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# ANNUAL REPORT 2014

# REVIEW

**ECONOMIC  
TRANSFORMATION  
PROGRAMME**





# ECONOMIC TRANSFORMATION PROGRAMME

ANNUAL REPORT 2014 REVIEW

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# A NOTE FROM THE PRIME MINISTER

“Our deficit is falling, our reserves are strong, we have trusted financial institutions, low unemployment, and record levels of foreign investment”

The Economic Transformation Programme (ETP) arrived at a major milestone in 2014. We are now at the halfway point of Malaysia's goal of achieving developed nation status by 2020, and I am glad to say that we remain on track.

I have heard the concerns about the rising cost of living, how Malaysia would cope with a fall of more than 50 per cent in the price of oil, and the value of the ringgit being affected by global currency fluctuations. Our focus is always on the people, which is why we are already attempting to address their needs through the Kedai Rakyat 1Malaysia, the 1Malaysia Clinics and the PR1MA housing developments.

But more recent developments also need to be taken into account. And this is why in January I announced that we are revising this year's fiscal deficit and expenditure figures, making use of the policy space we have created to respond to global economic changes. I also set out a strategy to counter external developments and strengthen Malaysia's economic resilience by continuing fiscal reform and consolidation, assisting people and businesses affected by the recent floods, and ensuring sustainable development.

In an increasingly interconnected world, it is important that we build a stronger and more resilient economy. That is why we have taken steps to rationalise subsidies, while at the same time diversifying the economy and reducing reliance on oil revenue. As a result, the Malaysian economy is increasingly resilient and better able to cope with economic impacts beyond our control.

Our economic policies are working and our economic fundamentals are strong: Malaysia's GDP is projected to grow by between 4.5-5.5% in 2015. Our deficit is falling, our reserves are strong, we have trusted financial institutions, low unemployment, and record levels of foreign investment.

We must continue diversifying our economy while powering on with fiscal reforms. The ETP plays a significant role in this through the programme's 12 National Key Economic Areas (NKEAs), which include projects such as the Mass Rapid Transit (MRT) which both enhance the rakyat's quality of life and help to catalyse business growth.

Initiatives like Advanced Shared Facilities, under the Electrical and Electronics NKEA, have allowed SMEs to research and develop higher-value products. The Business Services NKEA, meanwhile, has helped move Malaysia up the value chain in specialised sectors such as aerospace and shipbuilding.

Upskilling of our capabilities so that we are equipped with the expertise needed to achieve a developed nation status is key. The Human Capital Development SRI has been instrumental in this and as a result, in 2014 the World Economic Forum's Human Capital Index ranked Malaysia 22nd out of 122 countries and fifth in the Asia Pacific region.

We have also made strong progress in promoting inclusiveness and income equality through the Narrowing Disparity SRI, led by Unit Peneraju Agenda Bumiputera (TERAJU) which also oversees the Bumiputera Economic Empowerment Programme (Pemeriksaan Ekonomi Bumiputera – PEB) launched in 2014. A programme close to my heart, the PEB builds on existing initiatives, such as the RM47.07 billion worth of business and financing opportunities that have been created since TERAJU's inception, to accelerate Bumiputera development.

We have also taken steps to widen our revenue base through the Goods and Services Tax (GST) – to be introduced in April 2015. An important initiative under the Economic Transformation Programme, the GST is a strategic reform aimed at modernising our taxation system to make it more effective, more efficient and more business friendly.

I am confident that we are on the right track to meet the targets set for 2020. And I wish to express my appreciation to the civil service, whose work in launching and implementing the ETP has been central to our efforts, to the private sector participants who continue to drive this programme, and to the rakyat for their support.

Let us remain focused on delivering at every stage as we move closer to 2020, and I look forward to the entire nation sharing the fruits of our labour.



**YANG AMAT BERHORMAT  
DATO' SRI MOHD NAJIB TUN HJ. ABDUL RAZAK**  
Prime Minister of Malaysia



# A NOTE FROM THE DEPUTY PRIME MINISTER

“We are thus on the right track to become a high-income nation by 2020, propped up by the planning and cooperation between the Government, the private sector and the rakyat in implementing the NTP”

As the Chairman of the Government Transformation Programme (GTP) Delivery Task Force which works in harmony with the Economic Transformation Programme (ETP), I am pleased to note that both programmes continue to deliver desired outcomes in line with the goals of the National Transformation Programme (NTP). The GTP helps to lay a supportive environment to improve the efficiency of our public service, sharing the mantle of the ETP to encourage business activity and spur economic growth.

We are thus on the right track to become a high-income nation by 2020, propped up by the planning and cooperation between the Government, the private sector and the rakyat in implementing the NTP.

In 2014, as the ETP remained robust in catalysing private sector activity, the GTP stayed firm in its role of enhancing the public delivery system to better serve the needs of the rakyat and the business community. Across the board, this has seen us accomplish progress in all of the GTP's National Key Result Areas (NKRAs), setting the pace for us to elevate public sector services in line with the needs of a high-income nation.

These gains are illustrated through our achievements in raising the rakyat's standard of living and wellbeing through the Addressing the Rising Cost of Living, Improving Rural Development, Improving Urban Public Transport and Raising Living Standards of Low-Income Households NKRAs, as well as reducing graft under the Fighting Corruption NKRA and keeping our citizens safe through the Reducing Crime NKRA.

As Minister of Education, I am also especially pleased with the inroads we have achieved in transforming Malaysia's education system under the Education NKRA, which is further supported by the integration of this NKRA into the Malaysian Education Blueprint 2013-2025. Together with private sector driven initiatives under the ETP's Education NKEA, we have thus improved our approach to the provision of education in our country and more importantly, enhanced student outcomes to produce skilled graduates who will enter the workforce with the desired capabilities and expertise to drive a high-income economy.

These results notwithstanding, we must remain mindful that we now stand at a critical juncture of the country's transformation. With the first half of the NTP behind us, we must now focus on building on our achievements thus far to maintain the pace for change. We now only have five years remaining in our transformation efforts, with much still to be done to ensure we attain our targets for 2020.

Nonetheless, I am optimistic that with the continued dedication from the civil service as well as participation from the private sector and support from the rakyat, we will arrive at our destination in due course. I would therefore like to thank all our stakeholders for their efforts in Malaysia's transformation and for contributing towards creating prosperity for all.



**YANG AMAT BERHORMAT  
TAN SRI DATO' HJ. MUHYIDDIN MOHD. YASSIN**  
Deputy Prime Minister of Malaysia



# 2014 YEAR IN REVIEW

BY 2020

**US\$15,000**  
GNI PER CAPITA

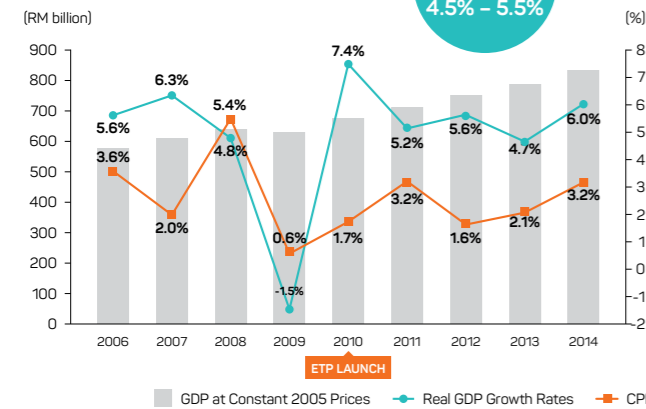
**US\$444b**  
INVESTMENTS

**3.3m**  
JOBS

## 1 STABLE ECONOMIC GROWTH

A steady GDP growth path since the start of the ETP amidst low inflation rates

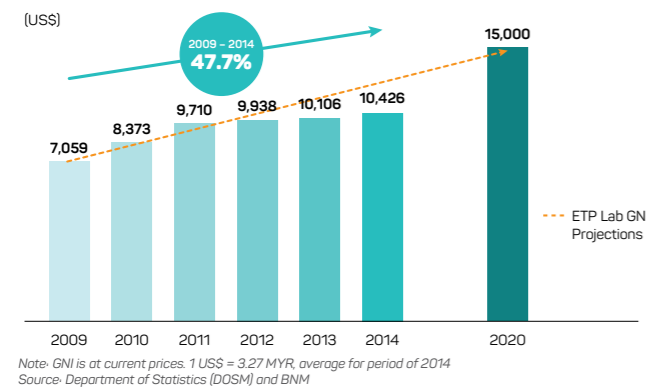
### STEADY GDP GROWTH BETWEEN 2010 AND 2014



## 2 CLOSING IN ON HIGH INCOME WITH NKEAS BEING MAIN CONTRIBUTORS TO GNI

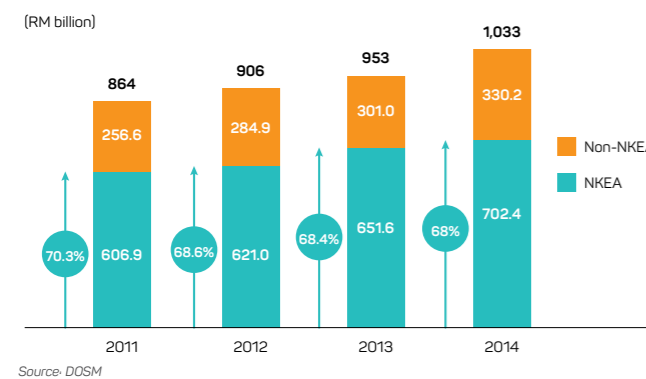
GNI per capita grew 47.7% from US\$7,059 in 2009 to US\$10,426 in 2014

### GNI PER CAPITA CONTINUES TO GROW



In 2014, NKEAs contributed to 68% of the total GNI contribution

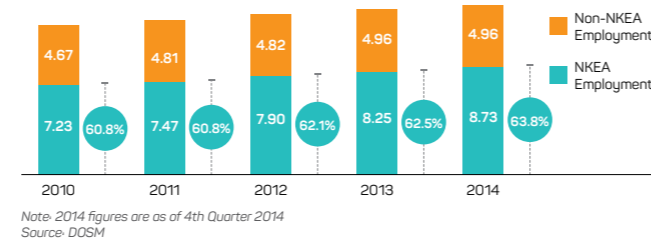
### NKEAS' SHARE OF THE GNI



## 3 EMPLOYMENT ON THE RISE

1.5 million jobs created within the NKEA universe since 2010

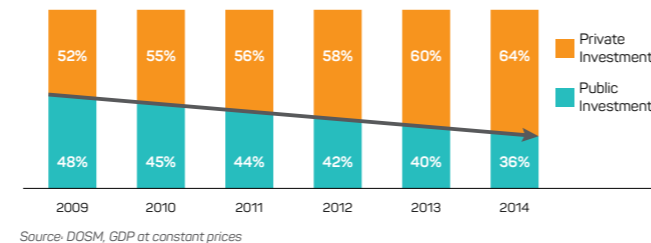
### EMPLOYMENT BREAKDOWN BY NKEA/NON-NKEA (MILLION)



## 4 GROWING SHARE OF PRIVATE INVESTMENT

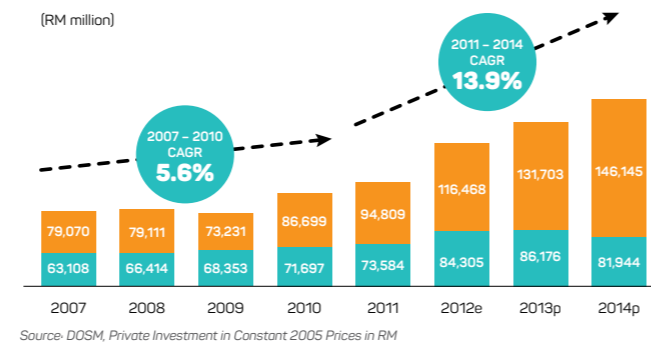
Private investment continue to outpace public investment in line with the ETP's objective to elevate the private sector as the main driver of the economy

### PRIVATE SECTOR DOMINATES INVESTMENT RATIO



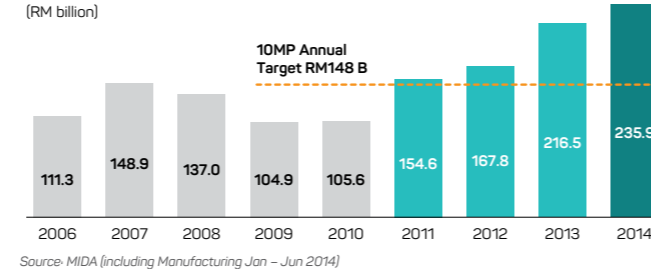
CAGR for private investment grew about 2.5 times between 2011 and 2014 compared to 2007 and 2010

### PRIVATE INVESTMENT GROWTH SINCE THE START OF THE ETP



Malaysian Investment Development Authority (MIDA)-approved investments continued to surpass the 10th Malaysia Plan annual target for investments

