



TUNISIA INVESTMENT FORUM 2013

Mdm Noor Aieda Ahmad
Director
Information Technology & Communication Services Division



**MALAYSIAN INVESTMENT
DEVELOPMENT AUTHORITY**



CONTENT OUTLINE

- **The Malaysian Economy**
- **Investment Performance 2012**
- **Investment Policies**
- **Why Malaysia?**
- **About MIDA**



THE MALAYSIAN ECONOMY

KEY ECONOMIC DATA

	Malaysia
Land Area	320,252km ²
Capital	Kuala Lumpur
Population	29 million
GDP	USD298.28 billion*
Real GDP Growth (2012)	5.6%
Per Capita Income (2012)	USD9,700

* Department of Statistics, Malaysia, 2013

MALAYSIA 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.

VISION 2020



**Preservation And
Enhancement Of Unity In
Diversity**



**Effective Delivery Of
Government Services**



**New Economic Model – A
high income, inclusive and
sustainable nation**



**Smooth Implementation Of
Government's
Development Programme**

1 Malaysia

*People First,
Performance Now*

April 2009

Government Transformation Programme (GTP)

*6 National Key
Result Areas
(NKRAs)*

January 2010

Economic Transformation Programme (ETP)

*6 Strategic Reform
Initiatives (SRIs)*

March 2010

10th Malaysia Plan

*Macroeconomic
Growth Targets &
Expenditure
Allocation*

June 2010

NEW ECONOMIC MODEL

To become a high income nation, we need:

FOCUS

We Need “**Drivers**” To
Ensure Focus

**National Key Economic Areas
(NKEAs)**

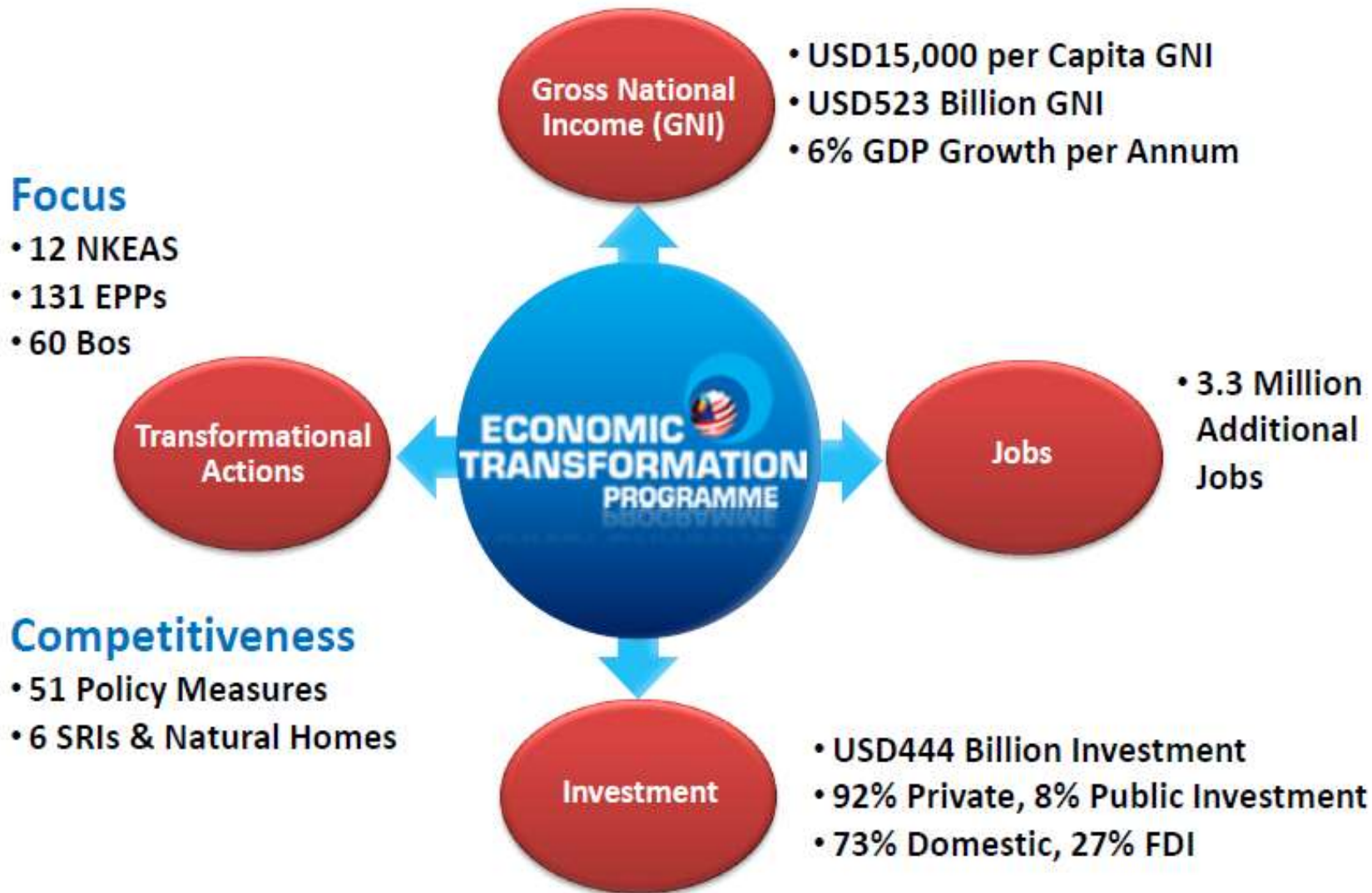
&

COMPETITIVENESS

We Need “**Enablers**” To
Ensure Competitiveness

**Strategic Reforms Initiatives
(SRIs)**

ETP TARGET



12 NATIONAL KEY ECONOMIC AREAS (NKEAs)

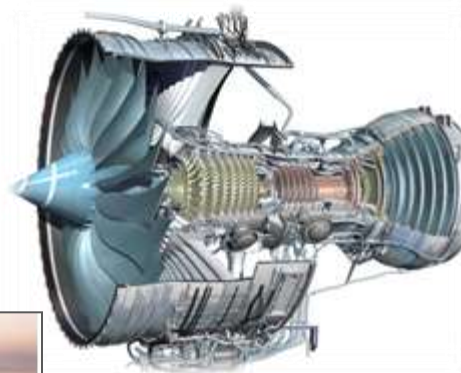



**ECONOMIC
TRANSFORMATION
PROGRAMME**

MIDA

OTHER NATIONAL KEY ECONOMIC AREAS

- **Transport Equipment**
- **Medical devices**
- **Aerospace**
- **Machinery & equipment**
- **Components & parts**
- **Moulds and dies**





