2013 MALAYSIA INVESTMENT PERFORMANCE REPORT

Shifting into high gear

MALAYSIAN
INVESTMENT
DEVELOPMENT
AUTHORITY

MIDA

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MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

Investment Performance Report 2013

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A WORD FROM MIDA

Against the backdrop of a slowly mending global economy, investor confidence in Malaysia soared to record highs in 2013. The country attracted RM216.5 billion in approved direct investments, 29 per cent more than the RM167.9 billion recorded in 2012. These investments were in 5,669 projects that are expected to create 191,766 new jobs.

The bulk of these investments came from domestic sources, which contributed RM157 billion to the total investments recorded in 2013 (72.5 per cent). This is consistent with the Government's goal to have a domestic direct investment-to-foreign direct investment ratio of 73:27 by the year 2020 and reflects the confidence that investors have in the country's future. It is also a clear sign that the country's economic transformation is shifting into high gear.

Transformational imperative

The first indication of this shift may be observed in the narrowing gap in the country's direct investment balance of payments (see Graph 1, next page). Since 2007, the country's Direct Investments Abroad (DIA) has exceeded its inflow of Foreign Direct Investments (FDI) by a wide margin. However, the dramatic increase in foreign direct investments in Malaysia over the past five years has significantly narrowed the gap between direct investment inflows and outflows. Malaysia's FDI surged 24 per cent to RM38.8 billion in 2013 (2012: RM31.1

RM216.5 bil

A new record for direct investments

Total investments soared by 29 per cent in 2013 with 14 mega-projects worth RM1 billion or more and 82 large projects worth RM100 million or more. The majority of these projects are in high-value, high-growth industries.

72.5:27.5

Domestic-to-Foreign investment ratio

Over 72 per cent of the year's total investments came from Malaysians (RM157 billion), which is in line with the Government's target of having a domestic direct investment-to-foreign direct investment ratio of 73:27 by 2020.

RM161.1 bil

Realised private investments

Realised private investments in 2013 rose 14.9 per cent over the previous year, surpassing the RM148 billion average annual target of the 10th Malaysia Plan and keeping the country on track to becoming a high-income nation by 2020.

191,766

Employment opportunities

The country's workforce continues to adapt to the changing economy as more employment opportunities emerge with managerial, supervisory and technical roles that offer higher incomes to Malaysians.

billion), while its DIA over the same period amounted to RM42.9 billion. As of 2013, the country had reduced the net direct investment outflow to RM4.1 billion from RM21.7 billion the year before.

Further evidence of the shift in the country's investment climate was seen in the changing nature of investments recorded in 2013, especially among Malaysian businesses. In 2013, over 36.8 per cent (RM117.5 million) of grant applications approved under the RM1 billion Domestic Investment Strategic Fund (DISF) programme was to be invested into R&D activities, while 11.3 per cent (RM36.1 million) was to be invested into training. In addition, the R&D sub-sector is also attracting very keen interest among both domestic and foreign companies, with investments rising from a mere RM7.6 million in 2011 to RM398.1 million in 2013.

All these developments are in line with the Economic Transformation Programme (ETP), which aims to turn Malaysia into a high-income nation with a Gross National Income (GNI) of RM1.7 trillion by 2020. For this to happen, the country needs to attract total investments of RM1.4 trillion during the period of 2011-2020, with 92 per cent (RM1.3 trillion) coming from the private sector and the remaining eight per cent (RM108 billion) from the public sector.

In the shorter term, the 10th Malaysia Plan (10MP) calls for private sector investments to grow at 10.9 per cent per annum, or RM148 billion worth of private investments per year. In 2013, Malaysia's realised private investments (measured in terms of Gross Fixed Capital Formation – GFCF – in current prices) reached a record high of RM161.1 billion, 8.9 per cent more than this target and 14.9 per cent more than the RM140.2 billion recorded in 2012.

The ETP provides clear platforms for both the manufacturing and services sectors to contribute to Malaysia's growth through its entry-point projects (EPPs) and business opportunities across the economy. Malaysia's investment performance in 2013 shows that the country is well on the way to fulfilling the ETP's ambitious objectives.

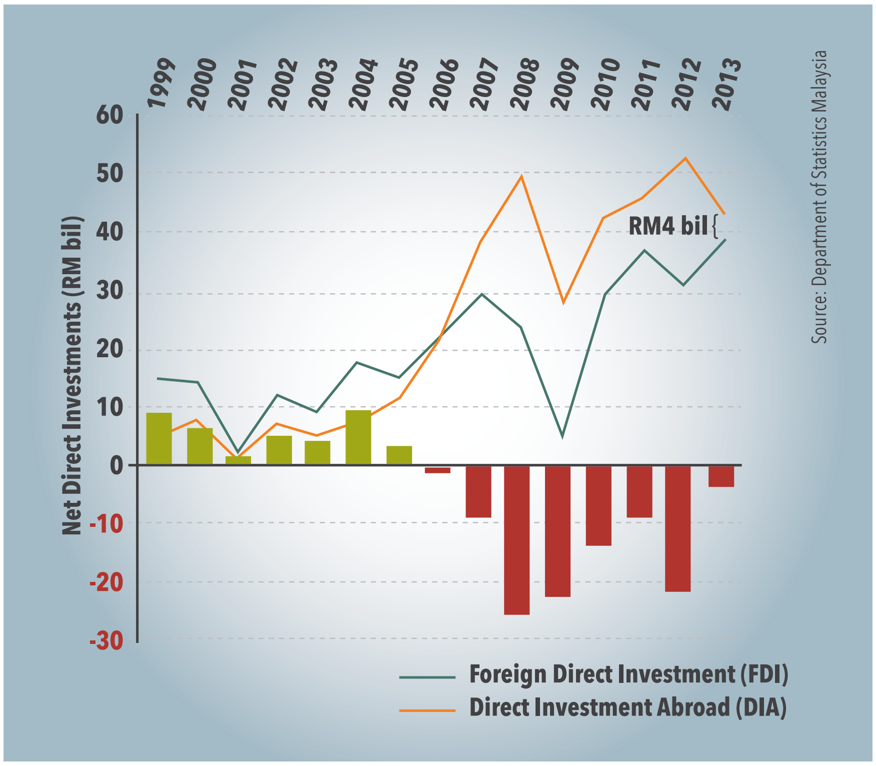


Fig 1 Malaysia Net Direct Investment, 1999-2013.

Diligent efforts rewarded

Malaysia has spared no effort in positioning itself as an ideal destination for investments into high value-added, high technology, knowledge-intensive and innovation-based industries. With its inherent economic strengths as well as its competitive costs, skilled and educated workforce and business-friendly Government policies, the country attracted significant levels of investments in quality projects within the earmarked National Key Economic Areas (NKEAs) in 2013. All told, these industries attracted an impressive RM89.9 billion in investments in 2013, or 41.5 per cent of the year's total investments. There were also significant investments in projects approved within the Non-NKEAs which amounted to RM126.6 billion.

Malaysia's virtues as a business and investment hub coupled with its political and economic stability helped draw 4,796 approved projects in the services sector in 2013 with investments amounting to 144.7 billion. This constitutes 66.8 per cent of total investments for the year, of which domestic investments amounted to RM125.7 billion (86.9%) and foreign investments totalled RM19 billion (13.1%). The projects approved during this period are expected to create 97,017 job opportunities within the services sector, most of which will be high-income opportunities for Malaysians. The real estate sub-sector continued to dominate as the leading contributor with RM83.3 billion worth of investments approved, followed by the power and utilities sub-sector (RM9.1 billion), global operations hubs (RM7.9 billion), transport (RM7.9 billion) and hotels and tourism (RM7 billion).

Manufacturing continued to be an important part of Malaysia's industrialisation efforts, attracting investments worth RM52.1 billion (24.1%) in 787 approved projects in 2013, which is 26.8 per cent more than the RM41.1 billion achieved in 2012. Foreign investments amounted to RM30.5 billion (58.5%) of the total investments, while domestic investments of RM21.6 billion made up the rest (41.5%).

The primary sector accounted for RM19.7 billion of approved investments in 2013. Foreign investments in the primary sector amounted to RM10 billion (50.8%) while domestic investments made up RM9.7 billion (49.2%). The mining sub-sector leads the other sub-sectors with approved investments of RM18.8 billion in 30 projects. Other investments into the primary sector were focused on the plantation and commodities sub-sector (RM330.6 million) and agriculture (RM558.8 million) sub-sectors.

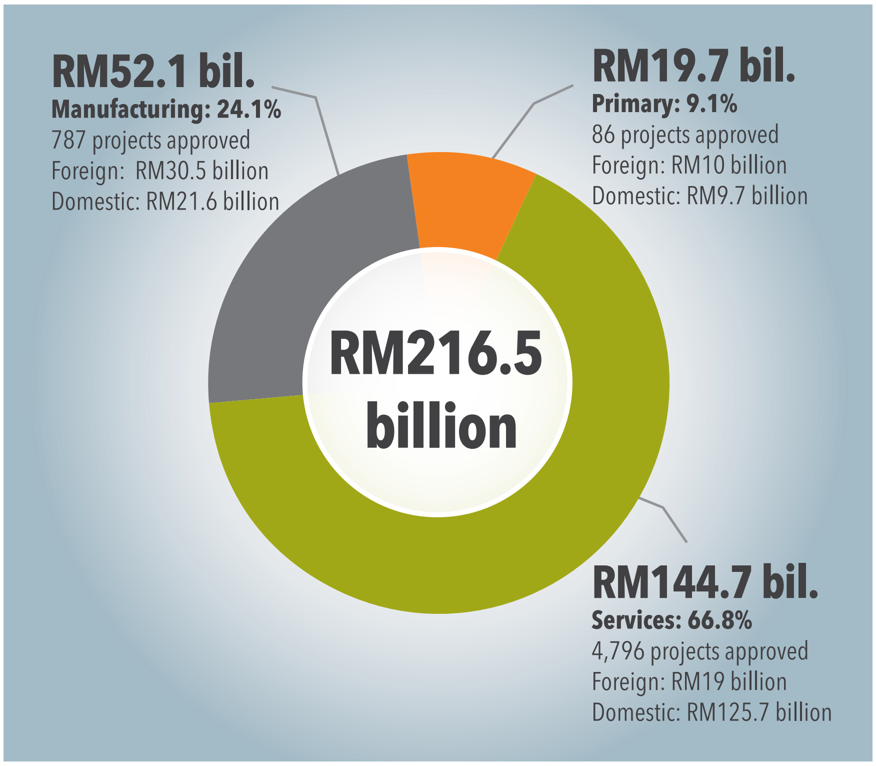


Fig 2 Total investments approved in the Malaysian economy, 2013.

Tomorrow, the world

To support the goals of the ETP, the Malaysian Investment Development Authority (MIDA) has been tasked with spearheading the national investment agenda. Thanks to strategic partnerships with Malaysia's regional corridors and industrial development agencies, MIDA has been able to strengthen the country's ecosystems and highlight the value proposition of its business environments, technologies, infrastructure and talent to domestic and foreign investors, both of which have responded encouragingly.

To realise the exciting potential of Malaysia's economic transformation, the country must build upon its existing position as a competitive outsourcing destination for transnational companies in the electronics, automotive, machinery manufacturing and oil and gas industries. It must also leverage these strengths to become a key player in the aerospace, medical, defence and photovoltaic industries. These sub-sectors present Malaysia with significant opportunities for growth and are crucial to the country's long-term prosperity. They are important steeping stones in the country's journey towards becoming a high-income economy, when the low-value manufacturing industries of the past are replaced by the high technology, high-value R&D centres of excellence of the future.

That said, it should be noted that billion-ringgit mega-projects alone will not be enough to realise this goal. The success of the country's economic transformation cannot be measured in terms of the sheer quantity of investments it attracts. What is infinitely more important is that these investments should reflect Malaysia's ambition to become a preferred destination for innovation-based, knowledge-intensive projects within high-growth, high-value industries.

Quality has ever been more important than quantity. Now that we have shifted into high gear, the country must accelerate its efforts to attract quality investments that bring out the best of Malaysia.

The time to move is *now*.

BOUND TO REBOUND

Investor confidence returns to a global economy that shows positive signs of recovery as developing economies continue to attract more FDI than developed economies.

The global economy showed healthy signs of recovery in 2013. Sustained demand in the USA and Europe helped push China's exports up by 12.7 per cent, while stronger domestic demand and determined expansionary policies helped Japan to its strongest economic showing in years. Encouraged by these macroeconomic developments, global foreign direct investment (FDI)[1] rose by 11% to US$1.46 trillion[2] in 2013 (2012: US$1.32 trillion), with increases registered in all major economic groupings – developed, developing and transition economies.

All this suggests that investor confidence has returned and that the global economy is set to grow at a healthy rate in the years ahead. But as investment trends return to levels comparable to the pre-crisis average, it is nonetheless important to note that developing countries are playing an increasingly important role in the global investment climate. Although FDI flows to developed economies increased by 12 per cent to US$576 billion in 2013, their share of global FDI flows remained lower than that of developing and transition economies at 39 per cent. The share of FDI flows to transition economies stood at nine per cent in 2013 (US$126 billion), while the share of FDI flows to developing economies remained unchanged at 52 per cent, with FDI flows rising seven per cent to US$759 billion[3] from (2012: US$703 billion). Clearly, investors are seeking – and finding – attractive opportunities for growth within the developing world.

Developed economies are showing mixed signs of recovery. FDI flows to Japan rose sharply by 61 per cent to US$2.8 billion in 2013, while Belgium, Ireland, the Netherlands and Luxembourg in Europe attracted over US$100 billion in investments. These four countries offer a tax-friendly environment for financial or treasury functions and are among 12 European Union nations that saw substantial increases in FDI flows in 2013. However, FDI flows to the USA continued to deteriorate, and both Australia and France saw sharp declines in FDI of 28 per cent (US$40 billion) and 77% (US$5.7 billion) respectively. Overall, FDI flows to developed economies were therefore still at only 44% of their peak level of 2007.

Despite the continued decline in FDI inflows to developed countries, the United States

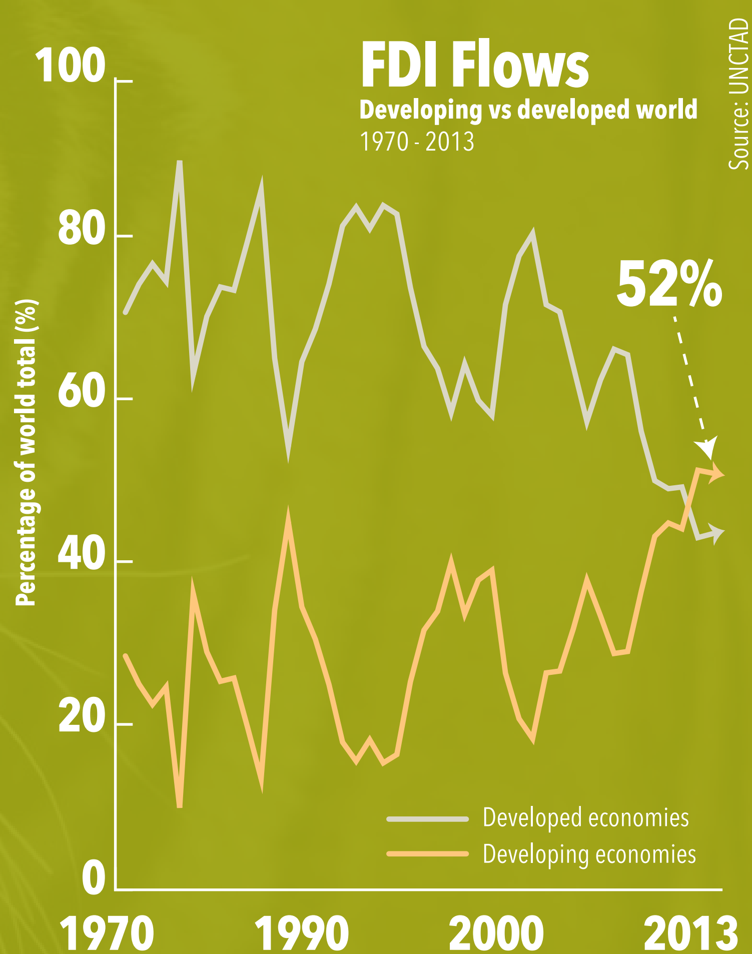
1 FDI is defined by UNCTAD as an international investment made with the objective of a lasting interest by a resident entity in one economy in an entity resident in another economy. It comprises equity capital, reinvested earnings and inter-company debt transactions and is largely based on national balance of payment statistics.

2 Preliminary estimate; Global Investment Trends Monitor No. 15, UNCTAD

3 Estimated

HEAR US ROAR

Developing economies again attracted more FDI than developed countries in 2013. With historically high levels of FDI inflows recorded in Asia, Latin America and the Caribbean, the developing world attracted US$759 billion of global FDI inflows (52%) in 2013, slightly more (6%) than the US$715 billion achieved the year before but 32 per cent more than the FDI inflows into developed economies (US$576 billion).



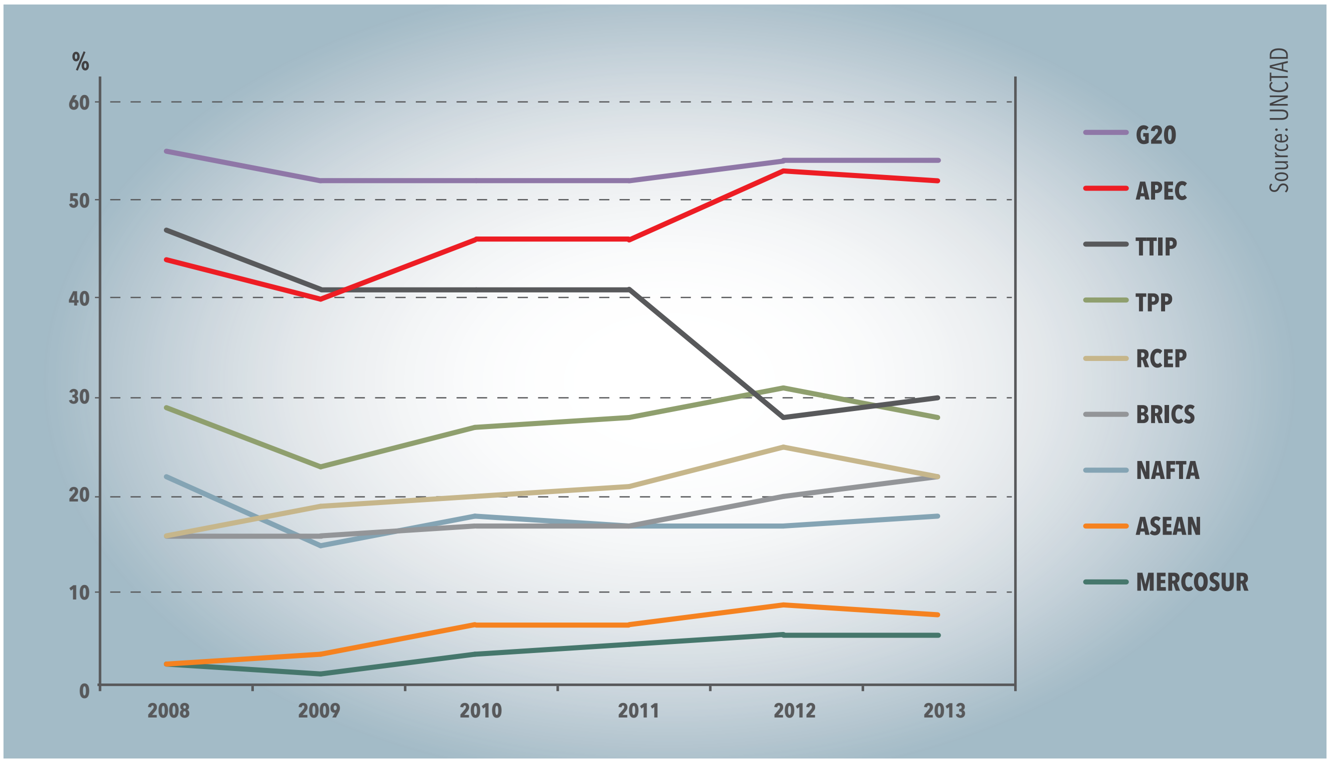


Fig 3 Percentage share in world FDI flows of selected regional and inter-regional groupings, 2008 - 2013.

of America (USA) remains the most popular destination for FDI (US$159 billion) although China continues to close the gap (US$127 billion). FDI inflows to the Russian Federation jumped by 83% to US$94 billion making it the world's third largest recipient of FDI for the first time ever, although the rise was predominantly ascribed to the large acquisition by BP (United Kingdom) of 18.5% of Rosneft (Russia Federation) as part of Rosneft's US$57 billion acquisition of TNK-BP, which is owned by a company registered in the British Virgin Islands.

Given the uncertain economic climate of the developed world, it is no surprise that investors have set their sights on growing business opportunities in developing economies.

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Developing Asia leads the way in this regard, attracting an estimated US$406 billion in FDI in 2013 (2012: US$409 billion), while flows to Africa rose by 6.8% to an estimated US$56.3 billion and flows to Latin America and the Caribbean increased by 18% to an estimated US$294 billion. This is the fourth year of consecutive FDI growth within Latin America and the Caribbean. However, FDI inflows to West Asia continued to decline for the fifth year running, dropping by another 20 per cent to US$38 billion, with Saudi Arabia and Turkey both registering significant FDI declines of 19 per cent each.

The share in global FDI inflows of the 12 countries participating in the Trans-Pacific Partnership (TPP) negotiations was 28 per cent in 2013, down slightly from 31 per cent in 2012. The Regional Comprehensive Economic Partnership (RCEP), which is being negotiated between ASEAN and six FTA partners (Australia, China, India, the Republic of Korea, Japan and New Zealand), accounted for more than 20 per cent of global FDI flows in recent years, nearly twice as large as at the pre-crisis level. Global FDI inflows to member states of the Asia-Pacific Economic Cooperation (APEC) and BRICS nations (Brazil, Russian Federation, India, China and South Africa) almost doubled from the pre-crisis level. APEC now accounts for more than half of global FDI flows, making it equal to the G20[4].

FDI inflows also slowed in the Association of Southeast Asian Nations (ASEAN) as inflows to Singapore stagnated at US$56 billion. However, Malaysia again defied a regional slowdown by attracting USD 12.4 billion in foreign direct investment, 25.3 per cent more than in 2012 (USD9.9 billion). FDI levels also improved substantially in other ASEAN economies, with estimated double-digit growth in the Philippines and Viet Nam. These countries are the emerging bright spots of the sub region, particularly for labour-intensive FDI and value chain activities. UNCTAD believes that the prospects for ASEAN continue to be promising, as more FDI arrives from China and Japan in a wide range of sectors, including infrastructure, finance and manufacturing. ASEAN's share of global FDI is estimated to be eight per cent.

Barring any major economic shocks, investment flows are expected to continue to recover over the next few years to US$1.6 trillion in 2014 and US$1.8 trillion in 2015. However, there are significant risks to this growth scenario, including structural weaknesses in the global financial system, policy uncertainty in areas crucial for investor confidence and the ever-present threat of a deterioration in the macroeconomic environment[5]. All these factors could influence further declines in global FDI flows.

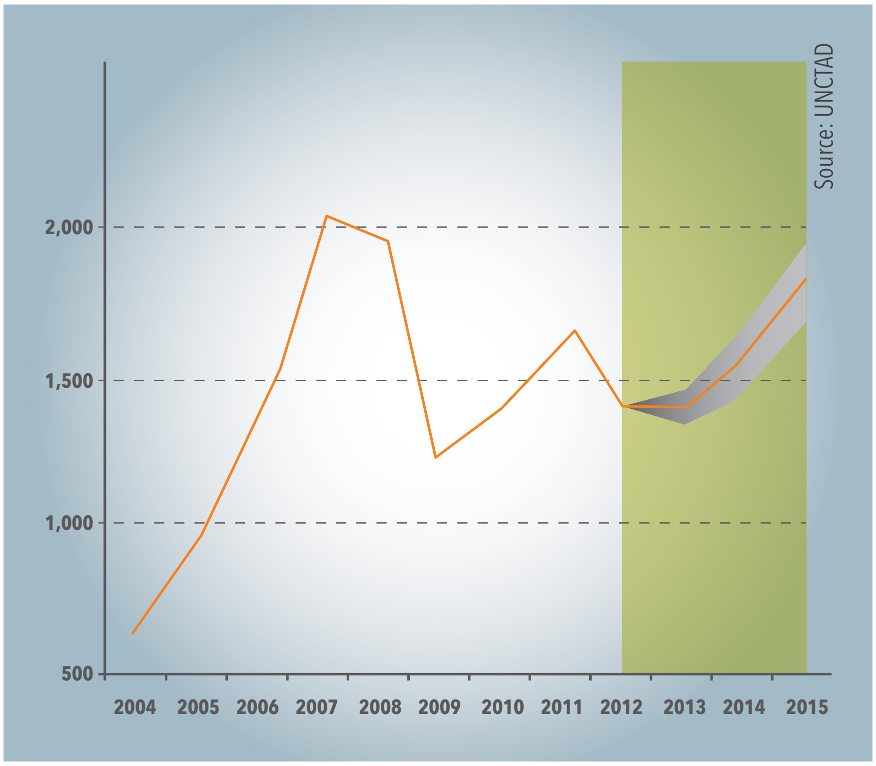

Fig 4 Global FDI flows, 2004–2012, and projections, 2013–2015 (billions of US dollars).

Despite these risks, investor sentiment about Malaysia remains positive. It ranks as the sixth most competitive country in the Asia-Pacific region ahead of China, India and the Republic of Korea. In its annual Global Competitiveness Report 2012-2013, the World Economic Forum (WEF) notes that Malaysia's continued rise up the rankings is due to its efficient and competitive market for goods and services, its well-developed financial market and its business-friendly institutional framework[6].

With the economic and government tranformation programmes moving into high gear, Malaysia has all the ingredients it needs to serve investors well into the future. It is easy to see why the country remains a favourite destination for foreign investment.

4 Global Investment Trends Monitor No. 15, UNCTAD

5 World Investment Report 2013, UNCTAD

6 Global Competitiveness Report 2012-2013

BUILDING A BETTER MALAYSIA

Economic development agencies across the country align their efforts to meet Malaysia's investment agenda.

MIDA collaborates with several industrial development agencies to help it spearhead the country's national investment agenda. Some of these agencies are tasked with developing specific regions or 'economic corridors', each of which offers a unique value proposition to investors in terms of geographic location or the availability of natural resources. The efforts of these regional corridors are complemented by the initiatives of industrial development agencies that have been established to nurture the development of specific industries such as biotechnology, E&E, halal and ICT.

The work of all these industrial development agencies is supported in large part by TalentCorp, which has been tasked with ensuring that the country will have the human capital it needs to successfully transform its economy. The Government is committed towards enhancing public-private partnerships that focus on enhancing the availability of talent needed by industry. Malaysia is a demographically young nation, giving the country a pipeline of young talent capable of supporting new investments and growth. In 2013, TalentCorp focused on developing this supply of young Malaysian talent.

TalentCorp MALAYSIA

TalentCorp spent much of the year collaborating industry players to raise awareness about fast growing economic sectors and job opportunities through career fairs and roadshows. The agency also offered tax incentives on expenses incurred by companies in hosting more than 10,000 undergraduates for structured internships and co-funded training programmes for more than 6,000 fresh graduates. These training programmes include upskilling graduates in line with the talent needs of investors moving up the value chain.

MIDA will continue to collaborate with TalentCorp on talent development programmes to better address the future talent needs of priority sectors. The key sectors that the agency focused on in 2013 included E&E, O&G and engineering services.

Through the Scholarship Talent Attraction and Retention (STAR) programme, the Government now allows Government-funded graduate scholars to serve their bond of service by working in the private sector with leading investors in Malaysia, thus enabling the private sector to leverage Malaysia's best and brightest young talent. TalentCorp

SCHOLARSHIP TALENT ATTRACTION & RETENTION (STAR)

ENABLING GOVERNMENT SCHOLARS TO SERVE PRIVATE SECTOR EMPLOYERS

PARTICIPATING COMPANIES INCLUDED PETRONAS, SHELL, EY, PwC, SILTERRA AND INTEL.

MORE THAN 400 SCHOLARS PLACED OUT IN 2013

BENEFITS TO PARTICIPATING COMPANIES

1. Regularise employment of Government scholars recruited directly
2. Access to top Malaysian talent (through STAR database and networking sessions)
3. Retaining top talent under STAR – Public Service Dept (JPA) scholars serve bond to Government by working at approved STAR employers

SCHOLARS PLACED OUT TO PRIVATE SECTOR EMPLOYERS

YEAR	2011	2012	2013
TOTAL	157	123	424

Infographic courtesy of TalentCorp.

also participated in several international outreach sessions in 2013, with representatives travelling with more than 100 employers to more than 15 countries to engage with Malaysians abroad through a combination of general career fairs for graduates and sector-focused outreach programmes. These efforts were supported through the incentives and facilities offered by the Returning Expert Programme (REP).

In addition to these programmes for Malaysian talent, TalentCorp also collaborated with industry to better facilitate the entry and retention of foreign talent into Malaysia, particularly in areas where critical skill gaps are most evident. To this end, the Residence Pass–Talent (RP-T) programme now allows foreign talent to live and work in Malaysia for up to ten years instead of two years as before. Initiatives to facilitate expatriate talent in Malaysia will be further enhanced in the future with the Immigration Department's new Expatriate Services Division and the introduction of the Multiple Entry Visa (MEV).

Regional corridors

While TalentCorp concentrates on nurturing Malaysia's talent pipeline and attracting experienced Malaysians back home, the country's regional corridors also made impressive headway in nurturing the investment environments within their regions.

There are five regional economic development corridors in Malaysia: the East Coast Economic Region (ECER) for Kelantan, Terengganu, Pahang and the District of Mersing, Johor; the Northern Corridor Economic Region (Koridor Utara) for Perlis, Kedah, Penang and North Perak; Iskandar Malaysia for Johor; Sarawak Corridor of Renewable Energy (SCORE) for Sarawak; Sabah Development Corridor (SDC) for Sabah; and Greater Kuala Lumpur/Klang Valley. All economic corridors registered increases in investments in 2013, with the ECER and Iskandar Malaysia standing out in particular by attracting RM28.5 billion and RM25.3 billion in investments respectively.

