



Promotion of High Value Added Palm Products

15 May 2018

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Food Technology & Resource Based Industries Division, MIDA

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Who is MIDA ?

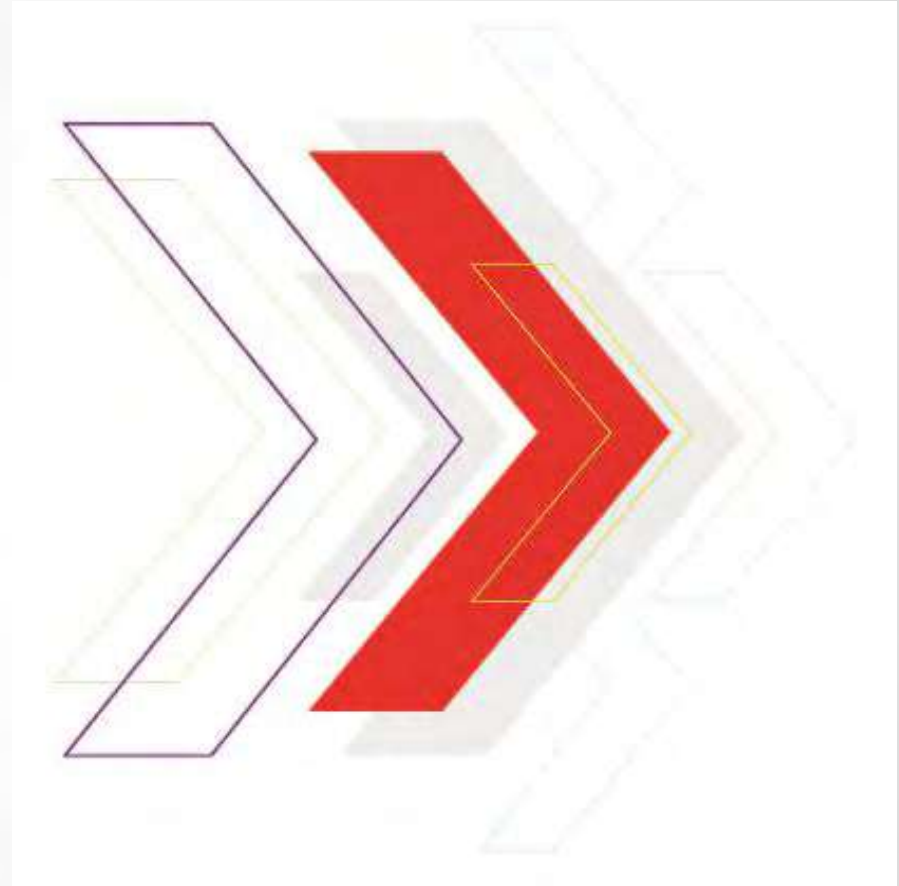
Approved Investments

Incentives – **General, SME's, ACA, DISF**

Promoted Activities

Way Forward

WHO IS MIDA?



ABOUT MIDA



The principal Malaysian Government agency responsible for the promotion of investments and coordination of industrial development and selected services sectors in the country



Promotion



Evaluation



Planning



**Follow Up/
Monitoring**

First point of contact for investors who intend to set up projects in the manufacturing and services sectors in Malaysia

MIDA GLOBAL NETWORK



PARTNERS IN INVESTMENT PROMOTION



Northern Corridor Investment Authority (NCIA)

- Tourism
- Manufacturing & Design
- Modern Agriculture
- Logistics
- Education & Health



Sabah Economic Development Investment Authority (SEDIA)

- Agro-based Industry
- Tourism
- Logistics
- Manufacturing



East Coast Economic Region Development Council (ECERDC)

- Tourism
- Oil & Gas
- Manufacturing
- Agriculture
- Education



Iskandar Region Development Authority (IRDA)

- Financial Services
- Petrochemical and Maritime
- Healthcare
- Tourism and Logistic Industry
- Manufacturing & Services



Regional Corridor Development Authority (RECODA)

- Resource Based Industry
- Aluminum, Glass, Steel, Oil-based Industry, Palm Oil, Fishing & Aquaculture, Livestock, Timber-based, Marine
- Energy
- Tourism



Now, Malaysia's investment environment consists of multiple national, regional and state investment promotion agencies



