



INVESTMENT OPPORTUNITIES IN THE PHARMACEUTICAL INDUSTRY IN MALAYSIA

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(Resources)



Malaysia Your Profit Centre in Asia

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MIDA in Brief



Economic Development & Investment Performance



Investment Opportunities



Why Malaysia

ABOUT MIDA



WHO ARE WE?

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

First point of contact for investors who intend to set up projects in the manufacturing and services sectors in Malaysia

FUNCTION OF MIDA



ONE STOP CENTRE

BASED IN MIDA



**Immigration
Department**



**Royal Malaysian
Customs**



**Telekom Malaysia
Berhad**



**Labour
Department**



BASED OUTSIDE MIDA



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



MIDA GLOBAL NETWORK



23 Overseas Centres

MIDA STATE OFFICE



Headquarter
KL Sentral, Kuala Lumpur



MALAYSIA'S KEY ECONOMIC INDICATOR

	2014	2015 (f)
Real GDP Growth (%)	6.0	4.5 – 5.5
Inflation (%)	2.7	2.0 - 3.0
Per Capita Income (RM)	34,123	35,572
Unemployment (%)	2.7	3.0
International Reserves (US\$)	116.0	112.0
Retained Imports equivalent (months)	8.4	8.1

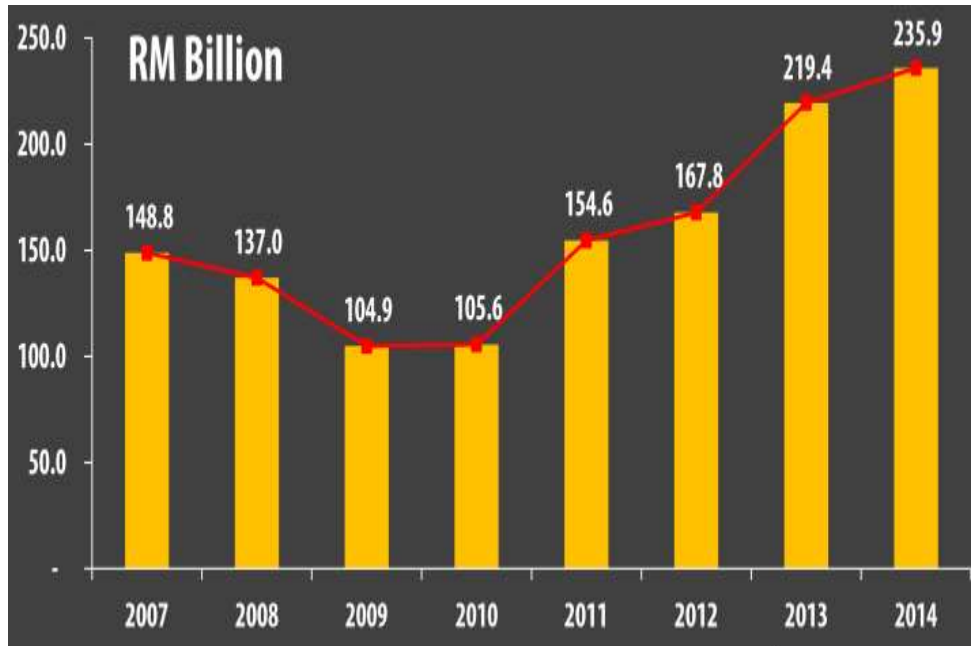
Source: Bank Negara Annual report 2014

ESTABLISHMENT OF 12 NATIONAL KEY ECONOMIC AREAS (NKEAS)



Source: Performance Management and Delivery Unit (PEMANDU)

