

**Geared for  
Recovery**



# **MALAYSIA INVESTMENT PERFORMANCE REPORT 2020**

**Announcement of  
Malaysia's Investment Performance**  
2 March 2021



“

*The post-pandemic period will provide a unique opportunity for global cooperation to rebuild the international economic order and international social order.*

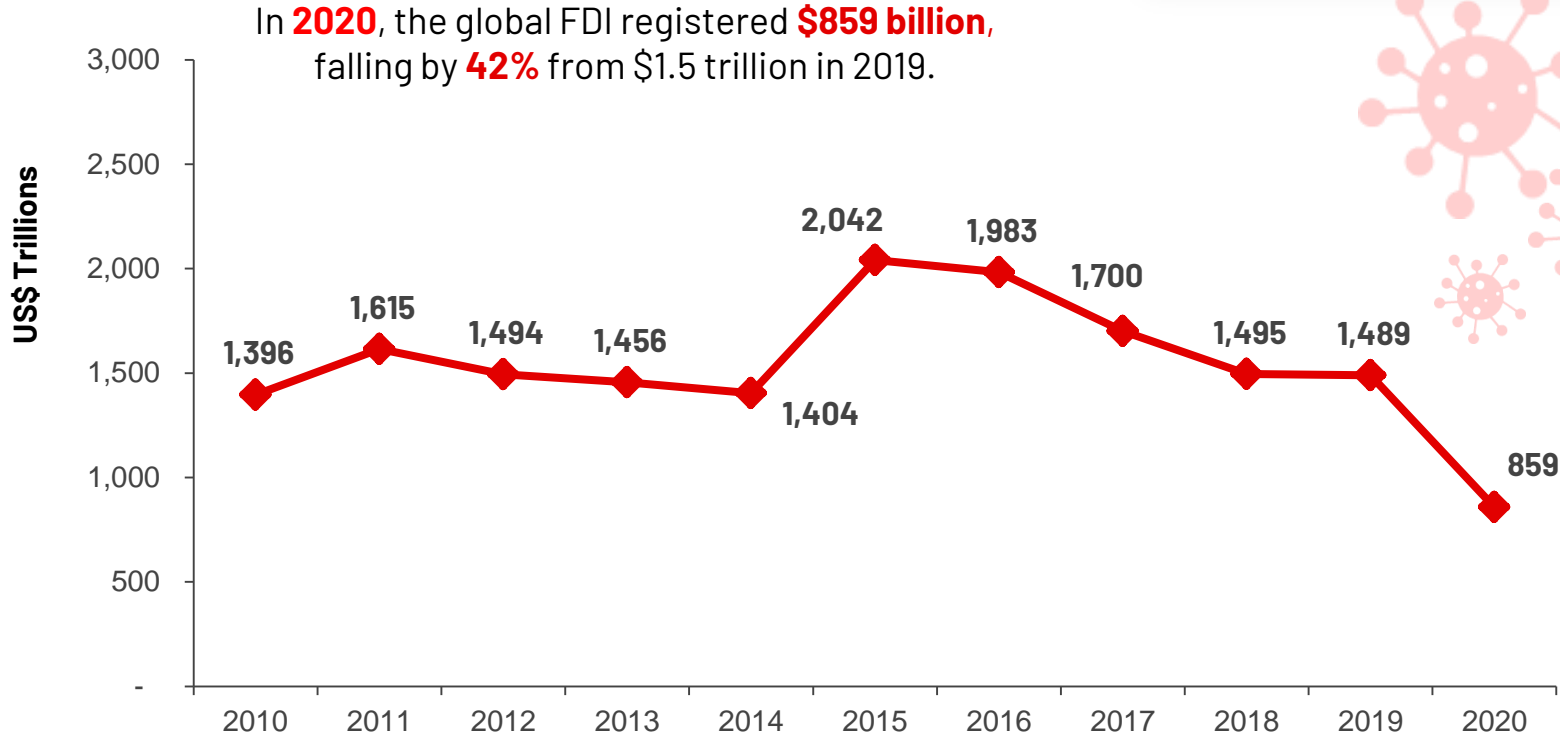
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Pamela Coke-Hamilton  
Executive Director of the International Trade Centre

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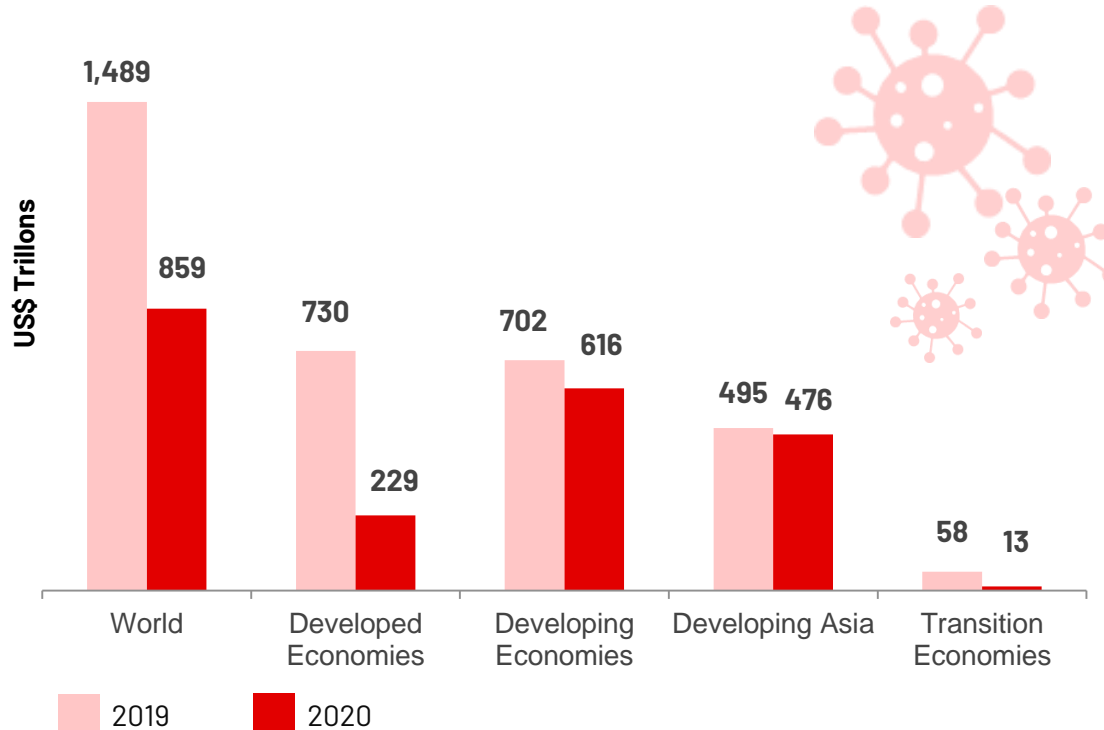
# GLOBAL & MALAYSIA'S FDI INFLOWS

