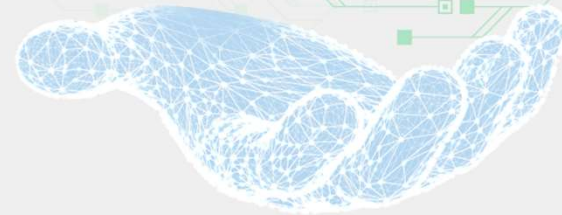


POWERING RESILIENCE



1

GLOBAL VS MALAYSIA'S FDI INFLOWS



“

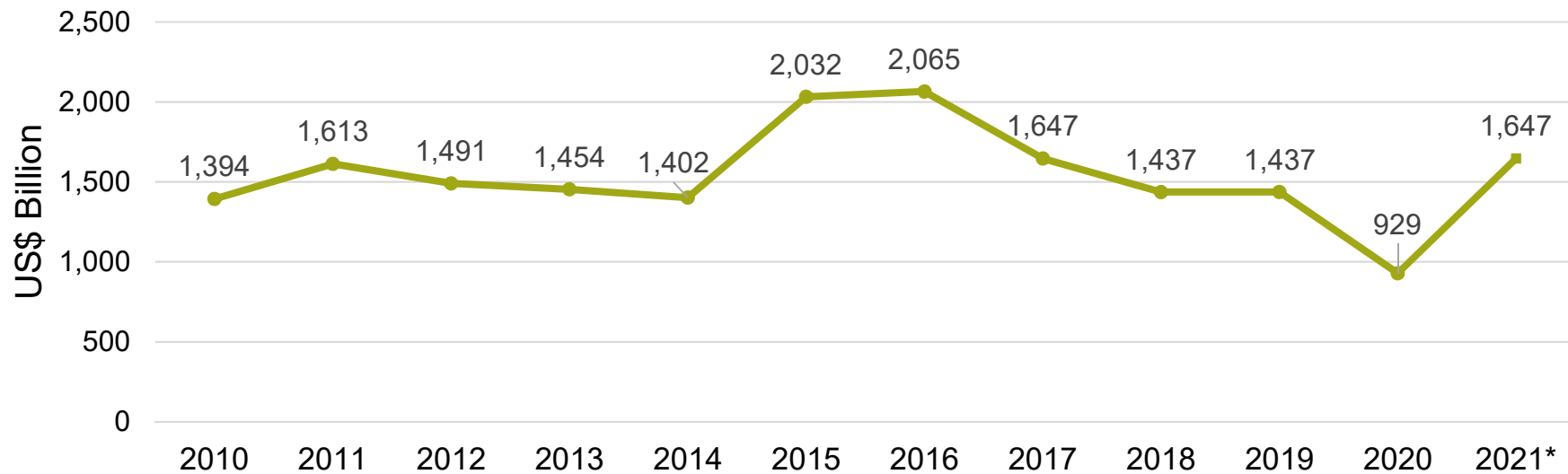
As the health crisis eases, policymakers will need to address the pandemic's lasting effects and take steps to spur green, resilient, and inclusive growth while safeguarding macroeconomic stability.

”

David Malpass
World Bank Group President

Global FDI Inflows

In 2021, global FDI flows showed a **strong rebound**, up **77%** to an estimated **\$1.65 trillion**, from \$929 billion in 2020, surpassing their pre-COVID-19 levels



Note: *Estimated

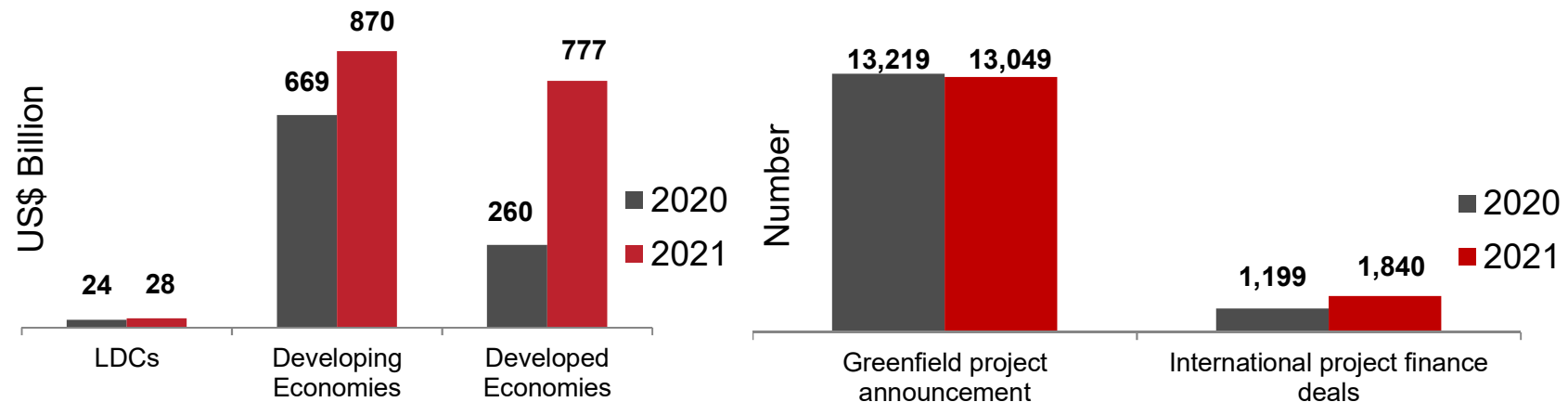
Sources:

UNCTAD Global Investment Trends Monitor, No. 40, 19 Jan 2022

UNCTAD Annex Tables on FDI inflows, by region and economy, 1990-2020, 21 June 2021

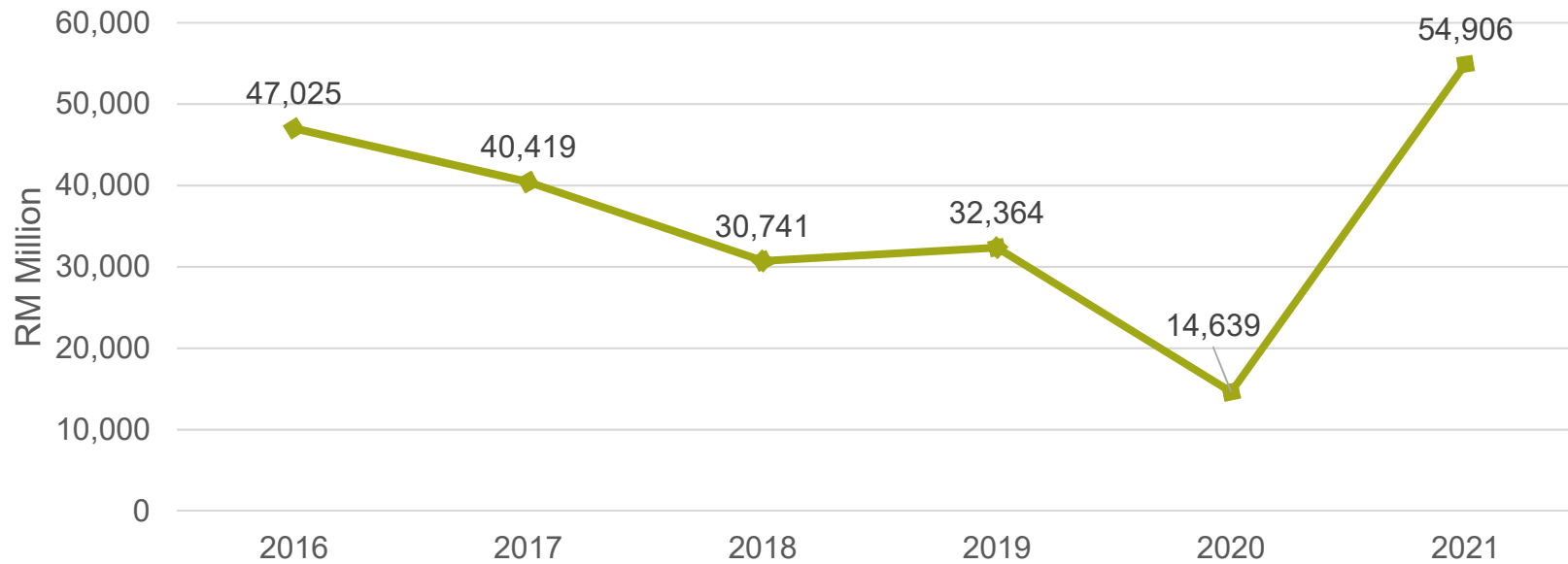
In 2021, Global FDI Inflows show an uneven recovery

