

investByte

Your investment window into Malaysia



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INVESTMENT PERFORMANCE REPORT 2013

MALAYSIA RECORDS RM216.5b IN INVESTMENT IN 2013

Malaysia enjoyed a new record breaking year of investments in the manufacturing, services and primary sectors in 2013 with total approved investments of RM216.5 billion. In 2012, the country attracted a total of RM167.8 billion in direct investments, which was the highest amount ever recorded.

International Trade and Industry Minister Dato Sri Mustapa Mohamed revealed the figures at the annual media conference recently. He described it as a commendable achievement amidst a challenging environment and compared favourably against the RM167.8 billion in direct investments in 2012.

- ◆ Malaysia sets a new record of RM216.5 billion for approved direct investments in 2013.
- ◆ Foreign and domestic direct investments continue to increase.
- ◆ Quality investments within the National Key Economic Areas (NKEAs) attract an impressive RM89.9 billion in the year's total investments.
- ◆ Approved projects create about 192,000 new jobs with higher income employment opportunities for Malaysians.



APPROVED PRIVATE INVESTMENTS IN VARIOUS ECONOMIC SECTORS

Sector	2013		2012	
	Total Investment (RM billion)	% Share of Total	Total Investment (RM billion)	% Share of Total
Primary	19.7	9.1	3.8	2.3
Manufacturing	52.1	24.1	41.1	24.5
Services	144.7	66.8	122.9	73.2
Total	216.5	100.0	167.8	100.0

He announced that these approved investments were in 5,669 projects comprising 14 mega-projects worth more than RM1 billion each and 82 large projects worth more than RM100 million each. The majority of these projects are in high-value and high-growth industries.

The total projects approved are expected to generate about 192,00 new jobs, with more employment opportunities created in managerial, supervisory and technical roles that offer higher incomes to Malaysians. This trend reflects the country's workforce is positively adapting to the changing economy.

Domestic investments led with investments totalling RM125.7 billion or 86.9% of approved investments. At the same time, foreign investments

in the services sector surged from RM12.2 billion in 2012 to RM19 billion in working closely with the private sector service providers in creating more innovative service products to meet the demands of a growing economy.

The domestic investments approved in 2013 reflected the continued interest of local companies to spearhead the Economic Transformation Programme (ETP) and assume a leading role in the growth of the economy.

The services sector constituted the bulk of investments approved, amounting to RM144.7 billion or 66.8%, followed by the manufacturing sector with investments of RM52.1 billion (24.1%) and primary sector with investments valued at RM19.7 billion

(9.1%). All these sectors showed improvements in their investments performance.

Moving forward, Malaysia's fundamental strengths are expected to keep the country on a steady course in 2014 and beyond even though the global economic situation remains vulnerable.

"For this year, we expect to see a modest growth in foreign direct investments (FDIs)," he said at the annual investment media briefing by the Malaysian Investment Development Authority (MIDA).

Dato Sri Mustapa drew his optimism in this year's outlook from the strengths in an improving global economy, the Economic Transformation Programme, which is on track with projects in the pipeline, including Petronas' Rapid Refinery and Petrochemicals Integrated Development (RAPID) project in Johor, and Visit Malaysia Year 2014 activities.

The prospect of an ASEAN single market is appealing to a very broad base of businesses. The ASEAN

DOMESTIC AND FOREIGN INVESTMENTS IN PROJECTS APPROVED BY VARIOUS ECONOMIC SECTORS

Sector	2013			2012		
	Domestic Investment (RM billion)	Foreign Investment (RM billion)	Total Investment (RM billion)	Domestic Investment (RM billion)	Foreign Investment (RM billion)	Total Investment (RM billion)
Primary	9.7	10.0	19.7	2.0	1.8	3.8
Manufacturing	21.6	30.5	52.1	20.2	20.9	41.1
Services	125.7	19.0	144.7	110.7	12.2	122.9
Total	157.0	59.5	216.5	132.9	34.9	167.8

economic integration will drive domestic investments as Malaysian businesses look beyond their home market while non ASEAN foreign investors will be eager to capitalise on the opportunities presented by its dynamics.

Malaysia has created a vibrant business environment for businesses to develop niche growth areas within the country's biggest pillars

of industrialisation, such as oil and gas, and E&E products. These are the industries in which Malaysia has significant experience, expertise and infrastructure, and the country is well positioned to take advantage of this boom.

The current global and regional macroeconomic and societal developments provide great opportunities for Malaysia. The

Government will continue with its ecosystem approach to leverage on these opportunities in promoting private investments in the country.