InvestPerak



InvestMelaka



Pahang State Development Corporation



InvestPenang



Biotechnology Corporation



Johor State Investment Centre



Negeri Sembilan Investment Centre



Kedah Investment Centre



Invest Selangor Berhad



Sarawak Economic Development Corp

APPROVED INVESTMENT



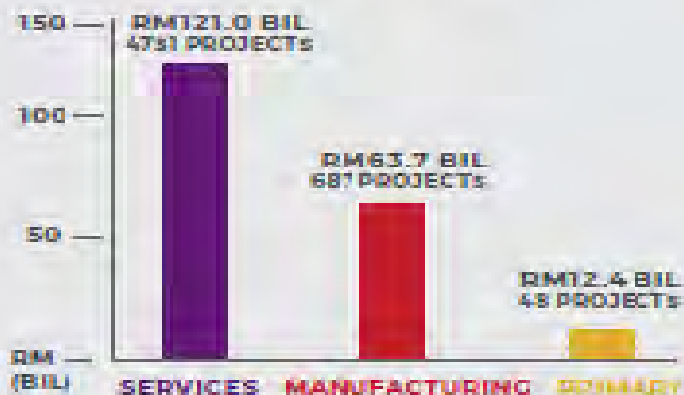
INVESTMENT APPROVED

TOTAL PRIVATE INVESTMENTS IN 2017

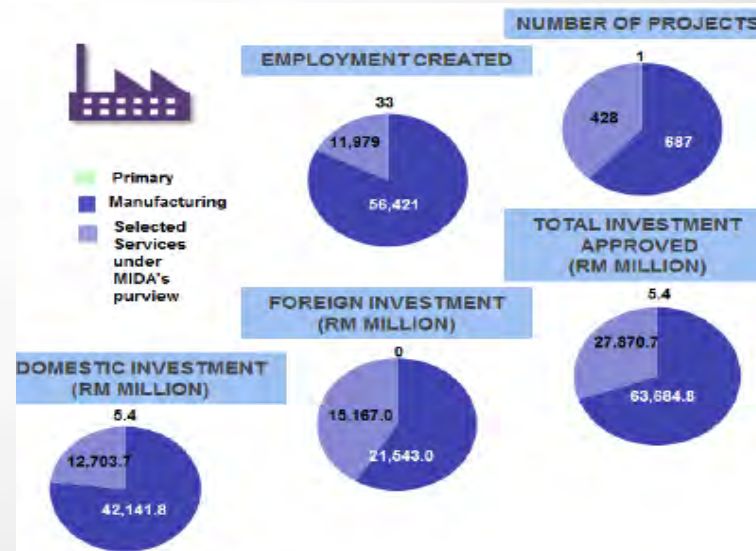
DOMESTIC VERSUS FOREIGN INVESTMENTS



INVESTMENTS IN APPROVED PROJECTS BY SECTORS

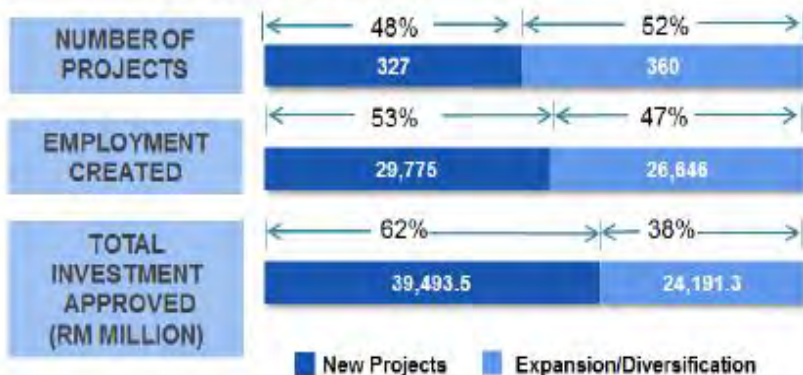


JAN – DEC 2016 ^r	JAN – DEC 2017
NUMBER OF PROJECTS : 1,242	NUMBER OF PROJECTS : 1,116
EMPLOYMENT CREATED: 77,815	EMPLOYMENT CREATED: 68,433
TOTAL INVESTMENT APPROVED: RM 87.0 Billion	TOTAL INVESTMENT APPROVED: RM 91.6 Billion
FOREIGN INVESTMENT: RM 42.5 Billion	FOREIGN INVESTMENT: RM 36.7 Billion
DOMESTIC INVESTMENT RM44.5 Billion	DOMESTIC INVESTMENT RM 54.9 Billion



MANUFACTURING SECTOR

OVERVIEW OF INVESTMENTS APPROVED



INVESTMENTS APPROVED

Foreign Investment (RM Million)

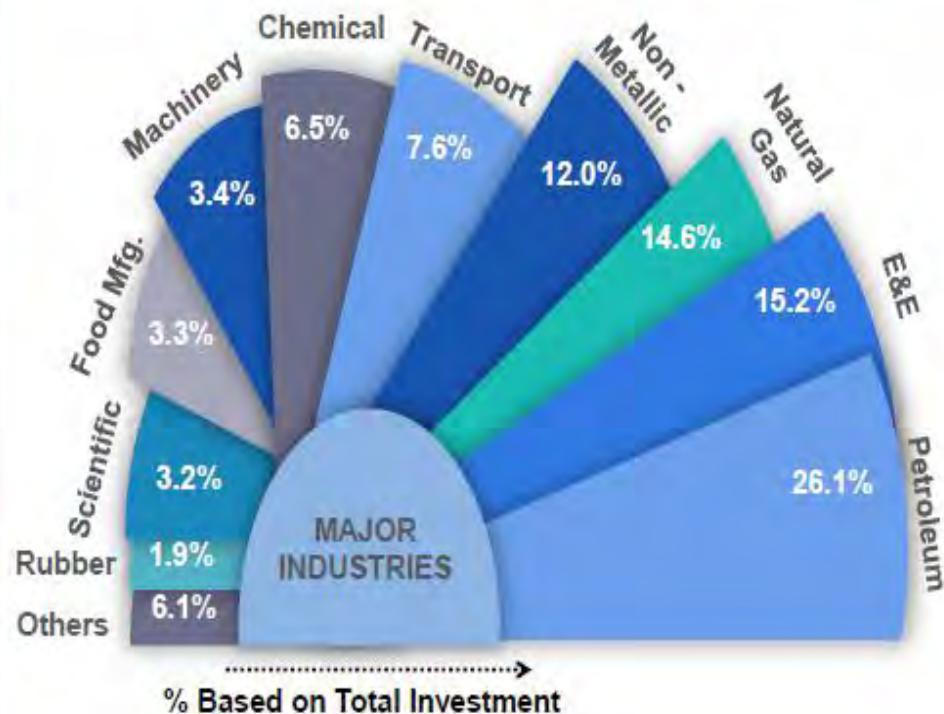


Domestic Investment (RM Million)



■ New Projects
■ Expansion/Diversification

INVESTMENTS APPROVED BY MAJOR INDUSTRIES



APPROVAL BY COUNTRY

Country	Number	Employment	Foreign Investment (RM Million)
China	21	4,790	3,854.5
Switzerland	7	450	2,444.0
Singapore	100	7,642	2,307.0
Netherlands	13	787	2,033.9
Germany	18	1,150	1,516.9
Hong Kong	10	1,421	1,494.5
Japan	41	3,260	1,310.7
Australia	9	221	1,270.2
USA	18	1,823	1,107.2
Taiwan	20	2,001	755.4
Korea,Rep.	8	639	659.3
Ireland	2	160	572.0
Others	47	6,622	566.5
United Kingdom	13	1,461	500.3
France	4	187	414.1
Saudi Arabia	1	105	139.0
Jordan	1	268	120.0
Thailand	4	166	62.3
Norway	1	78	55.1
Luxembourg	1	28	55.0
British Virgin Islands	2	222	41.6
India	1	86	38.0
Canada	2	211	36.1
Italy	1	30	34.6
Sweden	2	6	31.2
Egypt	1	39	30.0
Belgium	1	19	18.5
Others	11	343	75.2
Total	*	*	21,543.0

APPROVAL BY STATE

State	Number	Employment	Domestic Investment (RM Million)	Foreign Investment (RM Million)	Total Capital Investment (RM Million)
Johor	146	10,174	16,825.1	5,102.7	21,927.8
Pulau Pinang	120	13,553	2,271.4	8,540.5	10,811.9
Sarawak	20	751	10,182.9	351.5	10,534.4
Selangor	202	10,031	3,427.6	2,164.9	5,592.5
Melaka	37	4,308	2,396.9	2,257.8	4,654.7
Pahang	19	5,041	2,138.9	823.1	2,962.0
Kedah	41	3,004	1,374.9	1,160.1	2,535.0
Perak	45	5,460	1,673.1	334.0	2,007.1
Negeri Sembilan	28	2,304	382.3	724.1	1,106.5
Sabah	14	827	740.2	45.0	785.2
Perlis	3	342	525.0	0.0	525.0
W.P. - Kuala Lumpur	7	414	161.9	3.6	165.5
Terengganu	4	204	37.5	35.6	73.1
Kelantan	1	8	4.2	-	4.2
Total	687	56,421	42,141.8	21,543.0	63,684.8

INCENTIVES



QUALITY INVESTMENT INDICATORS



MAJOR INCENTIVES

GENERAL

PIONEER STATUS (PS)

Income tax exemption of 70% for a period of 5-10 years

INVESTMENT TAX ALLOWANCE (ITA)

60% on qualifying capital expenditure for 5 years.

