MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

Malaysia Investment Performance Report 2023

ADVANCING RESPONSIBLE INVESTMENTS

MIDA
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

CONTENTS

1.0

YEAR IN REVIEW

"Investment booms have the potential to transform developing economies and help them speed up the energy transition and achieve a wide variety of development objectives. To spark such booms, developing economies need to implement comprehensive policy packages to improve fiscal and monetary frameworks, expand cross-border trade and financial flows, improve the investment climate, and strengthen the quality of institutions. That is hard work, but many developing economies have been able to do it before. Doing it again will help mitigate the projected slowdown in potential growth in the rest of this decade."

Ayhan Kose, the World Bank's Deputy Chief Economist and Director of the Prospects Group
(Global Economic Prospects, January 2024 Press Release)

day
Number of sales
19 20 21 23 24 25 26 27 28 29 30 31
week
Friday
Saturday
Jan-2020
Feb-2020
Mar-2020
Total sales by content
Earned
1330.26$
13.87$
1.09$
800
700
600
500
400
300
200
100
- 15%
70 %

RUGGED GLOBAL GROWTH

Global economic growth has moderated over the year despite starting off quite promising as different regions diverged. In the face of challenging trade and investment conditions, Malaysia's economy has performed fairly well, witnessing a 23 per cent rise in private investment and stable consumption that helped mitigate the global slowdown

The global economy started the year 2023 on a firmer footing as challenges arising from the Russia-Ukraine war and the lingering impact of the COVID-19 pandemic subsided. However, growth moderated over the year amid widening divergences across regions. This stemmed from diminished savings derived from government stimulus or fiscal transfers, and declining output in the services sector, with moderating growth in tourism-related activities. Manufacturing sector activities continued plummeting, with some cases seeing output contractions from reduced industrial production. Similarly, investments and global trade in goods also witnessed a decline.

The International Monetary Fund (IMF), in the January 2024 update of the World Economic Outlook (WEO), projected global economic growth of 3.1 per cent in 2023, which is 0.1 percentage points higher than the October 2023 update of the WEO. Advanced economies are projected to expand 1.6 per cent in 2023, 0.1 percentage points higher than the October 2023 estimate while emerging and developing economies are projected to expand 4.1 per cent, which is 0.1 percentage points higher than the October 2023 estimate. Emerging and developing Asia is projected to expand 5.4 per cent in 2023, which is 0.2 percentage points higher than the October 2023 update.

However, the IMF noted in the October 2023 update of the WEO that there is increasing geoeconomic fragmentation, with economic activity in emerging markets and developing economies still generally falling short of the pre-pandemic (January 2020) WEO update, while higher interest rates and weaker currencies have weighed on the prospects of low-income countries, placing many in financial distress. Among major economies, the strongest recovery and growth has come from the United States of America (USA), followed by the Euro-area, where growth momentum has been hampered by greater exposure to the Russia-Ukraine war and the resultant terms-of-trade impact as well as higher energy prices.

In particular, the growth momentum in the People's Republic of China (PRC) dwindled after a brief surge earlier in the year due to further weakness in the country's property sector and an uncertain labour market outlook weighing on consumer sentiment, which has in turn impacted consumption. The IMF also noted in the October 2023 WEO update that weaker external demand and geopolitical uncertainty have also impacted the PRC's industrial production, business investment and exports with repercussions for the Asian industrial supply chain, especially commodity exporters and countries most exposed to the country's momentum loss.

Furthermore, global headline inflation is projected to decline steadily due to tighter monetary policy aided by lower international commodity prices. The IMF estimates global headline inflation of 6.8 per cent in 2023 from 8.7 per cent in 2022, with nearly three-quarters of economies seeing lower headline inflation. Core inflation is expected to decline more gradually to 6.3 per cent in 2023 from 6.4 per cent in the previous year driven by tight labour markets, services inflation and in some cases, by past currency depreciation leading to a pass-through of costs. The IMF estimates that over half of these economies will not see a decline in core inflation in 2023.

There are also signs that stricter credit conditions stemming from tighter monetary policy over the past 18 months to stem inflation have increasingly affected real economic activity. While the banking crisis of March 2023 that impacted mainly regional banks in the USA and Credit Suisse Group AG, a systematically important global bank headquartered in Switzerland, has receded, higher interest rates are likely to place banks under more pressure in major economies, through higher cost of funding and deteriorating credit quality. There are no signs of a credit crunch as spreads to risk-free government debt have stayed more or less constant despite debt markets starting to reflect tighter monetary policy.

Global trade showed a marginal growth of 0.9 per cent in 2023 compared with 5.1 per cent in 2022. According to the IMF, this is due to softer demand, shifts toward domestic services, lagged effects of the US dollar appreciation and rising trade barriers, with almost 3,000 new restrictions on trade in 2022 imposed by countries versus fewer than 1,000 in 2019. The IMF expects global current account balances to narrow in 2023 following a significant increase in 2022, with the decline in commodity prices leading over the medium-term to moderating creditor and debtor stock positions.

Meanwhile, according to the World Bank's East Asia and Pacific (EAP) October 2023 Economic Update's press release, the EAP region "remains one of the fastest growing and dynamic regions globally". It anticipates a robust growth of 5 per cent in the region with expectations of a momentum slowdown in the second half, surpassing the average growth of other emerging markets and developing economies. The potential downside risks to the region's economic outlook, the World Bank noted, include intensifying geopolitical tensions and the possibility of natural disasters.

The PRC remains a pivotal player in the regional growth narrative, with a projected growth of 5.1 per cent in 2023, slightly higher than the rest of the region excluding PRC, which is estimated at 4.6 per cent.

The services sector plays an increasingly important role in driving development in the EAP region, where manufacturing has traditionally been dominant. The sector has already contributed significantly to labour productivity growth in the region and FDI in services has exceeded FDI from manufacturing in countries like PRC, Indonesia, Malaysia, and the Philippines. The World Bank also emphasised the transformative impact of services reforms and digitalisation on the region's economic performance, which has also led to productivity gains. It noted the positive effects on education and healthcare through distance education and telemedicine, underscoring the potential for a virtuous cycle of economic opportunity and enhanced human capacity.

Over the medium term, the World Bank urges countries in the EAP region to sustain their high growth by pursuing reforms that maintain industrial competitiveness, diversify trading partners, and tap into the productivity-enhancing and job-creating potential of the services sectors.

Weak Global FDI

Investors across the world remained cautious of the business and economic landscape despite recession fears receding and stable financial markets, with the United Nations Conference on Trade and Development's (UNCTAD) noting in its Global Investment Trends Monitor released in January 2024 that global FDI increase of 3 per cent to US$1.37 trillion reflected the undercurrents of economic uncertainty and higher interest rates. The increase was largely due to investment inflows into several European conduit economies. Excluding these inflows, global FDI contracted 18 per cent. Global greenfield project announcements fell 6 per cent while international project finance deals declined 21 per cent and cross border mergers and acquisitions (M&As) by 16 per cent.

For developed economies, FDI in the European Union (EU) swung to a positive US$141 billion in 2023 from a negative US$150 billion in 2022 following inflows into the European conduit economies of Luxembourg and the Netherlands. Excluding these inflows, FDI in the EU declined 23 per cent, with several large recipients affected. North America saw zero growth in FDI, with FDI inflows in the USA declining 3 per cent. Among developing economies, FDI inflows contracted 9 per cent with PRC down 6 per cent, India down 47 per cent and Southeast Asia declining 16 per cent.

International investment project announcements also declined across greenfield (mainly industry), project finance (mainly infrastructure) and cross border M&As. While greenfield project announcements were down, value-wise they were up 6 per cent, with manufacturing showing higher numbers in an initial sign of recovery following a long-term declining trend. International investment project announcements were down across the board in developed economies, M&A values were US$280 billion lower than in 2022, affecting FDI flows, while project finance deals declined US$157 billion. UNCTAD noted that lower greenfield project announcement values will affect 2024 FDI flows.

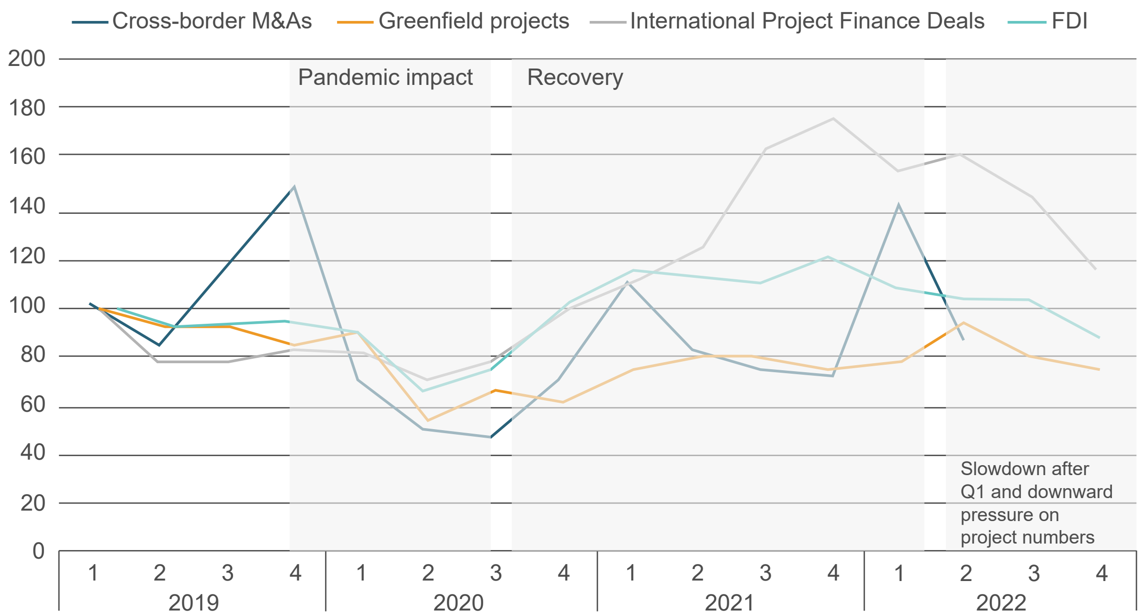
For developing economies, PRC showed 8 per cent growth in new greenfield project announcements, India showed stable numbers of new project announcements that kept it in the top five of global greenfield project destinations in 2023 while Southeast Asia's attractiveness as an investment destination for manufacturing was underlined by a 37 per cent increase in greenfield project announcements, with strong growth in Vietnam, Thailand, Indonesia, Malaysia, the Philippines, and Cambodia.

From an industry standpoint, project numbers for global value chain-intensive sectors in 2023 grew 16 per cent, especially for automotives, textiles, machinery, and electronics. However, greenfield semiconductor projects slipped by 10 per cent, with values declining by 39 per cent after strong growth the previous year. The number of greenfield project announcements and international project finance deals for infrastructure industries, including transport, power, water and telecommunications waned by 4 per cent overall, largely driven by lower project finance in renewable energy.

As for the renewable energy sector, new international project finance deals slipped by 17 per cent in number and 10 per cent in value, only marginally less than the overall project finance decline, with the decline in the number of new projects the first since the Paris Agreement in 2015.

In other related data, the number of international investment projects announced in developing countries in sectors relevant to the Sustainable Development Goals (SDGs) such as infrastructure, renewables, water and sanitation, food security, health and education remained flat. UNCTAD data showed that SDG-relevant international project finance deals declined 27 per cent, with 40 per cent contraction in value whereas SDG-relevant greenfield projects rose by 12 per cent, with 6 per cent increase in value. Project numbers in food and agriculture rose marginally from low levels in 2022.

INVESTMENT TRENDS, 2019-2022 (INDEX, 2019: Q1=100)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics) for FDI, information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com) for announced greenfield projects and Refinitiv SA for international project finance.
Note: Project data for 2022 in this monitor are preliminary; greenfield data is estimated based on 11 months. Full year FDI data, normally presented in the January monitor, are not included because of significant ongoing revisions for 2021 and incomplete 2022 availability - 2022 FDI data will be included in the *World Investment Report 2023.*

Local Direct Investment Abroad (DIA) Updates

Direct investment abroad (DIA) has grown in importance as the country's economy matures. DIA offers Malaysian companies opportunities to diversify and expand into overseas markets through new investments, technology partnerships and accessing new consumer markets. Over the long term, DIA enables Malaysian companies to become integral parts of the global production network while fostering international collaborations thereby attaining economic growth worthy of global champions.

In 2023, Malaysian companies invested

RM34.9 bil

Total Investments Abroad

In addition to global expansion, Malaysian companies are urged to seize opportunities arising from regional and bilateral agreements as well as current global outsourcing trends. Leveraging Malaysia's bilateral and regional Free Trade Agreements (FTAs) is a crucial step in creating more business opportunities. In addition, the competitive pressure from developing economies further underscores the importance of reassessing operational strategies.

Cognisant of the pivotal role of DIA, the Government through MIDA is facilitating the engagement of domestic companies by undertaking several programmes such as DIA seminars and missions, and the Malaysia Technical Cooperation Programme (MTCP) −a Government initiative aimed at enhancing technical and economic cooperation between Malaysia and other developing countries.

MIDA continues to forge closer partnerships with Investment Promotion Agencies (IPAs), Boards of Investments, foreign embassies as well as international and local chambers/associations with the aim of fostering stronger inter-nation ties that help support Malaysian companies' transition into their DIA ventures seamlessly, which will ultimately contribute to the country's economic growth. In an increasingly interconnected world, embracing opportunities beyond borders is not just a strategic choice, but a necessity for Malaysian businesses.

Normalising GDP Growth

Malaysia's economy normalised in 2023 to 3.7 per cent year-on-year after GDP increased 3 per cent in the fourth quarter of 2023. This followed the significant GDP expansion of 8.7 per cent in 2022. According to Bank Negara Malaysia (BNM), GDP growth in the fourth quarter was supported by continued household spending, improvement in labour market conditions, further recovery in tourism-related activities and sustained investment activity. This was offset by higher imports of capital and intermediate goods and weighed on net exports, which contracted 35.6 per cent amid improving exports of non electrical and electronics (E&E) products and commodities.

There was expansion in most economic sectors, with the services sector growing 4.2 per cent; construction (3.6%); mining (3.8%) and agriculture (1.9%). The manufacturing sector contracted 0.3 per cent on continued weakness in the E&E cluster due to the technology downcycle, which in turn offset the resilient growth seen in domestic-oriented clusters. The services sector's tourism-supported growth was weighed by a contraction in the finance and insurance sub-sector. For the construction sector, expansion in the civil engineering sub-sector was slowed by weak non-residential activities. The mining sector's gain was due to improvements in natural gas and oil production while the agriculture sector's growth was supported by expansion in oil palm production amid improved labour supply.

BNM noted that domestic demand in the fourth quarter was driven by private consumption growing 4.2 per cent on continued household spending in necessities and discretionary items with support from private investments involving capacity expansion by businesses and progress in ongoing projects. Domestic demand was further supported by the public sector, where public consumption rose 7.3 per cent due to higher government spending on supplies and services while public investment grew 11.3 per cent on higher capital expenditure by the Government and public corporations. This was offset by higher imports and weighed on net exports, which contracted 35.6 per cent.

Headline and core inflation continued to moderate in the fourth quarter, with headline inflation rising

2.2 per cent while core inflation, which moderated to its long-term 2011 to 2019 average, gained 2 per cent. Inflation pervasiveness declined further, with fewer items in the consumer price index recording higher prices in the fourth quarter. The labour market continued to improve in the fourth quarter, with the unemployment rate declining to 3.3 per cent compared with 3.4 per cent in the previous quarter. There was continued demand for labour, with employment improving to 16.35 million persons while the participation rate remained unchanged at 70.1 per cent compared with the previous quarter. Private sector real wages grew by 1.5 per cent in the quarter.

OVERALL PRIVATE INVESTMENTS IN MALAYSIA IN 2023

Impressive Private Investment Growth

Despite the challenging global landscape for investments and trade, Malaysia has managed to hold its own, with total private investments from both domestic and foreign sources

RM329.5 bil
Total Investments

An increase of
23%
(2022: 267.7 bil)

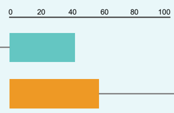
5,101
Projects Approved

An increase of
12.9%
(2022: 4,517 projects)

Domestic vs Foreign Investments

An increase of
35.1%
(2022: RM104.4 bil)

Domestic Investments
42.8%
RM141.1 bil



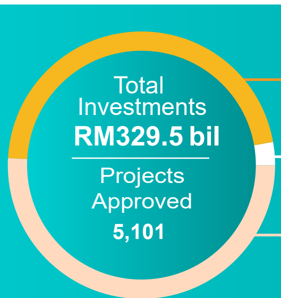
Foreign Investments
57.2%
RM188.4 bil

An increase of
15.3%
(2022: RM163.3 bil)

127,332 Total Job Opportunities

Top 5 Foreign Investment (FI) Contributors by Country:

Singapore	The Netherlands	The USA	Cayman Islands	People's Republic of China (PRC)
RM43.7 bil	RM35.5 bil	RM21.5 bil	RM17.5 bil	RM14.5 bil



883 Projects Approved
(**RM152 bil**)

75 Projects Approved
(**RM9.1 bil**)

4,143 Projects Approved
(**RM168.4 bil**)

- Manufacturing
- Primary
- Services

DOMESTIC AND FOREIGN INVESTMENTS ROUNDUP BY SECTORS IN 2023

SERVICES

Total **RM168.4 bil**

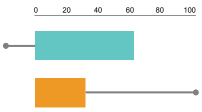
An increase of **7.2%**

(2022: RM157.1 bil)

4,143 Projects Approved
(2022: 3,644)

Domestic vs Foreign Investments

Domestic Investments
65.6%
RM110.5 bil



Foreign Investments
34.4%
RM57.9 bil

Employment Opportunities

52,732 Total Job Opportunities

The services sector has emerged in recent years as an important catalyst for economic expansion, surpassing the manufacturing and primary sectors in terms of performance and contribution. Two services sub-sectors – digital services and green technology – have been designated as part of the push to advance economic complexity, foster technological advancement for a digitally vibrant nation, promote net zero carbon emissions as well as ensure economic security and inclusivity as part of the goals of the New Industrial Master Plan 2030 (NIMP) 2030 launched in September 2023. These sub-sectors are categorised as "high-growth, high-value" industries to be nurtured under the NIMP 2030

Top 5 Services Sub-Sectors in 2023

Sub-Sector	Investment
Information and Communications	**RM63.7 bil**
Real Estate	**RM61 bil**
Utilities	**RM11.1 bil**
Distributive Trade	**RM11.1 bil**
Support Services	**RM10.5 bil**

MANUFACTURING

Total **RM152 bil**

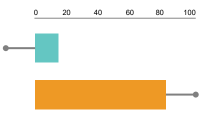
An increase of **80.3%**

(2022: RM84.3 bil)

883 Projects Approved
(2022: 801)

Domestic vs Foreign Investments

Domestic Investments
15.5%
RM23.5 bil



Foreign Investments
84.5%
RM128.5 bil

Employment Opportunities

73,939 Total Job Opportunities

The manufacturing sector plays a critical role in Malaysia's economic development by attracting investments that contribute to growth and innovation. The Government continues to support the sector's shift away from traditional manufacturing activities to more advanced and technology-driven production as part of the broader move to elevate the socio-economic well-being of Malaysians through the creation of high-value jobs. The sector's move up the value chain and diversification also help ensure the economy's resilience at a time of heightened uncertainties and challenges

Top 5 Manufacturing Sub-Sectors in 2023

Sub-Sector	Investment
Electrical and Electronics (E&E)	**RM85.4 bil**
Machinery and Equipment (M&E)	**RM22.6 bil**
Chemicals and Chemical Products	**RM8.9 bil**
Non-Metalic Mineral Products	**RM8.8 bill**
Transport Equipment	**RM7.1 bil**

DOMESTIC AND FOREIGN INVESTMENTS ROUNDUP BY SECTORS IN 2023

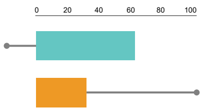
PRIMARY

Total **RM9.1 bil**

75 Projects Approved
(2022: 72)

Domestic vs Foreign Investments

Domestic Investments
78.2%
RM7.1 bil



Foreign Investments
21.8%
RM2 bil

Employment Opportunities

661 Total Job Opportunities

The primary sector, which comprises the agriculture, mining and plantation and commodities sub-sectors, play an important role in the economy, generating revenue that has helped develop the country over the decades despite the shift in focus to manufacturing and services

Approved Investments in the Primary Sector

Mining Sub-sector	Plantation and Commodities Sub-sector
RM8.8 bil	**RM312.6 mil**

MALAYSIA'S PRAISEWORTHY INTERNATIONAL RANKINGS

1st	**Best country in Southeast Asia for the Energy Transition Index** – World Economic Forum (WEF)
1st	**Top Islamic banking market in Asia Pacific over the next two years** – S&P Global Ratings
2nd	**Best-performing Asean country (rose 15 spots)** – World Bank Logistics Performance Index (LPI) 2023
4th	**Most affordable country to live in, Global Living Index** – Utility Bidder
18th	**Most financially inclusive market (rose by 2 spots), Global Financial Inclusion Index 2023** – Principal Financial Group (Principal) and the Centre for Economics and Business Research (CEBR)
27th	**World Competitiveness Ranking 2023** – International Institute for Management Development (IMD) **(rose by 5 spots)**
42nd	**Global Talent Competitiveness Index (GTCI) 2023** – INSEAD in collaboration with Descartes Institute for the Future and the Human Capital Leadership Institute

BUILDING THE FUTURE

Domestic investment is a new engine of growth for Malaysia, as the country leverages on its strengths and the rollout of initiatives such as the New Industrial Master Plan (NIMP) 2030 to ensure economic complexity and at the same time, strengthen the economic base and move up the value chain. Through these initiatives and measures, Malaysia intends to ensure that its industries remain an integral part of the global value chain

Domestic Investment (DI) is a very significant component in attracting investments into Malaysia. Recently, the Government has set DI as a key performance indicator (KPI) for growing the country's total investments to build Malaysian businesses and strengthen the foundation of the local economy.

Malaysia recognises the significance of nurturing and attracting DI as a key strategy to fortify its economic foundation, ensure a stronger industry ecosystem, enhance competitive advantage and build Malaysia's resilience in facing future unprecedented issues.

"Malaysia recognises the significance of nurturing and attracting DI as a key strategy to fortify its economic foundation, ensure a stronger industry ecosystem, enhance competitive advantage and build Malaysia's resilience in facing future unprecedented issues."

