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## HIGHLIGHTS

### **MALAYSIAN PRIME MINISTER ENGAGES INDIAN BUSINESS LEADERS Witnesses Signing of 31 Agreements Worth USD35.99 Billion**

This year marks the 60<sup>th</sup> anniversary of Malaysia-India bilateral relations. The relationship has been dynamic, evolving in the rapidly changing international environment. Bilateral trade and investment flows will continue to flourish, particularly with closer engagements through the Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) and ASEAN-India Free Trade Agreement as well as the eventual implementation of the Regional Comprehensive Economic Partnership (RCEP), which will also include other important trading nations, China, Japan, the Republic of Korea, Australia and New Zealand.

At the invitation of Shri Narendra Modi, Prime Minister of the Republic of India, Dato' Sri Najib Tun Razak, Prime Minister of Malaysia led a large Malaysia delegation for a five-day official visit to India from March 30 to April 4. The successful



visit involved one third of the Malaysian cabinet, that is 11 ministers including Dato' Sri Mustapa, Minister of International and Trade (MITI).

# HIGHLIGHTS



The delegation was joined by various other government agencies and the private sector. This included the Malaysia Investment Development Authority (MIDA), Malaysia External Trade Development (MATRADE) and SME Corporation Malaysia (SME Corp).

During the visit, the MITI Minister met with his counterpart, Smt. Nirmala Sitharaman, India's Minister of Commerce and Industry as well as several other industry leaders through one-to-one meetings, roundtable meetings and the Malaysia-India business forum. The Malaysian delegation also witnessed the signing of 31 memorandums of understanding, worth USD35.99 billion, covering areas such as construction, pharmaceutical, education & training, halal and bilateral economic relations. These will bring long term benefits to both countries as it sets the course for bilateral trade in the next four years.

"A productive relationship between Malaysia and India, based on mutual interest and respect, is surely in both our countries' long-term national interests. Our business communities would have much to gain from this growing relationship, particularly through collaborations and co-development efforts," said the Prime Minister during a luncheon after the Malaysia-India Business Forum.

# HIGHLIGHTS

## **MIDA ESTABLISHES SME INVESTMENT DESK TO FACILITATE DEVELOPMENT OF INDUSTRIAL SUPPLY CHAINS IN MALAYSIA**

The Malaysian economy continues to evolve and tap on the opportunities arising from global trade patterns and higher market integration. Under the country's Third Industrial Master Plan, Malaysia is aggressively strengthening the industrial ecosystems for both domestic and foreign investors. Being a trading nation with an open

economy, foreign direct investment has been crucial in diversifying the range of products and services in Malaysia's economy. Nonetheless, MIDA continues to actively promote domestic direct investments as the leading role in the country's economy to ensure long term growth in the country.



Regular engagements with domestic industry leaders and local stakeholders continue to be undertaken by the agency's Domestic Investment Division. These include the organisation of supply chain development seminars or conferences on various industries, involving multinational corporations (MNCs) and small and medium enterprises (SMEs).

The recent events held were the MNCs and SMEs Supply Chain Development and Opportunities Conference, Southern Region Domestic Investment Seminar, Specialised Building Materials Supply Chain Conference, and Forum on the Aerospace Industry in conjunction with the Langkawi International Maritime and Aerospace Exhibition (LIMA). These events add to the on-going initiatives such as roundtable meetings, business-to-business meetings, and direct consultations with domestic investors. Despite the agency's outreach and engagements with local companies, there is still a lack of awareness of MIDA's function in assisting and facilitating domestic businesses, especially among the SMEs.

In complementing other agencies, MIDA has established a dedicated SME Investment Desk in

its headquarters and all its state offices throughout Malaysia. This reflects its commitment in facilitating domestic investments and advocating the development of supply chains between Malaysian companies including SMEs with MNCs and large corporations in the country. Malaysian businesses and SMEs will now have a single contact point in MIDA HQ and all its State Offices, to obtain guidance and advice on the Government's initiatives and facilities in building sustainable business collaborations through supply chain development on the local, regional and global levels.

