



Investment Environment in Malaysia and the Sarawak State

The Japanese Chamber of Trade & Industry, Malaysia

Takuji Harada, Chairman of trade and investment committee

13 November, 2014

INTRODUCTION OF JACTIM



- Established in 1983
- 592 Members (As of October 2014) ← 121 Members (1983)
- Promote economic relations between Malaysia and Japan, in the areas of international trading, commerce, industries and investment, as well as protecting the interest of Japanese companies and promoting mutual amity among member companies.

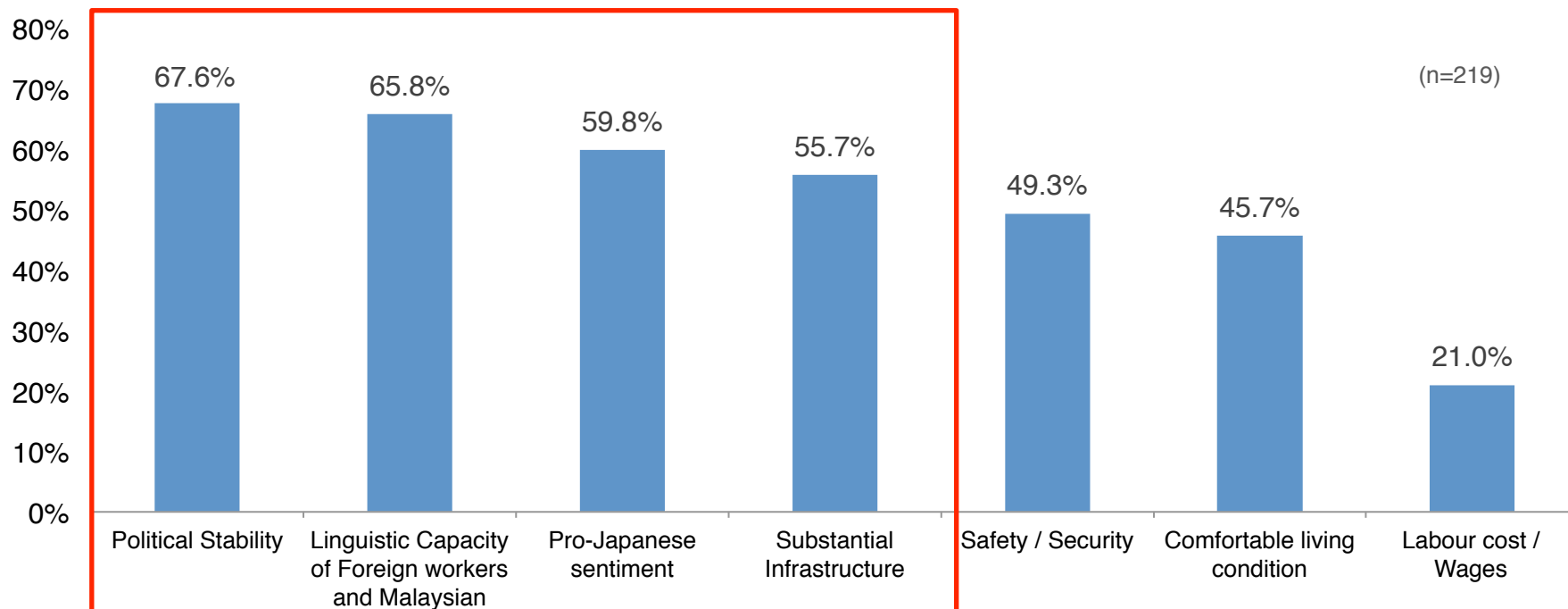
3 Pillars of Activities

1. Promote dialogue with Malaysian Government and propose industrial policy
2. Provide useful information and service to Japanese companies
3. Contribute to the development in culture, education and society through JACTIM Foundation



◆ 2013 Questionnaire conducted by JACTIM & JETRO for Japanese companies in Malaysia

Attractive points of Malaysia as an investment destination (Multiple answer)



Source: 2013 Questionnaire conducted by JACTIM & JETRO for Japanese companies in Malaysia

“Political stability”, “Linguistic capacity of foreign workers & Malaysian”, “Pro-Japanese sentiment”, and “Substantial infrastructure” were marked 50% above.