The approach promotes Greenfield opportunities in high value industries and help potential investors to meet their human capital needs throughout the economic value chain. In addition, focus will be given to identify and assist local potential conglomerates and other industry players to become anchors in the ecosystem.

The various measures introduced by the Government to facilitate business have also boosted Malaysia's ranking in various international business benchmarks in recent years.

The World Bank Report 2014 Edition has ranked Malaysia as the 6th most business-friendly country in the world, ahead of the United Kingdom (10th), Germany (21th) and Switzerland (29th).

This is the first time Malaysia has broken into the top ten ranking since the World Bank and the International Finance Corporation began compiling the annual ranking in 2005.

Malaysia was also ranked as the 24th most competitive nation in the world by the World Economic Forum in its Global Competitiveness Report 2012-2013, which also recognised the country's progression from an efficiency-driven economy to an innovation-driven economy.

Malaysia's sterling performance in these rankings is testimony to its achievements and will fuel investments into the country in 2014. 

SECTORIAL PERFORMANCE

INVESTMENTS IN THE SERVICES SECTOR

Malaysia's attributes as a competitive investment hub coupled with business-friendly government policies helped draw 4,796 approved projects in the services sector in 2013 with investments amounting to RM144.7 billion, exceeding the total approved investments of RM122.9 billion in 2012 by 17.7%.

INVESTMENTS IN THE MANUFACTURING SECTOR

In 2013, the manufacturing sector attracted investments worth RM52.1 billion in 787 projects, which is 26.8% more than the RM41.1 billion achieved in 2012. Of these, RM38.1 billion or 73.1% were new projects, while the balance were reinvestments in expansion or diversification projects by existing investors.

INVESTMENTS IN THE PRIMARY SECTOR

The primary sector, which comprises three major sub-sectors namely agriculture, mining, and plantation and commodities accounted for RM19.7 billion of approved investments in 2013. These investments are four times the value reported in 2012 (RM3.8 billion).

A "SWEET" REGIONAL EXPANSION

The Hershey Company marks biggest outlay in Asia with plant in Johor.



The Hershey Company is making its single largest investment in Asia with a new factory in Johor, Malaysia.

The chocolate manufacturer is investing RM816mil to build a new confectionery plant at the Senai Free Trade Zone in Johor to meet the growing consumer demand for its product in the region.

The plant, Hershey's single-largest investment outside the US, was slated for completion in 2015. It will produce Hershey's Kisses, Ice Breakers, Reese's and Hershey's Milk Chocolate bars.

This new state-of-the-art confectionary plant, which

incorporates Hershey's proprietary equipment and systems will feature the latest innovative automated confectionary manufacturing technology.

Being the single largest investment in Asia in 18 years of its presence in the region, the 700,000 sq ft plant is expected to be the fourth biggest plant in Hershey's global network and second largest with the inclusion of attached warehouse to the overall building.

The company currently

"This is a testament to the continued attractiveness of Malaysia for multinationals making substantial commitments in the region. This project will bring years of positive economic benefits to Malaysia in the form of jobs and businesses for local suppliers. The move to set up the plant here will also benefit local cocoa producers, especially those which were already supplying it to the US firm." - MIDA

has nine plants in the United States as well as facilities in Canada, Mexico, Brazil, India and China.


This project will significantly contribute towards increasing the export income, greater utilisation of locally sourced raw materials,

strengthening the cocoa industry downstream linkages and growing the local vendors and suppliers as well as logistics and supply chain management.

The Johor plant will create opportunities for Malaysians to join an expanding global company that is one

of the fastest growing confectionery companies in the world. Hershey is also known for its focus on its employees and promoting a positive workplace environment as well as supporting its local communities.

During the remainder of 2014, Hershey will be hiring nearly 100 people to fill a range of key positions that are critical to the plant's operations, including the plant senior management team, engineers, maintenance technicians and skilled specialists. Hiring will continue in 2015, when approximately 300 manufacturing roles become available.

Last month, The Hershey Company announced that Subas Visvalingam has been named site director of its new confectionery manufacturing plant in Johor. Subas will lead all day-to-day operations at the new plant, which represents Hershey's single-largest investment in Asia. Subas joined Hershey in 2011 and has 20 years of manufacturing leadership experience. 

