

A nighttime photograph of a city skyline with several tall, modern skyscrapers. The buildings are illuminated from within, and some have logos on their facades. The sky is a deep blue, and the overall scene is lit with warm city lights.

DEAUVILLE PARTNERSHIP INVESTMENT FORUM, CAIRO, EGYPT:

MIDA
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

*DESTINATION FOR INVESTMENTS
- INCENTIVES OFFERED BY MALAYSIA*

by

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CONTENT OUTLINE



- **About MIDA**
- **Malaysian Economy**
- **Malaysian Investment Performance**
- **Investment Opportunities**
- **Investment Policies & Incentives**
- **Economic Corridors**



ABOUT

MIDA

MILESTONES

**Established in
1967 under Act
of Parliament,
1965**

**The principal
Malaysian
Government
agency
responsible for
the promotion
and coordination
of investments
development in
the country**

**First point of
contact for
investors who
intend to set up
projects in the
manufacturing
and services
sectors in
Malaysia**

**On 27 March
2004, the
Government
mandated
MIDA to
promote
investments in
the services
sector**

MITI & AGENCIES



Halal Industry
Development Corporation



Malaysian Industrial Development Finance Berhad



MALAYSIA PRODUCTIVITY CORPORATION



Malaysia Automotive Institute



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY



FUNCTIONS OF MIDA



Promotion

- Foreign Direct Investment
- Domestic Investment
- Business matching through E-Connect
- Manufacturing Services



Evaluation

- Manufacturing licenses
- Tax incentives
- Expatriate posts
- Duty exemption
- OHQ, RDC, IPC and R&D status



Planning

- Planning for industrial development
- Recommend policies and strategies on industrial promotion and development
- Formulation of strategies, programmes and initiatives for international economic cooperation



Follow-up / Monitoring

- Assist companies in the implementation and operation of their projects
- Facilitate exchange & co-ordination among institutions engaged in or connected with industrial development
- Advisory Services





Based In

- Immigration Department
- Royal Malaysian Customs
- Telekom Malaysia Berhad
- Labour Department

Based outside of

- Department of Occupational Safety and Health
- Ministry of Finance
- Ministry of Health
- Ministry of Tourism
- Ministry of Human Resource
- Ministry of Higher Education
- Multimedia Development Corp. (MDeC)
- Construction Industry Development Board of Malaysia (CIDB)
- Department of Environment (DOE)
- Tenaga Nasional Berhad (TNB)



24 Overseas Centres



MALAYSIA: Basic Statistics

- Total Land Area : 330,290 (sq. km)
- Population : 29.7 million
- Climate: Tropical; annual southeast (April-Oct) and northeast (Oct-Feb) monsoons
- Labour Force: 13.19 Million
- Language: Malay language (Official), English, Chinese, Tamil
- Religions: Islam, Buddhism, Hinduism, Christian & others



MALAYSIA: Structure of Administration

- Official Name : Federation of Malaysia
- Independence: 31 August 1957
- Form of State : Federated constitutional monarch
- Consists of 13 states
 - 11 states in Peninsular Malaysia; and
 - 2 states in Island of Borneo
- Practices a system of Parliamentary democracy; and is ruled by a Constitute Monarchy
- Two administration system
 - Federal Constitution
 - State Government



MALAYSIAN ECONOMY

MALAYSIA'S KEY ECONOMIC INDICATORS

	2010	2011	2012	2013
Real GDP (%) Growth	7.2	5.1	5.6	5 - 6f
Inflation (%)	1.7	3.2	1.2	1.6 (March)
GNI Per Capita Income (USD)	8,100	9,700	9,970	10,760f
Unemployment (%)	3.3	3.1	3.3	3.0 (Feb)
International Reserves (USD bil)	106.5	138.3	139.7	139.9*
Retained Imports Equivalent (months)	8.5	9.6	9.5	9.9*

* As at 15th April 2013

Source: Central Bank of Malaysia/Department of Statistics Malaysia/MATRADE



GDP BY INDUSTRIAL ORIGIN



Sector	GDP Contribution (%)					
	1970	1990	2000	2010	2011	2012
Agriculture	33.6	19.3	8.8	7.3	7.3	7.3
Mining	7.2	9.8	6.7	7.0	6.3	8.4
Construction	3.8	3.4	3.4	3.3	3.2	3.3
Manufacturing	12.8	26.5	32.6	27.6	27.5	24.9
Services	42.6	42.1	53.0	57.7	58.6	54.5

