

Research Centre for Sustainable Hong Kong
City University of Hong Kong

TRAINING PACK MALAYSIA

Innovation and Cultural Diversity: Hong Kong Professional
Services, Overseas Investment and Industrial Park
Development in Malaysia

創新與多元文化：
香港專業服務、馬來西亞的外商投資及工業園區發展



Professional Services Advancement Support Scheme

Economic and Trade Cooperation Zones Along Belt
and Road Workshop Series

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ABOUT THIS TRAINING PACK

This comprehensive training pack is provided to registered participants prior to workshop to equip them with sufficient institutional background knowledge so as to enhance the quality of their interaction with speakers and other participants at the workshop. The pack includes background materials (such as political systems, religious inclinations, legal institutions, foreign investment laws, accounting regulations and tax systems) and information of Special Economic Zones (SEZs) based on consolidation of relevant research findings from secondary resources.

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EXECUTIVE SUMMARY

Since China put forward the Belt and Road Initiative (BRI) in 2013, many Chinese enterprises began to participate in the BRI projects. The governments of the Belt and Road countries also hope to take reference the successful experience of China's special economic zones. In December 2017, The Hong Kong Special Administrative Region Chief Executive, Carrie Lam, and the Chairman of the National Development and Reform Commission, He Lifeng, signed the *Arrangement for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative* (the Arrangement) to leverage Hong Kong's distinctive strengths in advancing the BRI. In addition to finance, investment, infrastructure, maritime services, trade, and people-to-people bonding, the Arrangement specifically emphasises that Hong Kong and the Mainland shall work for strategic cooperation and jointly participate in the investment projects and special economic zone development to help to decrease the risks of investing in foreign countries for these enterprises (HKSAR 2017). Despite the expected demand for Hong Kong's inputs in the BRI, including entrepreneurial initiatives, commercial investment, and professional services, concerns and uncertainties have persisted.

The CSHK research team has conducted extensive research and textual analysis to unpack the challenges and scrutinise the pathways whereby Hong Kong businesses may sustainably take part in the BRI and related developments. Leveraging on this research, this training pack on Malaysia will: 1) contextualise the business environment in Malaysia; 2) discuss the special economic zone (SEZ) development in Malaysia; 3) and illuminate the considerations for doing business in Malaysia. In addition, a range of critical background materials, including information about the country and economic overview, foreign direct investment, international trade, labour policies, infrastructure overview, key industries and opportunities for investment, list of SEZs, Chinese investment in Malaysia and the impact of the recent Covid-19 outbreak in Malaysia are included in the appendices. We hope these materials will facilitate further exploration into Hong Kong's niches in Malaysia.

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CHAPTER 1

BUSINESS ENVIRONMENT IN MALAYSIA

Malaysia is divided into two regions by the South China Sea about 640 miles apart. At the centre of Southeast Asia, the country connects maritime ASEAN (Association of Southeast Asian Nations) and land ASEAN. Malaysia is a multi-ethnic and multi-religious country with thirteen federal states and three federal territories¹ (PwC 2020).

FIGURE 1.1 Map of Malaysia



Source: vectorstock.com

¹ www.bbc.co.uk

1.1 Government policies and priorities

Shared Prosperity Vision 2030 is a Malaysian government commitment to make it a country that achieves sustainable growth along with fair and equitable distribution, across income groups, ethnicities, regions, and supply chains. The aim of the commitment is to strengthen political stability, enhance the nation's prosperity, and ensure the *rakyat* are united whilst celebrating ethnic and cultural diversity as the foundation of the nation state.²

FIGURE 1.2 Shared Prosperity Vision 2030 of Malaysia



Source: <http://rmke12epu.gov.my/about-us>

Infrastructure construction has been a major priority, covering hydropower stations, bridges, railways, and real estate. Throughout Malaysia, progress has been made in important fields such as communications, subways, highways, power stations, and petrochemicals.

2 <https://www.malaysia.gov.my/portal/content/30901>

The Malaysian government welcomes and encourages foreign investment, and have been committed to improving the investment environment, sharpening investment laws, and strengthening investment incentives to attract foreign investment into related industries in Malaysia. The competitive advantages of Malaysia's investment environment are mainly reflected as: the solid foundation, good economic growth prospects; abundant raw material resources; high quality of human resources, and the low cost of capital. The ethnic relations are harmonious and the risk of political instability is low.

Malaysia ranks 27th among the 141 competitive countries and regions (World Economic Forum's Global Competitiveness Report, 2019). According to the World Bank's 2020 Global Business Environment Report, Malaysia's business environment is ranked 12th among the 190 global economies, second only to Singapore in the ASEAN region. The Economist Intelligence Unit released the latest "Global Livable Cities Ranking" and Kuala Lumpur, Malaysia ranked 85th among 231 cities in the world (IITEC, ECCEM, and DFIEC 2020).

Malaysia's investment promotion agencies

TABLE 1.1 Major Investment Promotion Agencies

Promotional agencies	Functions
Malaysian investment development authority (MIDA)	MIDA, the official agency of Malaysian government, aids companies intending to invest in the manufacturing and services sectors as well as facilitates the implementation and operation of the projects. Website: mida.gov.my
Ministry of International Trade and Industry (MITI)	MITI has overall responsibility for all aspects of international trade and industrial development. Website: miti.gov.my
Companies Commission Malaysia (SSM) or Suruhanjaya Syarikat Malaysia	SSM acts as an agency for the establishment of companies and registration of companies as well as providing corporate and business information to the public. All companies wishing to do business in Malaysia must register with the SSM. website: ssm.com.my
Malaysian Economic Corridors	There are various Economic Corridors with statutory bodies mandated by the Federal Government to promote and advance development in specific regions of Malaysia.
Iskandar regional development authority (IRDA)	IRDA is responsible for the direction policies and strategies in relation to the development within Iskandar, Johor. www.iskandarmalaysia.com.my
Invest Penang	The primary purpose of promoting investments within Penang. www.investpenang.gov.my
Invest KL	Invest KL tracks Fortune 500 and Forbes 2000 MNCS to undertake regional activities in KL www.investkl.gov.my
Invest Selangor	This agency provides information, advisory, services and startup or expansion assistance to investors within Selangor. www.investselangor.my

1.2 Regulatory framework

Investments in Malaysia are governed by various laws. These include laws that regulate investment in specific industries, such as the Industrial Coordination Act (1975), which regulates investment in manufacturing industries, and laws of general application, such as the Environmental Quality Act (1974). The closest law to an investment law in Malaysia is the Promotion of Investments Act (PIA) of 1986, which deals exclusively with the issue of investment incentives.³

Regulatory environment for companies

The business environment in Malaysia is governed by various regulations to maintain an efficient and competitive private sector as well as to protect the interests of the public and various stakeholders.

FIGURE 1.2.1 Notable business regulatory frameworks

Free and fair competition	The Malaysian Competition Commission investigates complaints of anti-competitive behaviour, conducts market reviews, and imposes penalties on offenders.
Price control and anti-profiteering	The government can penalise companies that make "unreasonably high profits" on goods sold or services provided.
Conduct in take-overs and mergers	The Malaysian Code on Take-Overs and Mergers 2016 (issued by the Securities Commission of Malaysia) aims to ensure that all shareholders are treated equally in a takeover and that the acquisition of voting shares (or control of companies) takes place in an efficient, competitive, and informed market.
Limits on foreign equity ownership	Depending on the sector, certain ownership rules apply. While the government has generally relaxed these requirements, there are some key sectors where foreign ownership limits remain, such as telecommunications, oil and gas, and financial services.

³ Investment Laws of ASEAN Countries: A comparative review. 2017 International Institute for Sustainable Development report. <https://www.iisd.org/system/files/publications/investment-laws-asean-countries.pdf>

Regulations and policies of foreign trade

FIGURE 1.2.2 Regulations and policies of foreign trade

Trade authority	Ministry of International Trade and Industry is in charge of foreign trade (IITEC, ECCEM, and DFIEC 2020).
Trade legal system	Malaysia's main foreign trade laws include the Customs Law, the Customs Import Control Regulations, and the Customs Export Control Regulations, Customs Valuation Regulations, Plant Quarantine Law, and Protection of New Plant Varieties Law "Countervailing and Anti-dumping Law", "Countervailing and Anti-dumping Implementation Regulations", "Safety Measures Act of 2006" And the "Foreign Exchange Administration Act" and so on.
Relevant regulations on trade management	<p>Malaysia implements a free and open foreign trade policy, and the import and export of certain commodities will be permitted. Verifiable or other restrictions.</p> <p>Import Management the Malaysian Customs Import Prohibition Order stipulated four different levels restricted imports.</p> <p>Export Management The Ministry of International Trade and Industry and the Ministry of Domestic Trade and Consumer Affairs are responsible for most commodity exports License management.</p>
Inspection and Quarantine of Import and Export Commodities	<p>The Malaysian Inspection and Quarantine Service was established in 2011 under the Ministry of Agriculture and Agricultural Products Industry.</p> <p>Inspection and quarantine procedures.</p>
Customs rules and regulations	<p>Management Agency: The Royal Malaysian Customs manages the import and export of commodities, border control and Government departments for trade facilitation.</p> <p>Management System: Two classification systems for tariffs: one is used for intra-ASEAN trade (6 digits tariff code); the other is used for trade with other countries.</p> <p>Financial Control: Regardless of whether one is a Malaysian resident or a non-resident, every time he/she enters there is no limit to the amount of foreign currency or traveller's checks, but if it exceeds 10,000 US dollars, he/she needs to apply to the customs report.</p> <p>Customs manifest: From October 1, 2018, all goods imported, exported, and transited from Malaysia, customers must provide the correct 6-digit HS code of the goods in the description of the goods in the sample sheet.</p>

1.2.3 Regulations on market access for foreign investment

TABLE 1.2.3 Regulations on market access for foreign investment

Investment authority	<p>The government department in charge of investment authority is under the Ministry of Trade and Industry Investment Development Bureau.</p> <p>Investment in other industries is funded by the Economic Planning Department (EPU) of the Prime Minister's Office (EPU) and domestic Ministry of Trade, Cooperation and Consumer Affairs (MDTCC) and other relevant government departments.</p>
Regulations on the investment industry	<p>Restricted industries: Foreign investment is strictly restricted in terms of equity in the industries of finance, insurance, legal services, telecommunications, direct selling, and distribution, etc. Generally, foreign ownership cannot exceed 50% or 30%.</p> <p>Newly opened areas: In April 2009, the Malaysian government stimulating the economic development of the country, opened 27 branch industries in 8 service sectors, allowing wholly foreign-owned enterprises, there are no equity restrictions.</p> <p>The Malaysian Service Industry Development Council (MSDC) is an open supervisory unit for branch areas.</p> <p>Encouraged Industries</p> <p>Agricultural production, agricultural products processing, rubber products, petrochemicals, medicine, wood, pulp products, textiles, steel, non-ferrous metals, mechanical equipment and parts, electronic appliances, medical equipment, scientific measuring instrument manufacturing, plastic products, protective equipment and instruments, renewable energy, research and development, food processing, cold chain equipment, wine shop tourism and other service industries related to manufacturing.</p> <p>In the manufacturing sector, since June 2003 initially, foreign investors can hold 100% equity when investing in new projects.</p>
Regulations on investment methods	<p>Direct Investment</p> <p>Foreign businessmen can directly invest and set up various enterprises and conduct business in Malaysia. Direct investment includes cash investment, equipment investment, technical cooperation, and concession rights, etc.</p> <p>Transnational mergers and acquisitions</p> <p>Malaysia allows foreign investors to acquire shares of locally registered companies and merge local companies' industry.</p> <p>In manufacturing, mining, super multimedia status companies, Islamic banks, etc. areas, and the five major economic development corridors that encourage foreign investment, foreign capital can obtain 100% of the shares; the Malaysian government has also revoked 30% of the shares in 27 service industry branches and listed companies. Quota restrictions have further opened the service and financial industries.</p> <p>Equity purchase</p> <p>Malaysian stock market is open to foreign investors, allowing foreign companies or Investors acquired local companies and went public.</p>
Development status of infrastructure PPP model	<p>The government-private capital partnership (PPP) is a part of the cooperation between the government and private capital. This model is an independent enterprise created, funded and managed by a private organization.</p> <p>Private services under the PPP concept include construction, management, maintenance, and provision of equipment and facilities, maintenance works and replacement of public facilities.</p>

1.3 Types of foreign business ownership

Main types of foreign business ownership in Malaysia⁴

TABLE 1.3 Summary of Ownership Types

Sole proprietorship	<p>Simplest and cheapest type of company to set up.</p> <ul style="list-style-type: none"> ▪ Pay an annual renewal fee to Companies Commission Malaysia. ▪ Not required to submit audited financial statements. ▪ solely owned by an individual whose liability is unlimited. ▪ Only Malaysian citizens or permanent residents can register under this business entity.
Partnership	<p>Consisting of owners with 2 or more people and a maximum of 20 members.</p> <p>Best suited for professional firms such as accountants and lawyers. The partners of a partnership firm are also bound by unlimited liability.</p> <p>As with sole proprietorships, only Malaysian permanent residents may register partnerships.</p>
Limited Liability Partnership (LLP)	<p>LLP is a hybrid between a partnership and a limited liability company:</p> <ul style="list-style-type: none"> ▪ It is a body corporate, and a legal entity separate from its partners. ▪ It has perpetual succession. ▪ It can sue and be sued, acquire, own, hold and develop or dispose of property. ▪ It has fewer compliance requirements and is a much more affordable business vehicle. ▪ For example, the LLP is not required to have its accounts being audited annually.
Private Limited Company / Sendirian Berhad (Sdn Bhd)	<p>A private company limited by shares is a legal entity separate from its owners, meaning that this company is considered a legal “person” that can buy or sell property, enter legal contracts, sue or be sued in court.</p> <p>Choosing this legal form allows a business owner to keep their finances and assets separate from the business.</p> <p>Foreigners are allowed to register a private company limited with 100% foreign ownership here, but some industries like oil and gas, education, tourism, agriculture, and banking require 50% Malaysian ownership.</p>
Public Limited Company / Berhad (Bhd)	<p>It is like a private limited company, except that its shares can be offered to the public for specified periods and other forms of subscription.</p> <p>Public limited companies must have at least 2 shareholders and can have more than 50 shareholders.</p> <p>Publicly listed companies are subject to the provisions of the Malaysian Securities Commission. Listed companies are usually the preferred business model for large companies.</p>

⁴ <https://www.paulhypepage.my/guide-faq/what-are-the-5-types-of-business-entity-in-malaysia/>

1.4 Types of investment

TABLE 1.4 Malaysia's industrial structure in 2018

Sector	Major industries	Output value (100 million ringgits)	USD Equivalent Value (100 million)	Proportion of GDP (%)	Year-on-year increase (%)
Agriculture	cash crops, mainly palm oil, rubber, Cocoa, rice, pepper, tobacco, pineapple, tea, etc.	1012.9	238.89	7.1	1.8
Mining industry	oil and natural gas	1015.7	239.55	7.1	-1.5
Manufacturing	electronics, petroleum, machinery, steel, chemical and automobile manufacturing industries	3163.6	746.13	22.3	3.8
Construction industry		662.5	156.25	4.7	0.1
Service industry		8192.2	1932.12	57.5	6.1

Source: Bank Negara Malaysia (IITEC, ECCEM, and DFIEC 2020)

1.5 Procedure of investment

TABLE 1.5 Procedure for investment cooperation in Malaysia

Forms	Forms of setting up a business	Branch companies, limited liability companies and joint stock limited companies.
	Acceptance agencies of registered enterprises	Registration application at Companies Commission of Malaysia (SSM) or online (www.ssm.com.my)
Contracting engineering projects	Obtaining information	Government-funded projects are released by the responsible government departments, and private projects are regularly published through major newspapers and periodicals. Publish bidding and project information.
	Bidding and bidding	Limited to Malaysian local companies with A-level qualifications, foreign companies need to subcontract or cooperate from them.
	Licensing procedures	Construction Industry Development Board (CIDB)
	Patent application	Malaysia's "Patent Act 1983" and "Patent Regulations 1986" Intellectual Property Corporation of Malaysia, MyIPO.
	Registered trademark	Commodity marks and service marks. "Trademark Law of 1976" and the "Trademark Articles of 1997". "Regulations", foreign trademark registration must be filed by the Malaysian trademark agent to the Intellectual Property Office.
File tax returns in Malaysia	Tax filing time	before April 30, each year;
	Tax reporting channels	a tax agent license
	Tax filing basic procedures	The enterprise receives it at the time of establishment. For the tax return number, obtain the relevant tax return form from the tax authority, fill in the relevant report content, and pay the tax.
	Tax filing information	corporate tax filing number, corporate basics information (shares and board composition, etc.), corporate bank account, corporate financial annual report, dividend distribution situation and corporate asset income statement.
Work pass to Malaysia	Responsible administrative department	The Malaysian Immigration Department is responsible for foreign work permits.
	Work permit system	Need to get the work permit in advance.
	Foreign employees	allowed to work in certain industries, such as manufacturing, construction, planting industry, agriculture, and service industry

Incorporation of companies - Clients Charter⁵

Companies Commission Malaysia (SSM) undertakes to process, approve, and register a complete application in a speedy and efficient manner as below:

Activity	Time
Company Registration	
Incorporation of a company	1 day
Conversion of status	1 day
Change of company name	1 day
Commencement of business for public companies	1 day
Registration of charge	2 days
Approval of a trust deed	5 days
Registration of prospectus	3 days
Uncertified copy of company documents	30 minutes
Certified copy of company documents	1 hour

* Application for the approval of company name only, may be made without incorporating the company.

** Time taken begins from the moment payment is received until the certificate is issued.

⁵ <https://www.mida.gov.my/publications/malaysia-investment-in-the-services-sector/>

1.6 Banking and finance

There are 27 commercial banks including 19 licensed foreign banks, 11 investment banks, 18 Islamic banks and non-bank financial institutions in Malaysia.⁶

Central Bank: The Central Bank of Malaysia is the national bank, mainly responsible for stabilizing the national currency, control and supervise banks, financial and insurance institutions, and issue national currencies.

Commercial Banks: Major local commercial banks include Maybank, CIMB, Public Bank, Hong Leong Bank, Industrial Bank, etc.

Non-Chinese Foreign Banks: Malaysian foreign banks mainly include Citibank, HSBC, Standard Chartered Bank, Bank of America, Deutsche Bank, Overseas Chinese Bank, etc. The major local banks that have cooperated more with Chinese domestic banks are: Maybank, Hong Leong Bank, Indigenous CIMB Bank, etc.

Chinese Banks: Chinese banks in Malaysia mainly include Bank of China and Industrial and Commercial Bank of China and China Construction Bank, Bank of China (Malaysia) Berhad.

Insurance company

In 2016, Malaysia property insurance premium income was 16 billion ringgit, life insurance premium income 31.6 billion ringgit, Islamic property insurance premium income 1.8 billion ringgit, Islamic life insurance premium income 5.7 billion ringgit Ringgit (IITEC, ECCEM, and DFIEC 2020).

There are 44 insurance companies in the Malaysian insurance market, including 19 property insurance companies, 10 life insurance companies, 4 general insurance companies, 11 Islamic insurance companies, and 7 reinsurance companies, 5 Islamic reinsurance companies, 30 insurance brokerage companies and 36 insurance adjustment companies. In addition, there are the Property Insurance Association, the Life Insurance Association, the Islamic Insurance Association, the Association of Local Insurance Companies, Six industry organizations including the Association of Brokers and the Association of Raters.

⁶ <https://www.relbanks.com/asia/malaysia>

1.7 Major Costs⁷

Companies doing business in Malaysia have to register with the Companies Commission of Malaysia (SSM) under the Companies Act, 2016 (Act 777).