Kelantan, Terengganu Pahang & District of Mersing, Johor

EAST COAST ECONOMIC REGION MALAYSIA

The East Coast Economic Region Development Council (ECERDC) has seen the region strengthen into a distinctive, competitive and dynamic investment destination over the past five years. In 2013, the East Coast Economic Region (ECER) attracted RM28.5 billion in investments, of which Pahang garnered RM16.9 billion, Kelantan captured RM7.3 billion and Terengganu registered RM4.2 billion. These investments are expected to create 55,000 job opportunities for Malaysians.

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The ECER Special Economic Zone (ECER SEZ) continued to be a catalyst for investments in the ECER. One of the key milestones in the region in 2013 was the launch of the Malaysia-China Kuantan Industrial Park (MCKIP), which has attracted investment commitments worth RM10.5 billion so far and which will create some 8,500 jobs for Malaysians.

The expansion of the Kuantan Port is also expected to help position the ECER as a key investment and trading destination. The port is currently being expanded to accommodate Cape-size bulk carriers and Post Panamax container vessels of up to 200,000 DWT. These renovations will increase the port's throughput capacity from 16 million Freight Weight Tonnes (FWT) to 52 million FWT by the end of 2015.

Perlis, Kedah, Penang and North Perak

The Northern Corridor Economic Region (Koridor Utara) is fast emerging as a preferred investment destination driven by an industry-relevant workforce. It entered its second phase of development in 2013, whereupon the private sector will assume greater responsibility for the success of proposed projects in the region. Together with the private sector, Koridor Utara has created some 61,205 new jobs and business opportunities since it was established. Public funding of RM500 million from 2013 to 2020 is expected to catalyse RM5 billion in private investments and RM2.6 billion incremental GNI.

There were some notable investments into Koridor Utara in 2013, including a RM32 million tropical seed centre and a RM15 million green technology facility in Perlis. Both projects are owned by Malaysian companies and are expected to boost Malaysia's position in agricultural R&D.

The second phase of Koridor Utara will also see spin-offs from investments in tourism and agriculture projects spilling over to the states of Perak, Penang and Kedah.

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Johor

Iskandar Malaysia has attracted a total of RM131.6 billion cumulative committed investments in various sectors since it was established in 2008, of which RM56.3 billion (43%) has been realised so far. Of the total cumulative committed investments, RM84.6 billion are domestic investments (64%) while RM47 billion came from foreign investors (36%).

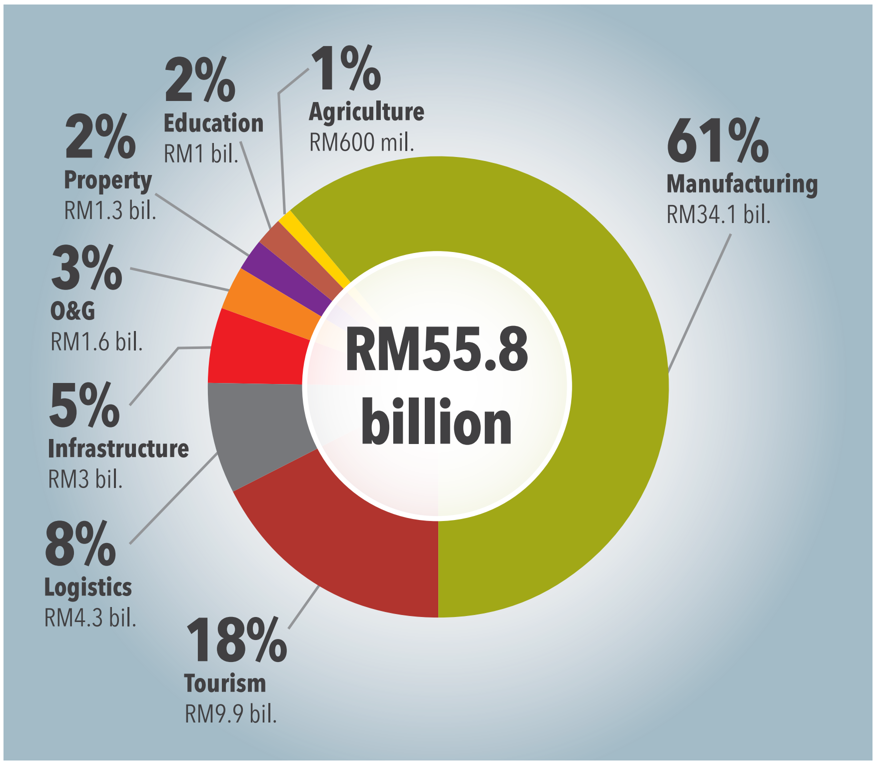

Fig 5 Investments by sector in ECER, 2007 – 2013.

In 2013, the Iskandar Malaysia region attracted RM25.3 billion in committed investments, of which RM16.2 billion (64%) came from domestic investors while the rest (RM9.1 billion) came from foreign sources.

The growth of investments in Iskandar Malaysia has also generated an increase in economic activities and a corresponding demand for employees.

The growth of investments in Iskandar Malaysia has also generated an increase in economic activities and a corresponding demand for employees. Data from JobsMalaysia shows that 98,440 jobs were created in Iskandar Malaysia in 2013, 46% of which were in the E&E sector followed by construction (27.9%), food and agricultural products (12.6%), hospitality and tourism (8.3%) and other sectors (5.2%).

The creative, healthcare, financial services and logistics sub-sectors will continue to be the magnet for new investments in 2014 and 2015. Iskandar Malaysia is projected to receive more domestic and international tourists in 2014 in conjunction with Visit Malaysia 2014, with LEGOLAND Malaysia proving to be a major attraction. Pinewood Iskandar Malaysia Studios will also open its doors in 2014 and is expected to have a significant spillover effect on the local economy.

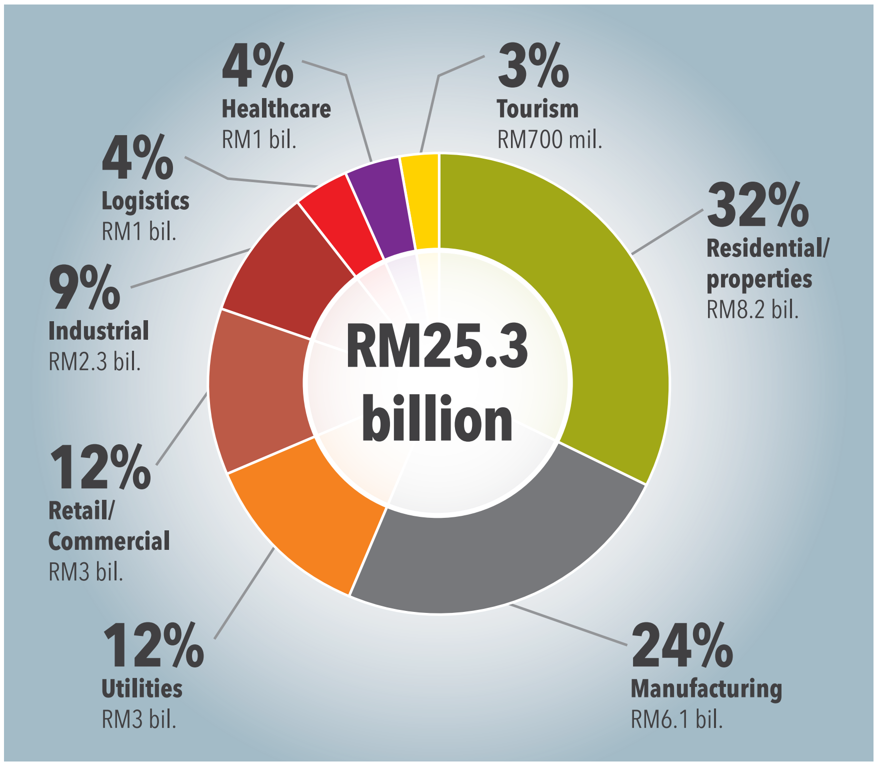

Fig 6 Committed investments by sector in Iskandar Malaysia, 2013.

Sarawak

SARAWAK SCORE
CORRIDOR OF RENEWABLE ENERGY

The main advantage of the Sarawak Corridor of Renewable Energy (SCORE) is its abundant energy resources. SCORE will accelerate the development of these energy resources and allow Sarawak to attract investments in energy-intensive industries, which will in turn trigger spin-off effects in both downstream and upstream industries.

One of the growth nodes of SCORE is the Samalaju Industrial Park, which has attracted domestic and foreign investments in industries such as aluminium, polycrystalline silicon, metallic silicon, ferro-alloys and other metal-based industries. To-date, 21 companies have established operations in Samalaju with total approved investments of RM34.5 billion. These businesses are served by a dedicated port facility that is being developed in phases. The industrial park already has more than 3,000 MW of uninterruptible power with a further 1,800 MW ready to

GREENER LIVING

Iskandar Malaysia has taken the lead in implementing environmentally-friendly and sustainable development with the roll-out of ten priority programmes identified in the Low Carbon Society Iskandar Malaysia Blueprint. These strategies reinforce the investor value proposition of Iskandar Malaysia and will halve the region's carbon intensity emissions by 2025.

1. **Integrated Green Transportation** – manages the usage of private vehicles and changes travelers' attitudes towards public transportation.
2. **Green Economy Guidelines** – green policies for procurement, operations and supply chain management.
3. **Eco-Life Challenge Project for Schools** – creates awareness and accountability through household eco-accounting of energy and water.
4. **Green Technology Portal** – shares green ideas and information among communities, government agencies, businesses, developers and investors.
5. **Trees for Urban Parks/Forests** – involves retaining or reintroducing endemic tree species into urban parks in the Iskandar Malaysia region.
6. **Responsible Tourism and Biodiversity Conservation** – promotes shared responsibility and environmental consciousness in eco-tourism.
7. **Bukit Batu Eco-Community** – shows how village communities carry out economic activities within a low carbon society context.
8. **GAIA – Green Accord Initiative Award & Comprehensive Assessment System for Built Environment Efficiency (CASBEE)** – a green building management system from Japan awarded to organisations that truly practise being green and have developed green products and projects.
9. **FELDA Taib Andak as a Low Carbon Village** – aims to improve villagers' quality of life in a sustainable manner via employment, entrepreneurship and business co-ownership.
10. **Pasir Gudang as a smart, clean and healthy city** – aims to breathe new life into the industrial and manufacturing hub of Pasir Gudang at the Flagship D development.

come online in the near future. In addition, the Samalaju water treatment plant has a current capacity of five million litres per day (MLD) which will be expanded to 80 MLD in 2014.

Sabah

As one of the driving forces in bringing in investments to the state, the Sabah Economic Development and Investment Authority (SEDIA) has collaborated closely with MIDA to aggressively promote and market the Sabah Development Corridor (SDC) as a preferred destination for business, culture and nature.

Since the launch of the SDC in 2008, the region has attracted a total of RM127 billion worth of committed investments, of which RM25.7 billion has been realised.

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In 2013, SEDIA organised and participated in numerous events and trade missions for the SDC including Bio Borneo 2013, which was jointly organised with the Ministry of Science, Technology and Innovation (MOSTI) and the Malaysian Biotechnology Corporation (BiotechCorp). During the event, 12 bioeconomy-related strategic collaborations were formally announced among various industry players, with SEDIA inking four agreements with public and private organisations. Later in the year, SEDIA also participated in Bio Korea 2013, where the agency signed an MoU with a private company that produces nano bio-organic fertiliser using palm oil mill waste.

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Greater Kuala Lumpur and Klang Valley

InvestKL is mandated by the Malaysian Government to attract and facilitate large global multinational companies (MNCs) to set up their regional business, innovation and talent hubs in Greater Kuala Lumpur. The agency's business focus and consultative approach yielded impressive results in 2013, with 12 MNCs and three global trading companies agreeing to invest RM104.4 million into the region. These investments are expected to create 626 new high skilled jobs over the next five years and to generate a cumulative GNI of RM438.3 million.

Of the 12 MNCs that have committed to invest in 2013, seven will establish regional control centres, four will set up regional support centres and one will set up a supply chain management hub. The three global trading companies chose to set up regional trading hubs in Greater Kuala Lumpur.

Industrial promotion agencies

Malaysia's sectoral investment promotion agencies also had a good year developing investor interest in the country's unique capabilities in their respective industries of biotechnology, E&E, halal and ICT. BiotechCorp and MDeC both surpassed their respective targets, while CREST and HDC made significant in-roads in developing their industry ecosystems.

BiotechCorp

BiotechCorp has steered the Malaysian biotechnology industry through its early years and it is now entering the fourth year of the commercialisation phase of the National Biotechnology Policy, which involves developing expertise in the discovery and development of new bio-based products and creating a global brand for Malaysia's biotech companies and its products. To date, BiotechCorp has successfully built up a network of 229 BioNexus status companies accounting for nearly RM3.3 billion in approved investments in biomedical, bio-agricultural and bioindustrial technology.

As of November 2013, 17 new companies were awarded BioNexus Status. Total investments in 2013 amounted to RM698 million, of which RM615 million went into the bio-agricultural sector and RM83 million went into the biomedical sector. This brings total investments into the sector up to RM14.6 billion, thereby surpassing the industry's target of RM9 billion.

There are four key projects that brought in a total of RM1.4 billion in approved investments in industries such as biofeed from palm oil waste, aquaculture, orthopaedic devices, biochemicals, palm kernel oil (PKO) and palm fatty acids distillate (PFAD). These projects are expected to bring in a further RM224.5 million in domestic investments and RM795 million in foreign investments in the near future. The multiplier effects of these projects are expected to be significant, from attracting downstream industries such as polymer and consumer product manufacturing to creating new opportunities for local small and medium enterprises (SMEs). The projects could also potentially create an additional 2,482 new high-paying jobs for Malaysians.

The multiplier effects of these projects are expected to be significant, from attracting downstream industries such as polymer and consumer product manufacturing to creating new opportunities for local small and medium enterprises (SMEs). The projects could also potentially create an additional 2,482 new jobs.

Biotechnology projects are expected to generate considerable multiplier effects in other industries.

CREST

A year into its role as an industry-led catalyst for the growth of Malaysia's Electrical and Electronics (E&E) industry, CREST continues to drive collaborations between industry, academia and government agencies. One of the agency's biggest initiatives to date is the CREST R&D Grant, for which there are now 51 projects in the pipeline valued at approximately RM35.8 million.

One of the unique aspects about the CREST R&D Grant programme is that all 51 projects are commercialisable and call for close collaboration between the private sector and academia. The project teams have made encouraging progress as companies and universities discover the synergy they need to make their proposals realities. To date, there are a total of 10 MNCs, 18 Malaysian companies and 14 universities working on these 51 projects.

CREST continually works on establishing strategic collaborations with Institutions of Higher Learnings (IHLs) to benefit the industry players seeking research projects and partnerships. CREST founding member companies expect to need an additional 1,200 Masters graduates and 180 PhD graduates by the year 2016. To this end, CREST is partnering with TalentCorp to bring successful talent development programmes such as FasTrack, curriculum embedment and structured internship to the E&E sector. Over 235 apprentices have been hosted by MNCs, getting in-classroom and on-the-job training in critical job areas. Major corporations such as Agilent, Altera, Intel and Motorola have come forward to partner with local universities to review curriculums, provide domain experts and donate hardware.

CREST founding member companies expect to need an additional 1,200 Masters graduates and 180 PhD graduates by the year 2016.

Moving forward, CREST aims to inspire the creation of more Malaysian entrepreneurs within the E&E ecosystem through industry dialogues and the establishment of an incubator facility at the University of Science, Malaysia (USM) in Penang. The incubator will accommodate up to 10 projects and is expected to be operational by the second half of 2014.

Halal Development Corporation

The Halal Industry Development Corporation (HDC) has chalked up several milestones in turning Malaysia into an international hub for the Halal industry. Since 2010, more than 100 projects with an investment value of RM8 billion have been cultivated and nurtured through industry development. In the first three quarters of 2013,

With a global Muslim population of 1.8 billion, the market for halal food is estimated at US$547 billion a year.

Malaysia's halal exports totalled over RM24 billion, an increase of 1.4% from the same period last year.

The HDC facilitates growth within the Malaysian halal industry primarily through Halal Parks, in which communities of Halal-oriented businesses are provided infrastructure and service support. To date, there are 13 HDC-accredited (HALMAS Status) Halal Parks throughout the country that have attracted investments of RM6 billion from leading MNCs.

HDC has also been actively working on capacity building initiatives designed to support the development of small and medium enterprises as an engine of growth and innovation in the country.

Multimedia Development Corporation

MDEC Driving Transformation

As the lead agency responsible for the development of the ICT industry and digital economy in Malaysia, MDeC is pleased with the growth of the ICT industry in the country. In 2012, MSC Malaysia delivered its best revenue performance to date at RM33.5 billion, an increase of 5.7% from 2011, while drawing RM2.9 billion in investments, a 17% increase from the previous year. The average salaries for employees working at MSC Malaysia companies have risen by over 52% between 2009 and 2012 – at RM5,317.08, it is 2.5 times higher than the national average salary of RM1,984.00.

In 2013, a total of 236 companies were awarded MSC Malaysia status, bringing the total number of MSC Malaysia status companies to 3,403. Of this total, 2,572 (76%) are currently active.

In 2012, MSC Malaysia attracted RM2.9 billion in investments, a 17% increase from the previous year.

The Digital Malaysia programme continues to make good progress since its launch in July 2012, with the initial eight projects contributing an estimated RM288 million in GNI and creating 3,335 high income jobs. To further accelerate Malaysia's shift into a Digital Economy, the Digital Malaysia DM354 Roadmap will address three key ICT focus areas across five digital economy sub-sectors, namely ICT Services, eCommerce, ICT Manufacturing, ICT Trade and Content and Media. These five sub-sectors are targeted to grow at a CAGR of 9.8% between now and 2020.

MSC Malaysia will grow from strength-to-strength in the years ahead and help ensure that the country ICT sector keeps pace with global developments.

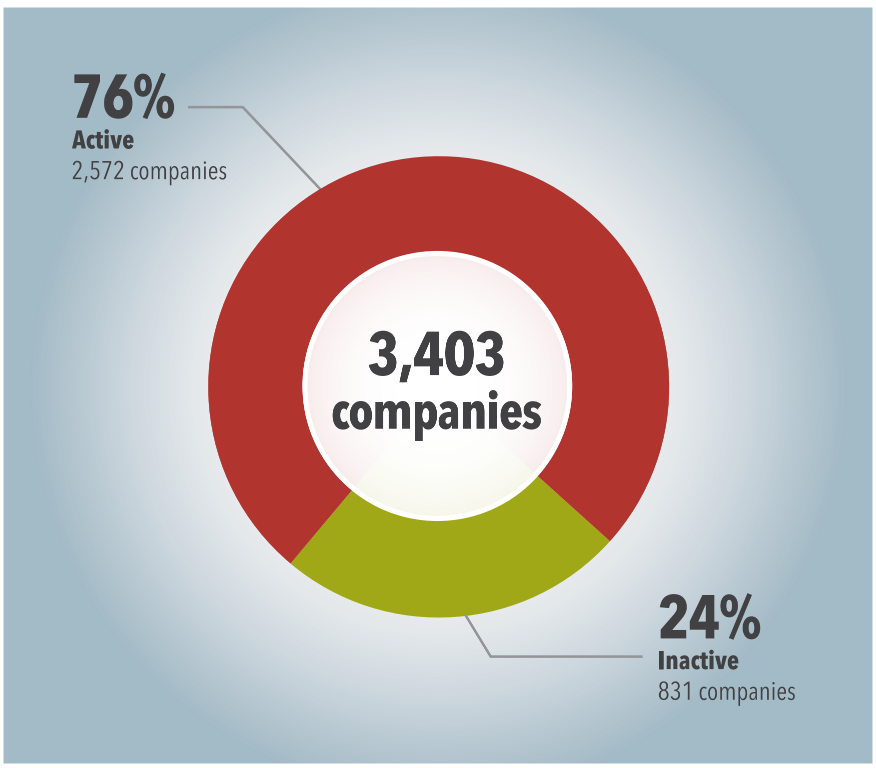


Fig 7 Active MSC Malaysia Status companies as at 31 December 2013.

REDEFINING MANUFACTURING

Malaysia is nurturing new investment ecosystems within the manufacturing and primary sectors to facilitate future growth.

Malaysia's manufacturing sector continues to grow and transform as the country substitutes low value-added assembly operations for high value-added activities that promise long-term growth. But as the country rounds the final lap towards becoming a developed nation, it faces significant challenges from both within the country and the world at large.

The challenge for Malaysia's manufacturing sector is two-fold: first, it is no longer competitive for labour-intensive operation, which means that companies must either move up the value chain or diversify into other lines of businesses. Both these options will require significant investments into new technologies, R&D and human capital development, which brings us to the second challenge facing the sector: companies can no longer expect to be pampered with generous tax incentives when it comes to doing business in Malaysia.

In the long-term, these two challenges – a changing business environment and the removal of fiscal incentives – will help to rationalise the manufacturing sector.

In the long-term, these two challenges – a changing business environment and the removal of fiscal incentives – will help to rationalise the manufacturing sector. But, in the short-term, businesses will have to make some important decisions. Short-sighted investors that are unwilling to invest into automation technologies or R&D have already begun to suffer the consequences of shrinking margins and labour issues. Far-sighted investors that are willing to upskill their workers and invest into high-growth industries need to be reassured that Malaysia is the right place to be.

The fact is, the manufacturing sector has always relied on fiscal incentives to encourage investments. But attracting and retaining investments in high-growth industries require innovative incentives that transcend conventional tax breaks. The volatile global investment climate will present the country with some interesting challenges in the years ahead as it begins to offer investors compelling reasons to invest in Malaysia that go beyond the usual tax holidays and customs duty exemptions.

The Government continues to undertake various measures and initiatives at federal and state levels to help expedite the implementation of approved projects for investors. Among the initiatives taken by MIDA are the appointment

27%

Investments into Malaysia's manufacturing sector rose from RM41.1 billion in 2012 to RM52.1 billion in 2013.

of Special Project Officers (SPOs) for each state to provide hands-on assistance and the stationing of senior representatives from key government agencies at MIDA's headquarters at KL Sentral to form smart partnerships.

MIDA also continues to manage and monitor the distribution of funds and allocations for projects under the Upgrading of Basic Infrastructure Program of Existing Industrial Areas, with the goal of assisting state governments in upgrading and improving basic infrastructure in existing industrial estates. This initiative shall ensure that existing industrial estates remain conducive, competitive and sustainable for investors.

With these activities in mind, MIDA continued to strengthen its 'ecosystem approach' towards attracting and enhancing investments into value-added quality

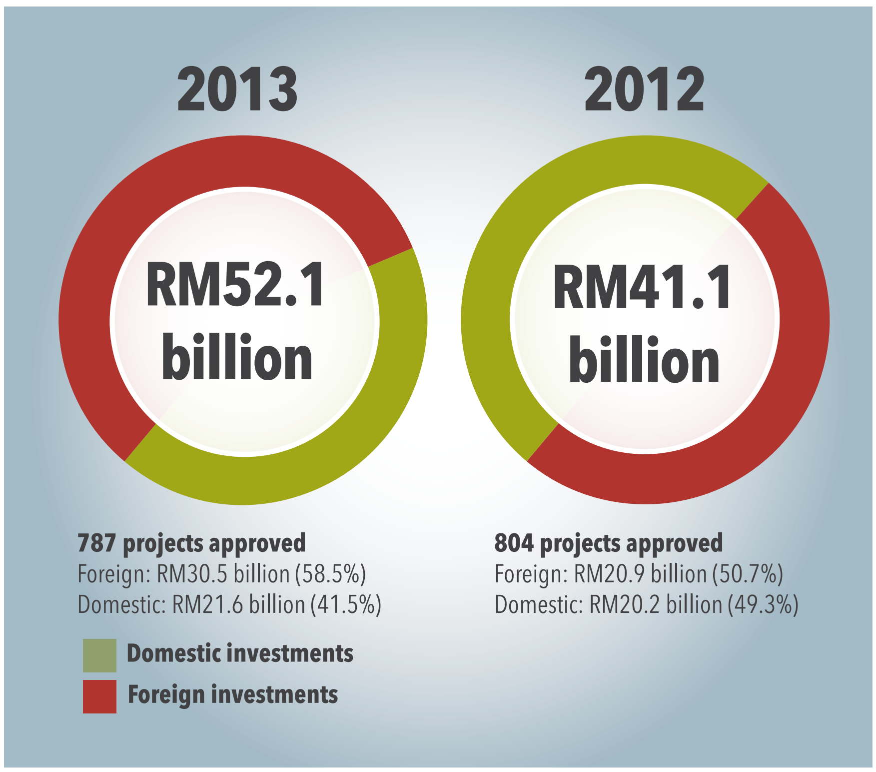


Fig 8 Sources of investments in approved manufacturing projects, 2013 and 2012

projects in 2013. By leveraging enablers like infrastructure and supporting industries to create new investment opportunities, the ecosystem approach helps reduce investment risks by managing both foreign and local investor demands for

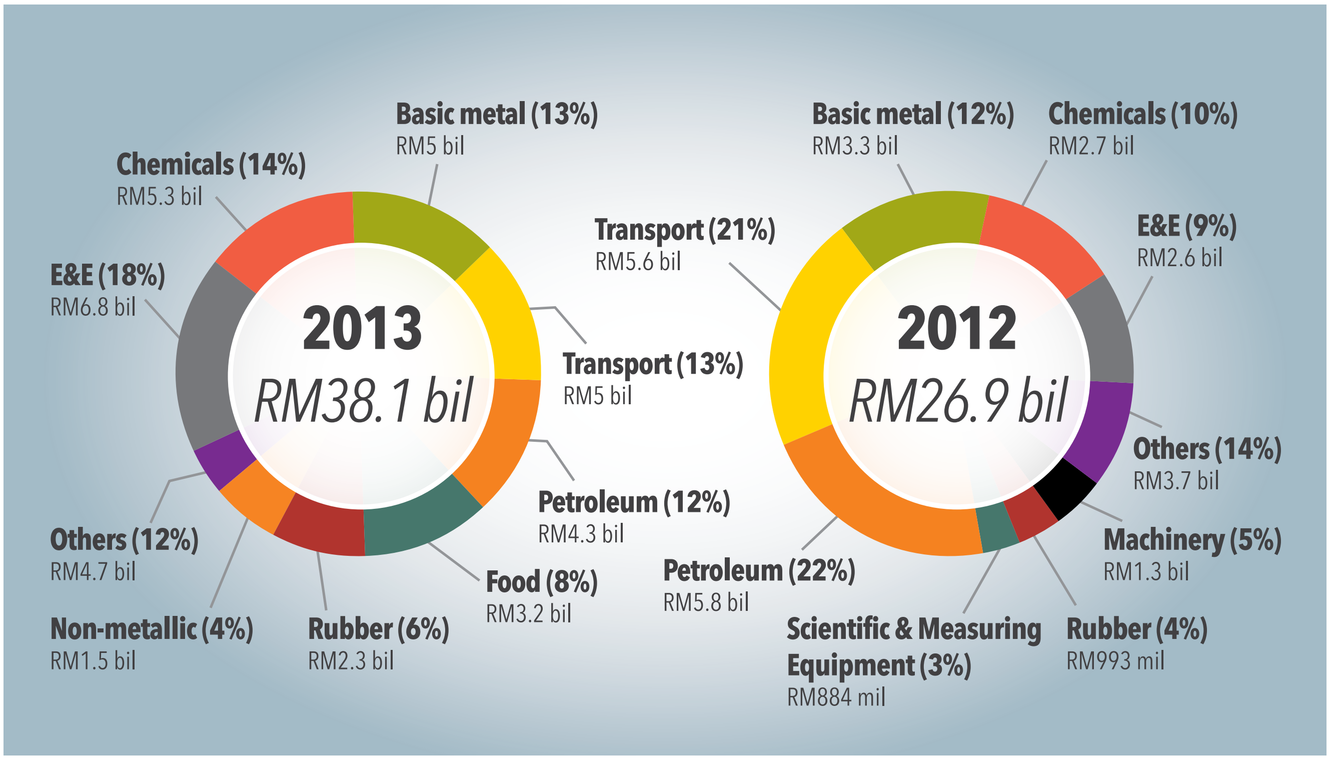


Fig 9 Investments in new manufacturing projects by industry, 2013 and 2012

more generous fiscal incentives. In the long-term, the ecosystem approach will help Malaysia remain an attractive investment destination without the need for unreasonable tax incentives.

New ecosystems

In 2013, MIDA began development on three new ecosystems: rare earth, energy storage and graphene. These three ecosystems cut across various industries involving green technology, metals and E&E products by leveraging current and emerging advanced materials in Malaysia. The ecosystem approach was also used to identify complementary opportunities within the O&G sector in Sabah, where investment projects tend to only focus on upstream activities. As plants come on-stream and new infrastructure facilities are developed in the state, there will soon be a ready supply of new materials that will open up opportunities for more downstream manufacturing investments. The ecosystem approach will prove invaluable in nurturing these downstream enterprises.

The ecosystem approach will prove invaluable in nurturing downstream enterprises.

To facilitate the development of industrial collaborations between local universities and investors, MIDA initiated several outreach programmes with leading Malaysian universities in 2013. These programmes are expected to result in greater technical collaborations between universities and investors, with MIDA playing a key role in matching investors' needs with university strengths.

