



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

MALAYSIA INVESTMENT PERFORMANCE REPORT 2017

FORGING FORWARD 



2017: YEAR OF MANY **CHALLENGES**...



On the Global Front

- According to UNCTAD, Global FDI flows fell by 16% in 2017 to an estimated US\$1.52 trillion (earlier forecast was US\$1.81 trillion in WIR2017).
- Commodity prices and global economic activities remain subdued
- Evolving US economic policies on global trade
- Elevated geopolitical risks further amplified economic challenges



In Malaysia's Context

- Managing foreign workers
- Malaysian companies' readiness in adopting Industry 4.0
- Future-ready human capital
- Competition in attracting quality investments

RECENT FOREIGN INVESTMENTS IN MALAYSIA ...



- 28 Feb 2017 – PETRONAS and Saudi Aramco signed a Share Purchase Agreement (SPA), allowing Saudi Aramco's equity participation in PETRONAS' Refinery & Petrochemical Integrated Development (RAPID) project in Johor
- 28 Feb 2018 – YAB Prime Minister announced that the partnership has been finalised and the committed amount USD7 billion will be invested by end of March

Among the few world-scale Greenfield projects involving partnership between two professionally run National Oil Companies

RECENT FOREIGN INVESTMENTS IN MALAYSIA ...

Cont'd



- 26 Feb 2018 – **Peugeot** bought 56% stake in Naza's plant in Gurun, Kedah to establish its ASEAN Hub
- Peugeot models set to be produced in 2018 and Citroen models to be produced in 2019
- NAZA aims to export 20,000 cars from Gurun in the next 3 years

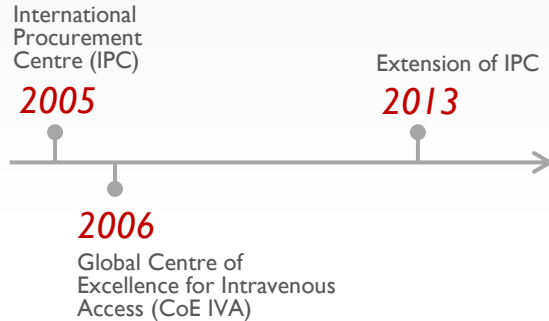
- 23 Feb 2018 – **SK Group** to establish a Regional Head Office in Malaysia covering ASEAN, India and the Middle East for a blue ocean shift
- creative collaboration in key areas such as ICT & 5G, Oil & Gas, Green Technology as well as urban development
- development of Blue Ocean Smart Cities in Malaysia, starting with Cyberjaya



COMPANIES MAKING MALAYSIA AS THEIR BUSINESS HUB



Global Center of Excellence (2005)



B. Braun Medical Industries Penang was recognised as the Global Center of Excellence for Intravenous Access (CoE IVA) products, which comprises production and R&D functions.

The Penang-based CoE is the very first CoE established outside Europe.



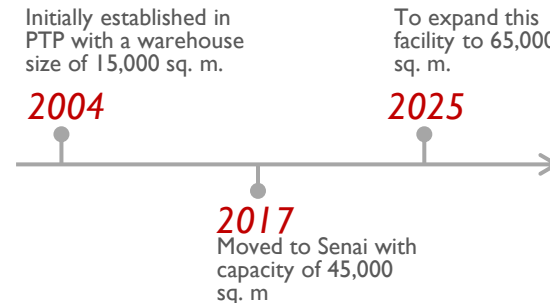
Center of Excellence for Intravenous Access Products (CoE IVA)



Regional Parts Distribution Centre (2004)

BMW began its operation in Malaysia with only assembly facilities and sales showrooms (36 in 2015)

Expanded into Regional Parts Distribution Centre (RDC) operations to support 23 countries. Ranked among the Top-10 of BMW Distribution Centres globally.



Global Operations Hub / Principal Hub (2011)

Since 1988
Total investment of over RM30 billion and employment of 500 people (100% Malaysian; 40% knowledge – workers)

Global Operations Hub

- IC testing
- R&D for semiconductors
- Procurement

1988
Only focused on manufacturing and test activities

2022 Principal Hub

- Intellectual Property Management
- R&D and Innovation
- Advanced Automotive Technology (production of automotive sensors on chips)



Regions served: USA, Europe & APAC

COMPANIES MAKING MALAYSIA AS THEIR BUSINESS HUB



Global Procurement Hub (2017)

1912

Nestle Group began its operation in Malaysia

2017

Establishment of Nestlé's Asian Procurement Hub. Today, Nestlé's only Global Procurement Hub apart from Switzerland and Panama.

 5,900 employees
90% Malaysian

 Operates 8 production facilities

 Procures raw materials for 100 countries

Honeywell ASEAN Headquarters (2015)

Honeywell has been in operation for 33 years in Malaysia and it began its presence here through manufacturing and sales & services operations (6 entities)

To set up Honeywell Group's 1st Global Procurement Centre in Malaysia to support 100 countries worldwide.

2018

2016

Establishment of Honeywell's ASEAN Headquarters (under the Principal Hub scheme):-

- 400 staff members, including 50 regional leaders and experts.
- Business development of Aerospace, Oil & Gas, Building Technologies and Safety & Productivity segments



Total investment of RM2 billion



1,500 employees



Regional Distribution Centre (2017)

Ikea has made a strategic decision to establish its Regional Distribution and Supply Chain Centre for ASEAN in Malaysia.

The Centre, which will adopt the structure and technology of IKEA's biggest Regional Distribution Centre in Germany, will also be among the top 10 largest Regional Distribution Centres of IKEA globally.



Centre will serve 12 retail stores in the region



RM907 million (within 5 years)

COMPANIES MAKING MALAYSIA AS THEIR BUSINESS HUB



Asia Regional Oil & Gas Hub (2016)

McDermott has 100 years experience in the Oil & Gas industry. It Moved its Asia Regional Oil & Gas Hub from Singapore to Malaysia. This Asia Regional Oil & Gas Hub serves 7 countries by managing:-

- Central project oversight
- Supply chain coordination
- Engineering Centre of Excellence
- 400 regional positions and engineers



12,400 employees worldwide



Global Operational Headquarters

Began operations as a Technical Training Centre to support related companies in Asia.



Has evolved into a Global Operational Headquarters (GOHQ) which supports over 100 countries worldwide by managing:-

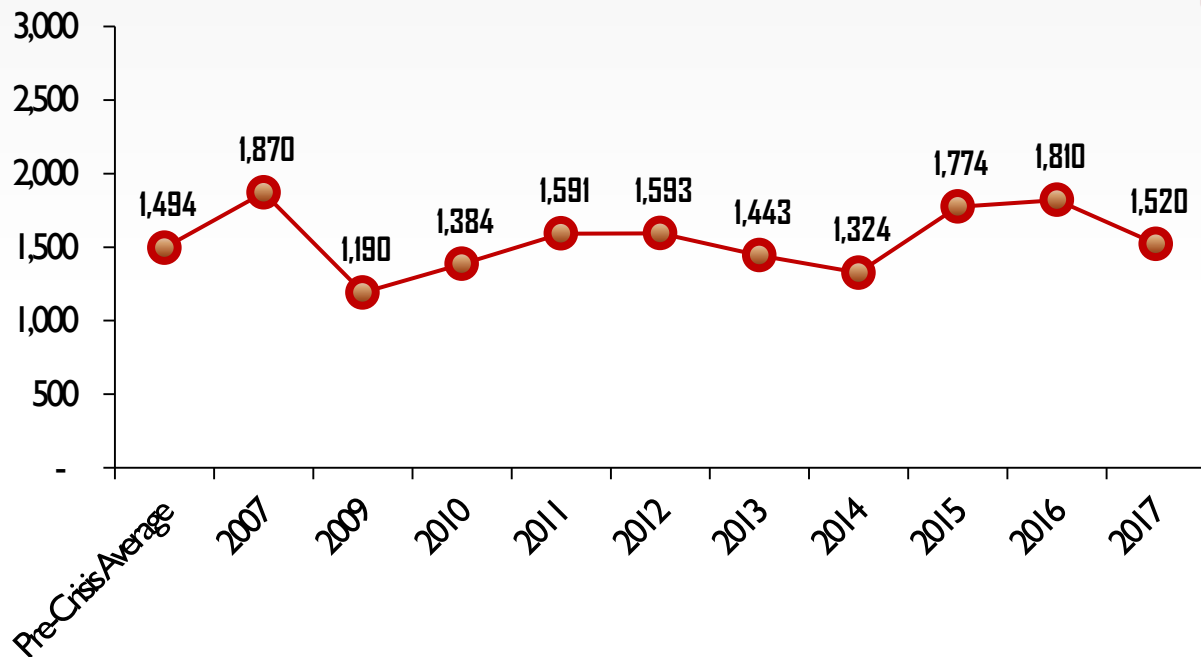
- Data Hosting Centre
- Technical support
- Strategic market development
- Customer Solutions Integration & Innovation Experience Centre (Trains 300 students yearly)

