

Malaysia Special

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Solid partnership aims for ‘unparalleled development’

YB DARELL LEIKING
MINISTER OF INTERNATIONAL TRADE & INDUSTRY

For decades, Japan and Malaysia have enjoyed a good relationship in various spheres such as trade, investment, education, technology and culture. After Prime Minister Mahathir Mohamad assumed his premiership this year, the bilateral relationship between both countries gained renewed momentum with new aspirations by the government of Malaysia. Japan was the first country visited by our honorable prime minister and it signified the close relationship between Mahathir and Japan.

Upon achieving its independence in 1957, Malaysia's trade relations with Japan soared; the first Japanese investment in Malaysia was the joint venture of a textile manufacturing project undertaken in the same year. In subsequent years, the number of joint projects with Japan increased significantly, particularly in the 1970s.

After World War II, Japan managed to sustain high economic growth and emerged as the world's second-largest economy in 1981. The whole world was amazed by Japan's economic success. In 1982, Mahathir announced the Look East Policy during the Fifth Annual Joint Conference of MAJECA-JAMECA (Malaysia-Japan Economic Association and Japan-Malaysia Economic Association) at the Hilton Kuala Lumpur. This policy has played an important role in shaping the Malaysia-Japan relationship. The success of the policy has led to the establishment of the second iteration of the Look East Policy. During Mahathir's recent visit to Japan in June, both prime ministers vowed to revitalize and strengthen the Look East Policy, which underscored Mahathir's desire to have more collaboration between Malaysia and Japan, especially in the areas of technology and innovation.

Japan has always been one of Malaysia's top sources of foreign direct investment. From 2006 until March this year, a total of 183 Japanese regional establishments in Malaysia have been approved with invest-



ment value amounting to \$672.8 million. Some of the notable companies are Scientex Berhad, Metrod Holdings Japan, Tokyo Gas, Komatsu and Panasonic Financial Centre. As of March 2018, four Japanese conglomerates were approved with "Principal Hub" status.

Japanese companies, including small and medium-sized enterprises are welcome to invest, particularly in the new growth areas characterized by emerging technologies, being capital intensive, high-value added, knowledge-based, skill-intensive, export-oriented and increasing automation, as well as the extensive research and development areas. Japanese companies are also welcome to use Malaysia as their gateway into the Association of Southeast Asian Nations that offers a market of 640 million people.

Malaysia has a strong domestic ecosystem that allows companies to grow and expand in this region. With the capabilities and technological competitiveness from Japan and Malaysia's highly skilled workforce and impressive investment environment, sectors with high potential

can be further explored by both countries. These would include, in particular, aerospace, medical devices, artificial intelligence, renewable energy, chemical and petrochemical, e-commerce, blockchain technology and the halal industry. For the halal industry, since Japan was our third-largest halal export destination in 2017, with an export value of 2.82 billion ringgits, it is anticipated that Malaysia will play a significant role in providing her expertise in halal-related areas in preparation for the upcoming 2020 Summer Olympic and Paralympic Games in Tokyo.

The trade and investment mission to Japan scheduled for Oct. 15 to 17 this year will be the first trade mission by myself as minister of international trade and industry. It reflects the acknowledgement of Japan's contribution to Malaysia's economy as the fourth-leading trading nation in 2017. It aims, among other things, to enhance bilateral economic and trade relations between both countries and showcase that Malaysia is committed to providing an improved business-friendly environment with heightened transparency and good governance, as well as being trade facilitative. This mission, which includes a bilateral meeting with my Japanese counterpart, a seminar on business and investment opportunities in Malaysia and one-to-one business meetings with selected companies, will provide a great opportunity for both sides to explore further collaboration.

The fundamentals of the diplomatic relations between Malaysia and Japan since our independence has indeed been further enhanced over the years. Through economic partnership, the trade between both countries has grown by leaps and bounds with various industries benefitting from the burgeoning synergy. As for the Ministry of International Trade and Industry, we will continue to serve as the main focal point for trade and investment.

I trust that with the slogan "New Malaysia," the bilateral relationship between Malaysia and Japan will be reinvigorated and elevated to greater heights leading to unparalleled development for both nations.



Malaysian Prime Minister Mahathir Mohamad and Japanese Prime Minister Shinzo Abe shake hands during their meeting in Tokyo on June 12
BERNAMA

Advancing economic growth via cooperation

HIROSHIGE SEKO
MINISTER OF ECONOMY, TRADE AND INDUSTRY

I would like to offer my heartfelt congratulations to Malaysia on its 61st anniversary of independence. Japan and Malaysia opened diplomatic relations on Aug. 31, 1957. Since then, the two countries have deepened their relationship in all aspects, including politics, economy, culture and education.

On the economic front, Japanese companies began to advance into Malaysia in the 1960s, led by the electric and electronics industries. Later, against the backdrop of a stable political situation, increased English proficiency and well-developed fundamental infrastructure in Malaysia, a greater variety of Japanese industries joined the movement, including automakers, chemical companies, retailers and financial institutions.

Under the Look East Policy that was launched in 1982 by Prime Minister Mahathir Mohamad, during his first stint as prime minister from 1981 to 2003, cooperation proceeded in economic matters, including human resource development and technology transfers. In particular, skilled Malaysian workers who were sent to Japan under this policy acted as a bridge for the two countries' economic relationship.

Currently, around 1,400 Japanese companies are operating in Malaysia. These companies are making significant contributions to Malaysia's economic development with the creation of approximately 340,000 jobs and conducting business with, and transferring technologies to, Malaysian companies, among other activities.

Last year, the number of Malaysian tourists visiting Japan rose to a record 440,000 people, and the number is expected to grow further. At the same time, investment in Japan by Malaysian companies is also increasing, as exemplified by the development of a ski resort in Hokkaido and the opening of a luxury hotel in Kyoto. Moreover, cooperation has begun in new fields.



For example, the Malaysia Digital Economy Corporation and the Japan External Trade Organization have been cooperating in promoting matching between startup companies from the two countries since 2016. I am looking forward to further development of the economic relationship through such reciprocal activity.

In 2006, the Japan-Malaysia Economic Partnership Agreement (JMEPA) was put into force as an initiative to further enhance the economic relationship between the two countries. Through the enforcement of the JMEPA, which covers a broad range of items and issues, including the liberalization of the flows of goods, capital and services, the improvement of the business environment and cooperation in the automobile and other industrial sectors, the value of trade between Japan and Malaysia expanded to approximately ¥3.6 trillion in 2017. Furthermore, the balance of direct investment grew to approximately ¥1.6 trillion in 2017, reflecting an ever-

evolving bilateral economic relationship.

It is also important to promote efforts to strengthen broader economic partnership in addition to the bilateral economic partnership. Japan and Malaysia have been closely cooperating with each other to realize various regional integration initiatives, starting with the Association of Southeast Asian Nations-Japan Comprehensive Economic Partnership, which came into force in 2008. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which was signed in March this year, is an economic partnership agreement that establishes 21st century rules in a wide range of areas, including rules on electronic commerce and state-owned enterprises. In the interest of disseminating high-quality rules, I hope that Malaysia will ratify this agreement as soon as possible.

Regarding the Regional Comprehensive Economic Partnership (RCEP), in March this year, I expressed support for ASEAN's policy of concluding this agreement by the end of the year on the premise that appropriate levels of quality will be secured. For its part, Japan has continued to actively engage in negotiations in order to finalize a high-quality RCEP in cooperation with ASEAN at a time when the RCEP negotiations are attracting increased attention amid the growing worldwide concerns over protectionism. For example, in July, Japan hosted a ministerial RCEP-related meeting in Tokyo, which was the first such meeting to be held outside ASEAN. It is very significant that by promoting such activities, Japan and Malaysia will continue to increase the sophistication and depth of their partnership and play leading roles in expanding cooperative relationships and disseminating high-quality economic rules throughout Asia and across the globe.

Japan and Malaysia have been cooperating in various fields while developing good relationships at the bilateral and regional levels. I am committed to ensuring that Japan and Malaysia will grow together and contribute to the economic development of this region.

Past and present of Malaysia-Japan relations

HIROYUKI ISHIGE
CHAIRMAN AND CEO OF JAPAN EXTERNAL TRADE ORGANIZATION

On behalf of the Japan External Trade Organization (JETRO), I extend my heartfelt congratulations on the inauguration of the Mahathir administration and appointment of Darell Leiking as the minister of international trade and industry.

With the 14th general election on May 9, a change in government was seen for the first time in Malaysian history. The voter turnout exceeded 80 percent, reflecting the will of the people.

Mahathir Mohamad, who served as the fourth prime minister from 1981 to 2003, was appointed once more as the seventh. In 1981, Mahathir advocated what became known as the Look East Policy. Based on the premise that the secret to the success and development of Japan, Korea and Taiwan lay in their labor ethics and enthusiasm for learning and work, this policy called for Malaysia to incorporate these elements from the three countries to develop its own economy and society and establish an industrial foundation for the country.

At the helm of the Malaysian government again, Mahathir visited Japan this June on his first trip overseas, where he affirmed his intention to revive the Look East Policy, saying, "I would like to continue efforts to learn much from Japan and realize sustainable growth by following Japanese labor ethics and their working attitude."

With the foreign direct investment by Japanese companies amounting to approximately ¥1.6 trillion, for Malaysia, Japan is the largest investor in the manufacturing industry, and the second-largest investor after neighboring Singapore when also including the service industry. There are now about 1,400 Japanese companies in Malaysia, and they have been deepening the economic relationship in every possible industry, such as electronics, automobiles and machinery, metals, chemicals and services.

