

# Recollective

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MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY  
OF MALAYSIA

## MALAYSIA

## MANUFACTURING POWERHOUSE OF SOUTHEAST ASIA

# ABOUT RECOLLECTIVE

MITI's Recollective Global Edition features Malaysia's competitiveness as a trade and investment hub for the world. This issue highlights the Manufacturing Prowess of Malaysia, reflecting its Industrial Production Index growth following the rollout of the COVID-19 vaccination programmes in Malaysia and across the world.

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# TABLE OF CONTENTS

## FEATURE

---

**04-08**

Malaysia: Manufacturing Powerhouse of Southeast Asia

## PERSPECTIVE

---

**09-17**

Malaysia's Role in the New Global Economy

## LATEST INSIGHTS

---

**18**

Malaysia to Lead Asia Pacific Legal Metrology Grouping

**19-20**

Safely Welcoming Investors

**21-22**

Safe@Work, Protecting Lives and Livelihoods

**23**

Strategic Trade Act (STA) Keeping Trade Safe for All

**24-25**

Easing Entry of World Business Travellers

## MALAYSIA, YOUR PROFIT CENTRE

---

**26-27**

Malaysia's Free Trade Agreements

**28-34**

Malaysia Records RM164 Billion of Total Approved Investments in 2020 Amid Global Pandemic

**35**

"We Stand By Malaysia"





# Malaysia: Manufacturing Powerhouse of Southeast Asia

With Its Skilled Workforce, Business-Friendly Government and Strategic Location, Malaysia has Long Been a Manufacturing Hub of Choice.



## The Machinery & Equipment Powerhouse in SEAN

**TOP NEWS**

**Kodak Shares Rally on Report That Probe Finds No Misconduct**

"Kodak is not in a position to comment on the scope or results of any DFC investigation," spokesperson Kurt Jaeckel said in an email. "As previously reported, Kodak's loan application is on hold."

<b>Bloomberg</b>	<b>DOW (C)</b>	<b>S&amp;P 500 (C)</b>	<b>NASDAQ (C)</b>	<b>RUS 2K (C)</b>	<b>TSX (C)</b>	<b>VIX (C)</b>
DEC 7 5:09 ET	30069.79	3691.96	12519.95	1891.25	17582.35	21.30
@BUSINESS	-148.47 0.49%	-7.16 0.19%	+55.72 0.45%	-1.20 0.06%	+61.38 0.35%	+0.51 2.45%

**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 and strategic location, the country has long been a manufacturing hub of choice. Now, it’s turning its competitive advantage into a 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, which accounts for roughly a quarter of annual GDP and 2.2 million jobs.<sup>1</sup> 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.

<sup>1</sup> Department of Statistics Malaysia

# Malaysia in Rankings



**2<sup>nd</sup>**

Trade Connectivity in  
Southeast Asia  
(DHL)



**5<sup>th</sup>**

Emerging Economies as  
Key Destination for  
Investment & Business  
(Bloomberg)



**2<sup>nd</sup>**

Ease of Doing Business  
within ASEAN  
(World Bank)



**2<sup>nd</sup>**

Global Competitiveness  
among ASEAN Countries  
(WEF Global Competitiveness  
Report)



**3<sup>rd</sup>**

Best Offshoring  
Destination Globally  
(AT Kearney)



**5<sup>th</sup>**

Digital Readiness among  
Developing Asian  
Economies  
(UNCTAD)



**4<sup>th</sup>**

Globally in Handling the  
COVID-19 Crisis  
(BLACKBOX RESEARCH  
& TOLUNA )



**22<sup>nd</sup>**

Globally for Talent  
(IMD)

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.<sup>2</sup>

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.<sup>3</sup> The sector will continue to fuel the economy in the year ahead, which is forecast to grow 6.5-7.5%.<sup>4</sup>

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.

The three mainstays  
account for nearly

**50%**

**OF MALAYSIA'S  
ANNUAL EXPORTS**



Source: Malaysia External Trade Development Corporation

## THREE MAINSTAYS OF MANUFACTURING

While Malaysia's robust manufacturing sector boasts several advantages, the "3+2" high-growth segments standout. Three mainstays—E&E, machinery and equipment (M&E) and chemicals—are long standing economic pillars, while two other growing segments—medical devices and aerospace—offer huge potential.

<sup>2</sup> Cushman & Wakefield

<sup>3</sup> World Bank

<sup>4</sup> The Edge Markets





Ease of doing business, top talent, the depth of its connectedness, tax and investment incentives, and its commitment to innovation make Malaysia an attractive manufacturing hub.

E&E is the single largest contributor to the manufacturing sector. Over the past few decades, the segment attracted tremendous foreign investment into the country. It quickly climbed the value chain, moving from high-volume low-mix to high-mix low-volume operations. Today, it produces 13% of global back-end semiconductor output and accounts for roughly 40% of Malaysia's annual exports.<sup>56</sup> With end uses linked to 5G, autonomous vehicles and the Internet of Things (IoT), chips made in Malaysia power the most innovative products in the world.

Penang's contribution stands out. The state is one of the most significant microelectronics assembly, packaging, and testing hubs in the world, positioning Malaysia as both a vital link in electronics supply chains and an ideal location for research and development (R&D). This has attracted global tech heavyweights companies to continue investing. Last year, for instance, U.S. chip-gear giant Lam Research

(LAM) invested USD225 million to build a new manufacturing facility in Batu Kawan Industrial Park, Penang, while German engineering company Bosch announced its plans to set up a manufacturing facility at the same location.<sup>78</sup> Bosch also announced its expansion project in setting up the manufacturing facility park for testing of semiconductor components and sensors in Penang.

Meanwhile, M&E contributes around 4% of Malaysia's annual exports.<sup>9</sup> The segment accounts for roughly 85% of the country's Small Medium Enterprises (SMEs).

Together, they comprise a sophisticated ecosystem offering world-class R&D, design, and engineering capabilities. These SMEs produce everything from metalworking and power generating machinery to specialised parts. Increasingly, they use Industry 4.0 technologies including robotics, factory automation and predictive maintenance to deliver best-in-class products consistently.

The chemicals segment is another economic engine and accounts for 5% of annual exports.<sup>10</sup> With abundant natural resources, the country has become a major contributor of petrochemicals and oleochemicals products often used as raw materials in the production of electronics, plastics, automotive parts, pharmaceuticals and construction materials. Meanwhile, specialty non-fuel products including catalysts, aromatics and white oil offer exciting opportunities, especially as digitalisation creates new possibilities.

<sup>5</sup> Bursa Malaysia

<sup>6</sup> Malaysia External Trade Development Corporation

<sup>7</sup> The Edge Markets

<sup>8</sup> The Star

<sup>9</sup> Malaysia External Trade Development Corporation

<sup>10</sup> Malaysia External Trade Development Corporation



## TWO BUDDING HIGH-GROWTH SEGMENTS

Malaysia's less mature high-growth segments are equally important. The medical devices industry, for instance, comprises more than 200 manufacturers. Thirty, including Abbott, Boston Scientific and B. Braun, are among the top multinationals that established bases in Malaysia to capitalise on the country's unique advantages. Together, these companies export 90% of the devices they make—around USD5.6 billion worth—annually, shipping more than half to the U.S., Germany, China, and Japan.<sup>11</sup>

Historically, Malaysia's medical devices industry encompassed a broad range of consumable products including examination gloves, catheters, syringes and dental implants. Now, the country is climbing the value chain, manufacturing complex products including pacemakers, defibrillators, endoscopes, radiographic equipment and in-vitro diagnostic devices. With a commitment to adopting advanced manufacturing processes powered by Industry 4.0 technologies, it is fast becoming a medical manufacturing hub and outsourcing destination.

