



**“From the desk of the
Chief Executive”**



As we step into the new year of 2016, we proudly, but humbly look back on the past months which had passed. These 12 months were not without challenges with global headwinds, and yet we continued to make significant progress.

The global economic situation may continue to be uncertain in 2016, but I am certain of one thing, that with close collaboration and relationship with our key stakeholders, we can weather any storm together to deliver Iskandar Malaysia to the Rakyat.

Let me take the opportunity to reflect and just share some of the key highlights or milestones for Iskandar Malaysia for the year 2015.

Inclusive Iskandar Malaysia

In furthering our efforts for a more inclusive Iskandar Malaysia, we had successfully delivered several key projects. One of them is the fair price store chain managed by Iskandar Malaysia Co-operative (imCoop) that was recently launched by YAB Menteri Besar of Johor with strong buy-in and confidence from the community. Today, the community is able to shop at lower prices at the five outlets of imCoop stores. A total of 150 imCoop stores are targeted by 2017 to help curb the high cost of living and provide employment and business opportunities among local communities.

Another significant milestone was the Iskandar Malaysia Social Index that has also been completed and finalized. The final results for this year (61.11% out of 100%) will be used as a guide in charting the way forward for social development initiatives in 2016.

Our achievements in talent development did not go unnoticed when we received the recognition for being the best economic corridor partner in Malaysia from the Ministry of Education, especially in Technical and Vocational Education and Training (TVET) in Iskandar Malaysia.

Sustainable Iskandar Malaysia

In continuing our pledge to ensure Iskandar Malaysia is developed in a sustainable manner, in Dec 2015, Iskandar Malaysia represented the Asia Pacific region in sharing its commitment on Energy Efficiency under the Lima Paris Action Agenda during COP21 in Paris. The region shared its action plans to improve energy efficiency in two important green agenda namely Building Efficiency Accelerator and District Energy Accelerator.

We also launched the Low Carbon Society Action Plan for the five Local Authorities in Iskandar Malaysia.

Throughout 2015, we have successfully carried out our Green Agenda initiatives such as Smart Healthy City and Community recognitions, Car Free Days, Rider Corners and many more together with our stakeholders.

Internally, IRDA is now moving towards a greener working environment by implementing Cloud Services, LED lights and Electric Vehicles.

Investments

The year 2015 closed with Iskandar Malaysia achieving its cumulative investments of RM190 billion and about 52% of these investments have been realized. For the year itself, Iskandar Malaysia attracted close to RM32 billion of committed investments. (2014: RM26 billion)

Our top three foreign investor countries are China, Singapore and USA respectively.

In 2015, we launched the Johor International Youth Hub and kicked off preparation for the Iskandar Malaysia Urban Observatory Framework as well as the Urban Farming program.

We have also stepped up efforts to reach out to our stakeholders from among the local communities through the social media platforms. Today, we have over 50,000 followers, with increased daily engagement rate. We will also have a new revamped website by early this year – one which is contemporary and anchored on the Iskandar Malaysia experience.

As we move into 2016, we look forward to meeting more milestones through the implementation of our CDPii, and perhaps the most anticipated event will be our 10th year anniversary in November 2016 that marks the halfway mark of our development journey.

While there is still much to do, we ended 2015 stronger than before. We step into 2016 better organized and equipped to serve our stakeholders and the community.

Our focus and direction is clear; to deliver Iskandar Malaysia to and for the people of Iskandar Malaysia. And I urge all of you to continue this exciting journey with us.

Thank you.

Prof Datuk Ismail Ibrahim

Global Economic Outlook 2016 (by The International Monetary Fund)



Developments In 2015

In 2015, global economic activity remained subdued.

Growth in emerging market and developing economies, while still accounting for over 70% of global growth, declined for the fifth consecutive year, while a modest recovery continued in advanced economies.

Three key transitions that continue to influence the global outlook:

- (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services,
- (2) lower prices for energy and other commodities, and
- (3) a gradual tightening in monetary policy in the United States in the context of a resilient US recovery as several other major advanced economy central banks continue to ease monetary policy.

Global economy

The IMF had recently come out with a revised forecast on the global economy in the third week of January 2016, revising the global economic growth for 2016 downward to 3.4% for 2016 as compared to its earlier forecast made in October 2015 of 3.6%. For 2017, the global growth is expected to be at 3.6%.

