



In this issue...

- ◆ **Approved Investments in 2017 Recorded RM197.1 Billion**
- ◆ **Malaysia Aerospace Industry Cruising to Greater Heights**
- ◆ **Emergence of Industry 4.0 in the Services Sector**

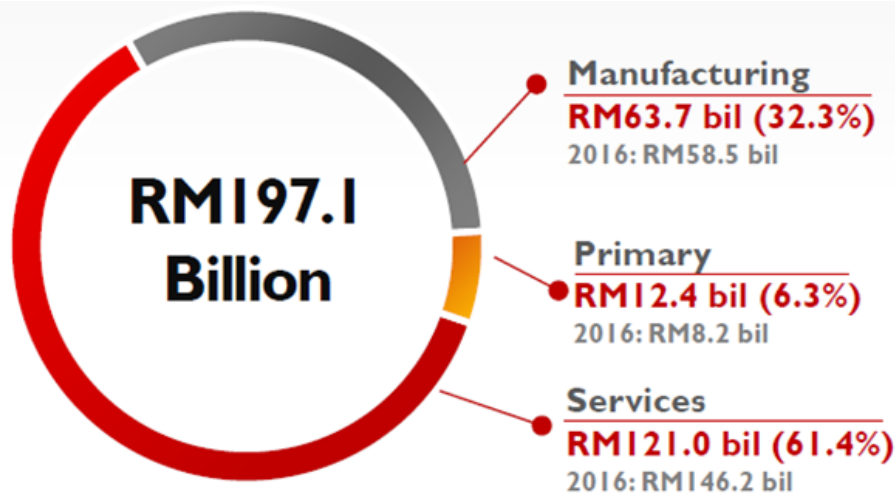
## HIGHLIGHTS

### Approved Investments in 2017 Recorded RM197.1 Billion

*Created 139,520 Additional Job Opportunities in Malaysia*

Last year, the global economy proved fairly resilient in the face of challenges. Despite being affected by inward looking policies by major economies, the year turned out to be better than expected with these economies growing in sync for the first time since the global financial crisis in 2010. According to a new finding by Grant Thornton's quarterly business survey, global business confidence improved at its highest ever level of 58% in Q4 2017. This was also the case for Malaysia as its economy exceeded all expectations and recorded a strong growth of 5.9% as at the end of 2017. This performance is above the GDP registered in the preceding years of 4.2% and 5.0% in 2016 and 2015, respectively.

#### Approved Investments in 2017



Source: MIDA

In terms of approved investments, Malaysia recorded RM197.1 billion in the manufacturing, services and primary sectors. These are from 5,466 projects that will generate an additional 139,520 job opportunities for the country. Domestic direct investments (DDI) accounted for the bulk of it or 72.2% at RM142.4 billion, while foreign direct investments (FDI) contributed RM54.7 billion, making up 27.8% of the total.

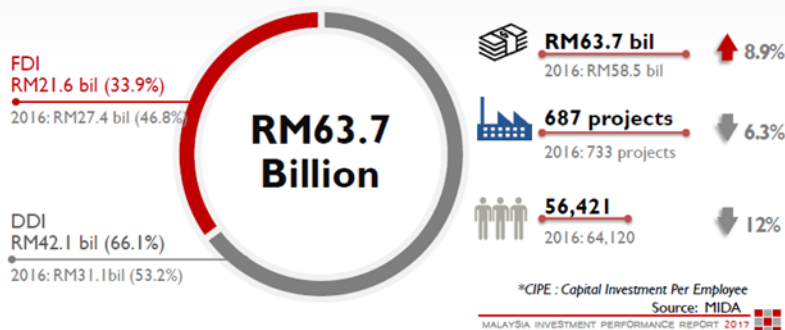
While the overall investment performance moderated by 7.4% due to a decline of 17.2% in the services sector, it was bolstered by the manufacturing and primary sectors which recorded increases of 8.9% and 51.2% respectively. The qualitative aspects of investments attracted into Malaysia in 2017 were evident on many fronts, such as job and business opportunities as well as the transfer of technology.

# HIGHLIGHTS

More and more global companies are making Malaysia their hub. This includes Osram Opto Semiconductors' world's most advanced LED chip factory, B.Braun's Global Center of Excellence for Intravenous Access products which comprises production and R&D functions, Peugeot's ASEAN manufacturing hub, IKEA's Regional Distribution and Supply Chain Centre for ASEAN, Honeywell's ASEAN Regional Headquarters and Schlumberger which made Malaysia their largest shared services hub in the group in addition to their procurement service centre, human resource hub, financial hub and two regional hubs.

## APPROVED INVESTMENTS IN THE MANUFACTURING SECTOR IN 2017

Approved investments increased by 8.9% year-on-year, supported by huge investments from quality projects  
CIPE\* increased by 25% to RM1.13 billion from RM0.9 billion in 2016

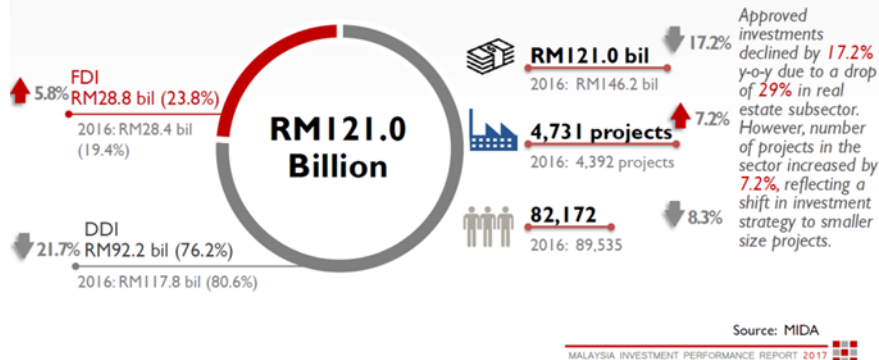


In the manufacturing sector, projects approved last year were more capital intensive. The capital intensity, measured by capital investment per employee (CIPE) ratio of projects approved within the sector last year recorded a notable increase of 23.7% from the CIPE of RM912,239 in 2016 to RM1,128,742 in 2017. There were 9 projects approved with investments of at least RM1 billion, totalling RM34.7 billion (54.5%) of total investments approved in this sector. As for investments of at least RM100 million, 80 projects were approved with total investments of RM52.4 billion (82.3%) of all

investments approved in this sector. From the total 687 projects approved, 56,420 job opportunities were created. Of these, 14,155 (25.1%) were in managerial, technical, or supervisory roles, an increase of 21% from 2016. Meanwhile, a total of 9,870 (17.5%) were positions for skilled workers. The E&E industry generated the highest amount of employment opportunities with 10,590 jobs, followed by transport equipment (9,110), and machinery and equipment (6,080).

Meanwhile, the services sector remained as the largest contributor to the total approved investment contributing 61.4% or RM121.0 billion in 2017. The year-on-year approved investment value for the services sector contracted by 17.2% last year but the number of projects recorded an increase of 7.7% from 4,392 approved projects in 2016 to 4,731 in 2017. Domestic investment occupied the lion share of the total in the services sector with RM92.2 billion, while foreign investments made up the rest of RM28.8 billion.

## APPROVED INVESTMENTS IN THE SERVICES SECTOR IN 2017



Global establishments approved in 2017 accounted for investments of RM14.0 billion and created 2,030 job opportunities for Malaysia. From the 225 global establishment projects, 9 were Principal Hub (PH) projects, bringing the total to 28 PH projects approved since the scheme was introduced in 2015. Notable companies with global establishments in Malaysia include Nestle, Honeywell, Lazada, Huawei, Ikea, Roland, FM Logistics, Pos Malaysia and Integrated Device Technology. These establishments not only bring in business commitments for the long term, but also utilises Malaysia's banking, financial services and other ancillary services while generating high skilled employment opportunities.