The same commitment to innovation underlies advances in the aerospace manufacturing segment. Last year, border closures and travel bans stemming from the COVID-19 pandemic devastated the industry worldwide. While the prospects for an immediate recovery remain tenuous, Malaysia's manufacturers remain well-positioned to capitalise when travel returns.

Malaysia is home to 240 aerospace companies. Together, they export over USD2 billion worth of goods annually, reflecting the segment's strength in maintenance, repair and overhaul (MRO) services.<sup>12</sup> Their primary exports are fuselages, empennages and wing components. Now, the Malaysia Aerospace Industry Association (MAIA) together with MIDA and other relevant Government agencies are on a quest to transform the country into Asia's premier aerospace hub. If the Digital KLIABC 2020 conference to reach the industry players, secure potential sales of USD34 million is anything to go by, that quest is well in progress.<sup>13</sup>



Malaysia's 240 aerospace companies export over USD2 billion worth of goods annually, reflecting the segment's strength in maintenance, repair and overhaul (MRO) services.

<sup>11</sup> Asia Briefing

<sup>12</sup> Malaysia Aerospace Industry Association

<sup>13</sup> Focus Malaysia





### BUSINESS-FRIENDLY GOVERNMENT INITIATIVES

Establishing manufacturing operations abroad is challenging. To make that easier, the Malaysian Investment Development Authority (MIDA) launched the Project Acceleration and Coordination Unit (PACU) to accelerate the approval and implementation of manufacturing projects. In efforts to accelerate the necessary approvals to expedite the execution of projects, MIDA launched the e-Manufacturing Licence (e-ML) module and the enhanced e-ML 2.0 module. For instance, eligible applications submitted through this module will be approved within two business days for non-sensitive industries and up to four weeks for sensitive industries.

PACU assists and accelerates the application process, identifies challenges that an applicant may face, monitors the progress of implementation and facilitates collaboration with all parties involved.<sup>14</sup> The process is hassle-free. With generous tax and investment incentives already in place, the latest effort provides a strong impetus to invest.

The Government is also quick to respond when businesses and investors are in need.

COVID-19 has made it difficult to travel. To balance public health, livelihoods and economic sustainability, MIDA set up a One Stop Centre (OSC) to ease the movement of business travelers. This ensures both the legitimacy and health of travelers before they enter the country, while supporting the growth of business and industry.

Amid the disruption stemming from the pandemic, the Malaysian Government also introduced a series of stimulus packages dubbed PENJANA to help businesses recover and to incentivise foreign investment. The packages include several measures aimed at foreign companies. Those in the manufacturing sector who invest USD70-USD116 million are eligible for tax exemption for ten years. Larger investments could earn a 15-year exemption.

The latest measures are a few of many reasons why Malaysia ranks 2nd for ease of doing business within ASEAN region. As the country realises its comparative advantage in manufacturing, businesses around the world will soon find a new home from which to make their greatest products. Whether they tap into one of the “3+2” manufacturing segments or discover new opportunities, one thing is clear: Malaysia is the manufacturing powerhouse of Southeast Asia.

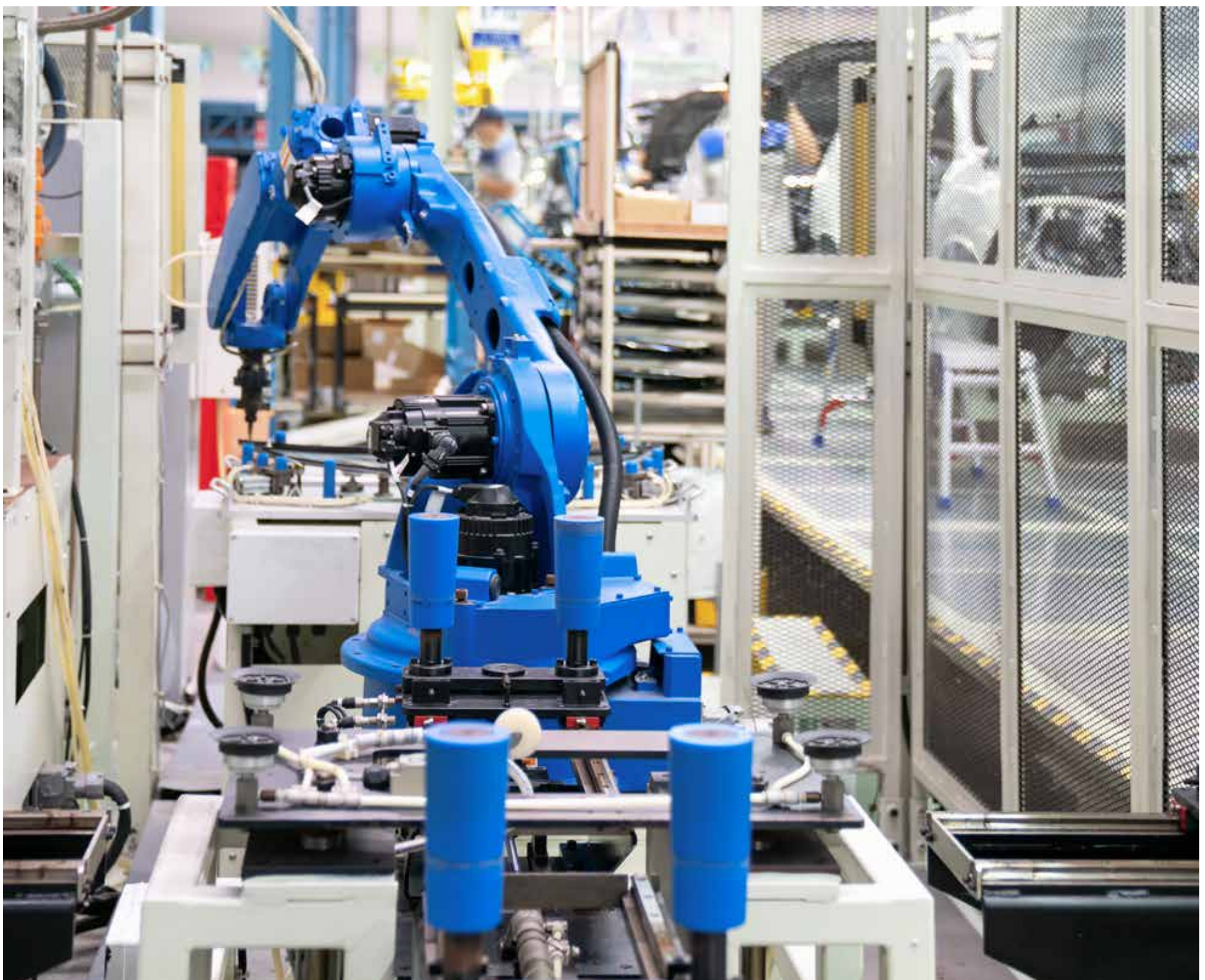


Malaysia's cost competitiveness and ability to bounce back in the face of disruption secured its position in the top quartile of the 2020 Global Manufacturing Risk Index.



# Malaysia's Role in the New Global Economy

Geopolitical Tensions and the Disruption Caused by the COVID-19 Pandemic are Prompting Multinational Businesses to Re-Evaluate Their Asia Operations. As the World's Eighth Largest Exporter of High-Technology Goods, and as a Hub for R&D and Global Operations, Malaysia's Pro-Business Policies, Advanced Infrastructure and Highly Skilled Workforce Provide New Openings for Manufacturers and Service Companies.







Port Klang, main gateway by sea into Malaysia.

**GLOBALLY**, supply chains are being redrawn. Anti-globalisation sentiments and political pressure towards onshore operations have sparked numerous trade disputes—epitomised by the current standoff between America and China.

