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HIGHLIGHTS

DEEPENING THE LOGISTICS SUPPLY CHAIN

Malaysia is one of the most diversified economies in the world with the services, manufacturing, agriculture and mining sectors providing the right balance to the economy. Being the world's 24th largest trading nation, Malaysia's logistics industry plays an integral role in enabling the growth of the country's supply chain.



As supply chains today are being revolutionised by emerging technologies, this has resulted in new growth areas such as e-commerce and last mile delivery markets. Hence, in tandem with this growth, the logistics industry has also been expanding rapidly in the country, especially in the Klang Valley area.

From MIDA's on-going engagements with the industry, it is noticeable that there is an increasing trend of companies venturing into more specialised activities. This includes handling and storage of hazardous chemicals, handling of heavy and oversized cargoes and specialised equipment. These activities have contributed in attracting other logistics companies to also make Malaysia as their hub.

In 2003, MIDA introduced specialised facilities such as the Integrated Logistics Services (ILS) and International Integrated Logistics Services (IILS) to encourage the growth of Malaysian companies in the logistics industry. For example, the IILS enables integrated logistics companies to obtain a freight forwarding license and expand their operations globally.

As at April 2018, MIDA has approved 89 ILS projects with total investment of RM5.9 billion. Meanwhile, 123 companies have been approved with IILS status enabling them to obtain the Freight Forwarding License from Customs. Among the states in Malaysia, Selangor registered the highest amount of approved investments for the logistics sector as at April 2018, with a total of 151 approved logistics investments that are related to the chemical, oil & gas, automotive, E&E and ICT industry.

Recognising the potentials of Selangor to become the logistics gateway to South East Asia catering to the needs of the ASEAN and APAC region, the Malaysian Investment Development Authority (MIDA) and Invest Selangor jointly organised the Investment Forum on Logistics Industry at the Concorde Hotel Shah Alam on 10 July 2018.

The investment forum provided insights on the logistics industry's readiness in terms of technology, talent development and infrastructure. The panel discussion was moderated by the Chairman of the Federation of Malaysian Manufacturer's Selangor branch with panellists that consisted of key speakers from Sin-Kung Logistics, Port Klang Authority, MITRANS and Logistics Worldwide Express (LWE). Selangor Logistics Clinics (Business Matching Sessions) were also provided for participants to engage with 10 related organisations at the forum. The half day event, which attracted approximately 200 logistics players, was officiated by YB Dato' Teng Chang Khim, Senior Executive Councillor of Selangor State Government. Also present at the event was Mr. Arham Abdul Rahman, Deputy Chief Executive Officer of MIDA and Dato' Hasan Azhari Hj. Idris, CEO of Invest Selangor.



During the event, the Malaysia Institute of Transport (MITRANS) in collaboration with MTRANS Logistics and Transportation Solutions (MLT) also launched its Malaysia Logistics Performance Index (MLPI). The MLPI establishes performance indicators for the freight logistics industry in Malaysia based on the views of industry professional particularly the local logistics service providers and manufacturers. It also provides comparisons with the findings from the Logistics Performance Index (LPI) conducted by the World Bank. This interactive database can be used as a one stop data centre towards developing a more comprehensive strategic plan for Malaysia's logistics industry.

In line with these goals, it is important to develop every aspect of the logistics infrastructure such as ports, airport, highways and railways as well as the relevant services providers and government regulators, to harness the benefits of the current market trends. The adoption of Industry 4.0 technologies is important to maintain the competitiveness of industry players and increase overall productivity and efficiency.

Among the industries in Malaysia, the logistics sector shows a higher readiness to embrace this, and it is evident in the implementation of industry 4.0 elements by some of the industry players such as IKEA, the world's largest furniture retailer and YCH Logistics.

For example, last year in August, IKEA announced the establishment of its Regional Distribution and Supply Chain Centre for ASEAN in Malaysia. With an investment of RM908 million, its specialised warehouse will adopt integrated ICT and automation systems. This will enable the company to reduce dependency on labour and significantly increase the efficiency and accuracy of its inventory management processes.



As Malaysia's logistics industry transforms into becoming more integrated and high tech, there is a need to address the widening skills gap in the industry. There will be more specialised skilled roles required, such as experienced seafarers, to bring the country's logistics industry to the next level.

Recognising this, numerous government initiatives have been set in place to continuously increase the supply of talent and skilled labour to meet the needs of the industry. Notable logistic companies that have undertaken talent development efforts include PKT Logistics and GDEX. These companies are collaborating with the academia to undertake training, talent and internship/apprentice programmes and also logistics courses in order to ensure a sustainable talent pool.

