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HIGHLIGHTS

ATTRACTING AND RETAINING INVESTORS THROUGH FACILITATION SERVICES



**MIDA Won Top Investment
Promotion Agency 2016
Award in the
Asia Pacific National
Category**

Investors in Malaysia point to a 'strong partnership' and 'continuous support, advice and incentives' as hallmarks of their experiences working with MIDA, the country's national level economic development agency for nearly 50 years. MIDA is a national Site Selection Top Investment Promotion Agency of 2016. It won the same award in 2015.

This accolade was published by the Site Selection magazine in May this year as part of their Global Best to Invest series. Site Selection is an internationally circulated business publication covering

corporate real estate and economic development, published six times a year by Conway Data Inc.

"Although this is a valuable acknowledgement of MIDA as the best partner to investors, we will not rest on our laurels. Against the present backdrop of the challenging business environment and rise of emerging markets, we will consistently strive towards creating a strong partnership with investors to ensure their needs are met," said Dato' Azman, Chief Executive Officer of MIDA.

"We will continue to provide our dedicated support to assist investors right from their initial enquiries until the realisation of their projects, as well as facilitating them to solve issues affecting their operation in the country," added Dato' Azman.

To further enhance MIDA's role in assisting investors, senior representatives from key government agencies are stationed at MIDA's headquarters in Kuala Lumpur to advise investors on government policies and procedures. These representatives include officials from the Department of Labour, Immigration Department, Royal Malaysian Customs, Department of Environment, Tenaga Nasional Berhad and Telekom Malaysia Berhad.

MIDA has a global network of 23 overseas offices covering the Americas (6 offices), Europe (6 offices), Asia (9 offices), the Middle East (1 office) and Oceania (1 office) that directly engages with potential and existing foreign investors. MIDA officers are also stationed at its 12 regional offices throughout Malaysia to meet investors on the ground level to assist them with the implementation and operation of their projects.



What Investors Say:

Honeywell: “Malaysia is a fast-paced and dynamic country and one of Honeywell’s strategic and priority High Growth Region markets committed to economic growth and improving the standard of living for its talented and diverse population,” says Briand Greer, President of Honeywell Southeast Asia. “Malaysia’s rapid urbanisation, growing affluence of its citizens, demand for energy and resources and investments in Infrastructure and national projects offer compelling opportunities for technology-driven multinational companies like Honeywell.

“We greatly appreciate the strong partnership we have developed with the Malaysian government and how welcoming Malaysia is to foreign businesses,” Briand Greer adds. “MIDA has provided us with strong support and assistance most recently during the process of joining the Principal Hub Initiative, as well as through the implementation and continued management of our earlier investments in Malaysia.”

Spirit AeroSystems: “Asia is a strategic region in Spirit’s supply chain development, and Malaysia is part of an aerospace industry growth zone,” says Scott McLarty, Vice President, Spirit AeroSystems Malaysia Sdn Bhd. “Asian regional economic growth and competitive pricing advantages are critical for Spirit’s further growth. Malaysia has established itself as an aerospace manufacturing centre, and the country has shown its commitment to the industry through active promotion and support.

“The government is very supportive of industry expansion and growth,” he continues, “providing incentives and facilitating business startups and expansion. Although achieving staffing goals can be a challenge, the Malaysia workforce are easily trained and adaptable to meet demands. MIDA has been instrumental in helping Spirit AeroSystems establish itself in Malaysia by providing continuous support and advice. The first investment was made in 2008, and Spirit hopes to double the facility square footage and staff size in the next five years by further investing in Malaysia with the help from MIDA.”

This article was adapted from Site Selection magazine, May 2016, Profile on Malaysia Titled: Every Step of The Way”, written by Mark Arend, <http://siteselection.com/issues/2016/may/malaysia.cfm>

SUSTAINING MALAYSIA'S MOMENTUM OF SUCCESS IN THE GLOBAL HALAL INDUSTRY



Malaysia has come a long way in the development of halal industry which has grown from strength to strength over the years. Today, this industry has developed completely along the supply chain incorporating value-added activities such as research and development, manufacturing, branding, logistics and marketing. In line with Malaysia's credentials as an Islamic country, the halal industry continues to be enhanced with the support of strategically developed initiatives and flagship programmes

that have facilitated the investment and trade of halal products and services.

Encompassing a wide spectrum of activities including the production of food, pharmaceuticals, medical devices, cosmetics and toiletries, Malaysian halal products have carved a niche globally not only for quality, but also for its halal certification which is recognised globally. As at December 2015, a total of 1,437 projects in food manufacturing with investments amounting of RM29.3 billion had been implemented, generating more than 99,000 employment opportunities for Malaysians. In 2015, MIDA has approved an additional of 51 projects in this industry with investments totaling RM2.6 billion, and these projects are expected to create 2,900 jobs. Majority of the approved and implemented projects are involved in the manufacturing of halal food. These products are exported worldwide particularly to China, Singapore, US, Indonesia and Japan. In 2015, Malaysian exports of halal products were valued at RM42 billion and are expected to increase by 19 per cent to RM50 billion in 2016.