These tensions have been costly. The past three years have seen America introduce tariffs worth US\$550 billion on Chinese imports. In response, China has imposed US\$185 billion worth of tariffs on American-made goods. Manufacturers in China, including many Western-headquartered multinational corporations (MNCs), have been severely affected. Research by the National Bureau of Economic Research estimates that the cost to American companies tops US\$45 billion.

The COVID-19 pandemic has worsened the situation. The shutting down of the Chinese economy in early 2020 meant that foreign and local manufacturers were unable to operate. This further impacted already vulnerable supply chains, driving suppliers and customers from a wide range of industries out of business. These events and more have since prompted MNCs to diversify their supply chains and rethink their Asia presence.



**MALAYSIA'S  
ESTABLISHED LOCAL  
SUPPLY CHAINS  
THAT ARE WELL-  
INTEGRATED INTO THE  
GLOBAL VALUE CHAIN  
ARE AN UNDENIABLE  
COMPETITIVE  
ADVANTAGE OF THE  
NATION."**

Malaysian Investment  
Development Authority (MIDA)





## A VIABLE ALTERNATIVE

To counter this instability, MNCs require a dependable, secure and stable location from which to run their regional operations. Malaysia is such a market. The nation's trade relationship with America is robust, as too are its ties with Britain, the EU and Canada. Trade between Malaysia and these markets collectively amounted to about US\$112 billion in 2019.

Strategically located in South-East Asia, Malaysia sits at the centre of one of the fastest-growing economic regions in the world. It is a member of the recently signed Regional Comprehensive Economic Partnership, which presently encompasses 30% of the world's population and around 30% of global trade. Additionally, the nation holds bilateral and regional free trade agreements with other economic powerhouses such as India and Turkey.

Puteri Harbour, Johor Bahru, as gateway to the south, receiving visitors to and from Singapore and Indonesia. It is known as the Pearl of Johor, replete with popular entertainment, dining and holiday destinations and surrounded by luxury residences.

"Malaysia's established local supply chains that are well-integrated into the global value chain are an undeniable competitive advantage of the nation," says the Malaysian Investment Development Authority (MIDA). "Backed by a strong and mature local engineering support industry, investors that are seeking to expand their production capacity into the country can do so efficiently and with ease."

While many markets continue to grapple with both the health and economic fallout of COVID-19, Malaysia is moving forward. The World Health Organization recently praised the nation for its handling of the pandemic, and its economy is growing: the International Monetary Fund expects the Malaysian economy to expand by 7.8% in 2021. The South-East Asian nation's pro-business environment reinforces its position as an attractive investment destination for overseas MNCs.

Politically stable, Malaysia boasts a robust legal system, including intellectually property protection, and a well-developed financial sector. Industrial relations are harmonious with minimal trade disputes, and labour costs are globally competitive. Overseas companies can hold 100% ownership of a Malaysian incorporated entity—especially in manufacturing and other select services—and can appoint foreign talent for key positions. They can also enjoy competitive investment incentives.

### GLOBAL CONNECTIVITY

In terms of infrastructure, Malaysia boasts telecoms and internet capabilities that are among Asia's most sophisticated. "Given the far-reaching pandemic impact on the way we live, work and do business, the Malaysian Government is also intensifying the call for the acceleration of digitalisation within its delivery services—in efforts to increase the ease of doing business for investors in Malaysia," explains MIDA.

Bayan Lepas Industrial Park, Penang Free Industrial Zone is the island's high-tech industrial hub. It is now home to many multinational firms and is dubbed the Silicon Valley of the East.







**500,000**

OVER 500,000 STUDENTS



**500**

500 COLLEGES



**73**

73 UNIVERSITIES

Seven international airports connect the country to both regional and global commercial hubs, while the nation's seven seaports facilitate the rapid movement of traded goods. A modern highway system spans most of Peninsular Malaysia, and more than 500 business parks are scattered across the country, including numerous specialist technology parks and 18 Free Industrial Zones catering to export-orientated industries.

The development of Malaysia's East Coast Rail Link (ECRL) is significant. When complete, the railway will create a 'land bridge' between key ports on Peninsular Malaysia's east and west coasts, and could reduce shipping times from China to South Asia, the Middle East and beyond by more than one day. Malaysia's value proposition as the gateway to South-East Asia is underscored by the DHL Global Connectedness Index, which ranks the country second highest in South-East Asia and 12th highest globally for trade connectivity.



**THE WORLD BANK'S  
2020 HUMAN CAPITAL  
INDEX RANKS MALAYSIA  
AS THE THIRD MOST  
EDUCATED COUNTRY IN  
SOUTH-EAST ASIA."**

The sustained growth and importance of Asia within the worldwide economy has prompted many MNCs to establish global operation hubs in Malaysia. The Government of Malaysia has successfully attracted foreign MNCs and local conglomerates across numerous sectors, where they operate strategic functions such as supply chain management, business planning, finance and R&D. Since 2003, more than 3,000 organisations have established global and regional headquarters, supply chain hubs, and centres of excellence nationally.

### **A DYNAMIC TALENT POOL**

Malaysia's young, educated and productive workforce makes it one of the most competitive in Asia. The World Bank's 2020 Human Capital Index ranks Malaysia as the third most educated country in South-East Asia. Education across all age groups is a key priority for the Government of Malaysia. The nation boasts over 500,000 students enrolled in roughly 500 colleges and 73 universities, the majority of whom are studying science and technical subjects. Most Malaysians are bilingual, with many speaking three languages fluently including English.



Training and development are not restricted to colleges and universities. “In Malaysia, vocational and technical schools, polytechnics and industrial training institutions prepare young people for employment in various industrial trades,” says MIDA. “While government agencies mostly run these, several private initiatives, such as states’ skills development centres, complement the government’s efforts in producing the skilled workers needed by industry.”

Collaboration between academia and industry also ensures a robust supply of talent. One such initiative by MIDA, in partnership with the Ministry of Education and Semiconductor Fabrication Association of Malaysia, prepares graduates and technicians for the wafer fabrication industry.

To meet the burgeoning demand for technically skilled workers, the Government of Malaysia collaborates with Technical and Vocational Education and Training (TVET) providers to ensure talent supply. Malaysia’s 1,248 TVET institutions offer 5,776 courses that focus on both academic studies and hands-on skills. Complementing this initiative, Malaysia’s National Dual Training System

The World Bank’s 2020 Human Capital Index ranks Malaysia as the third most educated country in South-East Asia, with its diverse talent pool ensuring a robust and industry-ready workforce.

(NDTS) sees students spend between 20% and 30% of their time focusing on academic activities, with between 70% and 80% of their time allocated to on-site training.

Similarly, Malaysia’s Collaborative Research in Engineering, Science and Technology Centre (CREST) is an industry-led platform for market-driven R&D and talent development. A membership framework, CREST leverages best-in-class industry expertise from across government, industry and academia. The centre focuses on six technology areas: LED optoelectronics, Internet of Things (IoT) embedded systems, integrated circuit design, advanced materials and packaging, advanced manufacturing, and drones and autonomous vehicles.





## INDUSTRY 4.0

Malaysia's economy places a particular emphasis on technology-oriented industries, including electronics manufacturing, R&D, biotechnology, photonics and automation, as well as high-value services that support these, such as logistics and marketing. These sectors keep Malaysia's economy at the cutting edge of technological innovation, fostering an industrial base that looks set to prosper for the longer term.

The nation's industry 4.0 capabilities are noteworthy. The Government of Malaysia's Industry4WRD policy is driving digital transformation among local and international manufacturers. The initiative aspires to increase productivity, elevate the contribution of the manufacturing sector to the nation's economy, boost innovation, and increase the number of high-skilled workers.

Malaysia prioritises renewable energy generation as a commitment to reducing greenhouse gas emissions by 45% by 2030.



