

# 60 years of Malaysia-Japan ties

THURSDAY, AUGUST 31, 2017

## Many areas continue to benefit from bilateral ties

**MUSTAPA MOHAMED**  
MINISTER OF INTERNATIONAL TRADE  
AND INDUSTRY, MALAYSIA

2017 marks the 60th anniversary of diplomatic ties between Malaysia and Japan. This relationship may have begun as early as the 15th century when the Melaka Sultanate traded with the Ryukyu kingdom. It was reaffirmed when Japan became one of the earliest countries to establish an embassy in the newly independent Federation of Malaya.

Our trade history as a nation with Japan can be traced all the way back to the 1970s. Japan's industrialization strategy created a high demand for Malaysian commodities then. In the 1980s, our bilateral relationship flourished when policies, incentives and cooperation proposed between both countries set the tone and pace for a healthy affiliation between both nations throughout the years.

Further to this, the "Look East" policy (LEP) and the 1986 Promotion of Investment Act led to an unprecedented inflow of Japanese foreign direct investment into Malaysia. The growth of Japanese business conglomerates, notably in the electrical and electronics sector, facilitated by the favorable business environment in Malaysia, created the momentum to aid Japan's foray into the Malaysia market. Malaysia benefited not only from the trade perspective but more importantly, it has been a booster in developing Malaysia's local skilled workforce. Investments were not the only good thing that Malaysia gained from Japan, but also its culture and technical expertise. As a result, Malaysia went through a phase of "Nipponization" by assimilating Japanese culture and best practices. It was during this period that a joint venture between Heavy Industry Corporation of Malaysia and Mitsubishi Motors Corp. successfully produced the very first Malaysian car, the Proton Saga, in 1985.

The bilateral relationship was further enhanced when Malaysia and Japan established the Malaysia-Japan Economic Partnership Agreement (MJPEA) in 2005. Today 97 percent of goods traded are tariff-free. The Malaysia-Japan Automotive Industries Cooperation was one of the notable outcomes under MJPEA, and some of the key programs implemented included the Automotive Skills Training Center, Business Development Program and Cooperation in Exhibitions.

In 2015, Malaysia introduced the Principal Hub incentive, where investors,



including Japanese conglomerates, could utilize Malaysia as their regional or global operation hub, with access to a multilingual workforce capable of communicating effectively with most markets in the region. In other words, Malaysia would be Japan's gateway to other Association of Southeast Asian Nations' markets. On top of this, Japan stands to also benefit from the numerous trade agreements that Malaysia has signed with other countries.

In the years to come, Malaysia welcomes Japan to continue investing in industries that are high technology, capi-

tal intensive and knowledge-based, while being export oriented. Investments and collaboration in these areas would facilitate the development of more innovative and creative Malaysian products and services.

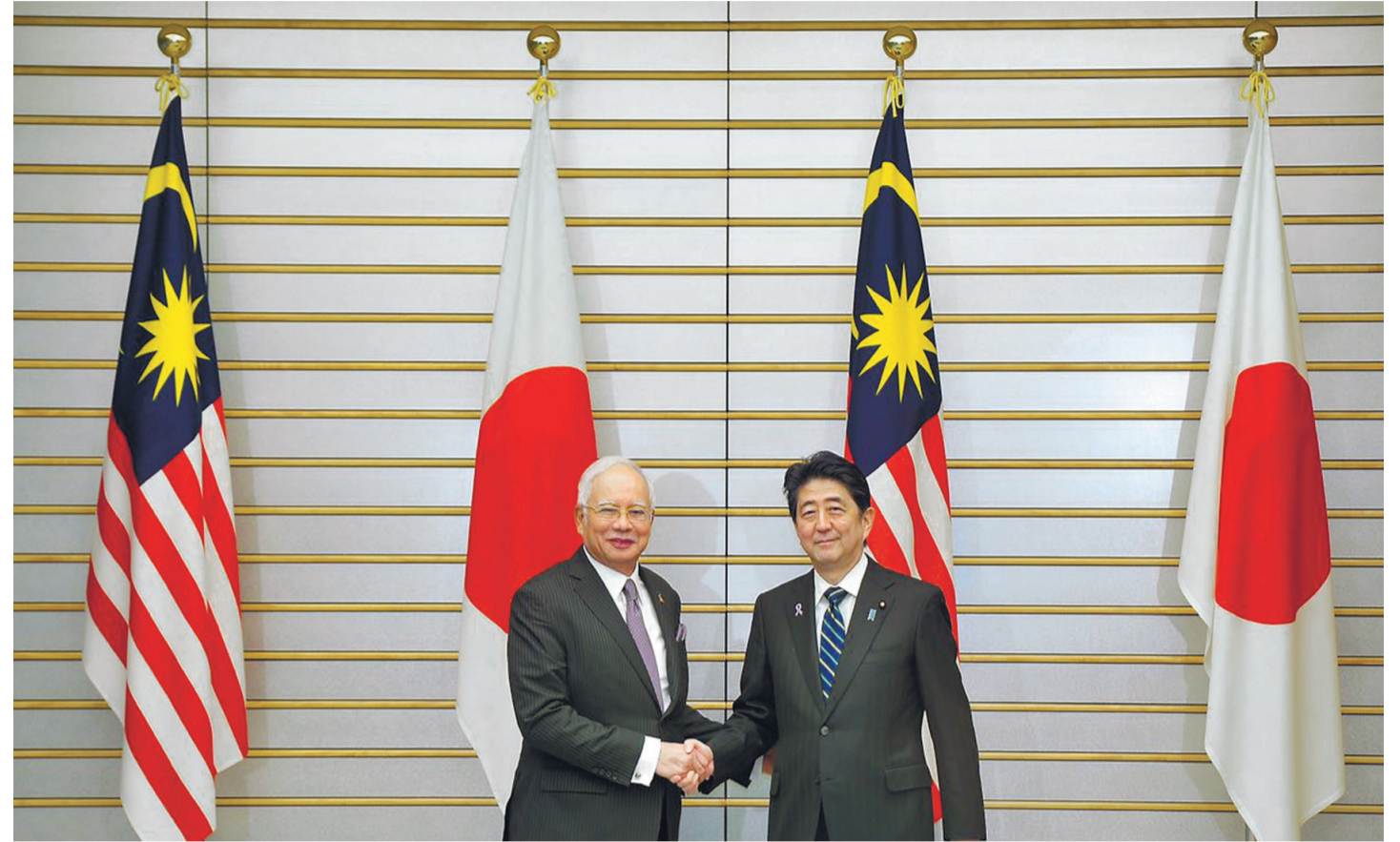
Based on the successful outcomes of the LEP from 1982 to 2012, particularly in the human resource development, Malaysia has continued with its second wave, the LEP 2.0. It shall be even more economically oriented with focus on green technologies, renewable energies and in key areas such as cutting-edge technology and innovation; high-tech skills development; high-end services development, ecosystem management with safe, reliable and renewable energy; small and medium enterprises; and senior citizen programs.