FDI INFLOWS



GLOBAL FDI INFLOWS

USD Billion



Source: UNCTAD Global Investment Trends Monitor, 22 January 2018

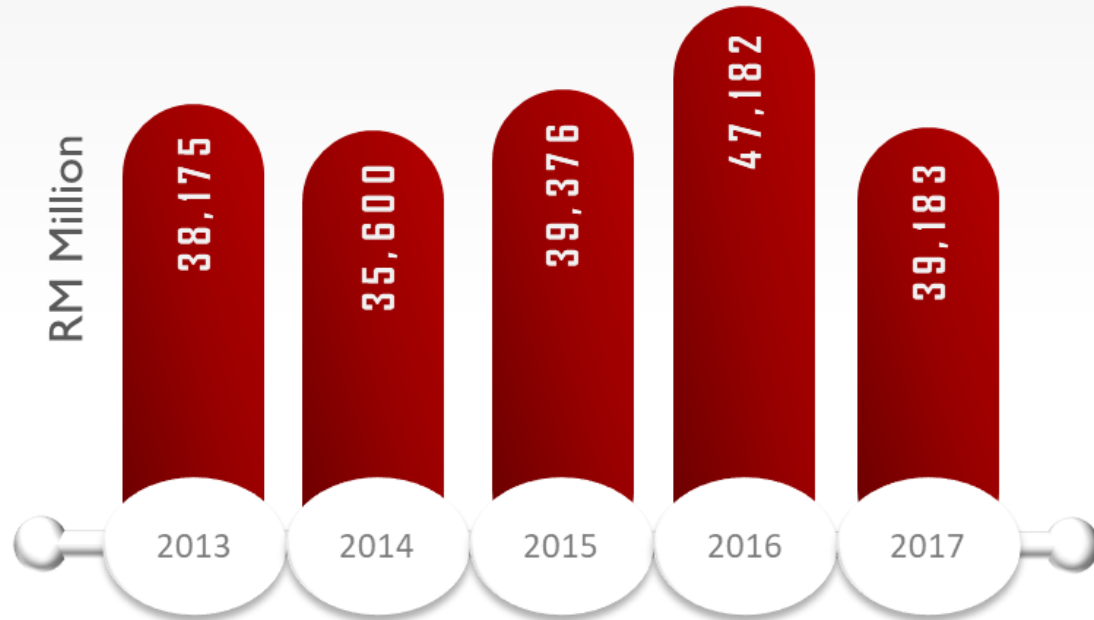


Global FDI flows **fell 16%** in 2017, reaching an estimated **US\$1.52 trillion**. According to UNCTAD, the drop is due to **weak economic growth** and **major global policy risk**

MALAYSIA'S FDI INFLOWS



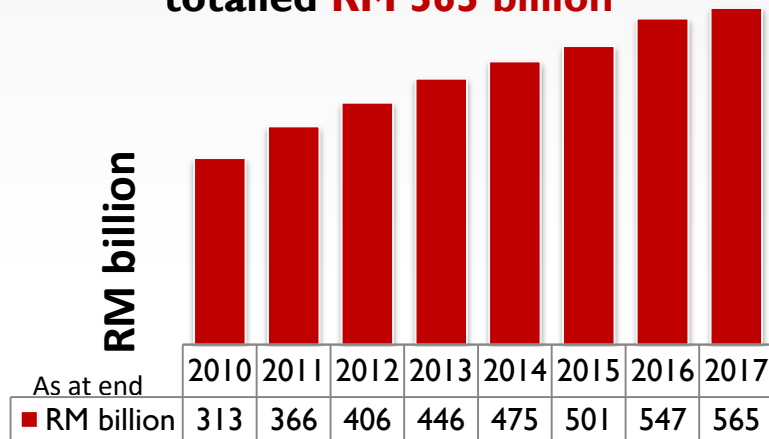
In 2017, Malaysia's FDI inflows dropped by 17% amid drop of 16% in global FDI



Source: DOSM

MALAYSIA FDI STOCK

FDI Stock in 2017
totalled **RM 565 billion**



FDI Stock by Sector

	Manufacturing,	RM231.9
	Finance & Insurance,	RM120.2
	Information & Communication,	RM 44.1
	Others,	RM168.8

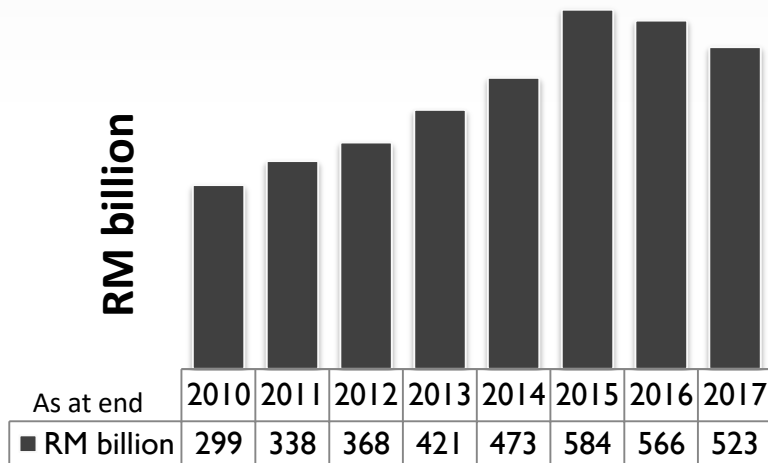
Singapore ranked 1st followed by Japan and Hong Kong in terms of FDI Stock

Ranking	Country	RM Million
1	Singapore	116,343.55
2	Japan	71,608.62
3	Hong Kong, SAR	50,380.68
4	The Netherlands	40,731.77
5	United States of America	33,407.23
6	Switzerland	29,951.76
7	Germany	24,775.19
8	Virgin Islands (British)	22,065.48
9	United Kingdom	19,409.53
10	Bermuda	15,499.62
11	China, People's Republic of	14,623.63

Source: DOSM

MALAYSIA DIRECT INVESTMENT ABROAD (DIA) STOCK

DIA Stock in 2017
totalled **RM 523billion**



DIA Stock by Sector



Finance and Insurance,
Mining & Quarrying
Information & Communication,
Others,

RM billion

RM181.2
RM82.6
RM 47.5
RM211.7

DIA Stock by Country

Rank

1



Singapore

RM 93.7 bil

2



Indonesia

RM 45.8 bil

...

Others

RM 383.5 bil

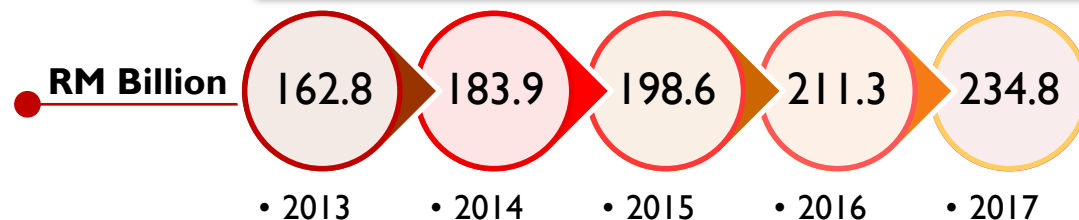
Source: DOSM

GROSS FIXED CAPITAL FORMATION (GFCF) – PRIVATE INVESTMENTS

2017 **RM234.8 billion**

2016 **RM211.3 billion**

GFCF Private Investment by Year



Source: DOSM

*In 2017, private investments registered a **growth of 11.1%** exceeding the targeted **9.4%** growth p.a. of private investments set under the **11MP***.*

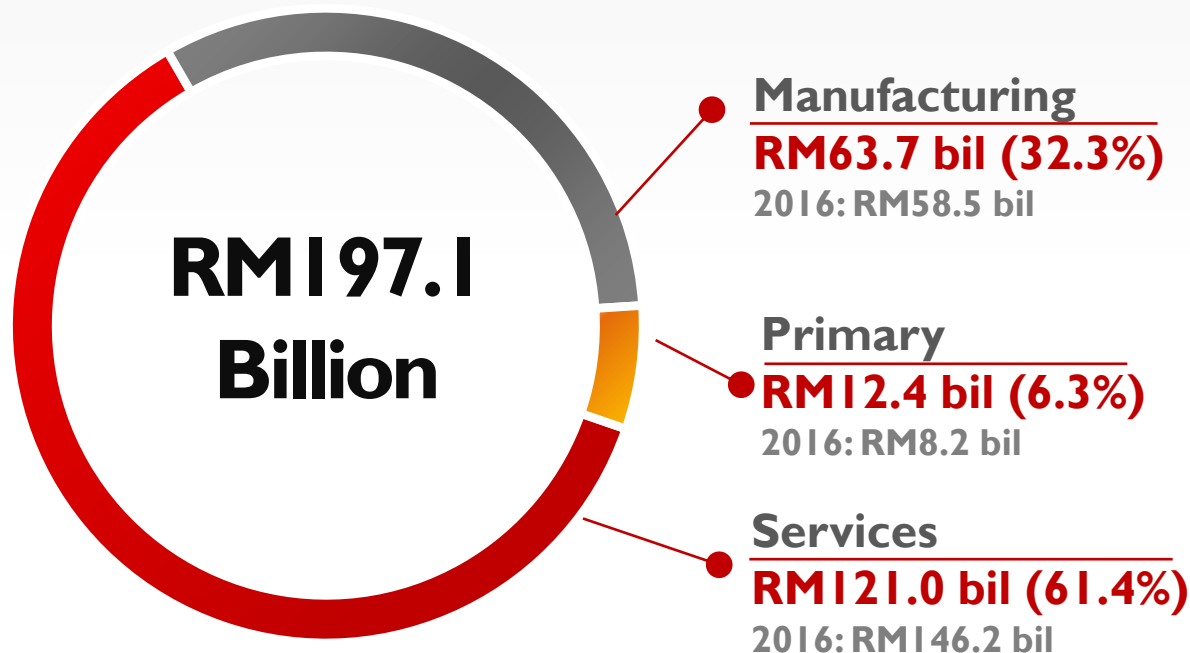
** 11MP private investments target = RM291 billion p.a.*

