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MALAYSIA RECORDS RM42.8 BILLION APPROVED INVESTMENTS FOR THE FIRST QUARTER 2022

Kuala Lumpur, 14 June 2022 – Malaysia has attracted a total of RM42.8 billion (USD10.2 billion) approved investments in the manufacturing, services and primary sectors, involving 910 projects in January to March 2022. The foreign direct investments (FDI) remained the major contributor, at 65 per cent or RM27.8 billion (USD6.6 billion), while investments from domestic sources contributed 35 per cent amounting to RM15 billion (USD3.6 billion). The approved investments for this period will create 24,906 new jobs in the country.

During the period, the manufacturing sector continued to assume an important role in driving the country's economic recovery, accounting for more than half (70.1 per cent) of total approved investments of RM30 billion (USD7.1 billion), followed by the services sector at RM12.7 billion (USD3 billion) (29.7 per cent) and the primary sector at RM0.1 billion (USD40.4 million) (0.2 per cent).

FDI accounted for 65 per cent or RM27.8 billion (USD6.6 billion) of approved investments. Of the total investments approved, Germany dominated foreign investments for the period January to March 2022, with investments totaling RM8.9 billion (USD2.1 billion) (32 per cent), followed by Brunei RM 5.1 billion (USD1.2 billion) (18.3 per cent), the United States of America (USA) RM3.9 billion (USD0.9 billion) (14.0 per cent), Hong Kong RM3.3 billion (USD0.8 billion) (11.9 per cent), and Japan RM3.2 billion (USD0.8 billion) (11.5 per cent) of total approved FDI in the country.

For projects approved by state, five (5) major states, namely Kedah, Penang, Selangor, Sabah and Johor, contributed RM31.8 billion (USD7.6 billion) (74.3 per cent) of the total investments approved from January to March 2022.

YB. Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry (MITI) said, "Malaysia remains an attractive investment destination for global investors with the manufacturing sector maintaining its position as a key pillar of the economy for 2022 generating significant multiplier effects on the nation's growth. Today, we are proud to have over 5,000 companies from more than 40 countries that have made Malaysia their location for manufacturing and related services operations."

The Senior Minister highlighted that Malaysia will continue to focus on high growth and high value-added sectors which offer Malaysians exciting job opportunities. “Aligning to the Twelfth Malaysia Plan (RMK12), Malaysia has been securing new investments that position well with the country’s National Investment Aspirations (NIA) and Environmental, Social and Governance (ESG) principles. This will stand us in good stead to capture more economic opportunities. We look forward to seeing more significant growth for the second quarter of 2022,” he added.

The Malaysian Government has lined-up strategic and focused trade and investment missions (TIM) targeted to capture investments in high technology, innovation and research-driven industries that will complement the Malaysian industrial ecosystem. The recent TIM to USA in May 2022 was indeed a successful initiative that has secured RM16.52 billion (USD3.77 billion) in the committed investment for 2022. The pro-business administrative continues to be prudent and pragmatic in its policies to ensure that Malaysia’s investment climate remains attractive for businesses; not only to conduct business activities, but also expand and diversify existing operations.

Manufacturing Sector

Malaysia continues to attract high quality investments in the manufacturing sector for the period January to March 2022, reflecting the country's competitiveness as a preferred location for investment in the region. The manufacturing sector contributed RM30 billion (USD7.1 billion), which is 70.1 per cent of the total approved investments in various sectors of the economy, compared to RM59.4 billion (USD14.3 billion) in the same period in 2021.

The approval of a megaproject was cited as the reason for the high total investment in the manufacturing sector in the first quarter 2021. The approved investment performance in the manufacturing sector in the first quarters of 2020 and 2022 followed a similar pattern if excluding the megaproject, with RM25.9 billion (USD6 billion) and RM30 billion (USD7.1 billion), respectively.

Of the total approved investments in first quarter 2022, FDI amounted RM26.8 billion (USD6.4 billion) or 89.3 per cent, while the remaining RM3.2 billion (USD0.7 billion) or 10.7 per cent were from domestic sources.

Expansion/diversification projects in the manufacturing sector showed positive developments, with a 106.8 per cent increase in total investments approved of RM19.2 billion (USD4.6 billion). Of the total approved investments, 90.6 per cent or RM17.4 billion (USD4.1 billion) was from foreign investment sources. This testifies investors’ confidence in Malaysia as a choice of location and to continue reinvestment in high-tech industries and benefit from the vibrant business environment and diversified domestic supply chain ecosystem that contributes significantly to Malaysia’s economy. In addition, these investments will increase management, technical and professional employment opportunities by 36.9 per cent compared to 28.9 per cent for the same period in 2021.

The ratio of employment opportunities for Malaysians to foreigners is 88:12, meeting the investment criteria set by MITI/MIDA to create more employment opportunities for Malaysians and reduce the dependency on foreign workers.

In terms of top-performing industries in January to March 2022, the electrical and electronics (E&E) took the lead (RM18.6 billion (USD4.4 billion), followed by petroleum products (including petrochemical) (RM5.1 billion (USD1.2 billion), non-metallic mineral products (RM1.9 billion (USD0.5 billion), chemicals and chemical products (RM1.1 billion (USD0.3 billion), machinery and equipment (RM0.7 billion (USD0.2 billion), food manufacturing (RM0.7 billion (USD0.2 billion) and paper, printing and publishing (RM0.3 billion (USD0.1 billion) and textiles and textile products (RM 0.3 billion (USD0.1 billion). These industries made up RM 28.9 billion (USD6.9 billion) (96.3 per cent) of total approved investments for the manufacturing sector.

The capital investment per employee (CIPE) ratio of the projects approved during the period was RM1,382,764 (USD329,229) compared to RM2,089,348 (USD503,457) during the same period last year.

