

**SPEECH BY YB DATUK DARELL LEIKING
MINISTER OF INTERNATIONAL TRADE AND INDUSTRY
ANNUAL MEDIA CONFERENCE 2019
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Acknowledgements

YB Dr. Ong Kian Ming
Deputy Minister of MITI

YBhg. Dato' Sri Norazman Ayob
Deputy Secretary General (Trade) of MITI

YBhg. Dato' Azman Mahmud
Chief Executive Officer of MIDA

Your Excellencies Ambassadors,

Members of the Media,

Distinguished Guests,

Ladies and Gentlemen,

Good afternoon.

1. I am pleased to join all of you at today's event to announce the approved investments in the manufacturing, services and primary sectors for 2018.
2. I am encouraged by the large turnout for this announcement. This reflects the overwhelming interest in knowing how the country has performed last year.

Ladies and Gentlemen,

Overall Performance

3. Malaysia is set to leverage on the improving trend of private investments, supported by the positive sentiments arising from the new Government's business-friendly policies and clear economic direction. This is reflected in the total approved investments in the manufacturing, services and primary sectors, which charted RM201.7 billion in 2018. To break it down further, investments approved for the period of January to June 2018 were valued at RM86.1 billion, while a total of RM115.6 billion investments were approved for the period of July to December 2018.

4. These investments are from 4,887 projects that will create over 129,700 job opportunities for Malaysia. The ratio of foreign and domestic investments is in line with the Government's aspiration for domestic investments to assume the important role of driving Malaysia's investment agenda.

Highlights of the Manufacturing Sector

5. The manufacturing sector emerged as the champion, recording a significant margin, a notable 37.2% higher than 2017. Well done, MIDA!
6. Foreign investments in approved manufacturing projects have more than doubled, reflecting the country's success in its targeted approach in attracting quality investments. Majority or 69.5% of FDI were in new projects, with the remaining being expansion and diversification projects. This shows that in addition to existing foreign companies expanding or diversifying in the country, more international investors are choosing Malaysia as their preferred investment destination.
7. China, Indonesia, the Netherlands, Japan and the USA were the largest contributors to the manufacturing sector in Malaysia for 2018. These five countries jointly accounted for 76.4% of the total foreign investments approved in the sector.

Example of manufacturing projects

8. **Pentax Medical** from Japan is among the foreign projects approved in the manufacturing sector. The company, which is one of the top three endoscopic and surgical system manufacturers in the world, will be setting up its new manufacturing facility in Penang. This project is expected to create 193 job opportunities, whereby 77% will be Malaysians particularly in the managerial, supervisory and technical category.
9. Another notable project is **Jinjing Technology** from China that will be located at the Kulim Hi-Tech Park. The company will contribute to the development of the solar and glass ecosystems in Malaysia. It will provide 855 job opportunities to Malaysians, with salaries between RM3,000 to RM10,000 a month.
10. **Testhub** is an exemplary Malaysian company in the E&E industry. It is the only Malaysian entity that has the capability to design and manufacture test boards and test programmes, as well as provides one stop testing solutions to global MNCs. This knowledge-based company, located in Melaka, employs highly skilled local talents in the fields of E&E engineering as well as physics.

Capital intensive

11. Capital intensive projects, which involve advanced technology and skilled manpower, dominated the manufacturing landscape. This is represented by

the 81 projects approved with investments of RM100 million or more, which is 43.2% higher than in 2017.

Export-oriented

12. The manufacturing sector remains a key contributor to the nation's exports. A total of 37.3% manufacturing projects approved will be making Malaysia their hub for the international markets, whereby 80% of their products will be exported.

Approval by industry

13. The petroleum products including petrochemicals industry with approved investments of RM32.9 billion contributed the lion share to the overall performance in the manufacturing sector. A notable project in this industry is **Sarawak Petchem** which is part of the Sarawak State Government initiative to develop Bintulu as a petrochemical hub. This is in addition to investments by **Pengerang Energy Complex** and **Petronas Chemicals Isononanol** that will be located in Johor.
14. Other industries with high levels of approved investments include basic metal products, E&E products, chemicals and chemical products, and machinery & equipment.

Ladies and Gentlemen,

Highlights of the Services Sector

15. The services sector continued to be the cornerstone of the nation's economic growth as it was once again the largest contributor of the total approved investments in 2018. Domestic investments contributed 84.1% while foreign investments made up the rest. Foreign investors were strong in the distributive trade and global establishment subsectors. These two subsectors alone contributed 55.8% to the total foreign investments in the services sector.

Principal Hub projects

16. Malaysia has been well positioned to attract MNCs to set up their global and regional bases in the country. For 2018, a total of eight new Principal Hub projects were approved, with committed business spending of RM7.1 billion. These include **Smart Modular Technologies, Frencken Group, Onwards Media Group (OMG) and Jobstreet.**
17. US-based **Smart Modular Technologies**, for example, has made Malaysia its base to undertake supply chain management from 3rd party suppliers to 3rd party customers. This translates to employment opportunities for 90 Malaysians. The company will utilise big data, cloud computing and real-time analytics technology to efficiently manage its global supply chain, which will involve over one million components, 220 suppliers and network companies in 1,000 locations.

18. The global establishments and end-to-end supply chain management services are key components of the nation's economy. These services create trade efficiency and competitive advantages for other Malaysian industries.

Initiatives for Local Service Providers

19. Given that the services sector is dominated by domestic industry players, the Government has introduced various initiatives to provide more business opportunities for Malaysian service providers. This includes the introduction of a mechanism to encourage better linkages with local service providers in the fields of architecture, engineering, transportation, banking, insurance, legal and ICT.

Performance of the Primary Sector

20. For the primary sector, approved investments registered a decrease of 12.2% to RM10.9 billion in 2018. This is largely due to lower investments in oil and gas exploration activities. The rest of the investments, comprise of the plantation & commodities and agriculture subsectors, registered sustainable investments of RM601.8 million and RM68.8 million respectively.

Ladies and Gentlemen,

Conclusion

21. Going forward, the Malaysian economy is likely to remain on a steady path in 2019 as the country's macroeconomic fundamentals remain strong despite domestic and external challenges. MITI and MIDA trust that with the existing policies in place, Malaysia will continue to spark confidence in investors and business owners, and attract more quality investments this year.

Investments in the Pipeline

22. As to date, MIDA has 399 manufacturing and services projects with investments totalling RM23.7 billion in the pipeline. We look forward to the realisation of these projects and many more towards a dynamic economy for Malaysia.
23. On that note, thank you for your attention.