



In this issue...

- ◆ **11th Malaysia Plan (2016-2020):  
Malaysia's March Towards  
Economic Growth**
- ◆ **Additive Manufacturing :  
The Next Frontier of Design  
Conceptualisation**
- ◆ **Malaysia's Principal Hubs,  
Driving Business Across Asia  
and the World**

## HIGHLIGHTS

### 11TH MALAYSIA PLAN (2016-2020): MALAYSIA'S MARCH TOWARDS ECONOMIC GROWTH

The Eleventh Malaysia Plan (11MP), 2016 - 2020, is the last 5-year plan before Malaysia is envisaged to achieve a high income status by 2020. Vision 2020, launched in 1991 envisions Malaysia as a fully developed country along all dimensions, economically, politically, socially, spiritually, psychologically, and culturally.



The 11MP reaffirms the Government's commitment to a vision of growth that is focussed on building a better Malaysia for all Malaysians. One of the macroeconomic strategies under the 11MP is "Promoting investment to spearhead economic growth".

# HIGHLIGHTS

The private sector will continue to play a significant role in steering the country towards becoming an advanced economy. Private investment is expected to grow at 9.4% per annum, with an estimated average annual investment of RM291 billion in current prices. This strategy relies on the promotion of both Domestic Direct Investment (DDI) and Foreign Direct Investment (FDI). For DDI, small and medium enterprises (SMEs) will be given emphasis, as SMEs in Malaysia represent 98.5% of total establishments and 59% of total employment in the economy in 2015.

In order to strengthen investment outcomes, five strategies will be implemented:

To reduce the cost of doing business through increased provision of basic infrastructure, facilities, and review of bureaucratic regulations.

To provide performance-based incentives for high-income and knowledge-intensive economic activities, by reviewing the current investment incentive programme.

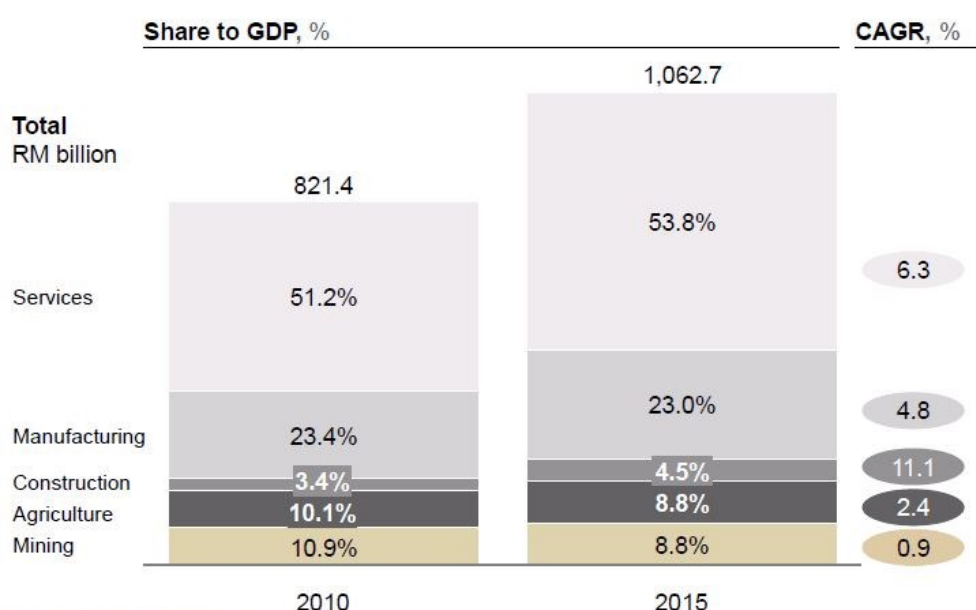
To address the talent gap and mismatch by establishing a labour market data warehouse, improving the labour market clearance mechanism as well as re-skilling and multi-skilling programmes.