HERSHEY MALAYSIA – AT A GLANCE

Project Cost	RM816.0 million (investment will be undertaken in phases over several years)
Manpower	Total – 430* (Majority Malaysians) 11 engineers* and 19 scientists *
Managerial, Technical & Supervisory	26.9% (116) *
Science & Technical	4.8% (21) *
Salary above RM3,000	31.2% (134) *

(* represent initial estimate which is expected to increase as the project progresses to higher utilisation level)

The Hershey Company, known until April 2005 as the Hershey Foods Corporation and commonly called Hershey's, is the largest chocolate manufacturer in North America. Its headquarters are in Hershey, Pennsylvania, which is also home to Hershey's Chocolate World. It was founded by Milton S. Hershey in 1894 as the Hershey Chocolate Company, a subsidiary of his Lancaster Caramel Company. Hershey's products are sold in about sixty countries worldwide. In addition, Hershey is a member of the World Cocoa Foundation. Hershey is one of the oldest chocolate companies in the United States, and an American icon for its chocolate bar. It is one of a group of companies established by Milton Hershey. Other companies include Hershey Trust Company, and Hershey Entertainment and Resorts Company, which runs Hersheypark, a chocolate-themed amusement park, the Hershey Bears minor professional hockey team, Hersheypark Stadium and the Giant Center.



NEW CHALLENGES AHEAD

In conversation with Dato' Azman Mahmud, new MIDA CEO



The Malaysian Investment Development Authority (MIDA), which is now into its second phase of transformation, has a new chief executive officer Dato' Azman Mahmud.

Dato' Azman, who replaced Datuk Noharuddin Nordin on Feb 10, 2014, sees his appointment as a challenging responsibility.

"This appointment is not going to be an easy task but I am grateful that the Minister has placed his trust in me to lead this agency. The global market is becoming more demanding with competitions heating up. With 700 plus employees working with me, MIDA strives to bring in more quality investments, which in turn will create high quality employment for Malaysians," he says.

International Trade and Industry Minister Dato' Sri Mustapa Mohamad,

in a statement, is confident that Dato' Azman would be able to build upon Datuk Noharuddin's efforts and see MIDA assume an even more significant role in Malaysia's Economic Transformation Programme.

Dato' Azman, who has been with MIDA for 25 years, also wants investors to have their research and development (R&D) teams working in Malaysia.

MIDA, he adds, is also keen to improve the current incentives to get more domestic industries involved in R&D as well as increase collaboration between the stakeholders.

"Just as important as quality investments is the need to increase the R&D spending, which stands at only one per cent of gross domestic product. That needs to be raised above two per cent by 2020."

Dato' Azman explains that MIDA is also trying to close the gap through incentives and various programmes to get firms to get on the R&D track as it ultimately also gives rise to quality home-grown talent.

Investments in Malaysia reached a new record last year, despite facing tough external economic conditions, and brought with them a large pool of high-skill job opportunities. About 192,000 jobs are expected to be made available when these projects, from the total

RM216.5 billion investments, are realised over the next two to three years.

Dato' Azman also says that he wants MIDA to improve upon its policy advocacy role.

"As an important bridge between demand and supply touch points, we get to know first-hand what the investor - be it domestic or foreign - is seeking, especially in the manufacturing sector. We will then be able to pass on this knowledge and information to relevant Government agencies so that we will be able to respond to the changing market needs more effectively and efficiently," he explains.

"It's a triangular relationship - linking us to both the industries and the government (agencies)."

Dato' Azman holds a degree in Engineering from the Universiti Putra Malaysia, and has attended several Senior Management Programmes, namely the Harvard Business School and INSEAD.

He has held various leadership positions in the US, Japan and Malaysia covering promotion strategy and manufacturing & services growth where he played a significant role to promote investments into Malaysia.

He has extensive experience in the international business as well as a broad understanding of the development of the manufacturing and services sectors in Malaysia. **BB**

DATO' AZMAN KEY ACCOUNTABILITIES:

- ◆ Responsible for the overall duties and responsibilities of organization.
- ◆ Accountable for the overall planning and implementation of policies, strategies and programmes of the manufacturing and services sectors.
- ◆ Advise the government on policy, strategy and direction in relation to the development of Malaysia's manufacturing and services sectors.
- ◆ Foster closer ties with the private sector, local and international industry organizations for the development of manufacturing and services sectors in Malaysia.
- ◆ Accountable for the MIDA's report to the Cabinet, the Minister of MITI and MIDA Board.

MIDA HOLDS ANNUAL MEDIA CONFERENCE

The Malaysian Investment Development Authority (MIDA) unveiled the country's investment performance during an annual media conference held at the MIDA Sentral on Feb 28, 2014.

At the event, Minister of International Trade and Industry Dato' Sri Mustapa Mohamed highlighted some interesting investments

figures for Malaysia achieved in 2013.


MIDA's chairman Tan Sri Amirsham A. Aziz, in his speech, stressed that MIDA has taken the cue from the Government to ensure that the agency continuously improve the policy initiatives and undertake strategic measures to achieve the investment targets outlined under the National Investment Agenda.



Tan Sri Amirsham, Dato Sri Mustapa and MIDA CEO Dato Azman Mahmud showing off the Malaysia's Investment Performance Report 2013

"It is pertinent to note that the continued success in ensuring increased levels of investments in the manufacturing, services and primary sectors was not by chance but through the continuous efforts made by the Administrators to

facilitate the ease of doing business in our country," he added.

"We believe that good economic management of Malaysia will further strengthen investors' confidence in Malaysia's future." 



The African participants after the opening ceremony of the two-week programme.

MTCP-MIDA-JICA ORGANISES CAPACITY BUILDING PROGRAMME

A Capacity Building Programme on Investment Promotion for African Countries organised jointly by the Malaysian Technical Cooperation Programme (MTCP), Malaysia Investment Development Authority (MIDA) and Japan International Cooperation Agency (JICA) was held Feb 9-22, 2014.

The participants of the

programme consist of the Investment Promotion Officers from African countries like Ghana, Kenya, Zambia, Cote D'Ivoire, South African and Nigeria.

The programme was held to share experiences on improving current policies and strategies for industrial development and investment promotion as well as creating opportunities for the participants to network with

key government agencies and officials.

The programme was able to disseminate information on facilities and assistance offered by JICA as well as providing an insight on MIDA's organisational mechanism in promoting and coordinating investment development in the Manufacturing and Services sector in Malaysia and familiarise the participants

with the promoted industries in Malaysia.

The participants were also taken to visit several organisations during the programme such as Limkokwing University, Kilang Mamee Sdn Bhd, Invest Melaka Sdn Bhd, Vis Dynamics Research Sdn Bhd, Recron (Malaysia) Sdn Bhd, NAZA Motors Sdn Bhd, Panasonic AVC Network, Ministry of Foreign Affairs, and Akademi Laut Malaysia (ALAM). 



Dato' Sri Mustapa Mohamed (centre) with the management and staff of AFI Brake after the meeting.

'TURUN PADANG' PROGRAMME WITH INDUSTRY PLAYERS

"Turun Padang" Programme with Industry Players
Several "Turun Padang" programmes were held in February where Minister of International Trade and Industry Dato' Sri Mustapa Mohamed led a delegation from MIDA meeting industry players in Selangor, Penang and Terengganu.


The objectives of the meetings are to promote and publicise MITI's contribution to the country as well as to further understand the industry players' needs and requirements as well as to gather feedback on matters related to the progress and development of their respective industries.

On Feb 4, the Turun

Programme was held in Selangor where it visited Weir Minerals in Batu Caves.

On Feb 13, the Turun Padang programme visited Aviatron (M) Sdn Bhd in Seberang Perai in conjunction with its opening ceremony. While in Penang, the team also attended a groundbreaking ceremony with B. Braun Medical Industries Sdn Bhd. A

networking/hi-tea session between with Dato' Sri Mustapa and Penang industry leaders from 26 companies were also organised.

The programme continued in Terengganu on Feb 16 where it visited AFI Brake Manufacturing Sdn Bhd, TRG Leather Sdn Bhd and Eastern Steel Sdn Bhd. 

OTCASIA 2014 IN KUALA LUMPUR

The four-day Offshore Technology Conference Asia (OTC Asia) 2014, on March 25, 2014, attracted more than 10,000 delegates and trade visitors from over 60 countries.

OTC Asia 2014 Advisory committee member Datuk Wee Yaw Hin said Malaysia was the first Asian country to host the conference as it was a well-established base for major corporations and


a hub for oil and gas (O&G) services in the region.

"This has allowed Malaysia to strengthen its position as an oil and gas services hub in the region."

"More than 5,000 regional and global companies from more than 40 countries currently operate in Malaysia," he added.

More than 200 companies participated

in the exhibition, of which 30% were from Malaysia, he said.

Participating oil majors included Aker Solutions, Baker Hughes, ConocoPhillips, Gazprom, Halliburton, Shell, Subsea 7, WestStar Aviation, Technip, Pemex, Weatherford and PTT Exploration and Production Co. 



MIDA Worldwide Network

The Malaysian Investment Development Authority (MIDA) is the government's principal agency for the promotion of the manufacturing and services sectors in Malaysia. MIDA assists companies intending to invest in the manufacturing and services sectors, as well as facilitates the implementation of their projects. The wide range of services provided by MIDA include providing information on the opportunities for investments, as well as facilitating companies which are looking for joint venture partners.

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