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## BUDGET 2015

# BUDGET 2015: MITI HOPES TO MAINTAIN FDI INFLOWS

The theme of 2015 Budget, "Accelerating Growth, Ensuring Fiscal Sustainability and Prospering the Rakyat" reflects this aspiration.

The Ministry of International Trade and Industry (MITI) is optimistic of maintaining the foreign direct investment (FDI) inflows of RM38 billion registered last year.

Its Minister, Dato' Sri Mustapa Mohamed said besides matching the volume of FDI this year, MITI would focus of high quality investments that would create high-income employment opportunities.

A multimillion ringgit fund has been created from the 2015 Budget for start-up loans, business accelerator programmes and various other incentives.



In line with the objective of achieving a high income nation status by 2020, the budget provides for various enhanced special incentive packages which will be offered to quality investment projects that provide highly qualified and knowledgeable employees with high salaries.

Commenting on the 2015 Budget tabled by Prime Minister Datuk Seri Najib Tun Razak, Mustapa said the small and medium enterprise (SME) sector would contribute 40% to the gross domestic product (GDP) by 2020.

Services Sector Guarantee Scheme, amounting to RM5 billion for SMEs in the services sector, with a maximum financing of RM5 million together with 70% government guarantee.

The scheme is expected to benefit 4,000 SMEs: RM10 million for companies in knowledge sector to establish research centres, reintroduce the Services Export Fund with fund RM300 million and RM20 million for Franchise Scheme under KPDNKK and PNS.

Budget 2015 focuses on capital economy (macro policies, GDP growth, private sector investment, financial markets, etc.) as well as people economy (wage growth, SMEs, household expenditure, cost of living, jobs and family well-being).

In line with the focus, the 2015 Budget has been very encouraging with continued support on SMEs and entrepreneurship development.

A total of 18 specific programmes with financial allocation amounting to RM14.3 billion (vs RM2.8 billion in 2014) were announced for SME development covering services sector, Bumiputera entrepreneurs, youth, graduates, microenterprises, petty traders, women, smallholders, cooperatives and associations.

"The SME sector is the backbone of the country in



Datuk Seri Najib Tun Razak



Dato' Sri Mustapa Mohamed

terms of economic and employment opportunities and for more than 90% of all businesses in the manufacturing, services and the agricultural sector and providing for 65% of total employment.

"Hence, the 2015 Budget places greater emphasis on SMEs, particularly funds to be channelled to Tekun, Mara, SME Bank and SME Corp to enhance the SME sector contribution to the economy," he said.

An initial fund totalling RM375 million will be provided for a period of five years, of which RM250 million is from SME Bank and

RM125 million from private investors.

In addition, RM10 million will be allocated for the Business Accelerator Programme under SME Corp.

To enhance use of new technology, automation and innovation in the development of SMEs, RM80 million is allocated for a soft loan scheme for automation and modernisation of SMEs under the Malaysian Industrial Development Finance Bhd.

"The two financing platforms introduced are the syariah-based Investment Account Platform (IAP) and SME Investment Partner (SIP). Both programmes, with a total allocation of RM525 million, will provide financing for early stage SMEs," he said, adding that the SIP is a programme introduced under the SME Masterplan.

In addition, the High Impact Programme 2 under the SME Masterplan, the Technology Commercialisation Platform, has received an additional allocation of RM50 million, Mustapa said.

The government has also taken necessary measures to ensure that SMEs are not adversely affected by the ongoing policy reforms such as the goods and services tax (GST), which will come into effect next April.

In the first half of 2014, Malaysia's economic performance registered impressive growth of 6.3%. It is estimated that national growth will expand by 5.5% to 6% in 2014. 





# MOGSEC 2014



**T**he 2nd Malaysian Oil & Gas (O&G) Services Exhibition and Conference (MOGSEC 2014), was held on 23-25 September 2014 at KL Convention Centre.

MOGSEC 2014 showcases Malaysia's O&G service providers capabilities and expertise and highlight Malaysia as the region's O&G Hub.

More than two years ago, the Malaysian O&G Services Council (MOGSEC) embarked on an exciting new project – to bring together the country's O&G service providers and in the process, effectively elevate Malaysia's profile towards becoming a regional and international hub for O&G services, in line with the government's Economic Transformation Programme (ETP).

Hence MOGSEC was born, an inaugural trade event that was intended to act as the platform to showcase Malaysia's capabilities in O&G services.

