



20/20 VISION ON GROWTH

By Dato' Sri Mustapa bin Mohamed, Minister of International Trade and Industry

Since it gained independence in 1957, Malaysia has undergone a remarkable transformation from an agricultural economy to a dynamic manufacturing and services-driven economy, a feat that has consolidated its reputation as one of Southeast Asia's economic powerhouses.

With more than 28 million people, Malaysia's success is a result of hard work, wisdom, and the resilience of our leadership and our multiethnic, multireligious people.

It is my firm belief that Malaysia is and will remain a beacon of what a nation can achieve by adopting the principles of moderation and cooperation. It is a testament to the truth that diversity — whether cultural, linguistic, or religious — is a strength that advances a nation.

Into a high-income nation by 2020 and raise gross national income per capita from \$6,700 in 2009 to more than \$15,000 by 2020.

Powered by specific sectors, such as tourism and oil and gas, GNI growth of 6 percent per year will allow us to reach the targets set in Vision 2020 of our former prime minister, Tun Dr. Mahathir Mohamed.

On the other hand, the GTP is an ambitious, broad-based program to transform government into an efficient and people-centred institution.

The goals of the GTP are encapsulated in seven National Key Results Areas (NKRAs): reducing crime, fighting corruption, improving student performance, raising living standards of low-income households, improving rural development, improving urban public transport, and addressing the cost of living.

The GTP also includes Ministerial Key Results Areas (MKRA), which address developmental goals that are not covered by the NKRAs. So far, the government's efforts have already shown clear results.

As Prime Minister Najib reported recently, Malaysia's GNI now stands at \$9,970, a 48.8 percent jump from 2009.

There has also been an overall reduction in the crime index from 26.8 percent to 40.9 percent since the introduction of the GTP.

Also, 99.9 percent of Malaysia's poorest households have left this category through skills training programs and the development of some 43,000 women entrepreneurs. Malaysia has also opened 2,054 new preschools across the nation and built roads in 98.6 percent of peninsular Malaysia, as well as in 88.7 percent of Sabah and 82.7 percent of Sarawak.

Meanwhile, 99.8 percent of peninsular Malaysia enjoys 24-

hour electricity, while coverage has reached 88.7 percent of Sabah and 82.7 percent of Sarawak.

In trade, Malaysia generated about \$51.9 billion in investments in 2012, exceeding official targets by 9 percent. Of that, around \$40.5 billion (78 percent) came from domestic investments and \$11.4 billion (22 percent) came from foreign investments.

From 2011 to 2012, around 50 million tourists spent about \$32 billion in the country. And after

growing 5.6 percent last year, the economy is projected to expand between 4.5 and 5.5 percent for 2013.

These figures are very encouraging, especially after considering the gloomy outlook of the global economy.

It is a sign not only of continued investor confidence in Malaysia's fundamental strengths, but also that the government's transformation program has been bearing fruit.



Dato' Sri Mustapa bin Mohamed, Minister of International Trade and Industry

At the same time, Malaysia has never rested on its laurels. Our government is conscious of the fact that while countries grow more prosperous, with the advent of globalization, societies also become more complex.

Malaysia's government — led by Prime Minister Datuk Seri Najib Tun Razak — has therefore sought to embark on a path of national transformation to improve the quality of life for all Malaysians through sustainable growth.

Shortly after taking office in 2010, the Najib administration launched two comprehensive schemes: the Economic Transformation Program (ETP) and the Government Transformation Program (GTP).

The ETP seeks to turn Malay-

3 words inspire confidence

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OVERVIEW / ECONOMY & INDUSTRY

MALAYSIA
Consolidating its strength among Southeast Asian neighbors

As several countries around the world struggle to jumpstart their economies, Malaysia has impressively shown much resilience and stability the past several years.

Led by Prime Minister Najib Tun Razak, the government unveiled in 2010 its National Transformation Programme, which aims to raise per capita income to about \$15,000 and transform the once-agricultural economy into a high-income, knowledge-based one, just like the most mature economies found in Europe and North America.

Just three-years-old, the NTP — made up of the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP) — has already yielded impressive results. (See the *Minister of Trade and Industry's message on the previous page*)

Likewise, the ETP comprises 152 Entry Point Projects, or EPPs, divided among twelve National Key Economic Areas, or NKEAs.

