

Robotic City among RM31 billion worth of deals signed

(Source: The Star 15 May 2017)



Malaysia will be a big beneficiary of China's Belt and Road initiative with nine memorandums of understanding (MoUs) and agreements, including several new deals totaling more than US\$7.22 billion (RM31.26 billion), signed between companies from the two countries.

The signing of the deals on construction, agriculture, infrastructure, stock exchanges and port cooperation was witnessed by Prime Minister Datuk Seri Najib Tun Razak, who was in China for the two-day Belt and Road Forum for International Cooperation.

Also present were the Prime Minister's special envoy to China, Tan Sri Ong Ka Ting, Melaka Chief Minister Datuk Seri Idris Haron, and Deputy Science, Technology and Innovation Minister Datuk Dr Abu Bakar Mohamad Diah.

The largest business-to-business agreement signed was for the setting up of a Robotic Future City in Johor by Johor Corporation, the state government's investment arm, and its Chinese partner Siasun Robot Investment.

The US\$3.458 billion (RM15 billion) project, scheduled to kick off by the end of this year, will involve the development of a 404ha piece of land to set up the futuristic hub to develop the robotic industry as well as spurring the growth of various supply chains in the country.

Siasun is the largest robotic base in China and a listed enterprise under the Chinese Academy of Science (CAS).

The other major deal was the US\$2 billion (RM8.7 billion) methanol and methanol derivatives project in Sarawak between Yayasan Hartanah Bumiputera Sarawak (YHBS), Consortium of Huanqiu Contracting and Engineering (HQC) and MacFearn.

With this project, Sarawak will be transformed into a petrochemical hub in the region.

Located at Tanjung Kidurong, it will have three plants to be built in two phases and is estimated to be completed in 2021.

AgroFresh International has secured a deal with China's Dashang Group to export Cavendish bananas and tropical fruits, worth US\$1.53 billion (RM6.646 billion), to China.

Agriculture and Agro-based Industry Minister Datuk Seri Ahmad Shabery Cheek said at the signing ceremony: "Money does grow on trees if the agriculture products can open up the China market."

"Malaysia has successfully penetrated China's vast market with its pineapples, bananas and other local fruits.

"We are now working to export more local fruits to them," he said, adding that fresh durians and jackfruits would be next.

A framework investment collaboration agreement to develop the Melaka Gateway project was also signed between KAJ Development (KAJD) and its Chinese partners Powerchina International Group, Shenzhen Yantian Port Group and Rizhao Port Group.

They will jointly develop three of four islands off Melaka as part of the RM30 billion Melaka Gateway, a mixed development for a tourism, deep-sea port as well as smart-city and commercial hub.



Robotic City among RM31 billion worth of deals signed (cont.)

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An engineering, procurement, construction and commissioning contract was also signed to develop a mixed-use commercial hub in

Kota Kinabalu, Sabah, known as The Shore.

The US\$132.58 million (RM576 million) project – a collaboration between Titijaya Land Bhd and CREC Development (CRECD) is expected to take up to four years to complete and construction is scheduled to start this year. CRECD is a subsidiary of China Railway Engineering Corp (CREC).

In aviation, a joint-venture MoU was signed between AirAsia, China Everbright Group and Henan Government Working Group to establish a low-cost carrier terminal in Zhengzhou, capital of Henan province in central China.

The three entities will also set up an aviation academy to train pilots, crew and engineers, as well as maintenance, repair and overhaul facilities to service aircraft.

Other MoUs signed included one which is aimed at promoting and developing the Malaysia Innovation Cluster within the China-Malaysia Qinzhou Industrial Park – a collaboration between the Associated Chinese Chambers of Commerce and Industry Malaysia (ACCCIM), Zhongrun Economic Development, Citic Construction and the park's management committee.

ACCCIM president Datuk Ter Leong Yap said the collaboration would provide a bigger platform and more business opportunities for Malaysian small and medium enterprises.

Bursa Malaysia and Shanghai Stock Exchange also signed a pact to explore potential ways to improve market accessibility and products in both markets.



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The strong bilateral ties between Malaysia and China has benefitted both countries in terms of trade and cooperation.

Last year, Malaysia and China had signed 14 business agreements worth RM144 billion during the Malaysia - China Business Forum held in China in November.

This additional RM31 billion of investment deals reiterated the close relationship between Malaysia and China.

Iskandar Malaysia which already had attracted Chinese investments especially in the real estate sector is expected to reap most benefits under the warm Malaysia-China bilateral ties.

Further, the setting up of the Robotics Future City in Iskandar Malaysia can be a game changer in the deepening of the electrical & electronic cluster up the value chain and will benefit the locals in terms of employment and technology transfer.

The Robotics Future City will also signal the diversification of the Chinese investments in Iskandar Malaysia from property development into manufacturing especially in the high technology segment.

From the proposed expansion of the D&Y Textile plant to the world's largest Integration Building System (IBS) project (a project by Country Garden), we shall see more Chinese investments into the manufacturing sector which will later be extended to the services sector. However, we must continue to be selective in bringing in the Chinese investments especially where the investments require huge land area and employ mainly low skilled labour.

