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## HIGHLIGHTS

### ***i-INCENTIVE PORTAL: Business Support at your Fingertips***

Tax incentives are tools that provide a tipping point for investment attraction. They are aimed at developing new growth areas that can generate high-income, high skilled jobs and cultivate supporting industries in the same cluster. Towards meeting Malaysia's economic aspirations, the Government offers various incentives for businesses, particularly for high impact and strategic projects that can move industries up the value chain and drive Malaysia's transformation towards a developed nation status.

In efforts to increase the ease of doing business in Malaysia, it was mooted in the Malaysian Services Sector Blueprint, launched in 2015, for MIDA to be the central coordinator for all investment incentives. In the same year, MIDA established the Incentive Coordination and Collaboration Office (ICCO).

In the first phase of ICCO's development, an important milestone was met since its implementation with the launching of the i-Incentive portal. The portal serves to assist investors by providing information on all incentives offered by various Federal Government Ministries and Agencies.

In the initial months of the pilot programme, the portal only exhibited information from the Ministry of International Trade and Industry (MITI), its related agencies and selected Investment Promotion Agencies (IPAs) including East Coast Economic Region Development Council (ECER), Iskandar Regional Development Authority (IRDA) and Sabah Economic Development and Investment Authority (SEDIA). Since then, the coverage of the portal has been extended to include incentive offerings from twelve (12) ministries and twenty (20) agencies at the Federal level. Currently, information on a total of 136 incentive packages has been uploaded to this portal. The schemes that are currently offered in the portal are both specific and general in nature; where specific incentives are offered for selected sectors, products and/or activities while generic incentives are sector-blind as they cover most of the products and activities.

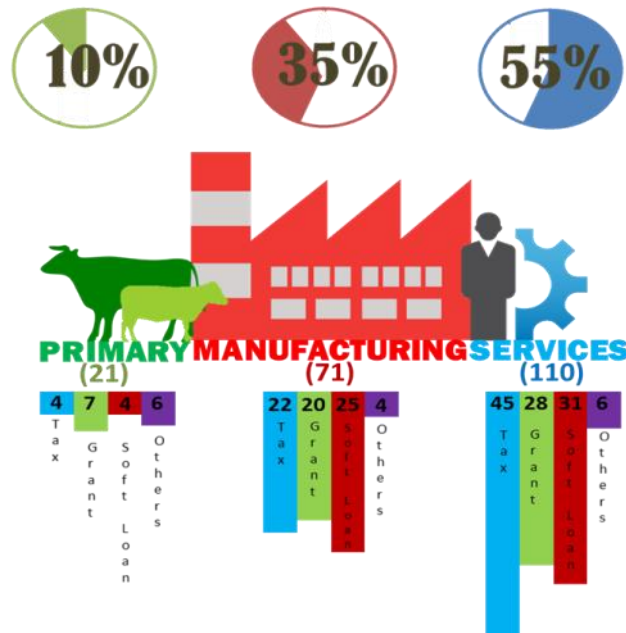
The incentives that are displayed cover tax exemptions, grants, soft loans and other types of incentives such as status, representative offices, and other facilitation programs. Majority of the incentives offered in the portal cater to the services sector (55%) while the rest are for the manufacturing (35%) and primary sectors (10%) as shown in Figure 1.

#### **Objectives of ICCO**

- To provide greater visibility and advisory services to investors.
- To identify gaps and enhance opportunities across total schemes offered.
- To ensure cross agency visibility.
- To prevent abuse of the incentive system by rent seekers.

# HIGHLIGHTS

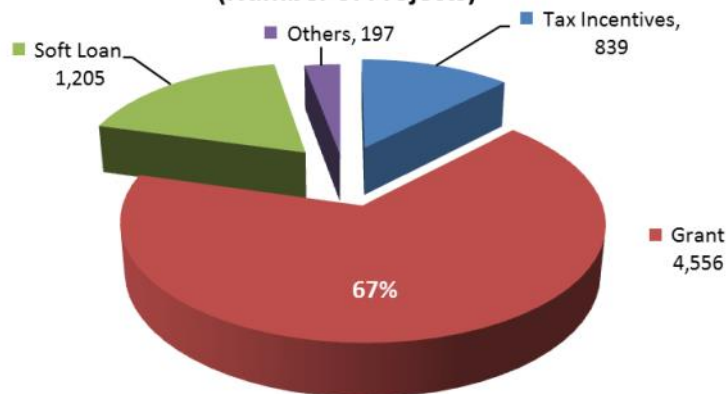
Figure 1: Incentive offering breakdown by sector and type



Note: Incentive Information as at 31 May 2017

Currently, the second phase of ICCO has been initiated which involves collaborating with various relevant ministries and agencies to compile databases of companies granted incentives under a centralised approval database management system. ICCO has started the compilation of the approval database by engaging the relevant ministries and agencies to obtain data for projects approved in 2016 on a quarterly basis. Figure 2 shows the breakdown of the approval database collected to date.