To improve access to financing for knowledge-intensive industries by introducing innovative financing options.

To provide tipping point financing through the Facilitation Fund, to bridge the viability gap in financing for strategic investment projects.

During the 11MP period, all economic sectors are projected to record better performance. The growth of these sectors will be driven by strong demand, enhanced productivity as well as higher value added and knowledge-intensive activities.

## Real GDP by kind of economic activity, 2010-2015



Notes: Based on GDP in 2010 prices  
Source: Economic Planning Unit and Department of Statistics Malaysia

# HIGHLIGHTS

The services sector will continue to be the key driver of growth. Growth in the sector is projected to increase considerably by 6.9% per annum, increasing its share to the GDP from 53.8% in 2015 to 56.5% in 2020. The services sector is expected to record broad-based growth across all subsectors.

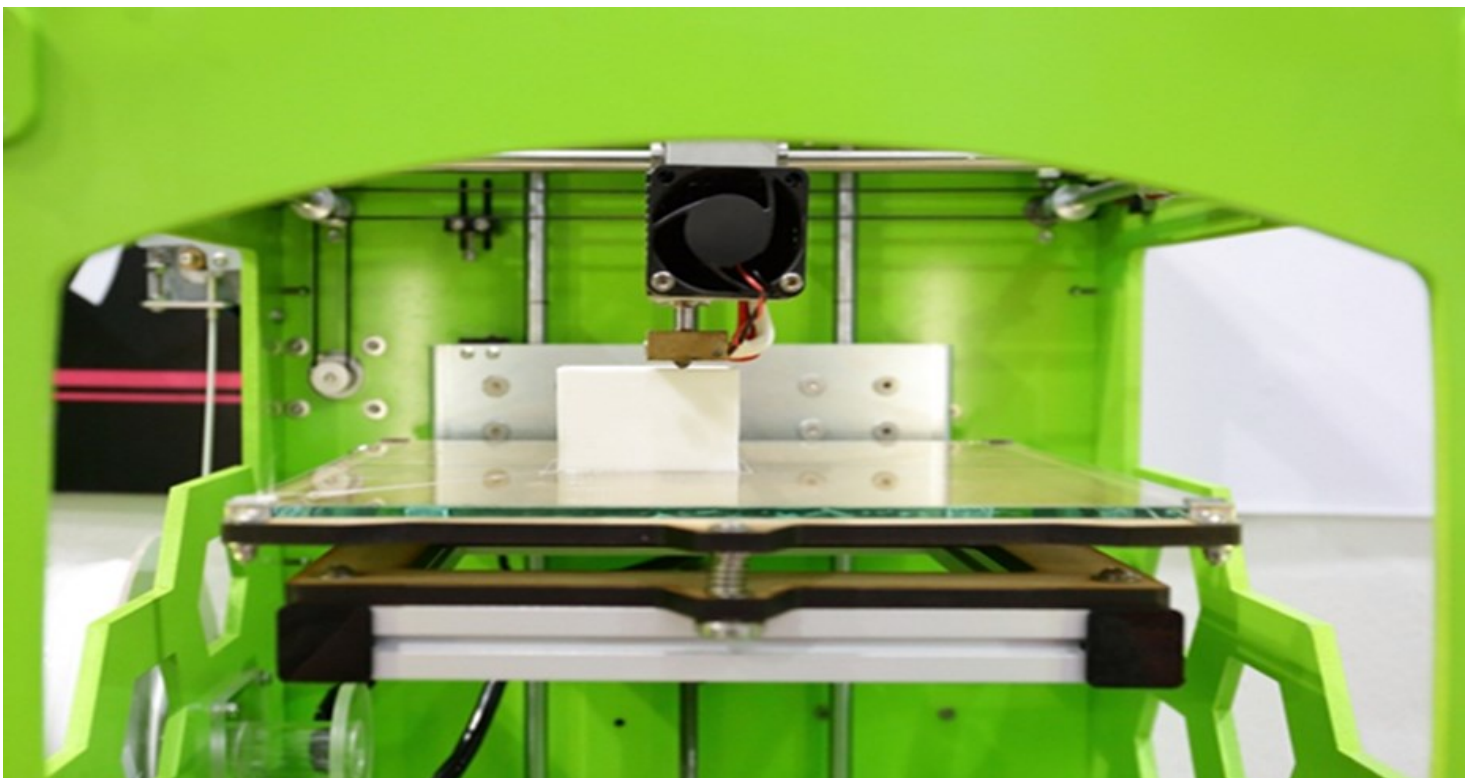
The manufacturing sector will be enhanced through moving towards the production of more complex and diverse products. Productivity is targeted to be refined by adopting greater automation and upgrading skills. The sector is expected to record an annual growth of 5.1% during the 5-year period, led by the domestic-oriented subsector, which is expected to increase by 4.4% in line with better business confidence and consumer sentiments.

