

# Investment Opportunities in Malaysia

1

**MIDA**

First Point of Contact

# Truly International

## UNITED STATES

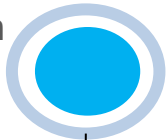
- New York
- San Jose
- Chicago



*20 overseas offices*

## EUROPE

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



## MIDDLE EAST

Dubai



Mumbai



## ASIA

- Beijing
- Guangzhou
- Shanghai
- Taipei
- Seoul
- Tokyo
- Osaka



*12 state offices*



Singapore



Sydney

# Our Global Footprint

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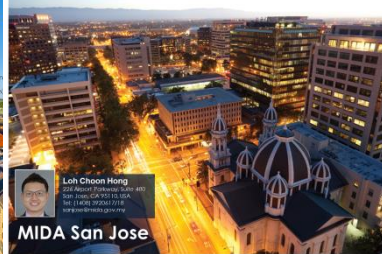
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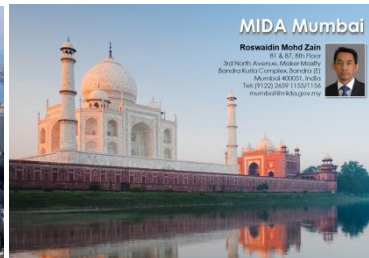
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France, Spain & Portugal

### MIDA New York



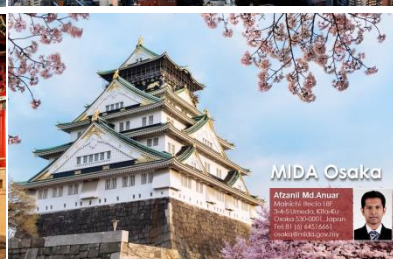
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Sweden, Norway,  
Denmark, Finland &  
Iceland

### MIDA Chicago



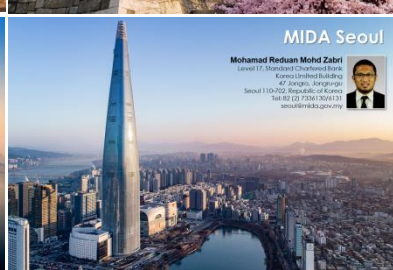
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Australia & New Zealand

# Steps & Options for Investors

**STEP 1**

**Representative  
Office**

**Regional  
Office**

**Sales  
Office**

**STEP 2**

**Principal Hub/Operational HQ**

Regional and global businesses and operations to manage, control, and support key functions including management of risks, decision making, strategic business activities, trading, finance, management and human resource.

**STEP 3**

**Production  
Facility**

**R&D/  
Competence  
Centre**

**Training  
Centre**

# Services Provided - Promotion to Implementation



## PROMOTION

- *One-On-One Meetings*
- *Seminars and Briefings*
- *Roundtable Meetings (RTM)*
- *Data on Industries*
- *Meetings with Companies Operating in Malaysia*
- *Visits to Production Facilities and Service Providers*
- *Visits to potential locations*



## APPROVAL

- *Manufacturing License*
- *Tax Incentives*
- *Expatriate Posts*
- *Import Duty Exemptions*
- *Representative/Regional (RE/RO) Office*
- *Principal Hub/OHQ*



## IMPLEMENTATION

- *Handholding (MIDA State Offices)*
- *Industry Talent Management*
- *Post Investment*
- *Incentives Coordination and Collaboration Office (ICCO)*
- *Compliance and Monitoring*

# MIDA Organisation Structure

## Promotion

## Evaluation and Approval of Project (Manufacturing Licence/Tax Incentives/Expatriate Posts Status Approval)

## Implementation

## Compliance Facilitation



Foreign Direct Investment

Domestic Direct Investment

- Electrical & Electronics
- Machinery & Metal
- Building Technology & Lifestyle
- Transportation Technology
- Chemical & Advanced Materials
- Food Technology & Resource Based Industries
- Life Sciences & Medical Technology

- Oil & Gas, Maritime & Logistics Services
- Green Technology
- Healthcare, Education & Hospitality
- Business Services & Regional Operations
- Advanced Technology and R&D

Industry Talent Management

MIDA State Offices

Tariff

Licensing & Incentive Compliance

Post-Investment

Evaluation and Approval of Customs Duty Exemption

Manufacturing

Services



# Setting-Up Project

## Companies Commission of Malaysia



**Incorporation of Company (Two Weeks)**

## Promotion, Evaluation, Approval, Facilitation & Monitoring



- Promotion
- Approval
  - Manufacturing License
  - Tax Incentives
  - Grants
  - Expatriate Posts
  - Status Approval (Representative/ Regional Office/R&D)
  - Customs Duty Exemptions
- Facilitation
  - MIDA State Office
  - Talent
  - Post Invest
- Monitoring

## Department of Environment (DOE)



- Preliminary Site Assessment (2 Weeks Approval)
- Environmental Impact Assessment (EIA)
- Detailed Environmental Impact Assessment (DEIA)

## Local Authorities (At the State Levels)



- Business License
- Planning Approval, Building Plan and Certificate of Completion & Compliance (CCC)

## Department of Labour (JTK), Employment Provident Fund (EPF), Social Security Organisation (SOCSO) & Inland Revenue Board (IRB)



- JTK - Manpower registration
- EPF - Saving Fund
- SOCSO - Security Insurance
- IRB - Income Tax

## Telekom Malaysia (TM), Malaysian Electricity Company (TNB), GAS Malaysia & Department Of Occupational Safety and Health (DOSH)



### Utilities

- TM-Telephone (1 month)
- Water (1 Month)
- TNB- Electricity (1 Month)
- Gas Malaysia – Natural Gas (1 month)

