



SUSTAINABLE INVESTMENTS FOR GROWTH

MALAYSIA
INVESTMENT
PERFORMANCE
REPORT

2022

1

GLOBAL VS MALAYSIA'S FDI INFLOW

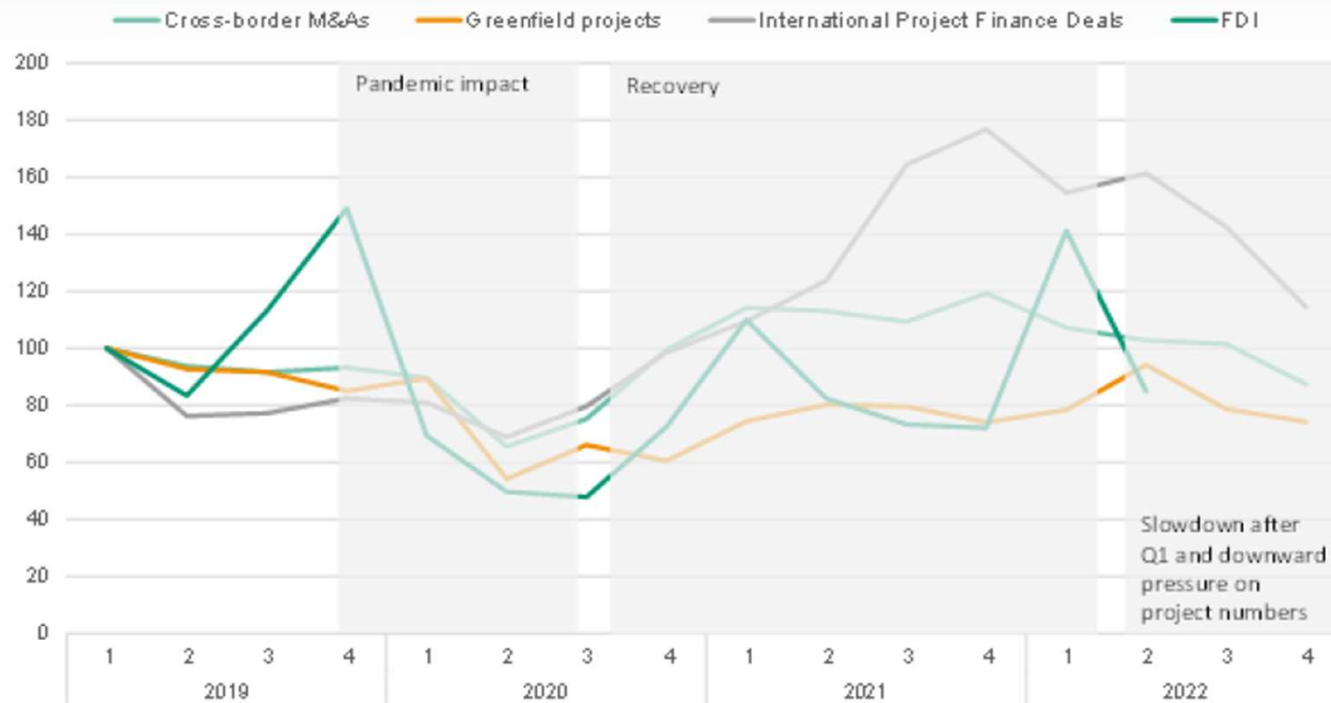
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A Global Tough Year

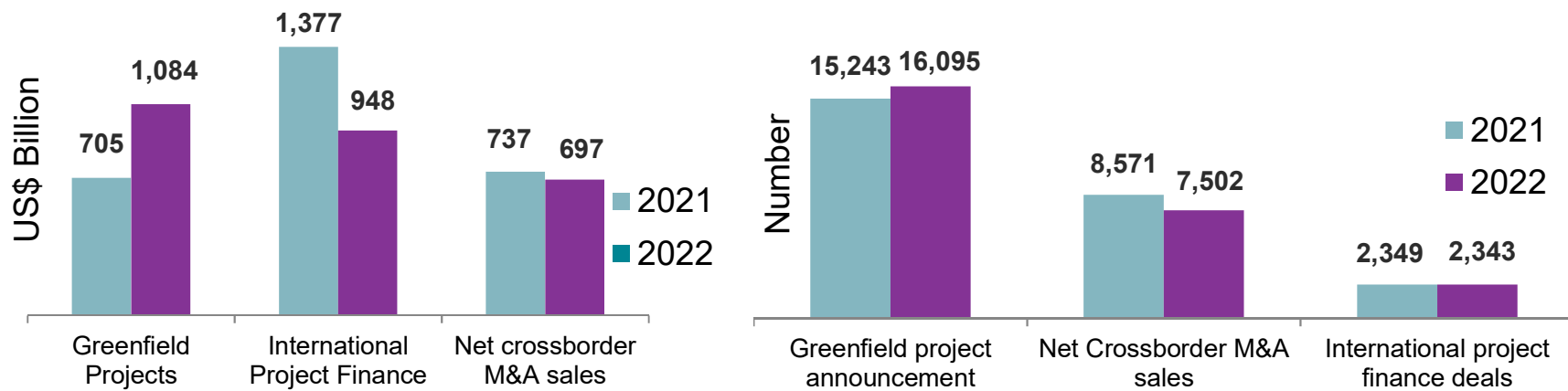
In 2022, global FDI flows faced significant **downward pressure** after first quarter 2022 due to the Russia-Ukraine war, inflationary pressures and debt woes.

Figure 1. Investment trends, 2019 – 2022 (Indexed, 2019: Q1=100)



Performance Report

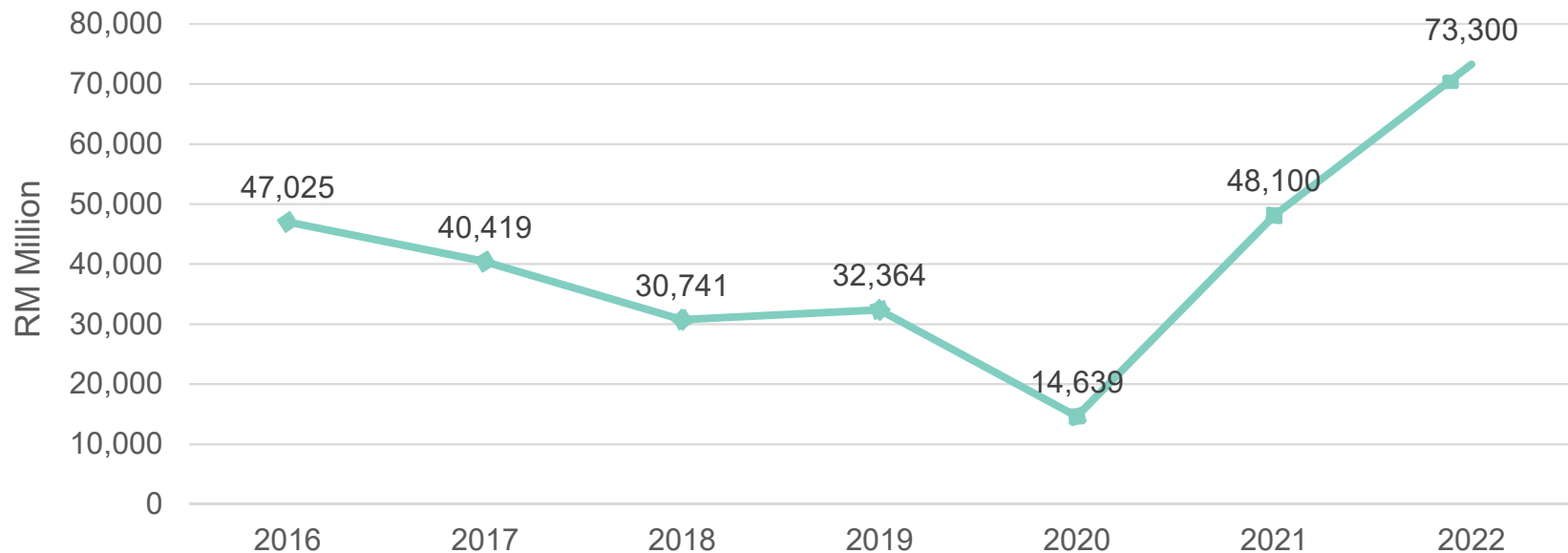
- Global greenfield project announcement in 2022 as a whole still showed growth **(+6%)** due to momentum in first part of the year.
- Value of greenfield projects increased significantly **(+54%)** because of several megaprojects and a shift from project to corporate financing in the renewables sector leading to an increase in average project size.
- On the contrary, cross-border Mergers & Acquisitions (M&A) sales were **6% lower** and International Project Finance (IPF) values more than **30% lower** in 2022 due to deteriorating financing conditions, rising interest rates and growing uncertainty in financial markets.



