

# INVESTMENT OPPORTUNITY FOR PALM OIL INDUSTRY IN MALAYSIA



# Functions of MIDA

## Promotion



Foreign Direct Investment

Domestic Direct Investment

## Evaluation and Approval of Project (Manufacturing Licence / Tax Incentives / Expatriate Posts Status Approval)



- Electrical & Electronics
- Machinery & Metal
- Building Technology & Lifestyle
- Transportation Technology
- Chemical & Advanced Materials
- Food Technology & Resource Based Industries
- Life Sciences & Medical Technology

Manufacturing

- Oil & Gas, Maritime & Logistics Services
- Green Technology
- Healthcare, Education & Hospitality
- Business Services & Regional Operations
- Advanced Technology & R&D

Services



Industry Talent Management

## Implementation



MIDA State Offices

Tariff

Evaluation and Approval of Customs Duty Exemption

## Compliance



Licensing & Incentive Compliance

## Facilitation



Post-Investment

Project Implementation and Facilitation Office (TRACK)

# PALM-BASED FOOD PRODUCTS & FOOD INGREDIENT ECOSYSTEM

Promoted



**PALM OIL FOOD BASED PRODUCTS -  
PROJECTS APPROVED AND IMPLEMENTED, 2018 – March 2023**

<b>Year</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Jan – Mac 2023</b>
No. of projects	12	17	8	2	9	5
Domestic Investment (RM million)	332.7	145.7	139.3	32.3	351.7	236.9
Foreign Investment (RM million)	51.3	551.8	0.6	13.3	373.6	0
<b>Total (RM million)</b>	<b>384.0</b>	<b>697.5</b>	<b>139.9</b>	<b>45.6</b>	<b>725.3</b>	<b>236.9</b>

