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MALAYSIA CONTINUES TO BE A VIBRANT MANUFACTURING HUB, RECORDING RM65.3 BILLION OF APPROVED INVESTMENTS IN THE MANUFACTURING SECTOR FOR JAN -SEPT 2020

Kuala Lumpur, 9 November 2020 – Malaysia continues to be a competitive location for manufacturing projects. In the first nine months of 2020, a total of 740 projects worth RM65.3 billion were approved compared with RM56.0 billion in 669 projects in the corresponding period of 2019, representing an increase of 16.6 per cent in capital investments.

These newly approved investments are expected to create 51,172 jobs for the country. The jobs created include 1,040 electrical and electronic engineers, 963 mechanical engineers and 331 chemical engineers. In addition, the approved manufacturing projects will also require about 5,499 skilled craftsmen such as plant maintenance supervisors, tools and die makers, machinists, IT personnel, quality controllers, electricians and welders.

The total investments approved in the manufacturing sector were mainly in the petroleum products including petrochemicals (RM15.0 billion), basic metal products (RM14.5 billion), electrical and electronics (RM7.7 billion), machinery and equipment (RM5.8 billion), chemicals and chemical products (RM4.5 billion), food manufacturing (RM3.0 billion), transport equipment (RM3.0 billion) as well as scientific and measuring equipment (RM2.1 billion). These industries make up 85 per cent of total approved investments for the sector.

Compared to the corresponding period last year, domestic direct investment (DDI) in the manufacturing sector saw a leap of 45.5 per cent to RM25.9 billion during this period while the value of approved foreign direct investments (FDI) increased by 3.2 per cent to RM39.4 billion.

The states that recorded the highest total approved investments in the manufacturing sector for the period are Sarawak, Sabah, Pulau Pinang, Selangor and Johor. These states have collectively contributed RM51.3 billion.

Meanwhile, the leading sources of FDI for the period of January to September 2020 were China, Singapore, Switzerland, the USA, Netherlands, Thailand, Japan and Republic of Korea. These eight countries jointly accounted for 91.4 per cent or RM36.0 billion of the total FDI approved in the manufacturing sector.

A recent joint study by KPMG and The Manufacturing Institute in the USA entitled "Cost of Manufacturing Operations around the Globe" ranked Malaysia fourth among seventeen economies in an assessment comparing the economy's competitiveness as a manufacturing hub. Evaluating a total of 23 cost factors that impact the cost of doing business (CoDB), the study validates Malaysia's aspirations to become a global supply chain hub in the region.

In efforts to increase the ease of doing business for investors in Malaysia, the Government, through the Malaysian Investment Development Authority (MIDA) has been intensifying its efforts to re-engineer its business processes to raise the efficiency of the organisation's various functions. Among the initiatives that have been implemented include the PACU@MIDA or the Project Acceleration and Coordination Unit to provide end-to-end facilitation for all projects approved to enable the timely implementation of investments in the country; as well as online modules namely e-Manufacturing Licence (e-ML), e-Incentive and JPC Online Application to accelerate the necessary approvals for manufacturing licences, incentives and exemption of customs duties to expedite the execution of projects.

Despite the on-going international border closures and strict governmental standard operating procedures (SOPs) in place worldwide to contain the spread of COVID-19, MIDA continues to be responsive in providing advice and support to existing and potential investors, through its established footprint of 20 overseas and 12 regional offices. It has been at the forefront to entice investments through innovative and aggressive investment promotion activities. Most recently, a One-Stop-Centre (OSC) has been established at MIDA to evaluate applications of eligible business travellers to enter Malaysia for trade and investment purposes.

As the principal investment promotion and development agency of the country, MIDA prioritises the push for strategic collaborations between foreign and local companies to propel mutually beneficial outcomes such as the transfer of knowledge and expertise across industries as well as the development of resilient supply chains and support network. These are stepping stones to nurture Malaysian companies to become truly global champions.

Notable projects approved in the manufacturing sector for the first nine months of 2020 include LEM (Switzerland), Dexcom and Ultra Clean (USA) as well as Nippon Electric Glass (Malaysia) Sdn. Bhd. (NEGM). NEGM is to increase its production capacity of glass tubing for pharmaceutical use by approximately 1,000 tons per month at its Shah Alam, Selangor facility. To date, NEG has invested more than RM6 billion in Malaysia on various products. Its latest RM200 million investment project reinforces Malaysia's reputation as a sustainable and profitable investment destination for companies looking to do business in ASEAN and beyond.

MIDA has also been focused on attracting quality investments in capital-intensive, high-value added and high technology projects. This is reflected in the increase of the capital investment per employee (CIPE) ratio to RM1,276,774 in the first nine months of 2020 from RM1,039,769 during the same period **last** year.

Malaysia is committed to working hand in hand with investors, both local and foreign alike, to accelerate the transformation of Malaysia as an advanced nation with inclusive growth and development despite the economic climate. Through deliberate and targeted approaches, the Government will ensure that the Malaysian economy remains steady on a recover trajectory amidst this pandemic by providing a conducive and favourable environment to attract businesses.

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 and YouTube channel.

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