In a survey of Japanese companies in Malaysia conducted from January to March by the Japan Chamber of Com-



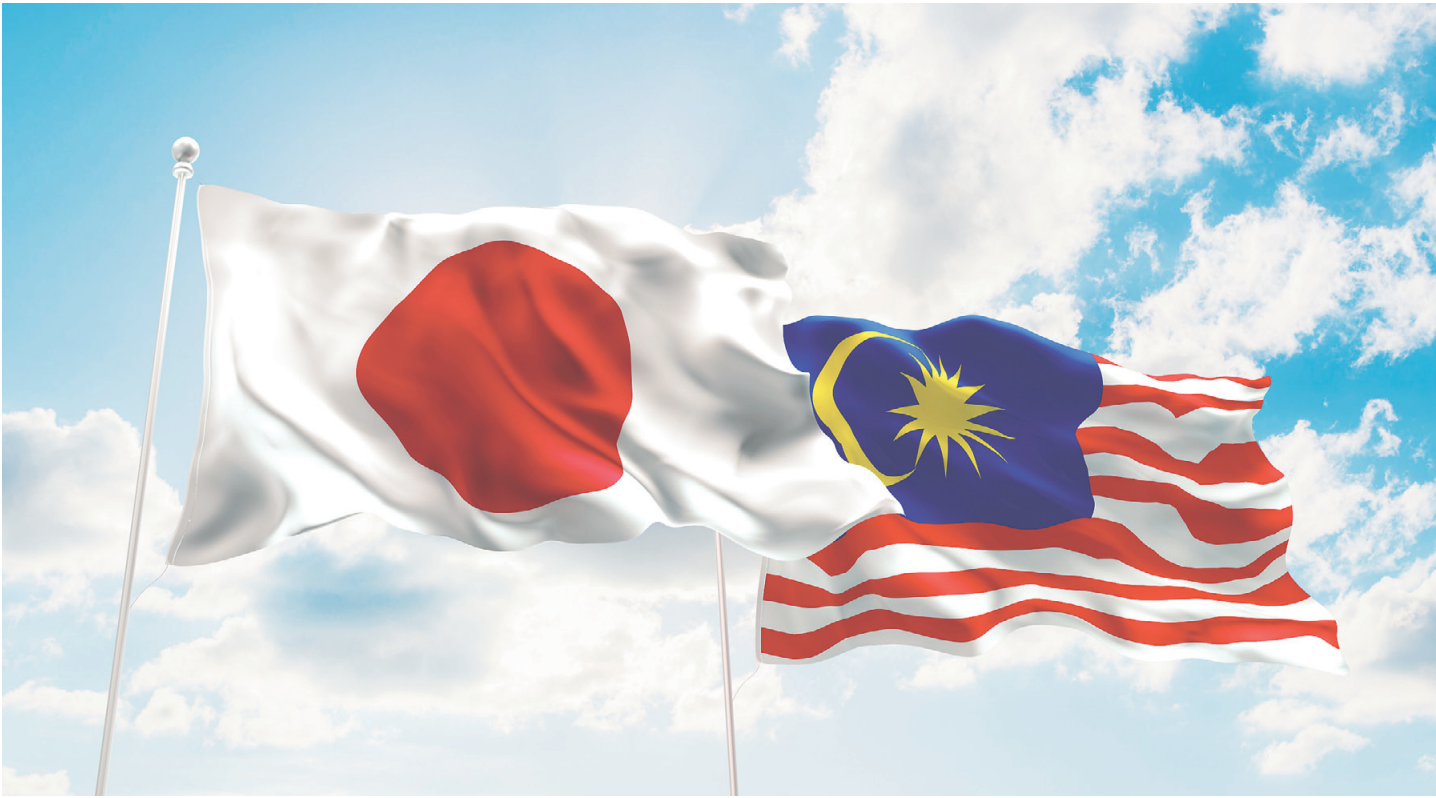
merce and Industry, Malaysia, approximately 40 percent of all responding companies (184 valid responses) answered that they intended to expand business in Malaysia, an increased percentage from the previous year. When including companies expecting to maintain current levels, this ratio reaches 98 percent, while the ratio of companies intending to reduce business or withdraw is the smallest in the past five years. Furthermore, over half plan to introduce technologies related to "Industry 4.0" into their products or services. At the time of the prime minister's visit to Japan, he expressed eagerness to encourage Malaysian companies to learn about the advanced technologies and experiences of Japanese companies. Including new fields such as big data, it is expected that the cooperative relationship between Malaysia and Japan will continue to deepen in the future.

