



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

MEDIA RELEASE

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MALAYSIA'S ECONOMY IS REGAINING ITS MOMENTUM WITH TOTAL APPROVED INVESTMENTS OF RM64.8 BILLION IN JANUARY - JUNE 2020

Kuala Lumpur, 24 September 2020 – Malaysia recorded a total of RM64.8 billion worth of investments in the manufacturing, services and primary sectors for the first six months of 2020 despite multiple headwinds on the global front. These investments involved 1,725 projects and will create 37,110 employment opportunities in Malaysia.

Of the total investments approved, domestic direct investments (DDI) accounted for 69.8 per cent, or RM45.3 billion, while foreign direct investments (FDI) made up the rest of RM19.5 billion.

Singapore (RM4.9 billion), Switzerland (RM2.8 billion), China (RM2.2 billion), the United States of America (RM2.2 billion) and Thailand (RM1.8 billion) were the top five sources of FDI for the manufacturing, services and primary sectors during the period.

For approved projects by state, the five major states namely Sabah, Selangor, Pulau Pinang, W.P. Kuala Lumpur and Johor contributed RM47.1 billion (72.6 per cent) to the total approved investments for January to June 2020.

The manufacturing sector attracted the largest portion of approved investments for the first half of 2020, contributing more than half (55.1 per cent) or RM35.7 billion, followed by the services sector with investments of 44.2 per cent or RM28.6 billion, and the primary sector with approved investments of 0.7 per cent or RM0.5 billion.

Manufacturing Sector

For the first six months of 2020, the manufacturing sector attracted the largest portion of approved investments, contributing RM35.7 billion; only a 3.0 per cent decrease from the corresponding period last year.

The Government, through the Malaysian Investment Development Authority (MIDA), has been leading efforts to secure sustainable investments, from both domestic and foreign sources, that will strengthen the business ecosystem in Malaysia.

The total investments approved in the manufacturing sector were mainly in petroleum products including petrochemicals (RM13.6 billion), machinery and equipment (M&E) (RM5.2 billion), electrical and electronics (E&E) products (RM5.0 billion), food manufacturing (RM2.1 billion), scientific and measuring equipment (RM2.0 billion), transport equipment (RM1.8 billion), chemicals and chemical products (RM1.6 billion) and non-metallic minerals (RM1.0 billion). These make up 90.2 per cent of total approved investments for this sector.

With a total of 398 projects, these newly approved investments are expected to create 26,940 jobs for the country. The jobs created include managerial roles (1,925), technical and supervisory roles (4,887), craft skill professionals (3,226), machinery operators and installers (11,117) as well as sales and clerical personnel (1,881).

Malaysia continues to attract a healthy level of investments in the E&E, M&E, chemical, aerospace and medical devices. For January - June 2020, a total of 147 manufacturing projects with investments of RM13.8 billion in these five industries have been approved by MIDA. These industries, which have strong inter-linkages to other sub-sectors, are instrumental in supporting the development of the overall manufacturing sector in Malaysia.

Compared to the corresponding period last year, DDI in the manufacturing sector registered an increase of 79.8 per cent to RM17.9 billion during this period while the value of approved FDI dropped by 33.7 per cent to RM17.8 billion.

The states that recorded the highest total approved investments in the manufacturing sector for the period are Sabah, Pulau Pinang, Johor, Selangor and Terengganu. These states collectively contributed RM29.7 billion.

Meanwhile, the leading sources of FDI for the first six months of 2020 were Singapore, Switzerland, USA, China, Thailand, Republic of Korea, Japan, Hong Kong, the Netherlands and Germany. These ten countries jointly accounted for 97.7 per cent of total FDI approved in the manufacturing sector for this period.

Interestingly, 69.3 per cent of the approved investments in the manufacturing sector were new greenfield projects, amounting to RM24.7 billion. This represents a 53.5 per cent increase in investments for new projects, compared to the corresponding period last year. An example of notable new projects approved during the first half of 2020 is Ultra Clean Holdings. The leader in developing and supplying of critical subsystems, ultra-high purity cleaning and analytical services primarily for the semiconductor industry, will be setting up its manufacturing facility Malaysia, creating more than 650 jobs over the next five years, including roles in manufacturing, engineering, research and development as well as quality management.

Services Sector

From January to June 2020, the services sectors recorded 1,316 approved projects with investments of RM28.6 billion. These approved services projects in the first six months of 2020 are expected to create 10,114 jobs to the economy.

Majority of the main services sub-sectors showed a significant decline in approved investments except for support services and MSC status projects. The top five contributors of approved investments in the services sector were real estate (RM12.2 billion), utilities (RM9.4 billion), support services (RM2.4 billion), financial services (RM1.8 billion) and telecommunications (RM1.3 billion).

The support services industry under the purview of MIDA covered sub-sectors such as integrated logistics, research and development, green technology, integrated circuit design, oil and gas services and licenced warehouse. In the first half of 2020, approved investments in the support services industry saw an increase of 18.5 per cent compared to the corresponding period in 2019 due to the surge of projects in the integrated logistics services and green technology sub-sectors that recorded increases of 172.1 per cent and 7.0 per cent, respectively. In addition to providing over 3,249 new jobs, these investments will also create spin-off benefits for other local businesses, further strengthening Malaysia's industrial network.

Primary Sector

In January – June 2020, the primary sector attracted investments worth RM471.0 million. This sector comprises three main sub-sectors namely mining, agriculture and; plantation and commodities. All approved investments in this sector for the period is from domestic sources.

The mining sub-sector took the lead with approved investments of RM468.5 million in six projects, followed by the plantation and commodities sub-sector with investments of RM2.5 million.

Conclusion

“While foreign investments assume an essential role in the development of the country, greater emphasis is being put in place to drive domestic investments and turning more domestic companies into global players. We will continue to prioritise the acceleration of technology adoption in all segments of the economy by harnessing the potential of Industry 4.0 to boost Malaysia's productivity and competitiveness.” said YB Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry (MITI).

“Ensuring business continuity and growth will be a priority with business activities resuming back to normal levels. The Government, through PENJANA, will continue to enable our investors to implement their projects in Malaysia efficiently and effectively by easing bureaucratic processes, especially during this time. The Project Acceleration and Coordination Unit (PACU) has been established in MIDA to facilitate the approval of businesses particularly manufacturing and related services and to ensure that the implementation of approved projects are successful within 24 months. Both foreign and local companies are urged to fully leverage on the available facilities to grow their businesses in the country,” he added.

Malaysia’s economy is set to regain its momentum going into the second half of the year. However, the pandemic is far from over and the Government is closely monitoring its progress as the nation journeys towards recovery. MIDA seeks to better support investments through our continuous engagements and collaborations with private and public sectors towards broadening prosperity for the country. As of July 2020, MIDA has a total of 732 projects with proposed investments of RM35.9 billion in the pipeline for the manufacturing, services and primary sectors.

About MITI

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation.

About MIDA

MIDA is the 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. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit www.mida.gov.my and follow us on Twitter, Instagram and Facebook, LinkedIn and YouTube channel.

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