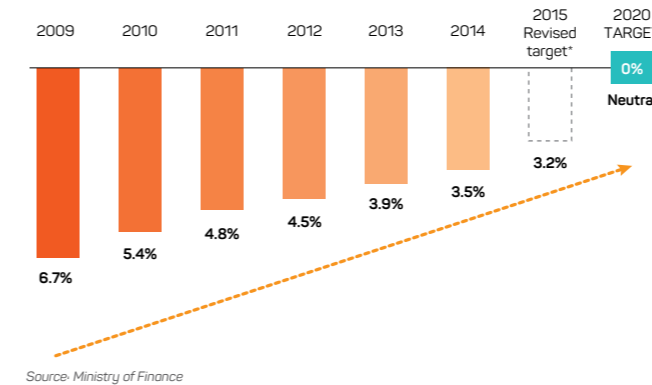
### MIDA-APPROVED INVESTMENTS



## 5 FISCAL CONSOLIDATION MEASURES ON TRACK

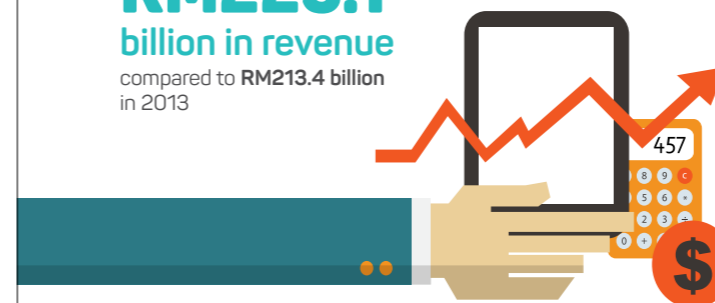
We have successfully been able to reduce fiscal deficit from 6.7% in 2009 to 3.5% in 2014

### MALAYSIA HAS BEEN DISCIPLINED IN BRINGING DOWN ITS FISCAL DEFICIT



## 6 GOVERNMENT REVENUE INCREASES

In 2014, we expect to record **RM225.1 billion** in revenue compared to RM213.4 billion in 2013



## 8 ROBUST CAPITAL MARKET ECONOMY

Malaysia remained the largest fundraising destination in ASEAN for the second straight year in 2014, raising

**RM22.7 billion**

through IPOs as well as secondary offerings

## 9 PRIVATE CONSUMPTION ON UPTREND

Consumption in 2014 accounted for **65.7%** of the GDP

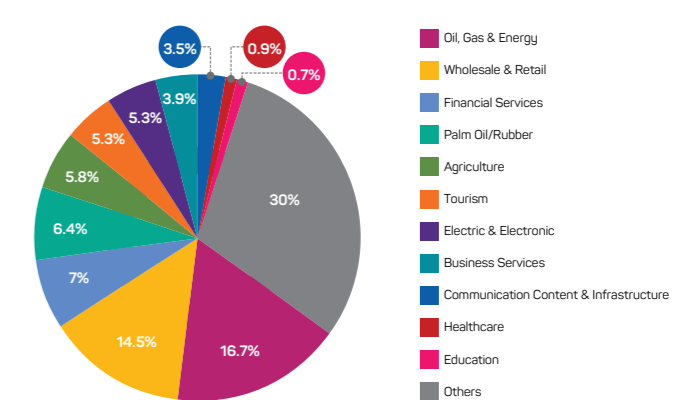
Note: Using constant 2005 prices



## 7 REDUCING DEPENDENCE ON OIL & GAS REVENUE, DIVERSIFICATION OF ECONOMY

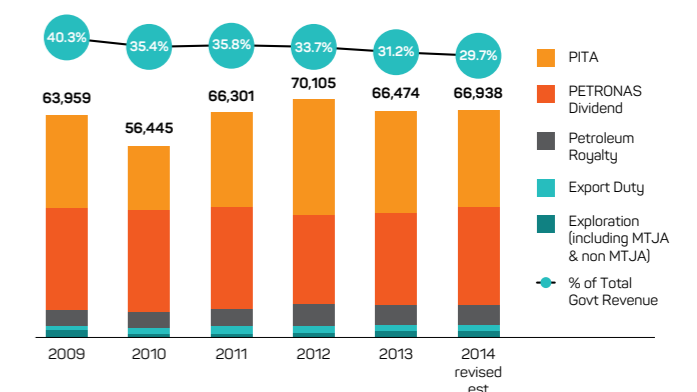
The ETP focuses on developing competitiveness in the 12 top sectors of the economy

### MALAYSIA GDP STRUCTURE, BASED ON NKEA SECTORS (FY2014)



The contribution of the oil and gas industry to the Government's revenue has also been steadily decreasing from 40.3% in 2009 to an estimated 29.7% in 2014

### OIL REVENUE CONTRIBUTION TO OVERALL GOVERNMENT REVENUE



## 10 CONTINUED GLOBAL RECOGNITION

In the IMD's World Competitiveness Yearbook 2014, Malaysia's ranking improved to 12th from 15th in 2013.

In 2014, PEMANDU was named one of the leading Government Innovation Teams in the world by NESTA, UK and Bloomberg Philanthropies



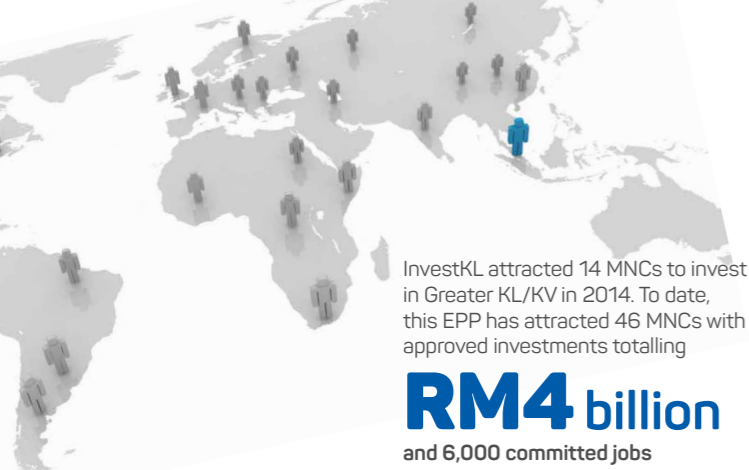
# GREATER KUALA LUMPUR/KLANG VALLEY

BY 2020

**RM190bil**  
GNI

**320,000**  
NEW JOBS

**EPP 1** ATTRACTING 100 OF THE WORLD'S MOST DYNAMIC FIRMS WITHIN PRIORITY SECTORS



InvestKL attracted 14 MNCs to invest in Greater KL/KV in 2014. To date, this EPP has attracted 46 MNCs with approved investments totalling **RM4 billion** and 6,000 committed jobs

**EPP 2** ATTRACTING INTERNAL AND EXTERNAL TALENT

Women in Leadership Malaysia programme for senior women managers launched by

**TalentCorp**  
in partnership with ICAEW

**5 working days**

to process employment pass applications for companies registered under the Expatriate Services Division



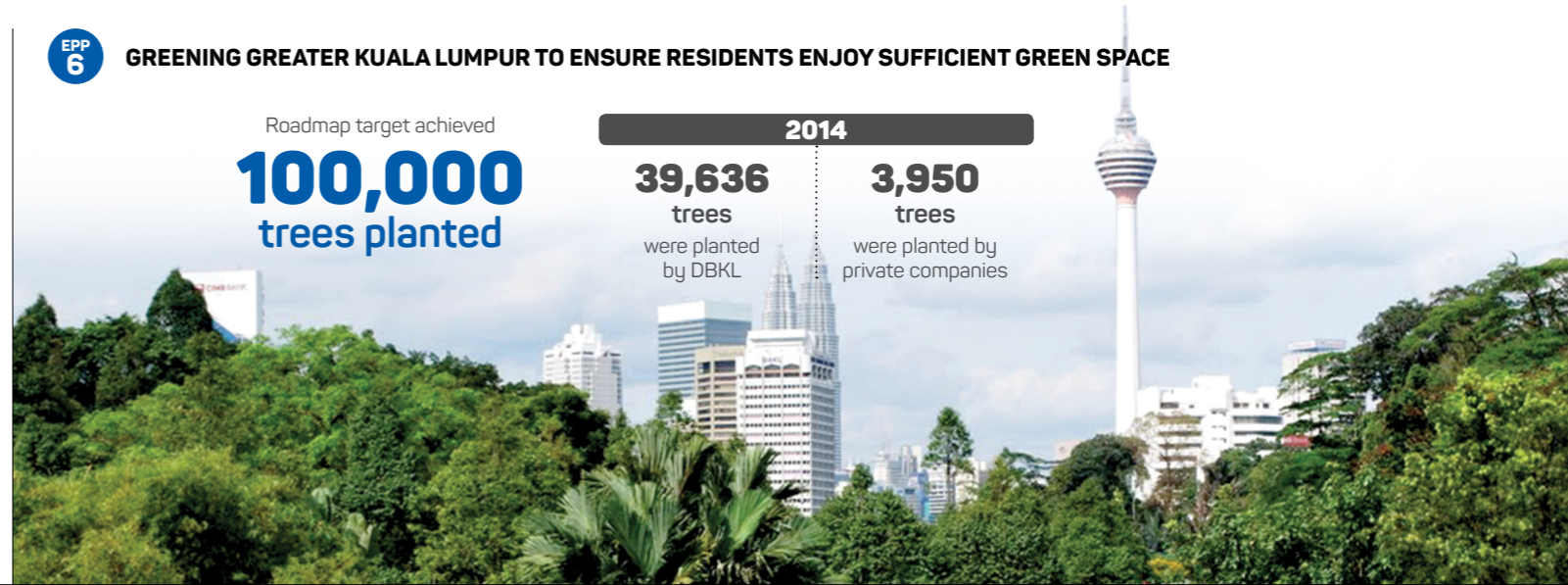
**3,622**

graduates went through the Graduate Employability Management Scheme

**EPP 6** GREENING GREATER KUALA LUMPUR TO ENSURE RESIDENTS ENJOY SUFFICIENT GREEN SPACE

Roadmap target achieved  
**100,000**  
trees planted

2014	
<b>39,636</b> trees	<b>3,950</b> trees
were planted by DBKL	were planted by private companies



**EPP 3** CONNECTING KL TO SINGAPORE VIA A HIGH SPEED RAIL SYSTEM

SPAD secured Economic Council's approval on

**High Speed Rail**

contracting model and project structure. SPAD in discussion with local and state authorities to finalise alignment



**EPP 4** BUILDING AN INTEGRATED URBAN MASS RAPID TRANSIT SYSTEM

MRT LINE 1  
Sungai Buloh - Kajang

**59%**  
complete

MRT LINE 2  
Sungai Buloh - Serdang - Putrajaya  
announced by the Prime Minister during Budget 2015



**EPP 7** CREATING ICONIC PLACES AND ATTRACTIONS

**Medan Pasar**  
refurbishment

included façade repainting of 13 buildings and was officially launched on 13 December 2014

**26,876**  
tourists

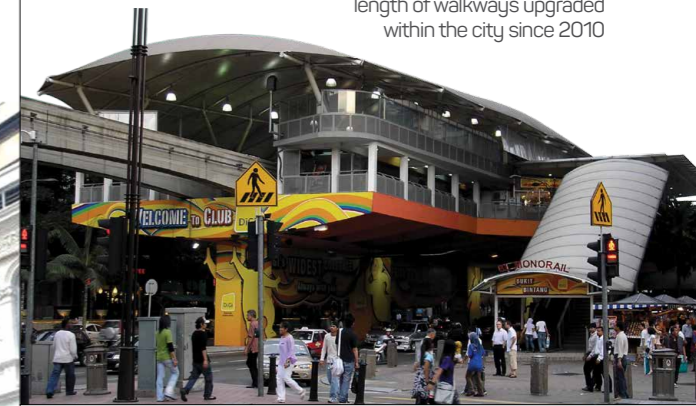
participated in heritage trails through landmark sites in 2014



**EPP 8** CREATING A COMPREHENSIVE PEDESTRIAN NETWORK

**12.7km**  
pedestrian walkways

in KL upgraded. 48.87km total length of walkways upgraded within the city since 2010



**EPP 5** REVITALISING THE KLANG AND GOMBAK RIVERS INTO A HERITAGE AND COMMERCIAL CENTRE

Wastewater discharge from the Waste Water Treatment Plants at Pasar Harian Selayang, Pasar Jalan Kelang Lama and Pasar Air Panas

**97%** compliance of Class IIb Standards

**Phase 1 commencement**

of the River Beautification initiative at the Heritage Quarter. Expected completion in Q3 2016



**EPP 9** DEVELOPING AN EFFICIENT SOLID WASTE MANAGEMENT SYSTEM

Construction and Waste Demolition plant in Sungai Kertas commenced operations with a

**300 tonnes/hour**  
wastage processing capacity



NATIONAL KEY ECONOMIC AREA

# OIL, GAS & ENERGY

BY 2020

**RM131.4bil** | **52,300**  
GNI | NEW JOBS

**EPP 1** **REJUVENATING EXISTING FIELDS THROUGH ENHANCED OIL RECOVERY (EOR)**

10 potential EOR projects at Tapis field identified by

**PETRONAS**  
First EOR technology implemented, costing about

**RM10 billion**



**EPP 2** **DEVELOPING MARGINAL FIELDS THROUGH INNOVATIVE SOLUTIONS**

Small Field Risk Service Contract awards:

EQ Petroleum Developments Malaysia Sdn Bhd and Uzma Energy Venture (Sarawak) Sdn Bhd for the development and production of the

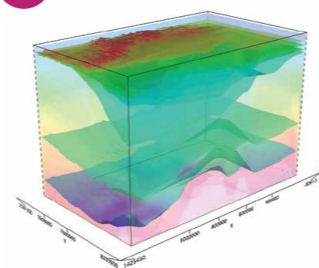
**Tanjong Baram field**, offshore Sarawak

