

# The Manufacturing Powerhouse of Southeast Asia



Both proved crucial amid the fallout from COVID-19. Manufacturing led Malaysia's economic recovery late last year, driven by exports from the electrical and electronics (E&E) segment. The sector will continue to fuel the economy in the year ahead, which is forecast to grow 6.5-7.5%. As global businesses get back on track, many see Malaysia as an attractive manufacturing hub. Beyond durability, several other factors make it the ideal location, including the ease of doing business, top talent, the depth of its connectedness, tax and investment incentives, and its commitment to innovation. Likewise, its strategic location creates vital opportunities for supply chain diversification amid the ongoing pandemic and lingering U.S.-China trade uncertainty.

Deep in the heart of Southeast Asia, businesses from around the world are tapping into one of the region's most significant advantages: **Malaysia's**

**manufacturing prowess. With its skilled workforce business-friendly government & strategic location**, the country has long been a manufacturing hub of choice. Now, it's turning its competitive advantage into comparative advantage.

Central to that transformation is Shared Prosperity Vision 2030—the Government's plan to turbocharge the economy. Therein lies a strategic focus on manufacturing, accounting for roughly a quarter of annual GDP

and 2.2 million jobs. The Government's commitment to helping manufacturers embrace Industry 4.0, bolster their technical know-how and add value promises to propel the economy and deliver significant benefits for businesses.

This emphasis on manufacturing is not new. Malaysia's long track record of investment secured its position in the top quartile of the 2020 Global Manufacturing Risk Index due to its cost competitiveness and ability to bounce back in the face of disruption.

Most notably, **Malaysia has the ability to meet the stringent demands of highly regulated industries, showcasing the country's robust and diverse array of supply chains.** It is reflected by the high-end FDI projects that Malaysia secured in 2020. While the list of European companies leveraging Malaysia as their operations base to do business in the region and beyond is long, some reputable giants that have been approved in 2020 include:

**Smith and Nephew** from United Kingdom (UK) to produce high tech pharmaceutical products including knee and hip implants.

**Bruker**, a Swiss company, establishing its first facility in Asia to manufacture high-tech products, namely optical and stylus profilometers, tribometers, X-ray diffraction tools, X-ray fluorescence instrumentation, optical emissions spectrometers, and combustion gas analysers.

**LEM**, a leading global Switzerland based company in electrical measurement for industrial and automotive applications, is investing in a new production plant in Malaysia.

**Bosch**, an existing German company is setting up a manufacturing facility park in Penang for testing of semiconductor components and sensors.

**Eppendorf**, a leading German life science company, establishing an integrated centre for shared services hub, covering functions such as IT, HR as well as Finance and Controlling, for the Group's operations in the Asia Pacific, Middle East and Africa.

**Porsche** from Germany announced its flagship new first-of-its-kind Porche Centre in Malaysia. The centre is the largest 3S Porsche Centre within a single facility in the Asia Pacific.

Malaysia offers tax exemptions of

**10-15**

years for foreign companies in the

**MANUFACTURING SECTOR**



MIDA is the government's principal investment promotion and development agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Headquartered in Kuala Lumpur Sentral, MIDA has 12 regional and 20 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit [www.mida.gov.my](http://www.mida.gov.my) and follow us on Twitter, Instagram, Facebook, LinkedIn and YouTube channel.

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