ATTRACTIVE ASPECTS OF MALAYSIA (in detail)

◆ 2013 Questionnaire conducted by JACTIM & JETRO for Japanese companies in Malaysia

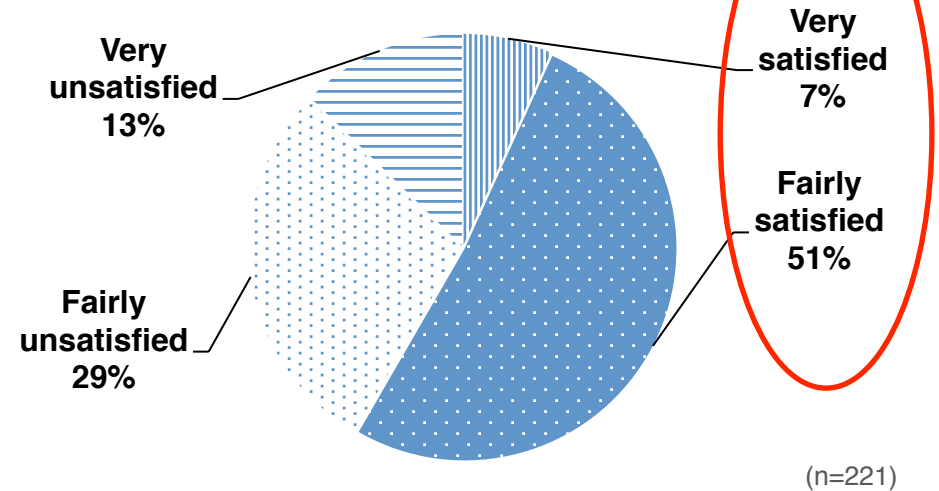
Quality of infrastructure indicators (Rank)

Country	Overall	Roads	Railroads	Seaports	Air
Malaysia	25	23	18	24	20
Thailand	61	42	72	56	34
Indonesia	82	78	44	89	68
Vietnam	110	102	58	98	92
Philippines	98	87	89	116	113

148 countries

Source: WEF, 'The Global Competitiveness Report 2013-2014'

Satisfactory Level of Internet Infrastructure

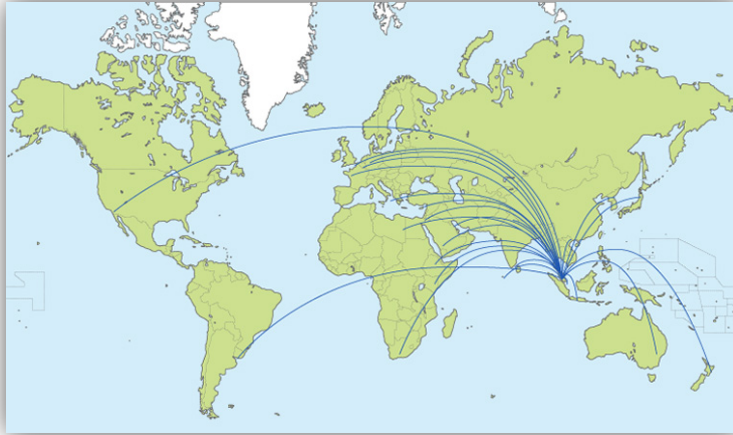


Source: 2013 Questionnaire conducted by JACTIM & JETRO for Japanese companies in Malaysia

Malaysia can become a hub for
Food, Packaging Material, Halal, Data Centre, etc.

