Malaysia recorded a total of RM65.4 billion of approved investments in the services, manufacturing and primary sectors for the first six months of 2017 (1H2017), a decline of 28.2% compared with RM91.2 billion for the same period last year. These investments involved 2,294 projects and will create 61,930 employment opportunities.

The decline was mainly due to the 41% drop in the number of approved investment recorded for the services sector. This was in line with the slowing down in the property market. Approved investment for manufacturing sector has also declined, partly due to the large amount of investments that went into the Pengerang and RAPID project in Johor in 2014-2016. In addition, Malaysia is unable to compete with a number of countries in the region which offer lower labour cost.

Despite the decline, investments in manufacturing sector are projected to recover in the next few months, given Malaysia’s established industrial ecosystems. The country’s broad-based economic structure continues to appeal to both domestic and foreign investors. For example as at September 2017, MIDA has 341 projects in the pipeline with investments worth RM50.9 billion for the manufacturing and services sectors. A large number of these projects in the pipeline, once implemented, would potentially provide over 18,000 more jobs for the country.
Highlights in the Services and Manufacturing Sectors

Services

- The services sector has the largest number of projects in 1H2017 with a total of 1,974 projects approved during the period. This sector has maintained its position as the largest employer in the economy, with the creation of more than 39,000 job opportunities in 1H2017. Majority of these jobs or almost 92% will be in the distributive trade, MSC status companies and hotel & tourism.

- Demand for highly skilled and knowledge based workers are mainly generated in the ICT sector.

- Approvals in the hotel & tourism subsector grew by 10.7% to RM2.2 billion in 1H2017. This is expected to generate more than 2,200 new employment opportunities.

- The transport sub-sector which consists of maritime transport, aviation and construction & maintenance of highways registered an astounding growth of more than 10 folds from RM0.3 billion in the first six months of 2016 to RM3.9 billion in the corresponding period of this year.

Manufacturing

- Foreign investments contributed 56.5% while domestic investments recorded 43.5%. The leading sources of foreign investments were Netherlands, Switzerland, Germany, Hong Kong and Singapore.

- Despite the challenging global scenario, the existing foreign investors continue to demonstrate their confidence in Malaysia’s business environment. Notably, 84.5% of these approved foreign investments in the manufacturing sector were from expansion or diversification projects with high value contents. These include Malaysia’s long term investors such as Robert Bosch, B.Braun Medical Industries and TF AMD Micro-Electronics.

MIDA E-Stats Digest

For more insights into the statistics of Malaysia’s investment performance in the first six months of this year, interested parties can obtain the comprehensive data from MIDA’s E-Stats Digest.

This e-publication consists of valuable insights on the potential flow of investments into Malaysia, providing a better understanding on the prospects that lie ahead. It would be a useful guide for various stakeholders including industry players, academics, journalists to give any analysis or reports a well-supported base.

Grab a copy now at the following link: https://estatsdigest.mida.gov.my
Exploring Opportunities at the Intra-Asean Investment Forum 2017

Foreign Direct Investment (FDI) inflows from ASEAN member states have been growing steadily and are expected to reach over US$100 billion from the current US$96.7 billion in 2016. This indicates that global players in various industries are present and active in ASEAN. Many of them are expanding and seeing the emerging opportunities and potential from the ASEAN integration. Among prominent ASEAN companies are Charoen Pokphand, Wilmar, Musim Mas, Tipco Asphalt and TCC Group.

With the completion of RCEP, the ASEAN market will be linked to six partner countries (Australia, China, India, Japan, South Korea, and New Zealand) creating a bigger market of 3.5 billion people.

Recognising the complementarity that exists and the importance of connecting regional players towards creating more business potentials, the Minister of International Trade and Industry (MITI) together with the Malaysian Investment Development Authority (MIDA) and the Malaysia External Trade Development Corporation (MATRADE) organised an Intra-ASEAN Forum in August this year. The event, which attracted over 500 participants including existing and potential investors, served as a platform to exchange insights on opportunities and challenges of investing in ASEAN and other matters related to Intra-ASEAN investment.