Source: UNCTAD Global Investment Trends Monitor, No. 44, 17 Jan 2023

Rebound In Malaysia's FDI

Malaysia managed to rake in approximately **RM 73.3 billion** in net FDI inflows, despite the global downward FDI trend, **52.4%** increase as compared to **RM 48.1 billion** recorded for 2021.



Malaysia's Commendable Global Rankings

1st **Bloomberg**

Top Country in Emerging Southeast Asia for Foreign Investment

Global Opportunity Index, Bloomberg 2022

3rd



Most Innovative Upper Middle-income Economy in the World

Global Innovation Index 2022, World Intellectual Property Organization (WIPO)



2nd

Most Competitive Country in ASEAN

8th



Top Country in Asia-Pacific Region on Economic Freedom

2022 Index of Economic Freedom, The Heritage Foundation

1st



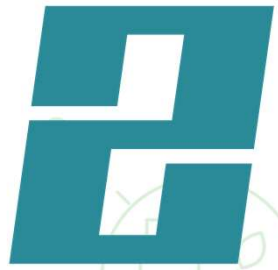
On Global Islamic Finance Development Indicator (IFDI)

Islamic Corporation for the Development of the Private Sector (ICD)-Refinitiv IFDI Report 2022

32th

Most Competitive Country in the World

World Competitiveness Yearbook 2022, IMD

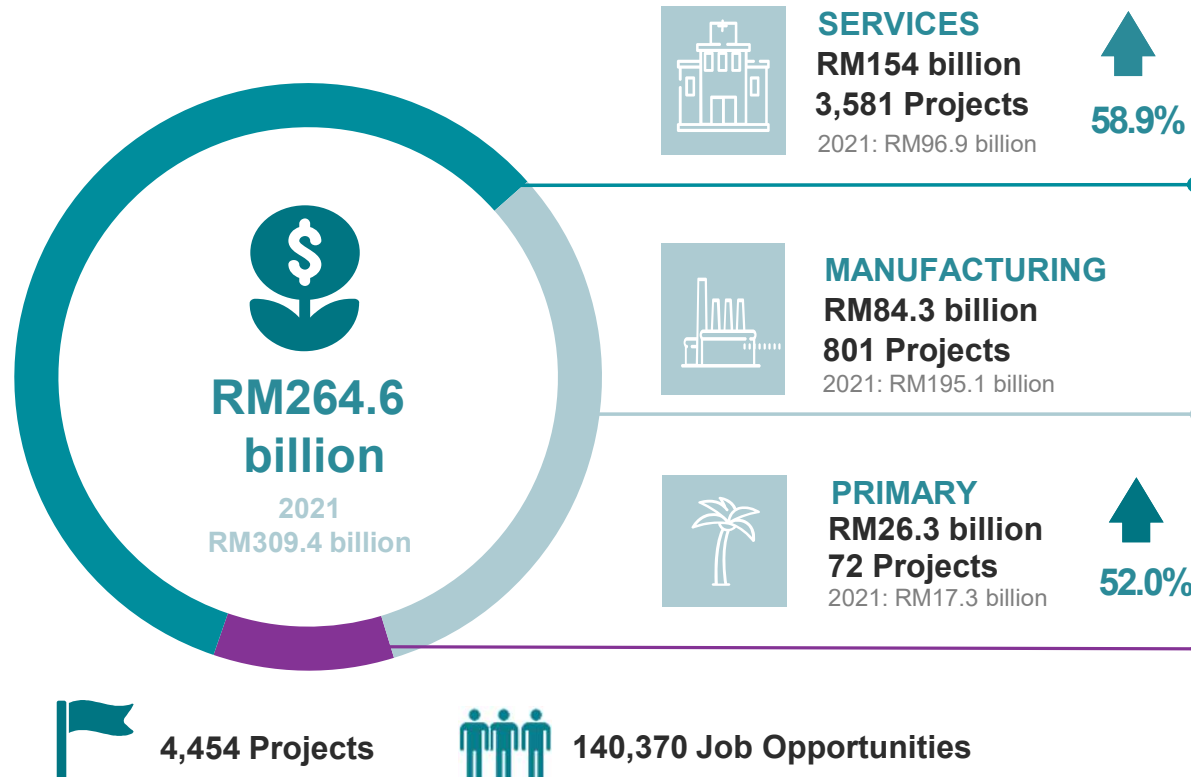


INVESTMENTS PERFORMANCE 2022

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2022 Year In Review



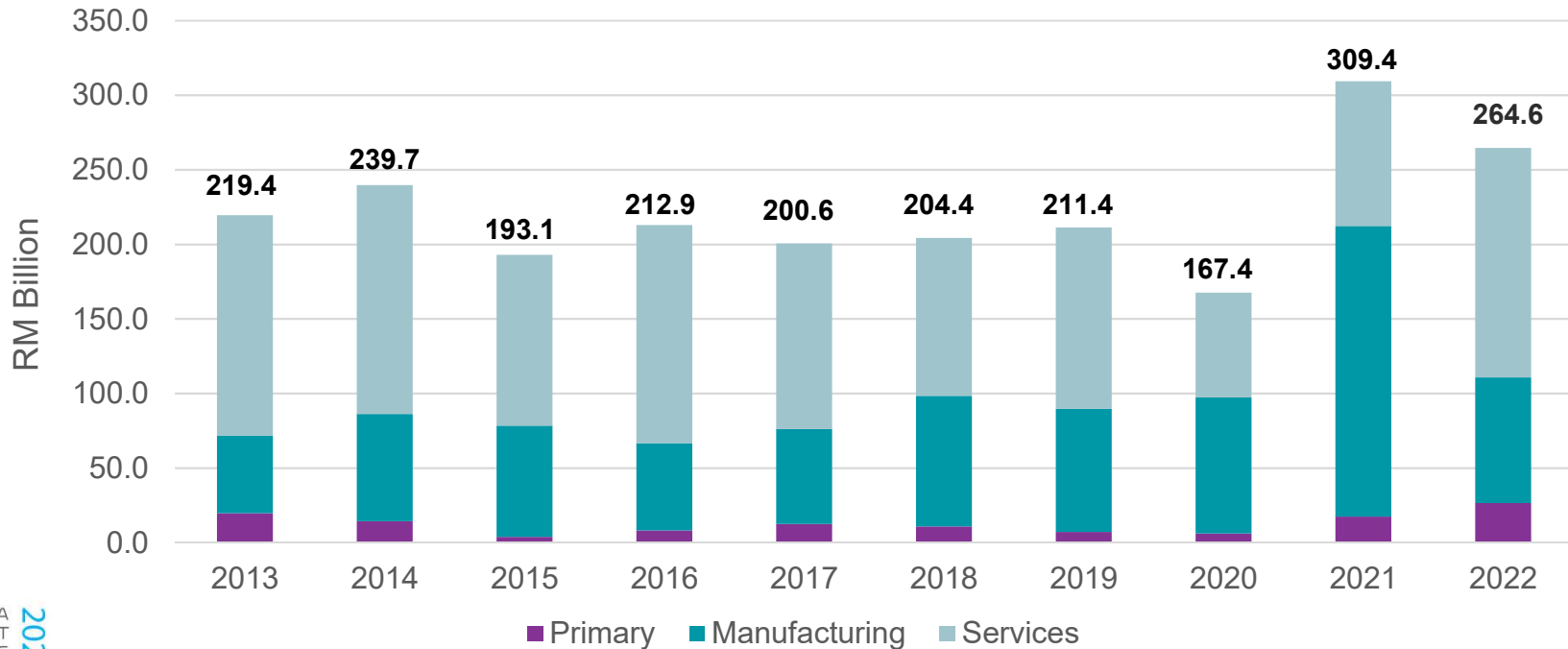
The **services** sector attracted the **largest** portion of approved investments in 2022, accounting for **58.2%** of the total approved investments.

The approved investment for the primary sector show an **increased** by **52%** as compared to 2021.