ATTRACTIVE ASPECTS OF MALAYSIA (in detail)

◆ Center of ASEAN

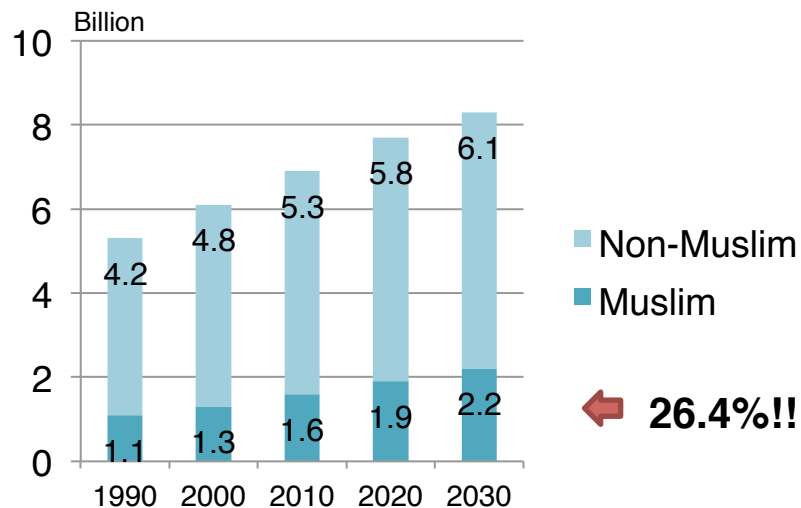


Source: KLIA website

Strategic Location

- Connected transportation network
 - Global and regional connectivity
 - ASEAN : 3 hour flight radius
 - Other Key cities : 6 to 8 hour flight radius (Tokyo, Beijing, Dubai, etc.)
- No major natural disaster
 - earthquake, tsunami/flood, tornado

Muslims as a Share of World Population, 1990-2030



Source: Pew Research Center's Forum on Region & Public, *The Future of the Global Muslim Population*

Gateway to access Muslim Market

Japanese companies can make
Malaysia a gateway to access
Muslim market
in ASEAN and Middle East

ATTRACTIVE ASPECTS OF MALAYSIA (in detail)



◆ Halal

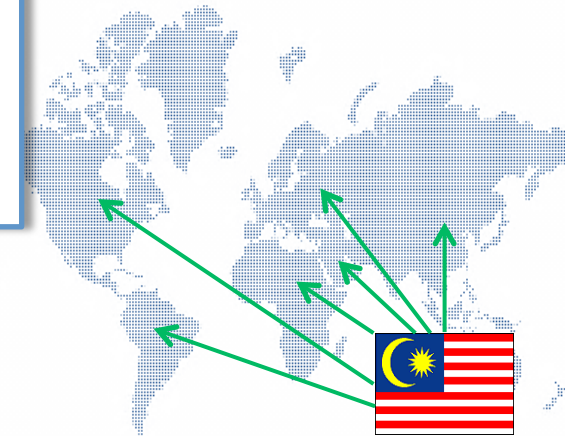


JAKIM (Department of Islamic Advancement of Malaysia)

The government provides full support of the Halal certification process on products and services.

Malaysian halal certification is widely recognized in terms of its credibility and quality, thus expanding business into **Malaysia** leads to success in other Islamic countries.

- Food
- Cosmetic
- Distribution
- Finance
- Insurance



ATTRACTIVE ASPECTS OF MALAYSIA (in detail)



◆ Comfortable Living Environment

Mercer Worldwide Cost of Living Survey, 2014

City	Ranking
Hong Kong	3
Singapore	4
Tokyo	7
Seoul	14
Bangkok	88
Kuala Lumpur	115

