



Asiance

# NEWSLETTER

## YOUR GATEWAY TO THE ASEAN MARKETS

---

**11-12/2022**

POST GE 15 IN  
MALAYSIA, WHAT  
ARE THE FOREIGN  
INVESTORS'  
EXPECTATIONS?





# DISCLAIMER

---

Information and opinions shared in this newsletter only engage their authors and do not aim at hurting anybody.

Pictures and graphics have been found from open sources in good faith, but if copyrights apply please contact us.

[asiance@asiance.com.my](mailto:asiance@asiance.com.my)

Kuala Lumpur, June 20th, 2022



# TABLE OF CONTENT

---

Who we are.....	page 4
Our services.....	page 4
The topic of the month.....	page 5
-Post GE 15 in Malaysia, what are the foreign investors' expectations?	
News & Events.....	page 12
Any questions? contact us.....	page 14



# WHO WE ARE

---

Consulting and business development firm registered in Kuala Lumpur, Malaysia in 2022  
Founder and Managing Director, Mr. Germain THOMAS, has 15 years of business experience in Southeast Asia in various sectors such as construction, building materials, interior finishes, IAQ, M&E engineering, automation, facilities management, security, etc. with applications in healthcare, industry, sports, education, residential, commercial, etc.  
Multilingualist, French Foreign Trade Advisor and active member of many relevant business networks across the region, we offer you professional and independent one-stop-solution services.

## OUR SERVICES

---

We can help you to:

- Understand better the business environment in Southeast Asia
- Deliver market studies and intelligence
- Identify projects, partners, suppliers
- Specify and distribute your solutions to a wide network of developers, architects, designers, consultants, end-users
- Manage social media campaigns, PR
- Organize events and site visits
- Identify investment opportunities
- Recruit the right team
- Get local authorizations,, licences, permits
- Protect your brand and IP rights



# POST GE 15 IN MALAYSIA, WHAT ARE THE FOREIGN INVESTORS' EXPECTATIONS?

---

Since 2018 and the **victory of the opposition** at the 14th General Elections (GE 14) for the first time in 61 years in Malaysia, expectations were high both from Malaysians and foreign investors: less corruption (the 1MDB scandal really damaged the image of the country worldwide), a fairer and more inclusive economy and society, jobs for all, etc.

But internal political fights and the economic impact of the Covid-19 pandemic saw the nomination of **3 Prime Ministers in 4 years** and cast doubts on Malaysia's capacity to find a stable path again.

Foreign investors interested to enter Malaysia started to look at alternative solutions in the ASEAN region (Vietnam, Indonesia) and those who were already in Malaysia were skeptical about how to **mitigate the country risks**.

The situation had become very tense, a standstill where big infra projects were not moving forward, most ministers were worried to take major decisions and be removed from their seat the following month, etc.

No need to say that **GE 15 was highly expected** as a remedy to settle all pending issues. So when it was decided to hold elections on Nov 19th, the campaign saw a **very fragmented political spectrum and a record-high number of parties** (up to 10 in some constituencies) trying to seduce Malaysian voters, with an additional 5 million potential ballots thanks to the recent change of the legal **minimum voting age from 21 to 18**.



# POST GE 15 EXPECTATIONS

---

Against most pronostics, **DS Anwar Ibrahim was sworn in as the 10th Malaysian PM** on Nov 24th, with an unexpected coalition of parties from both East and West Malaysia.

A lot of positive announcements have been made since, sounding like music to most people' ears, and while we won't be commenting on the political aspect of it, let's have a look at the foreign investors' expectations on the short and mid terms:

1. Tackling labor shortage
2. Access to talents, local and foreign
3. Fairer access to public tenders
4. Moving back from SST to GST
5. FTA with the EU

Let's review them one at a time.

## 1. Tackling labor shortage

Besides the "Big Resignation" phenomenon observed in Malaysia and the rest of the world during the pandemic, labor shortage has become the main problem for most industries in Malaysia. Manufacturing, hospitality, agriculture, etc. are missing hundreds of thousands of workers across the country. Most labor, traditionally coming from India, Bangladesh, Indonesia and Philippines, went back home during the pandemic and can hardly come back due to **tougher immigration rules** on the Malaysian side, and also because many of them found **alternative jobs and sources of income back home**. Unfortunately it is very difficult to find Malaysian labor to fill in these vacancies usually considered dirty, dangerous and underpaid.



# POST GE 15 EXPECTATIONS

---

Unless the new government relaxes its immigration rules, the Malaysian economy could be slowed-down on its path to recovery post pandemic even if it did pretty well in 2022 with an estimated 5.5% GDP growth thanks to **high commodities prices and semi-conductors demand**.

However allowing scores of foreign workers to enter Malaysia cannot be a long term solution. It's a fast and temporary fix but eventually the Malaysian industry must shift to the 4.0 age where more automation, AI, machine learning, etc. will replace most manual and difficult jobs.

## 2. Access to talents, local and foreign

Besides labor shortage, FDIs and MNCs are struggling to recruit talents, Malaysian and foreign. Positions in IT, digital marketing, sales, management, engineering, finance, etc. are difficult to fill in.

For the first time in a very long period, employees have the upper hand in the negotiations with employers. Besides, the "**work from home**" trend remains even after the pandemic.

So employers must implement **innovative ideas to attract talents**. Moreover Malaysia faces tough competition from neighbours like Thailand and Singapore that just released very **friendly conditions and working visas** towards digital nomads and foreign experts.