In fact, there is no other event organised in Malaysia which champions Malaysia as an O&G hub for the region, so much so that MOGSEC has created its own niche.

The event featured four exhibition halls covering 14, 000 sqm of space with an expansion to Hall 4 due to the overwhelming response.

500 participating companies from all over Malaysia and the seminars was conducted by MOGSC Working Groups.

The three-day exhibition and conference saw the participation of more than 6,000 professionals, trade and business visitors from 38 nations engage with Malaysian O&G players.

The complementing two-day conference also saw the participation of some 128 delegates. [128](#)

[CLICK HERE FOR MORE INFORMATION ON THE MOGSEC 2014.](#)

# DOING BUSINESS IN MALAYSIA



**M**alaysia has been a rising force for manufacturing industry players that meets international standards in terms of capabilities, experience and expertise. CEO Greg Brown shares his thought of Motorola's existing business in Malaysia and milestones throughout the journey.

"With its strategic location along key transportation routes, a welcoming government and flourishing business community, Malaysia has been a key market for Motorola Solutions in the Asia-Pacific region since 1974, when our company established a presence in the country. During the last four decades, we have invested a total of RM4 billion in Malaysia, and our team there has grown from 10 employees to more than 4,000. Motorola recently opened a research and development center at our existing manufacturing, network operations and customer support facilities in Penang. This new R&D center one of the largest in Malaysia, features state-of-the-art laboratories for developing the next generation of mission critical communications devices and systems. The engineers and support teams at the new site will join an elite group of innovators and inventors across Motorola who ensure we continue to meet and exceed the expectations of our customers throughout the world. This center will not only help advance Motorola's technology capabilities, but it also will support the Malaysian government's goal of becoming a knowledge-based economy by 2020." 

*Greg Brown*

*Chairman and Chief Executive Officer  
Motorola Solutions  
for the US-ASEAN Business Council*

# TIM TO SINGAPORE



**M**alaysia's Minister of International Trade and Industry Dato' Sri Mustapa Mohamed has led a trade and investment mission (TIM) to Singapore on September 4th.

The mission is jointly organised by the Malaysian Investment Development Authority (MIDA), Malaysia External Trade Development Corporation (MATRADE), Malaysia's Ministry of International Trade and Industry (MITI), the Singapore Business Federation (SBF) and International Enterprise (IE) Singapore.

It is aimed at attracting Singaporean companies to invest and do business in Malaysia as well as enhancing bilateral economic relations between both countries.

In conjunction with the mission, Dato' Sri Mustapa Mohamed, together with Singapore's Minister for Trade and Industry, Lim Hng Kiang, a Malaysia business forum was held on the same day at the Raffles City Convention Centre.

The half-day business forum is to brief businesses and investors on the latest policy measures taken by Malaysia mainly in the investment and economic fronts, according to a statement from the Malaysian Investment Development Authority (MIDA) in Singapore.



Bilateral trade and investment between Malaysia and Singapore has always been strong due to the historical and cultural ties between the two nations. Inbound investment from the city state has increased over the years, with the island nation ranking among the top investing countries into Malaysia.

The investors attended the dialogue session are from the high value and high growth areas being promoted

under the New Economic Model and the liberalised services sectors such as oil & gas (O&G), electrical & electronics (E&E), information & communications technology (ICT), private healthcare, education, business services, palm oil & related products, wholesale & retail, tourism and financial services.

Other sectors involved for investment from Singaporean companies include infrastructure and property development. 



# SAFETY FIRST WITH KAYAKU SAFETY SYSTEMS

**K**ayaku Safety Systems (Malaysia) Sdn Bhd, which is wholly-owned by Japan's Nippon Kayaku Co Ltd, is the only producer of airbag inflators, glass to metal sealed squib and microgas generators for seatbelt pretensioner in this country.

Kayaku Safety Systems' Managing Director Shinji Ichikawa said in a statement that the automotive safety component company, plans to invest about RM212.5 million under phase one of its development plan to build a factory at Sendayan TechValley, Negeri Sembilan that will produce airbag inflators for commercial vehicles.

Incorporated in December 2012, the company is build with a paid-up capital of RM100 million.

"All the management and employees are excited that our project is moving forward and we will continuously work hard to make sure commencement of the commercial operation in 2015. Kayaku expects to create approximately 300 new job opportunities within five years."

It signed a land purchase deal with Menteri Besar Incorporation (MBI) and Matrix Concepts Holdings Bhd to buy 38 acres in Sendayan TechValley in March 2013.

