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HIGHLIGHTS

MALAYSIA ANNOUNCES NEW MEASURES TO BOOST ECONOMIC GROWTH

In addressing the current global economic challenges, Malaysia recently announced new measures to boost its economic growth. This consists of short and medium-term initiatives, which are worth more than RM28 billion. These initiatives are targeted at various sectors, including the small and medium enterprises (SMEs), tourism and the capital markets.

The initiatives include:

- A RM2 billion allocation for the Working Capital Guarantee Scheme for SMEs affected by the depreciating ringgit to help them finance and maintain their operations. The allocation is in addition to the RM5 billion Services Sector Guarantee Scheme announced in April this year.
- Import duty exemption on 90 tariff lines in the manufacturing sector covering consumables, spare-parts, and testing equipment to allow manufacturers to reduce the cost of production. This is in addition to the existing 319 tariff lines which have been given import duty exemptions. About 900 manufacturing companies are expected to benefit in annual cost savings of between RM100,000 and RM500,000 as a result of this initiative.
- Additional allocation of RM1 billion under the 11th Malaysia Plan period for the Domestic Investment Strategic Fund (DISF) to drive domestic investment, and accelerate the transition of domestic companies into industries which are high value-added, high technology, knowledge-intensive and innovation-based.



The Government has also set aside RM80 million to intensify promotional activities to further enhance the tourism sector. The ValueCap, formed in 2002 was reactivated with a capital injection of RM20 billion to support undervalued shares. The ValueCap whose shareholders are Permodalan Nasional Berhad, Retirement Fund Incorporated and Khazanah Nasional Bhd was effective in stabilising the stock market.

Malaysia has endured several economic storms in the past and with its strengths, the country is able to withstand these testing times. The Government will continue to introduce and support pro-business policies to assist its valued investors. In addition to the implementation of proactive initiatives, the Government is committed to lower the fiscal deficit to 3.2% of GDP this year from 3.4% in 2014.

Economic Fundamentals Remain Intact

As reflected in the GDP growth of 4.9% in the second quarter of 2015, Malaysia's economic fundamentals remain intact. The country also continued to record trade and current account surpluses. It achieved a trade surplus of RM41.7 billion, and a current account surplus of RM17.6 billion for the first half of 2015.



Despite the falling oil prices and devaluation of ringgit, Nor Hanifah Hashim, the Executive Director of Franklin Templeton Investment, believes that Malaysia's growth will be moderate but remain positive, with low inflation and a sustained positive current account balance. She supports her statement with the revenue from GST that is expected to be far greater than forecasted earlier, and the removal of the oil subsidy that would likely have a positive impact on government revenue and moderate some of Malaysia's fiscal deficit challenges.

The declining ringgit after 17 years of stellar stability has certainly drawn much attention to Malaysia. The Bank Negara Malaysia Governor recently alluded that the depreciation of the ringgit was due to the anticipation of the US interest rate hike as well as slumping oil prices. While the Government believes that the current levels of the ringgit does not reflect its fundamentals, it takes due consideration of the integration of the Malaysian and global economies. It remains committed in maintaining the integrity and openness of its markets, and will not impose capital controls, nor will it implement a peg for the ringgit to the US dollar.

The ringgit's depreciation against the US dollar would help to boost export-oriented industry as exports become more competitive, further incentivising for businesses to invest in the country. This would have a positive impact on foreign investors who were drawn to invest in Malaysia. On whether the ringgit's devaluation will help to accelerate foreign direct investments (FDI), Dr Zakariah Abdul Rashid, the Executive Director of Malaysian Institute of Economic Research (MIER) opined that the exchange rate plays an important role when it comes to FDI, but temporary fluctuations in the exchange rate will give little or no impact to foreign investors because FDI is a long-term capital flow.

More importantly, decisions to invest in Malaysia are influenced by many factors including its business environment, political stability, well-developed infrastructure and availability of human resources. This appears to be true when Malaysia jumped five rungs to the sixth spot in this year's Baseline Profitability Index (BPI), a ranking of attractive destinations for foreign investors published by the Foreign Policy magazine. The country was ranked 11th in 2014.

Among ASEAN countries, only Malaysia and Singapore are featured in the top ten. Indonesia was ranked 12th, Vietnam (23), Philippines (30) and Thailand (38). This ranking, which covered 110 countries across six continents, reaffirms that Malaysia remains an attractive profit centre in the Southeast Asian region for investors.