A total of 21,666 job opportunities are expected to be created in the manufacturing sector, includes 1,086 managerial positions and 2,562 technical professionals such as engineers in the fields of E&E, mechanical, chemical, and other disciplines, reflecting the manufacturing sector's higher value chain transition. Plant maintenance supervisors, tool and die makers, machinists, IT personnel, quality controllers, electricians, and welders are also among the 4,343 skilled craftsmen needed for the approved manufacturing projects.

Notable projects approved during the period include:

- **TTM Technologies Malaysia Sdn. Bhd.** a leading U.S. based global manufacturer of printed circuit boards (PCBs), radio frequency (RF) components and RF microwave/microelectronic assemblies is investing RM550 million (USD130 million) to manufacture PCB and printed circuit boards assembly (PCBA) in Pulau Pinang. This project will further boost Malaysia's domestic E&E ecosystem by creating high-tech jobs for Malaysians and opportunities for local vendors.
- **Petroventure Energy Sdn. Bhd. (PESB)**, a foreign majority owned company from Brunei will be manufacturing petroleum products in Sabah, including gasoline, kerosene, benzene, liquefied petroleum gas, acrylic, sulphur, slurry, fuel oil and diesel. This project will help Sabah's economy to spur as the products from the refinery will create a new supply chain that will benefit many businesses. Also, the project is anticipated to create 500 potential job opportunities in the state.

Services Sector

In the first three months of 2022, a total of 720 services projects were approved with investment valued RM12.7 billion (USD3 billion), or 29.7 per cent in the services sector compared to RM33.1 billion (USD8 billion) approved for the same period in 2021. Once implemented, these projects are expected to generate 3,219 jobs.

Based on the total approved investments for the period January to March 2022, domestic investments made up the largest portion, recording RM11.7 billion (USD2.8 billion) or 92.1 per cent of the total approved investments for the services sector, while the remaining 7.9 per cent or RM1 billion (USD0.2 billion) were from foreign sources.

The real estate sub-sector with a total approved investment of RM5.9 billion (USD1.4 billion) (46.5 per cent) leads the services sector, followed by the utilities sub-sector RM2 billion (USD0.5 billion) (15.7 per cent), hotel sub-sector and tourism RM1.5 billion (USD0.4 billion) (11.8 per cent), financial services sub-sector RM0.9 billion (USD0.2 billion) (7.5 per cent), and global establishments sub-sector RM0.9 billion (USD0.2 billion) (7.4 per cent).

A total of two sub-sectors saw an increase in investment, namely the hotel and tourism sub-sector (581.7 per cent) and other services (70.4 per cent); and one project was approved in the health services sub-sector compared to the same period in 2021, when no approvals were recorded. This is in line with the Government's strategy in implementing the domestic travel bubble, which aids in the growth of the hotel and tourism industries.

Primary Sector

The primary sector contributed RM169.5 million (USD40.4 million) or 0.2 per cent, of total investments approved in various sectors of the economy for the period January to March 2022 compared to RM6.2 billion (USD1.5 billion) approved for the same period last year.

Domestic investment dominated the primary sector with RM151.6 million (USD36.1 million) (89.5 per cent), while foreign investments totalled RM17.8 million (USD4.2 million) (10.5 per cent).

The agriculture sub-sector has shown a significant growth in total approved investments (RM164.2 million (USD39.1 million), up 1,327.8 per cent from RM11.5 million (USD2.8 million) for the same period in 2021. This is in line with the Securities Policy Action Plan Food 2021-2025, which was developed to strengthen the country's supply chain and food security.

The country's economic growth prospects for 2022 are expected to improve further, as the country transitions to the endemic phase of COVID-19 beginning April 1, 2022. According to Bank Negara, Malaysia's economy is expected to grow between 5.3 to 6.3 per cent in 2022. Reopening international borders and the relaxation of standard operating procedures (SOPs) are expected to have a more positive impact in the country's economic recovery.

In addition, various policies led by the Ministry, such as National Investment Aspirations (NIA), National Trade Blueprint (NTBp), New Industrial Masterplan (NIMP) and the Malaysian Digital Economy Blueprint will continue to promote investment momentum, ensuring Malaysia's competitiveness as an investment destination of choice.

Malaysia continues to offer comparative advantages to potential investors. This is proven by the Global Opportunity Index 2022 by Milken Institute which ranked Malaysia first in emerging Southeast Asia as the country with the most potential to attract foreign investors.

Malaysia has experienced new economic growth in 2021, with RM309.4 billion (USD74.2 billion) in approved investments in the manufacturing, services and primary sectors. Despite the unique global calamities, total FDI and DDI numbers have exceeded expectations, with stellar performance increased to 84.8 per cent from the achievement attained in 2020.

"Our efforts to keep our borders open, maintain external connectivity and ensure business continuity have given global companies the confidence to continue to site their projects in Malaysia. MITI and MIDA will continue in our efforts to identify more quality projects to be implemented in the coming years. This is something which we must strive to maintain in the years to come as the world becomes more tumultuous" added the Senior Minister.

As of 7 June 2022, there are 268 projects with proposed investments of RM14.4 billion (USD3.3 billion) in the manufacturing and services sectors that are within MIDA's pipeline. Moving forward, MIDA has identified 446 high-profile investment prospects including Fortune 500 companies in the manufacturing and services sectors with a combined potential investment value of RM150.4 billion (USD34.3 billion) as of 1 June 2022.

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, Facebook, LinkedIn, TikTok and YouTube channel.

For media enquiries, please contact:

Ms. Fatmah Ahmad

Director, Corporate Communications Division, MIDA

Email: fatmah@mida.gov.my | DL: +603-2267 2428