THE SIGNIFICANCE OF DOMESTIC INVESTMENTS

DI serves as a driving force for sustainable growth and development and continues to complement Foreign Investments (FI)

As local businesses attract investments from Malaysia and abroad, job creation, technology transfer, and the overall enhancement of industrial capabilities come to fruition

DI fosters a vibrant and competitive business environment contributing to industry diversification and shielding the nation from dependence on external factors

Strategic DI is one of the key factors to entice potential FI as it boosts investor confidence in Malaysia's strong ecosystem and local supply chain

While several studies confirm the benefits of FI to the country, empowering high-quality domestic investments is equally important. FI and DI must strategically complement each other to drive the national economy and develop industrial chain structures, especially the development of micro, small and medium enterprises (MSMEs)

DOMESTIC INVESTMENT CONTRIBUTION BETWEEN 2013 TO 2023

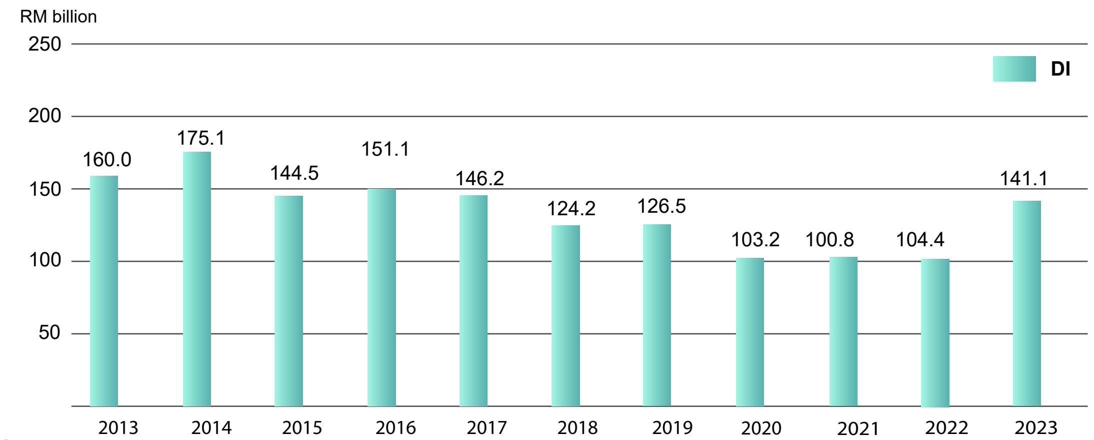
DI contributed the lion's share in the services sector amounting to **77.2%** or **RM1.1 trillion**

FI contributed **22.8%** or **RM321.2 billion** in the services sector

DI was also a major contributor to the total approved investments in the same period, accounting for **57.8%** or **RM1.5 trillion**

These investments are a vote of confidence in Malaysia's economy and its offerings to investors, including a Government that supports and develops pro-business policies and continuously enhances the ease of doing business in Malaysia as a trusted hub for the ecosystem, supply chain, capital and talent, flows of goods and data and growing innovation capabilities.

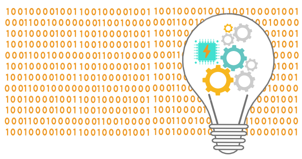
DOMESTIC INVESTMENT PERFORMANCE BETWEEN 2013 TO 2023



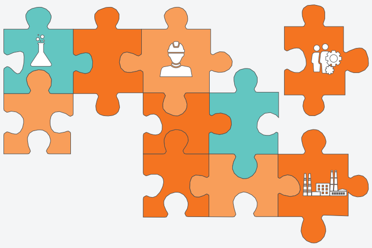
Source: MIDA

DOMESTIC INVESTMENT STRATEGIES

MIDA offers numerous domestic investment initiatives and promotional programmes to support and implement DI strategies. The following initiatives strengthen the local economy's foundation, promotes self-reliance and resilience amid global economic uncertainties:

Strategies	MIDA's Efforts
1. Encourage Innovation and Adoption of Digital Technology Objective: ♦ To strike a balance between FI and DI to promote DI's potential and drive sustainable growth under the MADANI economy framework and mandate 	Specific Domestic Industry Seminars focused on technological advancements, digital solutions, and automation for better compliance ♦ Serves as a platform for the business community to connect with government agencies, explore growth opportunities, and expand their businesses through assistance, facilitation, and collaboration ♦ Disseminate information on Government facilities and investment facilitation for the development of local companies, particularly SMEs ♦ Encourage local ventures into the complex finished product development sector ♦ Increase local R&D elements to penetrate high value-added markets and increase competitiveness domestically and globally To date, MIDA has organised: ♦ 7 specific domestic seminars, such as on electric vehicles (EV), hydrogen, semiconductors (SEMICON), aerospace (LIMA), green technology (IGEM), machinery and equipment, and medical devices
2. SME Investment Desk Objectives: ♦ To serve as a centralised contact point to assist and guide local companies, especially SMEs, Industry Associations, and SME Local Chambers of Commerce on the latest government initiatives and facilities ♦ To foster sustainable business collaborations between the public and private sectors through focused and proactive promotions and hands-on support	♦ Awareness programs specifically tailored for SMEs in various industries or sectors. These programs highlight incentives, regulations, and support for innovative ventures, ultimately enhancing the competitiveness of the industry. MIDA, through its SME Desk Programmes, offers specialised support and resources to SMEs To date, MIDA has organised: ♦ 66 programmes involving 2,909 individuals from 1,245 SME companies
3. Financial Institution Partnerships Objective: ♦ Support and facilitate businesses to gain equal and easy funding access as well as alternative funding options 	♦ Work with financial institutions and banks, Government-Link Companies (GLCs), Government Link Investment Companies (GLICs), venture capital, peer-to-peer lending, equity crowdfunding and assist with Initial Public Offerings (IPOs) ♦ Work closely with local regulators, technology providers, financial institutions, and equity and corporate advisory firms through programmes such as Domestic Investment Collaboration Programme (DICP) - Partnership Programmes on Alternative Financing ♦ Through DICP, MIDA collaborates with various parties namely KHAZANAH, KWAP, Tabung Haji, EPF, Malaysia Industrial Development Finance Berhad (MIDF), Malaysian Technology Development Corporation (MTDC), and TERAJU to broaden financing options and ensure local and international players in various sectors have equal access to financial resources to accelerate expansion/diversification projects and succeed To date, MIDA has: ♦ Engaged with more than 80 companies and institutions ♦ Organised 14 joint roadshow events nationwide through the Domestic Investment Division ♦ Engaged with 1,500 participants through MIDA's programmes and assisted 63 companies through Hong Leong Bank– one of MIDA's DICP programme partners

Continued on next page

<table>
<tr><th>Strategies</th><th>MIDA's Efforts</th></tr>
<tr><td>4. Multiplying States' Development Growth
Objectives:
♦ To highlight the distinctive qualities and benefits of each Malaysian state by presenting a range of investment prospects
♦ State governments can effectively communicate the latest advancements and investment opportunities within their respective regions</td><td>♦ Invest Series events to attract foreign and domestic investors to support industry growth
To date, MIDA has organised:
♦ Two Invest Series events in Johor and Perak with participation from 250 local and foreign companies</td></tr>
<tr><td>5. Advance Business Linkages and Supply Chain Sustainability
Objective:
♦ To enhance supply chain dynamics by spearheading various programmes and initiatives to optimise industry linkages and business sustainability
</td><td>♦ Supply Chain Conferences with a strong emphasis on local development programmes, sustainability, responsible sourcing, and fostering collaboration among stakeholders – crucial platforms for industry players to improve overall efficiency and sustainability in the supply chain
♦ Vendor Facilitation Programmes and Local Sourcing Facilitation for various industries namely electrical and electronics (E&E), machinery and equipment (M&E), automotive, engineering supporting industries (ESI), food, and plastics to encourage the utilisation of locally available raw materials and/or services, thereby contributing to the domestic market growth and vitality
♦ Foster strategic partnerships among diverse entities which include local players, Multinational Corporations (MNCs), Government-Linked Companies (GLCs), and Local-Linked Companies (LLCs) to encourage the latest technology adoption and drive innovation aimed at creating a robust foundation for the industry evolution
To date, MIDA has:
♦ Organised four Supply Chain Conferences, engaging 32 anchor firms comprising MNCs, LLCs, and GLCs to strengthen industrial supply chain across diverse sectors. These events garnered active local participation from over 400 potential companies
♦ Collaborated and organised a Supply Chain Conference (14-15 November) with the Malaysian Plastics Manufacturers Association (MPMA) titled, MIDA-MPMA MyPlast Sourcing Summit 2023 in Selangor. More than 250 participants joined the programme
♦ Organised a benchmarking visit to Pulau Pinang (24 - 26 September), in continuation of the MIDA-PERODUA Digital Transformation Ecosystem</td></tr>
<tr><td>6. Facilitating Development of Industrial Parks
Objectives:
♦ With a primary mandate to oversee, collate information and facilitate the enhancement and/or transformation of Malaysia's industrial parks nationwide, the Industrial Estate Unit (IE Unit) was established on 2 February 2023 under the purview of the Domestic Investment Division in MIDA
♦ The IE Unit facilitates the establishment of sustainable industrial parks harmonising economic and industrial development through green infrastructures, ICT technologies and smart waste/ energy management</td><td>♦ MySite Selection portal positioned as a pivotal 'promotion tool' to showcase industrial parks to potential investors while aiding MIDA in its monitoring, management, and development of these vital economic zones. The portal demonstrates the Government's commitment to streamline and promote Malaysia's industrial development aligned with broader economic objectives while facilitating investors, ensuring transparency and ease of doing business
To date:
♦ A total of 231 industrial parks have been registered in MySite Selection portal resulting in comprehensive information from 5,218 companies</td></tr>
</table>

MIDA's Promotional Strategies and Initiatives (Manufacturing Sector)

The ecosystem approach is how MIDA, as Malaysia's principal driver of the country's investment agenda, promotes the entire value chain of industry clusters. To further support MIDA's efforts, the New Industrial Masterplan 2030 (NIMP) 2030 was launched on 1 September 2023 by the Prime Minister of Malaysia, Dato' Seri Anwar Ibrahim as a comprehensive industrial policy framework that aims to propel Malaysia's manufacturing sector towards high-value production and technological advancement.

With a strategic roadmap which has been earmarked as a pivotal part of the manufacturing sector's plans to move up the value chain, the NIMP 2030 also enables the Government to implement socioeconomic initiatives such as high-value jobs and higher wages.

The achievement of NIMP 2030's goals and targets is structured around four key missions and four enablers designed to address systemic and institutional challenges. The aim is to increase value-added manufacturing activities to RM587.5 billion and provide 3.3 million high-income jobs to Malaysians by 2030.

NEW INDUSTRIAL MASTERPLAN (NIMP) 2030

The NIMP 2030 envisions comprehensive growth through sustainable industrial policies by embracing these four key missions and enablers to be implemented as a "whole-of-nation" approach:

- Advancing Economic Complexity: Enhancing the productive capability of Malaysia's economy
- Tech-Up for a Digitally Vibrant Nation: Embracing technological advancements for national progress
- Pushing for Net-Zero Target: Committing to environmental sustainability
- Safeguarding Economic Security and Inclusivity: Ensuring economic stability and inclusiveness

Priority sectors of the NIMP 2030 are electrical and electronics; chemicals and chemical products; advanced materials; aerospace; and healthcare (including medical devices and pharmaceuticals). The Net-Zero Target mission aligns with the 28th Conference of the Parties (COP28), emphasising water security, ecosystem restoration, and health targets for 2030 – a commitment to a more sustainable future.

To secure more high-quality, high-impact and capital-intensive projects, MIDA facilitated 11 official visits and trade and investment missions overseas, generating RM347 billion potential investments. These visits and missions were to Indonesia, Italy, Brunei, Singapore, Republic of Korea, the People's Republic of China (PRC), Japan, the USA, United Arab Emirates and Saudi Arabia.

On 1 December 2023, MIDA announced the Invest Malaysia Facilitation Centre (IMFC). The IMFC, located at the MIDA headquarters, serves as a one-stop centre for investment-related matters, aimed at streamlining and expediting various approvals for businesses in the manufacturing and services sectors at both federal and state government levels. Ultimately, this centre aims to reduce bureaucracy, provide advisory services, and contribute to Malaysia's goal of becoming a premier investor-friendly destination in the region, aligning with the objectives of the NIMP 2030.

INVEST MALAYSIA FACILITATION CENTRE (IMFC)

In keeping with the whole-of-government approach, the IMFC will be supported by these ministries and agencies:

- Royal Malaysian Customs Department
- Immigration Department of Malaysia
- Inland Revenue Board of Malaysia
- Department of Labour Peninsular Malaysia
- Malaysian Communications and Multimedia Commission
- Telekom Malaysia Berhad
- Tenaga Nasional Berhad
- Other ministries and agencies subject to current requirements

MIDA's Promotional Strategies and Initiatives (Services Sector)

The services sector plays a pivotal role in the Malaysian economy. In recent years, this sector has emerged as a prominent catalyst for economic expansion, surpassing the manufacturing and primary sectors in terms of performance and contribution.

In line with the NIMP 2030, two prioritised services sub-sectors are designated as High-Growth, critical to Malaysia's economic well-being, namely the Digital Services Industry and Green Technology Industry.

The services sector continued to support the Malaysian economy, growing at a 4.2 per cent pace year-on-year in the fourth quarter of 2023 on private consumption and tourism-supported activities.

SERVICES

Based on the services performance, there is a gamut of possibilities for Malaysia's services sector. Prospects encompass the following areas:

Infrastructure Development
Substantial investment is needed in infrastructure like airports, ports, and logistics facilities to support expansion in the services sector. Enhancing these foundational elements can bolster the services sector and further stimulate economic growth

Skills Enhancement
Skill development is critically important to ensure a capable and proficient workforce. Investing in skill enhancement programmes, training initiatives, and educational institutions can equip individuals with expertise to meet the evolving requirements of the services sector

This human capital investment will empower the workforce and contribute to overall growth and competitiveness of the services sector

Technology Adoption
Embracing technological advancements and integrating them into various processes and operations can significantly enhance the industry's efficiency, productivity, and innovation

Investments in cutting-edge technologies and digital solutions position Malaysia as a technologically advanced hub, attracting both domestic and foreign investors seeking to capitalise on the benefits of an advanced services sector

By focusing on these areas, investors can contribute to industry growth and advancement. Malaysia presents unique and tremendous investment opportunities that will not only drive economic prosperity but also pave the way for a vibrant and dynamic services sector in Malaysia.

> "Malaysia presents unique and tremendous investment opportunities that will not only drive economic prosperity but also pave the way for a vibrant and dynamic services sector in Malaysia."

MIDA is on a charted course to revitalise and accelerate the nation's investment initiatives towards the trajectory of this year's theme, 'Advancing Responsible Investments', for the mutual well-being of Malaysia, its people, and investors. While championing coordinated efforts to propel Malaysia towards its aspirations of becoming a high-income nation, MIDA is fully cognisant of the critical role of responsible investing in uncertain times.

According to the introductory guide to responsible investing by Principles for Responsible Investment, PRI (an investor initiative in partnership with UNEP Finance Initiative and UN Global Compact) responsible investment is defined as:
Considering environmental, social and governance (ESG) issues when making investment decisions and influencing companies or assets (known as active ownership or stewardship). It complements traditional financial analysis and portfolio construction. Responsible investors may focus exclusively on financial returns while considering ESG impacts, or aim for both financial returns and positive outcomes for people and the planet, while avoiding negative ones.

As the country's leading investment agency, MIDA seeks to partner with both local and global investors to kickstart their investing journeys in sustainable business ventures, working together to build a prosperous and inclusive future in Malaysia.

ESG issues that investers can consider when investing responsibly include:

Environmental
- Climate change
- Circular economy
- Biodiversity
- Deforestation

Social
- Human rights
- Decent work
- Diversity, equity and inclusion

Governance
- Board structure
- Executive remuneration
- Tax fairness
- Responsible political engagement

Source: https://www.unpri.org/introductory-guides-to-responsible-investment/what-is-responsible-investment/4780.article

Spurring Domestic Investments

MIDA's role is pivotal in driving economic growth and cultivating a favourable business environment in Malaysia. Aligned with the New Industrial Master Plan (NIMP) 2030, MIDA's Industrial Linkages Programme (ILP) stands out as a key strategy aimed at boosting domestic investment and propelling the nation towards achieving high-income status. This initiative focuses on connecting various industries, fostering collaboration, and creating a ripple effect of opportunities throughout the entire value chain.

Key reasons MIDA aims to promote industry-wide collaborations:-

Foster Innovation

Industry linkages and collaborations potentially lead to the exchange of ideas, technologies, and best practices – driving innovation, pushing boundaries while nurturing local companies to upgrade and integrate seamlessly into the global value chain

Enhance Competitiveness

With optimised resources, streamlined processes, and shared expertise, Malaysian industries would rise to compete domestically and globally

Create High Income Employment Opportunities

As industries grow, the demand for skilled labor grows in tandem, leading to job creation and reduced unemployment rates

In 2023, MIDA successfully hosted two significant supply chain events namely, the MIDA-FMM Industrial Linkage Day held in Pulau Pinang (21 June), as well as the MIDA-MPMA MyPlast Sourcing Summit 2023 (14 and 15 November) in Selangor.

The MIDA-FMM Industrial Linkage Day, a dynamic collaboration between MIDA and FMM, achieved remarkable success. With over 200 attendees, including 16 multinational companies (MNCs) and 50 local small and medium enterprises (SMEs) from the electrical & electronics, machinery & equipment and medical device industries, the event aspired to unlock global supply chain opportunities. More than 100 Business Matching Meetings took place, facilitating connections between 11 MNCs/Local large companies (LLCs) including Boston Scientific Medical Device (Malaysia) Sdn. Bhd., VAT Manufacturing Malaysia Sdn. Bhd., Plexus Manufacturing Sdn. Bhd., and 50 local companies.

Themed 'Accelerating Localisation, Stimulating Economic Growth, Augmenting Sustainability', the event showcased the ILP initiated by FMM with MIDA's full support. This strategic programme serves as a bridge, fostering connections between SMEs and MNCs/LLCs, to help boost their competitiveness and contributions to the economy. YBhg. Tan Sri Dato' Seri Dr. Sulaiman Mahbob, in his keynote address, underscored the transformative power of collaboration among MNCs, LLCs, and nimble SMEs. This synergistic alliance harnesses the unique strengths of each entity, propelling sustained economic growth. Further emphasising the pivotal role of MNC

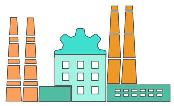
collaboration in SME internationalisation, YBhg. Tan Sri Dato' Soh Thian Lai highlighted its significance in expanding Malaysia’s global market presence.

Meanwhile, the MyPlast Sourcing Summit 2023, a collaboration between MIDA and the Malaysian Plastics Manufacturers Association (MPMA) was set as a dynamic platform for collaborations between local plastic manufacturers and MNCs/LLCs. Focused on catalysing growth and strengthening the local plastics supply chain, the summit empowered SMEs with innovative approaches to enhance their plastic production capabilities and successfully matched 10 MNCs/LLCs with 42 local plastic manufacturers.

At the summit, Datuk Wira Arham Abdul Rahman, MIDA's CEO, highlighted the vital role of Malaysia's plastic products industry in supporting essential manufacturing sectors such as electrical and electronics, automotive, aerospace, medical devices, and food packaging. Recognising the industry's positive impact on the economy, he commended its role in driving innovation and supporting key sectors. The collaboration between MNCs and local plastics manufacturers, exemplified by initiatives such as the MyPlast Sourcing Summit, emerged as a crucial driver for advancing the growth of local enterprises, promoting innovative and sustainable plastic manufacturing aligned with the Malaysia Plastics Sustainability Roadmap 2021-2030.

MIDA organised the MIDA-PRASARANA Vendor Engagement Day on 7 September 2023 with a focus on supporting local companies and creating opportunities within Prasarana’s supply chain. The programme aimed to strengthen strategic collaborations between MIDA, Government-Linked Companies (GLCs), and local enterprises.

Forging ahead, MIDA remains steadfast in its commitment to fortifying industrial linkages and paving the way for fresh domestic investment opportunities. Among key initiatives on the horizon include:

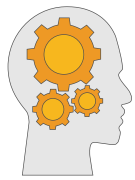


Industry 4.0 Adoption

Advocating the integration of digital technologies and advanced manufacturing processes to boost productivity and competitiveness across diverse industries

Sustainable Development

Promoting environmentally friendly practices and the adoption of green technologies to ensure long-term economic growth while preserving Malaysia's natural resources



Talent Development and Training

Equipping the workforce with essential skills and expertise to meet the dynamic demands of the global market

The proven success of the ILP, spearheaded by MIDA, underscores its role as a catalyst for domestic investment, fostering collaborations, driving innovation, and creating an environment conducive to sustainable growth. As Malaysia advances on its journey to becoming a developed nation, these strategic initiatives are poised to play a pivotal role in shaping the nation's economic future and ensuring prosperity for all.

2.0

SNAPSHOT BY INDUSTRY

"These stellar results of RM329.5 billion in approved investments show that as a country with strong policies that support growth and investment prospects, Malaysia offers a huge potential for attractive returns alongside the nation's clear vision to become a developed and inclusive economy. MITI and MIDA will continue to remain steadfast in our commitment to fostering an environment conducive to high-quality investments aimed at creating opportunities for our SMEs and high-paying jobs for our rakyat."

Tengku Datuk Seri Zafrul Tengku Abdul Aziz, Minister of Investment, Trade & Industry
(Press Release issued by MIDA on 29 February 2024)

SUMMARY OF MANUFACTURING

EVOLVING TO THRIVE

In the midst of unprecedented global disruptions, Malaysia's manufacturing sector continued to soldier forth. Industry players both large and small constantly pivoted themselves to align with the increasing global ESG requirements, the Government's plans and policies for the manufacturing sector, and heightened customer expectations as they push to cement their places in global value chains

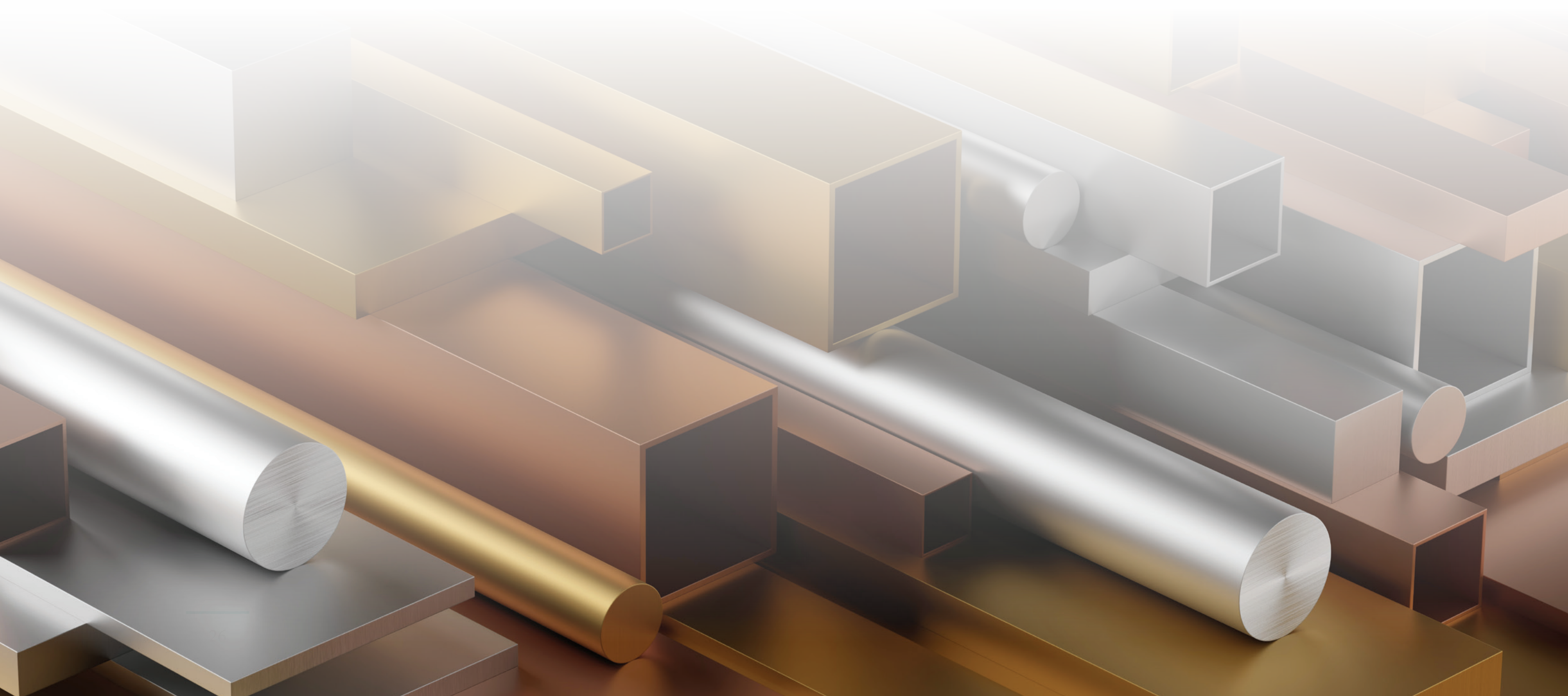
The year 2023 was an uneven one for the global manufacturing sector as a whole, with both positive and negative factors impacting manufacturers worldwide. Several trends from 2022 carried over to 2023 and most likely will do so well into 2024. These included digital transformation (including smart manufacturing), ensuring supply chain resiliency (including reshoring), and issues related to talent retention.

Other trends that surged to the forefront in 2023 are the rapid rise and use of artificial intelligence (AI), especially generative AI, and machine learning; the adoption of digitalised service/subscription business models in companies traditionally associated with manufacturing as part of their overall customer experience; and the concept of mass customisation.

On a national level, Malaysian manufacturers experienced a challenging year amidst multiple influences that subdued the domestic, regional, and global demand outlook due to economic uncertainties. Malaysia's Industrial Production Index, which slipped by 0.1 per cent in December 2023, was affected by the manufacturing sector's negative growth of 1.4 per cent, despite the steady increase in performance of domestic-oriented industries of 4.2 per cent during the same period.

Contributing 23.4 per cent to Malaysia's total GDP in 2023, the manufacturing sector continues to be a highly strategic one for Malaysia's economy, offering employment opportunities to nearly 2.4 million employees in December 2023.

Malaysia's manufacturing sector will face both opportunities and challenges in the current global environment, with industry players gearing up to adopt technological advancement in order to increase their sustainability, resiliency, and relevance. In particular, forward-looking leading manufacturers look to invest in automation and digitalisation initiatives to improve forecasting of the supply chain, balance cost pressure and manufacturing processes.



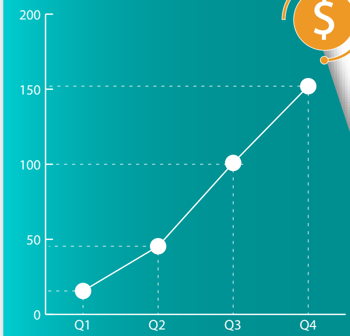
HIGHLIGHTS OF THE MANUFACTURING SECTOR IN 2023

By the end of 2023, the manufacturing sector had brought in **RM152 billion** worth of investments, representing a noteworthy total of **46.1 per cent** of the RM329.5 billion in total approved investments. This is an **increase of 80.3 per cent** from 2022, showing that despite the global situation and other challenges, investors remain confident in Malaysian manufacturing capabilities and potential

The manufacturing sector's performance started relatively slowly in 2023, with the first quarter of 2023 bringing in investments of RM15.6 billion across 192 projects. Foreign investments made up a substantial RM12.6 billion (80.7%) of that total

Investments ramped up in the second quarter of the year, bringing in nearly double the investments in the first quarter, or RM29.2 billion across 229 projects, of which foreign investments again dominated (RM21.3 billion, or 72.7%)

The third quarter of 2023 did not disappoint and continued to show the sector's growing momentum. Investments were again nearly double the previous quarter's figures, at RM55.1 billion and 192 projects approved. Foreign investment comprised RM52.2 billion or 94.7 per cent of the total



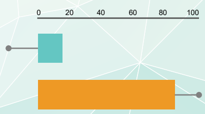
RM152 bil
Total Investments

Increased by
80.3%
(2022: RM84.3 bil)

4,143 Projects Approved
(2022: 3,644)

Domestic vs Foreign Investments

Domestic Investments
15.5%
RM23.5 bil



Foreign Investments
84.5%
RM128.5 bil

73,939 Total Job Opportunities

Electrical and Electronics (E&E)
RM85.4 billion

- Secured the highest level of investment
- Increased by **2.9X** (2022: RM29.3 bil)

- Under Budget 2024, released on 13 October 2023, the Malaysian Government plans to establish a high-tech industrial area in Kerian of Northern Perak in order to create a broader ecosystem for the E&E cluster. This will complement the existing ecosystem in the northern region

Other Leading Industries of the Manufacturing Sector in 2023

M&E
RM22.6 bil
Increased by **170.2%** (2022: RM8.4 bil)

Chemicals and Chemical Products
RM8.9 bil

Non-Metallic Mineral Products
RM8.8 bil
Increased by **RM3 bil** (2022: RM5.8 bil)

Transport Equipment
RM7.1 bil

Plastic Products
RM4.1 bil
Increased by **Nearly 3X** (2022: RM1.4bil)

FOREIGN INVESTORS DEMONSTRATE RESURGING ROCK-SOLID CONFIDENCE

The shift in global supply chains as a result of various geopolitical tensions has enabled Malaysia to take advantage of trade diversions, allowing the nation to promote itself as an alternative hub for manufacturing and distribution activities – providing the sort of harmonious and consistent environment that is crucial for investors

FI

RM128.5 bil
Total Investments

- Representing **84.5%** of approved investments in the manufacturing sector
- Growth of **94.5%** from 2022's foreign investment figure of RM66 billion

This is a praiseworthy result, indicating that foreign investors are even more confident with the Government's consistent pro-business, investment-friendly policies and initiatives to attract foreign investments

Top 5 Foreign Investments (FI)

Electrical and Electronics (E&E)
RM82.4 bil
- **64.2%** of Total FI
- Increased by **Nearly 3X** (2022: RM27.9 bil)

Machinery and Equipment (M&E)
RM17 bil
Increased by **RM11.7 bil** (2022: RM5.3 bil)

Non-Metallic Mineral Products
RM6.3 bil
Increased by **RM1 bil** (2022: RM5.3 bil)

Chemicals and Chemical Products
RM6.2 bil
Increased by **RM500 mil** (2022: RM5.7 bil)

Transport Equipment
RM5.1 bil

Top 5 Foreign Investing Countries

Country	Investment	Increased by	2022
The Netherlands	RM34.9 bil	RM26.1 bil	RM8.8 bil
The USA	RM18.1 bil	RM13.8 bil	RM4.3 bil
Cayman Islands	RM16.9 bil	RM16.8bil	RM87.5 mil
Singapore	RM12.9 bil	RM3.3 bil	RM9.6 bil
People's Republic of China (PRC)	RM12 bil	RM2.4 bil	RM9.6 bil

DOMESTIC INVESTORS DOING THEIR PART

Whilst approved FI contributed the most investments to Malaysia's manufacturing sector in 2023, rebounding domestic investments (DI) also contributed to the further strengthening of Malaysia's economy

DI

RM23.5 bil
Total Investments

- Representing **15.5%** of approved investments in the manufacturing sector
- A solid **RM5.2 bil** more than 2022's DI figure of RM18.3 billion

Top 5 Domestic Investments (DI)

Machinery and Equipment (M&E)	RM5.6 bil	23.8% of total DI
Electrical and Electronics (E&E)	RM3 bil	
Chemicals and Chemical Products	RM2.7 bil	Increased by 68.8% (2022: RM1.6 bil)
Non-Metallic Mineral Products	RM2.5 bil	
Transport Equipment	RM2 bil	Increased by RM600 mil (2022: RM1.4bil)

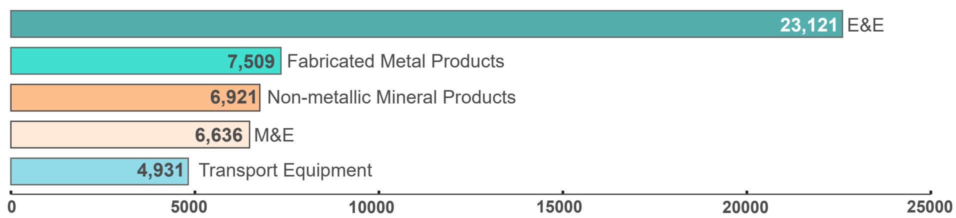
UPSKILLING MALAYSIA'S TALENT POOL

As Malaysia transitions from an economy characterised by traditionally low-skilled and labour-intensive industries to industries that employ higher-skilled knowledge workers, ensuring that high-value jobs are created (or replace low-skilled ones) is essential to uplift Malaysia's society and improve living standards for all Malaysians. This will then help to build a sustainable middle-class society with high purchasing power

73,939
Total Job Opportunities

- **41.1%** were in the Managerial, Technical (including craft skills) and Supervisory (MTS) segments
- **12,230** of these new jobs pay out monthly salaries of RM5,000 and above

Top 5 Industries with Most Job Opportunities Created



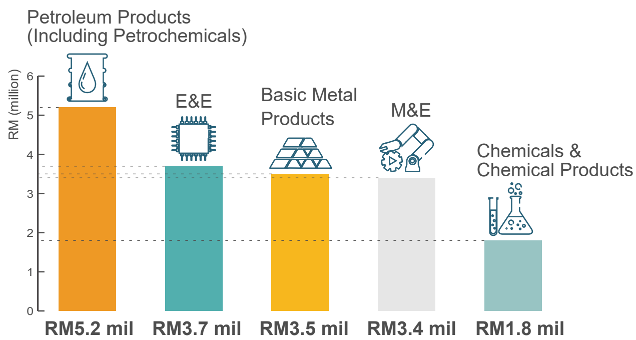
These 5 industries created an estimated **49,118** new jobs, or approximately **66.4%** of total new employment opportunities created

HIGHER CAPITAL INVESTMENT PER EMPLOYEE (CIPE) INDICATES HIGH-QUALITY INVESTMENTS

CIPE 2023
RM2.1 mil

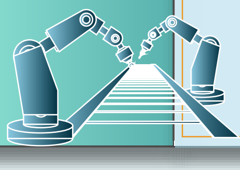
Increased by **2X** (2022: RM1.1 mil)

This is in line with Malaysia's move towards more sophisticated technology and complex product manufacturing



OVERVIEW OF APPROVED INVESTMENTS IN 2023 (MANUFACTURING)

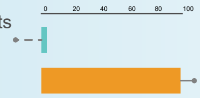
ELECTRICAL AND ELECTRONICS (E&E)



RM85.4 bil
Total Investments

120
Projects Approved

Domestic vs Foreign Investments



Domestic Investments
3.5%
RM3 bil

Foreign Investments
96.5%
RM82.4 bil

Expansion/ Diversification vs New Projects

Total
RM85.4 bil

42 New Projects
RM11.7 bil
13.7%

78 Expansion/ Diversification Projects
RM73.7 bil
86.3%

23,121
Total Job Opportunities

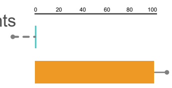
E&E Sub-Sectors

Electronic Components

RM69.4 bil
Total Investments

38
Projects Approved

Domestic vs Foreign Investments

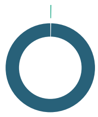


Domestic Investments
2.1%
RM1.4 bil

Foreign Investments
97.9%
RM68 bil

Expansion/ Diversification vs New Projects

31 Expansion/ Diversification Projects
RM69.2 bil
99.7%



Total
RM69.4 bil

7 New Projects
RM0.2 bil
0.3%

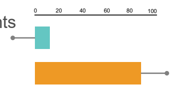
11,164
Total Job Opportunities

Electrical Components

RM10.7 bil
Total Investments

28
Projects Approved

Domestic vs Foreign Investments



Domestic Investments
12.1%
RM1.3 bil

Foreign Investments
87.9%
RM9.4 bil

Expansion/ Diversification vs New Projects

15 Expansion/ Diversification Projects
RM2.6 bil
24%

Total
RM10.7 bil

13 New Projects
RM8.1 bil
76%

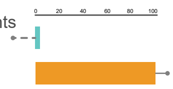
5,781
Total Job Opportunities

Industrial Electronics

RM4.8 bil
Total Investments

26
Projects Approved

Domestic vs Foreign Investments



Domestic Investments
4.7%
RM0.2 bil

Foreign Investments
95.3%
RM4.6 bil

Expansion/ Diversification vs New Projects

15 Expansion/ Diversification Projects
RM1.7 bil
36%

Total
RM4.8 bil

11 New Projects
RM3.1 bil
64%

4,329
Total Job Opportunities

Consumer Electronics

RM318.7 mil
Total Investments

18
Projects Approved

Domestic vs Foreign Investments

Domestic Investments
8.7%
RM27.7 mil

Foreign Investments
91.3%
RM291 mil

Expansion/ Diversification vs New Projects

12 Expansion/ Diversification 1Projects
RM134.2 mil
42.1%

Total
RM318.7 mil

6 New Projects
RM184.5 mil
57.9%

1,447
Total Job Opportunities

Industrial Electrical

RM150.6 mil
Total Investments

4
Projects Approved

Domestic vs Foreign Investments

Domestic Investments
4.5%
RM6.8 mil

Foreign Investments
95.5%
RM143.8 mil

New Projects

Total
RM150.6 mil

4 New Projects
RM150.6 mil
100%

132
Total Job Opportunities

Electrical Appliances

RM35.4 mil
Total Investments

6
Projects Approved

Domestic vs Foreign Investments

Domestic Investments
8.8%
RM3.1 mil

Foreign Investments
91.2%
RM32.3 mil

Expansion/ Diversification vs New Projects

5 Expansion/ Diversification Projects
RM29.1 mil
82.1%

1 New Project
RM6.3 mil
17.9%

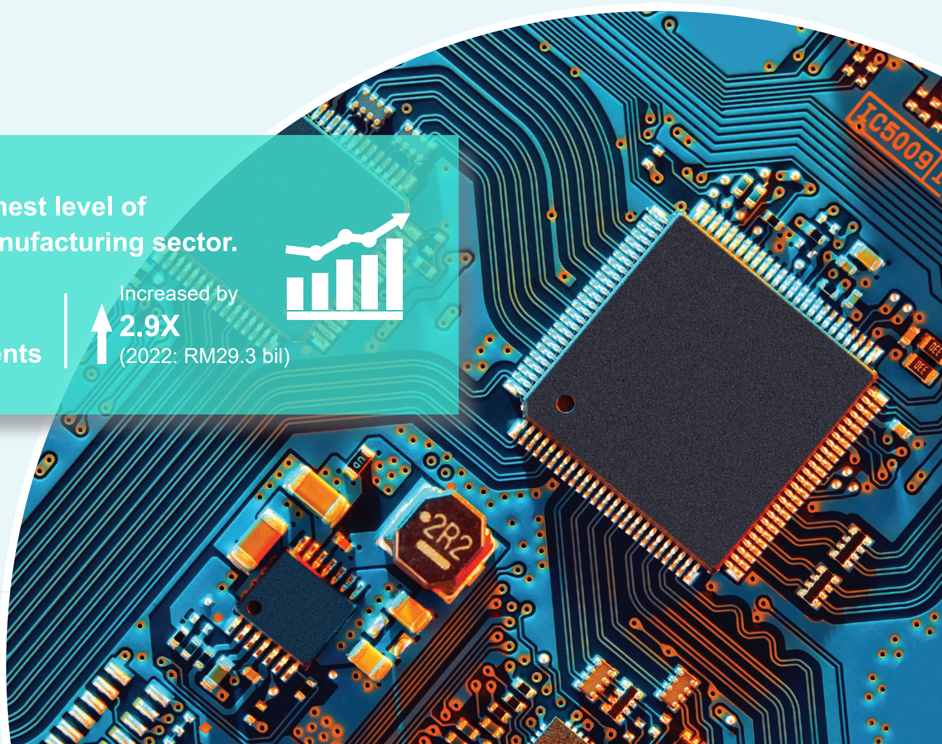
Total
RM35.4 mil

268
Total Job Opportunities

> **E&E secured the highest level of investment in the manufacturing sector.**

RM85.4 bil
Total Investments

Increased by
2.9X
(2022: RM29.3 bil)



OVERVIEW OF APPROVED INVESTMENTS IN 2023 (MANUFACTURING)

MACHINERY AND EQUIPMENT (M&E)

RM22.6 bil Total Investments

103 Projects Approved

Domestic vs Foreign Investments

Domestic Investments **24.8%** RM5.6 bil

Foreign Investments **75.2%** RM17 bil

Expansion/ Diversification vs New Projects

Total RM22.6 bil

50 New Projects RM18.2 bil 80.4%

53 Expansion/ Diversification Projects RM4.4 bil 19.6%

6,636 Total Job Opportunities

M&E Sub-Sectors

Specialised Machinery for Specific Industries

RM9.8 bil Total Investments

20 Projects Approved

Domestic vs Foreign Investments

Domestic Investments **8.6%** RM0.8 bil

Foreign Investments **91.4%** RM9 bil

Expansion/ Diversification vs New Projects

14 Expansion/ Diversification Projects RM3.3 bil 33.3%

Total RM9.8 bil

6 New Projects RM6.5 bil 66.7%

2,271 Total Job Opportunities

General Industrial Machinery, Equipment & Parts

RM7.6 bil Total Investments

63 Projects Approved

Domestic vs Foreign Investments

Domestic Investments **9.3%** RM0.7 bil

Foreign Investments **90.7%** RM6.9 bil

Expansion/ Diversification vs New Projects

26 Expansion/ Diversification Projects RM0.6 bil 8.6%

Total RM7.6 bil

37 New Projects RM7 bil 91.4%

2,464 Total Job Opportunities

Weapons & Ammunition

RM4.5 bil Total Investments

3 Projects Approved

Domestic vs Foreign Investments

Domestic Investments **85.8%** RM3.9 bil

Foreign Investments **14.2%** RM0.6 bil

New Projects

Total RM4.5 bil

3 New Projects RM4.5 bil 100%

747 Total Job Opportunities

Machinery/ Equipment Modules or Industrial Parts/ Components

RM541.1 mil
Total Investments

15
Projects Approved

Domestic vs Foreign Investments

Domestic Investments
16.8%
RM91.1 mil

Foreign Investments
83.2%
RM450 mil

Expansion/ Diversification vs New Projects

11 Expansion/ Diversification Projects
RM431.6 mil
79.8%

4 New Projects
RM109.5 mil
20.2%

Total
RM541.1 mil

1,033
Total Job Opportunities

Power Generating Machinery & Equipment

RM61.3 mil
Total Investments

1
Project Approved

Domestic vs Foreign Investments

Domestic Investments
100%
RM61.3 mil

Expansion/ Diversification Projects

1 Expansion/ Diversification Project
RM61.3 mil
100%

Total
RM61.3 mil

121
Total Job Opportunities

Maintenance, Upgrading or Reconditioning of M&E

RM6.7 mil
Total Investments

1
Project Approved

Domestic vs Foreign Investments

Domestic Investments
100%
RM6.7 mil

Expansion/ Diversification Projects

1 Expansion/ Diversification Project
RM6.7 mil
100%

Total
RM6.7 mil

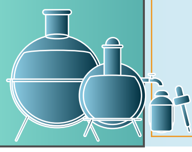
“M&E secured the second highest level of investment in the manufacturing sector.