Source: Mercer Worldwide Cost of Living Survey, 2014

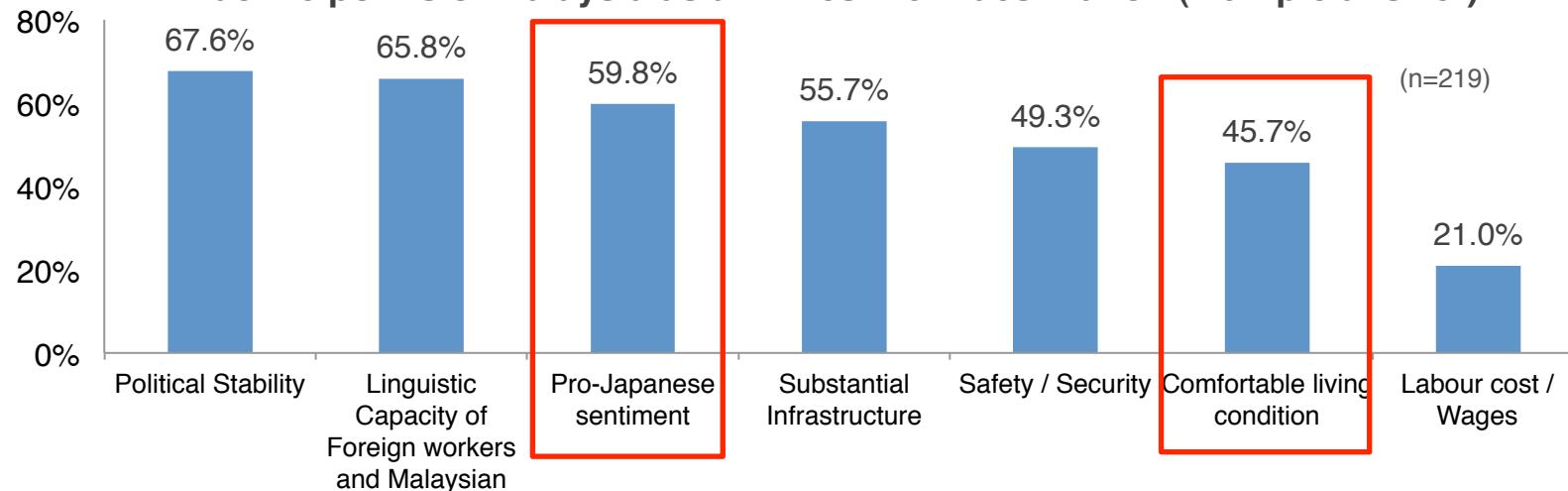
Popular Long Stay Destination for Japanese people

Country	Ranking
Malaysia	1
Thailand	2
Philippines	6
Singapore	7
Indonesia	10

No.1 for the
8th straight year!

Source: 2014 statistical survey on the long-stay programs by the Long Stay Foundation of Japan

Attractive points of Malaysia as an investment destination (Multiple answer)