The three key transitions mentioned earlier will still be the key factors affecting growth in 2016.

Advanced Economies

Growth in advanced economies is projected to rise by 0.2 percentage point in 2016 to 2.1%, and hold steady in 2017.

Overall activity remains resilient in the United States, supported by still-easy financial conditions and

strengthening housing and labor markets, but with dollar strength weighing on manufacturing activity and lower oil prices curtailing investment in mining structures and equipment.

In the Euro area, stronger private consumption supported by lower oil prices and easy financial conditions is outweighing a weakening in net exports.

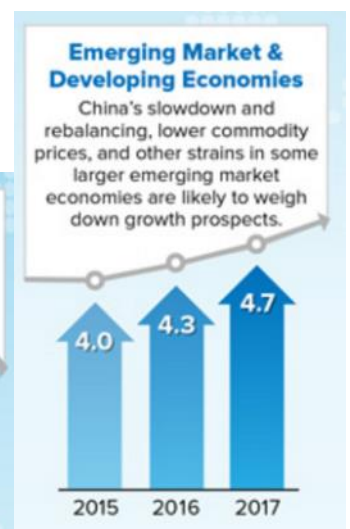
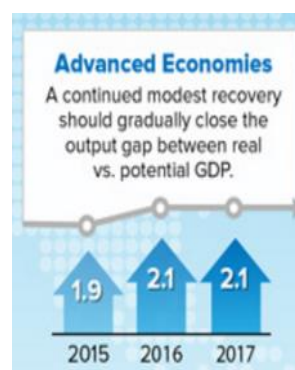
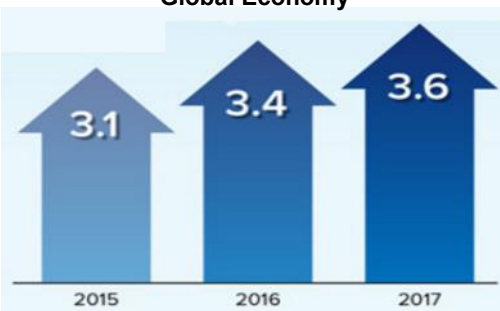
Growth in Japan is also expected to firm in 2016, on the back of fiscal support, lower oil prices, accommodative financial conditions, and rising incomes.

Emerging Market and Developing Economies

Growth in emerging market and developing economies is projected to increase from 4% in 2015, the lowest since the 2008–09 financial crisis to 4.3% and 4.7% in 2016 and 2017, respectively.

- Growth in China is expected to slow to 6.3% in 2016 and 6.0% in 2017, primarily reflecting weaker investment growth as the economy continues to rebalance. India and the rest of emerging Asia are generally projected to continue growing at a robust pace, although with some countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness.
- Higher growth is projected for the Middle East, but lower oil prices, and in some cases geopolitical tensions and domestic strife, continue to weigh on the outlook.
- Emerging Europe is projected to continue growing at a broadly steady pace, albeit with some slowing in 2016. Russia, which continues to adjust to low oil prices and Western sanctions, is expected to remain in recession in 2016. Other economies of the Commonwealth of Independent States are caught in the slipstream of Russia's recession and geopolitical tensions, are projected to expand modestly in 2016 but gather speed in 2017.

World Economic Outlook Update: Jan 2016
Global Economy



Global Economic Outlook 2016 (by The International Monetary Fund)

Cont.

Risks To The Forecast

Unless the key transitions in the world economy are successfully navigated, global growth could be derailed. Downside risks, which are particularly prominent for emerging market and developing economies, include the following:

- A sharper-than-expected slowdown along China's needed transition to more balanced growth, with more international spillovers through trade, commodity prices, and confidence, with attendant effects on global financial markets and currency valuations.
- Adverse corporate balance sheet effects and funding challenges related to potential further dollar appreciation and tighter global financing conditions as the United States exits from extraordinarily accommodative monetary policy.
- A sudden rise in global risk aversion, regardless of the trigger, leading to sharp further depreciations and possible financial strains in vulnerable emerging market economies. Indeed, in an environment of higher risk aversion and market volatility, even idiosyncratic shocks in a relatively large emerging market or developing economy could generate broader contagion effects.
- An escalation of ongoing geopolitical tensions in a number of regions affecting confidence and disrupting global trade, financial, and tourism flows.

