



MEDIA RELEASE

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APPROVED INVESTMENTS TOTALLED RM113.5 BILLION IN JAN-SEPT 2017 ***Local Companies Continue to Spearhead Investment Activities in Malaysia***

Kuala Lumpur, 14 December 2017 - Malaysia recorded a total of RM113.5 billion worth of approved investments in the manufacturing, services and primary sectors for the first nine months of 2017. This was 26.5% lower than the investment of RM154.3 billion approved in the same period last year. These investments involved 3,886 projects and will create 91,500 employment opportunities.

Similar to the performance registered in the first half of 2017, this decline was mainly attributable to the lower quantum of approved investments recorded in the services sector i.e. a drop of 37.6%. This was in line with the subdued property market that is expected to persist until the end of the year. Manufacturing sector too declined 15.5% partly due to the higher base reported previously as a result of approvals associated with lumpy projects (Pengerang and RAPID project in Johor) as well as the softening global FDI trend for this sector as highlighted by UNCTAD's World Investment Report 2017.

Despite this moderation, Malaysia's strategy of positioning local companies as the primary driver of the country's growth is paying off. More than 73.5% of the approved investments were from local sources, with foreign investments making up the rest. In fact, during the period, Malaysian companies were the lead in all main sectors - manufacturing, services and primary. The higher component of approved domestic investments is in line with the Government's drive to ensure sustainable economic growth in the future. Under the Economic Transformation Programme (ETP) domestic investments are targeted to account for 73% of total investments by the year 2020.

The 2018 Budget placed a greater emphasis in nurturing local companies especially small and medium enterprises (SMEs) with a big boost of RM23.7 billion in the forms of allocation, grants, soft loans and guarantees. With the comprehensive allocations that cover various aspects of SME development and empowerment, the Government is optimistic that local companies will be able to rise up to the challenge to spearhead the economy of tomorrow.

Services Sector

The services sector attracted RM69.2 billion worth of investments from 3,386 projects that are poised to generate 57,884 employment opportunities. Out of the total, 81.2% or RM56.2 billion were from domestic sources and balance 18.8% or RM13.0 billion were from foreign sources.

The bulk of the investments in the services sector were from real estate with RM28.4 billion, followed by ICT (RM7.9 billion), distributive trade (RM7.2 billion), financial services (RM6.6 billion) and utilities (RM6.5 billion).

A policy review on Principal Hub (PH) scheme was undertaken earlier this year. Since its completion in July 2017, MIDA has approved 6 PH projects with investments worth RM1.5 billion in third quarter of 2017. The agency is currently in the process of evaluating several PH projects and MIDA foresees that more sizeable investments could be approved soon.

Manufacturing Sector

A total of 464 manufacturing projects worth RM35.0 billion were approved in first nine months of 2017 with potential employment creation of more than 32,700 for Malaysians. Majority of these investments were in petroleum products including petrochemicals (RM12.4 billion), electronics and electrical (E&E) (RM8.8 billion), chemicals & chemical products (RM2.7 billion), non-metallic minerals (RM2.5 billion) as well as scientific & measuring equipment (RM2.0 billion). These make up 81.1% of total approved investments for this sector.

Domestic investments were dominant, accounting for nearly 60% of the total investment approved for the sector while the balance was contributed by foreign sources. Among domestic companies that continue to embark on new or expansion and diversification projects during the period are Petronas Floating LNG, Salutica Allied Solutions, Inari Technology, Sime Darby Biodiesel, Omni Oil Technologies, Saiyakaya and Kibaru Innovation.

In terms of foreign investments, the top sources were Switzerland, Netherlands, Singapore, Hong Kong and Germany. These five countries jointly accounted for 63.4% of total foreign investments approved in the manufacturing sector for this period. Notably, 70.4% of foreign investments in the manufacturing sector were expansion or diversification projects by renowned existing investors such as TF-AMD Micro-Electronics, Longi, Osram, and ASE Electronics Malaysia.

Approved Manufacturing Projects by State

Sarawak registered the highest recipient of approved investments amounting to RM10.5 billion, followed by Penang (RM9.9 billion), Johor (RM3.7 billion), Melaka (RM3.2 billion) and Selangor (RM3.0 billion). Collectively, these states contributed 86.6% or RM30.3 billion to the total approved investments. These projects will contribute more than 26,000 job opportunities to these states.

Primary Sector

In January – September 2017, the primary sector attracted investments worth RM9.3 billion, 390.5% higher than the amount reported in the corresponding period last year. Investments by domestic sources totalled RM6.4 billion while foreign investments contributed RM2.9 billion.

The mining sub-sector took the lead with approved investments of RM8.6 billion in 21 projects, followed by the plantation and commodities sub-sector with investments of RM612.5 million, and the agriculture sub-sector made up the rest.

Conclusion

The Government has long recognised the prospects of local companies and will continue to harness their potential to propel the economy to higher growth. MITI and its agencies, including MIDA have been intensifying its efforts in engaging local players through various programmes specifically tailored to facilitate their growth. Among programmes undertaken by MIDA this year include the Supply Chain Conferences at national and regional levels, aimed at connecting foreign multinational corporations (MNCs) with local companies to enable the latter to integrate into the MNCs' global supply chain.

This year also witnessed the formation of a dedicated SME Investment Desk at MIDA HQ and its twelve regional offices, underscoring MIDA's commitment to facilitate domestic investments. Just within 10 months of its establishment, a total of 19 programmes including roundtable meetings, networking sessions, workshops and outreach programmes have been organised, benefitting nearly 400 local companies.

FDI remains significant to the growth dynamics of the country. Quality FDIs will continue to be important due to its interplay with domestic investment, particularly in capacity building through transfer and diffusion of skills and technology. Thus, when it comes to FDIs, MIDA's promotion efforts will be directed towards attracting FDIs that will complement the country's aspirations of becoming a developed nation.

As at the second week of December 2017, MIDA has 252 projects in the pipeline for the manufacturing and services sectors with total proposed investment of RM10.5 billion. Majority of these investments are in the machinery & metal products, chemicals, global establishment as well as green technology industries.