TOTAL APPROVED INVESTMENTS IN 2017



INVESTMENTS BY **SECTOR**

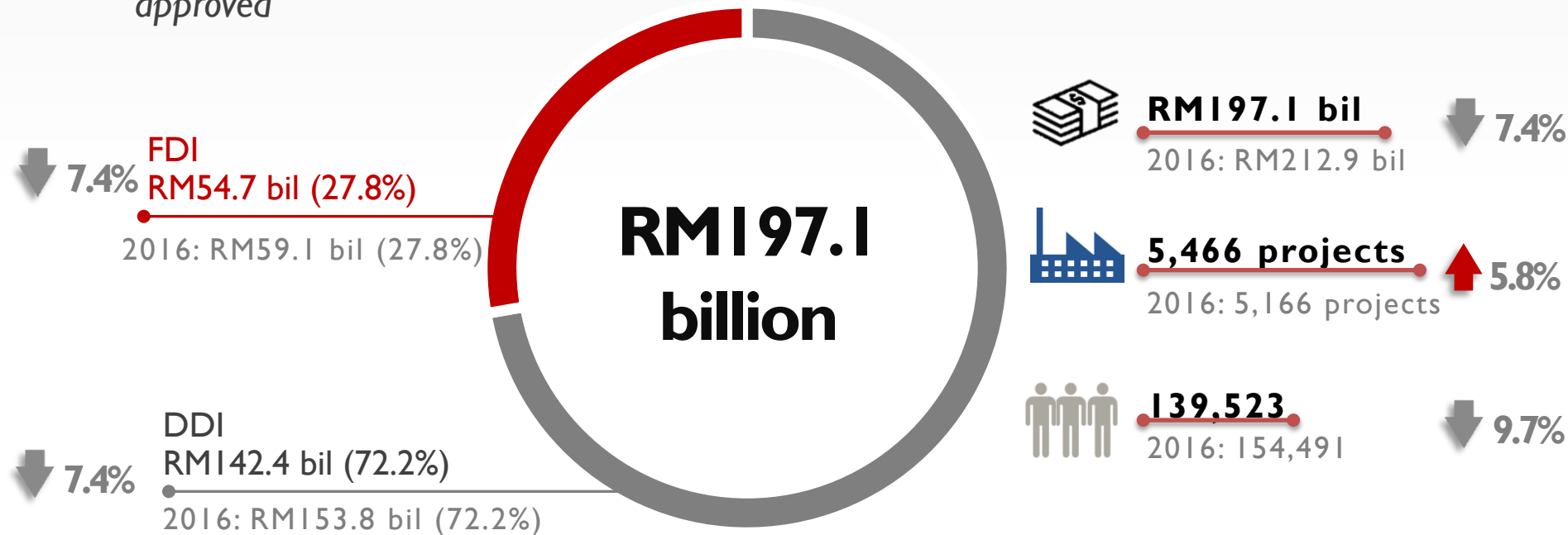
*The Services sector continued to lead with investments of **RM121 bil**, followed by Manufacturing and Primary sectors*



Source: MIDA

TOTAL APPROVED INVESTMENTS IN 2017

Overall approved investments in 2017 dropped by **7.4%** amid decline in investments in the services sector. However, the year 2017 recorded a rise of **5.8%** in number of projects approved



Source: MIDA

EMPLOYMENT CREATION IN 2017



More people employed in 2017

Dec 2017 : **14.5 mil** people
Dec 2016 : **14.2 mil** people

Unemployment rate (3.3%) lower by 0.2% in Dec 2017 compared to Dec 2016



12% increase in hiring activity year on year.



Stronger job opportunities expected in 2018

– Job Outlook Report 2018 by JobStreet.com



Manufacturing sector is expected to maintain/increase headcount

– FMM-MIER Business Conditions Survey

Source : DOSM, Job Street, FMM-MIER

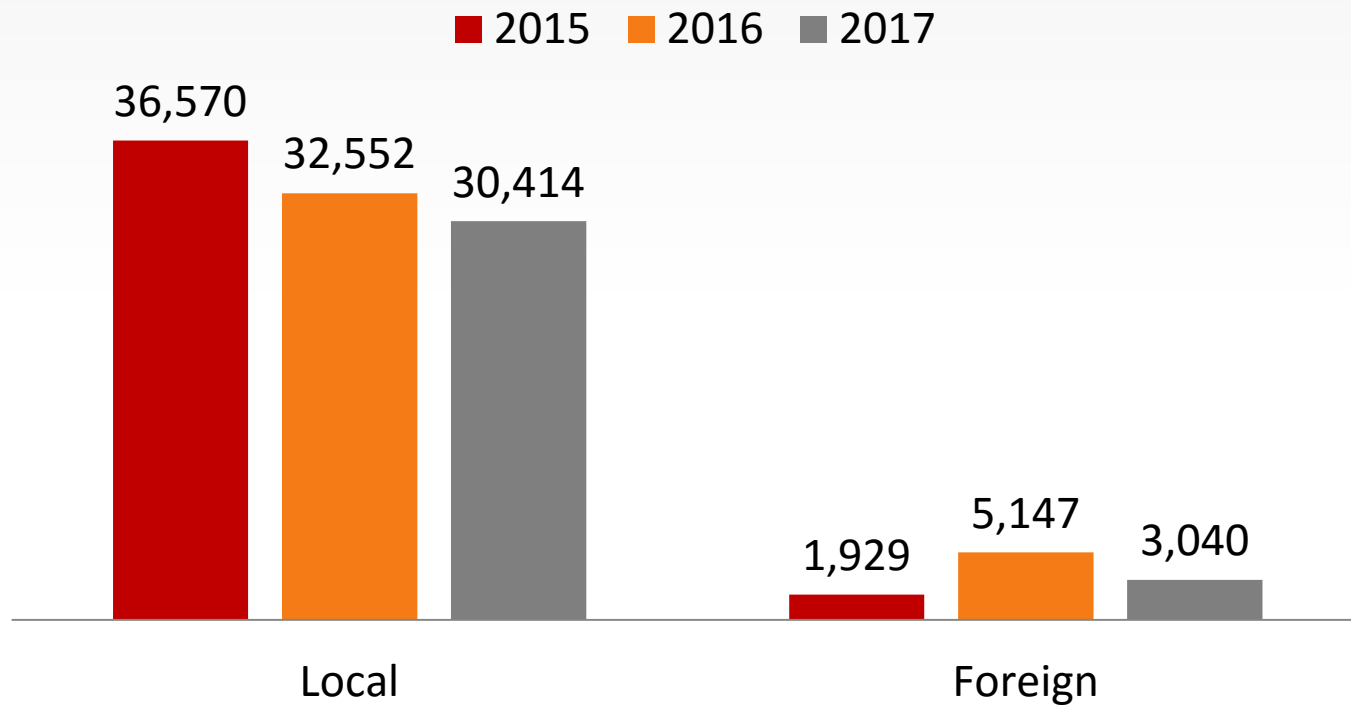
ANNUAL EMPLOYMENT BY TYPES OF ECONOMIC ACTIVITY

(‘000)

Economic Activity	2013	2014	2015	2016	2017
Agriculture	1,788	1,798	1,751	1,745	1,843
Mining and quarrying	78	78	97	86	82
Manufacturing	2,352	2,389	2,375	2,394	2,436
Construction	1,264	1,242	1,308	1,277	1,333
Services	8,062	8,345	8,537	8,661	8,789
Total Employment	13,545	13,853	14,068	14,164	14,482

Source: DOSM

RETRENCHMENT TRENDS 2015-2017



Source: Department of Labour Malaysia

EMPLOYMENT CREATION IN 2017

The year 2017 saw many companies undertaking opening ceremonies and ground-breaking announcements

More than **7,000** actual jobs from quality investments created by these companies.



Endress+Hauser

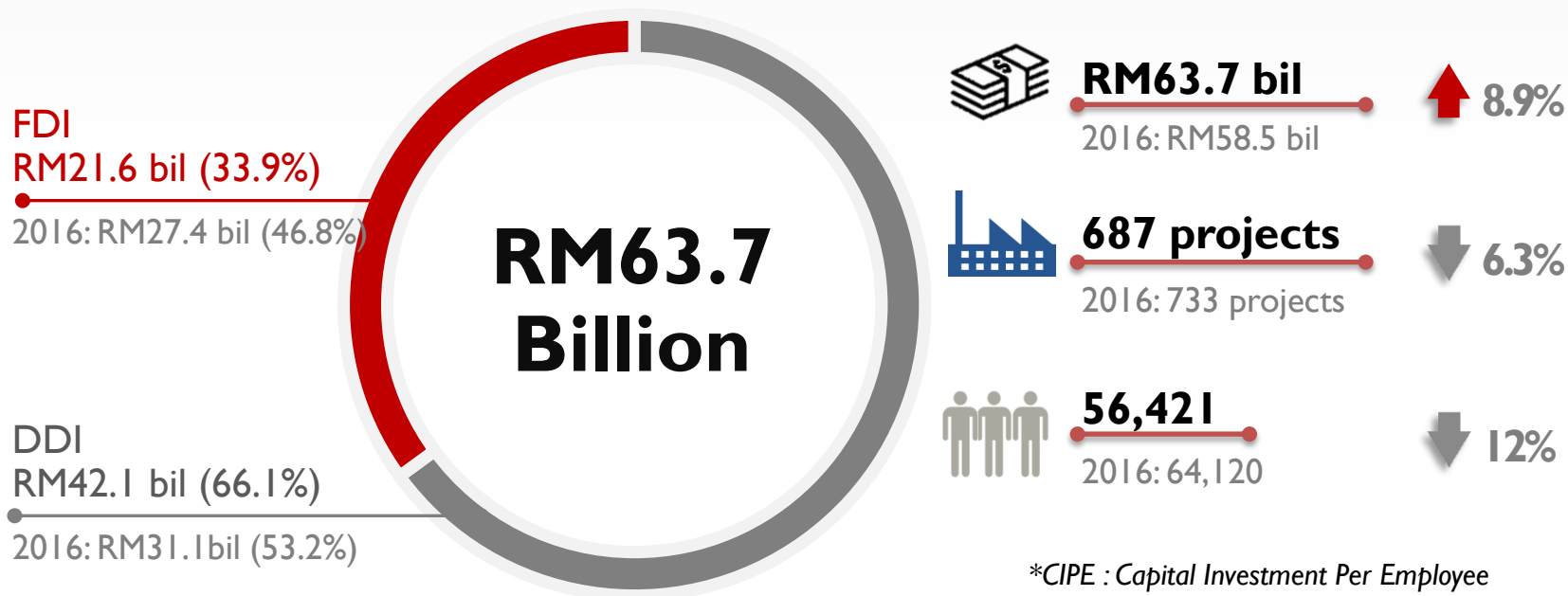


MANUFACTURING SECTOR

APPROVED INVESTMENTS IN THE **MANUFACTURING SECTOR** IN 2017

Approved investments increased by **8.9%** year-on-year, supported by *huge investments from quality projects*

