CONTENT OUTLINE

- Functions of MIDA
- Malaysian Economy
- Recent Economic Developments
- Investment Trends
- Policies & Incentives
- Investment Opportunities
- Regional Corridors
- International Rankings

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MILESTONES

The principal Malaysian Government agency responsible for the promotion and coordination of industrial development in the country

First point of contact for investors who intend to set up projects in the manufacturing and services sectors in Malaysia

2011 : Rebrand as Malaysian Investment Development Authority

27 March 2004 : Government Mandated MIDA to Promote Investments in the Services Sector

Established in 1967 under Act of Parliament, 1965

FIDA 1968

MIDA 1979

MIDA 2012

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FUNCTIONS OF MIDA

Promotion	▪ Foreign Direct Investment ▪ Domestic Investment ▪ Cross Border Investment ▪ Business matching through E-Connect ▪ Manufacturing Services
Evaluation	▪ Manufacturing licenses ▪ Tax incentives ▪ Expatriate posts ▪ Duty exemption ▪ OHQ, RDC, IPC and R&D status
Planning	▪ Planning for industrial development ▪ Recommend policies and strategies on industrial promotion and development ▪ Formulation of strategies, programmes and initiatives for international economic cooperation
Follow-up / Monitoring	▪ Assist companies in the implementation and operation of their projects ▪ Facilitate exchange & co-ordination among institutions engaged in or connected with industrial development ▪ Advisory Services

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MIDA WORLDWIDE NETWORK

24 Overseas Centres

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MIDA'S STATE OFFICES

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MALAYSIAN ECONOMY

MALAYSIA' S KEY ECONOMIC INDICATORS

	2009	2010	2011	2012 Q3
Real GDP (%)	- 1.7	7.2	5.1	5.2
Inflation (%)	0.6	1.7	3.2	1.8
Per Capita Income (US$)	6,764	8,140	9,508	10,285
Unemployment (%)	3.7	3.2	3.1	3.0
Trade Surplus (US$ bil)	33.6	34.2	48.8	22.0
International Reserves (US$ bil)	96.7	106.5	138.3	138.3*
Retained Imports Equivalent (months)	9.7	8.5	9.6	9.5*

Source: Central Bank of Malaysia/Department of Statistics Malaysia/MATRADE

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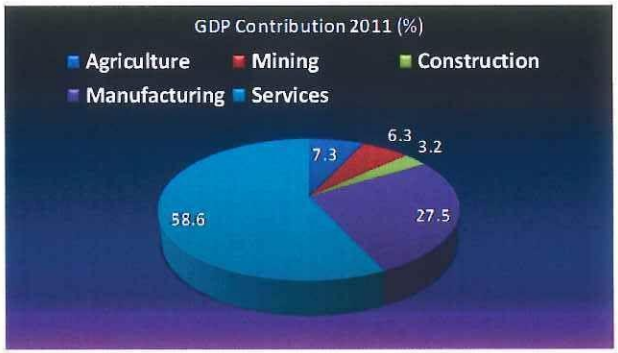
GDP BY INDUSTRIAL ORIGIN



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MALAYSIA & ASEAN

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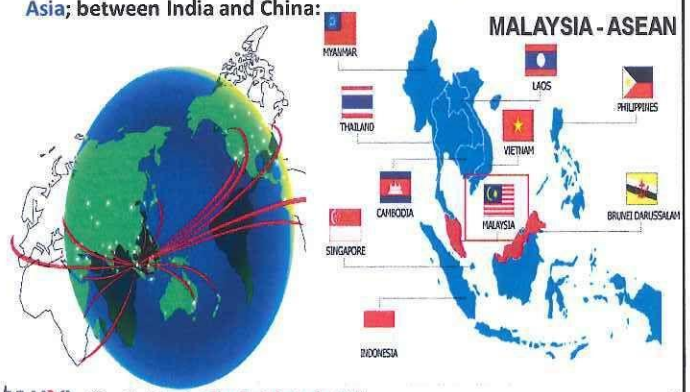
MALAYSIA – GATEWAY TO REGIONAL MARKETS

