

Malaysia slips one spot in World Bank's Ease of Doing Business ranking despite higher score

Malaysia slipped to 24th position this year from 23rd position last year in the World Bank Group's Ease of Doing Business ranking despite an improvement in its overall score.



In the World Bank's Doing Business Report 2018 (DB 2018) released on November 1, 2017, Malaysia's Distance to Frontier (DTF) score improved by 0.96 to 78.43 this year from 77.47 last year. It is one of the 11 economies out of the top 25, to record an improvement.

The DTF score shows the distance of each economy to the

"frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005.

Minister of International Trade and Industry Dato Seri Mustapa Mohamed said the slight drop in ranking despite the improved DTF score indicates that other countries have been more successful in implementing deeper reforms at a much faster pace compared to Malaysia.

"We need to do more and move faster in pushing through further reforms to improve our business regulatory environment," he said.

The report highlighted three business reforms enacted by Malaysia over the past year which are:

- i) strengthening access to credit through the new Companies Act 2016 that establishes, amongst others, a modern collateral registry;
- ii) strengthening minority investor protection by requiring greater corporate transparency; and
- iii) improved infrastructure facilities at Port Klang, easing handling processes at the terminal and facilitated import and export processes. (mainly logistics related)

Malaysia's highest DTF score was for the "Getting Electricity" indicator with a score of 94.33 and ranked 8th.

Ease of doing business ranking

For the other nine indicators included in the ranking, Malaysia achieved DTF scores of at least 80 in five of them. This was for starting a business; trading across borders; dealing with construction permits; getting credit and protecting minority interests.

The World Bank also noted that Malaysia achieved the maximum score of eight for the "depth of credit information" index (under the "getting credit" indicator) for the second consecutive year and maximum score of 10 for the "extent of disclosure" index (under the "protecting minority investors" indicator).

"Malaysia retains its spot among the world's top 25 economies on the Doing Business measures. As the government continues to strengthen the business regulatory framework, it is important to focus on the areas where small and medium firms face difficulties, such as starting a business," World Bank country manager in Malaysia Faris Hadad-Zervos said.

Its operations analyst Dorina P. Georgieva said in the area of "Starting a Business", Malaysia's DTF score of 83.78 is already quite high but there is room for improvement in reducing the number of procedures and number of days required to incorporate a business.

DB 2018 Rank	Economy	DTF score	DTF change
1	New Zealand	86.55	-0.18
2	Singapore	84.57	+0.04
3	Denmark	84.06	-0.01
4	Korea, Rep.	83.92	0.00
5	Hong Kong SAR, China	83.44	+0.29
6	United States	82.54	-0.01
7	United Kingdom	82.22	-0.12
8	Norway	82.16	-0.25
9	Georgia	82.04	+2.12
10	Sweden	81.27	+0.03
11	Macedonia, FYR	81.18	-0.21
12	Estonia	80.80	+0.05
13	Finland	80.37	-0.11
14	Australia	80.14	0.00
15	Taiwan, China	80.07	+0.41
16	Lithuania	79.87	+1.05
17	Ireland	79.51	-0.19
18	Canada	79.29	-0.09
19	Latvia	79.26	-0.79
20	Germany	79.00	-0.19
21	United Arab Emirates	78.73	+1.87
22	Austria	78.54	-0.15
23	Iceland	78.50	+0.01
24	Malaysia	78.43	+0.96
25	Mauritius	77.54	+2.09

Malaysia slips one spot in World Bank ease of doing business ranking despite higher score (cont.)



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could continue to make improvements to reduce time. Malaysia ranks 73rd in this indicator”.

“Paying taxes is another area where there is room for improvement. At 188 hours, the time taken on average to prepare, file and pay taxes is still significant and Malaysia

Overall, DB 2018 ranked New Zealand as the most business friendly globally, ahead of Singapore, Denmark, South Korea and Hong Kong.

Within ASEAN, Malaysia was ranked second after Singapore and ahead of Thailand, Brunei and Vietnam. In the Asian region, Malaysia maintained its fourth position, behind Singapore, Hong Kong and Taiwan.

The three economies that improved the most across three or more areas measured during the data collection period (June 2, 2016 till June 1, 2017) are Brunei (ranked 56th), Thailand (26th) and Malawi (110th).

26	Thailand
56	Brunei
68	Vietnam
72	Indonesia
78	China
100	India
113	Philippines

The ranking of other Asian/ ASEAN countries are:

Thailand is coming on strong just one rank below Malaysia followed by Brunei, Vietnam and Indonesia. Of these ASEAN countries, Thailand and Indonesia would be Malaysia’s strong competitor for foreign investments.

