



MALAYSIA: INVESTMENT PERFORMANCE

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PRESS STATEMENT BY:

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Growth Momentum of Investments Sustained in 1H 2013

Investors continue to have confidence in the conducive business environment prevailing in Malaysia. The country recorded RM97.4 billion in approved investments in the first half of 2013 as compared to RM75.0 billion in the corresponding period in 2012, despite weaker global economic growth.

The services sector constituted the bulk of investments approved, amounting to RM58.1 billion or 59.6%, followed by the manufacturing

sector (RM22.5 billion or 23.1%) and primary sector (RM16.8 billion or 17.2%).

Domestic investment amounted to RM66.6 billion or 68.4% of total approved investments whilst foreign investments totalled RM30.8 billion. A total of 90,881 job opportunities are expected to be generated from the 2,652 projects approved in 1H 2013.

Services Sector Maintains Lead 1H 2013, Creating 55.4% Employment Opportunities

The services sector led with investments totaling RM58.1 billion from 2,268 projects approved. It is also the largest potential employer, creating 50,333 job opportunities. Investments were mainly in the real estate¹ (RM25.4 billion), hotel & tourism (RM6.6 billion), transport (RM6.4 billion) and global operations hub (RM4.6 billion).

While domestic investments continued to dominate with investments totaling RM50.2 billion or 86.4% of investments approved, foreign investments in the sector has doubled from RM3.8 billion in 1H 2012 to RM7.9 billion in 1H 2013. This is partly due to the Government's efforts in working closely with the private sector service providers to create

¹ Preliminary figures

more innovative service products to meet the demands of a growing economy.

In the first half of 2013, investments in the **hotel & tourism sector** totalled RM6.6 billion from 82 projects, an increase of almost threefold of that recorded in the corresponding period in 2012. These investments were led by an integrated hotel project in Kuala Lumpur from the international St Regis Hotel Chain, which will help to propel Malaysia to transform into a destination of choice for luxury travel as well as advancing the objective of NKEA Greater KL/KV to transform the nation's capital to be a world class metropolis.

Malaysia continues to promote multinational companies (MNCs) to set up regional or **Global Operations Hubs** in the country. Investments from these global operations totalled RM4.6 billion, surpassing the amount recorded for the full year of 2012. This includes the setting up of a World Class Global Service Centre (GSC) by Intel Microelectronics (M) Sdn. Bhd. which will support Intel's operations worldwide through research, design & development and related ancillary activities for semiconductors & other computing devices and services activities relating to Finance, Human Resources, Information Technology,

Procurement, Logistics, Sales & Marketing and Manufacturing support services etc.

In line with the Government's efforts to promote medical tourism, the private health service sector continues to expand, with 13 private hospitals and ambulatory care centres being approved during the first half of 2013, as compared to six for the whole of year 2012. Investments approved totalled RM1.4 billion. Apart from helping to meet the nation's demand for healthcare service, these projects are expected to be significant revenue generator for the country as they welcomes patients and their families from the region.

Manufacturing Sector Supports Key Innovation Ecosystem

During the first six months of 2013, a total of 336 manufacturing projects were approved with investments totaling RM22.5 billion. Of these, RM18.1 billion or 80% were from new projects, while the balance were reinvestments in expansion or diversification projects by existing investors. Foreign investment totalled RM14.2 billion, of which 80% or RM11.3 billion were from new projects.

Investments approved were mainly in the E&E (RM6.7 billion or 30%), basic metal products (RM3.7 billion), petroleum products (RM2.4

billion), food manufacturing (RM1.9 billion), transport equipment (RM1.7 billion) and non-metallic mineral products (RM1.6 billion) industries.

Notably, investments in the E&E sector in January-June 2013 has exceeded the total investments approved for the whole year of 2012, as E&E manufacturers re-align their investment strategies to concentrate in the industrial electrical and electronics subsectors including investing in two capital-intensive solar photovoltaic wafer/module projects.

There is a strong presence of established supporting industries conforming to world-class standards that support the medical devices industry in Malaysia. In January-June 2013, MIDA has approved 17 medical devices projects, of which 90% involved domestic resources. This include ABio Orthopaedics Sdn. Bhd., a new Malaysian-owned project with investment valued at RM310 million to manufacture surgical instruments, external fixation devices, internal fixation devices, artificial joints and parts and dental implants. The growing medical devices ecosystem will further attract more quality investments from both local and foreign sources and this will also encourage new products innovation in the country.

A total of 39,774 job opportunities are expected to be created from the 336 manufacturing projects approved, of which 7,286 or 18% were for executive positions requiring tertiary or technical qualifications, including for E&E Engineers, Production Engineers, Chemists and Biotechnologists. Another 64% of the job opportunities were for skilled workers with vocational or industrial training. Of the new job opportunities created, a total of 5,574 will be for positions with monthly salary of RM3,000 & above, of which 34% or 1,914 jobs will be in the E&E industry and another 760 in the machinery manufacturing sector.

Six Fold Increase in Primary Sector

Investments in the primary sector during the first half of 2013 totalled RM16.8 billion as compared to RM2.6 billion in 1H 2012. Domestic investments totalled RM8.1 billion while foreign investment was valued at RM8.7 billion. Investments were mainly from 22 projects involved in upstream oil and gas activities with investments of RM16.6 billion.

Moving Forward

Despite the prolonged weak external environment, Malaysia's investment scenario continues to be buoyant, recording RM97.4 billion investments approved at the halfway mark of the year. It is envisaged

that this would be sustained as MIDA is currently negotiating projects with potential investments of RM39.7 billion that is expected to be realized in the second half of the year.