

## Malaysia continues to be the preferred investment destination for high-value manufacturing and global services hub in Asia amid pandemic

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### Targeting Quality Investments

Malaysian Investment Development Authority (MIDA) as the principal investment promotion agency has been effective to target and attract the right types of investments, particularly FDI, to transform the economic development of Malaysia. Since the late 1990s, Malaysia has adopted a more selective and targeted approach in attracting investment, both FDI and DDI. It no longer promotes low-end assembly-type operations and labour-intensive projects.

In this regard, MIDA continues to attract quality investments with greater specialisation in the 3 + 2 catalytic sectors highlighted under the 12th Malaysia Plan, namely electrical and electronics; chemical; machinery and equipment; aerospace; and medical devices. Malaysia places emphasis on high-technology and continues to target global service centers, principal hub, healthcare, education, logistics, green technology and R&D.



*Mr. Arham Abdul Rahman CEO of MIDA*

## **Malaysia's Strong Position in International Ranking**

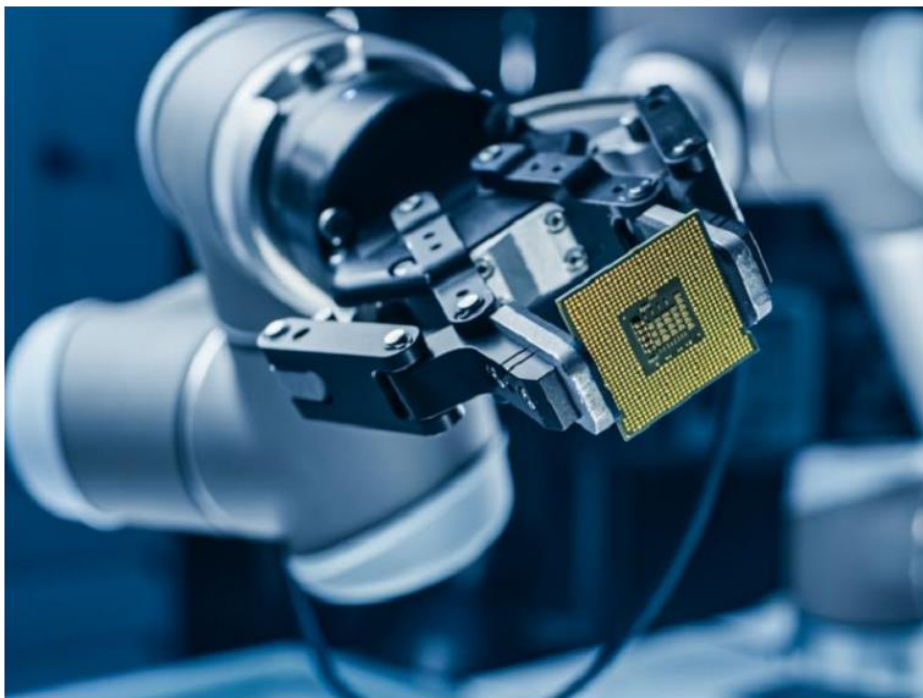
Generally global corporate leaders and MNCs look for cost-competitive, secure and stable locations to consider for facility investment. Today, over 5,000 companies from more than 50 countries have made Malaysia their location for manufacturing and related services operations. Malaysia also serves as the gateway to ASEAN. Malaysia is also a member of the Regional Comprehensive Economic Partnership (RCEP).

Malaysia boasts a robust legal system, including intellectual property protection, and a well-developed financial sector. The country's telecommunications and internet capabilities are among Asia's most sophisticated. Seven international airports connect Malaysia to regional and global commercial hubs, while its seven seaports facilitate the rapid movement of goods. A modern highway system spans most of Peninsular Malaysia, and over 500 business parks are scattered across the country.

The DHL Global Connectedness Index ranks Malaysia No. 2 in Southeast Asia and No. 12 globally for trade connectivity.

According to a recent joint study by KPMG and The Manufacturing Institute in the US entitled 'Cost of Manufacturing Operations around the Globe'. Malaysia is ranked fourth among 17 economies in an assessment comparing the economy's competitiveness as a manufacturing hub (ahead of China, Japan, Vietnam and India).