# POST GE 15 EXPECTATIONS

---

Malaysia is facing a "**brain drain**" due to a weak national meritocracy and more attractive salaries in Singapore and Australia. A government agency called TalentCorp was established in 2011 to tackle this matter but its results are more than mixed.

The challenge for the new government is twofold: **attracting foreign talents and retaining local ones**. Several measures could be taken, not only by the government but also by the private sector, both national and foreign-owned companies, measures like:

- for foreign talents, making Employment Pass' T&C more "business friendly"
- for Malaysian students, a scholarship awarding system based on fairer and more inclusive criteria
- for Malaysian young graduates and promising rising stars, more attractive benefits to be offered by Government Linked Companies (GLCs) and MNCs in order to retain them in Malaysia

**Foreign SMEs** interested to enter the Malaysian market **can count on** companies like us at **Asiance** to guide them on recruitment, office / factory / warehouse location, distribution channels, local partners identification and be their **outsourced sales team** thanks to our strong local team and extensive network.



# POST GE 15 EXPECTATIONS

---

## 3. Fairer access to public tenders

Foreign-owned companies have been complaining for years that **public tenders are often favourable to GLCs** (when contracts are not directly awarded without competitive bidding).

The coming **MRT3** project seem to leave little to no chance to foreign suppliers/contractors of getting a slice of the cake. At least ostensibly, because behind the scene the Malaysian conglomerates do not have the experience, the human nor the financial resources to handle it on their own. **Key joint ventures (JV) or special purpose vehicles (SPV) will be required** to deliver this huge project.

This access to public tenders could become a major hurdle in the FTA negotiations between Malaysia and the EU.

**Asiance can help you to screen in depth your potential Malaysian partners**, their financial profile, their shareholding structure and links with other firms, their reputation and projects pipeline.

# POST GE 15 EXPECTATIONS

---

## 4. Moving back from SST to GST

To the credit of the last government before 2018, the implementation of the 6% GST in 2015 had been a success in terms of tax collection as Malaysia has one of the **lowest income ratio in the region vs its GDP**. The World Bank, the IMF and ADB all saluted this measure.

The 2018 government abolished it (keeping lots of companies hanging with pending reimbursements) and implemented a new system called Sales and Service Tax (**SST**) **between 5% and 10%** depending on the goods and services category. It took a while for companies to implement the new system, it cost money to MNCs to have a system for one country only while dealing with GST and VAT systems in other countries. Besides many flaws are unresolved until now.

Reinstating the GST would be encouraged by most companies and a good news for the national treasury.

## 5. FTA with the EU

While Malaysia has already a very open economy and counts **16 active FTA** (the latest ones being the **RCEP and CPTPP**), a major FTA is missing, the one with the European Union.



# POST GE 15 EXPECTATIONS

---

Among ASEAN members, **only Singapore** and more recently **Vietnam** have a FTA with the EU. This missing agreement between Malaysia and the EU is a negative factor during the destination decision process of foreign investors planning to do trading between Europe and Southeast Asia.

Despite recent talks, there are many hurdles lying ahead : the sensitive topic of the palm oil, the access for European suppliers to public tenders in Malaysia, corruption, human rights, etc.

Based on your products HS codes and industry practices, **Asiance can advise you** whether it makes sense to **export** your products or **source** your materials to/from Malaysia or its neighbours.

## Conclusion

The new government of PM DS Anwar Ibrahim have already a busy agenda with its own citizens but it will have to find the right balance with what contributed to its country's success story: foreign investments.

The development of the multi-cultural Malaysian society and the transition from the middle-income countries category to the high-income one are at stakes.

**Asiance is your gateway to the ASEAN markets!**

# NEWS & EVENTS

- Asiance joined the annual luncheon of the **MICCI Sabah** on Nov 8th at the Kota Kinabalu Convention Center
- Asiance organised a **webinar** with the famous influencer **Miguel Delecourt** on Nov 10th about how to develop your business on social media
- Asiance' **LinkedIN** page reached the milestone of **700 followers** in November!
- Asiance joined the **BCI Equinox event** in KL on Nov 29th
- Asiance joined the **MRCA Christmas dinner** on Dec 16th



**THE STRATEGY TO DEVELOP YOUR  
BUSINESS WITH LINKEDIN AND  
SOCIAL NETWORKS**

November 10th 2022  
**KUALA LUMPUR**  
MALAYSIA

**Miguel Delecourt**  
Speaker and Trainer  
Founder of the Social Network Academy

+336.62.23.68.84 +971.50.84.20.59.4



Asiance

**WE'RE  
HIRING**

**WE ARE LOOKING FOR**

**A MARKET ANALYST IN KL  
A BD EXECUTIVE IN PENANG/KEDAH  
A DIGITAL MARKETER IN KL**

**UP FOR THE CHALLENGE?  
SEND YOUR RESUME TO  
ASIANCE@ASIANCE.COM.MY**



Asiance



Asiance

# ANY QUESTIONS? CONTACT US

**ASIANCE SDN BHD**  
202201008396 (1454093-A)

[WWW.ASIANCE.COM.MY](http://WWW.ASIANCE.COM.MY)

UNIT 25-9, 25TH FLOOR, MENARA 1MK,  
1 JALAN KIARA,  
KUALA LUMPUR 50480, MALAYSIA

+60 3 2714 6130 OR +60 19 6901 361

[ASIANCE@ASIANCE.COM.MY](mailto:ASIANCE@ASIANCE.COM.MY)

FOLLOW US ON LINKEDIN:

