

MALAYSIA

Your Profit
Centre in Asia



ADVANCED MATERIALS (GRAPHENE): INVESTMENT OPPORTUNITIES IN MALAYSIA

BY AHMAD KHAIRUDDIN A. RAHIM

EXECUTIVE DIRECTOR, MANUFACTURING DEVELOPMENT (RESOURCE)



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MIDA IN BRIEF





Who Are We?

The principal Malaysian Government agency responsible for the promotion of investments and coordination of industrial development and selected services sectors in the country.

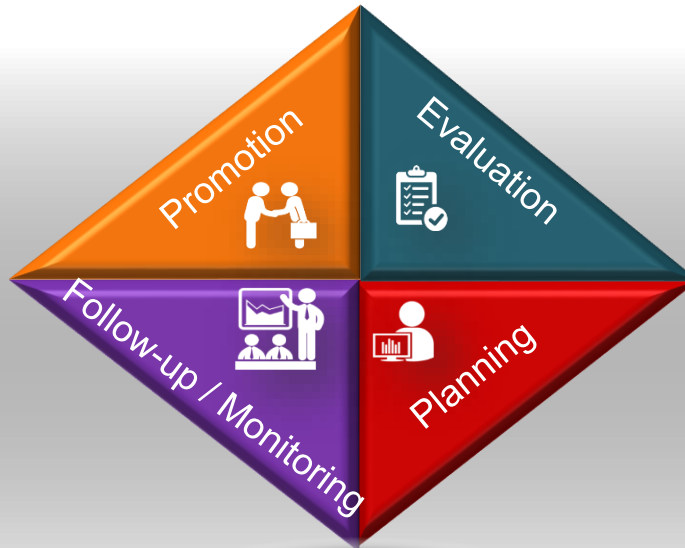
1st point of contact for investors who intend to set up projects in the manufacturing and services sector in Malaysia

Malaysian Industrial Development Authority, Established in 1967 under Act of Parliament, 1965

Functions of MIDA

- Foreign Direct Investment
- Domestic Investment

- Assist companies in the implementation & operation of their projects
- Facilitate exchange & coordination among institutions engage in or connected with industrial development
- Advisory services



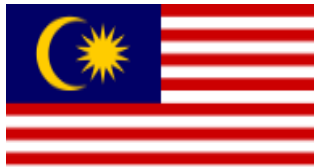
- Manufacturing Licences
- Tax Incentives
- Expatriate Posts
- Duty Exemption
- Principal Hub & Selected Services

- Planning for industrial development
- Recommend policies & strategies on industrial promotion and development
- Formulation of strategies, programmes and initiatives for international economic cooperation



23 Overseas Centres

- London
- Stockholm
- Munich
- Frankfurt
- Milan
- Paris
- Dubai
- Los Angeles
- Houston
- New York
- Boston
- San Jose
- Chicago
- Seoul
- Mumbai
- Singapore
- Taiwan
- Sydney
- Tokyo
- Osaka
- Beijing
- Guangzhou
- Shanghai



12 State Offices

- Alor Setar
- Penang
- Ipoh
- Selangor
- Seremban
- Melaka
- Johor Bahru
- Kota Bharu
- Kuala Terengganu
- Kuantan
- Kuching
- Kota Kinabalu





Halal Industry Development Corporation



Malaysian Industrial Development Finance Berhad



MIDA as a One Stop Centre

Based in MIDA



Immigration Department



Royal Malaysian Customs



Labour Department



Telekom Malaysia Berhad



TENAGA NASIONAL

Based outside MIDA



DEPARTMENT OF OCCUPATIONAL SAFETY & HEALTH (DOSH),
MINISTRY OF HUMAN RESOURCES.