RM22.6 bil
Total Investments

Increased by
170.2%
(2022: RM8.4 bil)

OVERVIEW OF APPROVED INVESTMENTS IN 2023 (MANUFACTURING)

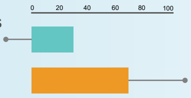
CHEMICALS AND CHEMICAL PRODUCTS



RM8.9 bil Total Investments

80 Projects Approved

Domestic vs Foreign Investments



Domestic Investments **30.2%** RM2.7 bil

Foreign Investments **69.8%** RM6.2 bil

Expansion/ Diversification vs New Projects

Total RM8.9 bil

- **37** New Projects RM7.4 bil 82.9%
- **43** Expansion/ Diversification Projects RM1.5 bil 17.1%

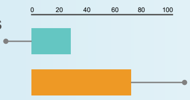
4,902 Total Job Opportunities

NON-METALLIC MINERAL PRODUCTS

RM8.8 bil Total Investments

48 Projects Approved

Domestic vs Foreign Investments



Domestic Investments **28.1%** RM2.5 bil

Foreign Investments **71.9%** RM6.3 bil

Expansion/ Diversification vs New Projects

Total RM8.8 bil

- **33** New Projects RM5.2 bil 59.3%
- **15** Expansion/ Diversification Projects RM3.6 bil 40.7%

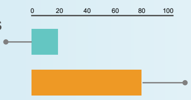
6,921 Total Job Opportunities

PLASTIC PRODUCTS

RM4.1 bil Total Investments

81 Projects Approved

Domestic vs Foreign Investments



Domestic Investments **20.9%** RM0.8 bil

Foreign Investments **79.1%** RM3.3 bil

Expansion/ Diversification vs New Projects

Total RM4.1 bil

- **32** New Projects RM1.3 bil 31.2%
- **49** Expansion/ Diversification Projects RM2.8 bil 68.8%

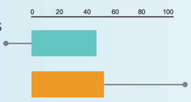
4,249 Total Job Opportunities

FABRICATED METAL PRODUCTS

RM4.1 bil Total Investments

153 Projects Approved

Domestic vs Foreign Investments



Domestic Investments **47.2%** RM1.9 bil

Foreign Investments **52.8%** RM2.2 bil

Expansion/ Diversification vs New Projects

Total RM4.1 bil

- **80** New Projects RM3 bil 73.4%
- **73** Expansion/ Diversification Projects RM1.1 bil 26.6%

7,509 Total Job Opportunities

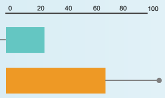
TRANSPORT EQUIPMENT

RM7.1 bil
Total Investments

50
Projects Approved

Domestic vs Foreign Investments

Domestic Investments
28.2%
RM2 bil



Foreign Investments
71.8%
RM5.1 bil

Expansion/ Diversification vs New Projects

Total
RM7.1 bil

- **18** New Projects
  RM5.8 bil
  81.9%
- **32** Expansion/ Diversification Projects
  RM1.3 bil
  18.1%

4,931
Total Job Opportunities

Transport Equipment Sub-Sectors

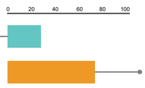
Automotive

RM7 bil
Total Investments

47
Projects Approved

Domestic vs Foreign Investments

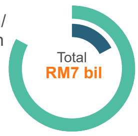
Domestic Investments
27.4%
RM1.9 bil



Foreign Investments
72.6%
RM5.1 bil

Expansion/ Diversification vs New Projects

- **30** Expansion/ Diversification Projects
  RM1.2 bil
  17.8%



Total
RM7 bil

- **17** New Projects
  RM5.8 bil
  82.2%

4,776
Total Job Opportunities

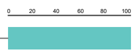
Ship Building & Ship Repairing

RM72.2 mil
Total Investments

2
Projects Approved

Domestic vs Foreign Investments

Domestic Investments
100%
RM72.2 mil



Expansion/ Diversification vs New Projects

- **1** Expansion/ Diversification Project
  RM31 mil
  42.9%

Total
RM72.2 mil

- **1** New Project
  RM41.2 mil
  57.1%

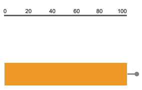
128
Total Job Opportunities

Aerospace

RM4.6 mil
Total Investments

1
Project Approved

Domestic vs Foreign Investments



Foreign Investments
100%
RM4.6 bil

Expansion/ Diversification Projects

- **1** Expansion/ Diversification Project
  RM4.6 mil
  100%

Total
RM4.6 mil

27
Total Job Opportunities

> **Transport equipment industry is one of the Top 5 contributors in the manufacturing sector.**

RM7.1 bil
Total Investments

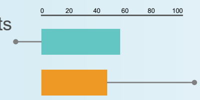
OVERVIEW OF APPROVED INVESTMENTS IN 2023 (MANUFACTURING)

FOOD MANUFACTURING

RM3.2 bil Total Investments

79 Projects Approved

Domestic vs Foreign Investments



Domestic Investments
54.5%
RM1.7 bil

Foreign Investments
45.5%
RM1.5 bil

Expansion/ Diversification vs New Projects

Total
RM3.2 bil

- **47** New Projects
  RM1.3 bil
  41%
- **32** Expansion/ Diversification Projects
  RM1.9 bil
  59%

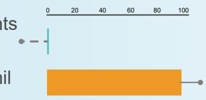
4,679
Total Job Opportunities

BASIC METAL PRODUCTS

RM2.4 bil Total Investments

4 Projects Approved

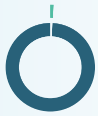
Domestic vs Foreign Investments



Domestic Investments
1.1%
RM26.4 mil

Foreign Investments
98.9%
RM2,345.1 mil

Expansion/ Diversification vs New Projects



Total
RM2.4 bil

- **1** New Project
  RM26.4 mil
  1.1%
- **3** Expansion/ Diversification Projects
  RM2,345.1 mil
  98.9%

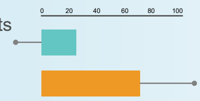
673
Total Job Opportunities

SCIENTIFIC AND MEASURING EQUIPMENT

RM1.3 bil Total Investments

20 Projects Approved

Domestic vs Foreign Investments



Domestic Investments
27.1%
RM354 mil

Foreign Investments
72.9%
RM953 mil

Expansion/ Diversification vs New Projects

Total
RM1.3 bil

- **6** New Projects
  RM248.5 mil
  19%
- **14** Expansion/ Diversification Projects
  RM1,058.5 mil
  81%

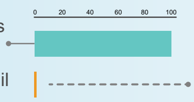
2,807
Total Job Opportunities

PETROLEUM PRODUCTS (INCLUDING PETROCHEMICALS)

RM939.5 mil Total Investments

7 Projects Approved

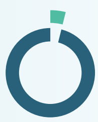
Domestic vs Foreign Investments



Domestic Investments
97.8%
RM919.2 mil

Foreign Investments
2.2%
RM20.3 mil

Expansion/ Diversification vs New Projects



Total
RM939.5 mil

- **2** New Projects
  RM37.8 mil
  4%
- **5** Expansion/ Diversification Projects
  RM901.7 mil
  96%

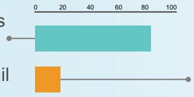
179
Total Job Opportunities

RUBBER PRODUCTS

RM897.8 mil Total Investments

13 Projects Approved

Domestic vs Foreign Investments



Domestic Investments **80.9%** RM726.7 mil

Foreign Investments **19.1%** RM171.1 mil

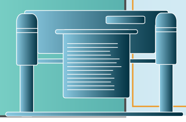
Expansion/ Diversification vs New Projects

- **8** New Projects **RM593.8 mil** 66.1%
- **5** Expansion/ Diversification Projects **RM304 mil** 33.9%

Total **RM897.8 mil**

1,200 Total Job Opportunities

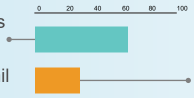
PAPER, PRINTING AND PUBLISHING



RM608.8 mil Total Investments

37 Projects Approved

Domestic vs Foreign Investments



Domestic Investments **67.1%** RM408.8 mil

Foreign Investments **32.9%** RM200 mil

Expansion/ Diversification vs New Projects

- **30** New Projects **RM574.9 mil** 94.4%
- **7** Expansion/ Diversification Projects **RM33.9 mil** 5.6%

Total **RM608.8 mil**

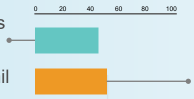
1,950 Total Job Opportunities

FURNITURE AND FIXTURES

RM420.3 mil Total Investments

35 Projects Approved

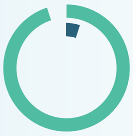
Domestic vs Foreign Investments



Domestic Investments **47.1%** RM197.9 mil

Foreign Investments **52.9%** RM222.4 mil

Expansion/ Diversification vs New Projects

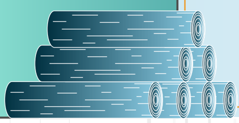


- **24** New Projects **RM399.8 mil** 95.1%
- **11** Expansion/ Diversification Projects **RM20.5 mil** 4.9%

Total **RM420.3 mil**

1,191 Total Job Opportunities

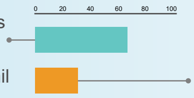
WOOD AND WOOD PRODUCTS



RM392.9 mil Total Investments

16 Projects Approved

Domestic vs Foreign Investments



Domestic Investments **67.2%** RM264.2 mil

Foreign Investments **32.8%** RM128.7 mil

Expansion/ Diversification vs New Projects

- **12** New Projects **RM360.1 mil** 91.7%
- **4** Expansion/ Diversification Projects **RM32.8 mil** 8.3%

Total **RM392.9 mil**

782 Total Job Opportunities

OVERVIEW OF APPROVED INVESTMENTS IN 2023 (MANUFACTURING)

TEXTILES & TEXTILE PRODUCTS

RM241.8 mil Total Investments

19 Projects Approved

Domestic vs Foreign Investments

Domestic Investments: **81.5%** RM197.2 mil

Foreign Investments: **18.5%** RM44.6 mil

Expansion/ Diversification vs New Projects

Total RM241.8 mil

- **8** New Projects RM151.1 mil 62.5%
- **11** Expansion/ Diversification Projects RM90.7 mil 37.5%

832 Total Job Opportunities

LEATHER AND LEATHER PRODUCTS

RM235 mil Total Investments

1 Project Approved

Domestic vs Foreign Investments

Foreign Investments: **100%** RM235 mil

Expansion/ Diversification Project

Total RM235 mil

- **1** Expansion/ Diversification Project RM235 mil 100%

145 Total Job Opportunities

BEVERAGES AND TOBACCO

RM27.2 mil Total Investments

2 Projects Approved

Domestic vs Foreign Investments

Domestic Investments: **69.6%** RM18.9 mil

Foreign Investments: **30.4%** RM8.3 mil

Expansion/ Diversification Projects

Total RM27.2 mil

- **2** Expansion/ Diversification Projects RM27.2 mil 100%

96 Total Job Opportunities

MISCELLANEOUS

RM418.1 mil Total Investments

15 Projects Approved

Domestic vs Foreign Investments

Domestic Investments: **38%** RM158.7 mil

Foreign Investments: **62%** RM259.4 mil

Expansion/ Diversification vs New Projects

Total RM418.1 mil

- **5** New Projects RM235.3 mil 56.3%
- **10** Expansion/ Diversification Projects RM182.8 mil 43.7%

1,136 Total Job Opportunities

> Malaysia’s manufacturing sector will face both opportunities and challenges in the current global environment, with industry players gearing up to adopt technological advancement in order to increase their sustainability, resiliency, and relevance.

STILL NUMBER ONE

As the nation embraces digital transformation and innovation, the services industry emerges as a beacon of growth, leading the economy. The landscape of dynamic advancements, thriving businesses, and strategic collaborations define Malaysia's resilient and progressive services sector

The global services market is expected to grow from US$15.37 trillion in 2023 to US$16.71 trillion in 2024 at a compound annual growth rate (CAGR) of 8.7 per cent, according to The Business Research Company's 'Services Global Market Report 2024'. Rapid technological developments will spur innovation across several service industry sectors, driving the market during the forecasted timeframe. The adoption of digital technology results in lower operational costs, higher productivity, and increased profitability, spurring the services market to potentially reach US$23.13 trillion in 2028 at a CAGR of 8.5 per cent. The growth in the forecast period can be attributed to an aging population, data privacy and security, mental health awareness, circular economy initiatives, and pandemic response services.

The current megatrends in the global economy are offering investors in Malaysia new opportunities, as the country is well-positioned to gain from the reconfiguration of global value chains. The shift to a low-carbon, greener future will also have a significant impact on our nation's ability to attract high-quality investments that raise our competitiveness, and generate high-value jobs. Guided by the New Investment Policy (laid out for the period 2022-2027), the Government will implement reforms to strengthen the fundamentals of Malaysia's investment ecosystem to attract investors.

Stable Investment Climate

The strategic policies and the introduction of tax incentives as outlined in Budget 2024 will foster a stable investment climate to attract more domestic as well as foreign investors. MIDA will continue to facilitate investments into Malaysia, unlocking new growth opportunities presented by emerging global trends. The New Industrial Master Plan (NIMP) 2030 outlines the strategic direction to harness the opportunities and accelerate sustainable economic growth.

HIGHLIGHTS OF THE SERVICES SECTOR IN 2023

The Services sector continues to dominate the nation's economic growth, with an outstanding performance accounting for **RM168.4 billion** or **51.1 per cent** of total approved investments in 2023, with a total of **52,732** job opportunities expected to be created

Domestic investment was the main contributor with **RM110.5 billion** or **65.6 per cent** of the total approved investments for the services sector, while foreign investments made up the balance of **34.4 per cent** or **RM57.9 billion**

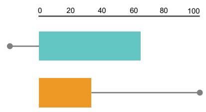
RM168.4 bil
Total Investments
(51.1% of Total Approved Investments in 2023)

4,143
Projects Approved

52,732
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
65.6%
RM110.5 bil

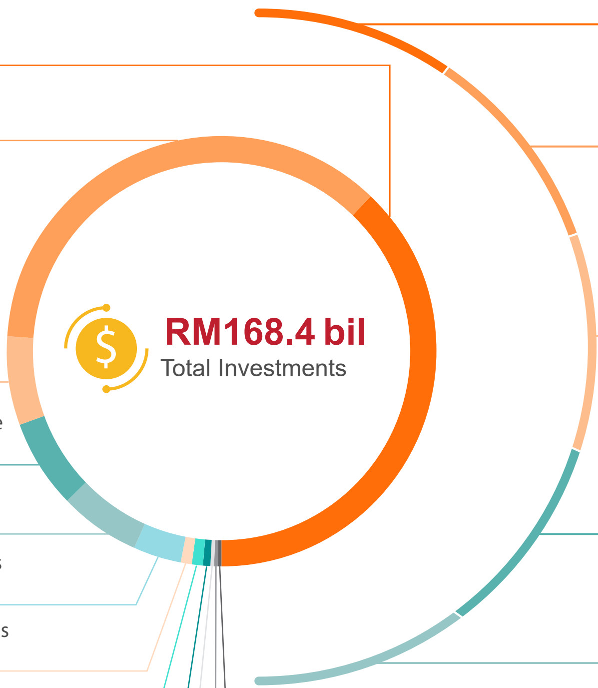


Foreign Investments
34.4%
RM57.9 bil

Total Approved Investments in the Services Sector

Information and Communications
RM63.7 bil

Real Estate
RM61 bil



Utilities
RM11.1 bil

Distributive Trade
RM11.1 bil

Support Services
RM10.5 bil

Financial Services
RM6.3 bil

Transport Services
RM1.3 bil

Hotel and Tourism
RM1.2 bil

Global Establishments
RM878.2 mil

Health Services
RM727.4 mil

Education Services
RM564.9 mil

Other Services
RM16.1 mil

Top 5 Services Sub-Sectors

Information and Communications
RM63.7 bil

Real Estate
RM61 bil

Utilities
RM11.1 bil

Distributive Trade
RM11.1 bil

Support Services
RM10.5 bil

Note: Support Services include Green Technology, R&D, Logistics, Design Services, Professional Services, and Other Support Services

> **MIDA will continue to facilitate investments into Malaysia, unlocking new growth opportunities presented by emerging global trends.**

OVERVIEW OF APPROVED INVESTMENTS IN 2023 (SERVICES)

INFORMATION AND COMMUNICATIONS

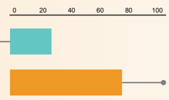
RM63.7 bil
Total Investments

338
Projects Approved

23,829
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
23.8%
RM15.2 bil



Foreign Investments
76.2%
RM48.5 bil

Information and Communications under Digital Investment Office (DIO)

Digital Services

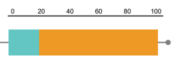
RM60.5 bil
Total Investments

258
Projects Approved

23,829
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
19.7%
RM12 bil



Foreign Investments
80.3%
RM48.5 bil

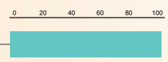
REAL ESTATE

RM61 bil
Total Investments

1,565
Projects Approved

Domestic vs Foreign Investments

Domestic Investments
100%
RM61 bil



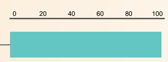
UTILITIES

RM11.1 bil
Total Investments

48
Projects Approved

Domestic vs Foreign Investments

Domestic Investments
100%
RM11.1 bil



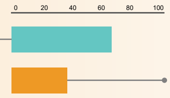
DISTRIBUTIVE TRADE

RM11.1 bil
Total Investments

1,145
Projects Approved

21,701
Total Job Opportunities

Domestic vs Foreign Investments



Domestic Investments
65.7%
RM7.3 bil

Foreign Investments
34.3%
RM3.8 bil

> The Services sector continues to dominate the nation's economic growth, with an outstanding performance accounting for RM168.4 billion or 51.1 per cent of total approved investments in 2023, with a total of 52,732 job opportunities expected to be created.

OVERVIEW OF APPROVED INVESTMENTS IN 2023 (SERVICES)

SUPPORT SERVICES

RM10.5 bil Total Investments

722 Projects Approved

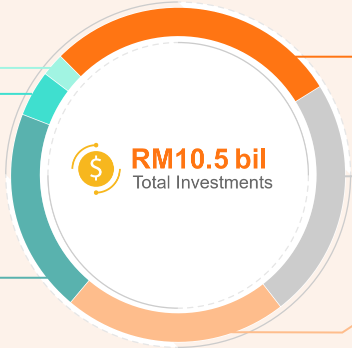
2,687 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **71.4%** RM7.5 bil

Foreign Investments **28.6%** RM3 bil

Support Services Sub-Sectors



Professional Services **RM21.7 mil** Total Investments

Design Services **RM49.2 mil** Total Investments

R&D Activities **RM2.2 bil** Total Investments

Green Technology **RM3.2 bil** Total Investments

Logistics Services **RM2.6 bil** Total Investments

Other Support Services **RM2.4 bil** Total Investments

Green Technology

RM3.2 bil Total Investments

570 Projects Approved

336 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **95.3%** RM3.1 bil

Foreign Investments **4.7%** RM0.1 bil

Logistics Services

RM2.6 bil Total Investments

123 Projects Approved

848 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **83%** RM2.1 bil

Foreign Investments **17%** RM0.5 bil

R&D Activities

RM2.2 bil Total Investments

24 Projects Approved

385 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **95.3%** RM2.1 bil

Foreign Investments **4.7%** RM0.1 bil

Design Services

RM49.2 mil Total Investments

2 Projects Approved

97 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **100%** RM49.2 mil

Professional Services

RM21.7 mil Total Investments

1 Project Approved

1,000 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **20%** RM4.4 mil

Foreign Investments **80%** RM17.3 mil

Other Support Services

RM2.4 bil Total Investments

2 Projects Approved

21 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **4.3%** RM0.1 bil

Foreign Investments **95.7%** RM2.3 bil

Green Technology

RM3.2 bil Total Investments

570 Projects Approved

336 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **95.3%** RM3.1 bil

Foreign Investments **4.7%** RM0.1 bil

Green Projects

RM3.2 bil Total Investments

565 Projects Approved

300 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **95.2%** RM3.1 bil

Foreign Investments **4.8%** RM0.1 bil

Green Services

RM17.8 mil Total Investments

5 Projects Approved

Domestic vs Foreign Investments

Domestic Investments **100%** RM17.8 mil

36 Total Job Opportunities

Green Technology Sub-Sectors by MIDA

Renewable Energy

RM1.4 bil Total Investments

530 Projects Approved

114 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **91.7%** RM1.3 bil

Foreign Investments **8.3%** RM0.1 bil

Business Purposes

RM986.5 mil Total Investments

10 Projects Approved

Domestic vs Foreign Investments

Domestic Investments **98.5%** RM971.6 mil

Foreign Investments **1.5%** RM14.9 mil

99 Total Job Opportunities

[Note: Refers to Large Scale Solar projects]

Own Consumption

RM448.2 mil Total Investments

520 Projects Approved

Domestic vs Foreign Investments

Domestic Investments **76.9%** RM344.6 mil

Foreign Investments **23.1%** RM103.6 mil

15 Total Job Opportunities

[Note: Refers to projects under Self-Consumption purpose (SELCO) or Net Energy Metering (NEM) – Net Offset Virtual Aggregation (NOVA) mechanism]

Waste Management

RM1.3 bil Total Investments

3 Projects Approved

133 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **100%** RM1.3 bil

Energy Efficiency

RM436.3 mil Total Investments

30 Projects Approved

53 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **92.1%** RM401.9 mil

Foreign Investments **7.9%** RM34.4 mil

Green Services

RM17.8 mil Total Investments

5 Projects Approved

36 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **100%** RM17.8 mil

Green Building

RM12.2 mil Total Investments

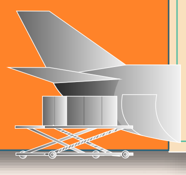
Domestic vs Foreign Investments

Domestic Investments **100%** RM12.2 mil

2 Projects Approved

OVERVIEW OF APPROVED INVESTMENTS IN 2023 (SERVICES)

LOGISTICS SERVICES



RM2.6 bil Total Investments

123 Projects Approved

848 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **83%** RM2.1 bil

Foreign Investments **17%** RM0.5 bil

Logistics Services Sub-Sectors by MIDA

e-Fulfillment

RM1.4 bil Total Investments

1 Project Approved

15 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **100%** RM1.4 bil

International Integrated Logistics Services (IILS)

RM749.9 mil Total Investments

20 Projects Approved

683 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **43.6%** RM326.9 mil

Foreign Investments **56.4%** RM423 mil

Integrated Logistics Services (ILS)

RM97.4 mil Total Investments

3 Projects Approved

132 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **100%** RM97.4 mil

Cold Chain Facilities

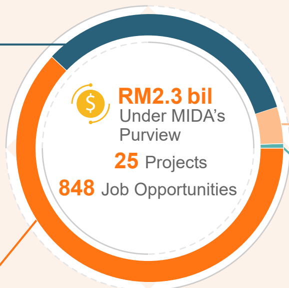
RM12.7 mil Total Investments

1 Project Approved

18 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **100%** RM12.7 mil



R&D ACTIVITIES

RM2.2 bil Total Investments

24 Projects Approved

385 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **95.3%** RM2.1 bil

Foreign Investments **4.7%** RM0.1 bil

Continued on next page

R&D Activities Sub-Sectors by MIDA

R&D Status

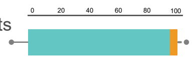
RM2.2 bil Total Investments

5 Projects Approved

287 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **95.2%** RM2.1 bil



Foreign Investments **4.8%** RM0.1 bil

Contract R&D

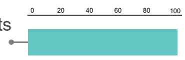
RM5.1 mil Total Investments

3 Projects Approved

78 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **100%** RM5.1 mil



In-house R&D

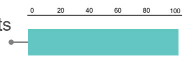
RM3.6 mil Total Investments

2 Projects Approved

20 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **100%** RM3.6 mil



DESIGN SERVICES

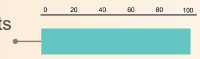
RM49.2 mil Total Investments

2 Projects Approved

97 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **100%** RM49.2 mil



PROFESSIONAL SERVICES

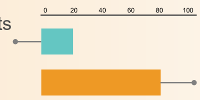
RM21.7 mil Total Investments

1 Project Approved

1,000 Total Job Opportunities

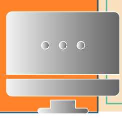
Domestic vs Foreign Investments

Domestic Investments **20%** RM4.4 mil



Foreign Investments **80%** RM17.3 mil

OTHER SUPPORT SERVICES



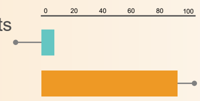
RM2.4 bil Total Investments

2 Projects Approved

21 Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments **4.3%** RM0.1 bil



Foreign Investments **95.7%** RM2.3 bil

OVERVIEW OF APPROVED INVESTMENTS IN 2023 (SERVICES)