# GLOBAL FDI INFLOWS



Source: UNCTAD Global Investment Trends Monitor

# GLOBAL FDI INFLOWS



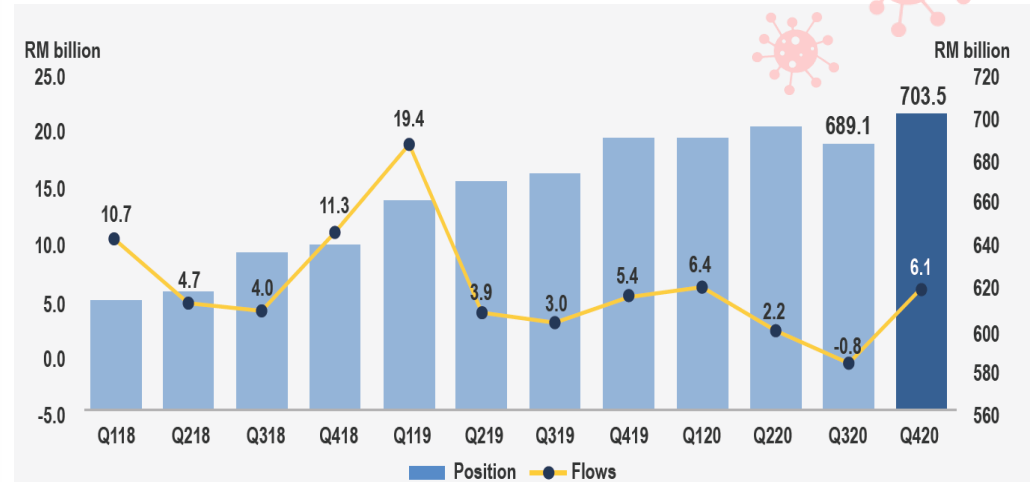
- Developing countries in Asia weathered the storm well, attracting an estimated **\$476 billion** of FDI in **2020** compared to other advanced economies.
- With the exception of PRC, for most EMDEs, **prospects remain uncertain** due to the continuing spread of the pandemic and overwhelmed healthcare systems and the greater dependence on severely affected sectors, such as tourism and external finance, including remittances.

EMDE: Emerging Markets and Developing Economies  
PRC: People's Republic of China

# MALAYSIAN LANDSCAPE 2020

- Total **gross FDI inflow** into Malaysia in 2020 was valued at **RM139.9 billion**, **increased 0.8%** as compared to 2019, despite the MCO and RMCO.
- This is reflective of the continued high levels of FDI projects approved and implemented over the last few years.
- Malaysia's **net FDI inflows** totalled **RM13.9 billion**; a decline from 2019 (RM31.7 billion).
- Malaysia's lower net FDI inflows is partly due to higher inter-company borrowings of MNCs to support their affiliates in an uncertain global investment landscape.
- Moving forward, net FDI is expected to strengthen, as reflected by the turn around to a **positive RM6.1 billion** in Q4/2020 after registering a negative inflow in the previous quarter.

## Malaysia's FDI Q1/2018 – Q4/2020



Source: Department of Statistics, Malaysia

## INTERNATIONAL RECOGNITION

The year 2020 began promisingly for Malaysia. Despite a tough year, Malaysia remained resilient and continued to receive positive **recognition** and **good ratings**.



**2nd**

Ease of Doing Business  
in ASEAN

World Bank Doing  
Business Report 2020



**Most Vibrant  
Investment  
Ecosystem in Asia**

2020 World Excellence Award  
at World Business Angels  
Investment  
Forum 2020



**4th**

Cost of Operation Around the  
Globe

KPMG and the Manufacturing  
Institute  
in the United States

**Bloomberg**

**5th**

Among emerging  
economies

"Key Destination for  
Investments and  
Businesses"

# KEY INITIATIVES 2020



## FDI PROMOTION

- Intensified **Promotion Programmes** - e-Specific Project Mission (e-SPM), Webinar, International Conference.
- **MoU** with key stakeholders.
- **One Stop Centre (OSC)** to ease entry of eligible business travellers into the country.
- **Media Blitz** in International Platform.



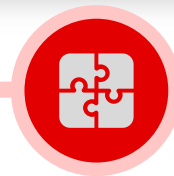
## DOMESTIC PROMOTION

- Domestic Investment Coordination Platform (**DICP**) Engagements.
- **Invest Series** Programmes with State Governments.
- **Domestic Seminars.**
- **Supply Chain Programmes.**
- **Industry Specific Programmes.**
- **Lighthouse** Projects.



## PENJANA INITIATIVES

- **Special Tax Incentives** to promote relocation and new investments.
- **e-Manufacturing Licence** – 2 days ML approval through online platform.
- Establishment of Project Acceleration and Coordination Unit (**PACU**).
- Enhancement of Domestic Investment Strategic Fund (**DISF**).



## STRATEGIC MEASURES

- Initiatives under **Industry4WRD**: National Policy for Industry 4.0
- Automation Capital Allowance (**Automation CA**).
- Smart Automation Grants (**SAG**).
- Coordination and collaboration with other Regional, State and industry-specific **IPAs in Malaysia**.



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*The world went through one of the most challenging periods in recent history with the spread of the COVID-19 pandemic leading to simultaneous health and economic crises. Malaysia was not spared but managed to leverage on its strengths to continue attracting investments from both domestic and overseas sources.*

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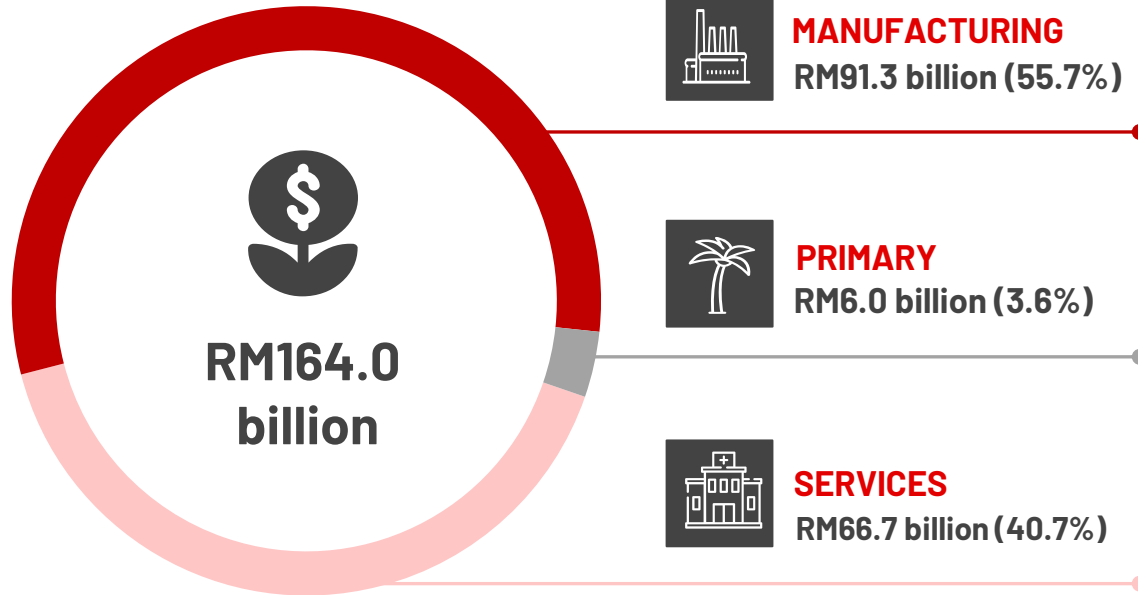
MIDA Investment Performance Report 2020

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## INVESTMENTS PERFORMANCE 2020



Percentage %



- The **manufacturing sector** attracted the **largest portion** of approved investments in 2020.
- Despite the volatile year of 2020, manufacturing sector recorded a **rise** of **10.3%** from RM82.7 billion in 2019.
- Total investments approved in 2020 **declined 22.4%** from RM211.4 billion approved in 2019.
- The decline was weighted by the **services** and **primary sectors** which were directly impacted by weak global demands due to the pandemic and the Movement Control Order (MCO).