Overseeing this comprehensive effort is the Performance Management & Delivery Unit (PEMANDU).

"Three key words for us at the moment are: focus, competitiveness, and execution. We are focused on sectors where we

can compete robustly and make ourselves more competitive by undertaking fundamental policy reforms that will allow businesses to flourish. Finally, the discipline of execution is what enables this planning to come to fruition," said Ku Kok Peng, PEMANDU's director of investments for palm oil and rubber National Key Economic Area (NKEA).

"The National Key Economic Areas are the engines of growth, while EPPs are the spark plugs that will fire up these engines to a new level of performance," added Ku.

Contributing about one-fifth of the national GDP over the past decade, the oil, gas, and energy sector is among the twelve NKEAs selected by the government.

"With the rapidly changing energy landscape, we must continue to address the impact of rising fuel costs on subsidies and energy efficiency to ensure the sustainability of Malaysia's economy. Economic competitiveness requires efficient energy production and consumption," said Dato' Sri Peter Chin Fah Kui, minister of energy, green technologies and water, as cited in PEMANDU's Annual Report in 2012.

The private sector has responded enthusiastically as it continues to work closely with the government to maintain Malaysia's competitive advantage over its Southeast Asian neighbors by providing reliable energy at a competitive cost.

"The government has strong confidence in us. We enabled the country to transform itself into what it is today and to what it is targeting to be. We played a major role in the country's industrialization. As the government tries to lure more investment from abroad, one of the things international investors are looking for is stable, reliable, and affordable energy supply," said Datuk Seri Ir. Azman Mohd, president and CEO of Tenaga Nasional Berhad.

"Our energy costs are much lower compared to other nations of the region. We are helping the country with a competitive advantage to bring in foreign investment" he added.

At the moment, there are thirteen EPPs tasked to deliver the targets set by the ETP. These projects include plans to turn Malaysia into an oil and gas hub, and tax incentives to spur exploration investment in marginal oil and gas fields, with an emphasis on the development of renewable energy.

In the field of hydroelectricity, the Malaysian state of Sarawak, on the island of Borneo, has emerged as a key source, namely through the Sarawak Corridor for Renewable Energy (SCORE), which boasts an abundance of natural resources and offers commercial users clean

energy at competitive rates.

"We are going from 8 percent hydroelectric power use in 2010 and will stabilize to about 70 percent by the end of the century. In the meantime, we will develop state-of-the-art gas- and coal-fired power plants to take advantage of the indigenous resources in Sarawak," said Torstein Dale Sjøtveit, CEO of Sarawak Energy Berhad.

Complementing the push towards becoming a knowledge-based economy, the government has shown strident support to the country's schools and universities, which have begun online distance learning in fields such as Islamic finance specialization.

While top-tier foreign universities have set up campuses in Malaysia, established institutions of higher learning are making their unique mark in the education sector.

Celebrating its thirtieth anniversary this year, the International Islamic University Malaysia (IIUM) has raised its profile in the international community by emphasizing its inclusive and individual nature.

"The International Islamic University in Malaysia is true to its name. We are located in Malaysia, but have on the board of governors and council representatives from other countries as well. The president of the Organization of Islamic Cooperation, for example, is a member of the board of governors. We also have representatives from other countries, like Egypt, Pakistan, Bangladesh, Saudi Arabia, among others," said IIUM president Tan Sri Sidek Hassan.

"We truly want to live by Islamic principles. What is interesting is that, perhaps contrary to popular expectations, we are not all about Islam. We have twelve colleges outside of the college of social sciences, and these colleges are as worldly as any faculty in the United States. What differentiates us from other universities is that we add the Islamic dimension. The Islamic dimension is about religion, the teaching of religion. It's about integrity and doing what is right," he continued.

For centuries, Malaysia has been known for its rubber industry, which currently supplies 60 percent of global demand.

"Malaysia enjoys several distinctions in the rubber industry. It is the number-one supplier of natural rubber and nitrile gloves, Foley catheters, and latex condoms to the world. Malaysian exports of latex products accounted for about 80 percent of the total export value of rubber products, which was largely contributed by gloves. Currently, Malaysia is home to the world's leading producers of rubber gloves," said Dato' Suat Cheng, CEO of the Malaysian Rubber Ex-

port Promotion Council.