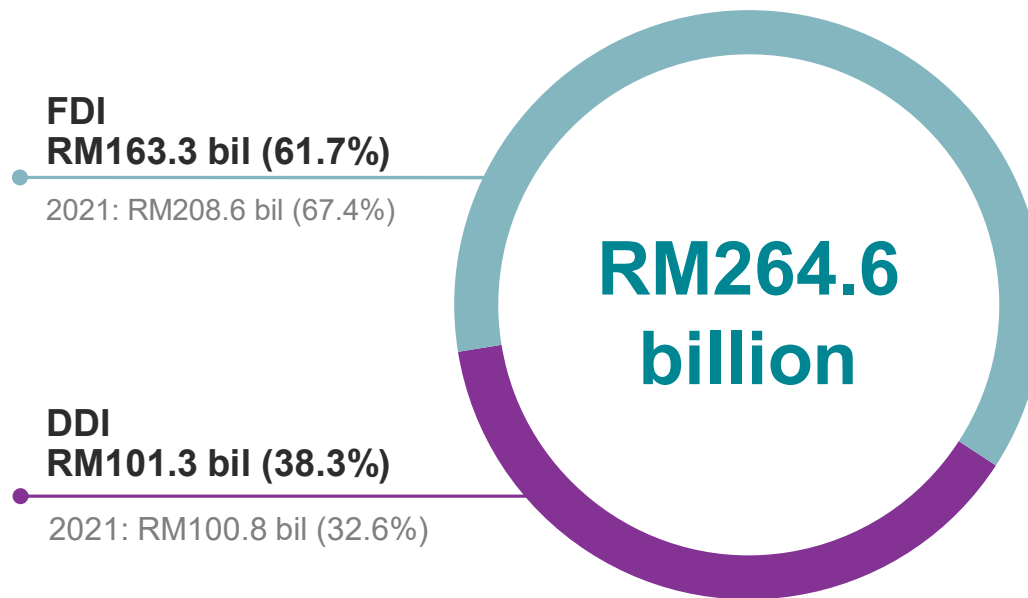
Major projects in the **Information and Communications industry** as well as the **oil & gas industry** contributed to the outstanding growth in approved investments for primary and services sector in 2022.

2022 Exceeds Pre-Pandemic Achievement

In 2022, overall investments declined by 14.5% (2021: RM309.4 billion), reflecting the effect of high base from last year stemming from two mega projects approved in the manufacturing sector in 2021. Despite the impact of the pandemic, approved investments in 2022 remained robust, **surpassing** both the **annual average** of RM217.59 billion from 2013 to 2021 and the **pre-pandemic investment** of RM211.4 billion in 2019.



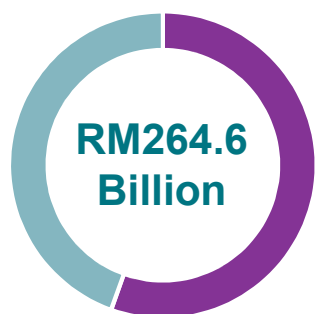
FDI Dominates Approved Investment



- FDI contributed **61.7%** to the total approved investments, a testament to Malaysia's position as an attractive investment destination despite the global challenges.
- FDI were mostly concentrated in **Information and Communications, E&E**, and **mining** sectors
- DDI **increased slightly by 0.5%** to RM208.6 billion compared to RM64.2 billion approved last year.

NIA-Guide for Malaysia's Investment Strategy











Investment
related to
NIA
RM117.8B
(45%)

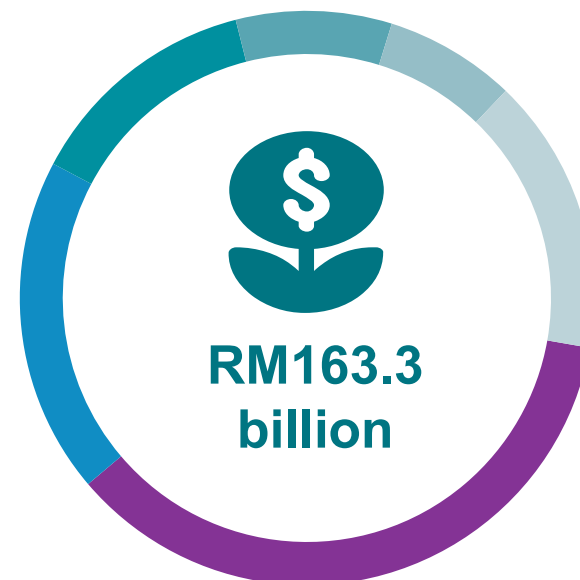


- **45%** of **RM264.6 billion** worth of investment were approved under the focused **National Investment Aspirations (NIA)** sectors which include **electrical and electronics, pharmaceutical, digital economy, aerospace and chemicals**.
- Continue attracting high quality investment and creating high value jobs in line with **NIA**.

Quality Investment Indicators				
<ul style="list-style-type: none"> • R&D Intensity • Level of Capital Investments • Level of technology / 4IR adoption of technology • Export orientation • IP creation 	<ul style="list-style-type: none"> • Percentage of High Income Jobs Generated for Malaysians • Level of Knowledge / Skills Intensity • Level of Productivity 	<ul style="list-style-type: none"> • Rate of Utilisation of Local Sourcing • Vendor Development Programmes (VDP) • Collaborations with Local Universities/ Research Institutes 	<ul style="list-style-type: none"> • Level of Technology • Rate of Utilisation of Local Sourcing • Collaborations with Local Universities / Research Institutes • Vendor Development Programme 	<ul style="list-style-type: none"> • Regional economic development
National Investment Aspirations				
Increase Economic Complexity	Create High Value Jobs	Create Malaysian Conglomerates & Extend Domestic Linkages	Develop New and Existing Clusters	Improving Inclusivity

Top 10 FDI Contributors in 2022

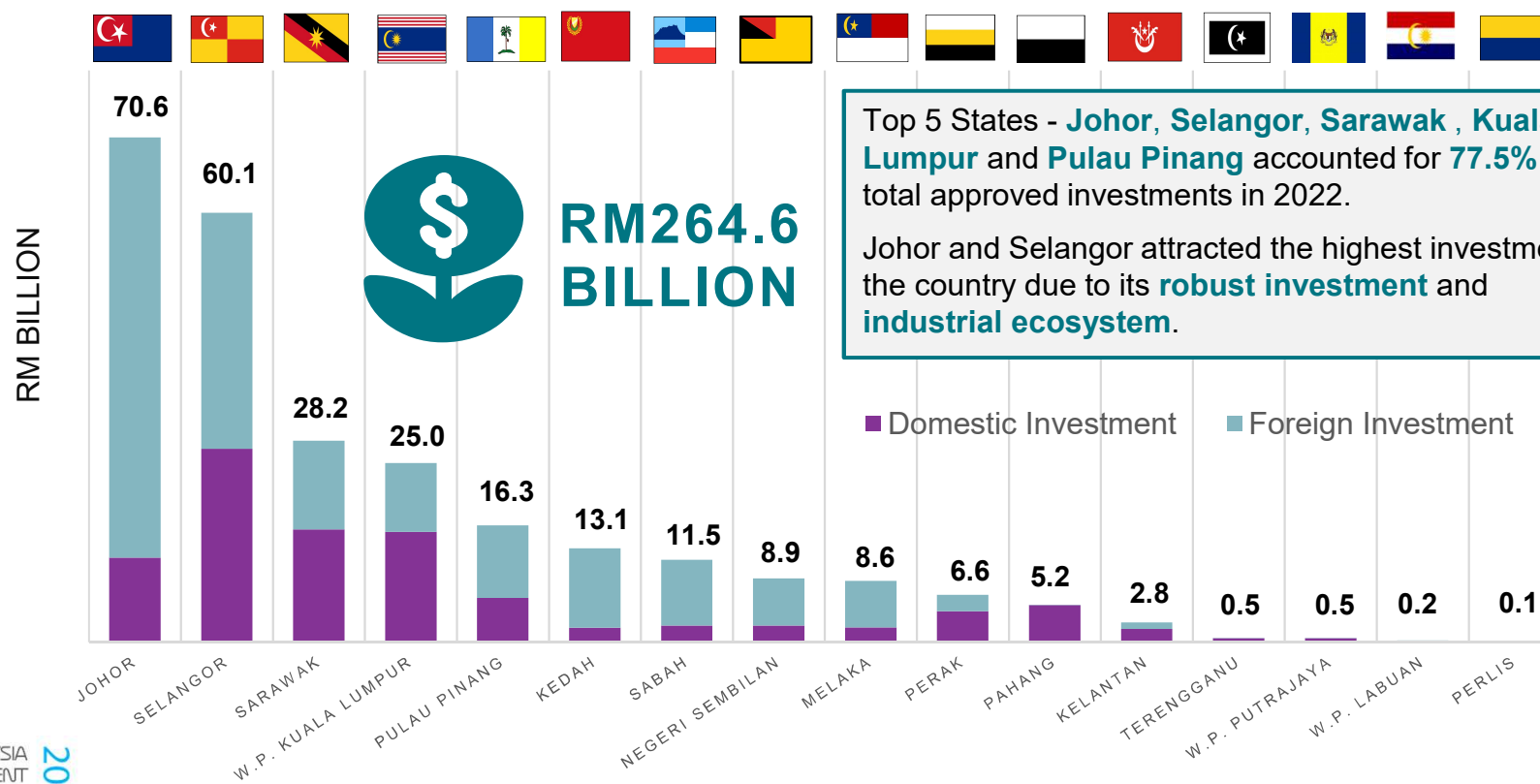
	People's Republic of China	RM55.4 billion
	United States	RM29.2 billion
	The Netherlands	RM20.4 billion
	Singapore	RM13.5 billion
	Japan	RM11.4 billion
Others	    	RM24.0 billion



These top 10 countries accounted for a total of **RM153.9 billion** or **94.2%** of total approved FDI in 2022. **China** take the lead with **77%** of increased investment from 2021. The services sector accounts for the majority (**82.9%**) of approved investments, with **major data center projects** as the main contributor.