Malaysia is strategically located in the very heart of Southeast Asia; between India and China:



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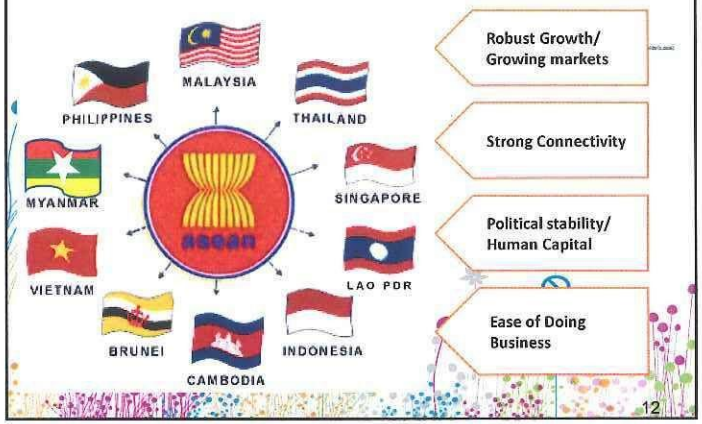
WHY ASEAN?



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GATEWAY TO ASEAN AND ASIAN ECONOMIES

- Strategic location: Malaysia is a gateway to other markets with preferential access through Free Trade Agreements (FTAs)

ASEAN

REGIONAL / BILATERAL FTAS

China, Japan, Korea, India, Australia, New Zealand, Chile

- ✓ Potential market of 2.7 billion
- ✓ Tariff reduction and elimination mostly by 2016

ON-GOING FTA NEGOTIATIONS

TPP, EU, Turkey

- ✓ Potential market of 1.08 billion

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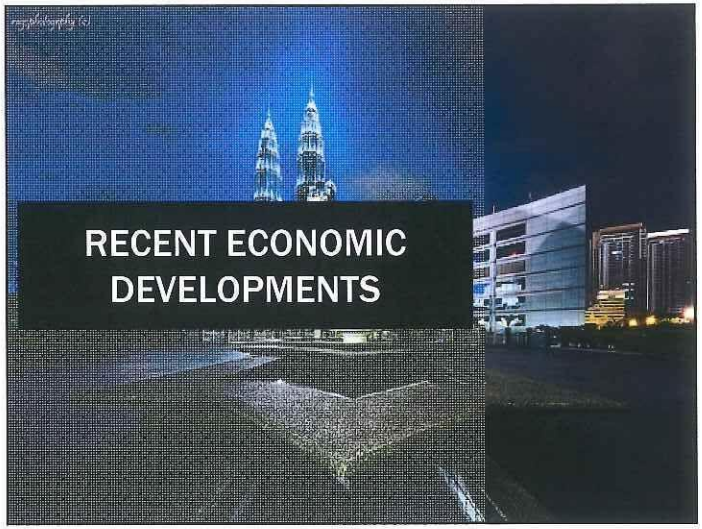

ECONOMIC TRANSFORMATION PROGRAMME (ETP)

ECONOMIC TRANSFORMATION PROGRAMME

- US$ 15,000 perCapita GNI
- Investment $444 bil : 92 % private & 8 % public
- 3.3 million additional jobs
- Focus on 12 NKEAs

As of 16 November 2012 | 164 Epps | Investment RM 226.98 b (USD73.22b)

Source: Performance Management and Delivery Unit (PEMANDU)

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ESTABLISHMENT OF 12 NATIONAL KEY ECONOMIC AREAS (NKEAs)

Wholesale & Retail

Tourism

Business Services

Oil, Gas & Energy

Electrical & Electronics

Education

Healthcare

Palm Oil

Comms .Content Infrastructure

Agriculture

Financial Services

Greater KL

NKEAs selected which can materially impact economic growth

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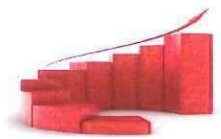
PERFORMANCE OF THE MANUFACTURING SECTOR



