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## HIGHLIGHTS

### TPPA in a Nutshell: Malaysia's Perspective

The Trans-Pacific Partnership Agreement (TPPA) started as Trans-Pacific Strategic Economic Partnership agreement between Brunei, Chile, Singapore and New Zealand that came into force on May 1, 2006. In 2008, the United States expressed interest in entering into talks with the four countries to liberalise trade in financial services and soon, Australia, Vietnam and Peru followed suit. Malaysia joined in 2010, while Canada and Mexico joined in 2012. Japan was the last to join the talks in 2013, making it the 12<sup>th</sup> country to enter into the TPP discussions. Notably, four (4) of the twelve (12) TPP countries are ASEAN members.

Malaysia has signed free trade agreements (FTAs) with many countries and trade blocs, including TPP members i.e. Japan, New Zealand and Australia. However, these FTAs are usually limited to agreements between countries to lower their tariffs for certain goods and services. The TPP has 29 chapters and covers issues that are beyond most FTAs. The new rules that are negotiated will determine how TPP member countries approach competition, labour, environment, Government procurement and intellectual property rights. Many of these rules have been discussed in the World Trade Organisation (WTO) but consensus among its 159 members has been elusive.

According to a Credit Suisse report, Malaysia's economy could be further expanded up to 5.5% by 2025 as the manufacturing sector sets to gain as a result of a shift in foreign direct investment.



Currently, Malaysia is the third largest recipient of foreign direct investment (FDI) in ASEAN and TPPA provides Malaysia a competitive edge among ASEAN countries to spur further investment.

Together, the 12 TPPA members make up 40% of global GDP and approximately a third of world trade. With the TPP, Malaysia will theoretically gain access to a market of 800 million people with a combined GDP of US\$27.5 trillion. The Peterson Institute of Economics says Malaysia stands to gain over US\$41.7 billion (RM133.9 billion) increase in exports and US\$26.3 billion in income gains by 2025 if it stays on the TPP track.

As Malaysia is an open economy that is heavily reliant on international trade, the Malaysian Government believes that the TPP will open doors to many markets including the US - after the Malaysia-US FTA talks fell through. By reducing trade barriers, TPPA will provide Malaysian-owned businesses wider access to international markets and it will strengthen the

country's economic growth. The TPPA will provide local businesses with the first ever FTAs between Malaysia and the US, Canada, Mexico and Peru, in addition to enhancing access to eight other markets.

Implicit in the TPPA is the need to maintain exchange rate stability among members such that it does not allow any of its members to intentionally devalue its currency to gain an unfair trading advantage. In this respect, the TPPA acts as an in-built stabiliser for the ringgit.

Some of the sectors that will benefit quickly in Malaysia are the textiles, apparel, commodities and electronics industries. Enhanced protection for patents will strengthen Malaysia's appeal as a destination for high-tech manufacturing, drive foreign investment and create jobs. The intellectual property rights (IPR) chapter calls for a level of protection on design, trademarks and patents across geographical boundaries, which in turn encourages Malaysian companies to embark on further research and development. This promotes an environment that recognises the societal benefit of innovation.

Pharmaceutical research and development leads to the discovery of future life-changing and life-saving medicines. After patents expire, generic versions of innovative drugs continue to be widely used for decades, generating enormous health benefits for consumers. Malaysia stands to benefit through increased investment from multinational companies in the areas of research and development and clinical trials, potentially helping to build a local industrial base, and encourage the entry of more innovative products to the domestic market.

According to the HSBC Small Business Confidence Monitor Survey, 42% of Malaysian small and medium-sized enterprises (SMEs) are involved in cross-border and international trade. Most SMEs establish themselves within the domestic market and then seek opportunities to expand their footprint across the region. With TPPA, growth opportunities for Malaysian SMEs will further accelerate as the multilateral trade agreement will enable improved uniformity for selected regulations and harmonised standards in several areas.

Malaysian-owned businesses will also have

opportunities to participate in Government procurement in TPPA member countries. This promotes competitive neutrality and a level playing field among TPPA members.