- FDI flows into developing economies surged by **30%** to approximately **\$870 billion**, with **East and Southeast Asia** seeing a **20%** increase in inflows.
- Confidence in the infrastructure sector is **strong** (+53%), owing to favourable long term financing conditions, recovery stimulus packages, and overseas investment programmes
- On the contrary, greenfield investment projects were flat (-1%)



Malaysia's FDI Inflows 2021

Malaysia benefited from the global FDI recovery in 2021, recording **RM54.9 billion** in net FDI inflows – the **highest inflows** since the pre-pandemic outbreak



International Recognition

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 2021, World Intellectual Property Organization (WIPO)

2nd



Most Competitive Country in ASEAN

9th **KPMG**

Top City in Asia-Pacific Region (Kuala Lumpur)

Global Technology Industry Survey 2021, KPMG

13th **NIKKEI Asia**

On infection management, vaccine rollouts and social mobility

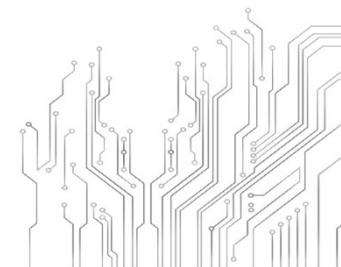
Nikkei Covid-19 Recovery Index

25th **IMD**



Most Competitive Country in the World

World Competitiveness Yearbook 2021, IMD



MIDA

Key Initiatives 2021

Strategic National Plans



- National Investment Aspirations (**NIA**)
 - SDGs and ESG goals
- **12th Malaysia Plan**
 - 8 strategic and high impact industries identified
- National Recovery Plan (**NRP**)
- New Industrial Master Plan (**NIMP**)

Ease of Doing Business



- Project Acceleration and Coordination Unit (**PACU**)
- One Stop Centre for Business Travellers (**OSC**)
- InvestMalaysia Portal
- **PIKAS**
- **E10 : Express Construction** Permit Pilot Project

Promoting Digitalisation & Innovation



- Malaysia Digital Blueprint (**MyDIGITAL**)
 - To attract RM70 billion investments by 2025:
 - Digital Investment Office (**DIO**)
 - Digital Ecosystem Acceleration Scheme (**DESAC**)

Future-Ready Talents



- Career fair and career talk programmes, 'Listen and Act: Paving Your Way to Industry' & **INTERNSHIP** Career Talk
- Reskilling and upskilling **PENJANA** initiatives

2

INVESTMENTS PERFORMANCE 2021



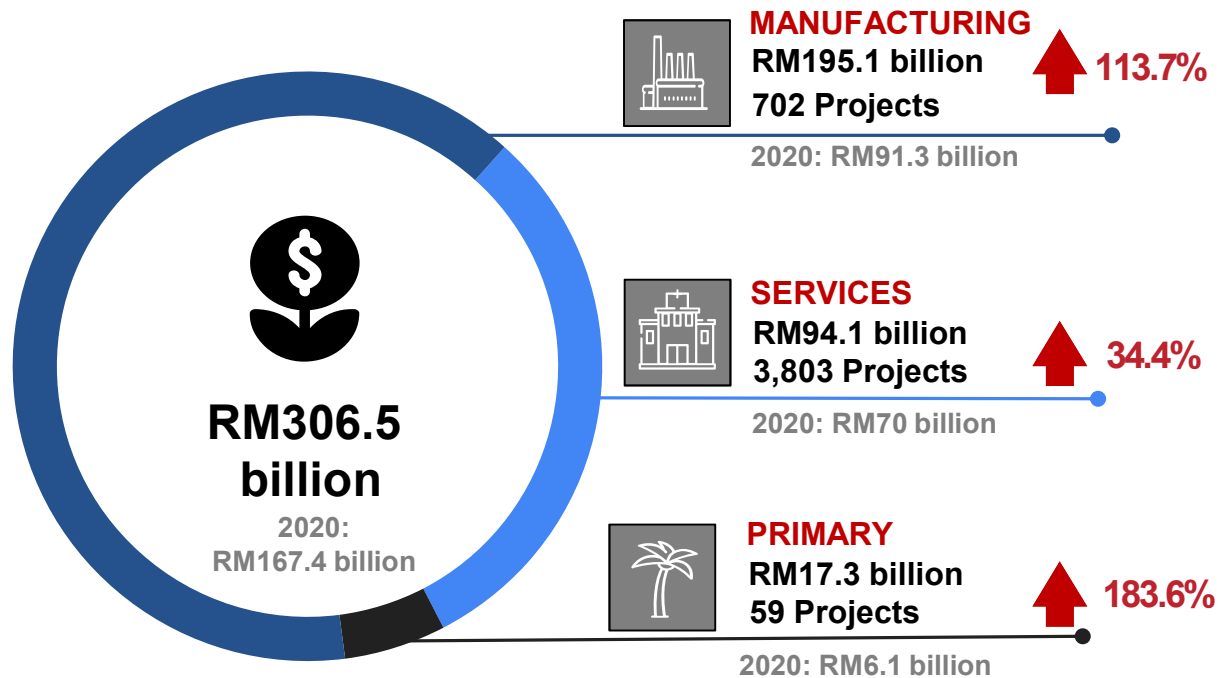
“

To ensure Malaysia remains an attractive investment destination, the government has rolled out strategic frameworks that prioritise new areas with potential growth opportunities that focus on sustainability and new technologies to strengthen our economy.

”

