

## ISKANDAR MALAYSIA



Antonio Acunzo  
Marketing that Works!, CEO

*Iskandar Malaysia provides investors with a powerful opportunity to establish a strategic foothold in a fast growing marketplace. And it offers state-of-the-art physical infrastructures, excellent logistical facilities, and a world-class business environment.*

Start2Asia<sup>TM</sup> met with Datuk Ismail Ibrahim, CEO of Iskandar Regional Development Authority (IRDA) on Wednesday July 25<sup>th</sup> 2012 at the HQ of IRDA in Johor Bahru, Malaysia.

**Start2Asia<sup>TM</sup>:** The vision of Iskandar Malaysia is creating the place as the first choice to Invest, Work, Live, and Play. What's the progress after 5 years from the launch of the project?

**IRDA:** ISKANDAR MALAYSIA is envisaged to be a Strong and Sustainable Metropolis of International Standing where living, working, business and leisure converge seamlessly. It has made significant progress in the five and a half years since its launch, with several significant developments having been completed or near completion, including physical infrastructure and soft infrastructure, as well as catalytic projects.

The region is now in its second phase of development, with 2012 identified as a "banner year" with the scheduled launches of

several more key projects.

To ensure further growth and progress, efforts must be intensified in order for ISKANDAR MALAYSIA to become a strong and sustainable metropolis of international standing within the next 15 years, as envisioned by the Comprehensive Development Plan.

The approaches that are adopted must aim at attracting more talent and investment into the region. This would generate a concentration of businesses and people, forming a network that facilitates the free flow of ideas, innovation and creativity to drive the ISKANDAR MALAYSIA economy.

The development of liveable communities that attract people to "live, work and play" is an important factor that would influence further investments into ISKANDAR MALAYSIA. With the rise of urban conurbations throughout the world, this competition for funds and talent is a competition between large metropolitan areas, anchored by a city where economic



Datuk Ismail Ibrahim  
Iskandar Regional Development Authority CEO

activities are focused. Examples include the Greater Tokyo area, the world's largest urban conurbation, and closer to home, Greater Kuala Lumpur. The growth and success of the ISKANDAR

MALAYSIA metropolis, with Johor Bahru in Flagship Zone A as the focal point for developments in surrounding areas within the other Flagship Zones, will depend on its ability to enhance the concentration and

density of labour, capital and enterprise within its more than 2,000 square-kilometre expanse.

In addition, the strengthening of existing economic and physical links with other centres of economic activity and the creation of new links is necessary to boost that ability further.

ISKANDAR MALAYSIA has progressed far within the last five and a half years but undoubtedly much more needs to be done if it is to achieve its 2025 target of having:

- a population of three million people,
- 1.46 million jobs,
- cumulative investments of RM383 billion over 20 years, and
- a GDP of USD 93.3 billion.

With this in mind, several key imperatives have been identified as the way forward for the development of ISKANDAR MALAYSIA over the next five years, and beyond.

**Start2Asia™:** There has been an increasingly strong investor confidence on this project. Can you share with us the goals of the new phase of this 20-year development plan?

**IRDA:** Currently, we are in Phase 2 of the ISKANDAR MALAYSIA development phases. This second phase duration spans from 2011 to 2015. For this 5 years, our main goal is to target an investment figure of RM73 billion.



We are consistent in our marketing approach by looking at quality long term investments in focus sectors and countries. Our strategies may vary depending on the dynamics of the current and future of the world economy.

*“ In the light of the Eurozone and USA debt crisis, it does mean that our efforts will require more diligent and emphasis on strategic investment potential. We do also take this situation as a window of opportunity to welcome companies from the United States and Europe looking for opportunities elsewhere.*

*ISKANDAR MALAYSIA will continue to position itself as the place to invest by continuing to provide competitive solutions for potential investors looking relocating their facilities in Europe or the United States to ISKANDAR MALAYSIA. With the looming economic uncertainty,*

*ISKANDAR MALAYSIA will remain competitive due to ISKANDAR MALAYSIA's competitive advantages such as a mature industrial value chain has existed for more than 30 years, competent talent pools and a conducive location of high growth market with global connectivity.*

*Additionally, with the full backing of the federal and state government, we are able to offer attractive incentive. ”*

**Start2Asia<sup>TM</sup>: Iskandar Malaysia has elected 9 focused economic sectors:**

**Electrical & Electronics, Oleo-Petro Chemicals, Food & Agro processing, Logistics, Tourism, Education, Financial services, Medical & Wellness, Creative.**

**What is the type of foreign corporation/investor you envision as a fit for the region?**

**And what type of incentives can be offered to attract investors?**

**IRDA:** ISKANDAR MALAYSIA is blessed with superb locational advantages, first rate infrastructure (hard and soft) and ever improving performance delivery by IRDA, which was established by Act of Parliament in 2007.



Strategic Planning and Sector Development is a major facet of IRDA's Economic Intelligence Department's contribution which, together with Marketing and Investment and Corporate Development Departments forms the Economic Growth Division in IRDA tasked with ensuring a balanced growth approach for the Second Five (2011-2016) year phase of the Comprehensive Development Plan.

While we have strategies and plans for individual promotion, IRDA usually work collaboratively and in partnership with key industry players and also the Government agencies in promoting ISKANDAR MALAYSIA.