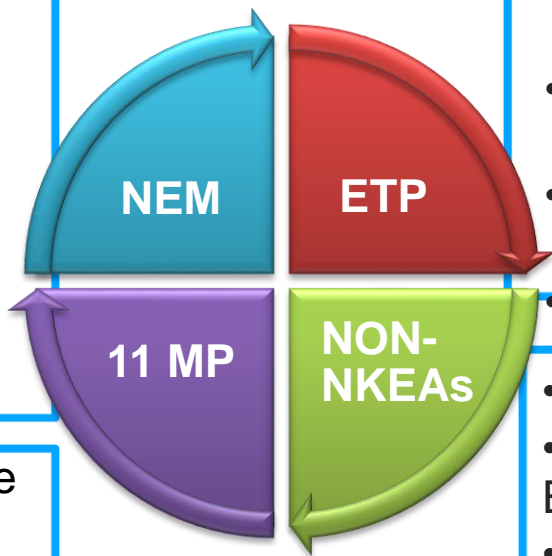




MIDA - Taking the Lead

- High Income – Target **USD 15,000 to USD 20,000** per capita by 2020
- Re-energise the private sector to drive growth
- Cluster - and - corridor based activities
- Enhance the sources of growth
- Create a competitive domestic economy

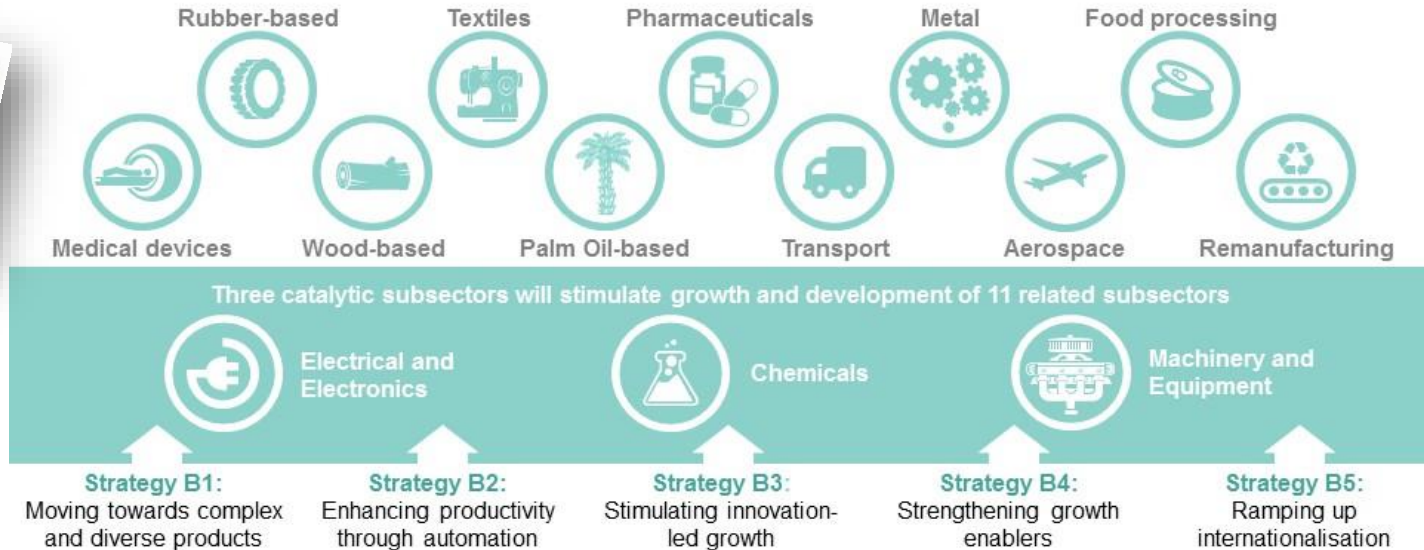
- Develop a quality workforce
- Real GDP growth between **5%-6% per annum**
- **Private investments** growth of **9.4% or RM291 billion per annum**
- Catalytic and Growth (3+2) Sub-Sectors



**Note :*
 - **NEM** : **New Economic Model**
 - **ETP** : **Economic Transformation Programme**
 - **11MP** : **11th Malaysia Plan**

- **NKEAs – 11 industry sectors and Greater KL**
- Total investment target – USD444 billion (RM1.4 trillion)
- Private sector led economy – USD410 billion (92%)
- 73% Domestic Direct Investment (DDI)
- Increased services sector contribution to GDP (67% by 2020)
- Aerospace
- Machinery & Equipment
- Transport Equipment
- Advanced Materials
- Logistics