MIDA has always emphasised on an ecosystem approach, as a strong and comprehensive ecosystem improves the country's attractiveness for investments. Over the past 50 years, MIDA has successfully attracted many notable MNCs to establish their operations in Malaysia. By



being part of these MNCs' supply chain, local companies including SMEs have benefitted in terms of the diffusion of knowledge, adoption of best practices and wider market access.



Domestic Investment Strategic Fund (DISF) is one of the many incentives introduced by the Government to accelerate the shift of Malaysian companies in targeted industries to high value-added, high technology, knowledge-intensive and innovation-based industries. This incentive will

assist local companies including SMEs to transform in terms of capability building and productivity. Hence, increase their competitiveness in order to comply with international standards and requirements, towards becoming regional or global players.

## INDUSTRY

### Malaysia's Furniture Industry – A Promising Future

The Malaysian furniture industry has come a long way since its beginnings more than fifty years ago. Started from only a traditional cottage-based operations, it is now a multibillion-ringgit industry driven by technology, innovation and modernity. The country's furniture products truly stand out as being 'Made in Malaysia' as most of the materials such as rubber wood, are sourced locally. Today, Malaysia is one of the leading global producers and exporters of furniture.



The development of the industry has been in tandem with the robust growth of Malaysia's manufacturing sector over the past few decades.

Building on the country's strong manufacturing foundation, this industry has remarkably grown across the board. Many local furniture companies have now moved from being Original Equipment Manufacturers (OEM) into manufacturing their own design, concentrating on quality finishing as well as marketing and outsourcing of components. Malaysian furniture is increasingly gaining access to new markets in South America, Middle East, Africa and the Commonwealth of Independent States (CIS) countries.

In 2016, the Malaysian Investment Development Authority (MIDA) approved 25 furniture projects which amounted to RM160.7 million in 25 projects. Of this, 15 were new projects with investments of RM87.2 million, while the remaining were expansion/diversification projects worth RM73.5 million. Domestic investments continued to dominate with a total of RM137.8 million or 86%, while foreign investments were RM22.9 million (14%).

One of the significant projects approved was LY Furniture with an additional investment of RM17.6 million.

The company currently has 15 factories with a total floor area of 1.2 million sq ft and employs 1,200 workers. LY Furniture is one of the largest wooden bedroom set manufacturers in Malaysia.

Malaysia is already a major supplier of office furniture to the Middle East. Other categories of furniture exported by Malaysia that have been well received globally are outdoor furniture, bedroom, and living and dining furniture. Malaysia has also been increasingly recognised for its hospital and laboratory furniture.

The development of the furniture industry will continue to focus on enhancing the value added process by converting new timber species and other raw materials available into the production of furniture. As the world demand for sustainable and eco-friendly products surges, the industry will need to focus on investments in R&D and the innovation of new products to cater for this fast growing and

savvy consumer market in green and environmentally-friendly products, particularly in Europe.

Crucial to sustaining competitiveness in any industry is to continuously innovate new business models that are strategic and unique. In this respect, the furniture industry has considerable advantages in the areas of creativity and design. From regular furniture to designer items, the variety and creativity of Malaysian furniture design appeals to even the adept collector and experienced theme decorator.

With the enhanced capacity and capabilities in producing quality furniture coupled with state-of-the-art technology, ground-breaking designs, aggressive marketing strategies and brand development, the Malaysian furniture industry is poised for a promising future.



## BRIGHT FUTURE OF SOLAR ENERGY

Based on the report by International Energy Agency (IEA), the sun could be the world's largest source of electricity by 2050, ahead of fossil fuels, wind, hydro and nuclear. IEA observed that Solar Photovoltaic (PV) system has the potential to generate up to 16% of the world's electricity by 2050.



According to the Energy Technology Perspectives 2016 (ETP 2016), the use of Solar PV is in line with the Paris Climate Conference (COP21) goal which is to limit the increase of global temperature to no more than 2°C. This would also require two-thirds of electricity to be generated by renewables in 2050.