### Machinery

- DOSH –Machinery Registration (1 month)

## Customs and Fire & Rescue Department of Malaysia



### Customs

- Machinery and Raw Materials (Import Duty Exemptions)
- Licensed Manufacturing Warehouse (LMW)

### BOMBA

- Fire Protection System



# MIDA's Role & Function

## Promotion



MIDA Overseas Offices

## Approvals



Manufacturing License

Status Approvals  
(Representative/ Regional Office/R&D)



Tax Incentives



Matching Grants



Expatriate Posts



Customs Duty Exemptions  
*(Machinery & Equipment and Raw Materials)*

## Implementation



MIDA State Offices/State Agencies/Local Authorities

## Facilitation

### Post Investment



Issues

### Talent Needs



Talent Requirements

### Engineering Support



Fabrication, Mould & Die, Metal Casting, Metal Stamping, Machining, Surface Engineering, Heat Treatment & Forging

### 14.0 Technology Adoption



Incentives & Facilities

## Local Sourcing



## Technology Collaboration



SIRIM



CREST



MIMOS



## Funding Needs



Banks/Fund Managers

## E-Services Portal



Incentives, Service Providers & E&E Ecosystem

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**Malaysia** At a Glance

# Quick Facts

## POPULATION 2019

 **32.6**  
MILLION

## GOVERNMENT

PARLIAMENTARY  
DEMOCRACY WITH  
CONSTITUTIONAL  
MONARCHY

## LOCATION



HEART OF SEA

## PRO-BUSINESS

**64 IGA**

Investment Guarantee Agreement

**74 DTA**

Double Taxation Avoidance

## GDP 2019

 **US\$365.3**  
BILLION

## GDP PER CAPITA

**US\$11,137**  
NOMINAL 2019

## GDP GROWTH

 **4-5%**  
2013-2019

## PROJECTED GROWTH

**6.3-6.9%**  
2021 IMF&WBG

## TRADING NATION

**123%**   
TRADE TO GDP

## FREE TRADE AGREEMENTS

**14 FTA**   
MARKET  
ACCESS  
3.9 BILL. PEOPLE

## GDP BY SECTOR

 **54.2%**  
 **37.4%**  
 **7.3%**

## TRADE CONNECTIVITY

 **12<sup>TH</sup>**  
SECOND IN SEA

## EASE OF DOING BUSINESS

 **12<sup>TH</sup>**  
SECOND IN ASEAN

## COMPETITIVENESS

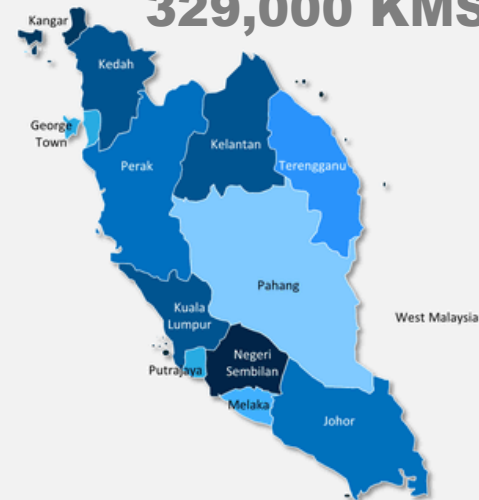
 **27<sup>TH</sup>**  
SECOND IN ASEAN

## GLOBAL INNOVATION INDEX

 **33<sup>RD</sup>**  
EIGHTH IN ASIA

## SURFACE AREA

**329,000 KMS**



# 3

## **Investment Opportunities**

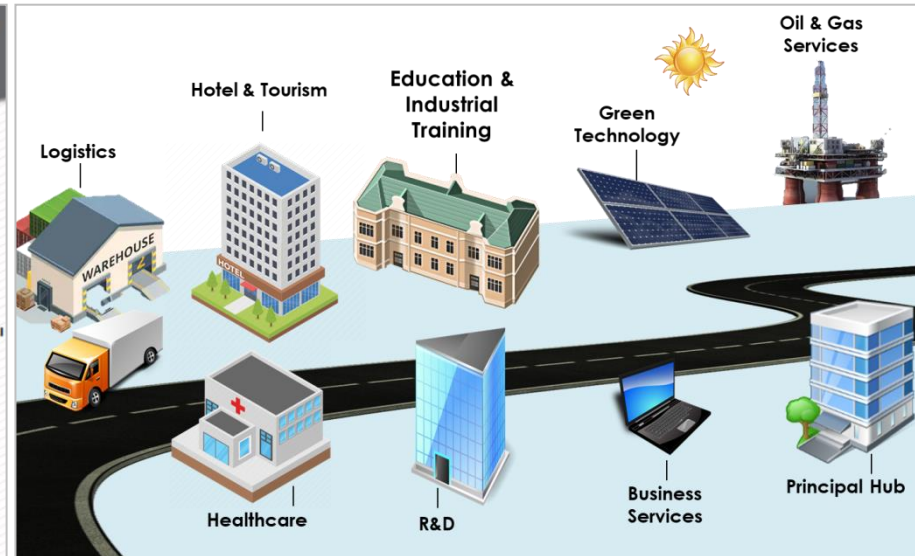
Growth Areas/ Promoted Products  
& Activities

# On Going Focus

## Manufacturing

Electrical & Electronics	Machinery & Equipment	Chemical	Medical Devices	Aerospace	Other Sectors
<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>	