**"THESE TECHNOLOGICAL INNOVATIONS WILL IN YEARS TO COME BRING MORE ACCESS TO THE DIGITAL ENVIRONMENT, AND LONG-TERM GAINS IN EFFICIENCY AND PRODUCTIVITY."**

The 11th Malaysian Plan (2016 to 2020) places an emphasis on the “3+2” catalytic and high potential growth sub-sectors—namely the electrical and electronics (E&E), chemicals, machinery and equipment, medical devices, and aerospace industries. These are greatly benefiting from use of IoT, artificial intelligence (AI), robotic process automation and wearables to manufacture items used in a wide range of consumer and industrial technologies and products. In 2019, for example, E&E accounted for 6.3% of Malaysian GDP and represented almost 45% of manufactured exports.

“Cutting-edge technologies like IoT, AI, cloud computing and big data have made it possible to augment the efficiency of people’s daily lives,” says MIDA. “These technological innovations will in years to come bring more access to the digital environment, and long-term gains in efficiency and productivity.”

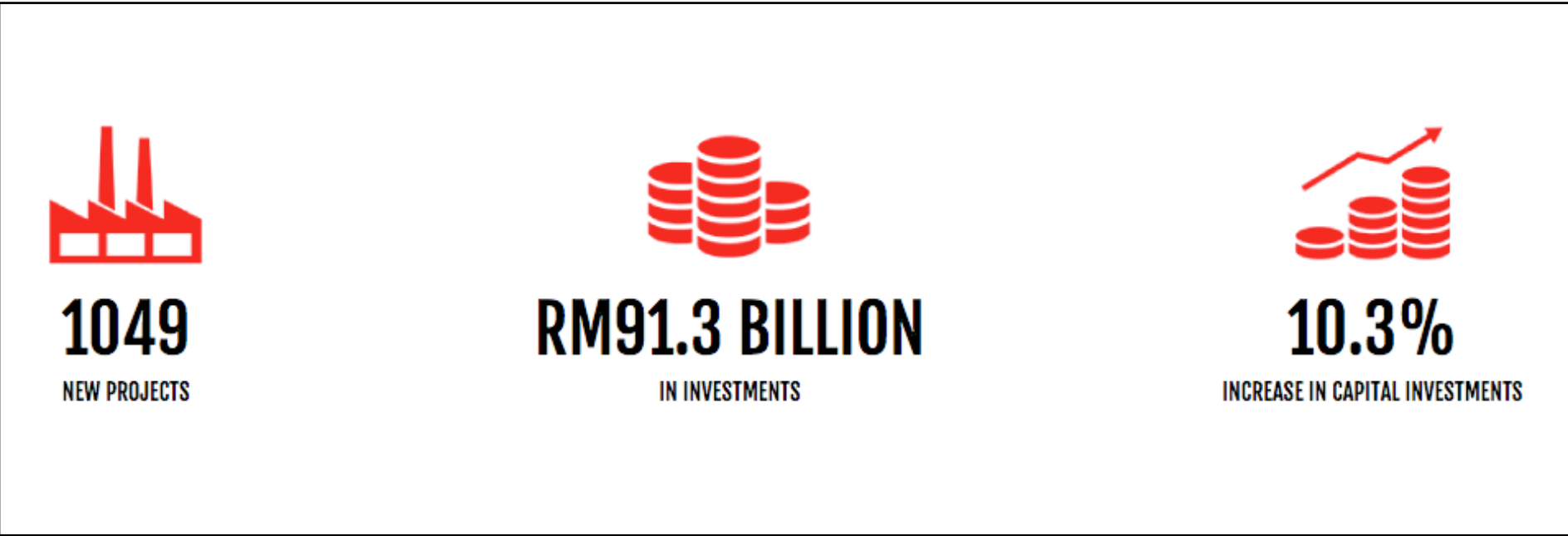
Adopting Industry 4.0 is not without challenges for manufacturers. These range from skills shortages to knowledge shortfalls, technology gaps and more. MIDA’s Lighthouse Project enables less advanced manufacturers to learn from Industry 4.0 champions. These ‘lighthouses’ act as beacons to guide less experienced players when using AI, advanced analytics, autonomous robots and other technologies to upgrade existing production. Significant improvement is expected in areas

including productivity, sustainability, agility, speed to market and product customisation.

REALISING A SUSTAINABLE FUTURE

The Government of Malaysia is committed to helping solve the world’s foremost environmental challenges. Under the National Green Technology Policy, Malaysia is placing greater importance on renewable energy generation. During 2019, 350 projects worth RM3.78 billion (US\$900 million) were approved. The majority of these involve solar energy, with others generating electricity from mini-hydropower, biogas and biomass. These support Malaysia’s commitment to reducing greenhouse gas emissions by 45% by 2030.

Malaysia also houses a state-of-the-art healthcare system. With modern hospitals and clinics, highly skilled doctors, surgeons and nurses, and affordable prices, medical tourism is thriving. During 2019, 1.3 million overseas patients travelled to Malaysia to receive healthcare. The country has been the recipient of multiple awards from acclaimed industry bodies, including the International Medical Travel Journal’s ‘Medical Travel Destination of the Year’ for five of the six past editions.





Opportunities abound for overseas investors. These extend beyond the 3+2 catalytic industries to green technology and healthcare, collectively underpinning Malaysia's efforts to achieve a truly sustainable economy.

Despite the significant challenges experienced during 2020, Malaysia's manufacturing industry has flourished. With support from MIDA, 1,049 projects worth RM91.3 billion (US\$22.7 billion) were approved in 2020—an annual increase in capital investments of 10.3%. Furthermore, during the same time period, approved foreign direct investments increased by 3.9% to RM56.6 billion (US\$14.0 billion).

Irrespective of their industry, foreign entities work in close partnership with MIDA to help them capitalise on a multitude of openings. "As partners to investors, MIDA prioritises the push for strategic collaborations between foreign and local companies to propel mutually beneficial outcomes such as the transfer of knowledge and expertise across industries as well as the development of resilient supply chains and support networks," adds MIDA.

"These are stepping stones to nurture Malaysian companies to become truly global champions. This is MIDA's commitment to ensure the sustainability of the business entities in the country, not only in the present but for the future."

## INTERNATIONAL RECOGNITION

### Malaysia Ranked:

1<sup>st</sup>

in CEOWORLD Magazine's 'World's Best Countries to Invest In or Do Business' in 2019

1<sup>st</sup>

in Asia, 'Bloomberg's Emerging Market Scorecard' in 2018

2<sup>nd</sup>

in ASEAN, the 'World Bank's Doing Business Report 2020'

2<sup>nd</sup>

in ASEAN, the 'World Economic Forum's Global Competitiveness Report 2019/2020'

2<sup>nd</sup>

in South-East Asia and 12th out of 169 globally for trade connectivity, according to the 'DHL Global Connectedness Index' in 2019

4<sup>th</sup>

in KPMG's 'Cost of Doing Business Index' in 2020, outperforming countries such as China, Japan, Vietnam and India

*This article was first published by The Economist*

# Malaysia to Lead Asia Pacific Legal Metrology Grouping

NMIM, Appointed as President and Secretariat of the Asia-Pacific Legal Metrology Forum (APLMF).



**THE** National Metrology Institute of Malaysia (NMIM), the national measurements laboratory operated by SIRIM Bhd has been appointed as President and Secretariat of the Asia-Pacific Legal Metrology Forum (APLMF) for a period of two years.

“The new appointment will make Malaysia the first developing country and from the ASEAN region mandated to the hosting economy, among other things, to manage the secretariat, organise annual meetings and support the execution of APLMF’s work programme,” NMIM said in a statement today.

NMIM said APLMF is a grouping of legal metrology authorities aimed to develop legal metrology and to promote free and open

trade in the region through the harmonisation and removal of technical or administrative barriers to trade in the field of legal metrology.