INVESTMENT PERFORMANCE 2012

TOTAL INVESTMENT APPROVED

Investments in Malaysia reached
new record level in 2012



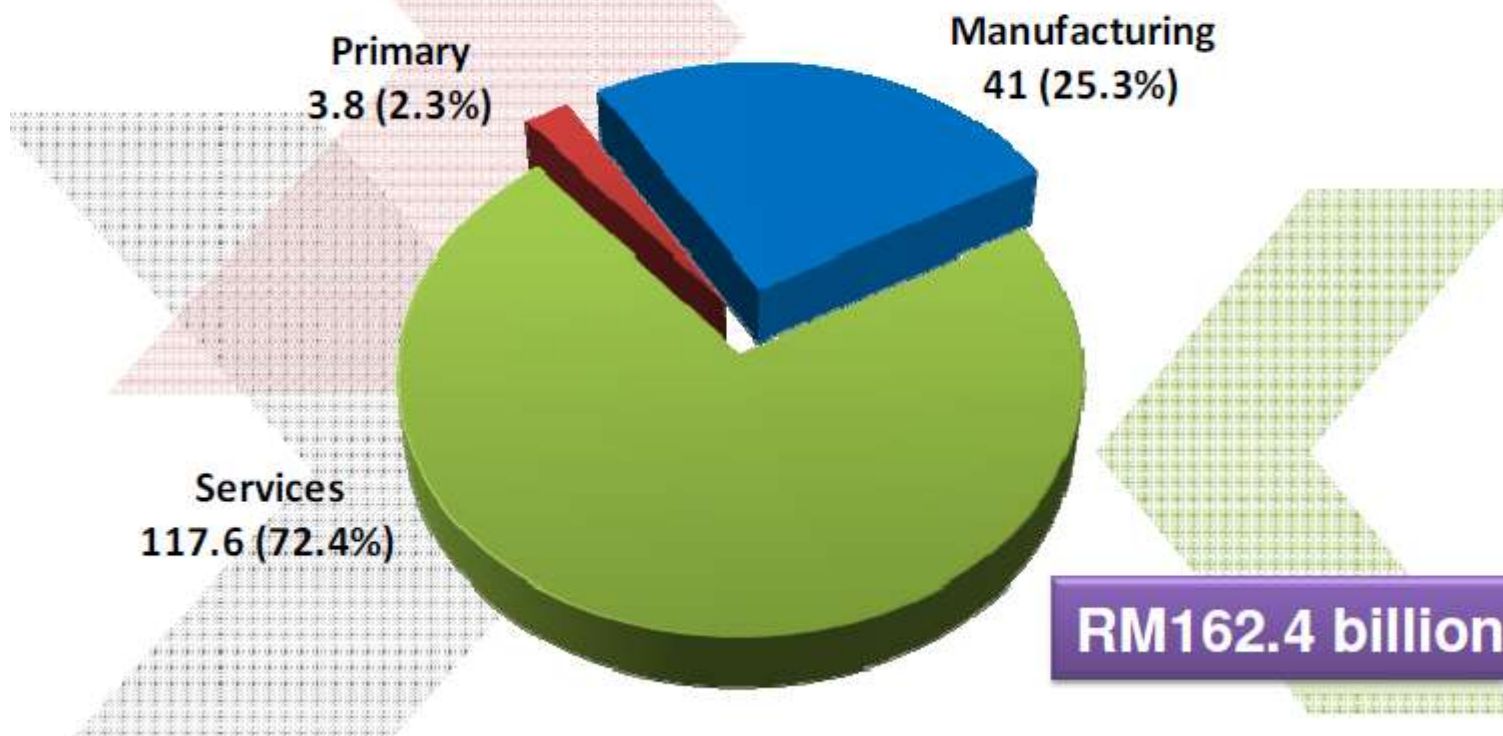
TOTAL INVESTMENT APPROVED IN 2012

Investments increased by **5.1%**



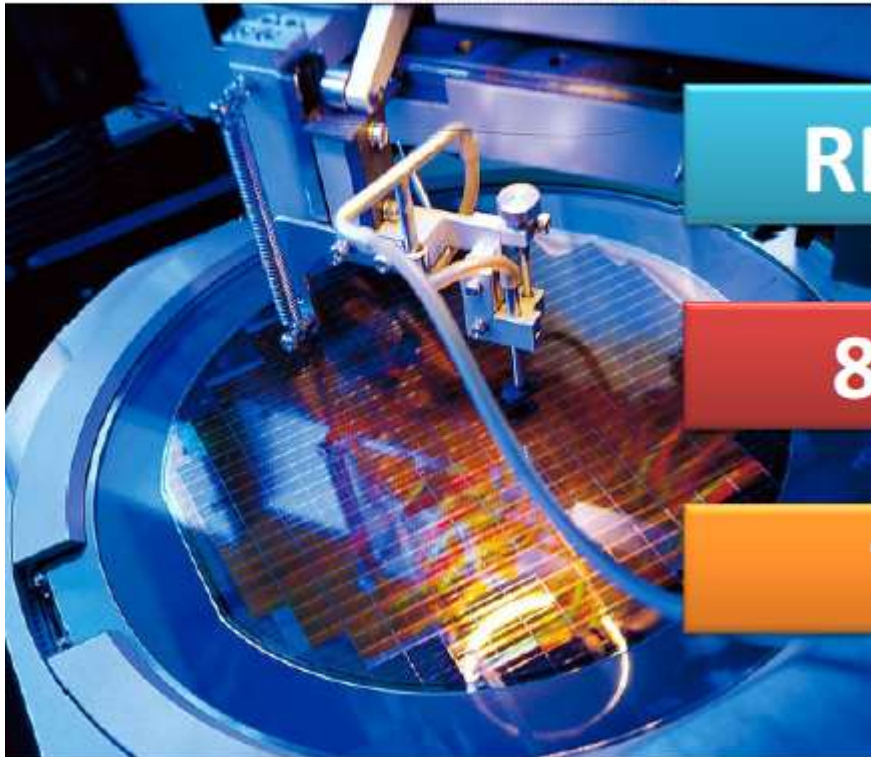
TOTAL INVESTMENT APPROVED IN 2012

Services sector continues to support Malaysia's economy



TOTAL INVESTMENT APPROVED IN THE MANUFACTURING SECTOR 2012

Approved investments **remain** high



RM41 BILLION

804 PROJECTS

76,631 JOBS

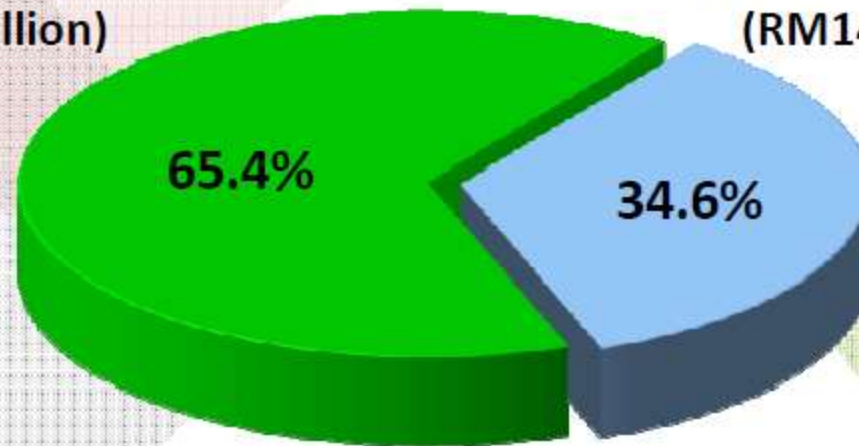
TOTAL INVESTMENT APPROVED IN THE MANUFACTURING SECTOR 2012

Malaysia – a magnet for **greenfield** investments

Total: RM41 billion

New Projects
(RM26.8 billion)

Expansion/
Diversification Projects
(RM14.2 billion)





INVESTMENT POLICIES

100%

Foreign Equity



NO
RESTRICTIONS



Repatriation of Funds

Liberal Expatriate Post Approvals

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

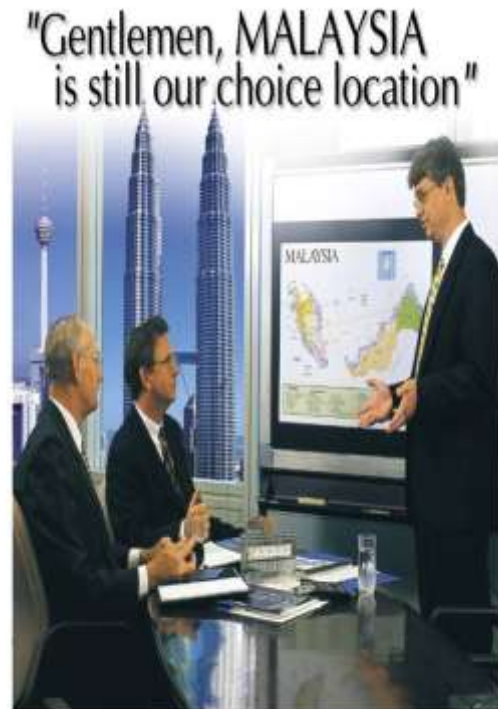
For raw materials/components and Machinery and Equipment



WHY MALAYSIA

WHY MALAYSIA

- **Political & Economic Stability**
- **Pro-business Government**
- **Liberal Investment Policies**
- **Transparent Policies**
- **Policy of Welcome**
- **Sound Banking System**
- **Well Developed Infrastructure**
