



With strong business and educational links, Malaysia and the UK are natural partners



Looking to the future, Malaysia is keen to become a centre of educational excellence



Food security, sustainability and or innovation lay at the heart of many Malaysian businesses



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**BusinessFocus**  
29th Floor, One Canada Square  
Canary Wharf, London E14 5DY  
United Kingdom  
Tel. +44 20 7712 1699  
Fax +44 20 7712 1501

# MALAYSIA

**Southeast Asian trading hub is a driving force in the region**

*Written by Nikl Thornton*





# Working beyond the obvious

With the highest trade-to-economic activity ratio in the world, Malaysia is delighted to be chairing ASEAN this year.

**W**ith a diversified economy and a growth rate that averaged 7% for more than 25 years up to the global recession, the beautiful south-east Asian country of Malaysia continues to shine. The blip in 2009 proved to be just that, with the prominent exporter of electrical appliances, electronic parts, palm oil and natural gas boasting average growth rates of 5.7% over the last five years

With exports making up 93% of GDP, Malaysia has been a trading nation for at least 2,000 years when the first Indian and Chinese settlers arrived to build ports. Riding on the back of tin and rubber exports in the 1970s, the nation of just under 30 million people has practically no poverty — just 1% according to World Bank figures — and consistently features among the top 20 countries for doing business. As a prime mover in the Association of Southeast Asian Nations trading block, which has 10 member states, Malaysia is committed to a shared vision of ASEAN “as a concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity, bonded together in partnership, in dynamic development and in a community of caring societies.” Dato’ Sri Mustapa Mohamed, Minister of International Trade and Industry says:



Malaysia will remain a pillar of stability and become an economically prosperous and very modern state.

Dato’ Sri Mustapa Mohamed, Minister of International Trade and Industry

“Investment has been growing in the double digits for the past two to three years, so we’re continuing to keep up our efforts to promote further investments. This year is a very important year for us because we are chairing ASEAN. Our priority is to ensure that there will be more intra-ASEAN investments and inter-ASEAN trade. ASEAN is growing rapidly in relation to other parts of the world; it has a lot of potential and we want it to be a dynamic region.”

“As the Chair, Malaysia would like to champion a number of initiatives. Primarily we plan to enhance the role of SMEs, to reduce non-tariff barriers and to encourage trade investments. Malaysia is investing in other ASEAN countries, and we would like to encourage our neighbours to invest in Malaysia as well.

“We believe that we have not fully exploited the potential of ASEAN. For example, we need to invest in each other more. There are enough resources within our borders. Trade priorities are to produce non-tariff barriers; we are keen to reduce customs-related problems at the border and improve connectivity with ASEAN countries. We believe the ASEAN region will be one of the leading regions in the world. It has been a magnet for foreign investments coming from Asia, Europe and North America and we want it to attract more FDI.”

## Smooth UK/Malaysian relations

As far as trade between Britain and Malaysia is concerned, there are huge possibilities. Malaysia, a former UK colony and current member of Commonwealth has close relations, and three years ago, the countries’ respective Prime Ministers agreed to double bilateral trade from £4 billion to £8 billion by 2016. While manufacturing is an important component, services are playing an increasingly strong role.

“The UK is very strong in financial and education services, health care for example, so these are the new areas we need to promote besides manufacturing,” Minister bin Mohamed says. “We are beginning to see the UK economy recovering relative to other European economies, so we believe trade between Malaysia and the UK will also grow. We will continue to promote trade investments in the country. In Europe, the UK is one of our biggest partners in trade and investments, and we would definitely like to see more investments in the service sector.”

Dato’ Ahmad Rasidi Hazizi, High Commissioner of Malaysia to the UK, explains where the investment hotspots are. “The British have a lot of interest in property development,” he says. “We also have big investments in the DIA group and Dyson. Last year, the UK invested in the food, oil and gas, pharmaceuticals and aerospace. Here at the High Commission, we also have extensive activities to engage with the private sector here in the UK as well as the diaspora that lives here.”