Other than the manufacturing sector, Malaysia has also gained international prominence in the services sector, particularly Islamic banking, insurance and travel & tourism. The country in fact leads the world in Islamic banking and finance in areas such as the issuance of *sukuk* bonds.

Foreign companies have been leveraging on Malaysia's comprehensive halal ecosystem developed over the years. Among notable companies that have made Malaysia their base for halal products include CP Holdings, Nestle, Kerry Ingredients, PureCircle, Cargill, Adeka Foods, Rikevita, Kewpie, IFFCO, Kellogg's and Ajinomoto. Nestle has set-up a Halal Centre of Excellence in Malaysia to provide halal expertise and knowledge to its other affiliates worldwide. Meanwhile, local companies such as Ramly Food Processing, Mamee Double Decker, Dewina Food Industries, Felda Global Ventures (FGV) and Chemical Company of Malaysia have also carved a niche for themselves domestically as well as internationally.

The global market for halal food products is estimated to be around US\$693 billion annually. With this lucrative market, many nations now view halal as an emerging force and an important value proposition, capable of contributing towards their respective national economies. Gaining momentum and popularity, the halal market is set to grow beyond Muslim majority countries. Japan, Brazil, Korea, Australia and New Zealand are examples of countries that are also promoting halal products.

INDUSTRY

Australia and Brazil have established food based industries and are major suppliers of halal food to the Middle Eastern markets. On the other hand, Japan is aggressively introducing and expanding exports of 'Made in Japan' halal products and services to Muslim markets. The increase in Muslim tourists has also encouraged Japanese manufacturers to seek halal certification for their products. Recognising the potential of halal industry early on, Malaysia and other ASEAN member countries have already put in place several government-led initiatives and measures to drive economic growth of halal products and services.



Sustaining Malaysia's position as the global leader in this industry requires continuous efforts in research and development, innovation, high-tech manufacturing techniques, logistic and penetrating new markets, while simultaneously maintaining our share in the existing markets. Taking these factors into consideration, the Malaysian Government is committed towards developing the halal sector and intensifying high valued-added activities within the industry. Malaysia is now in the final phase of the Halal Industry Master Plan (2008-2020). Under the 11th Malaysia Plan (2016-2020), Malaysia is set to become the Global Reference Centre for Halal Integrity and Centre for Innovation, Product and Trade. In February 2016, the Government has also announced the establishment of the Malaysia Halal Council. These demonstrate that Malaysia is committed to be a global Halal leader through better coordination in the development of the Halal industry.

SERVICES

SUPER GROUP TRANSFERS R&D ACTIVITIES TO MALAYSIA THROUGH THE PRINCIPAL HUB SCHEME



Super Group's pilot production plant

Super Group, the pioneer in the development of 3-in-1 beverages in Southeast Asia, is a good example of how innovative companies can excel in Malaysia. Over the years, Super Group has invested RM500 million for its manufacturing activities in the country, which mainly cater for the production of coffee ingredients, botanical herbal extracts and instant foods. Notably, the company invests heavily in cutting-edge technologies in the coffee processing industry, such as Spray-Drying, Freeze-Drying and

Aroma-Recovery technologies imported from Brazil and China. These technologies have enabled the production of high quality coffee powder with natural aroma and enhanced flavor. MIDA facilitated the company's initiative to adopt new innovations by providing the necessary support in its acquisition of these technologies.

SERVICES

Having developed a strong manufacturing presence in Malaysia, Super Group is moving further up the value chain. The company recently announced its establishment of a Principal Hub in Johor. This Malaysian entity will now be its regional centre for the procurement and distribution of food ingredients business segment. As 85% of these products will be exported, the activity will increase the usage of local port facilities as well as other ancillary services such as logistics, banking and consultancy. It is also expected to contribute over RM826 million to Malaysia's export by 2018.



A Super Group employee conducting quality testing

More excitingly, through this newly established Principal Hub operation, Super Group is transferring its R&D arm for coffee ingredients in Malaysia. This transfer is a huge leap for the company, which previously focused most of its R&D in China and Singapore. According to Mr. Darren Teo, Executive Director of Super Group, the transfer of R&D to Malaysia is intended to complement the company's manufacturing operation in the country, which began in 1998.



Coffee cupping: A process integral to developing flavourful coffee

The Principal Hub's R&D operation will be conducted at Super Group's production facility that houses a state-of-the-art pilot plant and R&D facility. These facilities which were previously used to produce smaller production batches for low-cost feasibility testing and quality analysis checks, will now be utilised for more advanced R&D as they are equipped with high-technology instruments such as Gas Chromatography Mass Spectrometry (GCMS) and High Performance Liquid Chromatography (HPLC).

Super Group has already begun the setup of the R&D operation in Malaysia. The R&D team from Singapore, which pioneered the development of Super Group's 3-in-1 beverages and other innovative products, will train the Malaysian employees to develop their skills in high-end product planning and design. In addition, the company will also collaborate with local universities to identify and cater to the training needs of graduates in the Food Science background.