Introduced by Daniel Altman, an adjunct professor of New York University's Stern School of Business since 2013, the BPI uses a holistic approach based on eight factors that will affect the ultimate success of foreign investment.

The factors are:

- | | |
|--------------------------|-------------------------------------|
| (i) economic growth | (v) expropriation by government |
| (ii) financial stability | (vi) exploitation by local partners |
| (iii) physical security | (vii) capital controls |
| (iv) corruption | (viii) exchange rates |

Additionally, the BPI calculation also incorporates changes made by the World Bank in its measurement of GDP, such as the revised method to compare living standards across countries.



A BOUNCE FORWARD FOR THE RUBBER INDUSTRY

The rubber industry has always been viewed as a traditional sector, existing since the colonial era and is commonly perceived to be labour intensive with low technology. However, advances in the production of both natural and synthetic rubber have given a new boost to the industry. Furthermore, the growing awareness of the sustainability of the rubber industry has paved the path for an increase in R&D activities to achieve a 'green' status for this industry.

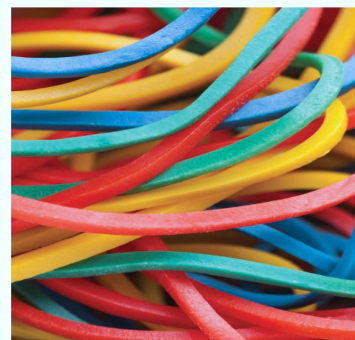
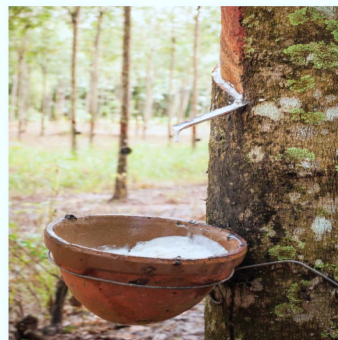
MIDA as the principal investment promotion agency works closely with key stakeholders in the rubber sector namely Malaysian Rubber Board (MRB), Tun Abdul Razak Research Centre (TARRC), Malaysian Rubber Export Promotion Council (MREPC), and private sector to further advance and promote the industry. To date we have approved numerous rubber-based projects and these projects have provided employment opportunities to Malaysians at various levels. In 2014, 15 projects in the rubber industry were approved with investment value of RM1.3 billion. These projects are expected to create a total of 1,728 jobs.

The promising outlook for the rubber industry in Malaysia can be further seen with the inauguration of Malaysia's first polybutadiene rubber plant in Tanjung Langsat, Johor by Lotte Ube Synthetic Rubber Sdn. Bhd. on 24 August 2015. This company is a joint venture between Lotte Chemical Corporation (Korea) and Ube Industries Ltd. (Japan), with other minority shareholders being Mitsubishi Corporation (Japan) and Lotte Chemical Titan (M) Sdn. Bhd.

The plant has a maximum production capacity of 72,000 MT/year with 80% of the product destined for export market. Polybutadiene is a raw material that can be applied to produce goods such as tyre, shoes and other polystyrene and acrylonitrile butadiene styrene (ABS) based products. Demand for polybutadiene is expected to grow by some 6% to 7% per annum with Asia being its largest market.

Indeed, Malaysia has made its mark in the world rubber industry. This is evident as the country is the world's leading producer and exporter of medical gloves, catheters and condoms. Malaysia is also the second largest exporter of latex threads, as well as the sixth largest producer of natural rubber. Thus, MIDA has identified the vast potential of the industry when it is developed as an integrated entity from rubber cultivation to its downstream value-added industries.

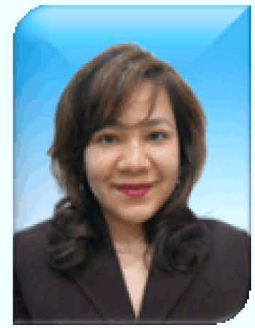
The establishment of the Rubber City in Ladang Bukit Ketapang, Kuala Nerang, Kedah will further witness the advancement of the rubber industry in Malaysia. Situated at the heart of the Natural Rubber Economic Belt, the 1,538 acres development is supported and facilitated by the Federal Government and Kedah State Government, which aims to capitalise on the existing natural rubber plantation available in Malaysia and Thailand.