TOTAL APPROVED MANUFACTURING PROJECTS (2007 – Oct 2012)

Year	No. of Projects	No. of Employment	Proposed Investment (US$ billion)		
			Domestic	Foreign	Total
2007	949	97,673	7.7	9.7	17.4
2008	919	101,173	4.8	13.3	18.1
2009	766	64,330	3.0	6.5	9.5
2010	910	97,319	5.9	9.4	15.3
2011	846	100,533	6.9	10.8	17.7
Jan- Oct 2012	650	61,827	5.6	6.0	11.6
TOTAL	5,040	522,855	33.9	55.7	89.6

Source: MIDA

APPROVED PROJECTS BY MAJOR COUNTRIES IN 2012 (Jan – Oct)

No.	Country	No of Projects	Investment (US$)
1	Saudi Arabia	2	865,366,481
2	Japan	42	758,339,208
3	Singapore	88	585,528,520
4	Korea,Rep.	14	525,863,824
5	China	18	480,665,870
6	France	6	479,063,048
7	Norway	2	373,045,752
8	India	10	259,847,119
9	Netherlands	14	255,660,051
10	United Kingdom	10	199,714,661

Source: MIDA

APPROVED MANUFACTURING PROJECTS BY MAJOR INDUSTRIES in 2012 (Jan – Oct)

Industry	Number of Projects	Foreign Investment (US$ million)
Chemical & Chemical Products	67	2,214.5
Electronics & Electrical Products	86	972.8
Transport Equipment	72	481.1
Basic Metal Products	31	468.1
Rubber Products	16	377.6
Food Manufacturing	57	325.7
Machinery & Equipment	71	321.0
Paper,Printing & Publishing	16	157.5
Plastic Products	46	133.7
Fabricated Metal Products	50	131.0

Source: MIDA

IMPLEMENTED MANUFACTURING PROJECTS BY COUNTRY, As of 31 DEC 2011 (Top 10)

Rank	Country	No. of Projects	Investment (US$ Billion)
1.	Japan	2,360	18.69
2.	USA	692	15.71
3.	Singapore	2,654	6.82
4.	Germany	339	5.16
5.	Taiwan	1,526	4.74
6.	Netherlands	177	4.02
7.	Korea,Rep.	296	2.72
8.	United Kingdom	394	1.70
9.	Spain	6	1.22
10.	India	106	1.13

Source: MIDA

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APPROVED REGIONAL ESTABLISHMENT 2006 – Oct 2012

Type of Establishment	No. of Approvals	Investment (US$ million)
Operational Headquarters (OHQ)	120	541.0
International Procurement Centre (IPC)	53	386.0
Regional Distribution Centres (RDC)	18	92.0
Representatives Offices (RE)	306	63.0
Regional Offices (RO)	530	1.8
Total	1,027	1,173.0

Source: MIDA

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JAPANESE PRESENCE IN MALAYSIA

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Trade and Diplomatic Ties

- Diplomatic Ties in 1957
- Double Taxation Agreement in 1970
- Bilateral Trade Agreement in 2006
- Malaysia-Japan Economic Partnership Agreement (MJEPA) in 2006
- ASEAN – Japan Comprehensive Economic Partnership (AJCEP) in 2008
- Third largest export destination in 2011
- Top foreign investor in 2011

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Japanese Community in Malaysia

More than 10,000 Japanese living in Malaysia

Residing in :-
Kuala Lumpur, Selangor, Penang, Johor, Perak, Malacca, Sabah and Sarawak

2011

Malaysia My Second Home Programme 2002 – 2011 :-
1,708 participants
&
386,974 Japanese tourists

Notable Japanese Institutions :-
1) Japanese School of Kuala Lumpur
2) Kota Kinabalu Japanese School
3) Malaysia-Japan International Institute of Technology (MJIIT)

