



MEDIA RELEASE

EMBARGOED UNTIL 14 MARCH 2019, 5.00 PM

APPROVED INVESTMENTS IN THE MANUFACTURING, SERVICES AND PRIMARY SECTORS CHART RM201.7 BILLION IN 2018

Performance of the Manufacturing Sector Rose by 37.2%

14 March 2019, Kuala Lumpur – “Malaysia is set to leverage on the improving trend of private investments bolstered by the positive sentiments arising from the new Government’s supportive policies and clear economic direction. This is reflected in the total approved investments in the manufacturing, services and primary sectors, which has increased from RM200.6 billion in 2017 to 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,” said YB Datuk Darell Leiking, Minister of the International Trade and Industry (MITI).

The ratio of foreign and domestic investments is in line with the Government’s aspiration for domestic investments to assume the pivotal role of driving Malaysia’s investment agenda. The pie was split with domestic direct investments (DDI) assuming 60.1% of the share at RM121.2 billion, while foreign direct investments (FDI) accounted for the remaining 39.9% or RM80.5 billion. Foreign investors continue to capitalise on uniquely Malaysian ecosystems and its regional synergies as FDI increased by 48% from RM54.4 billion in 2017.

The manufacturing sector emerged as the champion, recording a significant margin with approved investments totalling RM87.4 billion in 2018, a notable 37.2% higher, as compared to RM63.7 billion in 2017. The services and primary sectors recorded investments of RM103.4 billion and RM10.9 billion respectively in 2018.

Manufacturing Sector

Malaysia continued to attract high levels of foreign investments in the manufacturing sector despite the global economic slowdown. Foreign investments in approved manufacturing projects have more than doubled to RM58.0 billion in 2018 from 2017's figure of RM21.6 billion, constituting 66.4% of the total approved investments in the manufacturing sector. This reflects the country's success in its targeted approach in attracting investments in high value-added and knowledge-intensive industries.

Majority of FDI were in new projects, totalling RM40.3 billion (69.5%), with the remaining RM17.7 billion (30.5%) 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.

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 RM44.3 billion or 76.4% of the total foreign investments approved during the period.

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.

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.

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 projects, which involve advanced technology and skilled manpower, dominated the manufacturing landscape, represented by the 81 projects approved with investments of RM100 million or more. This is 43.2% higher than in 2017. Investments into these projects reached RM75 billion or accounted for 85.9% of total investments approved in the manufacturing sector. This is in line with the country’s push towards more strategic and higher quality investments,” highlighted YB MITI Minister.

“The manufacturing sector remains a key contributor to the nation's exports. Of the total 721 approved manufacturing projects, 30.7% or 221 projects will be making Malaysia their hub for the international markets, whereby at least 80% of their products will be exported,” added YB Minister.

The petroleum products including petrochemicals industry with approved investments of RM32.9 billion contributed the lion share to the overall manufacturing performance in 2018. 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.

Other industries with high levels of approved investments include basic metal products, E&E products, paper, printing and publishing, chemicals and chemical products, rubber products, non-metallic mineral products and machinery and equipment.

The manufacturing projects approved in 2018 are expected to create employment opportunities for 59,294 people. Of these, 22,449 will be in the managerial, technical, supervisory and skilled workers category.

Services Sector

The services sector continued to be the cornerstone of the nation's economic growth in 2018. The sector was the largest contributor to the total approved investments, amounting RM103.4 billion from 4,103 projects. Domestic investments contributed 84.1% or RM86.9 billion while foreign investments made up the rest or RM16.5 billion.

Foreign investors were strong in the distributive trade and global establishments subsectors recording RM4.8 billion and RM4.4 billion respectively. These two subsectors alone contributed 55.8% to the total foreign investments in the services sector.

Malaysia has been well positioned to attract MNCs to set up their global and regional bases in the country. To date, MIDA has cumulatively approved a total of 35 Principal Hub (PH) projects, with companies committing to business spending of RM35.1 billion, engaging the use of local ancillary services worth RM5.5 billion and creating 2,686 high-value jobs. For 2018 alone, a total of eight new Principal Hub projects were approved, with committed business spending of RM7.1 billion. Among the approved PH projects were Smart Modular Technologies, Frencken Group, Onwards Media Group (OMG) and Jobstreet.

US-based **Smart Modular Technologies** 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.

Another project is from Frencken Group, a high-tech capital and consumer equipment service provider. Through its newly established Principal Hub, **Frencken Group** has shifted the global supply chain

management of its Integrated Manufacturing Services division from Singapore to Malaysia. The company will incur a business spending of RM89.9 million over the next 10 years and will train 30 employees in areas such as strategic supply chain management and financial planning.

“The global establishments and end-to-end supply chain management services are key components to the nation’s economy. These services create trade efficiency and competitive advantages for other Malaysian industries. 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,” said YB Datuk Darell Leiking.

Primary Sector

Investments in the primary sector registered a decrease of 12.2% from RM12.4 billion in 2017 to RM10.9 billion in 2018. This is largely due to lower investments in oil and gas exploration activities, under the mining subsector. The rest of the investments in the primary sector comprise of the plantation and commodities subsector, and the agriculture subsector, registered sustainable investments of RM601.8 million and RM68.8 million respectively.

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. This optimism is shared by Bloomberg in its recent analysis of emerging markets, whereby Malaysia was ranked first due to its growth prospects, state of the current account, sovereign credit ratings and, stock and bond valuation.

“The Government has unveiled the National Budget 2019 to plot a path forward for Malaysia. It includes a mixture of stimuli, incentives, and safeguards to facilitate business and enhance the nation’s ongoing

competitiveness. In addition, the year 2018 marked a significant stage in the country's automation journey with the launch of Industry4WRD, the National Policy on Industry 4.0. The broad strategies and action plans under this framework will contribute to the progressive transformation of industries, boosting Malaysia as a key player on the world stage," said YB MITI Minister.

"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. As to date, MIDA has 399 manufacturing and services projects with investments totalling RM23.7 billion in the pipeline," added YB MITI Minister.

For more information, please contact:
Puan Zalina Zainol
Director, Corporate Communications Division, MIDA
Tel.: 03- 2263 2437| Email: zalina@mida.gov.my