YBhg. Datuk Arham Abdul Rahman
MIDA CEO

2021 Year In Review

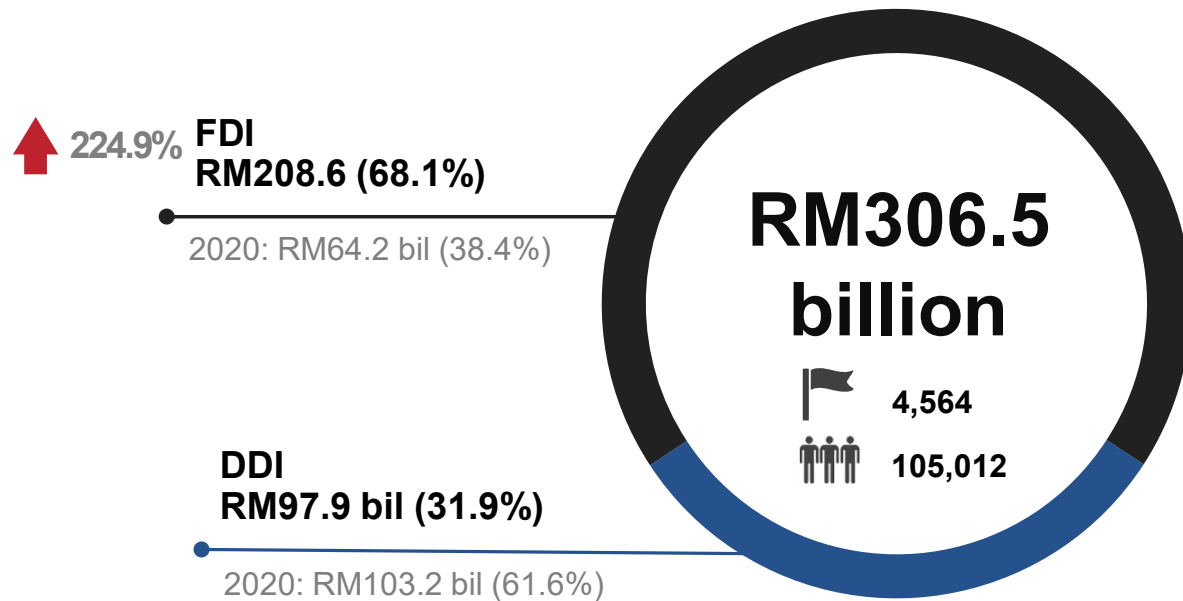


4,564 Projects

105,012 Job Opportunities

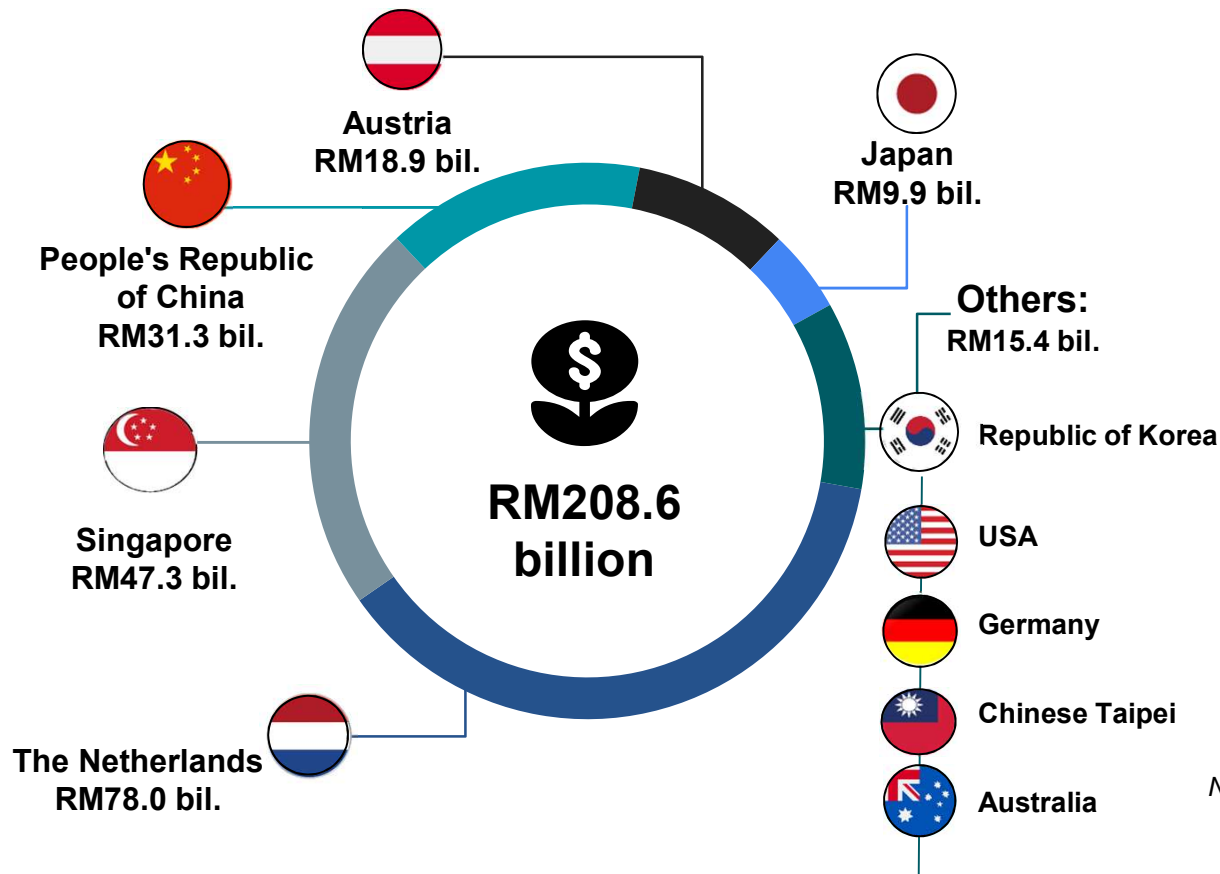
- Total investments approved in 2021 **surged by 83.1%** from RM167.4 billion approved in 2020.
- The **manufacturing** sector attracted the **largest** portion of approved investments in 2021.
- Significant increase in **all three** sectors reflects **growing investors' confidence** in Malaysia's business investment landscape.
- Major projects in the manufacturing sector (**E&E industry**) as well as mining sector (**oil & gas**) contributed to the outstanding growth in approved investments in 2021.

Overall Approved Investments 2021



- Malaysia remains a competitive location for **foreign investors**, despite multiple global headwinds.
- FDI **increased by 224.9%** to RM208.6 billion compared to RM64.2 billion approved last year.
- The bulk of FDI was in **E&E industry**.
- The implementation of these projects will **increase opportunities** for Malaysia's local players to support global MNCs and move up the value chain.

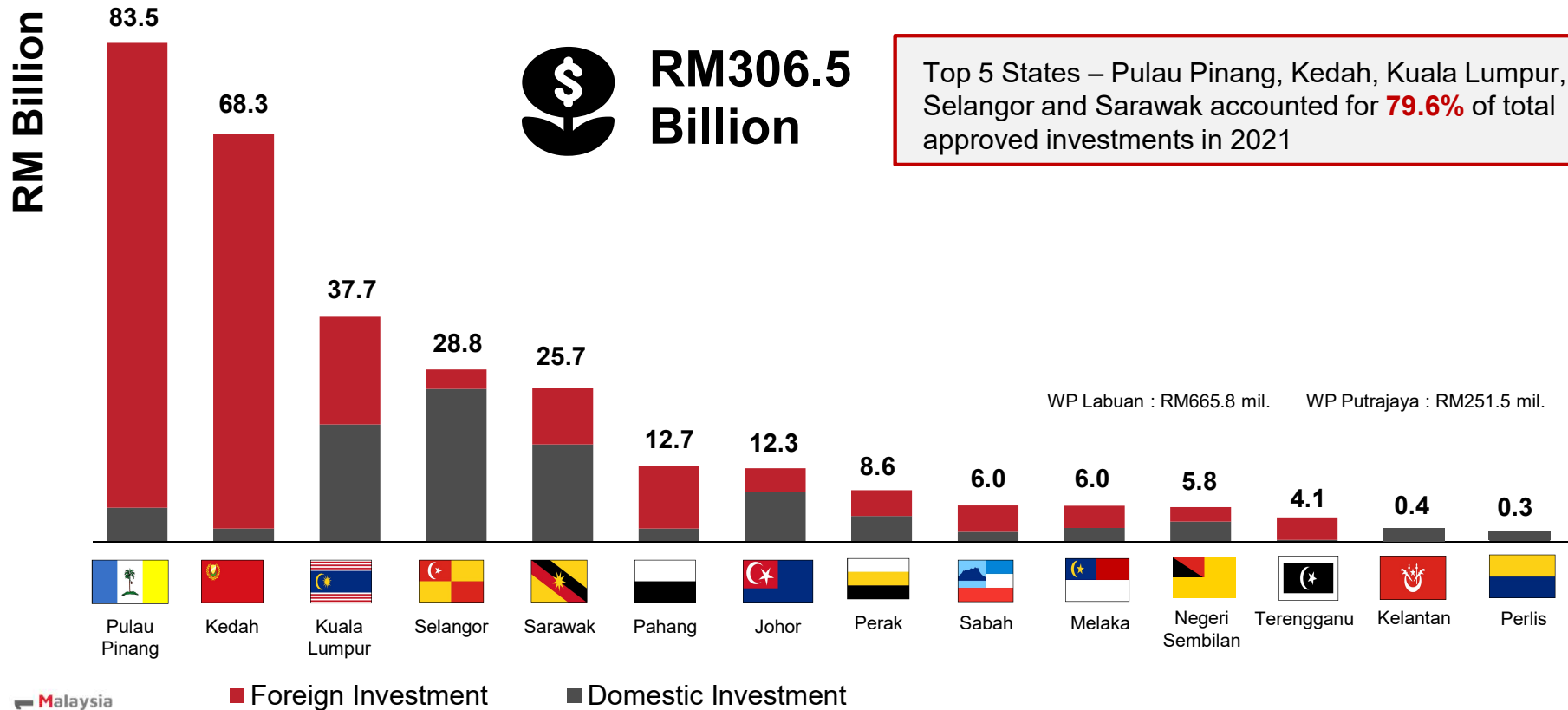
Major Sources of Overall Approved FDI in 2021



These top 10 countries accounted for a total of RM200.8 billion or **96.3%** of total approved FDI in 2021.

