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Q1 2016 APPROVED INVESTMENTS TOTALLED RM37.3 BILLION Domestic Investments Dominate, FDI Increase

Kuala Lumpur, 17 June 2016 – In the first quarter (Q1) of 2016, Malaysia recorded RM37.3 billion of approved investments in the services, manufacturing and primary sectors. These investments involved 1,271 projects and will create 39,990 employment opportunities.

“Despite a weaker global environment, Malaysia remains as a competitive investment location for foreign investors, with an increase of 28% in this quarter. Year-on-year, FDI increase to RM12.8 billion in Q1 2016 from RM10.0 billion in the corresponding period of 2015. Domestic investments led with RM24.5 billion or 65.7% of total approved investments in Q1 2016,” said the Minister of International Trade and Industry, YB Dato’ Sri Mustapa Mohamed, today.

“Taking into account the two lumpy projects approved in last year’s Q1 i.e. PRPC’s project in Johor and LNG9’s project in Sarawak, Q1 2016 showed a decrease from RM69.8 billion in comparison as these 2 projects alone amounted to RM35.3 billion. I would like to highlight that without the two big projects, Q1 2016 actually shows an overall increase of 8.1% from RM34.5 billion last year,” the Minister added.

Services sector

The services sector attracted the largest portion of approved investments in the first three months of 2016, amounting to RM27.6 billion. A total of 1,088 services projects were approved creating 20,200 employment opportunities, the largest potential employer in the economy.

“Foreign investment in the services sector surged by 112.1% from RM3.3 billion in Q1 2015 to RM7.0 billion in the same period this year. We are seeing more foreign participation in distributive trade, education services, global establishments, financial services and real estate sub-sectors,” explained YB Dato’ Sri Mustapa.

Distributive trade saw an increase of 992% of foreign participation from RM101.5 million in Q1 last year to RM1,108.7 million in Q1 2016. The increased investments from regional and international retailers have boosted Malaysia's ranking to 3rd position in the 2016 Global Retail Development Index (GRDI) by A.T. Kearney.

For the education sub-sector, the increase of 672.7% of foreign investments from RM19.3 million in Q1 2015 to RM149.2 million in Q1 2016 reflects Malaysia's success in accelerating the process in making the country a regional education hub of excellence. The private education sector will complement the Government's efforts in providing access to quality education to the people. As to date, there are 501 private higher institutions that offer a wide range of disciplines at every level of education including short-term and professional courses certificate, diploma, degree and post-graduate degree qualifications.

Global establishments and end-to-end global supply chain management services are fast becoming important components in the Malaysian economic backbone. In Q1 2016, MIDA approved a total of 60 global establishments with investments of RM5.6 billion. The lion share of these was from 6 Principal Hub projects with total investments worth RM5.5 billion. These investments were in the electronic & electrical (E&E), engineering and resource-based industries. The principal hub initiative is among the high value added services that is currently promoted by Malaysia.

Manufacturing Sector

Investments in the manufacturing sector for January – March 2016 totalled RM8.9 billion from 170 projects. The approved manufacturing projects are expected to generate about 19,650 employment opportunities.

“Despite the decrease in investments in this sector for the first quarter of this year, it is noteworthy that Malaysia has attracted significant investments in the transport equipment industry, with a spike of 1,584% from RM40.1 million in Q1 2015 to RM675.7 million in Q1 2016. Other industries which recorded high growth rates were paper, printing & publishing (944.0%), food (550.0%), leather & leather products (162.3%), chemical & chemical products (159.1%), scientific & measuring equipment (78.8%), and rubber products (57.1%).

Regardless of a lower investment value in Q1 2016, the E&E industry emerged as the main contributor to the total approved investments in the manufacturing sector compared to the corresponding period last year. Most of the high quality projects in E&E are concentrated in solar, fabricated wafers and semiconductor devices.

Primary Sector

Malaysia continued to register a lower investment in the primary sector due to the challenges in global crude oil prices. Investments in this sector recorded a total of RM874.9 million in Q1 2016. The mining subsector led with approved investments of RM692.2 million, mainly from oil and gas exploration activities. Approved investments in the plantation and commodities subsector totalled RM129.0 million. In Q1 2016, a total of RM53.7 million investment was approved in the agriculture subsector.

Conclusion

Dato' Sri Mustapa said, "We expect this year to be another challenging year for the country. As a diversified economy, we believe we can withstand these challenges and overcome them, especially with the continued inflow of foreign investments into the country. We are definitely doubling our efforts in achieving the country's investment target."