Internationally, this is through events such as trade missions and global conferences, while domestically there are frequent road shows, participation in Invest Malaysia, Open days and investor dialogues.

Besides events, we also participate actively in special reports and through advertisements. On top of paid advertorials, the media – both local and international - has also been very supportive in giving ISKANDAR MALAYSIA coverage and highlighting its progress and achievements.

IRDA has also had the privilege to host various site visits and engagements including a recent one with the ambassadors and heads of mission for the European Union.

Others include the UK, Australia, US, Canada, Poland and Saudi Arabia.

Incentives. There are three incentive packages unique to ISKANDAR MALAYSIA namely:

- The Incentive Support Package (ISP),
- Flagship Incentive Iskandar Malaysia (FIM) and
- The 15% tax rate scheme (TRS) for knowledge workers in ISKANDAR MALAYSIA.

The ISP is location specific for Medini, Nusajaya. It covers investments in 6 sectors and they are Tourism, Education, Healthcare, Creative, Financial and Logistics.

The ISP applies to three levels of investors i.e. developers, development managers and qualified service sector operators. Companies will be exempted from tax for a period of 10 years. Foreign knowledge workers can import or purchase car tax free for personal use. Other non-fiscal incentives would be ease of foreign employment and equity requirement (companies can be 100% foreign own), no restriction to source of funds from anywhere in the world.

FIM is applicable for 5 flagship zones within ISKANDAR MALAYSIA which covers 3 sectors: i) Tourism for new 4 and 5 star hotel or resorts, ii) Healthcare for new traditional and complementary medicine (T&CM) centres, and iii) Education for new private higher education institutions.

To attract knowledge workers, a 15% tax rate scheme (TRS) is made available to knowledge workers who live and work within this special region.

The applicant must meet a set of qualifying criteria and apply to IRDA for approval as a “qualified knowledge worker”.

Apart from the ISP: tax incentives, both direct and indirect, are provided for in the Promotion of Investments Act 1986, Income Tax Act 1967, Customs Act 1967, Sales Tax Act 1972

Excise 1967 and Free Zones Act 1990.

These Acts cover investments in the manufacturing, agriculture, tourism (including hotel) and approved services sectors as well as R&D, training and environmental protection activities. (e.g. under the agencies like MIDA, Labuan, Bio-Excel, MSC Status).



**Start2Asia<sup>TM</sup>: Iskandar Malaysia was a Greenfield site and IRDA is driving a major sustainable development. Can you share with us some insights on IRDA’s green-focused agenda?**

**IRDA:** ISKANDAR MALAYSIA, which covers 2,217 sq. km in area, is divided into five flagship zones.

Some of these flagships are already densely developed such as Johor Bahru and Pasir

Gudang but others such as Nusajaya and Kulai, are still very much green field areas.

Much has been done in the five years since the launch of ISKANDAR MALAYSIA and several important milestones that were set for the development of the region have already been implemented.

Key road infrastructure projects, such as the coastal highway from JB to Kota Iskandar, have been completed, as are several large projects that have further spurred growth and investment into the region.

*“ Our vision is to transform ISKANDAR MALAYSIA into a “strong and sustainable metropolis of international standing”. ”*

The prime words here are “strong” and “sustainable” and these words are our guiding principles into how we are developing ISKANDAR MALAYSIA.

The economic, social and environmental development of ISKANDAR MALAYSIA must be sustainable.

The global concern over our planet means that Iskandar Regional Development Authority (IRDA) must play its part in ensuring that the ISKANDAR MALAYSIA development region in Southern Johor is developed in a sensible, timely and sustainable manner.

In that regard, issues of climate change and global warming, setting targets for a low carbon footprint and positive support and promotion of a green economy through increased investments in environmental assets and green technology and production must all be properly planned handled.

IRDA’s Green-focused Agenda is very much what it is – making a commitment that a green environment is the focus. IRDA strongly believes that the astute management of natural resources is the most important aspect of sustainable development; and sets the context within which all other factors – from land use proposals and development to social engineering and service provision – must be considered. Without ‘the green’, there is no sustainable development.

Through strong policies (backed by research), we will plan, manage and develop

our natural resources through close collaboration with all stakeholders and especially the local communities, whose knowledge and intimate experiences of their environment are critical to a well-planned economic region.

And environmental planning is the prime determiner of ISKANDAR MALAYSIA’s economic development, land use and physical development, environmental management, and social development. IRDA strongly believes that its approach on

“ *Iskandar Malaysia offers the right balance of the right ingredients for everyone to*  
**Invest • Work • Live • Play** ”

The green-focused agenda that IRDA is already implementing is very much addressing the global issues of today. It means looking at ISKANDAR MALAYSIA within the context of the planet.

Our approach through the green focused agenda is to look at the environment, development and society holistically.

Through the Low Carbon Society research project, working closely with Japan and Malaysia research teams, IRDA intends to come up with tangible mitigation measures that we can interpret into policies that can be implemented.

Sustainable development and the goal to achieve a low carbon society are therefore at the top of our agenda.

the green-focused agenda will help transform the region into a sustainable metropolis of international standing, through the implementation of low carbon society actions.■

**StartAsia**<sup>TM</sup>

For more info about FDI and business opportunities in **Iskandar Malaysia**, please send an email to our **Start2Asia**<sup>TM</sup> team, at

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