JETRO set up its office in Kuala Lumpur in 1958, just one year after Malaysia realized its independence and established diplomatic relations with Japan. Since then, we have been assisting Japanese small and medium-sized enterprises (SMEs) in entering Malaysia through our various programs. Malaysia is one of the destina-

tions Japanese SMEs are most interested in to expand their business, and many are considering entry to the market. And this interest has only grown since the change in government. Given Malaysia's high income levels within Southeast Asia, a growing number of Japanese companies are keen to export agricultural products and food to the country or enter its market to set up Japanese restaurants, which are very popular in the country. In this regard, we at JETRO help create business opportunities in new fields, such as by matching Japanese companies with Malaysian startups.

Regarding relations between our countries, we have to keep in mind the strong ties on the trade side. Malaysia has been at the forefront of free trade in Asia as it has consistently maintained an open economic policy since its independence. Malaysia and Japan concluded the Japan-Malaysia Economic Partnership Agreement in 2006 and are fellow signatories of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11). Malaysia, like Japan, is determined in its promotion of the Regional Comprehensive Economic Partnership (RCEP). I believe that we both bear the responsibility to play a leading role in promoting free trade and forming new rules to improve business reliability through the facilitation of the TPP-11 and RCEP with high standards.

In strengthening ties between the two countries, economic or otherwise, nothing is more important than people. Under the Look East Policy, the Malaysian government sent numerous students and corporate trainees to Japan. Upon returning to the country after graduating from universities or finishing their programs at companies in Japan, those people have gone on to take high positions in Japanese companies and the Malaysian government, where they have played an active role in developing their country as a bridge between both countries. I hope that an even stronger bilateral relationship will grow under the Look East Policy in the new era, so that we may see a rejuvenation in such person-to-person connections between Malaysia and Japan.



Japanese and Malaysian flags MIDA

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Strong, diverse economy has much to offer investors

It is often said that statistics only tell half the story, and for anyone interested in investing in Malaysia, it's well worth taking a closer look.

According to the International Institute for Management Development's (IMD) World Competitiveness Rating, the Malaysian economy was the 22nd most competitive market in the world — eighth if the parameters are limited to countries with a population of over 20 million.

Of the 63 nations surveyed for the IMD's World Competitive Yearbook 2018, Malaysia was also listed as the 10th most digitally competitive nation.

Meanwhile, The World Bank ranked it the 24th easiest country out of 190 in the world to do business — placing it above the likes of Japan, France, Belgium, the Netherlands and China.

Additionally, Malaysia placed 14th in Global Finance magazine's ranking of countries doing the most to attract foreign direct investment, just one place below the United States.

An even more compelling picture is revealed through the World Economic Forum's latest Global Competitiveness Report, which places Malaysia as the 23rd most competitive of 137 nations ranked, up two places from 2017. The southeast Asian nation has shown year-on-year increases in almost all areas measured by the WEF, including business confidence, industrial and manufacturing production and auto production.

The stats emphatically indicate that Malaysia can rightly boast a healthy business environment, even if they are no match for the country's heyday when, in the 1980s and '90s, Malaysia's average gross domestic product growth was 6.7 percent, peaking in 1996 at 10 percent, making it one of the best-performing economies in the region. The stats suggest that is a status it still enjoys.

In recent years, Malaysia has successfully transformed itself from being an exporter



Malaysia is one of the fastest-growing economies in the world. GETTY IMAGES

of raw materials such as rubber and palm oils into a diversified economy whose largest sector is services, which account for 54 percent of GDP.

According to the Malaysian Investment Development Authority, in order for Malaysia to continue its march toward gaining "developed nation" status, "greater emphasis should be targeted on the development of the services sector to serve as the engine of growth to propel and sustain the economy."

The growth of the services sector is one of the telltale signs that one of the long-revered tiger cub economies of Asia has grown into a shrewd adult, despite, or arguably, because of its annual GDP growth falling to an average of about 1.2 percent since 2000, according to Malaysia's Department of Statistics.

"In the 1980s and '90s we were on a manufacturing drive and growing rapidly, but I think we have matured since then,"

said Yee Yang Chien, president and group CEO of international energy-related maritime solutions and services provider MISC Berhad. "Back then there was a migration of manufacturing to the East, so we were in a sweet spot. We can no longer compete with countries such as Vietnam and Cambodia that are now able to supply manufactured products a lot cheaper than us. But one way we can compete is by investing in the human element."

Indeed, officials have pointed to Malaysia's educated and talented workforce as being among its major selling points. Additionally, its championing of creativity and innovation, as well as its strategic location, linked to its proximity to the main Asian markets, are touted as other notable points.

Yet, while Global Finance magazine cited steady growth as a main reason for Malaysia's stellar performance in its global FDI Superstars survey, it also mentioned politi-

cal stability. The last election brought about the country's first change in government since Hari Merdeka — Malaysia's independence day — in 1957.

That change has brought some uncertainty both at home and abroad.

Some of this relates to new policies and the cancelation of large China-backed infrastructural projects by the government of newly elected Prime Minister Mahathir Mohamad. The World Bank, in its July Malaysia Economic Monitor Report, stated that policy changes introduced in line with Mahathir's election mandate would need to be "managed carefully to minimize additional risks to the economy."