- **Harmonious Industrial Relations**
- **Trainable & Educated Labour Force**
- **Quality of Life**
- **Excellent Track Record**



MALAYSIAN ASEAN



+



CHINA



JAPAN



SOUTH KOREA



MYANMAR



THAILAND



CAMBODIA



SINGAPORE



INDONESIA



LAO PDR



VIETNAM



MALAYSIA



PHILIPPINES



BRUNEI DARUSSALAM



PREFERENTIAL MARKET ACCESS

- Foreign companies based in Malaysia can enjoy preferential market access via Free Trade Agreements concluded by Malaysia:



Potential market of
600 million

Combined GDP of
USD1.8 trillion, as of
2010

Already zero tariffs
for 99% of products

ASEAN Economic
Community and
Single market by
2015

GATEWAY TO ASEAN AND ASIAN ECONOMIES

- **Strategic location: Malaysia is a gateway to other markets with preferential access through Free Trade Agreements (FTAs)**

ASEAN



REGIONAL / BILATERAL FTAS



China



Japan



Korea



India



Australia



New Zealand



Chile

- ✓ Potential market of 2.7 billion
- ✓ Tariff reduction and elimination mostly by 2016

ON-GOING FTA NEGOTIATIONS



TPP



EU



Turkey

- ✓ Potential market of 1.08 billion

TRANS-PACIFIC PARTNERSHIP AGREEMENT (TPP)

The Trans-Pacific Partnership (TPP) is an FTA initiative involving eleven (11) countries, Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam.