Currently, the total energy consumption in Malaysia increases at a rate of 5.1% per annum. The actual energy demand is forecasted to rise from 16.9GW in 2015 to 20.3GW in 2020. To meet increasing demand, the Malaysian Government has addressed this issue by formulating policies and programme on energy consumption to ensure the long term availability of energy for sustainable social-economic development in the country.

Investment in Renewable Energy (RE) from solar

PV has catalysed the growth of local RE developers and PV service providers in the country. More than 150 PV service providers, mainly local companies, are registered with the Sustainable Energy Development Authority (SEDA). These companies engage with local talents equipped with technical background in renewable energy, electrical and electronics, engineering, environmental solution and building & landscape designs. They are able to carry out project implementation in design, installation, testing and commissioning. Several training programme organised by SEDA and the Energy Commission (EC) have contributed to the increase of technical expertise in the field of RE. Local major service providers that have proven to be successful include Plus Solar, Solar Vest, Pekat Solar and Antartica Blue.

As solar PV can be installed on a less productive land, large roofs of industrial and commercial buildings, the setting up of many solar farms in Malaysia helped to improve the utilisation of empty spaces and land area. The use of solar technology to generate electricity is indeed environmentally friendly.

Some solar farms have even embarked in agricultural projects – planting fruits, vegetables and herbs such as melons, chillies, eggplants, okra, *misai kucing* (orthosiphon stamineus) and stevia, under the constructed solar panels.

Existing solar farms in Malaysia include Amcorp Properties (10.25MW in Gemas, Negeri Sembilan); Cypark Resources (19.3MW in Negeri Sembilan, Johor and Perlis); Gading Kencana



(8MW in Melaka); and Kumpulan Melaka (5MW farm in Alor Gajah).

There are several notable companies in Malaysia which have turned to solar PV to sustain their high-energy needs. Yeh Brothers Malaysia in Nusajaya, Johor and Ikano Cochrane in Kuala Lumpur, are currently the two biggest producers of solar energy for their own consumption. Yeh Brothers has a capacity of 3.2 MW and is able to reduce its annual power usage by 40 per cent. Meanwhile, Ikano Cochrane has a capacity of 1.0 MW. Interestingly, both projects use advanced production technology which can minimise cost and space to obtain high energy yield.

Under the National Renewable Energy Policy and Action Plan (NREPAP), Malaysia aims to achieve 2,080MW of renewable energy by 2020. Currently, the installed solar PV capacity is 296MW, which is still low due to the other sources of energy available under the Four-Fuel Policy (oil, gas, coal and hydropower) and other renewable energy sources (biomass, biogas and mini-hydro).

To boost the solar energy capacity in the country, the Government has introduced two new policies in 2016 to scale up the generation of renewable energy (RE). The policies are namely net energy metering and large scale solar mechanisms, which will accelerate the achievement of RE target. These two initiatives will also contribute an additional 1,500MW of RE by 2020. By doing so, the Government can save the cost of electricity generation during peak hours from conventional fuels. Taking advantage of developments in the ecosystem, MIDA would like to invite industry players to seize the opportunities present in the solar industry.

Solar projects help to curb the nation's dependency on the ever depleting fossil fuels. As the leading investment promotion agency, MIDA continues to intensify efforts to promote the growth and development of the solar industry in Malaysia. To ensure the objectives for the promotion of green growth in Malaysia are met, MIDA will continue to provide the necessary support in improving the enabling business environment for the industry.



The Amcorp Gemas 10.25MW Solar Power Plant in Gemas, Negeri Sembilan

## Malaysia, Well Positioned To Attract More Solar Investments

“The presence of high technology and established solar players is crucial to the completion of the whole ecosystem of the solar industry in Malaysia. Towards this, MIDA is proud to share that we have attracted an additional 7 solar manufacturing projects and 83 renewable energy projects in the solar industry worth RM1.77 billion and RM0.65 billion respectively, last year. The biggest investment was contributed by Longi, a major solar giant producing solar ingot, wafer cells and modules. Other investments approved include Jinko Solar and JA Solar which will be undertaking expansion and diversification activities,” said Dato’ Azman Mahmud, Chief Executive Officer of MIDA at the PV CellTech 2017 held in Penang on 14 March 2017.