The 11MP is significant as it will be the last five-year plan before Vision 2020 is achieved. It provides a crucial platform to ensure that Malaysia transitions to an advanced economy and inclusive nation. Through FDI and DDI, a better investment outcome is expected and from this, a better projection would be expected in the growth of the services and manufacturing sectors.

## INDUSTRY NEWS

### **ADDITIVE MANUFACTURING - THE NEXT FRONTIER OF DESIGN CONCEPTUALISATION**

Additive manufacturing (or 3D Printing) is a term to describe sets of technologies that create 3D objects by adding layer-upon-layer of material. Materials can vary from technology to technology. Today, the common materials used are plastic, polymer and metal powder. The advancement in additive manufacturing might one day enable us to even print actual human tissue.



The application for additive manufacturing is limitless. This technology is paving the way to revolutionise and transform various industries such as medical devices, especially implants, aerospace manufacturing focusing on turbine blades, machinery & equipment, electrical and electronics and so much more. As such, these emerging technologies can lead to disruptive and radical changes in business models.

These changes affect the way businesses are conducted and how value is measured as it can remove some key processes (e.g. moulds and dies making). Having said that, there is still time for companies to transform their businesses to embrace these changes and increase their competitiveness, as the current additive technology has yet to be proven economical for mass production. Currently, the concept would only provide more flexibility and speed up production of specific parts, prototypes and customised products.

The strength of additive manufacturing lies in those areas where conventional manufacturing has reached its limitations. It is generally associated with two key advantages over conventional manufacturing techniques. Firstly, additive manufacturing enables the creation of products without many of the limitations that normally constrain the designs realisable with conventional methods. Secondly, it enables the production of custom-made and low-to-medium volume products with high degrees of efficiency. These advantages can be used to realise geometrically complex and highly tailored products for specific functions or individual users.

## 7 TYPES OF TECHNOLOGIES USED IN 3D PRINTERS

<b>Stereolithography (SLA)</b>	Printers using stereolithography concentrate the beam of UV rays on the surface of the object that will be replicated. The object is filled with resin (photopolymer) and when light hits the resin, it will solidify layer by layer.
<b>Digital Light Processing (DLP)</b>	3D printing DLP works with photopolymers. The difference between SLA and DLP processes is type of light source used such as the arc lamp.
<b>Fused Deposition Modeling (FDM)</b>	This technology uses a few drops of melted thermoplastic materials that will join together to form a shape. As the material hardens, a 3D object is formed.
<b>Selective Laser Sintering (SLS)</b>	SLS uses laser as power source to form solid 3D objects. Although similar to SLA, SLS uses powdered material instead of liquid resin. This material could be anything from nylon, ceramics, glass or aluminum to steel or silver.
<b>Selective Laser Melting (SLM)</b>	Selective Laser Melting works similar to SLS. However, instead of simply combining the powder granules together, the powder is melted.
<b>Electronic Beam Melting (EBM)</b>	In 3D printers operated by the Electronic Beam Melting technique, electronic beams are used instead of UV rays.
<b>Laminated Object Manufacturing (LOM)</b>	This older process uses layers of adhesive-coated paper, plastic or metal laminates that are fused together using heat and pressure and then cut to shape with a computer controlled laser or knife.