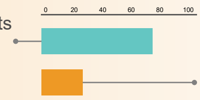
FINANCIAL SERVICES

RM6.3 bil
Total Investments

42
Projects Approved

178
Total Job Opportunities

Domestic vs Foreign Investments



Domestic Investments
73.2%
RM4.6 bil

Foreign Investments
26.8%
RM1.7 bil

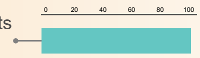
TRANSPORT SERVICES

RM1.3 bil
Total Investments

37
Projects Approved

690
Total Job Opportunities

Domestic vs Foreign Investments



Domestic Investments
100%
RM1.3 bil

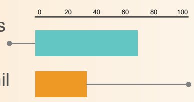
HOTEL AND TOURISM

RM1.2 bil
Total Investments

13
Projects Approved

678
Total Job Opportunities

Domestic vs Foreign Investments



Domestic Investments
66.7%
RM787.8 mil

Foreign Investments
33.3%
RM394.2 mil

Hotel and Tourism Sub-Sectors

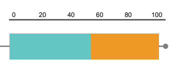
Hotel

RM347.4 mil
Total Investments

10
Projects Approved

420
Total Job Opportunities

Domestic vs Foreign Investments



Domestic Investments
54.5%
RM189.3 mil

Foreign Investments
45.5%
RM158.1 mil

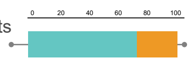
Tourism

RM834.6 mil
Total Investments

3
Projects Approved

258
Total Job Opportunities

Domestic vs Foreign Investments



Domestic Investments
71.7%
RM598.5 mil

Foreign Investments
28.3%
RM236.1 mil

GLOBAL ESTABLISHMENTS

RM878.2 mil
Total Investments

83
Projects Approved

648
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
84.9%
RM745.6 mil

Foreign Investments
15.1%
RM132.6 mil

Global Establishments Sub-Sectors

Principal Hub

RM745.6 mil
Total Investments

1
Project Approved

393
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
100%
RM745.6 mil

REs/ROs

RM132.6 mil
Total Investments

82
Projects Approved

255
Total Job Opportunities

Domestic vs Foreign Investments

Foreign Investments
100%
RM132.6 mil

The approvals were mainly from:

- Singapore **15** Projects
- PRC **11** Projects
- Republic of Korea **8** Projects
- Japan **6** Projects
- Spain **5** Projects

HEALTH SERVICES

RM727.4 mil
Total Investments

4
Projects Approved

710
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
47.8%
RM347.5 mil

Foreign Investments
52.2%
RM379.9 mil

Health Services Sub-Sectors

Private Hospital

RM698.2 mil
Total Investments

3
Projects Approved

675
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
49.8%
RM347.5 mil

Foreign Investments
50.2%
RM350.7 mil

Private Ambulatory Care Centre

RM29.2 mil
Total Investments

1
Project Approved

35
Total Job Opportunities

Domestic vs Foreign Investments

Foreign Investments
100%
RM29.2 mil

OVERVIEW OF APPROVED INVESTMENTS IN 2023 (SERVICES)

EDUCATION SERVICES

RM564.9 mil
Total Investments

143
Projects Approved

1,611
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
99.8%
RM563.9 mil

Foreign Investments
0.2%
RM1 mil

Education Services Sub-Sectors

Private Universities/ Colleges

RM390.4 mil
Total Investments

14
Projects Approved

823
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
100%
RM390.4 mil

International Schools/ Pre-School, Tuition Centres & Language Centres

RM6.4 mil
Total Investments

79
Projects Approved

286
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
84.4%
RM5.4 mil

Foreign Investments
15.6%
RM1 mil

TVET Institutions

RM168.1 mil
Total Investments

50
Projects Approved

502
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
100%
RM168.1 mil

OTHER SERVICES- BIONEXUS STATUS

BIONEXUS STATUS

RM16.1 mil
Total Investments

3
Projects Approved

Domestic vs Foreign Investments

Domestic Investments
100%
RM16.1 mil

Guided by the New Investment Policy (laid out for the period 2022-2027), the Government will implement reforms to strengthen the fundamentals of Malaysia's investment ecosystem to attract investors.

SUMMARY OF PRIMARY

BRIEF JOTTINGS

Malaysia's commitment to sustainable mining and agriculture, and the responsible production of commodities positions it as a conscientious participant in the global market, balancing economic prosperity with environmental considerations in 2023

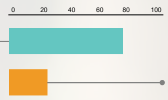
OVERVIEW OF APPROVED INVESTMENTS IN 2023 (PRIMARY)

Malaysia's primary sector has evolved to embrace sustainable practices, reflecting a growing awareness of environmental concerns. Efforts to balance economic growth with ecological responsibility are evident in the adoption of eco-friendly farming techniques and forest management initiatives. This strategic shift not only ensures long-term resource viability but also positions Malaysia as a responsible global player. Mining and commodities such as palm oil, rubber, and timber production stand out as key pillars of the primary sector, driving export revenues and employment opportunities

RM9.1 bil
Total Investments

75
Projects Approved

Domestic vs Foreign Investments

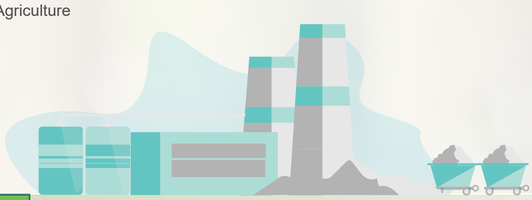


Domestic Investments
78.2%
RM7.1 bil

Foreign Investments
21.8%
RM2 bil

661
Total Job Opportunities

Note *: No projects approved for Agriculture



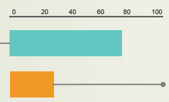
MINING

RM8.8 bil
Total Investments

47
Projects Approved

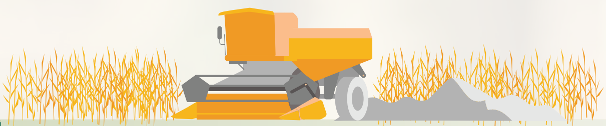
110
Total Job Opportunities

Domestic vs Foreign Investments



Domestic Investments
77.4%
RM6.8 bil

Foreign Investments
22.6%
RM2 bil



PLANTATION AND COMMODITIES

RM312.6 mil
Total Investments

28
Projects Approved

551
Total Job Opportunities

Domestic vs Foreign Investments

Domestic Investments
100%
RM312.6 mil

Malaysia's commodities must open up more markets globally in anticipation of greater challenges and stricter rules at the global level next year.

Datuk Seri Fadillah Yusof, Deputy Prime Minister and Plantation and Commodities Minister (The Star, 6 Dec 2023)

Towards Talent Competitiveness

The Government's ongoing efforts to raise Malaysia's talent competitiveness are gaining momentum. Malaysia ranks 42 for upper-middle-income nations, behind Brunei and the People's Republic of China (PRC) on the Global Talent Competitiveness Index (GTCI) 2023 released by Insead in collaboration with the Descartes Institute for the Future and the Human Capital Leadership. The nation did well in global knowledge skills and for demonstrating a strong pool of vocational and technical skills.

Cognisant of the impact, MIDA continues to champion the cultivation of a talent pool aligned to the evolving demands of industries. MIDA is fostering robust collaborations between public/private sectors to bridge the talent supply gap and establish a sustainable talent pipeline capable of attracting future-focused businesses.

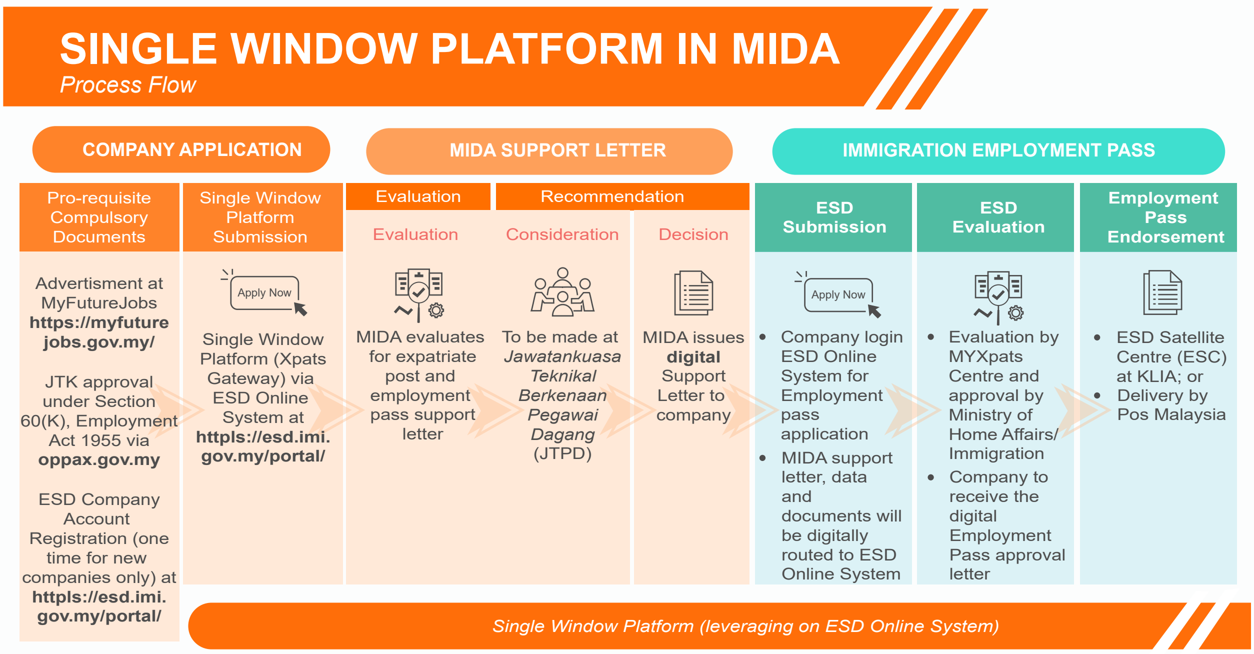
To further support Malaysia's economic and investment goals, the Government is committed to digital governance, ease of doing business and fostering a business-friendly environment through the implementation of platforms such as the Single Window Platform (SWP).

SWP (also known as Xpats Gateway System) was launched on 15 June 2023 to expedite expatriate Employment Pass (EP) applications by companies under the purview of Malaysia's approving authorities or regulatory bodies. With SWP, the processing times for Support Letter applications have been streamlined for approvals within 10 working days upon submission of completed documents; and within three working days for fast-track, Tier 1 and 2 companies.

Companies located in Peninsular Malaysia with approved status from the manufacturing and selected services sectors as well as Representative Offices (REs) and Regional Offices (ROs) can apply for expatriate posts and Employment Passes (EP) through the Xpats Gateway System, via the ESD Online System at https://esd.imi.gov.my/portal. This restructured process ensures that applications are directed to MIDA for the issuance of the Expatriate Post Approval and EP Support Letter.

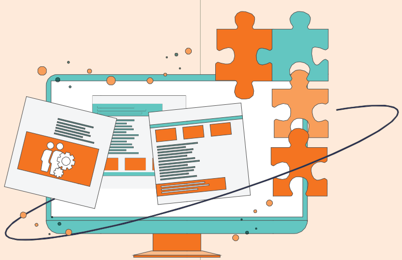
Meanwhile, companies in the manufacturing and selected services sectors based in Sabah and Sarawak may continue to submit their expatriate post applications and applications for RE/RO status through the InvestMalaysia portal at https://investmalaysia.mida.gov.my/EIP/InvestMalaysia.aspx.

MIDA has received a total of 9,124 applications between 15 June 2023 to 31 December 2023:



Source: https://www.mida.gov.my/media-release/single-window-platform-notice/

MIDA also focusses on stakeholder engagement through its talent facilitation initiatives to assist industries in sourcing the right local talent. In 2023, some significant initiatives included one-on-one industry facilitation as well as innovative programmes such as:-

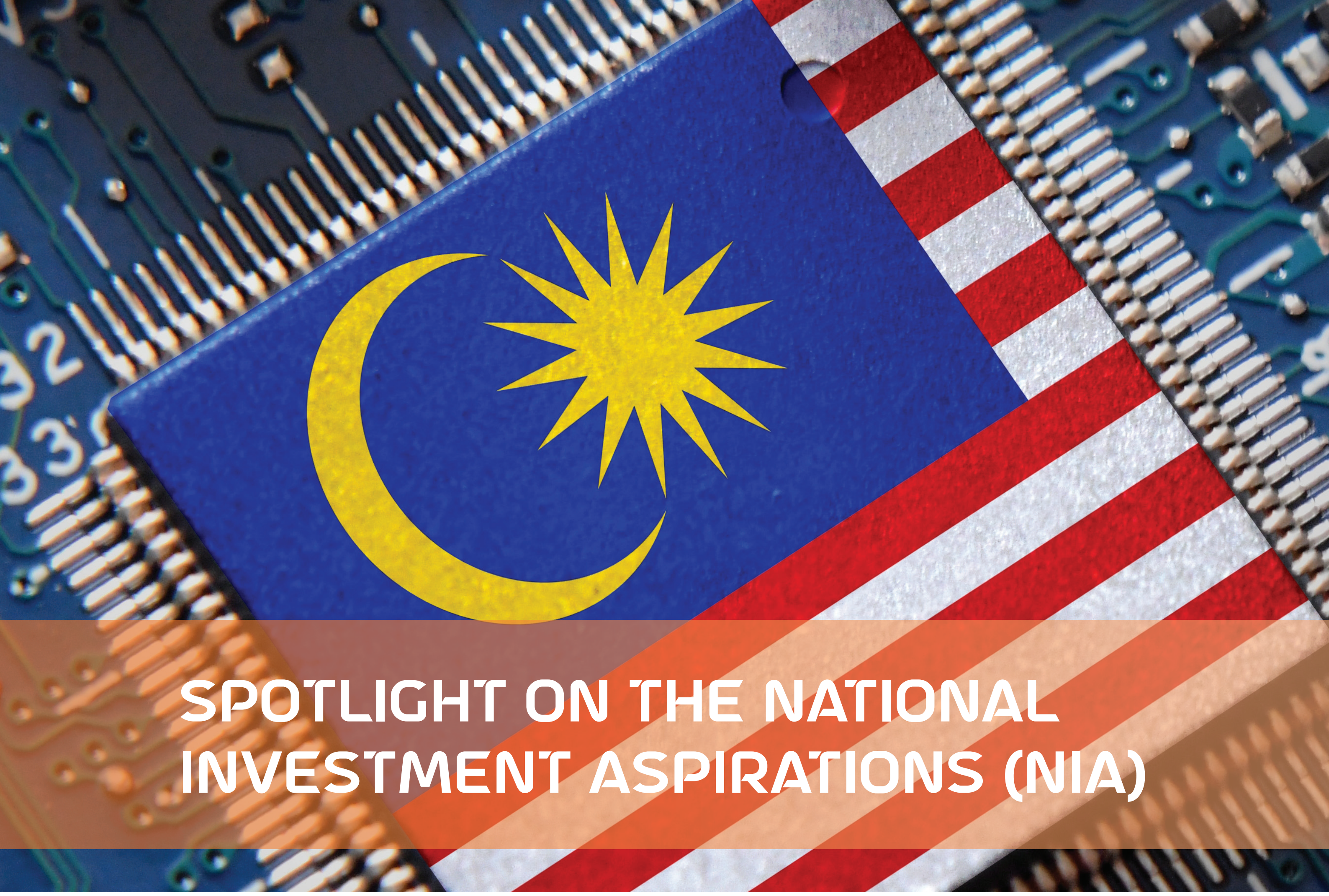
Programme	Features/Objectives	Collaboration	Outcomes
Skills and Technical Enhancement Programme (STEP) * November 2022 to May 2023 	♦ Provide technical industrial training for university graduates, skills-based training institutes and retrenched workers (24 focus areas identified) ♦ Mitigate unemployment challenges ♦ Bridge skills gap ♦ Enhance employability ♦ Supply pipeline of qualified professionals	♦ Federation of Malaysian Skills Centre (FMSDC) as a training service provider ♦ Facilitated by 13 Skills Development Centres	♦ Nearly 2,000 trainees ♦ 49 courses trained ♦ 295 companies benefitted (eg Solarvest, Electrisola, Aerodyne, Hibiscus Petroleum) ♦ Most trainees were successfully hired ♦ Among courses tailored to industry needs included: • AI & machine learning • Engineering competency for Industry 4.0 • Solar PV Professionals • Expert Craftsman in PLC Technology • Siemens PLC with IoT Integration
Eksplorasi Kerjaya MIDA 2023 - Career Fairs Pulau Pinang (30 July 2023) Selangor (5 August 2023) - Career Talk Selangor (5 August 2023)	♦ A series to provide a direct platform connecting demands from manufacturing and selected services sector to supply local talent from various institutes of higher learning 	MITI	♦ 36 manufacturing & selected services companies (from E&E, Automotive, Aerospace, Pharmaceutical, and Machinery and Metal Industries) ♦ About 3,000 jobs offered including internships ♦ Among MNCs that participated in the career fair: AT&S, TF AMD Microelectronics, Jabil, Teleflex Medical, Stellantis, ams-OSRAM,, Samsung SDI Energy, Airfoil, and F&N ♦ Local giants present: Aerodyne, Straits Orthopaedics, Inari Technology, and Vitrox Technologies ♦ Selangor Career talk panelists (organised by MIDA) were from: Aerodyne Group, Playstation Studios, Samsung SDI Energy and Stellantis shared insights on industry related matters (eg career path, job progression and social culture at the workplace) ♦ Attracted about 4,000 attendees comprising university graduates, final year students and employed professionals
Special Task Force -Talent Facilitation (STF-TF) *Established in March 2023 	♦ Assist industry talent needs ♦ Acts as a bridge for talent demand and supply ♦ Based on the Triple Helix model; industry, government and higher learning institutions benefit from this strategic platform; a venue to immediately address and match industry talent requirement requests; to plan future talent development, manpower requirement and industry way forward; assist respective ministries and agencies understand the talent issues in specific industries	Structured platform with 17 relevant ministries, agencies and universities including MITI, Ministry of Education (MOE), Ministry of Higher Education (MoHE), Majlis Amanah Rakyat (MARA) and Pertubuhan Keselamatan Sosial (PERKESO) and Malaysia Productivity Corporation (MPC)	♦ Among the companies assisted were: Kibing Group (Melaka), Kibing Solar (Sabah), Panasonic, Texas Instruments Electronics (Melaka), Texas Instruments Malaysia (Selangor) and Advanced Assembly Materials ♦ Proposal to incorporate embedded software syllabus in the curriculum of Bachelor's Degree programme for selected universities

3.0

PERFORMANCE OF INVESTMENTS IN THE SELECTED SECTORS UNDER THE NATIONAL INVESTMENT ASPIRATIONS (NIA) INITIATIVE

"While MITI leads on investments, we recognise that attracting more investments requires nationwide effort, premised largely on broad-based transformation of our manufacturing ecosystem. On this score, all of us must play our part in building a more resilient, prosperous, and sustainable future that Malaysian businesses, SMEs and rakyat deserve."

Tengku Datuk Seri Zafrul Tengku Abdul Aziz is Malaysia's Investment, Trade and Industry Minister
(The Borneo Post, 26 August 2023)

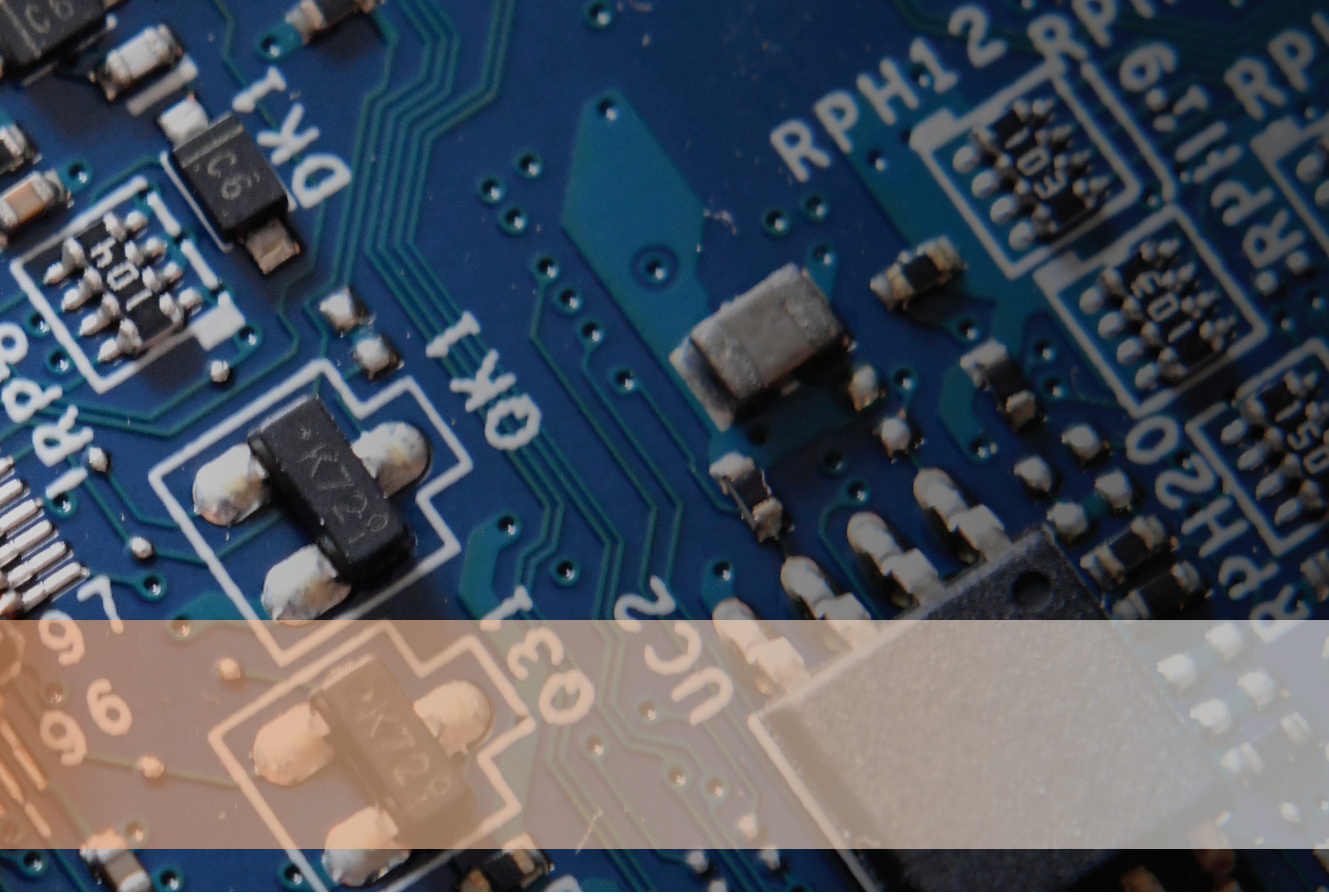


SPOTLIGHT ON THE NATIONAL INVESTMENT ASPIRATIONS (NIA)

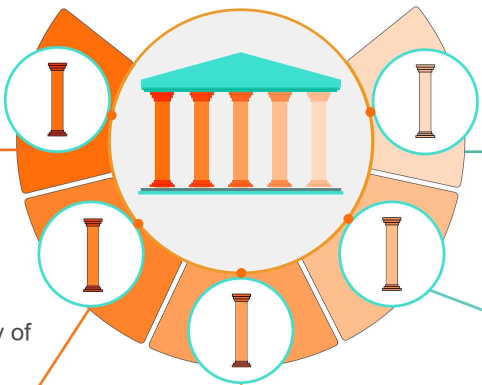
Guided by five core pillars, the National Investment Aspirations (NIA) serves as a compass for the New Industrial Master Plan (NIMP) and the New Investment Policy (NIP). The Government's confidence in the enacted policies and strategies is unwavering, as they are expected to enhance the investment ecosystem, drive economic growth, and position Malaysia as a prominent investment destination in the region

The NIA serves as a critical anchor for the New Investment Policy (NIP) and was identified as one of the key initiatives by the Ministry of Investment, Trade and Industry (MITI) in 2021. It is an instrumental component in guiding the NIP and the New Industrial Master Plan (NIMP) 2030 to fortify Malaysia’s position as a competitive destination for high-value investments that contribute to sustainable and holistic economic growth.