We acknowledge that Japan has been our top source of foreign direct investment since 1980, with the majority of these investments stemming from the expansion or diversification activities of existing or new Japanese companies operating in Malaysia. Japan will be one of our key strategic partners to help achieve our widely known aspiration to be a high-income nation by 2020.

We hope that Japan will continue its support, especially when we are now entering the age of digitalization and "Industry 4.0." We will continue to build upon the strong foundation of our relationship and forge ahead.



Tun Hussein Onn, then-prime minister of Malaysia, arrives for the official launching of the First Joint Annual Conference of the Malaysia-Japan Economic Association (MAJECA)/Japan-Malaysia Economic Association (JAMECA) on Nov. 14, 1977. MAJECA



Malaysian Prime Minister Najib Razak and Prime Minister Shinzo Abe shake hands following a bilateral summit meeting in Tokyo on Nov. 16. MINISTRY OF FOREIGN AFFAIRS, MALAYSIA



Clockwise from top left: The Malaysian Investment Development Authority and Sumitomo Mitsui Banking Corp. sign a memorandum of understanding in Tokyo in April; A Malaysia-Japan Economic Forum was held in Kuala Lumpur on Feb. 4, 2016; From left, Yoichi Morishita, then-president of JAMECA, Mah Siew Keong, then-deputy minister of international trade and industry and Azman Hashim, president of MAJECA, at the opening ceremony of the 25th MAJECA-JAMECA Joint Conference on Sept. 1, 2004, in Kuala Lumpur; Daim Zainuddin, then-minister of finance of Malaysia, third from left, arrives at the 15th MAJECA-JAMECA Joint Annual Conference that was held on June 21, 1990, in Kuala Lumpur. TOP LEFT: MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA / OTHERS: MALAYSIA-JAPAN ECONOMIC ASSOCIATION



## Diligently working to further expand business opportunities

**HIROYUKI ISHIGE**  
CHAIRMAN AND CEO, JAPAN EXTERNAL  
TRADE ORGANIZATION

On behalf of the Japan External Trade Organization (JETRO), I extend my heartfelt congratulations on the 60th anniversary of the establishment of diplomatic relations between Malaysia and Japan.

Aug. 31 marks Hari Merdeka in Malaysia. Exactly 60 years ago today, in 1957, Malaysia gained its independence. The establishment of diplomatic relations between Malaysia and Japan followed soon after, and in the next year, 1958, JETRO set up its office in Kuala Lumpur. The economic relationship between our two countries has prospered ever since thanks to the vitality lent by private enterprise.

Japanese companies have been active in Malaysia since even before those of its neighboring countries in Southeast Asia. The first Japanese manufacturer approved to establish a plant by the Malaysian government was Lion Corp. in 1959. After a trade agreement between our countries came into effect in 1960, Ajinomoto Co. established its presence the following year. In 1962, Malaysia authorized 15 Japanese trading firms to open local offices. And three years later, the entry of Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corp.) helped usher in a rush of Japanese investment in the electric and



electronics industry in Malaysia.

With foreign direct investment by Japanese companies amounting to \$13 billion at the end of 2016, Japan is Malaysia's largest investor in the field of manufacturing, and the second-largest investor after Malaysia's neighbor Singapore when also including the services field. There are now almost 1,400 Japanese companies in Malaysia, and they have been contributing to local economic growth in every possible industry from electronics, automobiles and machinery to metal, chemicals and services.

JETRO assists Japanese small and

medium enterprises (SMEs) in expanding business overseas through various support programs. As Malaysia is one of the most attractive destinations for Japanese investors, numerous SMEs are considering doing business with Malaysian companies. In April we welcomed Minister for International Trade and Industry of Malaysia H.E. Mustapa Mohamed, and held meetings in Tokyo and Osaka to exchange ideas with Japanese SMEs. Expressing interest in the advanced technologies possessed by Japanese SMEs, the minister made clear his strong hope for collaboration between companies of our countries to attain ever-greater heights.

I should not forget to mention the strong ties between Malaysia and Japan in terms of trade. Malaysia has been at the forefront of free trade in Asia as it has consistently maintained an open economic policy since its independence. In 2006, our countries concluded the Malaysia-Japan Economic Partnership Agreement. We are fellow signatories of the Trans Pacific Partnership Agreement (TPP). And we are both ardent in our promotion of the Regional Comprehensive Economic Partnership (RCEP). I believe that we both bear the responsibility to play a leading role in promoting regional free trade and forming new rules to improve business reliability through the facilitation of the TPP and an RCEP with higher standards. Finally, there are the ties between the

people of Malaysia and Japan. After taking office in 1981, the fourth Prime Minister of Malaysia Mahathir bin Mohamad, launched the "Look East" policy in which he passionately led an effort at modernization of the country by looking to Japan for inspiration. Under this policy, the Malaysian government has sent numerous students and business trainees to Japan. The total number of participants who have graduated from universities or completed company training here has now reached approximately 16,000. As they return home, they go on to play active roles as government officials, as well as directors in Japanese-affiliated companies, forming a vital bridge between Malaysia and Japan.

This connection is not limited to the business field. From Japanese fast fashion to animation and music, Malaysia is in the midst of a "Cool Japan" boom. The number of Malaysian tourists visiting Japan annually has increased from 100,000 to 400,000 over just the past five years. Recent years have also seen a growing number of Japanese students studying in Malaysia. As this young generation of Malaysians and Japanese interact, learn about one another's culture and then draw on their experiences in their future careers, it is my hope that this multilayered exchange will grow ever deeper and strengthen the economic relations between our two countries.



