



A MIDA Publication for Global Investors

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TAKE ADVANTAGE OF THE AUTOMATION CA TODAY & INCREASE YOUR PRODUCTIVITY!

For a future that works, automation will be high on the list of any manufacturing company that is seeking to maintain their competitiveness. As companies around the world are increasingly utilising technological advances, smarter and more flexible machines will continue to be necessary on a larger scale. MIDA continues to stress on the importance of reaping the economic gains of automation and promote its adoption through the Automation Capital Allowance (Automation CA) incentive.

Since its introduction in the 2015 Budget, MIDA has approved a total of 108 applications as at 30 April 2018.

- For the labor-intensive industries where Automation CA of 200 per cent on the first RM4 million expenditure is granted, the highest number of approvals was in the plastic products followed by textiles & textiles products and wood & wood products industries.
- For other industries where Automation CA of 200 per cent on the first RM2 million expenditure is granted, the highest number of approval was in the fabricated metal products industry.

Breakdown of Approvals by Industries

Automation Capital Allowance (Automation CA)



Category 1	
<u>51</u>	<u>57</u>
_	<u> </u>
	Category 2

As at 30 April 2018

Category 1: Labour- intensive industries	Total
Plastic Products	18
Textiles & Textile Products	14
Wood & Wood Products	10
Furniture & Fixtures	5
Rubber Products	4
TOTAL	<u>51</u>

Category 2: Other industries	Total
Fabricated Metal Products	17
Electronics & Electrical Products	9
Non-Metallic Mineral Products	8
Food Manufacturing	7
Paper, Printing & Publishing	5
Transport Equipment	4
Chemical & Chemical Products	3
Machinery & Equipment	2
Basic Metal Products	1
Miscellaneous	1
TOTAL	<u>57</u>



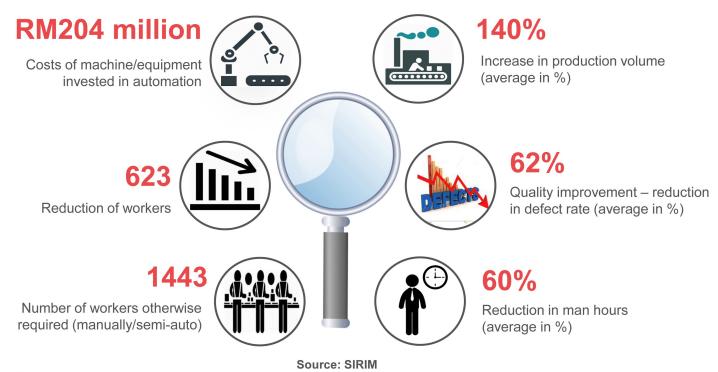
HIGHLIGHTS

Based on the evaluation and verification by SIRIM, the 108 companies which have been approved with the Automation CA have invested in automation machinery and equipment amounting to RM204 million. These investments have led to an increase in production volume by an average of 140%, an improvement in quality by an average of 62% through reduction in defect rate, a reduction in man hours by an average of 60%, and reduction in workers by 623 people. Without the automation initiatives by these companies, 1,443 workers would otherwise be required to perform the manually/semi-auto jobs.

Impact of Automation CA

Of all 108 approved companies (as at 30 April 2018)





MALAYSIAN INVESTMENT DEVILOPMENT AUTHORITY

Companies which have been approved with Automation CA were largely located in Selangor (34) followed by Penang (23), Johor (22), Perak (14) Melaka (4) and Negeri Sembilan (4).

Joe Green Precast, a manufacturer of environmental friendly light weight precast concrete hollow core wall panels for use in the building and construction, is among companies which has successfully adopted automation in its production process. Before automation, the company was producing the precast wall panel manually by using 36 workers. By automating its wall panel extrusion and cutting machine, the company is able to produce 550 m2 of concrete panels in a day by having only 8 workers.

Another notable example is SYW Industry, a manufacturer of anchor belt, steel band and U-bolt in Perak. By introducing effective and efficient automation machines, the company has expanded its manufacturing capacity from 70% to 500% and improved its products' quality to meet clients' needs.

HIGHLIGHTS



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The time to act is now. Take advantage of the Automation CA to increase your productivity and moreover, your profit! For additional information or FAQs on the Automation CA, please refer to the January 2018 issue of MIDA E-newsletter. (LINK)

INDUSTRY NEWS

MALAYSIA'S HALAL LOGO, A GLOBAL MARK OF CONFIDENCE AND QUALITY

'Halal' products and services have gone beyond a definition associated with religious beliefs alone but is becoming more accepted as a global symbol of quality and wholesomeness. This is evident with the diversified offerings of halal products and services covering various industries.