The government has set a specific performance target for the rubber industry: to increase its contribution to GNI from \$5.84 billion currently to \$16.70 billion by 2020, a clear and robust vote of confidence in the its capability to dominate the global market for rubber products.

Meanwhile, information and communications technology (ICT) has kept its preferential status ever since the government established the Multimedia Development Corporation (MDeC) in 1996 to advise the government on policy and legislation and oversee the development of the Malaysian Multimedia Super Corridor, known presently as MSC Malaysia.

MSC Malaysia aims to create an ideal platform to help Malaysian small and medium enterprises (SMEs) in the ICT sector become world-class businesses while attracting investment from foreign ICT companies and encouraging them to develop cutting-edge digital and creative solutions.

"Since the inception of MSC Malaysia, the ICT sector has become one of the important industries in Malaysia. In 2010, MSC Malaysia's contribution to the country's gross domestic product (GDP) stood at \$2.41 billion. With the growth of the country's ICT industry, the contribution to nation's GDP increased to \$3.03 billion in 2011," said Datuk Badlisham Ghazali, CEO of MDeC.

"MDeC is also looking to position Malaysia as an SSO (single sign-on) destination of choice for vertical sectors such as information and communication technology; banking, financial services, and insurance; energy, chemical and resources; logistics and transportation; and pharmaceutical and health care," he also said.

As the NKEAs continue to grow, support industries have also thrived. As Malaysia sees an increase in foreign direct investment, domestic law firms with an expertise in intellectual property have gained more business from multinational companies seeking local business knowledge.

"We provide solutions to clients. We provide value-added services. I must say, there has been a yearly increase in the business that we generate. Seventy percent of our business comes from foreign clients," said Wong Jin Nee, founding partner of Wong Jin Nee & Teo Advocates & Associates.

"Malaysia is a place worth investing in. I think Malaysia has a very conducive environment for investment. We are in a good position to provide a strategic partnership to those prospective clients. We are committed to exploring long-term partnerships," Wong explained.

Wong Jin Nee
& Teo

REGISTERED AND SOLICITORS

Dynamic Approach,
Effective Solutions

Wong Jin Nee & Teo is an intellectual property and technology specialist firm that provides a diverse range of industries with full spectrum, integrated, high quality and value-added services in portfolio creation, management, enforcement, dispute resolution, government engagement, and commercialization.

A firm believer in the best technology to create a highly efficient work system, WJNT adopted the DIAMS database system to keep track and monitor deadlines for all its trade mark, patents and industrial design files.

OTHER AREAS OF PRACTICE

Litigation and alternative dispute resolution
Trade and consumer practices
Competition laws
Laws relating to green technology
Food, drugs and cosmetics
Media, entertainment and sports
Public policy and government engagement
IP commercialization including franchising and licensing
IPR management, audit and strategies

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Century Software: Driving business solutions

A member of the fast-growing censof Group of Companies, censof was set up in 1997 by a former government accountant who saw an opportunity to improve accountancy via innovative technology.

"My partners and I decided to develop a financial management system that specifically catered to the government as a way to create a niche market. We are now only starting to look at other markets. We know that we are capable of competing with anyone globally," explained group managing director Datuk Samsul Husin.

Through the years, censof has had success with several landmark projects of the Malaysian government.

Currently, censof is working with the ministry of finance on the Outcome-Based Budgeting (OBB) project, which involves twenty-seven government ministries.

The OBB project streamlines planning and performance monitoring, and comes with a result framework and a budget portal.

censof is also participating in the development of the Malaysian So-

cial Security System's core system.

"We are part of the e-RAS (Electronic Revenue Accounting System) project with the Inland Revenue Board of Malaysia. We are very proud of this project. The Web-based payment system reduced total processing time for payments from more than a month to just a few days," said Samsul.

Following a successful IPO in 2011, censof is looking for opportunities to expand overseas. It now has offices in Atlanta, Sydney, and Jakarta.

censof has shown huge interest in developing its business in the United States, where it worked on analytic reporting for organizations such as the *New York Times*.

"In terms of our products, we have our own, which are technically on par with any other product in the world. Our solutions provide value for money compared to other products in the market. We own these products, which gives us the flexibility required to specifically help our clients in reducing their costs and improving their efficiency," he said.



censof Group Managing Director Datuk Samsul Husin

PENANG: Hub of SEA cruise destinations

Fondly called the Pearl of the Orient, the island of Penang is located on the northwest coast of peninsular Malaysia by the Strait of Malacca, the main shipping channel that has linked Europe and Asia since the spice trade centuries ago.