# 60 years of Malaysia-Japan ties

## Strong bilateral support in politics, economic relations

As Malaysia celebrates the 60th anniversary of its independence, gained from the United Kingdom on Aug. 31, 1957, the Southeast Asian nation also celebrates the 60th anniversary of the establishment of diplomatic relations with Japan. These past 60 years have proven to be fruitful not only for the two nations' political ties, but also for their economic relations.

Official visits by key figures of both countries show the value each side places on the relationship. Malaysian Prime Minister Najib Razak has visited Japan every year since 2013, while Shinzo Abe has visited Malaysia three times as prime minister. In April, Crown Prince Naruhito made an official overseas trip to Malaysia, 11 years after Emperor Akihito and Empress Michiko did the same.

Diplomatic and political ties naturally led to stronger economic relations. The "Look East" policy moved Malaysia away from its colonial ruler Britain and other Western nations in favor of development among Asian countries, especially Japan.

In the first stage of the "Look East" policy from 1982 to 2012, Malaysians sought training and sponsorship in Japan to learn skills and technical abilities to improve their home country. Through cooperation and support from Japan, Malaysia became one of the so-called economic tigers of Asia.

During this time, Malaysia and Japan signed an economic partnership agreement that went into effect in July 2006.

Since 2012, Malaysia has shifted the focus of the policy, seeking more advanced cooperation. Two projects under this new focus show the deeper economic ties between Malaysia and Japan.

Under the Look East policy 2.0, which started in 2012, small and medium-size Malaysian enterprises have learned from Japanese industry about food safety and security at the government's Hokkaido Food Complex in the Tokachi area of Hokkaido. Malaysian companies have also collabora-



KLIA Aeropolis is a "city" built at Kuala Lumpur International Airport. MALAYSIA AIRPORTS HOLDINGS BERHAD

ted with Japanese companies in developing a platform for mobile digital wallet payment systems.

An emerging market for Japanese companies centers on halal products, as Malaysia has one of the largest populations of Muslims in Southeast Asia.

Several Japanese companies in Malaysia have already adopted Malaysia's halal standards and, with Tokyo hosting the 2020 Olympic Games, more collaboration is underway to enhance halal awareness and training and promote halal-related trade and investment. Already, at least six Japanese halal certification bodies are recognized by Malaysia.

Malaysia is also at the forefront of the new economy with the world's first Digital Free Trade Zone (DFTZ). Launched in March, the goal is to promote trade and increase the growth of Malaysia's e-commerce — aiming to double such growth, create 60,000 jobs and generate \$65 billion in trade — by helping firms such as small and medium-size enterprises export goods, while also lowering tariffs on imports.

The DFTZ will have an e-fulfillment hub, satellite services hub and e-services platform. The e-fulfillment hub will be based at KLIA Aeropolis, the "city" built at Kuala Lumpur International Airport, to facilitate the movement of goods. KLIA Aeropolis, with its business, aerospace and logistics parks, aims to be a leader in air cargo and logistics while also helping to draw visitors through tourism and MICE (meetings, incentives, conferences and exhibitions). The facility also houses a shopping outlet and the Sepang International Circuit that hosts Malaysia's Formula One grand prix race.

At the launch of the DFTZ was China's Jack Ma, the founder and executive chairman of e-commerce giant Alibaba Group, who was appointed by Malaysia to be the government's digital economy adviser. As Alibaba's investment in an 80,000-sq.-meter distribution center at KLIA Aeropolis shows, Japanese companies can similarly look to benefit from the DFTZ.

All these developments mean the future is bright for Malaysia-Japan relations.

## ASEAN profit seen by investing in Malaysia

ZAHIRUL ISHAK  
DIRECTOR, MIDA TOKYO

YUSRI JAMAL  
DIRECTOR, MIDA OSAKA

History has proven that Malaysia is a resilient nation, despite multiple challenges faced by the global economy. The country has a well-diversified economy resting on the back of solid economic fundamentals. With a stable economic and political environment, good infrastructure and proximity to the large Association of Southeast Asian Nations (ASEAN) and Asia-Pacific markets, Japanese firms have long found Malaysia to be suited for their activities as Malaysia is cost-competitive hub for investments in this region.

Since the 1980s, Japan has been among the country's top source of foreign direct investment. As of the end of 2016, a total of 2,621 projects with Japanese participation have been implemented with investments valued at \$27.8 billion. These projects are mainly in the electronics and electrical product, chemical and chemical product, non-metallic mineral product, transport equipment and basic metal product areas.

Malaysia is proud to host notable Japanese companies such as Rohm-Wako Electronic Sdn. Bhd., Panasonic Corp., Nippon Electric Glass Co., Toray Industries Inc., Fuji Electric Co., Ividen Co., Sony Corp., NEC Corp. and Honda Motor Co. Japanese investors are also present in Malaysia's services sector, active in retail, convenience stores, financial services, creative content and regional areas in addition to many sales and trading offices that have existed over the years. In recent years, more and more Japanese companies are using Malaysia as their base for conducting their regional and global operations. This includes the approved "Principal Hubs" of Sharp Corp. and Daikin Industries Ltd., both renowned Japanese companies in the consumer electronics sector.

The strategic importance of Japan to Malaysia has led the Malaysian Investment Development Authority (MIDA), the principal investment promotion agency for the



Malaysian Investment Development Authority (MIDA) CEO Azman Mahmud and Japan External Trade Organization (JETRO) Chairman Hiroyuki Ishige shake hands after signing a memorandum of cooperation in Tokyo on Nov. 16. MIDA

country, to establish offices in Tokyo and Osaka in 1973 and 1982 respectively. They are responsible for promoting Japanese investment in Malaysia, providing potential investors with the latest information on policies and opportunities in the manufacturing and services sectors. They also provide the necessary assistance to potential Japanese investors interested in seeking joint venture partners or technology collaborations in Malaysia.

2017 marks the 60th anniversary of Malaysia-Japan bilateral ties. Many initiatives such as the "Second Wave of the Look East Policy" (LEP 2.0) have contributed to this strong link between our nations. LEP 2.0 is expected to increase more technology transfers, effective collaborations in research and development and successful business joint ventures.

Moving forward, in line with Malaysia's aspiration to become an advanced nation, we look ahead to receiving more quality investment from Japan, particularly in emerging high technology, capital-intensive, high-value-added, knowledge-based, skills-intensive and export-oriented new growth areas that are expected to provide high-income jobs.

