem

# Developed Ecosystem

## Semiconductor



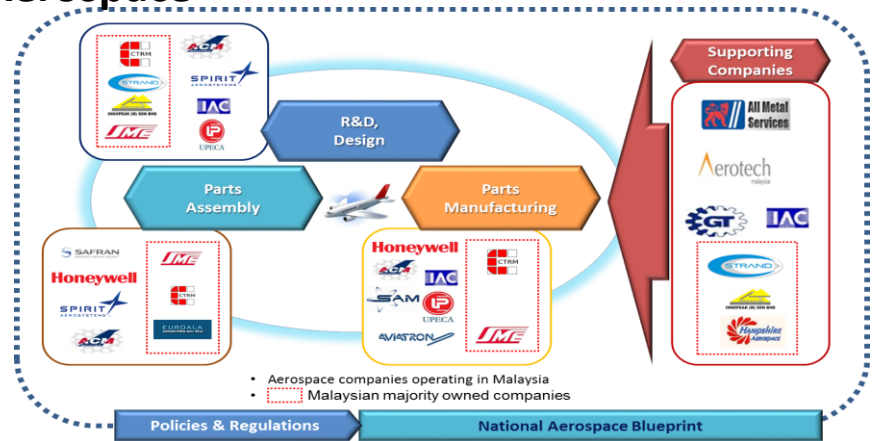
## Medical Devices



## Oil & Gas



## Aerospace



8

**A Pro-Business Government**

# Business Friendly Investment Policies



## Equity Ownership

Foreigners are allowed to hold 100% equity ownership in the manufacturing and selected services sectors



## Repatriation of Income

Freedom to repatriate capital, interest, dividends and profits. No restrictions



## Employment of Expatriates

- **Key posts** (*posts that are permanently filled by foreigners*)
- **Term posts** (*posts that are filled by foreigners for a period of 1-5 years*)

## Intellectual Property (IP) Protection

Malaysia's IP laws are in conformance with international standards

- Member of the World Intellectual Property Protection Organisation (WIPO)
- Signatory of the Paris Convention and Berne Convention which govern IP rights
- Signatory of the Agreement on Trade-Related Aspects of IP Rights (TRIPS) under the WTO



## Investment Guarantee Agreements (IGAs)

Malaysia has signed IGAs with more than 60 countries



# Competitive Investment Incentives

## A. Major Incentives

**20-25 years**

**Pioneer Status**

Income tax exemption ranging from 70% or 100% for a period of 5 or 10 years

**(PS)**

**Investment Tax Allowance**

60% or 100% on qualifying capital expenditure incurred within 5 years

**(ITA)**

**Reinvestment Allowance**

60% on qualifying capital expenditure incurred for 15 consecutive years

**(RA)**

**Customised Packaged Investment incentives**

Domestic Investment Strategic Fund (DISF)/ High Impact Fund (HIF)

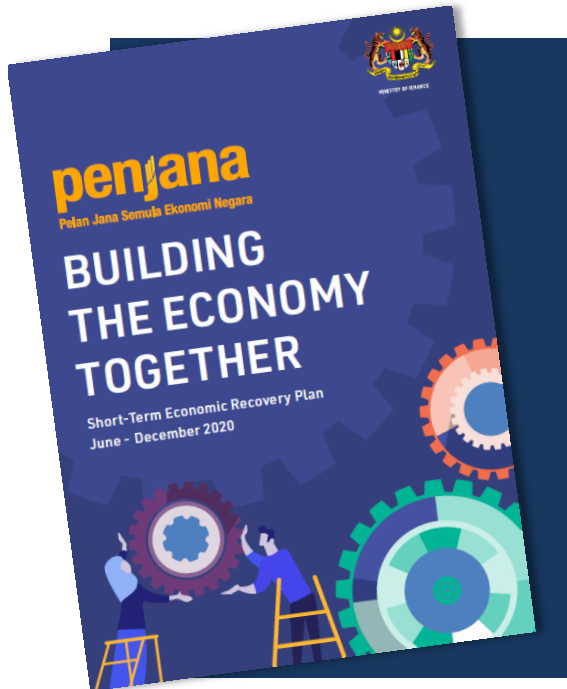
## B. Special Incentives for Industry 4.0