Now a highly productive middle-income country, Malaysia plans to achieve Developed Nation Status by 2020. Deputy Minister of Finance II, Dato’ YB Datuk Chua Tee Yong takes up the story:

## Embracing technology to stand out from the rest

Malaysia is now witnessing the results of a Joint Statement issued during the visit of the Malaysian PM Dato’ Sri Mohd Najib Bin Tun Abdul Razak to the UK in 2011, when he and David Cameron agreed to explore the potential for further science and innovation collaborations, including academia and industry, as well as promoting scientific excellence. Priority areas included civilian nuclear technology for energy security; the commercialisation of research findings and innovation; biotechnology, food security and genetics; life sciences and health care; nanotechnology; maritime and marine engineering; and climate change, environment and renewable energy technology.

“Both Malaysia and the UK have been active in implementing the Joint Statement over the past year,” Datuk Dr. Abu Bakar Bin Mohamad Diah, the Deputy Minister of the Ministry of Science, Technology and Innovation (MOSTI) explains. “The major activity has been to establish a programme of exchange workshops, reciprocal visits, and public lectures to boost scientific collaboration between British and Malaysian research and technology institutions and to contribute towards capacity building.”

Collaborations are currently under way with the following universities: Glasgow, Herriot-Watt, and Surrey, and with HP/Intel/Yahoo Consortium, BiotechCorp, Cyber-Security Malaysia and GCHQ, and Met Malaysia and the UK Met Office.

“There are currently 52 active United Kingdom MSC Malaysia Status companies, including British American Tobacco GSD, HSBC Global Resourcing UK Ltd., and Star-Search Technologies BT,” the Minister affirms.

### Virtual learning

The forward-thinking country is a regional beacon for virtual learning. As Deputy Minister of Education and Higher Learning II, YB Tuan P. Kamalanathan a/1/P. Panchanathan explains: “There will a time soon where a child will not bring any bags into school. They enter the classroom only using a Chromebook and everything they learn in class they will save it on the Cloud. We are heading towards the next generation of education. We didn’t realise how good that system was until we got a visit from the Finnish Education Minister. She wanted to implement something new in education and went to the Google HQ in California to ask them what the best education solution would be. The guys in Google said they should come to Malaysia and look at the Chromebook technology that we implemented, and if they like that, come back to us. They had a living example in Malaysia of how technology is being introduced, which has given me the confidence to say we are on the right track and have the edge on learning and innovation in the region.”



**With its infrastructure, technology and geopolitical positioning, Malaysia is the natural choice for UK business**

“With the implementation of the minimum wage, we have managed to increase the share of wages to GDP from 29% to 33%. We have reason to hope that it will continue to grow to 40% by year 2020. We have the minimum wage in place because we believe it is important that growth benefits everyone, not just a certain group of people. This is the reason that when you look at the infrastructure or the development budgets, for instance, they have high expenditures on the MRT with the main purpose of reducing the transport costs, improving connectivity and stimulating GDP growth. This in turn helps the Ringgit — the Malaysian currency (MYR) — and brings benefits to the people. We must face these challenges, and as well as having this in place, we need to ensure that the physical condition of the country remains intact and continues to move from strength to strength.

“Since 2009, with the implementation of the ETP, we launched stimulus packages and we hit a deficit of around 6.7%. The ultimate goal for us is to reach a balanced budget in 2020. A lot of people were quite sceptical initially as to whether the government could reach that deficit target. But every year since 2009, we have managed to exceed our target and prove we can do it. There is a commitment to strengthen our financial position and to encourage transparency. We are working together with IMF to look into moving towards accounting on a gradual basis and this is something we hope that we can provide information and insights about to investors and businesses to spread confidence; faith and confidence in Malaysia.”

**Investing in skills and know-how**

Recognising the value in becoming a knowledge economy, the Malaysian government invests generously in the education and SME sectors.

“This year, in terms of scholarships, we have allocated approximately MYR2 billion to increase skills and know-how,” Tee Yong says. “Incentives are given to industries to upgrade their work force and claim double deduction under this pro-

gram. We also have government-backed allowances of up to MYR 5 billion to encourage SMEs to champion the economy. SMEs contribute a big part to the GDP as well as to employment. What we are hoping is that the SMEs will continue to flourish and that by 2020 the SMEs will contribute approximately 40% of the GDP. These are some things we are currently doing and the ASEAN business community does help in the sense that we are trying to redeem the economic immigration pact, it is necessary and we need each other.