Can be offset against 70%-100% of statutory income

SMALL SCALE

PIONEER STATUS (PS)

100% income tax exemption for a period of 5 years

INVESTMENT TAX ALLOWANCE (ITA)

60% on qualifying capital expenditure for 5 years.

Can be offset against 100% of statutory income



Small Scale Companies :

- Incorporated in Malaysia
- Shareholder's fund **NOT** exceeding **RM2.5 million**
- Shareholder's fund \leq **RM500,000** at least **60%** Malaysian equity
- Shareholder's fund \geq **RM500,000** - **100%** Malaysian equity

ADDITIONAL INCENTIVES

REINVESTMENT IN RESOURCE BASED INDUSTRY

Another round of Pioneer Status or
Investment Tax Allowance Incentives

SECOND ROUND INCENTIVES FOR INVESTMENT BY SUBSEQUENT COMPANY FORMED BY EXISTING COMPANY

Pioneer Status or Investment Tax
Allowance Incentives

REINVESTMENT ALLOWANCE (RA)

60% on qualifying capital expenditure
for **15 consecutive years**

Under 2016 Budget, Malaysia
Government has agreed to provide a
special RA for 3 years to companies in
manufacturing and selected
agricultural sectors, whose RA have
expired (Year of assessment of 2016 -
2018).

(Application to be submitted to IRB)

IMPORT DUTY EXEMPTION

For Raw Material And
Components

(Application to be submitted to
Tariff Division, MIDA)

R&D INCENTIVES

Contract R&D company

Pioneer Status (PS)

Income tax exemption ranging from 100% for a period of 5 years

Contract R&D company

Investment Tax Allowance (ITA)

100% on qualifying capital expenditure for 10 years

R&D Incentives

R&D company

Investment Tax Allowance (ITA)

100% on qualifying capital expenditure for 10 years

In-house R&D

Investment Tax Allowance (ITA)

50% on qualifying capital expenditure for 10 years

AUTOMATION CAPITAL ALLOWANCE (ACA)

TYPE OF INCENTIVE

ACA of **200%** on the **first RM2 million** expenditure incurred within **Year of Assessment 2015 to 2020**.

TARGET GROUP

Manufacturing companies (labour and non-labour intensive) operating at least **36 months** in Malaysia

IMPLEMENTATION TIMELINE

Year of Assessment (YA) 2015 – YA 2020

DOMESTIC INVESTMENT STRATEGIC FUND (DISF)

RM 1Bil + RM 1Bil

(RMK-10)

(RMK-11)



37.5% Utilised

Knowledge-Intensive

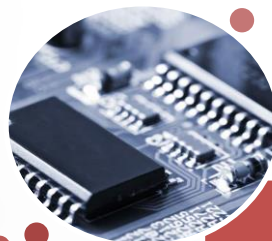
High technology

High value-added

Innovation-based



Accelerate the shift of Malaysian-owned companies in targeted industries



Intensify Technology Acquisition by Malaysian-owned companies



Harness & Leverage on Outsourcing opportunities

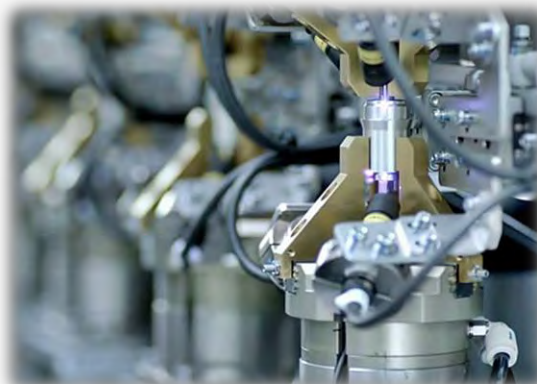
Incentives for Domestic Companies with at least 60% Malaysian Equity

SCOPE OF DISF

**Training of
 Malaysians**



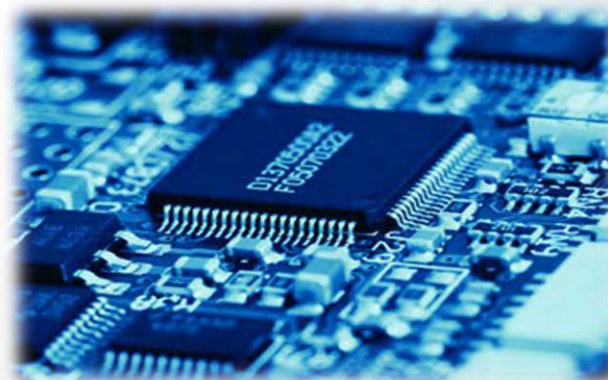
**Modernisation of facilities
 for Outsourcing activities**



**Research and
 Development**

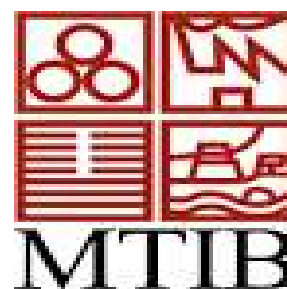


**International Standards
 & Certification**



**Licensing & Purchase of
 New Technology**

INCENTIVES UNDER OTHER MINISTRY / AGENCY



PROMOTED ACTIVITIES



OVERVIEW OF FOOD INDUSTRY IN MALAYSIA

FOOD PROCESSING IN MALAYSIA

Large
EXPORT
Market

10% of
Total
Mfg.
Output

FAST
Growing

> 8,000
Establishment

80%
SME's



Seafood
Products



Livestock
Products



Cocoa
Products

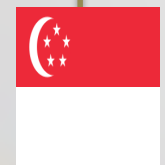


Cereal
Products



Herbs &
Spices

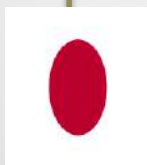
MAJOR FDI SOURCE



SINGAPORE



NETHERLANDS



JAPAN



USA



SWITZERLAND

GLOBAL RANKING

**WORLD'S SECOND LARGEST
PRODUCER & EXPORTER OF
PALM OIL**

Source : MPOB



**WORLD'S EIGHTH LARGEST
COCOA GRINDER
ASIA'S SECOND LARGEST
COCOA PROCESSOR**

Source : MCB



**WORLD'S FIFTH LARGEST
PRODUCER OF PEPPER**

Source : MPIC



Major exports of processed food:

- **Oils & Fats (Palm-oil Based Products) / Edible Products And Preparations**
- **Cocoa And Cocoa Preparations**
- **Prepared Cereals And Flour Preparations**
- **Sugar & Sugar Confectionery**