That history gave Penang a unique heritage and culture that fused East and West. The capital, George Town, boasts a large number of well-preserved colonial-era buildings, for which it was given World Heritage status by UNESCO.

Penang is connected to an integrated network of cruise destinations via Swettenham Pier Cruise Terminal (SPCT), which is the only entry point for tourists arriving on the island by cruise ship.

The 400-meter long, T-shaped terminal and two 80-meter inner berths can accommodate some of the world's largest vessels.

Ships and cruise lines that have docked in SPCT include Star Cruises, Royal Caribbean International, Aida-cara, Seabourn, P&O, Princess, Silversea, Costa Crociere, Cunard, *RMS Queen Mary*, and *Queen Elizabeth 2*.

Located within George Town, SPCT is a port city that provides passengers with easily available ways to explore Penang: bicycles, trishaws, taxis, and executive coaches.

Visitors can also explore the city on foot, as many sites are found nearby.

In charge of managing SPCT, the Penang Port Commission has plans to further expand the facilities and promote the island in key markets such as Miami, Barcelona, Istanbul, Singapore, and Hong Kong.

The Penang Port Commission is also seeking partners in Asia, Europe, and United States to develop the island as the best cruise hub in Malaysia and a top cruise destination.



The Swettenham Pier Cruise Terminal in Penang






www.iium.edu.my

INSPIRING GLOBAL EDUCATION FOR A BETTER WORLD




▲ The IIUM has a culturally diverse student population.

▲ A scene of the launching ceremony of the International Centre for the Alliance of Civilizations in collaboration with New York-based United Nations Alliance of Civilizations.

The International Islamic University Malaysia (IIUM) celebrates its 30th year anniversary. At the helm of the university's administration is its first female Rector, the Honorable Prof. Dato' Sri Dr. Zaleha Kamarudin, who was appointed Rector in August, 2011. The IIUM uses English as its medium of instruction. It has a culturally diverse student population of about 25,000 students. The university has an integrated curriculum supporting the Islamisation of human knowledge that combines the sources of knowledge - reason and revelation. The university develops balanced, integrated personalities ready to face the challenges of the 21st Century. It firmly supports the need for communication and cooperation between scholars and world leaders as evidenced by the launching of the International Centre for the Alliance of Civilizations (INTAC), in collaboration with New York-based United Nations Alliance of Civilizations (UNAOC). The event was held in the International Institute of Islamic Thought and Civilization (IIITAC), IIUM, Kuala Lumpur Campus, Malaysia in December, 2012.

The Honorable Prof. Dato' Sri Dr. Zaleha Kamarudin is the first female Rector of the International Islamic University Malaysia (IIUM).

POWER HOUSES / TENAGA NASIONAL BERHAD

Powering the growth of Malaysia and beyond

**TENAGA NASIONAL**

Tenaga Nasional Berhad President and Chief Executive Officer Datuk Seri Ir. Azman Mohd

“We are the keeper of the light for everybody in peninsular Malaysia, whether it’s commercial or domestic consumers, be they in rural or urban areas.”

“In our electricity bill, 1 percent of it actually contributes to a fund that subsidizes the premiums for the green developers. We also have a subsidiary that deals exclusively in renewable energy.”

– *Tenaga Nasional Berhad President and CEO Datuk Seri Ir. Azman Mohd*

“We are the keeper of the light for everybody in peninsular Malaysia, whether it’s commercial or domestic consumers, be they in rural or urban areas,” emphasized Datuk Seri Ir. Azman Mohd, president and CEO of Tenaga Nasional Berhad (TNB), the largest electricity company in Malaysia and a leading utility entity in Asia.

Since its inception, TNB has enabled Malaysia to transform itself into the economic powerhouse that it is today.

Tracing its origins to the establishment of the government-run Central Electricity Board in 1949, TNB was later privatized and publicly listed in 1990.

Since then, the company has expanded operations and accumulated assets currently estimated at \$29 billion dollars.

As much as it has provided a stable return to its investors, TNB has stayed focused on supplying Malaysians with a reliable source of energy. In fact, the company takes pride in lighting up 99.9 percent of peninsular Malaysia.