These include biotechnology, advanced electronics, display technology, optics and photonics, renewable energy, aerospace, machinery and equipment, halal, pharmaceuticals and medical devices in the manufacturing sector. Malaysia's services sector also provides exciting opportunities for invest-

ment, including regional hubs, business and professional services and information and communications technology services, among others.

Along with the rise of the digital revolution, Malaysia is also embracing "Industry 4.0" to raise competitiveness by encouraging companies to adopt smart manufacturing technologies and processes. Japan is already a robotics powerhouse, with many of its companies, such as Daikin Industries Ltd., Hitachi Ltd. and Konica Minolta Inc., actively involved in automation and "Industry 4.0." There are certainly many areas of potential collaboration between both countries within this sphere.

Malaysia has been recognized as an attractive investment destination by a multitude of independent international institutes and organizations. Recently, a Moody's Investors Service credit analysis has reaffirmed Malaysia as being in the "A" category. Additionally, Malaysia is expected to achieve gross domestic product growth of 4.3 percent in 2017.

In its latest assessment of Malaysia, the International Monetary Fund highlighted that the country has made significant progress toward achieving high-income status. Its economy continues to perform well, despite significant headwinds. The World Bank also recently indicated that while many nations are affected by falling commodity prices, Malaysia stands out for having transformed itself from a narrow commodity-exporting nation into a modern diversified economy.

A 2017 survey by BAV Consulting and the Wharton School of the University of Pennsylvania named Malaysia as the best country in which to invest. A recent Cushman & Wakefield report titled "Manufacturing Risk Index 2017" again named Malaysia as the most attractive location for manufacturers.

MIDA looks forward to continuously working together with Japanese investors to capitalize on the opportunities that are present in the ASEAN region.

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## Extensive resources to support businesses

SHAH NIZAM AHMAD  
MATRADE TOKYO DIRECTOR

What is the mission of the Malaysia External Trade Development Corporation (MATRADE)?

The main mission of MATRADE is to assist Malaysian exporters to expand their market overseas, as well as to support foreign importers to procure products and services from Malaysia. As the National Trade Promotion Agency under the Ministry of International Trade and Industry of Malaysia, MATRADE also assists and develops Malaysian companies to be export ready. Aided by a network of more than 40 overseas offices located in major commercial cities around the world, MATRADE provides a wide range of services to both Malaysian exporters and foreign importers in promoting trade activities.



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What is the background of trade between Japan and Malaysia and where do you see it in the future?

The history of Japan's trade with Malaysia started with the trading of primary commodities, namely logs, tin and natural rubber. As the years went by, Malaysia's shift to industrialization has largely contributed to changing the bilateral trade composition into more manufactured products.

In 2016, Japan was ranked as Malaysia's fourth-largest trading partner, fourth-largest export destination and third-largest import source. Total bilateral trade between Malaysia and Japan last year was \$28.98 billion, which included liquefied natural gas (LNG), electrical and electronic products, machinery, equipment and parts, transport equipment, chemical and chemical products and manufactured metal, among other things.

During the first six months of 2017, trade with Japan amounted to \$15.59 billion, growing 17.5 percent from the same period a year ago. Exports to Japan were valued at \$8.58 billion, up 14.4 percent due to higher exports of electrical and electronic products, LNG, chemicals and chemical products and crude petroleum, as well as

petroleum products. Imports from Japan also rose by 4.9 percent to \$7.02 billion.

Certainly, Japan is expected to continue as Malaysia's major trading partner and there are new areas that Malaysia and Japan can further enhance and strengthen in our bilateral economic and trade ties.

In relation to this development, the year 2016 marked a milestone in the relationship between MATRADE and the Japan External Trade Organization (JETRO), as a memorandum of cooperation to double the efforts in promoting trade between the two countries was signed and witnessed by the prime ministers of both countries in November.

What is the mission and focus of MATRADE Japan? What does MATRADE do to promote Malaysian businesses?

As for Japan, MATRADE Tokyo and Osaka have been assisting both Malaysian companies and Japanese importers in expanding their markets and businesses, while sourcing products and services from Malaysia in all sectors and industries. However, recent developments in Japan's market have created a number of niche areas where Malaysian and Japanese companies could collaborate and leverage on each other's capabilities to take advantage of available business opportunities. Among those sectors are halal, creative content industries, renewable energy, including palm kernel shell and wood pellet and wood-based products.

Opportunities in the halal area are getting serious attention from Japanese companies, particularly those in the food and services industries to cater to increasing foreign tourists in Japan. Japanese prefectures are aggressively promoting their Muslim-friendly business environment to accommodate the growing demand for halal food and services. More restaurants are currently offering halal menus and Muslim-friendly options to tourists as Japanese tour operators have begun to offer Muslim tour packages in Japan. Malaysian halal food products are able to leverage the widely recognized halal JAKIM logo in selling to Japanese companies and consumers. Additionally, Tokyo has also recognized the importance of halal in its preparations toward the 2020 Tokyo Olympic and Paralympic Games.

The memorandum signed in November between MATRADE and JETRO will intensify co-operation in areas of mutual benefit

such as facilitation in trade promotion activities, exchange of information, collaboration in specific programs and projects to promote sectors, including the halal sector.

In this regard, export promotion for food and beverages, including halal products had been one of the core activities of MATRADE Japan. In March, MATRADE Japan participated in FOODEX Japan, the largest food and beverage trade show in the Asia-Pacific region for 15th consecutive year, together with Malaysian food and beverages companies showcasing their products and capabilities to Japanese and international buyers.

On the occasion of the International Sourcing Program held in conjunction with the Malaysia International Halal Showcase in Kuala Lumpur, 13 buyers from Japan attended, which resulted in sales of \$8.77 million, or 8 percent of the total sales generated by 391 international buyers.

The other sector would be the creative, multimedia and content area of the gaming industry. Today, Malaysia's digital content industry has succeeded in making the country a regional hub for digital content among Japanese digital content companies.

Based on observations and interactions with Japanese digital content companies, we've found that they are keen for outsourcing and finding joint venture partners to further expand both their business and market. At the same time, Malaysian creative talent is recognized for its capability to produce quality 3-D animation and visual effects, post-production work for films and TV and video game development, as well as mobile applications and games. A number of Malaysian digital content players are now providing services to Japan companies.