## Additive Manufacturing in Malaysia

The hype of additive manufacturing is gaining momentum in Malaysia. Although it is not a new concept here, the adoption of additive manufacturing is currently limited to domestic consumers and hobbyist that create simple designs and prototypes since early 2000. Industrial usage of additive manufacturing is still at an infant stage in Malaysia.

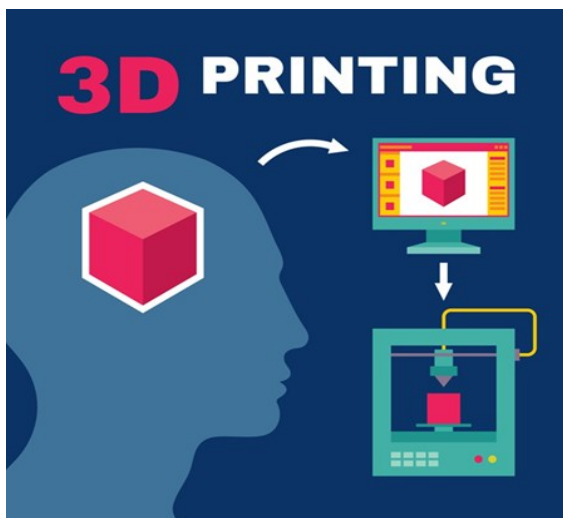
MIDA, as the principal investment promotion agency is working closely with key stakeholders, namely SIRIM and private sectors to further advance and promote the additive manufacturing industry.

In 2015, MIDA approved two projects that incorporated additive manufacturing technology in their processes. One was an expansion project by ISAAC Healthcare, a majority Malaysian owned company in Johor that manufactures 'Bio-Scaffold Surgical Kit', '3D-Printed Bio-Scaffolds' and 'Regenerative Implantable Stem Cells' that are used in the medical technology industry. This expansion seeks to leverage on 3D printing technologies to carry out its R&D activities to produce engineering bio-scaffolds with tailored properties of a customised shape and size.

Recent advances have enabled 3D printing to directly print porous scaffolds that are proven ideal for areas such as bone tissue engineering. The technology is novel and disruptive in nature. It helps to realise the physical and mechanical properties of the bio-scaffolds by emulating and bio-mimicking living tissues. This technology is jointly developed by physicians and medical technology engineers based in California with more than twenty years' of experience in their respective fields. This innovation can be applied to biocompatible polymers to produce scaffolds with tailored properties. Incorporating this new technology, ISAAC Healthcare envisions to become the leading Asian medical device manufacturer in musculoskeletal health solutions.

Another new project is by Mawea Industries. This wholly owned Malaysian company, is set to produce a 3D printer for the domestic and 'prosumer' (professional consumer) markets. The technologies involved in their 3D printers will be a hybrid combination of Digital Light Processing (DLP) and Stereolithography (SLA). Mawea coined this hybrid technology as Stereo Photolithography. The investments of these two projects

are valued at RM136.7 million with employment opportunities for 40 Malaysians.



The future of additive manufacturing in Malaysia is promising. Demand for 3D printer is on the rise and this has attracted global players such as Stratasys (the world's leading 3D printer manufacturer) and Materialise (the world's leading 3D printing software and services provider) to have a presence in Malaysia. Meanwhile Vagler International, a Swedish owned company based in Kuala Lumpur has started operation since 2012 producing desktop 3D printers using fused deposition modeling (FDM) technology.