Several companies which are successfully tapping into the intra-ASEAN linkages shared their experience on investing in ASEAN member countries.

According to AirAsia, key drivers for the company to grow are; leading in innovation and continuously incorporating new technologies into their products. Examples include introducing an online booking system and establishing relationships with other governments and authorities to overcome challenges in meeting different airline requirements across the ASEAN countries. AirAsia chose to focus on ASEAN as it is the sixth largest economy in the world. With a population of more than 600 million, ASEAN has the right consumers, citizens, and society to grow AirAsia as a company. The strategic location of this region is another push factor as it enables connectivity with countries beyond ASEAN, such as China and Japan. The company also sees opportunities for growth, especially in the tourism sector.
Charoen Pokphand (CP) Malaysia, a company which was first established in Bangkok, Thailand in 1971, selling vegetables seeds, expanded tremendously with a vision to be the kitchen of the world, not only for fellow humans but also in catering to the needs of animal. The company currently exports to more than 100 countries with a turnover of US$50 billion. It has invested RM627 million in Malaysia and has a presence in eight countries in ASEAN including Thailand, Malaysia, Indonesia, Myanmar, Philippines, Laos, Cambodia and Vietnam. It will be supplying its food products to AirAsia starting September 2017.

The company sees Malaysia as a significant investment destination as the country offers competitive operating cost. Furthermore, Malaysia, recognised as among the world’s Halal Hub allows the company to easily source their raw materials. CP is also leveraging on the Malaysia’s Halal certification by JAKIM that is recognised globally for future expansion and diversification plans.

Honeywell ASEAN, with a diverse portfolio including aerospace as its largest, home and building technologies, performance material and technologies, and safety and productivity solutions, sees vast opportunities in ASEAN. As urbanisation in ASEAN continue to grow at a rapid pace, a middle class population of 300 million is projected by 2020. This company which focuses on innovation is seeks to tap into the growing e-commerce sector and the early stages of Industry 4.0 and Internet of Things (IoT) that is coming up in the region. The company also anticipates the development of China’s Belt-and-Road Initiative, among other mega developments happening in ASEAN member countries.

PricewaterhouseCoopers in its “Pocket-Talk” session advised investors who are planning to invest in ASEAN countries to consider factors including tax incentives, site selection, regulations and requirements that may differ from one country to another, capabilities and literacy rate of the people, connectivity, types of investments and types of loans to support the business, especially since each country will have its own capitalisation requirements.

As for Malaysia, the Government offers business friendly policies and a straightforward tax scheme. Malaysia has a Double Tax Agreement (DTAs) with all ASEAN countries except Cambodia to encourage the ease of doing business in Malaysia. The country is also a good location for companies to consider establishing a Principal Hub as the Government also offers attractive Principal Hub incentives. This is poised to position Malaysia as a centre for global operations and the entry point for investments across ASEAN.

### INDUSTRY

**Malaysia – The Perfect Fit for Halal Pharmaceutical Businesses**

The concept of Halal is fast gaining worldwide recognition. In recent years, there has been a rise in demand for halal-certified products driven by rampant growth of end-use industries including the pharmaceutical industry, which involves the making and selling of drugs and medicines.

The Halal pharmaceutical industry is a multi-billion dollar industry with expenditures of USD75 billion in 2017. This is estimated to reach USD132 billion by 2021. Among the top 10 Muslim consumer pharmaceutical expenditure markets in 2015 were Turkey, Saudi Arabia, United States, Indonesia, Algeria, Russia, Germany and France. Companies producing Halal medicines are expected to enter these markets due to the high demand base for better revenue generation.

**Fun Fact!** By definition, *Halal* is an Arabic word meaning lawful and permitted. It is a term designating an object or action as permissible according to Islamic Law. Despite ethnic and geographic diversity, Muslims all over the world share this fundamental Islamic belief where *Halal* is an important and integral part of religious observance for all Muslims and it refers to more than just food permissible to be consumed.
Being a country with a majority Muslim population, Malaysia has a large pool of Halal experts with decades of experience in this industry. This has contributed to Malaysia being recognised as the leading global Halal hub as well as the global reference and trade centre for the mainstream halal industry. Combining this advantage with the country’s growing pharmaceutical industry, Malaysia has the best of both worlds to offer to Halal Pharmaceutical industry players.