Transformation of the services sector is ongoing with an emphasis on shifting towards one that is knowledge-intensive and innovation-focused. For example, in growing the potential of the country's e-commerce sector, the Government has implemented various initiatives to develop the financial and logistics infrastructure, which forms the backbone of the e-commerce ecosystem. The e-commerce contribution to GDP is expected to grow to 6.4% in 2020.

GET YOUR BUSINESS NOTICED

# ADVERTISE WITH US

**MIDA**  
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

- NEWSLETTER
- DIGITAL SIGNAGE
- WEBSITE

Please contact us for more information  
[ads@mida.gov.my](mailto:ads@mida.gov.my)



## Charting a Bold Future: US Business in the Asian Century

Kuala Lumpur, 4-5 April 2018

Register today [www.apcac2018.com](http://www.apcac2018.com)



The approved investments in 2017 for the manufacturing, services and primary sectors was announced by YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Investment on 6 March 2018 at the MIDA HQ. During the event, the Minister also launched the Investment Performance Report (IPR) 2017.

The IPR 2017 highlights the approved investment performance of each industry and sub-sectors for the manufacturing, services as well as primary sectors.

It also features key projects highlighted, box articles on current topics such as supply chain and industry 4.0, as well as MIDA's perspective on the way forward. The IPR 2017 is now available for sale at the [MIDA Website](http://MIDA Website).

**MIDA**  
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY  
Malaysia: Your Profit Centre in Asia™

**MALAYSIA INVESTMENT PERFORMANCE REPORT 2017**

**AVAILABLE ONLINE NOW!**

Please visit [estatsdigest.mida.gov.my](http://estatsdigest.mida.gov.my) to purchase **#MIPR2017**

Contact us for more information!  
[sales\\_publications@mida.gov.my](mailto:sales_publications@mida.gov.my)

## INDUSTRY

### Malaysia Aerospace Industry Cruising to Greater Heights

The aerospace industry has been benefitting from the greater affordability of air travel as well as the rise in e-commerce and logistics across the globe. Over the past two decades, the aerospace industry in Malaysia has also grown in tandem to these trends. This strategic industry has a wide potential in the country's industrialisation and technological development programmes. Recognising this, the Government has put in several national strategies to drive the growth of the aerospace industry in Malaysia including the Eleventh Malaysia Plan (RMK-11), Entry Point Projects under the Economic Transformation Programme (ETP) and the Malaysian Aerospace Industry Blueprint 2030.

In the announcement of the investment performance for 2017, a total of 13 projects worth RM649.9 million were approved in the aerospace subsector. The approved projects will create 1,020 job positions. Meanwhile, exports of transport equipment totaled RM17.1 billion, of which the aerospace sub-sector exports made up more than half or RM8.5 billion. Imports of the aerospace components amounted to RM14.2 billion or 33.1% of total imports of transport equipment.





One of the projects approved was T7 Aero Sdn Bhd, a unit of Tanjung Offshore Bhd that has teamed up with UK-based high value manufacturing company Kilgour Metal Treatments Ltd, to offer metal treatment services to the aerospace industry in Malaysia. Tanjung Offshore's plan to venture into the aerospace industry is part of its long-term strategy to upscale their existing oil and gas engineering business by diversifying into aerospace. The company will provide various metal treatment services to clients including non-destructive testing, painting and marking, chemical processing, surface treatment, assembly and heat treatment.



Meanwhile, UMW Aerospace Sdn. Bhd. had successfully delivered its first fan case to Rolls Royce in November 2017 since its RM750 million venture into high-value aerospace manufacturing. The fan case is made for Rolls Royce's Trent 1000 engine, which powers Boeing's 787 Dreamliner planes, and produced at its 12ha (30-acre) manufacturing plant in High Value Manufacturing Park (HVM) Serendah, Selangor.

