

# PLASTIC COMPANY

**Rosti, a Swedish owned global company, has announced their continued expansion in Asia by setting up a new facility in Malaysia. This location was chosen for its logistical proximity to strategic customers, Malaysia's strong skill base and industrial competitiveness – including high productivity, a well developed infrastructure and technical experience which all had a significant impact on the decision**

TEXT & PHOTO IDA HEDMAN



Börje Vernet

**In May of this year Rosti made the announcement** that they were strengthening their position in Senai, in the southern parts of Malaysia. They created an affiliate company, Rosti IMS (Integrated Manufacturing Solutions,) due to increased customer demand.

**Rosti is a global plastics injection moulding company.** Their production ranges from packaging, automotive, consumer & professional appliances, business machines and medical products. Rosti is owned by the Swedish investment group Nordstjernan.

**Their investment in Malaysia** is primarily customer driven, but it is also a complement to their geographical coverage in the world. Malaysia's proximity to Singapore, the region's financial hub, benefits their investment. Many global companies have their regional headquarters in Singapore, and could therefore attract potential customers in the area, say Rosti's COO Asia David Knight,

## **Why Malaysia?**

Malaysia is a stable country with a lot of advantages, such as their low inflation and low labour cost, as well as their solid financial and political

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climate. Rosti's manager in Malaysia Pat Williams, has worked for Rosti both in the United Kingdom and China. Pat Williams family originates from Malaysia, and he therefore has a great understanding of the Malaysian business environment and culture.

**Malaysia has a well developed infrastructure**, which stretches from Thailand to Singapore. This contributes to low transportation cost for Rosti compared to for example, their factory in India where their logistics is much more complicated and more expensive.

- With this high-quality transport system little consideration of the factory location is needed, not even in the country-side, says David Knight.

**One advantage of investing in Malaysia**, compared to China, is that the people in Malaysia generally speak better English. However, Rosti's experience of the administration when making investments in Malaysia, is that it is not as optimal as China yet. An example is that Rosti registered a company in Malaysia ten years ago, but did not invest any money at the time. This led to some complications in their current investment. Since their name was already registered they could not register their new investment in the same name.

In accordance with Malaysian regulations a period of 15 years must pass before any company can re-use that name, even if it is the same company that registered the name initially.

**One of the most important** arguments and predictions for Rosti's long-term investments in Malaysia is their low labour costs. In comparison to an already heavy industrialized country, such as China, Rosti expects that costs in China will

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increase faster than in Malaysia.

**According to Malaysian law, when starting a new business** in Malaysia there needs to be two shareholders, one natural and one legal person. Each of them needs to deposit 1 Malaysian Ringgit (2,17 SEK). When the company and the name is approved the legal person can purchase one share from the natural person and deposit the necessary capital.

- The size of the capital depends on the purpose, but typically at least 2.5 million Ringgit in order to apply for a business license, says Rosti's CFO Mikael Dittmann. Two of the board members also need to be residents in Malaysia.

**In Malaysia commercial services are available** to set up new companies in a fast and profitable way.

- Generally, there is extensive paperwork about the company creation and a lot of board resolutions to be presented, so I will at any time recommend that you invest money in a competent and effective counsel. You will get lost in a paper jungle of trying to do it all yourself, and generally company law is more complex than in Scandinavia, says Mikael Dittmann.

Even with the 'paper jungle' Rosti did not find it problematic; contrariwise they feel like the procedure of starting a company in Malaysia is fast and simple.

- We received positive feedback everywhere, says CEO Börje Vernet.