In fact, the country has established the world’s first Halal pharmaceutical standard, MS2424:2012 Halal Pharmaceutical – General Guidelines where JAKIM’s Halal Hub Division is the first accreditation body in the world to introduce certification for Halal pharmaceutical products. With this, Malaysia is not only among the top exporter of packaged Halal foods, but is also expected to take center stage in the global promotion and regulation of Halal pharmaceuticals. The country is also one of the first members of the Pharmaceutical Inspection Co-operation Scheme (PIC/S) in the Asia-Pacific region.

Malaysia’s strength in Halal pharmaceutical industry lies in its well-developed infrastructure, paired with the presence of credible Certification Authorised Body (JAKIM), Islamic Finance, Halal Parks, Halal Logistic and Halal Testing Labs. This is also strongly contributed by the continuous support from the Government that has laid the foundation for the Halal Industry development in Malaysia.

Government Agencies such as Malaysian Investment Development Authority (MIDA), Halal Industry Development Corporation (HDC), Malaysian Technology Development Corporation (MTDC) and SME Corporation Malaysia offers various facilities and initiatives such as tax relief, funding, training and consultancy services and skills upgrading program to be explored by the industry players.

The Malaysia Halal Council, chaired by Deputy Prime Minister Datuk Seri Dr. Ahmad Zahid Hamidi, is expected to launch the Halal Master Plan 2.0 for the development of the nation’s Halal industry from 2018 – 2030 by the end of 2017. The council is currently working on the framework that would drive Malaysia beyond its Global Halal Hub status in 2020.

As Malaysia seeks to develop the country’s halal industries, the Government aims to produce more companies that can compete healthily in terms of exports and investments, as well as grow investments that can create more job opportunities. MIDA continues to work closely with the relevant stakeholders to encourage both foreign and local companies to explore and leverage on the established Halal infrastructure in Malaysia towards creating sustainable growth for the Halal pharmaceutical industry.

One of the prominent Halal pharmaceutical companies in Malaysia is Chemical Company of Malaysia Berhad (CCM). The company was established in 1963 and has played an important role in the development of Halal pharmaceutical industry in Malaysia. CCM is the first pharmaceutical company to receive the world’s first Halal Certification for prescriptive medicine in 2017 and is currently working on being the first to offer Halal certified biologics, Highly Active Pharmaceutical Ingredient (HAPI) and vaccines fill and finish.
Mobile Payment: Towards A Cashless Future

Financial Technology, also known as ‘fintech’, is transforming the way money is managed by utilising the advancement of technologies and its application in the financial services sector. The rise of this phenomenon is accelerated by the increased accessibility to mobile Internet and other connectivity solutions.

Key segments of the fintech industry include business process outsourcing, financial media and data solutions, payment platforms as well as e-commerce and marketing technology, to name a few. Understanding the growing influence of fintech would allow companies to leverage on the opportunities it presents.

Globally, the value of fintech investments is estimated at a total of US$40 billion by 2020, according to Statista – The Statistics Portal. In Malaysia, the presence of fintech is growing with cautious optimism from major players and regulators. Nonetheless, the statistics show that Malaysian consumers are embracing fintech. Transaction value projects an annual growth rate (CAGR 2016 – 2020) of 23.2% that is expected to rake in a total of US$14.4 billion in 2020.

Unlike other areas of technology, fintech operates in a highly regulated space. As such, the approval of the relevant bodies is required for innovative financial solutions to operate. The good news for Malaysia is that giant corporations and major financial institutions are welcoming this technology with open arms. Major banks like Maybank, CIMB Bank, and RHB Bank are starting to embrace fintech, which focus on Syariah compliant project financing, introducing fintech solution into the market as well as investing heavily into fintech Startups. Maybank, for example has involved itself into actively supporting the growth of fintech not only in the country but in the region.
Bank Negara Malaysia (BNM) on the other hand, is active in promoting financial stability in the midst of rampant technological development in the financial sectors. They will be providing main regulatory framework, especially on the security of financial data as well as managing associated risk stemming from fintech-based financial solutions. Earlier in June this year, BNM established a unit called the Financial Technology Enabler Group (FTEG) to support innovations that will improve the quality, efficiency and accessibility of financial services in Malaysia. FTEG is responsible for formulating and enhancing regulatory policies to facilitate the adoption of technological innovations in the Malaysian financial services industry.