TABLE 1.7.1 Major fees to be paid to Companies Commission of Malaysia

Matter	(Malaysian Ringgit) RM	U.S. dollar
Application for reservation of name of company under section 27 of the Act	RM 50.00 for every 30 days or part thereof with a maximum of 180 days.	US\$11.50 for every 30 days or part thereof with a maximum of 180 days.
Application for incorporation under section 14 of the Act:		
a. company limited by share	1,000.00	230.00
b. company limited by guarantee	3,000.00	690.00
c. unlimited company	1,000.00	230.00
Application for registration of foreign company under section 562 of the Act:		
a. with share capital		
i. not more than RM 1,000,000.00	5,000.00	1,150.00
ii. exceeding RM 1,000,000.00 but not exceeding RM 10,000,000.00.	20,000.00	4,600.00
iii. exceeding RM 10,000,000.00 but not exceeding RM 50,000,000.00.	40,000.00	9,200.00
iv. exceeding RM 50,000,000.00 but not exceeding RM 100,000,000.00.	60,000.00	13,799.00
v. exceeding RM100,000,000.00	70,000.00	16,099.00
b. without share capital		

Note: For the full range of fees, please visit SSM's website at www.ssm.com.my

Source: Companies Act, 2016 (Act 777) & subsidiary legislations.

⁷ This section is sourced from "Malaysia: Cost of Doing Business" published by MIDA. <https://www.mida.gov.my/publications/costs-of-doing-business-in-malaysia>

TABLE 1.7.2 Wage Rate Indices

No.	Type of passes	Payment of Fees
A.	<p>Employment passes (PG)</p> <p>This pass is issued for the key-post and position subject to the following condition.</p> <ul style="list-style-type: none"> minimum period of employment's contract is 2 years and stamping. Salary not lost than RMB 5,000.00 (US\$1,150.00). 	<ol style="list-style-type: none"> Employment Pass: <ul style="list-style-type: none"> Key post RM300.00 per year or part thereof. (US\$69.00) Management post/ Senior/ Intermediate/ Professional post RM200.00(US\$46.00) per year or part thereof. Processing fees – RM50.00 (US\$11.50). Journey perform visa RM500.00 (US\$115.00) per post/application (subject to visa entry requirement according to each country of origin) No levy
B	<p>Visit pass (VP(TE)- PLKS</p> <p>Visit pass (Temporary Employment) issued only for temporary domestic helper (maid)</p>	<ol style="list-style-type: none"> Levy: RM410.00 (US\$94.29). Processing Fees: RM50.00 (US\$11.50). Journey perform visa (if applicable): RM500 (US\$115.00). (Include Visa based on the country of origin) - (if applicable)

Source: Immigration Department - www.imi.gov.my

TABLE 1.7.3 Minimum Monthly Wage Level in ASEAN (2019/2020)

Country	Last	Previous	Reference	Unit	USD/Month
Myanmar	4800	4800	Dec/19	MMK/day	109
Vietnam	4420	4180	Dec/20	VND Thousand/ Month	191
Cambodia	190	182	Jan/20	USD/Month	190
Thailand	331	325	Dec/19	THB/Day	330
Indonesia	4.28	3.94	Jan/20	IDR Million/ Month	304
Malaysia	1200	1100	Feb/20	MYR/Month	297
Philippines	537	537	Dec/19	PHP/day	330

Source: Trading Economics.

TABLE 1.7.4 Water Cost

The water rates for commercial and domestic consumption differs in each state:

State	Per m3	
	RM	US cent
Johor		
Industrial/Commercial		
0 - 35 m ³	2.80	0.64
More than 35 m ³	3.30	0.76
Minimum charge	30.00	6.90
Negeri Sembilan		
Industrial/Commercial		
0 - 35 m ³	1.85	0.43
More than 35 m ³	2.70	0.62
Minimum charge	15.00	3.45
Pulau Pinang		
Industrial/Commercial		
(Trade Normal)		
0 - 20 m ³	0.85	0.20
21 - 40 m ³	1.05	0.24
41 - 200 m ³	1.30	0.30
More than 200 m ³	1.45	0.33
Minimum charge	12.00	2.76
Trade (Special)		
Flat rate per m ³	3.00	0.69
Minimum charge	12.00	2.76
Trade (Shipping)		
Flat rate per m ³	7.00	1.61
Minimum charge	50.00	11.51
Sarawak (Bintulu)		
Industrial		
0-23 m ³ (min charge)	24.20	5.57
More than 23 m ³	1.21	0.28
Commercial		
0-23 m ³ (min charge)	20.90	4.81
More than 23 m ³	0.99	0.23
Domestic/Commercial		
0-25 m ³	0.83	0.19
More than 25 m ³	0.95	0.22
Minimum charge	18.70	4.30

Source: National Water Services Commission – www.span.gov.my

TABLE 1.7.5 Electricity Rates in Peninsular Malaysia (sen/kWh)

Tariff category	Unit	New Rates (2017)
		Sen / US cent
Tariff- B Low voltage commercial tariff		
For overall monthly consumption 0-200 kWh per month:		
For the first 200 kWh (1 -200 kWh) per month	sen/kWh	43.5 / 10.0
For the next kWh (201 kWh onwards) per month	sen/kWh	50.9 / 11.7
<i>The minimum monthly cost is</i>	RM	7.20 / 1.66
Tariff C1- Medium voltage general commercial Tariff		
For each kilowatt of maximum demand per month	RM/kW	30.30 / 6.97
For all kWh	sen/kWh	36.5 / 8.4
<i>The minimum monthly cost is</i>	RM	600.00 / 138.00
Tariff C2- Medium voltage peak/ Off-peak commercial Tariff		
For each kw of maximum demand per month during the peak period		
For all kWh during the peak period	RM/kW	45.10 / 11.03
For all kWh during off-peak period	sen/kWh	36.5 / 8.4
<i>The minimum monthly cost is</i>	sen/kWh	22.4 / 5.2
	RM	600.00 / 138.00
Tariff D- Low voltage industrial tariff		
For overall monthly consumption 0-200 kWh per month:		
For the first 200 kWh (1 -200 kWh) per month	sen/kWh	38.0 / 8.7
For the next kWh (201 kWh onwards) per month	sen/kWh	44.1 / 10.1
<i>The minimum monthly cost is</i>	RM	7.20 / 1.66
Tariff Ds- Special industrial tariff (for consumers who qualify only)		
For all kWh	sen/kWh	44.0 / 10.1
<i>The minimum monthly cost is</i>	RM	7.20 / 1.66
Tariff E1- Medium Voltage General Industrial Tarrif		
For each kilowatt of maximum demand per month For all kWh	RM/kW	29.60 / 6.80
<i>The minimum monthly cost is</i>	sen/kWh	33.7 / 7.8
	RM	600.00 / 138.00
Tariff E1s- Special Industry Tariff (for consumers who qualify only)		
For each kilowatt of maximum demand per month For all kWh	RM/kW	23.70 / 5.50
The minimum monthly cost is	sen/kWh	33.6 / 7.7
	RM	600.00 / 138.00
Tariff E2- Medium Voltage Peak/Off-Peak Industrial Tarrif		
For each kw of maximum demand per month during the peak period	RM/kW	37.00 / 8.51
For all kWh during the peak period	sen/kWh	35.5 / 8.2
For all kWh during off-peak period	sen/kWh	21.9 / 5.0
The minimum monthly cost is	RM	600.00 / 138.00
Tariff E2s- Special Industry Tariff (for consumers who qualify only)		
For each kw of maximum demand per month during the peak period	RM/kW	37.00 / 8.51
For all kWh during the peak period	sen/kWh	35.5 / 8.2
For all kWh during off-peak period	sen/kWh	21.9 / 5.0
The minimum monthly cost is	RM	600.00 / 138.00

Tariff E3- High voltage Peak/Off-Peak Industrial Tarrif		
For each kw of maximum demand per month during the peak period	RM/kW	35.50 / 8.17
For all kWh during the peak period	sen/kWh	33.7 / 7.8
For all kWh during off-peak period	sen/kWh	20.2 / 4.6
The minimum monthly cost is	RM	600.00 / 138.00
Tariff E3s- Special Industry Tariff (for consumers who qualify only)		
For each kw of maximum demand per month during the peak period	RM/kW	35.50 / 8.17
For all kWh during the peak period	sen/kWh	33.7 / 7.8
For all kWh during off-peak period	sen/kWh	20.2 / 4.6
The minimum monthly cost is	RM	600.00 / 138.00

Source: Tenaga Nasional Berhad - www.tnb.com.my

TABLE 1.7.6 Rent Costs of Export Processing Zones (EPZs)

Location	RM	U.S. Dollar
Alor Setar, Kedah	19.00 - 27.00	4.37 - 6.21
Georgetown, Pulau Pinang	Georgetown 27.00 - 38.00 Outside Georgetown** 36.00 - 48.00	Georgetown 6.21 - 11.04 Outside Georgetown** 8.32 - 11.04
Ipoh, Perak	17.00 - 24.00	3.91 - 5.52
Kuala Lumpur*	65.00 - 118.00*	14.95 - 27.14*
Petaling Jaya, Selangor	60.00 - 69.00	13.80 - 15.87
Seremban, Negeri Sembilan	20.00 - 32.00	4.60 - 7.36
Melaka	26.00 - 38.00	5.98 - 8.74
Johor Bahru, Johor	Building Age > 5 Years 27.00 - 32.00 Building Age < 5 Years 38.00 - 48.00	Building Age > 5 Years 6.21 - 7.36 Building Age < 5 Years 8.74 - 11.04
Kuantan, Pahang	16.00 - 27.00	3.68 - 6.21
Kuala Terengganu, Terengganu	30.00 - 40.00**	6.90 - 9.20
Kota Bharu, Kelantan	12.00 - 28.00	2.76 - 6.44
Kota Kinabalu, Sabah	16.00 - 65.00***	3.68 - 14.95
Kuching, Sarawak	22.00 - 38.00	5.06 - 8.74

Notes: The Rental above are gross asking rentals per sq. m per month inclusive of service charge

*Rental excludes Petronas Twin Towers

Source: CBRE / WTW Research, March 2020

1.8 Tax System⁸

The tax system in Malaysia includes several types of tax such as corporate income tax, petroleum income tax, sales and services tax, branch tax rate, real property gains tax, social security contributions for labour, withholding tax, technical service fees (withholding tax), and stamp duty (Table 1.8.1).

1.8.1 Important updates to the tax information

On 5 June 2020, the government announced key proposals to encourage investment and the relocation of manufacturing facilities to Malaysia. These are as follows: 0% tax rate for 10 and 15 years for foreign companies investing at least MYR300 million and MYR500 million respectively in the manufacturing sector in Malaysia. 100% investment tax holiday for 5 years for Malaysian companies relocating their manufacturing base to Malaysia from abroad with a minimum investment of MYR300 million. The application deadline is 31 December 2021.

The Withholding Tax (WHT) exemption granted to non-resident companies on income of MSC Malaysia companies has been repealed with effect from 1 January 2020. With effect from the same date, the following income received by non-resident companies from MSC Malaysia companies will be subject to VAT: (i) fees for technical consultancy or technical services; (ii) royalties in relation to technology development; and (iii) interest on loans for technology development.

A new Global Trading Center tax incentive was introduced in Budget 2021. Under this incentive, a concessional tax rate of 10% will apply for a period of five years (renewable once for another period of five years). Applications are due from 1 January 2021 to 31 December 2022.

The Malaysian Ringgit's to reinvigorate the nation to adapt with the impact of the COVID-19 pandemic on the Malaysian economy. This short-term economic recovery plan focuses on three principal goals, namely strengthening individuals, promoting business activities and stimulate the economy. Besides, the government will directly inject 10 billion ringgits into the plan. Among them, the policies related to the promotion of foreign investment have drawn widespread attention. The policy is valid from July 2020 to December 2021, the content includes: (1) New investment in the manufacturing industry with an investment sum between MYR 300-500 million can get a 10-year full tax exclusion. (2) New investment in the manufacturing industry with an investment of more than 500 million ringgits can get a full 15-year period tax-free. (3) Companies that have been registered in Malaysia move their abroad facilities to Malaysia, capital investment amount above MYR 300 million will get 100% investment tax deduction for 5 years. (4) Manufacturing and specific agricultural activities in the 2020 to 2021 tax year enjoy special Reinvestment tax relief (IITEC, ECCEM, and DFIEC 2020).

⁸ This section comes from the Hong Kong Trade and Development Council. <https://research.hktdc.com/en/article/MzU4MDExMDI5>

TABLE 1.8.1 Business Taxes

Type of Tax	Tax Rate and Base
Corporate Income Tax (CIT)	<ul style="list-style-type: none"> ▪ 24% for non-resident companies ▪ 17% for companies with paid-up capital of MYR2.5 million or less and gross income from operations not exceeding MYR50 million
Petroleum income tax (CIT on petroleum operations)	38% on income from petroleum operations in Malaysia. An effective petroleum tax rate of 25% applies to income from petroleum operations in marginal fields.
Sales and services tax (SST)	<ul style="list-style-type: none"> ▪ 5% or 10% standard sales tax rates ▪ 6% Service tax rate
Branch Tax Rate	24%; no tax is withheld if profits are transferred to a foreign head office
Real Property Gains Tax	30% for a holding period of up to three years from acquisition on gains from the disposal of land or shares in land companies.
Social security contributions for labour	12% of the employer's contribution if the employee's monthly salary is above MYR5,000 per month or 13% if the employee's monthly salary is below MYR5,000 per month. The contribution rate for employees is set at 11% of monthly wages - regardless of income level.
Withholding Tax	Interest: 15% Distributions: None Royalties: 10%
Technical service fees (withholding tax)	10% withholding tax applies to service fees paid to a non-resident (both technical and non-technical services).
Stamp duty	Rates between 1% and 4% on the value of transfers of real property

Source: Inland Revenue Board of Malaysia, January 22, 2021.

1.9 Foreign worker requirements⁹

Localisation requirements

The 11th Malaysia Plan (2016 - 2020) aims to limit the ratio of foreign workers below 15% of the total labour. Registered local job seekers have priority over foreigners in filling vacancies in the country.

Companies are granted a pre-approved quota for the number of imported workers into Malaysia under the outsourcing licence. The price can range from MYR800 to MYR1,800 per year, in addition to levy, insurance, medical examination and bank guarantee costs, which result in high overhead costs, especially for small businesses.

Employers seeking to hire foreign workers must notify the department of Labour of vacancies by registering at Jobs Malaysia to ensure that registered local job seekers prioritized. Foreign workers are employed for a period of 10 years in five permitted sectors (manufacturing, agriculture, plantation, construction, and services) and are allowed to marry or bring their family members, dependents and foreign helpers to Malaysia, depending on the classification of their employment pass.

Permits for foreign workers

The entry of foreigners into Malaysia is governed by the Immigration Act 1963, specifying the types of employment passes that can be applied for by those aspiring to work in Malaysia. Generally, three types of permits are issued by the Malaysian authorities depending on the duration of the employment contract, the position to be filled and the minimum/maximum salary. These include Employment Pass, Temporary Employment Pass and Professional Visit Pass Permits.

Visa/Travel Restrictions

Visa exemption for nationals of North Korea has been discontinued since 6 March 2017. Nationals of other countries are allowed to enter Malaysia for a maximum stay not exceeding a specified period of days, weeks, or months (depending on the country of origin). No visa is required for Commonwealth countries.

⁹ This section draws heavily from the Hong Kong Trade and Development Council. <https://research.hktdc.com/en/article/MzU4MDExMDI5>

1.10 Risks

Financial Risk

Malaysia has a profoundly diversified economy, with various investment opportunities across a wide range of sectors, from manufacturing to services (Fitch Solutions, 2021). In the meantime, exports will face headwinds in the coming years, because of a sharp deceleration in global growth owing to the Covid 19 pandemic, and fiscal concern remain the greatest risk factor to Malaysia's generally positive economic outlook in the next decade. It remains not yet clear if Putrajaya will be able manage its fiscal situation and cover the extra expenditures required by its stimulus policies while paying down its debt. However, a mix of cheaper labour costs, compared to some regional peers, like Mainland China and Singapore, solid export diversification and product type, and key trading partners, adds to the nation's attractiveness as a foreign investment destination in the region (Fitch Solutions, 2021).

Operational Risk

Malaysia's long history of relative political stability, developed capital markets, moderate crime rates, effective bureaucracy and sophisticated financial markets make it, the most attractive emerging market for investment in Asia. Business operating in the nation will profit from the country's liberal trade and investment policies, which have been fruitful in attracting foreign direct investment into industries like financial services, tourism, and manufacturing. Supply chain risks are minimized by the country's incredible regional and global connectivity that is supported by excellent domestic infrastructure. Key shortcomings in the Malaysian market are the increasing trouble of employing foreign workers and tight labour market conditions in the long term (Fitch Solutions, 2021).

CHAPTER 2

SPECIAL ECONOMIC ZONES (SEZS) IN MALAYSIA

2.1. Overview of SEZ development and policy in Malaysia

Malaysia, overly dependent on its primary commodities such as rubber and timber in the 1950s, made a conscious effort to industrialize after the country gained independence in 1957. The initial focus was on promoting import substitution industries such as consumer goods and commodity-based industries. However, by the late 1960s, the country faced the growing challenge of finding jobs for its growing population. The unemployment rate was 7.3%, and as high as 14.5% in Penang. Faced with these challenges and the loss of Penang's free port status, the then Penang state government at Chief Minister Dr Lim Chong Eu took a major step that changed the landscape of Penang's economic development and ushered in the beginning of the state's industrialisation with the proposal to develop Free Trade Zones (FTZs) aimed at attracting foreign direct investment in export-oriented industries that could create jobs to absorb the high number of unemployed Malaysians .

Over the years, as the country became increasingly industrialized, there was also a corresponding development in the trade and services sector which need duty-free zones or free trade zones to facilitate their businesses. Recognizing this need, the Malaysian Government created two categories of Free Zones - the Free Industrial Zones, which replaced the original FTZs, and a second category, the Free Commercial Zones, to meet the needs of trade and service communities to promote entrepot trade. These free zones are governed by the Free Zones Act 1990 and the Free Zones Regulations 1991, which came into force on 5 September 1991 .

10 <https://cpb-us-east-1-juc1ugur1qwqqo4.stackpathdns.com/share.nanjing-school.com/dist/1/43/files/2012/10/info.worldbank.org-s9hsat.pdf>, p.3

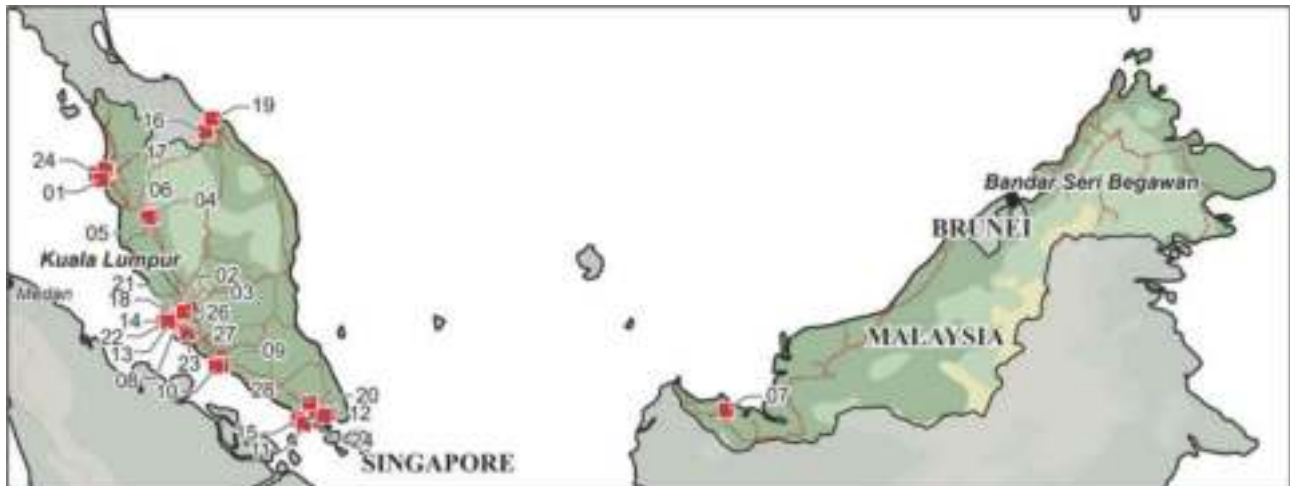
11 *Ibid*, p.4

TABLE 2.1 Free Trade Zones and Investment Incentives

Free Trade Zone/Incentive Program	Main Incentives Available
Peninsular and East Malaysia, including Iskandar Malaysia, Northern Corridor Economic Region, East Coast Economic Region, Sabah Development Corridor and Sarawak Corridor of Renewable Energy	<ul style="list-style-type: none"> ▪ The Iskandar Malaysia zone in Johor is centered around attracting in creative enterprises, educational sector groups, financial advisers, consultancies, healthcare services, the tourism, and logistic services. These include 10-year exemptions from corporate tax, a royalty withholding tax exemption, freedom to source capital globally, unrestricted foreign worker quotas and flexible foreign exchange rules. ▪ The Iskandar zone is ideally situated for foreign investors hoping to expand into other ASEAN nations, including Brunei, Myanmar, Indonesia, Laos, Singapore, Thailand, and Vietnam.
MSC	<ul style="list-style-type: none"> ▪ MSC is a special zone between Kuala Lumpur City and the Kuala Lumpur International Airport, which is focused on promoting Malaysia's IT and multimedia sectors. ▪ Companies with MSC status get world-class infrastructure, unrestricted quotas of foreign IT workers, unrestricted ownerships of MSC companies, free capital and financial mobility, a 100% income tax exemption for benefits from MSC activities, international standard intellectual property protection, freedom from internet censorship, one-stop processing of regulatory endorsements and protection under a series of well-developed cyber laws.