# Palm Oil Products Value Addition

Top Olein: IV 72  
as frying oil



Palm-based  
Ice-cream



Bread using  
trans free  
palm-based  
margarine



Production of Trans  
free Palm-based  
shortening/margarine



Cendol using  
Santan Sawit



Santan Sawit



Production of  
palm-based  
mayonnaise

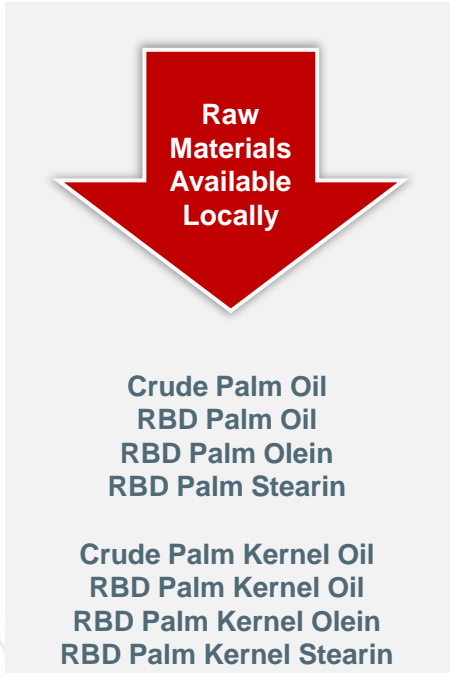


Palm-based  
cheese



Dry-mix  
ice  
cream  
powder

# NEW OPPORTUNITIES

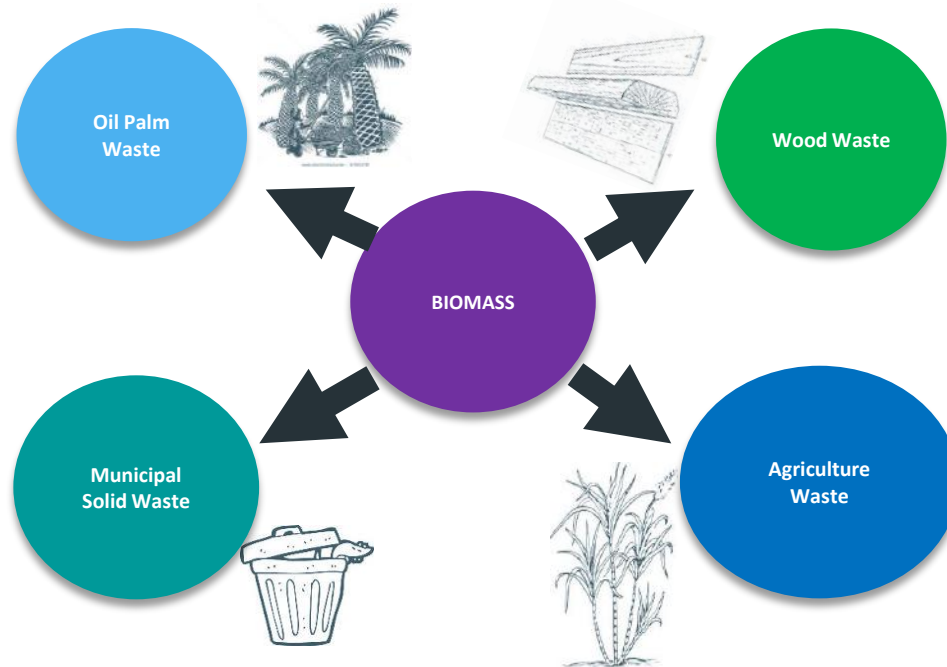


Downstream Opportunities	Consumer Products
<b>Food Based Products</b>	<ul style="list-style-type: none"> <li>▪ Cooking Oil</li> <li>▪ Shortening/Margarine/ Vanaspati</li> <li>▪ Confectionery / Ice Cream</li> <li>▪ Bakery Fats</li> <li>▪ Cocoa Butter Alternatives</li> </ul>
<b>Oleochemicals (Specialty/ Derivatives)</b>	<ul style="list-style-type: none"> <li>▪ Personal Care / Cosmetics</li> <li>▪ Plastics</li> <li>▪ Textile/Metal Processing</li> <li>▪ Lubricants / degreasers</li> <li>▪ Emulsifiers</li> <li>▪ Soap</li> <li>▪ Protective Coatings</li> </ul>
<b>Phytonutrients</b>	<ul style="list-style-type: none"> <li>▪ Pharmaceuticals</li> <li>▪ Supplements</li> <li>▪ Nutrition</li> </ul>