- Environmental Management

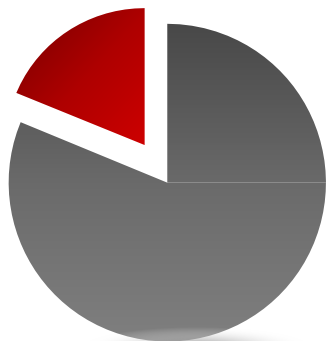


Source: Economic Planning Unit and Ministry of International Trade and Industry

- **Three (3) catalytic** subsectors namely **Chemical, E&E and M&E industries**; and **two (2) subsectors** of high potential growth namely **Aerospace and Medical Devices** have been identified in the 11th MP to drive the growth of the manufacturing sector.
- The “3+2” subsectors were selected due to their strong inter-linkages with other subsectors and indirectly their capacities will be the base to support the development of the overall manufacturing sector.

**USD42.5 Billion
Approved Investment**

**FDI,
USD7.9 B,
19%**



**DDI,
USD34.6 B,
81%**

Approved Investments in the **Manufacturing** Sector – 2015

Year	Employment	Total Investment	FDI:DDI	Projects
2015	66,494	USD17.4 B (41%)	29% : 71%	680

Approved Investments in the **Services** Sector – 2015

Year	Employment	Total Investment	FDI:DDI	Projects
2015	112,194	USD25.1 B (59%)	11% : 89%	4,150

USD1.00 = RM4.29

Source: MIDA

**178,688
Employment Opportunities**



**62.8% (112,194) were in
Services Sector**

“Malaysia attracted a total of USD42.5 billion worth of investments in the manufacturing, services and primary sectors”

**4,830
Projects Approved**



(Jan – Aug 2016)

**USD21.7 Billion
Approved Investment**

Sector	Investment (USD)	FDI:DDI	Projects
Manufacturing	4.9 B	63.3% : 36.7%	368
Services	16.8 B	22.6% : 77.4%	2,106

**2,474
Projects Approved**



**More than 74,800
Employment Opportunities**



**FDI
USD6.9
B
(30.5%)**



**DDI
USD15.
1 B
(69.5%)**



ADVANCED MATERIALS (GRAPHENE) INDUSTRY IN MALAYSIA

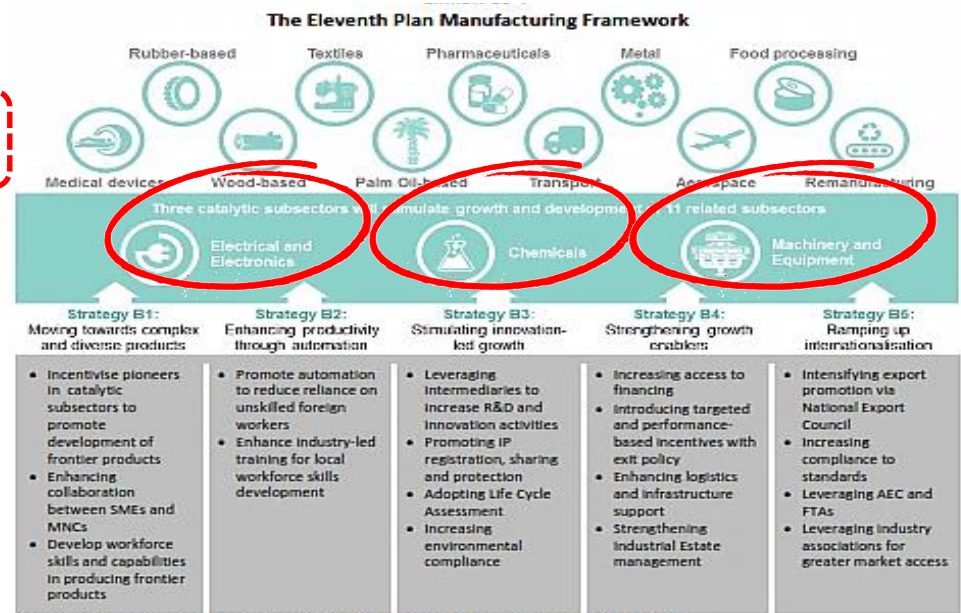




“Promoting investment to spearhead economic growth”



Eleventh Malaysia Plan (2016-2020)



Advanced Materials Support Most of Government Initiatives Identified in NKEAs of Manufacturing Sectors

Source: Economic Planning Unit and Ministry of International Trade and Industry

Definition



The Technology Strategy Board (TSB), UK defines advanced materials as:

“Materials designed for targeted properties. Both completely new materials such as graphene or high temperature superconductors and those that are developments on traditional materials such as alloys or composites may be described as an advanced material. Such materials show novel or improved structural (strength, hardness, flexibility) and/or functional properties (electronic, magnetic, optical).”