“While a comprehensive ecosystem is a magnet for investors, we are aware that a strong supply chain is also crucial to support the industry to maintain a conducive business environment. Towards this goal, we are building up local capabilities to develop further in areas such as system integration and the balance of system components, which are important parts of the PV system value chain,” added the MIDA CEO.

Malaysia has hosted PV CellTech for two years in a row, following its successful launch in Kuala Lumpur last year. This year, over 80% of the participants were from Europe, US, Australia, China, Taiwan, India and Southeast Asia. Out of the total participants, 24 companies with operations in Malaysia were also present at the



event. The participants were from various segments of the solar industry value chain, ranging from upstream to downstream.

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## MIDA-CIDB Hold Building Materials Supply Chain Conference

With the theme ‘Bridging Gaps, Building Opportunities’, MIDA in collaboration with CIDB organised a Specialised Building Materials Supply Chain Conference on 16 March 2017 at MIDA HQ. The conference, well attended by over 600 participants, was officiated by YB Dato’ Sri Mustapa, Minister of International Trade and Industry (MITI) with the presence of Dato’ Azman Mahmud, Chief Executive Officer of MIDA and Dato’ Ir. Ahmad 'Asri Abdul Hamid, Chief Executive of CIDB.

In his keynote address, the Minister highlighted that, “Malaysian products and companies are scattered all over the globe, underscoring the



capabilities of our industry players and service. Given the on-going robust infrastructure development in Malaysia, there are many opportunities for them to participate in mega development projects that are well underway in the country. I am confident that they are more than able to serve the needs of these projects in the country. With a proven track record of Malaysian companies, it makes more sense for project developers to source domestically to achieve economies of scale in their respective projects.”

The conference featured the signing of three Memorandums of Understanding (MoUs) between Forest City with Universiti Teknologi Malaysia (UTM), Kumpulan Pendidikan Yayasan Pelajaran Johor (KPYPJ) and Lafarge. There were also two presentations namely ‘Construction Supply Chain – Winning in a Transforming Industry’ and ‘Opportunities and Capabilities of Malaysian Manufacturers’. A briefing on ‘Business Linkages Opportunities’ and a forum discussion on ‘Local Suppliers Capabilities’ as well as several business meetings were also held.



## Singapore's ITEES Education Services (ITEES) Partners MIDA on Training of TVET Master Trainers



Singapore's ITEES and MIDA have officially launched a Temasek Foundation International-funded Capacity Development Programme for Technical and Vocational Education and Training (TVET) Master Trainers from Malaysia on 16 March 2017. The ceremony, held at the Johor Skills Development Centre in Pasir Gudang also witnessed the signing of the Memorandum of Collaboration (MoC) by Dato' Azman Mahmud, CEO of MIDA and Mr. Bruce Poh, CEO Designate of ITEES, with the presence of Mr Yeoh Keat Chuan, Managing Director of Singapore Economic Development Board and Mr Benedict Cheong, Chief Executive of Temasek Foundation International (TFI).

In commenting on the MoC, Dato' Azman said, “Today's collaboration is a positive model of how agencies and institutions from both countries can work together to boost the business environment in Singapore and Malaysia. MIDA has been working closely with our counterparts in other countries, including EDB Singapore in attracting investments

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into the region. This programme is among the initiatives of ICWG, which was formed in 2013. By providing additional skills that meet the requirements of stringent international standards, we trust that this up-skilling programme will raise the technical competency of other TVET personnel in Johor. Upon completion, this programme can also be used as a positive benchmark for similar initiatives in other technical competencies.”

With the MoC, TFI has committed funding support towards the setting up of the Technical Skills Upgrading Programme (TSUP) that would benefit some 100 TVET Master Trainers from seven Institutions in Johor. Within six months of completion of the TSUP, MIDA will arrange for the 24 Master Trainers to share their knowledge with an additional 70 TVET trainers, through a series of Post-Training Sharing Workshops, which are expected to complete by end of 2017.