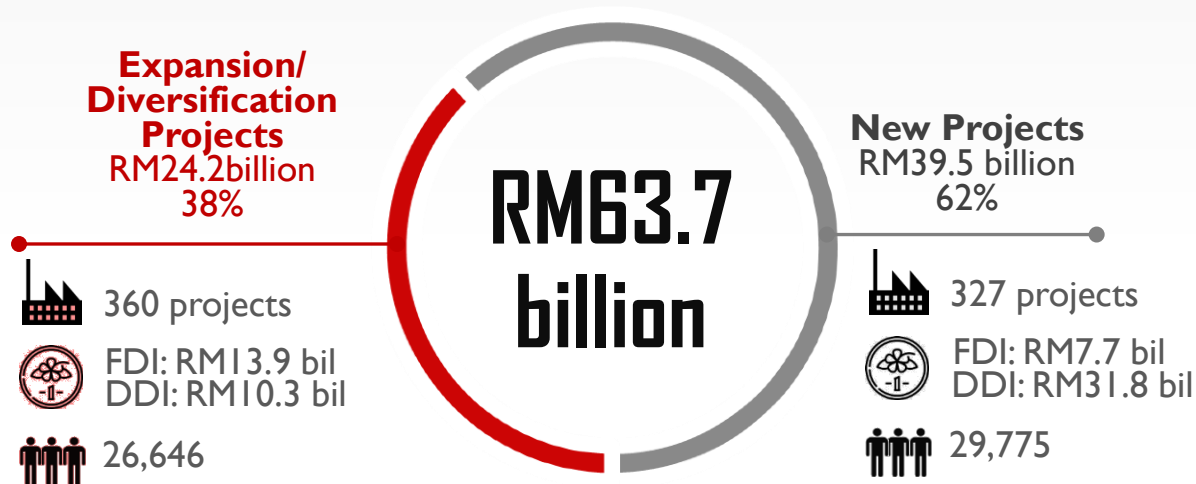
CIPE* increased by **25%** to **RM1.13 billion** from **RM0.9 billion** in 2016



*CIPE : Capital Investment Per Employee

Source: MIDA

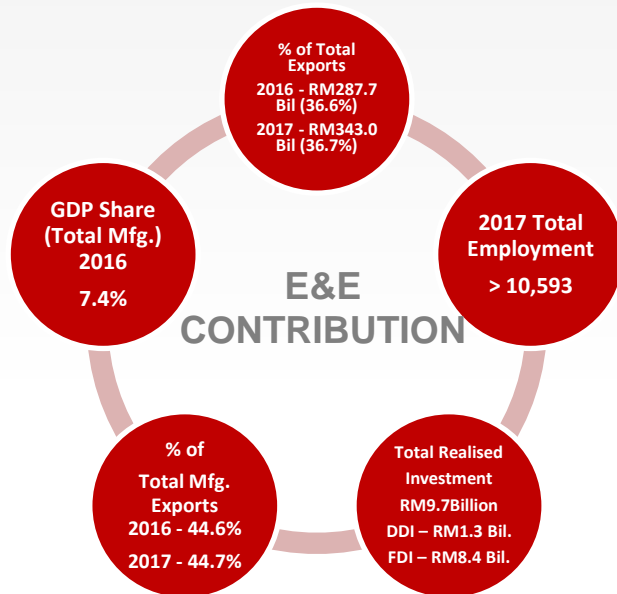
NEW & EXPANSION/DIVERSIFICATION PROJECTS APPROVED IN 2017



*Malaysia
remains a
favourable
investment
destination*

Source: MIDA

E&E OUTLOOK & CONTRIBUTION TO MALAYSIA ECONOMY



Global Outlook

Semiconductor CAGR (2016 – 2021) - 6.2% (Statista)
LED CAGR (2017-2021) – 18.4% (Research & Markets 2017)

Solar CAGR (2016 – 2020) – 15.2% (Sandler Research)

Major MNCs in the E&E Industry



Intensity in R&D activities. (R&D Centre) and Centre of Excellence



Top Export Contributor for Manufacturing (Trade Surplus)



Full Range of E&E Ecosystem & Cluster (Semiconductor, Solar, LED)

EVOLUTION OF MALAYSIA'S E&E INDUSTRY

- Started in 1970's
- Consumer Electronics: **Clarion and Bosch**
- Components: **AMD, HP, Intel, Osram, Hitachi and Texas Instruments**
- Malaysia ranks **7th in global E&E exporters** (World Trade Atlas, 2016)

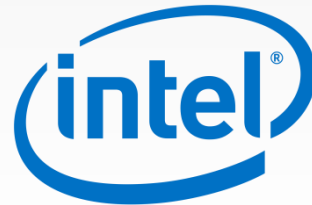
Simple components, semiconductor parts assembly and SKD electrical products	Consumer electronics parts to full assembly	Office & computer equipment (inc. hard disk drive and hard disks). Transition into R&D activities to move up value chain	Higher value-added products/activities : R&D, IC & System Design, Wafer fab, Ingot growing Low volume, high complexity and high mixed products . Digital consumer goods.	Sensors, Internet of Things (IoT) , Cloud Computing, Wireless Electronics , Nano Technology, SMART Electronics , 3D Integration, Smart Grid , Advanced Energy Storage , Fablite, Fabless, Miniaturization, Electric Vehicle (EV)	Autonomous vehicles, Robotic servants, Telekinesis, Virtual Reality, Artificial Intelligence, Smart Machines
1970's	1980's	1990's	2010's	Current	Future

- **Labour Intensive**
- **Low Technology Products**
- **Low value added**

- **Capital Intensive**
- **Knowledge Based**
- **Hi-Tech**
- **High Value Added**

E&E COMPANIES' CONTRIBUTION TO MALAYSIA ECONOMY

Intel was engaged with Assembly & test activities in the past and currently engaged with full integration of assembly & test including R&D activities with complete IoT system solution involving chipset, processors, and networking & communication devices.



RM17 billion investment



8,000 Total Employees



Global Hub of Supplier Ecosystem



1,269 local vendors have been engaged



Collaborated with UiTM, USM, UTM, UTP, UNITEN, MMU, UniMAP, UTAR for advisory panels/curriculum development

E&E COMPANIES' CONTRIBUTION TO MALAYSIA ECONOMY

Cont'd

Infineon is engaged in assembly, testing & packaging of power semiconductor, advanced logic semiconductor as well as manufacturing wafer fabrication for power and logic chip.

Infineon Malaysia is the only fully-integrated operational facility for the Infineon Group.



RM 14 billion of realised investments



10,730 Total Employees
9,388 Malaysians



Competence Centre for Megatrend Technologies and Technology Advancement of Wafer Fabrication Facility



Collaborated with UTAR, UniMAP, USM, IIUM, UM, AIMST, and KDU



302 vendors in Kulim

E&E COMPANIES' CONTRIBUTION TO MALAYSIA ECONOMY

Cont'd

Motorola Malaysia has been investing in Malaysia for 42 years and it owns the world's largest 2-way radio factory.

It has over 400k sq. ft. of high-tech manufacturing & design facilities.

Motorola facilities in Penang features Global R&D Development Centre, Global Manufacturing Centre, Centre of world wide distribution, and Asia-Pac Regional 24X 7 Support Centre.



MOTOROLA



1,586 total employees
1,100 R&D employees



60 local vendors engaged



One-Stop Radio Communication
Solutions Centre



More than 1 billion USD of realised
investments



Collaborated with USM, UTM, UM,
UTEM, UniMAP, UiTM, and UMP as
well as PSDC and Academia Advisory
Panel

E&E COMPANIES' CONTRIBUTION TO MALAYSIA ECONOMY

Cont'd

Freescale Semiconductor was established in 1972 and is currently manufacturing semiconductors.

Located in Sungai Way Free Industrial Zone, the company is also involved with 2 manufacturing related services, 1 Freescale Asia Fulfillment Centre Sdn Bhd (Shah Alam, Selling entity) - FAFC and FAFC - Global Distribution Centre in Shah Alam (2010) for Freescale (19,000 sqf).



3,975 employees



324 local suppliers



R&D Centre established in 2005



RM5.9 billion investments (as at 2016)

SNAPSHOT OF SOLAR INDUSTRY & CONTRIBUTION

Realised Investment
RM29.7 billion

Origin of investment –
China, USA, Korea and
Japan

Exports
RM11.1 billion

Local sourcing
RM1.42 billion

Total employment
32,092
(54 project s
implemented)

Investment features
high capex and
technology driven

Total Investment
RM34.2 billion

3rd largest
manufacturer of PV
modules and products

PV technologies thin
film and crystalline
silicon photovoltaic
(World largest thin film
producer – First Solar)

Integrated ecosystem
System integration -
panel / modules – cells –
wafer – ingot -
polysilicon

Malaysian solar module
capacity 7GW

Challenges – imposition
of 30% safeguard duty
by USA
(7 Feb 2018)

Trade measure being
undertaken
Filing of Request For
Consultations Under
Article 12.3 Of The
Agreement On Safeguards
(21 February 2018)

SOLAR PV CLUSTER



Investment RM2.97 billion

Annual sales RM2.8 billion

Manpower 2,306

Product / activities : Design, development and manufacture of photovoltaic cells and modules

- Exports: USA ,, Germany, Turkey, Japan , Australia,, Malaysia , Hong Kong , Others

Note:

- Starting the year 2108, the Company has changed its main export market from US to European region, reaching about 65% per month.
- Production capacity : Cells 1.8GW, Modules 1.8GW

Investment RM5.5 billion

Annual sales RM3.8 billion



- Man power 3,777
- Product / activities :Thin film solar modules, components/ semi-finished products
- Exports: 100% (USA, Germany, Australia)
- Production capacity : > 2.0 GW

Investment RM1.066 billic

Annual sales RM92 mil



- Man power 2,142

Product / activities : Monocrystalline Ingot, Wafer, Cells And Modules

Exports: Taiwan, Korea, U.S. and Europe

Production capacity : Ingot 1GW, Wafer 1GW, Cell 750MW & Module 900MW.

EXAMPLES OF QUALITY PROJECTS APPROVED IN 2017

Petronas Floating LNG I



Natural Gas (LNG)
RM 9.3 bil | 167

This is the world's first floating liquefied natural gas (LNG) facility, underscoring Malaysia's innovative capabilities.