Malaysia has all the necessary ingredients to be a strong aerospace nation with world class infrastructure such as KLIA Aeropolis, Subang Aerotech Park, Serendah High Value Manufacturing Park, Senai Aerospace Park and Kulim Hi-Tech Park. Malaysia is also among the top three countries in Asia Pacific for maintenance, repair and overhaul (MRO) services. The

country remains as a competitive market due to its strategic location and accessibility to the region.

There are more than 200 aerospace companies comprising both international and local industry players. This include 66 companies involved in MRO activities, 33 companies in aeromanufacturing, 25 companies in education and training, and 11 companies in systems integration, as well as engineering and design. The Government welcomes more Original Equipment Manufacturers (OEMs) and Tier 1 aerospace companies to establish their presence in Malaysia and leverage on the existing local supply chain.

Recently, MIDA together with MITI and its agencies including the industry players participated in the Singapore Airshow 2018 as a continuous effort to promote the Government's initiatives. This initiative is part of MIDA's function to highlight Malaysia's comparative and competitive advantages as an investment location for manufacturing and services. This also serves to showcase the capabilities and competencies of Malaysian companies in the global market particularly in the aerospace sector.

During the event, MIDA organised the Seminar on "Opportunities & Investments in the Malaysian Aerospace Industry" together with the National Aerospace Industry Coordinating Office (NAICO) and the Malaysia Aerospace Industry Association (MAIA). Apart from highlighting the Government's aerospace initiatives, the seminar also stressed on current developments undertaken by leading aerospace players in the country including the development of world class aerospace parks. The seminar was well attended by 50 aerospace companies from various countries.



## Emergence of Industry 4.0 in the Services Sector

Global trends have shown that companies which have utilised technology to its advantage and are not confined to the traditional way of doing things, have a higher chance of remaining relevant and successful. Every organisation needs to constantly reinvent itself, and the adoption of technologies brought forward by Industry 4.0 is considered an important part of this process. This is certainly applicable to those in the services sector as it has become a vital engine of the global economic development.

Over the years, the services sector has grown tremendously as it is fuelled by the progress of globalisation, government liberalisation, and the rapid advancement of information and communication technology. To ensure sustainability in this sector, business transformation must be focused on solving key operation issues. Much like the manufacturing sector, issues such as supply chain efficiency, Internet of Things (IoT), digital enhancement and smart work environments are important areas for industries in the services sector to look into.

For instance, in the hospitality industry, customer expectations are increasing, and hospitality firms need to match these expectations while maintaining their level of customer satisfaction and loyalty. In this regard, the use of big data and smart analytics to obtain information on customer preferences can greatly improve service quality to sustain customer satisfaction and loyalty. Similarly, in the healthcare industry, devices can become more seamlessly interconnected through the Internet of Things (IoT) to enhance patient monitoring, potentially allowing individuals and their physicians to better manage health issues such as in the treatment of chronic diseases. Sensors connected to the IoT have the potential to engage patients in their disease management, which can help reduce the incidence of adverse events and associated costs.



In Malaysia, industry players such as those in healthcare, green technology and logistics are riding on the wave of technological changes made possible by industry 4.0 to boost productivity and increase company competitiveness. Here are a few examples:

<b>Healthcare</b>	KPJ Healthcare	The company has adopted cognitive computing which assists doctors to deliver cancer treatment through the Artificial Intelligence (AI) platform.
<b>Green Technology</b>	Atalian Global Services	This energy service company is able to provide energy management solutions by monitoring clients' energy usage remotely from their headquarters in Kuala Lumpur. The objective of the company is to achieve energy efficiency optimisation by modifying, analysing, coordinating and adjusting the temperature of heating, ventilations and air conditioning (HVAC) based on the weather forecast and actual climate, as well as peak and off-peak periods.
<b>Logistics</b>	YCH Logistics, Pos Malaysia, and SnT Global Logistics	These companies have been granted approval by MIDA to undertake e-fulfillment projects. These projects are meant to cater to the diverse needs of various local and global e-merchants in the country through the utilisation of smart logistics and warehouse management systems.