TOTAL INVESTMENTS APPROVED IN 2014

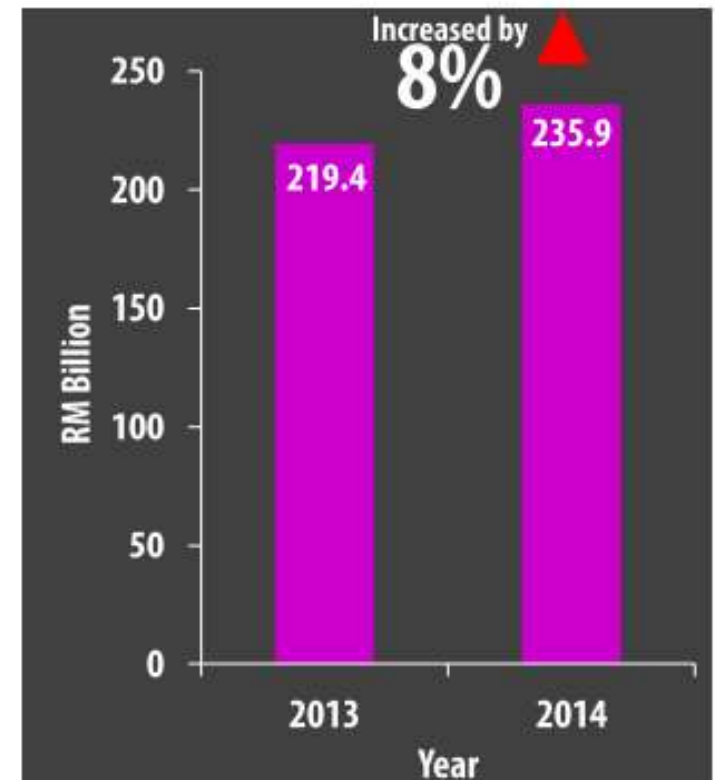


Investments in Malaysia reached a new record level

➤ **RM235.9 billion**
Approved investments

➤ **178,360**
Jobs Created

➤ **5,942**
Projects Approved

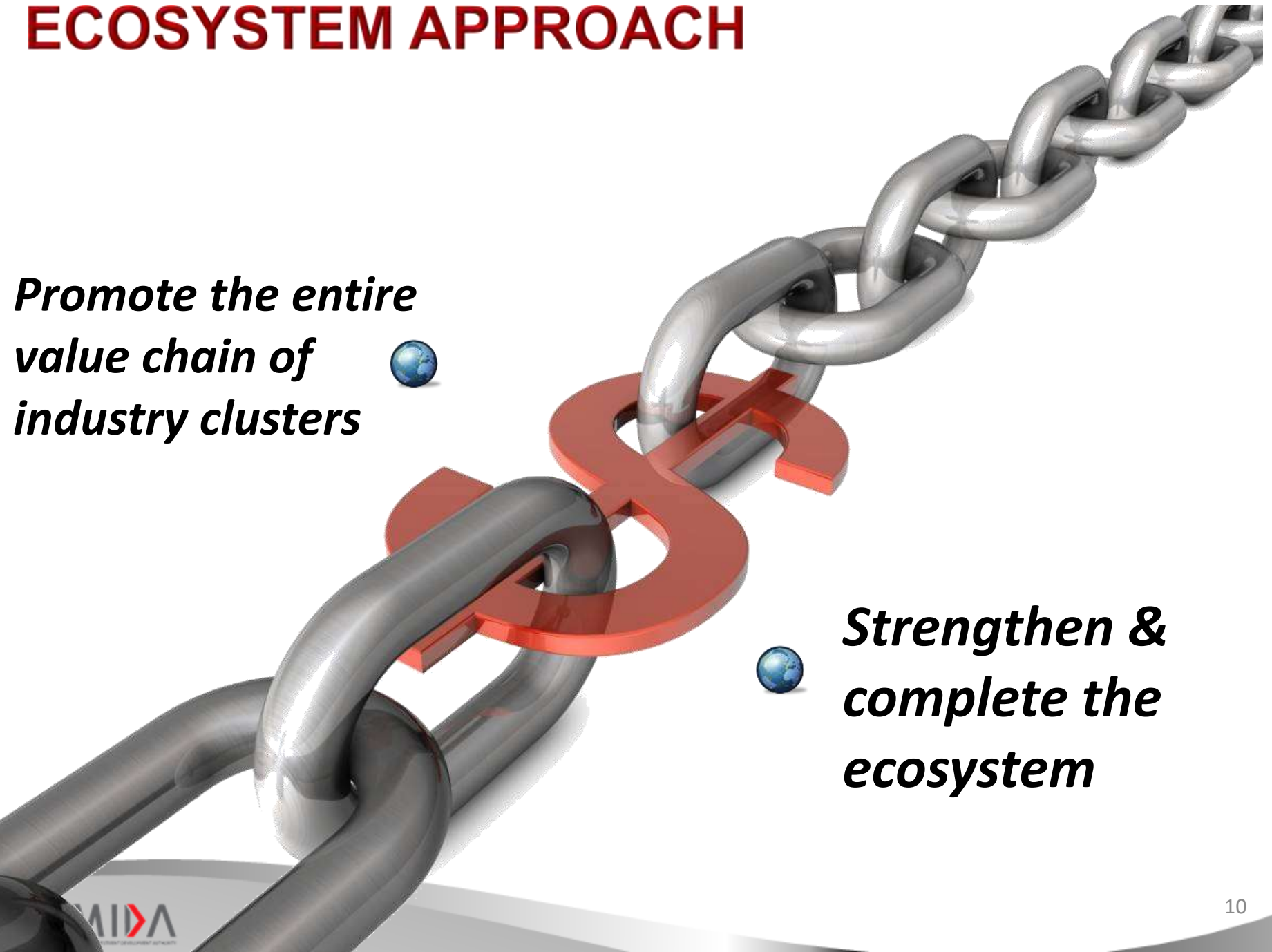


ECOSYSTEM APPROACH

*Promote the entire
value chain of
industry clusters*



*Strengthen &
complete the
ecosystem*



QUALITY INVESTMENTS