“Malaysia is a dynamic country going through an important phase of reform and transformation. We have been successful in transforming the economy from one based on agriculture to an economy based on manufacturing, industry and now knowledge and IT. Malaysia is a moderate Muslim country with great growth potential and it is open to the world for business. Secondly, Malaysia is in ASEAN. ASEAN is growing rapidly, one of the fastest growing regions in the world with a young population, a growing middle class and a lot of potential, as a growing market it is a very dynamic region in the world. Malaysia is the place to do business, and ASEAN has a lot of promise in terms of opportunities, it is the place to be of the future.”

The Deputy Minister of Education and Higher Learning II, YB Tuan P. Kamalanathan a/l P. Panchanathan adds: “In the same way, we appreciate the exchanges we have with the UK. We are part of the Commonwealth and everything is based on the British system, such as Parliament or football. The teachers that taught us in our childhood were British and they are still considered to be the best teachers we have ever had. The language that we use is British English. In many ways, it is seen as a success for a Malaysian to go to the UK to study. The epitome of success is when you study in the UK — that still continues.

“You have Oxford, Cambridge, and the London School of Economics but besides the real education, you also get the experience.”



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# A new approach to learning

Educational establishments in Malaysia are more than qualified to meet the demands of both business and foreign undergraduates.

Having earmarked a staggering 25% of its national budget for education in 2015 — one of the highest ever to be given within a country — the Malaysian government is absolutely determined to invest in its citizens; and make the country a hub of education excellence for the region. Higher education in particular is already becoming a booming sector, and the country enjoys strong connections with Oxford and Cambridge Universities. According to the High Commissioner of Malaysia to the UK, Dato' Ahmad Rasidi Haziz, there are currently 1,800 post-graduate students in Britain that he hopes will go back to Malaysia and enrich the country with their skills.

In line with the vision of becoming a hub for learning, the Malaysian government has taken some important steps to transform the landscape of higher education. Among the key elements identified to be catalyst for change is the national higher education blueprint launched earlier this year.

Deputy Minister of Education and Higher Learning II, YB P. Kamalanathan a/l P. Panchanathan explains how the transformation is going:

"We are now talking to various stakeholders including students in the universities. We want to make sure the aspirations of the people are embedded in the blueprint. We have 10 main priorities: holistic entrepreneurial and graduates balance, higher learning talent excellence, creating a nation of lifelong learning, quality technical educational training, empowered governance, sustainability of finances, creating an innovation eco-system, transforming the higher education delivery system, global prominence and online learning.

"We have a modest target of securing at least 200,000 international students by the year 2020. We are now reaching the half way mark. In order for us to get overseas students to come to Malaysia we need to strengthen the systems and the delivery systems of the universities. Lifelong learning, especially when it is skills-based, will be given a lot of credibility."



"We have a very strong brand. In 20 years, we will be one of the best-known universities in the world within our field."

Prof. Dato' Dr. Mazliham Mohd Su'ud, President and CEO, UniKL

The Minister has a personal interest in this transition, having himself returned to education later. "I didn't get my qualification when I was supposed to," he says. "In fact, I only got my Masters in political science last year. If there were no lifelong learning options available, I would have been a school drop-out. There should be lifelong learning for people that missed out because sometimes they start late. Not everyone is born intelligent. There are many Bill Gates around the world. Starting late gives people the financial strength to study. I worked and I was able to save up the money to study for my first degree. It was an opportunity; no one should say that I had no opportunity to study. This lifelong learning approach is a game-changing field."

## UniKL — taking education and business to a new level

The heads of the higher education establishments are clearly very excited about the government's plans. Take Prof. Dato' Dr. Mazliham Mohd Su'ud, president and CEO of the Universiti of Kuala Lumpur (UniKL) for example.