Note: 1. Excluding Tax Havens
2. Based on immediate source of investment

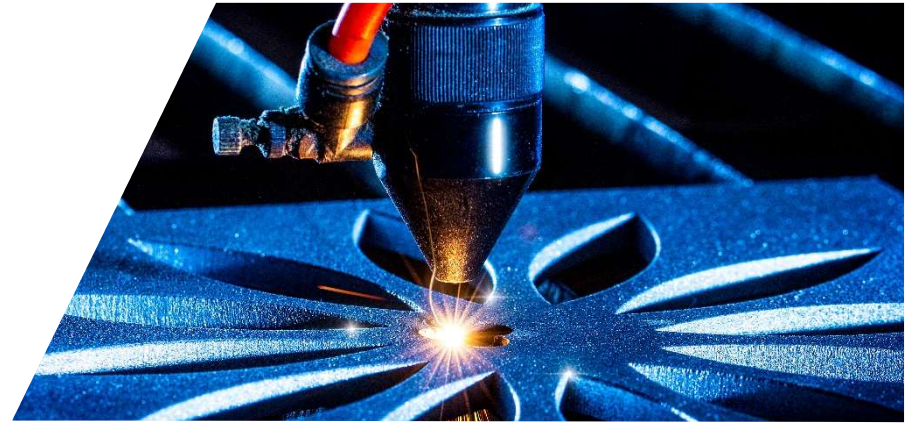
Overall Approved Investments by State



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

3

MANUFACTURING SECTOR



“

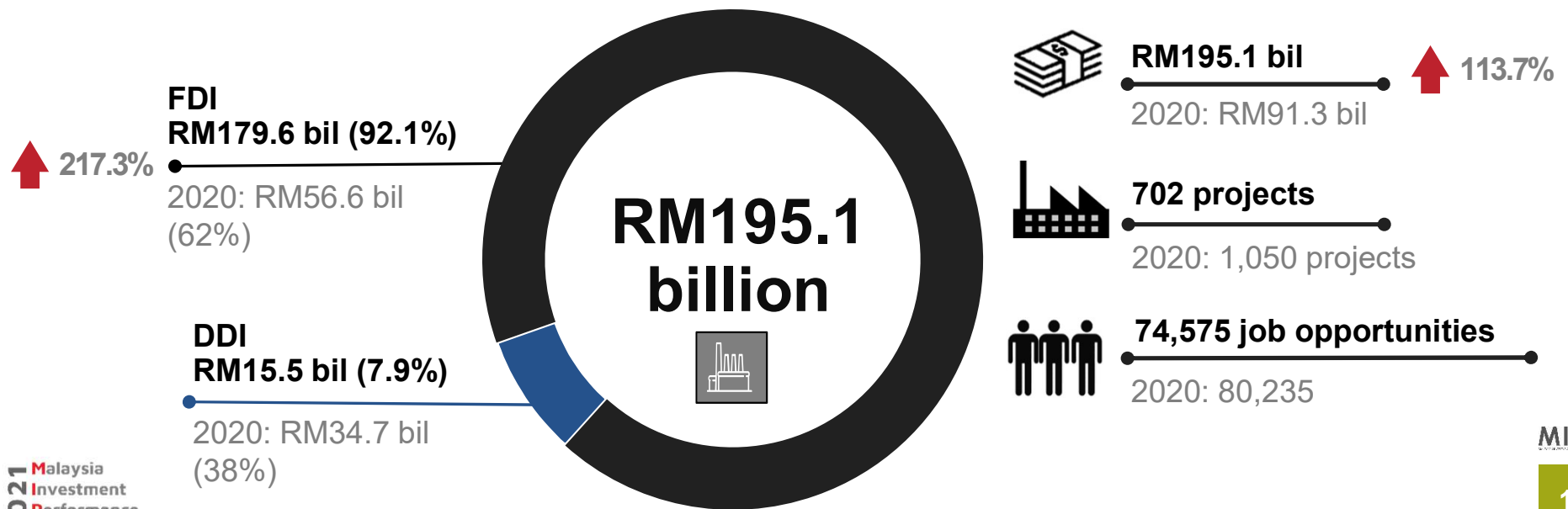
Manufacturers should now focus on a twin transformation: intelligent digitisation and ambitious ESG goal-setting.

”

Stéphane Souchet
Global Sector Head, Industrial Manufacturing
KPMG International

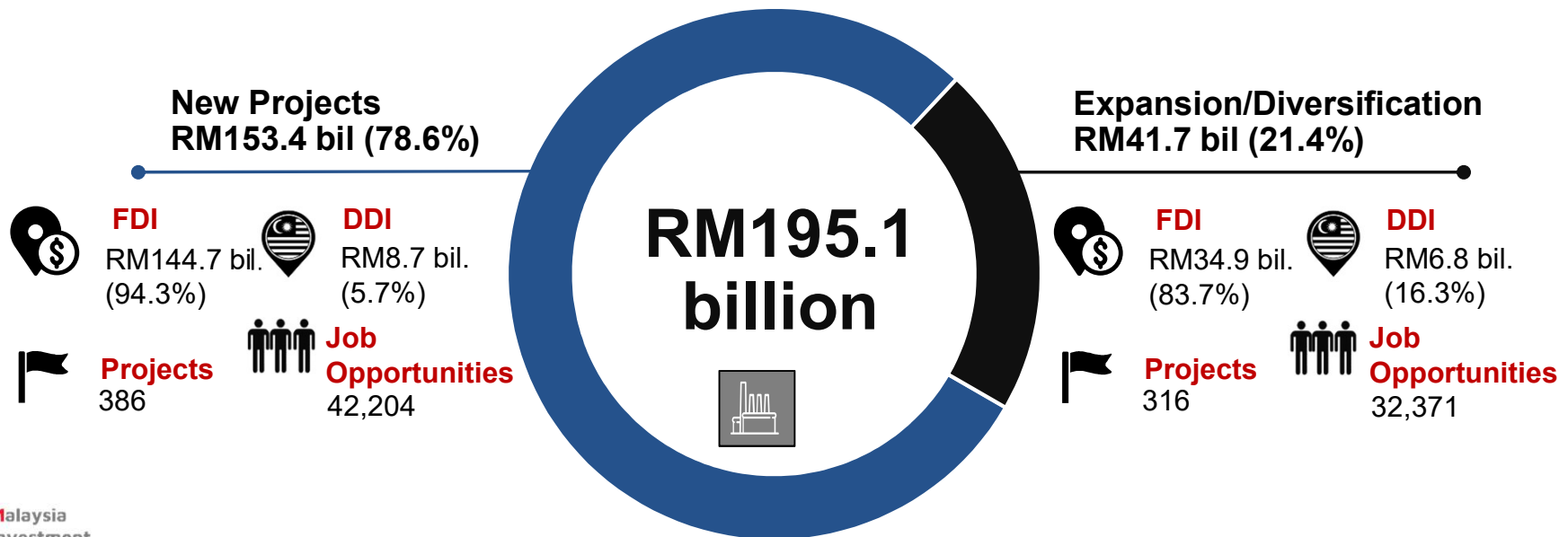
Approved Investments in Manufacturing

In 2021, the manufacturing sector performed well, contributing **63.7%** of total approved investments, attributed to the use of automation and other Industry 4.0-related technologies.