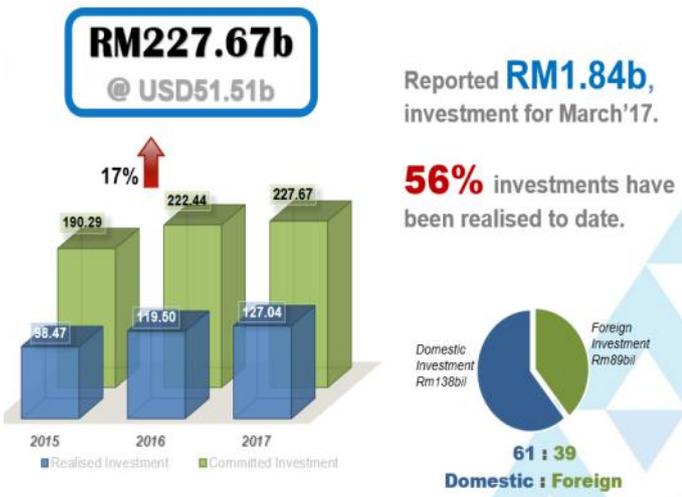


IBS Factory in Gelang Patah

Investment Highlights

For the first quarter of 2017, Iskandar Malaysia had secured RM5.23 billion worth of cumulative committed investment. This brings the total cumulative committed investment for Iskandar Malaysia for the period of 2006 until March 2017 to RM227.67 billion.

Out of the total cumulative committed investment of RM227.67 billion, 56% or RM127.04 billion has been realized on the ground.



Contribution by Sectors

Property and manufacturing sectors were the main contributors to the total cumulative committed investment. Mixed development, with total investment of RM59.78 billion accounted for 26% of the total cumulative committed investment, followed by manufacturing of RM59.26 billion (26%), residential properties of RM44.75 billion (20%) and industrial properties of RM20.44 billion (9%).

Sector	RM Bil
Manufacturing	59.26
Logistics	6.65
Tourism	3.37
Healthcare	3.16
Education	2.07
Finance	1.85
Creative	0.59
Mixed Development	59.78
Residential Properties	44.75
Industrial Properties	20.44
Utilities	12.97
Government	9.84
Emerging Technologies	2.94



In terms of promoted sectors of Iskandar Malaysia, the promoted sectors accounted for RM76.95 billion or 34% of the total cumulative committed investment.

The services sector made up RM17.69 billion.

Local investments remained the main driver contributing 61% of the total investments.

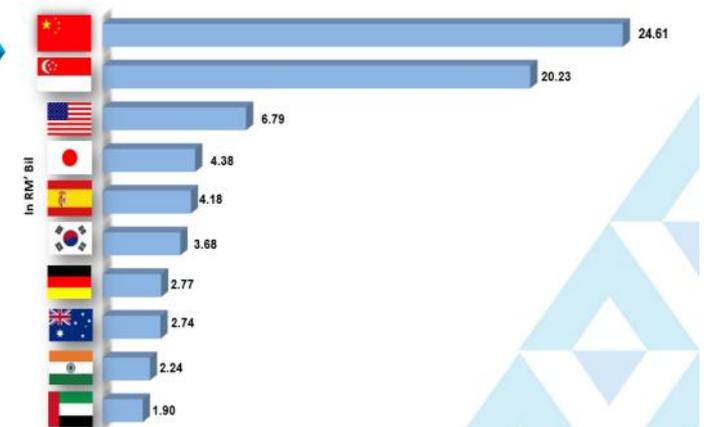
Top foreign investment was from China with total investment worth RM24.61 billion, followed by Singapore, RM20.23 billion and USA, RM6.79 billion.

China's investment in Iskandar Malaysia is mainly in the property development sector which saw the presence of large listed Chinese property development company such as Country Garden, Greenland and R&F Properties undertaking massive waterfront development projects in Iskandar Malaysia. Going forward we will see the diversification of China's investment into areas such as manufacturing with the proposed expansion of D&Y Textile, the IBS project in Gelang Patah (to be completed mid 2017) and the setting up of the Robotics City.

Investments from Singapore are more diversified and is mainly in the manufacturing, education and healthcare sectors. The completion of Phase 2 of the state-of-the-art facilities of Raffles American School as well as the completion of MDIS Singapore will mark new milestones in the investments from Singapore.

Investments from ASEAN (besides Singapore) had also increased especially investments from Indonesia following our targeted investment missions under the IMITRA platform.

Top 10 Foreign Investments
Manufacturing, Services, Properties & Others
(2006 - March 2017)



Iskandar Malaysia Investment Updates 2006 to March 2017 (cont.)

We are expecting that investments from countries such as Indonesia, Japan and Korea will increase in the next few years as IRDA intensifies its engagement plans and target promotions to these countries.

IRDA is also exploring new markets such as Thailand, India and Taiwan in order to diversify its investment portfolios.

We urge all stakeholders to collaborate with us as we jointly promoted investments from the above countries.

IRDA Trade Mission to Bangkok, Thailand (March 2017)



IRDA in the MITI Trade Mission to Japan (April 2017)



For the second half of year 2017, IRDA will continue to focus on engagements with potential investors from Singapore, European Union countries, Japan, Indonesia and Korea through trade missions, dialogues and through respective chambers of commerce and embassies.

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IRDA in the MITI Trade Mission to India (April 2017)



IRDA in the MITI Trade Mission to Korea (April 2017)



IRDA Trade Mission to Indonesia (April 2017)



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