Note: Based on immediate source of investment

High-Flying States



Note: The total may not tally as the breakdown by states for the remaining investments are not available.



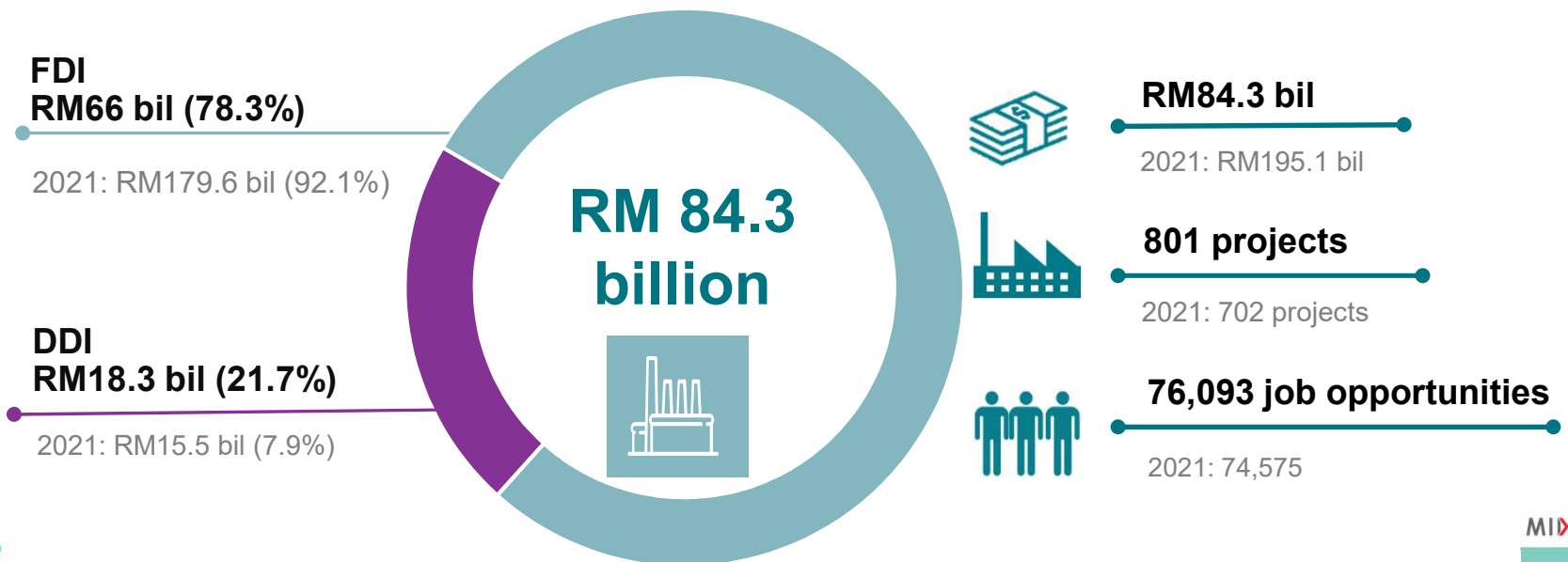
MANUFACTURING SECTOR

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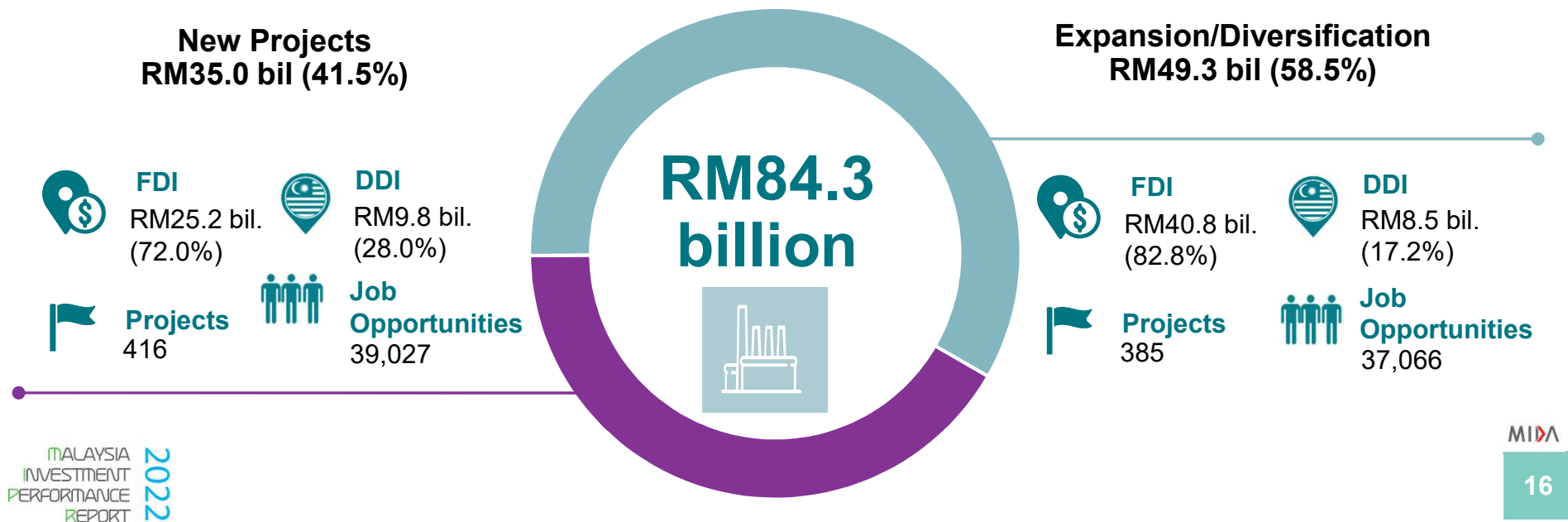
Manufacturing Sector Cornerstone of Malaysia's Economy

FDI has continued to be the cornerstone of total approved investments in the manufacturing sector in recent years, illustrating that the Government's **pro-business policies** and initiatives to encourage foreign investments have been successful.

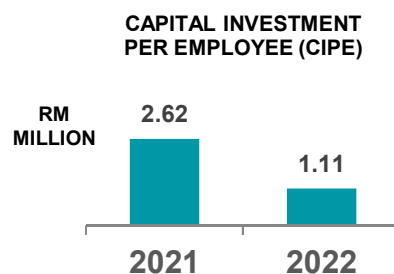


Remarkable Reinvestment Performance

Expansion and diversification projects accounted for **58.5%** of the total approved investments, indicating a sustained **level of confidence** among existing investors in Malaysia as they **reinvest** and **expand** their businesses.













CIPE Value In Manufacturing Sector



- The CIPE value decreased by 57.63% in 2022 as compared to RM2.62 million in 2021. This is mainly due to an overall decrease in the total capital investment in manufacturing sector of around 56.8%.
- Top 5 industries with high CIPE are **Petroleum Products, Chemicals & Chemical Products, Transport Equipment, Non-Metallic Mineral Products and Machinery & Equipment.**

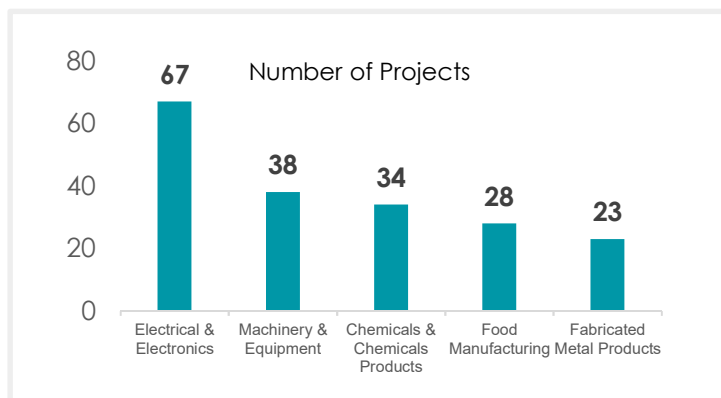
CIPE by Top 10 Industries

	1. Petroleum Products (Inc. Petrochemicals) RM7,365,063		6. Scientific & Measuring Equipment RM1,399,992
	2. Chemicals & Chemical Products RM2,570,732		7. Electrical & Electronics RM1,080,515
	3. Transport Equipment RM2,109,866		8. Basic Metal Products RM685,590
	4. Non-Metallic Mineral Products RM1,819,062		9. Food Manufacturing RM659,158
	5. Machinery & Equipment RM1,720,274		10. Rubber Products RM474,435