# APPROVED INVESTMENTS IN THE ECONOMY 2020



**DDI**

**RM99.8 billion**

**60.9%**

**DDI** accounted for the bulk of total approved investments with a contribution of **60.9% (RM99.8 billion)**, while **FDI** made up the remaining **RM64.2 billion (39.1%)**.



**INVESTMENTS**

**RM164.0 billion**



**Projects**

**4,599**



**Job Opportunities**

**114,673**

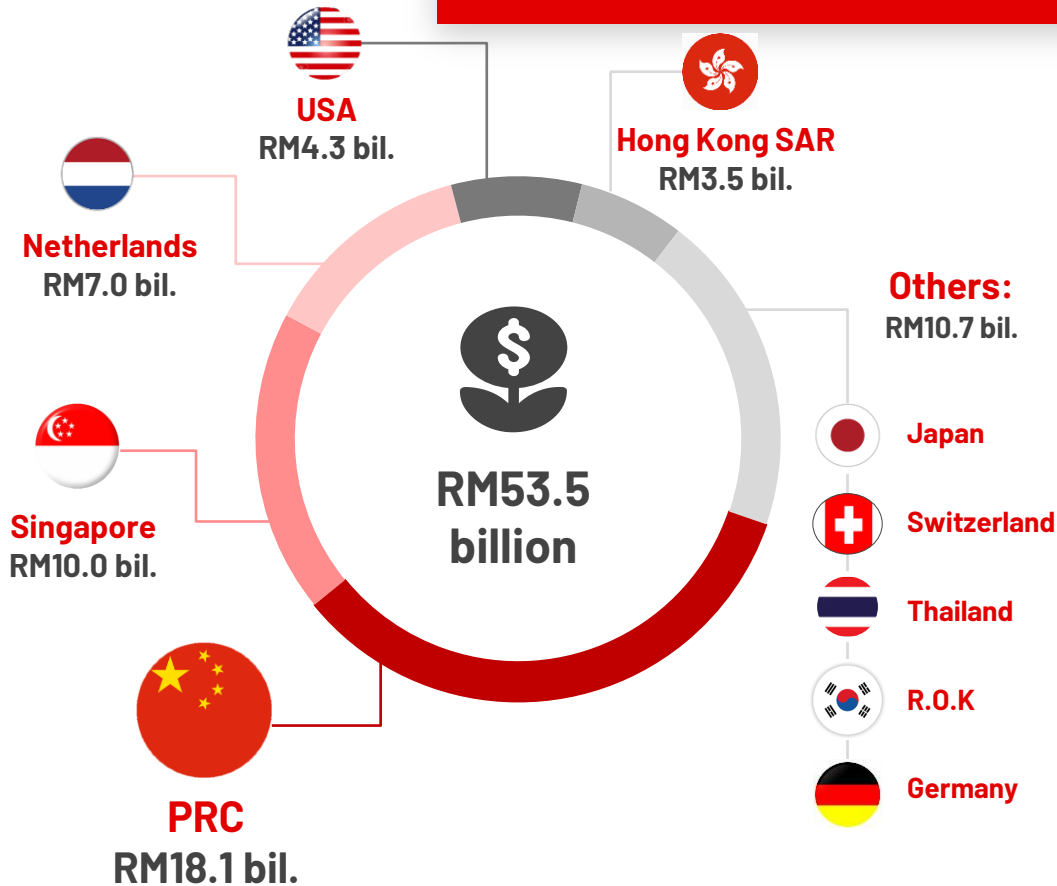


**FDI**

**RM64.2 billion**

**39.1%**

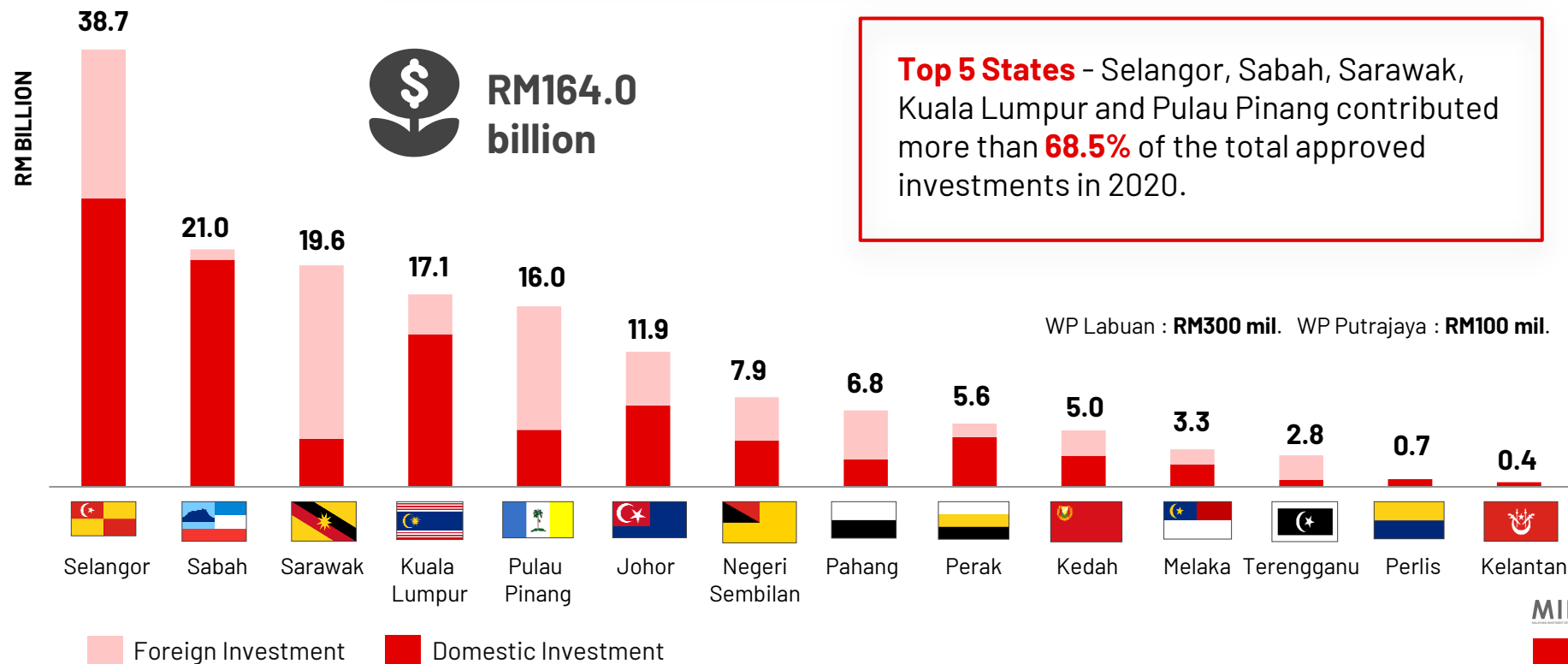
# MAJOR SOURCES OF FDI APPROVED IN THE ECONOMY



Note: Excluding Tax Havens

- These **Top 10 countries** accounted for a total of RM53.5 billion or a **83.3%** of total FDI approved in the economy 2020.
- The **USA-PRC trade uncertainties** benefitted Malaysia with noteworthy investments inflows recorded in 2020 due to investment diversion.