Malaysia has established strong foundations in technology, e-commerce and financial services. With the removal of digital customs duties, localisation barriers and forced technology transfers, these benefits of TPPA will boost Malaysia's vision of becoming an e-commerce and high-tech hub within the region. These steps will catalyse the efforts of Malaysian SMEs to better participate in the global marketplace. Likewise, easing of limitations on foreign firms' participation in the financial sector empower Malaysian banks in TPPA markets as they expand and seek opportunities in the region and beyond.

Malaysia's Minister of International Trade and Industry, Datuk Seri Mustapa Mohamed said that Malaysia will miss out on the opportunity to write the rules for future trade in the TPP if it backs out, particularly at this stage of the negotiations. For example, Malaysia may face significantly higher tariffs for some of its products that are exported to Canada as it graduated from the Canadian Generalised System of Preferences (GSP) programme in January 2015. Under the GSP, developed countries grant preferential treatment to eligible products imported from developing countries so that the products would be competitive in the developed markets.

The TPP may open up new market opportunities and horizons for Malaysians. With the increasingly fierce competition in the world now, it is timely for Malaysia to go on the offensive and take advantage of the international market place. The TPP will provide an attractive opportunity to a seamless market with preferential access, far beyond our population.

While acknowledging these benefits, the Government will ensure that the cost to the Government will not outweigh the benefits. The Government will continue to strongly protect Malaysia's interest in this important negotiation. The rights of the Government to continue to chart our own course in pursuit of economic growth, socio-economic restructuring and developed nation status will not be sacrificed.

## A Snapshot: Orthopaedic Medical Devices in Malaysia

By 2020, the proportion of the Malaysian population over the age of 60 will reach 11%, up from 8.3% in 2012, as forecast by the Ministry of Health (MOH). Besides stating the fact that there will be a lot of older people in the near future, these statistics more importantly signals a growing need for aged care services, including orthopaedics treatment.

So it is little wonder that the medical devices industry's orthopaedics sub-sector is an ever-growing market. Not only is it an important feature in aged care services, its components are also widely used in the surgical treatment of musculoskeletal disorders resulting from trauma, disease, injuries or deformities.

Malaysia's medical devices industry is shifting its focus from conventional products to higher value-added products whereby orthopaedics is a prime example. Recognising its importance, the Government has identified Malaysia's medical devices industry as one of the important elements in the healthcare sector, which is among the 12 National Key Economic Areas (NKEAs). The Healthcare NKEA includes eight medical devices Entry Point Projects (EPPs) and is expected to create RM11.4 billion gross national income (GNI) and generate 86,000 jobs by 2020. Medical devices are promoted under the Promotion Investment Act, 1986 and can be considered for tax incentives. It is also identified



as one of the industries with high growth potential under the 11<sup>th</sup> Malaysia Plan which will drive the growth of the manufacturing sector.

Malaysian Investment Development Authority (MIDA) as the principal investment promotion agency works closely with key stakeholders in the medical devices industry namely the Medical Devices Authority (MDA), Association of Malaysian Medical Industries (AMMI) and Malaysia Medical Device Association (MMDA) as well as the private sector to better promote the medical devices industry. To date, a total of RM8.1 billion investment was recorded for the implemented medical devices projects which will provide employment opportunities to Malaysians at various levels. In 2014 alone, a total of 42 projects with total investments of RM2.2 billion were approved and is expected to generate employment opportunities for 7,300 people.

In line with the Government's efforts to intensify the contract manufacturing of orthopaedic components, Straits Orthopaedics (Mfg) and Abio Orthopaedics are poised to take leading roles in the development of the orthopaedics sub-sectors by introducing state of the art technology of advanced machining, titanium anodising, forging, coating and casting. These Malaysian companies are set to catalyse the growth of the domestic orthopaedics sub-sector, priming Malaysia as a one-stop hub for a comprehensive range of orthopaedics devices for multinational companies (MNCs). This also enables 'the Malaysia brand' to make its mark on a global scale.

The promising outlook for orthopaedics in Malaysia is further fuelled by a recent academic collaboration between a renowned Swiss institute,



AO Foundation and one of Malaysia's esteemed research university, University of Malaya. AO Foundation is a top global research and teaching organisation with the focus on improving care of patients with musculoskeletal injuries. Through its spinoff company and also a manufacturer of artificial bone models, Synbone AG, the collaboration is expected to lead to a better treatment of musculoskeletal diseases and injuries as well as better models that can be used for the teaching and training of orthopaedic surgeons. This collaboration bears testimony to the huge potential of the orthopaedics sub-sector in Malaysia.

