



## **MEDIA RELEASE**

**EMBARGOED UNTIL 26 FEBRUARY 2015, 10.30 AM**

### **INVESTORS CONFIDENCE REMAINS HIGH**

#### **A New Record of RM235.9 billion in Direct Investments for 2014**

Malaysia saw an impressive level of investments in 2014 with new approved direct investments reaching RM235.9 billion from RM219.4 billion in 2013. This constitutes approved investments in the manufacturing, services and primary sectors. The country's investment performance in 2014 exceeds the average annual investment target of RM148 billion set under the 10<sup>th</sup> Malaysia Plan.

Of the total investments approved, RM171.3 billion (72.6%) were comprised domestic investments (DDI), while RM64.6 billion (27.4%) came from foreign sources (FDI). The ratio of foreign and domestic investments is in line with the Government's drive to actively promote domestic investments, as outlined in the Economic Transformation Programme (ETP) and the 10th Malaysia Plan.

The services sector accounted for the largest share of the total investments, contributing 63.4% or RM149.6 billion, followed by the manufacturing sector with investments of RM71.9 billion or 30.5%, while the primary sector contributed the remaining approved investments of RM14.4 billion (6.1%).

The total investments approved were in 5,942 projects and are expected to generate about 178,360 job opportunities, many of which will be in high technology and high value added industries. The services sector accounted for the largest share of total potential employment in the economy with 98,540 job opportunities or 55.3%, followed by the manufacturing sector with 78,340 job opportunities (43.9%) and primary sector with 1,480 employment opportunities (0.8%).

#### **Investments in the Services Sector**

Malaysia's services sector continued to expand in 2014, attracting 5,059 approved projects with investments amounting RM149.6 billion. Domestic investments led the way with RM131.9 billion or 88% of the total investments.

This sector comprises a broad range of services including regional establishments, global operations hubs, support services, MSC status companies, real estate (housing), utilities, transport, telecommunications, distributive trade, hotels and tourism, financial services, health services, educational services and other services.

Within the services sector, the real estate sub-sector continued to be the leading contributor with RM88.5 billion worth of investments approved, followed by utilities at RM9.1 billion, distributive trade at RM8.7 billion, financial services at RM 6.9 billion and hotels & tourism at RM6.7 billion.

In 2014, MIDA approved 227 regional establishments with investments of RM3.2 billion. MIDA also approved seven (7) projects that will make Malaysia their Global Operations Hub with investments valued at RM2.4 billion.

These global and regional operations provide professional services that include supply chain management, financial & treasury management, and data & information services to their global network of companies. The set-up of international procurement centres and regional distribution centres also meant higher utilisation of our ports/airports, indirectly promoting the growth of our local logistics provider companies, and in turn, further employment opportunities in the logistics sector.

The new Principal Hub incentive which introduced in early 2015 is also expected to support Malaysia's continuous growth as a preferred regional investment destination in today's highly competitive environment.

### **Investments in the Manufacturing Sector**

Malaysia's manufacturing sector continued to draw a significant share of investments in 2014, a surge of 38% from the total investments approved in 2013. New projects accounted for 60.5% of the total manufacturing projects approved, with investments totalling RM43.5 billion in 450 projects. This highlights that Malaysia continues to be a location of choice for high value-added manufacturing activities.

Existing companies in Malaysia also continued to expand and diversify their operations, reflecting their prevailing confidence in the country's investment environment. A total of 361 expansion/diversification projects with investments amounting to RM28.4 billion were approved in 2014, accounting for 39.5% of the total investments approved.

The total investments approved in the manufacturing sector were mainly in petroleum products including petrochemicals (RM16.0 billion), electronics and electrical (E&E) products (RM11.1 billion), chemicals and chemical products (RM 10.8 billion), basic metal products (RM9.9 billion), transport equipment (RM5.6 billion), non-metallic mineral products (RM3.4 billion), food manufacturing (RM2.8 billion) and machinery and equipment (RM2.5 billion). All these industries, with the exception of transport equipment and food manufacturing, registered higher levels of investments in 2014 compared with 2013.

Capital-intensive projects dominated the approved investments for the manufacturing sector in 2014. A total of 15 projects with investments of at least RM1.0 billion or more were approved with total investments of RM40.3 billion. These investments made up 56.1% of the total investments approved. As for investments of at least RM100 million or more, there were 72 projects approved. The total investments in these projects amounted to RM19.4 billion or 27%.

Malaysia continues to attract encouraging levels of foreign investments in the manufacturing sector despite the global economic slowdown. Foreign investments in approved manufacturing projects amounted to RM39.6 billion or 55.1% of the total investments approved for the year.

Japan was the manufacturing sector's largest foreign investor in 2014 with investments of RM10.9 billion in 55 projects, followed by Singapore (RM7.8 billion in 121 projects), China (RM4.8 billion in 24 projects), Germany (RM4.4 billion in 13 projects), and the Republic of Korea (RM1.5 billion in 11 projects). Together these five countries accounted for 74.2% of total foreign investments approved in 2014.

The workforce transition in the manufacturing sector is already taking place with an increasing proportion of employment being in more highly skilled occupations, which will make up 84.4% of the jobs created. These include job opportunities for 11,300 Malaysians with technical and science qualifications for E&E, mechanical and chemical engineers, as well as scientists and researchers. The approved manufacturing projects will also provide 48,470 job opportunities for skilled craftsmen, specifically plant maintenance supervisors, tools and die makers, machinists, IT personnel, quality controllers, electricians and welders. The jobs available under this category will provide good opportunities for Malaysian youth with vocational qualifications.

The new projects in 2014 bring the total number of manufacturing projects approved during the five-year period of 2010 to 2014 to 4,158. Of these, 3,203 or 77% have been implemented thus far. Total capital investments in these projects amounted to RM172.9 billion. Another 777 projects are either at the site acquisition or in the active planning stages. The majority of projects implemented during the five-year period of 2010 to 2014 cover industries such as E&E, basic metal products, chemicals and chemical products, transport equipment and food manufacturing.

**Investments in the Primary Sector**

In 2014, the primary sector attracted investments worth RM14.4 billion. This sector comprises three main sub-sectors namely agriculture, mining, and plantation and commodities. Investments by foreign sources totalled RM7.3 billion or 50.6% while domestic investments contributed RM7.1 billion or 49.4%.

The mining sub-sector took the lead with approved investments of RM13.4 billion in 36 projects, followed by the plantation and commodities sub-sector with investments of RM724 million, and the agriculture sub-sector making up the rest of approved investments. Investments in oil palm in 2014 amounted to RM462 million, a threefold increase from last year’s investments of RM107 million.

**Going Forward**

Malaysia’s economic fundamentals remain strong amidst challenging external environment. The International Monetary Fund (IMF) forecasts the global economy to grow by 3.5% this year. UNCTAD also forecasts uncertainty in trends of global FDI flows in 2015. Malaysia is projected to sustain a growth of 4.5% to 5.5% in 2015.

As the ‘single window’ for investments into Malaysia, MIDA will further enhance its central coordination function in attracting quality investments, both foreign and domestic.

The Government will continue to introduce various measures to enhance Malaysia’s competitiveness to face domestic and external challenges and opportunities. These measures will include fine-tuning its investment policies, enablers, fiscal and non-fiscal incentives, as well as continuously collaborating and engaging with industry players and stakeholders to attract investors in all economic sectors.

Going forward the Government will strengthen the ecosystem to attract quality investment projects, without discounting the importance of investment volume. Efforts will be further intensified to facilitate and realise the implementation of approved quality investments.

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