## INDUSTRY NEWS

SIRIM, in their centre at Bukit Jalil also provides 3D design and printing consultation services to local companies, especially in the surgical implants sector. The Centre for Biomedical and Technology Integration (CBMTI), a spin-off company by the University of Malaya also offers printing services of biomodels in 3D for medical & surgical training in their centre at Kuala Lumpur.

With the continuous development and innovation in the private sector as well as concerted efforts by the Government, additive manufacturing is anticipated to have a significant impact on the manufacturing industry. Adoption of this technology is likely to increase as more companies come to appreciate its potential benefits across their supply chains and products. This promising sub-sector is expected to spearhead the growth of this industry in Malaysia for many years to come.

## SERVICES NEWS



### **MALAYSIA'S PRINCIPAL HUB DRIVING BUSINESS ACROSS ASIA AND THE WORLD**

As the Government's principal investment promotion agency, MIDA has long played an active role in promoting the establishment of regional operations such as International Procurement Centres (IPCs), Regional Distribution Centres (RDCs), Operational Headquarters (OHQs) and Treasury Management Centres (TMCs) in Malaysia.

MIDA has observed the rising trend of manufacturing companies moving up the value chain by venturing into the provision of higher value-added services. A majority of these companies adopts diversified business models named Global Operation Hubs, and centralise various strategic functions to optimise resources, quicken decision making and deliver better customer service.

In recognition of this on-going trend, the Principal Hub scheme was introduced. It serves as a comprehensive scheme to facilitate multinational companies (MNCs) and local conglomerates which use Malaysia as a base for managing their regional activities. The Principal Hub scheme complements Malaysia's strengths as a regional hub and also leverages on the implementation of the ASEAN Economic Community (AEC) which provides access to a significant market of US\$10 trillion and 600 million people.

Since May 2015, MIDA has successfully attracted six Principal Hub projects with a total investment value of RM1.28 billion and potential creation of 320 high value jobs. These projects are undertaken by major MNCs in the aerospace, electrical & electronics, food & beverages and resource-based industries and will be located in several regions of Malaysia.

Among the companies approved for the Principal Hub incentive is Honeywell, a Fortune 100 conglomerate which has operations in over 50 countries and engages over 100,000 employees worldwide. Specialising in

the aerospace and engineering industries, this company has established a Principal Hub in Malaysia to control its business operations in 13 countries.

The Principal Hub scheme has been particularly popular among companies in the resource-based industries. Two of the largest exporters of palm oil and pulp and paper in South East Asia have decided to establish their Principal Hub in Malaysia, which will undertake the role of a global trading hub. These companies will be able to leverage on Malaysia's close proximity to commodity-producing countries, allowing them to cheaply source their products and take advantage of Malaysia's strong logistics infrastructure for their distribution activities. Companies' global trading hubs will not only serve the Asian market, but will also be a base to tap into the European and Middle Eastern markets. These Principal Hubs will each have an annual trading volume of more than RM500 million.



MIDA has also received interest from major players within the food industry. Two well-established food manufacturing companies that are currently operating in Malaysia have decided to scale up their businesses. They will be centralising their regional supply chain management in the country by establishing Principal Hubs.

These Principal Hubs will not only manage global trading activities, but will also conduct other higher value-added services. Having a central consolidator, the companies would be able to provide a central point for their customers while having seamless extensions for their

distribution activities as well as other management responsibilities such as capability development, customer management, manpower management and standardised forms of delivery and compliance.

One of the companies, in particular, has made the strategic decision to transfer its R&D activity from its Singaporean headquarters to its Principal Hub in Malaysia. The R&D activity will focus on the development of new innovative products within the company's food ingredients business segment. The transfer of R&D to the Principal Hub will lead to the transfer of technology and critical knowledge to Malaysians.

Another company which has been approved the Principal Hub incentive is a fabless semiconductor manufacturer. This company will expand its R&D capabilities through its Principal Hub operation and will create high value jobs for 47 Malaysians.

