



MALAYSIA: INVESTMENT PERFORMANCE

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STATEMENT BY:

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Approved Investments Up 26% in January-September 2013

Malaysia continues to attract a significant level of investments in the first nine months of 2013. From January to September 2013, approved investments in the country reached RM136.9 billion, an increase of 26% from the corresponding period in 2012 (RM108.5 billion). Investments were contributed by approved projects in the manufacturing, services and primary sectors (agriculture, mining, plantation & commodities). All these sectors had reported improvements in their investments performance.

The services sector continues to lead with approved investments amounting to RM83.4 billion or 60.9%, followed by the manufacturing sector (RM35.1 billion or 25.6%) and primary sector (RM18.4 billion or 13.5%).

Domestic investments amounted to RM94.1 billion, representing 68.7% of the total approved investments while foreign investments totalled RM42.8

billion (31.3%). The 3,908 projects approved during the nine months period will generate 126,912 job opportunities.

Services Sector Sustains Strong Performance

The services sector continued to maintain its strong performance during the first nine months of 2013. A total of 3,316 services projects were approved, creating 68,436 employment opportunities, the largest potential employer of all three (3) sectors. All these projects will have substantial multiplier effects on the sector and will add a new dimension to Malaysia's economy.

Domestic investments led with investments totalling RM71 billion or 85.1% of approved investments. At the same time, foreign investments in the services sector surged from RM7.2 billion in the first nine months of 2012 to RM12.4 billion in the same period in 2013.

For the period January-September 2013, MIDA approved seven (7) projects proposing to make Malaysia their Global Operations Hubs for businesses. The investments valued at RM8.8 billion. These are mainly existing manufacturing companies that are now expanding their investments to higher value-added activities. The projects have substantial investments with significant spin-off effects on the economy. These activities are expected to create job opportunities for more than 4,000 knowledge-based or highly technical skilled workers, as well as putting Malaysia on course for greater integration into the Global Supply Chain/Global Value Chains.

Manufacturing Sector Rises, Underpinned by the E&E Industry

Investments in the manufacturing sector increased by 8% from RM32.4 billion in the first nine months of 2012 to RM35.1 billion for the corresponding period in 2013. Of these, RM27.3 billion or 78% were new projects, while the balance were reinvestments in expansion or diversification projects by existing investors. The manufacturing projects approved are expected to create 57,373 jobs of which 46,168 will be in the managerial (4,059), technical and supervisory (6,169) and skilled manpower (35,940) categories.

In the first nine months of this year, foreign investments in approved manufacturing projects rose by 29% to RM20.9 billion from RM16.2 billion in the same period last year. The increase reflects the country's competitiveness as a location of choice for investments. Singapore accounted for about RM3.7 billion of FDI, second to the US which invested about RM5.7 billion. Other major sources of foreign investments were the Republic of Korea (RM2.7 billion), Japan (RM2.4 billion) and the Netherlands (RM2.3 billion). Domestic investments contributed RM14.2 billion or 40.5% of total investments approved in the manufacturing sector from January to September 2013.

E&E, basic metal products, petroleum products, food manufacturing, transport equipment, chemical and chemical products, non-metallic mineral products, machinery & equipment and scientific & measuring equipment constituted 89.7% (RM31.5 billion) of the total investments approved in the first nine months of 2013.

Essentially, investments in the E&E industry for the first nine months of 2013 increased by 107.5% from the total investments approved for the whole of 2012. Foreign investments in the industry increased by more than three-fold to RM7.5 billion for the period of January - September 2013 compared with RM1.7 billion in the corresponding period last year. It is noteworthy that there is also a significant improvement in terms of the quality of these projects. As a result, the Capital Investment Per Employee (CIPE) ratio increased from RM220,000 in 2012 to RM560,000 in 2013 (January-September).

The existing electronics companies have not only expanded their operations horizontally but also extending the vertical integration of their operations by incorporating higher ends activities, particularly on design and development. This will harness the strength of the human capital in Malaysia.

The growth of the local electronics industry is riding on the enormous potential in the mobile and communication space of the industry, especially the mobile devices market. The worldwide mobile phone market is forecast to grow 7.3% through end of 2013. The electronics industry in Malaysia is not left out in the worldwide smartphone sales, which is expected to surpass 1 billion units in 2013 as the country supplies components such as sensors and radio frequency (RF) chips to some of the most prominent mobile phone makers globally.

The local SMEs continue to play a major role in supporting the growth of the electronics industry. Throughout years of exposure to numerous multinational companies (MNCs) operating in Malaysia, the local talent pool

benefitted by learning continuously to design and innovate. The courage and entrepreneurial spirit amongst the local talents have created numerous SMEs providing high value services and products.

Four-Fold Spike in Primary Sector

Approved investments in the primary sector for the period of January-September 2013 (RM18.4 billion) are four times the value reported in January-September 2012 (RM3.6 billion). The mining sub-sector led the other sub-sectors with approved investments of RM17.9 billion in 25 projects, mainly from the oil and gas exploration activities.

Moving Forward

Amid the still challenging economic environment, Malaysia's investments climate is expected to remain positive throughout 2013. Malaysia is on track to exceed the annual investments performance achieved last year.