# APPROVED INVESTMENTS IN THE ECONOMY BY STATE



Note: The total may not tally as some projects have yet to decide on their locations.



“

*Malaysia's manufacturing sector experienced promising and strong growth amidst COVID-19 headwinds, with an increase of 10.4 per cent in investments from 2019 and strong job creation figures, while both foreign and domestic investors retained their confidence in the nation's economy as domestic direct investments (DDI) received a substantial boost.*

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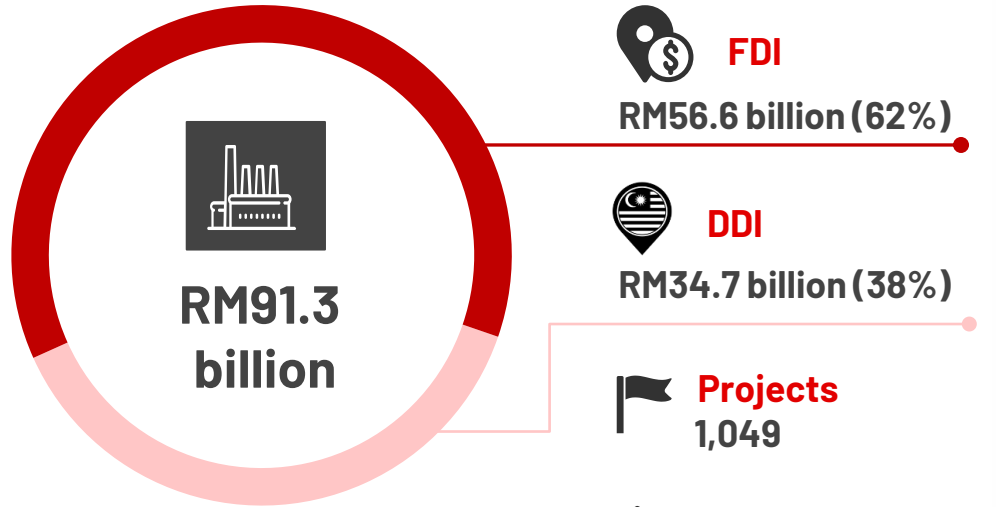
Dato' Azman Mahmud  
CEO, Malaysian Investment Development Authority

3

## MANUFACTURING SECTOR

# APPROVED INVESTMENTS IN MANUFACTURING

Percentage %



- Malaysia attracted a healthy level of **investments** into the manufacturing sector in 2020 with an **increase** of **10.3%** from RM82.7 billion recorded in 2019
- The number of projects approved **increased** by **6.2%** from 988 in 2019 to 1,049 projects in 2020.
- **FDI** continue to lead investments in the manufacturing sector accounting for 62% of total investments approved in 2020, with an **increase of 3.9%** from RM54.4 billion in 2019 to RM56.6 billion in 2020, reflecting greater confidence among foreign investors in Malaysia's investment environment.
- **DDI surged** by **22.6%** in 2020, compared to RM28.3 billion in 2019, indicating positive outcome of Government's various stimulus packages to boost domestic economy.
- Total of **new job opportunities** created in 2020 recorded a moderate **increase** of **2.0%** from 78,606 in 2019.

# TYPE OF APPROVED MANUFACTURING PROJECTS



## NEW PROJECTS

RM61.1 billion (66.9%)



RM91.3 billion



## EXPANSION/ DIVERSIFICATION

RM30.2 billion (33.1%)



### FDI

RM36.8 bil.  
(60%)



### DDI

RM24.3 bil.  
(40%)



### Projects

547



### Job Opportunities

56,003



### FDI

RM19.8 bil.  
(65.5%)



### DDI

RM10.4 bil.  
(34.4%)



### Projects

502



### Job Opportunities

24,187

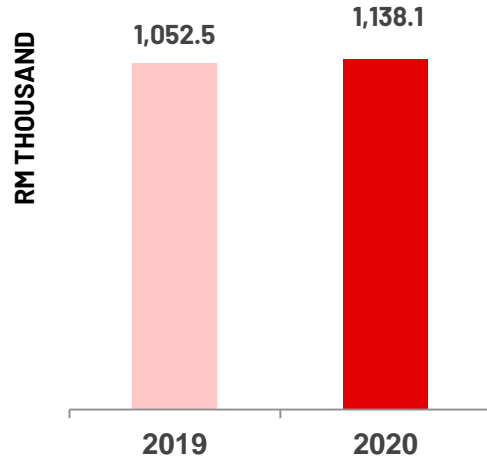
- **547 projects** (RM61.1 billion) or **66.9%** of the total approved investments were new/greenfield projects, reflecting investors' confidence in Malaysia's resilient business environment.
- **FDI** continued to dominate both **new and expansion/diversification projects**.
- Greenfield **DDI** with investments value of **RM24.3 billion** is 57.3% higher than in 2019.



# QUALITY INVESTMENTS IN MANUFACTURING



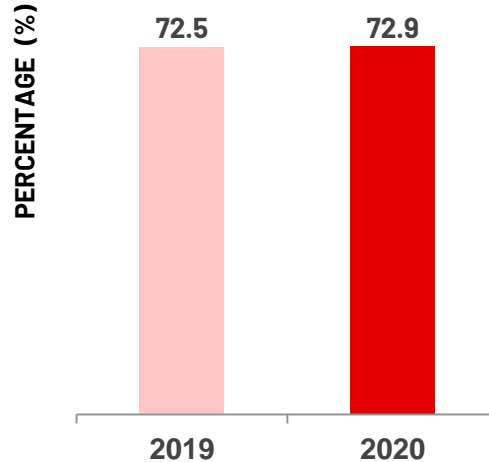
## CAPITAL INVESTMENT PER EMPLOYEE (CIPE)



Value of the CIPE **increased 8.1%** in 2020 as compared to RM1.05 million in 2019.



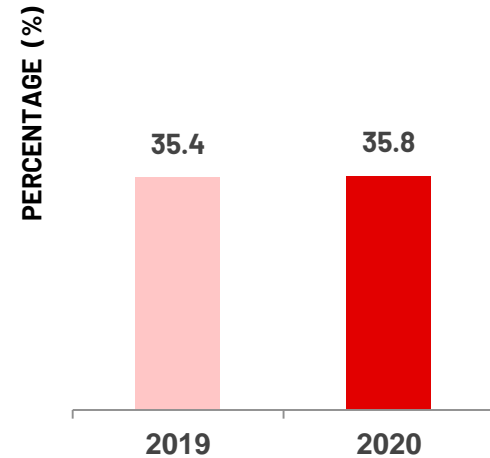
## HIGH-VALUE ADDED (HVA)



Percentage of quality projects approved with more than 40% value-added has continued to **sustain at more than 70%** in 2020.