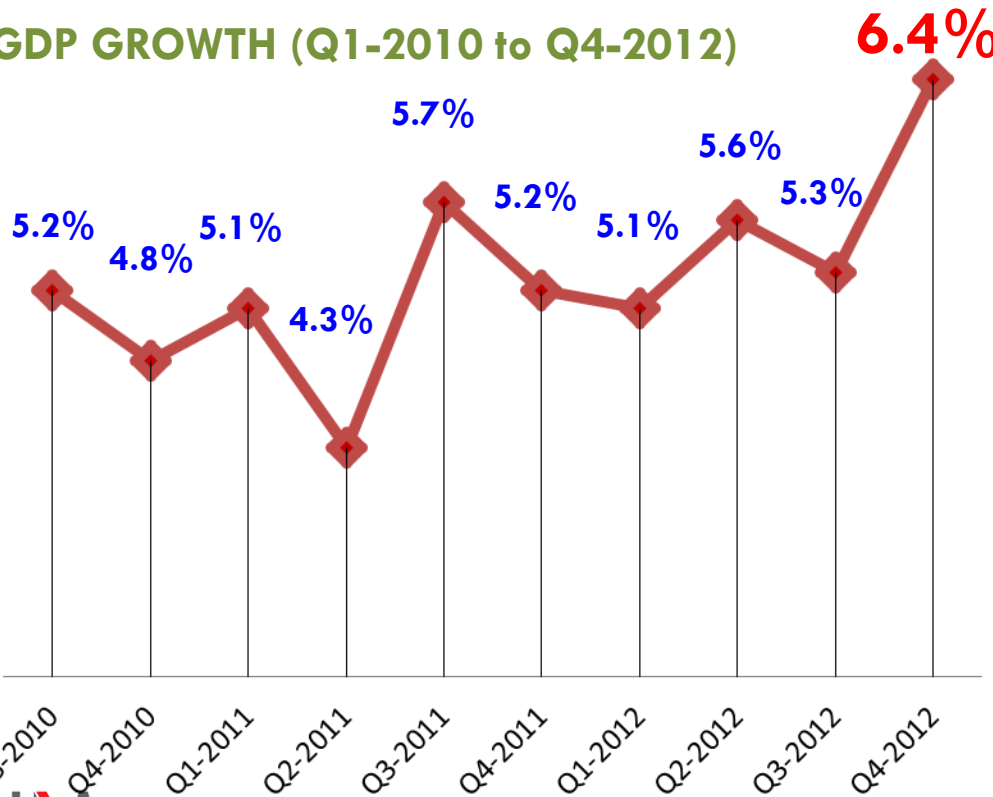
Source : Economic Reports/Bank Negara Annual Report, Malaysia 11/12



GDP GROWTH

- Overall GDP growth 2012: 5.6%
- GDP growth Q4 2012: 6.4%
- highest quarterly growth since Q2-2010

GDP GROWTH (Q1-2010 to Q4-2012)



Economic Activity (at 2005 constant prices)

	2011		2012	
	Q4	YEAR	Q4	YEAR
	ANNUAL CHANGE			
Construction	7.5	4.6	18.1	18.5
Mining	-3.8	-5.7	4.3	1.4
Manufacturing	5.2	4.7	5.8	4.8
Services	6.6	7.0	6.3	6.4
Agriculture	6.9	5.9	5.6	0.8
Real GDP(Annual Change)	5.2	5.1	6.4	5.6

THE MALAYSIA'S ECONOMIC DEVELOPMENT JOURNEY



The Beginning

1960s

Primary Industries and Mining

- Reliance on agriculture and mining.
- High poverty rate, low employment.
- Fluctuation of commodity prices.



1970s

Primary Industries and Import Substitution



- New Economic Policy :
 - Eradicate poverty.
 - Redistribution of wealth .
 - Incentives to encourage manufacturing industries.
- Replacing foreign imports with domestic production.

The Transition

1980s-1990s

Export Orientation and Heavy Industries

- FDI driven economy.
- Entrance of heavy industries .
- Transition to manufacturing: microchips and semiconductors making up 80 per cent of exports.



2000s

High Technology, High Value Added and Knowledge Based, Services



- New products and processes, increase productivity, and create high income employment.
- Innovation.
- Human Capital.