China and India are also making good progress in improving the ease of doing business although these two countries have very large population where internal consumption will be growth driver unlike most ASEAN countries which need to look at exports.

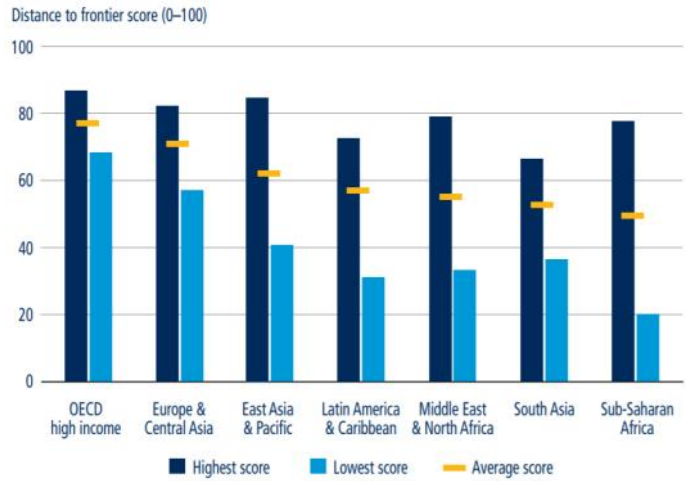
What is measured in Doing Business?



Source: Doing Business database
Note: Labor market regulation is not included in the ease of doing business ranking

BizWatch

Where it is easier to do business and where it is more difficult



Source: Doing Business database.

BizWatch

Although Malaysia’s ranking fell from 23rd to 24th position, it has managed to improve its Distance to Frontier score from 77.47 points to 78.43 points which means that the reforms undertaken by Government are working but not as effective or implemented as fast as expected by the World Bank. At the same time, many countries especially those in Asia and ASEAN are upping their game towards reducing bureaucracy and redtapes in doing business.

According to the Minister of International Trade and Industry, Dato’ Seri Mustapa Mohamed, everyone needs to do more and move faster in pushing through further reforms to improve our business regulatory environment,” he said.

Taking cue from this, what is most important now is to make sure that all related Ministries and agencies to collaborate together, so that we can further make improvement in cutting red tape and bureaucracy to improve the ease of doing business in Malaysia, thus attracting investments into Malaysia and Iskandar Malaysia in particular.

The embrace of digitalisation of processes can enhance transparency of processes and reduce processing time. The focus of Federal Government and State Government in the various digital economy initiatives through Industrial 4.0 and Digital Free Trade Zone initiative is the step in the right direction

TOGETHER, we can collaborate and improve our rankings in the global ranking of doing business.....**MALAYSIA BOLEH!!!**

Malaysia's ease of doing business ranking



Source: World Bank

7 out of 10 Johoreans happy with development in Iskandar

(extract from the Malaysian Insight)

SEVEN out of 10 Johoreans said they were satisfied with Iskandar Malaysia's developments, a survey by Singapore's ISEAS-Yusof Ishak Institute revealed, indicating strong and growing support for major investment projects in the country's southern state.

The survey, which was conducted between May and June 2017, found 70% of respondents were happy with the developments and 64% agreed ordinary Malaysians would receive economic benefits from the project.

Johoreans' satisfaction with investments coming from Singapore into Iskandar also rose to 62% from 48% in 2013.

This positive response could be because the perception of Singapore has improved as China, now recognised as the biggest investor in Iskandar Malaysia, is often invoked as the bogeyman, especially for the Forest City development.

And 76% welcomed Singaporean investment in Johor as a whole," the survey, released on November 8, said.

Singapore is currently the No 2 foreign investor in Iskandar Malaysia after China and had been the top foreign investor from year 2006 until 2014.

The survey also informed that contrary to media reports, 56% of respondents indicated satisfaction with the Forest City development and 59% were satisfied with China's investments in Iskandar Malaysia.

Of the 57% of respondents who agree with the statement 'Ordinary Malaysians will benefit economically from Forest City', it is again rural respondents (61% overall) who demonstrated greater agreement with the statement than urban respondents (55%).

Also, 67% of respondents agree the Johor royal family will benefit the most, with property developers coming in second at 66%.

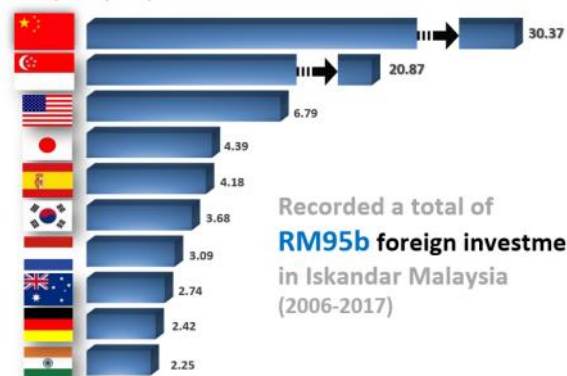
The clear support for the Forest City project by the Johor Sultan could have had an influence on the rural respondents' positive views on the Forest City project," said ISEAS.