Currently, there are seven more Principal Hub projects in the evaluation stage. These potential projects, expected to be approved in the first quarter of 2016, are worth RM5.9 billion and will create 507 high value jobs. The companies involved are from the electrical & electronics industry, resource-based industry and consumer product industry.

## SERVICES NEWS

The rise of these corporate giants will be central to shaping the economy in Malaysia and the region, creating opportunities in many areas. As such, MIDA will continue to promote the Principal Hub incentive as an important strategy for MNCs and local conglomerates to expand regionally. Concerted efforts by both MIDA's headquarters and overseas offices are being undertaken to intensify engagement with companies to create better awareness of the Principal Hub incentive and develop strategies to complement their future plans. These engagements are conducted through seminars and one-to-one briefing sessions.

## EVENTS

### Oncogen Pharma Sdn. Bhd. announces the opening of its Oncology Research and Development Centre



Oncogen Pharma Sdn Bhd inaugurated its Active Pharmaceutical Ingredient (API) Research and Development Centre, the first Oncology API R&D Centre to be established in the ASEAN region, early January this year. The event marked the company's vision and commitment to produce high quality Oncology (Cancer) products that will be researched, developed, patented in Malaysia. These products will be supplied to all over the world including U.S. and European markets.

The successful implementation of this integrated project will provide Malaysia a leading edge in the development of the Oncology pharmaceutical industry which will act as a catalyst in making Malaysia a hub for Oncology products.

[READ MORE](#)

### MTMA and MKMA express their support for TPPA



More than 150 participants attended The Dialogue on Potential Economic Impact of Trans-Pacific Partnership Agreement (TPPA) on the Textile & Apparel Industry organised by MIDA on 20 January 2016. The programme, officiated by Datuk N. Rajendran, Deputy CEO of MIDA, was part of MIDA's on-going outreach programmes to provide better awareness and understanding among industry players on various issues pertaining to the trade deal. Also present were Malaysia's Chief Negotiator on TPPA from the Ministry of International Trade and Industry (MITI), Datuk J. Jayasiri and three guest speakers,

namely Dato' Sri Tan Thian Poh of the Malaysian Textile Manufacturers Association (MTMA), Mr Tang Chong Chin of the Malaysian Knitting Manufacturers Association (MKMA) and Professor Dr Jamal Othman of Universiti Kebangsaan Malaysia (UKM).

According to Dato' Sri Tan Thian Poh, President of MTMA, "We expect that TPPA will bring a new breath of life to the industry. It has been a long wait for the industry since the negotiations started in 2010 and the industry is hopeful that the Government's decision on TPPA would be worth the wait. We believe that the acceptance of TPPA is vital to propel the industry forward and subsequently to spur revival in Malaysia's economy."

While, Mr. Tang Chong Chin, President of MKMA said, "TPPA is a game changer for the textiles and apparel industry. It would provide a strong momentum to the growth of the industry. We are confident that the textiles and apparel industry would be able to grow at least 30% immediately upon implementation of TPPA, and is expected to double the business in a 5-year period. MKMA welcomes the long awaited conclusion of the TPPA by the 12 member countries and hopes that the Government as well as the private sector will embrace the opportunities TPPA provides to expand beyond the red ocean."

[READ MORE](#) 

## MIDA CEO talks to Bloomberg on the current investment scenario in Malaysia



Bloomberg interviewed Dato' Azman Mahmud, CEO of MIDA on 28 January 2016. The conversation mainly revolved on the current investment scenario in Malaysia, taking into account the economic and political development in the country. Dato' Azman reiterated that Malaysia remains a thriving, peaceful and stable democratic country which contributes to its present economic development. Notwithstanding that, MIDA will continue to intensify its promotional efforts to attract quality investments for sustainable development.