INVESTMENT POLICIES

100%

Foreign Equity



NO
RESTRICTIONS



Repatriation of Funds

MAJOR INCENTIVES

Pioneer Status

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

Investment Tax Allowance

60% or 100% on qualifying capital expenditure for 5 years

Incentives

Reinvestment Allowance

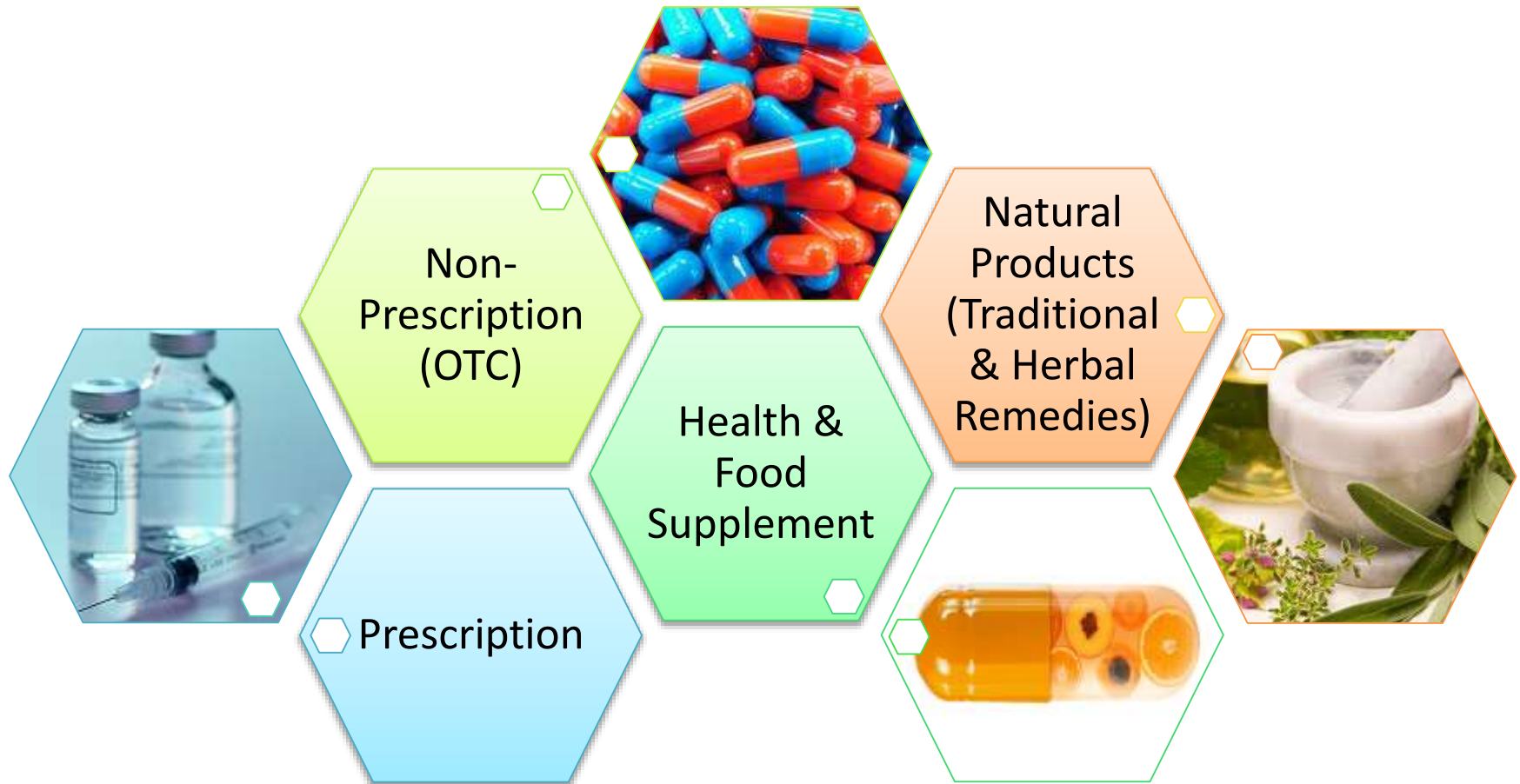
60% on qualifying capital expenditure for 15 consecutive years

