

## Invest Iskandar Malaysia 2015



## 2016 & BEYOND: Sustainable Growth Through Resilience & Innovation

Invest Iskandar Malaysia 2015 conference which carried the theme 2016 & Beyond: Sustainable Growth Through Resilience & Innovation was successfully held on Tuesday, September 29, 2015 at the Persada International Convention Centre in Johor Bahru.

Invest Iskandar Malaysia 2015 is the first of our series of Invest Iskandar Malaysia series of conferences/seminars aimed to bring together leaders, experts, entrepreneurs, institutional investors, business practitioners and policy makers in the business sphere to closely discuss and spur forward thinking on prevailing business opportunities in Iskandar Malaysia.

The inaugural conference attracted close to 400 participants.

In his keynote address titled "Braving the Rough Seas through Transformation and Innovation", YBhg Dato Sri Idris Jala, CEO of PEMANDU spoke on the cyclical economic movements and said that this was the best time to invest.

'Most investors are very afraid to invest in weaker economies on the down cycle but for brave investors who understand the long term opportunities, this is the best time to invest', he said.

In good times, investors must prepare themselves for the down time and then in down time, be prepared to take the opportunities.

Dato Sri Idris also shared details of Malaysia's strong fundamentals achieved over the years which will help us navigate through the current economic slowdown. The transformation journey which looks at economic transformation and government transformation set the foundation of preparing for the down cycle.

Among other interesting speakers during the event are YM Engku Ahmad Kamel, Director of Economics & Investment of IRDA who shared on the key ingredients of the successful development of Iskandar Malaysia using an interesting analogy of 'Mise Plan' or the culinary jargon of 'putting in place',

YBhg. Dato' Seri Che Khalib Mohamad Noh, Group Managing Director, MMC Corporation Berhad then took the stage giving a detailed presentation on MMC's investments in Iskandar Malaysia highlighting on Senai Hi Tech Industrial Park and Seaport Worldwide.

In the afternoon, YBhg. Datuk P.Ravindran, Senior Director of ASEAN Economic Cooperation Division, Ministry of International Trade and Industry (MITI) shared the latest updates on the Government's initiatives and programmes under the ASEAN Economic Community .



**The Chief Executive of PEMANDU, Dato' Sri Idris Jala, delivering the keynote address.**



**Distinguished guests during Invest Iskandar Malaysia 2015.**  
From left: Datuk Md Othman Yusof (Executive Director Country Garden Pacific View), Dato Benjamin (Federal Commissioner of IRDA) and H.E. Vanu Gopala Menon (Higher Commissioner of Singapore to Malaysia).



Delegates listening attentively to i2M luncheon talk.



The crowd outside the conference hall—exhibitors section



YM Engku Ahmad Kamel, Director of Economics & Investment of IRDA

Between the main presentations, three plenary discussions were held with interesting insights from our distinguished panelists.

In 'Why Invest in Iskandar Malaysia, investors detailed their journey of investing in Iskandar Malaysia when the development/ sector was still at infancy stage and the need to build the eco-system. From a foreign investor viewpoint, Ascendas' Mr William Tay shared the Singapore story of why and finally, Ascendas invested in Iskandar Malaysia.

In the Plenary Discussion with top developers in Iskandar Malaysia, interesting views were given on how each development looked at product differentiation to compete in the competitive market especially the lifestyle components.

On connectivity which has the largest number of panelist, Puan Kamisah from IRDA shared the latest on the transportation especially on the timeline for Bus Rapid Transit, progress of Rail Transit System (RTS) and the High Speed Rail (HSR). Other panelists from the logistics (warehousing, ports and airports) and ICT gave their views on driving the logistics and connectivity in Iskandar Malaysia to spur investments.

On behalf of the organizing committee, IRDA would like to express our heartiest gratitude to our sponsors that make the event successful.