In a concerted effort to make the country's ecosystems more effective and attractive to investors, in 2013 MIDA began to enhance key delivery enablers across the country in areas such as human resources, infrastructure and utilities. In particular, it consulted over 30 government agencies, industry associations, chambers of commerce and educational institutions in 2013 in the development of a Focal Point

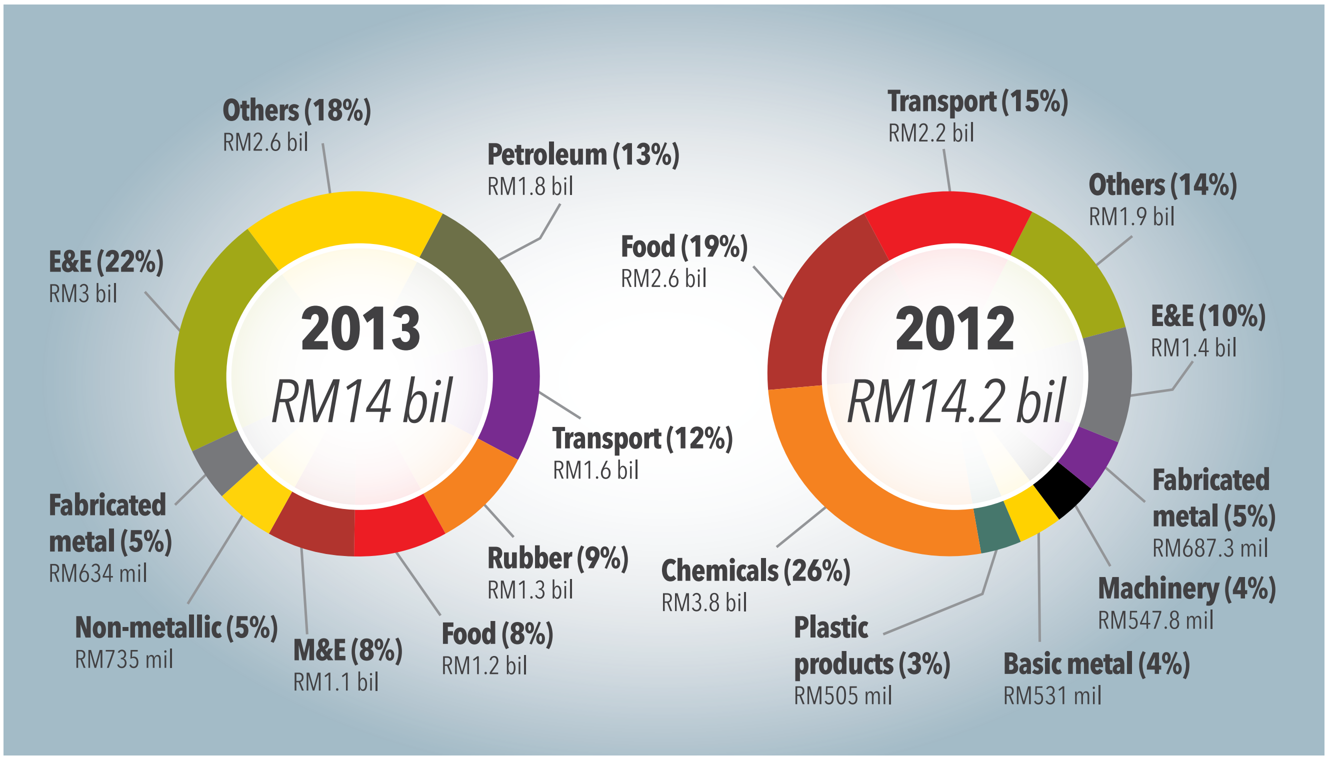


Fig 10 Investments in approved expansion/diversification manufacturing projects by industry, 2013 and 2012

Network that will help it meet investors' demands for greater visibility into Malaysia's supply of talent.

A dynamic sector

Malaysia continued to attract a significant level of investments in 2013 as a dynamic and profitable hub for business and investment. The country's political and economic stability, excellent infrastructure, competitive costs, skilled and educated workforce all help make Malaysia a competitive investment location, assisted in large part by a Government that is committed to maintaining a business friendly environment. A total of 787 manufacturing projects with investments of RM52.1 billion were approved in 2013 compared with 804 manufacturing projects with investments of RM41 billion in 2012.

The total investments approved in 2013 continues to surpass the average annual investment target of RM27.5 billion set under the Third Industrial Master Plan (IMP3).

The E&E sector recorded the highest investments approved in 2013, amounting to RM9.8 billion. This was followed by transport equipment (RM6.6 billion), petroleum products including petrochemicals (RM6.2 billion), chemical and chemical products (RM5.8 billion), basic metal products (RM5.6 billion), food manufacturing (RM4.4 billion), rubber products (RM3.6 billion) and non-metallic mineral products (RM2.3 billion). These eight industries accounted for RM44.5 billion or 84.9 per cent of total investments approved.

The total investments approved in 2013 continues to surpass the average annual investment target of RM27.5 billion set under the Third Industrial Master Plan (IMP3), reflecting the commitment of the country's people towards realising its goals.

Amid the risks and uncertainties in the global economic

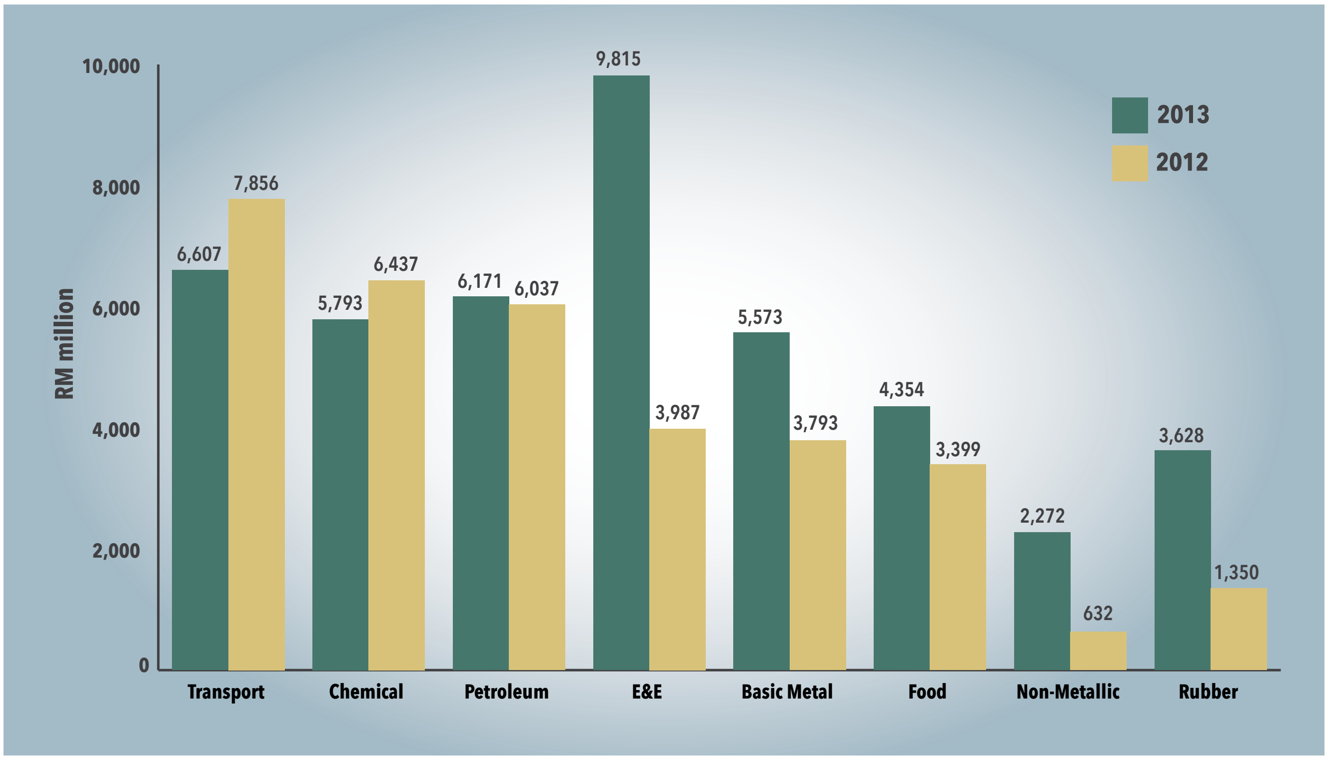


Fig 11 Investments in approved manufacturing projects by major industry, 2013 and 2012

scenario, investors remained confident about Malaysia as a foreign investments destination. Foreign investments in 2013 amounted to RM30.5 billion and accounted for 58.6 per cent of the total investments approved for the year. The balance of RM21.6 billion or 41.4 per cent were domestic investments.

Amidst the hesitant recovery of the world's advanced economies, Malaysia continued to attract a significant amount of new investments. In 2013, investments in new projects amounted to RM38.1 billion (463 projects), constituting 73.1 per cent of the total investments approved. Of this, RM22.8 billion or 59.9 per cent was from foreign sources while RM15.3 billion or 40.1 per cent was domestic investments.

Existing companies in Malaysia continue to expand and diversify their operations, reflecting their prevailing confidence in the country's investment environment. A total of 324 expansion/diversification projects with investments amounting to RM14 billion were approved in 2013, accounting for 26.9 per cent of the total investments approved.

With the addition of the projects approved in 2013, the total number of manufacturing projects approved between 2009 and 2013 now stands at 4,113, of which 3,124 have been implemented. As at 31 December 2013, 2,845 of these projects were in production with the rest still under construction or final machinery installation. Total capital investment in these 3,124 implemented projects amounted to RM130.2 billion. A further 77 projects with investments of RM31.5 billion have acquired sites for factories, while 720 projects (RM54.1 billion) are in the active planning stage. When these 797 projects are realised, total investments in these projects will amount to RM85.6 billion.

Selangor has the largest number of implemented projects, followed by Johor, Pulau Pinang, Perak, Kedah and Negeri Sembilan. Between 2009 and 2013, the major projects implemented may be observed to cover a broad range of industries including E&E products, machinery & equipment, transport equipment, chemical and chemical products, fabricated metal products, and food manufacturing.

A total of 29 companies were forced to downsize their operations in 2013, with a further 11 companies having to cease operations altogether due to poor market conditions, increased costs, financial problems and restructuring exercises. As a result, 6,401 workers lost their jobs in 2013. However, these losses have been more than offset by the creation of new job opportunities from the 360 projects which commenced production last year. In addition, the projects approved in 2013 are expected to create employment opportunities for 92,988 people. Of these, 15,647 (16.8%) will be in the managerial, technical and supervisory (MTS) category, 60,093 (64.6%) are in the category of skilled workers and 17,248 (18.6%) are unskilled workers, sales, clerical and others categories. Most of the employment opportunities are in the E&E sector with 25,380 jobs, followed by rubber products (12,711) and transport equipment (9,169).

The Government continues to grant approvals for expatriate posts, particularly managerial and technical posts to Malaysian as well as foreign-owned companies.

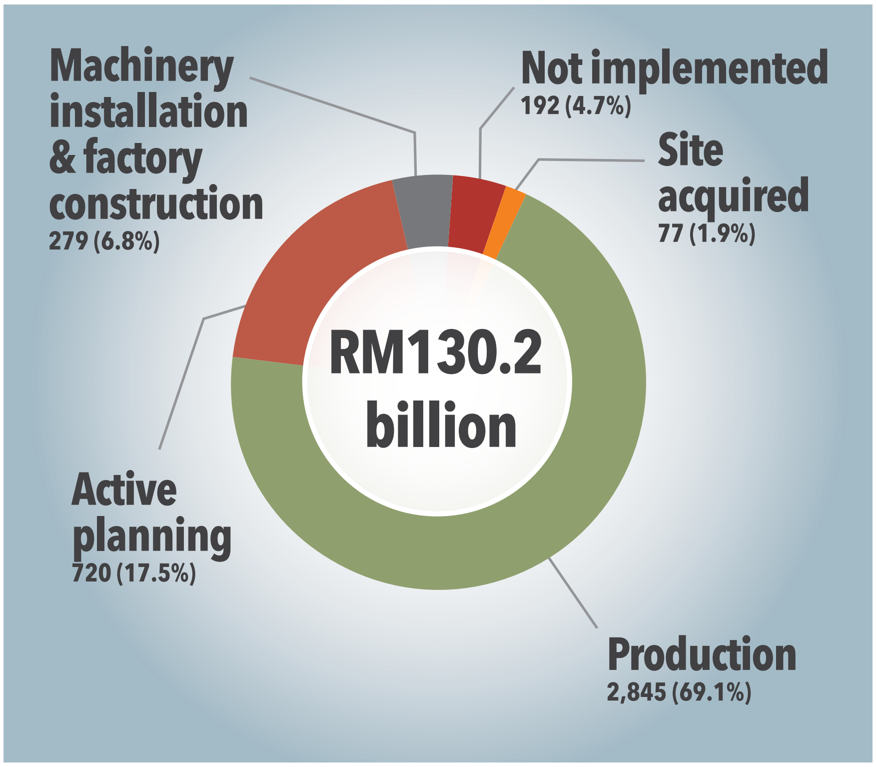


Fig 12 Status of implementation of manufacturing projects approved between 2009 – 2013

This is to facilitate technology transfer and supplement and complement the local pool of managerial and technical skills. A total of 1,939 expatriate posts were approved in 2013, of which 284 were key posts which could be permanently filled by foreigners. The remaining 1,655 were term posts, generally granted for three to five years where Malaysians are trained to eventually take over the posts.

More capital-intensive projects

Capital-intensity, as measured by the capital investment per employee (CIPE) ratio of projects approved in 2013 was at RM560,299. The CIPE ratio of manufacturing projects has registered an increasing trend since 1990. This reflects the general trend towards more capital-intensive, high value-added and high technology projects.

In 2013, the industry with the highest CIPE ratio was petroleum products including petrochemicals (RM9,420,794), followed by the basic metal products (RM1,595,963) and chemical & chemical products (RM1,460,740).

In 2013, a total of 14 projects with investments of at least RM1 billion or more were approved with total investments of RM24.8 billion. In comparison, there were seven projects which recorded investments of at least RM1 billion or more in 2012 with total investments amounting to RM13.9 billion. There were also 82 projects approved which recorded investments of at least RM100 million or more. Total investments in these projects amounted to RM40.4 billion or 77.6 per cent of the total investments approved.

Project	No. of projects	Total investments (RM bil)
E&E	60	7.4
Petroleum products including petrochemicals	4	4.1
Basic metal products	11	3.7
Scientific and measuring equipment	14	1.0
Food manufacturing	23	3.3

Table 1 Main industries with export-oriented projects, 2013

Export-oriented projects

The favourable investment environment in Malaysia, including the availability of excellent infrastructure, telecommunication services, financial and banking services, supporting industries as well as a pool of talent and skilled and trainable workforce, has made Malaysia an attractive investment location to serve the global and regional markets.

In 2013, a total of 272 projects approved involving investments of RM27.8 billion proposed to export at least 80 per cent of their output. Of the total investments approved, foreign investments amounted to RM19 billion or 68.2 per cent while the remaining was from domestic sources amounting to RM8.8 billion or 31.8 per cent.

Malaysians for Malaysia

Given the current global economic environment and increased competition for global investors, it is critical that domestic investments assume a more prominent role in driving Malaysia's investment agenda and in transforming and reshaping the economy. Malaysia's continued competitiveness is dependent on strengthening the manufacturing and services sectors and accelerating the country's shift towards high value-added, high technology, knowledge-intensive and innovation-based industries. This transformation will not take place without stronger domestic investments from Malaysians.

Domestic investments approved in 2013 amounted to RM21.6 billion, accounting for 41.4 per cent of the total investments approved during the year.

Domestic investments approved in 2013 amounted to RM21.6 billion, accounting for 41.4 per cent of the total investments approved during the year. Most of these domestic investments were in new projects (RM15.3 billion), while RM6.3 billion was in expansion/diversification projects. The industries that attracted the most interest from domestic investors were transport equipment (RM4.4 billion or 20.4%) followed by petroleum products including petrochemicals (RM2.9 billion), rubber products (RM2.8 billion), food manufacturing (RM2.1 billion) and chemical & chemical products (RM2 billion).

A global attraction

Malaysia continued to attract encouraging levels of foreign investments in the manufacturing sector despite the global economic slowdown, a testimony that the country remains a competitive destination for FDI in the region. The high-levels of capital investment recorded reflect the success of the country's targeted approach in attracting quality foreign investments in high high value-added, knowledge-intensive industries.

Foreign investments in approved manufacturing projects in 2013 amounted to RM30.5 billion, of which RM22.8 billion (74.7%) was in new projects while the remaining RM7.7 billion (25.3%) was in expansion/diversification projects.The E&E sector accounted for the largest amount of foreign investments, totalling RM8.5 billion. The high foreign investments in this industry were largely attributed to a single project with investments of RM2.8 billion for the manufacture of silicon photovoltaic wafers, cells and modules. Other industries with high levels of foreign investments were basic metal products (RM4.4 billion), chemical & chemical products (RM3.8 billion), petroleum products including petrochemicals (RM3.2 billion) and food manufacturing (RM2.3 billion).

Both the USA and the Republic of Korea remained strong supporters of the manufacturing industries in Malaysia, with the USA contributing RM6.3 billion and Republic of Korea RM5.5 billion. The other major sources of foreign investments in 2013 were Singapore (RM4.5 billion), Japan (RM3.6 billion) and China (RM3 billion). These five countries jointly accounted for 75.1 per cent of total foreign

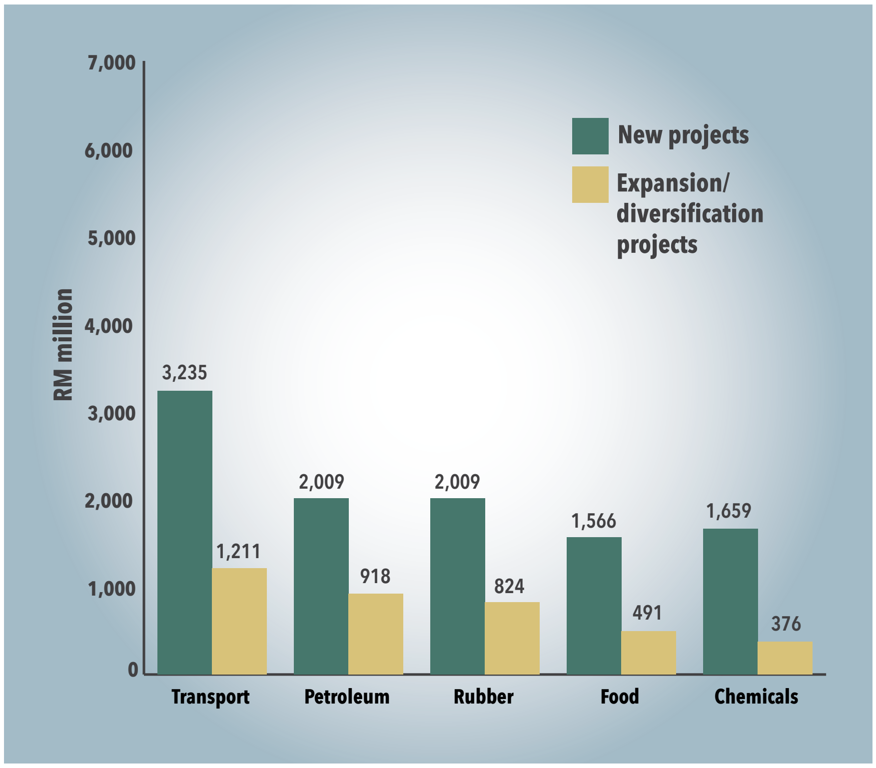


Fig 13 Domestic investments in approved manufacturing projects by major industry, 2013

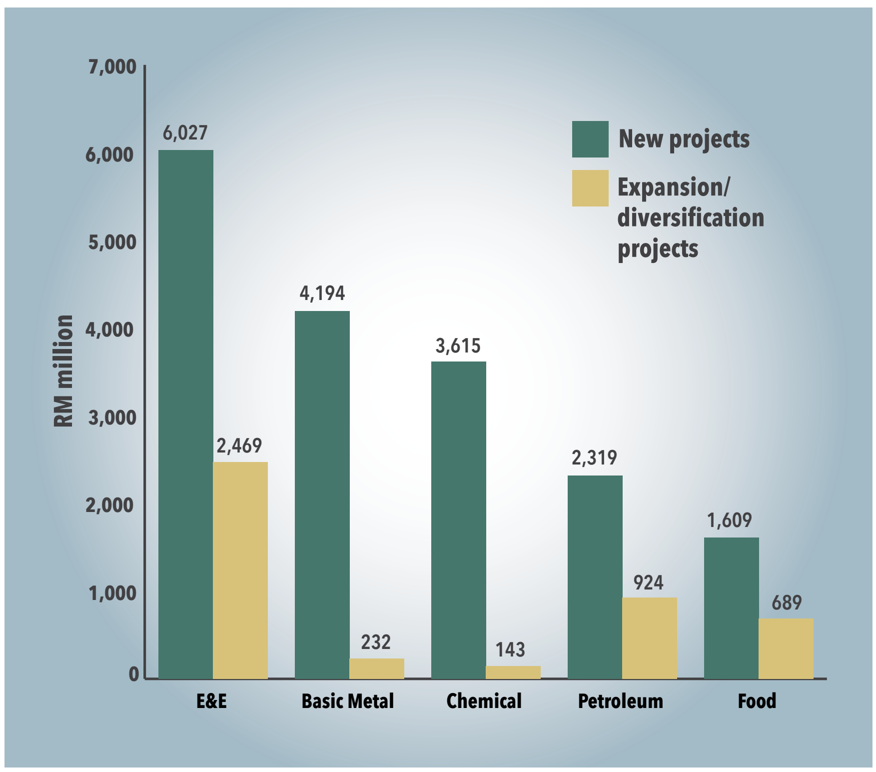


Fig 14 Foreign investments in approved manufacturing projects by major industry, 2013

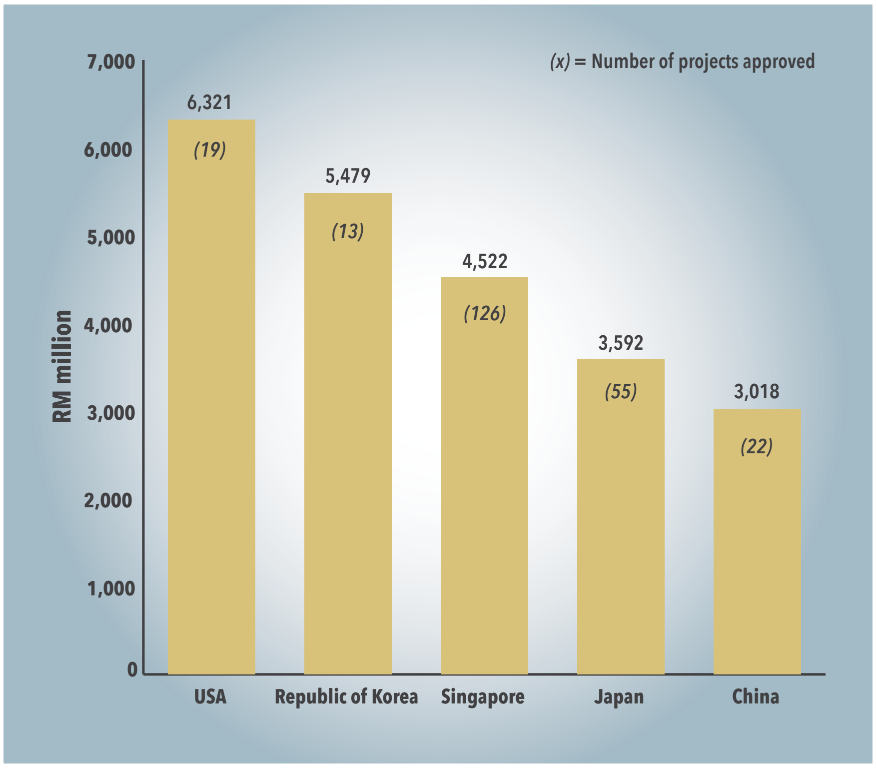


Fig 15 Major sources of foreign investments in approved manufacturing projects, 2013

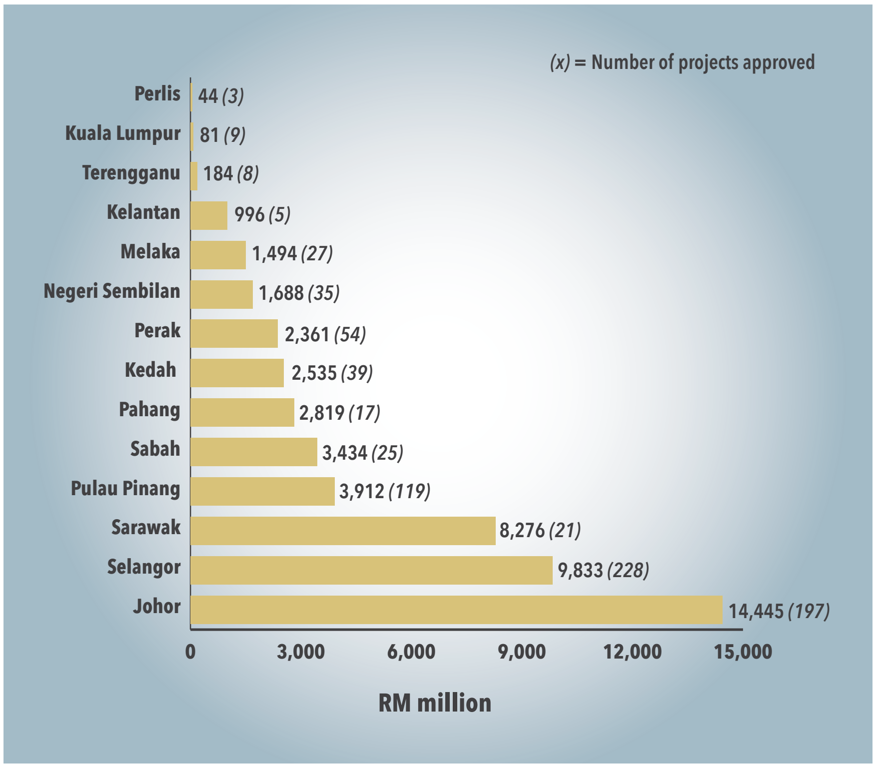


Fig 16 Investments in approved manufacturing projects by location, 2013

investments approved during the period.

The leading source of foreign investments in 2013 was the USA with investments totalling RM6.3 billion in 19 approved projects, one of which was a new RM2.5 billion project to manufacture of silicon photovoltaic wafers, cells and modules as well as a RM1.5 billion project to manufacture thin film solar PV modules. Another notable foreign investment came from the Republic of Korea and involves a new RM2.7 billion project to manufacture ammonia, nitric acid and ammonium nitrate.

Share the wealth

In 2013, a large number of projects were approved to be located in Selangor (228 projects), Johor (197 projects) and Penang (119 projects), which continued to be the leading states in terms of number of projects approved. A total of 544 (69%) of the manufacturing projects approved will be located in these three states.

Johor received the largest amount of new investments in 2013 (RM14.4 billion), followed by Selangor (RM9.8 billion), Sarawak (RM8.3 billion), Penang (RM3.9 billion) and Sabah (RM3.4 billion). These five states contributed 77 per cent of the total investments approved in 2013. The investments in Johor were in a wide range of industries such as E&E (RM5.9 billion), petroleum products (including petrochemicals)

"Malaysia attracted RM5.2 billion worth of investments in manufacturing projects related to the solar industry from the USA and China in 2013.

(RM2.5 billion), food manufacturing (RM1.6 billion), basic metal products (RM1.2 billion) and M&E (RM701.6 million).

The state of Selangor registered the second highest level of investments amounting to RM9.8 billion. Major projects approved in Selangor include a new RM2.1 billion by a majority Malaysian-owned project to manufacture examination gloves and surgical gloves. Investments in Selangor were concentrated in the industries of transport equipment (RM3.2 billion), rubber products (RM2.3 billion), food manufacturing (RM793 million), E&E (RM593.6 million) and chemical & chemical products (RM500 million).

The state of Sarawak attracted investments amounting to RM8.3 billion, mainly in chemicals and chemical products (RM3.9 billion), basic metal products (RM2.9 billion) and E&E (RM1.2 billion) industries.

Electrical and electronics (E&E)

Growing and changing

The E&E industry in Malaysia today is focused on deepening and strengthening the three major ecosystems of semiconductors, solar and LED technologies. Semiconductors will continue to spearhead the growth of the E&E industry in Malaysia and will continue to benefit from growing global demand in the usage of mobile devices (smartphones, tablets), storage devices (cloud computing, data centres, personal data drives), optoelectronics (photonics, fibre optics, LEDs) and embedded technology (integrated circuits, PCBs, LEDs).

A total of 118 E&E projects with investments of RM9.8 billion were approved in 2013. Of this total, 44 projects were new projects with investments of RM6.8 billion while 74 were expansion/diversification projects with investments amounting to RM3 billion. Foreign investments accounted for 86.7 per cent of the total (RM8.5 billion), with domestic investments accounting for the rest. Most of the foreign investments into the E&E sector came from the USA and Singapore.

The electrical sub-sector attracted the lion's share of investments within the E&E sector in 2013, raking in 51 approved projects involving investments of RM5.3 billion. Of these, 28 were new projects and 23 were expansion/diversification projects. Most of the investments (RM4.5 billion) into this sub-sector came from foreign sources (84.9%) with domestic investments making up the rest (RM803.4 million). The 51 projects are expected to generate employment opportunities for 7,954 people.