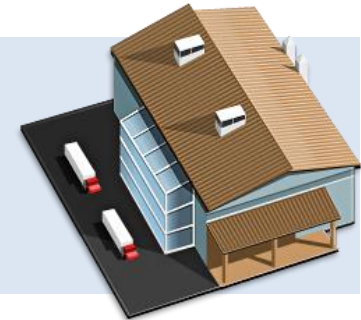
## Services



## 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



# Balanced Regional Economic Development



## Northern Corridor Investment Authority (NCIA)

- Modern Agriculture
- Manufacturing & Design
- Tourism
- Logistics
- Education & Health

## PENINSULAR MALAYSIA



## East Coast Economic Region Development Council (ECERDC)

- Tourism
- Oil & Gas
- Manufacturing
- Agriculture
- Education



## Iskandar Region Development Authority (IRDA)

- Financial Services
- Petrochemical and Maritime
- Healthcare
- Tourism and Logistic Industry
- Manufacturing & Services



## Sabah Economic Development Investment Authority (SEDIA)

- Agro-based Industry
- Tourism
- Logistics
- Manufacturing

## SABAH

## SARAWAK



## Regional Corridor Development Authority (RECODA)

- Resource Based Industry
- Aluminum, Glass, Steel, Oil-based Industry, Palm Oil, Fishing & Aquaculture, Livestock, Timber-based, Marine
- Energy
- Tourism

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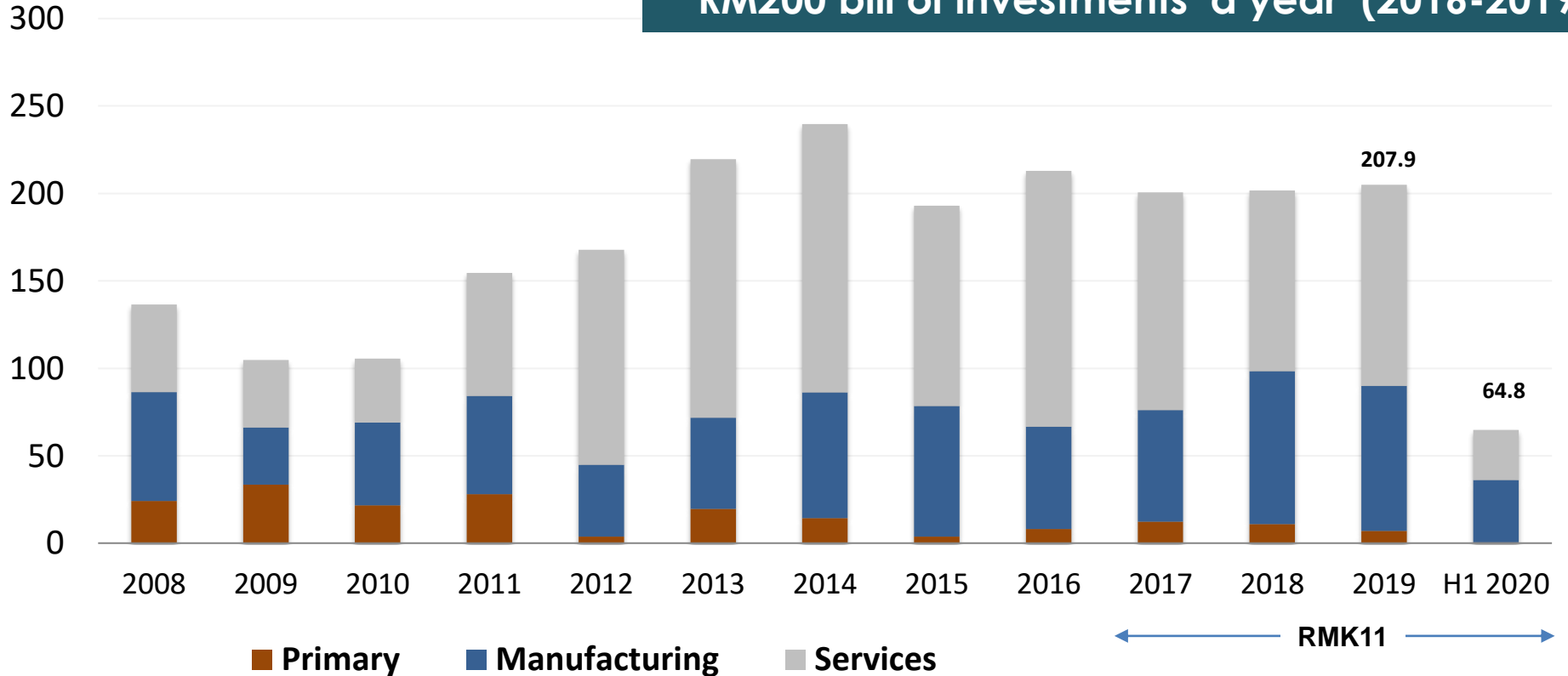
**Investment** Performance

# Approved Investment in the Economy

(2008 – H1 2020)