Industry players are encouraged to emulate some of the best practices in the industry as well as to leverage on the facilities provided by the Government, such as the ILS and ILS to seize the growing opportunities arising from the growth of the logistics industry.

MALAYSIA'S GROWING COSMETICS & PERSONAL CARE INDUSTRY

The cosmetics and personal care industry has matured over time and is now a lucrative, dynamic and fast pace industry in both developed and developing countries.

According to Allied Market Research, the growth of cosmetics market is expected to garner \$429.8 billion by 2022, a CAGR of 4.3% during the forecast period from 2016 to 2022. This is encouraged by the growth in global economies, changing lifestyles and rising demands of skin and sun care products due to varying climatic conditions.

In a separate report by Grand View Research Inc, the global halal cosmetics market is expected to reach USD52.02 billion by 2025. In line with this, halal cosmetics and personal care products have emerged as one of the fastest growing consumer segment for Malaysia. As the Halal certification reflects products that are assured to have premium ingredients, and hygienic manufacturing and processing facilities, among others, it is becoming a worldwide recognition for quality assurance and lifestyle choice. Hence, this has created more business opportunities and demands for innovative products.

On the domestic level, the Malaysian cosmetics and personal care industry has been experiencing a consistent growth. Many major players of the industry are undertaking manufacturing of house brand products as well as contract/private labelling. Industry players include Bodibasisx, Attractive Avenue, Formapac, Henkel, Intercos Asia Pacific and Eng Kah Enterprise.



Kacip Fatimah Plant

Malaysia's rich biodiversity makes the country an ideal location to be part of the global supply chain for the cosmetics and personal care industry. This has contributed to the steady expansion of the industry, particularly in its supply of active ingredients. This industry is also driven by the continued development of new research and technology. The extraction process is able to create unique active ingredients for cosmetic and personal care products. For instance, *kacip fatimah* and *mas cotek* are used as the base of active ingredients for anti-ageing and whitening skin care products.

Malaysia's cosmetics and personal care industry is regulated under the Control of Drugs and Cosmetic Regulations (CDCR) 1984. The requirements of the ASEAN Cosmetic Directive have been adapted into the Guidelines for Control of Cosmetic Products in Malaysia. In conformance with the harmonisation of cosmetic regulations in the ASEAN region, companies are now required to notify or declare their compliance to the ASEAN Cosmetic Directive to the National Pharmaceutical Regulatory Agency (NPRA).

In pursuit of encouraging more R&D in the extraction processes, several potential companies have been identified to undertake R&D and manufacturing of the extraction-based products to produce pharmaceutical, nutraceuticals and cosmetics products. These include Nova Laboratories, Bioalpha, Natural Wellness Biotech, Biotropics Malaysia and Tenaga Jati Bumi.

With increasing affluent consumers who are able to pay for premium brands and expensive products, the demand for convenient and functional cosmetics and personal care products are growing. Consumers today are demanding more



Mas Cotek

out of wellness products and services. The industry is under constant pressure to meet evolving lifestyles, changing trends in taste and preference, emergence of online shopping models and development of distribution channels. Thus, it is increasingly important for businesses to keep abreast and increase their value propositions in terms of branding, promotion and manufacturing processes.

MIDA continues to promote and facilitate the development of the ecosystem in this industry. On 23 April 2018, MIDA signed a Memorandum of Understanding (MoU) with Cosmetic Valley of France (CVF), a renowned point of reference for global cosmetics, to develop a sustainable cosmetics and personal care industry cluster in Malaysia through the sharing of information, mutual promotional initiatives and R&D efforts.



This includes leveraging on promotional platforms such as Cosmetic 360 – an international event which showcases creativity and innovation in the cosmetic industry supply chain; facilitating business matching sessions that allow our local players to tap into the technical and regulatory know-how of French companies; and supporting research & innovation as well as training efforts among all stakeholders through projects such as Cosmetopeia.

Do look out for the Malaysia pavillion that will showcase Malaysian companies from the halal cosmetics, herbal bioactive and natural extracts segments. The 4th Cosmetic 360 will be held on 17-18 October 2018 at Carrousel du Louvre in Paris.

SERVICES

TURNAROUND CAPABILITY DRIVES OPERATIONAL EXCELLENCE FOR THE O&G INDUSTRY

Every few years, the oil and gas industry will spend significant amount of time and effort to shut down a plant for equipment overhaul and inspection. These major engineering events or turnarounds cover activities such as inspection and testing, debottlenecking and revamping and catalyst regeneration. They are not only costly to undertake but are also required to be completed in a fixed time period. A delay or issue in the process can directly affect a company's competitive standing and revenues.