Rubber City will comprise of an industrial zone, a commercial zone and a research and development (R&D) hub that are integrated into one area. Four sub-industries have been identified to be the core focus, namely catalytic anchor tenants, specialised latex and rubber products, precision engineered rubber products and 'green' rubber products. Specialised incentives will be one of the pulling factors in bringing investments into the City.

While incentives are important as a tool to attract investments, MIDA's main strategy for the rubber industry is to promote the entire value chain of the industry cluster as well as to strengthen and complete its ecosystem. A strong and comprehensive ecosystem becomes a magnet for investors and creates a more sustainable and conducive business environment. With the latest development triggered by the private sector and Government driven initiative, it is without a doubt that the Malaysian rubber industry is poised to bounce forward.

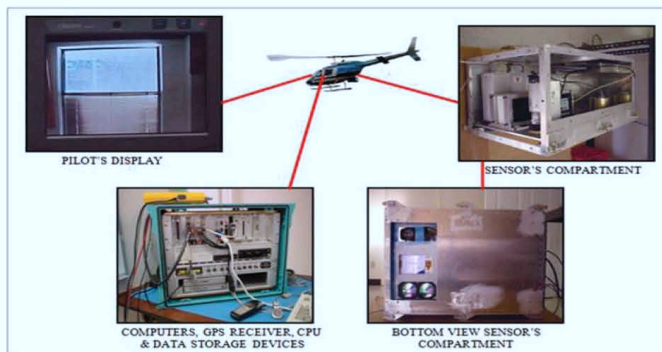




Ground Data Solutions Making its Mark in LiDAR Technology in South East Asia

Ground Data Solutions R&D Sdn. Bhd. (GDS), a 100% wholly owned Malaysian company, is a pioneer in providing airborne LiDAR services in South East Asia. Having established a presence in Kuala Lumpur for over a decade, GDS provides services in high-tech mapping and surveying with the use of light detection and ranging (LiDAR) technology. The LiDAR technology is a remote sensing technology which measures distance by illuminating a target with a laser and analyzing the reflected light for digital mapping. In short, LiDAR enables the creation of a high resolution map, which is usually used in a broad range of industries such as geomantic, archeology, geomorphology, seismology and atmospheric physics.

Since its inception, GDS has successfully completed over 62 projects in various applications worth RM26 million. The projects include LiDAR mapping and aerial photography for the reservoir area of Murum hydroelectric, LiDAR survey for Tanjung Johor, Empangan Kahang, Johor, and Samalaju, Sarawak as well as airborne laser and digital imagery topographical survey for a mini hydro in Terengganu.



According to the LiDAR Market - Global Industry Analysis, Size, Share, Growth, Trends and Forecast 2014-2020, a report by Transparency Market Research, the historical value of the global LiDAR market (taken in the base year 2013), was US\$225 million. In view of the rising acceptance of LiDAR technology, the market is expected to expand to US\$605.5 million by 2020, with a CAGR in excess of 15.3% from 2014 to 2020.

In line with the growth, GDS has recently upgraded its capabilities to adopt the latest state of the art waveform technology. The waveform technology has a competitive advantage in producing higher data coverage for all areas while providing better laser penetration power. This new technology can also provide higher pixel size and capture more points per square metre. This gives a wider coverage and a more detailed and accurate data set.

GDS is one of the recipients of the Domestic Investment Strategic Fund (DISF) Grant, provided by MIDA. According to Ms. Trudy R. Ganendra, CEO of GDS, "The grant came very timely to support our venture in the waveform LiDAR research and development. We are grateful to MIDA for facilitating and giving us the opportunity to grow and become a global player."

The DISF grant is one of the facilities provided by MIDA to nurture more innovative-forward projects by Malaysian companies, for them to be more competitive internationally.

GDS was granted RM1.14 million under the DISF for the modernisation and upgrading of its facilities and equipment to conduct an Airborne Matrix LiDAR & Digital Imagery Survey System project. The Grant has enabled GDS to continuously be involved in research and development (R&D), in both the LiDAR system and application of the LiDAR data.

With this enhancement, the company is poised to be the regional leader in airborne LiDAR mapping and the only Malaysian company which builds, owns and operates a LiDAR system. The company's R&D activities contribute to 14 high income jobs for Malaysians. It has also attracted international clients from Canada, France, Indonesia, Papua New Guinea and USA.