RM Billion

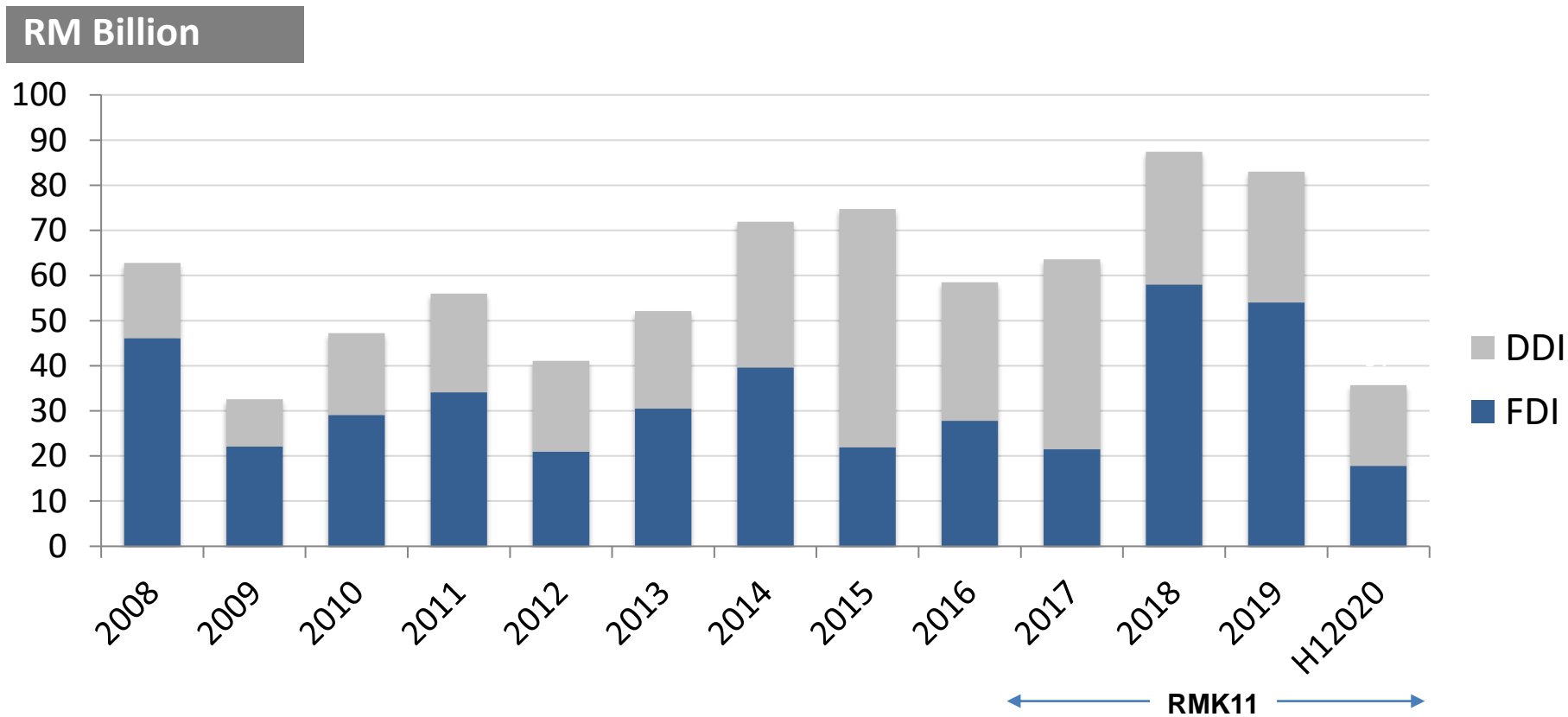
Successfully attracted an average approval of RM200 bill of investments a year (2016-2019)