It could also be attributed to the myriad of activities and facilities within Forest City which is opened to the public (swimming pool, beach, duty free areas, food & beverages outlets etc) giving opportunity to the public to see, 'touch' and enjoy the massive development. Also, Forest City's sponsorship of the Johor football team (JDT) which has very strong local following certainly brings the Forest City brand closer to the public.



Top 10 Foreign Investments in IM

Manufacturing, Services, Properties & Others (2006 - Sept 2017)



Source: MIDA Dec'2016 & Audited Corporate Announcements

Recorded a total of **RM95b** foreign investment in Iskandar Malaysia (2006-2017)

For the next 5 years, we can expect investments from China to continue its lead as foreign investor with Singapore maintaining its 2nd position followed by other Asian countries such as Japan and South Korea.

With the diversified investment base, IRDA would need to ensure that these investments are in line with our key strategies of sustainable development especially new investments in our promoted sectors.

For the man on the street, we can expect an exciting outlook ahead with new ideas, technologies and innovation to build a better lifestyle and work eco-system.



Forest City

Iskandar Puteri set to be a world data hub centre with new facility set to attract investors



Mohamed Khaled (third from left) launching the Iskandar Puteri TM One at Nusajaya Technology Park. Looking on are (from left) Johor State Secretary Datuk Azmi Rohani, State Public Works, Rural and Regional Development Committee chairman Datuk Hasni Mohammad and TM chairman Tan Sri Dr Sulaiman Mahbob.

Telekom Malaysia Bhd (TM) has invested up to RM300 million for the development of the TM ONE Iskandar Puteri Data Centre (IPDC), which was opened by Menteri Besar Datuk Seri Mohamed Khaled Nordin on November 8, 2017.

The new state-of-the-art neutral data centre, located at Nusajaya Technology Park also houses TM's international gateway, serves as a regional hub in providing services such as end-to-end managed information, communication and technology services, business process outsourcing, cloud services via digital marketplace and high-speed broadband connectivity to cater for customers in Malaysia and the ASEAN region.

TM deputy group chief executive officer Datuk Bazlan Osman said the IPDC is the first of two major facilities planned by TM to meet the anticipated demand for growth driven by data and hosting technologies.

"We are currently building a twin core data centre in Cyberjaya. It is now about 65% completed and we hope it would be completed by June next year," said Bazlan.

He said IPDC currently have a total space of 30,000 sq ft but the company has the option to increase the total space to up to 90,000 sq ft, depending on the demand from customers.

TM ONE is the enterprise and public sector solutions arm of TM.

"IPDC is also the one and only Tier-III data centre in Malaysia," said Bazlan.

He was speaking to the media after the opening of IPDC by Khaled. Also present at the ceremony were state Public Works and Rural and Regional Development Executive Committee chairman Datuk Hasni Mohammed, TM chairman Tan Sri Dr Sulaiman Mahbob and TM chief executive officer Datuk Seri Mohammed Shazalli Ramly.

Khaled said the development of the data centre in Iskandar Puteri would help the state government in realising its aim to turn Iskandar Malaysia into the new economic power in the region.

"Besides planning for economic development, we also need state-of-the-art technology to attract more investors to come to Iskandar Malaysia," said Khaled.

He also said IPDC would also help the State achieve its 'Intelligent Johor' vision where information technology can be used to develop ideas, innovations and creativity.

"We also understand the importance of data, not only for businesses but also in the administration of a state," said Khaled.

BizWatch

BizWatch

The opening of the TM One Iskandar Puteri Data Centre is timely given the robust developments that are taking place within Iskandar Malaysia.

This is in line with the announcement by YAB Dato Seri Khaled Nordin during the 2018 Johor Budget to use technology and data to transform Johor into a digital economy within the next 10 years.

TM is taking the lead in Government's strategy to make Malaysia as the world data centre hub under the National Key Economic Areas.

With the availability of the TM's Tier III data centre within Iskandar Malaysia, Iskandar Malaysia would have the lead opportunity to provide international standard of services ranging from information, communication and technology to further attract investments reducing the risk of data processing disruptions, amongst other new value propositions.

The IPDC is expected to create 10,000 jobs for Malaysian within the next few years.

This will definitely complement the current development of the Sedenak Data Centre hub as well as IRDA's initiatives and collaboration with MDEC and Federal Agencies in driving the digital agenda for Iskandar Malaysia.

Digital Economy initiatives in Iskandar Malaysia

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