BizWatch

Revised 2016 Budget (announced 28th Jan 2016)

Prime Minister Datuk Seri Najib Razak announced measures under Putrajaya's recalibration of Budget 2016 as follows:



- EPF contributions by employees to be cut by 3% from March this year until December 2017. Contribution rate by employers, however, remains the same. The reduced contributions would boost spending by an estimated RM8 billion. (Currently, employees' EPF contribution is 11%)
- Tax exemption of RM2,000 for Malaysians earning RM8,000 and below for the financial year of 2015, a move that would affect two million tax payers.
- Effective immediately for new housing projects, sale of all houses up to RM300,000 is limited to first-time buyers only
- Introduction of MyBeras programme where registered hardcore poor families receive 20kg of rice a month
- FAMA to open MyFarm outlets which will sell food at 5-20% cheaper than market price
- To ease cost of living, government to liberalise APs for agriculture produce including coffee and meat
- 30% of contribution to the human resource development fund (HRDF) to be utilised for skills training, including those who are unemployed.
- The Government will update the management system of foreign workers, with levies clustered into two categories, not including foreign maids.
- Development financial institutions and Government venture capital funds to increase allocations by RM6bil for benefit of start-ups and SMEs.

BizWatch

Malaysia as an open economy is not immune to the developments that are happening around the globe. Bank Negara Malaysia forecasted Malaysia to grow between 4% and 5% this year compared to 4.5% and 5.5% in 2015, taking into account the slower global economic growth in 2016.

The Federal government income is expected to shrink further this year as a result of lower contribution of income derived from oil related revenues in view of the current low global oil prices. The government revenues from oil related is expected to decline from RM62 billion in 2014 to RM31 billion this year.

In view of the above challenges, the Government has to revise the 2016 Budget. One key change with major impact to the economy is the increase in foreign levy for foreign workers in the plantation and construction sectors with effect from 1 Feb 2016. For the plantation sector, foreign worker levy will increase from RM590 to RM1500 while the levy for foreign workers in the construction sector to increase from RM1,250 to RM2,500.

We can expect savings from the above measures.

Nonetheless, 2016 will continue to be a year of prudent and austerity and IRDA together with both Federal and State agencies would have to work harder and forge strong collaborations with private sector in order to drive more investments into Iskandar Malaysia.

Muafakat Fair Price Shops To Benefit the *Rakyat* in Iskandar Malaysia



Johor has started a chain of fair price shops offering reasonably priced essentials goods to help consumers save more money in view of the escalating cost of

living.

Menteri Besar, Datuk Mohamed Khaled Nordin said 20 shops would be opened in Iskandar Malaysia by the end of 2015 and 60 more in other parts of Johor in 2016.

The State Government and the IRDA had allocated RM10 million for the setting up of the fair price shops while the remaining RM7 million will be from cooperative bodies.

Unlike Kedai Rakyat 1Malaysia which comes under a public-listed company, Johor's imCoop is managed by the cooperative bodies.

Cooperative members would automatically enjoy 3% discount on all goods sold at the shop through the imCoop membership cards.

The retail chain expects to have 150 shops by 2017 with the goal of offering cheaper necessities to the masses.

6,500 people from the lower income group, as well as the Asnaf group were given free membership under the Muafakat Johor Cooperative.

As many as 1,300 job opportunities will be available under imCoop, which now has a total of 60 cooperatives, representing its 40,000 members.



BizWatch

The opening of the Muafakat Fair Price Shops in Johor as well as in Iskandar Malaysia is timely to help the *Rakyat* especially those who are in the middle and low income groups to manage the rising cost of living.

This important initiative will definitely complement the existing initiatives by Federal Government as well as the new proposals announced in the revised 2016 Budget, all of which target to defray the escalating cost of living, especially in urban areas.

Under these Fair Prices Shops, members would be able to enjoy 3% discount on all goods sold at the shop through the imCoop membership cards.

Besides offering goods at lower prices, the Fair Price Shops also offer good business opportunities to entrepreneurs. The minimum capital needed to start the shop is around RM30,000.

The Muafakat Fair Price Shops will be an important *Rakyat* touchpoint initiative.



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