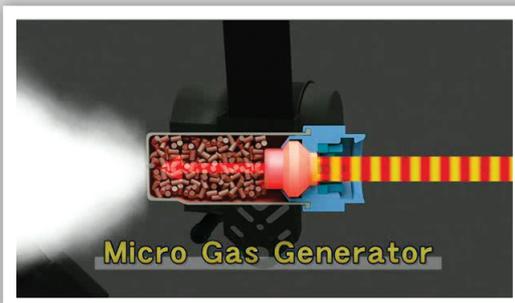
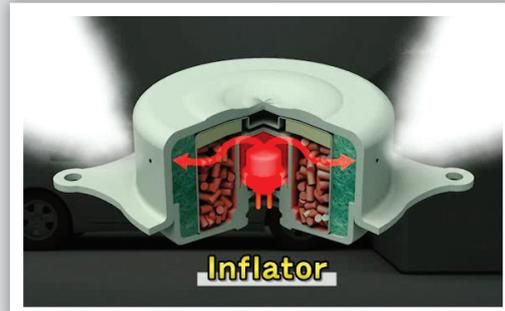
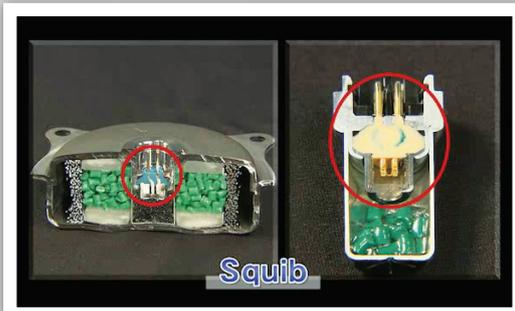
Malaysian Investment Development Authority (MIDA) deputy CEO Datuk Phang Ah Tong said the company's facility will be a key addition that will strengthen Malaysia's automotive industry cluster and the ecosystem of supporting players.

"We are confident that Kayaku Safety Systems will operate successfully in the competitive business environment prevailing in the country. MIDA will continue to work closely with other government agencies particularly the state government in providing our full support to ensure the success of this manufacturing facility," he said.

"The Kayaku Safety Systems' facility would definitely be a key addition to strengthen Malaysia's automotive industry cluster and the ecosystem of supporting players," he added.

Its operations in Malaysia is expected to meet the demand of its customers for automotive safety components in this region.

"We are very excited that besides providing the forward-and-backward linkages, transfer of new technologies and local sourcing, this project will also create high income employment opportunities, particularly for skilled personnel such as engineers and technicians," he concluded. ■



# OPENING CEREMONY OF KAYAKU SAFETY SYSTEMS (MALAYSIA) SDN BHD

**D**atuk Phang Ah Tong, Deputy CEO of the Malaysian Investment Development Authority (MIDA) recently officiated the opening ceremony of Kayaku Safety Systems (Malaysia) Sdn Bhd at the company's premises in Sendayan TechValley, Negeri Sembilan.

Among the distinguished guests present at the launching ceremony were Mr Akira Mandai, President and CEO of Nippon Kayaku Co Ltd; Mr Yoshinori Kodama, Minister and Deputy Head of Mission of Japanese Embassy; Datuk Mohammad Haslah, Chairman of Matrix Concept; and Mr Shinji Ichikawa, Managing Director of Kayaku Safety Systems Malaysia.

Kayaku Safety Systems, which is wholly owned by Nippon Kayaku C. Ltd, Japan was incorporated in December 2012. The company then signed a land purchase deal with the Menteri Besar Incorporation (MBI) and Matrix Concept to buy 38 acres of land in Sendayan TechValley in March 2013.

Nippon Kayaku's decision to invest in Negeri Sembilan, Malaysia is timely due to the growing ASEAN automotive market. The operation of Kayaku Safety Systems in Malaysia will be able to meet the demand of its customers for automotive safety components in this region.

With a paid-up capital of RM100 million as of today, Kayaku plans to invest about RM212.5 million under phase one of its development plan to build the factory at Sendayan TechValley that will produce airbag

inflators for commercial vehicles. Among other products that will also be produced here are MGG, squib and related pyrotechnic powders.

"We are proud that our team has worked very hard to establish this manufacturing facility as per targeted date & time line. At this opportunity, we would like to express our sincere gratitude to all the great support provided by the state government

and authorities, Malaysian government, local community, our customers as well as our vendors/suppliers.