MATRADE Japan conducted the first Export Acceleration Mission on creative, multimedia and content to Japan in Tokyo last year. Sixteen Malaysian gaming companies and the Malaysia Digital Economy Corporation participated in the mission, and also took part in the Tokyo Game Show 2016.

MATRADE Japan, with the strong support of the Embassy of Malaysia, strives to promote Malaysia's exports to Japan through various trade promotion activities such as trade fairs and business matching programs and welcomes enquiries from Japanese companies interested in sourcing products and services from Malaysia.

## Halal food producer to strengthen presence in Japan

Calvin Ang heads Ayamas, Malaysia's leading producer of chicken-based products. The company's goods are processed by Ayamas Food Corp., a subsidiary of QSR Brands Holdings.

Ang leads the company through its trading and distribution arm, QSR Trading. Once known as KFC Marketing, QSR Trading is building a path to future success by maintaining its robust growth momentum of the last few years.

"Our products are widely accepted by Muslims in Malaysia and abroad, hence we look forward to expanding worldwide, particularly in Japan," said Ang. "We are already supplying table sauces to Japan's Aeon and Olympic supermarkets."

"Since our build-up in exports in 2013, our presence has been strongly felt in Brunei, Singapore, Cambodia, Myanmar, Vietnam, Indonesia, Bangladesh, the Middle East, the Maldives, Australia, New Zealand and Japan," he continued.

"Our exports to Japan, Singapore and Brunei endorse our stringent food quality and halal requirements — which are simplified by JAKIM (the Department of Islamic Advancement of Malaysia), known for having the highest halal standards in the Islamic world — as established," Ang explained.

The term halal refers to food and drink that is permissible for Muslims to consume under Shariah law. It specifies what food is allowed (types of meat and animal tissues) and how it must be prepared.

Ayamas has also been JAKIM's reference point in the context of halal, and the group is widely known to

have achieved the best practices in Malaysia.

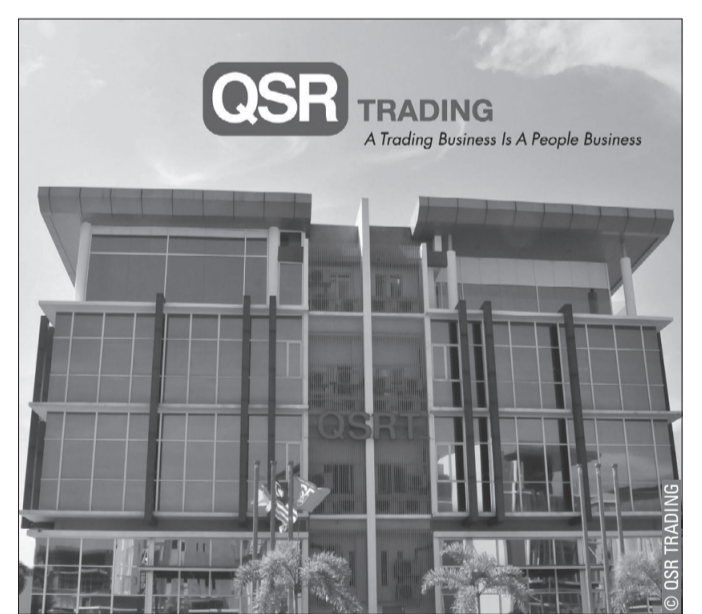
As a group (through its upstream and downstream business divisions), QSR Brands has over 30,000 employees and is the major "farm to fork" operator in Malaysia.

"It owns the national franchising rights for KFC in Malaysia, Singapore, Cambodia and Brunei, as well as for Pizza Hut in Malaysia and Singapore," Ang said. "Our expertise has grown our house brand Ayamas into one of Malaysia's favorite home brands. Ayamas has also extended its expertise to provide halal primary products and further processed products (FPP) to KFC and Pizza Hut."

In fact, the QSR Upstream Division has a portfolio of more than 100 SKUs (stock keeping units) and is well positioned to maximize its price capture, volume expansion and higher value-added range to cater to its domestic and export markets.

"We foresee that our current growth of 10 percent will be enhanced, especially in the Asia-Pacific region," Ang said. "In particular, we are eyeing Japan — with its upcoming hosting of the Rugby World Cup in 2019 and the Olympic Games in 2020 — as a target market to import halal products for the events to meet the expected huge demand of its Muslim visitors. We hope to achieve this via OEMs for Japanese brands for our range of halal food under FPP."

"Halal is not only about Muslims, it also refers to hygienically treated food and products, making them ideal for consumption by all religions," he explained.



QSR Trading headquarters

"Being a major halal player that has been around for 30 years, the QSR Upstream Division looks forward to collaboration partnerships with Japanese companies keen on catering to athletes and tourists in international events such as the Olympic Games in Tokyo. Our FPP range has an international flavor that should appeal to all."

The QSR brand — Ayamas Kitchen — is currently venturing into specific market segmentation to bring it closer to its targeted age groups. It recently launched its ready-to-eat range of food, offering delicious portable meals for consumers living life on the go.

QSR Trading has also had significant experience in the sale and marketing of Japanese products in Malaysia since 2010. As Malaysia's distributor of Japan's most widely known sesame dressing, Kewpie, QSR Trading has successfully made this product famous

among Malaysian consumers, especially the halal-conscious sector.

Over the years, the QSR Upstream Division has won numerous awards and certifications, including the prestigious "International QUDAL (Quality MeDAL) Gold Award" for 2016-17, by Switzerland's ICERTIAS (International Certification Association), for Ayamas as the best brand in the category of top-quality frankfurters in Malaysia.

On March 30, Ayamas received the "Best Buy" award for 2017-18, from ICERTIAS for its frozen food, while QSR Trading was selected as the "Best Regional Enterprise — 2016" by the London-based Socrates Nomination Committee. Additionally, ICERTIAS in May nominated the company for its "Customers' Friend — Because it's You we Care About" award for 2017-18. ♦ On Facebook: qsr\_brands\_upstream\_division

# 60 years of Malaysia-Japan ties



Left: People shopping at the 2016 Malaysia Mekan Fest in Yokohama. Right: The Nippon Budokan Foundation organizes a Japanese budo demonstration outside Japan every year. MALAYSIA GOHAN KAI / NIPPON BUDOKAN FOUNDATION

## Strong bonds through food, culture, sports

Over the next several months, a variety of events will be held to celebrate the 60th anniversary of diplomatic relations between Malaysia and Japan.