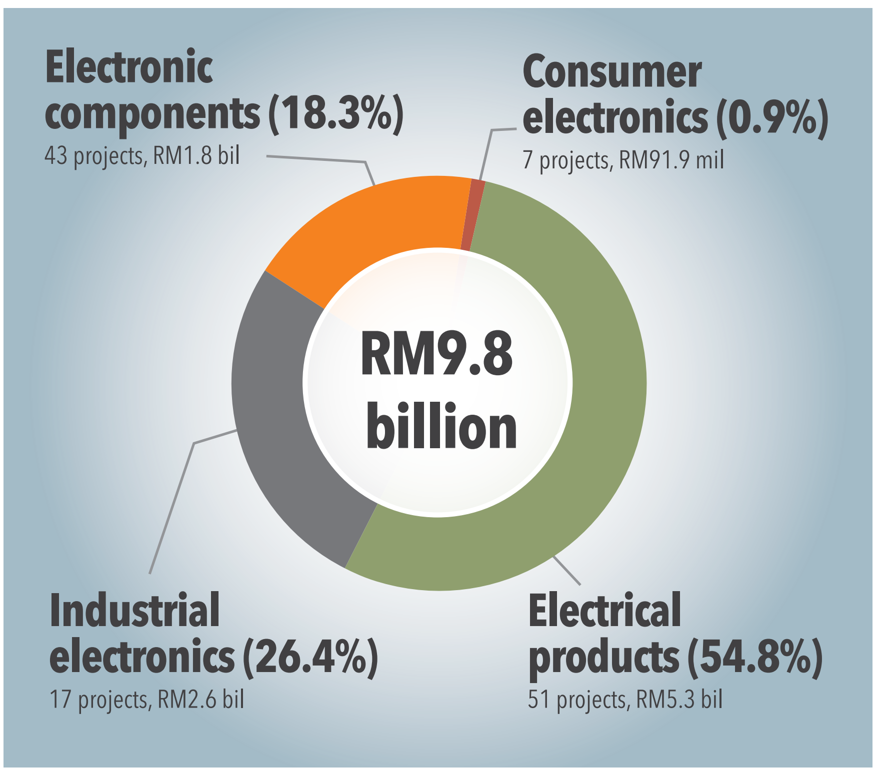
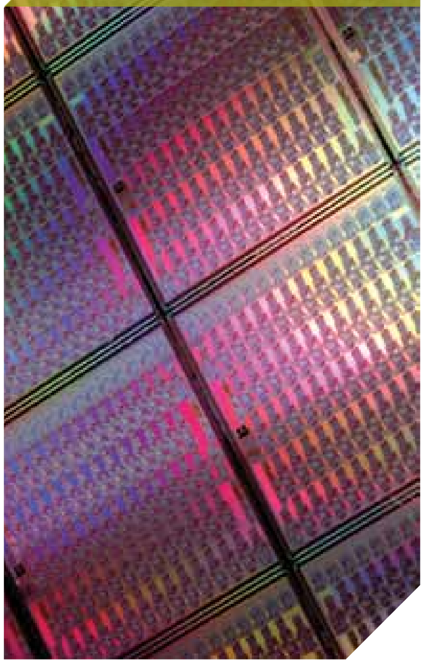


Fig 17 Investments in approved manufacturing projects in the E&E industry by sub-sector, 2013

Major E&E ecosystems in Malaysia

SEMICONDUCTORS



The International Data Corporation (IDC) forecasts worldwide semiconductor revenue to improve by 2.9 per cent year-over-year in 2014 to US$329 billion and to reach US$366 billion in 2017. This growth will come mostly from strong demand for memory and logic products and an increase in semiconductor content in automobiles and high-end smartphones. This trend towards the "Internet of Things" (IoT) will see sustained growth in the manufacturing of sensors and MEMs in which local players like Globetronics and Silterra already have an established presence.

SOLAR

Despite a global oversupply and prolonged industry consolidation, new solar photovoltaics installations accounted for almost 30 per cent of all new electricity generation capacity in 2012. The European Photovoltaic Industry Association (EPIA) believes that the industry can expect to resume its annual growth trajectory of 10-15 per cent. Malaysia is consolidating its position as one of the world's largest solar panel producing nations and is focused on completing the solar value chain and cluster, especially in the production of solar materials and balance-of-systems for smart grid solar systems such as batteries and inverters.

LED TECHNOLOGIES

The move by the Malaysian Government to phase out the use of incandescent lights and the launch of the Green Technology Financing Scheme (GTFS) in 2010 have both contributed to the healthy growth of Malaysia's LED industry. Increasing awareness on energy efficiency has also encouraged the adoption of LED technology in various applications such as tablets, smartphones and illumination products. General lighting applications utilising LED technology is expected to be the main growth driver. This has induced further expansions and new investments in projects related to the LED / solid state lighting (SSL) sub-sector.

The solar sub-sector in particular made an exceptionally strong show in 2013 and accounted for 75.7 per cent of the total investments approved in the electrical sub-sector. Although further consolidation in the solar PV manufacturing sector is expected throughout 2014 globally, these investments will nonetheless strengthen the solar PV industry in Malaysia and provide opportunities for industry players with profitable business models to gain market share. The dramatic reductions in cost in recent years will also help the solar PV industry regain its footing on the international market.

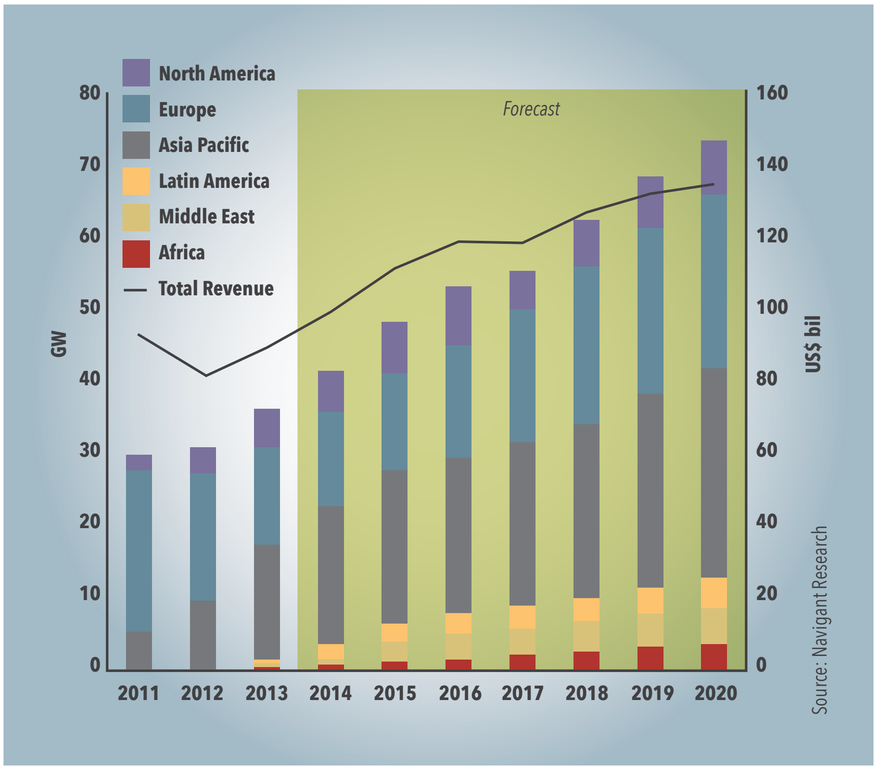


Fig 18 Annual solar PV installed capacity and revenue by region, world markets, 2011-2020

Malaysia's continuous efforts to promote growth and to further strengthen the solar industry ecosystem in Malaysia has already led to several projects being approved with total investments of RM6.1 billion. This is an indication that the industry still believes in the future of the solar industry, albeit with further improvements in technology and cost parity with other sources of energy. In 2013, the most significant solar projects approved are all foreign-owned, including a new RM2.8 billion facility to manufacture highly efficient silicon photovoltaic wafers, cells or modules. Other new projects include a RM1.8 billion plant to manufacture thin film solar photovoltaic (PV) modules and a RM1.2 billion facility to manufacture solar silicon ingots and wafers. All together, these new projects will create 3,196 new job opportunities within the solar industry cluster.

The industrial electronics sub-sector attracted the second largest share of investments into the E&E sector in 2013 (27%) with approved investments totalling RM2.6 billion in 17 projects. Most of these projects involve expansions/diversifications (11 projects) amounting to RM813.6 (31.4%) million, while the rest are for new projects with investments totalling RM1.8 billion (68.6%).

Almost all of the investments in this sub-sector are from foreign sources, the most signicant of which involves an RM320 million expansion/diversification project to design, develop and produce optical fibre communication products, laser components, modules and sub-systems. This project is expected to create additional employment opportunities for 200 people. Another expansion/diversification project will involve investments of RM186.6 million to design, develop and manufacture PCB assemblies and sub-assemblies for industrial and consumer electronics applications.

The electronic components sub-sector won the third largest share of investments in the E&E sector last year RM1.8 billion (18.3%). Of the total investments approved, foreign investments amounted to RM1.4 billion (77.1%), while domestic investments totalled RM416.2 million (22.9%). Seven applications involving investments of RM226.2 million were for new projects, while 36 applications (RM1.5 billion) were for expansion/ diversification.

Most of the projects approved in this sub-sector were for the production of semiconductor devices, PCB assemblies, copper wires and silicon wafers. Indeed, semiconductor devices have been a leading export product of Malaysia's E&E industry for over three decades. In 2013, semiconductor devices accounted for 41.2 per cent (RM97.8 billion) of the country's total E&E exports.

An emerging trend among fabless and fablite semiconductor companies is to set up R&D facilities alongside their manufacturing operations so that they can leverage on-site integrated circuit design capabilities. The presence of IC design firms such as MyMs and Symmid strengthens the semiconductor ecosystem and allows the industry to exploit Malaysia's burgeoning financial, halal and LED markets. More IC design firms and fabless companies are needed to create a wider set-up of new technology and products.

More IC design firms and fabless companies are needed to create a wider set-up of new technology and products.

Sectors	Sub-sectors	Examples of products
Electronics	Components	Semiconductors, passive components, printed circuit boards, metal stamped parts and precision plastic parts.
	Consumer	Audio visual products such as television receivers, portable multimedia players (PMPs), speakers, cameras and electronic games.
	Industrial	Multimedia and information technology products such as computers and computer peripherals, telecommunications equipment, office equipment and boxes built products for industrial applications.
Electrical		Distribution boards, control panels, switching apparatus, lightings, transformers, cables and wires, primary cells and batteries, solar cells and modules, air conditioners and household appliances.

Table 2 Structure of the E&E Industry

The most significant projects approved within the electronic components sub-sector in 2013 were both expansion projects. The first is a RM126 million project by a wholly foreign-owned company to set up an assembly and test facility for integrated circuits, while the other involves investments amounting to RM114.8 million by a wholly Malaysian-owned company to expand its high-end semiconductor components manufacturing plant.

In 2013, a total of seven projects were approved in the consumer electronics sub-sector with investments of RM91.9 million, most of which came from domestic sources. Three of these projects are new and accounted for 33.4 per cent of total investments, while the rest are expansion/ diversification projects.

Transport equipment

Exports of transport equipment totalled RM9.6 billion in 2013, most of which (RM6.1 billion) comprised road vehicles such as passenger vehicles, commercial vehicles, motorcycles/scooters, trailers/ semi-trailers, bicycles/ other cycles and parts and components. Exports of aircraft and associated equipment and parts totalled RM2.4 billion, while exports of ships, boats and floating structures amounted to RM1.1 billion. Exports of railway vehicles and associated equipment totalled RM71 million.

In 2013, a total of 73 projects were approved in the transport equipment industry with capital investments of RM6.6 billion. Domestic investments amounted to RM4.4 billion (67%), while foreign investments totalled RM2.2 billion (33%). The approved projects are expected to generate a total of 9,169 employment opportunities.

Of the total projects approved, 35 are new projects while 38 are expansion/diversification projects. Investments in new approved projects accounted for RM5 billion (76%) of the total investments approved, while expansion/diversification projects accounted for RM1.6 billion (24%).

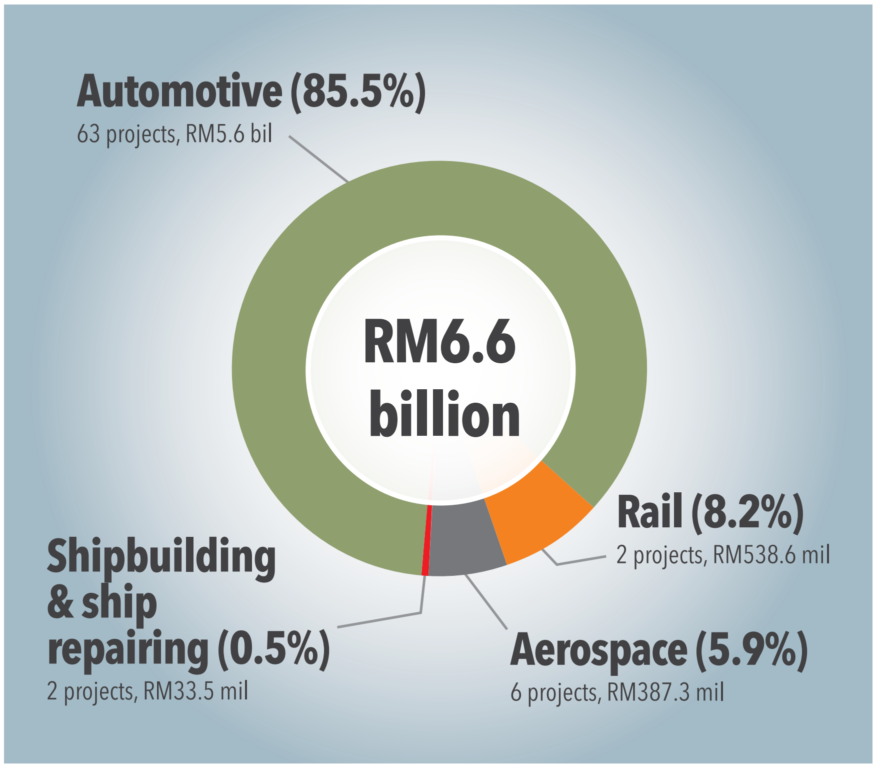


Fig 19 Investments in approved manufacturing projects in the transport equipment industry by sub-sector, 2013

Automotive

There are currently four National Projects and nine assemblers in the motor vehicle sub-sector, with an annual installed capacity of 795,850 units. In addition, there are 11 manufacturers/assemblers of motorcycles and scooters with an installed capacity of 995,000 units per year.

In 2013, a total of 63 projects were approved in Malaysia's automotive industry that involved investments of RM5.6 billion. Of this total, domestic investments amounted to RM4 billion (71%), while foreign investments totalled RM1.6 billion (29%). The approved projects are expected to generate a total of 7,435 employment opportunities within the industry.

Of the total projects approved, 28 were new projects while 35 were expansion/diversification projects. New projects accounted for RM4.3 billion (77%) of total investments, including a RM1.5 billion project by a Malaysian-owned company to manufacture and assemble energy efficient vehicles (EEV) and commercial vehicles. Another significant new project by a foreign-owned company involves investments of RM204 million to manufacture airbag inflators, glass-to-metal seal (GTMS) squibs and micro gas generators (MGG).

Expansion/diversification projects in the automotive sector amounted to RM1.3 billion (23%) in 2013 and includes an expansion/diversification project by a foreign majority company with investments of RM354 million to manufacture and assemble instrument panel modules, front corner modules, rear beam axle disc modules and steering modules. Another RM82 million expansion/diversification project by a Malaysian-owned company will involve the manufacture and assembly of commercial and military vehicles and hybrid and electric vehicles.

The approved investments in the automotive industry in 2013 are very much in line with the recently announced NAP 2014 in attracting high value-added, high technology investments and the production of energy efficient vehicles. These investments will bring about the application of new, high-end technology in an industry largely driven by domestic investments. Malaysia's GDP growth in the automotive sub-sector is expected to increase at least 2.1 per cent in 2014 due to the implementation of the NAP.

Aerospace

Malaysia's aerospace industry comprises the aviation and space sub-sectors and encompasses manufacturing, maintenance, repair and overhaul (MRO) activities, design and development and the assembly and operation of light aircrafts and support services. There are currently eight companies involved in aircraft assembly and 18 companies involved in the manufacture of aircraft parts and components including ground support equipment. More than 32 companies in Malaysia are involved in MRO sub-sector, which is projected to grow by 12 to 15 per cent annually.

In 2013, six projects were approved in the aerospace industry with investments of RM387.3 million. Foreign investments in these projects amounted to RM196.7 million (51%), while domestic investments totalled RM190.6 million (49%). The approved projects are expected to generate a total of 552 employment opportunities.

More than 32 companies in Malaysia are involved in the MRO sub-sector, which is projected to grow by 12 to 15 per cent annually.

A significant new project in this industry will involve investments of RM152.6 million by a wholly foreign-owned company to establish an aircraft maintenance, repair and overhaul (MRO) service centre. The company is a leading independent airlines technical solutions providers with capabilities covering most Airbus and Boeing aircraft types and their associated engines and components. The new Malaysian facility will cater specifically to the company's customers in the Asia Pacific region.

The aerospace industry is expected to contribute to the country's GDP through two EPPs under the ETP. The two EPPs are expected to create about 32,000 job opportunities.

The Government has also agreed to set up the Aerostructure Manufacturing Innovation Centre to carry out R&D relating to aircraft structure manufacturing and also serves as a high-level study and training centre. The innovation centre will involve an investment funded by the Government and industry players.

Shipbuilding and ship repairing

The shipbuilding and ship repairing industry in Malaysia includes the manufacture of a wide range of ships and ship repairing activities. The industry has extensive linkages with other industries such as steel, glass, logistics, storage and the bulk-breaking of goods and services. There are more than 70 shipyards in Malaysia, the largest of which can accommodate the dry-docking of vessels of up to 450,000 deadweight tonnage (DWT) and has a ship lift system capability of up to 50,000 DWT. The demand for larger and more sophisticated naval vessels is still fulfilled by foreign shipyards which have the capacity and capability in the construction of such vessels. The Malaysia Shipbuilding and Ship Repair Industry Strategic Plan 2020 aims to generate RM6.4 billion in GNI and to create an additional 55,500 jobs by 2020.

In 2013, two projects were approved in the shipbuilding and ship repairing industry with investments of RM33.5 million. Foreign investments in these projects amounted to RM21 million (63%), while domestic investments totalled RM12.5 million (37%). The approved projects will generate a total of 434 employment opportunities.

A significant project approved in the shipbuilding industry is a new project by a wholly-foreign owned company with investments of RM21 million to undertake the design and development (D&D) and manufacture of marine vessels made of composite materials. This project is focused primarily on the O&G sub-sector with a wide spectrum of engineering and construction, marine conversion and marine repair services. Through partnerships with Korea and Italy, this project will also enhance local capabilities through the transfer of technology for fabricating pressure vessels.

Rail

In 2013, two projects were approved in the rail industry with investments of RM538.6 million. Foreign investments in these projects amounted to RM355.7 million (66%), while domestic investments totalled RM182.9 million (34%). The approved projects will generate a total of 748 employment opportunities.

A significant project approved in the rail industry is a new RM355.7 million project by a wholly-foreign owned company that will involve manufacturing, assembling, overhauling, repairing, maintening and refurbishing railway transport and equipment. The project is expected to create spin-off effects to other supporting industries in Malaysia, such as small and medium companies and local component manufacturers in the same supply chain.

The Future Rail 2030 Committee is responsible for facilitating the implementation of the key initiatives within the rail industry. The proposed KL-Singapore High Speed Rail (HSR) link has been identified as an Entry Point Project under the ETP and is expected to generate an additional RM6.2 million GNI per year besides creating 29,000 jobs in direct and indirect employment by 2020. This project will not only contribute to a more efficient integrated public transportation system but also present economic and social benefits.

Machinery and equipment

As Malaysia moves up the technological value chain, the country's machinery and equipment (M&E) industry will follow suit by transitioning away from lower-value activities and moving into higher-value products and services. Rapidly expanding high technology industries such as front-end semiconductor processing, medical devices, aerospace and O&G require a wide range of high tech M&E capabilities, and the country's M&E industry is evolving to meet this demand with higher value goods and services.

More companies are also beginning to offer services in R&D, engineering design, innovation and system integration. These companies have established global reputations and they have become important contributors to the global supply chain.

Because of its deep linkages with high technology industries, the M&E industry will be a catalyst in Malaysia's transition towards becoming a high technology nation. It plays a key role in supporting National Key Economic Area (NKEA) initiatives focused on high technology sectors that include the O&G, energy, aerospace, E&E and ICT industries. As such, MIDA's promotional efforts within the M&E industry tend to focus on quality investments that emphasise high technology and high value-added M&E in line with Malaysia's aspiration to become the regional production hub for high technology and specialised M&E.

Approved investments in M&E projects in 2013 indicate that the country's promotional efforts have helped attract significant quality investments in high technology and high value added machinery and equipment. A total of 90 projects with investments amounting to RM2 billion were approved in the M&E industry in 2013, all of which are expected to generate employment opportunities for 4,726 persons. Of these, 56 were new projects (RM892 million or 45.1%) and 34 were expansion/diversification projects (RM1.1 billion or 54.9%). Domestic investments totalled RM771.2 million (39%) while foreign investments amounted to RM1.2 billion (61%).

The O&G sector remains Malaysia's most important

“In 2013, a total of 73 projects were approved in the transport equipment industry with capital investments of RM6.6 billion.

Maintenance, upgrading or reconditioning of M&E (1.2%)

No. of projects: 2

Investments: 23.7 million

Domestic investments amounted to RM3.7 million (15.6%) while foreign investments totalled RM20 million (84.4%).

Metalworking machinery (4.6%)

No. of projects: 3

Investments: 90.6 million

The metalworking machinery sub-sector is divided into two categories: metal cutting machine tools and metal forming/shaping machine tools. Among the M&E in this category are laser cutting machines, machining centres, electro-discharge machines (EDM), milling machines, drilling machines, lathes, shearing machines, bending rolls, stamping machines, press brakes, forging machines, and hydraulic and power presses. Promotional efforts in this sub-sector focus on the establishment of Technology Centres and Regional or International Procurement Centres. These centres will serve as platforms for foreign MNCs to undertake training activities as well as to showcase their latest technology and products to their agents and clients in this region

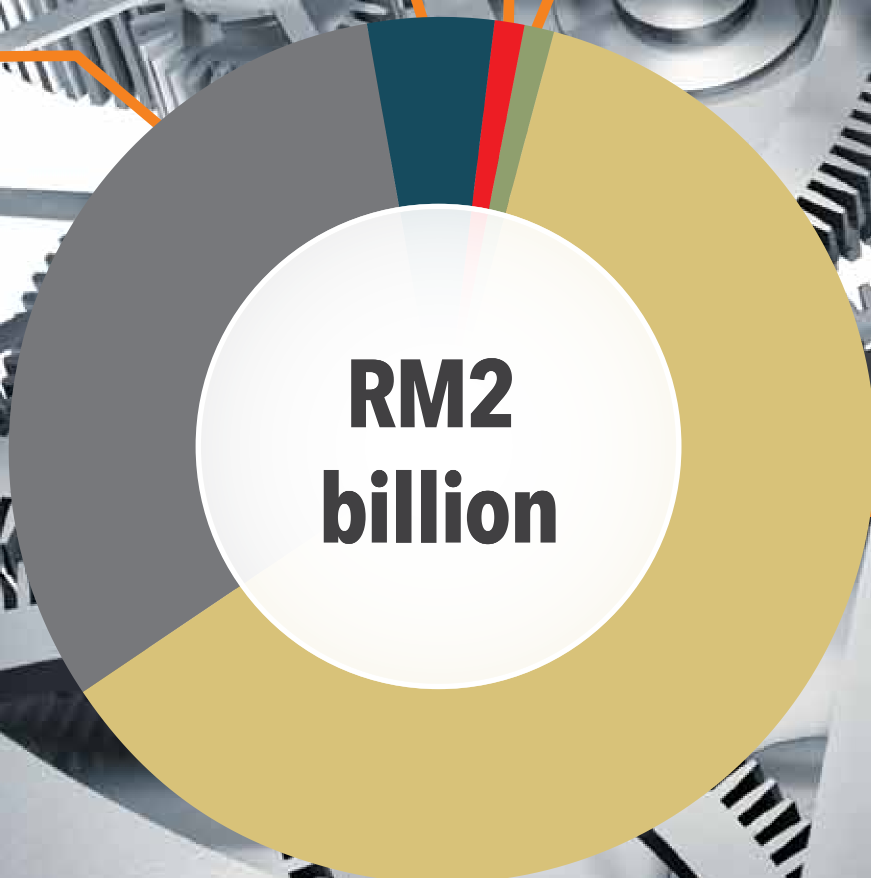
General industrial M&E, modules and components (31.6%)

No. of projects: 51

Investments: RM624.2 million

Investments in this sub-sector comprised 35 new projects with investments of RM342.1 million (54.8%) and 16 expansion/diversification projects with investments totalling RM282.1 million (45.2%). Foreign investments amounted to RM277 million (44.4%) while domestic investments totalled RM347.2 million (55.6%).

Many Malaysian companies in this sub-sector have attained international recognition, including two companies that are ranked among the top five global names in the manufacture of tower cranes and port cranes. Malaysian made cranes were used in the construction of the Freedom Tower in New York, USA. Malaysia is also South East Asia's leading manufacturer of pressure vessels, process equipment and modules for the chemical, petrochemical and O&G industries.



Power-generating M&E (1%)

No. of projects: 2

Investments: 19.4 million

Investments into the power generating M&E sub-sector comprised two new projects. Domestic investments amounted to RM17.1 million (88.1%) while foreign investments totalled RM2.3 million (11.9%)

Companies in this sub-sector manufacture a wide range of power generating M&E such as boilers, condensers, engines, turbines and industrial generator sets for use in refineries, O&G exploration platforms, petrochemical plants and other commercial operations in accordance with internationally recognised standards. As the demand for environmental-friendly, efficient and cost effective energy increases, this sub-sector is expected to move up the value chain into the manufacture of advanced energy efficient power generating M&E and environmental-friendly renewable energy solutions such as water and wind turbines; and photovoltaic power generating systems.

Specialised M&E (61.6%)

No. of projects: 32

Investments: 1.2 billion

Investments in the specialised M&E sub-sector comprised 14 new projects worth RM416.1 million (34.7%) and 18 expansion/diversification projects worth RM802 million (65.3%). Foreign investments amounted to RM816.2 million (68%) while domestic investments totalled RM401.9 million (32%).

The specialised M&E for specific industry sub-sector caters for the needs of specific industries and is designed according to the specific requirements of users. Industries targeted include the E&E, O&G, agriculture, food and beverage processing.This sub-sector will continue to be the major focus for the growth of the M&E industry and to shift Malaysia towards high technology and a modern society utilising high skills with higher wages. Generally, the projects approved in this sub-sector require highly skilled workforce whereby more than 70 per cent of the total employment opportunities are in the managerial, supervisory and technical categories.

Growing fast

The M&E sector is one of the country's fastest-growing industries. It also facilitates the country's transition into a high technology nation because of its many linkages to other economic sectors such as manufacturing, construction, services, mining and agriculture.

Promotional efforts in this sector tend to focus on quality investments that emphasise high technology and high value-added M&E in line with Malaysia's aim to become the regional production hub for high technology and specialised M&E. These efforts are also in accordance with the NKEA initiatives that focus on high technology sectors including the O&G, energy, aerospace, E&E and ICT industries.

A total of 90 projects with investments amounting to RM2 billion were approved in the M&E industry in 2013, all of which are expected to generate employment opportunities for 4,726 persons. The quality of the projects approved indicate that the country continues to be an attractive destination for investments in high technology and high value-added machinery.

sector for economic growth with a contribution to GDP of 20 per cent per annum. Malaysia is well positioned to be a regional hub for M&E manufacture, fabrication and services within the O&G industry such as maintenance, oilfield development and monitoring, inspection and testing.

Malaysia is well positioned to be a regional hub for M&E manufacture, fabrication and services within the O&G industry such as maintenance, oilfield development and monitoring, inspection and testing.

Among the significant M&E projects approved in 2013 is a RM495 million expansionary project by a wholly foreign-owned company. The plant will be the company's seventh facility in Malaysia and will manufacture proprietary products for the O&G industry. Another significant M&E project within the O&G industry comes from a new Malaysian-owned company with investments of RM121.9 million to manufacture sub-modules and components for foreign O&G giants in Malaysia and the surrounding region.

Both these projects will complement and enhance the country's O&G ecosystem and will ultimately help cement Malaysia's position as a leading O&G hub in Asia.

Down south, one of the world's renowned leaders in press machines established a new subsidiary in Malaysia in 2013 with a RM76 million plant to manufacture high speed and precision press machines, modules and related components. These machines are mainly used in the automotive sector. A similar project close by will involve the manufacture of material handling equipment and automated production machinery and systems. This new RM14 million foreign-owned project will focus on highly customised M&E and will further support and boost the growth of other major industries in Malaysia such as E&E, aerospace, O&G and medical devices industries. Both projects are expected to reduce dependency on unskilled labour.

Other projects of note include a RM6.3 million diversification project (foreign) to undertake the design, development and manufacture of test handling systems for front-end semiconductor wafer processing, a RM34.4 million diversification project (Malaysian) to establish a centre of excellence (COE) for machine vision technology and a RM27.7 million new project (Malaysian) to manufacture plastic for diesel conversion systems and diesel generator sets. This last project is particularly noteworthy as it will convert plastic waste materials such as Poly-proplene (PP), Poly-ethylene (PE) and Poly-styrene (PS) to diesel that meets the Euro 5 Standard. This will boost recycling activities in Malaysia and help to reduce the country's challenges with landfill space.

The future direction of the M&E industry will continue to focus on high technology and high value-added M&E and modules. With the availability of high skilled human capital and strong prevailing IP protection laws coupled with a dynamic engineering supporting industry, Malaysia will remain competitive as a preferred location for manufacturing solutions and production technology.

Engineering support

Malaysia's dynamic and resilient engineering supporting industry provides vital support for the growth of the manufacturing and services sectors. The industry continues to grow in tandem with the nation's aspiration to become an industrialised nation, and today, Malaysia is recognised globally for its engineering capabilities, consistent quality of production and reliability, particularly in precision machining and fabrication.

A total of 47 projects were approved in the engineering supporting industry in 2013 with investments of RM528.3 million. Of these, 30 were new projects (RM305 million or 57.7%) and 17 were expansion/diversification projects (RM223.3 million or 42.3%). Domestic investments amounted to RM239.2

million (45.3%) while foreign investments totalled RM289.1 million (54.7%). The projects approved are expected to generate employment opportunities for 2,099 persons.