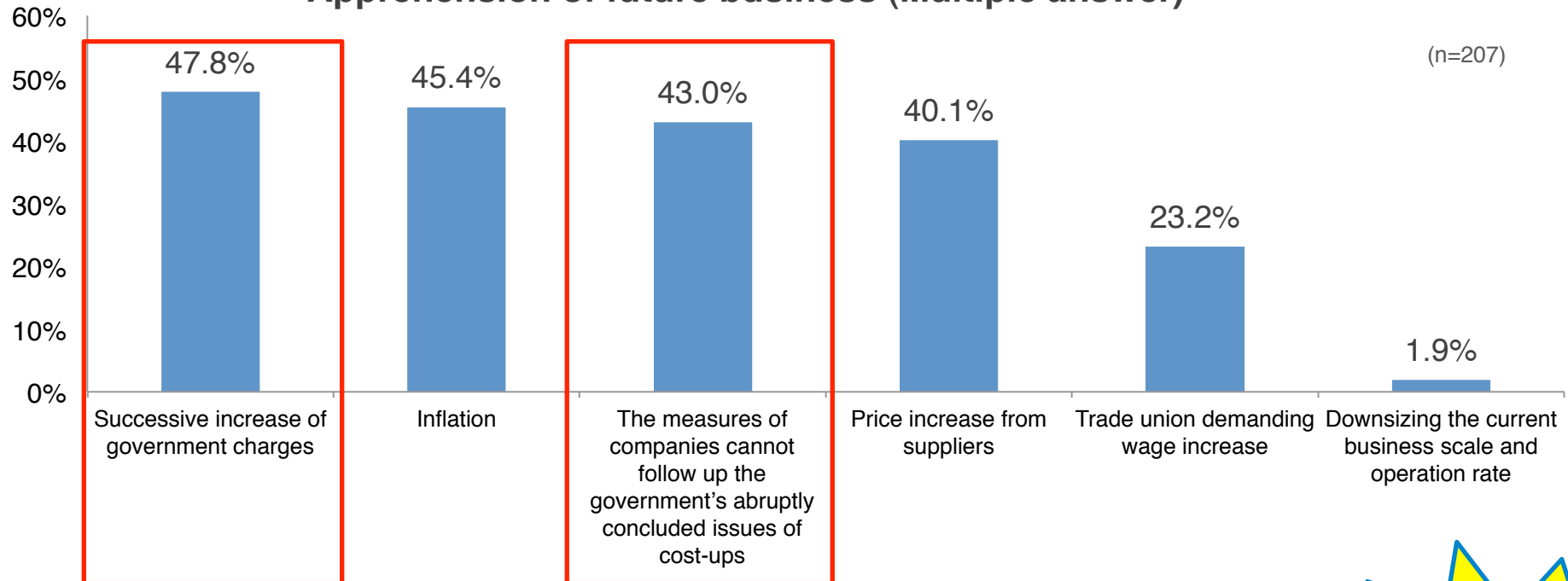


Source: 2013 Questionnaire conducted by JACTIM & JETRO for Japanese companies in Malaysia

Issues faced by Japanese Companies in Malaysia (1)

◆ Social Cost Increase

Apprehension of future business (Multiple answer)



Source: 2013 Questionnaire conducted by JACTIM & JETRO for Japanese companies in Malaysia