PROMOTED ACTIVITIES

Agriculture Production



Floriculture

Manufacture of Palm Oil Products & Derivatives



Margarine & Other Fat Products



Palm Based Food Ingredients, Animal Fat Replacer, Cocoa Butter Substitute

Processing of Agriculture Produce



Aquaculture Feed



Vegetables, tubers/roots & fruits



Additives, Flavours, Functional Ingredients



Food Supplements



Aquatic Products



Livestock Products

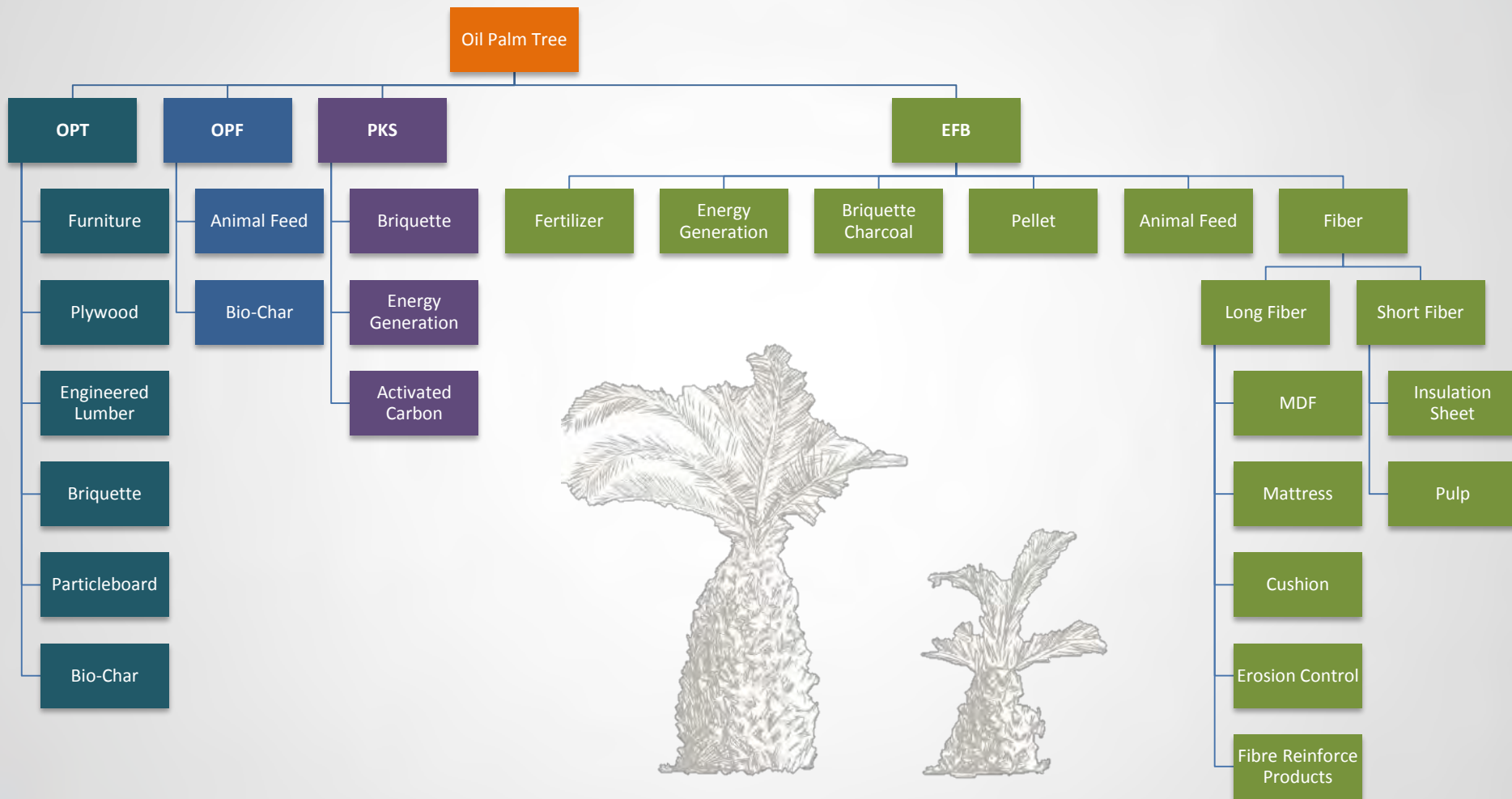


Plant Extracts



Chocolate & Chocolate Confectionery

USAGE OF PALM BIOMASS



PALM BIOMASS ECOSYSTEM







Plantation






Milling

CPO/ CPKO/
Palm Biomass

Refinery

Refined Palm Oil /
Palm Kernel Oil






Raw Material



Empty Fruit Bunch



Oil Palm Trunk



Mesocarp
Fiber/Palm Kernel
Shell

End Product



Bio-Chemicals



Palm Pellet

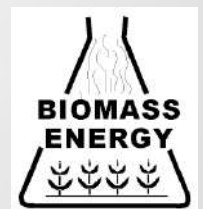


Palm Plywood

- Methanol
- Ethanol
- Glycerol
- Lactic Acid
- Propionic Acid
- Isobutanol
- 1,4-Butanediol
- n-butanol



Palm Briquette



Supporting
R&D &
Government
Agencies








BIOTECHNOLOGY ECOSYSTEM

Raw Materials

- Feedstock
- Biomass/Waste
- Chemicals

Fermentation/ Extraction

Bio Medical

- Eg. :
- Bio diagnostic
 - Artificial blood vessel

BioPharmaceutical

- Eg. :
- Vaccines
 - Biologics
 - Biosimilars
 - Novel drug
 - Monoclonal antibodies

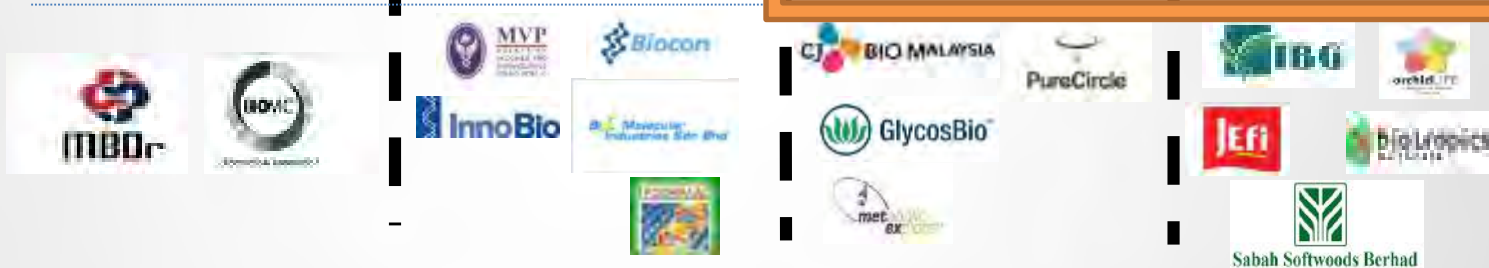
Bio Industrial

- Eg. :
- Biofuel
 - Biopesticide
 - Biochemical
 - Biomaterials
 - Bio-based chemical from renewable sources