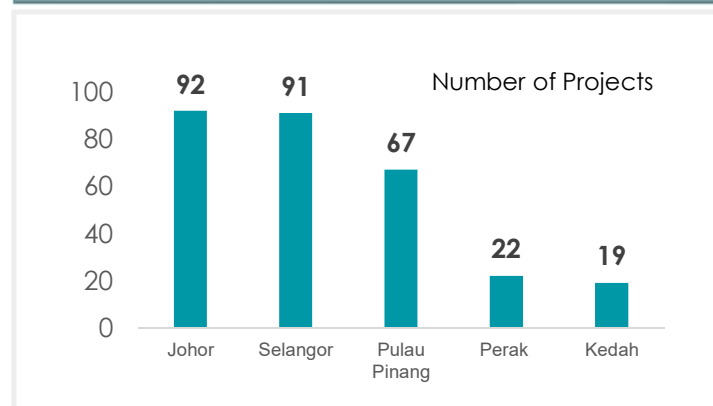
Note: Capital intensity of projects approved is measured by CIPE ratio (capital investment per employee)

Export-Oriented Projects In Manufacturing Sector

By Major Industry



By Major State

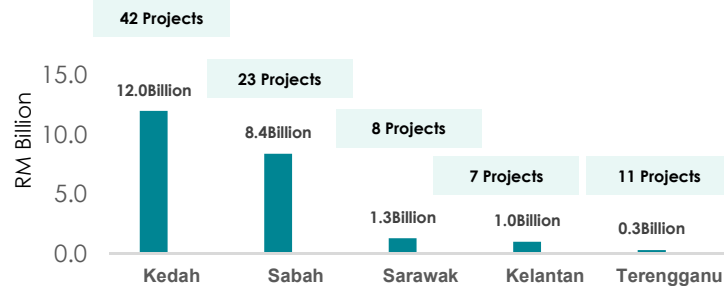


- Out of a total of 801 projects, 339 proposed to export more than 50% of their output, representing an export-oriented project percentage of **42.32%**. While this figure is slightly lower than the previous year's percentage of approximately **44.0%**, it still reflects a **significant** portion of projects **focused on exporting** their goods. The leading industries are electrical & electronics, machinery & equipment, chemicals & chemical products, food manufacturing and fabricated metal products.
- Major export oriented projects are located in Johor, Selangor, Pulau Pinang, Melaka and Kedah.

Note: Export oriented is defined as projects which exports 50% of its production and more

Balanced Regional Economic Development In Manufacturing Sector

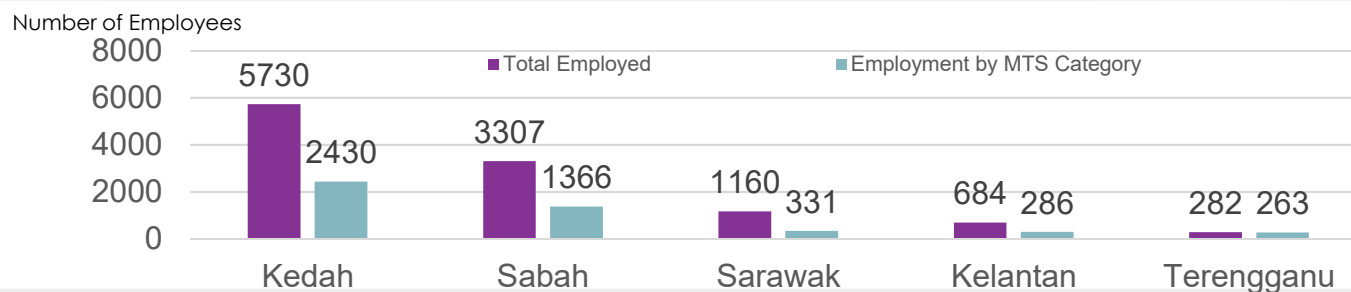
Investment in LDA States



As **inclusivity** is a key principle in Malaysia's national socio-economic development agenda, the government seeks to attract investment and create jobs for locals, especially in 'pockets' of less developed areas (LDA) in Malaysia.

Less developed states, namely Kedah, Kelantan, Terengganu, Pahang, Sabah and Sarawak received a total of 91 projects with investments amounting to **RM 23.0 billion**. These projects will create high skilled jobs with the proportion of managerial, professional/technical & supervisory (MTS) employment category of **41.9%** which is a **slight increase** from the **41.0%** in 2021.

Total Employment and MTS in LDA States

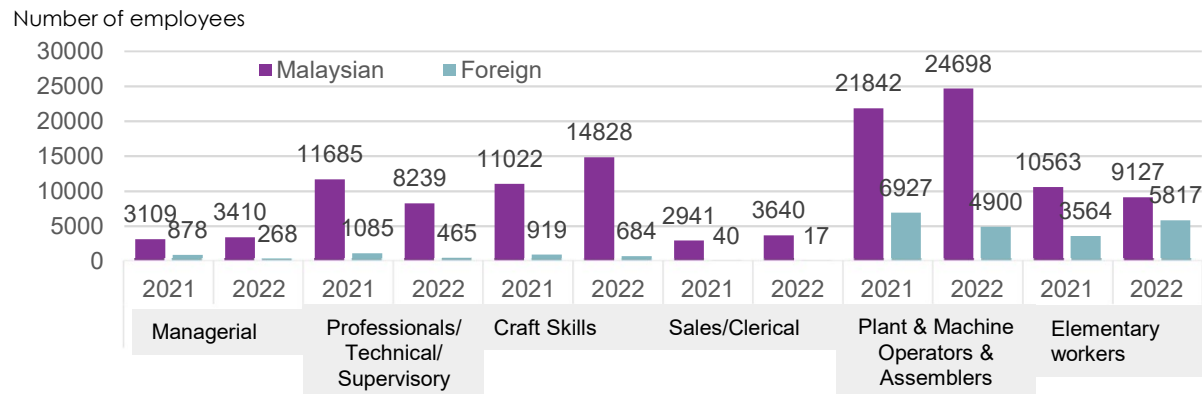


Note: No investment approved in Perlis for 2022

: MTS – Managerial, Professionals / Technical & Supervisory & Craft Skills

Creation of High-Skilled Talents In Manufacturing Sector

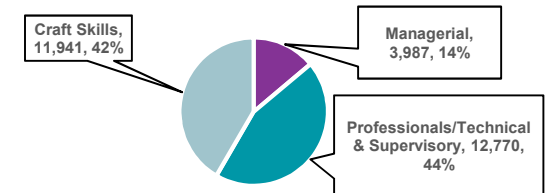
Total Employment by Category 2021-2022



Note: MTS: Managerial, Professionals / Technical & Supervisory & Craft Skills

- **84%** or 63,942 of new job opportunities were for Malaysian workers, with **notable increase** in the craft skills sector (34.5%) and **minor increase** in the managerial sector (9.68%) and sales/clerical sector (23.8%).
- The managerial, technical and supervisory (MTS) category made up **36.7%** of the 76,093 new jobs in the manufacturing sector.
- Top industries which created the most numbers of MTS employment were E&E, machinery & equipment, food manufacturing, fabricated metal products and transport equipment

MTS Employment in 2022



Major Industries for MTS in 2022

	Electrical & Electronics	12,684
	Basic Metal Products	3,034
	Rubber Products	2,677
	Food Manufacturing	1,794
	Fabricated Metal Products	1,494

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Surging Demand For Talent In Manufacturing Sector



Managerial, Professional/
Technical (including Craft Skills)
and Supervisory (MTS)
27,894 (36.7%)



Sales and clerical personnel,
plant/machine operators, and
assemblers
33,255 (43.7%)



