



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

MEDIA RELEASE

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MALAYSIA ATTRACTS RM37.4 BILLION OF APPROVED INVESTMENTS IN 1Q 2020

Kuala Lumpur, 16 July 2020 – Malaysia recorded a total of RM37.4 billion worth of approved investments in the manufacturing, services and primary sectors in the first quarter (1Q) of this year. Of the total investments approved, RM26.3 billion or 70.4 per cent was contributed by domestic investments (DDI) while RM11.1 billion or 29.6 per cent came from foreign sources (FDI). Switzerland (RM2.7 billion), Singapore (RM2.1 billion), the United States of America (RM2.0 billion), China (RM1.4 billion) and Japan (RM0.9 billion) were the top five sources of FDI for the manufacturing, services and primary sectors during the period.

The manufacturing sector was the largest contributor to the value of approved investments in 1Q 2020 amounting to RM25.2 billion, followed by the services sector (RM11.9 billion) and the primary sector (RM0.3 billion). These investments involved 892 projects and will create over 19,100 jobs for the country. For approved projects by state, the five major states namely Sabah, Penang, Selangor, Johor and W.P. Kuala Lumpur, contributed RM30.0 billion (80.1 per cent) to the total approved investments for January to March 2020.

"Malaysia continues to attract investors and is poised to be a global supply chain hub in Asia. We have a strong presence of high-quality local suppliers and businesses in our industrial ecosystem. Coupled with the many other value propositions, we trust that Malaysia will continue to be an attractive location for global companies to incorporate diversity and flexibility into their supply chains," said Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry.

Dato' Seri Mohamed Azmin said the coronavirus and its bearing have caused investors to reconsider their business strategies and postpone investment decisions. While every crisis comes with profound challenges, these are also moments of great opportunities to shift gears and set sights on greener pastures. We may not be able to reach the pre-COVID-19 crisis level of investments this year. However, we will not stop to be aggressive in our promotional efforts to retain and attract more foreign and domestic investments to revive the economy.

Manufacturing Sector

Malaysia's manufacturing sector led the nation's approved investments for 1Q 2020 with a contribution of 67.5 per cent of the total approved investments in the economy. In the first three months of 2020, the Malaysian Investment Development Authority (MIDA) approved a total of 214 manufacturing projects, compared with 216 projects in the corresponding period last year. Foreign investments in the manufacturing sector amounted to RM10.6 billion while domestic investments totalled RM14.6 billion. It is noteworthy that approved domestic investments in 1Q 2020 registered an increase of 180.8 per cent from RM5.2 billion in 1Q 2019.

Capital-intensive projects continue to dominate the approved investments for the manufacturing sector. A total of 23 projects with investments of at least RM100 million or more accounted for 86.5 per cent of approved investments in the sector. The manufacturing projects approved in 1Q 2020 are expected to create 15,688 new jobs for the country. This includes 1,032 managerial positions, 725 engineers in the electrical, mechanical and chemical disciplines as well as 1,870 skilled craftsmen such as plant maintenance supervisors, tools and dies makers, machinists, IT personnel, quality controllers, electricians and welders. Major industries which require the most skilled workforce are petroleum products (including petrochemicals), machinery manufacturing, fabricated metal products and chemicals and chemical products.

Switzerland was the manufacturing sector's biggest investor in 1Q 2020, followed by Singapore, the United States of America, China and Japan. These five economies jointly accounted for 84.7 per cent of the total foreign investments approved within the sector. Significant projects from Switzerland include those within the machinery & equipment, E&E and chemical industries.

A total of 176 manufacturing projects or 82.2 per cent will be located in Selangor, Johor, Pulau Pinang, Kedah and Perak. In terms of the value of investments, Sabah (RM11.7 billion) was the largest recipient of investments in the manufacturing sector for the period of January to March 2020, followed by Pulau Pinang (RM7.1 billion), Johor (RM1.6 billion), Selangor (RM1.5 billion) and Kedah (RM1.1 billion). These five states constituted 91.1 per cent or RM23.0 billion of total approved investments in the sector and will generate more than 12,300 jobs.

Malaysia continues to attract a healthy level of investments in E&E, machinery and equipment, chemical, aerospace and medical devices. For January-March 2020, 72 manufacturing projects with investments of RM9.3 billion in these industries have been approved by MIDA. These industries, which have strong inter-linkages to other sub-sectors, are instrumental in supporting the development of the overall manufacturing sector in Malaysia.

Notable projects approved in the manufacturing sector for the first three months of 2020 include Dexcom (USA) and LEM (Switzerland). Dexcom, one of the 500 large companies listed on stock exchanges in the US, will be producing a very sophisticated medical device product, namely a continuous glucose monitoring (CGM) system. This diabetes device does not require any blood to measure blood glucose reading. Meanwhile, Switzerland's LEM is leveraging on Malaysia to diversify its supply chain to meet the demand of its customers in the industrial and automotive sectors. LEM's manufacturing facility in Malaysia will employ up to 250 employees at full

capacity. This plant will also complement its existing production sites in China, Bulgaria and Switzerland.

Services Sector

The services sector contributed 75.0 per cent to the total approved projects in 1Q 2020. These investments involved 669 services projects that will add over 3,400 new jobs to the economy. Of the total, domestic investments represented 97.5 per cent or RM11.6 billion, while foreign investments accounted for 2.5 per cent or RM0.3 billion.

Most of the main services sub-sectors showed a significant decline in investments except for support services, financial services and global establishments. Collectively, the top five contributors of approved investments in the services sector were real estate (RM8.4 billion), support services (RM1.6 billion), utilities (RM1.0 billion), hotel and tourism (RM0.5 billion) and financial services (RM0.3 billion), representing 98.9 per cent or RM11.7 billion of approved investments.

The support services industry, which covers sub-sectors such as integrated logistics, research and development, green technology, integrated circuit design, oil and gas services and licenced warehouse recorded an investment of RM1.6 billion, an increase of 178.5 per cent compared to 1Q 2019 (RM559.0 million). The increase was due to a surge in green technology activities and integrated logistics services, which registered a rise of 213.8 per cent and 165.4 per cent, respectively.

Primary Sector

In January – March 2020, approved investments in the primary sector amounted to RM281.3 million or 0.8 per cent of total approved investments in various economic sectors. The primary sector comprises mining, plantation and commodities, and agriculture sub-sectors. Investments by foreign sources led the majority of investments in this sector totalling RM144.4 million, while domestic investments contributed RM136.9 million.

Investments in the Pipeline

As of June 2020, MIDA has a total of 726 projects with proposed investments of RM36.7 billion in the pipeline for the manufacturing, services and primary sectors. Nonetheless, the year 2020 will be a challenging one to all economies, including Malaysia. The United Nations Conference on Trade and Development (UNCTAD) forecast that the global FDI flows would decline by up to 40 per cent in 2020, from the 2019 value of \$1.54 trillion.

About MIDA

MIDA is the government's principal investment promotion and development agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Headquartered in Kuala Lumpur Sentral, MIDA has 12 regional and 20 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit www.mida.gov.my and follow us on Twitter, Instagram, Facebook, LinkedIn and YouTube channel.

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