MIDA's investment development strategy for the orthopaedics sub-sector is to promote the entire value chain of medical devices industry clusters and to

strengthen the ecosystem. Therefore, there is much room for growth, and industry players are encouraged to leverage on Malaysia's excellent comparative advantage and develop expertise in all aspects including research and development (R&D), product development, commercialisation and distribution.

With the continuous development and innovation by the private sector as well as the concerted effort by the Government, orthopaedics will become one of the promising sub-sectors in the medical devices industry and is expected to spearhead the growth of this industry in Malaysia for many years to come.

## SERVICES NEWS

### Cypark Resources -Malaysia's Front-Runner in Integrated Renewable Energy

"I'd put my money on the sun and solar energy. What a source of power! I hope we don't have to wait 'till oil and coal run out before we tackle that." Thomas Edison said that sometime in his lifetime (1847 to 1931). Today, in 2015, we see many Governments and companies heeding this advice as the world increasingly face critical choices about their future energy supplies.

In Malaysia, Cypark Resources Berhad (Cypark) has been making headways in helping the nation chart a greener path. Primarily an environmental technology and engineering specialist, Cypark focuses on the areas of integrated renewable energy, waste management solutions, and environmental remediation. The company was listed on the Main Board of Bursa Malaysia on 15 October 2010.

It is interesting to note that Cypark wears many green hats as evident in its diversified services in the green technology industry. As an integrated renewable energy developer and green engineering solutions provider, Cypark provides environmental solutions focusing on the area of waste management, renewable energy generation, scientific closure and remediation of contaminated land through internally developed technology called "COLARIS", landfill restoration,



ground water assessment, remediation, and an information system called "GARIS", environmental monitoring and management, as well as wastewater treatment.

As a front runner in renewable energy development and waste management, Cypark has in-depth experience and proven technology to remediate, manage and transform contaminated sites into sustainable, beautiful and manageable fields, for a better and safer living environment. To date, Cypark has remediated nearly 600 acres of contaminated land in Peninsular Malaysia. Some of the major environmental transformation projects that Cypark has undertaken include the restoration of a disused mining land into a public park in Cyberjaya and the scientific closure of 17 landfill sites.



*Malaysia's first and largest integrated renewable energy park at 13MWh in Pajam, Negeri Sembilan is also home to Cypark's Solar Centre of Excellence, a R&D centre specialising in innovative research such as the AIPV project.*

The company has also developed expertise and technical know-how to generate renewable energy (RE); especially on remediated sites, turning them into Integrated Renewable Energy Parks allowing waste biomass, landfill gas and solar rays to be harnessed to produce green energy. With 12 completed utility scale solar projects across six (6) locations within Peninsular Malaysia, Cypark up till July 2015, has exported more than 95,000 MWh of green electricity to the national grid.

The company has also successfully integrated agriculture into its solar parks; producing both upstream and downstream agriculture-based products under the brand name 'eFRUTZ'.

Cypark's Group CEO, Dato' Daud Ahmad notes that, "Cypark's recent launch of its Agriculture Integrated PV (AIPV) project which incorporates agriculture activities into its solar parks is testimony that R&D and the spirit to constantly innovate are deeply ingrained in our organisation's DNA; ensuring Cypark's green growth trajectory is on course. Our AIPV project takes advantage of Malaysia's abundant sunlight by utilising it to support two valuable commodities: food crops and green energy. This far-sighted strategy sees the co-existence of solar structures renovated into enclosed planting areas, similar to greenhouse concept, creating an additional benefit to the area: - land optimisation."

As a front runner in integrated renewable energy, Cypark is the proud recipient of ASEAN Energy Award – Special Submission (2014), Power & Electricity Award (Asia) - Solar Project of the Year 2013, Asian Power Awards – Power Utility of the Year 2012 (Malaysia) and has also been awarded by Malaysia Book of Records the following accolades:

1. *Largest Grid-Connected Solar Park*
2. *Most Number of Solar Panels on a Grid-Connected Solar Park (Safely Closed Landfill)*



*Agriculture Integrated PV (AIPV) project in Kg Wai, Perlis - officiated by Prime Minister on 23 August 2015 - has led to optimisation of land usage at Cypark's renewable energy parks*

The solar farm in Pajam demonstrates Cypark's capability in power generation from the renewable energy source with various support from the Government such as Green Technology Financing Scheme, Feed-in-Tariff Scheme, as well as fiscal incentives in the form of Investment Tax Allowance from the Malaysian Investment Development Authority (MIDA).