Import Duty Exemption

For raw materials/components and machinery and equipment

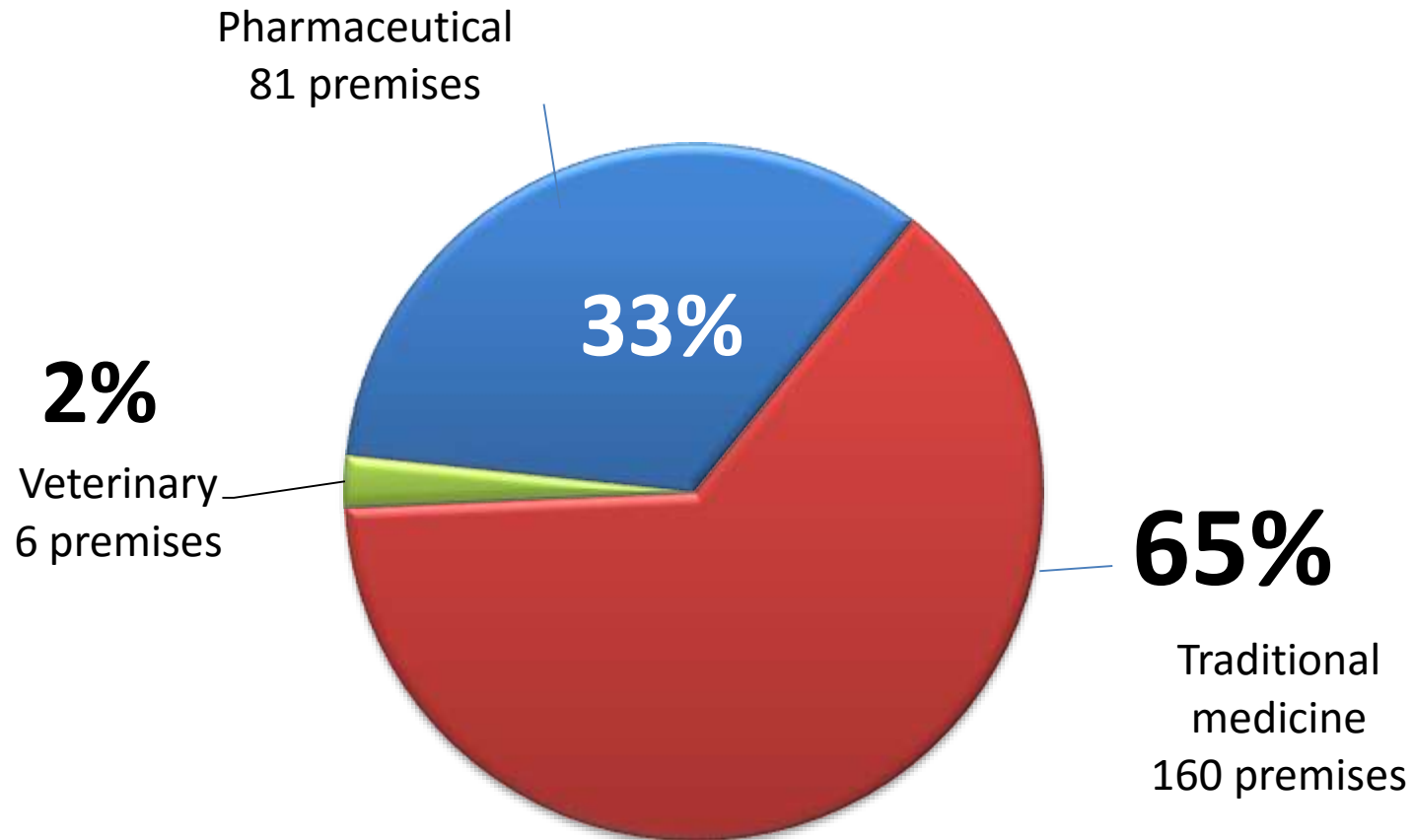
MALAYSIAN PHARMACEUTICAL INDUSTRY

The pharmaceutical industry in Malaysia is divided into four sub-sectors:



PREMISES/FACILITIES LICENSED

