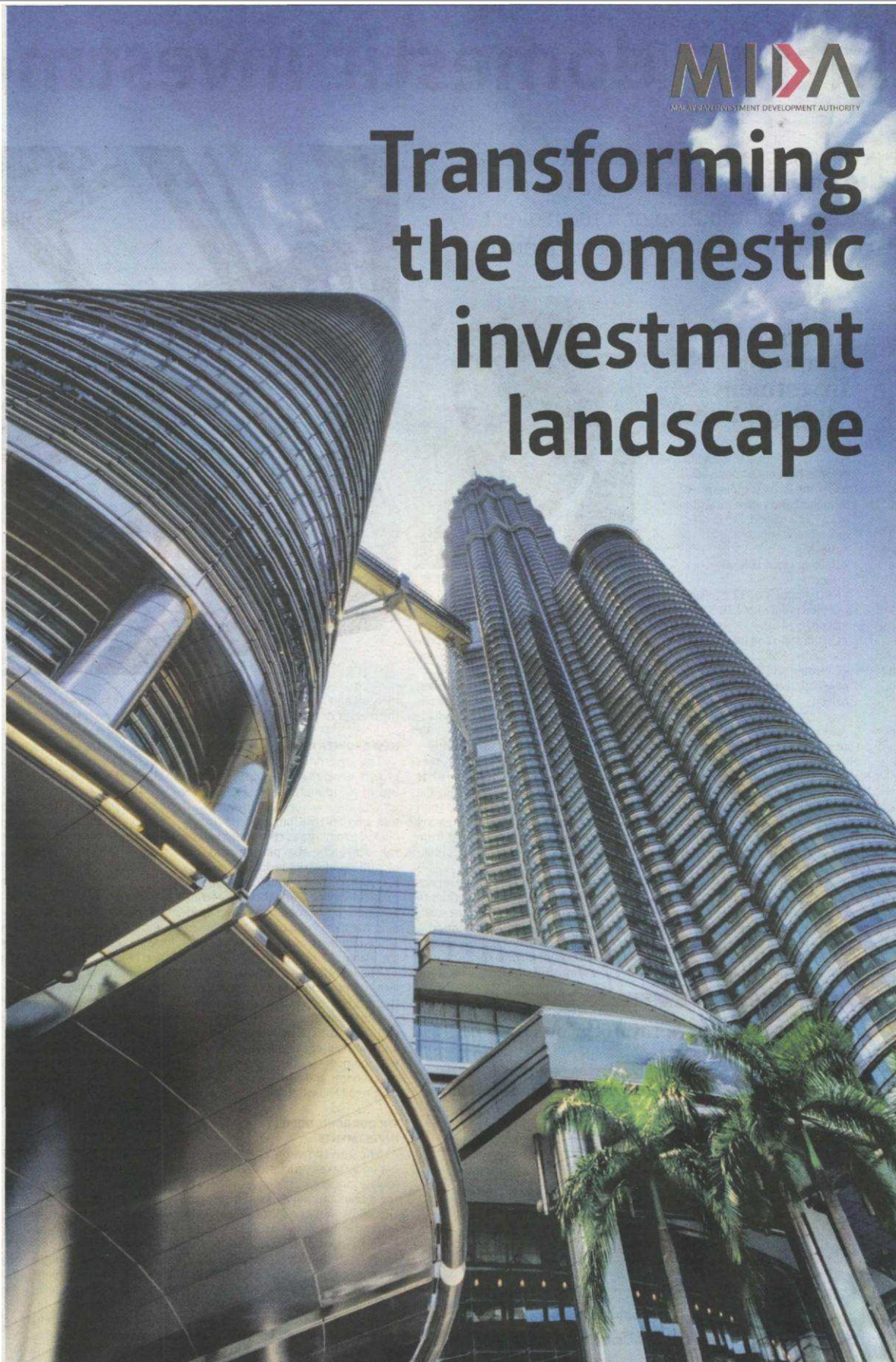


Headline	Transforming the domestic investment landscape		
MediaTitle	New Straits Times		
Date	26 Nov 2013	Language	English
Circulation	136,530	Readership	330,000
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ArticleSize	1691 cm ²	Journalist	N/A
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MALAYSIA is recognised globally as an investment destination of choice, which can be attributed to numerous reasons: it has a stable economy with a 5.6 per cent GDP growth recorded last year, a strong booming SME segment, skilled workforce, and abundant natural resources.

The government has also played a major part in the success of local investment by implementing a number of supportive policies to aid investors, which have helped ease investment transactions in the country.

The fact that Malaysia has an environment that is conducive to business can be seen through the number of approved investments that were recorded in the first half of this year,

which totalled RM97.4 billion, in spite of the weaker global economic growth. This amount is much higher compared to last year's approved investments within the same period, which amounted to RM75 billion.

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Facilitating investments in Malaysia

THE Malaysian Investment Development Authority (MIDA) is an agency that promotes investment in the Malaysian ma-

ufacturing and services sector. MIDA also acts as an advisor to the Ministry of International Trade and Industry on matters pertaining to the industry and the formulation of related policies.

MIDA's role also includes assisting companies that intend to invest in the manufacturing and services sector, in addition to facilitating the implementation of their projects. It also acts as an information focal point for investment opportunities and assists companies looking for joint venture partners.

As its primary role is to assist investors, this role is further enhanced with the presence of

senior representatives from key government agencies including the Department of Labour, Immigration Department, Royal Malaysian Customs, Department of Environment, Tenaga Nasional Berhad and Telekom Malaysia Berhad, at MIDA's headquarters to give advice to investors on matters relating to government policies and procedures.

MIDA promotes and coordinates investment in the country's services sector except in the areas of utilities, construction, finance and telecommunications. MIDA is also the focal point for investments in the services sector.

Stimulating domestic investments

To ensure sustainable economic growth for the future, emphasis will be placed on domestic direct investment with a number of realistic avenues to balance the contribution of foreign direct investment and domestic direct investment to the economy

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The bulk of the approved investment was from the services sector, which amounted to RM58.1 billion. This was followed by the manufacturing sector with an investment of RM22.5 billion and the primary sector with RM16.8 billion in investment.

From the approved investment, 68.5 per cent were from domestic investment bringing in total revenue of RM66.7 billion while the remaining 31.5 per cent, with revenue totalling RM30.7 billion, were from foreign investments. From these investments, a total of 90,881 job opportunities are expected to be generated from the 2,652 projects that were approved in the first half of this year.

FOCUSED INVESTMENT

There will be further emphasis placed on domestic direct investment to ensure sustainable economic growth in the future. In line with this, the government has lined up pragmatic approaches to balance the contribution of both foreign domestic investment and domestic direct investment to the Malaysian

economy.

As the national key Investment Promotion Agency (IPA), MIDA, the Malaysian Investment Development Authority has deployed its strategies to enhance investments including adopting a more targeted approach and aligning its investment policies and strategies with the current national developments to further promote the development of domestic investments.

The strategies that are being pursued to meet the challenges and to transform the domestic investment landscape include creating Malaysian conglomerates by identifying potential companies to provide the necessary support, harnessing and leveraging on outsourcing opportunities created by multi-national corporations operating in Malaysia, enhancing the current incentives schemes to assist Malaysian-owned companies to scale up, intensifying technology acquisition by Malaysian-owned companies, and providing support to Malaysian-owned companies for complying to international standards and certifications in targeted industries like aerospace, medical devices and solar.

The government also announced a number of incentives to increase the participation of local investors in the economy. One incentive is the establishment of a Domestic Investment Strategic Fund of RM1 billion. This fund is managed by MIDA to help accelerate the shift of Malaysian-owned companies in targeted industries into high value-added, technologically advanced, knowledge-intensive and innovation-based industries. The fund also aims to harness and leverage

on outsourcing opportunities created by multi-national corporations operating in Malaysia, intensify technology acquisition by Malaysian-owned companies as well as enable Malaysian-owned companies to obtain international standards and certifications in strategic industries.

The government has also reintroduced the incentive for acquiring foreign companies of high technology. This has enabled Malaysian-owned companies to acquire state-of-the-art technologies through a leapfrogging approach to move up the value chain or to diversify into new areas.

Malaysian-owned manufacturing

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companies that are already in operation for a year or less and undertaking promoted products or activities under the Promotion of Investments Act, 1986 are now eligible to apply for tax incentives. This flexibility also allows for the facilitation of new investments by Malaysian-owned companies.

The enhancement of tax incentives for small, Malaysian-owned companies has also been implemented. This has enabled these companies to be eligible for tax incentives under the Promotion of Investments Act, 1986 by increasing the shareholders' fund threshold from RM500,000 to less than RM2.5 million.

To encourage small Malaysian service providers to merge into large entities to build up the competitiveness of the smaller entities, the government has introduced an incentive of a flat tax rate of 20 per cent on all taxable income for a period of five years (effective from the date of the

merger) and stamp duty exemption on the merger document.

