INVESTMENT HAVEN
OF THE EAST
4 - Foreword

A NEW BEGINNING

Terengganu, said the new Menteri Besar, is one of Malaysia’s most pro-business States. In recent years, it has moved steadily up the value chain to establish itself as a central Malaysian hub for petrochemicals, food manufacturing (especially halal food production), agribusiness, tourism, biotechnology and services. At the same time, the State offers both natural and man-made advantages for investors interested in tapping Terengganu’s robust prospects for growth. It is now poised for a new era of development and modernisation.

6 - Introduction

EMBRACING REGIONAL OBJECTIVES

Terengganu has emerged as one of Malaysia’s major success stories by leveraging its strengths and trading on its core competencies. The State is blessed with ample natural resources such as oil and gas, timber, palm oil and minerals – all of which provide feedstock for industries in Malaysia and surrounding countries. At the same time, its rich biodiversity enables investors to develop the budding industry of biotechnology – hailed as a key knowledge-based industry of the new millennium. However, Terengganu isn’t banking only on natural riches to draw investors. It is now one of main players in the recently launched East Coast Economic Region masterplan.

10 - Tourism

WHERE CULTURE MEETS NATURE

Culture and nature are the ingredients for growth in Terengganu’s tourism industry, which is richly endowed with stunning coastlines and islands, million year-old rainforests, classic heritage sites and a laidback people eager to welcome visitors with a smile.

18 - Oil, Gas & Petrochemical

DOWNSTREAM’S THE STRATEGY

What started as an upstream industry is now the catalyst for downstream ethylene-based and plastic industries, as well as the seed for growing small and medium scale enterprises.

22 - Manufacturing

FOCUS ON EXCELLENCE

Excellence in the fields of agro-based, halal food and products, plastic/polymer, boat building and repair, rubberwood-based, and handicraft, textile and clothings, has become the mainstays of Terengganu’s burgeoning industrial might.

28 - Agriculture & Agribusiness

GREEN REVOLUTION

Poverty reduction and people empowerment are to be reached via an agricultural revolution. Emphasis on four tenets: supply chain management; contract farming, collection, processing and packaging centre (CPPC), collection and marketing centre (CMC).

34 - Education & Human Resource Development

ENRICHING EXPERIENCE

Terengganu believes that by investing in people, it is investing in the future. In line with this thrust, the State Government places a high priority on education spending where more than RM1 billion has been invested in developing the education system over the last two decades that nurtures intellectual capabilities and a skilled knowledge-based workforce.
42 - Incentives

CENTRE OF ATTRACTION

Committed to creating and sustaining a world-class business environment where investors - large or small - can thrive, Terengganu, with the support of the Federal Government, have designed numerous tax, tariff and investment-friendly incentives. Targeted to meet the needs of companies operating in the State's core sectors of petrochemicals, agrobusiness, tourism, food production, manufacturing and biotechnology, these incentives ensure that investors in Terengganu can optimise their outlay and achieve returns on investment (ROI) in the shortest possible timeframe. State and Federal incentives are now supplemented with very attractive additions under ECER.

64 - Costs

MINDING THE BOTTOMLINE

Thanks to highly competitive costs for infrastructure, utilities and manpower, Terengganu is an ideal base for investors wanting to keep a ceiling on their costs while operating in the dynamic regional economy of Asia.

78 - Infrastructure

LAYING THE FOUNDATION

The Federal and the State governments have worked hand-in-hand with the private sector to invest billions of ringgit in enhancing and upgrading Terengganu’s infrastructure assets to support business and investment. Today, Terengganu boasts state-of-the-art networks on land, sea and air that are comparable to Asia’s best, and truly make it a gateway to the booming Asia Pacific region.

84 - Hotels & Accommodations

BEDS & BREAKFASTS

You are never a stranger in Terengganu. Bask in the hospitality.

101 - Public & Private Contacts

USEFUL TO KNOW

Help and support are always around the corner. Where to get assistance when you need it most.
Terengganu is one of Malaysia’s most pro-business States. The past few years have seen Terengganu moved steadily up the value chain to establish itself as a central Malaysian hub for petrochemicals, food manufacturing (especially halal food production), agrobusiness, tourism, biotechnology and services.