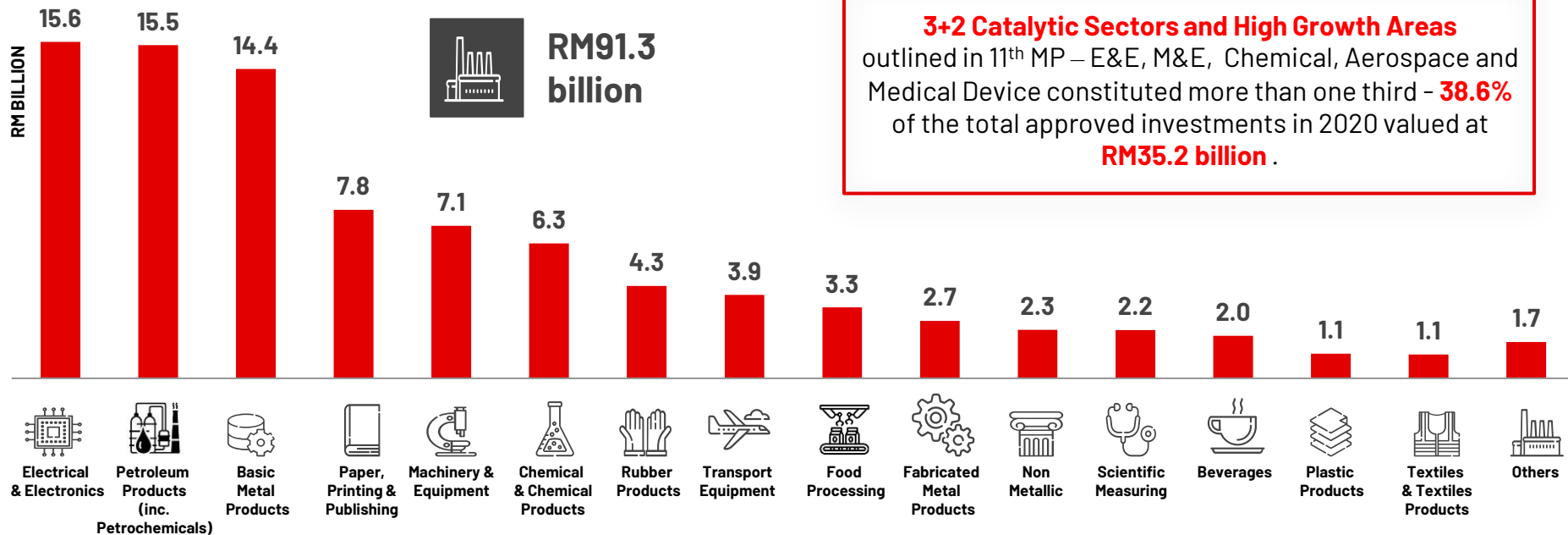


## MANAGERIAL, TECHNICAL AND SUPERVISORY (MTS)



Quality job opportunities as reflected by MTS index continued to **improve moderately** in 2020.

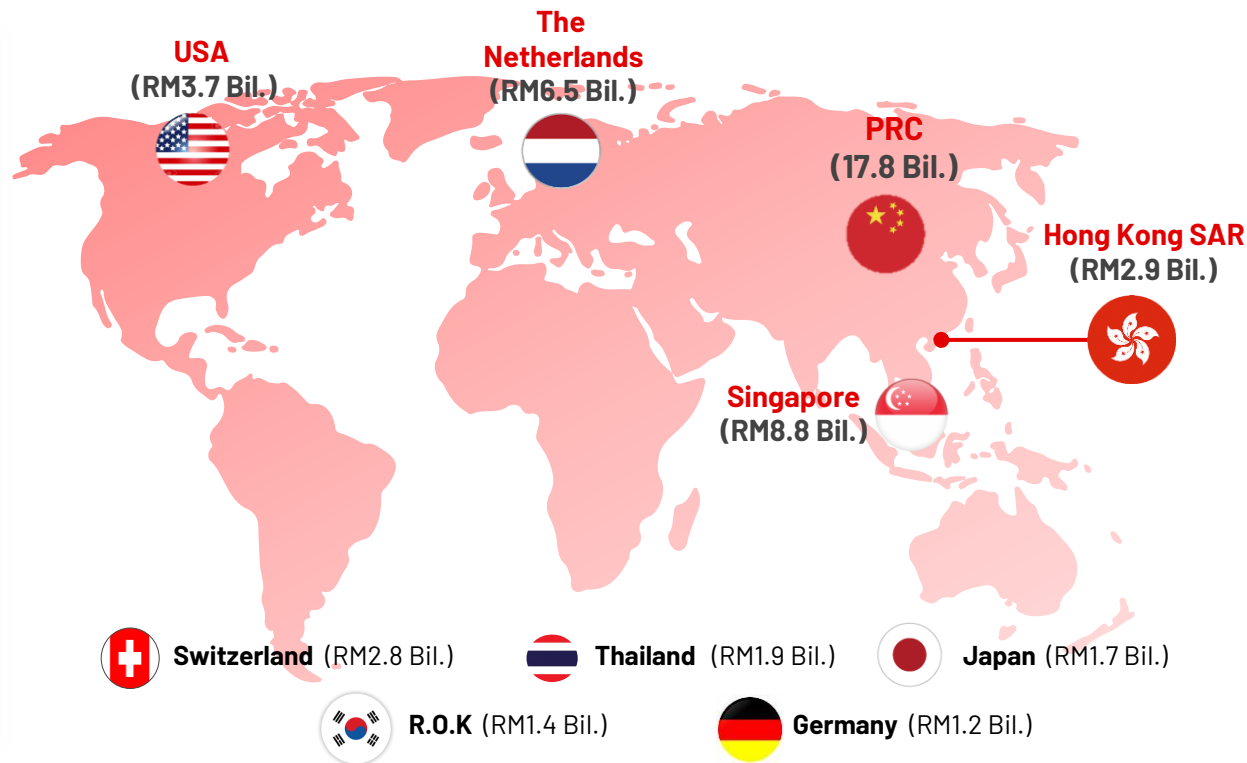
# SUB-SECTOR OF APPROVED MANUFACTURING PROJECTS



**3+2 Catalytic Sectors and High Growth Areas** outlined in 11<sup>th</sup> MP – E&E, M&E, Chemical, Aerospace and Medical Device constituted more than one third – **38.6%** of the total approved investments in 2020 valued at **RM35.2 billion**.