Ophir Production Sdn Bhd, a joint venture (JV) firm between Octanex Pte Ltd, Scomi D&P Sdn Bhd and VESTIGO Petroleum for the development and production of petroleum from the

**Ophir field**, offshore Peninsular Malaysia



**EPP 3** **INTENSIFYING EXPLORATION ACTIVITIES**



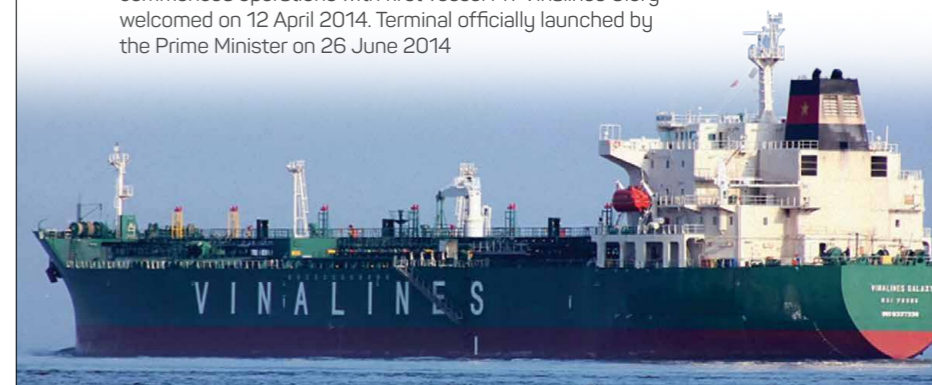
**PETRONAS** is assuming a larger 'enabler' role, lending and undertaking numerous block de-risking activities

PETRONAS also continues to acquire new and reprocess existing seismic data to further assess and test basin potential and identify new play types to improve prospectivity

**EPP 4** **BUILDING A REGIONAL STORAGE AND TRADING HUB**

**Pengerang Independent Terminals Sdn Bhd**

commenced operations with first vessel MT Vinalines Glory welcomed on 12 April 2014. Terminal officially launched by the Prime Minister on 26 June 2014



**EPP 5** **UNLOCKING PREMIUM GAS DEMAND IN PENINSULAR MALAYSIA**



Full year in implementation

**PETRONAS Gas Bhd's LNG Regasification Terminal**

in Sungai Udang, Malacca addresses natural gas shortage in Peninsular Malaysia and prepare for future increases in demand

**EPP 6** **ENCOURAGING INVESTMENTS IN THE OIL & GAS SERVICES AND EQUIPMENT (OGSE) INDUSTRY**



Malaysia Petroleum Resources Corporation (MPRC) established international linkages to

**promote Malaysia as a centre of oil & gas activities**

with UK Trade and Investment, Scottish Development International, Energy Industries Council, Greater Stavanger Economic Development and Korea Trade Investment Promotion Agency

**EPP 7** **TAKING LOCAL OIL AND GAS SERVICES & EQUIPMENT COMPANIES TO THE GLOBAL STAGE**

Kuala Lumpur recognised as a **World Energy City** by World Energy Cities Partnership

MPRC hosted Malaysia Pavilion at the

**Offshore Technology Conference**

in Houston, Texas and brought OTC Asia to Kuala Lumpur



**EPP 8** **ATTRACTING MNCs TO SET UP OPERATIONS IN MALAYSIA AND PARTNER WITH LOCAL FIRMS**

Joint Venture between

Atlas Hall and Oiltools AS

D&P Services and Farley Riggs

Johor Corp's Tanjung Langsat Port Sdn Bhd (TLP) and Dubai Oilfields Supply Center Ltd



**EPP 9** **IMPROVING ENERGY EFFICIENCY**

**Government buildings** are being retrofitted to be more **energy efficient**

under the Government Lead by Example (GLBE) programme by the Ministry of Energy, Green Technology and Water. Through the Sustainability Achieved via Energy Efficiency (SAVE) programme, more energy-efficient appliances have entered the market



**EPP 10** **BUILDING UP RENEWABLE ENERGY AND SOLAR POWER CAPACITY**

Inaugural balloting event by the Sustainable Energy Development Authority (SEDA) Malaysia conducted solar and photovoltaic (PV) feed-in approval applications for non-individuals for installed capacity up to

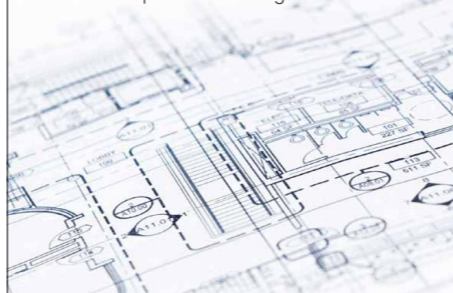
**425 kiloWatts**



**EPP 11** **DEPLOYING NUCLEAR ENERGY FOR POWER GENERATION**

**Nuclear Power Infrastructure Development Plan**

completed by Nuclear Power Development Steering Committee

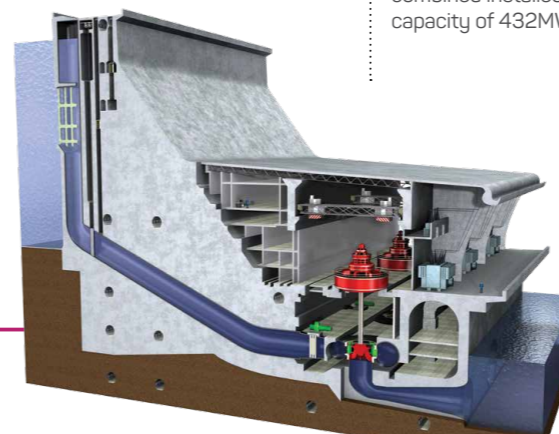


**EPP 12** **TAPPING MALAYSIA'S HYDROELECTRICITY POTENTIAL**

Small hydro installed capacity until the end of 2014 was

**15.70MW**

contributing to a total of 154,597MWh power generated



Development of small hydropower potentials in

**17 sites in Sabah**

with estimated combined installed capacity of 432MW

Sabah and Sarawak are actively expanding hydro generation capacity with projects such as

**Baram hydrodam**  
**1200MW**  
northern Sarawak

**Baleh hydrodam**  
**1285MW**  
central Sarawak

**EPP 13** **INCREASE PETROCHEMICAL OUTPUTS**

PETRONAS Board approved the Final Investment Decision for the Pengerang Integrated Complex (PIC) comprising the Refinery and Petrochemical Integrated Development (RAPID) project

Expected cost:  
**US\$16 billion**

Investments for associated facilities:

**US\$11 billion**



# FINANCIAL SERVICES

**EPP 1 REVITALISING MALAYSIA'S EQUITY MARKETS**

Bursa Malaysia introduced the Environmental and Social Governance (ESG) Index



New products on Bursa Malaysia:

**MyETF MSCI Islamic Dividend**

US\$ denominated RBD Palm Olein Futures Contract (FPOL) and launch of the five year Malaysia Government Securities Futures (FMG-5)

**EPP 4 CREATING AN INTEGRATED PAYMENT ECOSYSTEM**

Tiered pricing structure introduced to encourage customers to adopt more cost effective payment channels leveraging on Interbank GIRO

**e-Payment Incentive Fund (ePIF)** framework established to encourage customers to adopt e-payment

BNM issued the Payment Card reform Framework for fair and reasonable cost of accepting payment cards



**EPP 7 SPURRING THE GROWTH OF THE NASCENT WEALTH INDUSTRY**

**Education and training**

of wealth managers continues in efforts to get wealth managers to create a stronger wealth industry



**EPP 9 DEVELOPING REGIONAL BANKING CHAMPIONS**



**ASEAN Banking Integration Framework**

will pave the way for greater regional banking integration and growth which will benefit Malaysian banks. This framework was approved by all ASEAN Central Bank Governors

**EPP 2 DEEPENING AND BROADENING BOND MARKETS**

As at 30 September 2014 the bond market rose to

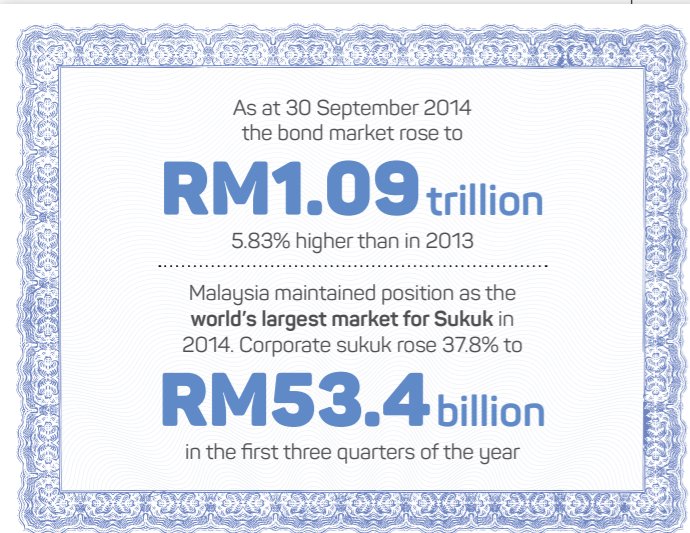
**RM1.09 trillion**

5.83% higher than in 2013

Malaysia maintained position as the world's largest market for Sukuk in 2014. Corporate sukuk rose 37.8% to

**RM53.4 billion**

in the first three quarters of the year



**EPP 5 INSURING MOST, IF NOT ALL, OF OUR POPULATION**

Insurance and family takaful penetration is currently at

**54%**

with further room for growth. BNM rolled out two pilot projects in 2014 for low income and underserved Malaysians:



**Microinsurance** for basic financial protection in the event of accident or death

**Microtakaful** for basic material damage cover for rural area dwellers

**EPP 8 ACCELERATING AND SUSTAINING A SIGNIFICANT ASSET MANAGEMENT INDUSTRY**

EPF injected

**RM3.4 billion**

to external fund managers of which US\$350 million were channeled into global equity mandates and US\$300 million into global Sukuk mandates



**EPP 3 TRANSFORMING DEVELOPMENT FINANCIAL INSTITUTIONS (DFIS)**



**Bank Negara Malaysia**

sought public feedback on amendments to the

**Development Financial Institutions Act 2002 (DFIA)**

to strengthen the capacity and capability of DFIs



**EPP 6 ACCELERATING THE GROWTH OF THE PRIVATE PENSION INDUSTRY**

11 schemes with 44 retirement funds launched by Private Retirement Scheme (PRS) since roll-out at the end of 2012

**105,431**

total accountholders

**RM573.1 million**

total net asset value

Assets under management for the PRS grew 91% whilst new members rose 138% between end 2013 and October 2014

**EPP 10 BECOMING THE INDISPUTABLE GLOBAL HUB FOR ISLAMIC FINANCE**



Malaysia remained the world's largest Sukuk issuer in 2014 with

**RM203.6 billion**

accounting for

**65.8%**

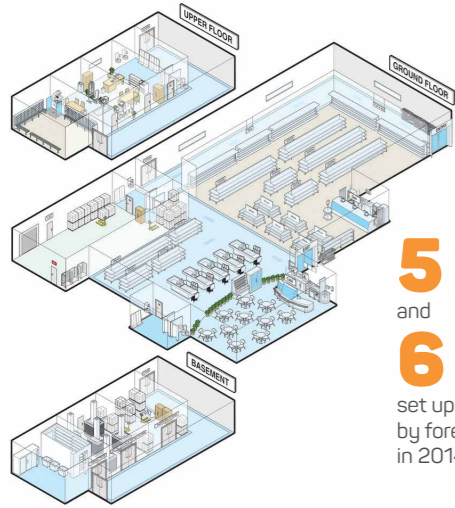
of global sales

# WHOLESALE & RETAIL

BY 2020

**RM55.4bil** | **454,190**  
GNI | NEW JOBS

**EPP 1** INCREASING THE NUMBER OF LARGE FORMAT STORES



**5** new hypermarkets and **6** superstores set up throughout Malaysia by foreign and local players in 2014

**EPP 2** MODERNISING VIA THE SMALL RETAILER TRANSFORMATION PROGRAMME (TUKAR)

**305** additional sundry shops transformed. A total of 1,914 stores transformed since the launch of the TUKAR programme in 2011



**EPP 4** TRANSFORMING AUTOMOTIVE WORKSHOPS (ATOM)

**208** automotive workshops transformed. A total of 577 workshops transformed since the launch of the ATOM programme in 2011

**EPP 5** DEVELOPING MAKAN BAZAARS

Oasis Square Makan Bazaar in Ara Damansara, Selangor began operations.