Thus, it is not surprising that the global halal market is expected to grow from USD45.3 billion in 2016 to over USD58.3 billion by 2022. The food segment, with 36%, makes up the second largest portion of the halal market share after Islamic finance with 43%. The balance is contributed by the clothing, recreation, travel and pharmaceutical sectors.

The increased demand of halal products especially food is also appealing as a healthy and hygienic cuisine style. Health-conscious consumers in non-Muslim countries are increasingly accepting halal products as a preferred dietary choice. Hexa Reaseach, a market research and consulting organisation based in the US, has projected that the halal food industry revenue will rise from about USD1.25 trillion in 2016 to about USD2.55 trillion in 2024. The largest global market share is coming from North America. In terms of expenditure on food and beverages by Muslims, Indonesia recorded the highest even though the largest share of halal adherents are in the Middle East and Africa.

INDUSTRY NEWS



As the Muslim population is expected to reach 2.2 billion by 2030, representing 23% of the world population, there are huge potentials for halal food production especially for halal ingredients. The current supply is only catering 37% of the global demand.

In today's market, the concept of halal does not simply mean 'pork free' food. It covers a multitude of definitions, such as the way animals are made into meat, food additives, food preparations, logistics and infrastructure.

The biggest challenge in this sector is the absence of any viable international schemes to accredit halal certification bodies, as majority of halal food is being non-Muslim produced in majority countries. Certification is done by independent Halal Certified Bodies (HCB) operates with little regulatory oversight. More coordination between the accreditation bodies is needed to avoid unnecessary duplication or competition.

Malaysia's international recognition as a champion in Islamic finance has given an added advantage for the country to market its 'HALAL' logo globally. This factor coupled with the established halal supply chains in the country is set to make Malaysia a pioneer in offering a complete halal ecosystem in the world. This includes infrastructure, human capital, certification,

big data, reference centre and Government support.

MALAYSIA AS THE GLOBAL HALAL HUB Islamic finance World recognised JAKIM halal certification Halal food. pharmaceuticals & cosmetics Halal travel Availability of resources Palm oil derivatives Bio-diverse forest. Malaysia is the biggest halal ingredients supplier being the world's second largest Dedicated halal parks producer & exporter of palm oil products Global reference centre for Halal Integrity Dedicated halal R&D Attractive Well developed Pro-business halal incentives Infrastructure government

Many global multinational corporations have made Malaysia their manufacturing hub for halal food and beverage production, as well as a base for their export markets. Some companies have even used Malaysia as a model for their halal practices within the group. The continuous reinvestment by these companies has made Malaysia a net exporter of food products.

Malaysia is proud to be among one of the first nations in the world to develop Halal standards. The country has been a pioneer in the development of Halal standards with 13 Halal and Halal-related standards ranging from production, preparation, handling and storage of food to general guidelines on Halal pharmaceuticals. The Malaysian certification procedures and Halal Standards are continuously utilised because they have received widespread recognition for maintaining excellence in the field of Halal-compliance.



As a result, Malaysia's halal logo is widely used by MNCs which makes up 70% of food companies in Malaysia using the logo. Given the global recognition of the halal logo, MIDA would like to encourage more local companies to halal certify their products and services towards gaining access to a wider market.

For more information on investing in the Halal Industry, do reach out to MIDA's Food Technology & Resource Based Industries Division. (LINK)

SERVICES NEWS

LIQUEFIED NATURAL GAS (LNG) - MARINE FUEL OF THE FUTURE



Shipping, which transports about 90% of global trade, is one of the contributors to marine pollution. Emissions of sulphur oxide (SO_x) and nitrogen oxide (NO_x) from ships into the atmosphere may cause global air pollution, human health issues and global warming. Efforts to reduce the harmful impacts of shipping have been initiated by the International Maritime Organisation (IMO).

In 1973, the International Convention for the Prevention of Pollution from Ships (MARPOL) was first adopted at IMO. Over the years, MARPOL has been updated by various amendments with the latest chapter on reducing greenhouse gas emissions from ships being adopted in 2011. The reduction of global sulphur cap has become a priority at the national and international levels to comply with IMO's Global Sulphur Emission Cap of not exceeding 0.50% sulphur content which will come into effect on 1st January 2020.

Ships can meet the IMO requirement by using a low or zero sulphur compliant fuel oil such as liquefied natural gas (LNG). LNG is a viable long term solution for a greener environment and maritime industry. LNG fueled ships reduce the emissions of NO_x by 85% to 90%; and SO_x and particles close to 100% as compared to conventional fuel oil. In terms of financing, the costs for LNG i.e. US\$250/MT are relatively cheaper compared to other fuels (US\$310/MT - US\$450/MT).