As at 2014, there were 247 premises/facilities licensed by the Drug Control Authority (DCA)



Source: NPCB, MOH

INVESTMENT IN PHARMACEUTICAL INDUSTRY

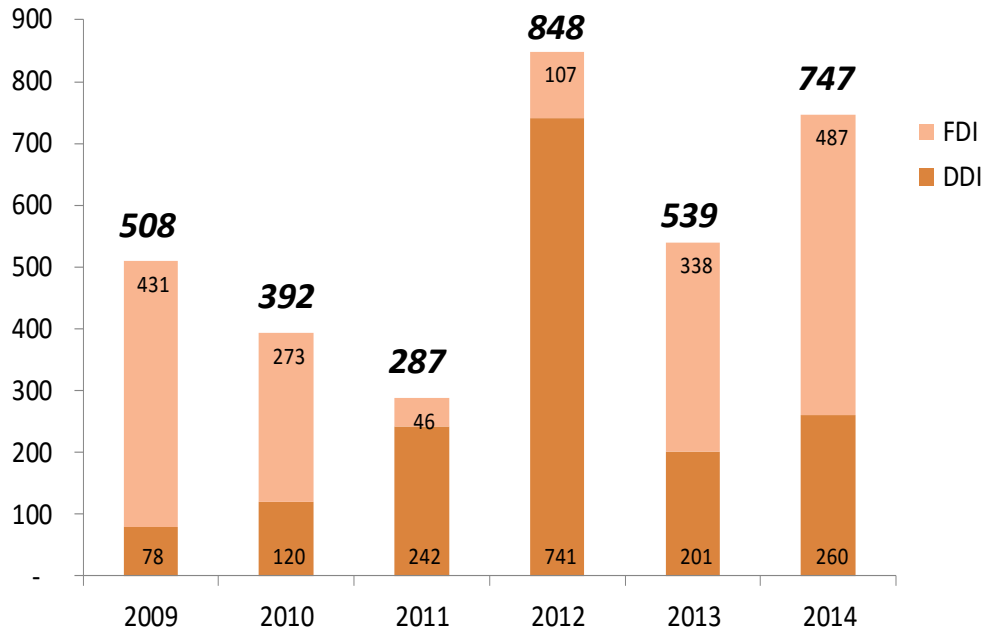
Approved Investment from 2009-2014



Among major companies in Malaysia (in operation)