Sources: US Department of Commerce, Fitch Solutions <https://research.hktdc.com/en/article/MzU4MDExMDI5>

FIGURE 2.1 Special Economic Zones in Malaysia



- | | |
|---|---|
| 01 Bayan Lepas FIZ | 15 Port of Tanjung Pelepas (PTP) |
| 02 Sungai Way FIZ | 16 Rantau Panjang Free Commercial Zone |
| 03 Ulu Kelang Free Industrial Zone | 17 Butterworth Free Commercial Zone |
| 04 Kinta Free Industrial Zone | 18 Palau Indah MILS Logistics Hub (MLH) |
| 05 Jelapang II | 19 Pengkalan Kubor Free Zone |
| 06 Prai Free Industrial Zone (alternatively known as Perai FIZ, or as Seberang Prai FIZ) | 20 Stulang Laut FCZ |
| 07 Sama Jaya Free Industrial Zone | 21 Northpoint Free Zone |
| 08 Telok Panglima Garang Free Industrial Zone | 22 Westports Free Zone |
| 09 Batu Berendam Free Industrial Zone | 23 Southpoint Free Zone |
| 10 Tanjung Klingand Free Industrial Zone (alternatively known as Tanjung Kling Free Trade Zone) | 24 Bayan Lepas Free Trade Zone |
| 11 Pelepas Free Industrial Zone | 25 Johor Port Free Zone |
| 12 Pasir Gudang Free Industrial Zone | 26 Digital Free Trade Zone (DFTZ) |
| 13 Palau Indah Free Industrial Zone | 27 Kuala Lumpur International Airport (KLIA) Free Commercial Zone |
| 14 Port Klang Free Zone (PKFZ) | 28 Senai Free Zone (SFZ) |

Source: DuongChinh 2015

TABLE 2.2 Special Economic Zones in Malaysia

	Size and location	Objectives/focused areas	Major investors/project
Iskandar Malaysia	2,217 km ² in Johor	To achieve balanced growth in urban development by optimizing the use of resources, including protecting and conserving nature	MNEs: Legoland (Denmark), Hello Kitty Town (Japan) and Johor Premium Outlets. Universities and colleges: the Newcastle University of Medicine, Marlborough College, the University of Southampton, and the University of Reading
Northern Corridor Economic Region	32,315 km ² , covering the northern states of Perlis, Kedah, Penang, and Perak	1. Agriculture 2. Manufacturing 3. Tourism 4. Logistics	MNEs: B. Braun (Germany), Toshiba (Japan) and Osram (Germany)
East Coast Economic Region	66,000 km ² , involves states of Kelantan, Terengganu, Pahang and Mersing region in Johor	1. Manufacturing, 2. Oil, gas, and petrochemical 3. Tourism 4. Agriculture 5. Human capital development	Pekan Automotive Park, Pasir Mas Halal Park, Kertih Biopolymer Park and Malaysia China-Kuantan Industrial Park
Sarawak Corridor of Renewable Energy	70,708 km ² in Sarawak	Developing the energy sector Targeted industries: aluminium, glass industries, oil-based industry, steel, palm oil, fishing and aquaculture, livestock, timber-based industries, marine and tourism	Nil
Sabah Development Corridor	73,631 km ² , in Sarawak	1. Agriculture 2. Tourism 3. Logistics and manufacturing 4. Oil, gas, and energy 5. Higher education 6. Palm oil	Sapanggar Bay Container Port and palm oil industrial cluster in Sandakan and Lahad Datu

Sources: US Department of Commerce, Fitch Solutions <https://research.hktdc.com/en/article/MzU4MDExMDI5>

2.2 BRI Infrastructure Projects in Malaysia

This section covers the brief information on some of the major projects under Belt and Road Initiative (BRI) in Malaysia.

The East Coast Rail link (ECRL)

ECRL is a 640-kilometre high-speed rail line running along the coast from the Malaysian-Thai border (Grassi, 2020), connecting the southern part of Peninsular Malaysia with the western port of Port Klang and the Strait of Malacca (Figure 2.2). China believes that the success of the ECRL, the largest railway project in Southeast Asia, will be an important signal for the whole region. The Export-Import Bank of China mainly funds the ECRL project on Chinese side.

FIGURE 2.2 The East Coast Rail Link



Notes: Stations shown are subject to approval by the relevant authorities

Source: Malaysia Rail Link Straits Times Graphics

A breakthrough was announced in April 2019. Key points of the new deal were a reduction in cost from \$16 billion to \$10.6 billion and a slightly different route. The ECRL is scheduled for completion in December 2026. A supplementary agreement was also signed under which China Communication Construction Company (CCCC) will participate in operations and maintenance and bear half of the operating, management, and maintenance costs.

Kuantan Port

Kuantan Port is the only port situated on Malaysia's east coast. As it borders on the South China Sea and is the port nearest to China and Vietnam, it has incredible strategic significance. In May 2016, the government of Malaysia allowed the port's request to turn into a special economic zone. Broadening Kuantan Port and spending USD 2 billion on a deep-sea terminal for 200,000-ton ships is intended to boost Malaysia's east coast economy. Kuantan is likewise close to shipping routes in the South China Sea that make it easier to trade with Shanghai, Shenzhen, and Hong Kong (Grassi, 2020).

The Malaysia-China Port Alliance will stimulate cooperation between the Chinese ports of Dalian, Ningbo, Qinzhou, Guangzhou, Fuzhou, Xiamen, Hainan, Taicang, Tianjin and Qingdao with the Malaysian ports of Klang, Melaka, Penang, Johor, Kuantan, Bintulu, Kemaman, Sabah and Kuching. Further Kuantan Port is enlarged by Malaysian conglomerate and the Chinese Guangxi Beibu Gulf International Port Group, a Chinese SOE.

Second BRI forum used palm oil as lubricant.

In April 2019, another important memorandum of understanding (MoU) was signed in which China committed to buy an additional 1.9 million tons of palm oil from Malaysia over the following five years. Malaysia, the world's second largest producer of palm oil (after Indonesia), claims that the EU's decision to phase out the use of palm oil in biofuels by 2030 is hurting its economy and threatening jobs. The Malaysian government never tires of pointing out that up to 600,000 local jobs (mostly of Malaysians) depend on palm oil production and/or trade (Grassi, 2020).

Malacca Gateway

The future of the Malacca Gateway project, initiated by the Malaysian and Chinese governments in 2016, remains unclear, as does its original goal. The project, costing up to USD 10 billion, was to include the construction of a cruise ship terminal and deep-sea port on the geo-strategically important Malacca Strait and was to be developed by Malaysia's KAJ Development Sdn Bhd (KAJD), a medium-sized local construction company well connected to UMNO, and a consortium of Chinese companies Power China International, Shenzhen Yantian Port Group and Rizhao Port Group.

Four artificial islands were also part of the plan: two were for tourists, a third for fuel storage for refuelling, and the fourth for a container terminal and maritime industrial park. Malacca Gateway is envisioned as part of intensified cooperation between ports in the Malaysia-China Port Alliance (Grassi, 2020).

Rare Earth Mining in Kuantan and Perak

The Rare earth mining Project in Kuantan by the Australian organization Lynas is the biggest of its type outside China. The Chinese American trade war could increase this project's importance for the USA just and Japan. There is discussion about whether China, the world's biggest miner of rare earth elements, which are needed for high-tech manufacturing including computer microchips, is retaliating by cutting its exports.

In November 2019, Malaysian media reported that Perak State government had signed a MoU with the Chinese company Chinalco GXNF Rare Earth Development to investigate the potential of its rare earth metals (Grassi, 2020).

Malaysia-China Kuantan Industrial Park and Its Sister Park in Qinzhou, PRC

In 2012, the governments of Malaysia and China opened the China-Malaysia Qinzhou Industrial Park (CMQIP), their first joint industrial park, in Nanning. China has defined the capital of Guangxi Province as the main gateway to the ASEAN countries (Figure 3.3).

On February 5, 2013, the governments of the two countries agreed to establish the Malaysia-China Kuantan Industrial Park (MCKIP)¹³ strategically located in the special economic zone of East Coast Economic Region (ECER), believing there would be synergy effects with Chinese investments in the 10-kilometre distant port of Kuantan. The 14.2 km² industrial park is a joint venture between Malaysian and Chinese conglomerates (51:49 per cent). Of the Chinese 49 per cent, Guangxi Beibu Gulf holds 95 per cent and the Qinzhou Investment Development Co Ltd. the rest. MCKIP has room for 347 companies, including a steel mill, an aluminium plant, a tyre company, and solar cell, battery and food manufacturers. 80 to 90 % of the products are made for export (Grassi, 2020).

In June 2019, Chinese and Malaysian media reported agreement of intensified collaboration between the two sister parks in Malaysia and China¹⁴. The point was to boost trade between the nations, promote investment, develop industrial clusters, and improve the management of regional value chains. Deputy Minister of International Trade and Industry pointed out that USD 1.8 billion investment in the steel plant had made 3,800 local vacancies. As per Malaysian Foreign Minister, MCKIP is intended to turn into the industrial hub of Malaysia's east coast.

¹³ <https://www.mckip.com.my/>

¹⁴ Cf. More Chinese firms show interest to invest in Malaysia (14.6.2019), in: <https://www.thestar.com.my/business/business-news/2019/06/14/more-chinese-firms-show-interest-to-invest-in-malaysia/>.

FIGURE 2.3 Malaysia-China Kuantan Industrial Park



Source: <https://www.mckip.com.my/>

China-ASEAN Information Harbor

Besides getting CMQIP, Nanning has also been the home of the China-ASEAN Information Harbor (CAIH), the main hub for China's digital networking with the ASEAN region. Ultimately, CAIH will link the information and communication sectors of all ASEAN nations with China. A video on the CAIH site clarifies that the CAIH is the provider of an internet+ ecosystem with Chinese standards.

CAIH has five primary areas: the Industrial Internet, Government and Enterprise Management, Smart City, New ICT and Financial Services. CAIH is intended to systematically disseminate Chinese standards for all these sectors throughout the ASEAN region. One project that is especially relevant to Malaysia is the development of a Cloud Computing Center to be facilitated by CAIH (Grassi, 2020).

15 Cf. the website of the China-ASEAN Information Harbor: http://www.caih.com/?lang=en_US.

CHAPTER 3

DOING BUSINESS IN MALAYSIA: SOME CONSIDERATIONS

Malaysia's GDP has grown on average by just under 5% per year in the five years before Covid pandemic (PwC 2020).

FIGURE 3.1 Doing Business Indicators in Malaysia (2020)



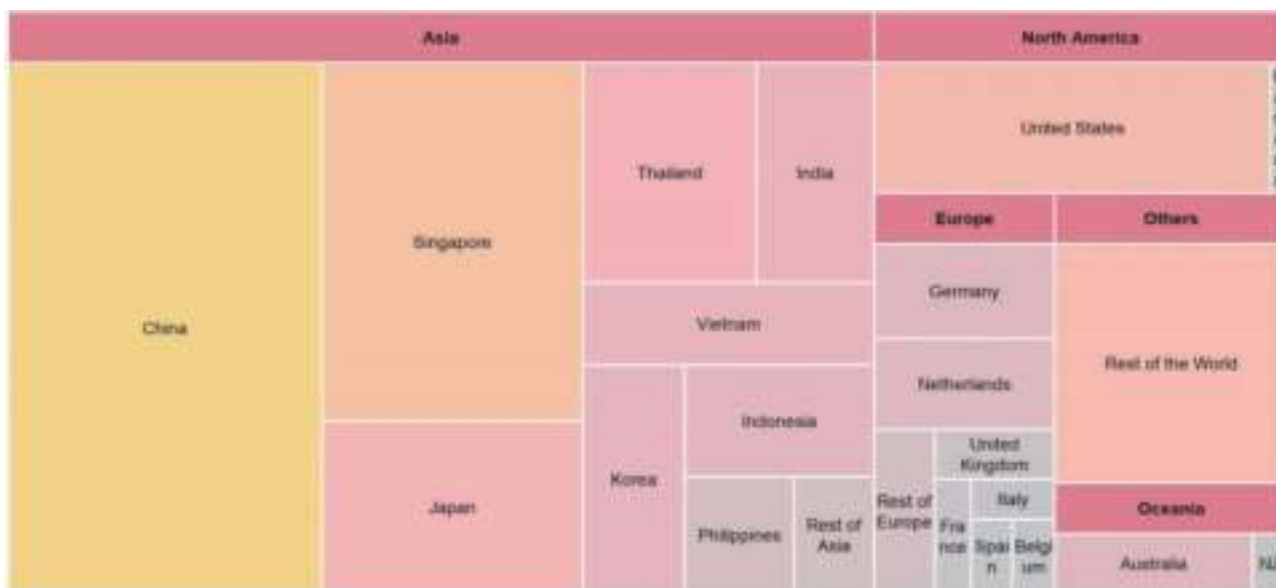
Sources: World Bank Group 2020

TABLE 3.1 Investment Environment in Malaysia

Location Advantage	<p>The focus of Southeast Asia - a market of 649 million individuals with a combined GDP of US\$3 trillion.</p> <p>Well-connected with major cities in Asia - within 8 hours flight from Mumbai in India to Beijing in China.</p>
Conductive business environment	<p>Second most developed, and competitive country in Southeast Asia, 27th internationally – based on World Economic Forum’s Global Competitiveness Index 2019.</p> <p>A simple and cost-competitive place for doing business - positioned twelfth internationally on Ease of Doing Business by World Bank Group 2020.</p> <p>Open to foreign investments - a huge presence of foreign industries (more than 5,000) from more than 40 nations, with a cumulative investment (FDI stock) of US\$162 billion, as of December 2019.</p> <p>The multicultural population, and a young workforce to support the regionals operations (people, languages, and social patterns). The three main races are Bumiputera (Malay), Chinese and Indian (Figure A1-1.4).</p> <p>The English language is normally used in business.</p> <p>An established legal system- the Malaysian Constitution sets out the legitimate system of the country.</p>
Sustainable economic environment	<p>The economic growth and unemployment rate are expected to completely recover by 2022, notwithstanding contraction in 2020.</p> <p>The economy is driven by the services and manufacturing sectors, which resembles advanced economies.</p> <p>Low inflation and stable loan rates - provides an accommodative environment for doing business.</p> <p>High current account balance and trade surplus upgrade the economy's abilities to withstand external forex shocks.</p>
Diversified international trade	<p>A wide range of trading partners - biggest trading partners by volume include China, Singapore, and United States.</p> <p>Malaysia is perhaps the most open economies on the world with a trade to GDP ratio averaging more than 130% since 2010.</p>

Source: (PwC 2020)

FIGURE 3.2 Malaysia's Trading Partners - Exports by relative size in 2019



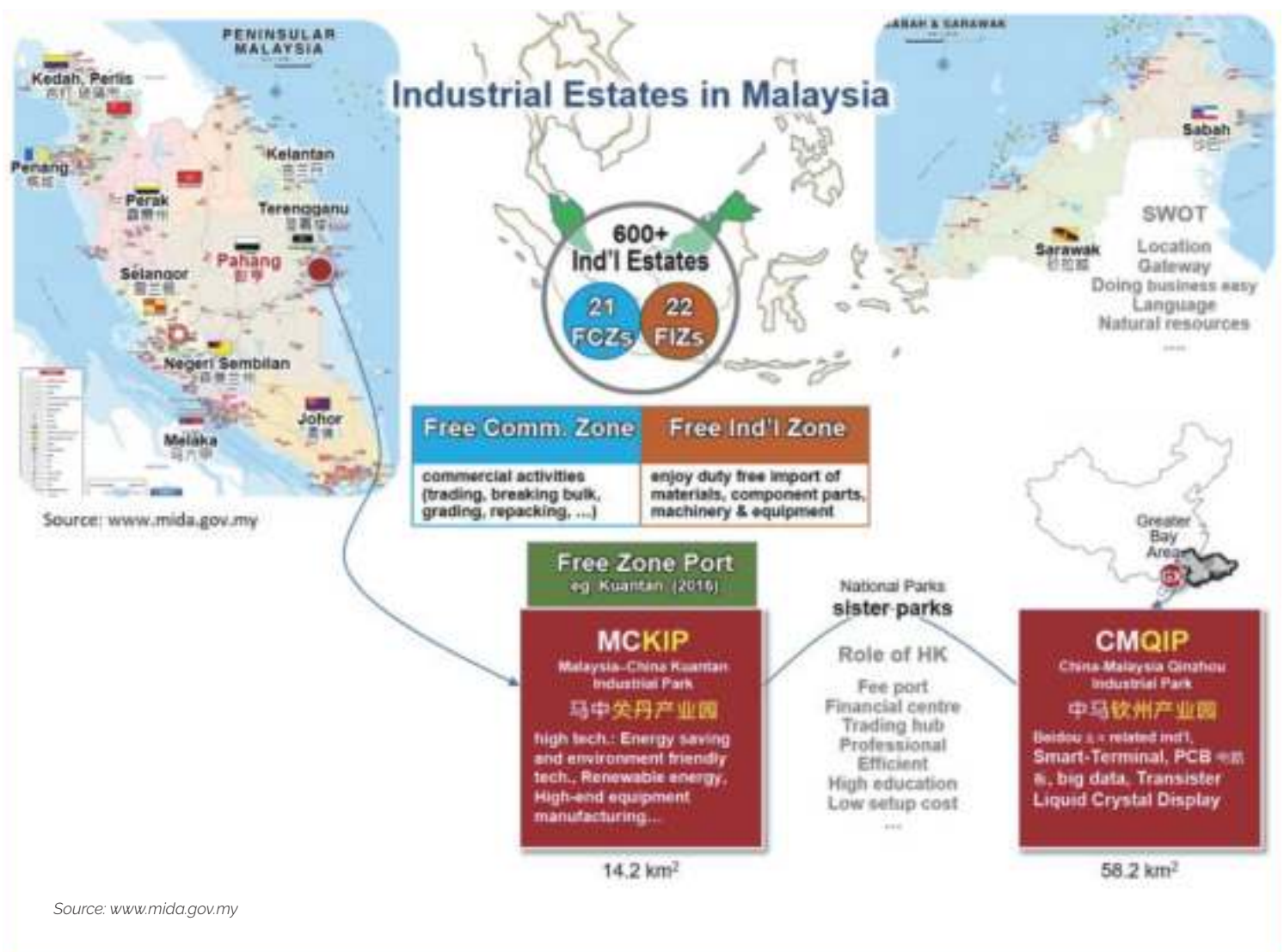
Source: Bank Negara Malaysia Monthly Statistical Bulletin, April 2020

Industrial Estates in Malaysia

Malaysia has more than 600 Industrial Estates throughout the country with world-class infrastructure and excellent network, making Malaysia as the most sought-after, sustainable, and conducive working environment for local people and also foreign investors.