"The government is very serious about implementing policies, especially about training more workers in the knowledge sector. We are part of this strategy, and that is why the UniKL was created. We believe that knowledge alone is not

enough; you have to apply the knowledge. So the rule of this university is to help the government produce talent that is not only capable of handling the theory, but also capable of applying the knowledge. The government started the registration of public and private universities a few years ago, and today they have more than 500 private and public institutions in Malaysia. And these both help us to produce more talented people and develop the future economy of the country.

One of almost 30 private universities in Malaysia, UniKL's value proposition is hands-on education in a careful selection of academic fields that suit local industries (including maritime sciences, aviation, medicine, and logistics and transport), while more than 84% of graduates secure job placements. It also has an aviation campus, Asia Aerospace City, opening soon.

"The Asia Aerospace city is what we call an EduBis Park, which will recreate a real work environment. It will be near the campus, so students can practise whatever they learn in the classroom next door. This will enhance the competence of our students. As we train manpower for the industry, we need to have real industrial equipment to teach them. In the field of aircraft maintenance, for example, we have our own aircraft. Our students will conduct professional activities from the very first day until their last year in school.

"We need to become a teaching factory, and EduBis Park will make it possible for us to do this. Asia Aerospace City will be the first component of the park, but we are planning on having more such initiatives in areas like marine sciences, for which we already have a campus and applied electronics and automotive, which will support the Northern Corridor."

Currently around 10% of students are international, and courses benefit from being of the same quality as those in the UK, only more affordable. Professor Su'ud, who was himself educated in France through a scholarship programme, is keen to almost double the current intake of 27,000 students to 50,000, with a quarter of those from overseas, by 2020.

The exuberant head has raised the UniKL's international profile significantly since he took up the post two years ago. "My greatest achievement so far has been the development of a programme entitled "We For Asia", which is aimed at positioning UniKL among the top universities in Asia by 2020. We founded the programme and its five-year blueprint will be implemented fully in 2016. We are also working very hard to rebrand the university and to use our high-tech credentials in this rebranding. My greatest personal achievement was developing the Malaysia France Institute from scratch when I joined this university in 2002."

To conclude his theory on UniKL's advantages, the dynamic president and CEO says: "We have a different type of approach and offer programmes that are not provided anywhere else in the world. This university was established to complement other traditional universities, not to compete with them. Our challenge is to produce competent people with very specific skills. We have a very strong brand. In 20 years, we are going to be one of the best-known universities in the world within our field."

## The Malaysian advantage

When viewed as a place to study or invest, Malaysia is located in a convenient and natural disaster-free location, in a beautiful part of the world. Around 80% of the population speaks English, which makes settling in that much easier. As the Deputy Education Minister asserts:

"You don't feel like a stranger when you come here. We are multi-religious, multi-ethnic and multilingual. This is an opportunity for students to see the world. Malaysia is situated very comfortably between two major economies — India and China — it is the geographical epicentre. Singapore is our greatest competitor, but we have the advantage of being bigger! We have the avenues and we provide the infrastructure. When we launch the higher education blueprint in the first quarter this will open even more doors to international students. We have a multicultural



**Education has received 25% of Malaysia's budget spend this year**

perspective that students will see. It is an opportunity to expose our culture. We speak the national languages, our mother tongue and English. We are looking into areas like personal development. A lot of universities in the world want to send their students abroad to gain hands-on experience. China has a population of 1.4 billion and it is very expensive for students to go outside the country for internships or university study. They can come to Malaysia because it is affordable. We receive many students from China here. They see their own people speak English so they feel that they can do it as well. Malaysia gives them indirect motivation."

**Promoting good governance**

Malaysia clearly cares about its citizens' well-being, ensuring that education is excellent and poverty is virtually non-existent. The philosophy that to ensure good governance, companies need to lead by example and instil strong ethics into their workforce sounds almost too good to be true in today's cut-throat corporate world, yet the idea is entrenched within Malaysian society.

At the forefront of this idea is the Putra Business School; an academic institution that is pioneering the concept of humane governance as a unique qualifier for the future. Prof. Arfah Salleh, president and CEO, explains the details more fully.

"We humans are not robots, we are not machines, but we are not animals either. We have to be responsible for what we do and take into consideration everyone else as well. We are interconnected with the environment, sustainability and with everything that surrounds us. We have to ensure we have a better future.