As of 2017, there are 70 Malaysian companies in the fintech space, with 4 of them listed on top 15 Asian fintech start-ups. These companies are developing financial solutions to enhance efficiency in the market by employing latest technology on data analytics, biometric authentication and near field communication. Among them include Soft Space, Money Match, Next Money KL, iMoney.my, Current Seek, Skolafund and StoreHub.

Soft Space, for example, is a successful home grown fintech company that is in tandem with Malaysia’s aspiration to be the regional hub for fintech in developing the economy with a special emphasis on e-commerce among SMEs. The development of its patented “mobile point of sales (MPOS) payment solutions” in 2012 enables mobile devices to accept card payments contribute towards the transformation of the payment system in Malaysia, particularly among the SMEs.

With MIDA’s support, Soft Space steadily built up their R&D capabilities and now continues to grow both locally and globally by offering innovative solutions into the financial industry. A significant milestone that marks Soft Space venture into the global market was the signing of a memorandum of agreement (MOU) with Sumitomo Mitsui Card Company (SMCC) of Japan on 13 January 2017, another addition to its long list of clients. SMCC, being the second largest card issuers in Japan is leveraging on Soft Space’s financial services technology to penetrate into the ASEAN region. This partnership also allows Soft Space access to the Japanese market by catering to SMCC’s existing clientele.

Given Malaysia efforts in propelling the digital economy, new growth sectors such as e-commerce will play a more prominent role in developing Malaysia’s fintech landscape. There is no time for companies to adopt a ‘wait-and-see’ approach as technology is evolving at a faster pace. MIDA continues to encourage and nurture more local companies to explore emerging technologies and new ways to doing business towards maintain their competitiveness and growing into global players.

MIDA Expects Many More MNCs to Populate TRX

MIDA, in collaboration with TRX City hosted prominent foreign chambers of commerce on a visit to TRX, KL’s international financial district on 6 September 2017. The private event was attended by delegates from various chambers of commerce representing six of Malaysia’s prominent trading partners; India, New Zealand, France, Japan, Australia and South Korea. This visit is part of MIDA’s initiative to highlight investment opportunities in high-impact projects like TRX to the international business community.

Dato’ Azman Mahmud, CEO of MIDA said, “MIDA sees TRX as a long-term profitable location for businesses to expand due to its excellent accessibility and connectivity to the vibrant ecosystem available in the existing city centre and the rest of Greater Kuala Lumpur. It offers exciting prospects for companies seeking to centralise their key functions in one location and streamline their global support services to enhance efficiency and productivity.
By locating here, companies can be closer to an established supply chain and matured workforce. Given the strategic value propositions, MIDA expects many more multinational companies (MNCs) and local conglomerates to seize these budding opportunities and increase their competitiveness by setting up their operations in TRX.”


MIDA was represented by the Director of the Green Technology Division at the Malaysia-Kazakhstan Energy Business Forum on 6 September who was among the panellists to share on ‘Investment Opportunities and Collaboration between Malaysia and Kazakhstan’.

Industry 4.0 Forum & Digital Free Trade Zone SME Onboarding Workshop

MIDA was represented by the Advanced Technology and R&D Division at the Industry 4.0 Forum and Digital Free Trade Zone SME Onboarding Workshop who was among the panelists to share on government initiatives to support companies’ transition towards Industry 4.0. The event was held on 6 September at Universiti Teknologi Petronas, Tronoh.
MIDA Engages with Investors at the ASEAN Business Forum 2017

MIDA Los Angeles was present at the ASEAN Business Forum 2017 organised by the Port of Los Angeles’ Trade Connect programme, held at the Crown Plaza Hotel in San Pedro California on 7 September 2017. The forum provided a valuable platform for investors to gain a deeper understanding of ASEAN’s thriving market and the business opportunities available.