Robert Bosch (Malaysia)



Electrical & Electronics
RM 2.6 bil | 194

Malaysia stands to benefit through development of local vendors and export gains, as 100% of its products will be exported.

Salutica Allied Solutions



Electrical & Electronics
RM 381 mil | 206

Manufacturing smart sensing system for Internet of Things (IoT) applications for fleet vehicles under its own brand FOBOT.

B. Braun Medical Industries



Medical Devices
RM 1.2 bil | 809

The company's automated and state of the art processes will promote technology transfer.

Shibata



Rubber Products
RM 25 mil | 40

One of only 4 companies in Malaysia to produce marine fenders and one of only 9 companies to produce rubber profiles and frames.

Verdezyne



Biotechnology
RM 716 mil | 75

The world's first biobased dodecanedioic acid manufacturing plant (DDDA) in Malaysia.

Fatty Chemical (Malaysia)



Oleochemical
RM 124 mil | 18

This diversification project will benefit local companies through annual sourcing of RM43.2 mil of palm stearin fatty acid

Altech Chemical

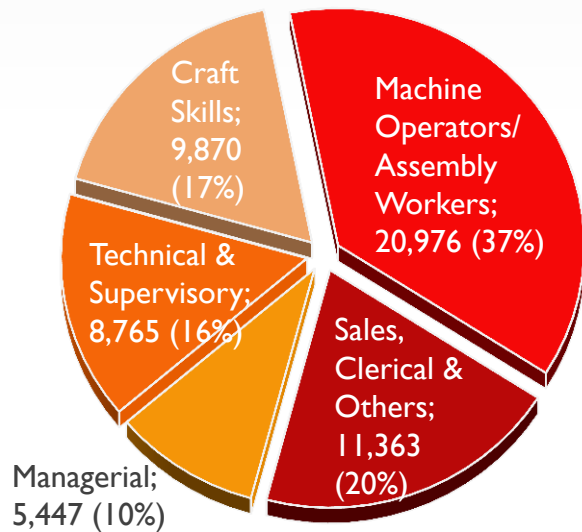


Non-Metallic Mineral
RM 1.2 bil | 168

One of the world's leading producers of 99.99% (4N) high purity alumina (HPA) through its plant in Johor – first of its kind in Malaysia.

EMPLOYMENT BY CATEGORY

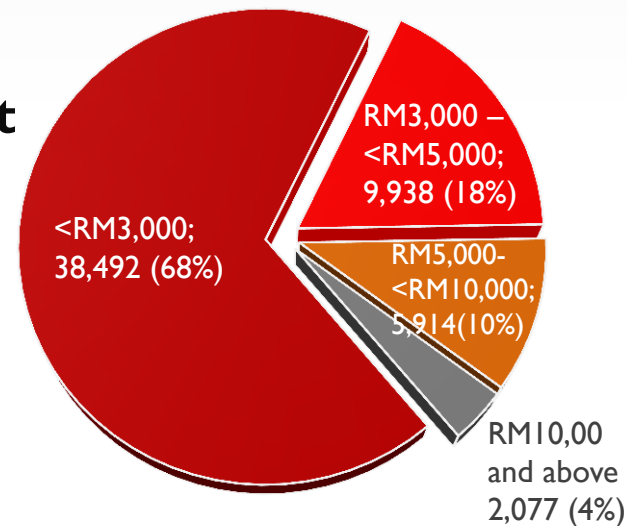
Managerial, Technical/ Supervisory and Craft Skills constitute **42.7%** of total employment



56,421
Total
Employment

EMPLOYMENT BY WAGE

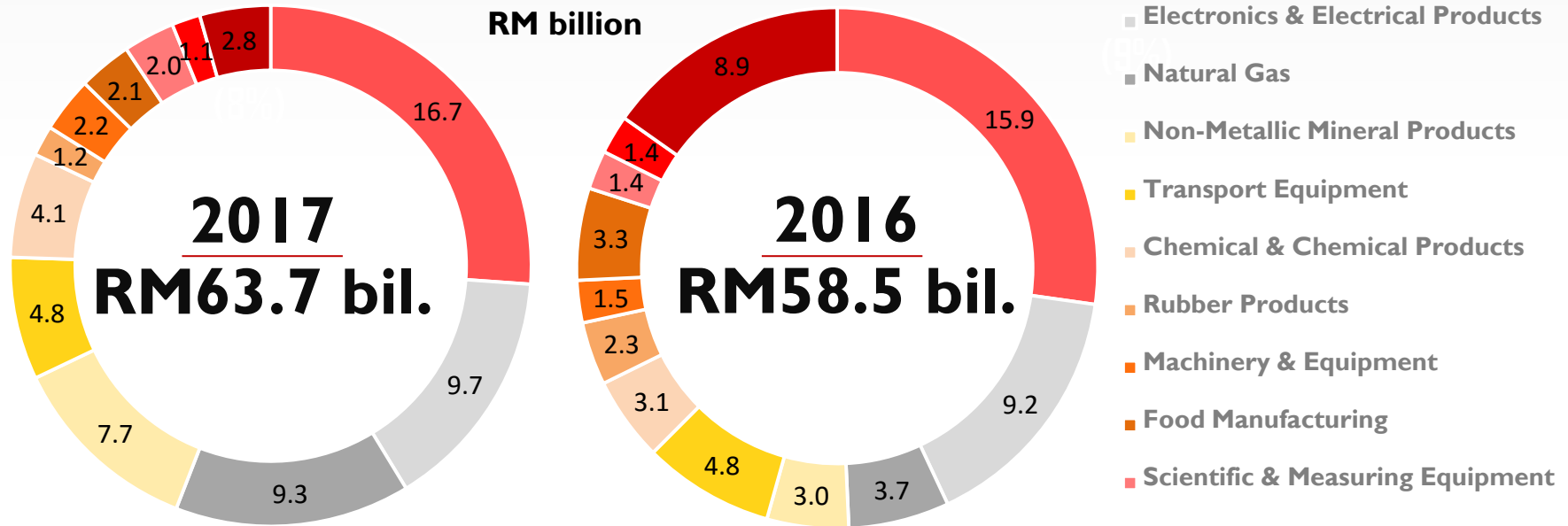
32% of employment created are with salary range of RM3,000 and above.



Source: MIDA

INVESTMENTS BY INDUSTRY

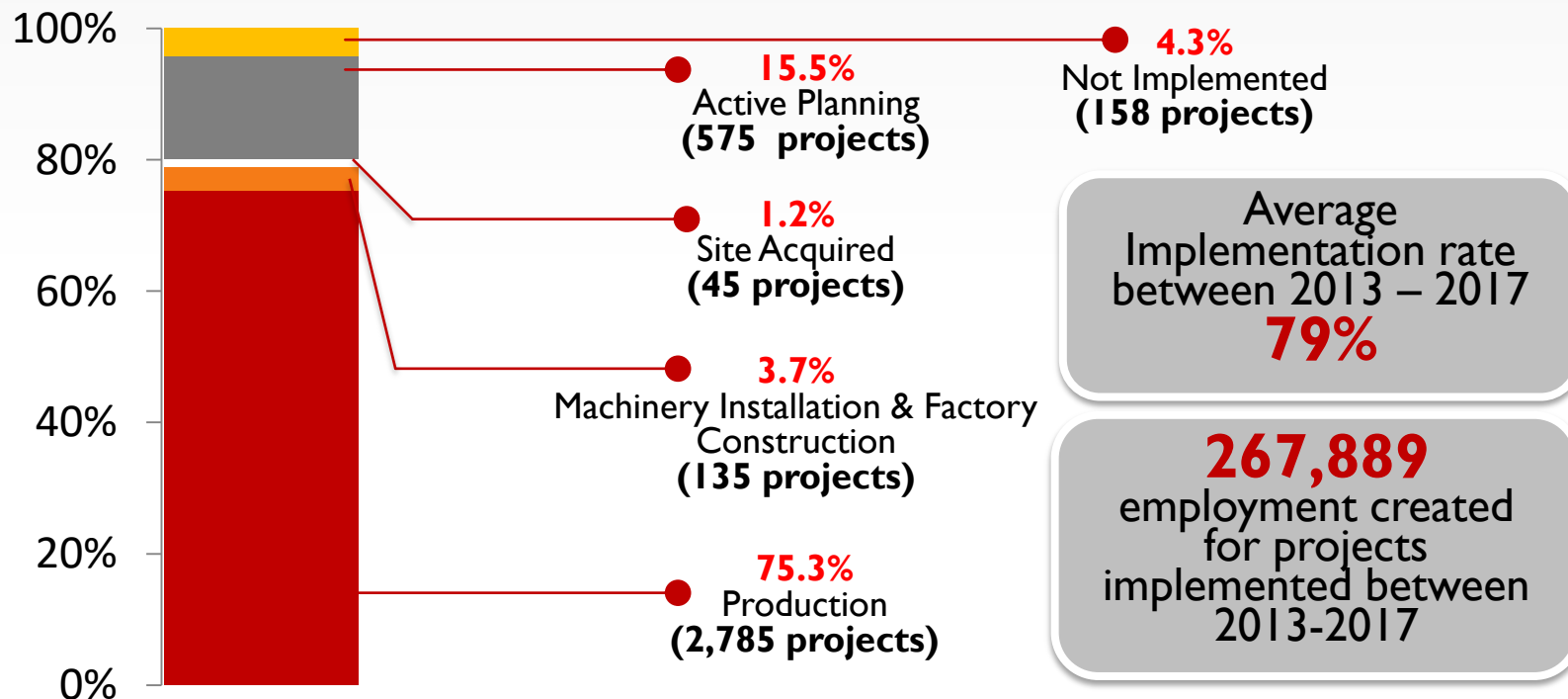
The bulk of investments came from Petroleum Products, E&E Products and Natural Gas



Source: MIDA

PROJECTS IMPLEMENTED **AS AT 31 DECEMBER 2017**

Investments worth **RM201.4 bil** in implemented projects (2013-2017)