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## **UMW Land-MIDA MoU Inked to Boost High Value Manufacturing Investments**

UMW Land inked a Memorandum of Understanding (MOU) with MIDA to explore areas of co-operation and collaboration with regards to the industrial development of UMW’s land-bank in Serendah. UMW’s initiative to create a High Value Manufacturing Park is focused mainly on strengthening the aerospace and other industries related to smart manufacturing.

Commenting on the MOU, Dato’ Azman Mahmud said, “The greatest advantage to manufacturers in Malaysia has been the nation’s persistent drive to

develop and upgrade its infrastructure. Investors today are able to choose from over 500 industrial estates and Free Zones to locate their investments. New sites, fully equipped with infrastructure facilities such as roads, electricity and water supplies, and telecommunications, are continuously being developed by state governments as well as private developers to meet demand. The UMW High Value Manufacturing Park in Serendah is a welcomed addition, especially since it caters to the needs of high value manufacturing industries. The park is one of the locations that can be considered by investors, particularly those who are looking to move up the value chain by incorporating high-tech innovations.”

The MOU was signed at MIDA’s HQ earlier this month by Dato’ Azman and Dr. Wafi Nazrin bin Abdul Hamid, President, UMW Land. Following that, the exchange ceremony of the MOU between the two parties was held at the Langkawi International Maritime & Aerospace Exhibition (LIMA), with the presence of the Minister of International Trade and Industry, Dato’ Sri Mustapa bin Mohamed, and UMW Holdings Berhad Chairman, Tan Sri Dato’ Sri Hamad Kama Piah bin Che Othman.



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## Local Investors Urged to Intensify Development on Technology to Remain Competitive

“There is no doubt that quality FDI is important in terms of job creation, transfer of advanced technology, human capital development and growth of domestic companies. Nonetheless, domestic investors need to take on a more aggressive role in driving the country’s investment agenda to ensure Malaysia continues to enjoy sustainable economic growth in the future,” said YB Datuk Ahmad Maslan, Deputy MITI Minister during the Southern Region Domestic Investment Seminar 2017 held at the Hatten Hotel, Melaka on 30 March 2017.

YB Datuk Ahmad Maslan elaborated, “The Government will continue to support the growth of domestic companies including the small and medium enterprises (SMEs), in increasing their competencies and capabilities through the available programmes and facilities. We hope to see more local players, especially the SMEs to emulate Germany’s Mittelstand or even the mid-sized companies in Japan and Korea that have found much success in spearheading the economic growth in their respective countries.”



The Deputy Minister urged local industry players to shift towards the adoption of smart manufacturing processes, in line with the wave of the Fourth Industrial Revolution or Industry 4.0. Towards this, local companies are encouraged to leverage on the available facilities by the Government such as the Domestic Investment Strategic Fund (DISF). As at December 2016, MIDA has approved RM1.01 billion of DISF grants for 242 projects worth RM11.6 billion, mainly in the E&E, transport, oil & gas services, machinery & advanced engineering and life sciences. These approved grants are to provide training, encourage R&D and technology acquisition by local companies; and enable them to obtain international standards/certifications in strategic industries.

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## INDUSTRY NEWS

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RM500mil investment for Johor

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Record spending for fab equipment expected in 2017 and 2018, says SEMI

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Renewable energy takes centre stage

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UMW, MIDA in Serendah tie-up

Volvo to make Shah Alam plant export hub for Asean mart

Right time to consolidate

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Malaysia's e-commerce market on track to beat 11% growth by 2020

Mida partners Singapore body on training

Bid to help local SMEs go global

AliBaba hub will spur economic growth

Microsoft, UEM seal 3-year deal

IOSCO launches Asia-Pacific hub in Malaysia

Silk Holdings to boost marine logistic business

Digital Free Trade Zone launched

Alibaba launches logistics hub

Scientex records best-ever quarter

E&E sector key for local firm' inclusion in global supply chain

Malaysia leads Southeast Asia in student enrolment in international school

MSTH connects the dots towards a high-income nation

## 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).

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