



MEDIA RELEASE

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MALAYSIA REGISTERS RM57.4 BILLION OF INVESTMENTS IN Q1 2015 Manufacturing Sector Continues to Soar

Malaysia recorded RM57.4 billion of approved investments in the primary, services and manufacturing sectors for the first quarter (Q1) of 2015. The manufacturing sector led with investments of RM33.6 billion, accounting for 58.5% of the total, followed by the services sector at RM22.3 billion or 38.9% and the primary sector at RM1.5 billion or 2.6%.

International Trade and Industry Minister Dato' Sri Mustapa Mohamed said the amount represented a 18.8% increase over the same period last year, which recorded RM 48.3 billion in approved investments.

"This increase comes despite the World Bank's lower growth forecast for the Malaysian economy for 2015. It reflects the faith of investors in Malaysia as an attractive investment destination and Malaysia's ability to hold its own in an increasingly competitive environment," he said.

Dato' Sri Mustapa said policies and processes implemented under the Government Transformation Programme and the Economic Transformation Programme were key to enhancing Malaysia's status as a preferred investment destination. "This is reflected in our rankings by international organisations: The IMD World Competitiveness Center ranked Malaysia as the 14th most competitive nation among 60 economies. The World Bank, which compares 189 countries, ranked Malaysia as the 18th easiest place to do business. The World Economic Forum, which compares 144 countries, ranked Malaysia 20th most competitive," he said.

The Minister also noted that the bulk of the investments came from domestic sources, which contributed RM47.4 billion or 82.6% of the total investments while foreign sources contributed RM10 billion or 17.4%. "This is in line with the goals of the Government to promote higher domestic investments to spearhead economic growth. Projects approved in Q1 2015 are expected to generate about 48,120 jobs opportunities," he said.

These approved projects are expected to enhance among others, the growth of domestic companies, cluster development, local sourcing, R&D activities and human capital development.

The approved investments comprise:

MANUFACTURING SECTOR

For the first three months of 2015, approved investments in the manufacturing sector surged 152.6% compared with the corresponding period in 2014. The higher level of investments were from the Petronas project in Pengerang, Johor, to build a refinery and cracker plant as well as expansion and diversification activities by existing electrical and electronics (E&E) manufacturers in storage devices, and semiconductor sub-sectors. The petroleum, petrochemicals, and E&E products accounted for RM29.5 billion or 87.8% of total approved investments in the manufacturing sector.

The E&E projects contributed RM4.1 billion or 49.4% of investments of the non-oil sector. The industry continued to attract high levels of investments after a strong performance of RM11.1 billion recorded in 2014. Almost three-quarters of the E&E projects approved in January-March 2015 will export 80% of their products, indicating their major role in generating export earnings.

Capital-intensive projects continue to dominate the approved investments for the manufacturing sector. Capital intensity, as measured by the capital investment per employee (CIPE) ratio of projects approved in Q1 2015 was at

RM1,221,812. The CIPE ratio of manufacturing projects in Q1 2015 has registered an increase of 62% compared with the ratio in Q1 2014 (RM753,203). Projects with investments of at least RM100 million or more accounted for more than 90% of approved investments. Encouragingly, investments in small and medium sized (SML) projects held their own as well, with the approval of 176 projects of less than RM100 million each, compared to 174 projects in the corresponding period last year.

The largest number of projects will be located in Johor, Penang, Selangor, Kedah and Malacca, accounting for 96.1% or a total of RM32.3 billion of approved investments in this sector.

The leading sources of foreign investments for the first three months of 2015 were the United States, Japan, Netherlands, Singapore and China. These five countries jointly accounted for 88.1% of total foreign investments approved in the manufacturing sector for this period.

Dato' Sri Mustapa said the manufacturing projects approved will create 27,553 job opportunities. The jobs created include 1,270 electrical and electronics engineers, 1,510 mechanical engineers and 1,070 chemical engineers. In addition, the approved manufacturing projects will also require about 1,827 skilled craftsmen such as plant maintenance supervisors, tools and die makers, machinists, IT personnel, quality controllers, electricians and welders.

SERVICES SECTOR

In Q1 2015, a total of 588 projects in the services sector were approved with investments of RM22.3 billion (38.9%). Domestic investments dominated with investments of RM19 billion or 85.2% of approved investments, while the balance of RM3.3 billion were from foreign sources.

These approved services projects are expected to generate about 20,200 job opportunities, of which more than 90% would be in the distributive trade, hotel & tourism, MSC status, health services and global operations hub.

Real estate led the services sector investments with RM6.5 billion in 189 projects. Domestic sources made up 97.5% of these investments. In the utilities sector, RM4.8 billion, which are 100% from domestic sources, was approved, contributing to an increase of 182.4% from Q1 2014 (RM1.7 billion).

Investments in global operations hub also registered a significant increase, by almost three-fold from RM673.7 million in Q1 2014 to RM2.6 billion in Q1 2015. Domestic investments accounted for RM2.3 billion while foreign investments amounted to RM282.3 million. These include a project by a Malaysian-owned regional retail chain to set up its Global Trading Services Centre which will enhance the development of the luxury goods retail industry and create more than 1,000 job opportunities.

PRIMARY SECTOR

Investments in the primary sector amounted to RM1.5 billion with foreign investments of RM0.8 billion and domestic investments of RM0.7 billion. The mining sub-sector led with investments in oil and gas exploration activities of RM1 billion followed by plantation & commodities (RM393.3 million) and agriculture (RM68.8 million).

CONCLUSION

Dato' Sri Mustapa, while welcoming this first-quarter 2015 performance, also warned against complacency. "This is an excellent performance, but we must sustain the momentum. Competition is rising globally and we need to ensure that we stay one step ahead," he said.