Commenced in November 1994, APLMF was established with 14-member economies from the Asia-Pacific Economic Cooperation (APEC) region, namely Australia, Canada, China, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Papua New Guinea, the Philippines, Singapore, Chinese Taipei, Thailand and USA.

As of today, APLMF has 27 countries as its members. NMIM abides by the National Measurement System Act 2007 (Act 675) and plays a role as the custodian under the Weights and Measures Act 1972 (Act 71).

NMIM disseminates the traceability of measurement to the whole country based on the International System of Units and has a great responsibility in ensuring the national metrology infrastructures meet and comply with global measurement standards.



*This article was originally published by The Sun Daily*



# Safely Welcoming Investors

Malaysia's Safe Travel Portal for Business Travellers Goes Live.



**THE** Malaysian government is very “pro-business” and welcomes the entry of business travellers to carry out business operations amid the pandemic. In this regard, Malaysia’s Safe Travel portal which contains information and advisory services to facilitate business travellers’ entry into Malaysia is fully operational effective 3 March 2021. Both Short and Long Term Business Travellers may apply for entry permission through the dedicated portal at URL: <https://safetravel.mida.gov.my>. Short Term Business Travellers are required to submit the online application 14 days in advance of planned travel.

The portal is a critical component of the One Stop Centre (OSC) initiative that has been set up by the Malaysian Government effective 2 October 2020 to ease the movement of Business Travellers by expediting their entry to do business in Malaysia. The Centre assumes a vital role in ensuring that Malaysia remains steady on economic recovery and growth;

while balancing public health and livelihoods, and strengthening Malaysia’s position as a competitive and preferred investment destination in Asia.

The One Stop Centre is represented by the Ministry of International Trade and Industry (MITI), Malaysian Investment Development Authority (MIDA), Ministry of Health (MOH) and Immigration Department of Malaysia (IMI) to ensure the legitimacy and health status of business travellers before they enter into Malaysia. This initiative is also a joint collaboration between MIDA, Ministry of Foreign Affairs (Wisma Putra), Malaysia Airports Holdings Berhad (MAHB), Malaysia Airlines Berhad (MAB) and Talent Corporation Malaysia Berhad (TalentCorp).

## SHORT TERM BUSINESS TRAVELLERS

Short Term Business Travellers are business travellers who are not holding any passes,

and intend to stay in the country for 14 days or less. They may be considered for exemption from mandatory quarantine subject to the approval of the OSC Committee and adherence to strict Standard Operating Procedures. Short Term Business Travellers are categorised as follows:

1. Potential investors seeking to do business in Malaysia
2. Existing investors, namely business owners, board members, executives and associates of companies in Malaysia (without Employment Pass)
3. Business customers for product qualification and validation before commercial production
4. Technical experts for ad-hoc emergency cases to serve single or multiple customers across Malaysia

Business Travellers from the above four (4) categories may also apply for Social Visit Pass under Long Term Business Travellers, should they plan to stay for more than 14 days in the country.

### LONG TERM BUSINESS TRAVELLERS

Long Term Business Travellers are business travellers who hold valid passes and intend to stay in the country for more than 14 days. They will be subject to mandatory quarantine as per the Ministry of Health's (MOH) guideline, Malaysia. The Long Term Business Travellers are categorised as follows:

1. New/Existing expatriates stranded abroad, namely active holders of Employment Pass (EP) and Resident Pass-Talent (RP-T).
2. New/Existing foreign technical experts stranded abroad with Professional Visit Pass (PVP) to serve multiple customers across Malaysia.
3. Frequent foreign business travellers (Exit & Return), including Regional Establishments (RE), Regional Operations (RO) and Principal Hubs (PH) representatives.
4. Permanent Resident (PR) Pass Holders.

5. Malaysia My 2nd Home (MM2H) Social Visit Pass Holders.
6. Frequent Malaysian business travellers (Exit & Return).
7. Social Visit Pass Holders.

Business Travellers must obtain relevant visas (if applicable) from the respective Malaysian Embassy or High Commission/ Consulate General Offices abroad before their departure to Malaysia.

For more information, please contact the OSC Secretariat at [osccom@mida.gov.my](mailto:osccom@mida.gov.my).

### OSC Secretariat (Industry Talent Management and Expatriate Division)

Malaysian Investment Development Authority (MIDA)

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### ABOUT MIDA

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.





# Safe@Work, Protecting Lives and Livelihoods

Balancing Safety & Lives of Workers for Economic Sustainability.



The new SOP entails responsibilities relating to management of employees who are COVID-19 positive, close contacts, health screening as well as measures to prevent transmission among employees.

**PRIME** Minister of Malaysia, the Right Honourable Tan Sri Muhyiddin Yassin announced the Strategic Program to Empower the People and the Economy (PEMERKASA) aimed at jump starting and revitalising the country's economy which is currently in the fifth stage of the 6R Strategy under the Comprehensive Economic Recovery Plan. In order to ensure the competitiveness and sustainability of the industrial sector and commercial enterprises in contributing to the country's economic recovery, the protection of the safety and health of workers is paramount.

Based on data by Malaysia's Crisis Preparedness and Response Center (CPRC) and the Ministry of Health, MITI views with concern the COVID-19 outbreak in the premises of the

manufacturing and related services sectors. As at March 16, 2021, the manufacturing sector accounted for 58.1 per cent or 194 clusters of COVID-19 cases in the country.

Thus, MITI has taken a proactive and responsive step by introducing a comprehensive initiative known as Safe@Work aimed at balancing the operational sustainability of the manufacturing sector with the control of the spread of the pandemic among workers.

Safe@Work is a Standard Operating Procedure (SOP) that can be implemented by companies in the manufacturing sector requiring employers to provide safe accommodation for employees as well as comply with standards under the Minimum Standards of Accommodation and Housing for Employees Act 1990 (Act 446). It also entails responsibilities relating to management of employees who are COVID-19 positive, close contacts, health screening as well as measures to prevent transmission among employees.

This initiative is calculated at preventing disruption of company operations and reducing the adverse impact on productivity in the event of an occurrence of a positive case of COVID-19 in business premises. Commitment and support from employers are crucial in ensuring the safety and health of employees. This effort is very important in order to contribute to the continuation of economic activity.

Safe@Work is the result of a series of engagement sessions and consultations with public and private sector stakeholders including

the Malaysia's Ministry of Health, National Security Council, Department of Labor, Federation of Malaysian Manufacturers (FMM), industry associations and chambers, local and international businesses.

Based on the current practice, in the event of an occurrence of a positive case, close contact workers must be quarantined and barred from working until all of them are certified COVID-19 free after undergoing health screening tests. Now, the Safe@Work initiative will allow close contact workers to continue working under a new protocol known as the Safe Work Bubble. In accordance with this protocol, close contact workers will be isolated from the local community as well as other workers until all of them are certified COVID-19 free based on screening test results.

Some of the main aspects emphasised under the "Safe Work Bubble" are as follows:

- i. Establishment of Safe Work Bubble for close contact workers in factory areas and employee accommodation premises;
- ii. Establishment of COVID-19 Emergency Preparedness and Response Team (PERT) by the company for the preparation and implementation of procedures to manage emergency cases;
- iii. Ongoing sanitation processes at manufacturing premises;
- iv. Permission to use employee vehicles at full capacity;
- v. Provision and management of conducive

employee accommodation;

- vi. Implementation of targeted screening for employees of the manufacturing and related services sectors; and
- vii. Provision of information channels related to pandemic control procedures from employers to employees.

As an incentive to companies implementing Safe@Work, the Government will provide additional tax deductions to companies under the manufacturing and related services sector in respect of rentals of employee hostel premises and the provision of related equipment such as CCTV, wearable tracking devices and other basic necessities needed to comply with the Safe@Work SOP. Expenses eligible for this additional tax deduction are limited to RM50,000 per company. Companies can register in the COVID-19 Intelligent Management System (CIMS) from April 1, 2021.