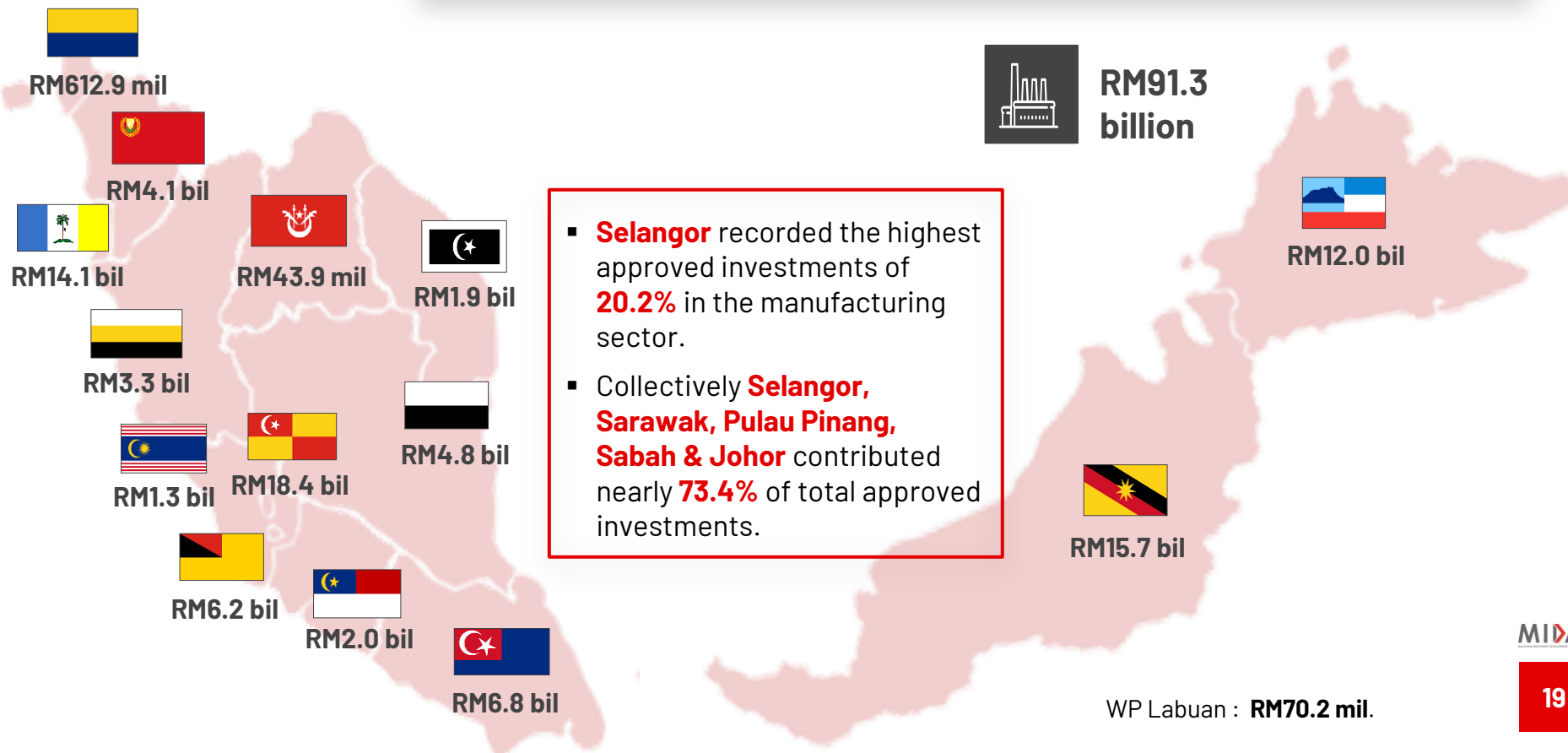
# MAJOR SOURCES OF FDI APPROVED IN MANUFACTURING

- **PRC, Singapore and The Netherlands** accounted for **58.5%** of total foreign investments.
- **PRC** was the **largest FDI contributor** in the manufacturing sector for the last five years (2016-2020).
- These **10 countries** accounted for a total of **350 projects** approved in the manufacturing sector.

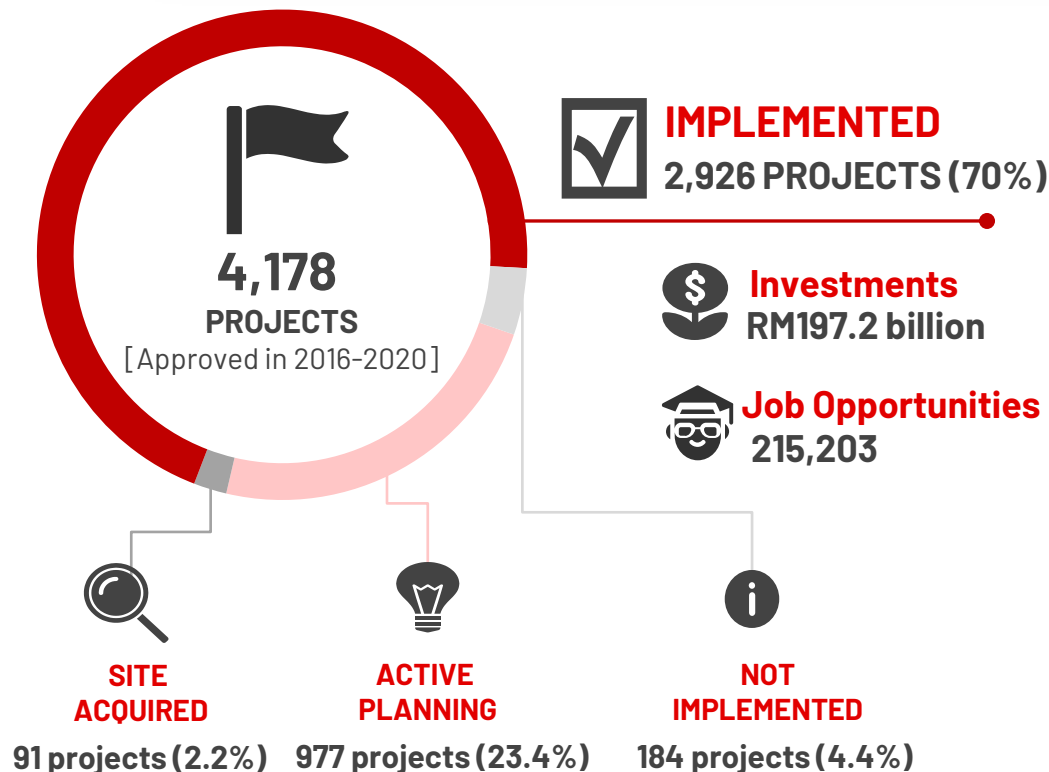


Note: Excluding Tax Havens

# APPROVED MANUFACTURING PROJECTS BY STATE



# STATUS OF IMPLEMENTATION OF MANUFACTURING PROJECTS



- As at end 2020, **2,926 projects** or **70%** of 4,178 projects approved in 2016-2020 were implemented.
- Of the 2,926 implemented projects, a total of **2,739** projects are **in production**, while **187** projects are undergoing **factory construction** and **machinery installation**.
- **Project Acceleration and Coordination Unit (PACU)**, established by MIDA in 2020 will continue to provide end-to-end facilitation and accelerate projects implementation.