Meanwhile, however, Malaysia's new leaders have made it clear that Kuala Lumpur still welcomes foreign investors with open arms and, what's more, has much to offer them.

"I would like to take this opportunity," said Darel Leiking, Malaysia's minister of international trade and industry, when addressing business leaders in Kuala Lumpur on Aug. 13, "to reiterate and provide assurance that Malaysia will continue to be an open economy with a business friendly environment, and MITI (Ministry of International Trade and Industry) will strive to work hard in making Malaysia the preferred investment destination and among the most globally competitive trading nations in the world."

Trade, he added is "our lifeline" and "central to our vision" to join the ranks of advanced developed nations. "With our trade to gross domestic product ratio of 136 percent, naturally the government will continue the practice of an open economy to encourage and facilitate businesses," he said.

Outside the leadership, too, there appears to be optimism over what this new era of Malaysia's economic history could deliver.

The World Bank's Malaysia Economic Monitor report noted that "Malaysia is entering into a new period that offers an opportunity to strengthen structural

reforms and accelerate its convergence with high-income economies."

One way the Malaysian authorities have tried to achieve the goal of making the country an important gateway into the Association of Southeast Asian Nations' market is by offering an array of investment incentives.

In the manufacturing and services segment, it offers pioneer company status, allowing income tax exemption of between 70 percent and 100 percent for five to 10 years. It also offers investment tax allowances of 60 to 100 percent on qualifying capital expenditure.

As part of Malaysia's efforts to rebrand its image as a high tech and global activities center, there are investment incentives specifically targeting new and emerging technologies such as high technology-intensive industries and the setting up of regional operations.

Biotechnology, agriculture and shipping and transportation are among other industries for which incentives are available. Among other exemptions are accelerated capital allowance, infrastructure allowance and import duty exemptions on raw

materials, components, machinery and equipment.

Mahathir's government has also reportedly said that it is mulling tax breaks for key foreign investors who can guarantee the creation of better-paying jobs for Malaysian nationals.

Another attractive feature is Malaysia's well-developed infrastructure and business facilities, including fully integrated industrial parks such as the Kulim Hi-Tech Park, a self-styled "Global Science City" in the state of Kedah.

According to MISC's Yee, a potential growth area is the ever-growing e-commerce sector and warehouses to store e-commerce goods. While Singapore is clearly ahead in this sector, it will eventually run out of space. To this, he added that Asia is also in need of a hub for oil and gas services.

"It's not just about manufacturing in Malaysia anymore, but being more creative and seeing how the world is changing," he said. "It's not just about infrastructure, either, it's people; big organizations setting up their bases and operating out of Malaysia. We have all the ingredients to help set this up."

Fair features authentic Malaysia

Malaysia Fair Tokyo 2018 will be held from Nov. 2 to 4.

The fair, which is free of charge, will take place in the Mizu no Hiroba area of Shinjuku's Chuo Park. It is the first such event following the celebration of the 60th anniversary of Japan-Malaysia diplomatic relations last year.

It features a variety of attractions such as stage performance of traditional arts, experiential workshops of traditional crafts and Malaysian cuisine.

The fair is organized by Administrative Office of Malaysia Fair, led by the



Malaysian Embassy. It is supported by Shinjuku Ward, in cooperation with TV Asahi.

For more information, visit www.malaysiafair.jp

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Malaysia Special

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MISC on moving energy to build a better world

MISC Berhad is a leading provider of international energy-related maritime solutions and services. Headquartered in Kuala Lumpur, its core businesses include energy shipping which largely covers liquefied natural gas (LNG), petroleum and product shipping and its related activities, owning and operating offshore floating solutions, marine repair and conversion, as well as heavy engineering and construction. This year marks 50 years since the company's inception and The Japan Times interviewed Yee Yang Chien, MISC president and group CEO, to find out how the company has evolved and its ongoing ties with Japan.

How has the company evolved over the past 50 years?

We started off in 1968 to support trade and economic development and at the same time promote the maritime sector for Malaysia. In 1997, MISC became part of the Petronas Group — Malaysia's national oil company. Naturally through time, we have been shaped by the changes in the industrial landscape, whether that is global maritime changes, or economically or how trade actually flows. So, we have evolved and realized that the global shipping industry is one that is very asset-intensive, requiring lots of investment before we can generate revenues. Today we are known within the global shipping fraternity as one of the strongest in terms of our expertise and commitment to our customers and partners.

Has your core approach changed along the way?

When we first started we had various streams of business, which cut across multiple aspects of shipping, from container shipping to dry bulk and LNG, oil and chemical products. Along the way we decided that the company should focus on energy supply and build our core capabilities around the energy space. But obviously things are rapidly changing with the way that energy is being produced and shipped and because of considerations for the environment, we are also taking those things into account.

