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### FIRST HALF 2023 INVESTMENTS INFLOW INTO MALAYSIA TO GENERATE OVER 50,000 JOBS *Over 10,000 High-Impact Jobs to be in the Manufacturing Sector*

- Malaysia attracted **RM132.6 billion** (USD28.4 billion) of approved investments in services (RM82.4 billion or USD17.6 billion), manufacturing (RM44.9 billion or USD9.6 billion), and primary sectors (RM5.3 billion or USD1.2 billion).
- **Domestic Direct Investment (DDI)** accounted for a substantial **52.2% or RM69.3 billion** (USD14.8 billion) of the total approved investments, a commendable **58.2% increase year-on-year**, while **Foreign Direct Investment (FDI)** contributed **47.8% or RM63.3 billion** (USD13.6 billion).
- Out of the RM69.3 billion, the **services sector** emerged as the clear frontrunner, commanding a **significant share of RM54.5 billion** (USD11.7 billion) in DDI.
- **Top five (5) sources of FDI** led by Singapore (RM13.7 billion) (USD2.9 billion), Japan RM9.1 billion (USD2.0 billion), The Netherlands (RM9.0 billion) (USD1.9 billion) The People's Republic of China (RM8.4 billion) (USD1.8 billion) and British Virgin Islands (RM7.1 billion) (USD1.5 billion).
- **Five (5) states that have recorded significant investment value** to the total approved investments include Wilayah Persekutuan Kuala Lumpur (RM31.7 billion) (USD6.8 billion), Selangor (RM29.7 billion) (USD6.4 billion), Kedah (RM14.6 billion) (USD3.1 billion), Johor (RM14.2 billion) (USD3.0 billion) and Sabah (RM9.0 billion) (USD1.9 billion).
- With an impressive number of **2,651 projects approved, an increment by 34.8%** compared to the same period last year, the approved investments will **generate 51,853 new jobs in the country.**

**Kuala Lumpur, 17 September 2023** – Malaysia has attracted a total of RM132.6 billion (USD28.4 billion) worth of approved investments in the services, manufacturing and primary sectors involving 2,651 projects from January to June 2023 and is expected to create 51,853 job opportunities in the country.

The investments are a vote of confidence in Malaysia's economy and its offerings to investors, including:

- a. A Government that supports and develops pro-business policies, and continuously enhances the ease of doing business in Malaysia;
- b. A strategic location in Asia with strong growth potential;

- c. A trusted hub for ecosystem, supply chain, capital, talent, flows of goods and data; and
- d. Growing innovation capabilities.

YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, the Minister of Investment, Trade and Industry (MITI), said, “Despite global demand slowdown and a higher interest rate environment in key markets, Malaysia managed to attract approximately a similar amount of approved investments in 1H2023 year-on-year, reflecting confidence in the nation’s economic growth prospects. Notably, direct domestic investment increased by 58%, and represented over 52% of approved investments which, to us, is a clear vote of confidence in the MADANI Economy policies. The total approved investments are also set to create at least 50,000 jobs for Malaysians.”

“I am pleased with our achievement in 1H2023, securing RM132.6 billion, representing 60.3% of our annual target. This achievement closely mirrors our ten-year average of RM222.6 billion, emphasising our consistent efforts in attracting quality investments and driving economic growth. With stronger growth expected in the second half, I am confident we will be able to achieve our target for this year.”

"As various global supply chains shift to Asia, our key aim is to position Malaysia as a regional hub for both international companies and entrepreneurs seeking to expand their footprint in Asia. To that end, the recently unveiled New Industrial Master Plan 2023 (NIMP2023) represents a pivotal step in Malaysia's journey toward sustainable industrial transformation and enhanced global competitiveness. NIMP2030 represents a whole-of-nation effort towards proactively integrating our SMEs into regional and global supply chains, as well as fostering improved economic cooperation with neighbouring nations. These are set to strengthen the investment ecosystem, fostering investor confidence and further edifying Malaysia's position in the regional investment landscape,” added the MITI Minister.

Domestic Direct Investment (DDI) accounted for 52.2% of the total approved investment, or RM69.3 billion (USD14.8 billion). This is a remarkable surge of 58.2% from the same period in 2022, underscoring the competitiveness of local players. The strong performance of DDI was driven by investments in the services sector, particularly real estate and primary sector. The government's commitment to ensuring quality housing for *rakyat* has been a major factor in this growth.

MITI and MIDA remain steadfast in their commitment to achieving a balanced blend of Foreign Direct Investment (FDI) and DDI. This balance is clearly demonstrated in the amount of FDI, which contributed 47.8%, or RM63.3 billion (USD13.6 billion) to the approved investments.

Singapore is the leading source of FDI with approved investments totalling RM13.7 billion (USD2.9 billion). The nation has also attracted quality investments from other countries, such as Japan (RM9.1 billion) (USD2.0 billion), The Netherlands (RM9.0 billion) (USD1.9 billion), the People's Republic of China (PRC) (RM8.4 billion) (USD1.8 billion), and British Virgin Islands (RM7.1 billion) (USD1.5 billion).

Five states have recorded significant approved investments, namely Wilayah Persekutuan Kuala Lumpur (RM31.7 billion) (USD6.8 billion), Selangor (RM29.7 billion) (USD6.4 billion), Kedah (RM14.6 billion) (USD3.1 billion), Johor (RM14.2 billion) (USD3.0 billion), and Sabah (RM9.0 billion) (USD1.9 billion). Together, these top five states accounted for an impressive 74.9% of the total approved investments.

### **Malaysia's Services Sector Led the Investment Wave with Diverse Sources**

The services sector led the way in terms of investment approvals in Malaysia in the first half of 2023, with a total of RM82.4 billion (USD17.6 billion) approved, accounting for 62.1% of the total. A total of 24,747 new jobs are expected to be created in the services sector as a result of these investments.

The surge in investment in the services sector can be attributed to several factors, including Malaysia's proactive efforts to diversify its economy beyond manufacturing, the robust growth of the digital economy, and the increasing demand for services such as logistics, healthcare, and education.

Of the total approved investments in the services sector, RM54.5 billion (USD11.6 billion) came from DDI, accounting for 66.1% of the total. The remaining 33.9% or RM27.9 billion (USD6.0 billion) were from FDI.

The real estate sub-sector was the largest recipient of investments in the services sector, with RM30.7 billion (USD6.6 billion) approved. Other major sub-sectors included information and communications (RM29.1 billion, USD6.2 billion) distributive trade (RM8.2 billion, USD6.2 billion), financial services (RM5.5 billion, USD1.2 billion), and utilities (RM3.8 billion, USD0.8 billion).

Datuk Wira Arham Abdul Rahman, CEO of MIDA stated, "Malaysia's strong economic fundamentals and reputation for being stable, reliable and neutral allowed us to capture quality investments from diverse sources. The long-term prospects and outlook for the digital industry remains promising. Companies across a variety of industries continue to build capabilities in data, digitalisation and automation. There are also opportunities from the growing digital economy in Southeast Asia, including in fintech, cloud, cybersecurity and gaming. We anticipate a sustained demand for tech-related skills across all sectors in Malaysia."

"Nevertheless, our journey towards the future also hinges significantly on our ability to align with global mega-trends, particularly in the context of environmental, social, and governance (ESG) practices. Implementing an ESG-based business model, especially by local SMEs, holds the potential to not only bolster competitiveness but also to amplify our presence within the global value chain, propelling the country into a future characterised by sustainable and responsible growth," he added.

There was also a significant increase in investments in green technology, with RM1.3 billion (USD268.0 million) approved, reflecting a 21.9% year-on-year growth. These approved investments encompass diverse green technology initiatives, including renewable energy, energy conservation, waste management, green buildings, and services. This surge in green investments is poised for even further acceleration, aligning seamlessly with the objectives set forth in the National Energy Transition Roadmap (NETR).

Among the notable projects approved in the services sector, include GDS IDC Services (Malaysia) Sdn. Bhd., undertaking the establishment of a hyperscale data centre. Additionally, Seri Yakin Logistics Sdn. Bhd. is embarking on the development of a smart warehouse, inclusive of an e-fulfillment hub; and TNB Bukit Selambau Solar Dua Sdn. Bhd., advancing the renewable energy initiatives through their cutting-edge solar technology.

### **Malaysia's Thriving Manufacturing Sector Performance**

The manufacturing sector in Malaysia attracted a total of RM44.9 billion (USD9.6 billion) in approved investments in January to June 2023, accounting for 33.9% of the total approved investments across all sectors. This represents an increase of 2.5% from the RM43.7 billion recorded in the same period in 2022.

These investments are spread across 421 projects, set to generate an estimated 26,759 job opportunities. Of the total approved investments, RM33.9 billion (USD7.3 billion) came from FDI, with RM11.0 billion (USD2.3 billion) originating from domestic investments.