Investors interested in tapping Terengganu’s robust prospects for growth will find that the State offers both natural and man-made advantages for them. Our strategic location at the crossroads of Asia gives us easy access to the two powerhouses of India and China, and positions us as a gateway to the emerging economies of Southeast Asia, East Asia and the Middle East. At the same time, Terengganu is also blessed with ample resources, including vast oil and gas reserves, valuable forests and rich biodiversity, and fertile land and bodies of water teeming with fish.

As a firm believer in win-win partnerships, the State government is willing to work hand-in-hand with investors to capitalise on these bounties. As an important facilitator of business, the Terengganu State government and its economic agencies have developed stimulating policies that can fast-track investment returns. We have also developed vital infrastructure such as technology and manufacturing parks with full facilities to house industries, and built transport networks and hubs to expedite the movement of goods and services to domestic, regional and international markets.

Terengganu’s unique position has also made the State a vital part of the Federal government’s latest initiative - the East Coast Economic Region – that will become the impetus towards making the East Coast of Peninsular Malaysia a developed region by 2020. Such an initiative is timely and gels with efforts already undertaken by the State.
Although the ECER is a Federal initiative, we would like to see more involvement of the Terengganu people in projects and programmes undertaken. This is especially important in sectors chosen under ECER as the main engines of growth such as agriculture, tourism, manufacturing, education and, oil and gas. It is also heartening to see that the State’s billions of investment in education and training has helped developed the necessary skilled and professional manpower required by ECER.

While we have adopted a pro-business stance, Terengganu and its people continue to retain their gentle culture, warm traditions and a gracious way of life unique to this coastal State. Investors who have discovered the charms of Terengganu have stayed on because this is truly a place in which to live life to the fullest, while optimising business and investment. Do take time to explore Terengganu, and perhaps in future, you too will be part of the Terengganu community.

We look forward to meeting you.

Thank you.

Dato’ Ahmad bin Said
Menteri Besar of Terengganu
Introduction

EMBRACING REGIONAL OBJECTIVES

From a sleepy backwater reliant on agriculture and fishing, Terengganu has evolved into an exciting economic region offering high potential for growth and profit. Indeed, this East Coast State has been recording an impressive annual GDP (gross development product) exceeding RM15 billion since 2003 and more than RM30 billion since 2006.

Terengganu has emerged as one of Malaysia’s major success stories by leveraging its strengths and trading on its core competencies. The State is blessed with ample natural resources, such as oil and gas, timber, palm oil and minerals, all of which provide feedstock for industries in Malaysia and surrounding countries.

Terengganu has it all - from a relaxed way of life to a conducive and booming economy. Strategically located in the centre of the much lauded ECER, the State is poised to welcome more investors.

Notably, its vast oil and gas deposits have been a magnet for investment. Terengganu is the richest State on the Peninsula in terms of oil and gas wealth, with reserves of natural gas estimated at 31.2 trillion cubic feet and crude oil reserves of about 1.63 billion barrels. As a result, Terengganu has become a leading hub for top energy and petrochemical companies, including some of the world’s best-known multinationals that have invested here for the long-term. Sustainable investors who have come and pledged to remain for the long-term include PETRONAS, BP, Dow Chemicals, Huntsman and more than 200 other large foreign and local investors who have injected well over US$10 billion into Terengganu’s economy in the past few years.

Terengganu is also tapping into its rich biodiversity to develop the budding industry of biotechnology. There is ample potential in the State for investors keen on conducting research into cutting-edge pharmaceuticals and nutraceuticals that have been hailed as a key knowledge-based industry of the new millennium.

Other industries like value-added manufacturing and services draw on the State’s other assets. These include coastlines measuring 244km that offer ample access to seas rich in marine life, the basis for Terengganu’s fishing industry. The downstream palm oil and food production
INVESTMENT HAVEN OF THE EAST

VALUE-ADDED: Terengganu’s oil and gas feedstock forms the basis of the region’s downstream petrochemical industry. Based economy spurred on by technology acquisition as well as the transfer of skills and expertise from both knowledge-based and capital-intensive industries.

Supportive Government Policies and Incentives
Government policies that maintain a flexible and politically stable business environment with opportunities for growth and profits, have transformed Terengganu into an attractive manufacturing, services and export base in the country and region. Both the Federal and State governments actively encourage private enterprises to forge win-win partnerships with both public and private sector entities in Terengganu in order to achieve its goals of progressive and sustainable development.