Figure 2: Incentive Approvals for year 2016 (Number of Projects)



The incentive offerings by the Malaysian Government have been instrumental in companies' business investment strategies, growth and development. Ultimately, ICCO is a platform to create a more effective and performance-driven incentive management system that would lead to greater transparency and ensure a more cohesive incentive strategy in attracting quality investments into Malaysia.

The web portal can be accessed at [www.incentives.mida.gov.my](http://www.incentives.mida.gov.my).

## Malaysia, A Hub for Automotive Components & Parts Manufacturers

The development of Malaysia's automotive industry has made the country a production centre for major automotive component manufacturers. This has given rise to a highly experienced automotive workforce of the nation that has gone through various stages of automotive development.



Today, there are more than 690 automotive component manufacturers, producing a

wide range of components, such as body panels, brake parts, engine parts, transmission and steering parts, rubber parts and electrical & electronic parts. In 2016, the investments in the automotive components and parts amounted to RM717 million and exports amounted to RM3,544.4 million.

International component manufacturers, such as TRW, Delphi, Continental, Nippon Wiper Blade, Denso and Bosch have made Malaysia their base to launch their products in the region. The industry has boosted the development of engineering, auxiliary and supporting industries and contributed to skills development and the upgrading of technological and engineering capabilities.

Local companies continue to increase their capability to meet the demands of the industry. Notable local companies include APM Automotive, Sapura, Delloyd, Ingress and Hicom Group of Companies. In addition to supplying to the local original equipment market, an increasing number of component manufacturers are exporting their products, especially to ASEAN countries. China and Thailand are also among the major export destinations. In view of the huge potential in this segment, domestic automotive players are urged to move up the value chain and integrate themselves into the increasingly competitive regional and global markets.

Local companies are encouraged to embark into critical areas of automotive manufacturing such as transmissions, airbags, engines, handling and control mechanisms (suspension, brakes, steering system, corner module). Industry players are also encouraged to invest in research and development to enhance the current technical and engineering capabilities.

MIDA provides incentives in the form of pioneer status and investment tax allowances for a period ranging from 5 to 10 years to the companies which have plans to produce critical components/systems for automotive. Local and foreign companies are encouraged to discuss their project interest with the Transportation Technologies Division at MIDA headquarters located at Kuala Lumpur Sentral.

## Deepwater Opportunities in Sabah

With growing global energy demand, the business landscape of oil and gas industry has transformed globally with a wide range of complexities and possibilities across the upstream, midstream, downstream and oilfield services sectors. Malaysia is resolute in ensuring a sustainable and successful oil and gas industry. The country aims to take full advantage of its strategic location at key shipping lanes as well as strong economic relations with China, India and within South East Asia.

Falling production at Malaysia's major producing oilfields in the past decade has led to more focused investment promotion efforts in deepwater fields. Undiscovered resources in Malaysia are estimated to amount to ten billion barrels of oil, of which 65% are deepwater discoveries. Malaysia's deepwater oil and gas reserves are mainly located offshore Sabah and are also estimated to account for 65% of undiscovered oil and 43% of undiscovered natural gas. The deepwater resource potential for offshore Malaysia looks to be sizeable and a number of promising discoveries have been made.



According to PETRONAS, its oil and gas production base in Sabah is strong and growing steadily especially with the opening up of deepwater reserves since 2004. Offshore Sabah has been contributing and producing more than 15% of the total national production, whereby about 46% of the Malaysian crude production and 16% of producing fields and platforms are located in Sabah.

Nevertheless, the current oil price slump is a challenge for Malaysia's deepwater development. With lower oil prices and limited financing, there are fewer tenders for deepwater field developments and projects as they require major capital expenditure and longer-term commitment.

# SERVICES

Deepwater assets are complex and have complex operating environments due to the water depths. To stay and grow in the deepwater business, companies need to be innovative and efficient. In addition, nurturing local talent is also an essential ingredient in contributing to the success of the oil and gas industry in Malaysia, particularly in Sabah.

Recognising the need, MIDA together with the Sabah State Government and PETRONAS, gave full support to IEC Midas to organise the Sabah Oil & Gas Conference and Exhibition (SOGCE) in Kota Kinabalu. The annual conference focuses on the developments and opportunities in the oil and gas industry in Sabah.



Deepwater oil and gas exploration in Malaysia will continue to grow despite challenging times. The pace of the growth depends on the recovery of oil prices as well as the industry players' ability to be cost efficient, while increasing the quality of their services.

Given Malaysia's strong oil and gas foundation developed over the years, the country is the best prospect for becoming a regional deepwater centre. This is largely due to the enhanced supporting industries, established infrastructure and the readily available workforce. MIDA expects more oil and gas companies to come and bring along their expertise from other deepwater regions to Malaysia once deepwater projects become more established in the medium and long term.