The United States’ National Institute for Standards and Technology (NIST) define Advanced Materials as:

**“Materials that have been developed to the point that unique functionalities have been identified and these materials now need to be made available in quantities large enough for innovators and manufacturers to test and validate in order to develop new products”
(NIST, 2011)**

Graphene & Graphene Applied Products

Graphene Applied Products

- superior physical properties and application versatility



Graphene

- a carbon-based nanomaterial (advanced material)



Innovation Economy

- New Economic Model & Economic Transformation Programme



Defence

Transportation

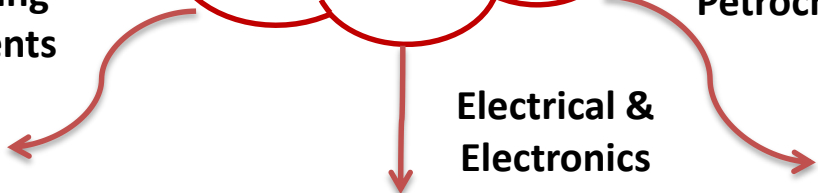
Graphene Application



Engineering Components



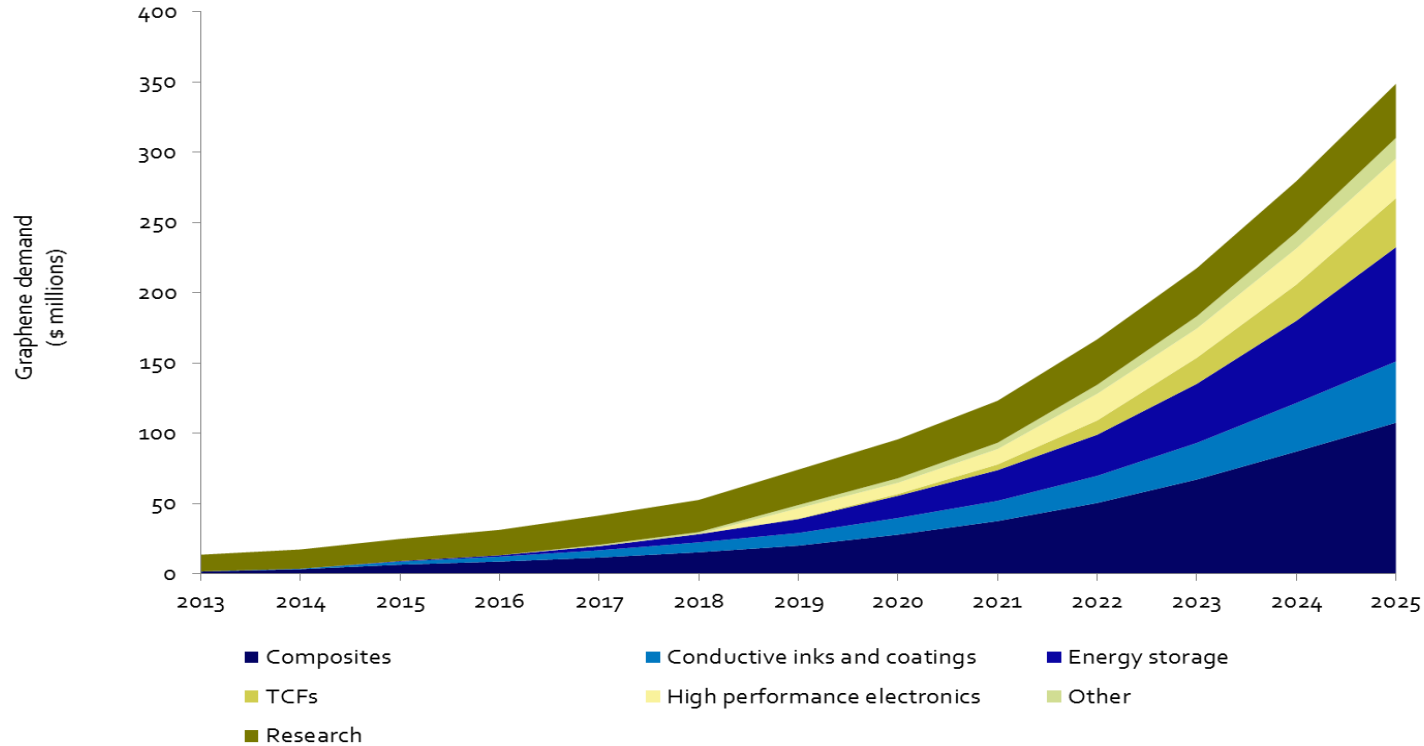
Petrochemical



Electrical & Electronics



It will reach \$349 million in 2025



Source: Nano Malaysia-Lux Research

√ For the production of graphene & graphene applied products



Member of the
Steering
Committee NGAP
2020

Strategic Partner
for Lux Research:
NanoMalaysia
Forum 2014
& Graphene
Malaysia 2016

Facilitating
Companies to Look
Into the Business
Potentials of
Graphene

National Graphene Action Plan 2020



INVESTMENT POLICIES



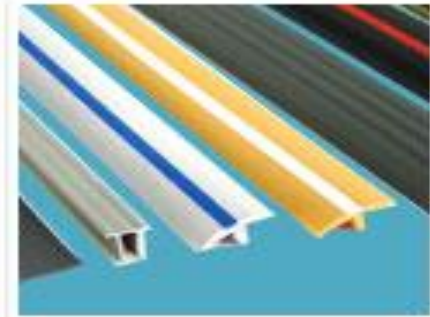
Materials



Colours



Shapes



Co-Extrusions

Manufacturing License

The Industrial Coordination Act 1975 requires manufacturing companies with shareholders' funds of **RM2.5 million and above** or engaging **75 or more** full time paid employees to apply for a manufacturing license (ML). ML application will be processed by MIDA.

Investment Policies

OWNERSHIP

100%

Manufacturing & selected services sectors can be wholly foreign-owned