Source: MIDA

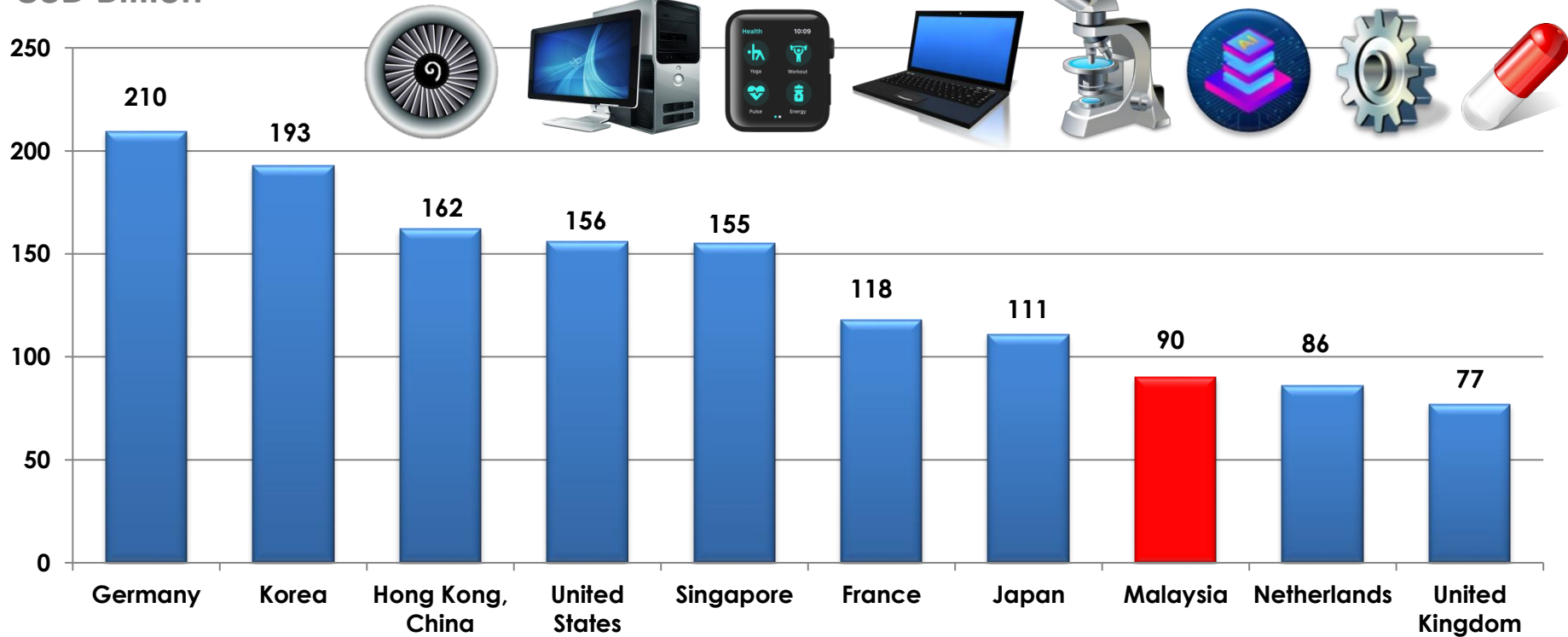


# Approved Investments in the Manufacturing Sector (2008 – H1 2020)



# Malaysia Ranked 8<sup>th</sup> in Exports of High Technology Products 2018

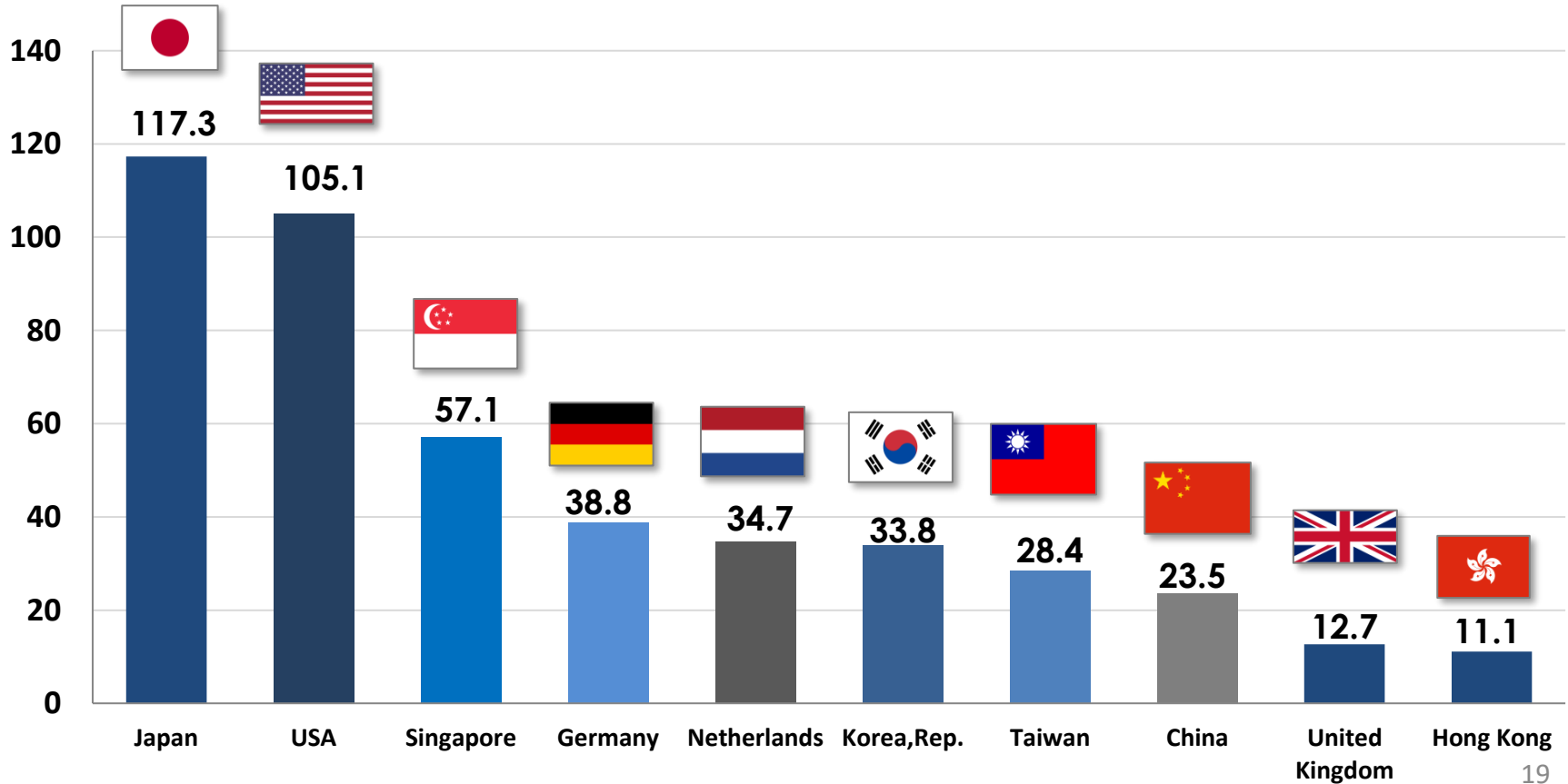
USD Billion



# Malaysia's Top Investor Country

Realised Investments in the Manufacturing Sector

RM Billion



# Prominent Foreign Manufacturing Companies



Over 5,000 companies from more than 50 countries

# Regional/Global Operations

Regional/Global Operations/Principal Hubs



Procurement Hubs



Distribution Hubs



839  
Projects



100  
Countries



104,667  
Employment

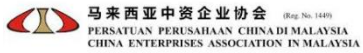


US\$14.3 bil  
Investments <sup>21</sup>

5

**Strategic Partners**

# MIDA Strategic Partners



6

**Why** Malaysia?

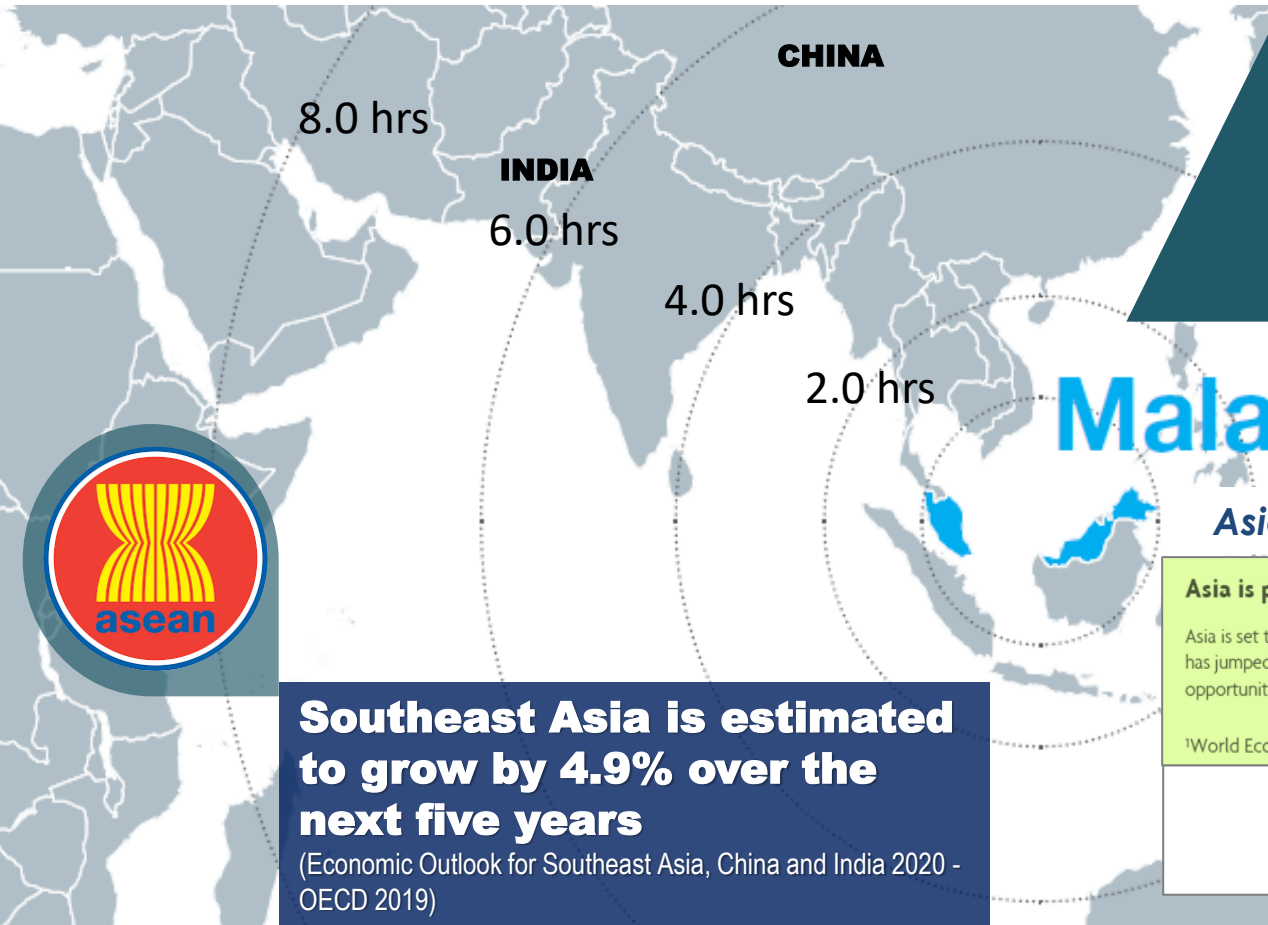


# 1. Strong Economic Fundamentals



	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

# 2. Strategic Location



**SOUTH EAST ASIA IS THE FASTEST GROWING ECONOMIC REGION IN THE WORLD**  
 (GDP growth of 5.3% over the last 20 years)

**Southeast Asia is estimated to grow by 4.9% over the next five years**  
 (Economic Outlook for Southeast Asia, China and India 2020 - OECD 2019)

*Asia powering the global economy*

**Asia is projected to contribute 48% of global GDP by 2023**

Asia is set to remain the world's biggest contributor to global GDP. The region's GDP has jumped from US\$27 trillion in 2007 to US\$55 trillion in 2017<sup>1</sup>. Fuelled by the rising opportunities, Asia is expected to shape the global economy in the 21<sup>st</sup> century.