MITI hopes that with Safe@Work, companies in the manufacturing and related services sectors will improve their level of compliance with their SOPs to ensure that companies can continue to operate as usual.

This is in line with the whole of society approach to foster an attitude of self-reliance and a spirit of responsibility in society. In this context, it cannot be overstressed that the role of industry is paramount in order to jointly realise the Malaysian Government's desire to balance the demands of protecting lives and livelihoods.





# Strategic Trade Act (STA) Keeping Trade Safe For All

Celebrating the 10th Anniversary of the STA, MITI Collaborates with the U.S Embassy in Kuala Lumpur to Organise a 10th Anniversary Celebration and Conference from 8-9 April 2021.

**10** years ago, Malaysia enacted the Strategic Trade Act (STA) to fulfill its obligations under the UNSCR 1540. This year Malaysia celebrate the 10th Anniversary of the #STA, marking the decade-long effort to ensure a safe environment for trade in the region.

Ministry of International Trade and Industry (MITI), Strategic Trade Secretariat (STS) in collaboration with the U.S. Department of State, Export Control and Related Border Security Program (EXBS) and U.S. Department of Energy, National Nuclear Security Administration (NNSA) will be organising the Strategic Trade Act (STA) 2010: 10th Anniversary Celebration and Conference from 8 - 9 April 2021.

Year 2021 marking the 10th year which the Strategic Trade Act 2010 (STA 2010) came into force. The implementation of the Act which was enacted on 10 June 2010 and came into force on 1 January 2011 signifies Malaysia's affirmation to deliver the obligations set forth under the United Nations Security Council Resolution 1540 (UNSCR 1540). The programme hosted by The Honourable Senator Datuk Lim Ban Hong, Deputy Minister of International Trade and Industry serves as a celebratory event for Malaysia's leadership in Strategic Trade Management (STM) in this region.





# Easing Entry of World Business Travellers

Malaysia Introduces a Business Travellers Centre (BTC) at Kuala Lumpur International Airport (KLIA) to Ease Entry of World Business Travellers.



**MALAYSIA** is welcoming business travellers to Malaysia while keeping everyone safe by introducing a Business Travellers Centre (BTC) at the Kuala Lumpur International Airport (KLIA). The BTC, launched today by Senior Minister and Minister of International Trade and Industry The Honourable Dato' Seri Mohamed Azmin Ali, functions to facilitate the entry of foreign business travellers into Malaysia.

Located at Gate C36, Satellite Terminal, KLIA the BTC is now open for short term foreign business travellers planning to carry out their

business tasks in the country. The launching of the BTC today also marks a major milestone of the Government's unwavering mission to revive the economy and to pave the way for economic rebound in 2021.

According to Dato' Seri Mohamed Azmin Ali, despite the challenges posed by the COVID-19 pandemic, this year will be a promising year for the Malaysian economy as the Government is committed to easing business operations for both local and foreign businesses alike.



“Malaysia has pro-business and pragmatic policies that support the investment climate in the country. Our supportive business ecosystem is in fact a catalyst to attract investors not only to conduct new business activities, but to also expand and diversify their existing operations here. The BTC is reflective of our responsiveness to the current situation and in finding progressive solutions to ensure we can achieve a balance in protecting lives and livelihoods,” said the Senior Minister.

The BTC is one of the key components of the One Stop Centre (OSC) initiative by the Malaysian Government to ease the movement of Business Travellers - from entry to exit point. The Centre assumes a vital role in ensuring that Malaysia remains an attractive investment destination for foreign businesses.

It provides a seamless support system for short term Business Travellers by providing fast-track services such as below:

- i. after disembarkation from the plane to taking the RT-PCR swab test at the dedicated COVID-19 Lab within the BTC, which results can be produced within 3 hours;
- ii. after having declared healthy, the business travellers will proceed to the immigration green lane; and

- iii. the Government will appoint a liaison officer for the business travellers with a specific business itinerary.

Short Term Business Travellers are business travellers who do not hold any dedicated entry passes and intend to stay in the country for 14 days or less, subject to the approval of the OSC committee and a strict set of Standard Operating Procedures.

To date, the OSC Committee has approved 93 applications for Short Term Business Travellers. The Short Term Business Travellers whose applications were approved are from investing companies with total investments valued at RM15 billion.

Moving forward, the Malaysian Investment Development Authority (MIDA) – an agency under the Ministry of International Trade and Industry (MITI) - has identified RM82 billion worth of investments in potential leads and another RM65.9 billion in the pipeline. In realising these potential investments, services by the OSC such as the BTC are critical. The BTC is a collaborative effort between MITI, MIDA, Ministry of Health (MOH), Department of Immigration Malaysia, Malaysia Airports Holdings Berhad (MAHB), and Malaysia Airlines Berhad (MAB).



**MALAYSIA HAS PRO-BUSINESS AND PRAGMATIC POLICIES THAT SUPPORT THE INVESTMENT CLIMATE IN THE COUNTRY. OUR SUPPORTIVE BUSINESS ECOSYSTEM IS IN FACT A CATALYST TO ATTRACT INVESTORS NOT ONLY TO CONDUCT NEW BUSINESS ACTIVITIES, BUT TO ALSO EXPAND AND DIVERSIFY THEIR EXISTING OPERATIONS HERE.”**

**Senior Minister The Honourable Dato' Seri Mohamed Azmin Ali**  
Minister of International Trade and Industry (MITI)

# Malaysia's Free Trade Agreements

Thus far, Malaysia has signed 16 FTAs and implemented 14 (7 Bilateral FTAs and 7 Regional FTAs).

## Bilateral FTAs

FTA		Date of Entry into Force (EIF)
1	Malaysia-Japan Economic Partnership Agreement (MJEPA)	13 July 2006
2	Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA)	1 January 2008
3	Malaysia-New Zealand Free Trade Agreement (MNZFTA)	1 August 2010
4	Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA)	1 July 2011
5	Malaysia-Chile Free Trade Agreement (MCFTA)	25 February 2012
6	Malaysia-Australia Free Trade Agreement (MAFTA)	1 January 2013
7	Malaysia-Turkey Free Trade Agreement (MTFTA)	1 August 2015



**COVID-19** affected Malaysia's trade with Free Trade Agreement (FTA) trading partners. In 2020, it stood at RM1.185 trillion, lower by 3.7% and accounted for 66.7% of Malaysia's total trade. Exports to FTA partners was valued at RM667.46 billion, a decrease of 1.6% and represented 68% of Malaysia's total exports. Major export products were E&E products, petroleum products as well as chemicals and chemical products which contributed 53.2% to Malaysia's total exports to FTA markets.

Increases in exports were recorded to Hong Kong SAR, by 2.3% to RM68.12 billion due to higher exports of E&E products, Turkey (increased by 9.4% to RM7.62 billion, rubber products) and the ROK (increased by 1% to RM34.57 billion, E&E products).

Imports from FTA partners dipped by 6.3% to RM517.07 billion and the main imports were E&E products, petroleum products as well as chemicals and chemical products.

### Regional FTAs

FTA		Date of Entry into Force (EIF)
1	ASEAN Free Trade Area (AFTA)	1993
2	ASEAN-China Free Trade Agreement (ACFTA)	1 July 2003
3	ASEAN-Korea Free Trade Agreement (AKFTA)	1 July 2006
4	ASEAN-Japan Comprehensive Economic Partnership (AJCEP)	1 February 2009
5	ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)	1 January 2010
6	ASEAN-India Free Trade Agreement (AIFTA)	1 January 2010
7	ASEAN-Hong Kong Free Trade Agreement (AHKFTA)	13 October 2019

### FTAs Signed but Pending Ratification and Entry into Force

1. Regional Comprehensive Economic Partnership (RCEP) - signed on 15 Nov 2020
2. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) - signed on 8 March 2018

### FTAs Currently Negotiated

1. Malaysia-European Free Trade Area Economic Partnership Agreement (MEEPA)



# Malaysia Records RM164 Billion of Total Approved Investments in 2020 Amid Global Pandemic

Manufacturing Sector Takes the Lead with an Increase of 10.3 per cent in Approved Investments.