MIDA visit to the Palm Oil Industry Cluster (POIC)

On 9 September, Deputy Chief Executive Officer of MIDA, Datuk N. Rajendran led the visit to the Palm Oil Industry Cluster (POIC) at Lahad Datu, Sabah. The state has vast oil palm plantations and the bulk of the palm oil is exported in its raw form. Investors are urged to explore the business opportunities available such as tapping into biochemical potentials.

MIDA Urges Industry Players in the Northern Region to Leverage on Facilities Provided by the Government

"As Malaysia is a country that practices open economic policy due to the limited domestic market, industry players need to enhance their capabilities and competitiveness that will enable them to explore international market in the effort to expand their businesses. In facing the waves of Industry 4.0 which is happening globally, the Government is encouraging industries to embrace Industry 4.0 elements in their operations by shifting to the adoption of smart manufacturing technology, robotics and precision engineering to enhance their capabilities and competitiveness," said Mr. Zabidi Mahbar, Executive Director, Strategic Planning, Malaysian Investment Development Authority (MIDA) in his speech during the Northern Region Domestic Investment Seminar held on 14 September 2017. The seminar, attended by more than 200 industry players, was officiated by YB Dato’ Wira Dr. Ku Abd. Rahman bin Ku Ismail, Member of Kedah State Executive Council.
MIDA Ramps Up Efforts To Engage With Stakeholders At Open Day

“MIDA has emulated our MITI Day in organising this Open Day, lining up programmes that are not only beneficial for the industry players but our local youths as well. People are the intellectual assets that companies need to learn to cultivate and manage well, especially in today’s knowledge economy. The availability of talents with the right skill sets will be a critical enabler in accelerating Malaysia’s shift to high value-added, high technology and knowledge-intensive industries. MITI, through MIDA and our other agencies, has been an active conduit between the industry and academia, bridging the gaps in building the talents of the country. We want to ensure that our talents have the necessary skills and competencies to advance the country’s economic transformation agenda,” said YB Dato’ Sri Mustapa Mohamed, Minister of International Trade and Industry (MITI) during his keynote address at the Launching Ceremony of the Malaysian Investment Development Authority’s (MIDA) Open Day 2017 on 18 September 2017.

In commemorating its 50th Anniversary, the one day event at the MIDA HQ in KL Sentral leveraged on MIDA’s close contact with investors to provide a valuable platform to connect job seekers with a diverse range of employment options. From a total of 57 participating companies, more than 7,000 vacancies were offered. The majority, 76.9% of the openings, were in the skilled level for the managerial, professional & technical as well as technicians & associate professionals categories, while the rest were in the semi to low-skilled levels such as craft related workers and customer service & sales workers.
Broadcom Chooses Malaysia for New Global Distribution Warehouse

“With the establishment of this new facility, Broadcom’s global inventory for products being manufactured in the US, Taiwan, South Korea, Thailand and Malaysia will be centrally stored right here before being distributed worldwide. This new facility is undeniably a welcome boost to Malaysia’s logistics industry. Given that 90% of its products will be exported via air freight, it would increase the usage of Malaysia’s airport facility with approximately 300 to 500 million units of products being shipped per week. In fact, Broadcom’s estimated future export revenue is more than RM60 billion once its principal hub is fully operational, making Broadcom the largest E&E exporter in Malaysia,” said YB Dato’ Sri Mustapa Mohamed, Minister of International Trade and Industry (MITI) during the Opening Ceremony of Broadcom Limited’s Global Distribution Warehouse at the Batu Kawan Industrial Park in Penang on 18 September 2017.

“In addition to this Global Distribution Warehouse which is managed by its Principal Hub, I am excited to know that the company has plans to expand further with business spending of RM4.1 billion over the next 10 years such as global production planning, quality management, strategic procurement and logistics management. Broadcom’s Principal Hub will also support its global subsidiaries in undertaking R&D activities. This would further strengthen Malaysia’s E&E ecosystem and create vast business opportunities for companies in supporting industries. Broadcom has certainly played an active role in supporting the local supply chain, benefitting contract manufacturers,” added the MITI Minister.