<sup>1</sup>World Economic Outlook (October 2018), International Monetary Fund

**By 2030, the region is expected to contribute 60% of global growth**  
*World Economic Forum*

# 3. 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



# 4. Talented Human Capital



Malaysia ranks  
#22 in World  
Talent Ranking  
IMD World Talent  
Ranking 2018

Annual  
Graduates:  
130,000

Year 2018	
Accountancy	8,014
Aerospace	402
Civil Engineering	3,119
Electrical Engineering	6,220
Mechanical Engineering	5,613
Chemical Engineering	2,667
Other Engineering	2,031

## Local Universities in Malaysia



## International Universities in Malaysia



# Malaysian Engineers – Made in Germany

More than 1,000 students	Field of studies (Technical & Engineering)	All across Germany	Industries Driven Attributes
<ul style="list-style-type: none"> <li>Majority Malaysian Government Funded (MARA &amp; JPA)</li> <li>Private students</li> <li>Language study</li> <li>Undergraduate</li> <li>Master</li> <li>Doctorate</li> </ul>	<ul style="list-style-type: none"> <li>Mechanical / Mechatronics</li> <li>Electrical &amp; Electronics</li> <li>Automotive</li> <li>Chemical</li> <li>Environment Technology</li> <li>Process engineering</li> <li>Biomedical engineering</li> <li>Automation technology</li> <li>Power engineering &amp; renewable</li> <li>Aeronautics</li> </ul>	<ul style="list-style-type: none"> <li>From Hamburg to Munich, Cologne to Dresden</li> </ul>	<ul style="list-style-type: none"> <li>Dual vocational study system</li> <li>Minimum 6 months working experience internship with leading German companies</li> </ul>