Despite the high stakes, turnarounds play an important role in maintaining consistent means of production delivered by reliable equipment. The successful accomplishment of this process in terms of quality and cost is vital to the long term profitability of the company. Plants and facilities that are well maintained can have a long useful life to support sustainable growth and achieve better performance. For these reasons, it is important for companies to have an efficient process in planning and managing the activities to maximise the turnaround results.

In compliance with the standard provisions of the Malaysian Department of Occupational Safety and Health (DOSH), it is a requirement for chemical plants and facilities to undertake shutdown maintenance within 18 months for the first time, followed by 2 to 3 years consequently.

In Malaysia, there are at least 54 petrochemical plants actively operating throughout Sabah, Sarawak and West Malaysia. All of these facilities require statutory inspections and maintenance works from time to time. Meanwhile, the RAPID project will also come into operation post-2020 with an additional 10 petrochemical plants, which will create more demand on this activity.

Despite the growing opportunities, there is currently an insufficient number of capable local players to



Development of RAPID creates demand for turnaround activities

Malaysian oil and gas company PETRONAS is developing a refinery and petrochemical integrated development (RAPID) project and other associated facilities in Pengerang, Johor, in the Pengerang Integrated Complex.

The RAPID project is one of the major downstream oil and gas developments in Malaysia. This project is expected to be a major vehicle to attract foreign direct investments into Malaysia.

The major production components of RAPID are the refinery and petrochemical complexes.

On top of the main production plant, there will also be other facilities to support RAPID operational requirements, which include:

- a cogeneration plant*
- an LNG regasification facility*
- centralised facilities such as wastewater treatment, utility water supply, instrumentation air and centralised flaring.*

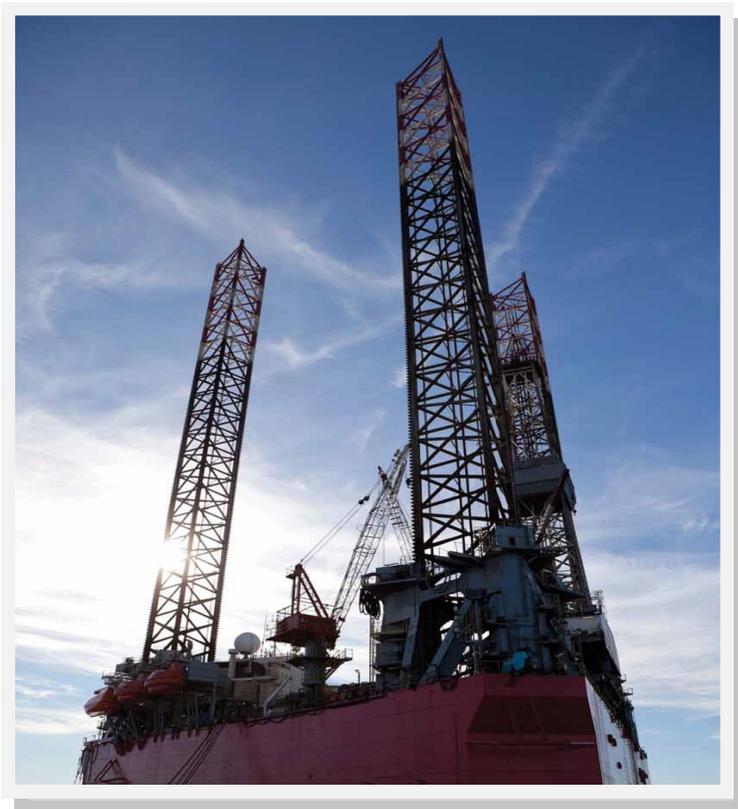
With the development of these plants and facilities, the demand for turnaround activity will potentially increase.

serve upcoming turnaround peak demands in Malaysia. Local turnaround companies need to be developed both in numbers and capability to become more competitive and resilient for a sustainable participation in the industry.

Government support, for instance providing fiscal incentives to eligible service providers, will spur the growth of turnaround activities by local service providers and attract investments in the oil and gas services industry. While there is no dedicated incentive for turnaround activities, companies undertaking the upgrading and reconditioning of their machinery or equipment may enjoy tax exemption in the form of a Pioneer Status or an Investment Tax Allowance.

To improve company efficiency and expertise in new turnaround technologies, MIDA encourages more joint ventures or collaborations between local players and foreign partners. This can not only help to expedite the growth of local capabilities in this field, but in the longer term, develop more Malaysian companies which are capable of being regional and global players in exporting their skills and expertise worldwide.