"All the management and employees are excited that our project is moving forward and we will continuously work hard to make sure commencement of the commercial operation in 2015. Kayaku expects to create approximately 300

new job opportunities within 5 years," said Mr. Shinji Ichikawa, Managing Director of Kayaku Safety Systems Malaysia Sdn Bhd.

Datuk Phang Ah Tong in his speech said that the company's facility will be a key addition that will strengthen Malaysia's automotive industry cluster, and the ecosystem of supporting players.

"We are very excited that besides providing the forward-and-backward linkages, transfer of new technologies and local sourcing, this project will also create high income employment opportunities, particularly for skilled personnel such as engineers and technicians," Datuk Phang further added. 



Datuk Phang Ah Tong

# MOFA- JICA - MIDA



The Malaysian Investment Development Authority (MIDA), Japan International Cooperation Agency (JICA) and the Malaysian Technical Cooperation Programme under the Ministry of Foreign Affairs (MOFA) has conducted a course on 'Investment Promotion for African Countries' on September 29.

MOFA in its course on 'Investment Promotion for African Countries' with objectives within an overarching strategy for improving the investment environment, investment promotion and facilitation which can help to increase both domestic and foreign investment and also to enhance their contribution to national economic development.

The success in promoting investment requires a careful calculation of how to employ resources most effectively and how to organise investment promotion activities within the government so that the overriding goal of economic development through improvements in the investment climate remains at the forefront of policymaking.

A total of 13 participants from 6 African

countries (Cote d'Ivoire, Ghana, Kenya, Nigeria, South Africa and Zambia) attended this course.

As part of the course, the participants were exposed to the history of investment in Malaysia, the strategy used by MIDA and the streamlining of the government department that has tremendously helped in investment promotion.

Other than lecture and workshops, the participants will also have various study visits to related sites such as Malacca which has a comprehensive investment plan for its state. 

# 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.

## HEADQUARTERS

Malaysian Investment Development Authority (MIDA)  
MIDA Sentral,  
No. 5 Jalan Stesen Sentral 5,  
Kuala Lumpur Sentral  
50470 Kuala Lumpur.  
Tel: (603) 2267 3633  
Fax: (603) 2274 7970  
E-mail: investmalaysia@mida.gov.my

## MIDA STATE OFFICES

### SELANGOR

Director, MIDA  
Tel: (603) 5518 4260  
Fax: (603) 5513 5392  
E-mail: selangor@mida.gov.my

### PERAK

Director, MIDA  
Tel: (605) 5269 962/ 961  
Fax: (605) 5279 960  
E-mail: perak@mida.gov.my

### PULAU PINANG

Director, MIDA  
Tel: (604) 228 0575  
Fax: (604) 228 0327  
E-mail: penang@mida.gov.my

### KEDAH & PERLIS

Director, MIDA  
Tel: (604) 731 3978  
Fax: (604) 731 2439  
E-mail: kedah@mida.gov.my

### TERENGGANU

Director, MIDA  
Tel: (609) 622 7200  
Fax: (609) 623 2260  
E-mail: terengganu@mida.gov.my

### KELANTAN

Director, MIDA  
Tel: (609) 748 3151  
Fax: (609) 744 7294  
E-mail: kelantan@mida.gov.my

### PAHANG

Director, MIDA  
Tel: (609) 513 7334  
Fax: (609) 513 7333  
E-mail: pahang@mida.gov.my

### JOHOR

Director, MIDA  
Tel: (607) 224 5500/ 226 5057  
Fax: (607) 224 2360  
E-mail: johor@mida.gov.my

### MELAKA

Director, MIDA  
Tel: (606) 232 2877  
Fax: (606) 232 2875  
E-mail: melaka@mida.gov.my

### NEGERI SEMBILAN

Director, MIDA  
Tel: (606) 762 7921 (GL)  
Fax: (606) 762 7879  
E-mail: nsembilan@mida.gov.my

### SABAH

Director, MIDA  
Tel: (6088) 211 411/230 411  
Fax: (6088) 211 412  
E-mail: sabah@mida.gov.my

### SARAWAK

Director, MIDA  
Tel: (6082) 254 251 / 237 484  
Fax: (6082) 252 375  
E-mail: sarawak@mida.gov.my

## MIDA OVERSEAS OFFICES

### ASIA PACIFIC

#### AUSTRALIA

Consul-Investment/Director  
Consulate of Malaysia/MIDA Sydney  
Tel: 61 (02) 9251 1933  
Fax: 61 (02) 9251 4333  
E-mail: midasyd@bigpond.net.au