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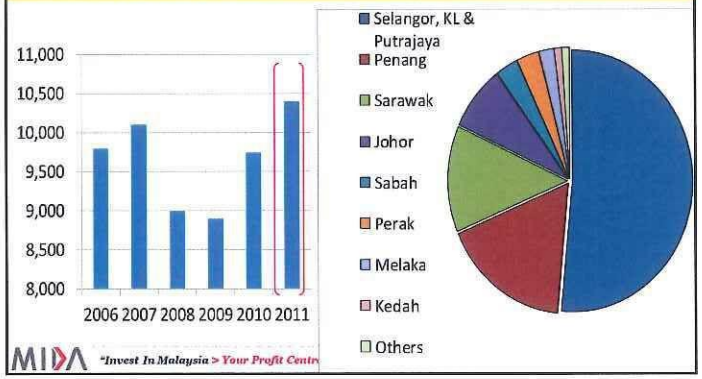
Japanese Nationals Living in Malaysia

- The number of Japanese residents in 2011 has exceeded 10,400.



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APPROVED MANUFACTURING PROJECTS FROM JAPAN (2007 – Oct 2012)

Year	No. of Projects	No. of Employment	Investment (USD)
2007	60	10,801	1,970.6
2008	63	8,934	1,617.0
2009	54	5,592	2,058.9
2010	61	8,135	1,308.2
2011	77	11,018	3,186.7
Jan - Oct 2012	42	5,244	758.3
TOTAL	357	49,724	10,899.7

Source: MIDA

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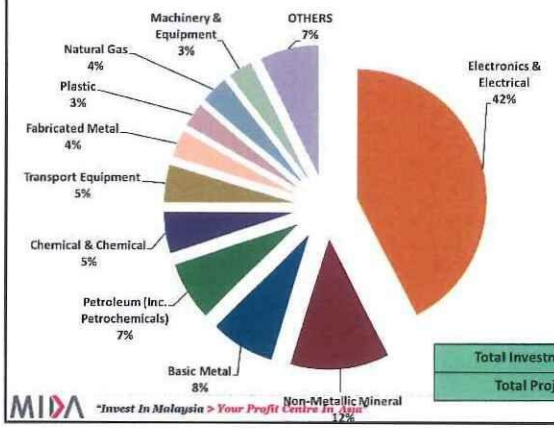
REALISED PROJECTS WITH PARTICIPATION FROM JAPAN BY MAJOR INDUSTRIES AS AT 31 DEC 2011



Total Investment :	RM 19.5 bil
Total Projects :	2,422

SUCCESS STORY : JAPANESE COMPANIES IN MALAYSIA

TOKUYAMA

Panasonic ideas for life

IBIDEN CO.,LTD.

HOYA

Nippon Electric Glass Co., Ltd.