Noteworthy projects that were approved in 2013 include a diversification project by a wholly foreign-owned company with investments of RM31 million to manufacture plastic injection moulds for automotive components, computer peripherals and consumer products as well as a new joint-venture company with investments of RM21.6 million to manufacture machined parts and components for the O&G industry. Another significant project is being established by a new foreign-owned company with investments of RM10.4 million and which will involve speciality coating activities for the O&G and aerospace industries in southern Malaysia. This project will complement the O&G and aerospace ecosystems in Malaysia, particularly for the secondary processes.

Malaysian companies also made some significant investments in 2013. One project will involve investments of RM32.3 million to manufacture alloy, steel and large, custom-made sand-castings of up to 10 metric tonnes in size. The castings are used in various industries such as the palm oil, mining and quarrying, construction and other general engineering industries. Another important Malaysian-owned project will involve investments of RM13.3 million to manufacture tools, jigs and fixtures and precision machined parts and components for the aerospace industry.

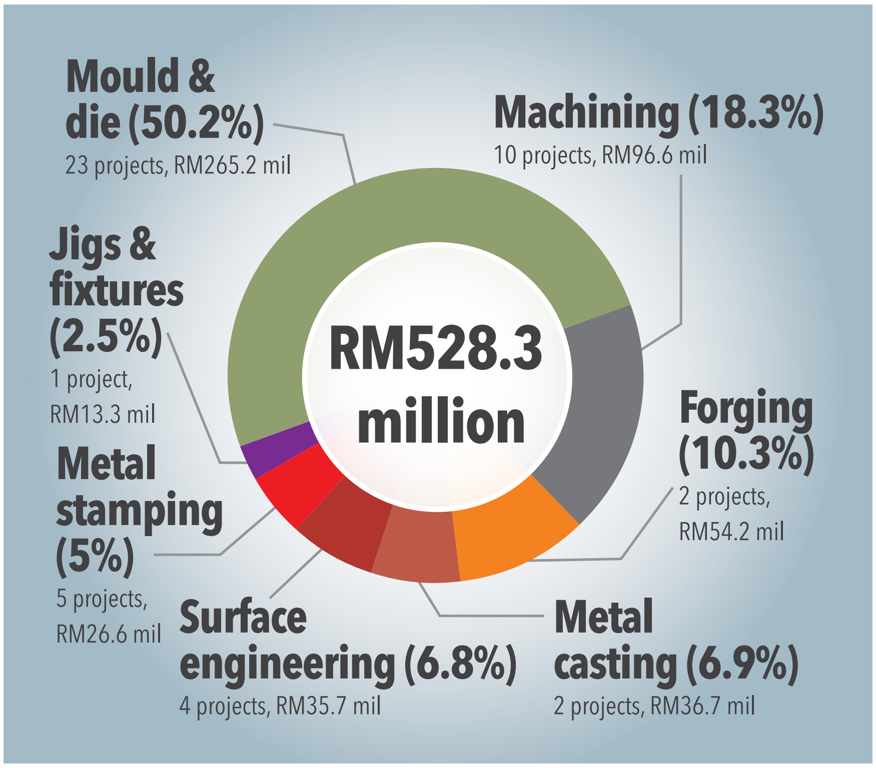


Fig 20 Investments in approved manufacturing projects in the engineering supporting industry by sub-sector, 2013

The engineering supporting industry remains very attractive as evidenced by the significant number of quality investments approved in 2013. The industry is moving towards producing higher technology and higher value added products to meet the demands of the E&E, O&G and transportation industries.

Iron and steel

Malaysia's iron and steel industry plays a major role in the development of the manufacturing and construction sectors. The industry covers the manufacturing of ferrous (iron and steel) and non-ferrous (aluminium, tin, copper, zinc, lead, etc.) metal products as well as fabricated metal products.

In 2013, a total of 104 projects were approved in this sector with investments of RM6.9 billion, of which 35 projects were within the basic metal sub-sector while 26 projects were in the fabricated metal products sub-sector with investments of RM878 million. Of these 104 projects, foreign investments amounted to RM5.2 billion (75.4%) while domestic investments totalled

RM1.7 billion (24.6%) These projects are expected to generate employment opportunities for 7,399 persons.

The steel industry is seeing a move towards green technology and recycling activities in steel-making processes which are expected to reduce carbon emissions and increase the value of goods. New legislation within the industry is also expected to give it much-needed stability such as the Competition Act, the CIDB (Amendment) Act, the new Safeguard Act (Amendment) 2012 and the new minimum wage for workers. Some recent policy developments in the basic metal products industry include the reduction of import duties on flat products from 50 to 20 per cent (with a further reduction to between 0 to 10 per cent in 2018), the implementation of mandatory quality standards, the introduction of the benchmark price for hot rolled coils (HRCs) and the enforcement of applications for Certificates of Approval (COA).

Of the 35 basic metal projects approved in 2013 involving investments of RM5.5 billion, a total of 26 were new projects worth RM5 billion while the other nine were expansion/ diversification projects worth RM500 million. These projects are expected to generate additional employment opportunities for 3,095 persons within the industry.

Project	Ownership	Investment (RM mil)
A new project to manufacture silicon metal and silicon dioxide.	Foreign	1,500
A new project to manufacture titanium sponge and liquid chlorine.	Majority foreign	1,400
A new project to undertake recycling activities to produce aluminium alloy ingots.	Foreign	659.1
A new project to manufacture cold rolled coils and strips, and galvanized coils and sheets.	Malaysian	101.3

Table 3 Notable projects in the basic metal industry

Foreign investments in upstream projects have been driven by liberalised policies on equity and the Government's continuous support to encourage investments in blast furnaces to complement existing electric arc furnaces in the country.

Foreign investments in the basic metal products industry amounted to RM4.5 billion (81.8%) in 2013 while domestic investments totalled RM1 billion (18.5%), mostly in midstream and downstream projects such as steel tubes/ pipes and sections. Foreign investments in upstream projects have been driven by liberalised policies on equity and the Government's continuous support to encourage investments in blast furnaces to complement existing electric arc furnaces in the country.

Meanwhile, investments in the fabricated metal products sub-sector continue to grow, with 2013 seeing a total of 26 projects being approved with investments of RM878 million. Domestic investments amounted to RM356 million (40.5%) while foreign investments totalled RM523 million (59.5%). Of these 26 projects, 21 were new projects (RM467 million) and five were expansion/diversification projects (RM412 million). These projects are expected to generate employment opportunities for 360 persons.

Notable projects within the fabricated metal products sub-sector include a RM147.3 million expansion/ diversification project by a Malaysian company to produce steel structures and other steel fabricated products as well as a new wholly foreign-owned project to manufacture pneumatic fasteners (RM66.9 million). Another significant majority foreign-owned project worth RM30.8 million will involve the manufacture of screws, shafts, bolts and nuts.

Metal fabrication activities are expected to grow steadily in 2014 supported by growth in the country's building and civil construction, O&G and other industries.

Textiles and textile products

The textiles and textile products industry comprises both upstream (primary textiles) and downstream activities (garments, textile products and accessories). In 2013, a total of 16 projects were approved in this industry with total investments of RM764.6 million. Of these, eight were new projects (RM599.7 million) and eight were expansion/diversification projects (RM164.9 million). Domestic investments amounted to RM132.1 million (17.3%) while foreign investments totalled RM632.5 million (82.7%).

Of the 16 projects approved, eight projects were for the production of primary textiles (RM673.1 million), four projects were for made-up garments (RM65.5 million) and four projects were for textile products/accessories (RM26 million). The approved projects would generate a total of 1,493 employment opportunities, of which 663 will be in the managerial, technical and supervisory manpower categories. Some of the high paying jobs to be created

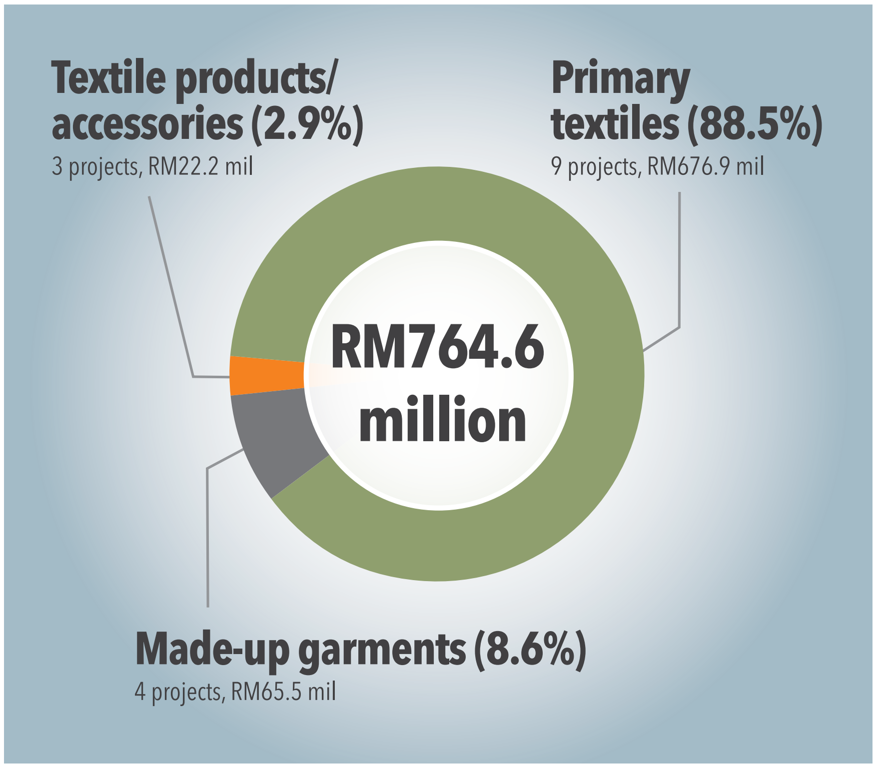


Fig 21 Investments in approved manufacturing projects in the textiles and textile products industry by sub-sector, 2013

include engineers, quality controllers and high skilled technicians.

Investments in the textiles and textile products industry in 2013 are mostly technology driven whereby new technologies are incorporated in the manufacturing processes of these projects. The year's major foreign investors from China and Singapore chose Malaysia due to its good infrastructure and strategic location for the textile business, competitive operation costs, reliable financial services and the availability of a quality workforce. This positive performance reflects the strength of Malaysia in continuing to attract quality investments that will contribute towards completing the textile industry's ecosystem.

The majority of the projects approved in the textiles and textile products industry are export-oriented and will contributed towards the country's national income. Most of the expansion and new projects continue to emphasise investments in R&D activities for the purpose of developing new high quality products. These projects will contribute to the creation of various high-skilled jobs and up-skilling the existing workforce through intensive training programmes.

Some of the new projects will strengthen the textile cluster development in Malaysia by providing the country's downstream players with a new, domestic source of high-quality primary textiles as an alternative to imported primary textiles. While the downstream sector of the textiles and textile products is very well established, there is still plenty of room for growth in the upstream textiles sub-sector, particularly for functional or high performance textiles that are in high demand with the aerospace, automotive, medical and construction industries.

Some of the major projects approved in 2013 include a new wholly foreign-owned project with investments of RM521 million for the production of pure cotton yarn. The project will utilise state-of-the-art spinning technology from Germany, Switzerland and China, and its entire production will be exported mainly to China, USA and Canada. Two other expansion projects by foreign-owned companies will involve a RM32.5 million "one-stop shop" for wool scouring, topmaking and shrink resist treatments and a RM28.4 million facility for producing knitted and finished fabrics.

The textile and textile products industry has been resilient despite the global economic slowdown. Various bilateral FTAs will provide a bigger platform for further growth while the Trans-Pacific Partnership (TPP) will allow foreign companies dealing with the USA to consider Malaysia as their production base.

Medical devices

Malaysia manufactures an impressive range of medical devices that include implantable devices such as electromechanical devices, orthopaedic implants, dialysers, diagnostic kits, ophthalmic lenses and other devices or instruments which can be used for medical, surgical, dental, optical and general health purposes. The domestic market is expected to grow by 15.9 per cent per year and to hit US$2.8 billion by 2017. The Government has announced eight Entry Point Projects (EPPs) for the medical devices sub-sector, of which 12 projects have been implemented so far. It has also implemented the Medical Devices Regulations 2012, which will help the country become a globally-recognised producer of medical devices and help to attract foreign investor's to Malaysia's shores.

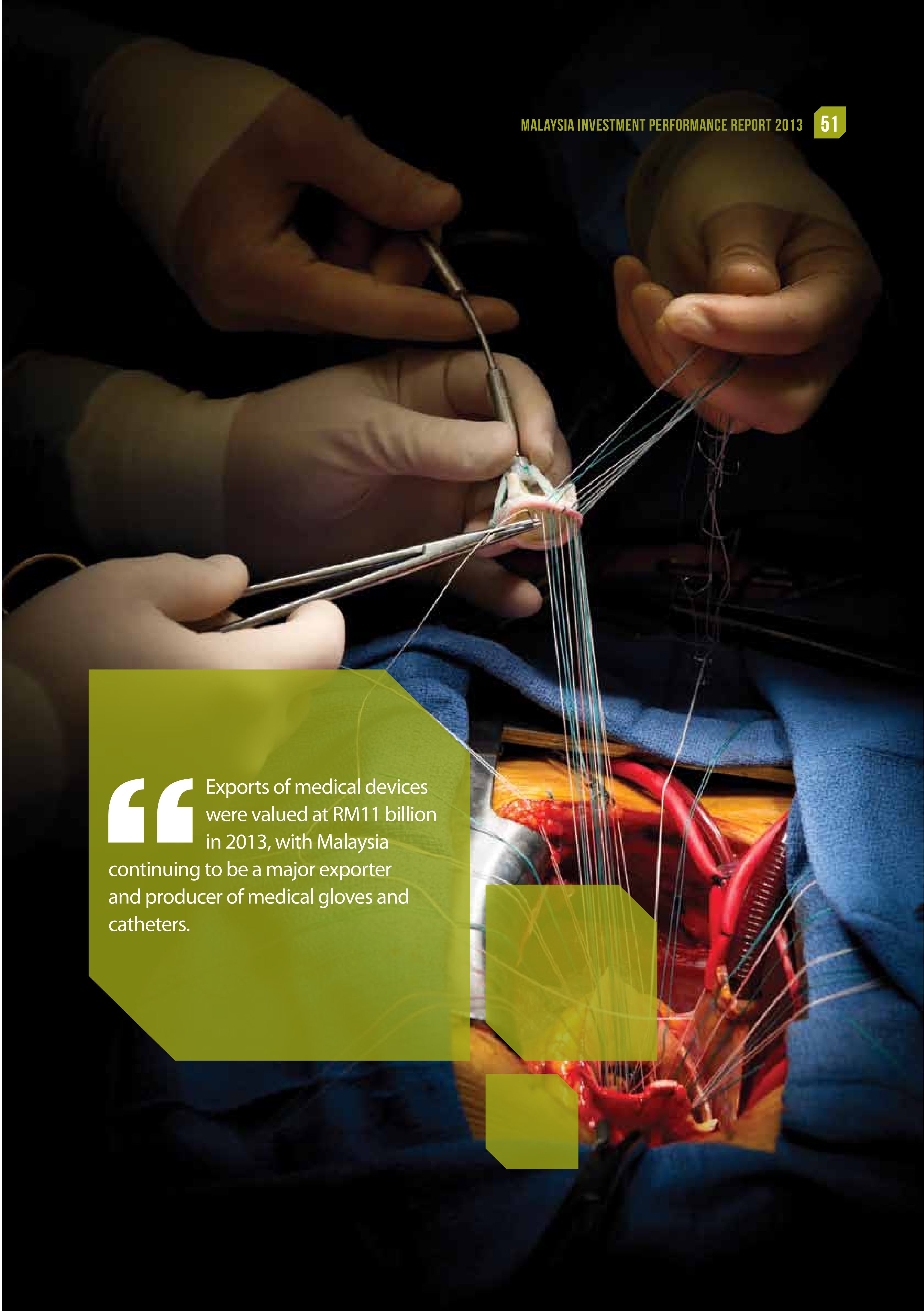
Exports of medical devices were valued at RM11 billion in 2013, with Malaysia continuing to be a major exporter and producer of medical gloves and catheters which accounted for 76.4 per cent (RM8.4 billion) of the industry's total exports. Other major exports included instruments and appliances used in the medical, surgical, dental or veterinary sciences (RM773.4 million), orthopaedic appliances (RM761.5 million) and ophthalmic lenses, including contact lenses (RM499.2 million). The main export destinations for these products were the USA, Europe and Japan.

A total of 43 projects with investments of RM4.7 billion were approved in 2013. Of these, 22 were new projects with investments of RM3.3 billion and 21 were expansion/ diversification projects (RM1.4 billion). Foreign investments amounted to RM1.3 billion (27.7%) while domestic investments totalled RM3.4 billion (72.3%). These projects are expected to generate employment opportunities for 18,302 people.

Of the 43 projects approved, 33 projects (76.7%) with investments of RM1.3 billion were for the manufacture of medical devices other than medical gloves. These projects were mainly for high-end and high value-added products involving R&D.

Among the significant projects approved were a new project by a wholly foreign-owned company from the USA with investments of RM120 million to manufacture whole blood devices and apheresis devices. The facility in Malaysia will be the company's first in Asia and will create 330 job opportunities, particularly for highly skilled and educated workers. Its products will be exported to Asia Pacific and Europe.

Another significant project is by a Malaysian-owned company and involves investments of RM304.7 million to manufacture surgical instrument, external



> "Exports of medical devices were valued at RM11 billion in 2013, with Malaysia continuing to be a major exporter and producer of medical gloves and catheters.

fixation devices, internal fixation devices, artificial joints and dental implant. The extensive R&D and high value added features of this project will expand the scope of contract manufacturing for orthopaedic devices involving a total manufacturing solution - advanced machining, titanium anodising, forging, coating and casting. A total of 1,285 employment opportunities will be created through this project, which is in line with EPP 9: Hub for High Value Medical Devices Contract Manufacturing under the Healthcare National Key Economic Area (NKEA).

Another Malaysian diversification project will involve the manufacture of minimal access surgical simulators and devices' accessories and surgical access locking tools. The RM19.8 million project will be the first of its kind in Malaysia, with over half of the company's employees slated for knowledge-intensive roles in extensive in-house R&D activities.

Agriculture

Under the Agriculture National Key Economic Area (NKEA), GNI from this industry is expected to increase to RM21.4 billion through 16 Entry Point Projects (EPPs) and 11 business opportunities. The Agriculture NKEA is also expected to create 75,000 jobs, mostly in rural areas with the targeted outcome of reducing the income gap between the rural and urban population. The sector comprises primarily livestock farming, fisheries and marine aquaculture and vegetables and fruits.

The Agriculture NKEA is also expected to create 75,000 jobs, mostly in rural areas with the targeted outcome of reducing the income gap between the rural and urban population.

A total of 53 agricultural projects were approved in 2013 with investments amounting to RM558.8 million. Of these approved projects, 44 were new projects and nine were expansion/diversification projects. Domestic investments amounted to RM501.3 million (89.7%) while foreign investments totalled RM57.4 million (10.3%). Investments into the agriculture primary sector in 2013 came to RM558.8 million. The major approved projects include a RM28.8 million new project by a wholly foreign-owned company to undertake floriculture activities.

Processed food

The global increase in food prices is affecting countries all over the world. To ease the people's burden and to address food safety and security, Malaysia has announced price control mechanisms for most of essential goods. The food industry has been earmarked as the Seventh National Key Result Area (NKRA) within the Addressing Cost of Living NKRA. The new NKRA includes food and other essential items and its related supply chain, and several measures will be undertaken to liberalise the sector such as allowing more imported goods and items into the market, utilising idle land for food production and cultivation and acquiring cheaper alternative sources of feedstock.

A total of 66 projects with investments of RM2.9 billion were approved in 2013 compared with RM2.4 billion in 2012 (52 projects). Domestic investments amounted to RM751.2 million (25.9%) while foreign investments totalled RM2.1 billion (74.1%). These projects are expected to generate additional employment opportunities for 5,790 persons.

Significant projects approved include a new RM816 million project by a wholly foreign-owned company to produce chocolate and sugar confectionery products. The company is a global confectionery leader with more than 80 brands, and its state-of-the-art Malaysian plant is expected to be the company's fourth biggest plant worldwide.

Other notable projects include an expansion project by a majority Malaysian-owned company with investments of RM40.2 million to produce maltodextrin/glucose syrup solid and fructose oligo saccharides as well as a

Major exports of Malaysia's agriculture sector

LIVESTOCK FARMING

Poultry and beef are the main products in the livestock sub-sector. Improvements in rearing and farming methods have contributed to higher productivity in poultry farming and new discoveries for animal vaccines have resulted in lowering the risks to diseases that can affect productivity. Although Malaysia is self-sufficient in poultry and eggs, a large percentage of the domestic demand for beef and mutton continues to be met by imports. Malaysia's exports of live animals and meat amounted to RM782.8 million in 2013 while imports totalled to RM2.8 billion.

FISHERIES

Aquaculture remains the fastest growing segment in Malaysia's fisheries sub-sector, with an estimated annual production of 300,000 metric tonnes. Malaysia's total exports of fish and other seafood in 2013 amounted to RM1.8 billion while imports amounted to RM2.6 billion.

VEGETABLES & FRUITS

Most of the local produce within the vegetables and fruits sub-sector consist of fresh vegetables and fruits such as jackfruits and pineapples. In 2013, exports of vegetables and fruits amounted to RM594.6 million while imports of vegetables and fruits such as fruits such as apples, grapes and oranges amounted to RM2.5 billion.

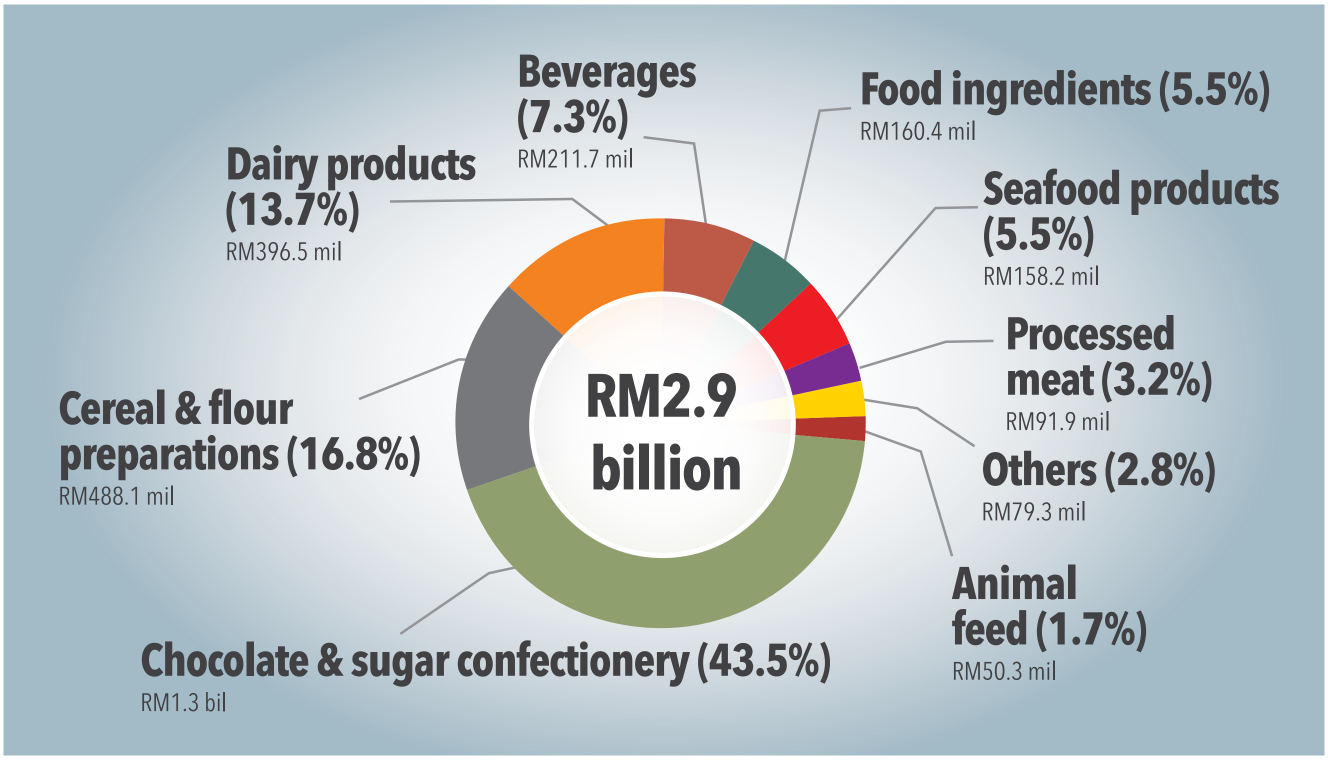


Fig 22 Investments in approved manufacturing projects in the food processing industry by sub-sector, 2013

RM7.4 million new project by a majority foreign-owned company to produce shelf stable sausage.

Pharmaceuticals

The global pharmaceutical market is expected to be worth over US$971 billion by the end of 2016, with a compound annual growth rate (CAGR) of over 24 per cent. Malaysia's pharmaceutical industry has shown significant progress in tandem with this global growth, with both foreign and local investors playing a key role in the industry's development. Pharmaceutical products manufactured in Malaysia can be broadly categorised as prescription medicine, over-the-counter (OTC) medicine, herbal and health supplements and traditional medicine. The local industry remains focused on the production of generic drugs which is dominated by domestic investments.

A total of 12 projects with investments of RM539 million were approved in 2013, most of which were foreign investments amounting to RM338.3 million (62.7%) while domestic investments came to RM200.7 million (37.3%). Six of these projects were new projects and involved investments of RM371.1 million (68.8%) with the rest being expansion/diversification projects. The projects approved are expected to generate employment of 1,150 persons.

The increasing domestic demand for haemodialysis solutions has resulted in more investments in the field of renal products. Among the significant projects approved in 2013 was a new project by a foreign-owned company with investments of RM230 million to manufacture haemodialysis concentrates, peritoneal dialysis solutions and automated dialysis solutions. This project will provide a complete solution from R&D to manufacturing in order to provide complete therapy options within the clinics owned by the company's group. Another new project by a domestic-owned company will involved investments of RM30 million to manufacture large volume parenteral solutions (peritoneal dialysis, sodium chloride, dextrose and ringers). Meanwhile, an expansion project by a joint-venture company involving RM40 million of investments will soon enable the company to become one of Malaysia's largest pharmaceutical producers and exporters.

Investment trends in the pharmaceutical industry in 2013 indicate that the industry is on track towards achieving the government's objective to increase productivity and sustainable growth of high value-added pharmaceutical products and thus contribute to import substitution in Malaysia. Nonetheless, to remain competitive internationally, Malaysian pharmaceutical manufacturers must concentrate on biopharmaceuticals, biosimilars and other high value-added products. Investments by multinational pharmaceutical companies in Malaysia will continue to provide opportunities for local companies to invest in such products and contribute towards the development of the country's pool of talent.

Oil palm products

Malaysia's palm oil industry remains one of the country's most important industries and the fourth largest contributor to the national economy. It currently accounts for RM53 billion in GNI and is targeted to reach RM178 billion by 2020 under the the Palm Oil NKEA.

Malaysia's palm oil industry remains one of the country's most important industries and the fourth largest contributor to the national economy.

In 2013, a total of 32 projects with investments of RM2.4 billion were approved within the palm oil industry compared with 64 projects with investments of RM2.9 billion in 2012. Foreign investments amounted to RM440 million while domestic investments totalled RM2 billion. The crude palm oil and crude palm kernel oil sub-sector had the highest investments (RM1.6 billion), followed by oleochemicals (RM482 million), energy generation projects from palm biomass (RM260 million) and products from palm biomass (RM54.6 million).

There were several significant projects within the oleochemicals sub-sector in 2013, including a RM192 million new and fully computerised controlled sulphation plant by a locally owned company which will produce sodium lauryl sulphate (SLS) and sodium lauryl ether sulfate (SLES). These products are key surfactants used in many home and personal care products, and the company's new technology will allow these surfactants to be produced with lower levels of dioxane: a carcinogenic chemical that is widely found in most surfactants.

Another notable project by a locally owned company will involve an RM178 million plant to produce crude fatty acid, glycerine and residue products. This project will help the downstream segment grow while insulating the upstream segment from volatile commodity price shocks, as there is a global shift from petrochemicals to environmentally friendly green oleo-chemicals. The project expects to generate new opportunities for about 82 Malaysian workers and will also propagate more awareness among foreign investors on the potential of Malaysia's oleochemical industry.

The halal industry continues to be a key area of focus for Malaysia, and a new project by a joint-venture company with investments of RM109 million underscores Malaysia's leadership in the sector. The plant will produce specialty halal chemicals that will find a wide range of applications in cosmetics, homecare, food, pharmaceuticals and other industries. The project will act as a catalyst for growth in halal food processing and will offer 74 job opportunities to electrical and chemical engineers as well as other high level technical workers. Another new project by a majority foreign-owned company with investments of RM148 million will produce shortening, margarine and fat spreads.