"At Putra Business School, we're nurturing future leaders to take proper business decisions that are not only based in profits. Putra Business School was found with the goal of having international standards relevance. We have many programmes linked with universities overseas. We offer an alternative and are now providing the opportunity for everyone to learn how to connect somewhere in between eastern and western thinking through our unique philosophy.

"With our links in London, we truly believe we can make an impact on business practices in the international field. When talking about business, human are not resources, they are the trustees of resources. There is no other business schools that treat humans as such. That is something that makes us different, but our philosophy is now being shared.



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"When you are doing something new it is going to be very difficult, but the proper way is to talk about creating this experience through experience. You do what others do.

Acting in accordance with our philosophy is the best way of setting an example to others. Teachers have to think about how to teach students differently; we need to survive so we need to live sustainably. What we are trying to make our students understand is not that they shouldn't want to make a profit, no. It is just about not wanting to make an excessive profit."

**Benefitting from collaboration**

One example of a very successful partnership is the Penang Medical College, which began as a joint venture in 1996 between the Penang State's investment arm—the Penang Development Corporation, on the one hand, and University College Dublin (UCD) and the Royal College of Surgeons in Ireland (RCSI), on the other. Since 2012, it has been owned by the two Irish institutions and offers a top-notch medical programme, the first half of which takes place in Ireland and the second half in Penang.

This arrangement harnesses the strength of both entities: the pre-clinical science offered in RCSI and UCD and the clinical placement within Ministry of Health hospitals guided by academic staff of PMC and local clinicians. PMC degrees are accredited by the national medical councils of both Malaysia and Ireland.

"We are the only medical school outside the European Union whose graduates are accepted for internship placement in Ireland by the Health Service Executive," says Professor Amir S. Khir, president, CEO and dean of Penang Medical College.

UCD and RCSI are highly committed to delivering a sound medical education in Penang and that is reflected in their sustained investment over the years in expanding the college and enhancing the quality of the practical training.

In March this year, the PMC opened a new Clinical Skills and Education Centre with the support of UCD and RCSI, which will enable the college to play a bigger role as a leading provider of medical degrees in the region and beyond.

"This year, RCSI and UCD have jointly offered two full scholarships and four partial scholarships worth £400,000 to deserving Malaysian applicants," Professor Khir says.

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# A star in the ascendant

Malaysia's dynamic approach to value addition and service delivery sets it apart from the competition and keeps the investors flocking in.

In the eyes of the Asian Development Bank, Malaysia is a star very much in the ascendant. In a statement on its website, the ADB has said that through the Country Operations Business Plans, it will support an agenda for Malaysia's economic transformation largely based on productivity and innovation.

"Reimbursable technical assistance will be provided for the preparation of the Eleventh Malaysia Plan, 2016–2020, and for green urban management plans. Assistance will also be provided to develop commercially-oriented regional projects, creating further opportunity for private sector investment.

"A focus on competitiveness will require better integration of Malaysia's industries into cross-border markets and production networks, both regionally and globally. ADB will continue to actively support the government of Malaysia's role in regional cooperation, providing assistance to various regional and subregional programmes and initiatives, and enhancing synergies among the programmes. As indicated in the COBP, ADB engagement with the government will also be significantly based around knowledge support."

Inward investment is now at a premium. The country enjoyed MYR57.4 billion of approved investments in the primary, services and manufacturing sectors for the first quarter (Q1) of 2015, primarily in the manufacturing sector, which accounted for 58.5% of the total, followed by the services sector (38.9%) and the primary sector at MYR1.5 billion or 2.6%.

International Trade and Industry Minister Dato' Sri Mustapa Mohamed says the amount represented an 18.8% increase from the same period last year.

"This increase comes despite the World Bank's lower growth forecast for the Malaysian economy for 2015. It reflects the faith of investors in Malaysia as an attractive investment destination and Malaysia's ability to hold its own in an increasingly competitive environment," he says.

Dato' Sri Mustapa also states that policies and processes implemented under the Government Transformation Programme and the Economic Transformation Programme were key to enhancing Malaysia's status as a preferred investment destination.