EXPATRIATE POSTS

Liberal policy, based on merit of each case



CAPITAL

Freedom to Repatriate Capital, Interest, Dividends and Profits – No Restrictions



INCENTIVES



HIGH TECHNOLOGY

Advanced Materials

1. Development and manufacture of:-
 - (a) Polymers or Biopolymers
 - (b) Fine Ceramics or Advanced Ceramics
 - (c) High Strength Composites
2. Nano particles and their formulations thereof.

GENERAL LIST

PIONEER STATUS (PS)

Income tax exemption ranging from 70% or 100% for a period of 5 or 10 years

INVESTMENT TAX ALLOWANCE (ITA)

60% or 100% on qualifying capital expenditure for 5 years.
Can be offset against 70% or 100% of statutory income.

SMALL COMPANIES LIST

PIONEER STATUS (PS)

100% income tax exemption for a period of 5 years

INVESTMENT TAX ALLOWANCE (ITA)

60% on qualifying capital expenditure for 5 years.
Can be offset against 100% of statutory income.



Reinvestment Allowance

60% on qualifying capital expenditure for 15 consecutive years

Under 2016 Budget, Malaysia Government has agreed to provide a special RA for 3 years to companies in manufacturing and selected agricultural sectors, whose RA have expired (Year of assessment of 2016 - 2018).

(Application to be submitted to IRB)

Import Duty Exemption

For raw materials and components

(Application to be submitted to Tariff Division, MIDA)

Contract R&D company

Pioneer Status (PS)

Income tax exemption ranging from 100% for a period of 5 years

Contract R&D company

Investment Tax Allowance (ITA)

100% on qualifying capital expenditure for 10 years

R&D Incentives

R&D company

Investment Tax Allowance (ITA)

100% on qualifying capital expenditure for 10 years

In-house R&D

Investment Tax Allowance (ITA)