How are you evolving with regards to those environmental issues?

It doesn't matter which industry you are in, each of us has a role to play to preserve



Yee Yang Chien, MISC president and group CEO

the world. This is a call to our own vision and mission, which is about sustainability. Operating our business in a responsible manner and minimizing our impact on the environment whenever possible is vital for us as we operate in a highly regulated industry.

We take it one step further beyond ensuring our compliance by taking proactive measures to manage our impact and emissions as well as in energy efficiency. Our approach largely focuses on reducing our carbon footprint, waste management and biodiversity protection through our operations and implementation of the latest technology that supports sustainable shipping. Apart from that, we also emphasize on the inculcation of environmental awareness and consciousness among our employees.

Can you tell us about that technology?

Over time, engine makers have started producing much more efficient engines, a result originally of oil prices going above \$100 per barrel (in 2008), which was expensive for everyone. Because of that we always try to put the best in our ships and that has helped to make changes in other areas, in terms of how the whole ship is built, making it more efficient, consuming less energy. So it's about a little bit of everything that when added up has a huge impact.

We are also a big believer in LNG, which is

available worldwide and is the most practical fuel for us to switch to because it has zero NOx, zero SOx and carbon reduction of about 30 percent. Today, the bunker system is developed around supplying diesel. The challenge for us in the industry and the whole ecosystem is getting infrastructure available so that ships can refuel with LNG.

Has this in any way altered your corporate vision?

Our vision statement is to consistently provide better energy related maritime solutions and services. It is not about wanting to be the largest, the biggest, the best, but a humble vision of trying to do something better every day. It's a rallying call to employees. We believe if everyone can do that, the results will be good. So it's all about doing a little bit of everything better to help reduce our carbon footprint.

Your ties with Japan date back more than 30 years, how did that start?

It started off on a government-to-government basis when Japan was looking for a reliable, sustainable source of LNG to power the power sector and Malaysia with its abundance of gas was a natural partner. At the time, our prime minister — who is also our current leader — had a "Look East Policy" and he has always admired the ethics and the culture of the Japanese.

Petronas went into a long-term gas supply between Japan and Malaysia and in fact Japan's big gas buyers today still call us the Malaysian Project. And to move energy supply you need ships, so that's how we came onboard. Over the past 30 years we have built strong ties and today we are perhaps one of the largest non-Japanese LNG mover to Japan.

What has made that relationship work so well?

If you look at the values of the Japanese people and some of our values as an organization, there are lots of parallels. For instance, it's not always about dollars and cents it's about relationships, forging a sustainable partnership, being able to talk things through and willingness to compromise. Each of us has a financial and economic objective, of course, but I think it's the spirit of partnership and taking a long-term view that are key. And then there is pride in Japanese employees in the way they discharge their duties. I think with



Seri Ceramra, MISC's fifth liquefied natural gas carrier, is part of a new generation of shipping vessels.

pride comes passion and I think passion is the most important energy for any employee. The tag line for our 50th anniversary is about "People. Passion. Possibilities" and we see a lot of that here.

How has MISC been able to contribute to Japan?

I am proud to share with you that MISC delivered the first LNG cargo from Malaysia to the Sodegaura Terminal, Japan in 1983 and today, we deliver approximately 90 percent of the LNG cargo from Malaysia to the terminals in Japan, which amounts to over 300 million metric tons of LNG. The collaborative partnerships that we have built with our stakeholders in Japan are the cornerstone of our success in delivering LNG exports to this country throughout the years. We pride ourselves on our relentless drive to deliver on our promise without fail and we are here for the long-term.

Are you hoping to grow this relationship?

We have been supporting the energy supply chain in Japan for three decades and will

continue to do that even as the LNG trade changes, but beyond moving LNG into Japan, it would be great to partner with Japan in developing things for the global stage. So, for example, if you are going to promote using LNG as fuel for ships in the global shipping industry then perhaps we can come together, pool our resources to develop a solution and prove to the world that it could work. We definitely could not do that alone as it would require the re-engineering of the entire bunker supply infrastructure. This would be something we could do collaboratively because it's something we believe could possibly be a reality in the near future.

Tell us about your workforce and how you train them.

The traditional way to train a workforce is through technical skills, but we believe it should be more holistic, including teaching them soft skills and leadership skills. But at the core of that, because we are a shipping company, we have our own maritime academy where we train our own captains and chief

engineers. I see that there is opportunity for us to expand this platform and go beyond just training them for life at sea and prepare them for other projects in the future that might go beyond their career at sea. That is something we are looking at very closely as part of our initiative to attract the next generation of youth who will become the future leaders of the industry.

Beyond maritime education, MISC recognizes the importance of attracting and retaining the talent within our company and we provide ample choices of career paths for sea and shore staff, as well as opportunities for movement within the organization to shape their skills and enrich their workplace experience.

