

MACHINERY AND EQUIPMENT (M&E)

I. OVERVIEW

- The Machinery and Equipment (M&E) sector has been identified as one of the catalytic sub-sectors under the 11th Malaysia Plan due to its cross cutting linkages with all economic segments such as the primary, manufacturing and services sectors. The growth will focus on the manufacturing of high value-added and high technology M&E.
- This industry is categorised into the following classifications:-
 - i. Power generating machinery and equipment;
 - ii. Metalworking machinery;
 - iii. Specialised process machinery or equipment for specific industry; and
 - iv. General industrial machinery & equipment, components and parts.

II. STATUS OF THE INDUSTRY (2016)



Source:MIDA

- **Total Trade**

Year	Total Export (RM billion)	Total Import (RM billion)	Total Trade (RM billion)
2014	30.0	54.6	84.6
2015	36.2	59.3	95.5
2016	36.7	58.4	94.7
Total	102.9	172.3	274.8

Source:MATRADE

- Imports

Sub-Sectors	2014	2015	2016	Major Sources
	RM (billion)	RM (billion)	RM (billion)	
Power Generating M&E	11.0	11.7	14.3	USA, Japan, Singapore, China, Thailand
M&E for Specific Industries	16.3	17.2	17.3	Japan, Germany, USA, Taiwan, Singapore
Metalworking M&E	4.2	3.8	3.6	Japan, Germany, USA, Taiwan, Singapore
General Industrial M&E, Component and Parts	23.1	26.6	29.9	Japan, USA, Germany, Singapore, Taiwan
Total	54.6	59.3	65.1	

Source: MATRADE

- Exports

Sub-Sectors	2014	2015	2016	Major Destination
	RM (billion)	RM (billion)	RM (billion)	
Power Generating M&E	2.3	2.6	2.6	Singapore, USA, Japan, Germany, UK
M&E for Specific Industries	10.7	14.5	15.2	Singapore, USA, Japan, Indonesia, Thailand
Metalworking M&E	1.7	1.6	1.5	Singapore, Hong Kong, Japan, USA,
General Industrial M&E, Component and Parts	15.3	17.5	18.4	Singapore, Hong Kong, Japan, USA, Australia
Total	30.0	36.2	37.7	

Source:MATRADE

- **Projects Approved**

Year	No	Potential Employment	Local Investment (RM Million)	Foreign Investment (RM Million)	Total Investment (RM Million)
2011	74	3,936	492.80	251.40	744.20
2012	84	5,125	606.95	1,243.12	1,850.00
2013	90	4,726	769.95	1,204.99	1,974.94
2014	98	4,568	1,758.30	720.55	2,478.85
2015	97	4,428	963.98	838.45	1,802.43
2016	88	2,869	999.65	536.46	1,536.11

Source:MIDA

III. INCENTIVE PACKAGES

Special Incentives for Targeted M&E

- Companies undertaking the production of the following high value-added and high technology machinery and equipment, such as:
 - a. Machine tools
 - b. Material handling equipment
 - c. Robotics and factory automation equipment
 - d. Packaging machinery
 - e. Specialised process machinery or equipment for specific industry
 - f. Modules and components of the above

are eligible for the following special incentives:-

- a. Pioneer Status with tax exemption of 100% of statutory income for a period of 10 years; or
- b. Investment Tax Allowance of 100% on qualifying capital expenditure incurred within a period of 5 year,s with the allowance deducted for each year of assessment to be offset against 100% of statutory income with the condition that the companies comply with the following criteria:-

- Value added criteria of at least 40%; and
- The ratio of Managerial, Technical and Supervisory personnel to the total employment (MTS Index) of at least 25%.

General Incentives

Companies undertaking the production of other general machinery and equipment are eligible for Pioneer Status with 70% income tax exemption for a period of 5 years or Investment Tax Allowance of 60%. The required criteria are minimum 40% value-added and 25% minimum MTS Index.

IV. MAJOR PLAYERS

Specialised M&E	Leading Industry Players
I. Specialised process M&E for the semiconductor industry.	<p><u>Local</u></p> <ul style="list-style-type: none"> • Vitrox • SRM Integration • MI Equipment • Visdynamics • Pentamaster <p><u>Foreign</u></p> <ul style="list-style-type: none"> • Besi Apac (Netherland) • Ismeca (Swiss) • Muehlbauer (Germany)
II. Specialised process M&E for the oil & gas industry.	<p><u>Local</u></p> <ul style="list-style-type: none"> • Romstar • Sapura Kenchana • Winstar Power <p><u>Foreign</u></p> <ul style="list-style-type: none"> • Halliburton (USA) • FMC Technologies (USA) • OneSubsea (USA) • Aker Solution (Norway) • Technip (France)
III. Specialised process M&E for the food & beverages processing industry.	<p><u>Local</u></p> <ul style="list-style-type: none"> • Fluidmech Engineering • Master Hi-tech <p><u>Foreign</u></p> <ul style="list-style-type: none"> • Serac (France)

Source: MIDA

Top 5 Foreign M&E Manufacturers

Name	Ownership	Location	Product
Asiaflex Products	France	Johor	Flexible pipes
FMC Technologies	USA	Johor	Subsea wellheads, valve & manifold
SKF Bearing	Sweden	Negeri Sembilan	Roller bearing
Aker Solutions	Norway	Selangor	Subsea systems & products, part thereof & components, surface wellhead & xmas tree systems & products, part thereof & component, drilling system, etc
Schlumberger Seismic Manufacturing	USA	Pulau Pinang	Marine & land seismic survey systems & equipment, repair, refurbishment & remanufacture of marine & land seismic survey system & equipment.

Source: MIDA

Top 5 Malaysian M&E Manufacturers

Name	Ownership	Location	Product
ViTrox Technologies Sdn. Bhd.	Malaysian	Pulau Pinang	Development and production of intelligent robot vision systems and modules for semiconductor automotive and medical

			industries
SRM Intergration (M) Sdn. Bhd.	Malaysian	Pulau Pinang	Automated machinery for semiconductor industry
Alliance Contract Manufacturing Sdn Bhd	Malaysian	Pulau Pinang	Total solutions provider for high tech industries
Alpha Precision Turning & Engineering Sdn Bhd	Malaysian	Kedah	Precision machined parts & components
KNM Process Systems Sdn Bhd	Malaysian	Pahang	Process Equipment

Source: MIDA