MIDA is also working with PETRONAS and the Malaysia Petroleum Resources Corporation (MPRC) on the proposal to incentivise these activities. The discussions with various stakeholders including the Ministry of Finance and Inland Revenue Board, on this incentive proposal are still on going. There is a need for an integrated and comprehensive approach to facilitate capacity and capability building of local turnaround service providers, towards promoting operational excellence in the oil & gas industry.



Osram Donates Specialised Equipment To Four Malaysian Universities



Osram Opto Semiconductors announced that the company has given a new lease of life to RM2.4 million worth of semiconductor and photonic equipment from its Penang factories by giving it to Universiti Sains Malaysia (USM), Universiti Malaysia Perlis (UniMAP), Universiti Malaya (UM) and National University of Malaysia (UKM) on 5 July at MIDA HQ.

Mr. Arham Abdul Rahman, Deputy Chief Executive Officer of MIDA said that “We are confident that this initiative would contribute in many ways, especially by enabling lecturers and students to be

familiar with the latest technologies in the industry. By working closely with an industry player, these universities are able to use a cost effective solution to put theory into practice and train up industry ready talents. MIDA is happy to support such initiatives and we seek to facilitate more of such impactful collaborations between the industry and academia.”

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Malaysia Airports Inks MoU with MIDA

Malaysia Airports Holdings Berhad (MAHB) inked a memorandum of understanding (MoU) with MIDA on July 13 to further collaborate in the promotion and facilitation of activities relating to the KLIA Aeropolis and Subang Aerotech Park development.

The main objective of the MoU is to explore potential areas of collaboration between Malaysia Airports and MIDA to facilitate foreign direct investments into Malaysia via promotion and implementation of investments that would achieve value accretion to the national economy – focusing on the KLIA Aeropolis, a flagship airport city development within the 100-square kilometer of KLIA land in Sepang, Selangor, and the implementation of the Subang Airport Regeneration Initiative.



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In Propelling the Nation to Becoming a Leading F&B Exporter, Siemens Malaysia Partners MIDA to Digitalise the F&B Industry



MIDA collaborated with Siemens Malaysia to organise the first ever Seminar on Digital Transformation in F&B Manufacturing, 'Recipe for the Future 2018' at MIDA's headquarters in Kuala Lumpur on July 19.

During his speech, Mr. Arham, Deputy CEO highlighted that in Malaysia, the F&B industry has developed significantly over the years with new technology and innovations in tandem with global economic growth. As at March 2018, MIDA approved a total of 2,153 F&B manufacturing projects with investments of RM51.2 billion. While the food processing industry is growing, it only accounts for about 10% of the manufacturing output. To seize growing opportunities, MIDA encourages more companies to work with technology solution

providers such as Siemens and invest in technology, upskilling of talents and R&D activities to create new growth opportunities and maintain their competitiveness.

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Highlights of July 2018

MIDA Sydney in collaboration with the Department of Trade, Tourism & Investment, South Australia, Australia Malaysia Business Council organised a briefing on the Principal Hub Incentive Scheme and a networking session on 4 July.



MIDA had a briefing session on investment opportunities and green incentives on 9 July. The session in Kota Bharu, Kelantan benefitted a total of 125 participants.





On 5 July, YB Minister Darell Leiking was at the TechTarik session on Industry 4.0 held at Universiti Malaya (UM). The event, initiated by MIDA, was in collaboration with CREST and the Research Management and Innovation Centre (RMIC), University Malaya (UM).

A total of 80 participants attended the Green Technology briefing session at Kuala Terengganu on 11 July. The briefing was jointly organised by MIDA, Sustainable Energy Development Authority (SEDA), Plus Solar & EPU Terengganu.



MIDA organised a mini seminar on 'Malaysia Your Gateway To The ASEAN Green Technology Market' and a roundtable meeting on 2 July in Prague. It was well attended by over 20 participants from various sectors.



MIDA had the pleasure of meeting the Mayor of Bristol, Mr. Marvin Rees, Mayor for the West of England, Mr. Tim Bowles and officials from Invest Bristol and Bath on 11 July.



MIDA management team led by its CEO had a constructive and fruitful briefing session with YB Minister and YB Deputy Minister at MITI on 12 July.



The CEO of MIDA had a good meeting with Turkish Aerospace Industries and SAHA Istanbul during the Farnborough International Airshow 2018 on 17 July.