"With encouraging renewable energy developments within the country and around the region, we envision exciting prospects ahead. The Group will continue to explore avenues to tap into progressive business potentials as part of our green growth strategy to sustain the expansion of our renewable energy and waste management business," concludes Daud.

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### MIDA Shares Best Practices in Investment Promotion with Africa

MIDA in collaboration with the Malaysian Technical Cooperation Programme (MTCP) and the Japan International Cooperation Agency (JICA) organised the 3<sup>rd</sup> Capacity Building Programme on Investment Promotion for African Countries from 30 September – 13 October 2015. This initiative is part of the Malaysian Government's commitment towards the promotion of technical cooperation among developing countries, strengthening of regional and sub-regional cooperation, as well as nurturing collective self-reliance among developing countries.



"We are again pleased to welcome the 14 participants coming from Ghana, Kenya, Mozambique, Zambia and Zimbabwe. Amidst the global challenges that we are facing both from the perspective of the slowing economy and the geo-political stress, it is refreshing that we have gathered here today, focusing on what is important for our nations, that is bringing development and making our people richer," said Datuk N. Rajendran, Deputy CEO of MIDA in his speech during the opening ceremony that was held on 2 October 2015.

"We understand that in Africa, infrastructure development is one of the most challenging factors for economic growth such as development in the Energy, Transport, ICT and Services sectors. "I believe sharing Malaysia's experience and expertise in infrastructure development will be useful," he further added.

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### Kelantan Poised to Benefit from Sawit Raya Oil Project

YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry officiated the groundbreaking ceremony of Sawit Raya Oil (Kelantan) Sdn. Bhd., an oil palm refinery project in Pengkalan Chepa Industrial Estate, Kota Bahru, Kelantan on 11 October 2015.



The RM216 million plant is the first of its kind in the state. It is expected to create 173 employment opportunities, of which 70% of the total will be filled up by Kelantanese.

The project will spur the activities of SMEs in the food-based industries in Kelantan and the neighbouring states. It will also support the

development of Pasir Mas Halal Industrial Park. Other than supplying refined, bleached, deodorised (RBD) palm olein for the food industry in the East Coast, about 65% to 90% of the Sawit Raya's production will be exported to Thailand, Vietnam, Cambodia and Myanmar. Their export activities, which will be undertaken via the Tok Bali Port, are expected to further boost the development in the area.

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## Bosch Opens New Office in Johor

Bosch, a leading global supplier of technology and services, opened its newest office in Johor on 13 October 2015. The office was officially launched by Datuk Phang Ah Tong, Deputy CEO of MIDA with the presence of Mr. Martin Hayes, President of Bosch Southeast Asia and Mr. Simon Song, Managing Director of Bosch Malaysia.



According to Datuk Phang, "The opening of Bosch's Sales Office in Johor is very timely in capturing the growing market opportunities in this region especially with the realisation of the ASEAN Economic Community (AEC) and the Regional Comprehensive Economic Partnership (RCEP) which will increase market accessibility across its member countries. We certainly welcome more of such expansion by companies like Bosch, which has been with us in Malaysia close to a century. This reflects the continued confidence of investors in doing business in Malaysia. The success of Bosch's operations in Malaysia has led to the continuous expansion and diversification, resulting in an increase in production capacity since it first opened. This augurs well as it brings positive impact to the country."

Apart from being a sales centre, the new office is installed with a unique "Experience Bosch" showroom that showcases the range of products and solutions tailored for the company's customer base in the state. The premise will also be utilised to conduct trainings for customers and host events such as product launches. At present, the office will mainly focus on the company's Automotive Aftermarket, Power Tools, Security Systems, and Bosch Home Appliances divisions.