Specialized industrial estates have been promoted in Malaysia to cater the necessities of specific industries like small-scale industries, Halal industries, furniture park, biotechnology park, technology-innovation industries, and Research & Development activities. Kulim Hi-Tech Park and Batu Kawan Industrial Park in the northern Peninsular Malaysia, the nation's first, fully integrated high technology park, i-Park Johor has made a unique concept of an 'industrial resort' and Selangor Halal Hub in the Pulau Indah, Westport focusing on Halal products activities. Based on as idea that combines a resort-like or industrial-city concept integrated with amenities like mall, hospital, education institutions, and recreational entice investors to come and invest in Malaysia.

FIGURE 3.3 Industrial Estates in Malaysia



Foreign Direct Investment Policy

1. The Malaysian Investment Development Authority (MIDA) is a government wing which promotes local and foreign investments in the country's manufacturing and services sectors and assists in the implementation of projects. MIDA makes policy and strategy recommendations regarding industrial development to the Minister of International Trade and Industry. Manufacturing investments must be approved by the MIDA, which will consider various factors including the size of an investment, the share of exported products and the type of financing required and the potential for technology transfer into the local economy and the existence of a local or foreign market for the output. For companies competing to establish similar projects, the local firm will be preferred over foreign companies.
2. The Malaysian Government is open to FDI, particularly in the economically important manufacturing industry. These years, it has aimed to liberalise the country's foreign investment regime through the Economic Transformation Plan (ETP), removing legal obstacles, introducing targeted areas for investment, and establishing SEZs and targeted 'growth corridors'.
3. In terms of FDI controls, the Malaysian government has the authority to review and approve all investments, foreign and domestic. The investment review is connected to the government's responsibility for granting licences for business to engage in intended activities, whether in the provision of goods or services.
4. To operate in Malaysia, foreign firms must acquire a licence. The Malaysian government extends a full tax exemption incentive of 15 years for firms with 'Pioneer Status' (companies promoting products or activities in industries or parts of Malaysia to which the government places a high priority) and 10 years for companies with 'Investment Tax Allowance' status (those on which the government places a priority, but not as high as pioneer status).
5. The Foreign Investment Committee (FIC)'s primary role is to review investments related to distributive trade (such as retail distributors) as a means of ensuring 30% of the equity in this economic segment is held by the Bumiputera.
6. Foreign investment in services, whether in sectors with no foreign equity limits or controlled sub-sectors, remain subject to review and approval by ministries and agencies with jurisdiction over the relevant sectors. A key function of this review and approval process is to determine whether proposed investments meet the government's qualifications for the various incentives in place to promote economic development goals.
7. The Malaysian government allows 100% foreign ownership across the following sectors: healthcare, retail, education as well as professional, environmental and courier services. Export-dependent Malaysia is keen to attract FDI and promote high-value manufacturing. Investment incentives, including corporate income tax exemption and tax allowance, are provided in industries such as advanced electronics, medical devices, biotechnologies, and green technologies.
8. Restrictions on foreign investment remain in fisheries, energy, telecommunications, finance and transport services and foreign participation in public-private-partnership projects is limited to a ceiling of 25% of share capital.
9. In the oil and gas sector, foreign participation tends to take the form of production sharing contracts. Petroleum Nasional Berhad (Petronas) regularly requires its PSC partners to work with Malaysian firms for many tenders. Non-Malaysian firms

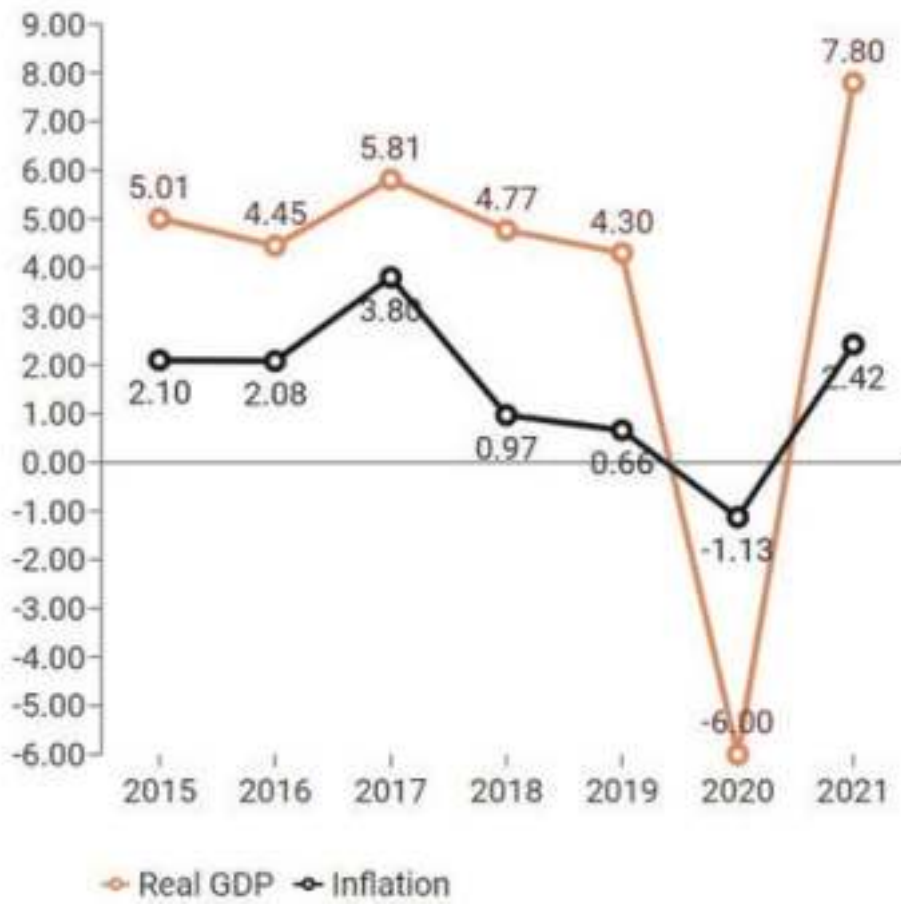
are permitted to participate in oil services in partnership with local firms and are restricted to a 49% equity stake if the foreign party is the principal shareholder. Petronas sets the terms of upstream projects with foreign participation on a case-by-case basis.

10. In the telecommunications industry, there is a 70% cap on foreign capital for investments in network facilities providers and network service providers. Non-Malaysians are limited to 70% equity in shipping and logistics companies. These regulatory restrictions on FDI are at odds with the government's otherwise welcoming attitude to foreign investors.
11. Bank Negara Malaysia (BNM), the central bank, allows a greater foreign ownership stake if the investment is determined to facilitate the consolidation of the financial industry. BNM currently allows foreign banks to open to four new branches throughout Malaysia, subject to restrictions, which include designating where the branches can be set up (ie, in market centres, semi-urban areas and non-urban areas). The policies do not allow foreign banks to set up new branches within 1.5km of an existing local bank. BNM has also conditioned foreign banks' ability to offer certain services on commitments to undertake certain back-office activities in Malaysia.
12. In the long term, the government intends to gradually eliminate most of the fiscal incentives now offered to foreign and domestic manufacturing investors. Malaysia seeks to attract foreign investment in the information technology industry, particularly in the Multimedia Super Corridor (MSC), a government scheme to foster the growth of research, development, and other high technology activities in Malaysia. Foreign investors who obtain MSC status receive tax and regulatory exemptions, as well as commitments by Malaysia to provide advanced telecommunications infrastructure in exchange for a commitment of substantial technology transfer.
13. The Free Zone Act of 1990 authorised the Minister of Finance to designate any suitable area as either a Free Industrial Zone (FIZ), where manufacturing and assembly take place or a Free Commercial Zone (FCZ), generally for warehousing commercial stock. Presently, there are 13 FIZs and 12 FCZs in Malaysia. Raw materials, products and equipment may be imported duty-free into these zones with minimum customs formalities. Companies that export more than 80% of their output and depend on imported goods, raw materials and components may be in these FZs. Ports: shipping and maritime-related services play an important role in Malaysia since 90% of its international trade by volume is seaborne.
14. Goods sold into the Malaysian economy by companies within the FZs must pay import duties. If a company wants to enjoy Common External Preferential Tariff (CEPT) rates within the ASEAN FTA, 40% of a product's content must be sourced from ASEAN. In addition to the FZs, Malaysia permits the establishment of licensed manufacturing warehouses outside of free zones, which give companies greater freedom of location while allowing them to enjoy privileges like firms operating in an FZ.

Sources: WTO – Trade Policy Review, MIDA, ITA, US Department of Commerce, Fitch Solutions

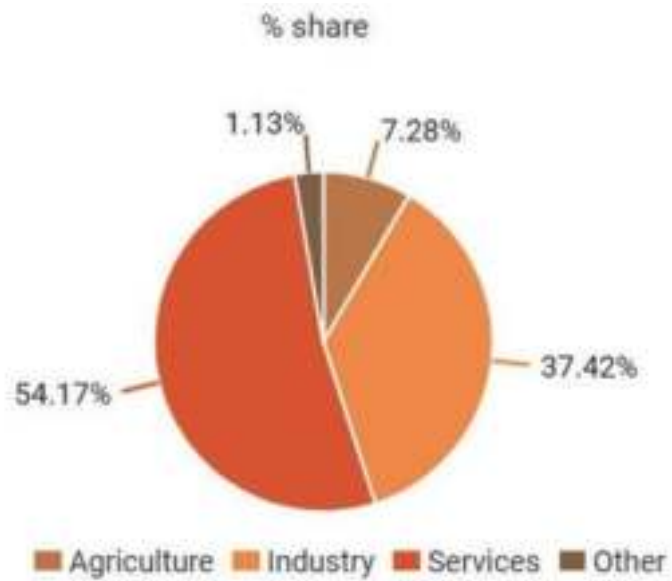
Major Economic Indicators

FIGURE 3.4 Real GDP and Inflation (2020 estimate; 2021 forecast)



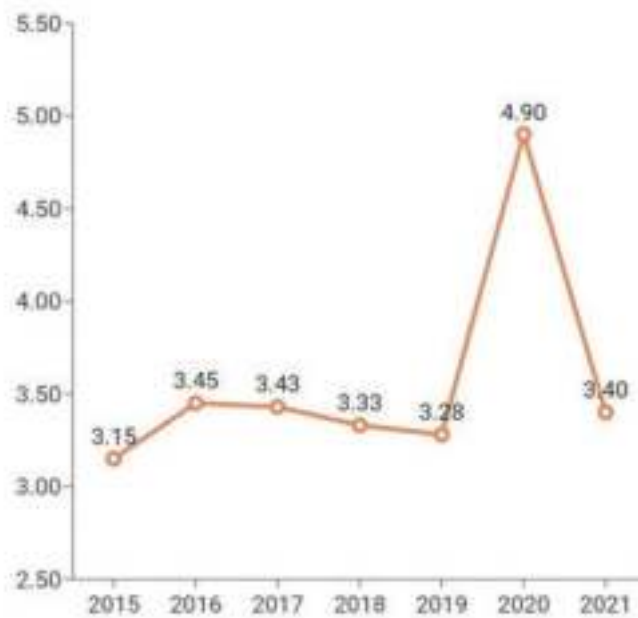
Source: IMF, January 22, 2021.

FIGURE 3.5 GDP by Sector (2019)



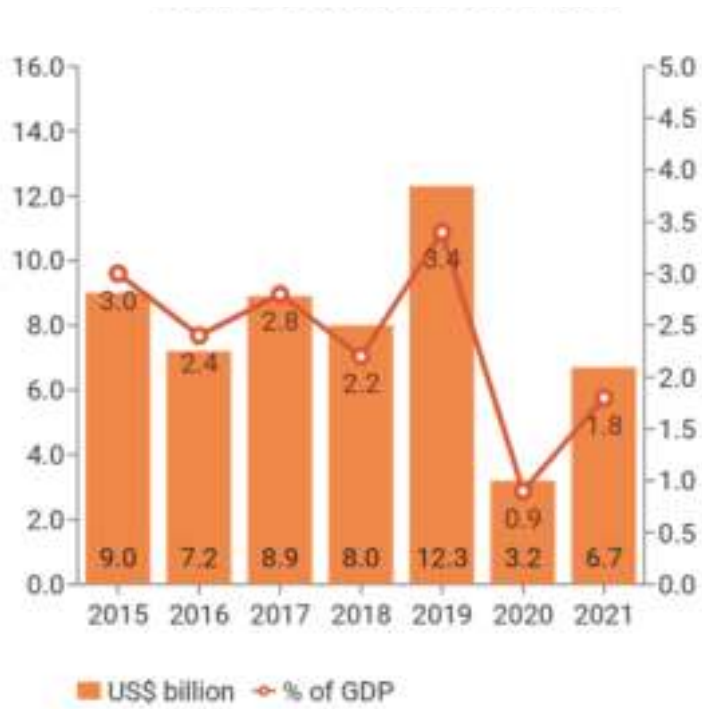
Source: World Bank January 22, 2021, <https://research.hktdc.com/en/article/MzU4MDExMDI5>

FIGURE 3.6 Unemployment Rate (2020 and 2021 estimate)



Source: IMF, January 22, 2021

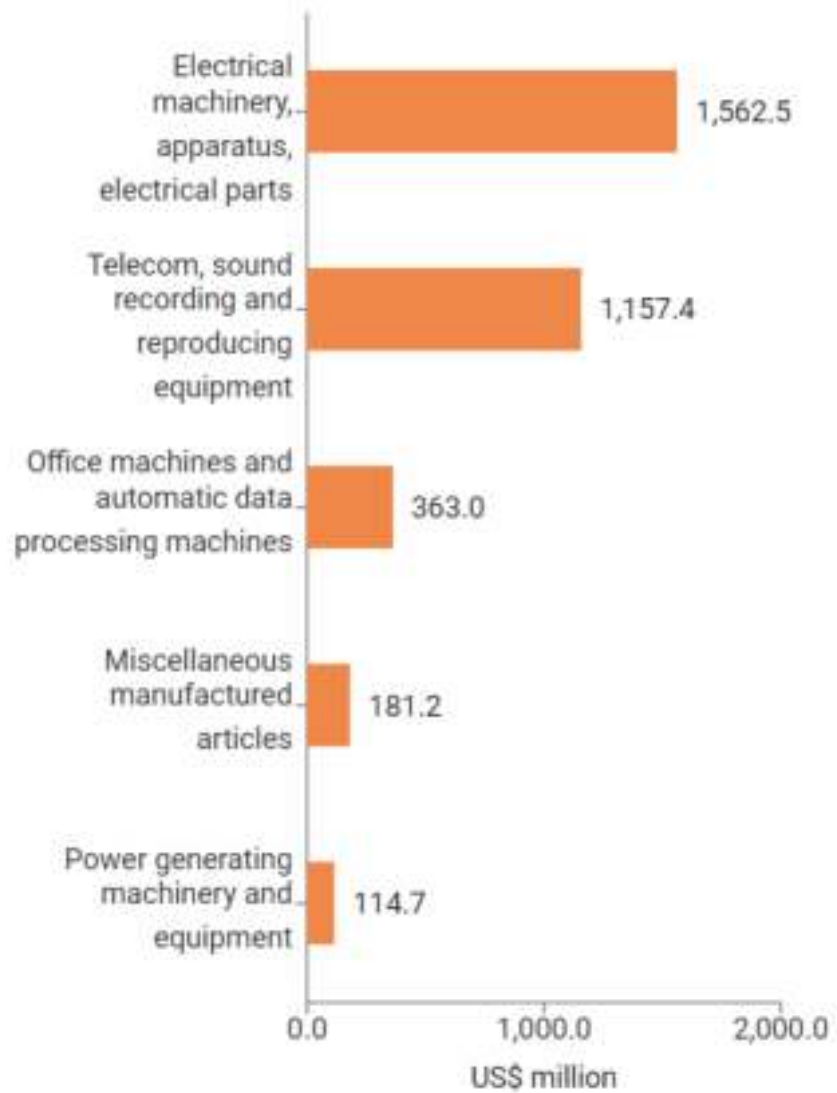
FIGURE 3.7 Current Account Balance (2020 estimate; 2021 forecast)



Source: IMF January 22, 2021.

Hong Kong's Trade with Malaysia Major Export Commodities to Malaysia (2019)

FIGURE 3.8 Major export communities from Hong Kong to Malaysia

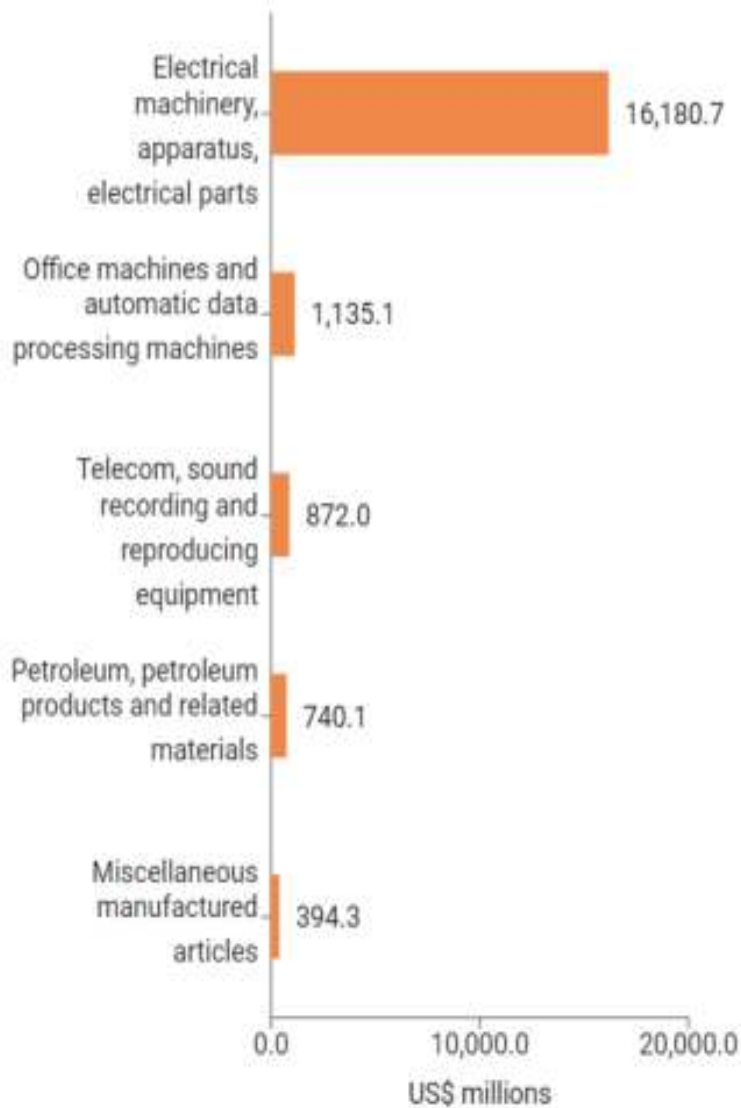


Note: Graph shows the main Hong Kong exports to Malaysia (by consignment)

Sources: Hong Kong Census and Statistics Department, Fitch Solutions <https://researchhktdc.com/en/article/MzU4MDExMDI5>

Major Import Commodities from Malaysia (2019)

FIGURE 3.9 Major import communities from Malaysia to Hong Kong

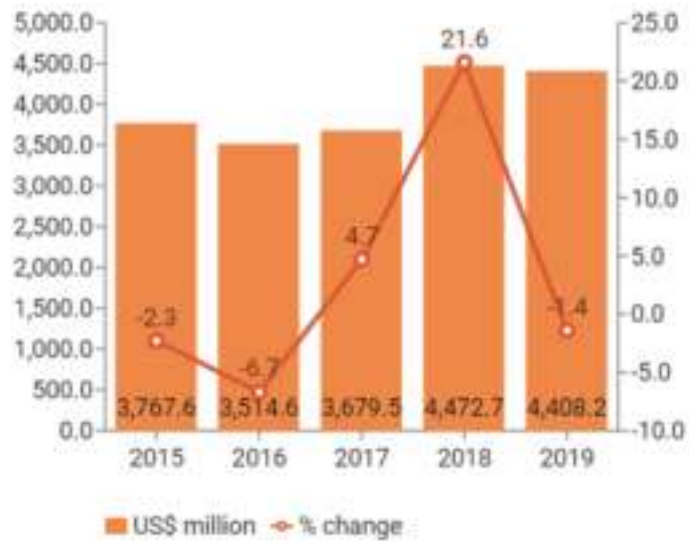


Note: Graph shows the main Hong Kong imports from Malaysia (by consignment)

Sources: Hong Kong Census and Statistics Department, Fitch Solutions January 22, 2021.