[Watch Video](#)



## Honeywell joins Malaysia Principal Hub Initiative

Honeywell, a Fortune 100 diversified technology and manufacturing leader with worldwide customers has become the first global company to join Malaysia's Principal Hub initiative. The announcement, made on 29 January 2016 was graced by YB Dato' Seri Ong Ka Chuan, Minister of International Trade and Industry (MITI) II, Mr. Jim Bujold, President of Honeywell Southeast Asia and Dato' Azman Mahmud, CEO of MIDA.

In his address, YB Dato' Seri Ong Ka Chuan said that the investment was a testament to Malaysia's competitiveness as a strategic base for companies to tap into the emerging opportunities in ASEAN and the greater Asia-Pacific markets. He also said that this investment serves as a powerful expression of confidence in Malaysia's economy and the Government's pro-business policies as well as another indication of the strengthening US-Malaysia economic ties.

## EVENTS



Through the Principal Hub Scheme, Honeywell will be able to better allocate its resources to support its ambitious business expansion plan in Malaysia and the region.

[READ MORE](#)

### **MIDA and MIDF engage Food Industry Players in the East Coast Region**

MIDA and MIDF co-organised a Seminar on the Food Industry Supply Chain on 31 January 2016. The one-day event brought together more than 100 participants, mainly the food industry players from Kelantan, Terengganu and Pahang.



According to YB. Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry (MITI), food security has been one of the top priorities of the Government.

The food processing industry, which is currently dominated by local small and medium enterprises (SMEs) contributes about 10 per cent of local manufacturing output. To further develop this sector, the Government is redoubling its efforts by introducing a range of facilities that can be utilised by investors. His speech was read by YBhg. Dato' Azman Mahmud, CEO of MIDA at the opening ceremony held at the Hotel Perdana, Kota Bharu.

For the period January to September 2015, MIDA has approved 45 projects of food processing including beverages) with investments of RM2.6 billion. These projects are expected to provide 2,570 jobs. A total of 80% or RM2 billion is from domestic investments, while the remainder are from foreign investments.

[READ MORE](#)

## MIDA IN THE NEWS

**MIDA confident of drawing high quality investments this year**

**Sustainable momentum : MIDA sees good flow of investments**

## MALAYSIA RANKING

**Malaysia tops US in GDP forecast**

**Malaysia at fourth spot in logistics ranking**

## ECONOMY NEWS

**Minister : TPPA gives more benefits than challenges**

**Business confidence recovering in Q1**

**TPP to lift Malaysia's GDP by 8pc**

**Exports grow 6.3pc in Nov**

**Benefits of TPP outweigh the costs, says Mustapa**

**Zeti : Consumption key in improving Malaysia's investment climate**

**TPP to give medical device makers better market access**

## INDUSTRY NEWS

**Messier-Bugatti-Dowty plant makes first delivery**

**Firms invest RM1.46b in agriculture NKEA projects**

**Automotive sector to benefit the most from TPP**

**Scitech investing US\$80m in Malaysia**

**Mikro sees good year ahead**

**Evyap relocating more of soap op to Malaysia**

**MIDA upbeat on O&G downstream sector this year**

## SERVICES NEWS

**Asean expansion to drive Kerry Logistics growth**

**MMC sets sail for consolidation mode**

**Facilities at Kinabalu boon for Talisman**

**Container, Everly ink hotel venture**

**Johor to tap Hollywood expertise**

## 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).



**Malaysian Investment Development Authority**  
**MIDA Sentral**  
**No.5, Jalan Stese 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](mailto:investmalaysia@mida.gov.my)**  
**Website: [www.mida.gov.my](http://www.mida.gov.my)**

*Tell us what you think about our newsletter . Your feedback will help us improve our services to you.* [Give feedback](#)

*This email was automatically generated for you, please do not reply. You're receiving this newsletter because you've been registered with MIDA website at [www.mida.gov.my](http://www.mida.gov.my). Please add [info@mida.gov.my](mailto:info@mida.gov.my) to your address book so that our emails get to your inbox.*