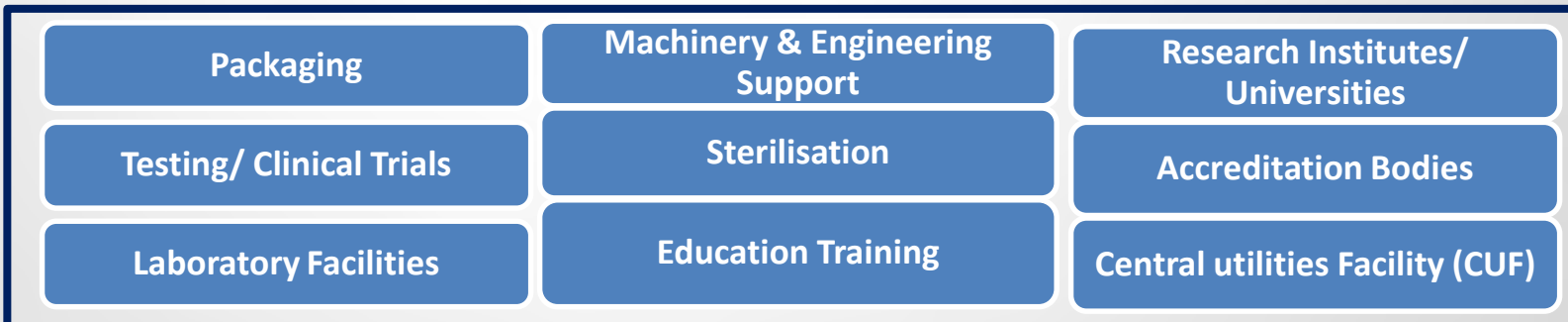
Agriculture Biotech

- Eg. :
- Biofertilizer
 - Animal feed
 - Aqua culture
 - Bio-ingredients
 - Food ingredients
 - Bio-based farm inputs

Major Players



Supporting Infrastructure



Enablers



SUMMARY OF PROMOTED PRODUCTS & ACTIVITIES

GENERAL LIST

- **Manufacture of palm oil products and their derivatives** such as:
 - **Oleochemicals or oleochemical derivatives or preparations**
 - **Palm-based food products and ingredients**
 - **Palm-based nutraceuticals, constituents of palm oil or palm kernel oil**
- **Processed products from:** (Palm kernel cake, palm oil mill effluent, palm biomass)

SMALL SCALE

- **Manufacture of oil palm products and their derivatives** such as:
 - **Processed products from palm oil**
 - **Processed products from palm biomass/waste/by-products**

REINVESTMENTS BY EXISTING COMPANY (SECTION 4F)

- **Resource-Based**
 - **Oil palm**
- **Oil Palm Biomass**
 - **Utilisation of oil palm biomass to produce value added products**

SECOND ROUND INCENTIVES FOR INVESTMENT BY SUBSEQUENT COMPANY FORMED BY EXISTING COMPANY

- **Palm Oil-Based products**

**WAY
FORWARD**



FOOD INGREDIENTS / FOOD ADDITIVES

Food Ingredients - any substance that is **combined** to make a dish e.g. flour, egg & butter.

Food Additives - any substances **added to foods for specific functional purposes** e.g. flavouring, colouring, citric acid, etc.