Merchandise Exports to Malaysia

FIGURE 3.10 Merchandise Exports from Malaysia

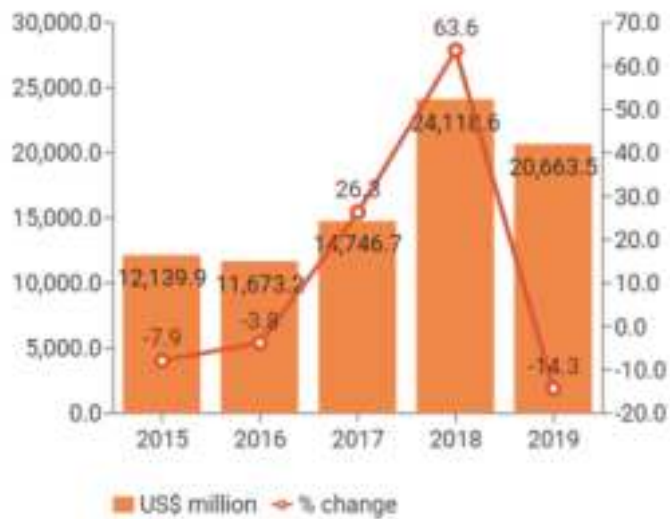


Note: Graph shows Hong Kong exports to Malaysia (by consignment)

Source: Hong Kong Trade Statistics, Census & Statistics Department January 22, 2021.

Merchandise Imports from Malaysia

FIGURE 3.11 Merchandise Imports from Malaysia



Note: Graph shows Hong Kong imports from Malaysia (by consignment)

Sources: Hong Kong Census and Statistics Department, Fitch Solutions January 22, 2021.

APPENDICES

Appendix 1. Country and Economic Overview

1.1. Geographical location

The thirteen states and three bureaucratic regions are separated by the South China Sea into two regions, Peninsular Malaysia, and Borneo's East Malaysia. Peninsular Malaysia shares a land and sea boundary to Thailand and sea borders with Singapore, Vietnam, and Indonesia. East Malaysia shares land and sea boundaries to Brunei and Indonesia and a sea line with the Philippines and Vietnam. Kuala Lumpur is the capital and biggest city. Malaysia is the world's 43rd-most populated country with population over 32 million. In terms of forests, Malaysia is one of 17 megadiverse nations, home to various endemic species.

Malaysia has its origins in the Malay realms which, from the eighteenth century, colonized by the British Empire. Peninsular Malaysia was bound together as the Malayan Union in 1946. Malaya was rebuilt as the Federation of Malaya in 1948 and got independence on 31 August 1957. Malaya joined with North Borneo, Sarawak, and Singapore on 16 September 1963 to become Malaysia. In 1965, Singapore was removed from the federation.

After independence, GDP of the Malaysian increased at a rate of 6.5% per annum for about 50 years. The economy has generally been fueled by its natural resources but is growing in the areas of science, tourism, commerce, and medical tourism. Malaysia has a recently industrialized market economy, positioned third biggest in Southeast Asia and 33rd-biggest in the world. It is a founding member of ASEAN, EAS, OIC and member of APEC, the Commonwealth, and the Non-Aligned Movement.

16 <https://en.wikipedia.org/wiki/Malaysia>

FIGURE A1-1.1 Map of Malaysia: Major Infrastructural Facilities





Index for Industrial Parks			
PERSEKUTUAN MALAYSIA			
KUALA LUMPUR			
SELANGOR			
NEGERI SEMBILAN			
PAHANG			
PERAK			
SEKUTUP			
TERENGGANU			
KEDAH			
PULAU PINANG			
MELAKA			
JOHOR BAHRU			
SARAWAK			
SABAH			

KLANG VALLEY RAIL TRANSIT SYSTEM

The diagram shows a complex network of rail lines connecting various stations in the Klang Valley. Lines are color-coded and labeled with their respective names and abbreviations. A legend at the bottom identifies the lines: KTM (Kuala Lumpur - Seremban), KTM (Kuala Lumpur - Ipoh), KTM (Kuala Lumpur - Port Klang), KTM (Kuala Lumpur - Teluk Anson), KTM (Kuala Lumpur - Seremban), KTM (Kuala Lumpur - Ipoh), KTM (Kuala Lumpur - Port Klang), KTM (Kuala Lumpur - Teluk Anson).

Sources: <https://www.mida.gov.my/publications/map-of-malaysia/>

1.2. Country overview

TABLE A1-1.1 Country Overview

Official name	Malaysia
Capital	Kuala Lumpur
Total area	329,847 km ² (127,355 sq miles) (66th biggest country in the world as far as region)
Landscape	The peninsula's inland areas are uneven and shrouded in wilderness, particularly in the north. The western promontory has numerous rich fields while the east is bordered by shocking sandy seashores. West Malaysia has a coastline which extends more than 3,000 miles, which likewise incorporates the coastlines of more than 300 Malaysian islands.
Climate	Situated close to the equator, Malaysia's environment is classified as central, being hot and muggy consistently. The normal precipitation is 250 centimeters (98 in) a year and the normal temperature is 27 °C (80.6 °F)
Population	Total: 31.53 million world Bank (2018) 32,652,083 (July 2020 est.) ¹⁷
Median age	total: 29.2 years male: 28.9 years female: 29.6 years (2020 est.)
Language	Bahasa Malaysia (official), English, Chinese (Cantonese, Mandarin, Hokkien, Hakka, Hainan, Foochow), Tamil, Telugu, Malayalam, Panjabi, Thai
Ethnicity	The nation is multi-ethnic and multi-social, which significantly affects its legislative issues. About a large portion of the populace is ethnically Malay, with minorities of Chinese, Indians, and native people groups. Bumiputera 62% (Malays and native people groups, including Orang Asli, Dayak, Anak Negeri), Chinese 20.6%, Indian 6.2%, other 0.9%, non-residents 10.3% (2017 est.)
Religion	Muslim (official) 61.3%, Buddhist 19.8%, Christian 9.2%, Hindu 6.3%, Confucianism, Taoism, other conventional Chinese religions 1.3%, other 0.4%, none 0.8%, unknown 1% (2010 est.).
Government	Government type: The government is modelled on the Westminster parliamentary system and the legal system is based on common law. Government head: The head of state is an elected monarch, chosen from among the nine state sultans every five years. Head of state: Sultan Muhammad V Sultan Muhammad V was sworn in as the fifteenth paramount ruler, Malaysia's head of state, in December 2016. The post of paramount ruler is rotated every five years among the sultans of the nine Malay kingdoms. • The head of government is the Prime Minister. Muhyiddin Yassin (Prime Minister)

¹⁷ https://www.indexmundi.com/malaysia/demographics_profile.html

Government	<ul style="list-style-type: none"> ▪ Ruling political party: Perikatan Nasional (a political coalition composed of the Malaysian United Indigenous Party (PPBM), Malaysian Islamic Party (PAS), Homeland Solidarity Party (STAR Sabah), Subah Progressive party (SAPP) and Parti Gerakan Rakyat Malaysia (Gerakan); the ruling coalition of Malaysia since March 2020. ▪ King: Yang di-Pertuan Agong
Education	<p>Literacy:</p> <ul style="list-style-type: none"> ▪ definition: age 15 and over can read and write. ▪ total population: 93.7% ▪ male: 96.3% ▪ female: 91.1% (2016) <p>School life expectancy (primary to tertiary education):</p> <ul style="list-style-type: none"> ▪ total: 14 years ▪ male: 13 years ▪ female: 14 years (2017) <p>Education expenditures: 4.7% of GDP (2017)</p>
Health infrastructure	<p>Current health expenditure: 3.9% (2017)</p> <p>Physicians' density: 1.54 physicians/1,000 population (2015)</p> <p>Hospital bed density: 1.9 beds/1,000 population (2017)</p> <p>Maternal mortality rate: 29 deaths/100,000 live births (2017 est.)</p> <p>Children under the age of 5 years underweight: 13.7% (2016)</p>
International organization participation	<p>ADB, APEC, ARF, ASEAN, BIS, C, CICA (onlooker), CP, D-8, EAS, FAO, G-15, G-77, IAEA, IBRD, ICAO, ICC (public boards), ICRM, IDA, IDB, IFAD, IFC, IFRC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MINURSO, MONUSCO, NAM, OIC, OPCW, PCA, PIF (accomplice), UN, UNAMID, UNCTAD, UNESCO, UNIDO, UNIFIL, UNISFA, UNMIL, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO</p>

Sources: CIA World Factbook updated on Friday, November 27, 2020¹⁸

¹⁸ https://www.indexmundi.com/malaysia/demographics_profile.html

1.3 Major economic/political events in history in Malaysia

TABLE A1-1.2 Major economic/political events in history in Malaysia

Timeline	Milestone
1957	Independent from Great Britain.
1963	Formation of Malaysia, containing Malaya, Singapore, North Borneo (Sabah) and Sarawak.
1963–6	“Confrontation” with Indonesia.
1965	Singapore departs from Malaysia.
1969	May 13 occurrence which sees common turmoil in the wake of the overall decisions.
1970	New Economic Policy (NEP) set up to reallocate abundance among ethnic gatherings, including positive rights for bumiputra.
1973	The alliance is rearranged as the 10-party Barisan Nasional (BN).
1974	Political / Diplomatic relation of China-Malaysia
The Mahathir era	
1981	Prime minister Tun Dr Mahathir Mohamad.
1983–4	The government takes power from the rulers and gags the media; government-connected organizations made to wed government and large business.
1987	“Operation Lalang” sees confinement of opposition politicians, trade unionists, teachers, and community leaders.
1988	The economy enhances and GDP develops at 9% per annum, proclaiming the beginning of the tiger economy years.
1990s	Large-scale industrialisation and mega-projects, for example, the national car project, Proton, and the building of Putrajaya.
1997	Petronas Twin Towers completed, the world’s tallest buildings at the time. The Asian economic crisis hits: currency control laws are imposed to protect the ringgit.
1998	Kuala Lumpur is first Asian city to have the Commonwealth Games. Agent PM Anwar Ibrahim is dismissed and captured on charges of sodomy; Reformation political movement began.
2003	Mahathir retires as Malaysia's longest-serving leader.
2004	BN wins the races by a surprising victory; Anwar released from jail. Political tsunami.
2007	Large street demonstrations show public disappointment with BN.
2009	Mohd Najib Abdul Razak takes control over prime ministership. Anwar on trail again for sodomy. NEP quotas begin to be dismantled.
2010	Government Transformation Program focuses on Malaysia to have developed country status by 2020.
2012	Largest street demonstration demanding electoral reform; general election.

2015	Malaysian government announced the Eleventh Malaysia Plan (Eleventh Malaysian Plan, 2016-2020), with the theme of "people-oriented growth", Productivity, innovation fields, expansion of the middle-class population, development of skills education and training, development of green technology.
2016	the Malaysian government proposed the 2050 National Transformation Plan (TN50). Its goal Malaysia will become the top 20 countries in the global economy in 30 years.
2018	the Malaysian government conducted a mid-term review of the 11th Malaysia Plan.
2019	<p>In May 2019, the Malaysian government put forward a new vision of "2030 Shared Prosperity", through reorganization and strengthen the country's commercial and industrial ecosystems, expand into new areas, improve the job market and labor wages, consolidate social harmony, create compatible countries, improve social thinking, reform human resources, etc.</p> <p>In October 2019, the Malaysian government announced the National Transport Policy for 2019-2030, suggesting It is necessary to develop more effective, comprehensive, and safe transportation, enhance the ability of sustainable development in the transportation field, and adopt Accelerate the development of land, railway, aviation, and shipping fields, promote the development of Malaysia's logistics industry, Come to West Asia to become a regional logistics center.</p>
2020	In June, Malaysian Prime Minister Muhyiddin announced that the government will launch a total of up to 35 billion (IITEC, ECCEM, and DFIEC 2020).

Source: Malaysia history and timeline.

<https://www.insightguides.com/destinations/asia-pacific/malaysia/historical-highlights>

1.4 Economic Overview

TABLE A1-1.3 Economic Overview

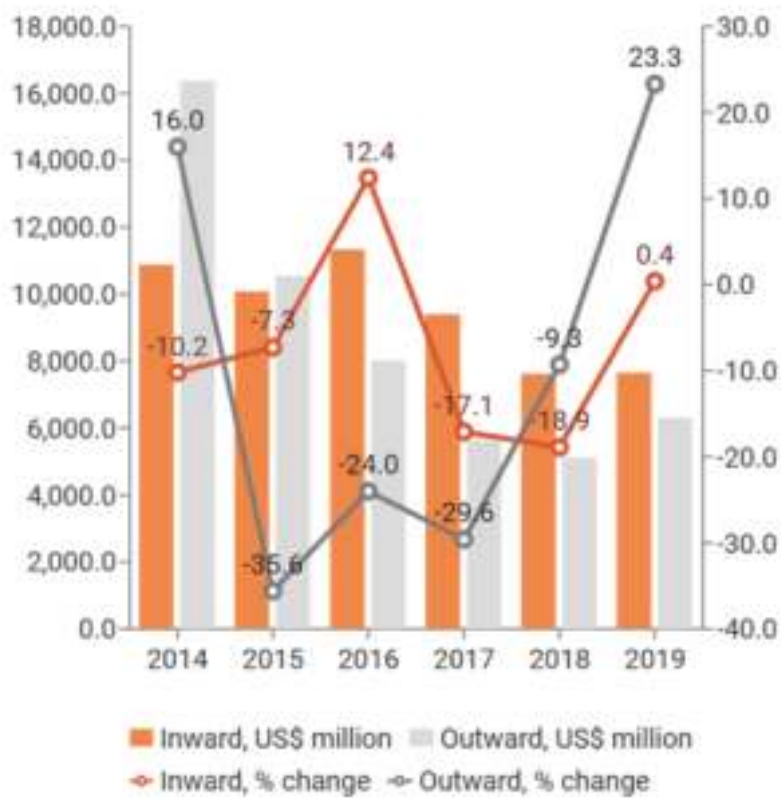
Country economic status	Malaysia, an upper middle-income country, has evolved since the 1970s from a producer of raw materials into a multi-sector economy. Malaysia is the fourth biggest economy of Southeast Asia and has kept on performing unequivocally as of late, because of solid worldwide interest for hardware, expanded interest for energy, like oil and gas, an improving labour market, a sound financial plan, and abundant infrastructure spending.
Currency	Malaysian ringgit
GDP (current US\$)	338.28 billion USD (2020)
GDP per capita (current US\$)	10,401.79 USD (2020)
GDP Growth	-5.59% annual change (2020)
Unemployment rate	3.3% (2019) 4.55% (2020)
Inflation, consumer prices (annual %)	0.6% (2019) -1.14% (2020)
Changes in economic composition (industry drivers)	Electronics, semiconductors, microchips, integrated circuits, rubber, oleochemicals, automotive, optical devices, pharmaceuticals, medical equipment, smelting, timber, wood pulp, Islamic finance, petroleum, liquified natural gas, petrochemicals, telecom product.
GDP by sector (2005-2019)	Agriculture: 8.21% Industry: 35.91% Service 54.78% (2020)
GNI per capita, PPP (current international \$)	27,370 USD (2020)
GNI, PPP (current international \$)	885.8 billion USD (2020)
Internet users	89.6% of the population (2020)

Source: World Fact Book <https://www.cia.gov/the-world-factbook/countries/malaysia/#economy>

World Bank Data <https://data.worldbank.org/>

1.4.1 Foreign Direct Investments (FDI)

FIGURE A1-1.2 Foreign Direct Investment Flow



Source: UNCTAD

FIGURE A1-1.3 Foreign Direct Investment Stock



Source: UNCTAD January 22, 2021, <https://research.hktdc.com/en/article/MzU4MDExMDI5>

1.4.1 List of Business Activities that Foreign Participation may be Prohibited or Restricted from

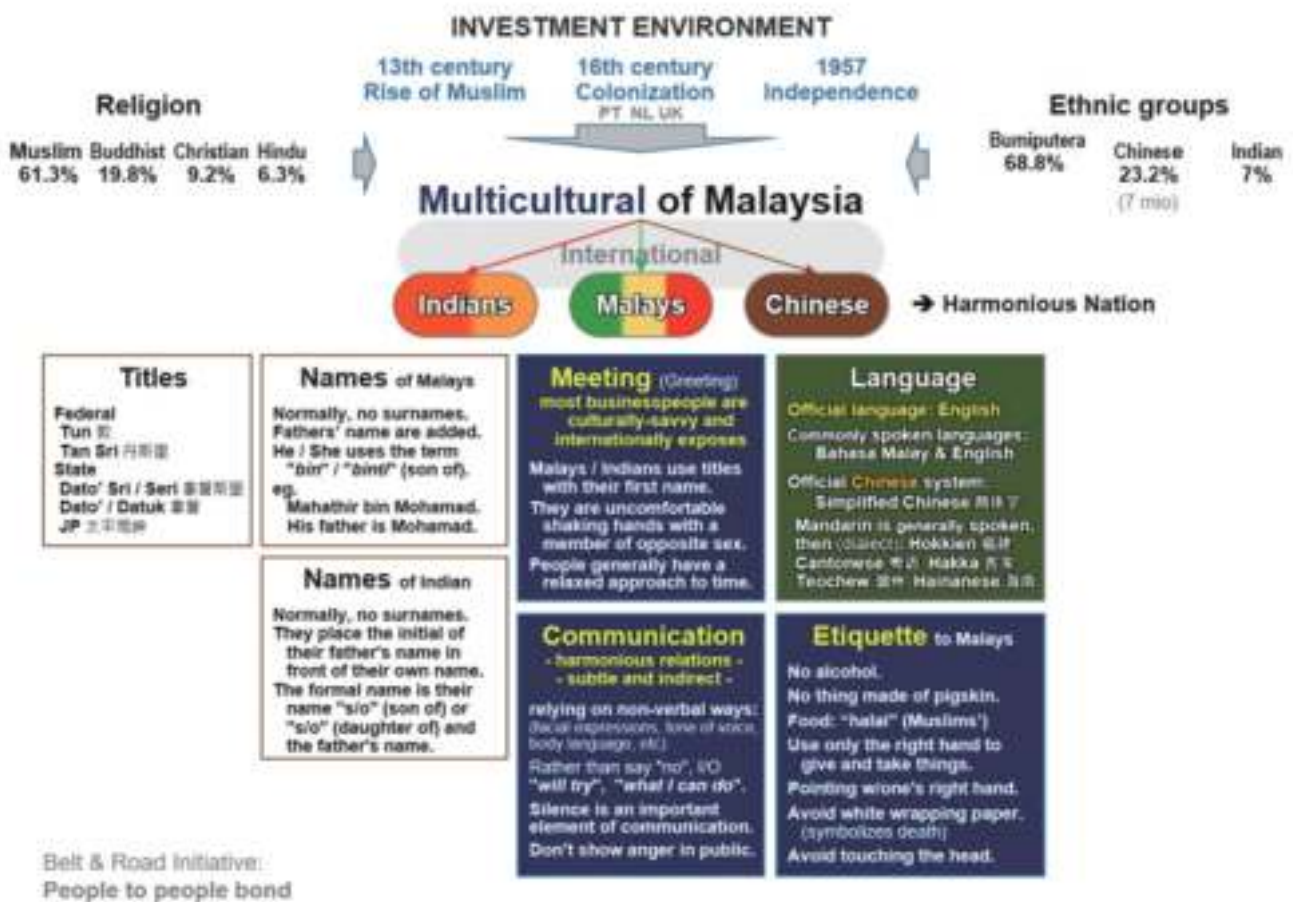
TABLE A1-1.4 Prohibited activities and sub-sectors within distributive trade.