**97,996** sqft has been designated as retail F&B space from the total nett leasable area of 141,567 sqft

Spill over effect of the Makan Bazaar has lead to the organic growth of over

**300,000** sqft of F&B retail around the development



**EPP 6** 1MALAYSIA MALLS



PEMANDU and the Ministry of Domestic Trade, Co-operatives and Consumerism are currently reviewing this EPP in response to **market needs and present day conditions**

**EPP 7** VIRTUAL MALLS



PEMANDU and the Ministry of Domestic Trade, Co-operatives and Consumerism are currently reviewing this EPP to **suit market trends of single/few focus product categories**

**EPP 8** FACILITATING LOCAL BUSINESSES TO ACQUIRE STAKES IN FOREIGN RETAIL BUSINESSES

PEMANDU and the Ministry of Domestic Trade, Co-operatives and Consumerism are currently reviewing this EPP to **create a more conducive environment** for such acquisitions and gauge whether a premium local brand development element can be included into the EPP



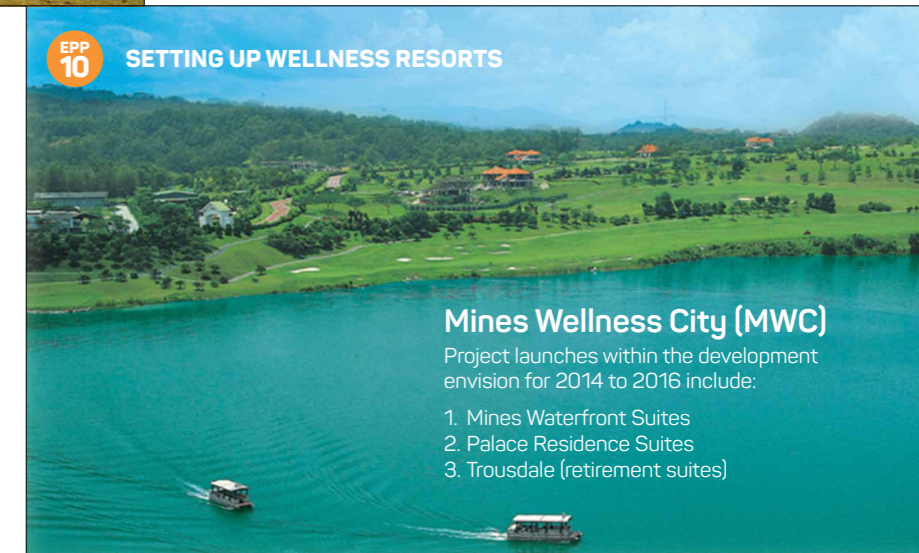
**EPP 9** MAKING MALAYSIA DUTY-FREE

The CIF (Cost, Insurance and Freight) value of the 328 goods that have been made duty-free since January 2011 amounted to

**RM6.972** billion as of December 2014



**EPP 10** SETTING UP WELLNESS RESORTS



**Mines Wellness City (MWC)**  
Project launches within the development envision for 2014 to 2016 include:  
1. Mines Waterfront Suites  
2. Palace Residence Suites  
3. Trousedale (retirement suites)

**EPP 11** ORGANISING UNIFIED MALAYSIA SALES

**942** companies & **8,702** outlets participated in the 1Malaysia Unified Sale, collectively organised by 60 subsectors from 28 June 2013 to 1 September 2014



**EPP 12** TRANSFORMING KLIA INTO A RETAIL HUB

**KLIA2** **98%** retail space utilisation rate

**Gateway@KLIA2** **76%** retail space utilisation rate

since KLIA2 commenced operations in May 2014



**EPP 13** BIG BOX BOULEVARDS



The BBB developed by Sime Darby - Brunsfield in Ara Damansara progressed well in 2014, with components such as the **Makan Bazaar & Tesco hypermarket** already operational. Construction of the **Auto City** also remained on track

# PALM OIL & RUBBER

BY 2020

**RM230.9bil**  
GNI

**41,600**  
NEW JOBS

**EPP 1 ACCELERATING THE REPLANTING AND NEW PLANTING OF OIL PALM**

**21,313**  
hectares

of replanting and new planting were completed in 2014



**EPP 3 IMPROVING WORKER PRODUCTIVITY**

International Competition on Oil Palm Mechanisation held to **promote development of technologies** such as robotics to raise mechanisation levels in the upstream sector



**EPP 6 DEVELOPING HIGH-VALUE OLEO DERIVATIVES AND BIO-BASED CHEMICALS**

Total investment of **RM1.05 billion**

in Sabah, Johor, Penang and Selangor where plants and facilities will be producing high-value downstream products



**EPP 9.1 ENSURING SUSTAINABILITY OF THE UPSTREAM RUBBER INDUSTRY**



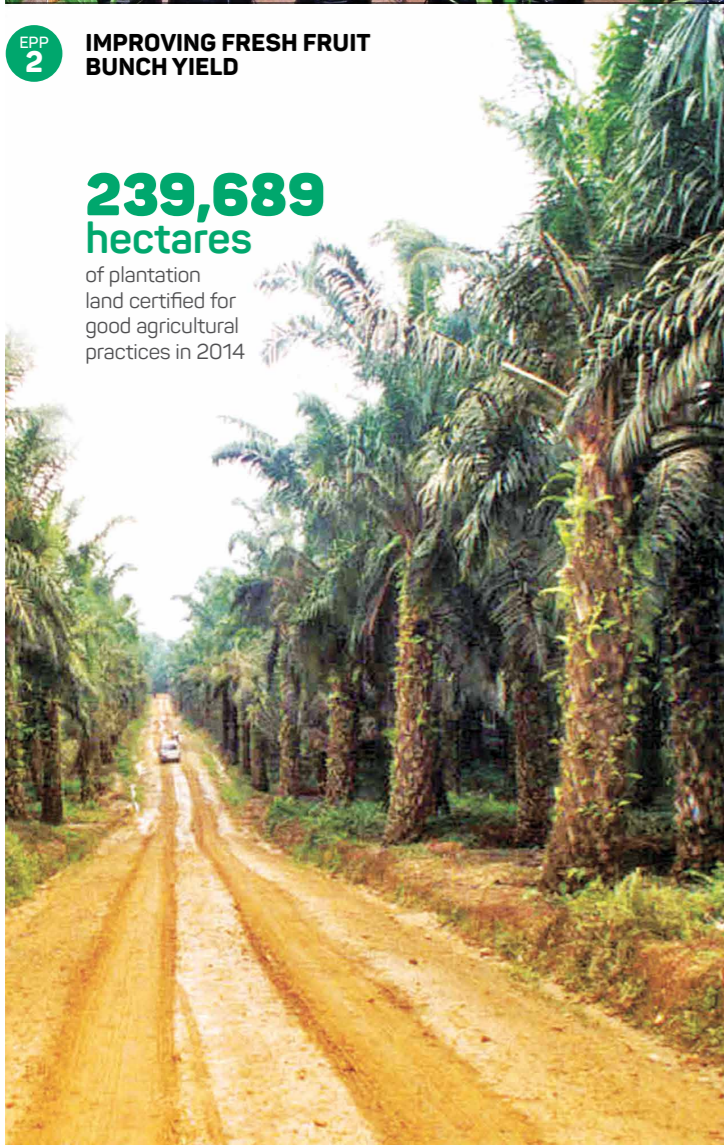
**51,629**  
hectares

of rubber replanting and new planting were implemented nationwide, a 7.4% increase from the previous year's figure of 48,546 hectares

**EPP 2 IMPROVING FRESH FRUIT BUNCH YIELD**

**239,689**  
hectares

of plantation land certified for good agricultural practices in 2014



**EPP 4 INCREASING THE OIL EXTRACTION RATE (OER)**

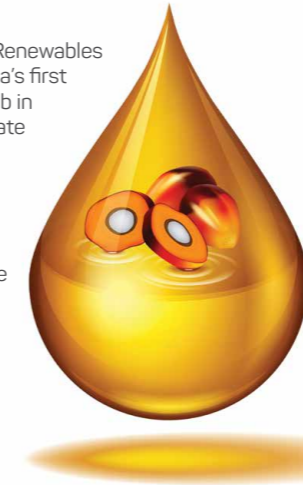
National OER rate improved to **20.62%** in 2014 from 20.25% in 2013



**EPP 7 COMMERCIALISING SECOND GENERATION BIOFUELS**

Investment by Brooke Renewables to create Southeast Asia's first Biomass Processing Hub in Sarawak that will generate

**RM20 billion** in added revenue, create **10,000 new jobs**



**EPP 9.2 INCREASE WORLD MARKET SHARE OF LATEX GLOVES TO 65 PER CENT BY 2020**

The total export revenue of Malaysian latex products totalled

**RM12.03 billion**



**EPP 5 DEVELOPING BIOGAS FACILITIES AT PALM OIL MILLS**

**9** Palm oil mills completed biogas facilities **3** Palm oil mills connected to grid or external users



**EPP 8 EXPEDITING GROWTH IN FOOD AND HEALTH-BASED SEGMENTS**

Total investment of **RM458.51 million** in Sabah and Selangor to produce high-value phytonutrients and red palm olein



**EPP 9.3 COMMERCIALISING EKOPRENA AND PUREPRENA**

NKEA Steering Committee approved a developmental grant for the **Ekoprena Plant** in FELDA Palong 8 to improve production efficiency



# NATIONAL KEY ECONOMIC AREA TOURISM

BY 2020

**RM66.7bil**  
GNI

**497,000**  
NEW JOBS

EPP 1

**POSITIONING MALAYSIA AS A DUTY-FREE SHOPPING DESTINATION FOR TOURIST GOODS**

**RM787 million**

total tourist shopping spend, an increase from

**RM769 million**

in 2013, due to the efforts of Shopping Secretariat Malaysia (SSM)



EPP 2

**DESIGNATING BUKIT BINTANG-KUALA LUMPUR CITY CENTRE AS A VIBRANT SHOPPING PRECINCT**

**Kuala Lumpur**

ranked among the world's top 12 value-for-money tourist cities by



EPP 3

**ESTABLISHING PREMIUM OUTLETS IN MALAYSIA**

**Mitsui Outlet Park (MOP) KLIA**

development will be the largest outlet mall in Southeast Asia upon completion in 2015



EPP 4

**ESTABLISHING MALAYSIA MEGA BIODIVERSITY HUB (MMBH)**



**Rainforest Discovery Centres (RDC)**

to serve as easily accessible visitor hubs for education and promotion of Malaysia's biodiversity network

EPP 5

**DEVELOPING INTEGRATED RESORTS**

The Ministry of Tourism and Culture has been facilitating two new integrated developments in Malaysia:

**The Melaka Gateway project**



**The TWO in Rawang**



EPP 6

**DEVELOPING CRUISE TOURISM**



EPP 7

**TARGETING MORE INTERNATIONAL EVENTS**

**47 events**

supported by **Malaysia Major Events Unit** compared to 32 in 2013.

**110,899** international spectators, an increase from 97,211 in 2013



EPP 8

**ESTABLISHING DEDICATED ENTERTAINMENT ZONES (DEZ)**



**3 new outlets** in Penang designated as DEZs

EPP 9A

**DEVELOPING LOCAL EXPERTISE AND BETTER REGULATING THE SPA INDUSTRY**

**250 spa therapists**

trained/undergoing training at approved Centres of Excellence (CoEs)



EPP 10

**ESTABLISHING MALAYSIA AS A LEADING BUSINESS TOURISM DESTINATION**



**152 events**

secured and supported by MyCEB and industry partners in 2014. 362,280 total delegate days generated, surpassing target KPI of 230,000 delegate days

EPP 11

**ENHANCING CONNECTIVITY TO PRIORITY MEDIUM-HAUL MARKETS**

In total, flights to all six targeted medium-haul countries recorded an increase of **19,223 available weekly seats**



**129,015**

total seats provided by Malaysian carriers in 2014, with significant growth in flights to **Australia, India, Korea and Japan**

EPP 12

**IMPROVING RATES, MIX AND QUALITY OF HOTELS**

**4,039 new 4-star and 5-star hotel rooms**

completed with good distribution throughout the country in key cities of Alor Setar, Ulu Kinta, Kuching, Johor Bahru, Penang, Pulau Carey, Melaka and Miri



EPP 9B

**GOLF TOURISM**



Asia's Best Golf Destination  
Malaysia crowned as **Asia's Best Golf Destination** by the World Golf Awards 2014



**THE ELS CLUB TELUK DATAI** won **World's Best New Golf Course 2014**

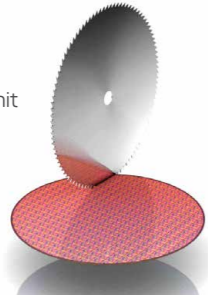
# ELECTRICAL & ELECTRONICS

BY 2020

**RM53.4bil** | **157,000**  
GNI | NEW JOBS

**EPP 1** EXECUTING A SMART FOLLOWER STRATEGY FOR MATURE TECHNOLOGY FABRICATION

The utilisation of wafer testing labs hit **66%** in 2014



**EPP 2** DEVELOPING ASSEMBLY AND TESTING USING ADVANCED PACKAGING TECHNOLOGY



announces the setting up of its manufacturing and R&D facility in Batu Kawan, Penang

**EPP 3** DEVELOPING INTEGRATED CIRCUIT DESIGN FIRMS

**Efinix Technology (M) Sdn Bhd (ETSB)** started operations in 2014. The company provides solutions to semiconductor companies and Original Equipment Manufacturers (OEMs)



**EPP 12** EXPANDING WIRELESS COMMUNICATIONS AND RADIO FREQUENCY IDENTIFICATION (RFID)

The National Centre of Excellence for Sensor Technology (NEST) at Universiti Putra Malaysia's Faculty of Engineering, in collaboration with MIMOS, Kontron and Intel investment has spurred:

**Automation in Agriculture and Innovation in Wireless Technology**



**EPP 13** GROWING AUTOMATION EQUIPMENT MANUFACTURING

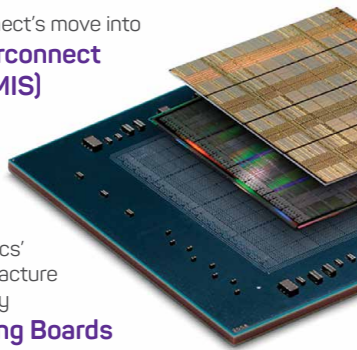
**12** companies to introduce locally made automation products into AMD's work stream