The Journey Continues

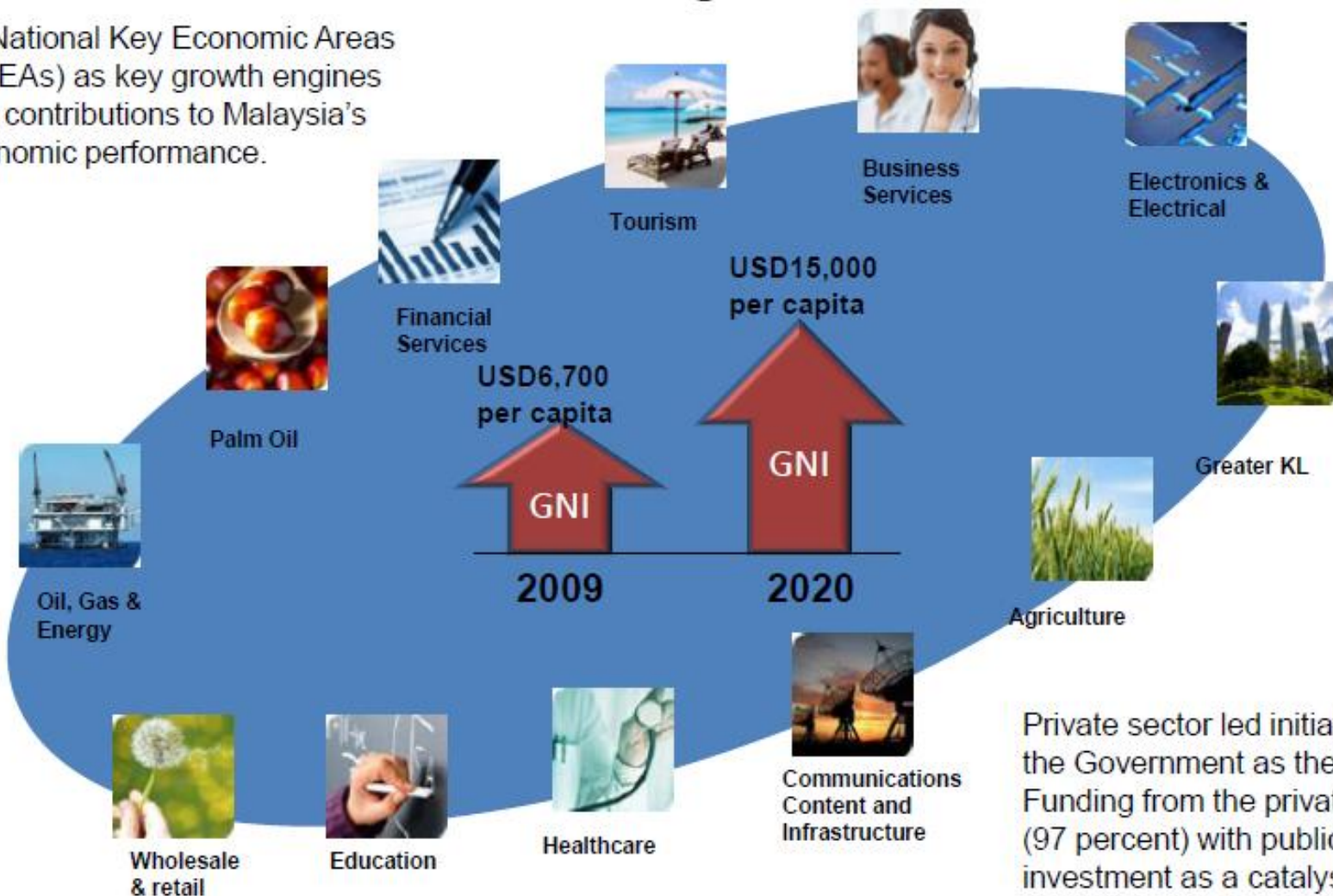
2010 and
beyond

High Impact, Strategic Cluster–Based Industries in
Manufacturing and Services

- High impact projects - Economic Transformation Programme
- Economic growth through NKEAs , non-NKEAs sectors and services sectors
- Target US\$15,000 per capita by 2020

ECONOMIC TRANSFORMATION PROGRAMME (ETP)

12 National Key Economic Areas (NKEAs) as key growth engines and contributions to Malaysia's economic performance.



Private sector led initiative and the Government as the facilitator. Funding from the private sector (97 percent) with public sector investment as a catalyst.