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*Services sectors have been heavily affected by the COVID-19 pandemic. At the same time, the crisis has underscored the importance of services that enable online supply.*

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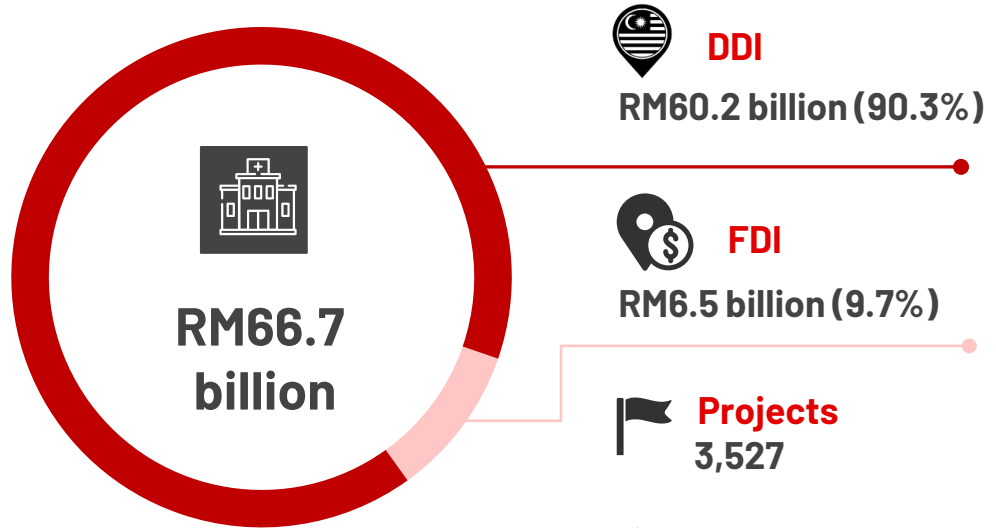
Director-General Roberto Azevedo  
Trade Outlook 2020, World Trade Organisation

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## SERVICES SECTOR

# APPROVED INVESTMENT IN SERVICES

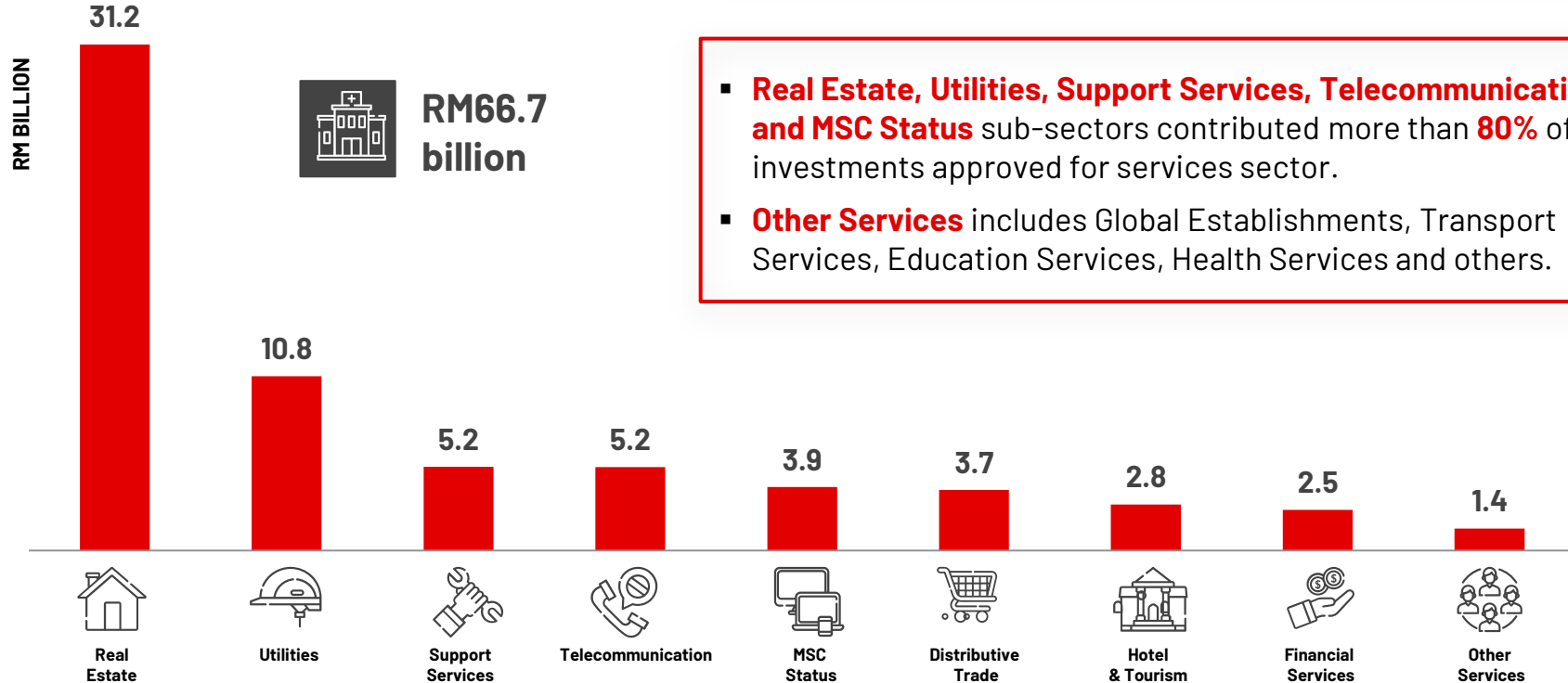
Percentage %



- Services sector was most affected by **COVID -19 crisis**. The approved investments in 2020 **declined by 45.2%** from RM121.7 billion in 2019
- DDI** continued to dominate the approved investments in the services sector at **90.3%**.



## SUB-SECTOR OF APPROVED PROJECTS



- **Real Estate, Utilities, Support Services, Telecommunications and MSC Status** sub-sectors contributed more than **80%** of total investments approved for services sector.
- **Other Services** includes Global Establishments, Transport Services, Education Services, Health Services and others.

# HIGHLIGHTS OF SERVICES SECTOR 2020



## INTEGRATED LOGISTIC SERVICES



**Investments**  
RM1.4 billion



**Projects**  
12



**Job Opportunities**  
1,878

Investments in ILS **increased by 60.3%** from RM841.9 million in 2019, being one of the sector less affected by the pandemic situation.



## REGIONAL ESTABLISHMENTS



**Investments**  
RM595.2 million



**Projects**  
141



**Job Opportunities**  
704

**141** Regional Establishment projects have been approved in 2020, creating **704 high quality job opportunities**.



## GREEN TECHNOLOGY



**Investments**  
RM2.4 billion



**Projects**  
633



**Job Opportunities**  
1,005

Renewable energy from solar sector contributed **581 projects** under Green Technology industry, covers **78.4%** of total investments and provided 604 new job opportunities.



## HOTEL & TOURISM



**Investments**  
RM2.8 billion



**Projects**  
38



**Job Opportunities**  
2,088

The sector is heavily impacted by the current crisis, whereby investments **decreased 44.6%** from RM5.1 billion recorded in 2019.

“

*The COVID-19 pandemic is a shock to global commodity markets that presents a challenge to policy makers in commodity exporters: to the extent that it is short-lived, policy stimulus can buffer its impact; to the extent that it is lasting, policy makers need to allow their economies to adjust smoothly to a new normal.*

”