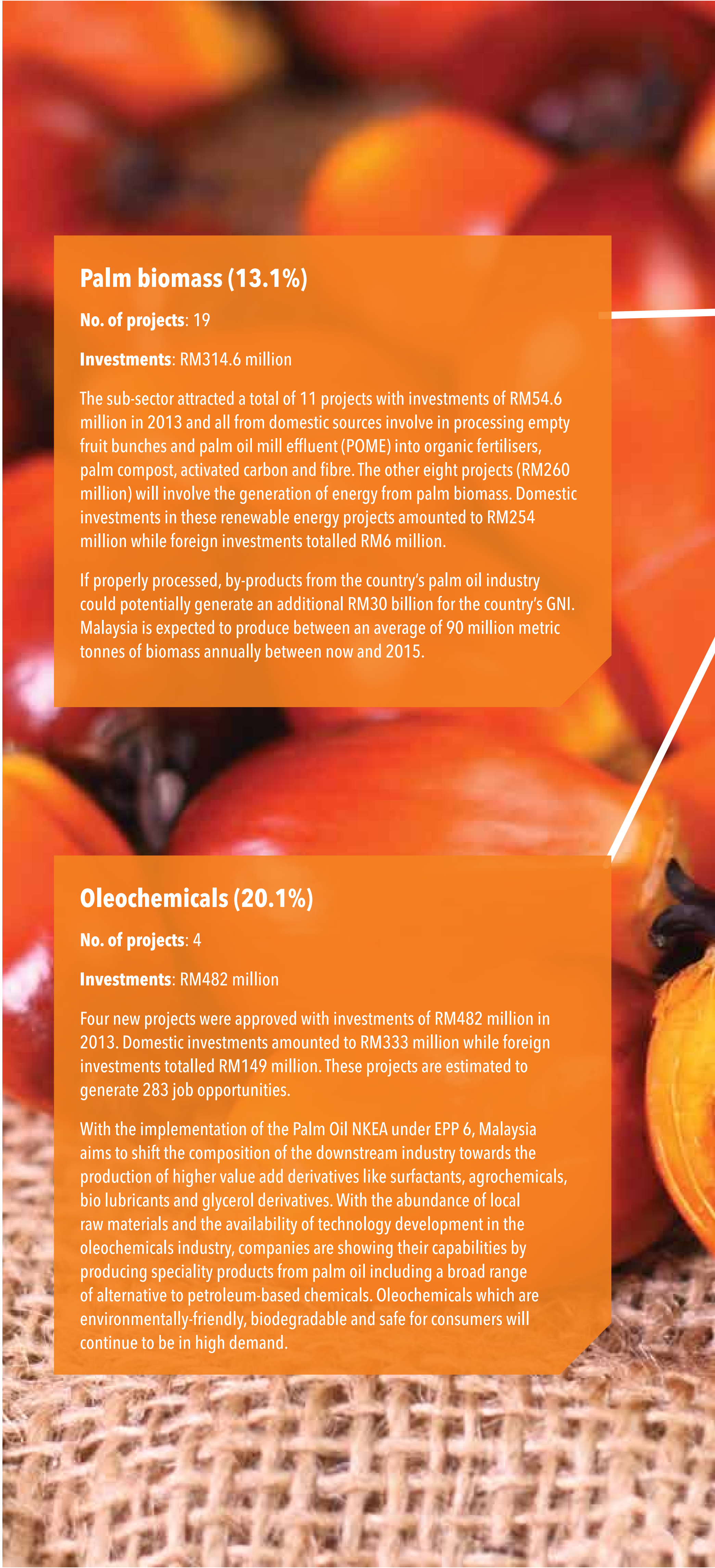
Moving forward, it is important to note that refining and crushing activities have reached maturity levels in the country and are no longer promoted as growth areas. However, significant opportunities still exist in downstream activities that generate high value-added products and in the palm biomass sub-sector. In the downstream activities, the growth areas are in oleochemical-based products and nutritional foods and ingredients as well as R&D activities which generally involve high levels of technology.

Chemicals and chemical products

Exports of chemicals and chemical products in 2013 increased by 3.1 per cent to RM47.7 billion. However, investment trends in Malaysia's chemical industry in 2013 show that there is room for expansion within both the domestic and export markets.

A total of 41 projects with investments of RM5 billion were approved in 2013, of which 25 were new projects (RM4.7 billion or 94%) while 16 were expansion/diversification projects (RM300 million or 6%). Domestic investments amounted to RM1.8 billion (36%) while foreign investments totalled RM3.2 billion (64%). The projects approved are expected to generate new job opportunities for 2,361 persons.

Of the 41 projects approved in 2013, a total of 27 projects with investments of RM4.8 billion



Palm biomass (13.1%)

No. of projects: 19

Investments: RM314.6 million

The sub-sector attracted a total of 11 projects with investments of RM54.6 million in 2013 and all from domestic sources involve in processing empty fruit bunches and palm oil mill effluent (POME) into organic fertilisers, palm compost, activated carbon and fibre. The other eight projects (RM260 million) will involve the generation of energy from palm biomass. Domestic investments in these renewable energy projects amounted to RM254 million while foreign investments totalled RM6 million.

If properly processed, by-products from the country's palm oil industry could potentially generate an additional RM30 billion for the country's GNI. Malaysia is expected to produce between an average of 90 million metric tonnes of biomass annually between now and 2015.

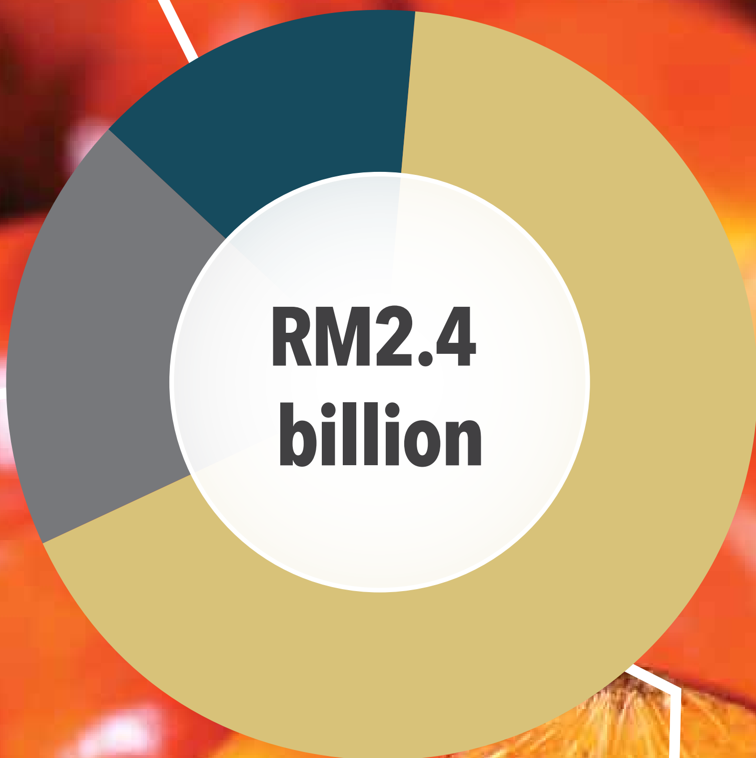
Oleochemicals (20.1%)

No. of projects: 4

Investments: RM482 million

Four new projects were approved with investments of RM482 million in 2013. Domestic investments amounted to RM333 million while foreign investments totalled RM149 million. These projects are estimated to generate 283 job opportunities.

With the implementation of the Palm Oil NKEA under EPP 6, Malaysia aims to shift the composition of the downstream industry towards the production of higher value add derivatives like surfactants, agrochemicals, bio lubricants and glycerol derivatives. With the abundance of local raw materials and the availability of technology development in the oleochemicals industry, companies are showing their capabilities by producing speciality products from palm oil including a broad range of alternative to petroleum-based chemicals. Oleochemicals which are environmentally-friendly, biodegradable and safe for consumers will continue to be in high demand.



A mature industry

Malaysia's palm oil industry remains one of the country's most important industries and the fourth largest contributor to the national economy. It currently accounts for RM53 billion in GNI and is targeted to reach RM178 billion by 2020 under the the Palm Oil NKEA.

Indonesia remains the world's largest producer of palm oil while Malaysia is one of the largest exporters. The major consumers of palm oil are the People's Republic of China, India and Europe. Being one of the biggest producers and exporters of palm oil and palm oil products, Malaysia has an important role to play in ensuring that the global need for palm oil is met in a sustainable manner.

Palm oil and palm kernel oil (66.8%)

No. of projects: 9

Investments: RM1.6 bil

A total of nine projects with investments of RM1.6 billion were approved in this sub-sector in 2013. Of these, seven were new projects. Foreign investments amounted to RM285 million while domestic investments totalled RM1.3 billion.

The main activities in this sub-sector are refining and crushing. There are currently 53 refineries and 44 crushing plants in operation in Malaysia with a total capacity of 25 million tonnes and 6.9 million tonnes per year respectively. The refineries processed a total of 13.2 million tonnes of crude palm oil and 1.3 million tonnes of crude palm kernel oil while crushing plants processed four million tonnes of palm kernel. The main products produced are refined, bleached and deodorised (RBD) palm olein and stearin. Other products include margarine, vanaspati and specialty fat products.

Project	Ownership	Investment (RM mil)
A new project to produce electrolyte for rechargeable batteries. This project will support the country's E&E ecosystem and increase local content in mobile electronic devices and energy storage systems.	Foreign	54.7
An expansion project to produce construction chemicals for mining and tunneling activities. At least 87% of the jobs generated by this projects will be in managerial, technical and science posts.	Foreign	3.8
An expansion project to produce synthetic/oil-based mud specialty products and emulsifier rheology modifier fluids.	Foreign	3.4
A new project to produce yellow phosphorous, phosphoric acid, mono potassium phosphate and dipotassium phosphate. This project will create 950 job opportunities.	Foreign	1,100

Table 4 Notable projects in the chemicals and chemical products industry

were for the manufacture of various chemical products as well as electrolytes for rechargeable batteries. Six projects with investments of RM110 million were for the manufacture of agricultural chemicals such as fertiliser mixtures, compost fertiliser and bio-organic fertiliser. Three projects with investments of RM34 million were for the manufacture of industrial gases such as hydrogen, liquid nitrogen and liquid oxygen, while another three projects with investments of RM30 million will involve the manufacture of detergents, cosmetics and toiletries. Two projects with investments of RM21 million will involve the manufacture of coating and thinner for paints.

The chemical industry is important to Malaysia as it supports the development of other industries such as E&E, O&G, food, agriculture, transportation and others. Imports of raw chemicals within these other industries may be reduced if the required chemicals are available in Malaysia at the quantity and quality required. Local industries will benefit in terms of improved quality and shortened production time for their products. However, the chemical industry must stay abreast of developments in technology, automation, R&D and efficiency in order to stay competitive.

Biotechnology

Malaysia's Bioeconomy Transformation Programme (BTP) aims to encourage the participation of the private sector in developing the country's bioeconomy by providing it a platform to channel and maximise commercial opportunities within the industry. Through this initiative, 20 Trigger Projects have been identified, which could potentially result in GNI of RM3.6 billion, 16,300 high-quality jobs and foreign and domestic direct investments of RM10 billion by 2020.

At present, there are 229 Bionexus-status companies in Malaysia with investments totalling RM3.3 billion. More than half of these companies are local. A total of 18 projects with investments of RM856.2 million were approved in 2013, of which 17 were by Bionexus-status companies with investments of RM697.6 million. Domestic investments in these approved projects amounted to RM430.3 million (50.3%) while foreign investments totalled RM425.9 million (49.7%). The projects approved will provide potential employment for 1,902 persons.

Among the significant projects approved last year include a new RM158.5 million project by a Japanese biotechnology company to manufacture bioethanol and oil palm trunk

(OPT) pellets, while another new RM123.5 million project will produce biofeed from palm oil waste. This project is expected to employ 680 personnel and has received a Green Project Certificate from the Malaysian Green Technology Corporation due to its zero-waste concept technology.

Another important project is a new joint-venture involving a European multinational company with investments of RM73 million for the commercialisation of human vaccine. The collaboration is expected to improve the country's supply of key vaccines and increase the export potential of locally-manufactured vaccines.

New investments into this sector indicate the continued growth of the global biotechnology industry and will provide new job opportunities and career development for the local workforce. By 2020, the biotechnology industry is expected to employ about 280,000 people and to contribute 5 per cent of the national GDP with investments of about RM8 billion.

Investments into Malaysia's petroleum and petrochemical industry grew by two per cent in 2013 to RM6.2 billion.

Petroleum & petrochemical products

The petroleum and petrochemical industry comprises of three sub-sectors mainly natural gas, petroleum products and petrochemical products. A total of seven projects with total investments of RM6.2 billion were approved in 2013, four of which were new projects. Domestic investments amounted to RM3 billion (48%) while foreign investments totalled RM3.2 billion (52%). It is estimated that these projects will generate 655 new employment opportunities.

In general, total approved capital investments in 2013 increased by two per cent to RM6.2 billion from RM6 billion in 2012. This shows that the industry is responding positively to the Economic Transformation Program ETP where the oil, gas and energy sub-sectors have been identified as a National Key Economic Areas (NKEAs).

The major projects approved in 2013 include a new joint-venture project with total investments of RM2.3 billion to produce blended crude petroleum oil, blended gasoline, blended diesel and blended fuel oil. This project will create 96 new employment opportunities and complement the development of the RAPID project. Another new foreign-owned project with total investments of RM2.7 billion will involve the production of ammonia, citric acid and ammonium nitrate to be used as a raw materials for fertilizers. Most of the ammonium nitrate produced by this facility is slated for export, although some will be sold locally to substitute imports.

One diversification project was approved involving investments of RM1.5 billion to undertake the production of aroma chemicals namely isoprenol, citral, citronellol, menthol, energol-ME and energol-C. These products are used in personal care products, flavourings and fragrances for essential oils, cosmetics and household products. This project uses high end technology and will put Malaysia on the map as a hub for aroma chemicals in the Asia Pacific region.

Investments in this sector show how the industry has advanced over the years. Some of the projects approved not only strengthen the existing ecosystem but also catalyse the continued development of the O&G cluster. The rapid development of the shale gas industry in the US has made that country a very attractive location for petrochemical manufacturing while also driving down global prices for natural gas. Continued investments into new capacity in the US will increase competitive pressures among O&G firms in Europe, Asia and elsewhere.

For Malaysia to move forward, investments into the local O&G industry should be focused on the production of high value added and niche market products so that the usage of available natural gas and crude oil in the country could be optimised.

Plastic products

The plastic products industry comprises a number of sub-sectors with many useful applications. The growth in domestic downstream plastic processing activities can be attributed to Malaysia's well-developed petrochemical sector, which provides it with a steady supply of raw materials including world-class resin production facilities. Plastic exports grew by 6.8 per cent to RM10.6 billion in 2013 compared to RM10 billion in 2012. Manufacturers have been able to maintain export growth despite the global slowdown by moving up the value chain to focus on producing higher quality products.

Plastic exports grew by 6.8 per cent to RM10.6 billion in 2013 compared to RM10 billion in 2012. Manufacturers have been able to maintain export growth despite the global slowdown by moving up the value chain to focus on producing higher quality products.

A total of 44 projects with investments of RM848 million were approved in 2013, of which 30 were new projects with investments of RM615.8 million, and 14 were expansion/diversification projects with investments of RM232.2 million. Foreign investments amounted to RM410.2 million (48.4%) while domestic investments totalled RM437.8 million (51.6%). The projects approved will provide potential employment for 3,334 people.

The significant projects approved in 2013 include a new joint-venture project with investments of RM199.9 million to manufacture recycled polyethylene flakes as well as a wholly foreign-owned project with investments of RM117.8 million to manufacture graphite sheets and graphite sheet stickers for electronic products. A wholly Malaysian-owned project with new investments of RM50.8 million was also approved to manufacture disposable plastic trays, cups, lids, caps, boxes and closures.

The Malaysian plastic industry will face increased cost pressures from the implementation of the minimum wage policy and the removal of energy subsidies. The industry is thus upgrading its technological expertise to ensure it remains competitive in the long run. Four companies ventured into producing higher value added plastic products in 2013, especially for packaging pharmaceutical products, E&E products and other sensitive appliances that require high-grade plastics. The Malaysian plastics industry is well positioned to expand and innovate despite the gloomy global outlook and strong challenges ahead.

Consumer & industrial

No. of projects: 14

Investments: 199.8 million

A total of 14 projects were approved in the consumer and industrial sub-sector worth RM199.8 million in total investments. Of these, nine were new projects (RM165.9 million) while five were expansion/diversification projects (RM33.9 million).

Recycling

No. of projects: 3

Investments: 202.7 million

Three projects were approved for recycling of plastics with investments of RM202.7 million. Of these, two were new projects (RM199.3 million) while one was an expansion/diversification project (RM3.4 million).

Packaging

No. of projects: 11

Investments: 168.5 million

The packaging sub-sector remained the leading sub-sector in 2013 with 11 projects and investments amounting to of RM168.5 million. Of these, six were new projects (RM101.2 million) and five were expansion/diversification projects (RM67.3 million). The majority of these projects were for the manufacture of flexible packaging, sheets, bags, and films.

Specialised plastics

No. of projects: 3

Investments: RM129.9 million

Three projects were approved to produce specialised plastics with investments of RM129.9 million. Of these, two were new projects (RM12.1 million) while one was an expansion/diversification projects (RM117.8 million).

Fig 23 Investments into sub-sectors of the plastic products industry, 2013

Rubber products

Malaysia's rubber products industry is well-established and can be categorised into latex products, tyres and tyre-related products, industrial and general rubber products. Dominated mainly by small and medium enterprises (SMEs), the industry is making a shift towards high value-added products and high-technology rubber products for engineering, construction and marine applications.

A total of 10 projects with investments of RM233.4 million were approved in this sector in 2013 (excluding medical devices), of which three were new projects with investments of RM8.6 million while the rest were expansion/diversification projects with investments of RM224.8 million. Domestic investments amounted to RM210.8 million (90%) and foreign investments totalled RM22.6 million (10%) respectively. Six of the projects approved were wholly Malaysian-owned (RM210 million), two projects were joint-ventures (RM980,000) and two projects were wholly foreign-owned (RM22.4 million). Investments into rubber plantations in 2013 came to RM223.7 million.

Most of the investments in 2013 were in tyres and tyre-related products, synthetic latex and industrial and general rubber products. The approved projects are expected to generate 494 employment opportunities.

Wood and wood products

Malaysia's wood-based sector has become one of the most important sectors in the country over the last two decades. The industry is predominantly owned by Malaysians, with about 87 per cent of companies comprising small and medium scale manufacturers. Over the years, it has developed from a primary processing industry to a more advanced and technology-driven industry producing a significant number of downstream value-added products.

In 2013, a total of 61 projects were approved with investments of RM597 million, of which 51 were new investments of RM511.5 million (86%)) and ten were expansion/ diversification projects with investments of RM85.5 million (14%). Domestic investments amounted to RM550 million (92%) while foreign investments totalled RM47 million (8%). These projects are expected to provide job opportunities to 5,960 people.

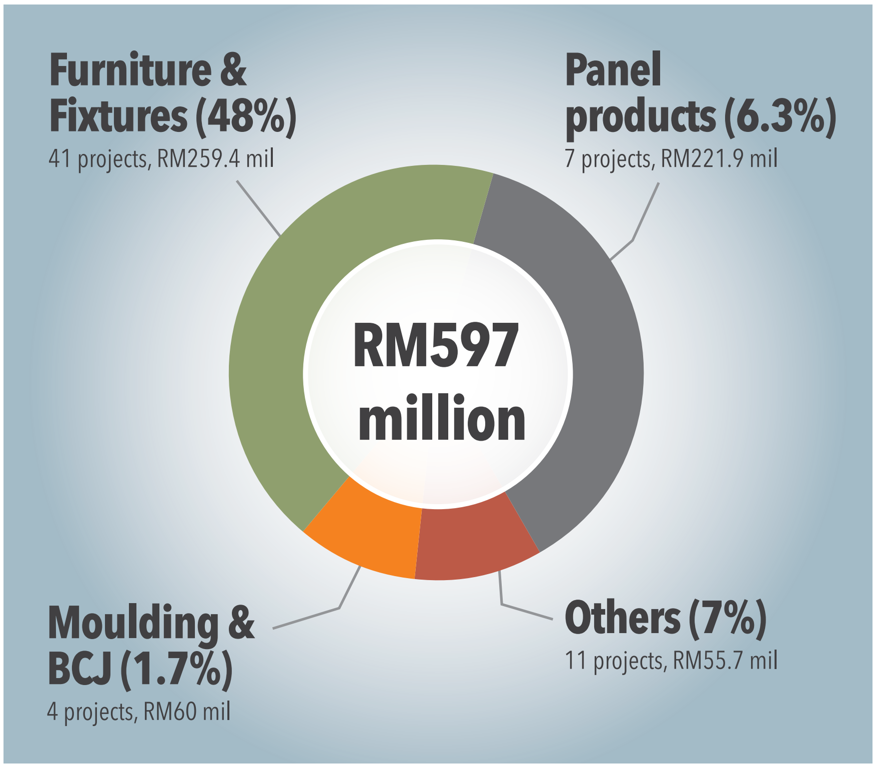


Fig 24 Investments in approved manufacturing projects in the wood-based industry by sub-sector, 2013

The furniture sub-sector recorded the highest investments in 2013, attracting RM259.4 million (44%) worth of investments in 41 projects. Of these, 31 were new projects with investments of RM193 million (74%), while the remaining eight were expansion/diversification projects worth RM66.4 million (26%). Domestic investments accounted for RM249.4 million (96%) of total investments in this sub-sector while foreign investments of RM10 million made up the rest (4%).

The panel products sub-sector and the mouldings and builders' carpentry and joinery sub-sector each attracted seven and four projects respectively with approved investments of RM221.9 million and RM60 million. In addition, 11 projects with investments of RM55.7 million were approved for the manufacture of other wood-based products and materials such as wood pellets, pallet, sawn timber and agriculture waste. One such project by a wholly Malaysian-owned company with investments of RM182.2 million will produce oriented strand board. This project will provide job opportunities for 115 Malaysians.

Non-metallic mineral products

The non-metallic mineral industry consists of ceramic and clay- based products, cement and concrete products, glass products, and other non-metallic mineral products such as quicklime, barite, marble and granite. In 2013, the industry was Malaysia's 11th largest export earner with total exports amounting to RM5.4 billion. Major exports included glass and glassware (RM1.8 billion); mineral products (RM1.5 billion); and lime, cement and fabricated construction materials (RM932.2 million).

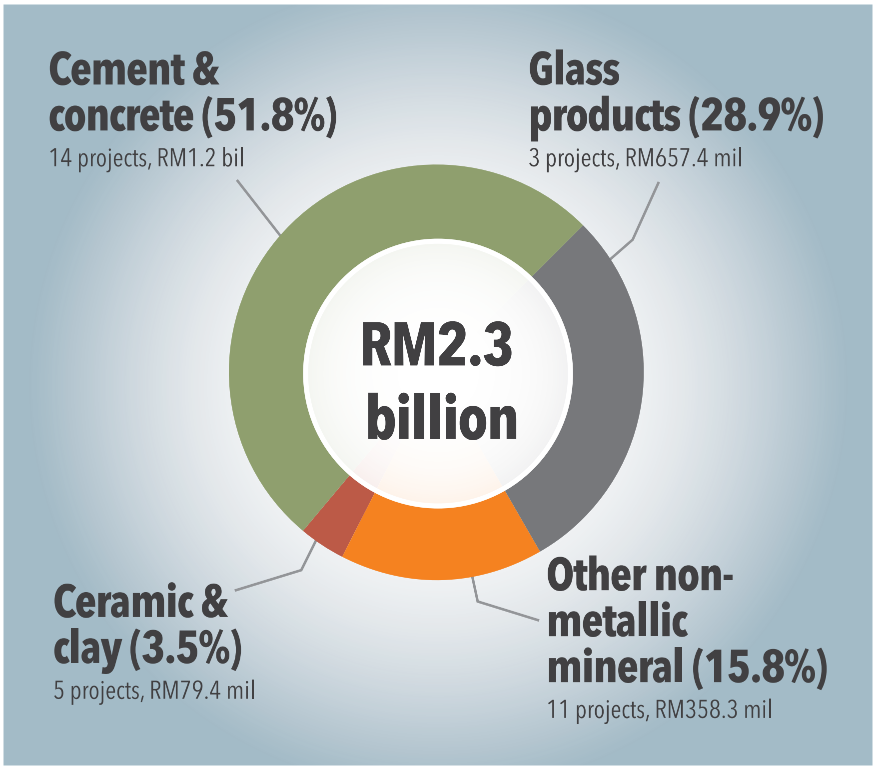


Fig 25 Investments in approved manufacturing projects in the non-mineral products industry by sub-sector, 2013

A total of 33 non-metallic mineral projects were approved in 2013 with total investments of RM2.3 billion. Of these, 19 were new projects with investments of RM1.5 billion (67.4%) while 14 were expansion/diversification projects with investments of RM735.2 million (32.6%). Domestic investments totalled RM932.5 million (41%) and foreign investments amounted to RM1.3 billion (59%).

Of the 33 projects approved, 14 projects (RM1.2 billion) for cement and concrete products, 11 projects were for other non-metallic minerals (RM358.3 million), five projects (RM79.4 million) were for the ceramic and clay products, and three projects (RM657.4 million) were for glass products.

Among the significant projects approved in 2013 is a new wholly foreign-owned project with investments of RM624.2 million to produce clear float glass and related products such as coated and laminated glasses. The project will introduce a state-of-the-art technology for glass coatings that can reduce the energy consumption of buildings by up to 20 per cent. The project complements the formation of glass ecosystems for electronics, solar, automotive and construction applications. About 57 per cent of the facility's total production will be for export.

Another export-oriented project is an expansion by a wholly foreign-owned company involving investments of RM299 million to manufacture calcium carbonate, calcium oxide and other specialty products. The project is the company's first manufacturing plant in Asia and includes an R&D centre with high technology lab facilities to undertake applied research activities, including developing new materials and processes for various applications for steel, construction, water treatment, paper and paint. At least 80 per cent of the facility's production will be exported.

Another important project is a new joint-venture involving investments of RM620 million to manufacture clinker and ordinary Portland cement. The proposed project will mostly cater to domestic demand and will see the use of a highly automated production process requiring fewer workers, less water and electricity consumption.

The glass and glass products industry is expected to expand towards specialised/functional glasses such as low-E glass and high performance and special coating glasses that cater to the construction and solar industries. Meanwhile, building materials are becoming increasingly reliant on natural or synthetic fibres for construction panels. There is also increasing demand for speciality glass fibres and coated glass as insulation in energy saving applications.

Another potential growth area is the advanced ceramic products sub-sector, which has wide applications within the E&E industry. In 2013, Malaysia exported RM236.8 billion worth of E&E products comprising semiconductors and components that used advanced ceramics. With the wide availability of raw materials, support services and R&D centres in the country, Malaysia is positioning itself to develop the ecosystem for the advanced ceramics sector.

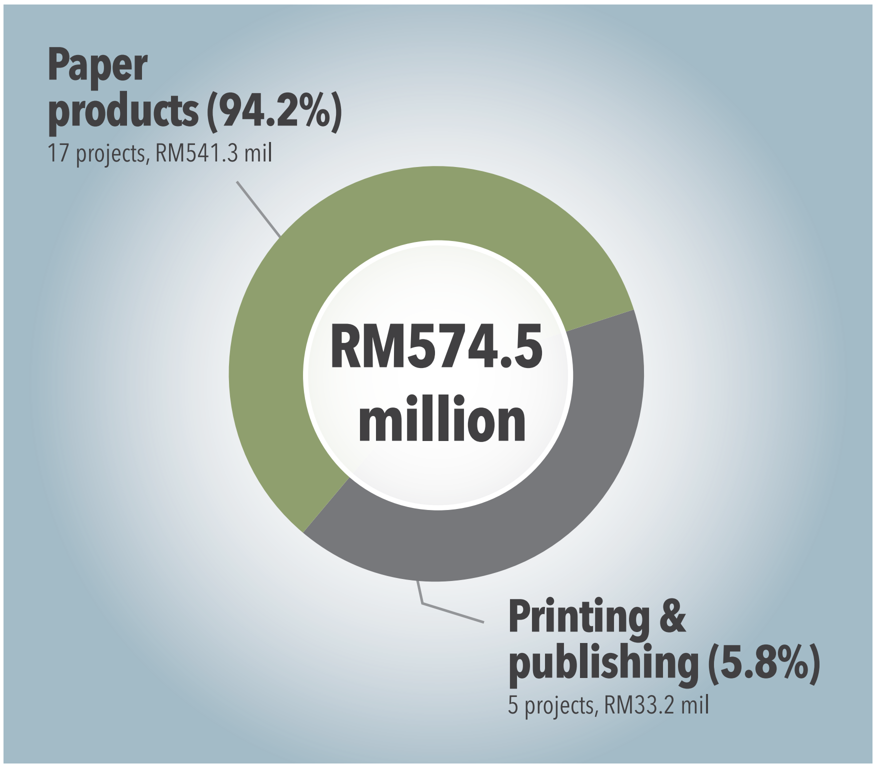


Fig 26 Investments in approved manufacturing projects in the paper, printing and publishing industry by sub-sector, 2013

Paper, printing and publishing

The Malaysian paper industry has recorded 90 per cent self-sufficiency in the supply of paper and paper products. There are 20 paper mills in the country with an annual total production capacity of about 1.9 million metric tonnes. Wastepaper is the main raw materials used by industries to produce their paper products. To date, this industry has provided employment opportunities to 4,000 people.

The domestic printing and publishing industry consists mainly of small and medium-scale domestic-oriented manufacturers. There are currently about 1,000 companies in operation mainly engaged in general printing. In 2013, imports of paper and paper products amounted to RM6.5 billion while exports totalled RM3.6 billion.

A total of 22 projects were approved in 2013 with investments of RM574.5 million divided between 13 new projects (RM225.1 million or 39%) and nine expansion/diversification projects (RM349.4 million or 61%). Foreign investments amounted to RM68.2 million (12%), while domestic investments accounted for RM506.3 million (88%) of the total. The 22 projects are expected to provide employment opportunities to 2,253 people with 20 per cent of the employment considered to be in the high income category. The sub-sector with the highest investments in 2013 was the paper products sub-sector with RM541.3 million in 17 projects followed by the printing and publishing sub-sector with RM33.2 million in five projects.

"The domestic printing and publishing industry consists mainly of small and medium-scale domestic-oriented manufacturers. There are currently about 1,000 companies in operation mainly engaged in general printing.

BRIGHT SPARK

A liberalised services sector piques investor interest and begins to generate new areas of economic growth.

The Malaysian Government's ongoing support for the services sector saw its continued expansion in 2013. The sector attracted the largest portion of approved investments into the economy in 2013 (RM144.7 billion), exceeding the total approved investments of RM122.9 billion in 2012 by 17.7 per cent.

The services sector encompasses a broad range of services including regional establishments; support services; MSC status companies; real estate (housing); transport; energy; telecommunications; distributive trade; hotels and tourism; financial services and health services.