Malaysia Gohan Matsuri 2017 - Malaysia Mekan Fest will be held on Saturday and Sunday at Zou-No-Hana Terrace in Yokohama's Naka Ward, where visitors can enjoy Malaysian foods, see ethnic costumes and listen to Malay song performances. Admission is free for this indoor event.

Zou-No-Hana (literally meaning elephant trunk in Japanese) Terrace is in the bayside Zou-No-Hana Park, a three-minute walk from Nihon-Odori Station on the Minatomirai Line.

Makan means eating in the Malay language and here at the event, you will find delicious food such as nasi lemak, bak kut teh, chicken rice, rendang beef, satay and other authentic Malaysian cuisines, provided by restaurants Pokok Pisang (Khao Man Gai in Five Minutes), Malaychan, Malay Kampung, Malay Asian Cuisine, A1 Bak Kut Teh and Gootara Cafe Kagurazaka.

There will also be booths selling preserved foods, such as curry paste, curry powder, tomato-flavored canned sardines and coconut milk, as well as various goods such as sea cucumber soap, pewter mugs and other Malaysian products. Uchiyama Shoten bookstore, in Tokyo's Jimbocho district, will sell Malaysia-related books at the event.

In addition to a photo exhibition, there will be workshops where visitors can try Malaysia's traditional batik cloth dyeing. There will also be a discussion among Malaysians who love Japan on recommended Malaysian cuisine.

The second edition of this annual event is organized by Zou-No-Hana Terrace, Malaysia Gohan-No-Kai (Malaysia Food Net) and Malay Asian Cuisine Yokohama, and sponsored by the Malaysia Tourism Promotion Board, the Malaysia External Trade Development Corporation (MATRADE) and Hati Malaysia.

While food and other events bring people from different cultural backgrounds together to have fun and deepen mutual understanding, exchange through sports brings friendship among players and excitement among fans, regardless of



Japan x Malaysia Friendship Concert 2017 will be the biggest-ever concert involving major Japanese artists in Malaysia.

nationalities.

The Daihatsu Yonex Japan Open 2017 Badminton Championships in Tokyo runs from Sept. 19 to 24. Malaysian pro Lee Chong Wei will be competing as he aims to win the tournament for the seventh time.

Lee, who will turn 35 in October, played the Daihatsu Yonex Japan Open for the first time in 2001, when he was 18. His first victory came in 2007, and since then, his love for Japan has brought him back almost every year.

Similar exchange events will be taking place in Malaysia as well, including the Japan x Malaysia Friendship Concert 2017 that will be held on Sept. 25 at Sunway Lagoon Surf Beach in Malaysia, featuring Japanese and Malaysian singers.

This will be the biggest concert involving major Japanese artists in Malaysia, and certainly the first of its kind to have such a collaboration among Malaysian and Japanese artists.

Japanese performers include Japanese idol group Juice=Juice, former AKB48 member Tomomi Itano, Harajuku dance rock band An Café, electro-rap group Charisma.com and Anna Tsuchiya, who is also a model and award-winning actress.

Charisma.com's DJ Gonchi has been fea-



Malaysian badminton pro Lee Chong Wei will play in the Daihatsu Yonex Japan Open 2017 in September. TANG SHI

tured on the Malaysian TV program "Mad Markets Hokuriku Special," a travel show collaboration between Japan and Malaysia.

Malaysian performers include rock band Bunkface, Jaclyn Victor, Joe Flizzow and Alvin Chong. Additionally, Fazz, who performed in the Haneda International Anime Music Festival 2015 in Tokyo and toured Tokyo in 2016, is slated to perform.

The Japan x Malaysia Friendship Concert 2017 is jointly organized by IME Malaysia, Toybox Projects and Ishida Taiseisha Inc. and will be attended by people from both countries, strengthening the bonds between the two countries and enhancing the understanding of the music culture between both countries. The event is endorsed by the Japanese Embassy in Malaysia, Wisma Putra, the Japan External Trade Organization, Japan National Tourism Organization and Japan Foundation.

In another event, the Nippon Budokan Foundation will organize a Japanese budo martial arts demonstration, to be held in Shah Alam, Malaysia, on Nov. 12.

A delegation of 75 Japanese will demonstrate judo, kendo, sumo, aikido and other martial arts to estimated 2,000 to 2,500 visitors. The foundation organizes such demonstrations every year outside Japan.

## Promoting downstream oil and gas industry

**IZHAR HIFNEI ISMAIL**  
CHIEF OPERATING OFFICER OF  
JOHOR PETROLEUM DEVELOPMENT  
CORPORATION BERHAD (JPDC)



The PIPC sits on a 20,000-acre piece of land in Pengerang, in Malaysia's Johor state. The PIPC is designed to accommodate downstream oil and gas industrial facilities such as refineries and petrochemical plants, deep-water terminal and storage tanks, naphtha crackers, regasification plants and supporting facilities, as well as manufacturing plants and industrial parks.

To be developed in phases, the PIPC covers both core and non-core downstream activities. Included in the PIPC master plan are designated areas for related support services such as a plastic and fine chemicals park, a light and medium industrial park, a waste management center, an emergency response center, a logistics hub, a commercial hub and others.

The striking attraction of the PIPC lies in the robust design of the PIPC master plan that strives to enable and promote future growth and sustainability, by offering a wide spectrum of investment opportunities targeted at downstream oil and gas players.

Being a project of national strategic importance, the PIPC is given perks with the government of Malaysia's prioritized support. This can be seen with the establishment of the Johor Petroleum Development Corporation Berhad (JPDC), a dedicated federal government agency mandated to plan, coordinate, facilitate and promote the overall development of the PIPC. The JPDC covers the depth and breadth of a "project manager" role in making sure the development of the PIPC is on track, according to plan and with sufficient funds. It is under this purview that the JPDC provides guidance to potential parties seeking to invest in the PIPC.

Further evidence of government support can be seen through the development of world-class infrastructure and public amenities for convenient mobility and connectivity, as well as improved quality of living for all dwellers of Pengerang.

Additionally, a further benefit lies in having a dedicated government forum to fast track development of the PIPC, supported by the strong involvement of both the federal government of Malaysia and the state government of Johor.