## University / Technical University / Fachhochschul (FH)



# 5. Advanced Ecosystem

## A case in Point - Semiconductor



**Semiconductor Industry is Key to the Future of Electric Vehicles**



**FOREIGN**

**LOCAL**

**Talent**

**Enablers**

# 6. Strong Engineering Supporting Industry



## MOULD & DIE

- 446 companies
- Precision specifications by international semiconductor industry requirements
- End-user industry: Automotive, E&E



## METAL CASTING

- 95 foundries
- Mass production high-pressure and low-pressure die casting
- End-user industry: Automotive, Telecommunication



## MACHINING

- 325 companies
- Precision up to 1 $\mu$  and size up to 2 mtr
- End-user industry: Semiconductor, E&E, Aerospace, Oil & Gas



## METAL STAMPING

- 148 companies
- Precision tolerances less than 1 $\mu$ , presses capacity up to 600 tons
- End-user industry: E&E, Automotive



## SURFACE ENGINEERING

- 125 companies
- 85% are foreign owned/JV
- Electroplating, Phosphating, Anodizing
- End-user industry: Semiconductor, E&E, Automotive



## HEAT TREATMENT

- 17 companies
- Carburizing, nitriding, vacuum handling, quenching, annealing, normalizing, tempering
- End-user industry: Automotive, Shipyard, Cement, Aluminium Extrusion



## FORGING

- 8 companies
- Mostly small parts (less than 10MT)
- Open, drop, press, roll and cold forging
- End-user industry: Automotive, E&E



## METAL FABRICATION

- 800 companies
- Simple household items to steel structure for skyscrapers and offshore oil drilling platform

# 7. Technology Centre - SIRIM



## 4 Technology Centres



- IBRC - Industrial Biotechnology Research Centre
- ETRC – Environmental Technology Research Centre
- MTC - Machinery Technology Centre
- SDC - System Design Centre

### Industry Driven Platform 6 IC-Innovation (IC-I)

- Bio-NG
- Bio-Medical
- Energy Management
- Sensor
- Nanotechnology
- Industrial Design

### SIRIM Tech Venture

- Technology Scouting & Evaluation
- Business Linkages
- Fabrication & Testing Services
- Tech upscaling regulatory product specification, process dev.

### Tech Docket

- Composite Tanks (CNG, LPG)
- Cosmetic Technology
- SimbionteA
- Micro Precision Grinding

Start-up  
(Granulab)

OEM  
(LD Micro)  
Licensing  
(Sireh Emas)

Joint  
Venture

SIRIM  
Industry Standard

Technical Services  
(Toxicity,  
Biocompatibility,  
Characterization,  
failure analysis)

Conformity  
Assessment –  
Testing,  
Inspection  
& Certification

Measurement  
& Calibration

Packaging &  
Security Design



Applied R&D

Productisation

Market Access

TRL 1

TRL 2

TRL 3

TRL 4

TRL 5

TRL 6

TRL 7

TRL 8

TRL 9

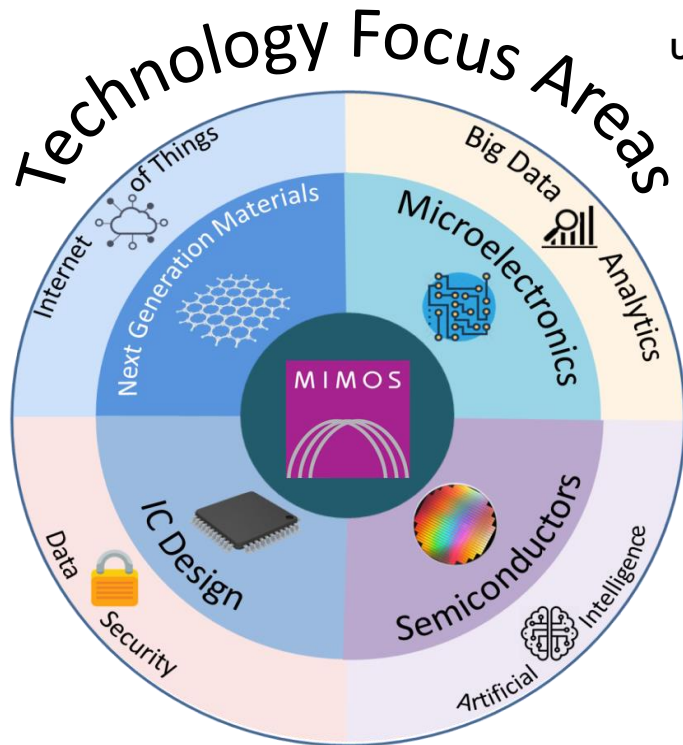


# Technology Centre - MIMOS



Focused on R&D in ICT, semiconductor and microelectronics, with an active role in generating new technology ventures.