Digital revolutions are impacting economic transformation. Products, services as well as support services are becoming more customisable and individualised where the focus will be to meet the needs of the user as a consumer, an employee, patient, citizen or tourist. Hence, to ensure that Malaysia remains competitive, MIDA is encouraging the adoption of the latest technologies through the use of Smart Services in Industry 4.0.

# SERVICES



Local companies are encouraged to leverage on the facilities such as the Domestic Investment Strategic Fund (DISF) to accelerate their shift to high value-added, high technology, knowledge-intensive and innovation-based industries. Based on the request of the companies and the merits of each case, the package of assistance will be granted under the customised incentive scheme. In addition, MIDA also provides the Accelerated Capital Allowance of 200% on the first RM10 million qualifying capital expenditure incurred in the Year of Assessment (YA) 2018 to 2020 for manufacturing and manufacturing-related services.

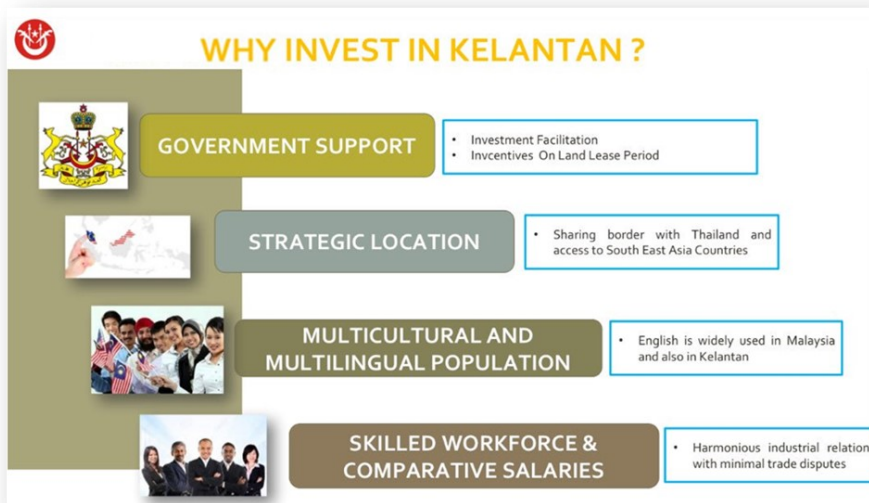
# EVENTS

## Kelantan Attracts RM6.48 Billion of Approved Investments as at September 2017



“Kelantan is one of Malaysia’s vibrant destinations for investments, driven mainly in the services and agriculture sectors. Although the state is not usually associated with large scale industrial enterprises, the manufacturing sector continues to play a significant role in the overall state development, particularly in providing jobs and entrepreneurial opportunities towards increasing the living standards of people in Kelantan,” said Mr. Arham Abd. Rahman, Executive Director of Investment Promotion, Malaysian Investment Development Authority (MIDA) at MIDA Invest Series: “Unfolding States’ Business Potential” held on 8 February at its HQ. The event, third-of-its-kind, was a collaboration with the Kelantan State Economic Development Corporation (KSEDC).

As at September 2017, a total of 292 manufacturing projects have been approved in Kelantan with investments worth RM6.48 billion. Majority of these investments or 78% (RM5.04 billion) were from domestic sources, while the rest were from foreign sources. These projects have created over 38,500 job opportunities, mainly in the non-metallic mineral products, electrical & electronic products, wood and wood products, food manufacturing, machinery and equipment and basic metal products.



[READ MORE](#)

## Orgkhim's Johor plant to be the First Producer of Carcinogen-Free Rubber Process Oils (RPOs) in Malaysia

Norman Process Oils Malaysia Plant Sdn Bhd, a subsidiary of Orgkhim Biochemical Holding from Russia is building a USD50 million (RM200 million) facility at Tanjung Langsat, Pasir Gudang to manufacture petroleum-based extender oils used in tires, synthetic rubbers and rubber compounds.