Type of Approved Manufacturing Projects

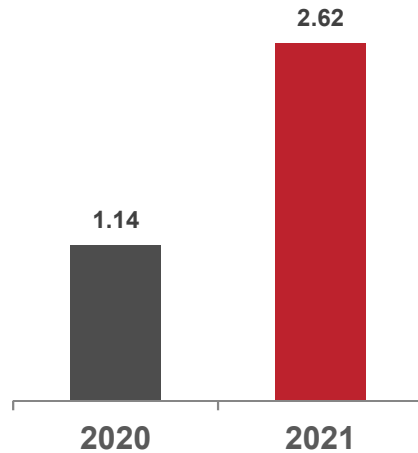
78.6% of the total approved investments were **new/greenfield projects**. FDI continued to dominate both new and expansion/diversification projects.



Quality Investments in Manufacturing

CAPITAL INVESTMENT PER
EMPLOYEE (CIPE)

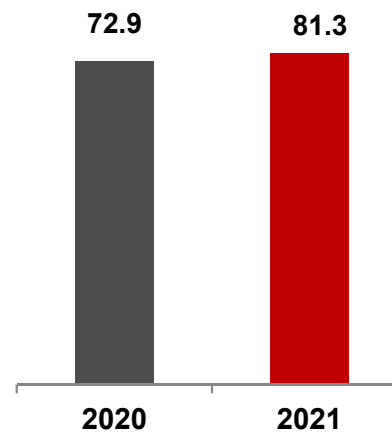
RM MILLION



The CIPE's value **increased by 129.8%** in 2021 compared to RM1.14 million in 2020.

HIGH-VALUE
ADDED (HVA)

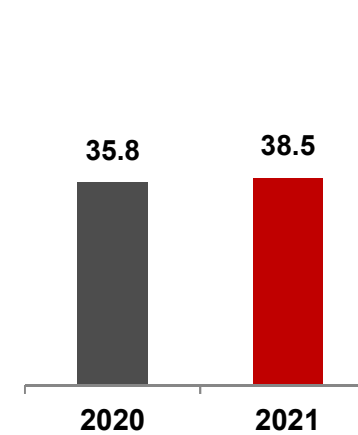
PERCENTAGE (%)



Percentage of quality projects approved with a value-added of 40% or higher has **increased to 81.3%** in 2021.

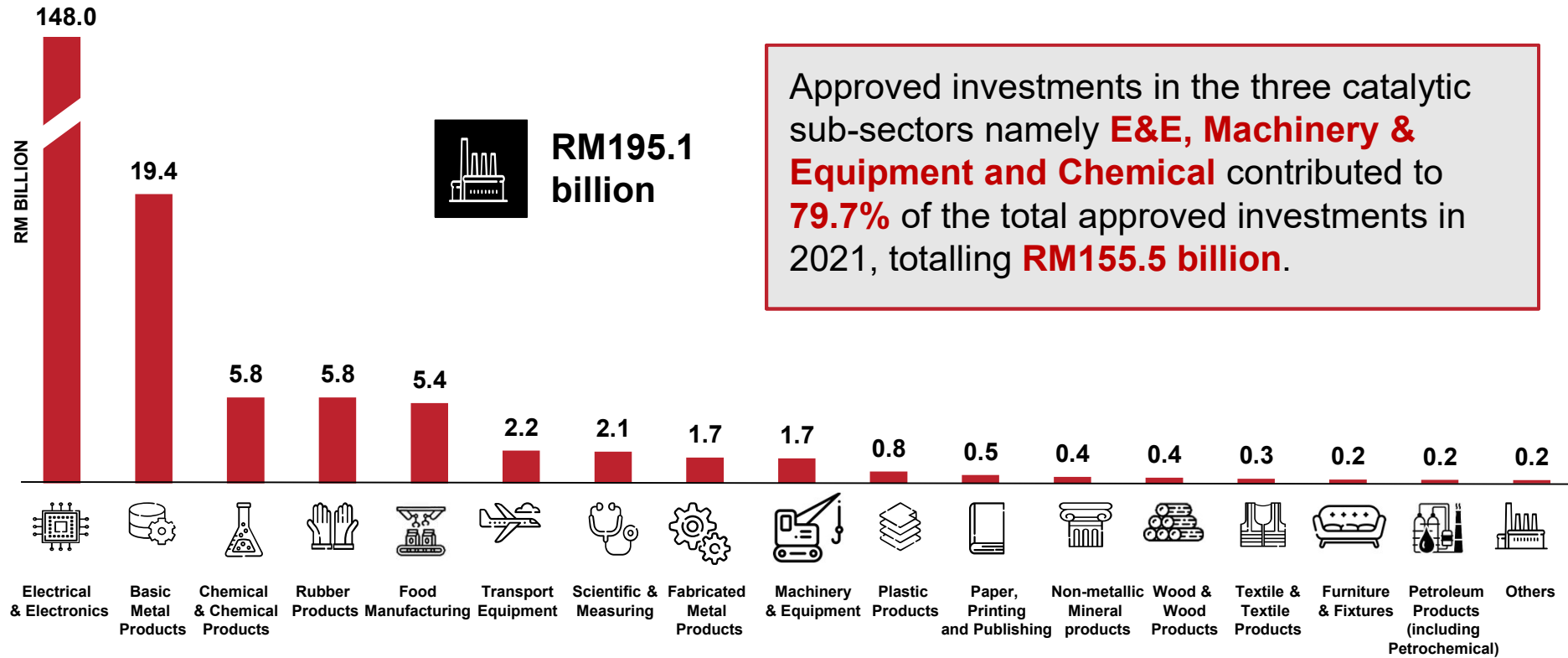
MANAGERIAL, TECHNICAL
AND SUPERVISORY (MTS)

PERCENTAGE (%)



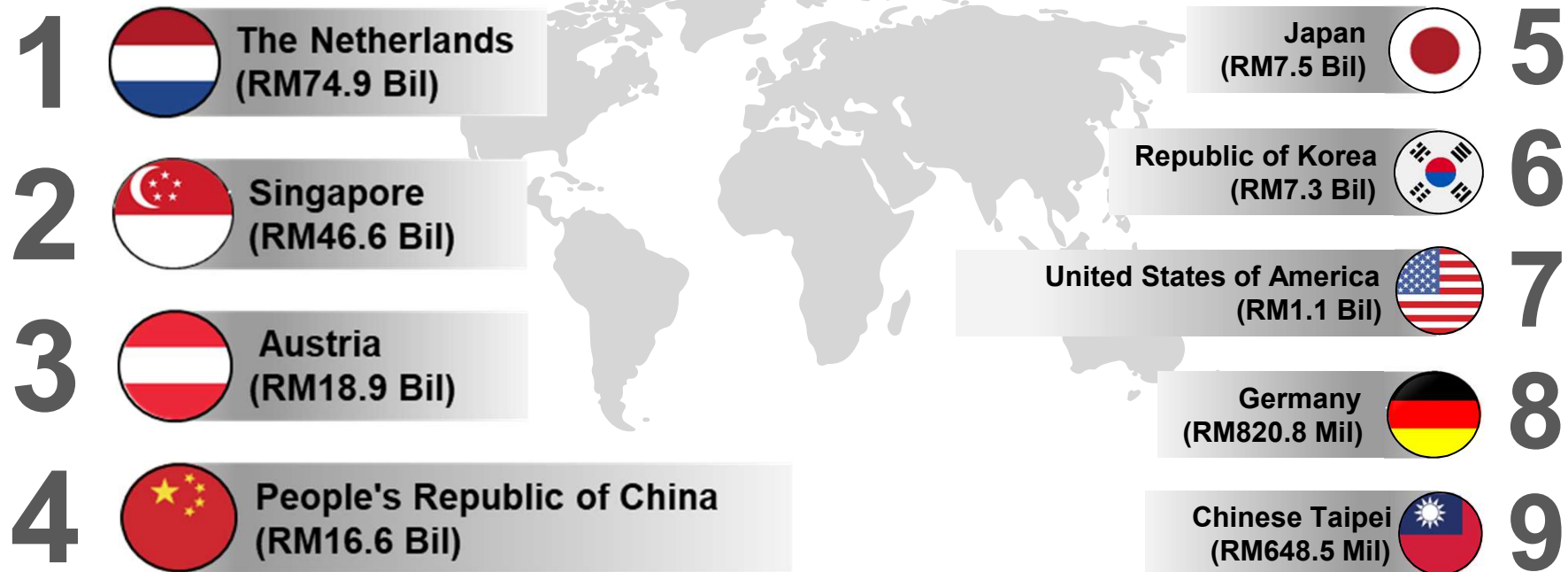
MTS index of quality job opportunities **increased to 38.5%** in 2021.
90% of the workforce in MTS category are **Malaysians**.