Fiscal
consolidation



Subsidy
rationalization



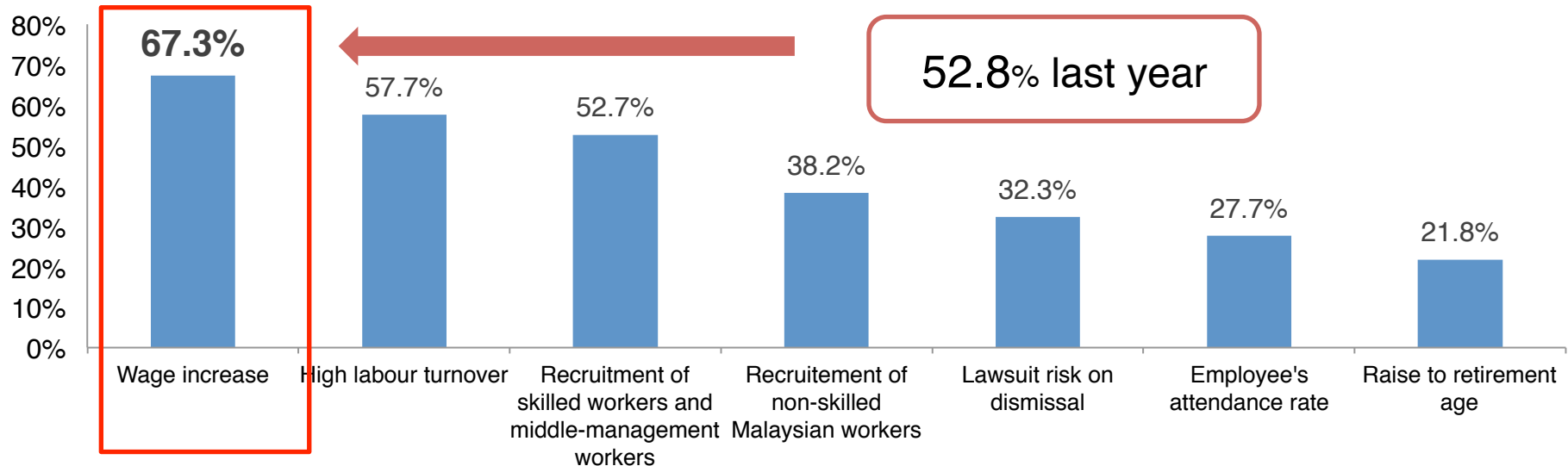
Increase in utility
cost

Losing cost
competitiveness

Issues faced by Japanese Companies in Malaysia (2)

◆ Labour Cost Increase

Issues/Problems of Labor Policy and Employment Environment (Multiple answer)



Source: 2013 Questionnaire conducted by JACTIM & JETRO for Japanese companies in Malaysia

Automation may not always solve the problem of labour.

Companies still have to employ workforce in order to maintain the operations even if automation is increased

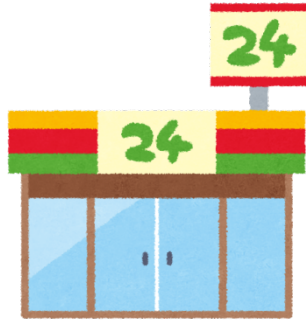
(e.g.) product inspection :

The yield ratio using sensor inspection is lower than that of human-eye inspection.

◆ Domestic Industry Protection

Foreign Investment Restriction → Anti-growth of domestic industry

(e.g.)



Convenience Store

- Open to foreign investor up to 30%
but...
- Franchise ACT **DOES NOT** allow foreign licensor to invest in Malaysian franchisor

We believe that the convenience store makes small retailers in Malaysia revitalize and gives a positive impact on Service Industry

JACTIM will keep proposing ideas to contribute to the profit of Malaysia

◆ Potential of Sarawak



Not only natural resources,
Sarawak also has potentiality in...

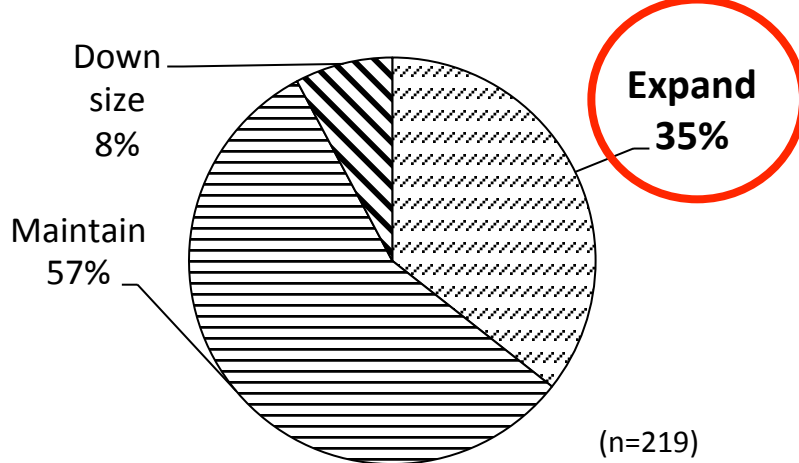
Samalaju Industrial Park

- heavy and energy-intensive industries
- 62km from Bintulu Central Business District
- More than 8,000 ha of land

Tourist Destination

- Mull caves
- Bako national park
- Sarawak Cultural Village

Direction of Future Business Scale



Source: 2013 Questionnaire conducted by JACTIM & JETRO for Japanese companies in Malaysia

Regarding directions for business development in Malaysia, more than one third of companies are intending to expand the business in Malaysia



High hopes for Malaysia!

Partners Together – For a better future



2nd Wave of Look East Policy



Terima kasih banyak
Thank you very much
ありがとうございました



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