Affordable fuel choice; elimination of SO_x and particulate matter (PM), reduction of NOx and greenhouse gases (GHG) emissions, economic viability, and sufficient LNG supply are among the factors qualifying LNG to be the 'marine fuel of the future'. It is forecasted that the demand for LNG as marine fuel will be around 1 MMt/year in 2020, with a potential to exceed 10 MMt/year in 2025.

SERVICES NEWS



PETRONAS First Floating Liquefied Natural Gas (FLNG), FLNG SATU. Image credit: PETRONAS

Realising the growing importance of LNG as marine fuel, various measures and efforts are required to encourage industry stakeholders to invest in new technologies or convert existing ones that are necessary for the industry to grow and build its capacity and capability. In collaboration with PETRONAS, MIDA has organised 2 workshops to highlight the growing importance of LNG as marine fuel. The first workshop was held on 13 February 2018, raising awareness on the utilisation of LNG as marine fuel and discussing the opportunities for LNG bunkering as well as the policies required to assist the development of LNG bunkering facilities in Malaysia. Following the success of the first workshop, Rolls Royce and MTU Friedrichshafen GmbH were invited to share their technical expertise on marine gas engines during the second workshop which was held on 21 March 2018.

Through MIDA, the Government provides assistance in the form of incentives and grants to eligible local players for undertaking research and design, training, modernisation and upgrading of equipment, and acquiring new technologies.

EVENTS



Director of MIDA Melaka was present during the courtesy call on new Chief Minister of Melaka, YAB Hj. Adly Zahari by ED and CEO of Xinyi Glass on 1 June.

EVENTS





Many established companies, chambers and associations from Osaka and Fukuoka, Japan participated in the roundtable meeting with Deputy Chief Executive Officer II, Mr. Arham Abd. Rahman on 8 June.



Director of MIDA Tokyo participated in the bilateral meeting between both the Prime Ministers of Japan and Malaysia on 12 June.

EVENTS



The Embassy of Malaysia and MIDA organised a business meeting in Spain on 14 June, highlighting on investment opportunities in Malaysia.

NEWSLINKS

MALAYSIA RANKING

13 Malaysian companies on Forbes 2018 Global 2000 list

ECONOMY NEWS

Ting Pek Khiing to build RM30bil Langkawi New City project

Kelly Services: Malaysia employment prospects look bright this year

'Stable' ratings likely to remain

E&E shipments boost April exports to RM84.2b

Rosy outlook for 2 industries

Dr Mahathir invites Japan to invest in Malaysia

'Malaysia to ensure stable environment'

Malaysia could extend tax breaks for key foreign investors — Dr Mahathir

Statistics Dept: Economic outlook remains favourable going forward

GLOBAL NEWS

Huawei to invest over US\$80m in SEA region

S-E Asia economies to see mild 4.9pc expansion

Semiconductor fab equipment spending to grow 14% y-o-y in 2018, says SEMI

NEWSLINKS

INDUSTRY NEWS

Zero-rated GST will drive automotive sector, says New Hoong Fatt MD

Modenas to capture pole position via tie-up with India's Bajaj

CCM sees robust growth next year

Malaysian Innovation On Global Map

Tatt Giap plans RM140mil project

Malaysian Firms Gain RM289.1Million Potential Sales at SEMICON

BioAlpha upbeat on health supplement sector

Manufacturing sector may improve in third quarter

Hartalega launches anti-microbial gloves in U.K.

Nestle spends RM13m on green initiatives

Dialog acquires last 20% stakes in Langsat terminals

Coca-Cola to invest more in Malaysia

Gamuda IBS optimises efficiency

Supermax the first Malaysian firm to get licence to export lenses to Japan

Scientillence eyes IPO to fund expansion

D&O to tap into Japan's LED component markets

Dr M to bring in Chinese car parts makers to improve local talent

New growth area for chipmaker

Pertama eyes full capacity in October for smelting plant

PIE embarks on biggest expansion plan

Pushing nanotechnology products to the fore

SERVICES NEWS

RM30m for Airports 4.0 initiative

UPM is 202nd best university globally

DNeX identifies five growth areas

UCSI, nation's top private varsity

Berjaya plans airport on Pulau Tioman

UM ranks 87th in world university rankings

MAHB: No changes to KL Aeropolis and DFTZ projects for the present

OYO Hotels sees room for growth in Malaysia

Alibaba keen to tap local talents, SMEs

NEWSLINKS

Online hiring rises in Q1 due to demand for tech talents

Malaysia has strong potential as data centre hub

USM named world's 14th best young university

Carousell in talks for e-wallet

Edotco plans 2,000 towers in 2018

Halal sector to benefit from tie-up

Joint effort to develop airports

'More R&D investments needed for Malaysia to compete'





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.

MIDA, your first point of contact for investments in Malaysia.



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