There are other forms of incentives applicable to investors, both local and foreign. These include investment tax allowances, import duty exemptions, reinvestment allowances and others. These incentives may vary between plans and structures, depending on the status of companies

investing in Malaysia or the PIPC. The JPDC, being the appointed organization to oversee the overall development of the PIPC, collaborates with the Malaysian Investment Development Authority (MIDA) to actively guide investors, and potential investors alike, to the applicable incentives.

Two investors, one of them Malaysian and the other a joint venture of a Malaysian company and a Dutch company, are already in the PIPC. We welcome diverse investors.

We have been targeting petroleum and petrochemical storage terminal investors, intermediate petrochemical companies, integrated petrochemical companies (with naphtha cracking facilities) and specialized petrochemical companies for collaboration. In order to realize that, we have been organizing one-to-one business meetings in targeted countries, participating in investment trade missions with MIDA and the Johor state government, as well as taking part in major downstream oil and gas exhibitions such as the Asia Oil and Gas Conference, Oil and Gas Asia and others.

And of course, we are interested in bringing in Japanese investors. We see this as an ideal time for Japan to invest in the PIPC.

In Malaysia's context, the weakened ringgit against major currencies has made it an attractive destination for investors. For Japan, this translates into a lower cost of doing business and an opportunity for it to diversify its business in the PIPC.

As mentioned earlier, the PIPC will house oil refineries, naphtha crackers, petrochemical plants that will produce feedstock for companies focused on the manufacturing of downstream products such as plastics, packaging, automotive components and chemicals. When investing in the PIPC, petrochemical and manufacturing companies from Japan can expect to have access to raw materials nearby, resulting in reduced operating costs and improved profit margins.

Apart from that, Japan has always been among our main trade partners and we acknowledge Japan's reputation as having some of the top companies in the world when it comes to specialty chemicals. We are always interested in welcoming these companies to come and invest in the PIPC, not only because of the above mentioned reasons, but because we can also benefit from the technology and skills they bring in.

The inception of the PIPC began with the launching of the Economic Transformation Programme (ETP) on Sept. 25, 2010, that seeks to transform Malaysia into a high-income nation by 2020.

Twelve industrial sectors were identified to drive the ETP, and the key thrust to achieving the ETP for the oil, gas and energy sector is by implementing two Entry Point Projects. These include building a regional oil storage hub and increasing petrochemical output by developing integrated refinery and petrochemical complexes.

The formulation of the PIPC is hinged on the mission that it will be able to add value to the crude oil that Malaysia produces and simultaneously monetize the strategically located extensive land with its natural deep-water port in Pengerang.

The PIPC is expected to generate gross national income (GNI) of \$489 million and 4,883 new high-income jobs by 2020, and GNI of \$2 billion and 27,064 new high-income jobs in the subsequent phase of completion.

The PIPC is set to have oil refining capacity of 1 million barrels per day, production of 11.8 million tons of petrochemicals per day, 5 million cubic meters of oil storage and an annual capacity for 3.5 million tons of liquid natural gas regasification by 2020.

JPDC collaborates with key stakeholders, government-related agencies and industry experts in ensuring equitable participation among Malaysians in general, and the residents of Pengerang specifically, empowering them to tap into the economic space of the PIPC.

To date, a series of re-skilling and up-skilling training programs for more than 2,000 locals has been coordinated and facilitated by the JPDC. These programs are aimed at creating a downstream oil and gas industry workforce with an impressive 93 percent employability rate.

Compared to other regions or similar projects, the PIPC possesses more strength with access to existing major international shipping lanes between the Middle East and China. The proximity of Pengerang to Singapore is a huge benefit, as Malaysia's refinery hub has to be close to the world's commodity traders that are largely based in Singapore. Apart from that, the PIPC has water depth of more than 24 m with a harbor that is safe and sheltered throughout the year. With no breakwater, it enables very large crude carriers (VLCC) and ultra large crude carriers (ULCC) to operate. It also has few environmentally sensitive areas and these can easily be preserved. These key strengths make it the ideal location for the development of a major integrated petroleum complex. When fully completed, the PIPC will have a complete portfolio of products, full trading facilities and will be a center of excellence for downstream oil and gas for the country and region.

Adding value to the chain of attractions of the PIPC is the readiness of good infrastructure and public amenity projects catered for industrial use and tenants of the PIPC, as well as surrounding areas. These projects are crucial as they provide modern means of access such as transportation and internet connectivity, as well as conducive working and living environments. To date, 52 percent of the infrastructure and public amenity projects have been completed and are in operation, including an upgrading of roads, drainage systems, medical clinics, schools, fire and police stations, day care centers and others.

# PIPC

PENGERANG INTEGRATED PETROLEUM COMPLEX

## We're open for business.

We invite you to explore exciting new opportunities and possibilities in the downstream oil and gas hub in Pengerang, Johor, Malaysia.

Located close to Singapore and the east-west international maritime route, PIPC offers deep-water harbor facilities, oil and gas storage terminals and ample sites for refineries, petrochemical plants and downstream activities, supported by growing infrastructure of world standards.

Be part of the growth. Be part of PIPC.

Contact us at:



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The refinery complex under construction at PETRONAS Pengerang Integrated Complex within PIPC. Targeted to be ready for start up by 2019. Picture courtesy of PETRONAS.

# 60 years of Malaysia-Japan ties

## KHTP the perfect gateway for hi-tech firms in ASEAN

Malaysia continues to be an attractive destination for foreign direct investment from around the world, especially Japan. According to the latest figures from Japan's Ministry of Foreign Affairs, direct investment from Japan in Malaysia totaled \$9.2 billion in 2015 and initiatives such as the Kulim Hi-Tech Park (KHTP) has helped to smooth the way for Japanese companies looking to set up shop in the Southeast Asian nation.

KHTP is a strategic national economic development. Located in northern Malaysia in the state of Kedah, which includes the resort island of Langkawi and borders Thailand, KHTP is partially funded by the federal government and administered by the state government.

Since opening as Malaysia's first high-tech science park in 1996 and welcoming its first client, the U.S. chip making computer technology giant Intel Corp., KHTP has attracted a wealth of multinational industrial tenants such as German company Osram GmbH, Infineon Technologies AG, Fuji Electric Co. and Panasonic Corp.