Highlights of September 2017

On 11 September, YB Dato’ Sri Mustapa, Minister of MITI and Dato’ Azman Mahmud, CEO of MIDA had a discussion with the National Association of Manufacturing – representing small and large manufacturers in all 50 states of America.
MIDA Milan’s director participated in the Festival Internazionale Della Robotica, PISA on 12 September. He shared on Malaysia’s vision and role in embracing industry 4.0 related to smart manufacturing and robotics.

MIDA was at the Malaysian Investment Promotion Seminar at Nanning on 13 September 2017.

MIDA facilitated the visit by HRH The Regent of Kelantan with YB Dato’ Sri Mustapa, Minister of International Trade and Industry (MITI) to Japan on 16-17 September 2017. Activities organised include a business luncheon which was well attended by 8 Japanese companies and 3 business associations, breakfast meeting with the International Friendship Exchange Council (FEC), and various other meetings with companies such as Intertrade, Daiwa House and Rohm Wako.
On 20 September, the Deputy Chief Executive Officer of MIDA, Datuk N. Rajendran led MIDA team’s to visit Jeonnam Technopark in Korea and met with several food companies located in the area. The MIDA delegation also visited the Boseong County, the Green Tea Capital of Korea.

On 21 September, YB Dato’ Sri Mustapa, Minister of MITI and Dato’ Azman Mahmud, CEO of MIDA visited Elektrisola, a leading producer of fine enamelled copper wire corresponding to magnet wire standards located in Pahang. Notably, the Managing Director, Dato’ Thilo J. Westerhausen, has served the company since its inception in 1992.

On 30 September, MIDA celebrated its 50th Anniversary at a Golden Gala Dinner. The event was graced by YAB Prime Minister of Malaysia and the Minister of MITI.
MALAYSIA RANKING

Malaysia ranked 2nd in S-E Asia
Malaysia takes 23rd spot in global report

ECONOMY NEWS

Malaysia’s trade to hit RM1.5 trillion
Strong economy lifts Malaysia’s credit profile
ECRL, connecting east and west
S&P: Consumption, investment drive growth

INDUSTRY NEWS

Value-added services give firms an edge
Brooke Dockyard triples fabrication capacity
Malaysia on target to become regional hub
Factory output up more than expected in July
Hartalega’s new complex on track
IOI Corp and Bunge in win-win deal
Globetronics plans to ramp up capacity
RM4.1b Broadcom investment boost
Spritzer set to sustain market-leading position
LKL upbeat on segment’s growth
Ikhmas Jaya moves a step closer to building new manufacturing facility

SERVICES NEWS

Tie-up to enhance cooperation
Mahadon: Cardiac hospital a boost for Johor medical tourism sector
Eraman partners Alipay
See Hup expand business to Klang Valley and JB
Celcom investing RM1.1b in second half to beef up network
IKEA to roll out on online store next year, Penang outlet in 2019
TRX City inks deals with MRT Corp, SMART for better connectivity
Recycling firms to benefit from growth in several industries
Malaysia riding wave of technological change to boost output
China’s CCCC to build tower in TRX
Minister: Private hospitals are key to medical tourism
A transformative higher education
Manjung 5 starts commercial operations
More players welcomed
Dentsu Aegis unveils global media investment arm Amplifi
RM100m for new Klang hospital
Serba Dinamik bags 7 contracts

MIDA IN THE NEWS

MIDA expects more MNCs to populate TRX
7,000 jobs up for grab at fair
Over RM1tril foreign investments since 1980
Where are our manufacturers now?
ABOUT MIDA

The Malaysian Investment Development Authority (MIDA) is the Government's principal promotion agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Starting operations in 1967, MIDA is the first point of contact for investors that want to take advantage of Malaysia’s vibrant economy, world-class infrastructure and business-friendly environment to set up their profit centre in Asia. For more information, visit www.mida.gov.my or e-mail us at investmalaysia@mida.gov.my.

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