To make it even easier to do business, the business-oriented State government has simplified investment processes and reduced red tape through its one-stop investment agency, where investors can liaise with trained officers to settle all necessary paperwork and preliminaries – all under one roof. In fact, to boost the manufacturing sector, the government has introduced “hand-holding,” where dedicated officers aid investors in getting all the required approvals for manufacturing projects, from start to finish.

Economic Strength and Diversity
Terengganu is an economic area that is swiftly moving up the economic value chain. Originally a State dependent on agriculture, fishing and primary commodities, Terengganu has evolved to become a diversified manufacturing and services-based economy spurred on by technology acquisition as well as the transfer of skills and expertise from both knowledge-based and capital-intensive industries.

WIN-WIN: Private enterprises are encouraged to forge partnerships with public and private sector in projects such as livestock husbandry and farming.
As a key member of the recently launched East Coast Economic Region (ECER) initiative, a Federal government’s designated masterplan that aims to achieve the development status enjoyed by the States on the Peninsula’s East Coast by 2020, Terengganu has been empowered to offer superior incentives such as 100 per cent tax exemptions on statutory income during the five-year exemption period, compared to the usual 70 per cent exemption in other parts of Malaysia. ECER investors also enjoy premier investment tax allowances of 100 per cent on capital expenditure compared to just 60 per cent for investors elsewhere in Malaysia. Plus, ECER investors enjoy all the typical incentives such as industrial building and infrastructure allowances. (see Chapter 8)

Under ECER, five focus areas have been set for Terengganu – namely Tourism; Oil, Gas and Petrochemical; Manufacturing; Agriculture and Agribusiness; and, Education and Human Resource Development. Details of which will be discussed in the following chapters.

At the same time, Terengganu offers great State-level incentives, including tax exemptions and hefty discounts, on

land acquisitions and new factories to woo more investors to help develop the State and domestic industries further. This dynamic combination of Federal and State incentives lower the cost of doing business and help Terengganu maintain its reputation as one of Asia’s most competitive centres for investment.

An Educated Workforce
Terengganu offers investors a young, educated, disciplined and productive workforce at very competitive costs. Like the rest of Malaysia, Terengganu enjoys a high literacy rate in excess of 94 per cent and English is widely used, facilitating international business. Even ordinary school leavers entering the job market at the age of 18 have at least 11 years of basic education, grounded in the sciences, arts and languages. Students who want to pursue higher education have access to first-class training and development institutions, since both the federal and state governments, together with the private sector, have poured millions into higher learning and skills training to create a high-skilled workforce adequate for the needs of demanding international businesses. This strength is further reinforced with incentives offered by the ECER Development Council to investors in this important field.
Modern Infrastructure
Terengganu has consistently invested in developing and upgrading its infrastructure – including highways, ports and air and rail networks – creating what has been hailed as one of the best infrastructure systems in Malaysia and Asia. The state-of-the-art networks make it easy to transport goods to market and to deliver value-added services.

Its excellent infrastructure also positions Terengganu as a portal to other economic powerhouses – such as China and India - and regional marketplaces with billion-dollar collective purchasing power, such as the ASEAN Free Trade Area (AFTA). AFTA alone offers a major borderless market with low trade and tariff barriers plus a combined annual GDP of US$737 billion and a total annual trade of US$720 billion.

Quality of Life
Terengganu is famed for being one of the friendliest and most hospitable places in the world in which to work, live and do business. The State’s enduring traditions of culture and heritage become an advantage when pitted against doing business in the more sterile environments of big cities and urban areas.

Quality of life is also uppermost, and investors here enjoy access to ample leisure opportunities. Rest and relaxation activities include enjoying the sun, surf and sand on miles of pristine sandy beaches, soaking in history at the cultural heritage sites of castles and museums, golfing on Terengganu’s world-class challenging, diving in the marine heritage parks, or angling at the fishing paradise of Tasik Kenyir, Southeast Asia’s largest manmade lake and reservoir.

Simply put, investors in Terengganu enjoy the best of both worlds: a world-class business environment in a tropical paradise that fuses economic growth with a quality lifestyle full of culture and delight.