A gateway to Asia

Malaysia's strategic location and its role as a leading economy within ASEAN and Asia have continued to be the catalyst in making Malaysia an attractive and competitive destination for global business leaders to set up their regional business hubs and to strategically grow their businesses in Asia. This has been strongly supported by the Government's ongoing commitment in pursuing pro-business and pragmatic policies to ensure that the country's investment climate remains attractive to businesses. The World Bank ranked Malaysia the 6th world's best place to conduct business in its "Ease of Doing Business 2014" Report. Meanwhile, the Grant Thornton Global Dynamism Index (GDI) 2013 ranked Malaysia as the second most dynamic country in ASEAN and 13th worldwide.

Malaysia's active involvement at various regional and bilateral levels including Free Trade Agreement negotiations has significantly contributed towards increasing opportunities for trade and investment for Malaysia. These economic initiatives contribute towards increasing opportunities for trade and investment for businesses located in Malaysia, including gaining new market access and enabling industries to relocate or expand their operations into ASEAN and the Asia Pacific to enhance their regional presence and competitive edge.

The Government's initiatives also provide opportunities for firms to achieve economies of scale or specialisation through the establishment of regional or global production networks, industrial complementation, enhanced outsourcing activities and the establishment of other forms of strategic business alliances to strengthen their global supply chain management. As at 31 December 2013, a total of 3,350 projects were approved to establish regional operations in Malaysia.

18%

Investments into the services sector rose from RM122.9 billion in 2012 to RM144.7 billion in 2013.

Operational Headquarters (OHQs)

As at 31 December 2013, a total of 238 OHQs were approved with investments of RM4.1 billion in Malaysia, of which seven new OHQs were approved in 2013 with total proposed investments of RM567 million. The major OHQ activities undertaken by these companies include the provision of common corporate functions such as finance/accounting, IT, technical support, R&D services, administration and management; oil & gas as well as business planning and coordination to support their operations in the Asia Pacific region. Of these 238 OHQs, 40 were from the USA; 20 each from the United Kingdom and Australia; 19 from the Netherlands; 18 from Japan, 14 from Germany while 107 were from other countries including four from Malaysia. A total of 22 companies approved are involved in the oil & gas industry. These OHQs have generated a total of 11,908 job opportunities, and the seven new projects approved in 2013 are expected to create a further 1,130 high income jobs for Malaysians.

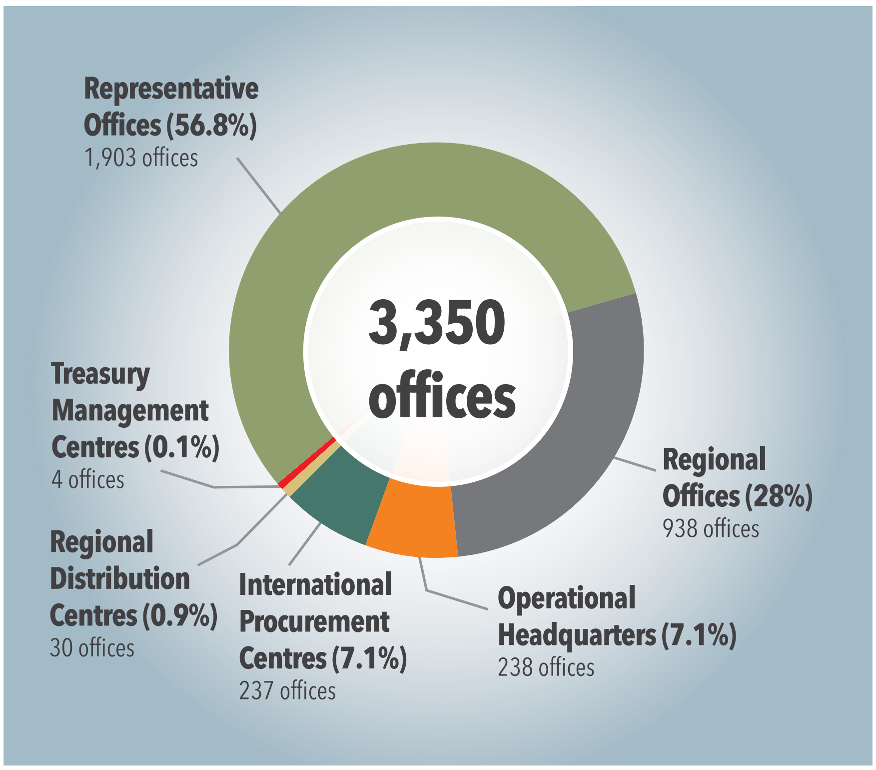


Fig 27 Number of regional establishments approved as at 31 December 2013

Among the major OHQs approved in 2013 is the new regional office of Astrazeneca Sdn. Bhd., whose parent company is a world leader in pharmaceutical products. The new OHQ will coordinate data/ information management and processing and R&D of its subsidiaries and related companies operating in Asia and generate a total of 26 job opportunities for Malaysians, of which 5 will involve R&D activities.

Husqvarna Malaysia Sdn. Bhd., a subsidiary of Husqvarna AB (publ) of Sweden, has also established a new regional office to perform technical and management oversight and controllership functions to its affiliates and related companies operating in the Asia Pacific. Husqvarna AB (publ) is the world's largest producer of outdoor power products and is one of the world's leaders in cutting equipment and diamond tools, having approximately 15,000 employees worldwide with its products being sold in more than 100 countries.

Another major industrial player is the Jord Group of Australia, a specialist process plant, systems and equipment designer, manufacturer and plant service provider. Jord's market is alumina, oil refining, onshore and offshore oil and gas, petrochemical, power generation, mineral processing, coal and sugar. The group's new operational headquarters in Malaysia will support Jord's manufacturing plant in Rasa and act and grow as a regional hub to the region. Jord is actively engaged and servicing the process industries in South East Asia, Korea, Japan, India and the Middle East. The initial staff appointments in Jord OHQ will form the foundation for management, procurement, service, technical support, quality control and human resource to Jord's expanding business in the region. This project is expected to generate a total of 11 job opportunities for Malaysians.

Another Australian-based company that set up a regional office in Malaysia last year is Stellar International Ltd: a key content services provider for inflight entertainment in Asia. Stellar Corporate Services Sdn. Bhd. will coordinate business planning, data management, technical support and marketing of its related companies in Asia. This OHQ will create 24 jobs for Malaysians.

International Procurement Centres (IPCs)

A total of 237 International Procurement Centres (IPCs) have been approved as at 31 December 2013 with total annual sales turnover estimated at RM75.1 billion, while investments in these IPCs amounted to RM8.5 billion. A total of 127 (53.6%) of these IPCs are servicing the E&E industry while the remaining IPCs are servicing the chemicals/petrochemicals industry (32), the machinery and industrial parts industry (18), the textiles industry (10), O&G industry (10); the furniture industry (8) and other industries.

A total of five IPCs were approved in 2013 with incentives involving investments totalling RM1.3 billion and an estimated total annual sales turnover of RM2 billion. These IPCs will create employment opportunities for 639 Malaysians, mainly in the managerial, technical and skilled categories.

The major projects approved include a new IPC for Ismeca Malaysia Sdn. Bhd, a wholly owned subsidiary of Cohu Semiconductor Equipment Group, Switzerland. Cohu is a leading supplier of IC and LED test handlers, micro-electro mechanical system (MEMS) test modules, back-end finishing equipment and thermal sub-systems used in final test, burn-in and system level tests by semiconductor manufacturers and test subcontractors. The IPC will create 63 jobs with incomes more than RM3,000 for Malaysians to support its operations to procure raw materials and components for its manufacturing operations and to distribute its finished products to the global market.

Meanwhile, Minebea Co. Ltd of Japan has expanded its operations in Malaysia by establishing an IPC to consolidate the company's procurement and distribution activities, especially for the export market with sales turnover of RM271 million by the third year of its operation.

The company is involved in the manufacturing, sales and marketing of machinery and electronic devices.

Regional Distribution Centres (RDCs)

As at 31 December 2013, a total of 30 Regional Distribution Centres (RDCs) have been approved with total investments of RM361.5 million and an annual sales turnover worth RM3.3 billion. A total of 728 employment opportunities will be created by these RDCs, of which 90.5 per cent will be filled by Malaysians.

One of the two RDC projects approved in 2013 was the new distribution hub of Epson Toyocom Malaysia Sdn. Bhd., a company wholly owned by Seiko Epson Corporation, Japan which develops, manufactures and markets information related equipment, electronic devices and precision products. The company's RDC was approved with incentives involving a total investment of RM31 million and an estimated total annual sales turnover of RM385 million.

Treasury Management Centres (TMCs)

A TMC is aimed at encouraging corporations to use Malaysia as a base for conducting regional/ global treasury management activities for its group of related companies within or outside the country.

As at 31 December 2013, a total of four Treasury Management Centres (TMCs) have been approved with total investments of RM66.6 million. A total of 77 employment opportunities will be created by these TMCs which will be filled by Malaysians. All four TMCs were approved in 2013.

Regional/Representative Offices (REs/ROs)

As at 31 December 2013, a total of 938 Regional Offices (ROs) and 1,903 Representative Offices (REs) have been approved. These REs/ROs were established to undertake feasibility studies and to coordinate business activities for their parent companies.

In 2013, a total of 68 ROs and 96 REs were approved with total spending of RM2.1 billion. These REs/ ROs are expected to create employment opportunities for 488 Malaysians.

Global Operations Hubs

Supply chain functions have assumed an increasingly prominent and integrated role in multinational corporations in recent years, growing more complex and significant in today's global business arrangement. The part of the value chain that can be performed offshore has increased in value-add and

Malaysia offers premium office space at some of the most competitive rates in Asia

complexity where different types of services are being handled across borders and include a large number of countries specialising in different parts of the service-production ecosystem.

According to UNCTAD, a substantial share of global supply chain production processes and services are taking place in developing countries, particularly those with quality pro-business policies. In 2013, Malaysia continued to be chosen by several major MNCs as their global operations hub due to the country's pro-business and investor-friendly government policies, complemented by its world class infrastructural facilities, cost efficiency in doing business, excellent banking and financial services, as well as its highly skilled multi-cultural and multi-lingual professional and technical workforce.

In 2013, nine global operation hub projects were approved with total investments of RM7.9 billion and employment opportunities of 15,877.

In 2013, nine global operation hub projects were approved with total investments of RM7.9 billion and employment opportunities of 15,877. These global operation hub projects will create significant spin-off effects on the economy.

The projects approved in 2013 reflect the changing nature

Malaysia is the country of choice for several major MNCs as their global operations hub

of Malaysia's industries. Intel has established its Global Services Centre (GSC) in Pulau Pinang to strengthen the company's global operations, while Knowles Electronics will expand its current operations by playing a more prominent role in the company's supply chain management, customer facing functions and treasury management. As Malaysia is the company's principal and global distribution centre for Knowles Group, the distribution market will also be expanded from 25 countries to 54 countries.

BMW Asia Technology Centre Sdn. Bhd. will also expand its current operations by having more and higher value-added services activities with total investments of RM150 million and 25 job opportunities for Malaysians, as will Exxon Mobil Business Support Centre Malaysia Sdn. Bhd., which will establish a Global Support Office (GSO) in Kuala Lumpur and create 70 job opportunities for local engineers.

Logistics

The logistics sub-sector includes Integrated Logistics Services (ILS), International Integrated Logistics Services (IILS) and Cold Chain activities. The incentives available to companies within these three sub-sectors vary according to the company's capabilities and scope of investment.

ILS incentives are granted to logistics companies that undertake warehousing, transportation, freight forwarding and other related value-added services such as distribution and supply chain management undertaken on an integrated basis. As at 31 December 2013, a total of 49 companies with investments valued at RM3.5 billion have been granted incentives. Of these companies, eight were new projects and 41 were expansion projects.

In 2013, 15 companies were approved ILS incentives for their project expansion and one company has been approved as a new project. The companies are venturing into conventional logistics activities as well as value-added services such as packing, repacking, and relabeling with total investments of RM880.5 million.

In contrast to ILS companies, an IILS Status company provides integrated and seamless logistics services (door-to-door) along the logistics value chain as a single entity on a regional or global scale. A Customs Agent Licence will be issued to qualified IILSs. In 2013, 15 companies were approved IILS status which will enable them to expand their activities globally.

A company that provides Cold Chain activities such as cold room services and refrigerated trucks for perishable agriculture produce i.e. fruits, vegetables, flowers, ferns and meats and aquatic products, is eligible for either Pioneer Status or Investment Tax Allowance. In 2013, three companies with investments valued at RM10.3 million were granted these incentives.

Energy services

Oil & gas

The Government is focused on three main goals in developing Malaysia's O&G industry: sustaining O&G production, enhancing downstream growth, and making Malaysia an Asian hub for oilfield services. Towards this end, MIDA is intensifying its development and promotional efforts in the following targeted O&G services and activities:

- improved / enhanced oil recovery (EOR) specialists;
- integrated solution providers for marginal fields / deep water fields / high carbon dioxide gas fields / high pressure & high temperature fields;
- oilfield services & equipment (OFSE);
- storage and supply bases;
- maintenance, repairs, overhaul / inspection / testing services;
- seismic data acquisition / interpretation / processing;
- engineering design, procurement and construction of production facilities; and
- corrosion engineering and environmental engineering services.

The targeted O&G services will contribute towards generating quality investments from direct domestic and foreign sources. Developing the capacities of domestic players and assisting them to upgrade their technology is also one of the main targets to sustain growth momentum of the O&G services industry.

In 2013, MIDA facilitated seven companies in their projects with committed investments of RM5.5 billion. These projects are expected to generate 330 job opportunities. The companies are involved in providing O&G services in upstream and midstream activities, including establishing a regional technical centre for O&G services, a facility for regional oilfield equipment services and distribution centre, an independent deepwater petroleum terminal and a floating solution for deep water engineering.

Renewable energy

The Government's efforts to encourage greener and more sustaintable industrial activities has begun to bear fruit with the increasing popularity of eco-friendly energy solutions in both the consumer and industrial sectors.

Renewable energy will play an important part in the country's energy supply mix in the future, and the Government has set some definite targets to promote the sub-sector — by 2015, five per cent (985 MW) of the country's energy needs should come from renewable energy sources, and by 2020, at least 11% of the nation's energy should be renewable. One of the measures introduced to encourage the development of renewable energy projects is the Feed-in-tariff (FiT) mechanism, whereby renewable energy producers are allowed to sell their excess energy back to the national grid at attractive premium rates. This applies to projects that generate renewable energy from solar, biomass/biogas, or mini hydro sources.

In 2013, a total of 49 projects that will generate renewable energy from these sources were approved with total investments of RM1.7 billion, most of which came from domestic sources (RM1.4 billion or 79%) while foreign investments accounted for RM360.5 million (21%). These projects are expected to create 969 employment opportunities in this sub-sector. In comparison, only 33 projects in renewable energy were approved incentives in 2012 with total investments of RM1.2 billion.

The most notable project in this sub-sector is a RM506.3 million project to build the country's first ever geothermal energy plant in Tawau, Sabah. When completed, the plant will have a theoretical capacity of 30 MW. Another RM125 million thermal boiler in Kerteh, Terengganu will use biomass and biogas feedstock to generate about 164 MT per hour, while the parking complex at Kuala Lumpur International Airport (KLIA) will soon be fitted with a solar panel canopy involving investments of RM131.7 million that will generate 10 MW of electricity. This wattage will be supplied to TNB under the Feed-in-Tariff programme.

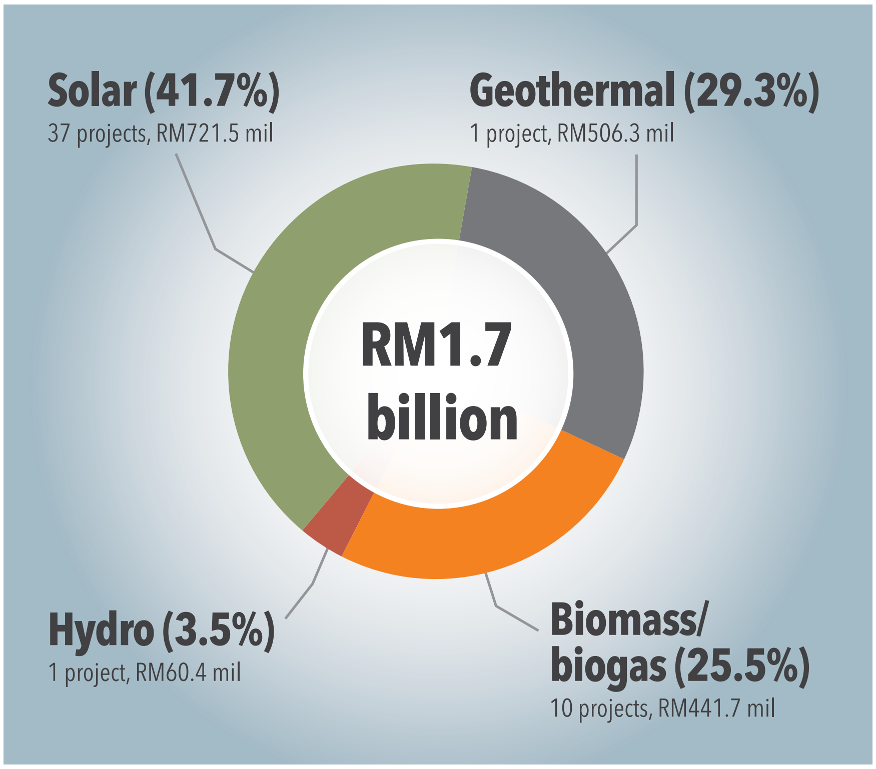


Fig 28 Investments in approved renewable energy projects by technology, 2013

Energy efficiency and conservation

Besides increasing the country's renewable energy capacity, the Government also provides incentives for projects aimed at increasing the efficiency of current energy infrastructure and conserving natural resources. These incentives cover energy efficiency systems and technologies such as the green building index (GBI) as well as other tax incentives, rebates and import duty and sales tax exemptions. These incentives also provide energy services companies (ESCO) with additional leverage when marketing their services to potential clients. In 2013, a total of 16 projects in energy efficiency with total investments of RM31.7 million were approved with incentives, almost all of which (RM30.3 million or 96%) came from domestic sources. These investments are expected to provide 210 employment opportunities in this sub-sector. In 2012, a total of 17 projects in energy efficiency were approved incentives with total investments of RM1.01 billion. More publicity is required to raise awareness about the competitive advantages of increasing energy efficiency and the incentives available for such projects.

The approved energy efficiency projects in 2013 mainly involve hotels, which invested RM24.5

"The RM506.3 geothermal plant in Tawau, Sabah will have a potential capacity of 30 MW when completed. A total of 49 such renewable energy projects worth RM1.7 bil were approved in 2013.

million into 10 projects to upgrade their ageing thermal energy equipment. The remaining energy efficiency projects approved with incentives were mostly by other companies in manufacturing and other services sub-sectors.

More publicity is required to raise awareness about the competitive advantages of increasing energy efficiency and the incentives available for such projects.

Power and utilities

This sub-sector covers independent power producers (IPPs) as well as generation, transmission and distribution of electricity by TNB, Syarikat SESCO Bhd. (SESCO) and Sabah Electricity Sdn. Bhd. (SESB). It also covers water utility services provided by Suruhanjaya Perkhidmatan Air Negara (SPAN) and Pengurusan Aset Air Berhad (PAAB),

In 2013, investments valued at RM9.1 billion were approved in this sub-sector, all of which were domestic investments. In comparison, investments approved in this sub-sector in 2012 amounted to RM12.6 billion. This sub-sector remains one of the major contributors to investments in the services sector.

Professional and other services

Since 2009, the Government has liberalised 45 services sub-sectors to date including tourism services, computer related services, healthcare, education, business services and professional services. These liberalisations are aimed at enhancing the competitiveness of the services sector and are expected to attract private investments, encourage technology and expertise transfer and create higher value employment opportunities.

The liberalisation of the legal, engineering, architecture and quantity surveying services sub-sectors is yet to be implemented pending amendments to the relevant Acts and regulations. Integrated Engineering Services and Multi-Disciplinary Practices have also been reviewed in order to provide more opportunities to foreign services providers without compromising the integrity and quality of service delivery. The Government will continue to explore the possibility of progressively liberalising other services sub-sectors that could contribute and add value to the country's economic development.

Engineering services

EPP 5 on Nurturing Pure-Play Engineering Services is one of six important EPPs within the Business Services NKEA under the ETP. This EPP aspires to nurture globally competitive aerospace and automotive engineering services companies in Malaysia by promoting market conditions that attract high-value engineering services to the country. According to the Performance Management Delivery Unit (PEMANDU), the Malaysian aerospace and automotive engineering services industry is expected to grow to RM3.3 billion in 2020 from RM50 million in 2011. There are currently about 400 engineers in pure-play engineering services, although this number is set to grow to 11,550 by 2020.

With a strong existing base and a large number of engineering graduates ready to enter the workforce, Malaysia is well-positioned to grow its engineering services.

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One notable investment in this sub-sector in 2013 is a new aviation training and development centre worth RM17.2 million in Subang, Selangor. This centre will provide design and engineering solutions as well as technical training services to local engineers. The company is expected to employ 50 local engineers who will undergo specialised aviation technical training with the end goal of producing a pool of local experienced and skilled aerospace design engineers with the appropriate capacity for aircraft design, analysis and development.

Research & development

Independent R&D services encompass industrial design (designing and prototyping of product and process development) and research services provided by design houses, contract R&D companies and R&D companies. These dedicated R&D services also complement existing R&D universities and institutes.

Reflecting the upward trend of R&D spending worldwide, investments into the R&D sub-sector in Malaysia have risen dramatically.

Reflecting the upward trend of R&D spending worldwide, investments into the R&D sub-sector in Malaysia have risen dramatically, from a mere RM7.6 million in 2011 to RM386.1 million in 2013. Of this figure, RM167.7 million (43.4%) came from foreign sources while the other RM218.4 million (56.6%) came from domestic sources. A total of 23 projects were approved with R&D and design tax incentives and/or R&D Status throughout the year, of which seven comprise companies that were awarded Contract R&D Status for servicing the healthcare, biofuel, M&E, E&E and automotive industries. A further 10 companies were awarded R&D Company Status for servicing related affiliates in the mining, energy, E&E, machinery, medical devices, automotive, palm-oil industries, agriculture and food production sectors. Three design houses and three other companies were approved with custom incentives for their R&D based projects. These investments are expected to create a total of 1,550 employment opportunities.

Eligible companies enjoy a variety of incentives to support the development of their research and innovation activities

The investments into R&D in 2013 will grow the technical and research workforce, bolster appointments of researchers, increase patent and design registrations and ultimately contribute to higher R&D spending in the country. This steady progress confirms the country's commitment towards becoming a high knowledge economy.

MSC Status companies

In 2013, a total of 236 companies were granted MSC Status with approved investments amounting to RM3 billion. Domestic investments amounted to RM2.3 billion

(77.9%) while foreign investments totalled RM664.8 million (22.1%). A total of 13,011 employment opportunities are expected to be created by these MSC Status companies. In 2012, a total of 213 companies were awarded MSC Status with approved investments amounting to RM2.9 billion.

Real estate (housing)

Real estate covers the housing industry (excluding commercial buildings) in Malaysia. In 2013, a total of 1,400 projects were approved with total investments amounting to RM83.3 billion, almost all of which (97.4%) came from domestic sources. This is in comparison with 2012, when a total of 1,704 projects were approved with investments amounting to RM58.8 billion.

Transport

The transport sub-sector covers maritime transport, aviation, and highway construction and maintenance.

In 2013, a total of 63 projects were approved with investments of RM7.9 billion. Domestic investments amounted to RM7 billion (88.5%) while foreign investments totalled RM908.3 million (11.5%). A total of 2,165 employment opportunities are expected to be created by this sector. In comparison, investments approved in the transport sub-sector in 2012 amounted to RM8.7 billion.

The investments approved in 2013 were mainly in the road sub-sector with four projects valued at RM4.1 billion while 45 projects were approved in the aviation sub-sector with investments amounting to RM3.5 billion.

Telecommunications

The telecommunications sub-sector covers network facilities, network services, application services (including content application services), post and broadcasting.

In 2013, total investments in this sub-sector amounted to RM5.8 billion, all of which were domestic investments. In comparison, investments approved in the telecommunications sub-sector in 2012 amounted to RM10.1 billion.

Financial services

Investments in financial services encompass banking, insurance and capital markets (venture capital, fund management, investment advisory and brokerage).

In 2013, a total of 63 projects were approved in the financial services sub-sector with investments of RM3.1 billion. Domestic investments amounted to RM2.8 billion (90.9%) while foreign investments totalled RM283.9 million (9.1%).

Banking attracted the largest amount of investments in the financial services sub-sector with RM2.8 billion (90.6%) followed by insurance with RM254.7 million. Investments into the banking industry were dominated by Islamic banking activities with investments of RM1.5 billion.

Distributive trade

The distributive trade sub-sector covers wholesale and retail trade; hypermarkets/supermarkets, department stores and direct selling; franchising; and projects approved under the Petroleum Development Act (PDA), 1974.

In 2013, a total of 1,397 projects were approved in this sub-sector with investments of RM5 billion. Domestic investments totalled RM3.4 billion (68.5%), while foreign investments amounted to RM1.6 billion (31.5%).

Hotels and tourism

The hotels and tourism sub-sector attracted a total of 122 projects with approved total investments of RM7 billion in 2013. Like the year before, domestic investments accounted for most investments in this sub-sector (RM6.2 billion or 88.3%), while foreign investments made up the rest (RM825.4 million or 11.7%). A major project approved in the hotel and tourism sub-sector was an integrated hotel project in Kuala Lumpur from the international St Regis Hotel Chain. This project will raise Malaysia's profile as a destination of choice for luxury travel as well as help advance the objective of the NKEA Greater KL/KV to transform the nation's capital to a world class metropolis.

Education services

Education services is one of the sub-sectors that was recently liberalised by the Malaysian government. A total of 617 projects were approved in this sub-sector in 2013 involving investments of RM2.1 billion, more than double the RM936.6 million recorded in 2012. Domestic investments amounted to RM2 billion (91.5%) while foreign investments totalled RM182.7 million (8.5%).

Most investments in this sub-sector were in private colleges/universities, which attracted 34 projects worth RM1.9 billion in total investments, followed by 52 projects in skill centres worth RM176 million and 531 projects for private education institutions worth RM41.8 million.

One major project approved was the RM695 million Perdana University, a public-private partnership (PPP) project that will create 377 employment opportunities, 94 per cent of which are for Malaysians with 99 per cent expected to earn more than RM3,000 per month. Perdana University is a collaboration with the world-renowned Johns Hopkins University School of Medicine (JHUSOM) and the Royal College of Surgeons Ireland (RCSI). It will be the first university in the world to offer two medical degree programmes.

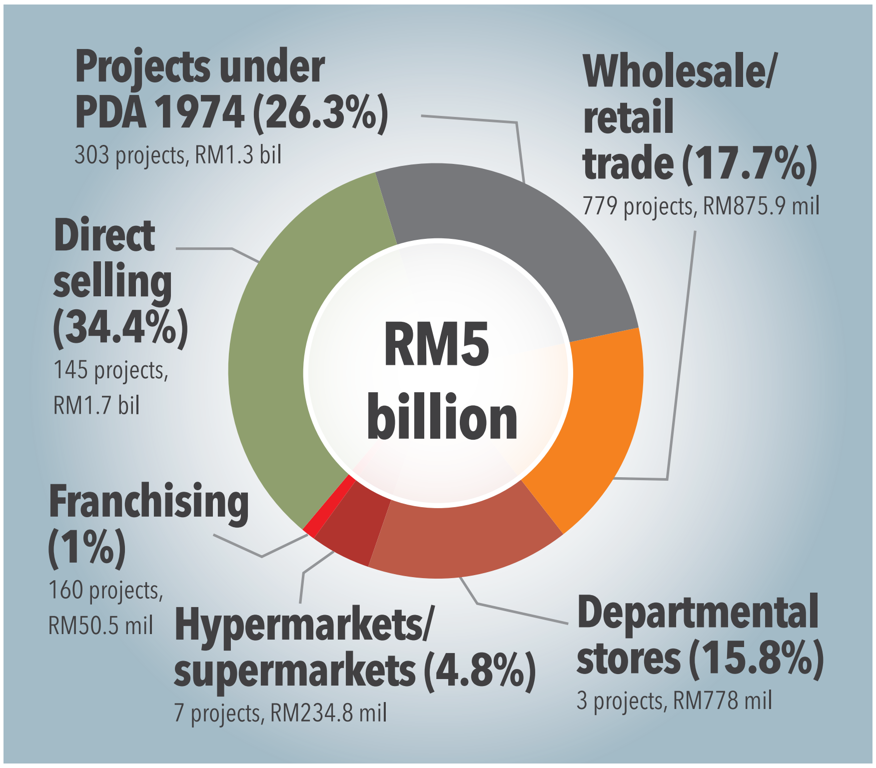


Fig 29 Investments in distributive trade by industry, 2013

Healthcare services

Another sub-sector that has been recently liberalised is the healthcare services sub-sector, which covers private healthcare institutions such as private hospitals and private ambulatory care centres. In 2013, a total of 20 projects were approved in this sub-sector involving mostly domestic investments of RM1.9 billion. This was more than four times the amount of investments attracted in 2012 (RM339.6 million for six projects).

THE BOLD WAY FORWARD

Although the global economic situation remains fraught with uncertainty, Malaysia's fundamental strengths are expected to keep the country on a steady course in 2014 and beyond.

Five years after the global financial crises threw the world's economy into a tailspin, developed economies began to make hesitant but firm steps towards economic recovery in 2013. The return of big-spending American consumers helped the US economy to grow by 3.2% in the final quarter of 2013, forcing many economists to revise their earlier dismal projections for the world's largest economy. Bold fiscal policies in Japan and firm reforms in Europe also began to see results. As a result, global GDP grew by 2.4% in 2013[1].

Given the positive developments of 2013, the World Bank expects the global economy to expand by 3.2% in 2014 – with some caveats – helped along by the continued recovery of advanced economies, particularly the three massive economies of the USA, Europe and Japan. The rich world's recovery will drive exports out of developing countries, which will continue to experience rapid growth rates of about 5.3%.