National Instruments worked with eight companies which undertook **20** new automation projects in system design and prototyping at The National Instruments Academy and Innovation Nucleus (NI-AIN) shared facility



**EPP 4** SUPPORTING THE GROWTH OF SUBSTRATE MANUFACTURERS AND RELATED INDUSTRIES

QDos Interconnect's move into **Molded Interconnect Substrate (MIS) technology**



Ibiden Electronics' effort to manufacture high-technology **Printed Wiring Boards** for the telecommunications industry

**EPP 5** INCREASING THE NUMBER OF SILICON PRODUCERS

Tokuyama Corp's investment

**RM3.72 billion**

polycrystalline silicon plant in Samalaju Industrial Park, Bintulu, commissioned and operations have commenced in January 2015

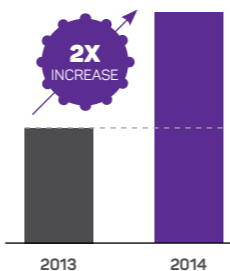


**EPP 6** GROWING WAFER AND CELL PRODUCERS

Malaysia is one of the largest photovoltaic (PV) producers in the world with a combined installed production capacity of

**4,800MW**

for wafers and cells in 2014, doubling the country's capacity in 2013



**EPP 14** BUILDING TRANSMISSION AND DISTRIBUTION COMPANIES

In April 2014, the



led a Smart Grid Lab focusing on an advanced meter infrastructure pilot project, its policy and industry development

**EPP 15** BUILDING AN ELECTRICAL HOME APPLIANCE MANUFACTURING HUB AND INTERNATIONAL DISTRIBUTION NETWORK

The construction of Pensonic's new R&D building in Penang has reached

**93% completion**

The facility will serve as its new operational headquarters as well as house its R&D department



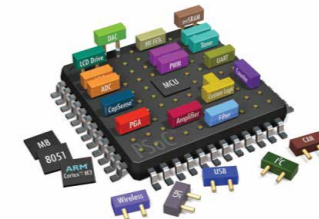
**EPP 16** DEVELOPMENT OF BALANCE OF SYSTEMS FOR SOLAR PHOTOVOLTAICS (PV)

MATRADE with the Malaysia Photovoltaic Industry Association (MPIA) and local system integrators working on total PV solutions to be exported through trade missions to

**Myanmar, Cambodia and Qatar**



**EPP 17** GROW THE EMBEDDED SYSTEMS INDUSTRY



**3** new embedded system projects

have been approved in 2014. A total of 14 embedded have been approved since 2012

**EPP 18** ENABLING ELECTRIC VEHICLE COMPONENT MANUFACTURING

The Malaysia Automotive Institute (MAI), ARCA Corporation Sdn Bhd, AutoCRC Ltd and Swinburne University signed an MoU in 2014 to develop and manufacture

**electric buses, lithium ion batteries and a commercial vehicle tracking system**



**EPP 7** INCREASING SOLAR MODULE PRODUCERS

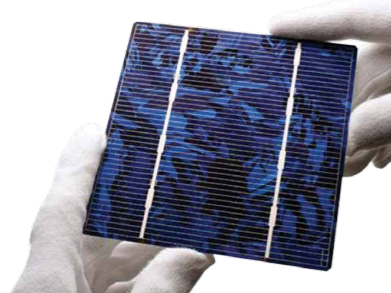
Malaysia's solar module installed production capacity reached

**2,540MW**

in 2014, a significant 41% jump from last year.

Seven solar module manufacturers are in operation in Malaysia

- First Solar
- Flextronics
- MSR
- SolarTif
- PV HiTech
- Panasonic Energy
- EXT



**EPP 8** DEVELOPING LED FRONT-END OPERATIONS

**Philips Lumileds Lighting Company Sdn Bhd**

in Penang is undertaking an expansion project involving R&D activity for front-end process flow of epitaxial testing for LED wafer/die, and thin film flip chip tests

**EPP 9** EXPANDING LED PACKAGING AND EQUIPMENT

**Philips Lumileds Lighting Company Sdn Bhd**

is undertaking an expansion and technology upgrading project of its LED chips and devices and LED-based lighting processes using fabricated white dies

**EPP 10** CREATING LOCAL SOLID STATE LIGHTING CHAMPIONS



SME Corp's capacity building programme, helped 10 companies in the Malaysian LED Consortium (MLC) to achieve sales of

**RM84.2 million**

in 2014

**EPP 11** BUILDING A TEST AND MEASUREMENT HUB

CEEDTec and Myreka now have full scale design-to-manufacturing capabilities for equipment to support testing and measurement. They have also collectively created

**33** pieces of intellectual property (IPs)



**EPP 19** SUPPORTING REGIONAL RAIL MRO SERVICES VIA ELECTRICAL AND ELECTRONICS COMPONENT MANUFACTURING

**A National Rail MRO (Maintenance, Repair and Overhaul) feasibility study** will be further continued by MITI to focus on the macroeconomics of the rail industry and its financial and economic impact



**EPP 20** ENABLING INDUSTRIES THROUGH NANOTECHNOLOGY

Nano Malaysia signed a Technology License Agreement with Universiti Teknologi PETRONAS (UTP) in March 2014, and a collaboration agreement with Hans System Design Sdn Bhd, to develop and roll out the **thermal management technology** in LED applications



# BUSINESS SERVICES

BY 2020

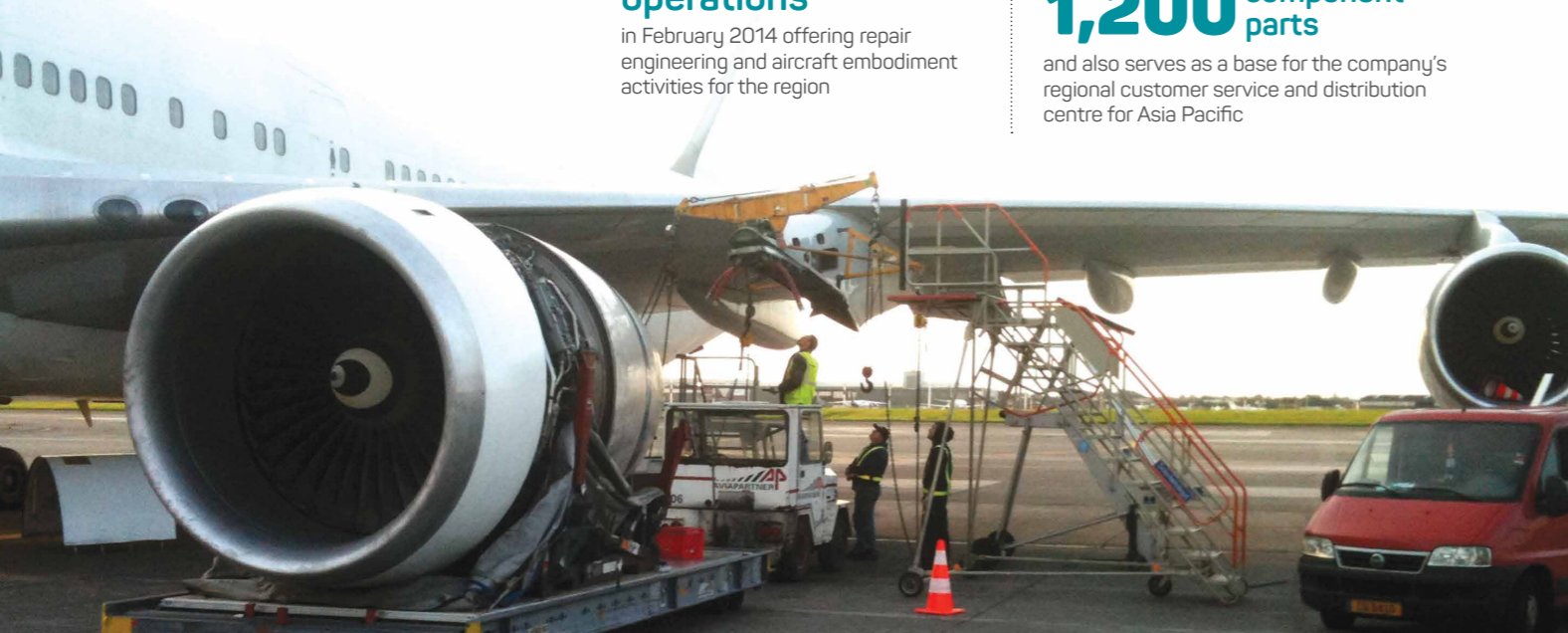
**RM78.7bil**  
GNI

**245,000**  
NEW JOBS

**EPP 1** GROWING AVIATION MRO SERVICES

Airbus began its **customer services operations** in February 2014 offering repair engineering and aircraft embodiment activities for the region

Swiss-based MRO SR Technics began operations of its aircraft servicing facility in Shah Alam. The facility supports about **1,200 component parts** and also serves as a base for the company's regional customer service and distribution centre for Asia Pacific



**EPP 4** JUMP STARTING A VIBRANT GREEN TECHNOLOGY INDUSTRY

Through the Green Technology Financing Scheme (GTFS), **45 projects worth RM438 million** were approved for 2014, bringing the total value of project approvals to date to **RM2.02 billion** since 2010



**EPP 5** NURTURING PURE-PLAY ENGINEERING SERVICES

DreamEDGE secured a defence engineering drawing project for a UK-based company as well as a turnkey project for the design and delivery of exterior body parts for a special edition of a highly popular Japanese hot-hatchback



Strand became the anchor company for **Asia Aerospace City** and will contribute to the local aerospace human capital ecosystem, which is critical to attract international aerospace companies into Malaysia

**EPP 2** BUILDING GLOBALLY COMPETITIVE SHARED SERVICES AND OUTSOURCERS

**ATKearney**

In 2014, AT Kearney's Global Location Services Index ranked Malaysia as the **third best location in the world**

for Shared Services & Outsourcing, a position Malaysia has maintained for the past 10 years

November, the Goldbury Global IT Automotive Outsourcing Hub was launched as a project within this EPP and aims to generate

**RM113 million** in GNI create

**450** highly skilled jobs and contribute

**RM4.2 million** in investments by 2020



**EPP 3** POSITIONING MALAYSIA AS A WORLD-CLASS DATA CENTRE HUB



NTT Communications launched its fourth data centre, CBJ4, with an additional

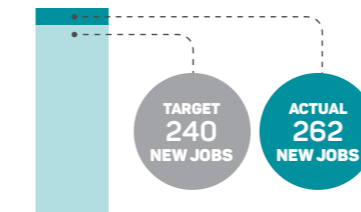
**42,000** sq ft of floor space

aimed at meeting the growing needs of the expanding Southeast Asia market

**EPP 6** DEVELOPING MALAYSIA AS A SHIPBUILDING & SHIP REPAIR HUB

Job growth was strong in 2014 as workforces expanded to cater to local demand, contributing to this EPP's achievement of KPIs for job creation

JOB'S CREATED BY THE INDUSTRY IN 2014



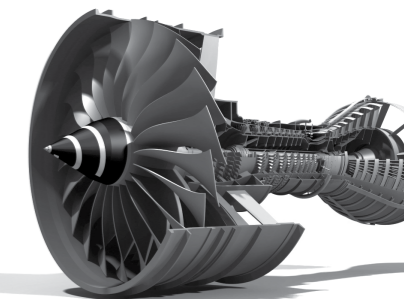
Boustead Heavy Industries Corporation reached the final stages of designing

**Malaysia's first local Offshore Support Vessel (OSV)**

in collaboration with Marine Technology Centre, University Technology Malaysia (MTC-UTM)



**EPP 7** MAKING MALAYSIA THE HUB FOR AEROSPACE OEMS IN SOUTHEAST ASIA



Targeted to contribute

**RM1.1 billion** in GNI create

**3,368** highly skilled jobs and contribute

**RM1.9 billion** in investments by 2020

# COMMUNICATIONS CONTENT & INFRASTRUCTURE

BY 2020

**RM57.7bil**  
GNI

**43,162**  
NEW JOBS

**EPP 1 NURTURING MALAYSIA'S CREATIVE CONTENT**



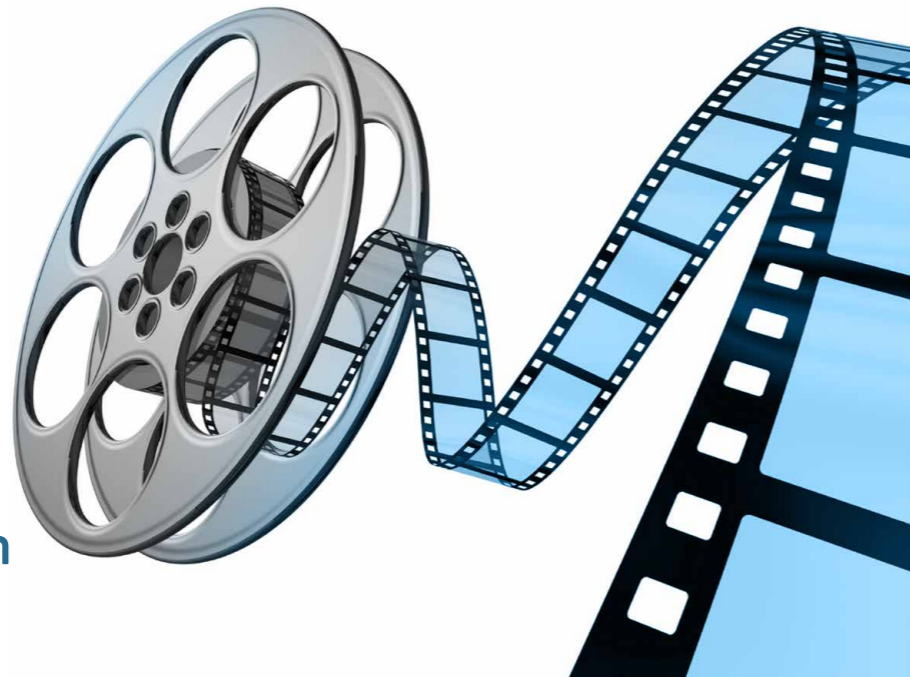
Film in Malaysia Incentive attracted 11 productions that are potentially worth up to