Approved Manufacturing Projects by Industry



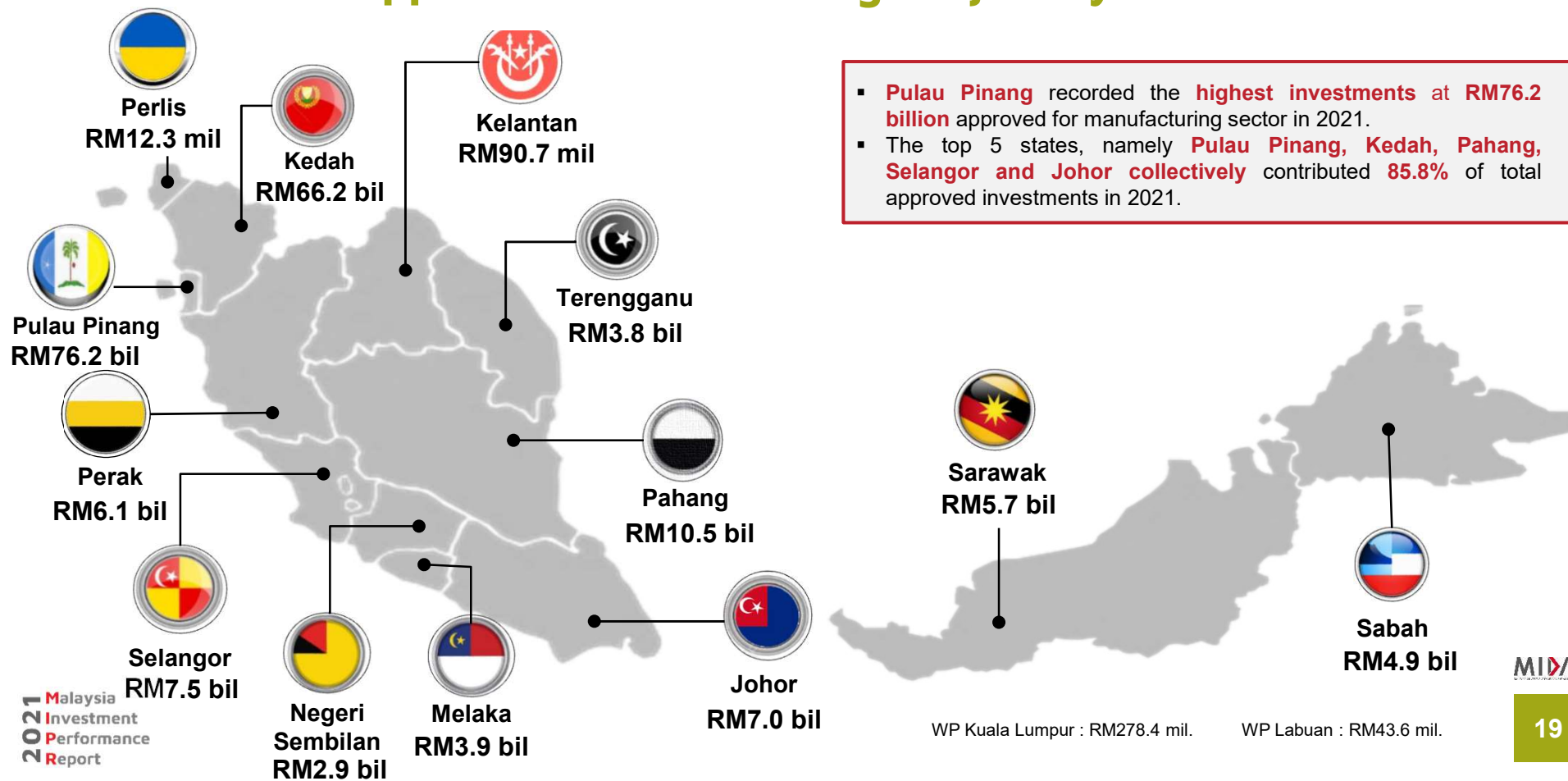
Major Sources of FDI Approved in Manufacturing

Top 3 countries, namely **The Netherlands, Singapore** and **Austria** accounted for **78.2%** of total foreign investments.

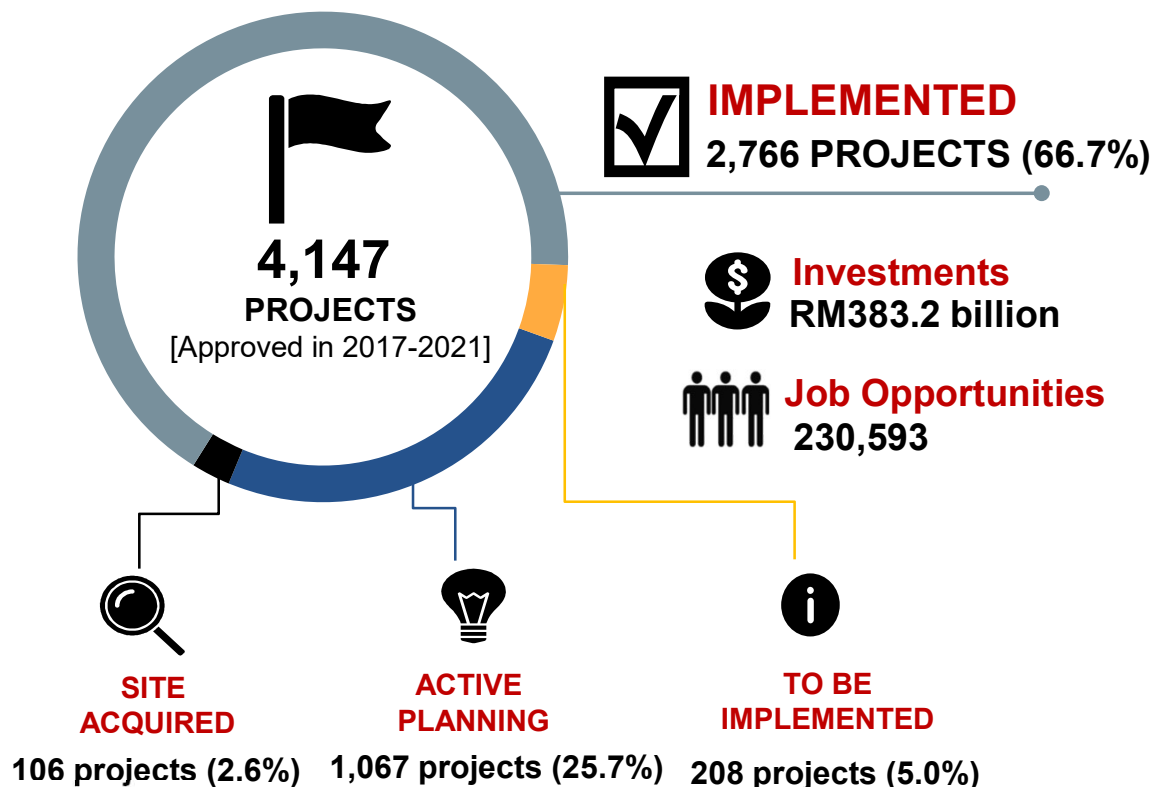


Note: 1. Excluding Tax Havens
2. Based on immediate source of investment

Approved Manufacturing Project by State



Status of Implementation of Manufacturing Projects



- As at end 2021, **2,766 projects** or **66.7%** of 4,147 projects approved in 2017-2021 were implemented.
- Of the 2,766 projects that have been implemented, **2,479** projects are **in production**, while **287** projects are undergoing **machinery installation/factory construction**.
- MIDA's Project Acceleration and Coordination Unit (PACU)**, which **was** established in 2020, will continue to provide end-to-end facilitation and accelerate project implementation.
- In 2021, 254** projects were approved and implemented with realised investments totalling **RM160.8 billion**, accounting for more than 80.0% of all approved investments in the manufacturing sector.