New Aseanomics

Closer to home, the prospect of an ASEAN single market is driving accelerated intra-regional trade among member states, which has tripled to more than US$400 billion over the past decade. ASEAN businesses that want to take advantage of ASEAN integration are already seeking first-mover advantages against the competition, and foreign investment powerhouses like the USA, Europe, China and Japan have begun to sit up and take notice.

ASEAN economic integration will present investors with access to a single market of over 600 million consumers that are going through a period of rapid economic growth. With an economy worth more than US$2.31 trillion (2012), the ASEAN single market will be the third-largest economy in Asia after China and Japan[2]. The 600 million souls and businesses of ASEAN come from a variety of backgrounds, from low-income to high-income, and the countries they populate are at very different stages of industrial development, from innovation-driven Singapore and Malaysia to factor-driven Viet Nam and Cambodia.

The ASEAN single market is therefore appealing to a very broad base of businesses, from luxury consumer brands for the region's wealthy consumers to firms that offer engineering, procurement, construction, installation and commissioning (EPCIC) services for the member countries' infrastructure

1 Estimated. "Global Economic Prospects", January 2014; World Bank.

2 ASEAN Secretariat

plans. Non-ASEAN foreign investors will be eager to capitalize on the opportunities presented by these dynamics. ASEAN businesses do not have the capacity or experience to do everything themselves, especially in major infrastructure projects that require a high degree of technological expertise or engineering knowledge. They will need experienced partners for everything from enhanced oilfield recovery (EOR) projects to wind-farm installations, and they will turn to foreign firms to help them bridge the gaps they encounter.

The public sector will also need help developing the infrastructure to support ASEAN's single-market vision – roads, rail, energy, water and communications. ASEAN has established a US$485 million ASEAN Infrastructure Fund (AIF) to help finance these projects, and the Asian Development Bank estimates that the region will spend US$60 billion on six new infrastructure projects every year[3]. If their hearts are in the right places, foreign EPCIC firms will have every reason to expect a steady stream of work from ASEAN's public and private sectors in the years ahead. Foreign investors that partner Malaysian firms on these projects will have a distinct competitive advantage, and in 2014, many foreign investors will seek out partnerships and joint ventures with Malaysian businesses so as to secure a foothold in the region in time for full ASEAN integration.

ASEAN economic integration will also drive domestic investments as Malaysian businesses look beyond their home market of 30 million people and explore the larger market of 600 million beyond. With the ASEAN single export market as a home base, these same companies can more confidently test their toes in tougher international export markets abroad. Malaysia's total trade is expected to grow by five per cent in 2014 on the back of higher exports of electrical and electronic products, oil and gas, petrochemical products and medical devices. Domestic investments in 2014 will therefore be driven by the export opportunities presented by the ASEAN single market and other bilateral trade negotiations.

With its solid infrastructure and youthful pipeline of talent, more and more businesses are discovering that Malaysia is an ideal place to start building a regional presence within ASEAN and, more broadly, Asia. As at 31 December 2013, there were a total of 3,350 regional offices in Malaysia, of which 27 were approved in 2013 alone. Many more foreign investors are expected to establish a

3 "Facts and Data about Southeast Asian Infrastructure"; Asian Development Bank.

presence in Malaysia in 2014 ahead of the formalisation of the ASEAN Economic Community by 2015.

New Inno-vestments

Malaysia's economic transformation programme has made the international headlines on more than one occasion, and foreign investors have begun to look at the country as a major centre of innovation in the region. This is especially true when considering the country's biggest pillars of industrialisation: oil and gas (O&G) and electrical and electronics products (E&E).

Malaysia is the world's second largest exporter of liquefied natural gas (LNG) and has supply contracts with Japan, South Korea, Taiwan, China and Singapore[4]. However, the country's gas infrastructure is also running at near full capacity. The new 512 km Sabah-Sarawak Gas Pipeline (SSGP) will help address this need by adding 0.8 MMcf/d of gas to the country's present capacity and allow gas to be transported from Sabah's offshore fields to the Bintulu LNG for liquefaction and export. The SSGP is expected to be ready for operations in 2014 along with the Sabah Oil and Gas Terminal (SOGT), and we expect many new investments in downstream industries to support this project in the year ahead.

4 "World LNG Report 2013"; International Gas Union.

ASEAN is also promoting the development of a trans-ASEAN gas pipeline system (TACP) aimed at linking ASEAN's major gas production and consumption centres by 2020[5]. Because of Malaysia's extensive natural gas infrastructure and its location at the heart of South East Asia, the country is a natural candidate to serve as a hub in the ongoing TACP project. The TACP network currently has about 3,952 km of pipelines, more than half of which is installed in Malaysia. These pipelines already transport 3,095 million cubic feet of gas per day, but there are several more projects that need to be completed before the TACP begins to bear fruit. The Bintulu LNG complex is one of the largest LNG facilities in the world and will be the main hub for Malaysia's – and ASEAN's – evolving natural gas industry.

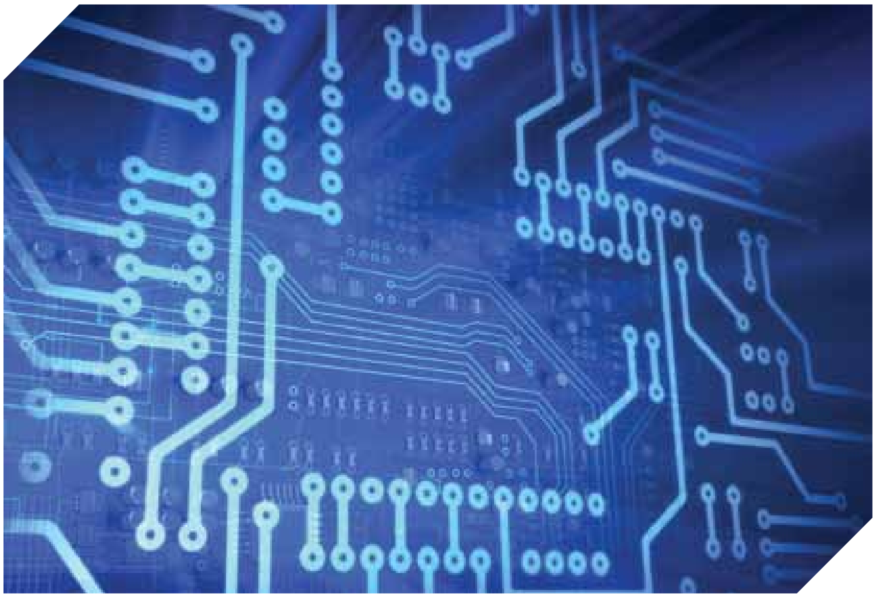
We expect investments into the country's O&G sector to grow in tandem with the development of these major O&G infrastructure projects, all of which require considerable engineering expertise and will be driven by new innovations in offshore gas field development. Malaysia has created a vibrant market for merger-and-acquisition activities to acquire key technologies, capabilities and expertise within the O&G industry, and we expect many innovation-driven investments in both downstream and upstream projects in the years ahead.

5 ASEAN Council on Petroleum

Meanwhile, global demand for E&E is going through a significant boom driven by the Internet of Things and advanced automation systems. Manufacturing systems are turning to high-technology industrial systems fitted with sensors and on-board communication chips to reduce costs and improve productivity, while consumer products are being kitted out with a variety of electronic devices to improve their functionality and safety. Global demand for electroacoustic microprocessors, micro-electromechanical systems, hard disk drives, actuators and sensors, flash memory and on-board communication chips has never been higher.

These are all industries in which Malaysia has significant experience, expertise and infrastructure, and the country is well positioned to take advantage of this boom. Malaysia's E&E sector is therefore going through a period of sink-or-swim transition. Forward-thinking companies like Intel and Agilent began turning their Malaysian facilities into centres of excellence for R&D and Design (R&D&D) activities many years ago, and they are already benefiting from their foresight. Smaller EMS companies are beginning to see the wisdom of such strategies, and are scrambling to upgrade their own operations.

Moving forward, investments into E&E are expected to become increasingly concentrated around upstream activities in R&D, product development and design as companies ditch low value-add, high-risk businesses and make the transition into higher-value services. The country has a ready pool of E&E engineers and technicians, and the incentives available for investments into R&D activities will encourage companies to make the transition sooner rather than later. We can also expect a proliferation of greenfield E&E projects and start-ups as E&E contract R&D&D firms seek to take advantage of Malaysia's wealth of experience, expertise, infrastructure and talent in the E&E sector.



Investments into the E&E sector are expected to become increasingly concentrated around upstream activities in R&D, product development and design.

The next shift

In view of current global and regional macroeconomic and societal developments, the Government has taken an ecosystem approach to promote private investments within Malaysia. MIDA continues to assume a pivotal role in this approach, which will target niche products, technologies and services to fill gaps throughout the economic value chain. The approach will promote greenfield opportunities in selected, high-value industries and help potential investors to meet their human capital needs throughout the economic value chain. In addition, MIDA will strategically identify and assist potential local conglomerates and other industry players to become anchors in the ecosystem.

The Malaysian Government's current strategies to accelerate investments include liberalising some of the services sub-sectors, enhancing private-public sector collaboration, spurring regional development and developing niche growth areas within target industries. The implementation of these measures and the continued implementation of the ETP and 10th Malaysia Plan will have impacts on investment inflows in 2014 and beyond.

The various measures introduced by the Government to facilitate business have boosted Malaysia's ranking in various international business benchmarks in recent years. The country was ranked the 6th most business-friendly country in the world by the World Bank in its Doing Business Report 2014, putting it ahead of the United Kingdom (10th), Germany (21st) and Switzerland (29th). This is the first time Malaysia has broken into the top 10 ranking since the World Bank and the International Finance Corporation began compiling the annual ranking in 2005. In addition, the World Economic Forum in its Global Competitiveness Report 2013-2014 ranked Malaysia as the 24th most competitive nation in the world, one rank better than the year before. The report also recognised the country's progression from an efficiency-driven economy to an innovation-driven economy.

Malaysia's sterling performance in these rankings is testimony to its achievements and will fuel further investments into the country in 2014. If global investors haven't already capitalized on the opportunities that Malaysia presents, they will soon.

APPENDICES

Appendix 1 Approved Manufacturing Projects, 2013 and 2012

	New		Expansion/Diversification		Total	
	2013	2012	2013	2012	2013	2012
Number	463	473	324	331	787	804
Potential employment	53,791	42,522	39,197	34,109	92,988	76,631
Total Proposed Capital Investment (RM million)	38,093.5	26,910.9	14,007.6	14,215.0	52,101.1	41,126.0
Local (RM million)	15,287.5	14,210.1	6,277.3	5,996.8	21,564.8	20,207.0
Foreign (RM million)	22,806.1	12,700.8	7,730.3	8,218.2	30,536.4	20,919.0

Appendix 2 New Manufacturing Projects Approved by Size of Capital Investment, 2013 and 2012

Size of Capital Investment	2013					2012				
	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Less Than RM 2.5 million	63	2,431	87.5	3.0	90.5	71	3,043	74.0	20.2	94.2
RM 2.5 million - <RM 5.0 million	53	3,244	153.9	41.5	195.4	76	3,861	209.0	53.8	262.8
RM 5.0 million - <RM 10.0 million	118	7,285	612.9	213.1	826.0	94	5,652	514.6	162.8	677.4
RM 10.0 million - <RM 50.0 million	152	13,995	1,890.3	1,184.4	3,074.8	165	12,475	2,181.4	1,465.2	3,646.6
RM 50.0 million- <RM 100.0 million	32	4,491	1,078.5	1,184.9	2,263.4	32	3,745	1,208.6	902.9	2,111.5
RM 100.0 million - <RM 500.0 million	26	6,654	2,078.6	2,728.6	4,807.3	23	4,799	1,248.0	3,260.2	4,508.2
RM 500.0 million - <RM 1.0 billion	6	1,911	1,426.5	2,190.3	3,616.8	6	3,598	695.6	3,699.2	4,394.7
RM 1.0 billion & Above	13	13,780	7,959.1	15,260.3	23,219.4	6	5,349	8,078.9	3,136.5	11,215.4
Total	**463**	**53,791**	**15,287.5**	**22,806.1**	**38,093.5**	**473**	**42,522**	**14,210.1**	**12,700.8**	**26,910.9**

Appendix 3 Approved Manufacturing Projects by Industry, 2013 and 2012

Industry	2013					2012				
	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Electronics & Electrical Products	118	25,380	1,319.3	8,495.6	9,815.0	112	18,163	734.6	3,252.0	3,986.6
Transport Equipment	73	9,169	4,446.4	2,160.4	6,606.8	85	11,669	5,931.9	1,923.8	7,855.7
Petroleum Products (Inc. Petrochemicals)	7	655	2,926.8	3,243.8	6,170.6	14	1,274	4,660.6	1,376.8	6,037.4
Chemical & Chemical Products	68	3,966	2,035.3	3,758.0	5,793.3	73	2,740	766.3	5,671.2	6,437.5
Basic Metal Products	35	3,492	1,147.3	4,425.8	5,573.1	37	4,129	1,859.1	1,934.0	3,793.1
Food Manufacturing	73	6,159	2,056.1	2,297.7	4,353.8	67	7,062	2,281.4	1,118.0	3,399.5
Rubber Products	20	12,711	2,833.5	794.5	3,628.0	20	2,414	131.7	1,218.6	1,350.3
Non-Metallic Mineral Products	33	2,636	932.5	1,339.2	2,271.7	21	1,126	321.9	310.0	631.9
Machinery & Equipment	90	4,726	771.2	1,205.0	1,976.2	84	5,125	607.0	1,241.6	1,848.6
Fabricated Metal Products	73	4,020	594.7	812.0	1,406.7	61	6,218	624.1	605.4	1,229.5
Scientific & Measuring Equipment	37	6,085	775.7	560.1	1,335.7	16	807	738.4	177.1	915.5
Plastic Products	44	3,334	437.9	410.2	848.1	57	3,910	401.7	707.3	1,109.0
Textiles & Textile Products	16	1,493	132.1	632.5	764.6	31	1,674	143.0	328.0	471.0
Paper,Printing & Publishing	22	2,253	506.3	68.2	574.5	27	1,991	274.2	597.4	871.6
Wood & Wood Products	26	2,009	321.4	36.9	358.3	34	1,638	257.6	149.8	407.4
Beverages & Tobacco	4	458	61.7	251.0	312.6	4	1,071	126.9	220.6	347.6
Furniture & Fixtures	39	4,132	249.4	10.0	259.4	53	5,316	314.3	81.4	395.6
Leather & Leather Products	1	10	4.8	1.4	6.2	3	93	15.6	0.3	15.9
Miscellaneous	8	300	12.6	33.9	46.6	5	211	16.6	5.7	22.4
Total	**787**	**92,988**	**21,564.8**	**30,536.4**	**52,101.1**	**804**	**76,631**	**20,207.0**	**20,919.0**	**41,126.0**

Appendix 4 Approved Manufacturing Projects with Investments of RM100 Million and above, 2013

Industry	NEW					EXPANSION/DIVERSIFICATION				
	No.	Employ-ment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employ-ment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Electronics & Electrical Products	4	3,256	278.8	5,674.8	5,953.6	9	8,761	150.8	1,475.0	1,625.8
Petroleum Products (Inc. Petrochemicals)	3	456	1,994.6	2,319.5	4,314.1	2	141	916.2	924.4	1,840.6
Transport Equipment	5	3,271	2,745.7	1,512.0	4,257.8	4	762	705.3	206.5	911.8
Basic Metal Products	6	1,645	547.4	3,924.9	4,472.3	2	549	296.9	210.1	507.0
Chemical & Chemical Products	7	2,015	1,464.8	3,195.4	4,660.2	1	0	177.5	-	177.5
Rubber Products	2	6,551	1,932.9	278.7	2,211.7	5	4,638	765.0	440.0	1,205.0
Food Manufacturing	5	1,067	1,093.4	1,514.2	2,607.5	4	434	110.0	444.2	554.2
Non-Metallic Mineral Products	3	627	543.8	810.2	1,354.0	1	210	166.6	125.7	292.3
Scientific & Measuring Equipment	4	2,236	457.3	220.0	677.3	1	713	4.8	155.4	160.2
Machinery & Equipment	1	292	122.0	-	122.0	2	147	-	654.4	654.4
Fabricated Metal Products	2	143	101.3	108.5	209.8	3	463	144.5	262.3	406.8
Textiles & Textile Products	1	605	-	521.0	521.0	.	.	-	-	-
Beverages & Tobacco	1	66	-	100.0	100.0	1	194	49.3	138.0	187.3
Wood & Wood Products	1	115	182.2	-	182.2	.	.	-	-	-
Paper,Printing & Publishing	.	.	-	-	-	1	36	127.3	1.7	129.0
Plastic Products	.	.	-	-	-	1	35	-	117.8	117.8
Total	**45**	**22,345**	**11,464.2**	**20,179.2**	**31,643.4**	**37**	**17,083**	**3,614.3**	**5,155.4**	**8,769.7**

Industry	TOTAL				
	No.	Employ-ment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Electronics & Electrical Products	13	12,017	429.6	7,149.8	7,579.4
Petroleum Products (Inc. Petrochemicals)	5	597	2,910.9	3,243.8	6,154.7
Transport Equipment	9	4,033	3,451.1	1,718.5	5,169.6
Basic Metal Products	8	2,194	844.3	4,135.0	4,979.3
Chemical & Chemical Products	8	2,015	1,642.3	3,195.4	4,837.7
Rubber Products	7	11,189	2,697.9	718.7	3,416.7
Food Manufacturing	9	1,501	1,203.4	1,958.4	3,161.7
Non-Metallic Mineral Products	4	837	710.4	935.9	1,646.3
Scientific & Measuring Equipment	5	2,949	462.1	375.4	837.5
Machinery & Equipment	3	439	122.0	654.4	776.4
Fabricated Metal Products	5	606	245.8	370.8	616.6
Textiles & Textile Products	1	605	-	521.0	521.0
Beverages & Tobacco	2	260	49.3	238.0	287.3
Wood & Wood Products	1	115	182.2	-	182.2
Paper,Printing & Publishing	1	36	127.3	1.7	129.0
Plastic Products	1	35	-	117.8	117.8
Total	**82**	**39,428**	**15,078.5**	**25,334.6**	**40,413.2**

Appendix 5 Approved New and Expansion/ Diversification Manufacturing Projects by Industry, 2013 and 2012

Industry	2013						2012					
	New		Exp./Div.		Total		New		Exp./Div.		Total	
	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)
Electronics & Electrical Products	44	6,766.0	74	3,048.9	118	9,815.0	49	2,546.1	63	1,440.6	112	3,986.6
Transport Equipment	35	4,959.4	38	1,647.5	73	6,606.8	48	5,680.8	37	2,174.9	85	7,855.7
Petroleum Products (Inc. Petrochemicals)	4	4,328.2	3	1,842.4	7	6,170.6	8	5,812.5	6	225.0	14	6,037.4
Chemical & Chemical Products	44	5,274.4	24	518.9	68	5,793.3	37	2,678.3	36	3,759.1	73	6,437.5
Basic Metal Products	26	5,006.9	9	566.2	35	5,573.1	26	3,261.7	11	531.4	37	3,793.1
Food Manufacturing	48	3,174.1	25	1,179.8	73	4,353.8	30	760.8	37	2,638.7	67	3,399.5
Rubber Products	8	2,341.2	12	1,286.8	20	3,628.0	7	992.9	13	357.4	20	1,350.3
Non-Metallic Mineral Products	19	1,536.5	14	735.2	33	2,271.7	9	402.6	12	229.3	21	631.9
Machinery & Equipment	56	892.0	34	1,084.1	90	1,976.2	61	1,300.8	23	547.8	84	1,848.6
Fabricated Metal Products	51	772.5	22	634.2	73	1,406.7	38	542.2	23	687.3	61	1,229.5
Scientific & Measuring Equipment	16	931.4	21	404.3	37	1,335.7	9	884.2	7	31.3	16	915.5
Plastic Products	30	615.8	14	232.2	44	848.1	31	604.4	26	504.6	57	1,109.0
Textiles & Textile Products	8	599.7	8	164.9	16	764.6	23	233.9	8	237.1	31	471.0
Paper,Printing & Publishing	13	225.0	9	349.4	22	574.5	18	528.2	9	343.4	27	871.6
Wood & Wood Products	23	330.0	3	28.0	26	358.3	25	385.0	9	22.4	34	407.4
Beverages & Tobacco	2	113.0	2	199.7	4	312.6	1	11.0	3	336.6	4	347.6
Furniture & Fixtures	31	193.0	8	66.4	39	259.4	47	248.9	6	146.7	53	395.6
Leather & Leather Products	1	6.2	.	.	1	6.2	2	14.2	1	1.7	3	15.9
Miscellaneous	4	27.9	4	18.6	8	46.6	4	22.4	1	-	5	22.4
Total	**463**	**38,093.5**	**324**	**14,007.6**	**787**	**52,101.1**	**473**	**26,910.9**	**331**	**14,215.0**	**804**	**41,126.0**

Appendix 6 Approved Manufacturing Projects with Malaysian Majority* Ownership by Industry, 2013 and 2012

Industry	2013						2012					
	New		Exp./Div.		Total		New		Exp./Div.		Total	
	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)
Transport Equipment	26	4,089.0	26	1,093.5	52	5,182.5	40	4,436.7	32	1,677.0	72	6,113.7
Rubber Products	7	2,288.1	9	824.4	16	3,112.4	4	22.4	6	121.3	10	143.6
Petroleum Products (Inc. Petrochemicals)	2	2,358.1	2	301.8	4	2,659.9	3	4,519.4	3	134.5	6	4,653.9
Food Manufacturing	39	1,548.7	17	531.6	56	2,080.3	27	625.7	23	1,892.7	50	2,518.4
Chemical & Chemical Products	26	1,612.1	12	365.1	38	1,977.2	20	380.8	17	344.8	37	725.6
Basic Metal Products	14	1,011.1	7	329.2	21	1,340.3	21	1,838.7	11	531.4	32	2,370.1
Non-Metallic Mineral Products	12	868.4	5	404.1	17	1,272.5	6	257.8	8	135.3	14	393.1
Electronics & Electrical Products	29	487.5	21	502.5	50	989.9	32	599.9	17	165.6	49	765.5
Scientific & Measuring Equipment	13	619.7	16	171.1	29	790.8	5	710.6	2	27.8	7	738.4
Machinery & Equipment	38	532.7	20	243.0	58	775.7	32	345.1	16	277.7	48	622.8
Fabricated Metal Products	34	357.8	12	251.6	46	609.4	26	251.1	12	384.8	38	635.9
Plastic Products	24	459.0	8	82.6	32	541.6	19	237.5	16	130.4	35	367.9
Paper,Printing & Publishing	9	153.0	9	349.4	18	502.4	12	197.5	6	25.0	18	222.4
Wood & Wood Products	20	308.8	2	10.0	22	318.8	18	252.1	9	22.4	27	274.5
Furniture & Fixtures	30	190.9	7	60.9	37	251.7	43	224.6	4	122.5	47	347.1
Textiles & Textile Products	6	64.8	2	52.9	8	117.7	19	156.4	4	12.3	23	168.7
Beverages & Tobacco	.	.	1	12.4	1	12.4	1	11.0	1	31.2	2	42.2
Leather & Leather Products	1	6.2	.	.	1	6.2	2	14.2	1	1.7	3	15.9
Miscellaneous	2	4.7	2	6.4	4	11.1	3	17.1	.	.	3	17.1
Total	**332**	**16,960.4**	**178**	**5,592.6**	**510**	**22,553.0**	**333**	**15,098.6**	**188**	**6,038.1**	**521**	**21,136.6**

'* *Projects with Malaysian equity ownership of more than 50 per cent.*

Appendix 7 Approved Projects in the Engineering Supporting Industry by Sub-Sector, 2013

	NEW					EXPANSION/DIVERSIFICATION					TOTAL				
Sub-Sector	No.	Employ-ment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employ-ment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employ-ment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Moulds, Tools & Dies	11	324	36.2	56.0	92.2	12	245	47.0	126.0	173.0	23	569	83.2	182.0	265.2
Machining	6	310	21.9	39.8	61.8	4	127	29.2	5.6	34.8	10	437	51.1	45.4	96.5
Stamping	5	254	14.2	12.5	26.6	.	.	-	-	-	5	254	14.2	12.5	26.6
Casting	2	292	36.7	-	36.7	.	.	-	-	-	2	292	36.7	-	36.7
Surface Engineering	4	350	25.3	10.5	35.7	.	.	-	-	-	4	350	25.3	10.5	35.7
Forging	1	128	-	38.7	38.7	1	31	15.5	-	15.5	2	159	15.5	38.7	54.2
Jigs & Fixtures	1	38	13.3	-	13.3	.	.	-	-	-	1	38	13.3	-	13.3
Total	**30**	**1,696**	**147.5**	**157.5**	**305.0**	**17**	**403**	**91.6**	**131.6**	**223.2**	**47**	**2,099**	**239.2**	**289.1**	**528.3**

Appendix 8 Approved Projects in Electrical & Electronics Industry by Sub-Sector, 2013

	NEW					EXPANSION/DIVERSIFICATION					TOTAL				
Sub-Sector	No.	Employ-ment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employ-ment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employ-ment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Consumer Electronics	3	687	30.8	-	30.8	4	115	20.0	41.2	61.1	7	802	50.7	41.2	91.9
Electronic Components	7	1,089	171.8	54.5	226.2	36	7,958	244.5	1,329.2	1,573.7	43	9,047	416.2	1,383.7	1,799.9
Industrial Electronics	6	725	25.6	1,754.2	1,779.7	11	6,852	23.3	790.3	813.6	17	7,577	48.9	2,544.5	2,593.3
Electrical Appliances	7	404	109.5	203.6	313.1	7	2,032	155.5	151.6	307.1	14	2,436	265.0	355.2	620.3
Industrial Electrical	12	3,734	394.5	2,645.6	3,040.1	11	412	136.6	110.7	247.3	23	4,146	531.1	2,756.3	3,287.4
Electrical Components	9	1,218	7.3	1,368.8	1,376.1	5	154	-	46.1	46.1	14	1,372	7.3	1,414.9	1,422.2
Total	**44**	**7,857**	**739.5**	**6,026.6**	**6,766.0**	**74**	**17,523**	**579.9**	**2,469.1**	**3,048.9**	**118**	**25,380**	**1,319.3**	**8,495.6**	**9,815.0**

Appendix 9 Manufacturing Projects Approved with Foreign Participation by Source, 2013 and 2012

	2013		2012	
Country	Number	Foreign Investment (RM)	Number	Foreign Investment (RM)
USA	19	6,320,610,568	16	295,779,636
Korea,Rep.	13	5,478,840,221	17	1,636,972,599
Singapore	126	4,522,314,186	109	2,214,565,561
Japan	55	3,591,876,939	62	2,792,900,107
China	22	3,017,650,478	23	1,977,802,063
Netherlands	11	2,382,021,449	18	834,759,905
Germany	17	1,716,996,438	15	693,342,814
United Kingdom	9	489,792,906	10	611,126,863
Hong Kong	9	453,483,541	7	90,888,472
Belgium	8	299,000,000	2	66,705,168
Switzerland	10	249,554,662	7	495,286,625
Indonesia	6	214,326,611	5	85,719,017
Australia	9	166,974,062	12	150,055,563
British Virgin Islands	2	159,765,548	8	185,625,815
Austria	1	155,394,000	1	8,862,900
Taiwan	18	131,020,413	13	171,590,970
United Arab Emirates	2	110,713,221	3	88,100,000
Thailand	3	105,017,761	11	445,947,652
Others	66	970,999,298	131	8,072,976,782
Total	*******	**30,536,352,302**	*******	**20,919,008,512**

*'*** Figures are not totalled to avoid double counting*

Appendix 10 Approved Manufacturing Projects by State, 2013 and 2012

State	2013						2012					
	New		Exp./Div.		Total		New		Exp./Div.		Total	
	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)
Johor D.T.	119	11,657.9	78	2,786.7	197	14,444.6	107	2,842.3	77	2,692.0	184	5,534.3
Selangor D.E.	148	7,349.4	80	2,483.6	228	9,833.0	156	8,144.7	96	3,590.1	252	11,734.8
Sarawak	16	8,057.1	5	219.3	21	8,276.4	19	1,352.5	15	3,375.8	34	4,728.3
Pulau Pinang	58	1,400.8	61	2,511.5	119	3,912.3	71	1,799.9	44	671.6	115	2,471.5
Sabah	14	2,778.1	11	656.0	25	3,434.1	22	4,857.0	8	177.3	30	5,034.3
Pahang D.M.	10	702.6	7	2,116.2	17	2,818.9	10	1,896.3	6	194.9	16	2,091.1
Kedah D.A.	21	2,114.4	18	420.2	39	2,534.5	20	396.0	11	193.0	31	589.0
Perak D.R.	25	541.2	29	1,820.0	54	2,361.2	22	1,244.8	27	1,036.2	49	2,281.0
Negeri Sembilan D.K.	27	1,532.8	8	155.1	35	1,687.9	19	2,087.3	21	717.8	40	2,805.1
Melaka	8	745.1	19	748.5	27	1,493.7	12	96.4	14	956.3	26	1,052.6
Kelantan D.N.	4	981.0	1	14.5	5	995.5	2	4.1	2	111.0	4	115.1
Terengganu D.I.	6	151.4	2	32.7	8	184.1	5	2,070.2	6	340.8	11	2,411.0
W.P. - Kuala Lumpur	5	39.4	4	41.3	9	80.8	8	119.5	3	133.1	11	252.5
Perlis I.K.	2	42.3	1	2.0	3	44.3	.	-	.	-	.	-
W.P.- Labuan	.	-	.	-	.	-	.	-	1	25.3	1	25.3
Total	**463**	**38,093.5**	**324**	**14,007.6**	**787**	**52,101.1**	**473**	**26,910.9**	**331**	**14,215.0**	**804**	**41,126.0**

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