**RM335 million**

with a majority of the spending from foreign productions, realising an increased investment into Malaysia

Revenue from exports of creative content in 2014

**RM608.7 million**



**EPP 6 DEEPENING E-GOVERNMENT**

Approximately

**77%**

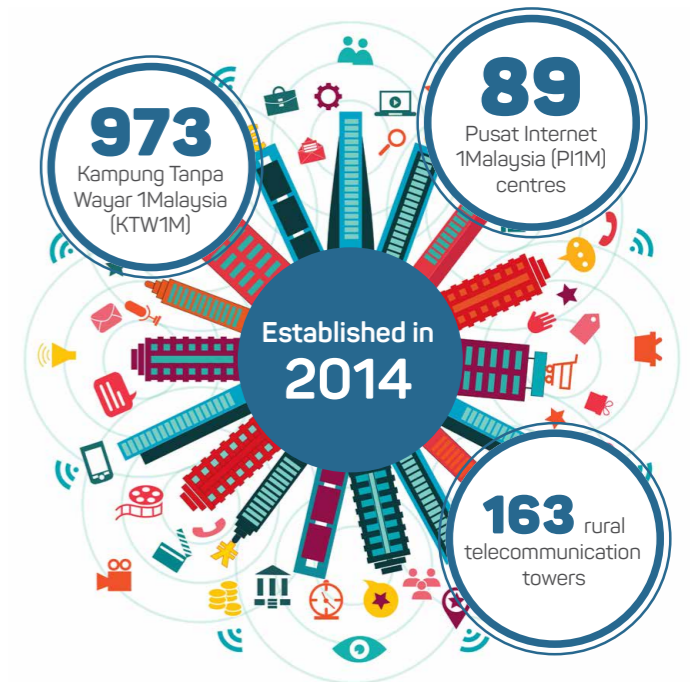
of Government services are online and

**65 federal government premises**

in Putrajaya are connected with Putrawifi, which provides Internet access to both public and Government employees



**EPP 8 EXTENDING REACH**



**EPP 3 CONNECTING 1MALAYSIA**

**135,000**

e-payment solutions deployed to SMEs worth RM1.83 million in transactions



**EPP 4 ESTABLISHING E-LEARNING FOR STUDENTS AND WORKERS**

More than

**8,000 schools**

have been connected with high-speed internet of 2Mbps-10Mbps within 2.5 years



**EPP 7 ENSURING BROADBAND FOR ALL**

Household broadband penetration stood at

**70.2%**

as at Q4, 2014

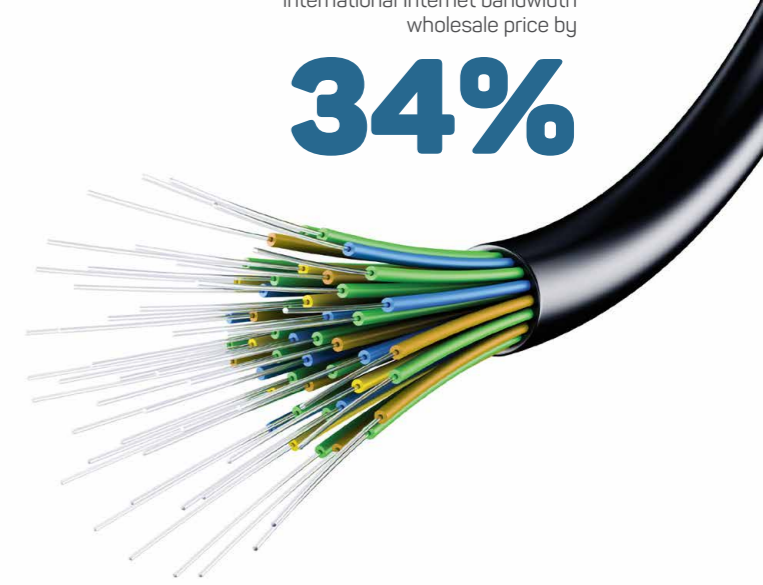


**EPP 10 EXTENDING THE REGIONAL NETWORK**

**Konsortium Rangkaian Serantau (KRS)**

obtained 20Gbps demand from its shareholders for international Internet wholesale bandwidth, reducing international Internet bandwidth wholesale price by

**34%**



**EPP 5 LAUNCHING E-HEALTHCARE**

Close to

**3,000 healthcare facilities**

were upgraded with Internet connectivity, with connectivity speeds that ranged from 2Mbps-10 Mbps



NATIONAL KEY ECONOMIC AREA

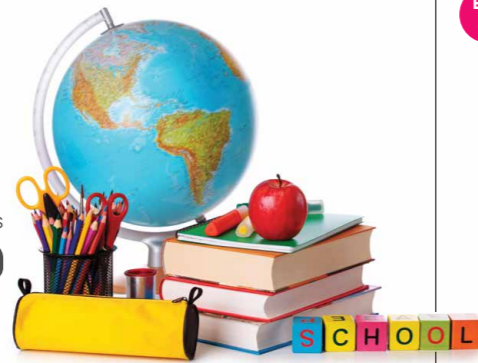
# EDUCATION

BY 2020

**RM31.8bil** | **535,000**  
GNI | NEW JOBS

**EPP 1** RAMPING UP EARLY CHILDHOOD CARE AND EDUCATION

**41,109** children in private pre-schools  
**1,103** children in private childcare centres  
received fee assistance in 2014



**EPP 4** EXPANDING PRIVATE TEACHER TRAINING

Currently, there are **200** pre-service English teachers undergoing training from three private higher education institutions



**EPP 5** SCALING UP PRIVATE SKILLS TRAINING PROVISION

Government has allocated more than **RM832 million** from 2011 and 2014 to the Skills Development Fund to assist students currently pursuing TVET in accredited private skills training centres



**EPP 7** BUILDING AN ISLAMIC FINANCE AND BUSINESS EDUCATION CENTRE

**icife** International Council for Islamic Finance Education (ICIFE)  
a globally-recognised professional association for Islamic finance educators launched

**EPP 2** IMPROVING EARLY CHILDCARE AND EDUCATION TRAINING

To increase the capacity for teacher training courses



**EPP 3** SCALING UP OF INTERNATIONAL SCHOOLS

There are now **106** international schools in Malaysia already surpassing the Government's initial target of 87 schools by 2020



**EPP 8** BUILDING A HEALTH SCIENCE EDUCATION DISCIPLINE CLUSTER

Commencement of construction of a **1,000** bed UCSI University Hospital  
a teaching hospital to accommodate 1,000 undergraduate medical students, 2,000 postgraduate medical students, as well as dentistry, radiography, nursing, paramedic and hospital management students, and postgraduate research students



**EPP 10**

**BUILDING A HOSPITALITY AND TOURISM CLUSTER**



The Malaysian Centre for Tourism & Hospitality Education has seen a

**126%** achievement

in 2014 with strong support from the Malaysian Association of Hotels. Politeknik Merlimau, a cluster leader was also launched in 2014. With the introduction of Talent Corp's Structured Internship Programme, EPP10 is poised for greater growth and expansion moving forward

**EPP 11** EDUCITY@ISKANDAR

EduCity continues to perform well with a sizeable **63%** student increase from 1,733 students in 2013 to 2,822 students in 2014



**EPP 12** CHAMPIONING MALAYSIA'S EDUCATION BRAND

**Higher Education MALAYSIA**  
**135,502** international students studied in Malaysia in 2014



**EPP 13** INTRODUCING PUBLIC-PRIVATE PARTNERSHIPS IN EDUCATION

**Teach For Malaysia**  
Teach For Malaysia (TFM) was approved as an initiative under this EPP in December 2014

**EPP 14** BUILDING A GAMES DEVELOPMENT CLUSTER

**Animex International Festival** for Animation and Computer Games (Southeast Asia) 2014 was held outside England for the first time, at KDU University College



**EPP 15** ESTABLISHMENT OF BRANCH CAMPUSES

**Heriot-Watt University (HWU) Malaysia** moved into their new campus in Putrajaya with 454 students, of which 18% are international students



**EPP 17** TRANSFORMING MALAYSIA INTO A LEADING ACCOUNTANCY HUB

In 2014 **262** graduates with professional accounting qualifications were produced by Sunway TES in collaboration with Public Higher Education Institutions and government agencies



NATIONAL KEY ECONOMIC AREA

# AGRICULTURE

BY 2020

**RM28.9bil**  
GNI

**109,335**  
NEW JOBS

**EPP 1 HIGH-VALUE HERBAL PRODUCTS**

**8 products** underwent pre-clinical trials in 2014, while another six products registered their first patients to undergo clinical trials



**EPP 2 EDIBLE BIRD'S NEST SWIFTLET FARMING**



**145 tonnes** of edible bird's nest (EBN) products were exported and **2,201 premises** were registered, bringing the total premises registered to date to 7,046

**EPP 3 MINI ESTATE FARMING FOR SEAWEED**

Average productivity of the mini estate and cluster programme has increased from 5 tonnes per hectare per year in 2013 to

**5.52 tonnes** per hectare per year



**EPP 8 FOOD PARK**

64 SMEs have been developed since implementation and recorded sales of

**RM34 million** in 2014



**EPP 10 STRENGTHENING PRODUCTIVITY OF PADDY FARMING IN MADA**

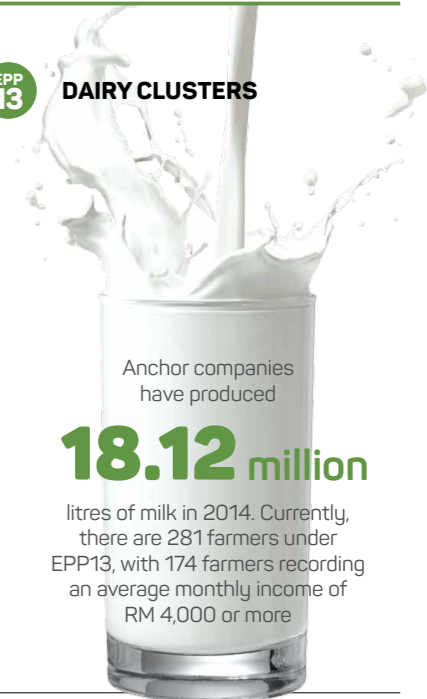
5,000 hectares of land was amalgamated in 2014, bringing the total land area amalgamated to date to

**20,186 hectares**

against a target of 50,000 hectares by 2020



**EPP 13 DAIRY CLUSTERS**



Anchor companies have produced

**18.12 million**

litres of milk in 2014. Currently, there are 281 farmers under EPP13, with 174 farmers recording an average monthly income of RM 4,000 or more

**EPP 4 INTEGRATED CAGE FARMING**

**9,336 tonnes**

of fish were produced, exceeding this year's KPI of 6,500 tonnes



**EPP 6 REPLICATING INTEGRATED ZONE FOR AQUACULTURE MODEL (IZAQS) TO TAP MARKET FOR PREMIUM SHRIMP**

Anchor companies have produced

**30,081 tonnes**

of shrimp in 2014, increasing productivity through the use of technology



**RM230 million**

in sales were registered by Anchor Companies and SMEs' in 2014

**EPP 9 INTRODUCING FRAGRANT RICE VARIETIES FOR NON-IRRIGATED AREAS**

**2,118 hectares**

of land has been amalgamated to date and

**2,026 tonnes**

of fragrant rice paddy was produced in 2014



**EPP 11 SCALING UP AND STRENGTHENING OF PADDY FARMING IN OTHER IRRIGATED AREAS**

Total of

**13,361 hectares**

of land has been amalgamated in other granaries to date and produced 36,911 tonnes of paddy in 2014



**EPP 14 SEED INDUSTRY DEVELOPMENT**

First anchor company, Green World Genetics, signed on in July 2014. Since then, the company has trained

**50 outgrowers**



**EPP 5 CATTLE INTEGRATION IN OIL PALM ESTATES**

In 2014, total cattle in population that has been integrated in oil palm estates amounted to

**9,061**



**EPP 7 PREMIUM FRUITS AND VEGETABLES**

**6,105 hectares**

of land have been established as Permanent Food Production Zones (TKPM), involving 453 farmers, of which 171 farmers have increased their income to above RM 3,000/month



**EPP 17 PASAR KOMUNITI (PAKAR)**

An outcome study conducted by FAMA at PAKAR sites in Manjung, Bera, Jengka and Mersing found that on average, participants increased their income by