"This is reflected in our rankings by international organisations: The IMD World Competitiveness Centre ranked Malaysia the 14th most competitive nation out of 60 economies. The World Bank, which compares 189 countries, ranked Malaysia as the 18th easiest pla-

ce to do business. The World Economic Forum, which compares 144 countries, ranked Malaysia as the 20th most competitive," he says.

The Minister also notes that the bulk of the investments came from domestic sources at 82.6% of the total investments, while foreign sources contributed 17.4%. "This is in line with the government's goal to promote higher domestic investments to spearhead economic growth. Projects approved in Q1 2015 are expected to generate about 48,120 job opportunities," he says.

The approved projects are also expected to enhance the growth of domestic companies, cluster development, local sourcing, R&D activities and human capital development, among other areas. The investments comprise the following sectors:

## Manufacturing

For the first three months of this year, approved investments in the manufacturing sector surged 152.6% compared with the corresponding period in 2014. The higher level of investments was as a result of the Petronas project in Pengerang, Johor, to build a refinery and cracker plant as well as expansion and diversification activities by existing electrical and electronics (E&E) manufacturers in storage devices, and semi-conductor sub-sectors. Petroleum, petrochemicals, and E&E products accounted for 87.8% of total approved investments.

Capital-intensive projects continue to dominate approved investments for the manufacturing sector. Capital intensity, as measured by the capital investment per employee (CIPE) ratio of projects approved in Q1 2015 stood at MYR1,221,812. The CIPE ratio of manufacturing projects in Q1 2015 registered an increase of 62% compared with the ratio in Q1 2014 (MYR753,203). Projects with investments of at least MYR100 million or more accounted for more than 90% of approved investments. Encouragingly, investments in small-and medium-sized (SME) projects held their own as well, with the approval of 176 projects of less than MYR100 million each, compared to 174 projects in the corresponding period last year.

Dato' Sri Mustapa says the approved manufacturing projects will create 27,553 job opportunities.

## Services

In Q1 2015, a total of 588 projects in the services sector were approved with investments of 38.9%. Domestic investments dominated, with investments of MYR19 billion or 85.2% of approved investments, while the balance of MYR3.3 billion was from foreign sources. These approved services projects are expected to generate about 20,200 job opportunities, 90% of which would be in the distribution trade, hotel and tourism, MSC-status businesses (ICT and ICT-facilitated businesses), health services and global operations hub activities.

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Real estate led services sector investments with MYR6.5 billion in 189 projects. Domestic sources made up 97.5% of these investments. In the utilities sector, MYR4.8 billion, — all from domestic sources — was approved, highlighting an increase of 182.4% from Q1 2014 (MYR1.7 billion).

Investments in global operations hub also registered a significant increase, by almost three-fold from MYR673.7 million in Q1 2014 to MYR2.6 billion in Q1 2015. Domestic investments accounted for MYR2.3 billion, while foreign investments amounted to MYR282.3 million. These include a project by a Malaysian-owned regional retail chain to set up its Global Trading Services Centre which will enhance the development of the luxury goods retail industry and create more than 1,000 job opportunities. Investments in the primary sector amounted to MYR1.5 billion with foreign investments of MYR0.8 billion and domestic investments of MYR0.7 billion. The mining sub-sector led with investments in oil and gas exploration activities of MYR1 billion followed by plantation and commodities (MYR393.3 million) and agriculture (MYR68.8 million).

While welcoming this first-quarter 2015 performance, Dato' Sri Mustapa has also warned against complacency. "This is an excellent performance, but we must sustain the momentum. Competition is rising globally and we need to ensure we stay one step ahead," he says.

Staying true to its core values, Malaysia played a pivotal role in bringing about the World Trade Organisation's game-changing Trade Facilitation Agreement in Bali in 2013, which has enabled the movement of goods across borders more quickly and more cost-effectively. President Barack Obama said of the move: "This new



"While consolidating our presence in Malaysia, we of course want to continue our international expansion"

Anuar Yusoff, Managing Director, TNB Remaco

deal, and particularly the new trade facilitation agreement, will eliminate red tape and bureaucratic delay for goods shipped around the globe. Small businesses will be among the biggest winners, since they encounter the greatest difficulties in navigating the current system. By some estimates, the global economic value of the new WTO deal could be worth hundreds of billions of dollars."