Fuji Electric

TOYO TIRES driven to perform

TAIYO YUDEN

DEEPENING AND BROADENING THE RELATIONSHIP

New trend: Targeting growing Malaysian domestic market

UNIQLO :clothing

MUJI :clothing and stationary etc

SK II :cosmetics

AUTOBACKS : car accessories

ISETAN: One Utama opening

PIGEON :baby-care items

M & A BY JAPANESE COMPANIES

Yen Appreciation & Bolstered Purchasing Power Overseas = *EXPANSION OVERSEAS*

M&A ↑ *50%* *Asian Companies*

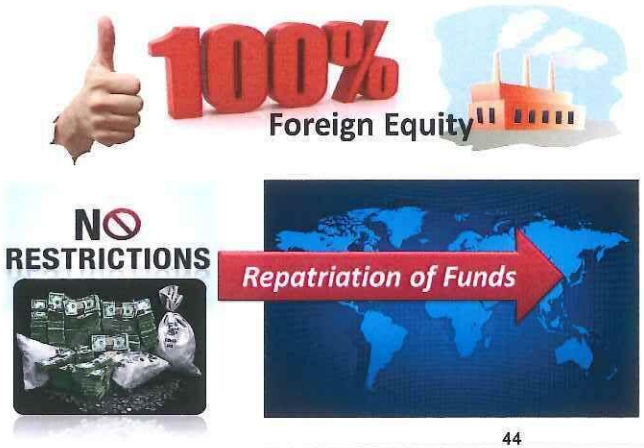
- Asahi Group Holdings Ltd., took over CI Holdings Bhd's Permanis Sdn. Bhd. (RM820 million);
- Media firm, Proto Corp. acquired the Malaysian publisher of Motor Trader and Autocar Asean magazines (RM109.7 million);
- Mitsui & Co. Ltd. acquired a 30% stake in Integrated Healthcare Holdings Sdn. Bhd., (RM3.3 billion);
- Oji Paper Co. Ltd. acquired HPI Resources Bhd, (RM258 million); and
- Toyo Tire & Rubber Co. bought Silverstone Tyre (RM768 million).

INVESTMENT POLICIES

Guidelines on Manufacturing License

- The Industrial Coordination Act 1975 (ICA) requires manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time employees to apply for manufacturing license.
- *1975年工業調整法(ICA)により、株主資本がRM250万以上または、75人以上のフルタイム従業員を雇用する製造業企業は、製造ライセンスに申請することが必要とされます。*

INVESTMENT POLICIES



INVESTMENT POLICIES

Guidelines on Employment of Expatriate Personnel

Automatic Approval:

Companies	No. Of Post Eligible	Duration
Foreign paid-up capital of US$2 million and above	Up to 10 posts (including 5 key posts)	• Key post – permanent • Exec. post – 10 years • Non-exec. post – 5 years
Foreign paid-up capital of more than US$200,000 but less than US$2 million	Up to 5 posts (including at least 1 key posts)	• Key post – permanent • Exec. post – 10 years • Non-exec. Post – 5 years

MAJOR INCENTIVES PROVIDED

Pioneer Status (PS) : Income Tax Exemption of 70 % or 100 % for 5 or 10 years
パイオニア・ステータス (PS) :
法人税免除 70 % または 100 %
5年間 または 10年間

Investment Tax Allowance (ITA) 60 % or 100 % on qualifying capital expenditure for 5 or 10 years
投資税額控除 (ITA) : 適格資本的支出の
60 % または 100 % 5年間 または 10年間

Incentives

Exemption from Import Duty on Raw Materials / Components
輸入税の免除 原材料 / コンポーネント

Exemption from Import Duty & Sales Tax on Machinery & Equipment
輸入税と販売税の免除 機械と機器

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FOCUS AREAS

- More knowledge, skill & high income investment.
- Cutting-edge production technologies - Nano technology, digital Nano printing, etc.
- Green products and technologies.
- More integrated solar projects-filling the gaps in the ecosystem, including machinery and upstream activities.
- More activities on front and back end of the manufacturing value chain : R&D and Product design, procurement & distribution and marketing & market development

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INVESTMENT OPPORTUNITIES IN THE MANUFACTURING SECTOR

Electronics & Electrical Industries :
- High-technology based products using wireless and convergence technology
- Mobile application
- Solar wafer / cells / modules
- Semiconductors

Petrochemical Industry :
- Alpha-olefins & fatty alcohols, propylene oxide & caprolactam
- Renewable & biodegradable materials

Aerospace Industry :
- Maintenance, Repair and Overhaul (MRO)

Machinery & Equipment:
- Automated equipment for semiconductor, solar, medical & automotive industries
- Process machinery for food & beverages and oil & gas
- Packaging machinery

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INVESTMENT OPPORTUNITIES IN THE SERVICES SECTOR

- Regional Establishments
- Logistics
- Tourism
- Environmental Management
- Healthcare Travel (Medical Tourism)