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Orchestrating a brighter world



**Plenary Discussion 1 "Why Invest in Iskandar Malaysia"**

From left: En Rezal Rahman, CEO Pinewood Iskandar, Mr William Tay, CEO Ascendas Southeast Asia, Mrs Gan, IRDA and Mr Jean Marie, COO, Genting Simon/Johor Premium Outlets



3. Malaysia is in the fiscal 'safe zone'

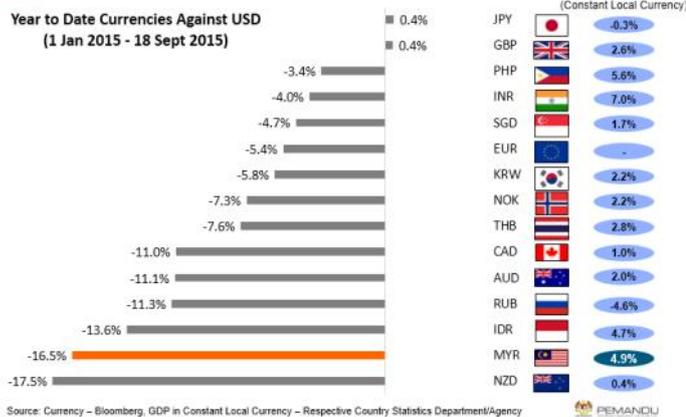
Highlights of Keynote Address

Current issues/challenges

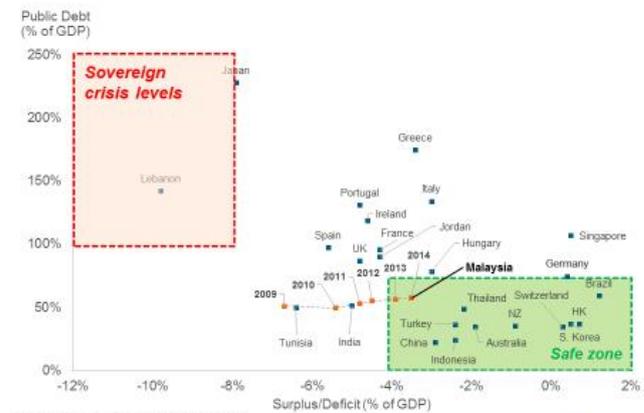
- Weak ringgit
- Low oil prices
- Low commodities prices
- Negative domestic sentiments

But our fundamentals are still strong!

1. Ringgit devaluation can be attributed to strengthening of US dollar which has negatively impacted 120 currencies, and not only the Ringgit. We are expecting the Ringgit to strengthen eventually.



Malaysia is in the fiscal "safe zone"

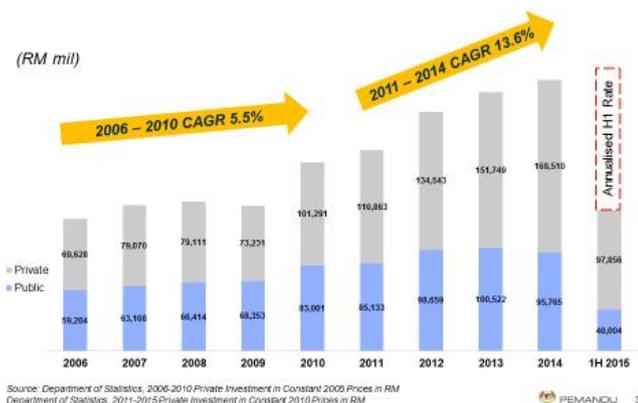


Note: All figures are as of 2014 except for China (2013). Source: MOF, BNM, CIA World Factbook, BCG Analysis. PEMANDU 4

Deficit as a percentage of GDP in 2014 was at 3.4% compared with 6.4% in 2009, with public debt at 53.7% (end-June 2015). We are well within the 'safe zone' which is for countries whose public debt is below 75% of GDP and deficit at 4% or below. Malaysia is still on track towards a balanced budget by year 2020.

2. Malaysia is still attracting investments and realised private investments has been robust post ETP

Realised private investment has been robust post-ETP



Realised private investment increased 2.5 times post-ETP (CAGR between 2011 and 2014 at 13.6% versus 5.5% between 2006 and 2010). For the first half of 2015, private investment stood at RM97.86 billion, contributing 71% of total investment.