Source: MIDA

PROJECTS IMPLEMENTED **AS AT 31 DECEMBER 2017**

Among projects approved in 2016 & 2017 and implemented as at 31 December 2017

- *Inari Technology Sdn.Bhd.*
- *Infineon Technologies (Malaysia) Sdn. Bhd*
- *Omni Oil Technologies (M) SB*
- *Osram Opto Semiconductors(M) SB*
- *Greatech Integration (M) Sdn. Bhd.*
- *Salutica Allied Solutions Sdn.Bhd.*
- *Press Metal Bintulu Sdn. Bhd.*
- *Spirit AeroSystems Malaysia Sdn. Bhd.*
- *Keysight Technologies Msia SB*

2017

270 projects

**18,911
employment**

**2,726 (14%)
with salary above
RM5k**

2016

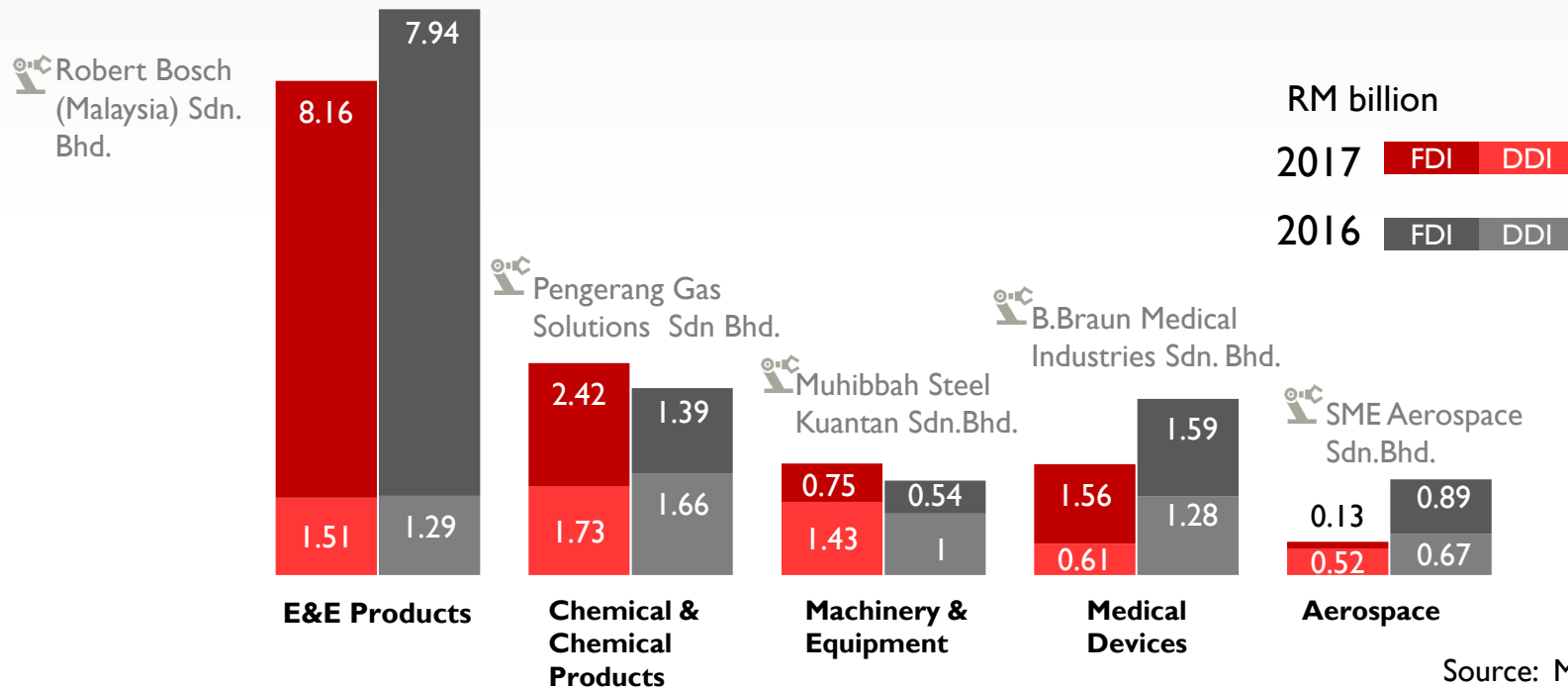
652 projects

**53,136
employment**

**4,935 (9%)
with salary above
RM5k**

INVESTMENTS IN "3+2" CATALYTIC AND HIGH POTENTIAL GROWTH SECTORS UNDER RMK11

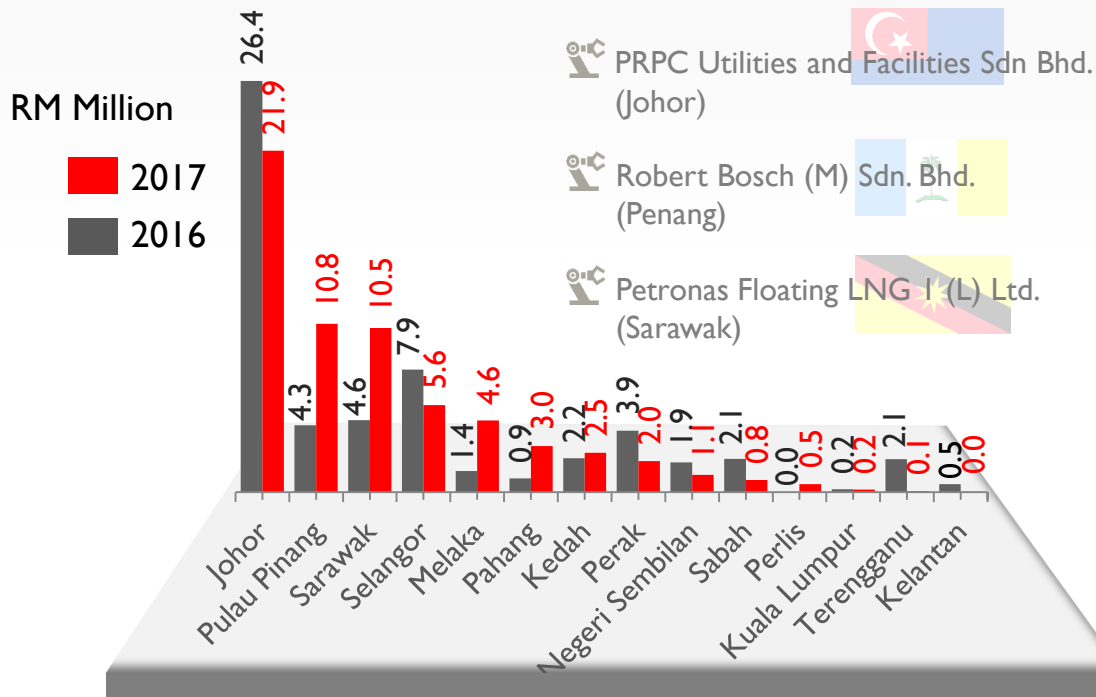
Approved investments in these sectors contributed to **29.5%** of total investments approved in the manufacturing sector with **23,390 jobs opportunities (41.5%)** in 2017



Source: MIDA

INVESTMENTS BY STATE

*Johor's approved investments of **RM21.9 bil.** represented **34%** of total investments approved in 2017*



Top 3 states with approved investments in 2015-2017

Rank	1st	2nd	3rd
2017	Johor	Penang	Sarawak
2016	Johor	Selangor	Sarawak
2015	Johor	Sarawak	Selangor

Source: MIDA

PENGERANG INTEGRATED COMPLEX (PIC)

Pengerang Integrated Complex (PIC) with 6,242 acres is part of Pengerang Integrated Petroleum Complex (PIPC). The total area of PIPC is 22,000 acres.



■ PIPC areas

■ PIC areas

*Source from PETRONAS

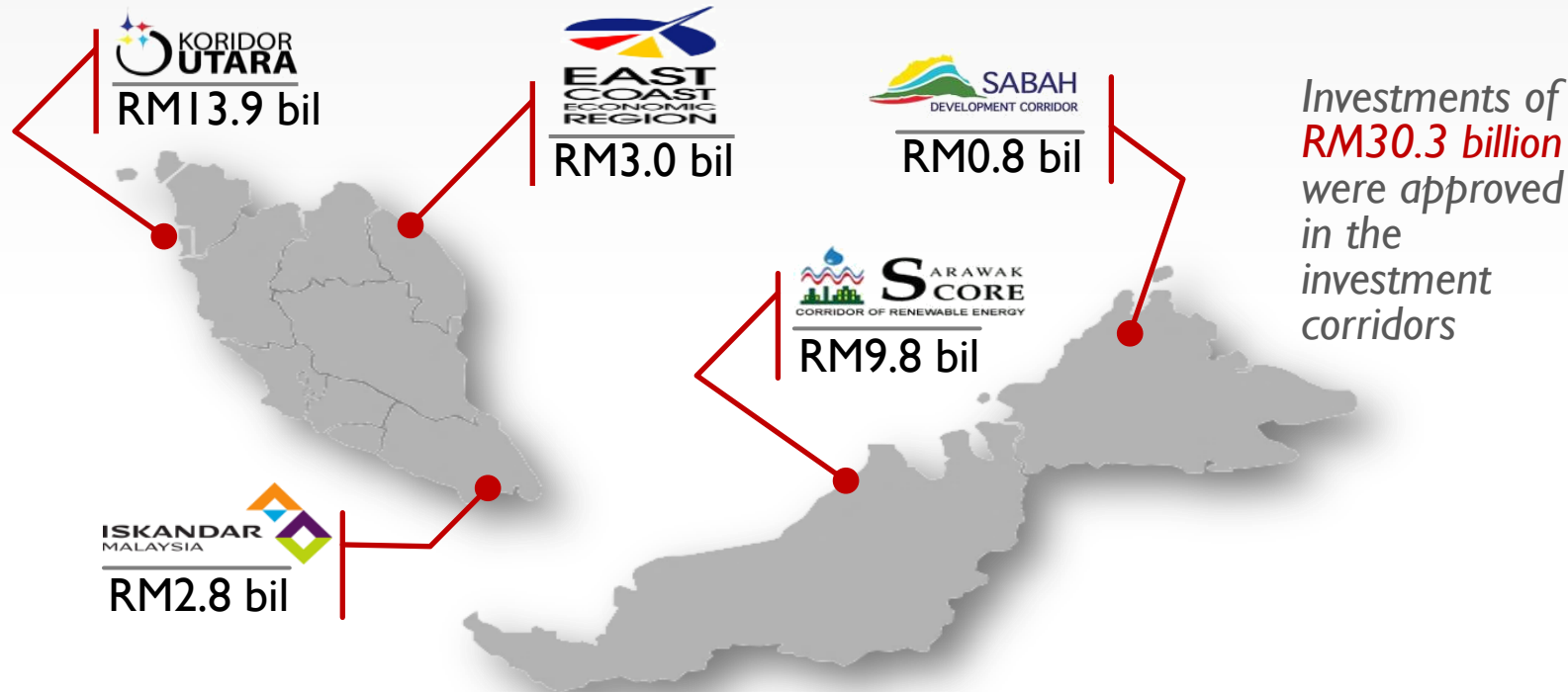
The PIC is the **largest greenfield investment** of an integrated petrochemical hub in the South East Asian region.