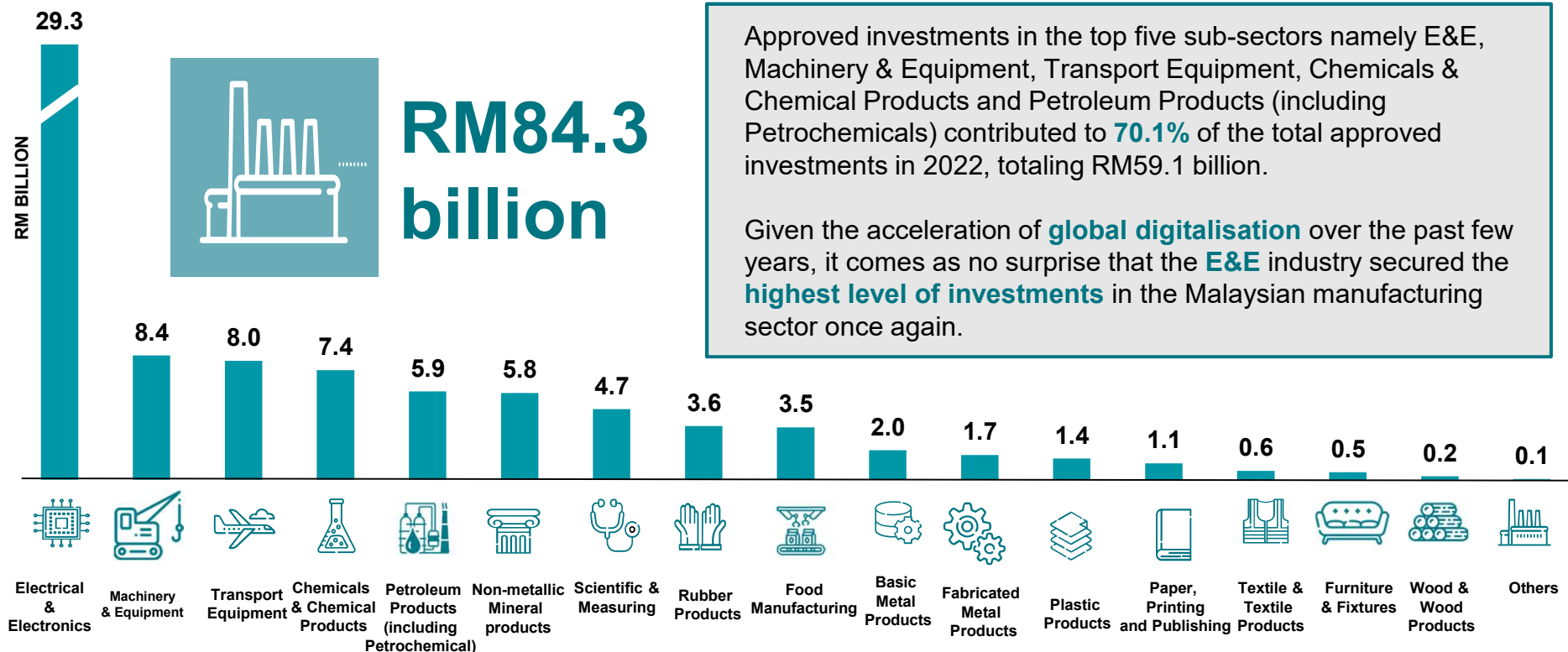
Others
14,944 (19.6%)



Job Opportunities
created for Malaysians
63,942 (84%)

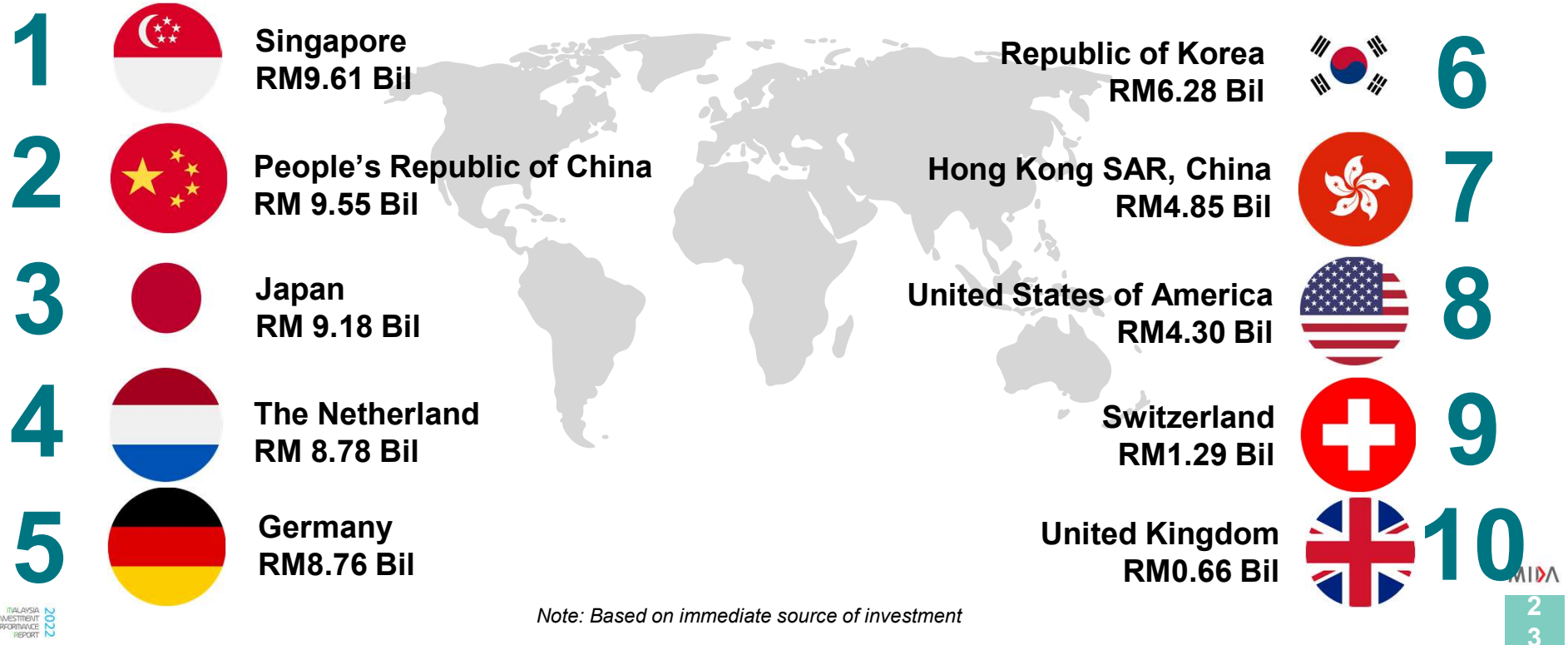
MTS **41.4%**
15.7% Earning more
than **RM5,000**

