



MALAYSIA: BUSINESS GATEWAY INTO ASIA

Sometimes information speaks for itself and sometimes it's more than that: it gets hold of you and won't let you go. Take the following example: in a recent study by DBS Bank, Asia is adding the equivalent to one Germany to the economy every 3.5 years. In the next 25 years it will add the equivalent to 3 Eurozones; and in the year 2039 it will add a Germany every 7 months.

There's more. According to the IMF, in the year 2000 Asia represented 7.1% of global GDP (71% for developed countries). In the year 2017, the percentages will be, respectively, 21% and 57.5%. Can you feel the rug being pulled from under your feet?

A substantial part of said development is China's responsibility, but we cannot

forget other leading actors that claim, with ever greater force, their spot in the limelight. This is the case of ASEAN, Association of Southeast Asian Nations, that comprises 10 countries: Malaysia, Singapore, Philippines, Indonesia, Thailand, Myanmar, Cambodia, Laos, Vietnam and Brunei. Together they represent a population of over 625 million.

Special attention must be given to the countries of the ASEAN 5: Malaysia, Singapore, Philippines, Indonesia and Thailand. According to PriceWaterhouseCoopers, the average GDP of these five countries in the 2007-2050 period will be 7%, while China's will be 6,8%. Merrill Lynch has calculated foreign direct investment in ASEAN 5 in 2013 to reach USD 128,4 billion; while FDI in China in the same period reached USD 117,6 billion.

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These five countries offer great business opportunities for almost every kind of company. It is true that some present greater advantages than others, but one of them is specially well-balanced and possesses a unique set of characteristics. This country is Malaysia. So which are Malaysia's advantages?

It holds a young population of 30 million, a good level of development, high investment in infrastructures and telecommunications and an extremely dynamic economy. Crucially, it also occupies a central position in South East Asia, strategic from a geographical point of view. It is no coincidence that Portuguese, Dutch and British, all great former merchant empires, have disputed this territory over the centuries.

The fact that it is a member of the Commonwealth is also helpful in two situations. First and foremost, the language: even if English is not official, its use is common and well-extended throughout the country. Secondly, the legal and judicial systems derive from common law.

The mixture of ethnic groups (Malay, Chinese and Indian), also reflects the country's character as a respectful and integrative community that draws together the best of Asia. Just like the slogan says, "*Malaysia, truly Asia*". And because it's also a Muslim country, it opens up many opportunities for doing business in other areas such as the Middle East. In this regard, Malaysia intends to be the jurisdiction of reference for Islamic finance and Halal certification. These are just a few examples of the different layers Malaysia has to offer.

Another positive feature is the helpful attitude of the Malaysian administration toward foreign investment. The concern to attract and facilitate the establishment of foreign companies is something that I have personally witnessed in my recent trips to Malaysia and in meetings with public officials. Not by accident does it occupy the 18th position in the World Bank's 2015 "*Doing Business*" ranking.

In conclusion, when it comes to expanding our business there is a line that takes us first to Asia (an inevitable reality), and from there we focus on ASEAN till we finally land in Malaysia, which offers a privileged platform to do business in the region. Looking at the data presented in this article it's not a matter of whether we should do it but, rather, when.

For further information on doing business in Malaysia and ASEAN kindly contact our Kuala Lumpur office at kuala.lumpur@avinalabogados.com



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