**32.7%**

from RM3,041 to RM4,035 after joining PAKAR



# NATIONAL KEY ECONOMIC AREA HEALTHCARE

BY 2020

**RM35.3bil**  
GNI

**181,000**  
NEW JOBS

## EPP 1 MANDATING PRIVATE HEALTH INSURANCE FOR FOREIGN WORKERS

Over **1.7 million**

foreign workers have been insured under the Foreign Worker's Health Insurance Protection Scheme (SPIKPA) since 2011



## EPP 2 CREATING SUPPORTIVE ECOSYSTEM TO GROW CLINICAL RESEARCH

Lucenxia's commencement of the first medical device clinical trial for

**automatic peritoneal dialysis devices**

in Malaysia



## EPP 4 REINVIGORATING HEALTHCARE TRAVEL

The Healthcare Travel sector has grown steadily at an average of

**25%**

annually since 2010. The number of hospitals registered with the Malaysia Healthcare Travel Council (MHTC) has grown to 74 from the initial 34



## EPP 5 CREATING A DIAGNOSTIC SERVICES NEXUS

The EPP owner,

**GE Healthcare**

is currently reviewing its project plan



## EPP 3 MALAYSIAN PHARMACEUTICALS

Income generated from pharmaceutical exports

recorded **9%**

growth during the year, surpassing the 5% growth target



## EPP 6 DEVELOPING A HEALTH METROPOLIS: A WORLD-CLASS CAMPUS FOR HEALTHCARE AND BIOSCIENCE

**UM Holdings Sdn Bhd (UMHM)**

is taking further action to pursue Planning Approval for UMHM with MBPJ and Selangor State Government



### MEDICAL DEVICES EPPS

## EPP 7 UPSCALE MALAYSIA'S IVD INDUSTRY - MEDIVEN & OLIPRO

**6 new products**

were launched and added to the product portfolio of Olipro Biotechnology. It has also expanded its market to Indonesia and Brunei



## EPP 8 BUILD MALAYSIAN SHOWCASE ON NEXT GENERATION OF CORE SINGLE USE DEVICE (SUD) PRODUCTS

Vigilenz is now constructing a new infrastructure covering

**70,000 square feet**

that is four times larger than its current offering and will be ready by 2Q 2015



## EPP 9 BECOME THE HUB FOR HIGH-VALUE MEDICAL DEVICES CONTRACT MANUFACTURING



Malaysia will be the sole manufacturer for Smith & Nephew's severe burns wound dressing when Steripack Asia begins operations here in 2015

### SENIORS LIVING EPPS

## EPP 15 MOBILE HEALTHCARE SERVICES

The Ministry of Health is also in the midst of amending the current Private Healthcare and Facilities Act to

**include mobile healthcare service**

which remains unregulated. This measure is therefore necessary to ensure that mobile healthcare service is both regulated and recognised as another way medical services can be provided



## EPP 16 INSTITUTIONAL AGED CARE

ECON @ Cheras aims to provide a **unique retirement village-cum-nursing home facility**

The facility will provide its residents with daily conveniences, medical services, nursing care and recreational activities. The project owner has acquired a piece of land with a vacant building with current built-up area of 5,598.00m<sup>2</sup> in Cheras. Construction of the facility is expected to commence in mid-2015



## EPP 10 MALAYSIAN CLINICAL DEVICE CHAMPIONS - SIMA MEDICAL

**Sima Medical** will be developing orthopaedic clinical devices in Malaysia through its research and development division

The introduction of its activities in Malaysia is expected to draw an investment of

**RM7.7 million**

with a projected GNI of RM131.81 million by 2020



## EPP 12 HIGH-VALUE MEDICAL DEVICES MANUFACTURING

Toshiba has established its manufacturing operations for ultrasound systems, transducers, printed board wired of other medical devices in Malaysia which will be exported.

**RM51 million** in GNI

**RM56 million** in new investments

Toshiba's new facility in Penang, with a total of

**7,800m<sup>2</sup> floor space**

commenced production in December 2014

**200 new jobs**



## EPP 13 BUILD MEDICAL HARDWARE AND FURNITURE CLUSTER - LKL

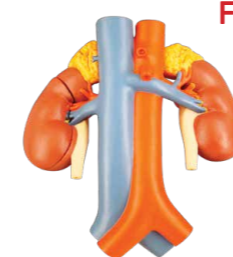
LKL has met the majority of its goals and objectives including to secure projects and sizeable orders to

**equip hospitals and medical facilities**

within Malaysia as well as in Vietnam, Sri Lanka and the Middle East



## EPP 14 RENAL PRODUCTS - FRESENIUS, LUCENXIA, PROLIGEN



**Fresenius Medical Care**

a global supplier of renal solutions and a major player in both hemodialysis (HD) and peritoneal dialysis (PD) products, has increased the production output of HD concentrates in its manufacturing facility in Bandar Enstek, Nilai, Negeri Sembilan

## EPP 17 RETIREMENT VILLAGES

Eden-on-the-Park Sdn Bhd aims to build a **care residence**

in Kuching to make senior living and aged care facilities the preferred choice in Malaysia and establish international standards for aged care in Malaysia



# COMPETITION, STANDARDS AND LIBERALISATION

## COMPETITION

- 1 Malaysia Competition Commission (MyCC) published two new handbooks entitled **“Guidelines for Fighting Bid Rigging in Government Procurement (Garis Panduan Menentang Tipuan Bida dalam Perolehan Awam)”** and **“Help Us Detect Bid Rigging”**



- 2 A **Regulatory Impact Assessment (RIA)** on the construction sector was conducted in 2014 by the **Malaysia Productivity Corporation (MPC)** in collaboration with MyCC  
  
The aim of the RIA project was to continue the market review on professional bodies conducted by MyCC in 2013 by **thoroughly exploring issues to identify and understand key policies and address regulatory price fixing specifically in the Malaysian construction sector**

**The draft final report and policy advice to Government agencies has been completed** and will be forwarded to the respective central agencies for further assessment and consideration

- 3 The **Federation of Malaysian Manufacturers (FMM)** took the initiative to work with MyCC to draw up the **FMM Competition Checklist** for its members. This checklist, which was launched on 25 November 2014, summarises MyCC’s Compliance Guidelines and provides a “To Do” checklist with recommended reviews and actions to be taken. It is hoped that more companies will be encouraged to build a strong culture of compliance with the Competition Act 2010

## STANDARDS

- 1 Standards Malaysia launched the **National Standards Compliance Programme (NSCP)** in June 2014 with the aim to increase standards compliance and to bridge initiatives offered by the various Government agencies

### STANDARDS MALAYSIA

- 2 Under the NSCP, **Capacity Building for Industry (CBI) programmes** were conducted to encourage industries to adopt standards in their businesses. The CBIs were conducted nationwide for horizontal standards such as **MS ISO 9001, MS ISO 14001, MS ISO 22000, MS ISO/IEC 27001, MS 1480 and MS 1722**. The number of new organisations certified by accredited firms to horizontal standards saw a 20.6% increase to 841 certifications compared with 697 certifications in 2013



- 3 In 2014, a total of 780 farms were certified under MyGAP resulting in a cumulative total of approximately **3,200 certified farms**

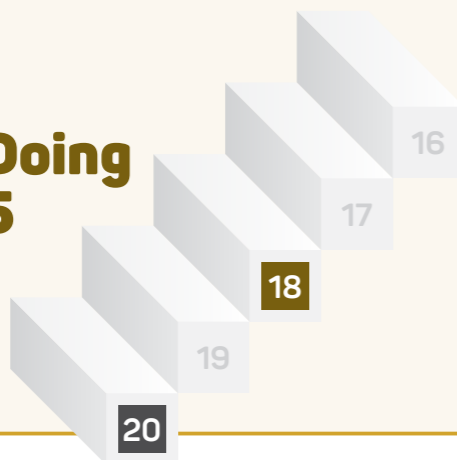
- 4 Under the Ministry of Energy, Green Technology and Water (KeTTHA), **353 products obtained certification under the MyHIJAU Programme**  
  
The programme is an initiative by KeTTHA’s agency, MGTC, which aims to encourage the adoption of more environmentally friendly practices in the country to support the Government’s commitment to reduce carbon emissions



- 5 MoH continued with the certification of food processing establishments to ensure compliance to the **Food and Hygiene Regulations 2009 under the MeSTI programme**  
  
In 2014, a total of 530 establishments complied with MeSTI

## LIBERALISATION

- 1 Malaysia improved its standing from **20th to 18th** in the **World Bank’s Doing Business 2015** report published in October 2014, due in part to efforts to liberalise the economy and ease bureaucratic burdens on businesses



- 2 In 2014, the services sector contributed **55.3% to GDP**  
  
Total investments for the services sectors have also increased 3.4% in 2014 to **RM149.6 billion**

- 3 Malaysia has **autonomously liberalised 45 sub-services sectors**  
  
The amendment to the Acts for the remaining three sub-sectors:  
**Architectural Services** (Architect Act 1967)  
**Engineering Services** (Engineering Act 1967)  
**Quantity Surveying Services** (Quantity Surveyor Act 1967)  
  
from the 2012 package was approved by Parliament in December 2014

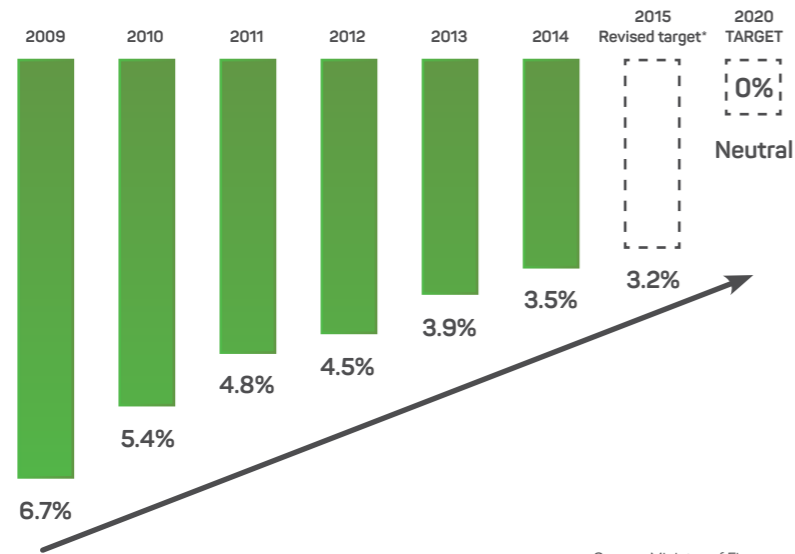


# STRATEGIC REFORM INITIATIVE PUBLIC FINANCE REFORM

1 The Government managed to reduce fiscal deficit as targeted to

**3.5%** of GDP from 3.9% last year

MALAYSIA HAS BEEN DISCIPLINED IN BRINGING DOWN ITS FISCAL DEFICIT



Source: Ministry of Finance

2 Move to managed float for **RON 95 and diesel** in December 2014, as part of subsidy rationalisation exercise, saving the government about

**RM10.7 billion** in 2015

## Ron 95 and Diesel Float Managed

OCTOBER 2014

5 Ministry of Finance

took action against incompetent suppliers/ vendors by issuing warning letters or temporarily/ permanently banned from entering into any Government procurement process



6 MOF trained more than

**250** skilled speakers for GST



7 Ministry of Finance conducted more than

**1,400** programmes talks

and visits on GST for attended by more than 76,000 members of the public and 150,000 business participants



3 Initiatives for additional direct and indirect tax revenue collection were

**RM1,990 million**

&

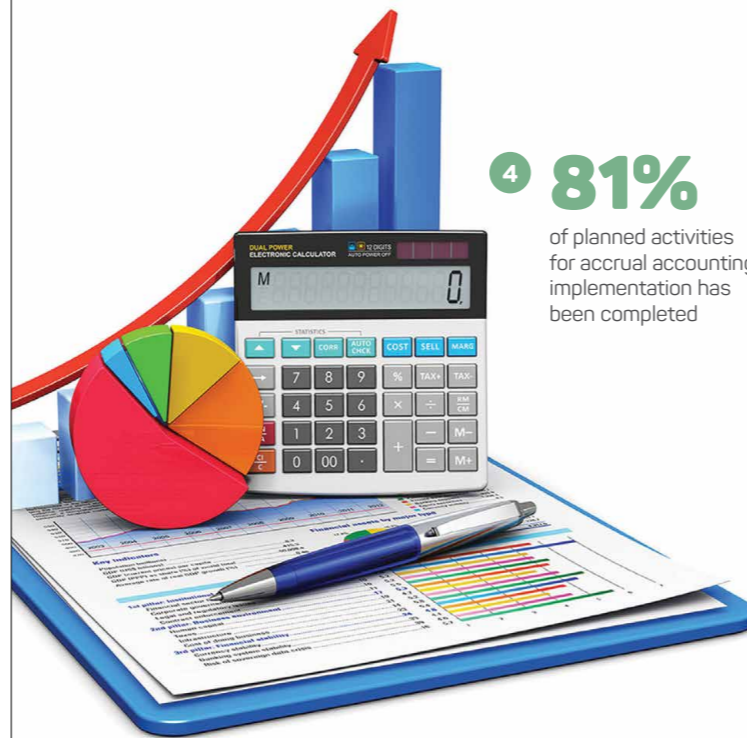
**RM159.6 million**

surpassing target of RM1,795 mil and RM110 mil respectively

	TARGET	ACTUAL
DIRECT TAX	RM1,795 mil	<b>RM1,990 mil</b>
INDIRECT TAX	RM110 mil	<b>RM159.6 mil</b>