4

SERVICES SECTOR



“

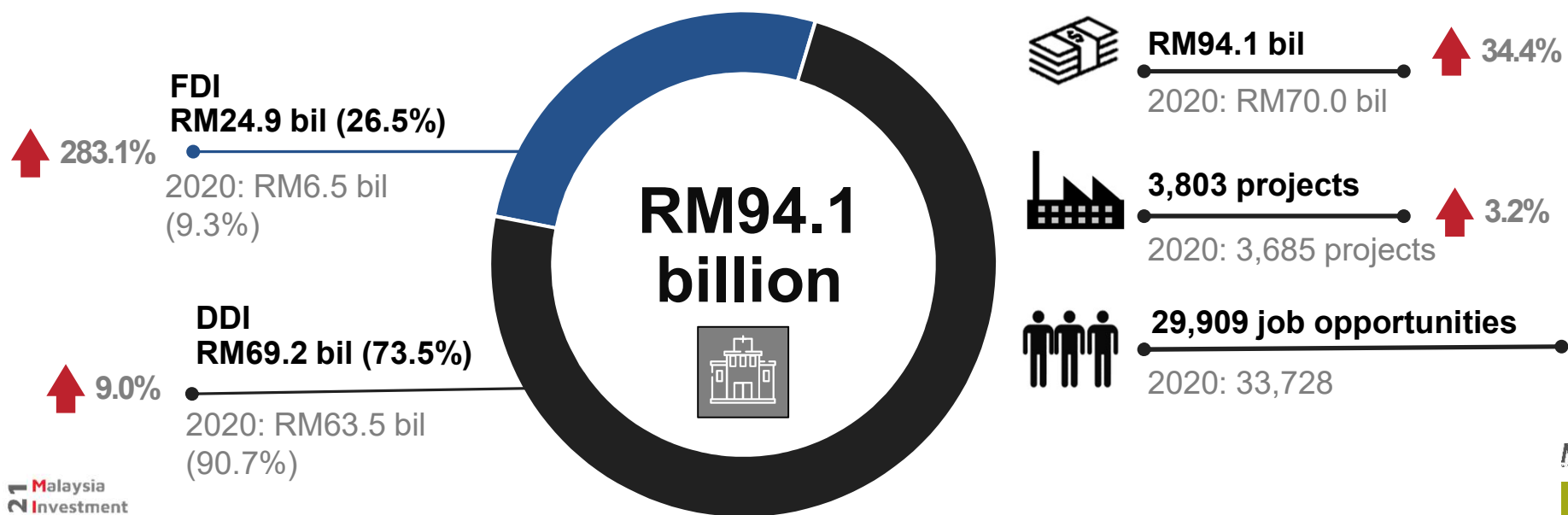
Intensification of digitalisation since the COVID-19 pandemic began has accelerated this phenomenon. Digital technology has also allowed access to a new range of products and services.

”

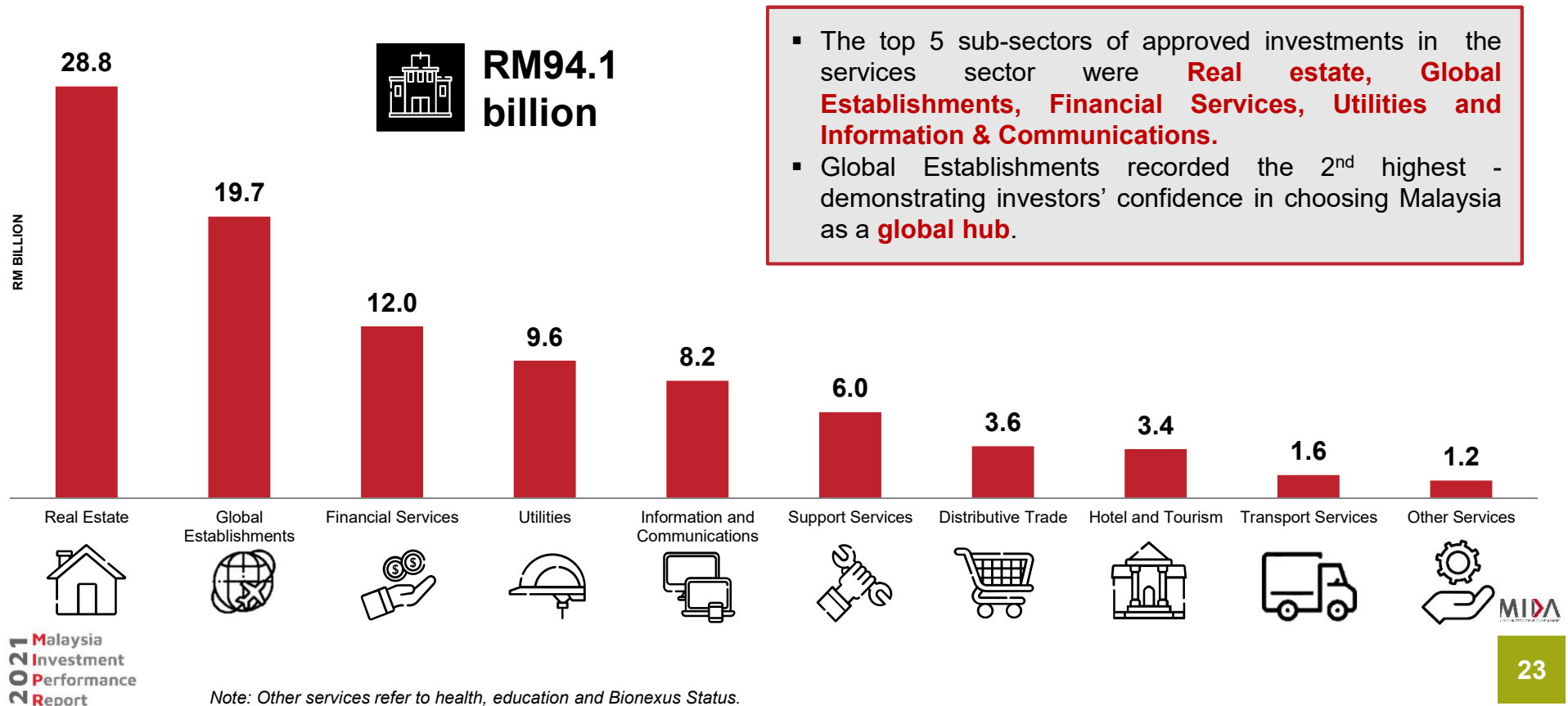
Asian Economic Integration Report 2022
Asian Development Bank (ADB)

Approved Investments in Services 2021

- Approved investments in the services sector increased by **34.4%** due to easing of containment measures, resulting in higher consumer spending and positive outlook among service providers.
- DDI dominated approvals in services sector at **73.5%**.