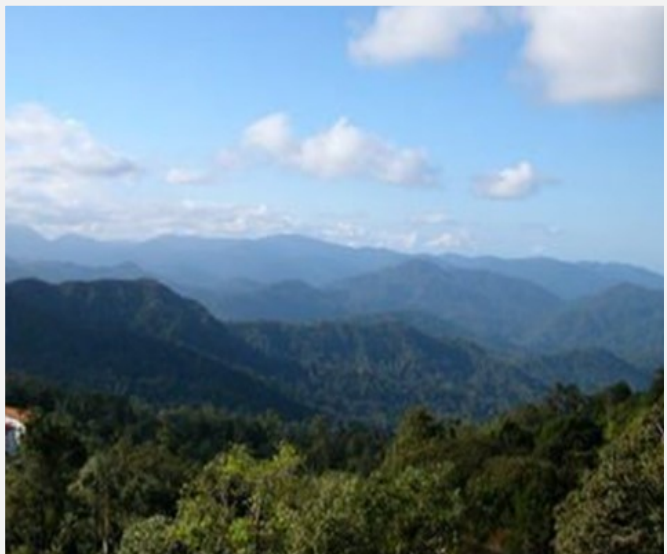
The Malaysian facility will supply markets in the Asia Pacific region with a particular focus on China as well as other established markets including Malaysia and Singapore. The 70,000 tons per annum unit will produce the company's TDAE (treated distillate aromatic extract), TRAE (treated residual aromatic extract) and S-RAE (safe RAE, "green" analogue of traditional RAE) products.

"This investment does not only demonstrate your confidence in Malaysia's long-term investment propositions, but also the thriving state of the chemical industry in the country. We are excited that upon completion of this project, Orgkhim will be the first company to produce carcinogen-free RPOs in Malaysia. It will strategically put Malaysia on the map as one of the few places in the world producing this premium specialty and eco-friendly chemical. Malaysia will certainly benefit from the sizeable patented technology transfer into the country," said Dato' Azman during the Groundbreaking Ceremony on 12 February.



[READ MORE](#)

## Pahang, A Big State with Big Opportunities for Investors



The East Coast Railway Line (ECRL) project, Malaysia-China Kuantan Industrial Park (MCKIP), Kuantan Port expansion and Tanjong Agas Oil & Gas and Logistic Industrial Park lend an air of optimism for the state of Pahang that sets to woo investments from both foreign and local investors into the state.

"These projects will be an impetus to attract more quality investments into Pahang, particularly in targeted sectors. With so much room available for new investment, expansion and diversification, we look forward to more companies taking advantage of the established ecosystem and facilities that Pahang has to offer," said Mr. Arham Abdul Rahman, Executive Director of Investment Promotion, Malaysian Investment Development Authority (MIDA) in his welcoming remarks at the MIDA Invest Series event held on 23 February at MIDA Headquarters.

[READ MORE](#)



## Highlights of February 2017



The Syed Group of Companies led by its Executive Chairman, Dato Syed Jamarul Khan and Group CEO, Syed Aziz Khan visited the MIDA HQ on 5 February. The Syed Group of companies is among the good examples of a successful eatery business in Malaysia.

---



A bilateral meeting between the Minister of International Trade and Industry, YB Dato' Sri Mustapa Mohamed and the Minister of Enterprise & Innovation Sweden, Mr. Mikael Damberg was held on 5 February, prior to the Sweden Southeast Asia Business Summit.

---

# EVENTS



The Deputy Minister of International Trade and Industry, YB Datuk Chua Tee Yong officiated the opening of Boston Scientific's Regional Manufacturing Hub on 5 February. The event was also attended by Datuk N. Rajendran, Deputy Chief Executive Officer of MIDA. This significant milestone in the company's growth in Malaysia reflects the confidence they have in Malaysia's capabilities to address healthcare needs in the region.

---



MIDA organised the second workshop to address human capital issues within the medical devices sector on 7 February at Eastin Hotel, Penang.