The key sectors earmarked under the NIA initiative are electrical and electronics (E&E), pharmaceutical, digital economy, aerospace, and chemicals. Additionally, five core pillars of the NIA have been outlined to serve as guiding principles for investment evaluations undertaken by MIDA.



BREAKING DOWN THE FIVE CORE PILLARS



Increase Economic Complexity
- Capital-intensity (Capital Investment Per Employee, CIPE) of manufacturing projects
- Product's value-added

Improve Inclusivity
- Regional economic development
- Investment in Less Developed States

Create High-Value Job Opportunities
- Employment opportunities
- High-value jobs with a salary of at least RM5,000
- Managerial, Technical and Supervisory (MTS)

Develop New and Existing Clusters
- Investment in new and existing clusters

Extend Domestic Linkages
- Malaysian Owned Projects

NIA Pillars

MIDA has developed a Cost-Benefit Analysis (CBA) to measure the potential impact of investments, providing a comprehensive and realistic assessment of the intended benefits to the Malaysian economy. This analysis measures investment impact in terms of capital intensity, value-added, job creation, vendor development as well as collaborations with higher-level academic institutions. These indicators are applied to measure the contribution of investments towards the NIA pillars.

Pillar 1: Increase Economic Complexity

One of the key priorities within the NIA is to drive comprehensive reforms that strengthen Malaysia's productive capabilities, empowering the nation to create a diverse range of differentiated high-value products and services. As rapid digitisation and automation continue to shift the global economy away from labour-intensive industries, the importance of specialised capabilities and the capacity to manufacture complex products and services serve as a solid foundation for long-term national competitiveness.

To support Malaysia's agenda to increase its economic complexity, every investment project in the manufacturing sector is required to achieve a minimum Capital Investment per Employee (CIPE) of RM140,000 and a minimum Value-added (VA) of 40 per cent, or with at least 25 per cent of the company's full-time workforce in the managerial, technical, and supervisory (MTS) category. Such requirements ensure that adequate levels of capital are invested into the company's workforce, which is critical in increasing productivity– a key driver of economic growth impacting the country's GDP.

> "One of the key priorities within the NIA is to drive comprehensive reforms that strengthen Malaysia's productive capabilities, empowering the nation to create a diverse range of differentiated high-value products and services"

CIPE OF MANUFACTURING PROJECTS

The average capital intensity (as measured by CIPE) of projects approved in the manufacturing sector for 2023 was recorded at **RM2,055,312** (2022: RM1,107,514), an increase of **85.6%** from the average CIPE ratio in 2022

The E&E sector has the highest CIPE ratio at **RM3,694,794** (the most significant increase of **241.9%** among the rest) (2022's CIPE Ratio: RM1,080,515)

Chemicals: **RM1,908,975**

Pharmaceuticals: **RM477,833**

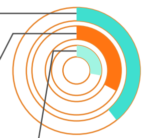
Note

Most of the industries have a CIPE exceeding RM1 million which indicates that the projects approved have a high level of capital intensity

Value-added (VA) indicator

The proposed average value-added for investment projects approved in the manufacturing sector in 2023 amounted to 56.1 per cent in 2023 compared to 50.9 per cent in 2022 – a testament to the manufacturing sectors' contribution towards advancing economic complexity and elevating the nation's position in the global economic chain

Average proposed value-added of priority sectors under the NIA in 2023



Pharmaceutical sector at **66.6%** (2022: 61.6%)

E&E at **58.4%** (2022: 46.8%)

Chemicals at **55.1%** (2022: 45.0%)

Pillar 2: Create High-Value Job Opportunities in the Manufacturing Sector

The creation of high-value job opportunities is crucial for uplifting society and providing high-income opportunities for Malaysians, accelerating the nation's transition to shift away from low-skilled labour to knowledge-intensive jobs.

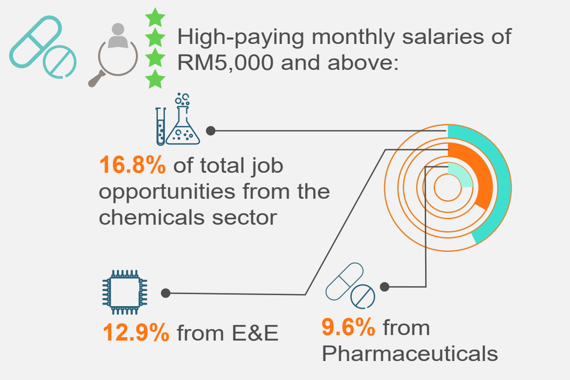
Other priorities include increasing access to targeted upskilling opportunities to ensure that the Malaysian workforce remains relevant to current industry needs. Additionally, efforts are made to enhance access to a larger talent pool of highly skilled Malaysians.

HIGH-VALUE JOB OPPORTUNITIES IN THE NIA SECTOR IN 2023

The pharmaceutical sector recorded the highest MTS index at **42.9%**

E&E **38.9%**

Chemicals **38.1%**



Pillar 3: Extend Domestic Linkages

The National Investment Council No.2/2023 has agreed to include domestic investments (DI) as one of the Key Performance Indicators (KPIs) for investments in Malaysia. To empower domestic players, facilitative policies such as fiscal and non-fiscal incentives, as well as grants, have been provided – particularly to Small and Medium Enterprises (SMEs) to boost their expansion capabilities and facilitate internationalisation which enables deeper integration of local supply chains into the global value chain.

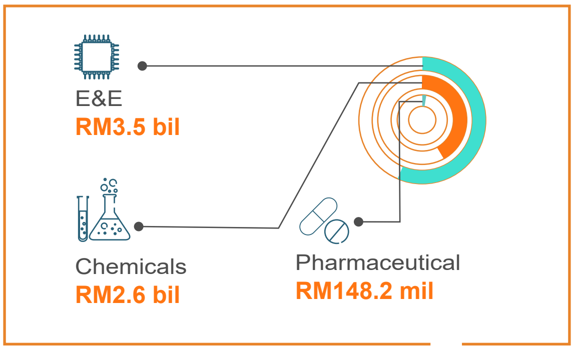
MIDA is actively encouraging SMEs to embrace automation and digitalisation, and to adopt sustainable practices to strengthen their capabilities in supplying high-value products and services to large companies and countries committed to the sustainable agenda.

Pillar 4: Develop New and Existing Economic Clusters

Clusters are a key catalyst in Malaysia's future-looking strategy and continue to contribute significantly to the country's economic development. They create ecosystem benefits such as facilitating the diffusion of core technologies, enhancing productivity, adding value, generating economic spillover and promoting regional development and job creation.

MALAYSIAN-OWNED PROJECTS UNDER MIDA'S PURVIEW IN 2023

A total of **558** Malaysian-owned projects were approved amounting to **RM24.7 billion** with **26,284** potential employment opportunities



The E&E sector recorded the highest approved investments with Malaysian participation

RM3.5 bil

29 Projects Approved

2,229 Job Opportunities for Malaysians

Note

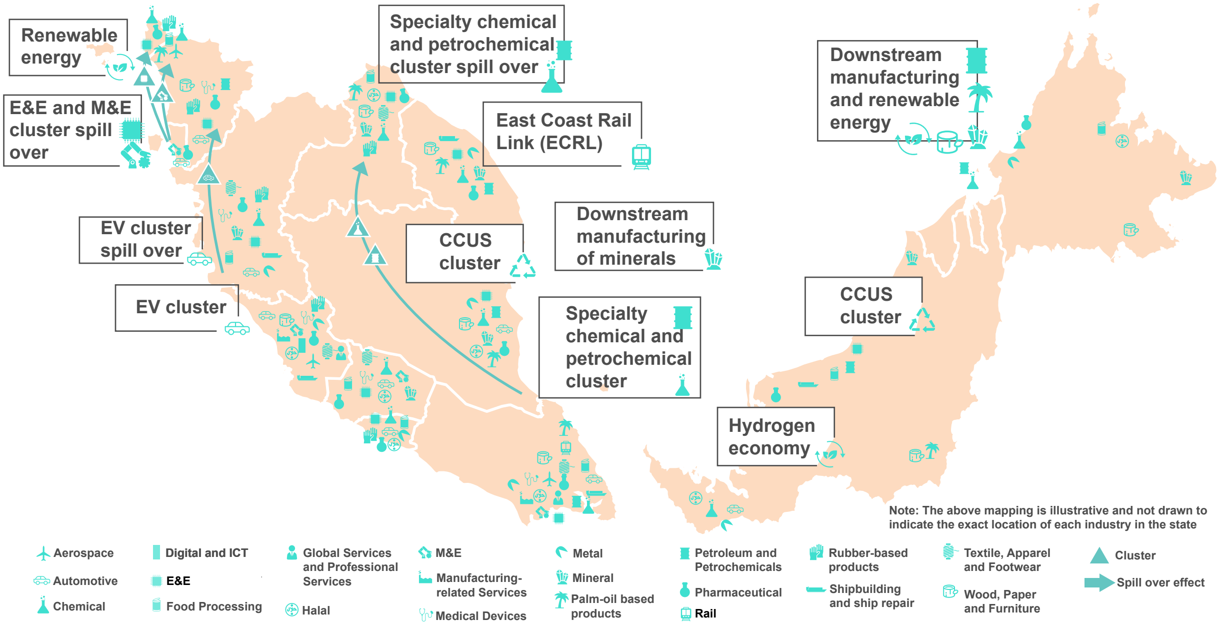
This performance reflects the role of Malaysian companies in the high-technology sector's integration into the global supply chain

The formation of new high-potential economic clusters and the growth of existing ones, particularly in high-growth industries, are underscored in the NIMP 2030. The NIMP 2030 has mapped existing industrial clusters in Malaysia with the potential to spur spillover effects to other areas. For example, clusters in Kedah and Perak have benefited from the E&E cluster in Bayan Lepas and Batu Kawan in Penang whereas the integrated high-tech park in Kulim, Kedah will potentially support the E&E cluster.

Existing high-growth industries' economic clusters showed positive development namely, the E&E cluster in Batu Kawan and Bayan Lepas, the machinery & equipment (M&E) cluster in Batu Kawan and the automotive cluster in Kulim and Proton City.

ECONOMIC CLUSTERS IN MALAYSIA

The NIMP 2030 emphasises on industrialisation across all States. Existing clusters have the potential to create regional spillover impact



E&E CLUSTER IN BATU KAWAN AND BAYAN LEPAS

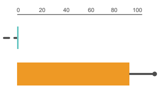
As early as the 1970s, Pulau Pinang (often referred to as the Silicon Valley of the East) has been known for its strong E&E ecosystems mainly due to investments from what is fondly known as the '*Eight Samurai*' namely Intel, Bosch, Clarion, AMD (now TF-AMD), Hewlett-Packard (HP) (now Keysight Technologies and Agilent Technologies), Litronix (now Osram Opto Semiconductors), Hitachi (now Renesas Electronics), and National Semiconductor (National Semiconductor is no longer operates in Penang after acquired by Texas Instruments)

Domestic vs Foreign Investments

18 Approved Projects

RM46 bil
Total Investments

Domestic Investments
0.3%
RM0.1 bil



Foreign Investments
99.7%
RM45.9 bil

Job Opportunities

6,515
Total Job Opportunities

M&E CLUSTER IN BATU KAWAN

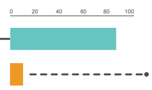
Among other big industry players in the M&E industry, Pulau Pinang is also home to ViTrox, Pentamaster, Walta Engineering, UMS Group, Towa-M, VAT, BBS Automation, Frencken, Sanmina, NationGate, and Greatech Engineering

Domestic vs Foreign Investments

4 Approved Projects

RM404.8 mil
Total Investments

Domestic Investments
88%
RM356.2 mil



Foreign Investments
12%
RM48.6 mil

Job Opportunities

276 Total Job Opportunities

Continued on next page

AUTOMOTIVE CLUSTER IN KULIM AND PROTON CITY

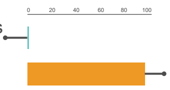
One of the quality projects in this cluster is producing Cylindrical Li-Ion battery of power tools and E-bike which is in line with the growth areas identified in the NIMP 2030

Domestic vs Foreign Investments

5 Approved Projects

RM4.4 bil
Total Investments

Domestic Investments
1.5%
RM66.2 mil



Foreign Investments
98.5%
RM4.4 bil

Job Opportunities

998 Total Job Opportunities

Pillar 5: Improve Inclusivity

At the core of the NIA lies goals to safeguard and enhance the livelihoods of Malaysians. The NIA focuses on driving equitable economic development to unlock the country's growth potential. It seeks to achieve this by taking strong and accountable public actions to dismantle barriers and expand opportunities for the wider population. Some of the intended outcomes include ensuring equal job opportunities as well as access to education and healthcare. Establishing a strong national foundation through human capital investments is essential for driving the economic productivity needed to transition Malaysia into a high-income nation.

Key imperatives of the NIA include fostering increased infrastructure development across all states and ensuring better access to high-value job opportunities. In line with this, the Twelfth Malaysia Plan (RMKe-12) has designated Perlis, Kedah, Terengganu, Kelantan, Sabah and Sarawak as Less Developed States (LDS). These states will receive priority in terms of development budget allocation under the RMKe-12 to ensure inclusive development across Malaysia. The NIA also places a strong emphasis on inclusivity as one of its pillars. It ensures that approved investments are distributed fairly to promote sustainable development in these states.

The LDS recorded approved investments of 798 projects amounting to RM66.5 billion or 20.2 per cent of the total approved investments in the country for 2023. These projects are expected to create 17,166 job opportunities in these six states.

The manufacturing sector dominated the approved investment in these LDS, amounting to RM39.5 billion (59.4%), followed by the services sector, amounting to RM20 billion (30.1%), and the primary sector amounting to RM7 billion (10.6%).

Of these six states, Kedah received the highest investments, amounting to RM28.7 billion, with 238 projects that will generate 9,737 potential employment. Among the notable approved projects in Kedah are an expansion project to produce semiconductor devices in Kulim High Tech Industrial Park, a new project in the M&E sector, as well as a new project to produce a cylindrical Li-ion battery that will support the EV ecosystem in the country.

The E&E sector raked in the highest approved investments in Kedah with RM11.1 billion, which will generate 3,861 potential employment. Quality investments derived from the sector will potentially increase the well-being of the people by providing quality employment and high-paying jobs.

Sarawak recorded the second highest approved investments worth RM21.3 billion from 267 projects that will generate 2,492 potential employment. One of the major projects approved in Sarawak is an expansion project set to produce Electro-deposited Copper Foils, a high-grade industrial material used in all electronics and lithium-ion batteries, which stand to support the Electric Vehicle (EV) ecosystem.

The third highest investment approvals were recorded by Sabah, with investment values of RM11.3 billion from 126 projects that will create 1,161 potential job opportunities. One of the notable projects is a new project by domestic investors to undertake an integrated clinker and cement plant, which is expected to create 328 job opportunities.

A Brief on Malaysia's New Industrial Master Plan (NIMP) 2030

Having been launched on 1 September 2023, Malaysia's New Industrial Master Plan (NIMP) 2030 plots out the country's industrial transformation from 2023 to 2030. Boldly ambitious, the NIMP 2030 sets out the following targets for the manufacturing sector:

Grow value-added (GDP) from **RM364.1 billion** in 2022 to **RM587.5 billion** in 2030 (6.5% CAGR)

Boost employment from **2.7 million** persons in 2022 to **3.3 million** persons in 2030 (2.3% CAGR)

Increase median salary from **RM1,976** in 2021 to **RM4,510** in 2030 (9.6% CAGR)

NIMP 2030 features a strong emphasis on deliverables, focusing on:

21 Strategies

62 Action Plans

Across **4** Missions and **9** Mission-Based Projects (MBPs)

1 Advance Economic Complexity

MBP 1.1 Create global integrated circuit (IC) design champions in electric vehicles (EV), renewable energy (RE) and artificial intelligence (AI)
MBP 1.2 Attract new advanced wafer fabrication in Malaysia
MBP 1.3 Deepen to specialty chemical vertical
MBP 1.4 Groom champions in four game-changing advanced materials

2 Tech Up for a Digitally Vibrant Nation

MBP 2.1 Transform 3,000 smart factories
MBP 2.2 Establish Malaysia as Generative AI Hub

3 Push for Net Zero

MBP 3.1 Create decarbonisation pathway role models
MBP 3.2 Launch locally-manufactured EV
MBP 3.3 Deploy large-scale carbon capture, utilisation and storage (CCUS) solutions

4 Safeguard Economic Security and Inclusivity

The NIMP is supported by 4 Enablers:

- Mobilise financing ecosystem
- Foster talent development and attraction
- Establish best-in-class investor journey for ease of doing business
- Introduce whole-of-nation governance framework

The MBPs will be realised through strategic public-private partnerships between relevant ministries and agencies and selected industry players that will champion their specific industry sectors.

The intent of the MBPs is to rally and stimulate Malaysia's key industries such as electrical and electronics (E&E), machinery and equipment (M&E), and chemicals and chemical products towards achieving common goals in technological advancement, innovation, and sustainable development. For example, the MBP to locally manufacture EVs will synergise various technologies and drive high-value activities across sectors such as E&E (in EV chips and smart sensors), chemicals and chemical products (EV batteries), digital & ICT (software) as well as services (EV conversion services, battery testing and safety, battery recycling). The development of the EV sector will also support the sustainability agenda by encouraging the adoption of green transportation and reducing the dependency on fossil fuels.

Oversight and monitoring of the NIMP 2030's implementation is the responsibility of the Delivery Management Unit (DMU) established by the Ministry of Investment, Trade and Industry (MITI). The DMU reports directly to the National NIMP 2030 Council chaired by YAB Malaysia's Prime Minister for the highest level of government oversight.

Facilitating Industrial Evolutions: MIDA's Critical Role in the NIMP 2030

As the principal investment promotion agency (IPA) in Malaysia, MIDA's primary role is to promote and facilitate quality investments that strengthen the industry ecosystem and contribute to the economy by creating high-value jobs for the rakyat, promoting knowledge and innovation-driven activities, and offering business opportunities for local companies.

MIDA assumes an important role under the NIMP 2030 by being involved in over 30 of the 62 action plans under the policy:

Mission 1 – Advance Economic Complexity

- Attract and facilitate investment in targeted high-value activities, namely the semiconductor (IC design and wafer fabrication), specialty chemicals, advanced materials, aerospace, pharmaceuticals, and medical devices sectors
- Assist local companies (particularly SMEs) to integrate into multinational companies (MNCs) and large local companies (LLCs) value chains, through local sourcing facilitation and vendor development programmes (talent upskilling, technology adoption, incentives, and other financial assistance)

Mission 2 – Tech Up for a Digitally Vibrant Nation

- Enhance the existing Industry4WRD programme to increase technology adoption (enhance the scope of the Readiness Assessment and Intervention Fund)
- Support the implementation of the multi-tiered levy mechanism for low-skilled labour to accelerate automation

Mission 3 – Push for Net Zero

- Support MITI and the Ministry of Natural Resources and Environmental Sustainability in developing decarbonisation pathways for hard-to-abate sectors such as metal, cement, chemicals, and petroleum
- Develop programmes to ease access to financing for companies to transition towards decarbonisation and renewable energy adoption
- Catalyse green growth areas such as EV, CCUS, and the Circular Economy

Mission 4 – Safeguard Economic Security and Inclusivity

- Support MITI in creating supply chain resilience models to identify vulnerabilities within the industry supply chains, and develop strategies to address potential future disruptions
- Strengthen industrial clusters for regional development

Enablers

- Support the review of government funding and the consolidation of funds for similar focus areas to optimise resource allocation
- Facilitate the adoption of the Progressive Wage System (PWS) by industry players
- Harmonise the Investment Promotion Agency (IPA) landscape by streamlining the roles and functions of the IPAs to ensure a best-in-class investor journey
- Develop competitive and agile incentives towards an outcome-based approach
- Develop a One-Stop Portal as the central platform for investors across the investor journey by integrating different systems into a single interface

A Series of Domestic Regulatory Reforms

In 2023, the Government introduced several key initiatives to facilitate the ease of doing business and strengthen the investment ecosystem:

- **Establishing the Invest Malaysia Facilitation Centre (IMFC) (December 2023)**
  The IMFC is a physical one-stop centre in MIDA where representatives from key ministries and agencies such as the Immigration Department of Malaysia, Royal Malaysian Customs Department, Tenaga Nasional Berhad, and Inland Revenue Board Malaysia, are stationed to provide direct facilitation and advisory services to investors. The IMFC aims to reduce bureaucracy in public service delivery and expedite the process of various approvals

- **Introducing the Strategic Investor Pass (SIP) (July 2023)**
  The SIP enables investors to stay in Malaysia for a minimum of five years while allowing for a further five-year extension. These investors can also enter Malaysia on a multiple-entry basis by leveraging the SIP

- **Digitising Certificates (August 2023)**
  MIDA embarked on a digital transformation journey with the establishment of the InvestMalaysia Portal in 2021 to digitalise various application processes under its purview, including the Manufacturing Licence (ML), tax incentives, and confirmation letter as a manufacturer for import duty/ sales tax exemption. As part of this journey, MIDA has now digitalised three certificates for the manufacturing sector; namely, the ML under the Industrial Coordination Act 1975, the Permission Certificate (Permit PDA) under the Petroleum Development Act 1974, and the Pioneer Status Certificate, in its efforts to further enhance the efficiency and accessibility of the InvestMalaysia portal

Driving Growth: Performance-Based Incentives Guided by the National Agenda and Global Standards

Tax incentives play a significant role in shaping a country's economic landscape, serving as strategic tools to promote investments in targeted sectors. Hence, in pursuit of economic prosperity, Malaysia is embarking on a transformative journey and redefining its approach to tax incentives to catalyse investments.