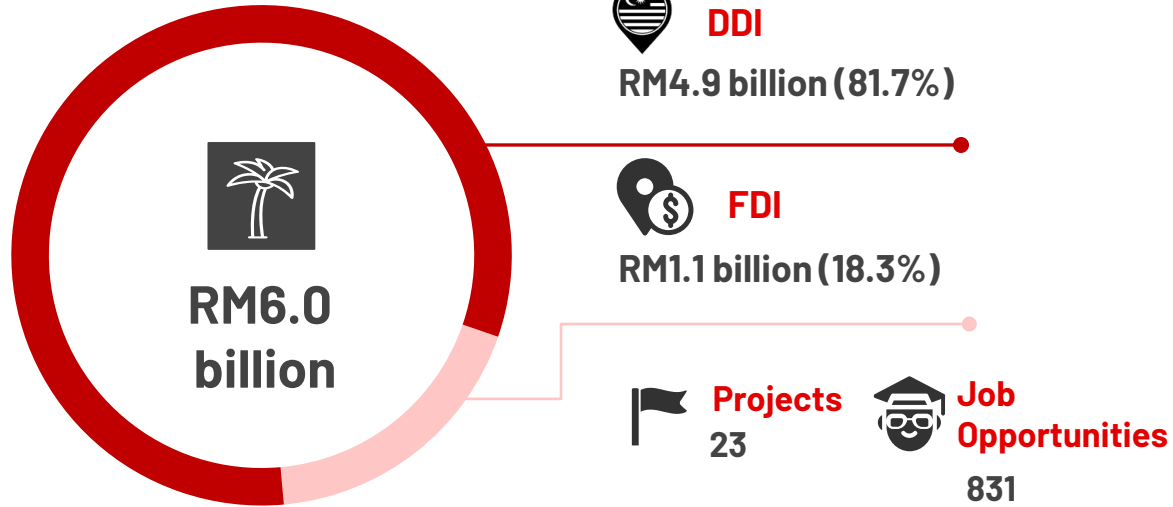
Executive Summary of World Bank Commodity  
Markets Outlook, October 2020

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## PRIMARY SECTOR

# APPROVED INVESTMENT IN PRIMARY SECTOR

Percentage %



- Total approved projects **declined 13.9%** from RM7.0 billion in 2019, driven by plunging global commodities prices.
- However, **DDI increased** by **54.8%** from RM3.2 billion in 2019 as demand recovered towards the second half of 2020.

 **Mining**  
RM6.0 billion

 **Plantation & Commodities**  
RM27.0 million

 **Agriculture**  
RM2.4 million

“

*While the year 2020 was a challenging year in many sense of the word, Malaysia is steadfast in its fundamentals as the pre-eminent preferred investment destination in the region. As we forge ahead in the new year on the path of economic revitalisation coupled with the rollout of the national vaccination programme, the Government remains committed to prioritising the needs of our people and businesses.*

”

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**GOING  
FORWARD**

## INVESTMENTS OUTLOOK



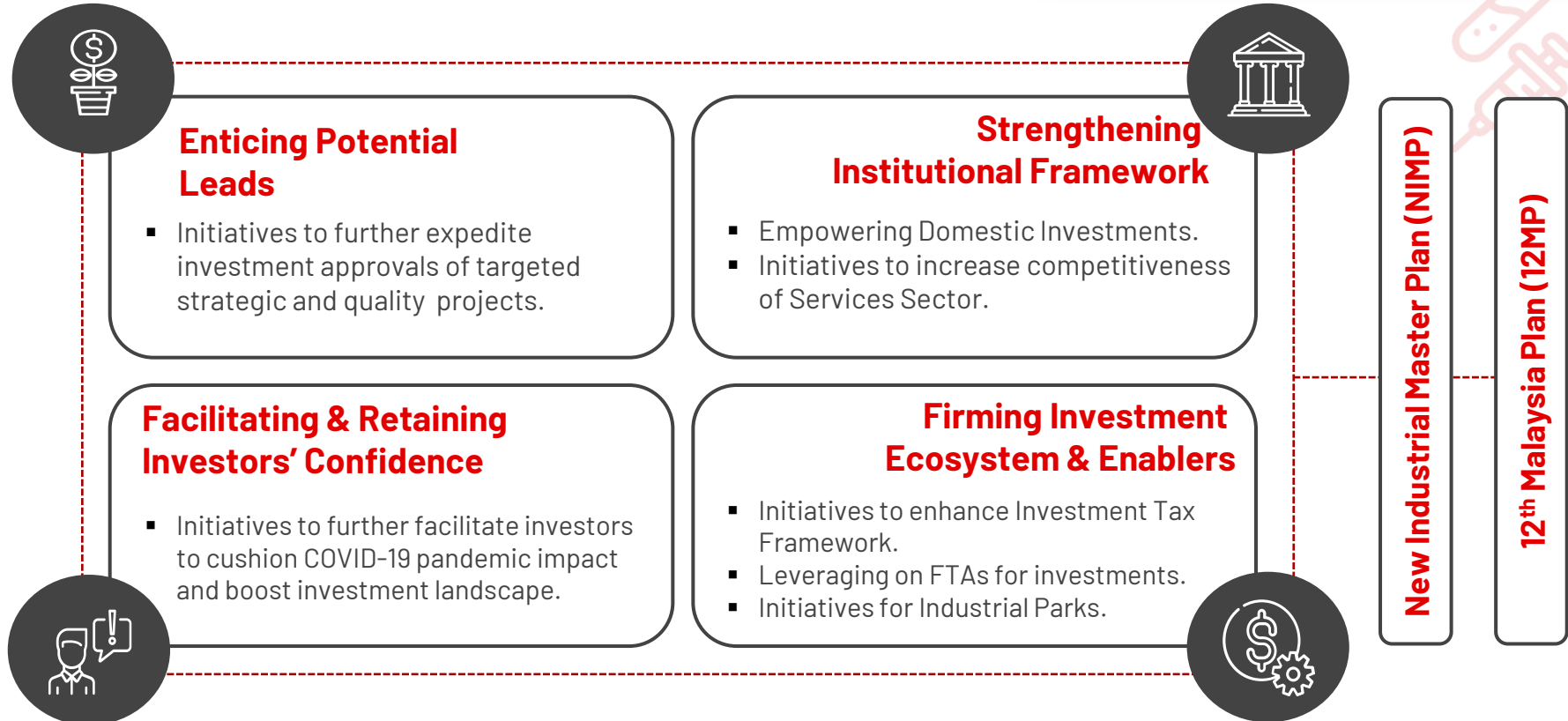
“ FDI is projected to decrease by a **further 5% to 10%** in 2021 and to initiate a recovery only in 2022. ”



“ Amid exceptional uncertainty, the global economy is projected to **grow 5.5 percent** in 2021 and 4.2 percent in 2022. ”



“ MOF has projected that Malaysia's **GDP growth** would range between **6.5% and 7.5%** in 2021. ”





1

**Manufacturing sector** recorded **RM91.3 billion**, a **rise of 10.3%** from RM82.7 billion in 2019 and attracted the **largest portion** of approved investments in 2020. Despite volatile year, **DDI** and **FDI** also increased by **22.6%** and **3.9%** respectively as compared to 2019.

2

**DDI** accounted for the **bulk of the total approved investments** with a contribution of **60.9%** (RM99.8 billion), while FDI made up the remaining RM64.2 billion (39.1%). DDI **increased** in the **Manufacturing (22.6%)** and **Primary (54.8%)** sectors as compared to 2019.

3

**Strategic measures** were undertaken in **2020** to cushion the impact of the pandemic and revive the economy such as the **PENJANA** initiatives. Various programmes to **attract and sustain FDI and DDI** were intensified.

4

**New key strategies** will be introduced in **2021** to entice potential leads, facilitate and retain investors' confidence, strengthen institutional framework and firm up investment ecosystem and enablers. These will be further enhanced with the launch of the **New Industrial Master Plan** and **12<sup>th</sup> Malaysia Plan**.

5

Currently, there are **RM65.9 billion** (1,043 projects) worth of **potential investments** in the pipeline in the manufacturing and services sectors under MIDA's purview.

Geared for  
Recovery



THANK YOU