



**MOVING UP THE RANKS**

**Malaysia Among World's Twenty Most Business-friendly Locations**

(source: NST Business Times 18 June, EIU, MIDA)

**Malaysia at 12th Position in the World Competitiveness Ranking 2014**

(Source: The Star 22 May 2014, IMD)



It is designed to reflect the main criteria used by companies to formulate their global business strategies, and is based not only on historical conditions but also on expectations about conditions prevailing over the next five years. The Report said that market opportunities in Malaysia would improve, in large part due to the Government's efforts to raise private sector investment levels.

The higher global ranking is an indication that the Government's reforms to overcome many of the structural and political impediments to its ambitious plans to transform the country into a middle-income nation is bearing fruits.

Malaysia has been ranked among the top 20 investor-friendly countries for the period between 2014 and 2018, according to The Economist Intelligence Unit (EIU)'s latest Business Environment Rankings (BER).

However, Malaysia's unchanged regional position indicates that it faces strong competition in its own backyard, the report added.

The report, released in May 2014, ranked Malaysia 19th out of 82 countries as the best places to do business in.

Singapore retained its No. 1 spot from the 2009-2013 period, and is expected to continue remaining a popular destination for investors over the next five years.

Malaysia came in ahead of countries like the United Kingdom, France, South Korea, and Japan, showing an improvement of five places after ranking 24th for the 2009-2013 period.

In the IMD Report on World Competitiveness Ranking 2014, Malaysia has moved up three notches to 12th position among 60 economies.

The country's regional ranking was unchanged at sixth place, out of 17 countries measured.

In Asia, Malaysia is ranked third after Singapore and Hong Kong, moving up one position from 4th placing in 2013 and ahead of developed economies like Taiwan (overall 13th), Japan (overall 21st) and South Korea (overall 26th).

The business rankings model measures the quality or attractiveness of the business environment in the 82 countries covered by The Economist Intelligence Unit's Country Forecast reports.

In ASEAN, Malaysia is ranked second after Singapore and ahead of Thailand (overall 29th), Indonesia (overall 37th) and Philippines (overall 42nd).

BER rankings					
		Score 2009-13*	Global ranking 2009-13	Score 2014-18*	Global ranking 2014-18
	Singapore	8.56	1	8.65	1
	Switzerland	8.41	2	8.52	2
	Hong Kong	8.34	3	8.39	3
	Canada	8.15	7	8.30	4
	Australia	8.18	5	8.29	5
	Sweden	8.20	4	8.26	6
	USA	8.02	8	8.25	7
	New Zealand	7.99	11	8.18	8
	Finland	8.16	6	8.18	9
	Denmark	8.01	9	8.16	10
	Norway	7.89	13	8.01	11
	Germany	7.99	10	7.98	12
	Chile	7.81	14	7.89	13
	Taiwan	7.68	16	7.85	14
	Ireland	7.30	20	7.79	15
	Netherlands	7.94	12	7.78	16
	Belgium	7.69	15	7.69	17
	Austria	7.61	17	7.62	18
	Malaysia	7.15	24	7.56	19
	Israel	7.17	23	7.50	20

The IMD ranking took into consideration over 300 criteria which are grouped under:

- Economic performance
- Government efficiency
- Business efficiency
- Infrastructure

## Malaysia Moving up the Ranks (cont'd)

“There is no single recipe for a country to climb the competitiveness rankings and much depends on the local context”, said Professor Arturo Bris, Director of the IMD World Competitiveness Centre. He added that **improved ranking would renew interest and attract investments to the country.**

Highlights of the 2014 ranking

- The US retains the No. 1 spot, reflecting the resilience of the economy, better employment numbers and its dominance in technology and infrastructure.
- There is no big changes among the top ten. Small economies such as Singapore (3) and Hong Kong (4) continue to prosper thanks to exports, business efficiency and innovation
- Japan (21) continues to climb in the ranking helped by a weaker currency and both Malaysia (12) and Indonesia (37) make gains while Thailand (29) falls amid political uncertainty.
- Most big emerging markets slide in the ranking as economic growth and foreign investment slow and infrastructure remains inadequate. China (23) falls partly due to concerns about its business environment while India (44) and Brazil (54) suffer from inefficient labour markets and ineffective business management.