- Industry4WRD Readiness Assessment
- Industry4WRD Intervention Fund
- Industry Digitalisation Transformation Fund (IDTF)
- Business Loan Guarantee Scheme
- Incentives for Vendor Development Programme

- Automation Capital Allowances (Automation CA)
- Digital Transformation Acceleration Programme (DTAP)
- Domestic Investment Strategic Fund (DISF)/ High Impact Fund (HIF)
- Smart Automation Grant
- Special Incentives for Electrical & Electronics Industry



Malaysia's Short-Term Economic Recovery Plan:  
**Pelan Jana Semula Ekonomi Negara (PENJANA)**



**40 Initiatives  
worth  
RM35 billion**



# Moving Forward- Seizing the Opportunity

## Short-Term Economic Recovery Plan



### Incentives to Encourage Foreign Manufacturing Companies to relocate to Malaysia

In a continuous effort in promoting Malaysia to be an attractive investment destination, the Government of Malaysia is offering special incentive to attract foreign manufacturing companies to relocate their business into Malaysia.

Fixed Assets (excluding land cost)	New Company			Existing Company		
	Incentive	Rates	Duration	Incentive	Rates	Duration
RM300 million - RM500 million	Special tax rates	0%	10 years	Investment Tax Allowance	100%	5 years
RM500 million and above	Special tax rates	0%	15 years			



Additional Reinvestment Allowance for Existing Companies



Automatic Approval of Manufacturing License



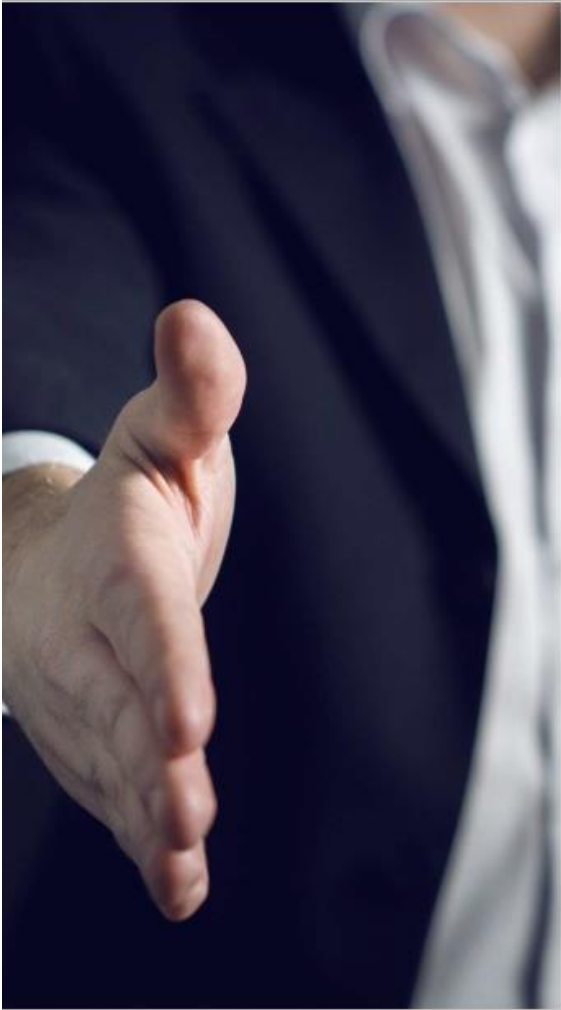
Project Acceleration and Coordination Unit (PACU)

9



Conclusion

# Conclusion:



**Malaysia has more than just a strategic location and gateway to ASEAN. The country also offers:**

1. Economic stability
2. Liberal investment policies
3. A pro-business Government
4. Facilitation of investments through MIDA, second to none
5. Malaysia is located in ASEAN a very dynamic and fast growing region
6. Well developed infrastructure/connectivity
7. High quality Malaysian products and services
8. Young, trainable and educated labour force
9. IP protection



**MIDA**  
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY



**Thank You**

      @officialMIDA

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