MIDA Opens its New Beijing Office



MIDA officially opened its new Beijing Office in Gateway Plaza, China on 8 September 2015. The ceremony was graced by YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry with presence of His Excellency Dato' Zainuddin Yahya, Ambassador of Malaysia to China and YBhg. Dato' Azman Mahmud, CEO of MIDA.

YB Minister said that, "The opening of MIDA Beijing Office is a strategic direction and significant decision to move forward in attracting Chinese investment into Malaysia. Beijing is currently a home to 52 Fortune 500 Company headquarters in 2015, the largest number of any city in the world. We can leverage on the strong presence of China's state-owned enterprises in terms of their valuable experience, technical expertise, and of course welcome them to establish a regional hub in Malaysia".



MIDA Beijing, which complements the existing MIDA offices in Shanghai and Guangzhou, will serve 2 significant Chinese Municipalities namely, Beijing and Tianjin, and 8 Chinese provinces including Inner Mongolia, Liaoning, Jilin, Heilongjiang, Xinjiang, Gansu, Hebei and Ningxia. With the opening of this office, it is hoped that Chinese investors will be further encouraged to consider a presence in Malaysia, leveraging on the country's unique location to cater for the Asia Pacific and global markets.

Renowned Swiss and Malaysian Academic Institutions Cooperate towards Advancement in Orthopaedic Surgery

University of Malaya signed a Memorandum of Understanding (MoU) for academic cooperation with AO Foundation (AO), a non-profit organisation based in Davos Switzerland dedicated to improving care of patients with musculoskeletal injuries, and its spinoff company, Synbone AG (Synbone), a manufacturer of artificial bone models used extensively for teaching purposes as well as research, at the Majestic Hotel on 9 September 2015. The signing was witnessed by Datuk N. Rajendran, Deputy Chief Executive Officer of MIDA.



With the MoU, AO Foundation in collaboration with the National Orthopaedic Centre of Excellence for Research and Learning (NOCERAL) a centre of excellence under the Department of Orthopaedic Surgery, Faculty of Medicine at University of Malaya and Synbone are embarking on a research using local Malaysian expertise in managing musculoskeletal diseases in the country to compare and study the differences between the skeletal structure of Asian and Caucasian population.

In his speech Datuk N. Rajendran said, "I am confident that partnerships such as this will lead to higher research value integration that will be translated into commercialisation and contribute towards the development of R&D capabilities in Malaysia. It also benefits the local talents through the transfer of AO's expertise and technical know-how. This collaboration also allows the industry partner, in this case Synbone, to have a specialised R&D arm to improve their production processes and services as well as to develop new products to compete in the global market."

[Read more](#)

Malaysia Hosts the First Fully-Automated Mushroom Cultivation Facility



Hokto Malaysia, a wholly owned subsidiary of Hokuto Corporation, Japan is investing more than RM80 million in its fully automated mushroom cultivation facility, which occupies an area of 2.5 hectares in the Techpark@Enstek, Negeri Sembilan. The company undertakes integrated agricultural activities covering cultivation, packaging mushrooms into pillow sacks and distribution to restaurants and supermarkets. This new facility will be dedicated to cultivate Brown Beech (Bunashimeji) and White Beech (Bunapi) mushrooms. Unique features of the facility include usage of customised robotic arms for an automatic harvesting process, an energy efficient building and equipment, the adoption of a sterilised culture medium in a controlled environment and environmental-friendly packaging. The company has plans to establish an R&D facility after its first 5 years of production.



"Hokuto could have invested anywhere in the region, but the company has found Malaysia as the ideal base that provides opportunity for its greater growth. This investment demonstrates the continued confidence of investors in Malaysia as a preferred investment destination," said YB Dato' Sri Mustapa Mohamed.

His speech was read out by the Deputy Minister of International Trade and Industry, YB Datuk Haji Ahmad Maslan. Also present were Dr. Makio Miyagawa, Ambassador of Japan to Malaysia, Mr. Masayoshi Mizuno, President of Hokuto Corporation, Mr. Ted Yamamoto, Managing Director of Hokto Malaysia Sdn. Bhd. and Encik Ahmad Khairuddin, Executive Director, Manufacturing Development (Resource) of MIDA.