This new approach, specifically the performance-based incentive model, its alignment with the National Investment Aspiration (NIA) principles, and its correlation with the 12th Malaysia Plan (12MP) Mid-Term Review and the New Industrial Master Plan (NIMP) 2030, aims to enhance the nation's investment climate and position Malaysia as a high-value investment destination.

Briefly, the NIA framework is built upon five pillars: competitiveness, sustainability, inclusivity, innovation, and regional balance. In the context of the new tax incentive framework, the inclusivity pillar emphasises the importance of fostering an environment that encourages both domestic and foreign investments. This emphasis ensures that the benefits are widespread across various sectors of the economy.

In addition, YAB Prime Minister Datuk Seri Anwar Ibrahim, during the mid-term review of the 12MP, highlighted the necessity of improving the business environment to boost domestic investments (DI) and attract foreign investments (FI). This review sets the stage for the implementation of a new tax incentive framework to support these ambitious goals.

Thereafter, the 2024 National Budget Announcement introduced a new tax incentive framework embracing a tiering approach and outcome-based incentives. The tiering approach reflects an understanding of diverse industries, tailoring incentives to specific needs. Additionally, the outcome-based incentives signal a shift towards a results-oriented approach, ensuring that incentives translate into tangible economic benefits.

Among the incentives announced include the Reinvestment Tax Incentive, the Global Services Hub Incentive, and a special tax rate or investment tax allowance for the Pengerang Integrated Petroleum Complex (PIPC). The Reinvestment Tax Incentive aligns with the objectives of the NIMP 2030, encouraging companies to invest in high-value activities. The tiering mechanism further emphasises the commitment to inclusivity, providing flexibility to companies based on their specific circumstances.

The details of the incentives are as follows:

Reinvestment Tax Incentive to encourage existing companies that have exhausted their Reinvestment Allowance eligibility period to increase capacity and investment in high-value activities under the NIMP 2030, using a tiering mechanism in the form of investment tax allowance of either 60 per cent or 100 per cent for a period of 5 years

Global Services Hub incentive which provides tax rate incentives for services and trading income, with an income tax rate of 5 per cent or 10 per cent for a period of up to 10 years

New tax incentive package for the **Pengerang Integrated Petroleum Complex (PIPC)** in the form of a special tax rate of 5 per cent or 10 per cent or investment tax allowance of 100 per cent for a period of up to 10 years

The new performance-based incentive model, with its tiering approach and outcome-based structure, represents a progressive step in aligning Malaysia with global investment trends. This strategic adaptation aligns seamlessly with Malaysia's commitment to upholding internationally agreed tax standards and best practices, particularly with the impending enforcement of the Global Anti-Base Erosion (GloBE) Rules. The GloBE Rules introduce a 15 per cent Global Minimum Tax (GMT) for multinational enterprises (MNEs) with consolidated financial statement revenues exceeding EUR 750 million in at least two of the four fiscal years leading up to the tested fiscal year. In addition, the Finance Bill approved by the Parliament on 13 December 2023 will incorporate the legislative provisions of the GloBE Rules into Malaysian tax legislations which will be implemented in 2025.

As one of 142 countries participating in the OECD Inclusive Framework as an associate member of Base Erosion and Profit Shifting (BEPS), Malaysia is on track to implement GMT by 2025. By recognising the potential impact on ongoing initiatives to attract and retain foreign investment, the Government is proactively engaged in policy formulation and legislative review. This comprehensive approach includes the development of a new tax incentive framework, strategically crafted to uphold the nation's competitive advantage and foster a conducive investment environment.

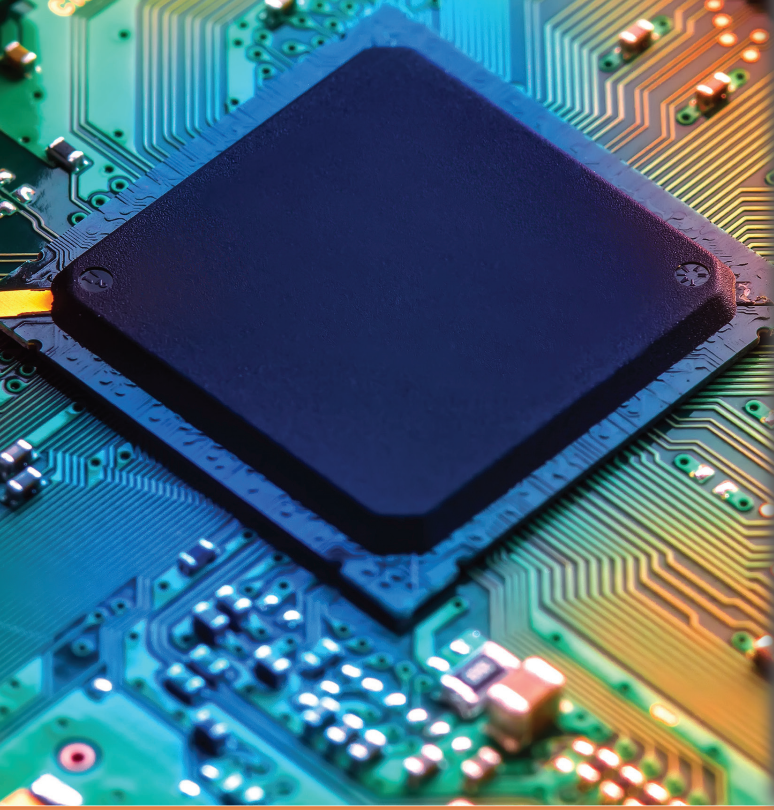
In crafting this responsive and forward-looking tax incentive framework, Malaysia incorporates the pillars of the National Investment Aspiration (NIA) framework. The aim is to create an environment that not only attracts high value investments but inclusively supports both domestic and foreign investments. The correlation between the 12MP and NIMP 2030 underscores the strategic integration of economic policies to achieve sustained and balanced economic growth. As Malaysia navigates the complexities of international tax standards, the new tax incentive framework ensures the nation's competitive advantage and sets the stage for a conducive and sustainable investment environment.

4.0

HIGH-GROWTH, HIGH-VALUE INDUSTRIES

“Since the 1950s, countries across the world have managed to generate nearly 200 windfall producing investment booms–episodes in which per-capita investment growth accelerated to 4 percent or more and stayed there for more than six years. The secret sauce for sparking such episodes was a comprehensive policy package: consolidation of government finances, expansion of trade and financial flows, stronger fiscal and financial institutions, and a better investment climate for private enterprise."

Indermit S. Gill Senior Vice President and Chief Economist,
The World Bank Group
(Excerpt from Foreword - Global Economic Prospects, January 2024)



SEMICONDUCTOR INCLUDING WAFER FABRICATION INDUSTRY

PHARMACEUTICAL INDUSTRY

MEDICAL DEVICES INDUSTRY

CHEMICALS AND CHEMICAL PRODUCTS INDUSTRY

ELECTRIC
VEHICLE (EV)
INDUSTRY

GREEN
TECHNOLOGY

DIGITAL
SERVICES

AEROSPACE

SEMICONDUCTOR INCLUDING WAFER FABRICATION INDUSTRY

POSITIVE ROAD AHEAD

The semiconductor industry is a major contributor to the global economy. With a market size worth US$528.8 billion in 2023, it is projected to grow by approximately 16 per cent to US$616.5 billion by 2024, according to a research report titled 'Global Semiconductor Industry Outlook 2024' by MarketsandMarkets. This forecasted double-digit growth, the report notes, may be credited to continuing innovation, rising semiconductor demand from artificial intelligence (AI)-centric data centres, next-generation computing, and high-performance computing applications, as well as from the growth of semiconductor usage in passenger vehicles and automotive electrification. The Asia Pacific region, in particular, will likely experience high growth rates in 2024 due to ongoing investments in new semiconductor fabrication facilities.

Here in My Home

Over the past 50 years, Malaysia has been a hub for the semiconductor industry. Many major semiconductor manufacturing giants such as Intel, Infineon, Texas Instruments (TI), TF-AMD, Micron, Western Digital, ST Micro, Rohm, Fuji Electric (Malaysia), Bosch, and Unisem (amongst others) have established solid foundations within the country.

Backed by the comprehensive electrical and electronics (E&E) ecosystems created in Malaysia for both front-end and back-end semiconductor manufacturing, these multinational companies (MNCs) continue to grow and expand in the country. Significant investments made towards their Malaysian operations are a testament to Malaysia's attractiveness as a semiconductor investment destination.

Malaysian semiconductor companies have also benefitted from the global supply chain disruptions caused by various geopolitical events. More companies from the People's Republic of China (PRC), the USA, and Taiwan have continued to either expand their operations in Malaysia or outsource their manufacturing to Malaysian companies.

One of Malaysia's strengths in the semiconductor space lies in assembly, packaging, and testing – also known as Outsourced Semiconductor Assembly and Test (OSAT). This 'legacy' industry has been present in Malaysia for a long time, and Malaysian OSAT specialists have persistently enhanced their competencies and global presence by providing products and services required by MNCs in the country and internationally. Their advanced packaging and other process technologies are becoming increasingly complex as they integrate themselves into the global value chain. Local champions in OSAT, such as Carsem, Globetronics and Inari, serve clients in the automotive, consumer, power management, industrial and medical device segments.

Of Investor Interest

Aligned with the New Industrial Master Plan (NIMP) 2030, the Government prioritises new investments in advanced wafer fabrication to facilitate the transfer of high-value technology in wafer fabrication activities such as epitaxial processes and the development of advanced substrates with direct spillover effects benefitting integrated circuit (IC) design activities at the front end and advanced packaging at the back end.

APPROVED INVESTMENTS IN THE SEMICONDUCTOR INDUSTRY IN 2023

RM69.4 bil
Total Investments

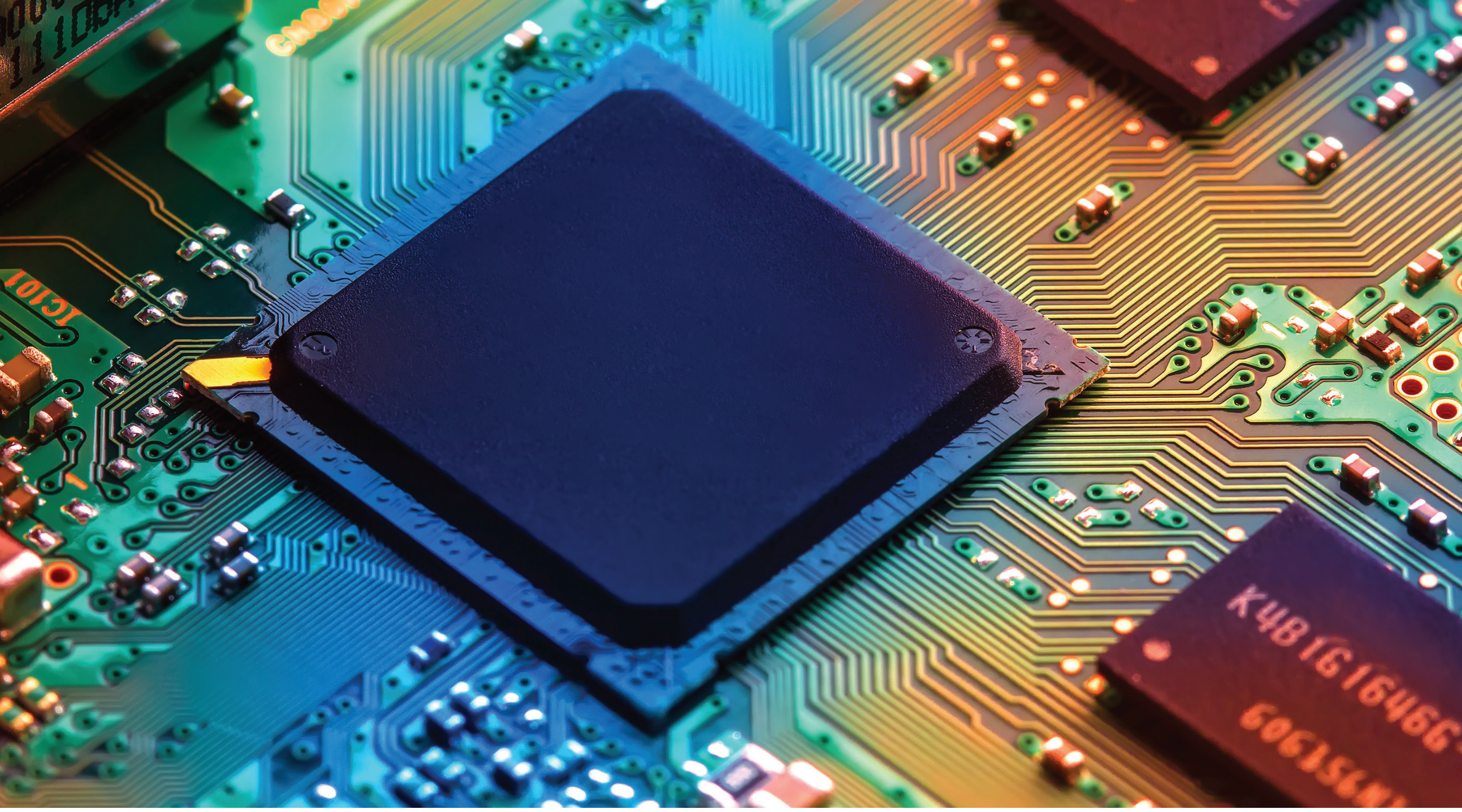
38 Projects Approved

Domestic vs Foreign Investments

Domestic Investments
2.1 %
RM1.4 bil

Foreign Investments
97.9%
RM68 bil

11,164
Total Job Opportunities



NOTABLE SEMICONDUCTOR INDUSTRY PROJECTS IN 2023

Expansion/Diversification project | **Infinecs Sdn. Bhd.**

- Infinecs is one of the region's leading electronics design services companies
- Infinecs has focused on being a one-stop centre for electronics systems design and development services. The company has a solid reputation in semiconductor product development, especially in IC/SoC design, and has experience working on advanced semiconductor manufacturing nodes, including cutting-edge sub-10 nanometre (nm) finFET technology at 7nm, 5nm, and 3nm
- Besides semiconductor design services, Infinecs provides full-scale embedded systems designs and development services. It is also an R&D partner for firms undertaking new product development
- Infinecs is currently spearheading intellectual property development in next-generation technologies such as RISC-V architecture, artificial intelligence (AI)/machine learning, analogue mixed-signal circuit development in high-voltage and power management circuitry, high-speed serial communication, memory interfaces, sensor interfaces and integration

Investment Amount: RM47.2 million

97 Additional Job Opportunities

- Malaysian Company
- Bayan Lepas, Pulau Pinang

Expansion/Diversification project | **X-Fab Sdn. Bhd.**

- X-FAB is a leading analogue/mixed-signal and MEMS foundry group, manufacturing silicon wafers for automotive, industrial, consumer, medical, and other applications. Its customers worldwide benefit from the highest quality standards, manufacturing excellence, and innovative solutions through the use of X-FAB's modular CMOS processes in geometries ranging from 1.0 µm to 110 nm, and its special silicon carbide and MEMS long life-time processes
- X-FAB's significant presence for 18 years in Kuching, Sarawak, since its establishment in 2006 has contributed to the economic development and technological advancement of the region. Last year, the company grew its capacity and presence in Sarawak with a significant expansion project offering 287 additional job opportunities for locals. The presence of X-FAB in Sarawak has been a source of pride for the local community, fostering technological growth in the area

Belgium-Based Company

Kuching, Sarawak

287 Additional Job Opportunities

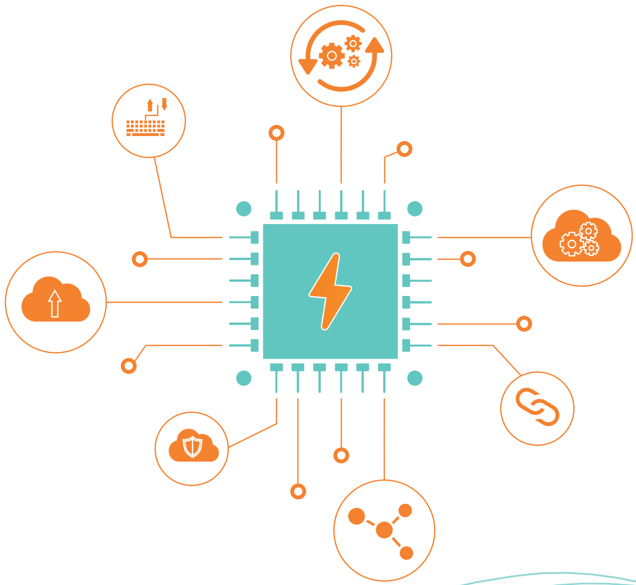
The Government also encourages investments in the semiconductor ecosystem and talent development to expedite advanced packaging projects. Actively cooperating and engaging with major industry players in advanced packaging and providing special support to companies specialising in this field, the Government hopes to generate further high-impact spillovers for the nation.

Prospective investors in the semiconductor industry should consider Malaysia's focus on quality and strategic investments incorporating state-of-the-art production technology. Areas of specific focus include design and development, high-value engineering solutions, and testing services.

Malaysia's semiconductor industry prospective investors may also consider becoming a part of the R&D ecosystem. Malaysia ranked 36th amongst 132 countries in the Global Innovation Index (GII) 2023 report released by the World Intellectual Property Organisation (WIPO). The nation made noteworthy advancements in several categories namely Institutions, Human Capital and Research, Business Sophistication, Market Sophistication as well as Knowledge and Technology Outputs. Malaysia was also placed as second most innovative among 36 upper-middle income countries; and regionally, the second most innovative nation in ASEAN.

Investors into Malaysia's semiconductor R&D ecosystem can benefit from government support, including incentives and financial assistance covering the entire value chain of innovation from ideation to commercialisation. Malaysia currently focuses on multiple advanced technologies such as automation, robotics, smart factories, Industrial Internet of Things (IIoT), and additive manufacturing as well as others that enhance productivity, reliability and competitiveness.

ESG considerations have gained prominence, emphasising transparency and sustainability. Malaysian semiconductor companies recognise the importance of assessing and addressing the environmental and social impact throughout the value chain. The Government actively promotes innovation and sustainable technology development by combining regulation, incentives, and collaboration with industry players to create a framework that encourages environmentally friendly and socially responsible practices in green semiconductor R&D.



> The semiconductor industry was the largest single contributor, representing 81 per cent of total approved investments in E&E industry worth RM69.4 billion.

ADVANCING TOWARDS MEDICINE SECURITY

The global interest in the life sciences products sector has increased due to recent outbreaks such as COVID-19 and changing lifestyle factors. Fitch Ratings predicts that 2024 will bring good growth for large pharmaceutical and biotech companies, with many companies pursuing a strategic R&D focus.

In Southeast Asia, rapid population growth, rising incomes, and improved access to healthcare have fuelled the growth of the pharmaceutical industry. The region was estimated to achieve an annual growth rate of 13 per cent from 2021-2027, outpacing the global average. The market size is estimated to reach US$29.1 billion in 2027, supported by high investments in R&D, modernising manufacturing capabilities, and an increase in chronic diseases.

Malaysia's Potential in Perspective

The Malaysian pharmaceutical industry is a mature one when it comes to generic products, while still holding great potential for continued growth in terms of innovator and new drug products. While the market size is modest compared to the population, a strong manufacturing base in generic medicines has contributed to the tremendous growth of the industry. The local pharmaceutical industry is capable of producing different types of dosage forms, including sterile products, small-volume injectables such as ampoules and vials, large-volume infusions and dry powder for reformulation, in addition to all standard oral formulations.

About half of the generic medicines consumed in the country are locally produced, while Malaysia is particularly reliant on imports for lifestyle diseases such as high cholesterol, diabetes, cardiovascular disease, and cancer. The largest market segment is oncology drugs, projected to reach a market volume of US$292.1 million in 2024, with the Government being the primary buyer.

A Haven for Investments

Prospective investors in the pharmaceutical industry would be heartened to realise that many leading local companies meet international standards and certifications under the Pharmaceutical Inspection Cooperation Scheme (PICS), including European Good Manufacturing Practice (EU GMP), ISO 17025, and the United States Food and Drug Administration (US FDA) requirements. Malaysian pharmaceutical manufacturers are appropriately registered based on the nature of the registration and requirements set by the National Pharmacy Regulatory Agency.

Malaysia welcomes pharmaceutical industry investors who intend to develop local capabilities in manufacturing innovator drugs and biopharmaceutical (biologics/biosimilar) products. The production of innovator drug products requires longer gestation periods due to stringent regulations from product development to commercialisation. Currently, only India-based Biocon produces insulin under the biosimilar category in Malaysia, indicating significant growth potential in this area.

Opportunities abound in Malaysia's pharmaceutical industry to produce currently imported medicines and vaccines, on which the country heavily depends. At the moment, 39 per cent of these medicines (worth over RM900 million in 2022) are still being imported.

Prospective investors are encouraged to explore the local manufacturing of chemical entity-based drugs or biopharmaceutical products, including hi-tech drugs such as anti-infective types of medicines, immunological or immunomodulators for autoimmune diseases and certain cancers, ophthalmological medicines and cardiovascular medicines.

Manufacturing high-end products like biologics and biosimilars would drive pharmaceutical R&D efforts, leverage local research entities and facilities, and close the gap in commercialising local research findings. The Government provides support and facilitation through incentives and grants, including new allocations under the NIMP Strategic Co-Investment Fund (COSIF) and NIMP Industrial Development Fund (NIDF), that would provide funding that would either give the

appropriate support at the company's project level or would benefit the industry in general; these funds are being managed by the Ministry of Investment, Trade and Industry (MITI).