E&E The Mainstay Of The Manufacturing Industry

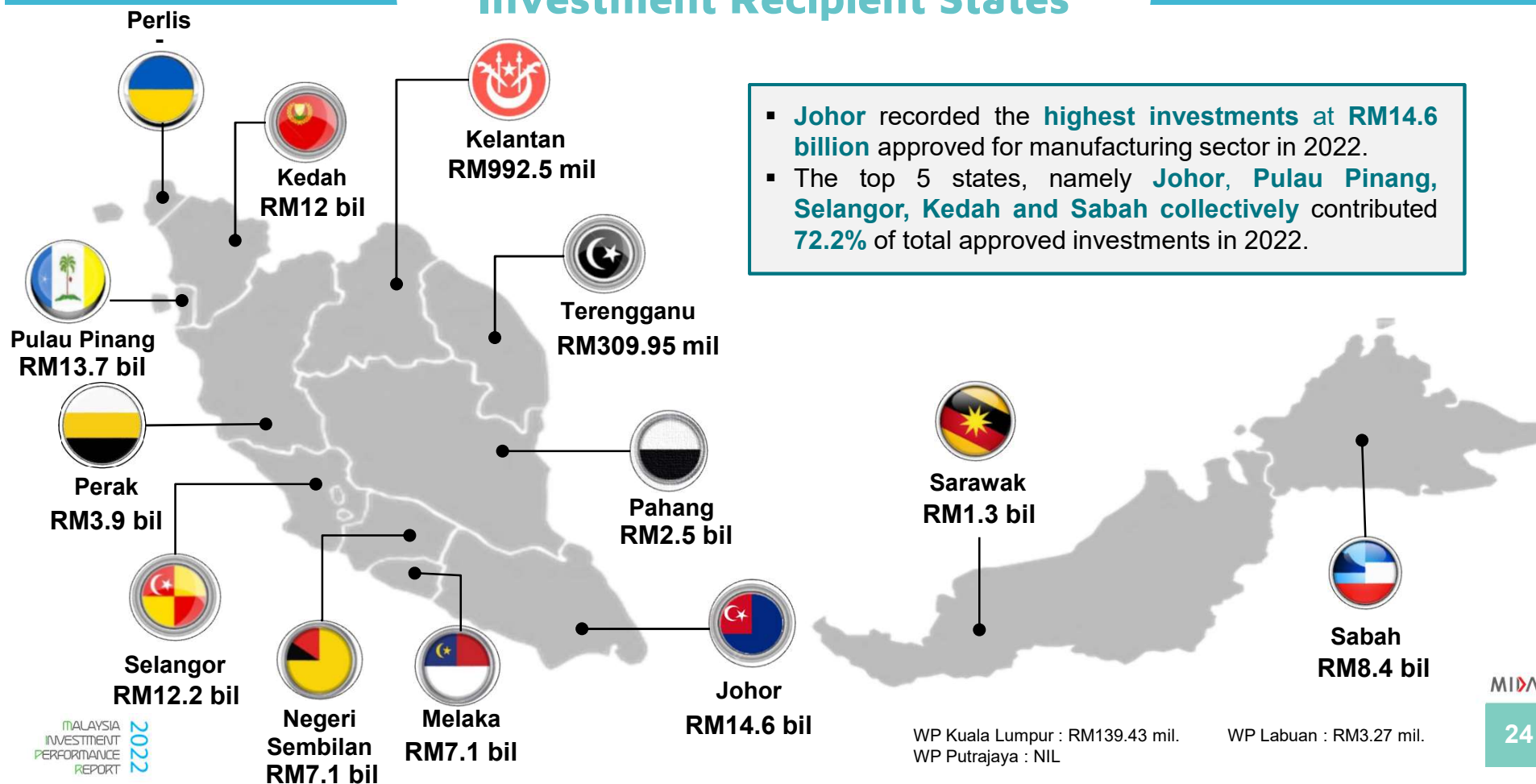


Top 10 FDI Contributors In The Manufacturing Sector

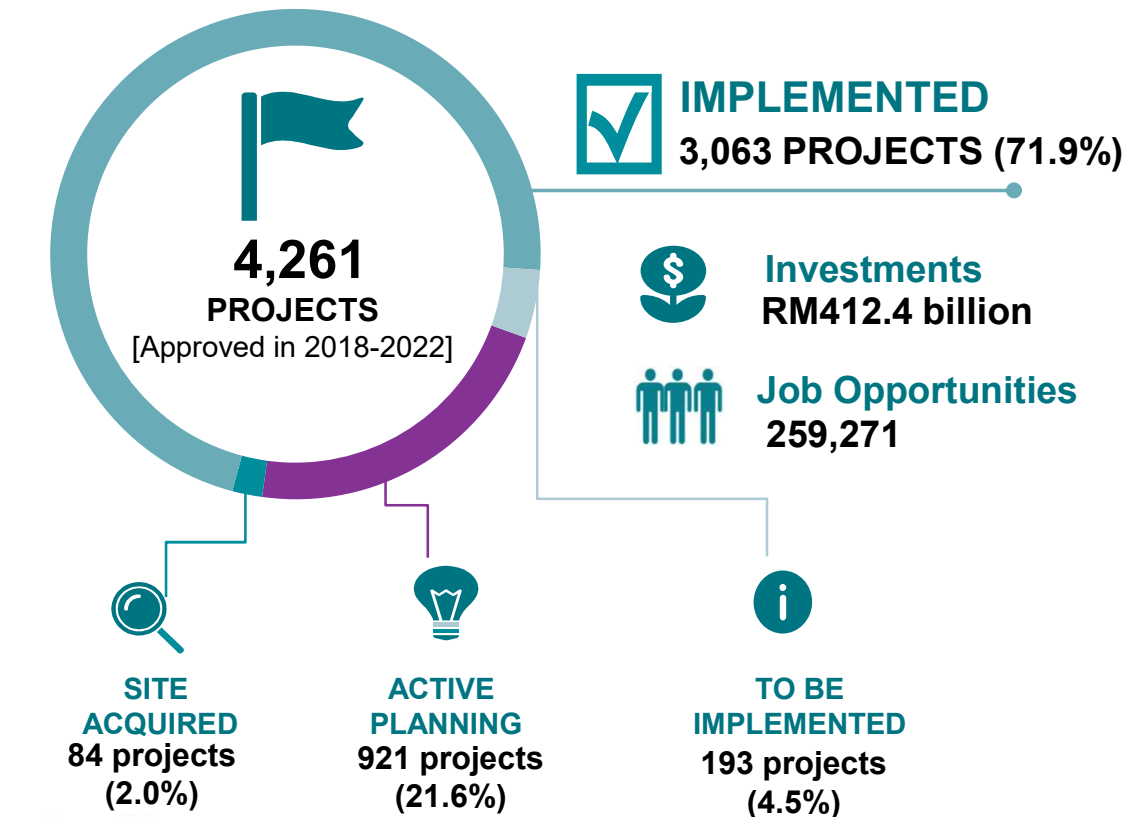
Top 5 countries, namely **Singapore, China, Japan, The Netherland and Germany** accounted for **69.54%** of total foreign investments.



Investment Recipient States



Status of Implementation of Manufacturing Projects



As of end 2022, **3,063 projects** or **71.9%** of 4,261 projects approved in 2018-2022 were implemented.

Of the 3,063 projects that have been implemented, **2,731** projects are **in production**, while **332** projects are undergoing **machinery installation/ factory construction**.

MIDA's Project Acceleration and Coordination Unit (PACU) offers comprehensive support to approved manufacturing and selected service projects, **streamlining** the entire process from approval to implementation.

In 2022 alone, 383 projects were approved and implemented with realised investments totaling **RM35.3 billion**, accounting for approximately 41.9% of all approved investments in the manufacturing sector.

4

SERVICES SECTOR

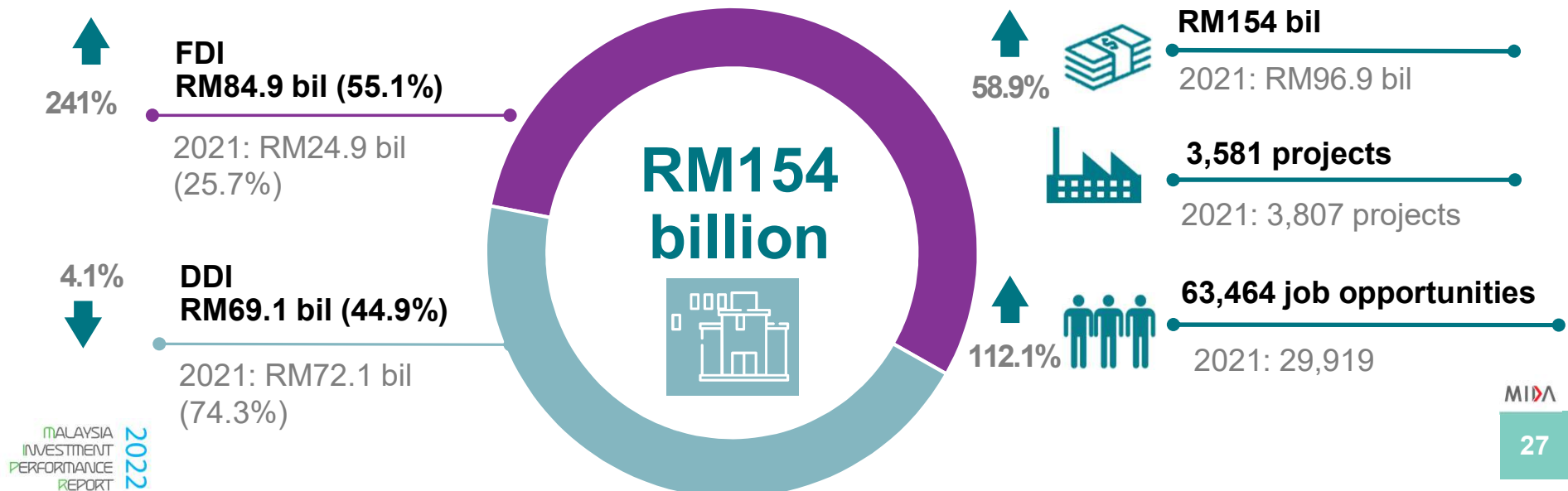
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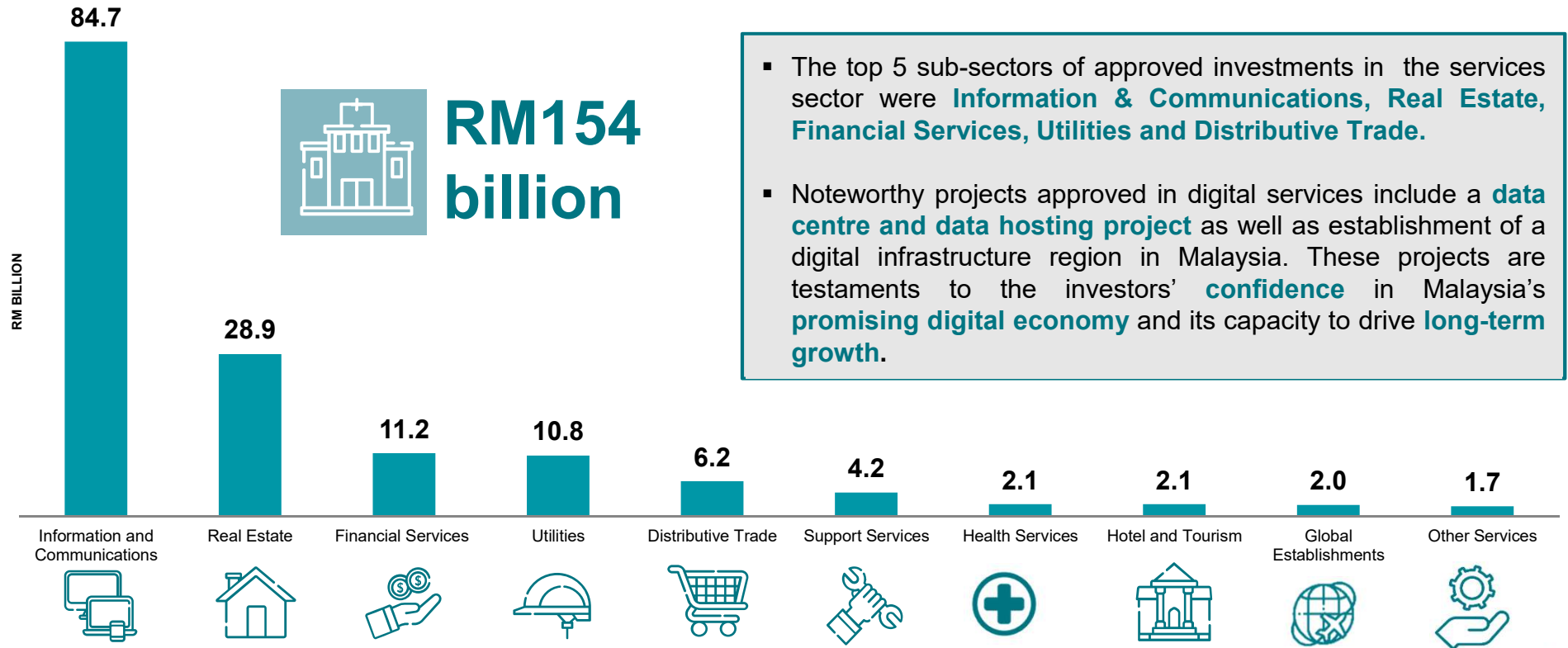
Services Sector Conquers 2022 Investment