These economies make up **38%** of world GDP.

TPP agreement among the 11 TPP participants (not including Japan) would yield \$24 billion in income gains per year for the United States by 2025, and would overall yield \$74 billion in gains per year among all TPP members.

- Peter Petri and Michael Plummer, Peterson Institute of International Economics, 2012

When adding Japan, projected economic gains from TPP increase by \$149 billion per year by 2025.



INTELLECTUAL PROPERTY PROTECTION IN MALAYSIA

Malaysia:

- Member of the World Intellectual Property Organisation (WIPO)
- Signatory to the Paris Convention and Berne Convention
- Signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) signed under the auspices of the World Trade Organization (WTO)
- Intellectual property laws are in conformance with international standards and have been reviewed by the TRIPs Council periodically

Establishment of Intellectual Property Court in Malaysia:

- to remove Malaysia from the IP international watch list;
- to reduce backlog of intellectual property (“IP”) cases;
- to provide better remedies to the owners of the IP rights and to
- eradicate IP infringement

INTERNATIONAL COMPETITIVENESS RANKING

10th most
attractive
destinations for FDI

- *A.T. Kearney's FDI
Confidence Index
2012*

12th in ease of
doing business

- *World Bank
Doing Business
Report 2013*

3rd most
*preferred services
location*

- *A.T. Kearney's
Global Services
Location Index
2011*

4th in Asia as a
destination for
investment by global
multinational companies
(MNCs)

- *Asia Business Outlook
Survey (ABOS), The
Economist Corporate
Network, 2013*

14th most
competitive
economy

- *World
Competitiveness
Yearbook, IMD 2012*



ABOUT MIDA

MILESTONES

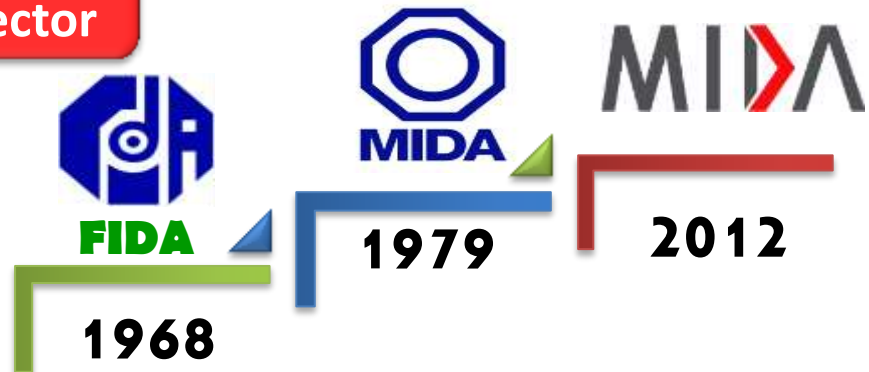
The principal Malaysian Government agency responsible for the promotion and coordination of industrial development in the country

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

2011 : Rebrand as Malaysian Investment Development Authority

27 March 2004 : Government Mandated MIDA to Promote Investments in the Services Sector

Established in 1967 under Act of Parliament, 1965



FUNCTIONS OF MIDA



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

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

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

- 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

FACILITATION OF INVESTMENTS

MIDA as a One Stop Agency :

- a) **Advisory & consultancy**
- b) **Approval of projects**
- c) **After- care services**

Under the National Committee on Investment (NCI)

Evaluation of applications for:

- **Manufacturing licence**
 - **Tax incentives**
- **Import duty exemptions on raw materials, components and machinery**
 - **Expatriate posts/work permits**
 - **Regional establishments such as Operational Headquarters, International Procurement Centres, etc**



MIDA WORLDWIDE NETWORK



24 Overseas Centre

MALAYSIA'S VISIBILITY



Diversity

Multiracial, multicultural and multilingual Malaysians living in harmony



E & E Hub

Leader in Islamic Banking



PETRONAS



Ranked 68th in FORTUNE Global 500®, with revenue over US\$97 billion



Palm Oil

39 % of world's palm oil production and 44% of world's exports

Gloves

Malaysia is the largest supplier of examination and surgical gloves > 50% of the global demand





THANK YOU

Please visit us at:

www.mida.gov.my

investmalaysia@mida.gov.my

MIDA