Overall PIC project execution **progress is on track** at **84%**, as at January 2018.

Employment: 4,000 when project is completed

Company	Approved Investments (USD billion)
PRPC Refinery and Cracker Sdn Bhd	10.9
PRPC Polymers Sdn Bhd	2.9
Pengerang LNG (Two) Sdn Bhd	0.7
Pengerang Terminals (Two) Sdn Bhd	2.2
Pengerang Power Sdn Bhd	1.1
PRPC Utilities and Facilities Sdn Bhd	6.4
Pengerang Gas Solutions Sdn Bhd	0.2
PC Isononanol Sdn Bhd	0.4
PRPC Water Sdn Bhd	0.3
Petronas Refinery and Petrochemical Corporation Sdn Bhd	2.1
TOTAL	27.2

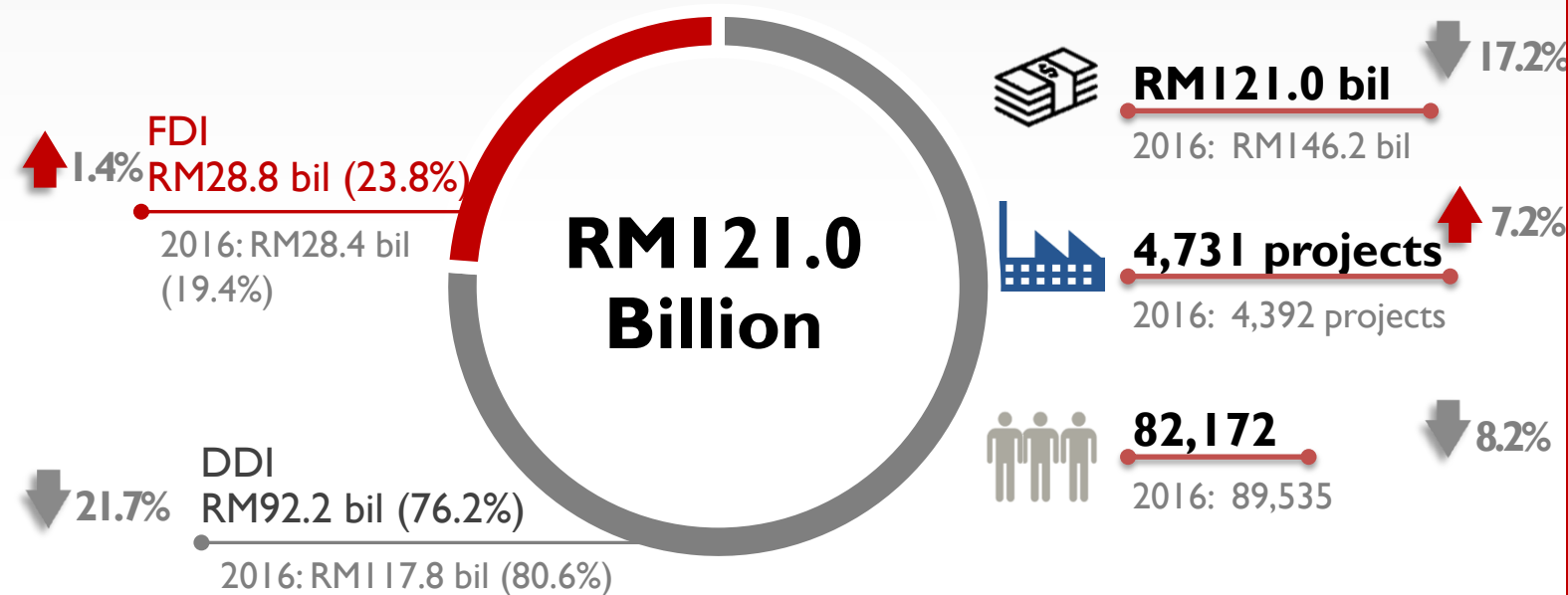
INVESTMENTS BY CORRIDOR



Source: MIDA

SERVICES SECTOR

APPROVED INVESTMENTS IN THE SERVICES SECTOR IN 2017

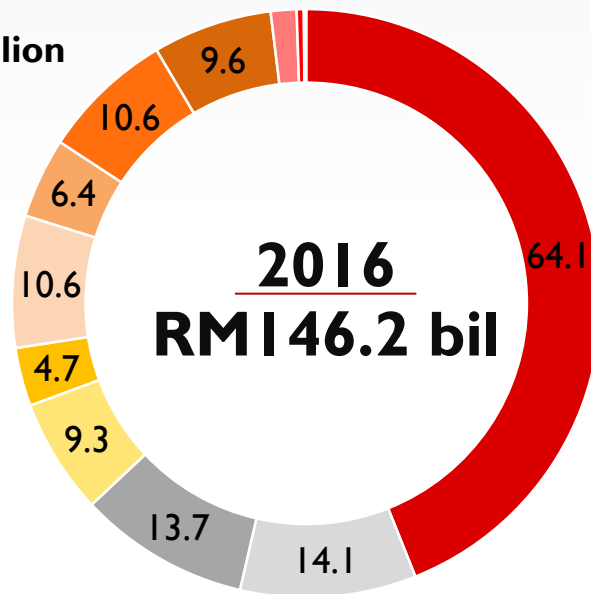
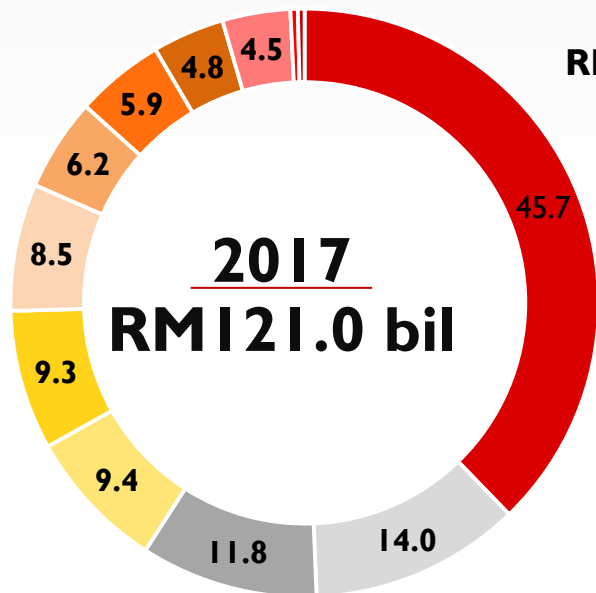


Approved investments declined by **17.2%** y-o-y due to a drop of **29%** in real estate subsector. However, number of projects in the sector increased by **7.2%**, reflecting a shift in investment strategy to smaller size projects.

Source: MIDA

INVESTMENTS BY SUBSECTOR

Real Estate, Global Establishment, Financial Services, Distributive Trade, Hotel & Tourism and Utilities were the major subsectors



- Real Estate
- Global Establishments
- Financial Services
- Distributive Trade
- Hotel & Tourism
- Utilities
- MSC Status
- Telecommunications
- Support Services
- Transport
- Education Services
- Health Services

Source: MIDA

GLOBAL ESTABLISHMENTS

➤ **Principal Hub (PH)**

Under the PH scheme, a total of **28 PH projects** approved to setup their regional headquarters in Malaysia.



Business commitments **RM28.57 billion**



Ancillary services of **RM2.35 billion**



2,020 high-value jobs for Malaysians over the next 10 years

➤ **Representative Offices (RE) and Regional Offices (RO)**

RE and RO in Malaysia also saw positive developments in 2017. A total of **216 RE/ RO projects** were approved with investments of **RM374 million**. This was **33.6%** higher than the performance in 2016 which registered approved investments of RM280 million.