[Read more](#)

Malaysian Contract Manufacturer SKP Expands its Production Facility to meet Client Demands

Despite the global economic challenges, SKP is still expanding its production by increasing floor space to cater for the rising demands from its clients. The new production facility located on 5 acres of land in Senai, Johor will be dedicated to serve Dyson, a British company well-known for its innovative technology embedded in vacuum cleaners, hand dryers, bladeless fans and heaters. Approximately 25% of the expanded floor space at SKP's production facility will be devoted to cater to Dyson's expansion plans as it builds its technology portfolio, while the remaining floor space has the capacity to more than triple SKP's current production of Dyson's products. These products are exported globally to 75 markets.



SKP's new production facility was officially opened on 15 September 2015 by the CEO of MIDA, YBhg. Dato' Azman Mahmud. The ceremony was also graced by YBhg. Dato' Gan Kim Huat, Chairman of SKP Resources Berhad, Mr. Ivan Gan, Executive Director of SKP Resources Berhad and Mr. Jim Rowan, Chief Operating Officer of Dyson.

EVENTS



In his speech, Dato' Azman stated that, "Malaysian companies have increasingly proven their competency to deliver world class products and services that meet the stringent demands of original equipment manufacturers (OEMs) as well as international markets. SKP is an example of a Malaysian success story that had gained much from its business collaboration with a foreign multi-national company such as Dyson. This expansion is a testimony to the country's structural economic fundamentals and its sustainable industry ecosystem".

[Read more](#)

Eternal Materials, a Taiwan-Based Company Commences Construction of New Manufacturing Plant in Johor

Eternal Materials Co. Ltd broke ground on 23 September 2015 for its first manufacturing plant in Malaysia and second in ASEAN after Thailand. Located in the Tanjung Langsat Industrial Complex, Johor, the new facility will add to the company's existing capacity of synthetic resins and unsaturated polyester resins to cater to a growing demand from the region. These products are mainly used in paints and coatings, construction chemicals, adhesives and fibre and non-fibre reinforcement industries.



"Malaysia's potential, its political stability, the ease of raw material availability, close-by market access and most importantly, the superb export convenience are the reasons why we chose Malaysia. Based on these factors, the new plant will undoubtedly further strengthen our supply chain to accommodate the increased amount of demand from our customers mainly from South East Asia," said Mr. Kao Kuo Lun, Chairman of Eternal Materials Co. Ltd. in his speech during the groundbreaking ceremony.



[Read more](#)

MIDA IN THE NEWS

New economic measures will help local industries, says Mustapa Mohamed

MALAYSIA RANKING

Malaysia's 2014 GDP per capita tops world average for first time

Malaysia ranked 18th most competitive economy in the world

ECONOMY NEWS

Malaysian economy continues to record solid growth

Malaysia still an attractive investment destination

Is the Ringgit Ready for a Rally?

Manufacturing prowess vital to high income trajectory

Malaysia to remain on Qatar's radar

Najib says economy diversified now

Khazanah pumps in RM 6.77b more into economy

Economy still on right track, says Treasury sec-gen

'We have been able to manage highly challenging period'

'Country not heading towards crisis'

Right measures help buffer Malaysian economy from global economic headwinds

CROSS BORDER NEWS

IOI buys oleo op of German firm

Mega First gets hydropower concession in Laos

Malaysian firm biggest egg producer in China province

Leelaventure sells Goa hotel to Malaysian firm

LBS, Zhuhai Jiuzhou renew deal

INDUSTRY NEWS

Innovation drives Petronas' growth

Bright prospects for medical devices

Power from biofuel pellets

Margma expects 20pc export growth

BP Plastics ups production with new plant

Acerinox plans to double investment

Three challenges to resolve in achieving aerospace hub goal

FMM : RM1b top up to DISF fund will help manufacturers

Pentamaster to invest RM20mil in Batu Kawan plant

Scientex's plan progressing well

SERVICES NEWS

NCER gets shot in the arm

RSG-Ubisoft theme park venture

BMW expands strategic hub

Ministry: Renewable energy to reach 5.5% market share

'Green financing still a challenge'

Melia's Hotels expanding to Johor

Franklin Templeton bets on Malaysia

Taking healthcare to greater heights

Novo Nordisk to continue making Malaysia as its regional hub

Malikai achieves key milestone

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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