**THE** global economic environment in 2020 was very challenging, as a result of the COVID-19 pandemic, which had its contagion effects on major economies throughout the world. Despite the challenges, the Ministry of International Trade and Industry (MITI) through the Malaysian Investment Development Authority (MIDA) is committed to ensuring that Malaysia continues to be positioned as an investor-friendly location for long term growth of both foreign and domestic businesses.

“Malaysia recorded a total of RM164 billion in approved investments through 4,599 projects in the manufacturing, services and primary sectors in 2020. These investments are expected to create 114,673 new jobs in various sectors of the economy once implemented,” announced YB Dato’ Seri Mohamed Azmin Ali, Senior Minister and Minister of MITI.



In contrast, a total of 5,287 projects with investments of RM211.4 billion were approved in 2019. This decline was weighed by the services and primary sectors which were directly impacted by declines in global demands due to the pandemic and the Movement Control Order (MCO) implementation.

In 2020, domestic direct investments (DDI) accounted for the bulk of the total approved investments with a contribution of 60.9 per cent (RM99.8 billion), while foreign direct investments (FDI) made up the remaining RM64.2 billion (39.1%).

The manufacturing sector led the way for total investments approved in 2020, recording RM91.3 billion, followed by the services sector RM66.7 billion and the primary sector with RM6.0 billion.

The People's Republic of China (RM18.1 billion), Singapore (RM10.0 billion) and the Netherlands (RM7.0 billion) were the top three (3) FDI sources from overall economic sectors in Malaysia, accounting for more than half (54.8%) of the total approved FDI for the year.

Selangor (RM38.7 billion) recorded the highest investments approved last year, followed by Sabah (RM21.0 billion), Sarawak (RM19.6 billion), Wilayah Persekutuan Kuala Lumpur (RM17.1 billion) and Pulau Pinang (RM16.0 billion). These five states alone contributed more than 60 per cent of the total approved investments for 2020.

### MANUFACTURING TAKES THE LEAD

The manufacturing sector has the most significant multiplier effect on the nation's activities and growth; it will continue to be the mainstay of the economy. This includes forward and backward linkages, the development of cluster industries, the transfer of new technologies, and skills development, to name a few.

Malaysia's manufacturing sector recorded approved investments of RM91.3 billion for 2020, an increase of 10.3 per cent from 2019. The number of manufacturing projects approved also increased by 6.2 per cent from 988 projects in 2019 to 1,049 projects in 2020.



Malaysia's manufacturing sector recorded approved investments of RM91.3 billion for 2020, an increase of 10.3 per cent from 2019.

When implemented, these approved manufacturing projects will create new jobs for more than 80,000 people. Of these, 35.8 per cent are in the managerial, technical and supervisory (MTS) positions, including engineers, plant maintenance supervisors, tools and die makers, machinists, IT personnel, quality controllers, electricians and welders. FDI accounted for 62 per cent (RM56.6 billion) of total approved investments in the manufacturing sector, while domestic investments constituted the remaining 38 per cent (RM34.7 billion). It is important to note that despite the challenging times, DDI surged by 22.6 per cent while FDI increased by 3.9 per cent compared to 2019.

The People's Republic of China was the top investor in the manufacturing sector in Malaysia, contributing RM17.8 billion of the total foreign investments approved in the sector. The People's Republic of China was also the largest source of foreign investments in the manufacturing sector for five consecutive years. Other major sources of FDI include Singapore (RM8.8 billion), the Netherlands (RM6.5 billion), USA (RM3.7 billion), Hong Kong SAR (RM2.9 billion), Switzerland (RM2.8 billion), Thailand (RM1.9 billion), Japan (RM1.7 billion) and Republic of Korea (RM1.4 billion).

Selangor (RM18.4 billion) was the largest recipient of investments in the manufacturing sector for 2020, followed by Sarawak (RM15.7 billion), Pulau Pinang (RM14.1 billion), Sabah (RM12.0 billion) and Johor (RM6.8 billion). These five states constituted 73.4 per cent of total approved investments in the sector last year.

"Against the backdrop of the challenges due to the pandemic, new project investments, accounting for 66.9 per cent of the total manufacturing projects approved, were successfully secured in 2020. This is a testament to MITI and MIDA's efforts to ensure business continuity and investors' friendly policies are in place to enable investors to have the confidence to establish new operations in the country," said YB Dato' Seri Azmin.

"Our team has also tenaciously worked to ensure projects approved are implemented smoothly. This can be seen through the commendable rate of implementation in approved projects. For the period 2016-2020, a total of 4,178 projects were approved, of which 70.0 per cent with investments worth RM197.2 billion have been implemented in the country," he added.

Moreover, in line with Malaysia's move towards sophisticated technology industries, capital intensive projects which involve advanced technology and a skilled workforce dominated the manufacturing landscape. This is reflected in the increase of capital investment per employee (CIPE) ratio to RM1,138,055 in 2020 from RM1,052,497 in 2019. Furthermore, a total of 101 projects were approved with investments of RM100 million and above.

In terms of top-performing industries in 2020, the electrical and electronics (RM15.6 billion), petroleum products including petrochemicals (RM15.5 billion), basic metal products (RM14.4 billion), paper, printing and publishing (RM7.8 billion), machinery and equipment (RM7.1 billion), chemicals and chemical products (RM6.3 billion), rubber products (RM4.3 billion) as well as transport technology (RM3.9 billion) contributed nearly 90 per cent of the total approved investments in the manufacturing sector last year.

"It is noteworthy that investments in the three catalytic sub-sectors namely, electrical and electronics, machinery and equipment and chemical, and two high growth areas – aerospace and medical devices outlined within the Eleventh Malaysia Plan (RMK-11) constituted more than one third (38.6%) of the total approved investments on the manufacturing sector with investments valued at RM35.2 billion in 2020. As the year 2020 marked the end of the Eleventh Malaysia Plan, the Government is currently finalising the Twelfth Malaysian Plan. This post-2020 blueprint will set the way forward for Malaysia's development agenda over the next decade. We are



optimistic that it will chart the way to further enhance Malaysia's industrial competitiveness strategies in essential and key industries for sustainable economic transformation to elevate our manufacturing and the services sectors to the next level of sophistication and complexity in the new normal post-COVID-19 and beyond," remarked YB Dato' Seri Azmin.

Notable projects that were approved last year consist of multinational corporations in the high-end and high-technology industries that are newly establishing their operations in Malaysia. This includes Dexcom, a US company and leader in continuous glucose monitoring system will be producing their niche offerings in Pulau Pinang; where else Switzerland-based electrical measurement company, LEM will set up its new production plant in Malaysia to meet the growing demand of its customers in the industrial and automotive sectors. Chinese-owned LSChem Industry will produce a variety of speciality oleochemicals in Tanjung Langsat Industrial Park, Johor Bahru. LSChem Industry's project is expected to be catalytic to roll out the biodiesel initiatives in Malaysia, which is in line with the Government's goal to increase the usage of biodiesel. Singapore-owned CytoMed Therapeutics (Malaysia) will also invest in the country to undertake stem cell research and therapy.