RM million



Current rate US\$1 = RM3.33

US\$0.8 bil (RM2.7 bil)
investment realised (as at 2014)

New companies to be in operation



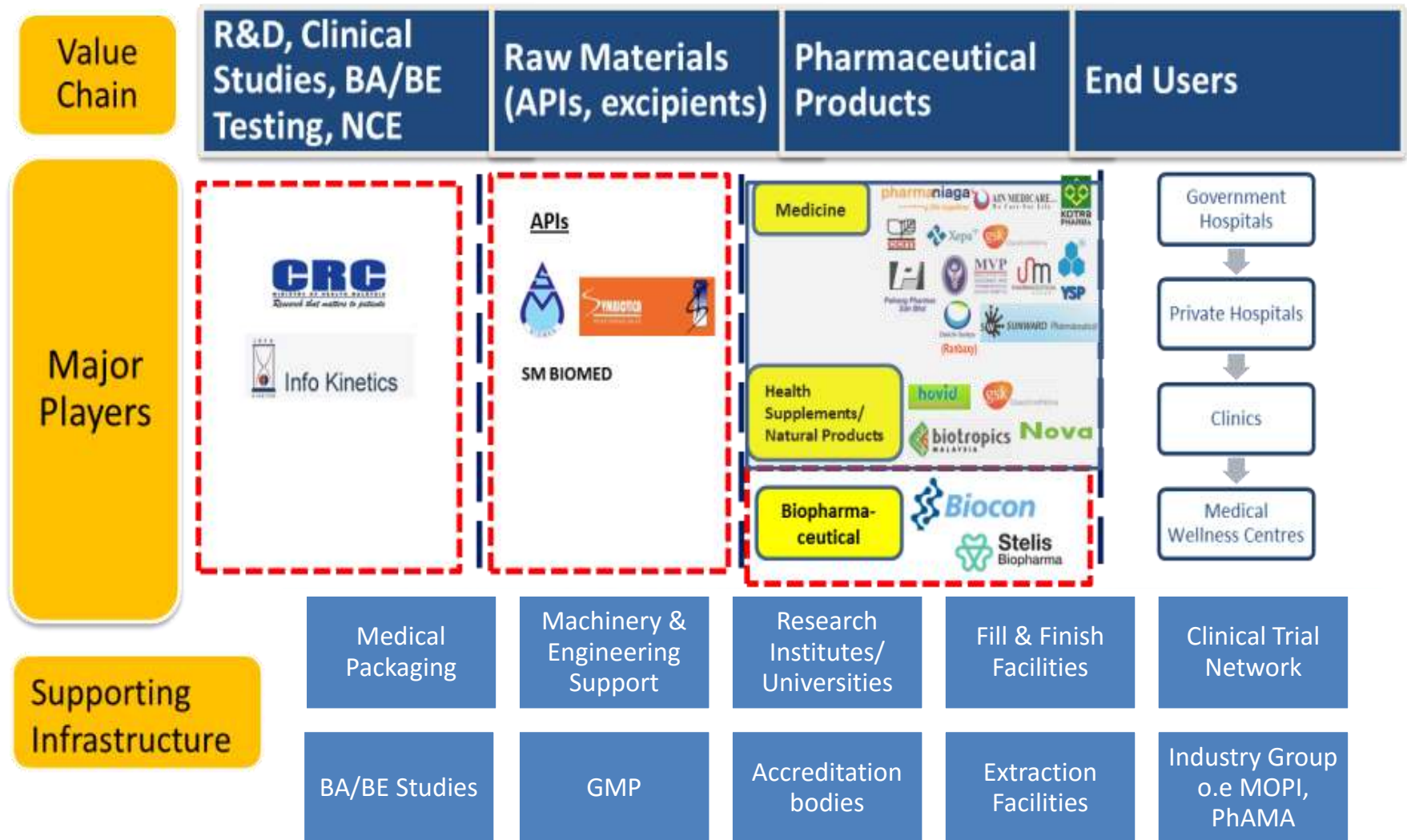
General oral solid pharmaceutical products