Sources of Food Ingredients / Food Additives



Plant Based

Orange pigment (colouring agent) from carrot, etc



Animal Based

Gelatin (thickening agent) from cow, etc



Minerals Based

Calcium silicate found in table salt as an anti-caking agent



Synthetics

Artificial food colouring e.g. azo dyes derived from chemical process

Food Additives

Preservatives

Antioxidants

Antimicrobials

Colouring Agents

Natural Colourants

Synthetics Colourants

Flavouring Agents

Sweeteners

Flavour Enhancer

Texturing Agents

Emulsifiers

Stabilisers

Miscellaneous Agents

Firming

pH control

PALM OIL DERIVATIVES

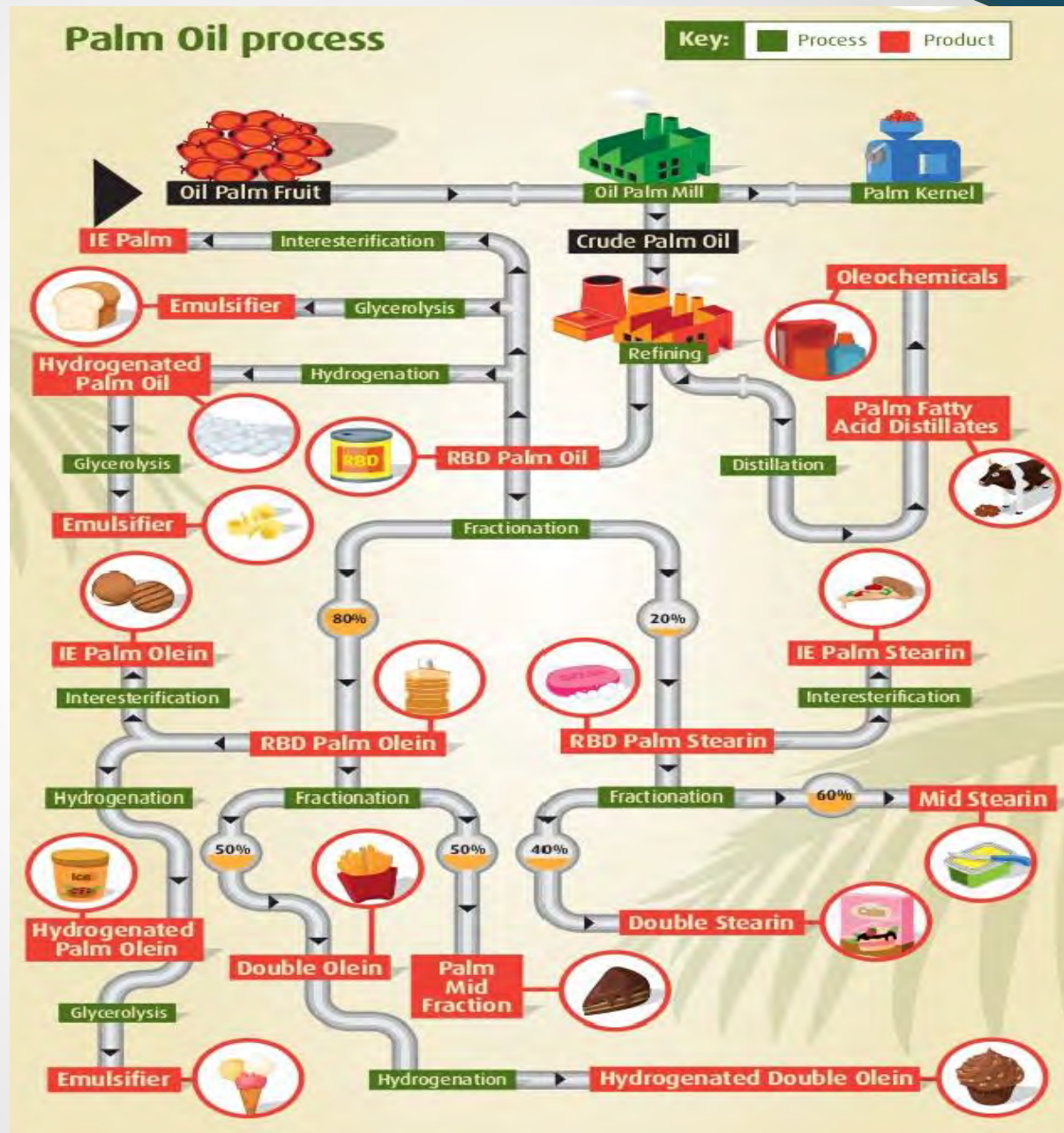
A VERSATILE INGREDIENT



Downstream : **High Value Added Food Ingredients**

Specialty Oil & Fats

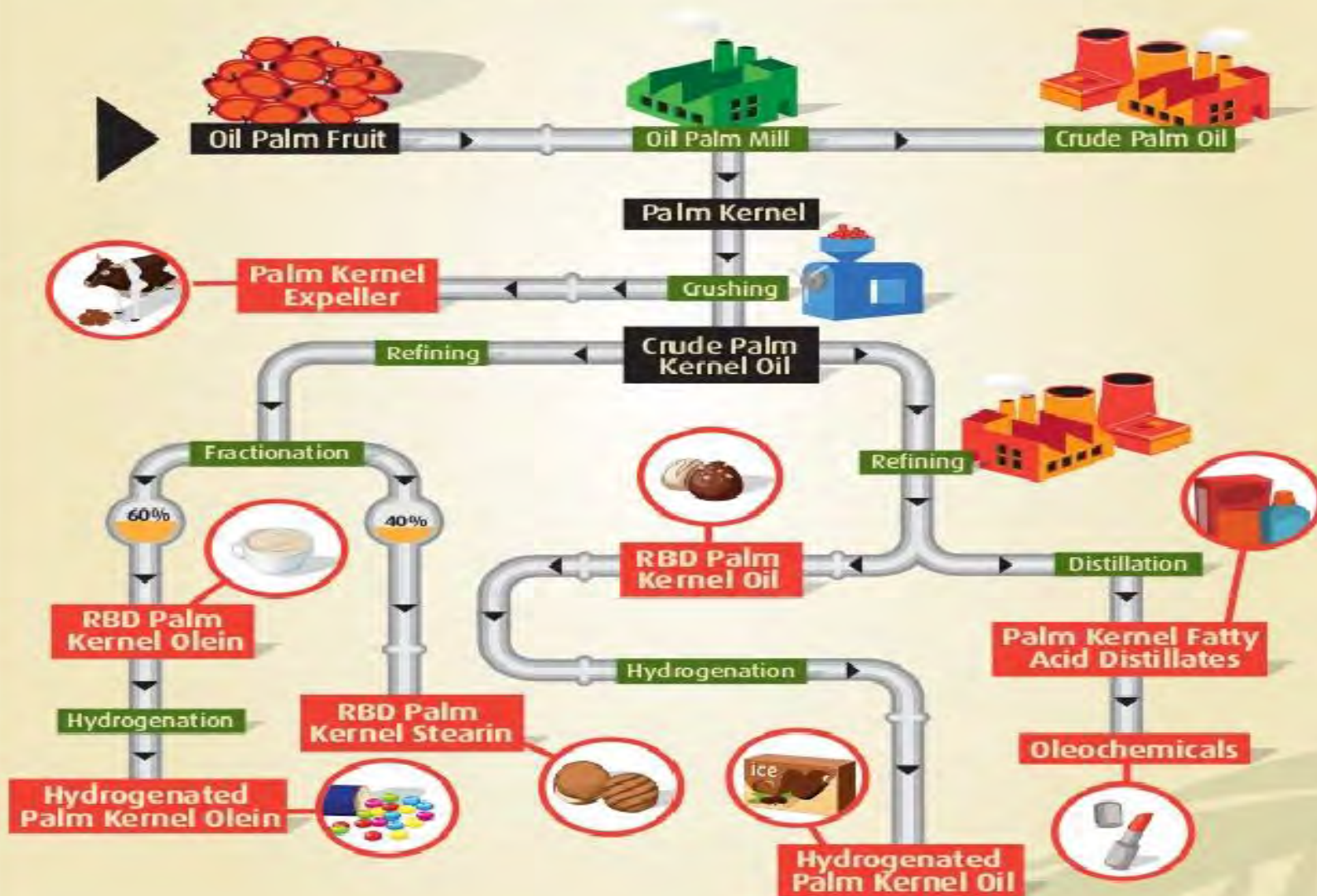
- ✓ **Emulsifier**
- ✓ **Stabiliser**
- ✓ **Cocoa Butter Equivalent**
- ✓ **Phytonutrient Tocotrienols** (antioxidants)
- ✓ **Infant Nutrition** (mimic human milk fat)
- ✓ **Caratenoids** (natural colouring)