#### CHINA (GUANGZHOU)

Director, MIDA  
Tel: (8620) 8752 0739  
Fax: (8620) 8752 0753  
E-mail: midagz@mida.org.cn

#### CHINA (SHANGHAI)

Investment Consul/Director  
Consulate General of Malaysia (Investment Section),  
MIDA  
Tel: (8621) 6289 4547 / 5928 6335  
Fax: (8621) 6279 4009  
E-mail: midash@mida.org.cn

#### INDIA

Director/Consul Investment, MIDA  
Tel: 00 91 22 26 59 1155 / 2659 1156  
Fax: 00 91 22 2659 1154  
E-mail: midamumbai@mida.ind.in

#### JAPAN (OSAKA)

Director, MIDA  
Tel: 81 (6) 6451-6661  
Fax: 81 (6) 6451-6626  
E-mail: midaosaka@mida.or.jp

#### JAPAN (TOKYO)

Director, MIDA  
Tel: 81 (3) 5777-8808  
Fax: 81 (3) 5777-8809  
E-mail: midatokyo@midajapan.or.jp

#### SINGAPORE

Director/Consul Investment, MIDA  
Tel: +65 6835 9326 / 6835 9580 / 6835 7069  
Fax: +65 6835 7926  
E-mail: mida@midasing.sg/sukomaran@midasing.sg

#### SOUTH KOREA

Counselor (Investment)/Director, MIDA  
c/o Embassy of Malaysia (Malaysian Trade and  
Investment Centre)  
Tel: 82 (2) 733 6130 / 6131  
Fax: 82 (2) 733 6132  
E-mail: midasel@chollian.net

#### TAIWAN

Director (Investment), MIDA  
Tel: 886 (2) 2718 6094 / 2713 5020 (GL)  
Fax: 886 (2) 2514 7581  
E-mail: midatpe@ms18.hinet.net

#### UNITED ARAB EMIRATES

Director/Consul Investment, MIDA  
Tel: 971 (4) 4343 696 / 4343 697  
Fax: 971 (4) 4343 698  
E-mail: mida@midadubai.ae

#### EUROPE

##### FRANCE (PARIS)

Director, MIDA  
Tel: (331) 4727 6696/3689  
Fax: (331) 4755 6375  
E-mail: mida.paris@wanadoo.fr

##### GERMANY (FRANKFURT)

Director/Consul Investment, MIDA  
Tel: (4969) 7680 7080  
Fax: (4969) 7680 708-20  
E-mail: mida.frankfurt@t-online.de

##### GERMANY (MUNICH)

Director, MIDA  
Tel: (4989) 2030 0430  
Fax: (4989) 2030 0431-5  
E-mail: midamunich@aol.de

##### ITALY (MILAN)

Consul (Investment)  
Consulate of Malaysia (Investment Section), MIDA  
Tel: (3902) 3046 521  
Fax: (3902) 3046 5242  
E-mail: midamln@tin.it

##### SWEDEN (STOCKHOLM)

Economic Counsellor, MIDA  
c/o Embassy of Malaysia  
Tel: (468) 791 7942  
Fax: (468) 791 8761  
E-mail: mida@malemb.se

##### UNITED KINGDOM (LONDON)

Director, MIDA  
Tel: (4420) 7493 0616  
Fax: (4420) 7493 8804  
E-mail: midalon@btconnect.com

##### UNITED STATES

###### BOSTON

Director, MIDA  
Tel: (1617) 338-1128 / 338-1129  
Fax: (1617) 338-6667  
E-mail: midaboston@aol.com

###### CHICAGO

Director, MIDA  
Tel: (1312) 787 4532  
Fax: (1312) 787 4769  
E-mail: mida@midachicago.org

###### HOUSTON

Director, MIDA  
Tel: (1713) 979-5170  
Fax: (1713) 979-5177/78  
E-mail: mida@midahouston.org

###### LOS ANGELES

Consul-Investment  
Consulate General of Malaysia (Investment  
Section)  
Tel: (1213) 955 9183, (1213) 955 9877  
Fax: (1213) 955 9878  
E-mail: mida@midala.org

###### NEW YORK

Consul-Investment  
Consulate General of Malaysia (Investment  
Section)  
Tel: (1212) 687 2491  
Fax: (1212) 490 8450  
E-mail: mida@midany.org

###### SAN JOSE

Director, MIDA  
Tel: (1408) 392 0617/8  
Fax: (1408) 392 0619  
E-mail: midasanjose@aol.com