The shift of R&D activities from Singapore reflects the company's confidence in the capability and professionalism of its Malaysian employees. MIDA will continue to support Super Group which has shown dedication in developing its Malaysian team to become regional players.

EVENTS

CEO MIDA Leads 'Turun Padang' Visit to Besi Apac

As part of MIDA's continuous commitment to facilitate and work closely with the private sector, Dato' Azman Mahmud, CEO of MIDA led a 'Turun Padang' visit to Besi Apac on 15 June 2016. The company, a subsidiary of Besi Group that is headquartered in Duiven, Netherland develops leading edge assembly processes and equipment for leadframe, substrate and wafer level packaging applications in a wide range of end-user markets including electronics, computer, automotive, industrial, LED and solar energy.

Since its establishment more than 20 years ago, Besi Apac's operations have grown remarkably through several rounds of expansion and diversification. The company has so far invested a total of RM156.4 million and employed 424 Malaysians.

Supporting industries in Selangor as well as other parts of Malaysia, banking, financial services and other local ancillary services are also benefitting from the business opportunities that have arose from the company's presence in Malaysia. As at 2015, the company has spent at least RM521.9 million to source goods and services from Malaysian vendors.



Global Leading Polymer Specialist REHAU Launched a New Office and Showroom in Petaling Jaya



"The decision by REHAU to establish a Representative Office in Malaysia is especially significant and welcomed. Given the current global economic uncertainties, it represents an expression of confidence in the long-term economic potential of Asia and Malaysia's strategic position in the region," said YB Dato' Seri Ong Ka Chuan, Minister of International Trade and Industry II during the announcement and launching ceremony held on 16 June 2016 at the One World Hotel, Selangor.

He further elaborated that, "Malaysia's attraction as a regional hub for both manufacturing and services sectors is growing rapidly among multinational corporations. Investors are increasingly taking note of our competitive advantages such as a strategic location; world class infrastructure; increased trading activities and pro-business Government policies."

On the opening of the new premises, Mr. Damian Kirby, REHAU Head Office Chief Executive Officer explained that, "Our new foothold in Malaysia is indicative of our commitment and dedication to our existing Malaysian business and industry partners. With this step we also hope to build new long term relationships with many new companies here as well. The industrial, manufacturing and development sector is robust in Malaysia and we see significant opportunity for mutually beneficial growth. We look forward to utilising our competencies in developing high quality German standard products and solutions in meeting the requirements of the local Malaysian market."

Shimadzu's State-of-the-Art Manufacturing Facility Poised to Spur Economic and Social Spinoffs



Shimadzu Corporation announces the grand opening of Shimadzu Manufacturing Asia (SMA), its wholly-owned subsidiary, in Malaysia on 17 June 2016 in Seremban. SMA's state-of-the-art manufacturing facility for analytical and measuring instruments is targeted to cater for Shimadzu's sales to South East Asia, the Indian subcontinent, and Oceania regions.

The project is a good example of a new investment that helps to position Malaysia for future growth. The company will be the first to manufacture spectrophotometer, chromatograph and chromatograph-mass spectrometer in Malaysia. It also reflects Shimadzu's confidence in

Malaysia, as a resilient country, which offers the right mix of strategic value propositions as a competitive location for the company to grow its business.

The more than RM85 million investments will create 156 high income jobs with plans to undertake extensive R&D activities in Malaysia over the next 10 years. These activities will effectively contribute and improve the competencies and skill sets of the local talent. Shimadzu is committed to work with local universities and research institutes to develop talent and technologies in analytical and measuring instruments.

The company's investment will also encourage the development of local supporting industries and outsourcing activities, in the supply of equipment, materials, parts and components, and dedicated services, as they will spend at least RM8 million a year by the third year for its local outsourcing activities.

NEWSLINK

ECONOMY NEWS

MCKIP secures RM 1.58b additional ventures

World Bank keeps Malaysia's 2016 growth outlook at 4.4%

Exports in first 4 months increase to RM246.51b

Malaysia records RM37.3b approved investments from Jan-March

Malaysia's FDI rises despite weak global environment, says MIDA

Manufacturing posts most growth

Malaysia competitive investment location

INDUSTRY NEWS

Oji opens RM40m plant in Banting

Honeywell upbeat on MRO mart

Malaysia has 20-year high-end PCB capacity

Karex set to stretch export earnings

Bioeconomy, Cosmetic Valley to develop RM500m Langkawi cluster model

Boon Siew Honda eyes pole position

BioAsia in talks to expand operations in Malaysia

Nestle rides on Malaysia's halal drive

SERVICES NEWS

Metro Group planning RM550m hotel in KL

Focus on non-tourism services export, too

ABOUT MIDA

The Malaysian Investment Development Authority (MIDA) is the Government's principal promotion agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Starting operations in 1967, MIDA is the first point of contact for investors that want to take advantage of Malaysia's vibrant economy, world-class infrastructure and business-friendly environment to set up their profit centre in Asia. For more information, visit www.mida.gov.my or e-mail us at investmalaysia@mida.gov.my.

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



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