With 33,500 employees and around 8.3 million customers, TNB has received a string of prestigious accolades for its service and performances, both domestically and abroad.

Operating mainly in power generation, transmission, and distribution, TNB is present in Saudi Arabia, Kuwait, Pakistan, Indonesia, and East Asia.

In addition, TNB is also actively expanding into other emerging markets, with a focus on the Asia Pacific, the Middle East, and North Africa.

“We are right now in the geographi-

cal expansion phase. In fact, a new division was established specifically to focus on investments outside of Malaysia,” said Azman Mohd.

The new division — New Business & Major Projects — serves to coordinate and manage all new business development in

order to achieve its goal of deriving about \$1.6 billion from non-regulated business in three years’ time.

The target is clear: at least 20 percent from TNB’s overall revenues in 2015 will be generated from its overseas ventures.

Propelling the growth of the conglom-



Sultan Azlan Shah Power Station in Perak, Malaysia

erate are its subsidiaries: TNB Repair and Maintenance Sdn. Bhd. (REMACO), TNB Engineering Corporation Sdn. Bhd. (TNEC), Tenaga Switchgear Sdn. Bhd. (TSG), Malaysia Transformer Manufacturing Sdn. Bhd. (MTM), TNB Engineering Services Sdn. Bhd. (TNBES), and Tenaga Cable Industries Sdn. Bhd. (TCI), which have managed to penetrate their key markets since the 1990s.

As a result of the concerted efforts of all the subsidiaries, in 2012, TNB hit its fiscal year target of drawing in about \$735 million from its non-regulated income stream, with group-wide revenue reaching \$11.43 billion.

Aside from the six thermal stations and three hydroelectric plants in the country, TNB manages and operates Malaysia's national grid, and through that system, also maintains interconnection to neighboring Thailand and Singapore.

The six thermal power stations comprise coal, conventional gas- and oil-fired plants, and open and combined cycle gas turbine plants.

The generation arm of TNB has a total installed capacity of 9,041 MW, with 80.6 percent coming from the thermal plants.

Though most of its plants are presently gas-fired, TNB has intensified efforts to reduce its greenhouse gas emissions by adopting the latest technology and implementing best industry practices.

The Manjung 4 coal-fired power plant, for example, is expected to be the first ultra-supercritical power plant in Southeast Asia when it is completed in 2015.

As part of a twenty-year strategy to become one of the world's largest power companies by 2025, TNB has also committed itself to implementing green initiatives and developing renewable sources of energy, which complements Malaysia's target of lowering overall carbon emission by 40 percent by 2020, in line with most of the mature economies in Europe.

"In our electricity bill, 1 percent of it actually contributes to a fund that subsidizes the premiums for the green developers. We also have a subsidiary that deals exclusively in



TNB's National Load Despatch Center

renewable energy," explained Azman Mohd.

As the leading utility company in Malaysia, and with more than sixty years of experience, TNB has attracted much interest from potential foreign investors.

Determined to grow regionally, the company has expressed openness to form partnerships with international groups.

"We are looking for Engineering, Procurement and Construction (EPC) partners, and so we are inviting, among others, U.S. players who can provide the best resources and technology, so that we can grow together," said Azman Mohd, who added that TNB's business relationship with the United States is best repre-

presented by its long-term ties with GE.

"Technology-wise, we are always looking for better technologies and more efficient ways of operating. As a vertically integrated utility, there is a whole stretch of opportunity for collaboration. This is apparent in our ongoing and strong collaboration with Siemens AG for the latest gas turbine technology," he added.

As the government tries to attract more foreign investment, TNB is consolidating Malaysia's competitive advantage by supplying affordable and reliable supply of electricity.

And with the implementation of several government measures, the country's power industry has become even

more competitive and environmentally sustainable than those of its Southeast Asian neighbors.

"There is a symbiotic relationship between TNB and the country. So, in tandem with Malaysia's GDP growth, we've actually increased revenue," Azman Mohd said.

"In terms of profitability, last year was one of our strongest years, largely due to the decrease in fuel costs. In terms of performance, we continue to enhance and focus our maintenance program on preventive maintenance instead of corrective maintenance," he added.

With the steady recovery of the global economy that fuels the power demand growth, the outlook for the utility giant is nothing but rosy.



Kuala Lumpur, the nation's capital, is resplendent at night.