The services sector was the largest contributor of approved investments, accounting for 58.2% of total approved investments; an **increase of RM57 billion** as compare to 2021.

The **Information and Communications** sub-sector emerged as the key player, contributing significantly to the services sector with five data centre and cloud computing services projects, which amounted to a total of **RM 72.4 billion**. Thus, the services sector experienced a **remarkable surge** in FDI, which spiked up to **241%** and opened up an **abundance of job opportunities**, nearly **doubling** as compared to 2021.



Malaysia Makes Strides In Digital Agenda



- The top 5 sub-sectors of approved investments in the services sector were **Information & Communications, Real Estate, Financial Services, Utilities and Distributive Trade**.
- Noteworthy projects approved in digital services include a **data centre and data hosting project** as well as establishment of a digital infrastructure region in Malaysia. These projects are testaments to the investors' **confidence** in Malaysia's **promising digital economy** and its capacity to drive **long-term growth**.

Highlights of the Services Sector in 2022



Information and Communications



Investments
RM84.7 billion



Projects
330



Job Opportunities
13,712

Approved investments in Information and Communications, increased significantly by **6 times** from RM11 billion in 2021.



Distributive Trade



Investments
RM6.2 billion



Projects
1242



Job Opportunities
3,5948

Investments in Distributive Trade increased from RM3.6 billion to RM6.2 billion in 2022



Health Services



Investments
RM2.14 billion



Projects
6



Job Opportunities
4,098

Investments in Health Services increased by **189.2%** from RM0.74 billion in 2021



Hotel and Tourism



Investments
RM2.1 billion



Projects
16



Job Opportunities
1,917



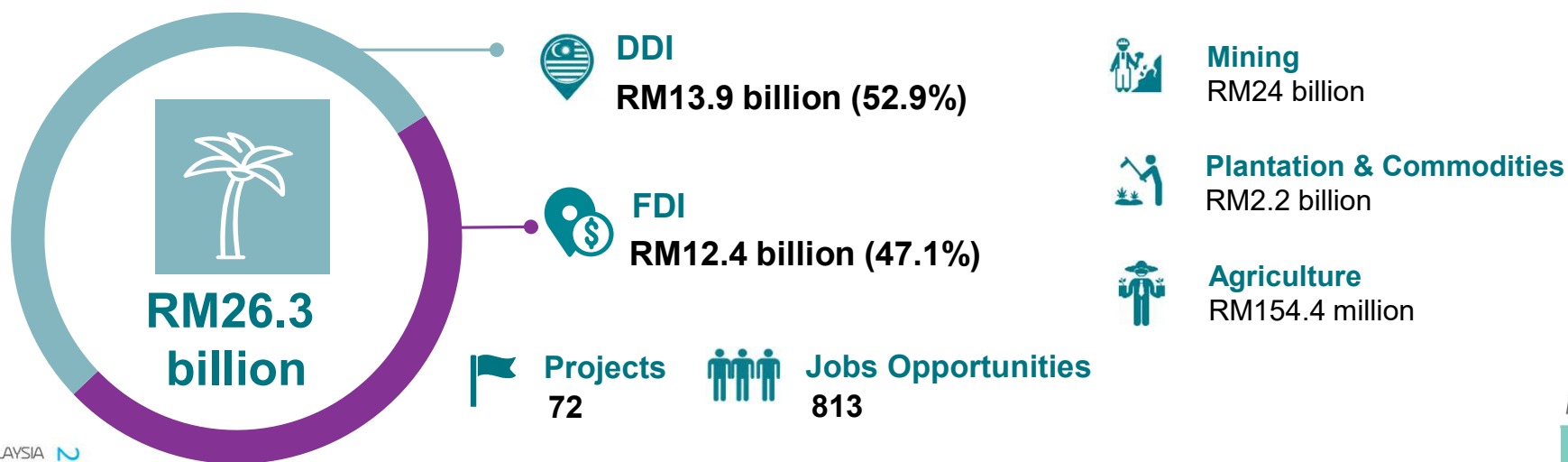
PRIMARY SECTOR

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Boost In Primary Sector

- Total approved investments increased from RM17.3 billion in 2021 to RM26.3 billion, an **52%** increase.
- FDI **increased significantly** from RM4.1 billion in 2021 to RM12.3 billion.
- Mining sub-sector increased from RM17.1 billion in 2021 to RM24 billion.
- Plantation & Commodities sub-sector **increased significantly** from RM211.4 million in 2021 to RM2.24 billion.
- Agriculture sub-sector increased from RM20.5 million in 2021 to RM154.4 million.





MOVING FORWARD

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Investment Outlook



The World Economic Outlook by the International Monetary Fund (IMF) projects the global economy to slow down from 3.4% in 2022 to 2.9% in 2023.



OECD's November 2022 Economic Outlook anticipates global growth to decline to 2.2 per cent in 2023, rebounding to a modest 2.7 per cent in 2024 with Asia dominating as the major growth engine.



The World Bank anticipates a slower global growth at 1.7% in 2023. However, growth in the East Asia and Pacific Region (EAP) could firm to 4.3%.



Asian Development Bank (ADB) projects a 4.7% growth for the Southeast Asia region in 2023, a downgrading growth from the initial 5.1% projection in September 2022 impacted by weakening global demand

Investment Outlook

New Investment Policy (NIP)

- The NIP was launched on 6 October 2022 as part of the government's effort to **reinvigorate** the nation's investment climate in order to **seize opportunities** arising from ongoing trade diversions.
- The NIP outlined six strategic thrusts and 22 national level initiatives aimed at achieving **sustainable economic growth**.

National Investment Aspirations (NIA)

- Malaysia's investment policies and initiatives to support the country's investment landscape.
- Main thrust of the NIA is set to attract **quality and strategic investments**, reduce dependency on unskilled labour and spur technology transfer,

Twelfth Malaysia Plan (12MP)

- Provide the direction for the nation's developmental goals and priorities (2021-2025).
- The government is conducting Mid-Term Review on Malaysia's economic performance for 2021-2022 and identifying areas for improvement to **stimulate the economy** in the changing global landscape.

Key Messages

01
...

Despite facing multiple global headwinds and setbacks, Malaysia remains an eminent investment destination, as evidenced by the fact that FDI accounted for **61.7%** of the total approved investments

02
...

FDI contributed **RM163.6 billion** out of the total overall approval investments, with the lion's share concentrated in the **E&E, Information and Communications, Mining and Transport equipment sectors**.

03
...

2022 saw a **significant increase** in the total number of job opportunities available as compared to 2021 (33.65%), further enhancing Malaysia's ability to provide **highly skilled** human capital.

04
...

The **services sector** recorded the **lion's share of approved investments** in 2022, increasing by **58.9%** as compare to 2021.

05
...

The Information and Communication sector strongly contributed to increase of approved investments in services sector with **RM72.2 billion**, particularly with large investments in data centre and cloud computing services projects. This is in line with the efforts to position Malaysia as the next **regional data centre hub** and focusing on **digital economy**.

06
...

Guided by the **National Investment Aspirations (NIA)**, MIDA will continue to target **high-tech and high-value added projects** that provide higher incomes and create a sustainable domestic ecosystem that can integrate into regional and global supply chains, **focusing on the ESG agenda**.



Thank you



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