ONCOGEN PHARMA

Oncology drugs

PHARMACEUTICAL ECOSYSTEM



ASSOCIATION OF SOUTHEAST ASIAN NATION (ASEAN)



- Implemented AFTA in 2010
- 7th largest economy in the world – combined GDP USD2.4 trillion
- Population over 620 million people
- Intra-ASEAN trade is 24% of total global trade of USD2.51 trillion in 2013
- Total FDI inflows of USD122 billion in 2013 with intra-ASEAN investments alone contributing 17%
- 97.3% of products traded in the region will be duty-free
- ASEAN Economic Community 2015, integrated market & production base – freer flow of goods, services, investments, skilled labour and capital

FREE TRADE AGREEMENT (FTA)



REGIONAL FTAs



China



Japan



Korea



India



Australia



New Zealand

BILATERAL FTAs



Japan



India



Australia



New Zealand



Chile



Turkey



Pakistan

- Potential market of 2.7 billion
- Tariff reduction and elimination mostly by 2016

ON-GOING FTA NEGOTIATIONS



WHY MALAYSIA



Political and
Economic Stability



Pro-business
Government



**Liberal Investment
Policies**



Well Developed
Infrastructure /
Connectivity



**Good Track
Record**

STRATEGIC LOCATION

Young, Trainable and
Educated Labour Force



Quality of Life



**Harmonious
Industrial Relations**



Banking System



RANKING

3rd

global offshoring destination

(A.T. Kearney Global Services Location Index™ 2014)

5th

protecting investors

(World Bank Doing Business 2015 Report)

5th

IMD world talent rankings

(IMD's World Competitiveness Yearbook 2014)

14th

most competitive economy in overall performance

(IMD's World Competitiveness Yearbook 2015)

15th

most attractive destination for FDI

(2014 A.T. Kearney's FDI Confidence Index)

18th

in ease of doing business

(World Bank Doing Business 2015 Report)

20th

most competitive nation in the world

(WEF's Global Competitiveness Report 2014-2015)

21st

Overall Connectedness

(DHL Global Connectedness Index (GCI))





Thank You



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Pro-business Government

Policies

- Local company incorporated
- Manufacturing License application
- No restriction on foreign equity ownership
- Liberal expatriates employment policy
- Free movement of funds for foreign investments in Malaysia
- Protection of intellectual property rights
- Company tax rate 25%
- Individual tax rate from 0% - 26%
- No minimum wages legislation
- Minimum conditions of employment under the Employment Act 1955
- Responsible trade unions and harmonious industrial relations
- Compulsory contributions: Employee Provident Fund (EPF), Social Security Organisation (SOCSO), Human Resource Development Fund (HRDF), Investment guarantee agreements
- Double taxation agreements
- Controlled environmental management policy

Incentives

- Incentives for the Manufacturing, Agricultural Sector, Incentives for the Aerospace, Biotechnology, Shipping and the Transportation Industry, Incentives for MSC Malaysia, Incentives for Information and Communication Technology (ICT) & Other Incentives, Less Developed Area, Industrial Area Management, Principal Hub & Automation Capital Allowance Expenditure

Main Incentives

- Pioneer Status
- Full income tax exemption
- Investment tax allowance
- Accelerated capital allowance
- Incentive for relocating manufacturing activities
- Industrial building allowance
- Infrastructure allowance
- Reinvestment allowance
- Export incentives
- Import duty exemption on raw materials, components, machinery and equipment
- Group relief

Young, Trainable and Educated Labour Force

- **High Priority on Education**

- 20 public & 21 private universities
- More than 400 colleges, polytechnics and industrial training institutes that offer courses leading to certificate, diploma, degree and post-graduate degree qualifications.
- 180,000 - No. of graduates annually
- 120,000 - no. of Engineers in Malaysia
- Total enrolment in public institutions of higher learning alone is projected to reach over 350,000 with more than half in the science and technical disciplines.