Japanese businesses are the major investors at KHTP, with 10 companies having a presence at the park. Panasonic has set up Panasonic Energy Malaysia at the high-tech park as its solar manufacturing base. The other Japanese companies there are Fuji Electric Malaysia of Fuji Electric Co.; Fuji Logistics Malaysia of Fuji Logistics Co.; Fujimi-Micro Technology of Fujimi Corp.; Hamadatec of Hamada Technos Co.; Hoya Electronics Malaysia of Hoya Corp.; Showa Denko HD Malaysia of Showa Denko K.K.; System Seiko Malaysia of System Seiko Co.; Tomoe Malaysia of Tomoe Shokai Co.; and Toyo-Memory Technology of Toyo Seikan Co.

Fuji Electric Malaysia, which registered its business in KHTP in 1996 and started operations there two years later, cites the "overall infrastructure and ecosystem," and "fast and readily available logistics solutions" as reasons for running its magnetic

disk and semiconductor business from the park.

One of the major advantages of investing in KHTP is the access to a talented labor pool. More than 70 percent of the workers come from Kedah. The federal government has been supporting the country's labor force in acquiring necessary industrial-sector skills, with emphasis on technology.

Another advantage is the access to key markets in the Asia-Pacific region that Malaysia can provide through its geographic location and as a member of the Association of Southeast Asian Nations (ASEAN). Under normal traffic conditions, KHTP is about 40 minutes from Penang International Airport. According to airport operator Malaysia Airports Holdings, Penang handled 6.6 million passengers and 150,000 tons of cargo in 2016. Looking at Penang International Airport's limited capacity, the state of Kedah has proposed a new international airport to be built near KHTP. This airport will be linked through a highway to the KHTP Industrial Zone.

Moreover, the stable political environment and complete support from local and federal governments also add to the incentives for investing in KHTP.

These were among the elements Panasonic pointed out when talking about the ease of setting up its business at KHTP: "Malaysia is very business-friendly, and MIDA (the federal government's Malaysian Investment Development Authority) as well as Kulim Technology Park Corp. helped us to set up our operation so much faster in Kulim Hi-Tech Park."

The corporation, which develops and manages KHTP, is a wholly-owned subsidiary of the Kedah State Development Corp.

The park corporation has developed the greenfield into a well-integrated science park. Careful planning of the project by the government has helped create a development that balances work, life and the environment while bringing tremendous benefits to investors and the local

population.

There are six zones throughout the park: industrial; urban; housing; institutional; amenity (such as a golf course); and research and development, and training. Green reserves have also been integrated into the plan. This zoning allows people to work and live in a pleasurable environment.

More than 1,760 hectares of land at KHTP have been developed, with a further 2,000 hectares set to be developed in the KHTP Master Plan 2. With so much land, the opportunities for investment are ripe. Prime industrial land is available for long-term lease, while commercial space at several purpose-built centers can be rented.

Adding to the incentives to invest in KHTP is the fact that this prime industrial land comes already leveled, so construction can start immediately on the facilities in mind. With the flexibility that comes with an abundance of land, the high-tech park can cater to the spatial needs of each tenant.

The prime office space and buildings ready for rent at KHTP offers even more options for those wishing to conduct business at the high-tech park. This space can be rented by companies while awaiting the completion of their facilities, so they can continue their business activities with minimal disruption. Companies that offer services to park tenants can also make use of this office space, providing visibility and ease of access. The office space is also perfect for organizations to establish branches to serve people in the high-tech park and surrounding areas.

Among other perks of doing business at the park are the intangible attractions of Kedah State itself, such as cultural, natural and historical sites.

Perhaps most well-known to those from outside Malaysia, Langkawi is a perfect day trip or holiday getaway. The island resort is also home to the Langkawi UNESCO Global Geopark.



Kulim Hi-Tech Park is home to many foreign companies' factories and research and development centers. KHTP

For those who like to add the spice of adventure to their nature activities, the Sedim River offers whitewater rafting. In the same area, the longest treetop walk in Malaysia, spanning 925 meters, will take you at elevations up to 26 meters through the flowers and among the birds of the Gunung Inas tropical rainforest, and its wealth of flora and fauna. Both attractions are a short drive from KHTP.

The state of Kedah, coincidentally, is known as the rice bowl of Malaysia since it is the major producer of the grain in the country.

Support for Japanese companies is prevalent throughout Malaysia. Among the recent visitors to KHTP was the Japanese Chamber of Trade and Industry, Malaysia (JACTIM), which on May 17 conducted a research mission on the investment environment in Kulim Hi-Tech Park. With such a strong and deep-rooted Japanese presence in Malaysia, doing business in the country has never been easier for Japanese companies.

These are some of the many reasons for Japanese investors to consider KHTP, but above all, Malaysia and the Kulim Tech-

nology Park Corp. as a park developer are looking forward to welcoming more Japanese investors to make KHTP their first choice investment destination. The large number of Japanese investors in KHTP is further proof that it is a secure and stable place to invest in.

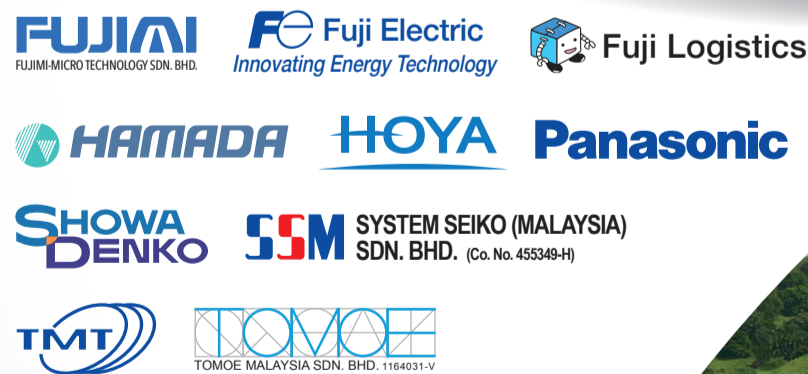
As Malaysia and Japan mark the 60th anniversary of the establishment of diplomatic relations, perhaps now is the perfect opportunity to think about starting an investment relationship with the Kulim Hi-Tech Park to foster the future development of Malaysia and Japan.

### KULIM HI-TECH PARK MALAYSIA

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KULIM HI-TECH PARK™**  
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- Large pool of local talent
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- Clean, potable water
- Easy access to logistic network
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- Mature industrial ecosystem
- Highly sustainable development
- Autonomous local authority
- Flexible and innovative incentives and so much more