* Source: PEMANDU



MALAYSIA INVESTMENT PERFORMANCE

TOTAL INVESTMENT APPROVED 2012

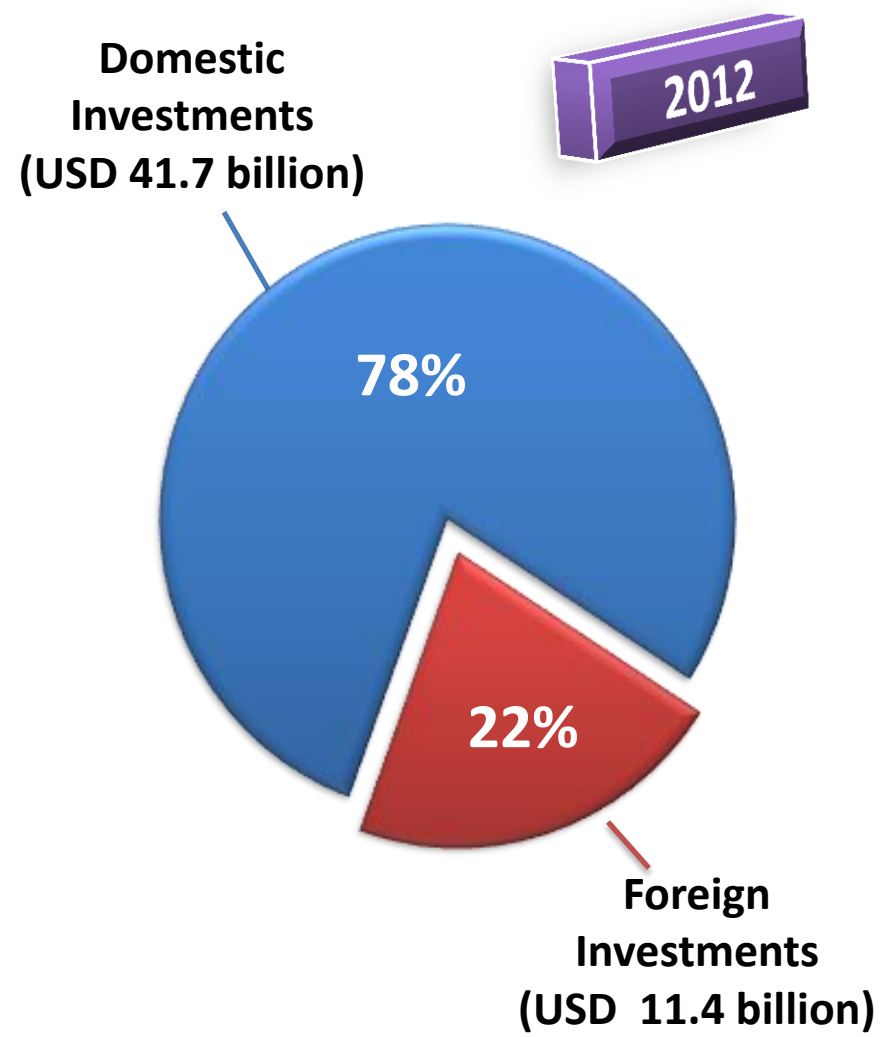
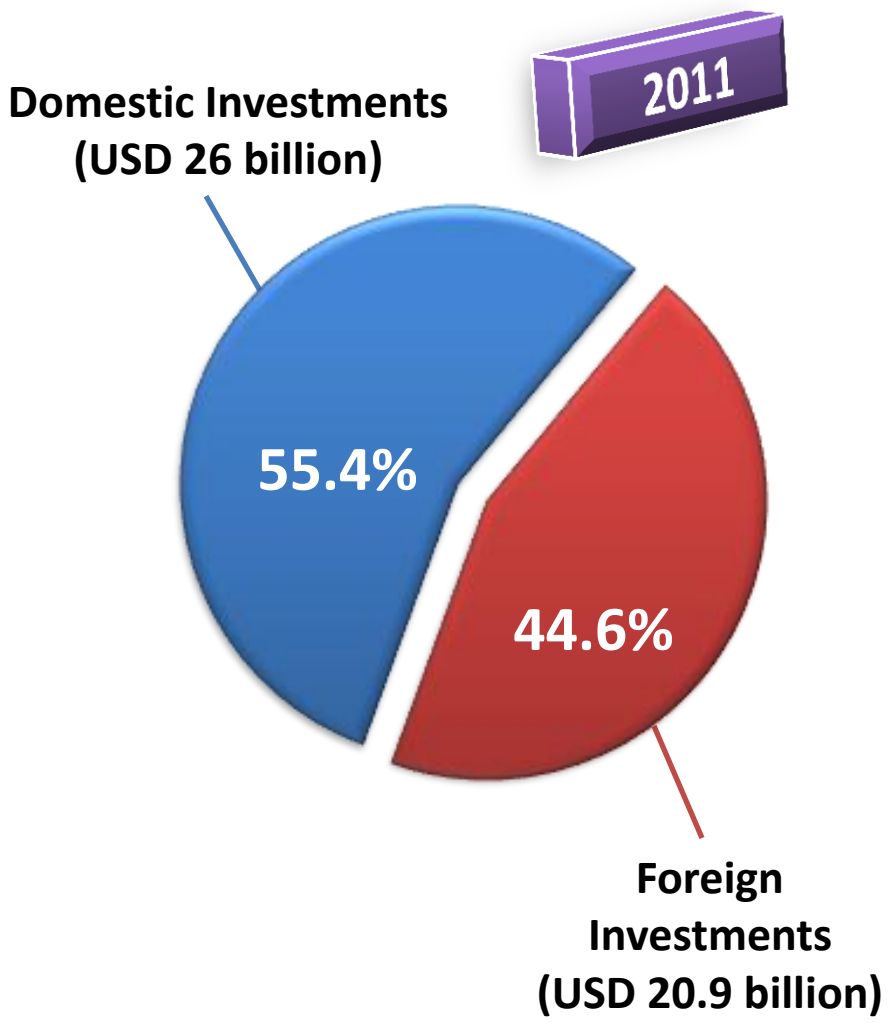