NEW GROWTH AREAS

The government has targeted new growth areas that will help create vast business opportunities. These new growth areas will allow domestic investors, who have the foundation and capabilities, to emerge as champions in both the local and global playing field. The identified industries include oil and gas, ICT, palm oil and derivatives products, medical devices, advanced electrical and electronics, food processing including the halal industry, and machinery and equipment, all of which fall under the manufacturing sector.

The identified industries in the services sector includes green technology, tourism, healthcare tourism and wellness services, energy efficiency and conservation, aerospace maintenance, repair and overhaul, education, environmental management services, professional business services, and distributive trade including retail and wholesale activities.

ENCOURAGING DOMESTIC INVESTMENTS

The government is committed and has undertaken various initiatives to stimulate more domestic investments into the manufacturing and services sector. One of its initiatives include providing attractive fiscal and non-fiscal incen-

tives to increase quality investments into high technology, capital intensive, knowledge and creative industries and also R&D-based activities.

Other initiatives include approaching existing potential Malaysian companies in production to encourage expansion and diversification, enhancing efficiencies and effectiveness of the delivery system via simplification of rules and procedures and real-time decision making, and promoting high-value chain linkages between Malaysian companies and foreign and Malaysian partners.

The government has also begun intensifying outreach programmes and establishing direct networking through domestic investment seminars and industrial linkage programmes, conducting regular meeting with domestic investors to obtain views on ways to attract and encourage re-investment by Malaysian companies, and enhancing efficiencies and effectiveness of the delivery system via simplification of rules and procedures and real-time decisions via the National Committee of Investment.

Also in the works are plans to collate potential investment plans by Malaysian companies involving public listed and high-retained earning companies, as well as site visits by the Ministry of International Trade and Industry and its agencies to Malaysian companies to guide and ensure speedy implementation of the approved investments and increased realised investments.

PROVIDING LATEST UPDATES

To equip the local business community with the latest updates on government policies, incentives, facilities and support services available in Malaysia, MIDA organises domestic investment seminars and industry-specific seminars throughout the country. These seminars will also serve to highlight investment opportunities available to the local business community.

Some of the seminars organised by MIDA are:

- Seminar in-conjunction with LIMA 2013, Langkawi, Kedah
- Seminar on the electronics and electrical industry and business matching, Penang
- National Conference on Services Sector 2013, Kuala Lumpur
- Government Initiatives to Propel the Services Sector Regional Seminars ,

Melaka, Penang and Sarawak

- Seminar and Business Networking Session (B2B) Programme for Outsourcing Opportunities in the Medical Devices and Machinery & Equipment Industries, Penang

- Familiarisation Programme for Officials of Investment Promotion Agencies of the Organisation of the Islamic conference (OIC Member Countries), Kuala Lumpur

- Networking with companies and Agencies, Sabah and Johor

- A *turun padang* (site) visit by the Minister of MITI to Spirit Aerosystems (M) Sdn Bhd and Symmid Corporation, Selangor

As Malaysia moves towards developed nation status, quality investments are crucial to move the economy up the value chain. To this end, MIDA is focusing on investment projects that are of high technology, high value added, knowledge and skills-intensive, export oriented, capital-intensive, design and R&D-intensive, as well as projects that have strong linkages with domestic industries in new and emerging technologies.

MIDA also plans to lay emphasis on investments that will cement Malaysia's reputation as a country that is capable of producing innovative and creative products and services as it firmly believes that the number of investors and the absolute value of investments should not be the only yardsticks of success.

Status of the Domestic Investment Strategic Fund

AS of last month, a total of 50 projects have been approved under the Domestic Investment Strategic Fund with a total grant of RM 322 million. The breakdown of the approved grants are as below:

- Training grant : RM40.4 million
- R&D grant : RM132.7 million
- Capital grant : RM138.8 million
- Certification and international standards : RM3.3 million
- Licensing and Purchase of new/high technology: RM7.6 million

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The breakdown of approval of grants by industry

Industry	Grant (RM/million)	Projects
Electrical and electronics (E&E)	153	14
Machinery and advanced engineering	57.1	14
Services	34.9	5
Life sciences	32.3	5
Transport	29.6	4
Research and development	9.4	5
ICT	4.2	2
Wood-based	2.3	1
TOTAL	322.8	50



Datuk Noharuddin Nordin, Chief Executive Officer, MIDA.