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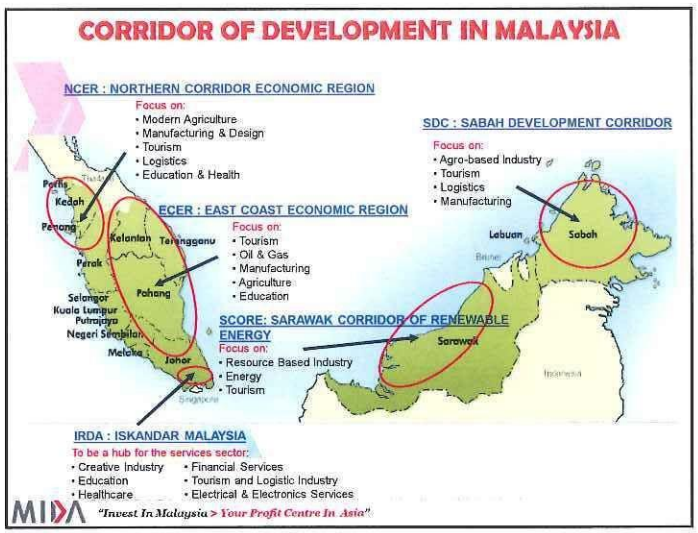
CORRIDOR OF DEVELOPMENT IN MALAYSIA



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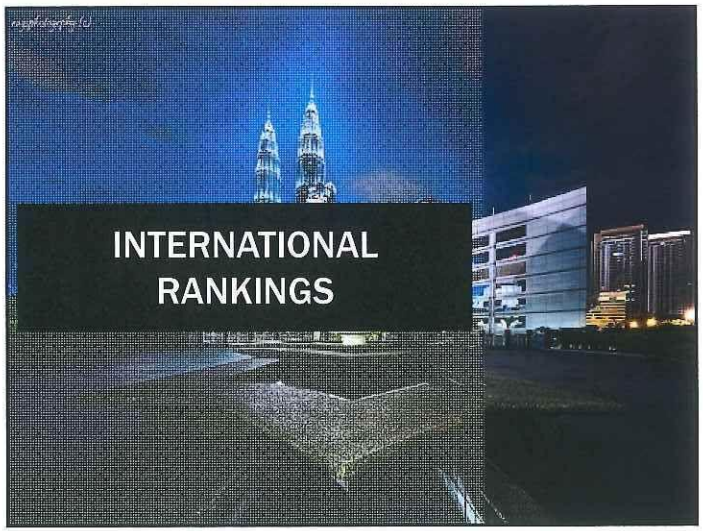

MALAYSIA'S INTERNATIONAL RANKINGS

Malaysia's strong performance in international rankings:

- 10th most attractive destinations for FDI
  (A.T. Kearney's FDI Confidence Index)
- 14th most competitive economy
  (World Competitiveness Yearbook, IMD)
- 12th in ease of doing business
  (World Bank Doing Business Report)
- 3rd most preferred services location
  (A.T. Kearney's Global Services Location Index)

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WHY MALAYSIA ?

- Political Stability
- Strong Economic Fundamentals
- Pro-business Government
- Liberal Investment Policies
- Attractive Investment Incentives
- Good Infrastructure / connectivity
- Harmonious Industrial Relations
- Young & Educated Labour Force
- Paradise for Expatriates
- Excellent Track Record

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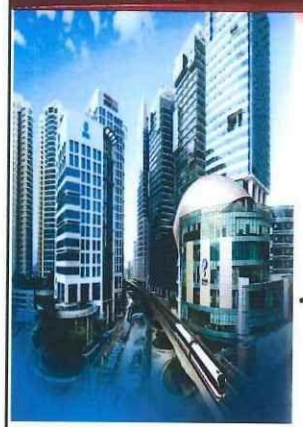
FACILITATION OF INVESTMENT



MIDA as a One Stop Agency :

a) Advisory & consultancy
b) Approval of projects
c) After- care services

Under the National Committee on Investment (NCI)
Evaluation of applications for:

- Manufacturing licence
- Tax incentives
- Import duty exemptions on raw materials, components and machinery
- Expatriate posts/work permits
- Regional establishments such as Operational Headquarters, International Procurement Centres, etc

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