707 new jobs



Investments of **RM374 million**

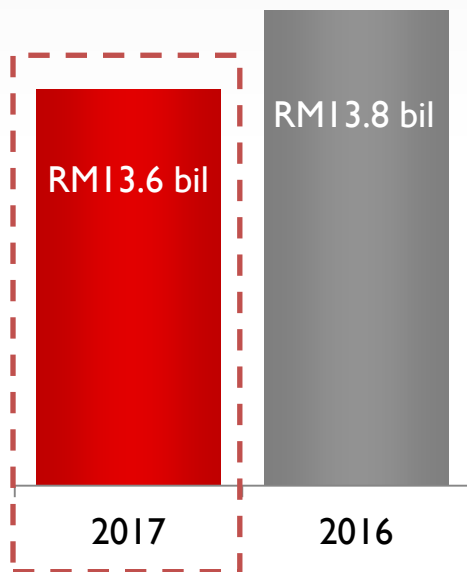


Source: MIDA

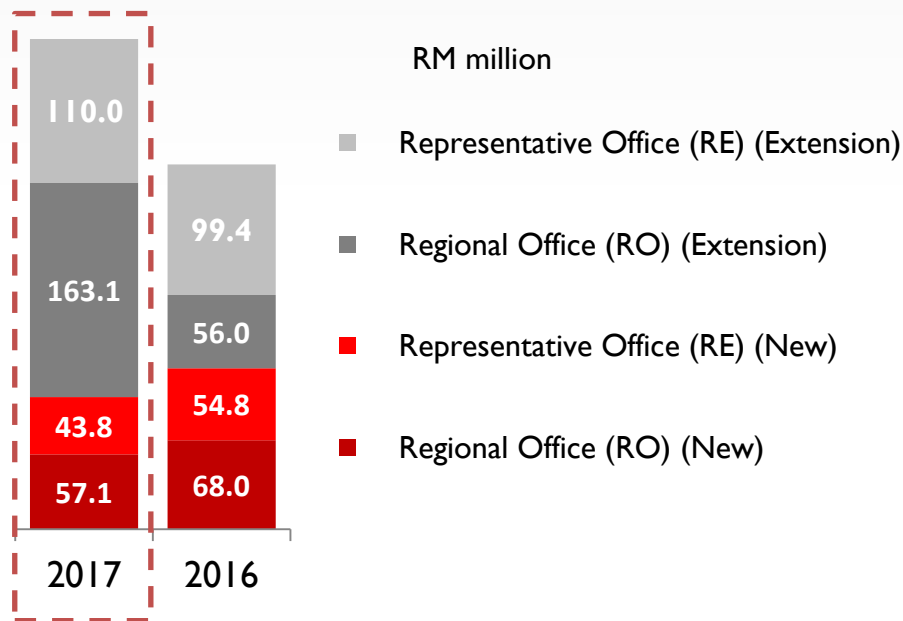
GLOBAL ESTABLISHMENTS

Investments in Global Establishments decreased by **0.6%**

Principal Hub



Regional Establishments



Source: MIDA

EXAMPLES OF QUALITY PROJECTS APPROVED IN 2017

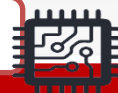
FM Global Logistics



Integrated Logistics Services
RM 286.9 mil | 54

To undertake e-Commerce Fulfilment Hub activities which will further strengthen the e-Commerce ecosystem.

Kualiti Alam



Renewable Energy
RM 100 mil | 26

The biomass/scheduled waste-to-energy project is the first of its kind in this country.

Gading Kencana



Renewable Energy
RM 211 mil | 30

Developing a 30MWac capacity of clean energy using RE from Solar PV to supply to the grid under a Large Scale Solar PV programme in Perak.

Tok Bali Supply Base (TBSB)



Oil & Gas
RM 200 mil | 440

TBSB will be a one-stop centre in providing services to O&G companies in the Malaysia-Thailand Joint Development Area, North Malay Basin and the Malaysia-Vietnam Commercial Arrangement Area.

IKEA



Regional Distribution Centre
RM 907 mil | 93

Will contribute to the growth of Malaysia's logistics sector, as IKEA is expected to spend RM16 million annually on local logistic services to distribute its products.

DNEX Oilfield Services



Oil & Gas
RM 117 mil | 27

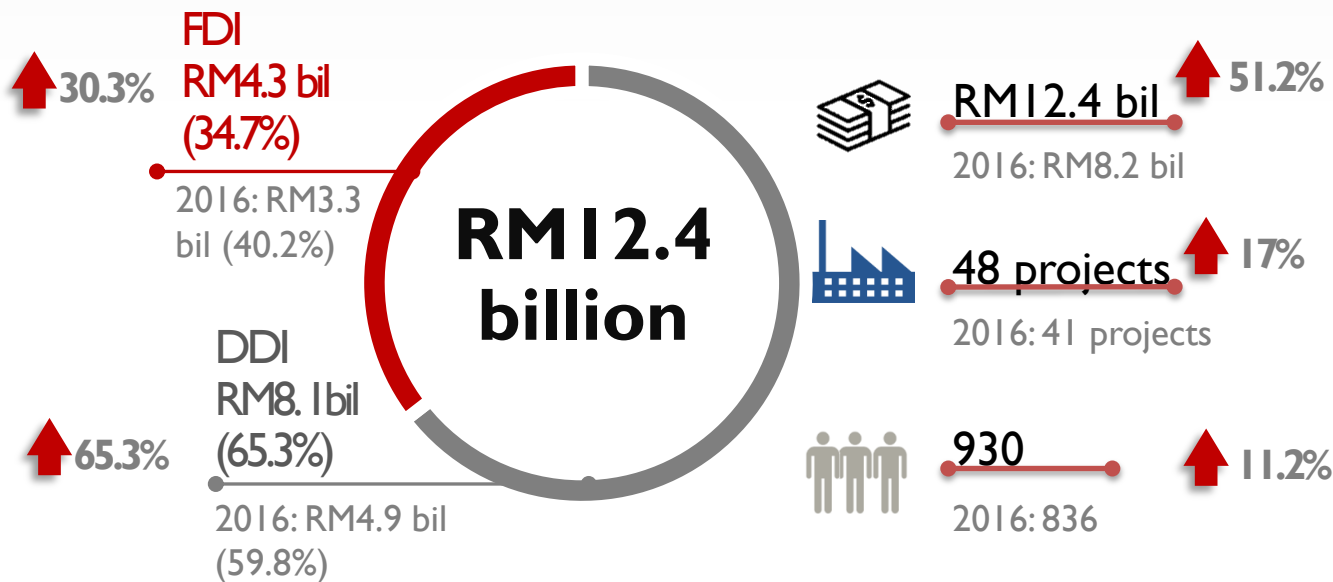
Will greatly benefit Malaysia by expanding local capabilities in high-tier drilling technology.

PRIMARY SECTOR

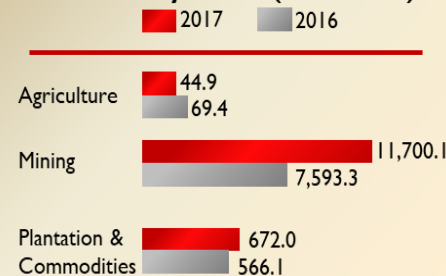


APPROVED INVESTMENTS IN THE **PRIMARY SECTOR** IN 2017

*The mining sector recorded a stronger growth of **RM11.7 bil (54%)**, supported by higher natural gas production, particularly in Sabah and Sarawak*



Investment by Sector (RM million)



Source: MIDA

THE WAY FORWARD



INVESTMENT OUTLOOK – GLOBAL

- According to UNCTAD, global FDI flows are expected to bounce back in 2018, to almost \$1.8 trillion
- A synchronised upturn of economic growth in major economies, the gradual recovery in commodity prices and improved profits, prospects in various sectors could boost business confidence and thus MNE's appetite to invest
- Global GDP growth is projected to edge up to 3.1% after a much stronger than expected 2017 – growth is expected in all developed economies, including the United States and the European Union
- Domestic demand continues to be the key driver of growth in 2018. The expected faster expansion in global growth would continue to benefit Malaysia's exports, with positive spillovers to the domestic economic activities

Source: UNCTAD / The World Bank/ BNM

INVESTMENT OUTLOOK – MALAYSIA

- Malaysia's economy **expanded 5.9 per cent** in 2017, which is **higher** than the 4.2 per cent and 5.0 per cent registered in 2016 and 2015 respectively, and the data points to **rising income and employment** across a wider swathe of the economy.
- **Job opportunities** remain ample with **new jobs created** and **large job vacancies**, driven mainly by high-skilled jobs. The rationalisation of jobs were mainly at the lower level as **automation began to take place** on a **larger** scale in the sector.
- For Malaysia, **growth will increase** to 5% - 5.5% in 2018, reflecting strong export growth especially in **electronics and domestic demand**.
- **Outlook for the Q1 2018** is **positive** with all forward looking indicators registering **improvements**.

Source: The World Bank/ BNM/ FMM-MIER

ADVOCATING STRATEGIES



- Continuous efforts to **develop and enhance synergistic partnerships** between MNCs and local companies – MIDA Supply Chain Conferences in targeted industry sectors
- **Intensifying promotion of high quality projects** with focus on R&D, productivity, green technology and other quality features to locate in Malaysia
- **Adopting and adapting to the Fourth Industrial Revolution/ Industry 4.0** or the Smart Manufacturing revolution
- **Actualising IIMP's investment strategies** in the manufacturing sector's "3+2" catalytic and growth sectors
- **Leveraging on FTA Networks and AEC** in making Malaysia an investment gateway and to gain better market access
- **Strategic handholding efforts** to actualise the implementation of approved projects and continuous facilitation of companies' post implementation
- **Strategic direct engagements with the private sector and relevant stakeholders for Future-ready Malaysia**

INVESTMENTS IN THE PIPELINE

As at January 2018

Manufacturing (RM51.1 billion)

Major sub-sectors

- › Basic Metal Products
- › Petroleum Products (Incl. Petrochemicals)
- › Rubber Products
- › Machinery Manufacturing

Services (RM18.4 billion)

Major sub-sectors

- › Global Establishments
- › Hotel & Tourism
- › Support Services

Total : RM69.5 billion

Sources of Foreign Investments

Singapore, USA, China, Indonesia, Hong Kong, Netherlands, Switzerland



Source: MIDA

KEY MESSAGES

- *Interest to invest in Malaysia remains high*, despite global uncertainties such as tax reforms. MIDA has RM69.5 billion in the pipeline, set to create more job opportunities for Malaysians.
- The *manufacturing and primary* sectors for 2017 *performed well* with increases of 8.9% and 51.2% respectively, despite the moderating overall performance (-7.9%) that was due to a decline in the services sector (17.2%).
- *More and more* global companies are making Malaysia their *hub*.
Eg. B.Braun, Nestle, Peugeot, IKEA, Honeywell and Schlumberger.
- *China* was the *top FDI source* for 2 years in a row for the manufacturing sector.
 - China has diversified into many industries & investments benefit Malaysia in terms of job and business opportunities. Eg. Longi and CGPV.
- *E&E industry* has *evolved* over the years: from low technology & low value added activities to higher value added products and front-end activities such as design, research and development. Eg. Intel, Osram, Infineon, Motorola and Panasonic.



THANK YOU