PALM KERNEL OIL DERIVATIVES

Palm Kernel Oil process

Key: Process Product

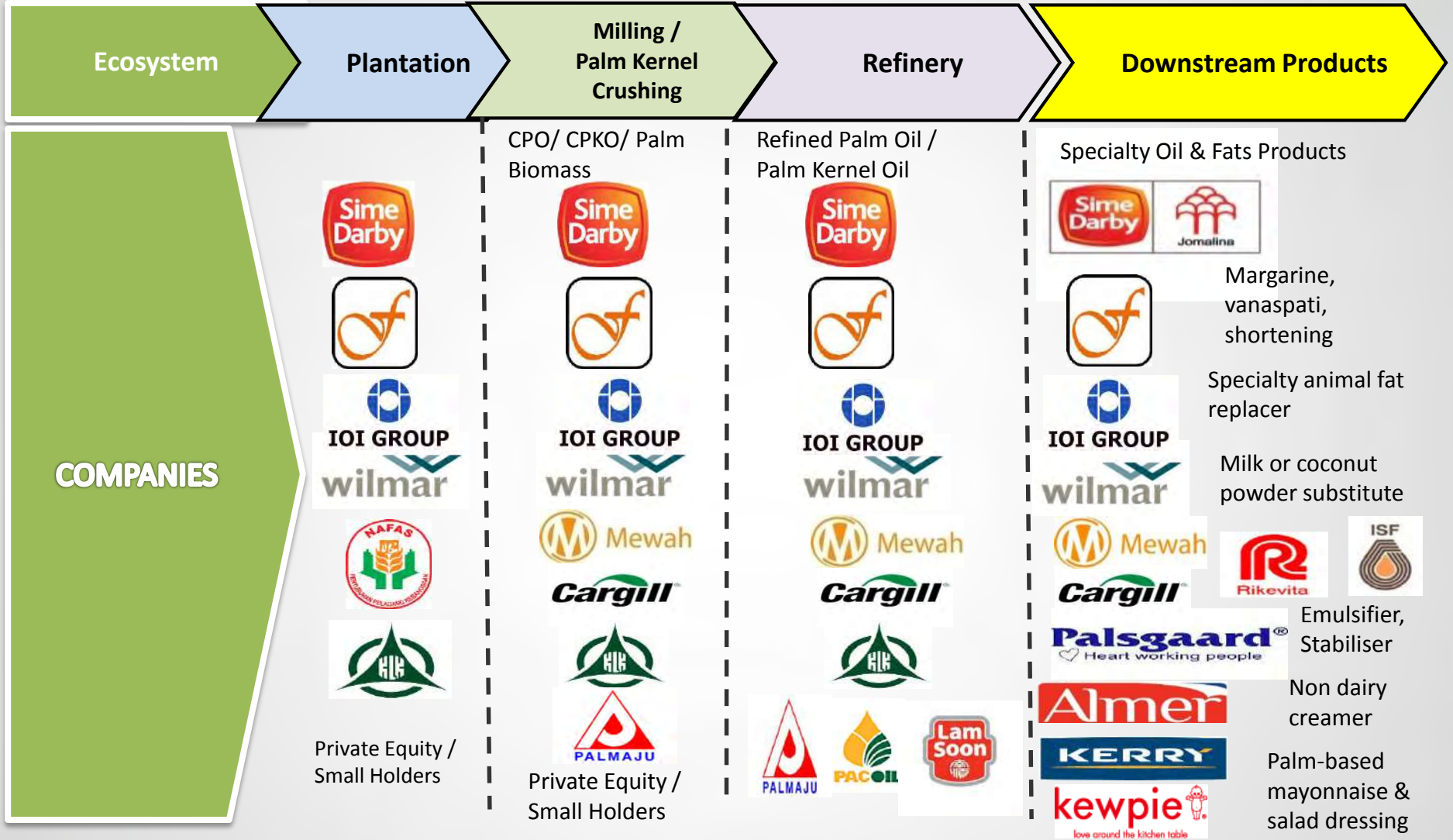


PALM OIL FUNCTIONALITY IN VARIOUS FOOD PRODUCTS

NO.	FOOD PRODUCTS	PALM OIL AS FOOD INGREDIENTS
1.	Margarine	Solid at room temperature and is free of trans fats.
2.	Chocolates	Helps create a smooth and shiny appearance in some chocolate and keeps it from melting.
3.	Pizza dough	Palm oil is added to both frozen and fresh pizza dough to stop it from sticking together and to enhance texture.
4.	Bread products	Palm oil is now widely used to make bread because it is sold at room temperature, easy to bake with and inexpensive.
5.	Cookies and confectionery	Semi-solid at room temperature, palm oil is used to give baked goods a creamy taste and texture.
6.	Ice creams	Palm oil is added to ice cream to ensure the texture more smooth and creamy.
7.	Instant Noodles	Palm oil is up to 20% of the weight of a pack of instant noodles, key ingredients in instant noodle production.

PALM-BASED FOOD PRODUCTS & INGREDIENT ECOSYSTEM

Promoted



Supporting R&D & Government Agencies



PALM BASED FOOD INGREDIENTS PLAYERS IN MALAYSIA

Cocoa Butter Equivalent

Palm Based Emulsifier

Non Dairy Creamer

Milk Fat Replacer

LOCAL COMPANIES



FOREIGN COMPANIES



(Netherlands)



(DENMARK)



(IRELAND)



IOI GROUP

(Netherlands)



(USA)



(DENMARK)



(SINGAPORE)



(SINGAPORE)



(JAPAN)



(SWITZERLAND)



(SWITZERLAND)



(USA)



(SINGAPORE)



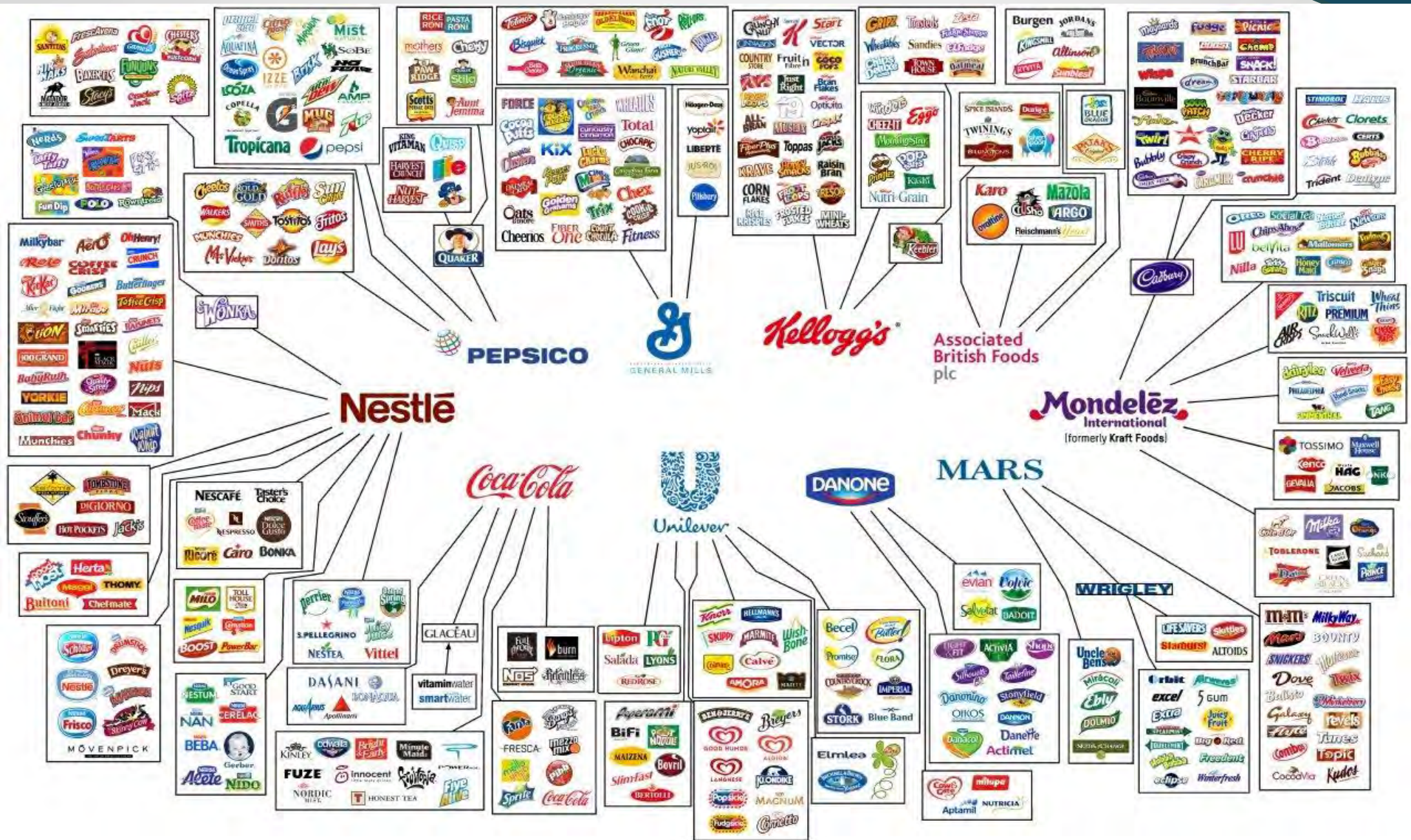
(ITALY)