**Technology Development through collaboration with Industry, Universities & Research Institutions**



## Technology Reference Centres

- Centre of Artificial Intelligence for Future Industry (CAIFI)
- Industry4WRD Experience Centre
- BigData Analytics Lab (BDALab)
- Centre for Information Security Research
- Semiconductor Technology Centre
- Internet of Things Technology Centre
- Product Design & Digital Modelling Centre

## Industry Service Centres

- Integrated Circuit (IC) Design
- Failure & Material Analysis
- Wafer Fabrication
- New Product Introduction
- PCB & Electronic Design
- Test & Reliability
- Mechanical & Hardware Design
- Hardware System Integration

**Industry Support through Services & Shared Facilities**

## Technology Solutions & Services


- Systems Integration & customised solutions
- Technology transfer & licensing
- Training & talent development

**Contract services & technology**

**Industry 4WRD**

**Industry 4WRD Readiness Assessment**

# 8. Test Bed for New Technologies




**City Brain**  
City traffic management control and monitoring system



**SEA Next Gen Automotive Centre**  
National Automotive and regional hub for the next generation car industry



**Autonomous Vehicles**  
Experimentation on smart city mobility aspects



**Terragraph**  
Cost-effective and high-speed fibre broadband in densely populated areas



**Blockchain Centre**  
A partnership to enhance R&D of blockchain technology in the region



**5G Technology**  
Live trials of 5G network

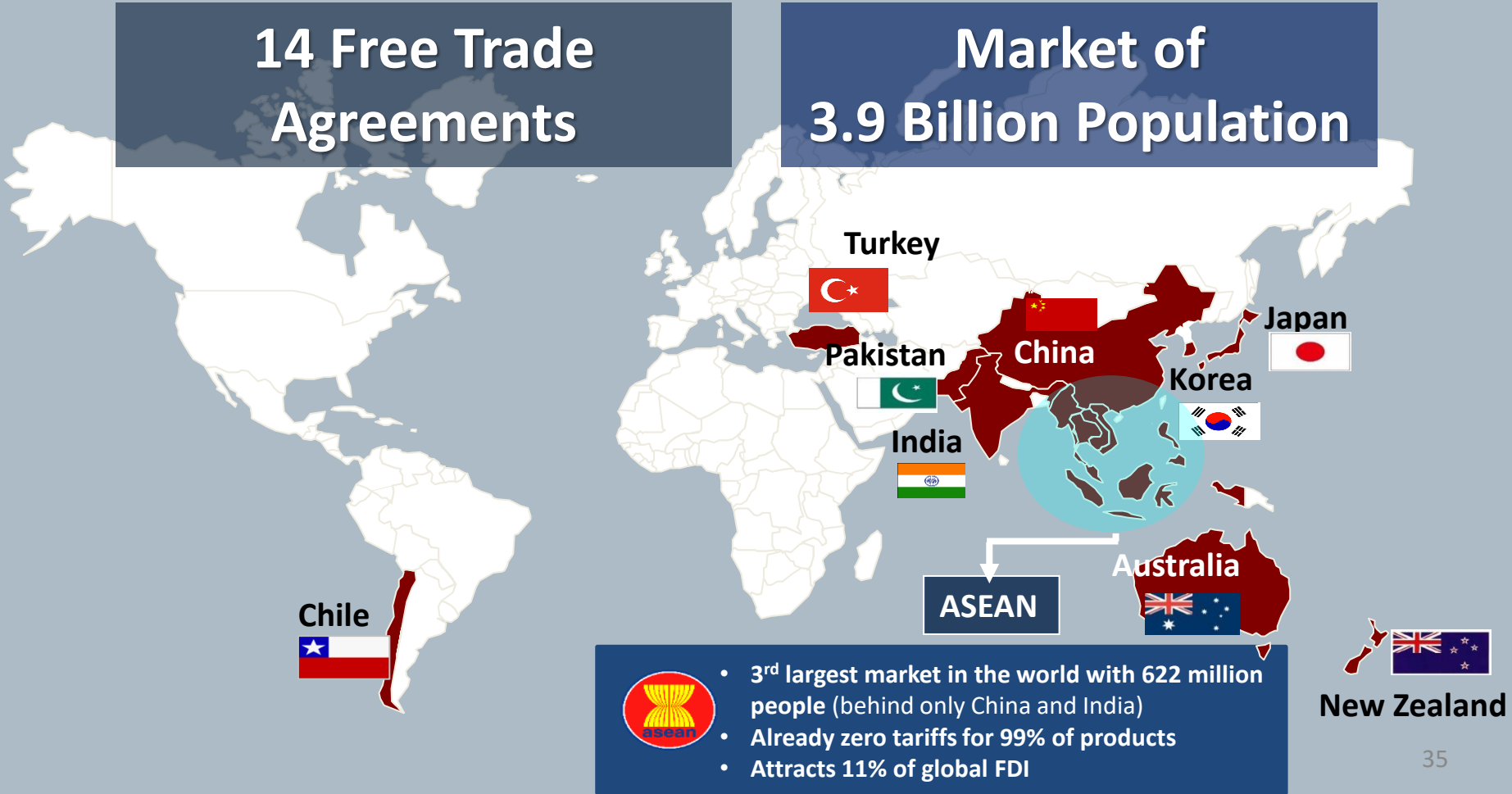


**National Regulatory Sandbox**  
A platform that promotes innovation by providing a safe test bed to experiment & pilot solutions

# 9. Gateway to ASEAN and Beyond

14 Free Trade Agreements

Market of 3.9 Billion Population



- 3<sup>rd</sup> largest market in the world with 622 million people (behind only China and India)
- Already zero tariffs for 99% of products
- Attracts 11% of global FDI



New Zealand

# 10. 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

7



Conclusion

# 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*

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**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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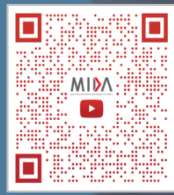
**12th**

## Ease of doing business

*World Bank Doing Business 2020 Report*

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# Thank You

Make Malaysia  
Your Profit Centre in Asia

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