The latest report by World Intellectual Property Organisation (WIPO) on Global Innovation Index (GII) 2020 has indicated that Malaysia leads the world in high-tech net exports (as a percentage of total trade).



## **Malaysia Continues to Attract High Levels of FDI**

The COVID-19 outbreak has affected every country in the world enormously, and Malaysia is not excluded. The impact cut across various aspects, including investment. Despite the international border closures, Malaysia recorded total approved investments of USD 40.7

billion last year in the whole economy, of which FDI accounted for USD 15.9 billion (39.1%) whereas DDI [domestic direct investment] accounted for USD 24.8 billion (60.9%). Major sources of FDI in the manufacturing sector were from China, Singapore, The Netherlands and United States with total investment of USD 900 million.

### **Recent Success to House High-End FDI Projects**

Malaysia has the ability to meet the stringent demands of highly regulated industries. It is reflected by the high-end FDI projects that Malaysia has secured in 2020, including the following:

- **Smith+Nephew** from United Kingdom (UK) to produce high tech medical devices products including knee and hip implants.
- **Bruker**, a Swiss company, establishing its first facility in Asia to manufacture high-tech products. LAM Research, a US global Fortune 500 supplier of innovative wafer fabrication equipment and services to the semiconductor industry that has chosen Malaysia to expand its global footprint.
- **Dexcom**, a US company and leader in continuous glucose monitoring system will be producing their niche offerings in Malaysia.
- **Ultra Clean Holdings**, a US-based company in developing and supplying ultra-high purity cleaning and analytical services primarily for the semiconductor industry.
- **MusicTribe**, a US-based multinational leader for professional audio products and musical instruments, has chosen Malaysia to set up an Industry 4.0-driven, fully robotised manufacturing facility; as well as to establish its Principal Hub activities.
- **LEM**, a Switzerland-based electrical measurement company that will set up its new production plant in Malaysia to meet the growing demand of its customers in the industrial and automotive sectors.
- **SK Nexilis**, a Korean manufacturer producing copper foils for electric vehicle.
- **Leuze electronics GmbH + co. KG**, a German company will be establishing their first Southeast Asian manufacturing facility in Malaysia to produce optical sensors.
- **Porsche** from Germany announced its flagship new first-of-its-kind Porche Centre in Ara Damansara. The centre is the largest 3S Porsche Centre within a single facility in the Asia Pacific.
- **NTT**, a Japanese Fortune 500 and world's 4th largest Telekom Company recently announced the launch of its fifth data centre in Malaysia.
- **Microsoft bersama Malaysia**, to establish its first datacenter region in Malaysia and its catalytic role in digital infrastructure and cloud technologies.



## **Investment Leads**

Moving forward, the Government will continue to be at the forefront to entice more high-value investments in technology and innovation to position Malaysia as an alternative supply chain hub in Asia. MIDA has identified 288 high-profile investment projects in the manufacturing and services sectors, with a combined potential investment value of USD 30.3 billion (RM125 billion) that are being negotiated and targeted by Malaysia in 2021.

## **Transforming Investment Facilitation**

Among the major initiatives that have been implemented in 2020 include:

- **Project Acceleration and Coordination Unit (PACU):** Last year, MIDA introduced the Project Acceleration and Coordination Unit (PACU) to expedite and facilitate the implementation of approved projects.
- **e-TRANS:** MIDA, through its e-TRANS system, has launched and enhanced several online modules — namely faster approval for applications for e-manufacturing licenses, e-incentives, and import duty and/or sales tax exemptions — to expedite the execution of projects.



### **Welcoming Investors During Global Pandemic Crisis**

On 23 March 2021, the Business Travellers Center (BTC) was officially launched to welcome short-term business travellers into Malaysia. Complete information on OSC is available at [safetravel.mida.gov.my](http://safetravel.mida.gov.my).

### **About MIDA**

MIDA is Malaysian 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. For more information, visit [www.mida.gov.my](http://www.mida.gov.my) and follow on Twitter, Instagram, Facebook, LinkedIn and YouTube channel.

*Disclaimer: This article has been produced on behalf of Malaysian Investment Development Authority (MIDA) by Mediawire team.*

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