Approved Services Projects by Sub-sector 2021



- The top 5 sub-sectors of approved investments in the services sector were **Real estate, Global Establishments, Financial Services, Utilities and Information & Communications.**
- Global Establishments recorded the 2nd highest - demonstrating investors' confidence in choosing Malaysia as a **global hub.**

Highlights of the Services Sector in 2021



Global Establishments



Investments
RM19.7 billion



Projects
102



Job Opportunities
3,838

Investments in Global Establishments increased from RM0.6 billion to RM19.7 billion in 2021



Information and Communications



Investments
RM8.2 billion



Projects
450



Job Opportunities
2,026

Approved investments in Information and Communications, will further accelerate Malaysia's Digital Economy agenda.



Green Technology



Investments
RM3.7 billion



Projects
889



Job Opportunities
834

Investments in Green Technology increased by 54.2% from RM2.4 billion in 2020



Hotel and Tourism



Investments
RM3.4 billion



Projects
29



Job Opportunities
2,949

Investments in Hotel and Tourism increased by 21.4% from RM2.8 billion in 2020

5 PRIMARY SECTOR



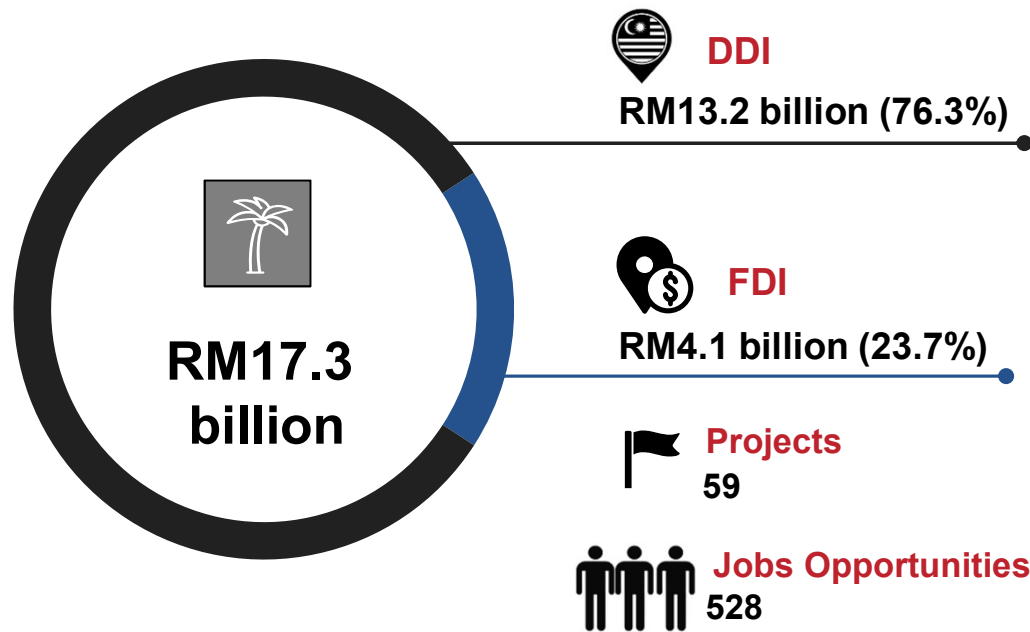
“

The fluctuations in commodity prices (in 2021) highlight some of the challenges in transitioning to a zero-carbon economy. Cities have a key role to play, given they account for around two-thirds of energy demand and greenhouse gas emissions.

”

The World Bank, Commodity Markets Outlook,
October 2021

Approved Investments in Primary 2021



DDI

RM13.2 billion (76.3%)



FDI

RM4.1 billion (23.7%)



Projects

59



Jobs Opportunities

528



Mining

RM17.1 billion



Plantation & Commodities

RM211.4 million



Agriculture

RM20.5 million

- Total approved investments increased from RM6.1 billion in 2020 to RM17.3 billion.
- DDI increased from RM5.0 billion in 2020 to RM13.2 billion.
- Mining sub-sector increased from RM6.1 billion in 2020 to RM17.1 billion.
- Plantation & Commodities sub-sector increased from RM27 million in 2020 to RM211.4 million.
- Agriculture sub-sector increased from RM2.4 million in 2020 to RM20.5 million.

6 GOING FORWARD



“

Private sector dynamism and innovative financing will need to power the recovery and to create economic growth and employment through investment and innovation

”

World Economic Forum, 18 January 2022

Investment Outlook



WORLD ECONOMIC OUTLOOK



The World Economic Outlook by the International Monetary Fund (IMF) projects the global economy to moderate from 5.9% in 2021 to 4.4% in 2022.



THE WORLD BANK



The World Bank anticipates a slower global growth at 4.1% in 2022 and 3.2% in 2023.



UNITED NATIONS UNCTAD



UNCTAD projects global growth to be at 3.6% in 2022, with global income reaching 3.7% lower than pre-pandemic levels.



ASIAN DEVELOPMENT BANK



Asian Development Bank (ADB) projects a 5.1% growth in 2022 from 3% in 2022 for the Southeast Asia region.



Investment Outlook



New Industrial Master Plan (NIMP)

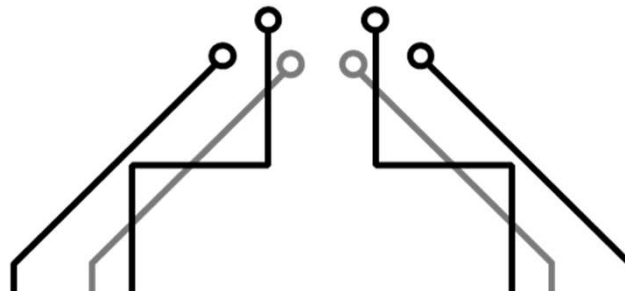
- The New IMP Policy Framework will chart the direction of Malaysia's industrial development towards achieving the National aspirations.
- Navigate Malaysian industries to be resilient, competitive and sustainable through productivity and innovation-led growth.

National Investment Aspirations (NIA)

- Malaysia's investment policies and initiatives to support the country's investment landscape.
- Developed in response to the global economic agenda, emerging megatrends and business needs of investors.

Twelfth Malaysia Plan (12MP)

- Provide the direction for the nation's developmental goals and priorities (2021-2025).
- Leveraging advanced technology adoption and the global trend of digitalisation, as well as Malaysia's niche capabilities.



Investment Outlook



National Recovery Plan

- Focus on four phases for the reopening resumption of economic and social activities.
- Priority was given to achieving herd immunity in order to resume economic activity and to lift travel restrictions.



Malaysia Digital Blueprint (MyDIGITAL)

- Strengthening the foundation and advancing the growth of the country's digital infrastructure.
- MIDA collaborates closely with MDEC, through the Digital Investment Office (DIO).



Green Growth and Circular Economy

- Achieving economic empowerment, environmental sustainability and social inclusion.
- In line with the Sustainable Development Goals (SDG) 2030 focused under the 12MP.



Pro-Business Policy

- Liberalised foreign exchange policy rules to facilitate international trade and enhance the country's attractiveness as a global manufacturing hub for foreign investors.
- The new policy allows resident exporters to use foreign currency when trading with other residents in the global supply chain.

Key Messages

01

Despite multiple global headwinds, **Malaysia remains a competitive investment destination**, attracting **83.1%** more investments in 2021 than the previous year.

02

FDI contributed **68.1%** of the total overall approval investments, with the lion's share concentrated in the **E&E, basic metal, global establishments and mining sectors**.

03

FDI increased by 224.9% to RM208.6 billion, compared to RM64.2 billion overall approved investment in 2020.

04

The **manufacturing sector** recorded the **lion's share of approved investments** in 2021, increasing by 113.7% in 2021.

05

In 2021, the manufacturing sector performed well with **66.7% of the manufacturing projects approved by MIDA** have been **implemented**. MIDA will continue to facilitate and accelerate the realisation of approved investments in manufacturing and services sectors through close collaboration with ministries and agencies .

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