(JAPAN)

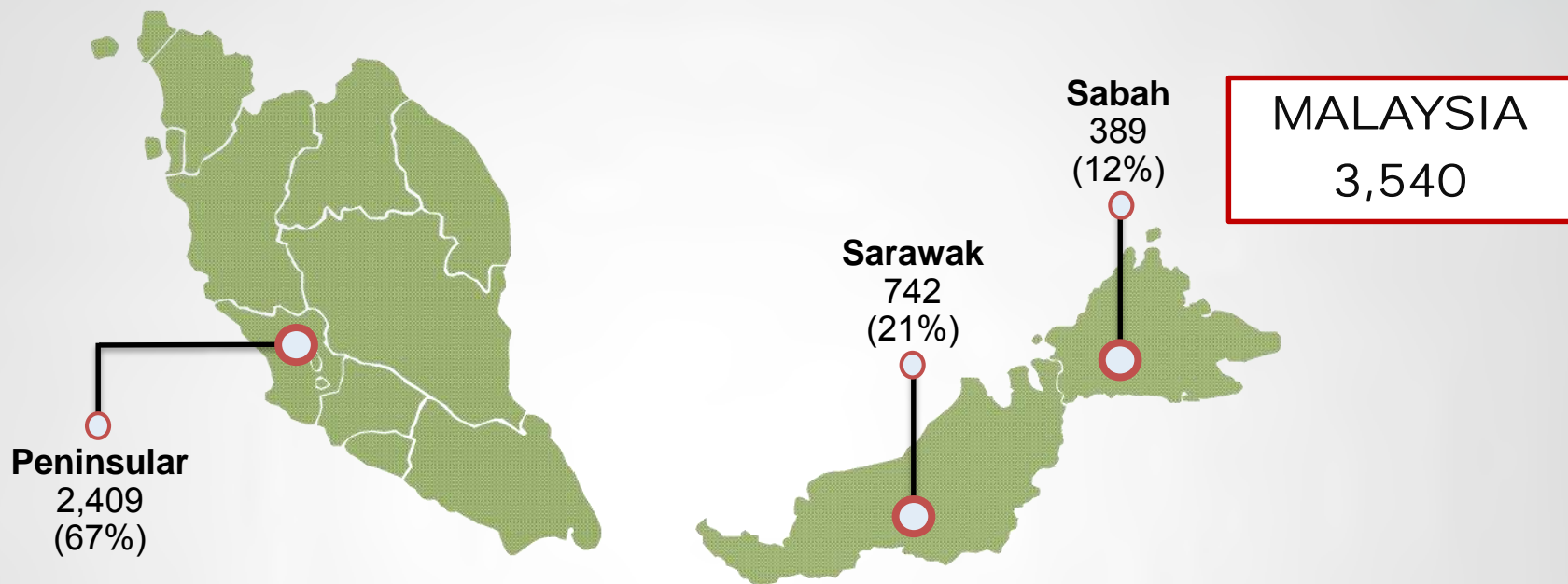
The sector is dominated by MNCs

GLOBAL F&B PLAYERS



Top F&B Brands sourcing Palm Oil as Food Ingredients – Nestle, Danone, Kellogg's, Mondelez, Unilever (Union of Concerned Scientists Report 2015)

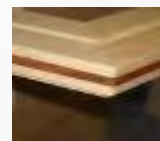
MALAYSIA WOOD BASED MILLS 2016



Furniture
1,710 (48%)



**Plywood / Veneer /
polyply / blockboard /
laminated board**
201 (6%)



**Builder's Joinery &
Carpentry (BJC)**
12 (0.3%)



Sawmills
970 (27%)



**Kiln Drying/
Preservation plants**
302 (9%)



Medium Density Fiberboard (MDF)
5 (0.1%)



Moulding
271 (8%)



**Woodchip/ Particleboard/
Chipboard**
46 (1%)



***Others**
(Comprising pulp & paper, matches, pencil,
wooden pallet)
23 (0.6%)

OIL PALM PLANTED AREA 2017

OIL PALM PLANTED AREA AS AT DECEMBER 2017 (HECTARES)

STATE	MATURED	%	IMMATURED	%	TOTAL	%
JOHOR	682,624	91.2	66,236	9	748,860	13
KEDAH	82,421	94.2	5,117	6	87,538	2
KELANTAN	118,090	74.6	40,220	25	158,310	3
MELAKA	52,322	91.2	5,050	9	57,372	1
NEGERI SEMBILAN	162,634	88.0	22,181	12	184,815	3
PAHANG	641,876	86.6	99,619	13	741,495	13
PERAK	360,501	88.7	45,968	11	406,469	7
PERLIS	617	93.5	43	7	660	0
PULAU PINANG	12,870	94.9	693	5	13,563	0
SELANGOR	128,058	92.9	9,725	7	137,783	2
TERENGGANU	146,561	85.4	24,987	15	171,548	3
PENINSULAR MALAYSIA	2,388,574	88.2	319,839	12	2,708,413	47
SABAH	1,380,037	89.2	166,867	11	1,546,904	27
SARAWAK	1,342,102	86.3	213,726	14	1,555,828	27
SABAH & SARAWAK	2,722,139	87.7	380,593	12	3,102,732	53
MALAYSIA	5,110,713	87.9	700,432	12	5,811,145	100

PROMOTIONAL ACTIVITIES

1. Trade & Investment Mission
2. Special Project Mission
 - domestic
 - international
3. 'Strike Force'
4. Round Table Meeting
5. Industry Seminar
6. Supply Chain Conference
7. Suppliers Conference
8. Networking session



Contact us

The First
Point of
Contact for
Investors



Opening hours:
Mon - Fri
8.30 a.m. - 5.00 p.m.

Business Information Centre (BIC) 2nd Floor of the MIDA Sentral

Investors are also invited to visit MIDA's
Business Information Centre (BIC)

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Let us work together to ensure that
the fruit of success is shared

THANK YOU