USD 53.1 BILLION

6,442 PROJECTS

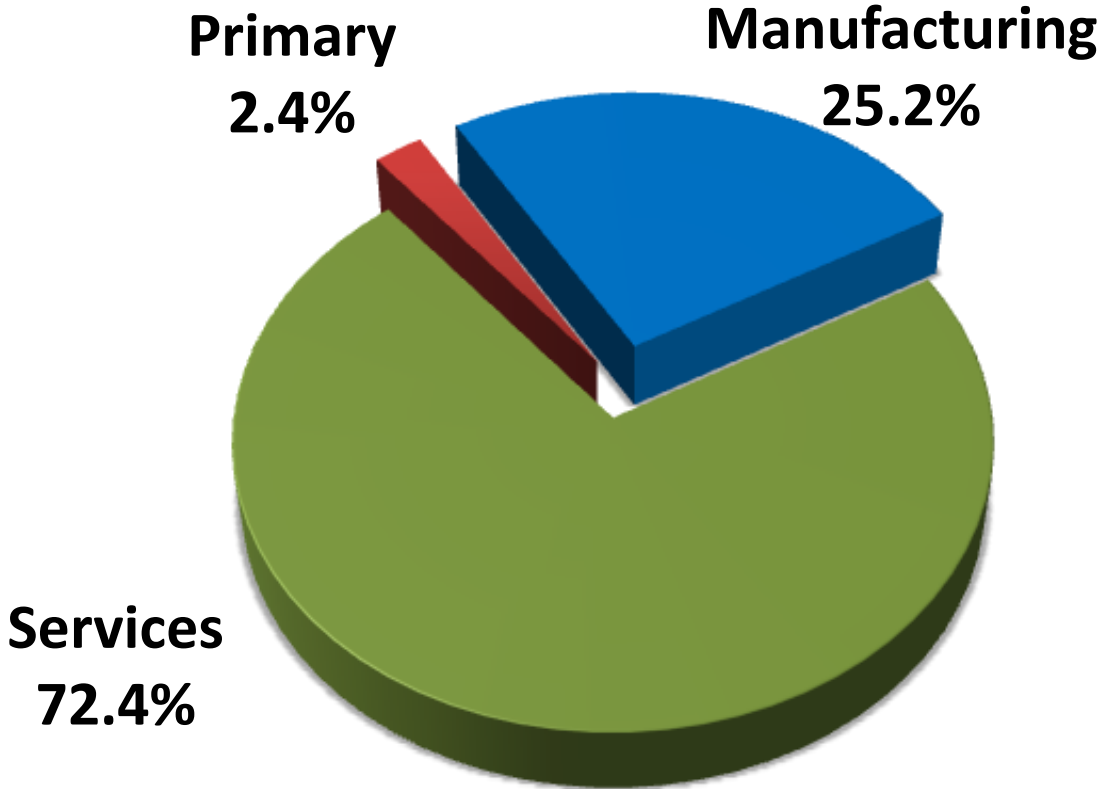
182,841 JOBS

APPROVED DOMESTIC DIRECT INVESTMENTS CONTINUE TO EXCEED FDI



TOTAL INVESTMENT APPROVED BY SECTORS IN 2012

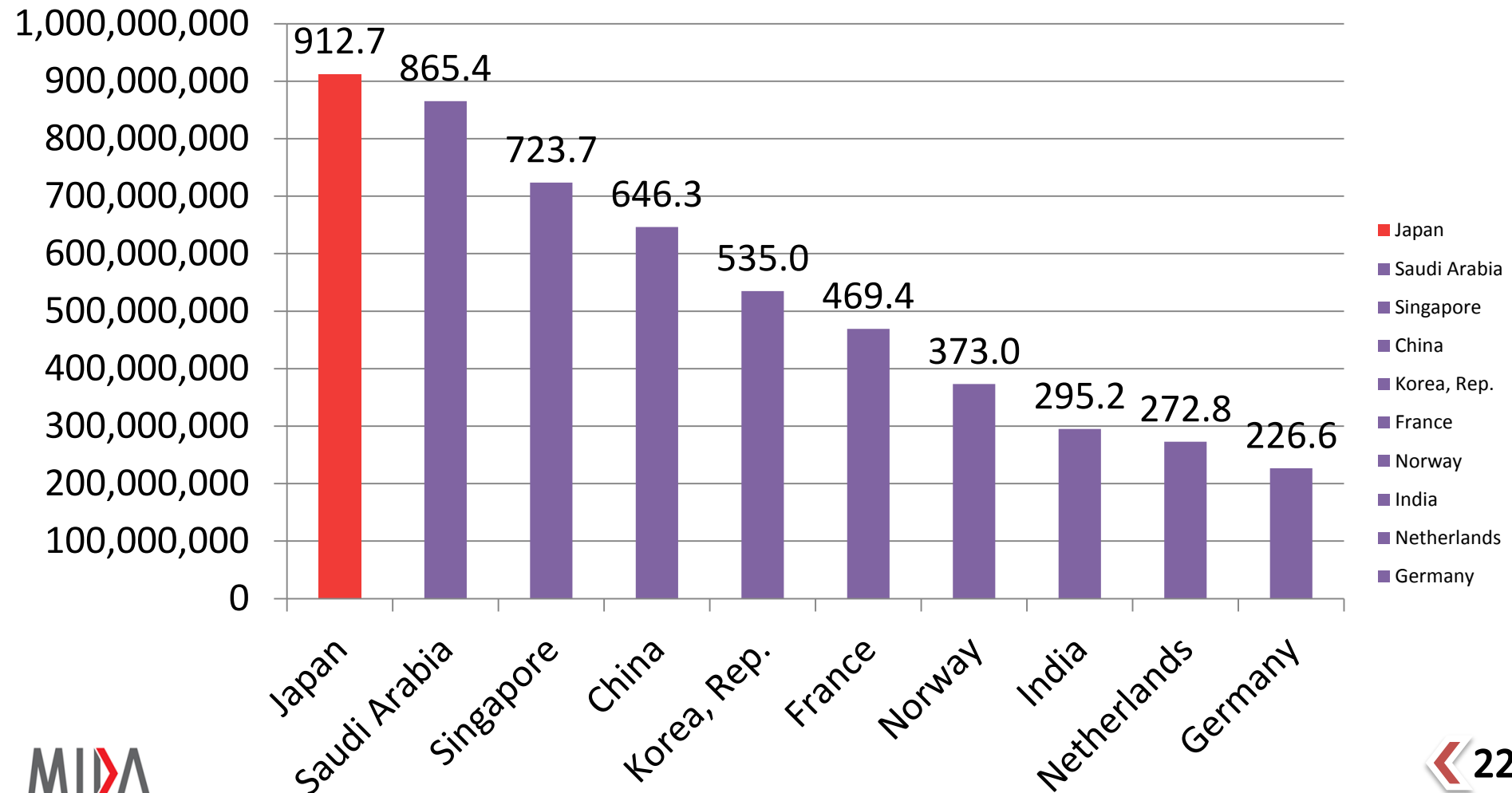
USD 53.1 billion



APPROVED PROJECTS BY MAJOR COUNTRIES 2012



USD Million



APPROVED MANUFACTURING PROJECTS BY MAJOR INDUSTRIES 2012



Industry / Products	Number of Projects	Foreign Investment (US\$)
Transport Equipment	85	2,542,687,758
Chemicals & Chemical Products	73	2,103,744,825
Petroleum Products (incl. Petrochemicals)	14	1,973,017,039
Electronics & Electrical Products	112	1,302,820,372
Basic Metal Products	37	1,239,560,379
Food Manufacturing	67	1,110,942,991
Machinery & Equipment	84	604,602,874
Rubber Products	20	441,273,230
Fabricated Metal Products	61	401,799,506
Plastic Products	57	362,421,853

REALISED INVESTMENTS IN MANUFACTURING SECTOR BY MAJOR COUNTRIES AS AT 31 DEC.2012



No.	Country	Investment (USD billion)
1.	Japan	19.5
2.	USA	17.2
3.	Singapore	7.5
4.	Germany	5.9
5.	Taiwan	5.2
6.	Netherlands	4.5
7.	South Korea	3.5
8.	United Kingdom	1.7
9.	Spain	1.2
10.	India	1.1

Source: MIDA



INVESTMENT POLICIES AND INCENTIVES