### Food security, environmental sustainability and social dividend

By 2050 the global population is expected to reach 9 billion people. The question of how to produce enough food to cope with this growing population is taxing experts around the world.

Similarly, the natural environment of the planet should be cared for and protected — and the impact of food production on future sustainability is an important part of this equation. Finally, how will we ensure that a social dividend, and genuine prosperity, is available to as many of those 9 billion people as possible? How can food production answer all of these questions on food security, environmental sustainability and social progress? The Malaysian Palm Oil community has been answering such questions for decades, and provides a model for ensuring food security, environmental sustainability and social progress in the future.

Palm oil is a highly efficient vegetable oil, producing up to ten times as much oil per hectare as other oils. That means that less land is used, fewer precious resources (such as water) are used, and more land can therefore be set aside for conservation.

Malaysia demonstrates this truth perfectly, as the country has set aside 50% of land cover as forest: a bold and unparalleled environmental commitment.

Palm oil is rich in vital nutrients and an important food source for billions, primarily in the developing world. The nourishing combination of vitamins — including the rare vitamin E tocotrienols — is a source of nutrients for many across Africa and elsewhere. But the benefits of Malaysian Palm Oil are not only for those who consume it.

In Malaysia, 40% of palm oil cultivation is undertaken by small farmers: a model of social development on a vast scale that is both highly ambitious and hugely successful. Some 300,000 families benefit from farming palm oil in Malaysia, and their rural communities, have been lifted out of poverty through the economic di-



Malaysia's luxury retail sector is growing

vidents brought about by this miracle crop.

These successes have enabled Malaysia to be the leader in producing certified sustainable palm oil, meeting demand from European companies and consumers for responsibly-produced palm oil. The Malaysian industry partners with civil society organisations, such as Wild Asia, to ensure commitments to environment and the people are met.

The Malaysian Palm Oil Council is optimistic about this success continuing: "In Malaysia, the natural environment is being sustained and protected alongside palm oil production, which is securing prosperity and economic advancement for the poor. Malaysia is demonstrating that the forest and the palm oil farmers can co-exist, and indeed prosper, side by side in the immediate future. The Malaysian model proves that it does not have to be one or the other," said Dr. Yusof Basiron, chief executive officer of the Malaysian Palm Oil Council.

In the meantime, the country is motoring on to cope with an increased demand for power. One of the leading lights in this field is TNB Remaco, a wholly-owned subsidiary of national electricity company Tenaga Nasional — an entity that generates 50% of Malaysia's power. Headed by managing director Anuar Yusoff, TNB Remaco is responsible for power plant maintenance and repair.

"Malaysia has an installed capacity of 22,000 MW, and a maximum peak demand for power of 17,000 MW. Roughly 40% of power generation comes from gas, 40% from coal and 20% from renewable sources," Yusoff says. "Our parent company, Tenaga Nasional (TNB) is the state-owned power company that operates in Western Malaysia. It generates approximately 50% of the power and is responsible for 100% of transmission and 98% of the distribution of power. The remaining 50% of the power generated in Malaysia is through IPPs.

"The demand for power is growing at roughly the same rate as the economy, give or take two percentage points. GDP growth last year was 6%, while the demand for power grew by 4%. This growth trickles down to us in the form of more opportunities for power-plant maintenance, our core business, and it stands not only in Malaysia, but for other countries in which we operate, particularly in the Middle East. Many growth opportunities are abroad, and we will continue to pursue them. So far we have been more successful in the Middle East than in the Southeast Asian re-

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gion. That is because the likes of Myanmar, Vietnam, and the Philippines are trying to maximise local content, just like us, and labour costs are lower, while in other markets like the Gulf Cooperation Council (GCC), the competition is not as fierce.

“Our main advantage is that TNB Remaco offers technical expertise using high-tech tools, which makes our skills and services difficult for smaller companies to emulate. As a TNB subsidiary, we have access to expensive tools that private maintenance, repair and operations companies might not. Thus we can offer balancing, calibration and testing services that require special skills and high-tech tools, which an average service provider might not be able to afford.”