- **Industrial Training**

- **Human Resource Development Fund (HRDF)**

- encourage training, retraining and skills upgrading in the private sector.

- **Department of Skills Development (DSD)**

- coordinate the setting up of all public and private training institution.
e.g. Penang Skills Development Centre (PSDC)

- **Technical and Vocational Education and Training (TVET)**

- Invite programme has over 1400 accredited programmed across multiple disciplines.
- Collaborative between Malaysian government, enterprises and foreign companies
e.g. German-Malaysian Institute, Malaysia France Institute, Japan Malaysia Technical Institute, British Malaysia Institute and Malaysian Spanish Institute.

Political and Economic Stability

- **12 National Key Economic Area (NKEA):**

- Tourism
- Business Services
- Oil, Gas & Energy
- Electrical & Electronics
- Education
- Healthcare
- Palm Oil
- Communications Content & Infrastructure
- Agriculture
- Greater KL
- Financial Services
- Wholesale & Sales

- **The Eleventh Malaysia Plan (RMK11)**

6 Strategies Thrusts:

- Enhancing inclusiveness towards an equitable society;
- Improving wellbeing for all;
- Accelerating human capital development for an advanced nation;
- Pursuing green technology growth for sustainability and resilience;
- Strengthening infrastructure to support economic expansion;
- Re-engineering economic growth for greater prosperity

- **Malaysia Key Economic Indicators**

	2014	2015 (<i>f</i>)
Real GDP Growth (%)	6.0	4.5 - 5.5
Inflation (%)	2.7	2.0 – 3.0
Per Capita Income (US\$)	10,426	12,745
Unemployment (%)	2.7	3.0
International Reserves (US\$ bil)	116.0	112.0
Retained Imports Equivalent (<i>months</i>)	8.4	8.1

Well Developed Infrastructure / Connectivity

- **Network of Highways**

- Major growth centres to seaports and airports throughout the peninsular of Malaysia
- KL-Bangkok-KL containerised service known as Asean Rail Express (ARX) has been initiated with the aim of expanding it become the Trans-Asia Rail Link that will include Singapore, Vietnam, Cambodia, Laos & Myanmar before ending up in Kunming, China.

- **Efficient Seaports**

- 11 main seaports in Malaysia
(Port Klang, Kuantan Port, Tanjung Pelepas Port, Pasir Gudang Port, Penang Port, Bintulu Port, Kota Kinabalu Port, Kuching Port, Miri Port, Labuan Port & Sandakan Port)
- Penang, as the most progressive state in Malaysia, has initiated the development of Penang International Halal Hub to serve the growing global consumer demand for Halal product, service and solutions.
- Port Klang & Tanjung Pelepas Port are ranked among the top 20 container ports in the world

- **International Airports**

- Air cargo facilities are well developed in 7 airports - KLIA, KLIA2, Penang, Langkawi, Senai, Kota Kinabalu & Kuching International Airport.
- With the opening of KLIA2, which has a capacity of **45 million passengers**, KLIA now has a total capacity to handle **70 million passengers** per annum.

- **Developed Industrial Parks**

- Main located in over 200 industrial estates or parks & 18 FIZ developed throughout country

- **Specialised Parks**

- Technology Park Malaysia (TPM) in Bukit Jalil, KL & Kulim Hi-Tech Park (KHTP) in Kedah cater to technology-intensive industries and R&D activities
- Kulim Hi-Tech Park (KHTP) in Kedah (1,450-hectare or 3,580-acre)
- Bio-Cell Malaysia (offerings in biotechnology facilities, innovation capital and ecosystem for sustainable lifestyles – the park caters and focuses on global Industrial and Healthcare biotechnology companies that is capable of turning good science into great businesses.

- **Hi-Tech Telecommunications**

- 6 internet service providers & 5 telco's supporting a full range of domestic & international services.