MIDA witnessed the signing of MoUs between Malaysia Airports Holdings Berhad (MAHB) and 4 global aviation players at Farnborough Airshow on 18 July. The collaboration is timely for Malaysia to embark on the Airports 4.0 digital transformation journey.



MIDA delegates met Sancheon City & Gyeongnam Techno Park on 18 July. Brilliant insights and inspiring dialogue session on intensifying industry-academia collaboration.

MIDA organised a mini seminar on “Business & Investment Opportunities in Aerospace Industries in Malaysia” in conjunction with the Farnborough International Airshow on 17 July.



During the recent Investment Mission to Europe, MIDA had a productive meeting with GKN Aero on 18 July.



MIDA team met with AMDIE (The Moroccan Agency for Investment and Export Development) and GIMAS-Morocco (Industrial Group of Moroccan Aerospace and Space Industries) on 19 July.



MIDA met with WEARE Group, an integrated group created by the merger of several specialist French companies and a Tier 1 supplier for AIRBUS Group on 19 July.





MIDA Melaka made a courtesy visit to the Chief Minister of Melaka, YAB Tuan Hj. Adly Zahari at his office, Seri Negeri on 20 July to brief the Chief Minister on the current investment environment in the state.

MIDA had a meeting with Rolls-Royce University Technology Centre (UTC) on 22 July on manufacturing technology based at the University of Nottingham. UTC has expertise in the design of special purpose manufacturing robotics & in-process sensing & monitoring tech.



MIDA led by Mr. Arham, Deputy CEO had a fruitful meeting with the Ambassador of Bosnia & Herzegovina to Malaysia & the Board of Bosna Bank International, Sarajevo on 23 July.



MIDA together with Invest Selangor and other related agencies organised a 'Biz Clinic & Biz Talk' session on 26 July at Dorsett Grand Subang to create a 1-stop platform for the manufacturers in Selangor state to facilitate their operational issues.

A promotional banner for the "BIZ CLINIC & BIZ TALK SELANGOR" event. The banner features the logos of Postinvest, MIDA, and various partner organizations including TM, Tenaga Nasional, nge energy, and others. The event is scheduled for 26 July 2018 at Dorsett Grand Subang. Contact information is provided for enquiries.

ECONOMY NEWS

Economists bullish on Malaysia Q2 GDP growth
'Malaysia a success story thanks to solid economy'
11th MP review to focus on FDI
World Bank forecasts Malaysia's GDP growth to remain steady
US-China trade tension presents opportunity for Asean
Exports set to grow 6.4pc in May
Business confidence at 3-year high
Malaysia remains an attractive FDI destination
Foreign investor interest in Malaysia remains intact – Ong
Foreign investment interest intact

INDUSTRY NEWS

Guan Chong expansion back in full swing
UMW forms joint venture with Komatsu for heavy equipment business
Lion Industries to expand flat steel business via takeovers
Osram to embark on high-end LED technology in Malaysia
Higher IBS uptake vital to boost construction industry
Outlook for technology sector seems promising
Global EV sales to hit 3m by 2021
Astino's RM60mil plant to be ready by end-2018
Eonmetall plans to invest RM100mil in steel racking and M&E ops
Medical devices to drive growth at BCM Alliances
M&E sector to rebound by year end
Aerospace revenue to soar to RM55.2b
MIDA urges local firms to seize opportunities in F&B industry
'F&B manufacturers embracing digital tech'

SERVICES NEWS

Negeri Sembilan plans to develop aviation hub

MAHB: RM100m for Airports 4.0

Minister: More emphasis on R&D with commercial value

Berjaya Corp to work with authorities to construct new Tioman airport

Alibaba launches 'Malaysia Week' campaign

Australia's AI Group eyes high growth companies

Alibaba to continue to invest in Malaysia

Northport plans biomass hub

G3 Global teams up with US companies to venture into car cloud platform

Maleva in tie-up with CMES to set up one-stop marine supply centre

Pos Malaysia to open more integrated packing centres

Malaysia Airports to work with MIDA to promote KLIA Aeropolis

Hyatt plans largest branch in Mont Kiara

Jetson in deal to bid for Sabah solar jobs

GE hopes to improve energy efficiency in Malaysia

AirAsia, Airbus in talks to develop industrial aero centre in Malaysia

'Plan to restart Kota Kinabalu Terminal 2 ops'



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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.



Malaysian Investment Development Authority
MIDA Sentral
No.5, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel: 603 2267 3633 / 2263 2555 / 2263 2549
Fax: 603 2274 7970
E-mail: investmalaysia@mida.gov.my
Website: www.mida.gov.my

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