Notably, new projects accounted for RM22.9 billion (USD4.9 billion) of the total approved investments in the manufacturing sector, while RM22.0 billion (USD4.7 billion) stemmed from expansion/diversification projects. DDI was predominantly directed towards new projects, representing 59.6% of the total. FDI showed a balanced distribution between expansion/diversification and new projects, with 51.9% allocated to the former.

The majority or 58.1% of this expansion/diversification projects are in the electrical and electronic industry (E&E). The industry has taken a leading role, contributing a substantial RM10.9 billion (USD2.3 billion) to these projects. This aligns with preparations for the anticipated 2024 demand recovery, as projected by the World Semiconductor Trade Statistics (WSTS) Forecast of Global Semiconductor Sales<sup>1</sup>.

A notable example is Texas Instruments Malaysia Sdn. Bhd., with an investment of RM7.4 billion in semiconductor devices and high-performance integrated analog circuits. Moreover, 48.1% of FDI consisted of new projects, reaffirming foreign investors' confidence in Malaysia as a preferred investment destination.

Other top-performing industries within the manufacturing sector include machinery and equipment (RM10.5 billion) (USD2.2 billion), transport equipment (RM4.6 billion) (USD1.0

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<sup>1</sup> [https://www.bnm.gov.my/documents/20124/11625493/qb23q2\\_transcript.pdf](https://www.bnm.gov.my/documents/20124/11625493/qb23q2_transcript.pdf)

billion), non-metallic mineral products (RM4.2 billion) (USD0.9 billion), and fabricated metal products (RM3.8 billion) (USD0.8 billion).

The approved investments in the manufacturing sector is expected to create a total of 26,759 potential job opportunities. Among these, a total of 10,892 (40.7%) high-impact jobs will be for the positions in management, professional/technical, supervisory, and skilled worker categories. The remaining distribution includes 10,698 (40.0%) in machine operators and assembly workers, 1,533 (5.7%) in sales, clerical, and other roles, and 3,636 (13.6%) in general workers.

### **Primary Sector Reflects Positive Trend**

The primary sector secured RM5.3 billion (USD1.2 billion) in approved investments, constituting 4.0% of the total across sectors for the period from January to June 2023. Comprising 42 projects, it's poised to create 347 new jobs, primarily in the subsectors of mining as well as agriculture and commodities.

Remarkably, the primary sector's investment performance has seen an impressive surge of 22.5% compared to the previous year. Of these investments, RM3.8 billion (71.3%) originated from domestic sources, while foreign investments contributed RM1.5 billion (28.7%). The mining subsector experienced substantial growth, increasing by RM3.0 billion (150.2%), largely driven by a prominent Malaysian Government-Linked Company (GLC) subsidiary specialising in oil and gas exploration and development activities.

### **Doubling Efforts in Attracting Quality Investments**

As of July 2023, there are a total of 860 projects with proposed investments of RM89.9 billion (USD19.8 billion) within MIDA's pipeline. Of this proposed investments, 812 projects are from the services sector (RM26.4 billion) (USD5.8 billion), while 48 projects are from the manufacturing sector (RM63.5 billion) (USD14.0 billion), all of which fall under MIDA's purview. In addition, a total amount of RM163.1 billion high potential investment leads are actively being negotiated by MIDA.

These proposed investments and lead projects are driven by Malaysia's thriving digital economy, conducive innovation ecosystem and research and development (R&D), attracting companies and creating growth opportunities.

Notably, Malaysia's competitive prowess shines on the world stage, ranking **27th** in the 2023 IMD World Competitiveness Ranking. Within ASEAN, Malaysia secures an impressive second spot as the **Most Competitive Country** in the 2023 IMD World Competitiveness Yearbook, underscoring its enduring appeal for businesses and investors.

**\*\*\*THE END\*\*\***

## **About MIDA**

MIDA is the Government's principal investment promotion and development agency under the Ministry of Investment, 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 21 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](http://www.mida.gov.my) and follow us on X, Instagram, Facebook, LinkedIn, TikTok and YouTube channel.

### **For media enquiries please contact:**

Ms. Fatmah Ahmad  
Director of Corporate Communications Division  
Malaysian Investment Development Authority (MIDA)  
Email: [fatmah@mida.gov.my](mailto:fatmah@mida.gov.my) | DL: +603-2267 2428