# BIOMASS INDUSTRY

## SOURCES OF BIOMASS

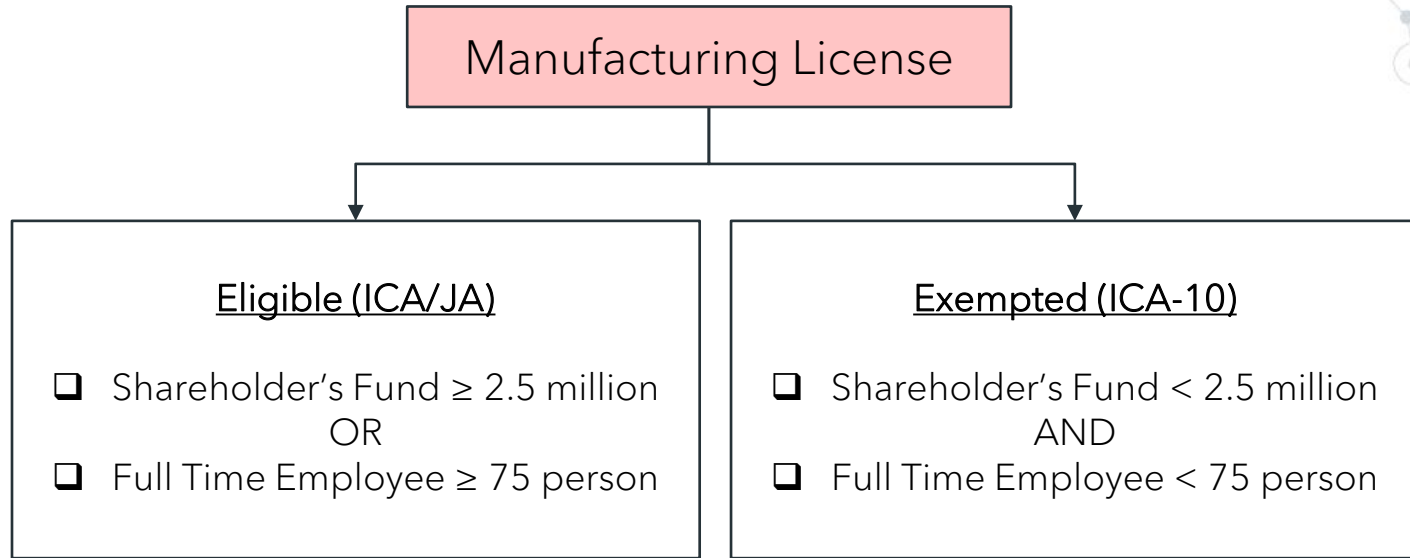




**Government  
Facilitation**



# Industrial Coordination Act, 1975



## MIDA online application

Companies can submit the application for Manufacturing License & Letter of Exemption from Manufacturing License, and track the application status online via Invest Malaysia Portal at [investmalaysia.mida.gov.my](https://investmalaysia.mida.gov.my)

# Major Tax Incentive

**Pioneer Status (PS)**  
Income tax exemption ranging from 70% or 100% for a period of 5 or 10 years (MIDA)

OR

**Investment Tax Allowance (ITA)**  
60% or 100% on qualifying capital expenditure incurred within 5 years (MIDA)

**HALAL Incentive (HALAL)**  
Investment Tax Allowance (ITA) 100% of qualifying capital expenditure incurred within a period of 5 years (MIDA)

**Reinvestment Incentive (RI)  
Food Processing/  
Palm Oil-Based/  
Palm Biomass**  
Income tax exemption ranging from 70% for a period of 5 years, or 60% on qualifying capital expenditure for 5 years (MIDA)

**Reinvestment Allowance (RA)**  
60% on qualifying capital expenditure incurred for 15 consecutive years (IRB)

EXPANSION PROJECT

## Online application

InvestMalaysia is a new digital platform which allows companies to submit online application (Manufacturing Sector) at : <https://investmalaysia.mida.gov.my>

# PROMOTED LIST UNDER PIA 1986

## 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)

## REINVESTMENTS BY EXISTING COMPANY (SECTION 4F)

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

## 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

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

- Palm Oil-Based products

# Automation Capital Allowance (Automation CA)



Automation CA was introduced under **Budget 2015** and the incentive is jointly evaluated by MIDA and SIRIM

## CATEGORY 1– LABOUR-INTENSIVE INDUSTRIES

Automation CA of 200% on the first RM4 million expenditure incurred within 8 years of assessment from 2015 to 2023.



Rubber Products



Plastic Products



Wood Products



Furniture Products



Textile Products

## CATEGORY 2– OTHER INDUSTRIES / SERVICES

Automation CA of 200% on the first RM2 million expenditure incurred within 8 years of assessment from 2015 to 2023 (Manufacturing) and years of assessment from 2020 to 2023 (Services).



Fabricated Metal Products



E&E Products



Chemical Products



Transport Equipment



Food Products



Others

As at **31 Dec 2022**, **533 Automation CA projects** were approved with the following breakdown:-

- **Category 1 – Labour intensive (211 projects)**
- **Category 2 – Others industries (322 projects)**

Under the **Budget 2023 Initiative**, to further drive **productivity** and **improve efficiency** through automation, the **ACA** for automation equipment was enhanced as follows:-

- **Scope of automation to include the adaptation of Industry 4.0 elements;**
- **Scope of tax incentives is expanded to include the agriculture sector; and**
- **Capital expenditure threshold for categories 1,2 and agriculture be aligned and increased up to RM10 million.**
- **Applications are to be submitted to MIDA or the Ministry of Agriculture and Food Security (MAFS).**



# Thanks!

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