Status	List of prohibited or restricted industries
Completely prohibited	<ul style="list-style-type: none"> » Supermarket/ mini market (<3,000 square meters sales floor area) » Provision shop/ general vendor » convenience store (that opens for business for 24 hours) » new agent and miscellaneous goods store » medical hall (inclined towards traditional alternative medicine plus general dry foodstuff) » fuel stations (with or without convenience store) » Permanent wet market store » Permanent payment store » national strategic interest » textile, restaurant (non-exclusive), Bistro, jewelry shops
Approval required	<ul style="list-style-type: none"> » market research and public opinion polling services » management consulting services » other business services » repair services (metal, machinery and equipment) » other land transport service » supporting services for road transport » building-cleaning services » Photographic services » leasing services concerning machinery and equipment. » real estate service
<ul style="list-style-type: none"> ▪ Requires at least 30% equity participation by Bumiputera ▪ Appoint Bumiputera directors 	All distributive trade companies except departmental store and specialty stores

1.5 Cultural Overview

The multicultural and multi-ethnic society in Malaysia is typically constituted of three major ethnic groups: Malays, Chinese and Indians (Ibrahim 2007). Apart from the indigenous tribes who were the first people living in Malaysia (and still remain today), the Malays who migrated from mainland Asia in ancient times were the early inhabitants in Malaysia, followed by the Chinese and Indians who brought cultural impacts through trade and immigration. Other sources of cultural influence included Persian, Arabic and British. The numerous ethnicities that co-exist in Malaysia nowadays possess their own unique cultural identities as well as some crossovers.

FIGURE A1-1.4 Multi-culture of Malaysia



Sources:

http://www.ediplomat.com/np/cultural_etiquette/ce_my.htm

<https://culturalatlas.sbs.com.au/malaysian-culture/malaysian-culture-naming#malaysian-culture-naming>

<https://www.commisceo-global.com/resources/country-guides/malaysia-guide>

Appendix 2 International trade

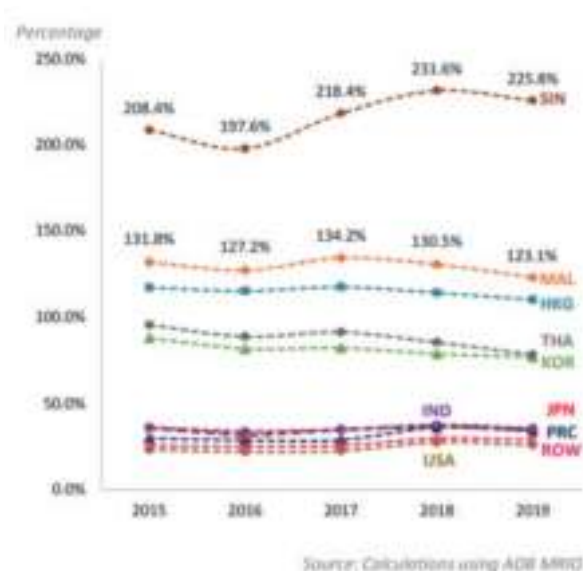
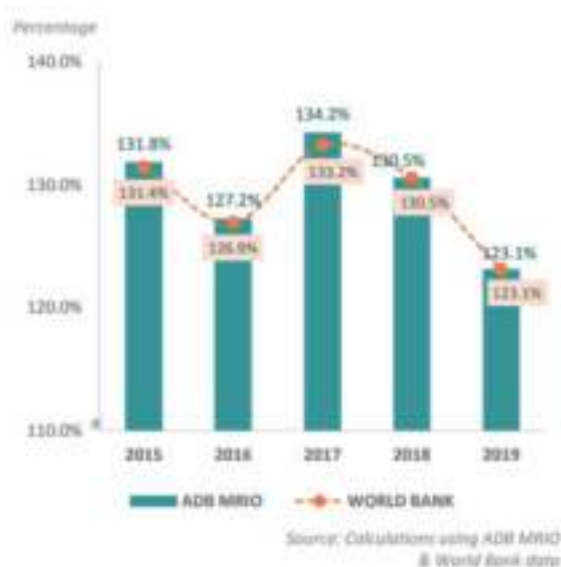
2.1 Trade of goods and services

TABLE A2-1.1 Top 5 Industries for Export-Oriented Sector & Import-Oriented Sector in 2019

S.N.	Export-Oriented Sector	S.N.	Import-Oriented Sector
1	Electrical and Optical Equipment registered the highest ratio 86.8 per cent	1	Electrical and Optical Equipment registered the highest ratio 39.0 per cent
2	Machinery, nec was the second highest with 82.4 per cent	2	Transport Equipment was the runner up with 29.6 per cent
3	Chemicals and Chemical Product 39.6 per cent	3	Basic metals and fabricated metals 26.6 per cent
4	Textiles and Textile Products ranked fourth highest with 35.7 per cent	4	Machinery, nec with 23.8 per cent
5	Coke, Refined Petroleum, and Nuclear Fuel posted 32.5 per cent	5	Rubber and plastics recorded 20.3 per cent

Source: www.dosm.gov.my

FIGURE A2-1.1 Malaysia Trade to GDP Ratio, 2015-2019¹⁹



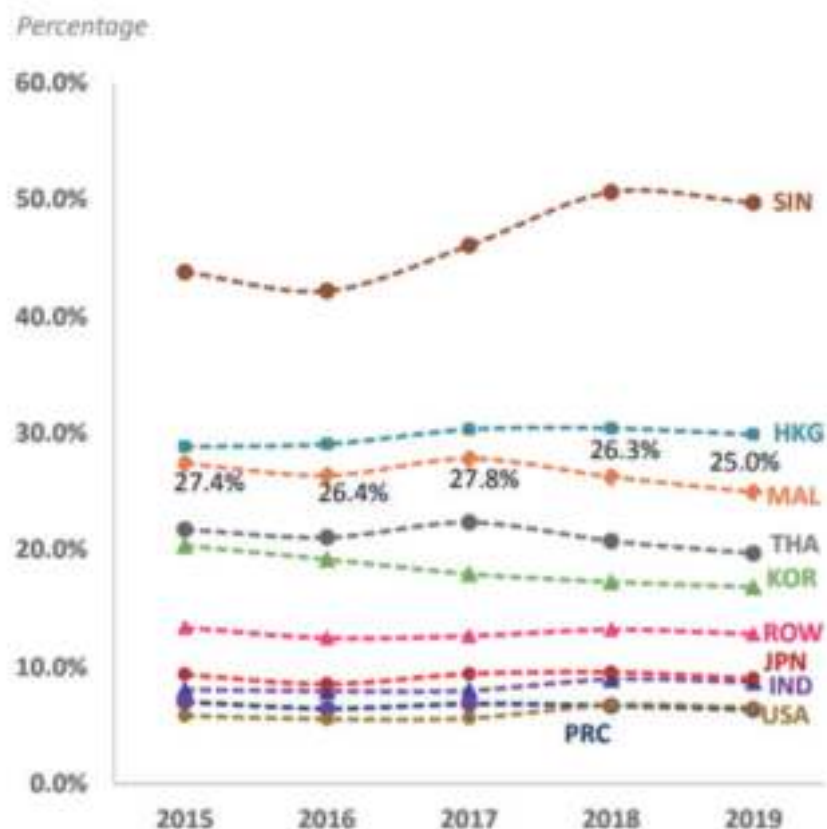
Source: (Hussin et al. 2021) / Hussin et al.2021

¹⁹ https://www.dosm.gov.my/v1/uploads/files/6_Newsletter/Newsletter%202021/DOSM_BPE_2-2021_SERIES-4.pdf

- » Malaysia 's foreign trade addressed 131.8 percent to 123.1 percent of the country's GDP in the time of 2015-2019.
- » For the time of 2015 to 2019, Malaysia's showed that the worth of exchange to GDP surpasses 100% demonstrates that the economy in this country still ward on the worth of fares and imports exchange.
- » However, the exchange to GDP proportion showed a diminishing pattern beginning 2018. The declining pattern shows the increment in homegrown reliance to deliver homegrown yield.
- » According to World Trade Statistical Review 2019 distributed by World Trade Organization (WTO), lower exchange was hauled by gentler worldwide interest because of exchange strains and negative outer financial conditions beginning 2018.
- » USA, China, Japan, and Korea showed that the worth of exchange to GDP under 100%. This shows the economy has progressed its homegrown ability to deliver modern products (WTO, 2019) (Hussin et al. 2021).

Exported Output to Output Ratio & Imported Input to Output Ratio Malaysia and Trading Partners, 2015-2019

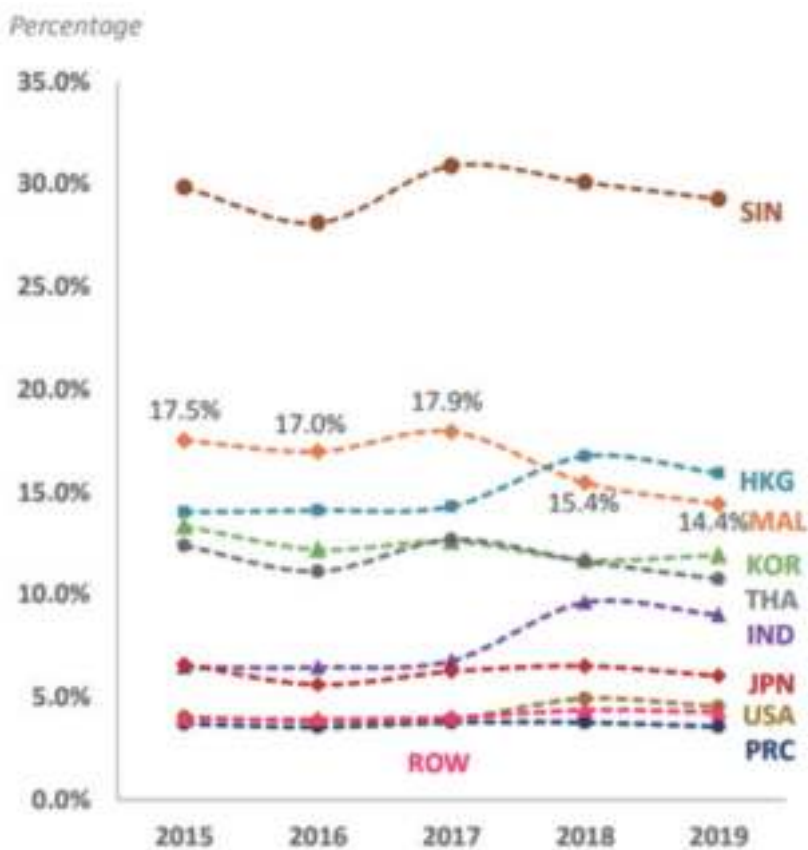
FIGURE A2-1.2 Exported Output to Output Ratio



Source: Hussin et al. 2021

- » In 2019, Malaysia's exported output to output ratio declined to 25.0 per cent from 26.3 percent in 2018.
- » This was attributed to the decrease in export-oriented Manufacturing which fell to 45.4 percent in 2019 as against 48.4 percent in 2018.
- » Malaysia's ratio is less than 30.0 percent implies that domestic consumption is high over 70.0 percent (Hussin et al. 2021).

FIGURE A2-1.3 Imported Output to Output Ratio



Source: Hussin et al. 2021

- » A lot of imported data sources declined in 2019 to 14.4 percent contrasted with the earlier year (2018: 15.4 percent) (Hussin et al. 2021).
- » The decay was contributed by the lower import reliance in Manufacturing area from 24.2 percent in 2018 to 22.5 percent in 2019.
- » The diminishing proportion of imported contribution to yield mirrors the reliance on homegrown substance in the economy is still high.

2.2 Exports and Imports by country and region

TABLE A2-1.2 Main Customers (% of Exports) in 2019²⁰

China	14.2%
Singapore	13.9%
United States	9.7%
Hong Kong	6.7%
Japan	6.6%
Thailand	5.7%
India	3.8%
Vietnam	3.5%
South Korea	3.4%

Source: Comtrade, Latest Available Data

TABLE A2-1.3 Primary Suppliers (% of Imports) in 2019

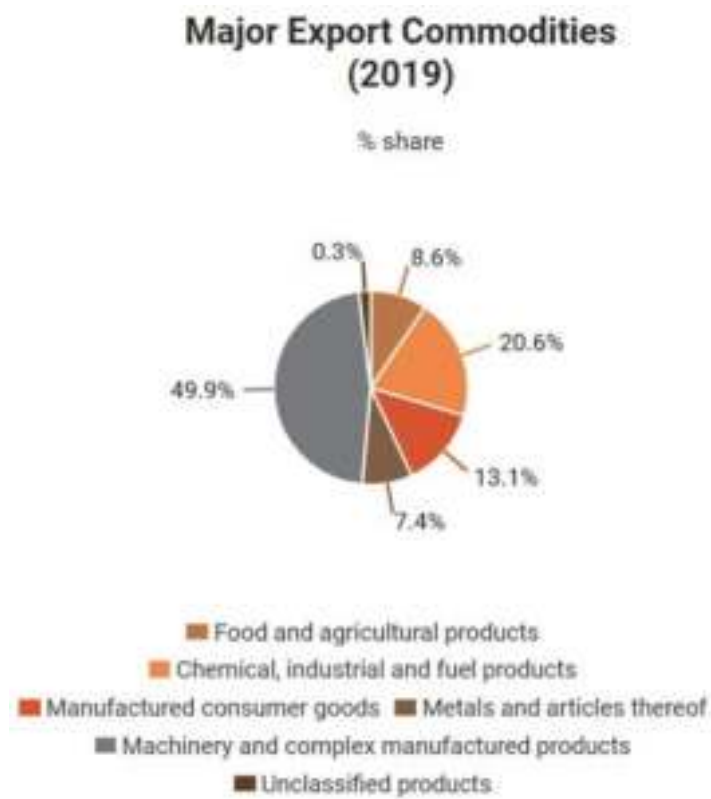
China	20.7%
Singapore	10.5%
Joined States	8.1%
Japan	7.5%
Thailand	5.2%
Indonesia	4.6%
South Korea	4.6%
Germany	3.2%
India	2.9%
Australia	2.7%

Source: Comtrade

²⁰ https://international.groupecreditagricole.com/en/international-support/malaysia/economic-overview?accepter_cookies=oui#classification_by_country

2.3 Exports by Category

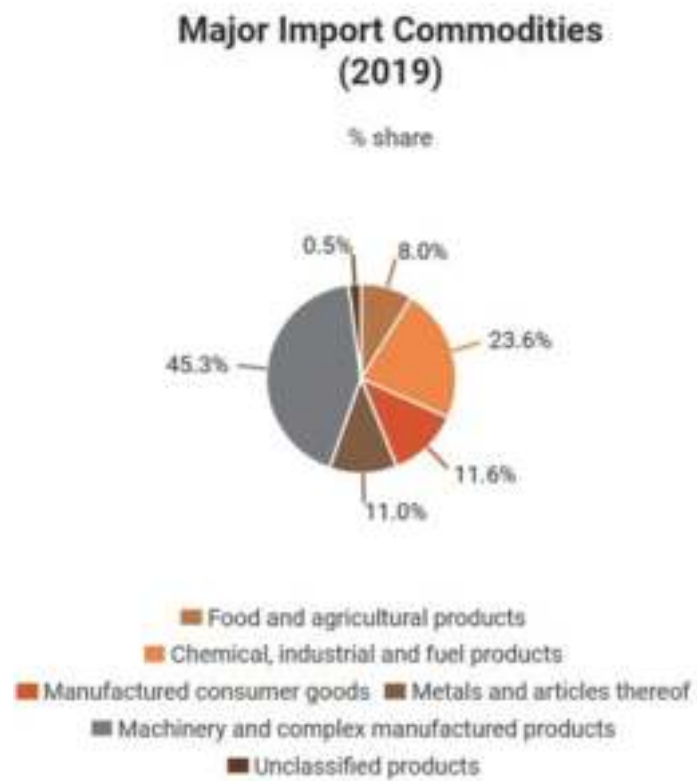
FIGURE A2-1.4 Exports by Category



Sources: ITC-Trade Map, Fitch Solutions

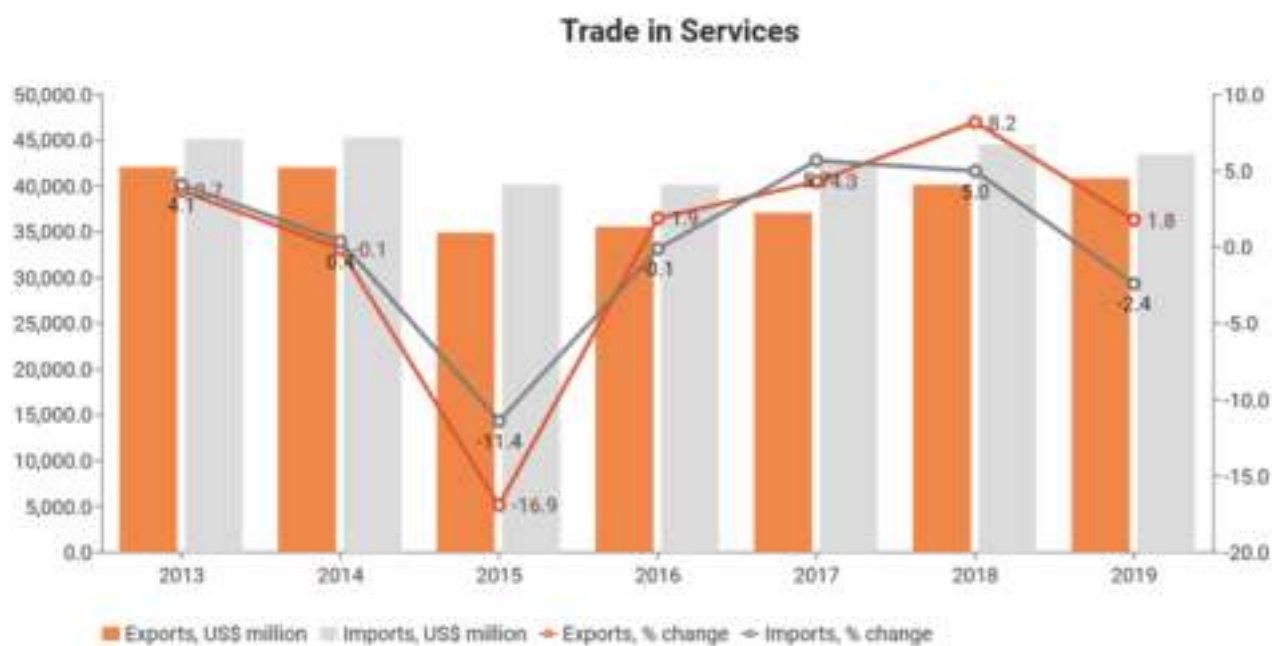
2.4 Imports by Category

FIGURE A2-1.5 Imports by Category



Sources: ITC-Trade Map, Fitch Solutions January 22, 2021, <https://research.hktdc.com/en/article/MzU4MDExMDI5>

FIGURE A2-1.6 Trade in Services (2019 estimate)



Source: WTO. January 11, 2021. Fitch Solutions.

TABLE A2-1.4 Foreign Trade Values

Foreign Trade Values	2015	2016	2017	2018	2019
Imports of Goods (million USD)	175,961	168,392	195,417	217,602	204,998
Exports of Goods (million USD)	199,869	189,414	218,130	247,455	238,195
Imports of Services (million USD)	39,814	39,347	41,958	44,308	43,244
Exports of Services (million USD)	34,759	33,925	36,972	40,077	40,808

Source: World Trade Organisation (WTO)

TABLE A2-1.5 Foreign Trade Indicators

Foreign Trade Indicators	2015	2016	2017	2018	2019
Foreign Trade (in % of GDP)	131.4	126.9	133.2	130.5	123.1
Trade Balance (million USD)	27,944	24,535	27,316	29,553	n/a
Trade Balance (Including Service) (million USD)	22,712	19,990	21,988	25,133	n/a
Imports of Goods and Services (Annual % Change)	0.8	1.4	10.2	1.3	-2.3
Exports of Goods and Services (Annual % Change)	0.3	1.3	8.7	2.2	-1.1
Imports of Goods and Services (in % of GDP)	61.9	60.1	63.2	61.7	57.8
Exports of Goods and Services (in % of GDP)	69.4	66.8	70.0	68.8	65.3

Source: World Trade Organisation (WTO)

2.5 Trade Policies in Malaysia

TABLE A2-1.6 Trade Agreements

Active Multinational Trade Agreements	<ol style="list-style-type: none"> 1. Malaysia is a member of the WTO (effective date: January 1, 1995). 2. ASEAN Free Trade Area (AFTA – effective as of January 1993). 3. AFTA reduces tariff and non-tariff barriers between member states. 4. ASEAN-Mainland China Free Trade Agreement (FTA) and Economic Integration Agreement (effective date: January 2005 for goods and July 2007 for services). 5. ASEAN-South Korea FTA (AKFTA – effective date: July 2007 for goods, May 2009 for services). 6. ASEAN-India Comprehensive Economic Cooperation Agreement (effective date: January 2010). 7. ASEAN-Australia-New Zealand FTA (AANZFTA – effective date: January 2010). 8. ASEAN-Japan FTA. 9. ASEAN-Hong Kong FTA (AHKFTA): Hong Kong and the ASEAN commenced negotiations of an FTA and an Investment Agreement in July 2014. 10. Comprehensive and Progressive Trans-Pacific Partnership (CPTPP – effective date: March 8, 2018). 11. Malaysia-Chile FTA (effective date: April 18, 2012): 12. Preferential Tariff Arrangement-Group of Eight Developing Countries (effective date: August 2011). 13. Malaysia-India Comprehensive Economic Co-operation Agreement (effective date: July 2011). 14. Malaysia-Australia FTA (effective date: January 2013). 15. Malaysia-New Zealand FTA (effective date: August 2010). 16. Malaysia-Turkey FTA (effective date: August 2015). 17. Japan-Malaysia Economic Partnership Agreement (effective date: July 2006). 18. Malaysia-Pakistan Closer Economic Partnership Agreement (effective date: January 2008).
Signed But Not Yet in Force	<p>Regional Comprehensive Economic Partnership (RCEP): A regional economic agreement that involves the 10 member ASEAN bloc and their FTA partners: Australia, Mainland China, Japan, New Zealand, and South Korea. While India pulled out from the arrangement in November 2019, in April 2020, part territories of RCEP offered India a bundle to get back to the arranging table. The RCEP is imagined to be a cutting edge, exhaustive, top caliber, and commonly valuable financial association arrangement that intends to progress financial participation and widen and develop incorporation in the region. The RCEP will bring down taxes and different obstructions to the exchange of products among the 15 nations that are in the arrangement or have existing economic accords with ASEAN. The understanding was settled in November 2019 and was endorsed on November 15, 2020. RCEP is required to happen in mid-2022.</p>
Under Negotiation	<ol style="list-style-type: none"> 1. Malaysia United States FTA. 2. Malaysia EU FTA. 3. Malaysia European Free Trade Association FTA.

Sources: WTO Regional Trade Agreements Database, Fitch Solutions <https://research.hktdc.com/en/article/MzU4MDExMDI5>

Appendix 3 Labour Policies

TABLE A3-1.1 Labour Policies

Labour Policies	<p>Employment Act 1955 (Act 265) – Malaysian Labour Laws</p> <ul style="list-style-type: none"> ▪ Wages and Hours. ▪ Workplace Safety and Health. ▪ Workers’ Compensation. ▪ Employee Benefits Security. ▪ Unions and their Members. ▪ Employee Protection. ▪ Uniformed Services Employment and Reemployment Rights Act. ▪ Employee Polygraph Protection Act.
	<p>The fundamental enactment overseeing work in Malaysia is the Employment Act 1955 [Act 265] came into power on first of June 1957. It has gone through a few changes since, most outstandingly in 2012, when broad alterations were made to EA to make it fully informed regarding current conditions and to give more extensive assurance to the representatives.</p> <p>NOTE: It was set for another major amendment in 2017 in line with Malaysia’s signing of the TPPA treaty in 2015. However, since the US had pulled out from the treaty, all have been postponed until now.</p> <p>The Importance of the Employment Act 1955</p> <ul style="list-style-type: none"> ▪ regulates relations between employers and employees. ▪ legislates various terms and conditions of employment. ▪ set out the minimum terms and conditions that employer and employee can agree upon; and ▪ penalties for non-compliance

Appendix 4 Infrastructure Overview

4.1 Infrastructure development in Malaysia

TABLE A4-1.1 Infrastructure development

National air transport system	<p>Number of enlisted air transporters: 13 (2020)</p> <p>Stock of enlisted airplane worked via air transporters: 270.</p> <p>Yearly traveller traffic on enlisted air transporters: 60,481,772 (2018)</p> <p>Yearly cargo traffic on enlisted air transporters: 1,404,410,000 mt-km (2018)</p> <p>Civil aircraft registration country code prefix: 9M</p> <p>Airports</p> <ul style="list-style-type: none"> total: 114 (2013) country comparison to the world: 50
Pipelines	<p>354 km condensate, 6439 km gas, 155 km fluid petrol gas, 1937 km oil, 43 km oil/gas/water, 114 km refined items, 26 km water (2013)</p>
Railways	<ul style="list-style-type: none"> total: 1,851 km (2014) country comparison to the world: 77
Roadways	<ul style="list-style-type: none"> total: 144,403 km (excludes local roads) (2010) country comparison to the world: 35
Waterways	<ul style="list-style-type: none"> 7,200 km (Peninsular Malaysia 3,200 km; Sabah 1,500 km; Sarawak 2,500 km) (2011) country comparison to the world: 19
Merchant marine	<ul style="list-style-type: none"> Total: 1,772 by type: bulk carrier 16, container ship 26, general cargo 179, oil tanker 153, other 1,398 (2020) Country comparison to the world: 15
Ports and terminals	<p>Major seaport(s): Bintulu, Johor Bahru, George Town (Penang), Port Kelang (Port Klang), Tanjung Pelepas</p> <ul style="list-style-type: none"> Container port(s) (TEUs): Port Kelang (Port Klang) (11,978,000), Tanjung Pelepas (8,260,000) (2017) LNG terminal(s) (export): Bintulu (Sarawak) LNG terminal(s) (import): Sungei Udang
Telecommunication systems	<p>general assessment: quite possibly the most progressive telecom networks in the creating scene; solid obligation to fostering a mechanical society; Malaysia is advancing itself as a data tech center in the Asian region; shutting the metropolitan provincial separation; 4G and 5G organizations with solid rivalry, portable predominance over fixed broadband; carry out of a public broadband organization (2020)</p> <ul style="list-style-type: none"> Broadcast media Internet country code.my Internet clients absolute: 25,829,444 percent of populace: 81.2% (July 2018 est.) country correlation with the world: 30 Broadband - fixed memberships <p>Total: 2.696 million</p> <p>memberships per 100 occupants: 8 (2018 est.)</p> <p>country correlation with the world: 46</p>

Source: World Fact Book

<https://www.cia.gov/the-world-factbook/countries/malaysia/#transportation>

TABLE A4-1.2 Logistic development

Project type	Production	Consumption	Exports	Imports	installed generating capacity	proved reserves
Electricity	148.3 billion kWh (2016 est.)	136.9 billion kWh (2016 est.)	3 million kWh (2015 est.)	33 million kWh (2016 est.)	33 million kW (2016 est.)	
Country comparison to the world (Cctw)	28	26	93	109	31	
from fossil fuels	78% of total installed capacity (2016 est.)					
(Cctw)	90					
from hydroelectric plants	18% of total installed capacity (2017 est.)					
(Cctw)	95					
from other renewable sources	4% of total installed capacity (2017 est.)					
(Cctw)	112					
Crude oil	647,000 bbl/day (2018 est.)		326,200 bbl/day (2015 est.)	166,000 bbl/day (2015 est.)		3.6 billion bbl (1 January 2018 est.)
Cctw	26		24	35		27
Refined petroleum products	528,300 bbl/day (2015 est.)	704,000 bbl/day (2016 est.)	208,400 bbl/day (2015 est.)	304,600 bbl/day (2015 est.)		
Cctw	32	28	31	24		
Natural gas	69.49 billion cu m (2017 est.)	30.44 billion cu m (2017 est.)	38.23 billion cu m (2017 est.)	2.803 billion cu m (2017 est.)		1.183 trillion cu m (1 January 2018 est.)
Cctw	13	31	9	45		23

Carbon dioxide emissions from consumption of energy 226.8 million Mt (2017 est.)

Source: <https://www.cia.gov/the-world-factbook/countries/malaysia/#energy>

FIGURE A4-1 Existing and Proposed Roads and Railways Ports and Airports



Appendix 5 Key Industries and Investment Opportunities

5.1 Strategic Location

Malaysia is located in the center of Southeast Asia, guarding the Strait of Malacca, connecting maritime ASEAN and land ASEAN, the geographical advantage is obvious (IITEC, ECCEM, and DFIEC 2020).

FIGURE A5-1 Peninsular Malaysia on the 'One Belt One Road'



5.2 Agricultural Products and Industries

Agricultural products

- Oil palm fruit, rice, poultry, eggs, vegetables, rubber, coconuts, bananas, pineapples, pork, etc.

Industries

- Peninsular Malaysia - Rubber and oil palm processing and manufacturing, petroleum and natural gas, light manufacturing, pharmaceuticals, medical technology, electronics and semiconductors, timber processing.
- Sabah - logging, petroleum and natural gas production.
- Sarawak - agriculture processing, petroleum and natural gas production, logging.

Main Sectors of Industry

Since acquiring its independence in 1957, Malaysia has effectively diversified its economy from agribusiness and commodity-based to strong manufacturing and service sectors. It had a labour force of 15.9 million individuals out of a 32.5 million population in 2020. Agriculture employed 10.1% of Malaysians in 2020 and aided to 7.3% of GDP (World Bank, 2020). Malaysia is the second main producer of palm oil and tropical wood and the fifth-biggest exporter of rubber. The nation has successfully promoted its economy based on raw materials and has huge stores of oil, gas, copper, and bauxite.

Industry contributes to around 37.4% of GDP and employed 26.8% of the active population in 2020 (World Bank, 2020). Malaysia is one of the world's biggest exporters of semi-conductor devices, electrical goods, and appliances, and the government has ambitious plans to make the country a key producer and developer of high-tech products, including software. Malaysia is a significant outsourcing destination for components manufacturing, after China and India. The nation has attracted significant foreign investment, which has played a significant role in the transformation of its economy.

The service sector employs most of the population (63.1% in 2020) and accounts 54.2% of GDP (World Bank, 2020) which is due basically to healthcare services, transport, distributive trade, and tourism. The tourism industry was the third largest contributor to Malaysia's GDP, after manufacturing and commodities, with more than 7% of GDP and 26.1 million foreign tourists in 2019, as per Tourism Malaysia. In the recent years, Malaysia has become one of major tourist destinations of Southeast Asia.

TABLE A5-1.3 Breakdown of economic activity by sector

Breakdown of Economic Activity by Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	10.1	26.8	63.1
Value Added (in % of GDP)	7.3	37.4	54.2
Value Added (Annual % Change)	1.8	2.4	6.1

Source: World Bank <https://international.groupecreditagricole.com/en/international-support/malaysia/economic-overview>

Monetary Indicators	2015	2016	2017	2018	2019
Malaysian Ringgit (MYR) - Average Annual Exchange Rate For 1 USD	3.91	4.15	4.30	4.04	4.10

Source: World Bank

5.3 Export Trade

Malaysia continues being the investment destination for high-value manufacturing and worldwide services in Asia (Bernama, 2021). It remains an attractive investment destination with a favourable environment including the accessibility of excellent infrastructure, telecom services, financial and banking services, supporting industries, skills, and trainable workforce, as well market opportunities offered through the 16 Free Trade Agreements, signed by Malaysia.

MIDA reported that it has recognized 240 high-profile foreign investment projects including Fortune 500 companies in the manufacturing and services sectors, with a combined potential investment value of RM81.9 billion.

TABLE A5-1.4 Business Services in Malaysia

Business Services ²¹		
ICT Services		Professional
ICT services represent a critical sub-sector in reaching our digital-nation goals that boast a robust digital and social infrastructure.		Malaysia offers a flourishing base of diverse high-skilled and tradable professional services. Businesses are encouraged to seize the growing opportunities in this sub-sector as it is poised to drive economic growth and productivity.
This creative and vibrant industry encompasses a variety of activities:		Under the Malaysia Productivity Blueprint (MPB), professional services cover the following targeted industries:
Management of Data	Data Centres	> Accounting
	Cloud Sharing	> Architecture
	Data Security & Big Data Analytics	> Engineering
Software & System Design	Conducive e-Platform	> Legal
	Integration of system	> Advertising
Creative & Digital Content	eSports	> Management Consulting
	Gaming & Animation	> Wealth Management

21 <https://www.mida.gov.my/industries/services/business-services/>

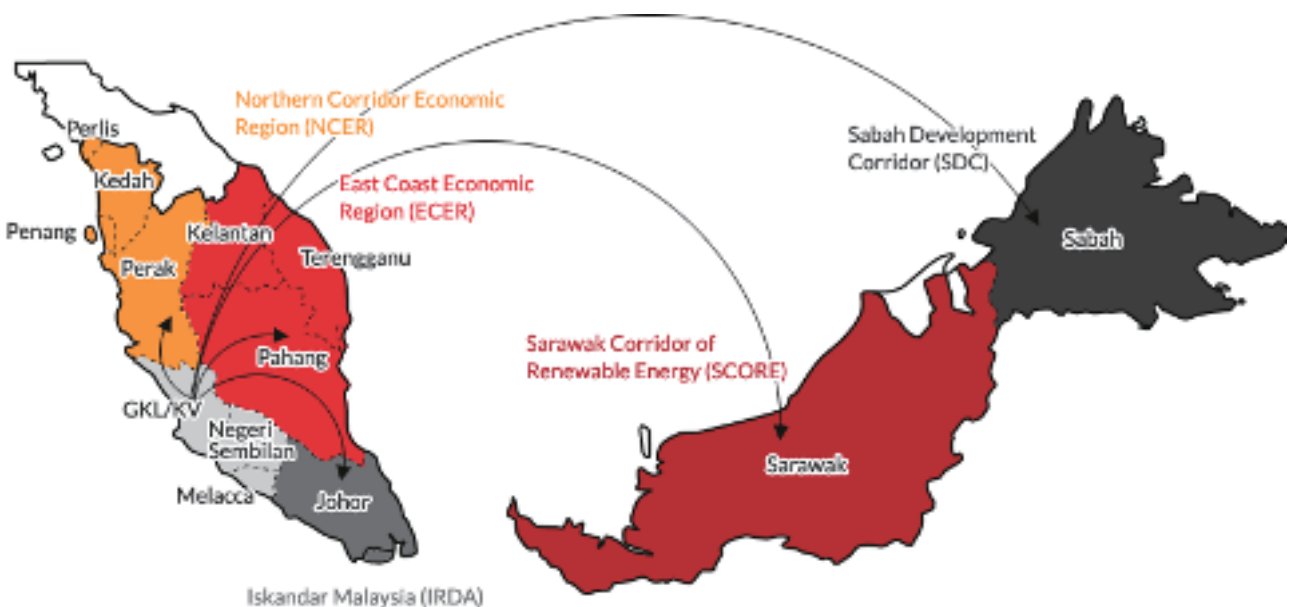
Appendix 6 List of SEZs

TABLE A6-1 List of SEZs in Malaysia²²

SEZs (Economic Corridor)	Initiatives	
Iskandar Regional Development Authority (IRDA) for Iskandar Malaysia in Southern Johor	<ul style="list-style-type: none"> the Coastal Highway and Eastern Dispersal Link Legoland Malaysia Puteri Harbour Family Theme Park (well known for Sanrio Hello Kitty Town) EduCity with Newcastle University, the University of Southampton, and Marlborough College 	The Iskander SEZ, has situated Malaysia's east coast as a critical region for the improvement of ASEAN deregulation, having understood the biggest interests in 2018 adding up to RM150 billion (US\$35 billion). Since its initiation in 2006, the locale has multiplied in size and is on target to accomplish its investment focus of US\$91 billion by 2025 (Falak,2019).
East Coast Economic Region (ECER)	<ul style="list-style-type: none"> Malaysia-China Kuantan Industrial Park Pekan Automotive Park Kuantan Integrated Industrial Park in Pahang Kerteh Biopolymer Park in Terengganu Pasir Mas Halal Park in Kelantan 	The ECER, which is the other fundamental SEZ, expects to draw in 120,000 new positions and 70 billion Ringgits (US\$16 billion) in ventures by 2025. The ECER offers cutthroat motivators to investors , for example, personal assessment exclusion of 100% for a very long time and stamp obligation exception ashore or building bought for improvement (Falak,2019).
North Corridor Implementation Authority (NCIA) for the North Corridor Economic Region (NCER)	<ul style="list-style-type: none"> solar panel driven SuriaKu initiative (MySuria) Estate Management Model for farmers Community Innovation Centre Bumiputra Micropreneur Development Programme (MCash) Modern Farming Training Programme using Fertigation. Nestle Paddy Club Rapid Kamunting. 	Peninsular Malaysia's four northern states, Perlis, Kedah, Penang, and Perak, include the NCER, and the Northern Corridor Implementation Authority (NCIA) was set up to give guidance and devise arrangements and procedures corresponding to the financial advancement of 25 areas in these states, to change them into an a-list financial locale with an economy worth RM300 billion by 2025, which could make in excess of 160,000 open positions in the rewarding areas of services, manufacturing agribusiness, and bio-enterprises.
Sabah Development Corridor (SDC)	<ul style="list-style-type: none"> Bio-Triangle Agro Marine Belt Interior Food Valley Kinabalu Gold Coast Enclave Brunei Bay Integrated Development Area and Oil and Gas Clusters <p>New frameworks scheduled for improvement for Sabah under the eleventh Malaysia Plan 2016-2020 include:</p> <ul style="list-style-type: none"> Pan Borneo Highway Sabah Kota Kinabalu Bus Rapid Transit project new Kota Kinabalu airport light rail transit system in Kota Kinabalu new railway lines to connect the north and east coasts of Sabah. Lahad Datu airport upgrade 	The SDC is a financial passage drive that traverses the territory of Sabah, utilizing its normal assets to produce financial development.

<p>Sarawak Corridor of Renewable Energy (Score)</p>	<p>Hydropower (28,000 MW), coal (1.46 billion tons) and flammable gas (40.9 trillion sq. cu ft) are the key energy assets that drive the drive, and interests in power age and energy-escalated enterprises will go about as triggers for the energetic mechanical improvement in the Score, which brags 0.8 billion barrels realized oil saves, more than 80 million tons of silica sand and more than 22 million tons of kaolin.</p> <ul style="list-style-type: none"> Tanjung Manis, Mukah, Samalaju, Baram and Tunoh have been selected as the five new growth nodes. 	<p>The Score is a drive to foster the focal region and change Sarawak into a created state constantly 2020. It means to accomplish the objectives of speeding up the state's financial development and advancement just as improving the personal satisfaction for Sarawakians.</p>
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FIGURE A6-1 SEZs in Malaysia



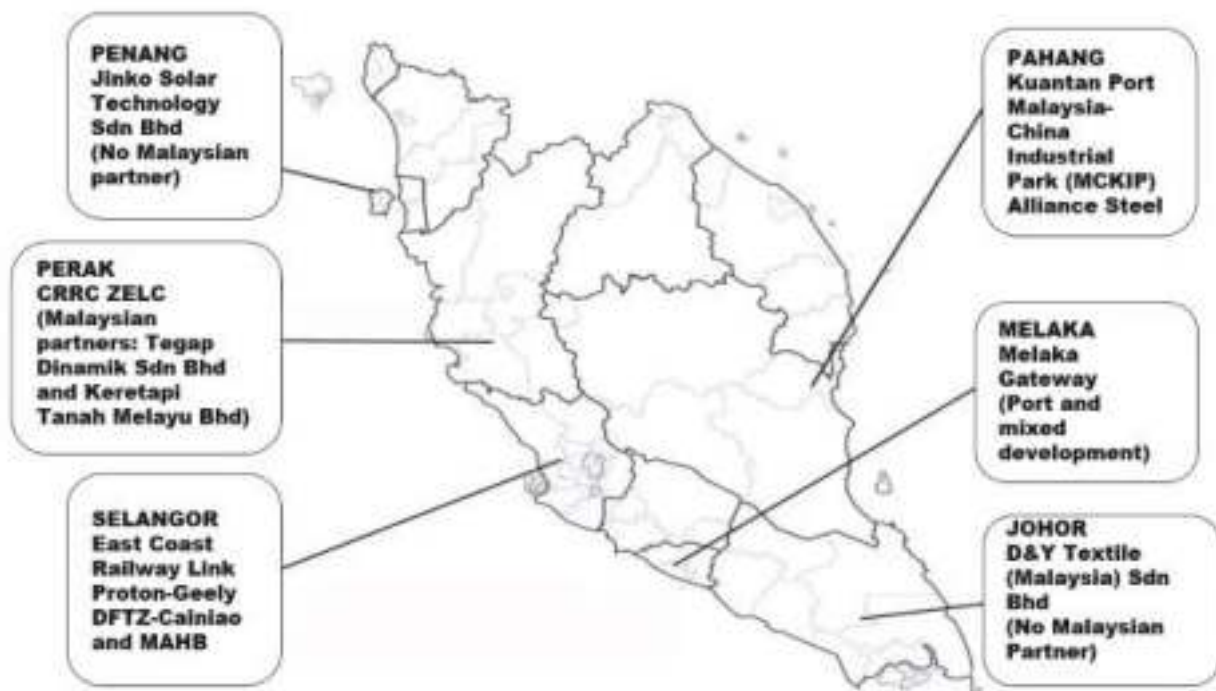
Source <https://www.venturehaven.com.my/malaysias-economic-corridors/>

Appendix 7 Chinese Investment in Malaysia

TABLE A7-1 Trade with China (Millions USD)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Export to China	19049	19203	24912	29953	28782	30711	28204	25987	23720	29402
Import from China	20084	17391	20682	24747	29762	33740	35328	33155	34290	38311

FIGURE A7-1 Chinese Projects in Malaysia



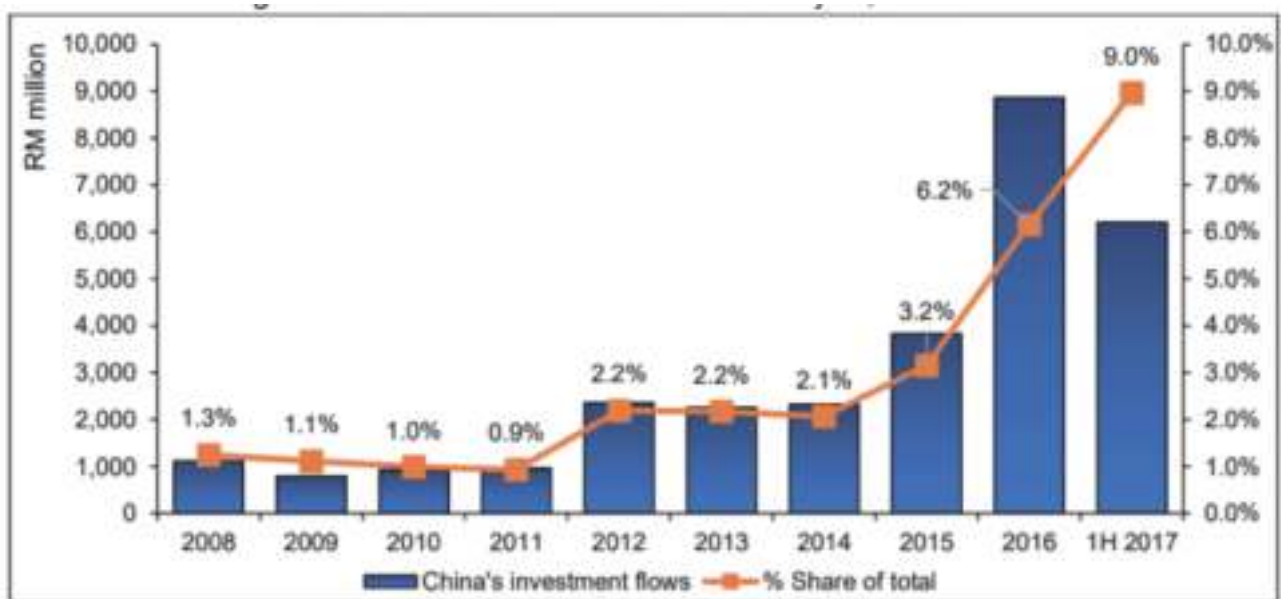
Source Gomez et al., 2020.

TABLE A7-2 Project Breakdown by Sector (Total number of projects: 92)

Forms of Ownership	Industrial/ Manufacturing	Services	Construction	Infrastructure	Agriculture	
State-State	4	1	2	5	0	12
State-State-Private	3	0	1	2	0	6
State- Private -Private	0	1	0	0	0	1
State-Private	4	1	13	10	0	28
Private – Private	3	2	8	3	1	17
China Forms Only (SOEs & Private)	20	1	6	1	0	28
Total	35	6	30	20	1	

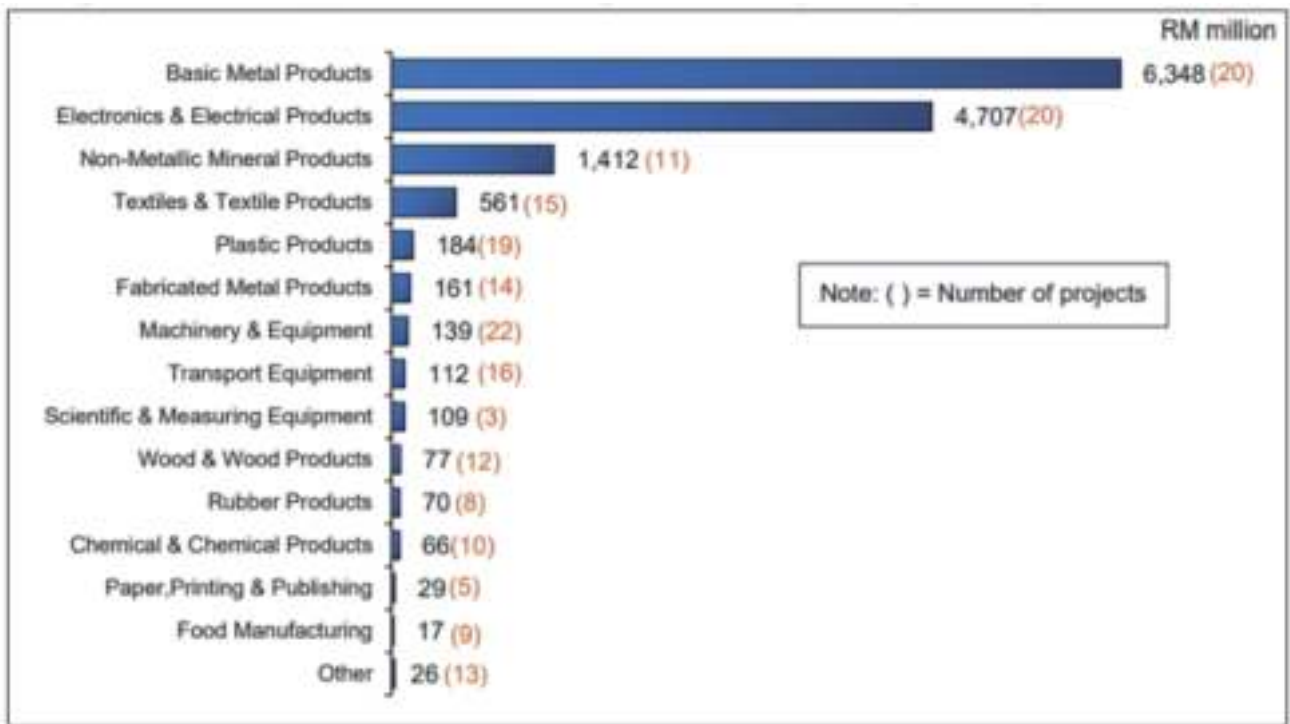
Source Gomez et al., 2020.

FIGURE A7-2 China's investment flows into Malaysia, 2008-2017



Source: Bank Negara Malaysia (BNM)

TABLE A7-3 China's approved manufacturing investment by industry in Malaysia, 2000-2016



Source: Bank Negara Malaysia (BNM)

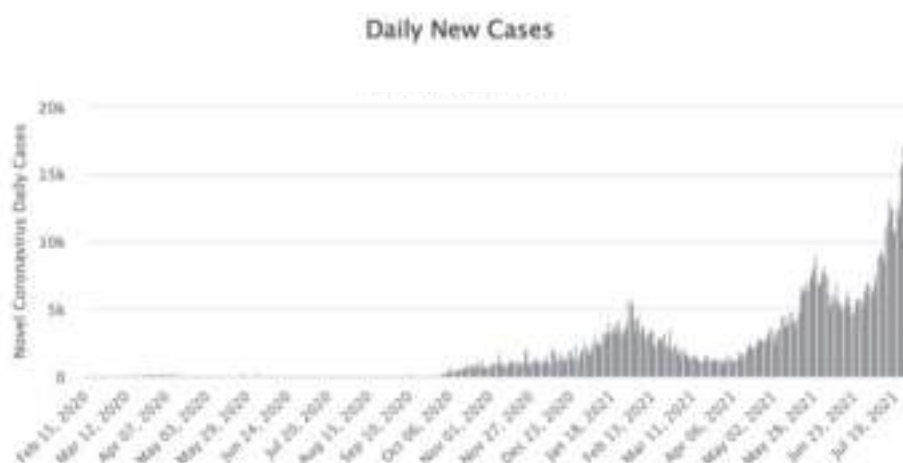
Appendix 8 COVID-19 in Malaysia

By Jeffrey Chung and Arjun Chapagain

Key Figures (as of 29 July 2021) by Ministry of Health for Malaysia²³

- Total Cases: 1,061,476
- Deaths: 8,551
- Recovered: 877,812

FIGURE A8-1 COVID-19: Daily New Cases in Malaysia²⁴



The brief first wave of COVID-19 pandemic in Malaysia began on 25 January 2020 when three Chinese travellers entered Johor, Malaysia from Singapore on 23 January (Rampal and Liew 2021). The first wave, reporting 22 cases in total (and were mostly imported cases) and no death, ended on 15 February (Edinur and Safuan 2020, Shah et al 2020). Shortly afterward, the second wave started on 27 February. The Sri Petaling cluster was the largest cluster, involving a 4-day ((27 February to 1 March) Tablighi Jamaat religious mass gathering held at the Sri Petaling Mosque at Kuala Lumpur (Chong et al 2020, Edinur and Safuan 2020, Rampal and Liew 2021) attended by more than 10,000 people from different countries (Shah et al 2020), making Malaysia 'the hardest hit COVID-19 country in South East Asia at the time' (Aziz et al 2020). The cluster branched into many other subclusters, resulting in more than 3,370 cases (Edinur and Safuan 2020). Also, it spread to the neighbouring Brunei, Thailand, Myanmar and Indonesia, as there were 1,500 international participants and the cases in those countries mostly shared the same lineage (B.6) with those in Malaysia (Chong et al 2020, Edinur and Safuan 2020, Shah et al 2020). The first death was reported on 17 March (Shah et al 2020). A number of actions were taken by the government and the public, such as the release of a US 4.7 billion financial stimulus in February, the announcement of three economic stimulus package (such as the PRIHATIN Economic Stimulus Package²⁵) with a total value of US 60 billion targeting lower and middle income groups as well as small and medium enterprises, the implementation of a 4-pharse Movement Control Order (MCO)²⁶, subsequent Conditional MCO and Enhanced MCO, and targeted screening by the government since early March in attempt to disrupt the transmission chain, the spread of the hashtag #stayhome by the media, the production of personal protective equipment by Non-Governmental Organizations and prison inmates and the setting up of a provisional hospital (Shah et al 2020, Aziz et al 2020, Dass et al 2021). In April 2020, the government also launched a mobile application called *MySejahtera* to help citizens assess and monitor their own health status. The second wave lasted for 4 months and ended on 30 June (Rampal and Liew 2021), while the Sri Petaling Cluster ended on July 8 (Dass et al 2021).

²³ <http://covid-19.moh.gov.my/>

²⁴ <https://www.worldometers.info/coronavirus/country/malaysia/#graph-deaths-daily>

²⁵ Announced on 27 March 2020, the PRIHATIN Economic Stimulus Package aims to provide social welfare to the public and assistance for the businesses (including Small and Medium Enterprises) in order to withstand the impact of COVID-19 pandemic and bring economic recovery.

²⁶ Involving movement restriction, face masks, social distancing and hand hygiene practices

A much tougher third wave hit Malaysia on 8 September 2020, bringing severe impact on the economy and health systems in Malaysia (Rampal and Liew 2021). With a virus mutation type 'easily transmitted with a higher infection probability', the number of cases rose sharply (Rampal and Liew 2021). Frontline health workers and senior politicians were also infected. The 16th Sabah state election on September 26, together with other factors such as the Benteng Lahad Datu cluster at the Lahad Datu District Police Headquarter (the largest cluster), the Tembok prison cluster and the increased rate of testing, were believed to be the major sources of the spike of cases in the third wave (Rampal and Liew 2021, Hashim et al 2021). Malaysia was still in the third wave into July 2021, at the time of writing for this Training Pack. The situation had not improved despite nationwide lockdown and EMCO since June 1, 2021. In the second half of July, the number of daily cases exceeded 10,000 every day. Most cases came from Selangor, the most industrialized and developed state in Malaysia. As of 29 July 2021, the cumulative number of cases nationwide has reached 1/30 of the total population of Malaysia. The dominant virus variant is the highly transmissible Delta variant (Anand 2021).

Vaccination Progress and Plan

The first cluster of Covid-19 antibody is from US drugmaker Pfizer and German accomplice BioNTech, which has shown high adequacy of 95%. 25 million portions (39 percent of the population).

Malaysia has likewise received Covid-19 antibodies delivered by Russia's Gamaleya Research Institute (6.4 million portions), China's Sinovac Biotech (14 million dosages), UK's AstraZeneca (6.4 million dosages), and China's CanSino Biologics (3.5 million dosages).

FIGURE A8.2 Vaccinated and Registered for Vaccination



Source: Covid 19 Malaysia - <https://www.outbreak.my/>, July 26, 2021.

The planned stages

The immunizations are managed in three stages:

- The first stage (February to April 2021): over 500,000 cutting edges who are straightforwardly associated with the battle against Covid-19. This remembers those for medical services, police, the Volunteers Department of Malaysia (Rela), The Fire and Rescue Department of Malaysia (Bomba), and common protection areas.
- The second stage (April to August 2021): 9.4 million individuals who are in the high-hazard bunch, including senior residents over 60 years of age, individuals with non-transmittable sicknesses (NCDs) like diabetes, and individuals with inabilities.
- The third stage (May 2021 to February 2022): for all excess people including grown-ups matured 18 years or more (Loh 2021).

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ABOUT CSHK PASS WORKSHOP SERIES AND CSHK

About CSHK PASS Workshop Series

The Research Centre for Sustainable Hong Kong (CSHK) of City University of Hong Kong is funded by the 'Professional Services Advancement Support Scheme' (PASS) of the Commerce and Economic Development Bureau, HKSAR Government to conduct a Project entitled 'Advancing Professional Development on Economic and Trade Cooperation Zones Along Belt and Road', with the objectives to enhance the understanding of Hong Kong professional services on Economic and Trade Cooperation Zones (ETCZs) along the Belt and Road countries, deepen the understanding of key stakeholders of ETCZs on the competitive edges of Hong Kong professional services and business sectors; and explore potential development opportunities via exchange of ideas and sharing of analyses. From January 2021 to March 2022, the Project will organize 6 professional workshops and 2 symposia (opening and closing), inviting zone operators, local enterprises, professional service leaders, expert scholars and government officials as speakers to conduct comprehensive and in-depth sharing on opportunities, challenges and experiences of overseas development in 7 countries (Cambodia, Sri Lanka, Vietnam, Malaysia, Djibouti, Belarus and Myanmar) and their respective ETCZs. A tentative schedule is as follows:

Date	Programme
7 January 2021	Opening Symposium
8 February 2021	Professional Training Workshop 1 – Cambodia
27 April 2021	Professional Training Workshop 2 – Sri Lanka
11 June 2021	Professional Training Workshop 3 – Vietnam
19 August 2021	Professional Training Workshop 4 – Malaysia
October 2021	Professional Training Workshop 5 – Belarus & Djibouti
December 2021	Professional Training Workshop 6 – Myanmar
March 2022	Closing Forum

Activities are all free-of-charge, and they will mainly be conducted in English to project a global orientation and facilitate participation of overseas stakeholders. Each participant will get a training pack containing country information and analysis for each professional training workshop. Investment / enterprises representatives, representatives from professional service sector, scholars and students who are interested in understanding more about ETCZs are welcome to participate and interact to discover more opportunities for collaboration.

The Project is supported and collaborated by a number of professional bodies and business chambers in Hong Kong, including Certified Management Accountants, Australia (Hong Kong Branch), Hong Kong Chinese General Chamber of Commerce (CGCC), Hong Kong General Chamber of Commerce (HKGCC), Hong Kong Institute

of Certified Public Accountants (HKICPA), Law Society of Hong Kong and The Society of Chinese Accountants and Auditors (SCAA) (names listed in alphabetical order). We thank Golden Resources Group and Red Circle Company Limited for sponsoring the Project generously. Our Supporting Organizations include Association of Women Accountants Hong Kong, Hong Kong Financial Services Development Council, Hong Kong Electronic Industries Association, Hong Kong Trade and Development Council, HK PolyU MBA Alumni Association and JCI Jayceettes. Supporting Units from City University of Hong Kong, include CityU Eminence Society, College of Business, CityU-TsinghuaU EMBA+MPA Programme, College of Engineering, College of Liberal Arts and Social Sciences, College of Science and School of Law.

About Research Centre for Sustainable Hong Kong (CSHK)

The Research Centre for Sustainable Hong Kong (CSHK), established in June 2017, is an Applied Strategic Development Centre of City University of Hong Kong (CityU). Professor Linda Chelan Li, Professor of Political Science at Department of Public Policy, CityU, is the Director of CSHK. The mission of CSHK is to analyze and develop solutions to meet critical sustainability issues in Hong Kong from a multi-disciplinary perspective. Members of CSHK are from a wide range of disciplines, including public policy, philosophy, international relations, applied social studies, communication, law, economics and finance, accountancy, management science, civil engineering, biological engineering and environmental science. CSHK houses the Sustainable Hong Kong Research Hub (SusHK Hub) and supports all the research and collaborative activities with stakeholders from different sectors and regions. Established by a multi-disciplinary research team based in CityU in November 2016, SusHK Hub is an open platform and network for facilitating synergies and collaborations of our members from the academia, industry, professional services and business sectors, as well as government. Currently, it has over 2,000 local and overseas hub members, and has been supporting our research work and events closely. CSHK has recently completed a 3-year Special Public Policy Research (SPPR) project entitled "Hong Kong Professional Services in the Co-evolving Belt-Road Initiative: Innovative Agency for Sustainable Development" Project funded by Policy Innovation and Coordination Office (PICO), HKSARG [S2016.A1.009.16S]. In recognition of CSHK's research in B&R, CSHK is also awarded the Humanities and Social Sciences Prestigious Fellowship Scheme (HSSPFS) by UGC in 2019. A Chinese book entitled 《解構·倡議—專業服務與一帶一路》(Co-evolution of Hong Kong's Professional Services and the Belt and Road Initiative) was published in July 2019 by City University of Hong Kong Press, and an English book entitled 'Facts and Analysis: Canvassing Covid-19 Responses' was published in February 2021.



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