To negate the effects of increased competition in this niche market, TNB Remaco is improving its capacity for future growth.

“We are one of the leading service providers for power plants at the moment and we want to maintain this position despite the fact new companies are entering our sector,” Yusoff says. “While consolidating our presence in Malaysia, we of course want to continue our international expansion”

### Tapping new territories

In the meantime, one of Malaysia’s lesser-known regions is tapping into both palm oil and power. Sabah is a territory that investors have yet to discover, despite the fact it contributes between 25-30% of the resource-based demand.

Datuk Dr. Mohd Yaakub Hj. Johari, president and CEO of SEDIA, the economic development and investment authority for the region, takes up the story:

“Our region has not yet been fully recognised by international investors because we have never been a location for manufacturing. However, visitors like to come to Sabah and we have been growing rapidly in tourism and doubling tourist arrivals within the past few years. This is something we would like to leverage. People who come to Sabah see there are tremendous opportunities.

“Their first impression is Kota Kinabalu; you can go to the islands and you can go to Mount Kinabalu. Tourism is something we promote aggressively, and while we see investment from the Germans, French and North Americans, and while there are many British visitors, there are not as yet many British investors in this sector.”

Another quality that makes Sabah compelling is the centrality of its location, Jo-

hari says: “We are emerging as an economic community and geographically we are very strategically located. We have access to most major cities in East Asia, which is why we have so many South Korean, Taiwanese and Japanese visitors.

“We are really looking to add value to our natural resources. There is oil and gas here, and the current price looks very good for investors. Also, 30% of the natural production of palm oil takes place in Sabah. We are strong in tourism and we have great potential in resource-based industries that have not been fully exploited yet. To tap the palm oil sector, we developed two palm oil clusters and we also supported the development of an oil and gas-based cluster.

“In terms of commodities, there are quite a number of possibilities. In agriculture there are lots of opportunities as well, which includes marine resources. In fact, a US group has succeeded in producing lobster here. They managed to spawn lobster fry, which is not an easy task. Although a lot of people try it, not many succeed, but they succeeded in Sabah. The people that did not do their homework have been trying in many parts of the world without success.

“The waters in Sabah are scientifically proven to have some of the world’s greatest marine life diversity. If it cannot be done here, then where can it be done? Initially they were just capturing lobsters in the wild and cultivating them, but now they are actually breeding them. This indicates the sort of potential that marine-based agriculture provides in Sabah.

“If you look at the potential in bioresources we are one of the world’s most diverse places for marine agriculture. For every 10 acres of land in Sabah, we have an average of 700 species of plant life; the whole diversity of species that exist in North America can be found on 10 acres of land in Sabah.

“Our mandate is to bring investment into the region. For that to happen successfully, we have developed designated areas because land is scarce. You have to target different locations where you can have a comparative advantage because of the endowments; for example, we have a marine integrated cluster. Getting investment is certainly an important consideration. We have been to Manchester and London to promote our opportunities. The other areas we are focusing on are the high-tech sectors, biotech sectors, creative industries and aviation. We are looking into this right now and marching forward.”

## A place of Business, Culture, and Nature

Rich in natural resources, Sabah is on the Singapore-North East Asia shipping route at the heart of ASEAN. Blessed with easy access to all major Asian cities, Sabah is your strategic partner in Asia.

An important region for science, education, agriculture, tourism, hydro-carbon, and manufacturing and logistics clusters, the opportunities are limitless, and, with tax laws that promote innovation, Sabah is the place to take your investment to the next level.

Couple this with biodiversity and a cultural heritage that is the envy of the world, and you will see why Sabah is vital to the future of your business in Asia, today.

### Main investment opportunities::

- Education
- Eco-tourism, lifestyle and creative industries
- Aquaculture, agriculture and palm oil
- Logistics, shipping and aviation
- Biotechnology
- Oil, gas and energy



For enquiries on investment in SDC, Malaysia, contact SEDIA at [www.sedia.com.my](http://www.sedia.com.my)