4 **81%**

of planned activities for accrual accounting implementation has been completed



8

**GST**

implementation

announced by PM during Budget 2015 speech



# NARROWING DISPARITY

**1** **25**  
New Bumiputera Corporate Champions identified to leverage on MITI's Vendor Development Programme

**2** **413**  
Number of new TeraS companies

**76**  
venturing overseas

**4** **RM580 million**  
Halal Fund offered for Bumiputera capacity enhancement in halal sector

**3** New **RM475 million**  
Bumiputera Expansion Fund created to assist Bumiputera technology companies

**5** **RM7.85 billion**  
worth of investments created under the Facilitation Fund programme

**6** **RM23.52 billion**  
worth of 11 large iconic projects (RM500 million and above) awarded for Carve Out & Compete programme

**7** **RM2.24 billion** TeraS Fund  
were raised through collaboration with several financial institutions. To date, 908 Bumiputera companies have enrolled under the programme

**9** **RM4.14 billion**  
market capitalization of 10 companies under the Skim Jejak Jaya Bumiputera

**8** Approval of **RM27 million**  
worth of grants to 54 winners for the Bumiputera Entrepreneurship Start-Up Scheme (SUPERB)

**10** **INSKEN**  
aims to facilitate Bumiputera entrepreneurship  
**capability and capacity development**  
mainly focus on demand-based, industry-driven and entrepreneur-led programmes through public and private collaborative initiatives

# REDUCING GOVERNMENT'S ROLE IN BUSINESS

The Government's role in business, which has hitherto been aimed at helping to accelerate growth in specific industries of national interest, has nonetheless created several challenges which this SRI seeks to address

## 1 CHALLENGES WHICH THIS SRI SEEKS TO ADDRESS

### THESE INCLUDE

- 1 **Avoiding crowding out** the private sector
- 2 **Increasing liquidity** in the capital markets
- 3 **Improving** Government's finances

### TO ATTEND

to these needs, the Government through this SRI will:

- 1 Clearly establish the Government's role in business
- 2 Develop a clear divestment plan
- 3 Establish clear governance guidelines for government and state-owned companies

### THESE EFFORTS

are aimed at gradually shifting the Government's role in business from

INVESTOR



FACILITATOR



### IN DOING SO

the Government will adhere to the following guidelines for private sector participation:

- 1 Co-invest with the private sector in projects that will boost GNI such as regional corridor developments
- 2 Ensure the business is directly related to issues of national security
- 3 Ensure the business requires large capital investments and long gestation periods, such as nanotechnology, and are deemed strategic businesses or those which are in the national interest
- 4 The Government has also identified national infrastructure projects such as renewable energy and public transport systems as those which warrant its participation

## 2 2014 UPDATES

Govt has successfully divested

**32 out of 33**

targeted companies



## 3

**ekuinas**  
EKUITI NASIONAL BERHAD

**DIVESTED**

its entire equity stake of

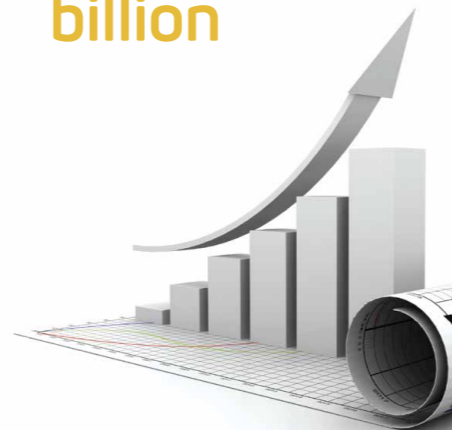
**61.6%**

in Konsortium Logistik Bhd to KL Airport Services Sdn Bhd

**LISTED**

Icon Offshore Bhd in 2014 and its final IPO price values and market capitalisation was at

**RM2.1 billion**



## 4

Ministry of Finance (Incorporated) **divested**

**PENANGPORT**

Penang Port Sdn Bhd

**JARING**  
come together

Jaring Communication Sdn Bhd



Composites Technology Research Malaysia Sdn Bhd

## 5

Ministry of Works **liquidated**

**Steel Frame & Truss Technology Sdn Bhd** & **CIDB Events Management Sdn Bhd**



# STRATEGIC REFORM INITIATIVE

# HUMAN CAPITAL DEVELOPMENT

## 1 MODERNISING LABOUR LEGISLATION AND LABOUR SAFETY NET

### Industrial Relations Act

In response to concerns raised by employer and employee groups on the length of the dispute process outlined in the Industrial Relations Act, the legislation has been reviewed with amendments tabled in Parliament on 26 Nov 2014.

#### THE AMENDMENTS INCLUDE:

Allowing practising lawyers from Sabah and Sarawak to be appointed as Chairman of Industrial Court

Legal practitioners in Sabah and Sarawak are given equal opportunities to be appointed as President or Chairman of the Industrial Court

Section 56(4) amended to accelerate the enforcement of the award of the Industrial Court



### Minimum Wages

The Minimum Wages Order was fully enforced by the Labour Departments of Peninsular Malaysia, Sabah and Sarawak for the entire country in January 2014. The statistics of labour inspection and labour cases, in 2014, are as follows:

REGION	RATE	NO. OF EMPLOYERS
Peninsular Malaysia	98.9%	29,839
Sarawak	98.7%	4,094
Sabah	97.2%	5,765



## 2 STRENGTHENING HUMAN RESOURCE (HR) MANAGEMENT FOR SMES

A tracer study was conducted to increase the efficiency of the

### National Human Resource Centre (NHRC)

In Budget 2015, the YAB Prime Minister announced that high labour-intensive industries such as rubber products, plastics, wood, furniture and textiles will receive an automation capital allowance of 200% on the first RM4 million in expenditure incurred within the 2015-2017 period. Additionally, an automation capital allowance of 200% will be provided on the first RM2 million in expenditure incurred for all other industries, within the 2015-2020 period.

## 4 UNDERTAKE LABOUR MARKET ANALYSIS AND SURVEY PROGRAMMES

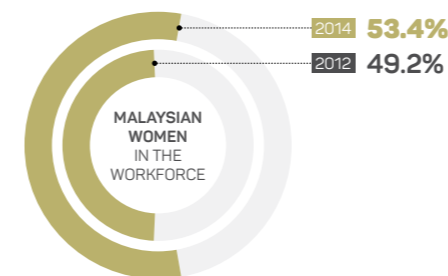


owns and updates the portal and dashboard with labour indicators from the Department of Statistics and conducts high impact research studies for sectors and economic corridors



## 5 LEVERAGING WOMEN TALENT TO INCREASE PRODUCTIVITY

Efforts from this initiative, which aims to increase women participation in the labour market to 55% and increase women participation in decision making positions for corporate sectors to 30% by 2016, have seen the participation of Malaysian women in the workforce risen to 53.4% to date from 49.2% in 2012.



### Women on Boards

Initiatives in 2014 centred on building a talent pool of board-ready women via the Women's Directors Programme (WDP), jointly conducted by



932 women have been trained under this programme. Of this, 17 have been appointed to Boards.

Other developments in 2014 include corporate governance reform led by Bursa Malaysia to encourage disclosure on diversity policies by public-listed companies



## 3 FOCUS ON UPSKILLING AND UPGRADING THE WORKFORCE



To this end, PEMANDU facilitated the establishment of a partnership between the Department of Skills Development (DSD), German-Malaysian Institute (GMI) and Malaysian German Chamber of Commerce and Industry

The effort commenced in June 2014 with 22 trainees undergoing training in industrial management (11 trainees) and logistics management (11 trainees). The scheme involves 17 companies which are mainly German based (e.g. Infineon Schenker, a.hartrodt, Bosch, SGL, TÜV Rheinland and Panalpina)

### Recognition Prior Learning

An initiative by the Human Resources Development Fund, is an assessment to recognise workers on their skills and competencies according to the level determined by the DSD.

The assessment allows upskilled employees to demand for a higher salary in according to his/her expertise. As of Nov 2014, 14,831 employees have participated in the programme.

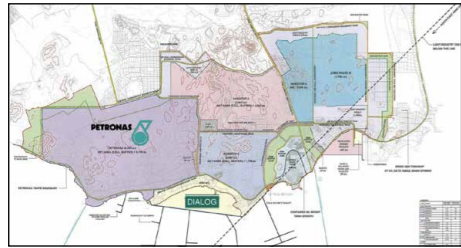
### MDEC MyProCert and IAC

The MyProCert programme was introduced in collaboration with Multimedia Development Corp (MDeC) to produce more ICT professionals. MDec MyProCert also collaborated with the Construction Industry Development Board (CIDB) and participated in CIDB's nationwide roadshow to promote Building Information Modelling (BIM) to their members. This resulted in an increase in the demand for the BIM Autodesk Revit certification from 50 applications in 2013 to 250 applications in 2014.

Through the Industry-Academia Programme on TRIZ Certification, organisations such as B. Braun Medical Industries has trained 45 engineers and achieved several breakthroughs in its manufacturing process improvement and new product development.

## 2014

**3 APR 2014**  
**PENGERANG INTEGRATED COMPLEX, JOHOR**  
 The PETRONAS Board of Directors approved the Final Investment Decision (FID) OF RM89 billion for the development of the Pengerang Integrated Complex in Johor



**12 MAY 2014**  
**GTP & ETP ANNUAL REPORT 2013**  
 Launched by YAB Prime Minister Datuk Seri Najib Tun Razak at Angkasapuri



**26 JUN 2014**  
**PHASE 1A OF PENERANG INDEPENDENT TERMINALS OPENS**  
 Project equipped with 25 oil storage tankers that provide crude oil storage facilities for trading purposes



**26 JUN 2014**  
**HEALTHCARE NKEA PROGRESS UPDATE**  
 Four new entry-point projects (EPPs) announced - To bring a gross national income (GNI) impact of RM45.9 million by 2020, 490 new jobs and attract RM200.3 million in investments



**3 JUL 2014**  
**NATIONAL GRAPHENE ACTION PLAN LAUNCHED**  
 The plan is based on an in-depth analysis of the economic potential for Malaysia through innovation with graphene and the steps required to capture its value



**10 SEPT 2014**  
**GOODS AND SERVICES TAX (GST)**  
 Prime Minister announces more details on GST implementation during the GST briefing session at PWTC



**10 OCT 2014**  
**MRT LINE 2**  
 Approval of MRT Line 2 from Sungai Buloh to Putrajaya by the Federal Government announced during the tabling of Budget 2015



**13 DEC 2014**  
**DATARAN MEDAN PASAR**  
 Refurbishment of Dataran Medan Pasar at Lebuhraya completed and reopened



## 2013

**28 DEC 2013**  
**BUKIT BINTANG KLCC WORLD FIESTA PARADE**  
 Street Festival jointly organised by BKKLCC Tourism Association & Tourism Malaysia



**12 NOV 2013**  
**SOFT LAUNCH NATIONAL STANDARDS COMPLIANCE PROGRAMME (NSCP)**



**3 OCT 2013**  
**AIRBUS SETS UP REGIONAL SERVICE CENTRE**



**28 AUG 2013**  
**MALAYSIA GOOD AGRICULTURE PRACTICE LOGO (MYGAP) LAUNCHED**



**1 JUL 2013**  
**MINIMUM RETIREMENT AGE**

**19 MAR 2013**  
**GTP & ETP ANNUAL REPORT 2012**  
 Launched by the Prime Minister at Angkasapuri



**7 FEB 2013**  
**INTERNATIONAL PERFORMANCE REVIEW**



**1 JAN 2013**  
**MINIMUM WAGES ORDER TAKES EFFECT FOR EMPLOYEES**  
 RM900 for Peninsular, RM800 for Sabah & Sarawak



## 2012

**27 NOV 2012**  
**ETP TURNS TWO**  
 Implementation in full swing



**16 NOV 2012**  
**PROGRESS UPDATE**  
 20 new ETP and Corridor projects announced  
 Three SRI updates



**1-15 NOV 2012**  
**SPECIAL NEEDS EDUCATION LAB**



**18 - 19 NOV 2012**  
**SENIORS' LIVING LAB**



**13 SEPT 2012**  
**PROGRESS UPDATE**  
 21 new projects announced  
 Three SRI updates



**28 MAY 2012**  
**PROGRESS UPDATE**  
 21 new projects announced  
 Six SRI updates



**MAY - JUN**  
**ELECTRICAL & ELECTRONICS 2.0 LAB**



**2 APR 2012**  
**GTP & ETP ANNUAL REPORT 2011**  
 Launched by the Prime Minister at Angkasapuri



**14 FEB 2012**  
**CITIES AND CORRIDORS OPEN DAY**  
 Held at Kota Kinabalu



**7 FEB 2012**  
**INTERNATIONAL PERFORMANCE REVIEW**



## 2011

**8 SEPT 2011**  
**INVEST KL**  
 Announced by the Prime Minister



**5 JUL 2011**  
**ETP UPDATE**  
 Launch of the six Strategic Reform Initiatives



**1 JAN 2011**  
**TALENTCORP**  
 Initiation of a government agency tasked to attract Human Capital talent



## 2010

**30 NOV 2010**  
**PROGRESS UPDATE**  
 Strong start continues with announcement of nine more projects



**25 OCT 2010**  
**ECONOMIC TRANSFORMATION PROGRAMME ROADMAP**  
 Launched by the Prime Minister with announcement of nine projects