# EVENTS

## Hotayi Reinvests RM1billion back into Malaysia

Hotayi Electronics, a Taiwanese-owned electronic manufacturing services company held a ground-breaking ceremony for their new plant in the Batu Kawan Industrial Park, Penang on 16 June 2017. The company, which has been in Malaysia since 1992, is re-investing RM1 billion to expand its vertical integration segment and phase one of the construction would involve a 250,000 sq ft facility. Hotayi targets to begin operation in the first quarter of 2018 and expects to increase the company's total employment to over 1,000 jobs, including high income jobs in mechanical and technical engineering.



On congratulating Hotayi, Datuk Phang Ah Tong, the Deputy Chief Executive Officer of the Malaysian Investment Development Authority (MIDA) said, "We are pleased to add Hotayi to the growing list of companies in Malaysia that have expanded and adapted their businesses to capture shifting opportunities that arise from the Industry 4.0 technologies."

The event was attended by the Chief Minister of Penang, YAB Lim Guan Eng. Also present was His Excellency Mr James Chang Chi Ping, Representative of Taipei Economic and Cultural Office in Malaysia, and Dato' Lee Hung Lung, Chief Executive Officer of Hotayi.

# EVENTS

## MIDA Taipei at Bio Taiwan 2017

MIDA Taipei participated at Bio Taiwan 2017 that was held at Nangang, Taiwan in June 2017. The event was a platform for agencies and companies to exhibit their products and activities, as well as to forge closer cooperation with biotechnology industry players.



## MIDA Frankfurt at the ASEAN Investment Forum 2017

MIDA Frankfurt together with the Singapore Economic Development Board, the Philippines Department of Trade and Industry and the Board of Investment Thailand organised the ASEAN Investment Forum 2017 in Frankfurt on 19 June 2017. The event was well attended by over 180 participants, mostly from the German business community.



## MIDA Seoul at the UNIDO-KEITI Environmental Cooperation Workshop

Director of MIDA Seoul participated in the Environmental Cooperation Workshop organised by the United Nations Industrial Development Investment and Technology Promotion Korea office (UNIDO ITPO Korea) and the Korea Environmental Industry & Technology Institute (KEITI). The event was held on 15 June 2017 at the KEITI hall in Seoul, Korea to strengthen industrial cooperation between Korea and developing countries in environmental industry.



## MIDA Seoul at the 10th Anniversary of the ASEAN-Republic of Korea FTA

Director of MIDA Seoul shared on investment opportunities in Malaysia at the 10th Anniversary of the ASEAN-Republic of Korea Free Trade Agreement. The event also featured strategic discussions on recommendations to further advance ASEAN-Korea economic relations.



## MALAYSIA RANKING

Malaysia remains in top 25 list

KL now cheaper for expatriates

Five research varsities move a notch up

UM leads local varsities into top 1% worldwide

Malaysia favourite among China luxury travelers

## ECONOMY NEWS

Productivity may rise 4pc this year

Malaysia's economy to see discernible boost from OBOR projects, says HSBC Global Research

Malaysia's exports still grow at a robust pace

World Bank sees 4.9pc growth

Malaysia eyes 5pc growth in trade

Figures back our strong fundamentals

Potential tie-ups in US\$1b projects

RAM revises upward GDP growth to 5.2pc

RM15b oil pipeline project shaping up

Economist bullish on labour market

## INDUSTRY NEWS

Ajinomoto plans diversification

Beyonics to invest US\$30m more

Opportunity for Proton to gain economies of scale

ATS eyes auto equipment deal

China test equipment makers remain bullish

Naim Holdings plans O&G industrial park in Bintulu

Osram to continue focusing on Asia-Pacific region for growth

Manufacturing sector set to continue driving up economy in Q2

Made in Tanjung Malim Volvos

Sating sweet-toothed muslims

## INDUSTRY NEWS

**Hengyuan to invest US\$160m in 2 projects**

**Lotte Chemical Titan to raise RM5.9b**

**Taiwanese firm reinvests RM1b into Penang**

**A growing solar industry**

**Top Glove aims to penetrate condom mart**

**Scientex to focus on boosting capacity, US market**

**MAS inks deals with Airbus, Boeing**

**Lay Hong bullish on halal mart expansion**

**OGSE investments cross MPRC's RM650m target**

**Local carmakers shifting to top gear for smoother drive**

**Verde Palm Plant to be catalyst**

**Malaysian nanotech firm signs RM257mil MoU with Swiss company**

## SERVICES NEWS

**Government's 5 steps to boost halal ecosystem**

**More O&G MNCs moving operations to KL from Singapore due to lower costs**

**MGRC to expand to east coast with 2 new labs**

**Super Group opens RM1m Johor outlet**

**Malaysia-Thai security lane to be made logistic hub**

**MAHB plans expansion at KLIA**

**HSBC inks RM1b TRX HQ deal**

**Kuantan Port expansion smooth**

**Sunway Medical could be worth at least RM1.5bil**

**5 game-changer for logistics service providers**

**TMC's growth plans intact**

**Century Logistics plans to acquire mid-sized firm**



## 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).



**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)**

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