---



MIDA was present at YB MITI Minister's Breakfast Meeting with the Royal Norwegian Embassy and Norwegian businessmen on 7 February

---

During the Malaysia Digital Economy Forum (MyDEF2018) on 8 February, MIDA's Director of Business Services and Supply Chain Innovation moderated the session on DFTZ: Opportunities & Challenges for the Transportation & Logistics Industries.

---



MIDA Sydney received strong interest at the Halal Expo Australia 2018 held on 10-11 February at the Rosehill Gardens, Sydney.

---



MIDA had a fruitful lunch meeting with representatives from Business France – the French agency for international business development, Embassy of France in Malaysia, and the Malaysian French Chamber of Commerce and Industry on 15 February.

---

# EVENTS



MIDA was interviewed by the Italian cable TV, Mediasat and Bon Viaggi, together with Tourism Malaysia's Dato' Razip on 11 February during BIT 2018 - International Tourism Exchange in Milan.

---



MIDA's Green Technology Division had a good discussion with the Sustainable Energy Development Authority (SEDA) Malaysia to mobilise business matching sessions at the upcoming International Sustainable Energy Summit (ISES) 2018 towards facilitating investment opportunities.

---

MIDA had a productive meeting with DRB-Hicom Berhad on 20 February. This engagement is set to pave the way for further growth of investments in the country. DRB-Hicom operates through more than 80 companies with a workforce of about 60,000 employees.

---



# EVENTS

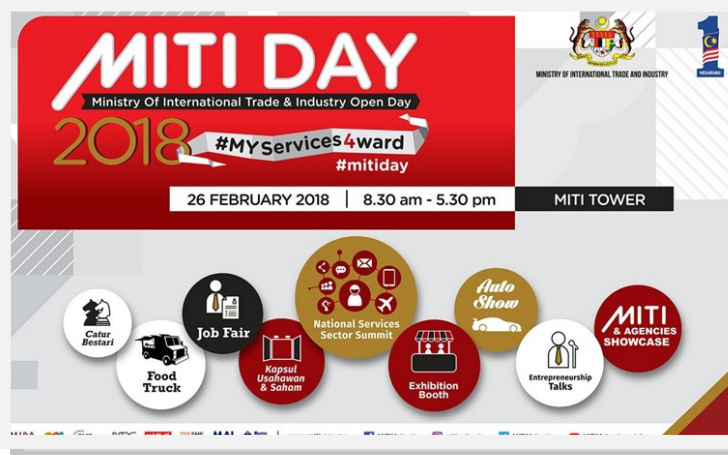


MIDA CEO was present at the meeting with Telecom Regulatory Commission, the national regulatory agency for telecommunications in Sri Lanka. The meeting was held at the Sri Lanka Presidential Palace on 21 February. Also present was H.E. Austin Fernando, Secretary to the Sri Lankan President & Chairman of Telecom Regulatory Commission.



MIDA together with the Halal Development Corporation (HDC) participated in the British Malaysian Chamber of Commerce's (BMCC) first webinar to promote better understanding on Malaysia's food and beverage sector.

MIDA's job fair and open interviews was a crowd puller at the MITI Day 2018 held on 26 February. More than 3,000 employment opportunities were offered from 30 participating anchor companies.



## ECONOMY NEWS

Netherlands sees huge potential in Malaysia  
Malaysia's exports at a record high of RM935.4 bil  
Malaysia's economy grew 5.9pc, says BNM  
Bank Negara: Malaysia 2017 GDP growth at 5.9%  
Malaysia capable of achieving GDP of RM2 trillion by 2022  
Moody's expect robust local growth spillover  
Malaysia's 2017 labour productivity up 3.6%