As we continue to chart our path towards the future, MISC is committed to our credo of consistently doing it better in order to position ourselves, as well as the shipping industry to the outside world as an industry that actively supports the thriving global economy, operate responsibly, as well as provide a rewarding and safe career at sea and at shore.

Stable industrial development domestically and abroad

The Malaysian Investment Development Authority (MIDA) is the principal promotion agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. MIDA acts as the first point of contact for those seeking to invest in the country.

Incorporated as a statutory body under the Malaysian Industrial Development Authority Act, the establishment of MIDA in 1967 was hailed by the World Bank as "the necessary impetus for purposeful, positive and coordinated promotional action" for Malaysia's industrial development. Since then, MIDA has been at the center of industrial development in the country. It specializes in the promotion

of industrialization — mapping out the appropriate strategies, coordinating the activities of the relevant organizations in the public sector and promoting Malaysia to industrialists at home and abroad.

Extending facilitation to investors for the realization and operation of their projects forms an integral part of MIDA's function other than undertaking planning, promotion and assessment of license applications and incentives for companies to set their bases in Malaysia. MIDA handholds investors right from their initial inquiries until the realization of their projects, as well as assists them to solve issues affecting their company's operations in the country.

To further enhance MIDA's role in assisting investors, senior representatives from

key government agencies are stationed at MIDA's headquarters in Kuala Lumpur to advise investors on government policies and procedures. These representatives include officials from the Department of Labour, the Immigration Department, Royal Malaysian Customs Department, the Department of Environment, Telekom Malaysia Berhad and Tenaga Nasional.

MIDA also has a global network of 20 overseas offices covering the Americas (three offices), Europe (six offices), Asia (nine offices), the Middle East (one office) and Oceania (one office) directly engaging with potential and existing foreign investors. Of the overseas offices, it has two offices in Tokyo and Osaka. In addition, MIDA officers are stationed at its

12 regional offices throughout Malaysia to meet investors on the ground level to assist them with the implementation and operation of their projects. The 12 regional offices around the country are in Selangor, Perak, Pulau Pinang, Kedah and Perlis, Terengganu, Kelantan, Pahang, Johor, Melaka, Negeri Sembilan, Sabah and Sarawak.

The vast number of industrial establishments humming along efficiently throughout the country is testimony to MIDA's milestones. Today, Malaysia has attracted over 8,000 companies that include multinational corporations from more than 40 countries that have made Malaysia their offshore location for manufacturing and related services operations. The indirect result of these projects, from both big and small and foreign and local companies, have generated far more jobs and business opportunities in the industrial and manufacturing sectors. This includes spin-off to other sectors such as hotels and tourism, real estate, logistics, retail, health care, education and banking and insurance.

The organization celebrated its 50th



Kuala Lumpur skyline



Malaysia is a vibrant economy. Talk to MIDA and discover how Malaysia can be your profit centre in Asia.
For more information, please visit www.mida.gov.my or e-mail investmalaysia@mida.gov.my



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1 st	2 nd	2 nd	3 rd
"Most Attractive Emerging Market in Asia"	"Ease of Doing Business within ASEAN"	"Global Competitiveness among ASEAN Countries"	"Global Offshoring Destination"
(Bloomberg's Emerging Market Scorecard, 2018)	(World Bank's Doing Business Report, 2018)	(World Economic Forum's Global Competitiveness Report, 2017/2018)	(A.T. Kearney Global Service Location Index 2017)



Kuala Lumpur Monorail

anniversary last year, underscoring its continuous role as a strategic partner to businesses in seizing the opportunities arising

from the technology revolution of this era. The emphasis now is on embracing the digital future, nurturing local businesses to become global champions through integrating into the international supply chain, as well as creating more skilled job opportunities for Malaysian talent.

MIDA continues to leverage on an ecosystem approach in promoting investments and developing targeted industries. The ecosystem approach involves developing every part of the value chain in the targeted sectors. When a gap is identified in the value chain, MIDA will facilitate targeted investments to fill the gap. The agency believes that this approach is the best way to retain investors as a strong ecosystem offers a more sustainable reason for companies to remain and grow in Malaysia.

The agency trusts that sustainable investments depend extensively on a vibrant talent pool, a knowledge-based economy, robust investor protection, healthy interconnected upstream and downstream industries, and other factors that are the precursor for competitive advantages. With these unique strengths, Malaysia continues to offer a conducive landscape for businesses to thrive.

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KHTP paves way for Japanese firms in Southeast Asia

Malaysia continues to be an attractive destination for foreign direct investment from around the world, especially Japan.

The trend has been reinforced, especially after Mahathir Mohamad became prime minister for the second time in May after having held the same position from July 1981 to October 2003. He initiated the "Look East Policy," influenced by Japan during his first stint and is likely to revive it during his second.