50% on qualifying capital expenditure for 10 years



Automation Capital Allowance

TYPE OF INCENTIVE	TARGET GROUP	IMPLEMENTATION TIMELINE
<p>Category 1: Labour intensive industries (rubber products, plastics, wood, furniture and textiles) – ACA of 200% on the first RM4 million expenditure incurred within Year of Assessment 2015 to 2017.</p>	<p>Manufacturing companies (labour and non-labour intensive) operating at least 36 months in Malaysia</p>	<p>Category 1: Year of Assessment (YA) 2015 – YA 2017</p>
<p>Category 2: Other industries - ACA of 200% on the first RM2 million expenditure incurred within Year of Assessment 2015 to 2020.</p>		<p>Category 2: Year of Assessment (YA) 2015 – YA 2020</p>



Incentives for Domestic Companies

*Domestic Investment
Strategic Fund*

*Incentives for Small
Scale Companies*

*Incentives for
Acquiring a Foreign
Company for High
Technology*

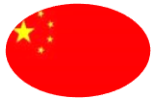


Potential market of 2.7 billion population

Tariff reduction and elimination mostly by 2016

REGIONAL / BILATERAL FTAs

- Constitutes 60% of Malaysia's global trade via preferential treatment



China



Japan



Korea



India



Australia



New Zealand



Chile



Turkey



Pakistan

ON-GOING FTA NEGOTIATIONS



RCEP



EU

- Once concluded, will increase the share of Malaysia's global trade via preferential treatment to 80%
- Potential market of additional 1.8 billion population

- Malaysia has implemented **13** Free Trade Agreements:-



ASEAN

1. ASEAN Free Trade Area (1992)
2. ASEAN-China (2004)
3. ASEAN-Korea (2006)
4. ASEAN-Japan (2008)
5. ASEAN-India (2009)
6. ASEAN-Australia-New Zealand (2009)



BILATERAL

1. Japan (2005)
2. Pakistan (2007)
3. New Zealand (2009)
4. Chile (2010)
5. India (2011)
6. Australia (2012)
7. Turkey (1.8.2015)

- Malaysia is still negotiating RCEP, Malaysia-EU, Malaysia-EFTA and ASEAN-Hong Kong.



Air Connectivity

Singapore:

45 minutes (90x daily)

Jakarta:

2 hours (32x daily)

Bangkok:

2 hours (34x daily)

Hanoi & Ho Chi Minh:

2 hours (18x daily)

Manila:

2.5 hours (12x daily)

Phnom Penh & Siem Reap:

2 hours (6x daily)

Brunei:

2 hours (5x daily)

Yangon:

3.5 hours (3x daily)

ASEAN Economic Community and Single Market by 2015



**ASEAN: 633 million market,
8.8% of world's population**



- Implemented AFTA in 2010
- **7th largest economy** in the world – combined GDP USD2.4 trillion
- **3rd largest market** in the world - population over **633 million** people in 2015 and estimated to 717 million in 2030.
- **Intra-ASEAN trade** is 24% of total global trade of USD2.51 trillion in 2013
- Total FDI inflows of USD122 billion in 2013 with **intra-ASEAN investments** alone contributing 17%
- **97.3% of products** traded in the region will be duty-free
- ASEAN Economic Community 2015, integrated market & production base – freer flow of goods, services, investments, skilled labour and capital

Why Malaysia?

STRATEGIC LOCATION



Home to Tropical Paradise
We Embrace Multiculturalism
An Unsurpassed Lifestyle



 English speaking language



Liberal Investment Policies



Well Developed Infrastructure/ Connectivity



Trans Pacific Partnership



Quality of Life



Political and Economic Stability



Harmonious Industrial Relations



Young, Trainable and Educated Labour Force



IP Protection



Pro-business Government



Excellent Facilities - Convention and Conferences



Banking System



Good Track Record



Ahmad Khairuddin A. Rahim (Mr.)
Executive Director
Manufacturing Development (Resource)
Tel: +603-2267 6788
Fax: +603-2274 8502
Email: khairuddin@mida.gov.my
Website: www.mida.gov.my



Thank you

MIDA Sentral
No. 5 Jalan Stesen Sentral 5
KL Sentral
50470 Kuala Lumpur
Tel: 603 – 2267 3633
Fax: 603 – 2274 7970
Email:
investmalaysia@mida.gov.my
www.mida.gov.my

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