100%

Foreign Equity



NO 
RESTRICTIONS



Repatriation of Funds 



MAJOR INCENTIVES PROVIDED



Pioneer Status

Income tax exemption ranging from 70% or 100% for a period of 5 or 10 years

Investment Tax Allowance

60% or 100% on qualifying capital expenditure for 5 years

Incentives

Reinvestment Allowance

60% on qualifying capital expenditure for 15 consecutive years

Import Duty & Sales Tax Exemption

For raw materials/components and Machinery and Equipment



Pioneer Status (PS):

- **Enjoys for 5 or 10 years**
- **Tax exemption : 70% or 100% of statutory income (Company to pay only 30% of SI)**
- **Exemption period commencing from its production day (commercial production)**
- **Unabsorbed capital allowance can be carry forward and will be deducted from post pioneer income**
- **Eligibility: Promoted products/activities; Level of Value Added; Technology; Industrial linkages etc.**



Investment Tax Allowance (ITA) :

- **Alternative to PS**
- **Allowance of 60% or 100% on its qualifying Capital Expenditure incurred within 5 years**
- **Effective date is based on first Capital Expenditure**
- **The company can offset allowance granted against 70% of Statutory Income for each year assessment, and unutilised allowance can be carry forward (Only 30% of its SI will be taxed)**
- **Eligibility: Promoted products/activities; Level of Value Added; Technology; Industrial Linkages, etc.**



Import Duty & Sales Tax Exemption On:

- **Machineries / Spare Parts ; and**
- **Raw Materials / Components imported**

**Eligibility: Basic used in production process; and
Not Available Locally**

INVESTMENT OPPORTUNITIES IN THE MANUFACTURING SECTOR

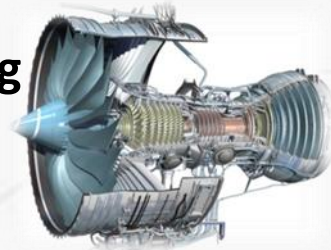
Electronics & Electrical Industries :

- High-technology based products using wireless and convergence technology
- Mobile application
- Solar wafer / cells / modules
- Semiconductors



Aerospace Industry :

- Maintenance, Repair and Overhaul (MRO)
- Aerospace Manufacturing



Machinery & Equipment:

- Automated equipment for semiconductor, solar, medical & automotive industries
- Process machinery for food & beverages and oil & gas
- Packaging machinery



Green Technology

- energy-saving devices (e.g LEDs, heating and cooling equipment)
- renewable energy (e.g. Photovoltaic,



INVESTMENT OPPORTUNITIES IN THE MANUFACTURING SECTOR

Petrochemical Industry :