Existing MNCs also continue to undertake major reinvestments into high-end products and activities in Malaysia, illustrating Malaysia's ongoing value proposition to investors. Nippon Electric Glass (NEG), a leading Japanese manufacturer of speciality glass that had established its Malaysian operations in 1992 looks to expand its production capacity of glass tubing for pharmaceutical use in the country given the demand for its products following the COVID-19 vaccine roll-out. Additionally, US-based Bruker will be expanding its investments in Pulau Pinang to manufacture high-tech analytical scientific instruments such as optical and stylus profilometers, tribometers, X-ray diffraction tools, X-ray fluorescence instrumentation, optical

emissions spectrometers and combustion gas analysers.

Local players such as Amerix Metal Machining Technology have also seized the opportunity to expand and diversify their operation last year, further enhancing Malaysia's supporting industry network capabilities. The Company's expansion project looks to adopt a sophisticated high precision manufacturing concept in Computer Integrated Manufacturing (CIM) and process tracking model in customised Enhanced Resource Planning (ERP) system to produce automation electro-mechanical servo reel to reel moulding systems for the back-end semiconductor industry.

### CONTINUOUS INVESTMENTS FOR SERVICES

"In 2020, Malaysia's proposition as a hub for business and investment for the services sector attracted a total of RM66.7 billion in approved investments through 3,527 approved projects, accounting for 40.7 per cent of the total approved investments in the economy. These approved services projects are expected to create 33,652 jobs for the economy," said YB Senior Minister and Minister of MITI.

DDI dominated the total approved investments in the services sector, contributing RM60.2 billion (90.3%), where else FDI represented the remaining RM6.5 billion.

The majority of the main services sub-sectors showed a significant decline in approved investments except for MSC status projects and other services such as BioNexus status and software developments. The top five (5) contributors of approved investments in the services sector were real estate (RM31.2 billion), utilities (RM10.8 billion), support services (RM5.2 billion), telecommunications (RM5.2 billion) and MSC status projects (RM3.9 billion).

Under the purview of MIDA, the support services industry covered sub-sectors such as integrated logistics, research and development, green technology, integrated circuit design, oil and gas services and licensed warehouse.

“Last year, notable services projects approved include Redsol, a new joint venture large scale solar project between Malaysia and Netherlands in Perak; as well as the expansion of the Japanese firm, Fumakilla Malaysia’s R&D undertaking in developing insecticide products and other household products in the country as part as its efforts to centralise its R&D Centre to support its manufacturing activities carried out in Malaysia and Asia,” added YB Dato’ Seri Azmin.

### MINING TAKES THE LEAD IN THE PRIMARY SECTOR

The primary sector registered approved investments of RM6.0 billion in 2020, compared to RM7.0 billion in 2019. The mining sub-sector led the bulk of investments in the primary sector, contributing 99.5 per cent of total investments approved in the sector. The rest of the primary sector investments comprise the plantation and commodities subsector and the agriculture subsector, which registered investments of RM27 million and RM2.4 million, respectively.

### BRACING FOR A BETTER TOMORROW

Malaysia continues to be a competitive investment destination despite the current uncertainties, proven by its rankings in the global economic scene. The DHL Global Connectedness Index (GCI) 2020 positioned Malaysia second (2nd) among Asia Pacific countries and sixteenth (16th) out of 169 countries for trade connectivity. A joint study by KPMG and The Manufacturing Institute in the US entitled ‘Cost of Manufacturing Operations around the Globe’ also ranked Malaysia fourth (4th) among 17 economies in an assessment comparing the economy’s competitiveness as a manufacturing hub; positioning us ahead of countries in Asia such as China, Japan, Vietnam and India. Furthermore, Malaysia is ranked 12th in the World Bank’s Doing Business 2020 and 27th in the IMD World Competitiveness 2020.

“These rankings by reputable international agencies attest that ongoing reform initiatives are on the right track to further enhance Malaysia’s competitiveness, productivity and governance which will help promote investments and accelerate national economic development,” said YB Dato’ Seri Azmin.

However, at the end of the third quarter of 2020, the country saw a third wave of COVID-19 infections. This led the Government



Positive outlook as COVID-19 vaccination programmes enable faster economic recovery.



to implement the conditional movement control order (CMCO), to strike a balance between preserving lives and livelihoods; curbing the spread of the virus while allowing economic activities to open. The Government was forced to impose further restrictions via the introduction of MCO 2.0 due to the unabated virus surge. The implementation of MCO 2.0 has understandably raised the question of whether Malaysia would still be able to maintain the speed of economic recovery.

“The Government, through MIDA, continued to be at the forefront to entice more high-value investments in the areas of technology and innovation to position Malaysia as an alternative supply chain hub in Asia. Investors will undeniably derive value by tapping on Malaysia’s well-established local supporting industry network and talented workforce to undertake high-tech products manufacturing and high value-added services to serve their clients in the region, in the present and the future,” added YB Dato’ Seri Mohamed Azmin Ali.

In efforts to increase the ease of doing business for investors in Malaysia, MIDA’s efforts have been intensified to re-engineer its business processes to raise the efficiency of the organisation’s various functions. Among the initiatives that have been implemented include the PACU@MIDA or the Project Acceleration and Coordination Unit to provide end-to-end facilitation for all projects approved to enable the timely implementation of investments in the country; as well as online modules, namely e-Manufacturing Licence (e-ML), e-Incentive and JPC Online Application to accelerate the necessary approvals for manufacturing licences, incentives and exemption of customs duties to expedite the execution of projects.

Additionally, despite the ongoing international border closures and strict governmental standard operating procedures (SOPs) in place worldwide to contain the spread of COVID-19, MIDA continues to be responsive in providing

advice and support to existing and potential investors through its established footprint of 20 overseas and 12 regional offices. It has been at the forefront to entice investments through innovative and aggressive investment promotion activities. A One-Stop-Centre (OSC) has also been established at MIDA to evaluate eligible business travellers’ applications to enter Malaysia for trade and investment purposes.

As of December 2020, MIDA has RM65.9 billion worth of potential investments being actively evaluated. These projects, once approved, are expected to be implemented within the year 2021 to 2022. MIDA has also identified 240 high-profile foreign investment projects, including Fortune 500 companies in the manufacturing and services sectors, with a combined potential investment value of RM81.9 billion. These include ongoing negotiations with companies from various sectors such as automotive, chemical, and advanced electronics to make Malaysia their high-value manufacturing, services and global supply chain hub.

“The Government’s newly unveiling of Malaysia Digital Economy Blueprint (MyDigital) will also further accelerate Malaysia’s progress to becoming a technologically advanced economy. The 10-year roadmap will lay the foundations for the country’s transformation towards an advanced digital economy and guide MITI and MIDA in our efforts to continue attracting high-value investments of the future,” said YB Dato’ Seri Mohamed Azmin Ali.

While the year 2020 was a challenging year in many sense of the word, Malaysia is steadfast in its fundamentals as the pre-eminent preferred investment destination in the region. As we forge ahead in the new year on the path of economic revitalisation coupled with the rollout of the national vaccination programme, the Government remains committed to prioritising the needs of our people and businesses.



10 REASONS WHY YOU SHOULD INVEST IN MALAYSIA



GLOBAL COMPANIES INVESTING IN MALAYSIA DURING THE PANDEMIC

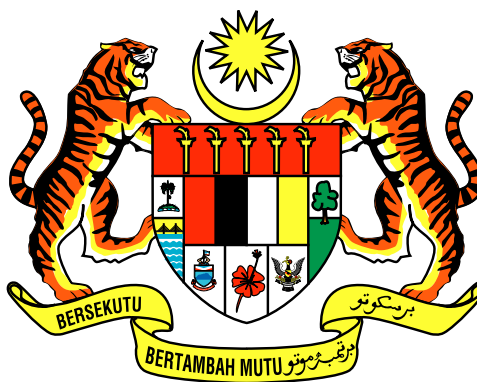




# “We Stand By Malaysia”

Feedback from Foreign Investors on Malaysia as an Ideal Investment Hub in the Asia Pacific Region.





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