*This scenario is similar to the investments flows into Iskandar Malaysia.*

4. Reduced reliance on oil and gas revenue and more diversified economy through the NKEA sectors

Government's revenue is now less dependent on oil revenue and the gradual removal of motor fuel subsidies create more space to manage the fiscal accounts.

The focus on NKEA to bring more economic growth helps deepen and diversify the economy to high growth areas.

**BizWatch**

While there will be noises in the market on the state of the economy in Malaysia, we need to take a step back and look back at our economic fundamentals.

Through the Economic Transformation Programme and the Government Transformation Programme, various plans/programmes have been in place to make the economy more resilient and these efforts are bearing fruits today.

For Iskandar Malaysia, we are still a strategic investment location in Malaysia and the challenge right now is to improve on our implementation and facilitation work.

Now is the time that we must girth up and strengthen our collaboration with our stakeholders in order to journey towards our mission to drive economic growth in Iskandar Malaysia.



Malaysia moved up two positions to 18<sup>th</sup> placing in the latest world competitiveness report by the World Economic Forum.

It marks Malaysia's highest ranking since 2005 in the highly-influential and closely monitored report, which includes 140 economies.

International Trade and Industry Minister Datuk Seri Mustapa Mohamed described the ranking as an endorsement of the progress through the Government Transformation Programme (GTP) and Economic Transformation Programme (ETP). Backed by sound fundamentals, Malaysia is well on track to continue its progress towards high-income developed status in the next five years as we close the gap with GNI per capita at US\$10,660 last year.

Malaysia tops the list among 20 economies under the transition stage from an efficiency-driven to innovation-driven economy.

The report indicates that Malaysia's competitiveness lies in goods market efficiency and financial market development pillars in which Malaysia is ranked in the top ten at 6<sup>th</sup> and 9<sup>th</sup> positions respectively.

Malaysia improves in most of the 12 pillars, with gains in macroeconomic stability (35<sup>th</sup>, up nine places) as the budget deficit continues to be reduced to the lowest in six years (3.7% of GDP); Higher Education & Training (36<sup>th</sup>, improving by 10 places) and, most notably, technology readiness (47<sup>th</sup>) improving by 13 places.

"The Malaysia Productivity Corporation, in partnership with both the public and private sectors, will forge ahead to enhance productivity for global competitiveness and innovation," according to International Datuk Seri Mustapa Mohamed .

Areas which posed challenges to Malaysia's competitiveness performance and need improvements include redundancy costs, women in labour force and gross secondary education enrolment. Among the priorities that need to be focused include unlocking the potential of productivity, nurturing talent & entrepreneurship as well as forging ahead with innovation.

Top 20 Competitiveness Ranking

	Economy	Score <sup>1</sup>	Prev. <sup>2</sup>
1	Switzerland	5.76	1
2	Singapore	5.68	2
3	United States	5.61	3
4	Germany	5.53	5
5	Netherlands	5.50	8
6	Japan	5.47	6
7	Hong Kong SAR	5.46	7
8	Finland	5.45	4
9	Sweden	5.43	10
10	United Kingdom	5.43	9
11	Norway	5.41	11
12	Denmark	5.33	13
13	Canada	5.31	15
14	Qatar	5.30	16
15	Taiwan, China	5.28	14
16	New Zealand	5.25	17
17	United Arab Emirates	5.24	12
18	Malaysia	5.23	20
19	Belgium	5.20	18
20	Luxembourg	5.20	19

● Advanced Economies    
 ● Middle East, North Africa, and Pakistan    
 ● Emerging and Developing Asia

**BizWatch**

The Government and Economic Transformation Programme that were embarked by Pemandu in 2010 has indeed become fruitful as reflected by Malaysia's improvement in the World Competitiveness Ranking from the 20<sup>th</sup> placing in 2014 to 18<sup>th</sup> placing in 2015.

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.

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.

**Editorial**

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