## INDUSTRY NEWS

PIC set to be region's new O&G hub  
T7 Kilgour plant expected to start ops next year  
AJB in tie-up to produce vaccine for meningitis in Malaysia  
PERI Group sets up first manufacturing base in Malaysia  
Boston Scientific bullish on Penang plant  
Aerospace sector sees RM1b deals  
Orgkhim unit to build US\$50m plant  
Ajinomoto plans to build plant in Bandar Baru Enstek  
Proton's Tanjung Malim plant can spur E&E industry in Perak  
Scientex in deal to buy KHPI for Rm190m  
Aerospace industry soars  
Tie-up to boost vendor's exports  
Naza moves up a notch in the industry with Groupe PSA deal  
Press Metal unit to acquire LUA for RM96mil

## SERVICES NEWS

Honda Malaysia invests RM11m to expand parts warehouse  
Opportunities for Malaysia to develop maritime economy

MAHB to transform Subang into aerospace, aviation hub

Johor Port to invest RM10mil for facilities at Tanjung Bruas Port

Gas Malaysia to build 140km pipeline in Perak

South Korea's SK Group To Establish Regional Head Office In Malaysia

Lenovo sees growth potential

Penang Port allocates RM186mil capex for two years

MDEC: First intake for digital innovator schools in 2019

## ABOUT MIDA

The Malaysian Investment Development Authority (MIDA) is the Government's principal promotion agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Starting operations in 1967, MIDA is the first point of contact for investors that want to take advantage of Malaysia's vibrant economy, world-class infrastructure and business-friendly environment to set up their profit centre in Asia. For more information, visit [www.mida.gov.my](http://www.mida.gov.my) or e-mail us at [investmalaysia@mida.gov.my](mailto:investmalaysia@mida.gov.my).

MIDA, your first point of contact for investments in Malaysia.



**Malaysian Investment Development Authority**

**MIDA Sentral**

**No.5, Jalan Stesen Sentral 5**

**Kuala Lumpur Sentral**

**50470 Kuala Lumpur**

**Tel: 603 2267 3633 / 2263 2555 / 2263 2549**

**Fax: 603 2274 7970**

**E-mail: [investmalaysia@mida.gov.my](mailto:investmalaysia@mida.gov.my)**

**Website: [www.mida.gov.my](http://www.mida.gov.my)**

*Tell us what you think about our newsletter . Your feedback will help us improve our services to you.*

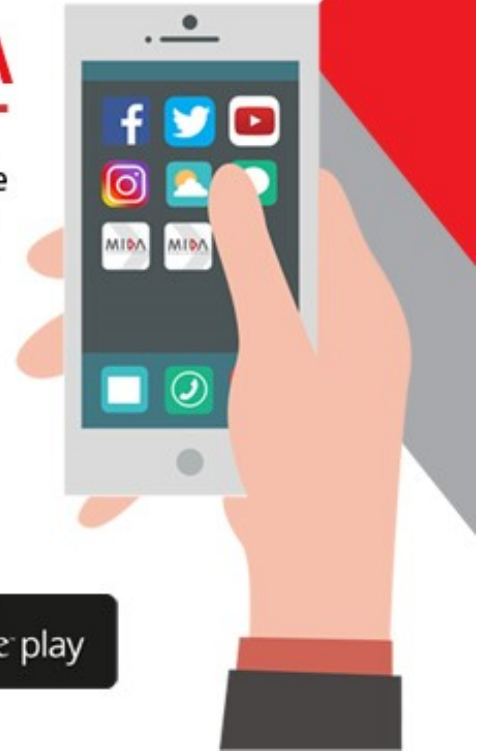
**[Give feedback](#)**

## MOBILE APPS & SOCIAL MEDIA



Explore our fantastic new MIDA Mobile Apps with engaging tools to keep you informed and updated with the latest news and information from MIDA.

Do follow us on our social media for real-time updates of events and happenings.



*This email was automatically generated for you, please do not reply. You're receiving this newsletter because your email is registered with the MIDA website at [www.mida.gov.my](http://www.mida.gov.my). Please add [info@mida.gov.my](mailto:info@mida.gov.my) to your address book so that our emails get to your inbox.*