[Read more](#)

## MIDA Engages 200 Service Providers in Hospitality, Healthcare and Green Technology in Melaka

MIDA organised a Seminar on Investment Opportunities in Healthcare, Hospitality and Green Technology on 20 October 2015 at the Ramada Plaza Hotel, Melaka. Datuk N. Rajendran, Deputy CEO of MIDA during the seminar, said that the event is part of MIDA's outreach programmes to promote investment in the services sector, particularly in Healthcare, Hospitality and Green Technology. The Government has revised several major policies, including the liberalisation of the selected services sector and providing other assistance such as tax incentives and facilitation services, with the aim to further encourage investments as well as spur the development and growth of these sectors.



The one day seminar brought together about 200 participants. It featured presentations from MIDA and MATRADE, and a sharing session of two success stories from companies operating in Melaka, namely Gading Kencana and Hatten Hotel International. A business clinic, which was organised after the

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presentations from Government agencies and companies, enabled the participants to have a one-to-one business consultation on issues or challenges pertaining to the industry focus of the seminar.

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### **Clarion Malaysia Celebrates 45<sup>th</sup> Anniversary by Launching its Robotic Production Line**



Clarion Malaysia (CM) celebrated its 45<sup>th</sup> year of operation in the country with the launch of a state-of-the-art robotic assembly line. The company had invested RM2.1 million per line in a robotic line to automate the existing manual process and enhance the quality and consistency of the production output.

Clarion Malaysia is a Malaysian-Japanese joint venture that was established in December 1970. It is one of eight pioneer manufacturing companies that commenced operations in the Bayan Lepas Free Trade Zone at the dawn of Penang and Malaysia's high-tech industrial manufacturing age.

According to T.K. Tan, Managing Director of Clarion Malaysia, "We consistently invest in advanced technology to effectively address the increasingly sophisticated needs of customers, such as renowned car manufacturing companies. This robotic line will enhance precision and productivity in advanced manufacturing."

While Dato' Azman, Chief Executive Officer of MIDA said, "We are excited that after 45 years of operation, Clarion continues to embrace innovation and create new growth opportunities. We hope that the support from the Government proved to be beneficial to Clarion in its effort to bring in more high value added activities. Clarion's story and evolution proves the point that growing up with Malaysia pays good dividends. More importantly, Clarion's new robotics line, future plans and new products will continue to serve as testimonials for Malaysia, in that we are determined and committed to excel as a 21st Century location for advanced manufacturing in Asia."

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## NEWSLINK

### **MIDA IN THE NEWS**

**Malaysia on track to hit RM148b investments**

**MIDA confident of achieving investment target**

### **MALAYSIA RANKING**

**Malaysia one of top 5 places for expatriates, survey finds**

**Ease of doing business report puts Malaysia in top 20**

### **ECONOMY NEWS**

**Big Three thumbs-up for Malaysia**

**Islamic economy growing at nearly double global rate**

**TPP will help bolster Malaysia's gateway status**

**TPPA – what's in it for Malaysia?**

## ECONOMY NEWS

TPPA in the spotlight  
Asian nations hail TPP agreement  
TPP boost to global market access  
World Bank: Malaysia's growth easing to 4.7%  
Malaysia moving in right direction  
Malaysia still an attractive investment hub

## INDUSTRY NEWS

Saudi group to invest RM500m in Malaysia  
Important milestone for Kellogg  
Govt gets RM3m more FDI via Fonterra deal  
Malaysia has a lot to offer  
Glove makers set to gain from special allowance  
Rubber City expected to woo up to RM10b investments  
China firm to produce solar panels at Penang facility  
Solar cell factory to go full production by year-end  
AMD to tap growing SATS market  
Top Glove plans RM200m expansion  
MPA to sign EPC contract for phosphate complex  
China manufacturers plan to locate ops in Johor  
Malaysia urged to invest more in downstream agriculture sector  
Indonesia, Malaysia plan palm oil industrial zone  
E&E demand boosts exports  
Boilermech inks deal with two partners  
Plastics industry to exceed RM20b turnover this year

## SERVICES NEWS

VADS plans RM130m data centre in Nusajaya  
GCH to open 2 more Giant outlets  
Global Turbine Asia eyes new horizons  
Europe firm eyes Iskandar  
Malaysia positioned as preferred logistics gateway to Asia  
IGEM records highest business leads of RM2b

## 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](http://www.mida.gov.my) or e-mail us at [investmalaysia@mida.gov.my](mailto:investmalaysia@mida.gov.my).

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



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