IMD WORLD COMPETITIVENESS YEARBOOK 2014 - OVERALL RANKING							
Country	Rank			Country	Rank		
	2014	2013	Change		2014	2013	Change
USA	1	1	—	Chile	31	30	↘
Switzerland	2	2	—	Kazakhstan	32	34	↗
Singapore	3	5	↗	Czech Republic	33	35	↗
Hong Kong	4	3	↘	Lithuania	34	31	↘
Sweden	5	4	↘	Latvia	35	41	↗
Germany	6	9	↗	Poland	36	33	↘
Canada	7	7	—	Indonesia	37	39	↗
UAE	8	8	—	Russia	38	42	↗
Denmark	9	12	↗	Spain	39	45	↗
Norway	10	6	↘	Turkey	40	37	↘
Luxembourg	11	13	↗	Mexico	41	32	↘
Malaysia	12	15	↗	Philippines	42	38	↘
Taiwan	13	11	↘	Portugal	43	46	↗
Netherlands	14	14	—	India	44	40	↘
Ireland	15	17	↗	Slovak Republic	45	47	↗
United Kingdom	16	18	↗	Italy	46	44	↘
Australia	17	16	↘	Romania	47	55	↗
Finland	18	20	↗	Hungary	48	50	↗
Qatar	19	10	↘	Ukraine	49	49	—
New Zealand	20	25	↗	Peru	50	43	↘
Japan	21	24	↗	Colombia	51	48	↘
Austria	22	23	↗	South Africa	52	53	↗
China Mainland	23	21	↘	Jordan	53	56	↗
Israel	24	19	↘	Brazil	54	51	↘
Iceland	25	29	↗	Slovenia	55	52	↘
Korea	26	22	↘	Bulgaria	56	57	↗
France	27	28	↗	Greece	57	54	↘
Belgium	28	26	↘	Argentina	58	59	↗
Thailand	29	27	↘	Croatia	59	58	↘
Estonia	30	36	↗	Venezuela	60	60	—

### BizWatch

Malaysia has seen its ranking in terms of global competitiveness improving as a result of serious commitment from the Government to transform the nation to be a high income nation by 2020 through improvement in public delivery and initiatives and projects under the Economic Transformation Program (ETP).

Based on The Economist Intelligence Unit (EIU)'s latest Business Environment Rankings (BER) report for 2014, Malaysia has managed to improve its position from the 24th place previously to the 19th place currently.

In the IMD Report on World Competitiveness Ranking 2014, Malaysia has moved up three notches to 12th position among 60 economies.

In the The World Bank's Ease of Doing Business Report, Malaysia surged to 6th position among 189 countries from 12th place previously.

It is clear that the set-up of Government agencies such as PEMUDAH which is tasked to improve business competitiveness in Malaysia and PEMANDU which set the strategies and direction for economic transformation is making headways to drive the economy.

However, while we applaud these achievements, we need to be cognizance of the need to continue to improve and to be more competitive. More and more ASEAN countries are making progress to cut red tapes to attract foreign investments. Countries such as Indonesia and Thailand have large domestic markets. Upcoming countries such as Vietnam and even Myanmar received more foreign direct investments in 2013 as compared to Indonesia (source: fDi Report 2014: Global greenfield investment trends)

Improved rankings will attract more interest and investments. As for Iskandar Malaysia, we need to leverage on this to make Iskandar Malaysia the preferred investment destination within Malaysia.

On that note, it is therefore vital for Iskandar Malaysia to strengthen our facilitation arm, so that doing business in Iskandar Malaysia would be easy and investor friendly.



Business Environment Rankings  
Which country is best to do business in?





The year 2014 has been designated by both the governments of Malaysia and China as “Friendship Year” to commemorate the 40th Anniversary of Diplomatic Relations.

The decision, indeed, reflect the mutual satisfaction that bilateral relations have evolved into a healthy growth with substantive cooperation in almost all sectors to merit a celebration to mark the milestone.

Like other countries keen on taking bilateral trade to a higher level with the Asian economic superpower, Malaysia knows it has to cultivate ties in diverse areas, while overcoming obstacles.

China has many suitors and that is why Kuala Lumpur has not lost sight of that critical need to work hard at nurturing economic ties with China, since establishing diplomatic relations with that country 40 years ago, following a visit by the then Prime Minister Tun Abdul Razak Hussein.

Now his son and current Prime Minister Dato’ Seri Najib Tun Razak is continuing that legacy to ensure Malaysia stands to gain much from the bilateral relationship.

That Najib’s efforts are bearing fruit is clearly evident. After four decades, Malaysia-China economic ties are flourishing, and is expected to grow exponentially in the next few years, as both countries remain committed to taking the relationship to a higher level.

Malaysia, the first country in Asean to establish diplomatic relations with China, has not only seen trade ties grow, but the advent of strong people-to-people relations.

Malaysia’s bilateral trade with China last year recorded US\$106bil. This made China Malaysia’s single largest trading nation for the past five consecutive years.

Bilateral trade between both countries has expanded at an av-

erage of 18.2% since 2000 with the trade profile witnessing a major shift over the last decade. Malaysia aims to increase bilateral trade with China to US\$160 bil by 2017.

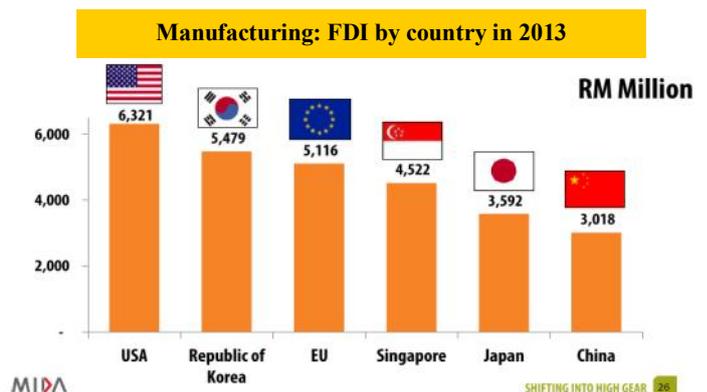
Commodities are no longer the major source of goods traded. As much as 50% of trade now comprises manufactured products, and other higher value-added goods.