- Alpha-olefins & fatty alcohols, propylene oxide & caprolactam
- Renewable & biodegradable materials



Food Processing Industry :

- Processed meat & seafood
- Beverages, food ingredients, dairy products & confectionary

Resourced-based Industries :

- Food & Agro based
- Value-added products from natural resources



Palm Oil Industry :

- Oleochemicals
- Palm-based nutraceuticals, constituents of palm oil/palm kernel oil & palm biomass
- Palm-based food products – specialty animal fat replacer, mayonnaise & salad dressing



Hotel & Tourism Projects :

- Hotels, tourist projects & recreational camps
- Expansion, modernization & renovation

INVESTMENT OPPORTUNITIES IN THE SERVICES CLUSTERS



Regional Establishments



Logistics



Tourism



Healthcare Travel (Medical Tourism)



Environmental Management

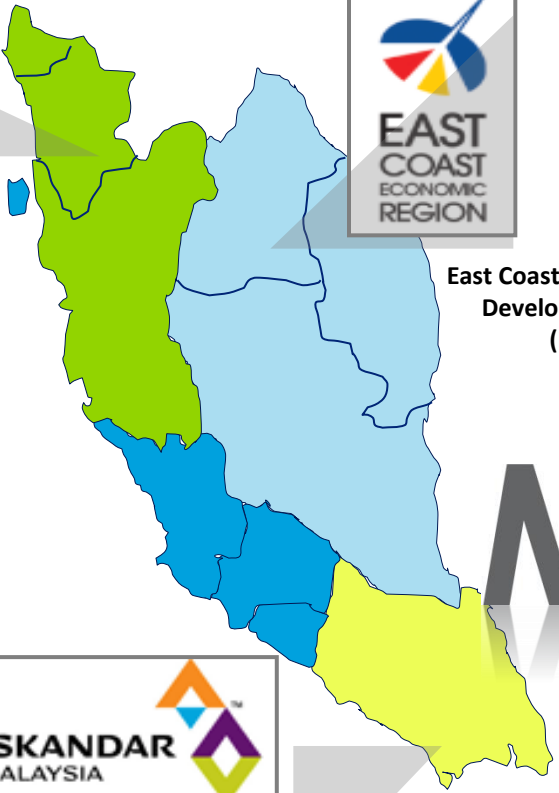


ECONOMIC CORRIDORS



**Northern Corridor
Investment
Authority
(NCIA)**

(Agriculture,
Manufacturing, and
Tourism)

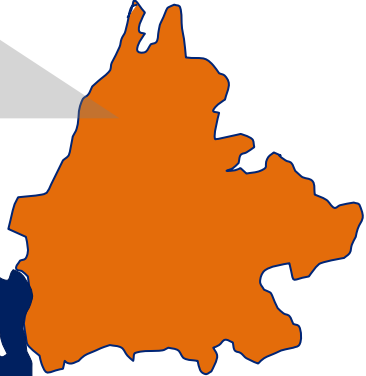


**East Coast Economic Region
Development Council
(ECERDC)**



**Sabah Economic Development
Investment Authority
(SEDIA)**

(Agriculture, Manufacturing, and
Logistic)



**Iskandar Region Development
Authority (IRDA)**

(Financial, Medical Hub,
Indusrail Zone, Second
Transportation Link, and
Administration Center,)



**Regional Corridor
Development Authority
(RECODA)**

(Aluminium, Glass, Steel,
Oil-based, Palm Oil,
Timber-based, and
Tourism)



Malaysia's Ranking in the World

Malaysia Remain an Attractive Investment Location



World Bank
Doing Business 2013 Report

Malaysia ranked 12th most business-friendly country

Malaysia is ranked ahead of other highly regarded economies such as Sweden (13th), Taiwan (16th), Germany (20th), Japan (24th) and Switzerland (28th)

Malaysia is first in terms of ease of getting credit

Malaysia is fourth in the world for protecting investors

Malaysia ranked among the top 10 economic reformers in the APEC region

WHY MALAYSIA ?



Political and Economic Stability



Pro-business Government



Liberal Investment Policies



Well Developed Infrastructure



Trainable and Educated Human Resource



Sound Banking System



Quality of Life



Track Record



THANK YOU



**MALAYSIAN INVESTMENT
DEVELOPMENT AUTHORITY**

www.mida.gov.my