According to the latest figures from Japan's Ministry of Foreign Affairs, direct investment from Japan in Malaysia totaled \$887 million in 2016 and initiatives such as the Kulim Hi-Tech Park (KHTP) have 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 Kedah state government.

Since its 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 a presence of 11 companies at the park. Panasonic has set up Panasonic Energy Malaysia at Kulim High-Tech Park as its solar manufacturing base. There are also other Malaysian subsidiaries of Japanese companies such as Fuji Electric Malaysia, Fuji Logistics Malaysia, Fujimi-Micro Technology, Hamadatec, Hoya Electronics, Showa Denko HD Malaysia, Tomoe Industrial Gas Malaysia, and Toyo-Memory Technology.

Fuji Electric Malaysia, which registered its business in KHTP in 1996 and started



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. Under normal traffic conditions, KHTP is just about 40 minutes from Penang International Airport. According to airport operator Malaysia Airports Holdings, Penang can handle around 6.5 million passengers and 360,000 tons of cargo a year. 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 zones.

Moreover, the stable political environment with complete support from local and federal governments also adds 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.

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

(KTPC) helped us to set up our operation so much faster in Kulim Hi-Tech Park."

KTPC, which develops and manages KHTP, is a wholly-owned subsidiary of the Kedah State Development Corp. KTPC has developed KHTP as a greenfield area, 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 has been developed, with a further 2,000 hectares set to be developed in the KHTP Master Plan 2. With a large area of flat 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 for rent at KHTP offer even more options for those wishing to conduct business in this park. These spaces 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 are able to make use of this office space, providing visibility and ease of access. The office space is also perfect



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

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.

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

For those who like to add a 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.

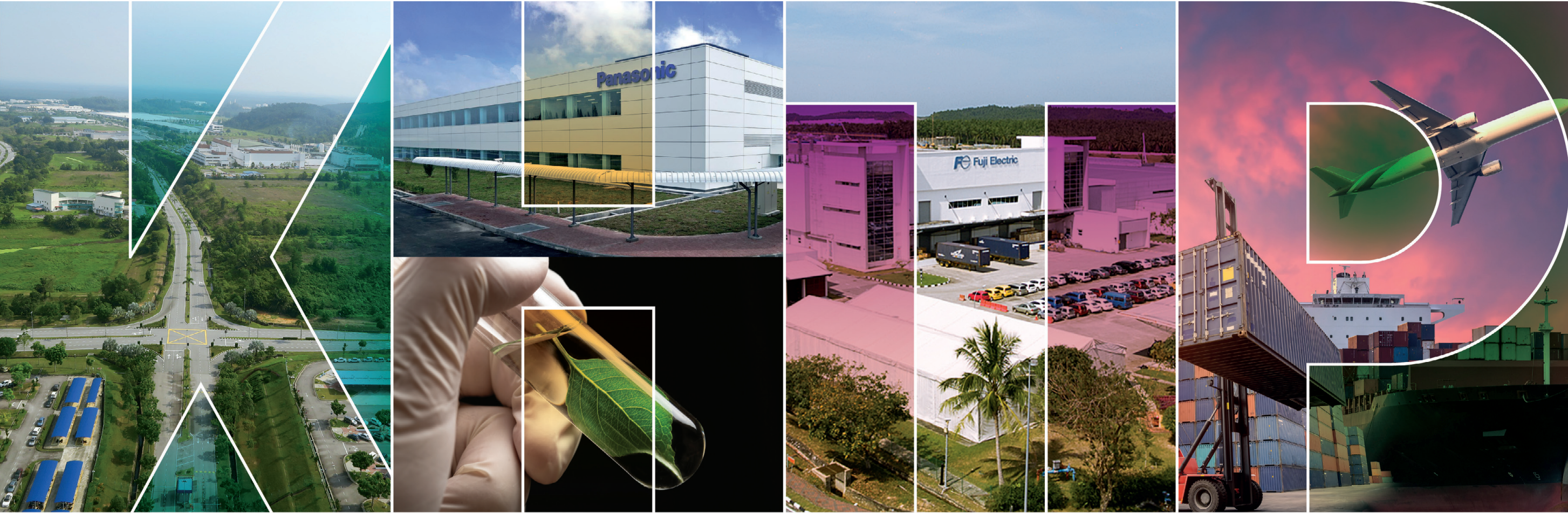
The state of Kedah, coincidentally, is known as the rice bowl of Malaysia since it is the major producer of the grain in the country.

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, 2017 conducted a research mission on the investment environment at KHTP. 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 Technology 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 KHTP to foster the future development of Malaysia and Japan.



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KULIM TECHNOLOGY PARK CORPORATION
SDN. BHD. (Co.No.44351-D)

Suite 3.01-3.02, KHTP Business Centre,
09090 Kulim Hi-Tech Park, Kedah, Malaysia.

For more enquiries please call:

+604-403 2420

Email: info@khtp.com.my



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www.khtp.com.my