Malaysian businesses also made over US\$6bil in investments in China last year. About US\$1bil in investments have been invested by Chinese businesses in Malaysia during the same period. Malaysia would like to double Chinese investments in Malaysia to US\$2 bil in the next two years targeting investors from second tier cities in China besides major cities such as Shanghai, Beijing and Guangzhou.

In 2013, China was Malaysia’s 6th largest foreign investor in the manufacturing sector with investments of RM3.0 bil over 22 projects. It is projected that China outward investments to exceed USD500 bil in the next 5 years.

**Malaysia-China G-2-G Projects**

- ◆ Malaysia-China Kuantan Industrial Park, Pahang (1,500 acres)
- ◆ QinZhou Industrial Park, Guangxi Province (13,600 acres, start up 1,945 acres)



## Chinese investments in Iskandar Malaysia

For Iskandar Malaysia, China has emerged in 2013 as one of our top 10 foreign investors for the region.

As of March 2014, the cumulative amount of investments that came from China amounted to approximately RM2.8 billion from 2006.

The current slowdown of growth in China currently had pushed some of the property developers in China to seek opportunity to invest abroad and find Malaysia and Iskandar Malaysia as a preferred location. China has been a substantial investor in the property sector in Singapore.

It is also believed that the good bilateral ties between Malaysia and China for the past 4 decades is among other factors that draw Chinese investors to invest in Malaysia.

The Chinese story in the property sector in Iskandar Malaysia started with the Zhuoda Real Estate Group which acquired land in Medini in late 2011. Zhouda launched the luxury Paradiso Nuovo condominium project in January 2014.



This was followed by more and more China property developers such as Country Garden and Guangzhou RF Properties to name a few, purchasing prime locations in 2012 and 2013.

The launch of Country Garden in Aug 2013 garnered lots of attention especially on its aggressive marketing strategy to sell some 9,000 units at one go.

Besides investments in the property sector, there have been an increase in Chinese investments in the manufacturing sector in 2013. Notable investments include a sizeable Chinese investment in textile yarn in Sedenak. Moving forward, we will target value added manufacturing as well as niche market manufacturing from China to site their new base in Iskandar Malaysia.

### China developers in Iskandar Malaysia

Company	Market Cap	Land Location	Land Size (ha)	Ownership	Cost (psf)	GOV
Country Garden	Listed in Hong Kong RM22.88bil	Danga Bay	2226	Wholly-owned	RM3757	RM10bil
Country Garden		Reclamation near Pendas	2,023.43	JV with KPRJ	Not available	Not available
Guangzhou R&F	Listed in Hong Kong RM12.61bil	Tanjung Puteri	46.94	Wholly-owned	RM890.6	Not available
Greenland Group	Based in Shanghai	Danga Bay	60	JV with Iskandar Waterfront Holdings (IWH)	RM4647	About RM10bil
Hao Yuan Investment Pte Ltd	Singapore-based mainly owned by mainland Chinese shareholders	Danga Bay	15	60:40 JV with IWH	RM991	RM8bil
Zhuoda Real Estate Group	China-based	Medini	7.3	80:20 JV with Iskandar Investment Bhd	RM2912	RM2.6bil

Source: Various reports



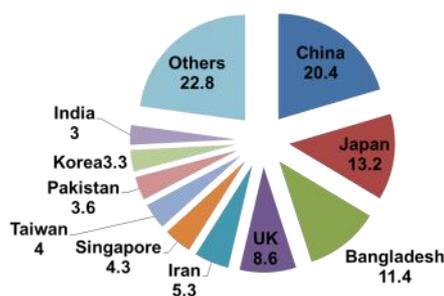
China is also a demand market for Iskandar Malaysia. We can promote our tourism attractions, healthcare and education facilities to the strong and growing middle income class in China.

For instance, Malaysia play host to about 10,000 Chinese students in higher education institutions (based on statistics available up to 2012) and the number is expected to grow as more Chinese families are now sending their children overseas to seek for better education at competitive prices in a non-Chinese speaking environment. The focus on education will cover both primary, secondary and tertiary education.

With the presence of three renowned British universities and new international schools offering a varied UK and IB programmes, Iskandar Malaysia will be a good location for education and leisure.

Notwithstanding, the emergence of Chinese developers will fuel the interest of Chinese participants in the Malaysia My Second Home (MM2H) Programme. From year 2002 to Dec 2013, participants from China topped the list of participants of MM2H programme.

MM2H based on Country (%)  
Total Participants (2002 – 2013 = 24,105)



Replica of R&F Princess Cove project in Tanjung Puteri, Johor Bahru

### Editorial

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