Investors in Malaysia's pharmaceutical industry can also foster the adoption of cutting-edge digital platforms, big data analytics, cloud computing, and AI. These digital technologies streamline labour-intensive procedures in drug discovery and development, drug production, smart process automation, predictive maintenance, and supply chain management.

Additionally, Malaysia's diverse genetic pool makes it a potential clinical research hub for early-stage trials and research on rare diseases. Implementing best practices in the industry should include knowledge sharing through a centralised and secured database of research findings, presenting another opportunity for interested investors.

> **The pharmaceutical industry is highly dependent on imported medicines. In 2023, Malaysia imported RM10.6 billion in medicines while exporting only RM2.7 billion, thus Malaysia continues to suffer a widening trade deficit from RM7.8 billion to RM7.9 billion.**

APPROVED INVESTMENTS IN THE PHARMACEUTICAL INDUSTRY IN 2023

RM154.8 mil
Total Investments

13 Projects Approved

Domestic vs Foreign Investments

Domestic Investments
95.8%
RM148.4 mil

Foreign Investments
4.2%
RM6.4 mil

An increase of **72.7%** from 2022's figure of RM85.9 million

Expansion/ Diversification vs New Projects

RM154.8 mil Total Investments

Total
RM154.8 mil

6 New Projects
RM74.8 mil
48.3%

7 Expansion/ Diversification Projects
RM80 mil
51.7%

Job Opportunities

324 Total Job Opportunities

A significant **73.3%** increase from the 187 jobs created in 2022

MEDICAL DEVICES INDUSTRY

MOVING UP THE VALUE CHAIN: RESHAPING THE INDUSTRY

The future of the medical devices industry worldwide points towards significant growth over the next few years, with various factors contributing to its growth. Mordor Intelligence estimated the global medical devices market to grow at a CAGR of nearly seven per cent, reaching US$893.1 billion by 2029, driven by the rising prevalence of chronic diseases, technological advancements and the ageing population.

Growth in Malaysia's medical devices industry is supported by increasing healthcare expenditure and advancements in healthcare infrastructure. The Government has increased its public healthcare expenditure by 12 per cent, earmarking RM4.8 billion out of the total RM36.3 billion allocated in Budget 2023 for modernising facilities and equipment.

The burgeoning medical tourism industry has also contributed to the demand for medical devices. Medical tourists are attracted to Malaysia for its lower costs, shorter waiting times, and access to specialised medical expertise. The industry has seen a strong recovery, with recorded revenues exceeding RM900 million in the first half of 2023, and a potential full recovery to the pre-pandemic performance level of RM1.7 billion by the end of 2023.

Medical device manufacturing investors can consider the opportunities in diagnostic imaging equipment, point-of-care devices, and high-end consumable products. Non-communicable diseases (NCDs) such as heart disease, cancer, chronic respiratory diseases, and diabetes require constant management through monitoring and prevention.

> **The Government has increased its public healthcare expenditure by 12 per cent, earmarking RM4.8 billion out of the total RM36.3 billion allocated in Budget 2023 for modernising facilities and equipment.**

The Government emphasises a healthy lifestyle to prevent the rise of lifestyle-related and NCDs, which have collectively contributed to a high percentage of deaths in Malaysia.

Malaysia is well-positioned to serve as a central hub for global medical technology companies, particularly in the Asian region. It is worth noting that 10 companies have already established their presence in Malaysia, joining other global hubs like Puerto Rico, Ireland, and Costa Rica. Although Malaysia's market size is relatively smaller, its steady growth and strategic position within Southeast Asia make it an attractive destination for medical device manufacturers and suppliers. The market is expected to increase at a CAGR of 7.9 per cent from 2023 to 2028, reaching a market volume of US$4.8 billion by 2028. This represents a significant fraction of the Southeast Asia market, which is estimated to reach US$15.8 billion by 2028.

Medical devices industry investors have a wide range of choices as the value chain spreads across sectors including machinery and equipment (M&E), precision engineering, engineering support services, electronic manufacturing services, plastic components, packaging, and sterilisation services. Having a more tightly integrated medical devices sector is crucial to boost Malaysia's competitiveness, as a more holistic ecosystem will result in improved resource usage, cost reduction, increased innovation, and enhanced product complexity, aligning with the goals of NIMP 2030.

Opportunities exist in the production of higher-end consumable products, point-of-care devices, and more complex and advanced products such as non- and minimally-invasive medical devices and convergent technology devices. There is a significant opportunity for prospective investors to support SMEs in related supporting industries in complying with the stringent restrictions and standards imposed by regulatory bodies such as the US FDA and the European Medicine Agency. This approach can help to reduce the lengthy and costly clearance phase for medical devices, thereby reducing manufacturers' expenses.

MEDICAL DEVICES INDUSTRY

The medical devices industry in Malaysia has been moving up the value chain since the 1980s, with medical devices manufacturers specialising in the following six categories:

- **Consumables** – single-use devices such as medical gloves, personal protective equipment (PPE), catheters and syringes
- **Surgical instruments, implants and clinical devices** – orthopaedic implants, bone grafts and dental implants
- **Health equipment** – ultrasound devices, magnetic resonance imaging (MRI) and blood management devices
- **Point-of-care** – in-vitro diagnostics (IVD) devices, pregnancy tests, urine dipsticks and pulse oximeters
- **Non- and minimally-invasive products** – blood glucose monitoring systems, smart surgical devices and intervention devices
- **Medical devices from the convergence of technologies** (e.g. biological science and nanotechnologies) – drug-eluting stents

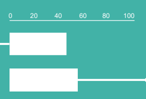
APPROVED INVESTMENTS IN THE MEDICAL DEVICES INDUSTRY IN 2023

RM2.2 bil
Total Investments

26 Projects Approved

Domestic vs Foreign Investments

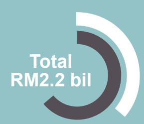
Domestic Investments
45.4%
RM985 mil



Foreign Investments
54.6%
RM1.2 bil

Expansion/ Diversification vs New Projects

RM2.2 bil Total Investments



- **9** New Projects
  RM789.1 mil
  36.4%
- **17** Expansion/ Diversification Projects
  RM1.4 bil
  63.6%

Job Opportunities

3,733
Total Job Opportunities

STAYING THE COURSE

A myriad of factors contributed to the weak global demand for chemicals in 2022 and 2023, according to an exclusive report in December last year by MarketsandMarkets titled 'Global Chemical Industry Outlook 2024-Navigating the Sustainable and Disruptive Horizon of Tomorrow'. In 2023, these included weaker demand, high energy and material costs, intensifying recessionary effects in Europe; inflation in the United States; and a growth slowdown in the Asia Pacific region.

While growth remained negative for the first three quarters of 2023 for most chemical companies globally, signs of improvement were present in the final quarter. Asia Pacific proved itself as a key growth driver and recorded moderate growth, albeit lower than expected during the beginning of the year. In 2024, the promising region is anticipated to account for two-thirds of the chemical market.

As for the global trade frontier, global geopolitical conflicts and shifts in trade flows have made the Asian region more prominent in global trade over the past decade. Asia has become a pivotal force, having contributed to over two-thirds of global growth and nearly one-third of global trade, while attracting almost half (45%) of global foreign investment. Capital has moved to safer and more stable areas, and enhanced trade agreements steered supply-demand chains eastwards – trends which present robust investment opportunities for Malaysia, given its strategic location on the international East-West trade routes.

However, with the Russia-Ukraine conflict impacting global trade in manufactured goods downwards, Malaysian manufacturing companies should increasingly turn their attention to focus on diversification as well as improving their resilience to mitigate external risks and sustain growth.

A Hotbed for Opportunities

Malaysia's chemicals and chemical products industry displayed encouraging growth and productivity despite challenges such as fluctuations in airfreight costs, geopolitical instability, and rising utility rates, particularly electricity rates as the Malaysian Government rationalises blanket subsidies. Exports of chemicals and chemical products in 2023 amounted to RM65.5 billion, an 8 per cent increase compared to the RM60.4 billion worth of exports in 2022, while imports totalled RM84.6 billion, having decreased by 12 per cent compared to RM96.3 billion in 2022.

Positive movements in the industry include increased investments from the PRC. Amidst trade tensions between the USA and the PRC, Malaysia's industrial sector has experienced a surge in PRC-based investments. This has potential benefits such as technology transfer, stimulating collaborations between Malaysian and PRC companies, and ultimately enhancing Malaysia's well-established chemicals and chemical products industry.

Prospective investors should be heartened to note that industry players in the nation are taking their ESG responsibilities seriously as they are ensuring regulatory compliance with global standards and requirements.

In tandem with sustainability efforts driven by regulations and consumer expectations changing the global demand landscape for chemicals, supply chains too are shifting towards more sustainable, low-carbon operations. The chemicals and chemical products industry in Malaysia is steadily transitioning towards a more circular and integrated ecosystem to meet these challenges, which should appeal to investors interested in recyclability. Bio-based feedstocks may also play a crucial role in the industry's response to sustainability demands. Hence, Malaysia welcomes prospective investors to

take advantage of the trend towards circular supply chains, both globally and domestically. The country aims to innovate more recyclable products and achieve higher recycling rates through efforts such as the Plastics Sustainability Roadmap 2021-2030. The National Biomass Strategy 2020 also supports efforts to strengthen the circular economy by increasing the production of bioplastics.

Prospective investors should also consider enhancing digital transformation in the industry. Digitalisation can provide operational transparency, data-driven decision-making and analysis. It can reduce time-to-market, improve efficiency and productivity, reduce costs, and enhance worker safety and sustainability.

Other potential growth areas for investments include specialty chemicals, chemicals related to lithium-ion battery production, and care chemicals. The global specialty chemical market's growth is attributed to the continued advancement of technology and the liberalisation of global trade, coupled with growing demand for construction, additives chemicals, and electronics chemicals. Estimated to be US$641.4 billion in size in 2023, the global specialty chemical market is expected to grow at a CAGR of 5.2 per cent from 2024 to 2030.
Malaysia also sees promise in the semiconductor and solar industries. The demand for specialty additives and chemicals is increasing, providing opportunities for innovation and market expansion.

The country's electronic chemicals are vital to the semiconductor industry, which contributes to seven per cent of global semiconductor trade. Southeast Asia, specifically Malaysia and Singapore, holds a significant global share in IC packaging chemical consumption. Although there are existing players in this sub-sector producing substrates and encapsulates, Malaysia heavily relies on imports of specialty electronic chemicals. This creates a substantial market opportunity for both new and existing players to bolster Malaysia's production capacity for specialty chemicals in this sub-sector and enhance its global position.

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Exports of chemicals and chemical products in 2023 amounted to RM65.5 billion, an 8 per cent increase compared to the RM60.4 billion worth of exports in 2022, while imports totalled RM84.6 billion, having decreased by 12 per cent compared to RM96.3 billion in 2022.

Positive Forward Track

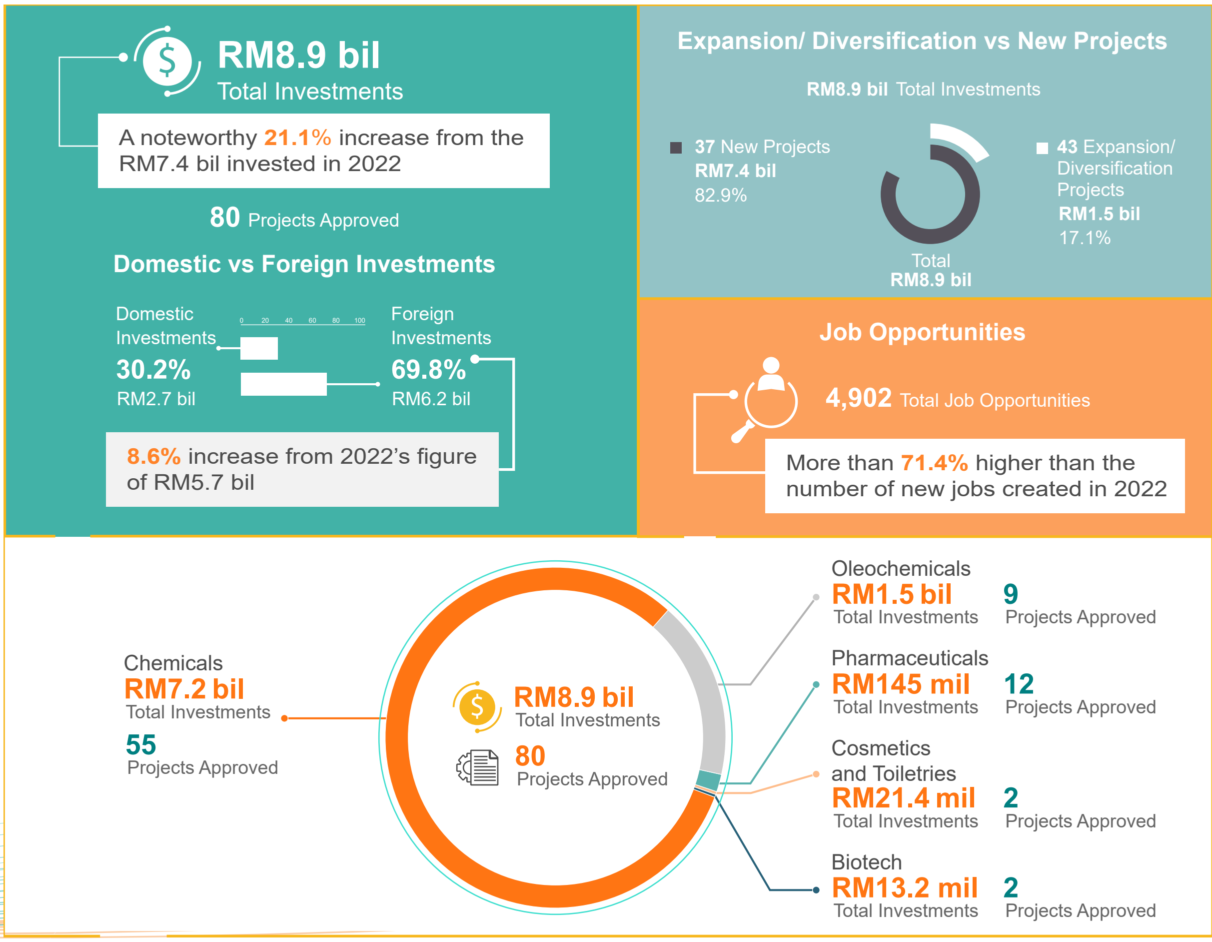
The Chemical Industry Roadmap, launched in 2023, highlights the production of specialty chemicals in various high-value sub-sectors, including agrochemicals, care chemicals, nutrition chemicals, electronic chemicals, and construction chemicals. The Roadmap, which serves as a 'lighthouse' for the industry, offers a clear future direction. These strategic focus areas are potential avenues to increase the value-add of the existing chemicals and enhance competitiveness while strengthening downstream integration.

Malaysia further invites investments into the production of lithium-ion battery components, as the demand for electric vehicles (EVs) is growing. There is significant scope for the production of components such as anodes, cathodes, electrolytes, and separators for lithium-ion batteries, as well as for other lithium-based products such as lithium hydroxide, lithium carbonate, electrolyte compounds, and lithium salts (e.g. LiPF6).

The EV industry is a high-impact, high-value segment targeted by the Government. EVs are poised for growth in Southeast Asia, and Malaysia is actively attracting foreign investment to boost EV production and battery pack assembly, leveraging its advantageous position. Therefore, Malaysia is well-positioned to establish itself in the supply chain for critical EV materials.

With increasing consumer awareness of health and beauty, coupled with higher demand for cleaning products due to recent epidemics and pandemics, prospective investors should consider the market for care chemicals. Asia, driven by trends in personal care and demand for natural and sustainable products, is expected to experience significant growth in this market.

APPROVED INVESTMENTS IN THE CHEMICALS AND CHEMICAL PRODUCTS INDUSTRY IN 2023



NOTABLE CHEMICALS AND CHEMICAL PRODUCTS INDUSTRY PROJECTS IN 2023

New Project | **INV New Material Technology (M) Sdn. Bhd.**

- Manufacturing of lithium-ion battery separators in Penang Technology Park, Pulau Pinang
- First and only company in Malaysia to produce lithium-ion battery separators
- Elevates Malaysia as a regional hub for the EV supply chain, further solidifying the country's EV industry ecosystem

Investment Amount: RM3.2 bil

- 2,032 New Job Opportunities
- 32.6% in MTS roles

- Wholly Owned by INV Corporation Pte. Ltd., Singapore, and part of Shenzen Senior Technology Material Co. Ltd., PRC
- Penang Technology Park, Pulau Pinang

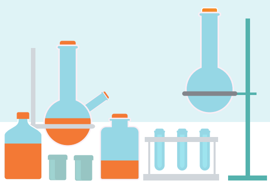
New Project | **OCIKUMHO Sdn. Bhd.**

- Manufacturing of epichlorohydrin (ECH) in Samalaju Industrial Park, Sarawak
- First company in Malaysia to produce ECH
- Production capacity up to 100 kilotonnes-per-annum (ktpa)
- Uses bio-based raw materials, specifically glycerine, and leverages hydroelectricity from Sarawak
- 95% of production earmarked for the global export market

Investment Amount: RM1.1 bil

- 61 New Job Opportunities
- 36.1% in MTS roles

- Joint-Venture Company between OCIM Sdn. Bhd. (Republic of Korea) and Kumho P&B Chemical Inc. (Republic of Korea)
- Samalaju Industrial Park, Sarawak



ELECTRIC VEHICLE (EV) INDUSTRY

THE RACE TO SUSTAINABLE MOBILITY

The global shift towards energy-efficient vehicles (EEVs) and EVs, collectively known as xEVs, is inevitable as governments focus on net-zero and combating climate change. Many jurisdictions, including the European Union (EU) and multiple states in the USA, have set regulations to outlaw the sale of internal combustion engine (ICE) vehicles by 2030 or 2040.

In January 2024, BloombergNEF (BNEF) reported that 3.7 million units of EVs were sold globally in the third quarter of 2023, with EVs contributing to 18 per cent of total passenger vehicle sales. The strategic research provider projects global EV sales to rise to 14 million in 2023 and 16.7 million in 2024. Meanwhile, Statista expects global EV market revenues to reach a staggering US$623.3 billion in 2024.

Local EV Trajectory

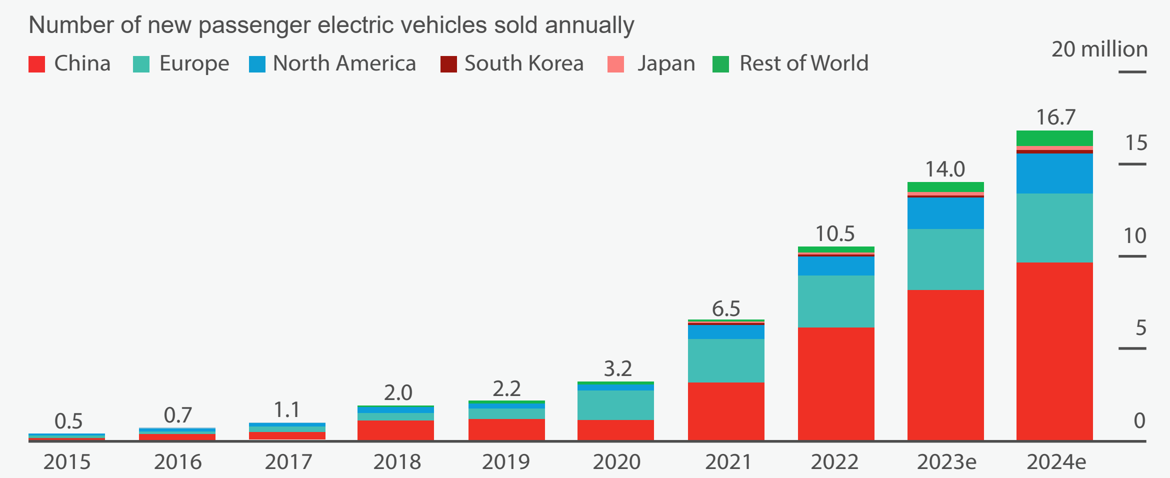
As of 2023, Malaysia had registered 36,746 xEV units, consisting of 35,723 passenger and commercial vehicles, 878 motorcycles, and 145 buses. To accelerate EV adoption, the Government aims to install 10,000 charging stations by 2025 with 2,020 public charging stations currently available.

Given the current trends, as well as the size of the market, Malaysia, like other developed and developing countries, is increasingly focusing on EVs as a means of achieving a sustainable and clean energy environment. The major markets for EVs in the world are the PRC, Europe, and the USA, which account for approximately 95 per cent of global EV sales – an indication of the tremendous growth potential for the industry.

According to Mordor Intelligence, the ASEAN EV market is expected to grow from US$860 million in 2023 to US$3.5 billion by 2028 with a CAGR of 32.7 per cent. Malaysia aims to capture a significant portion of this market and has committed to developing a robust EV ecosystem, making green mobility a large part of mainstream transportation within the country.

Currently, Malaysia's EV industry and market is nascent and ripe for rapid growth. The Government's pro-EV policies and ongoing introduction of new models are driving the expansion of the EV market in the country. By 2030, Malaysia aspires to establish itself as a key player in the regional electric mobility market.

GLOBAL PASSENGER EV SALES WILL TOP 16.7 MILLION IN 2024



Source: BloombergNEF
Note: Total includes battery-electric vehicles (BEV) and plug-in hybrid vehicles (PHEV).
2023e, 2024e is estimated sales in 2023 and in 2024

Inspiring Success Stories

In 2023, Malaysia's EV market witnessed the following significant developments, among which included partnerships between local and foreign companies for EV production and distribution:

- Computer Forms (M) Bhd. teamed up with Thailand-based Energy Absolute PCL (via its subsidiary EA Mobility Holding Co. Ltd.) to jointly produce and distribute EVs as well as EV chargers in Malaysia.
- CSH Alliance Bhd. obtained its manufacturing licence for the assembly of commercial electric vans, primarily the BYD T3 compact van.
- CSH Alliance's EV business arm (Alliance EV Sdn. Bhd.) was subsequently acquired by Hong Seng Consolidated Bhd. (HSC) as part of its EV strategy, as HSC had also earlier collaborated with EoCell Inc (USA) to build and create a regional manufacturing hub in Malaysia to manufacture batteries for EVs. HSC planned to be a contract assembler for other EV brands and players in the future.
- Artroniq Bhd. signed a memorandum of agreement with US-based Beno Inc. to assemble Beno's Reevo series of electric bicycle products in Malaysia, the majority of which (over 95%) will be exported to the USA and Europe.
- Property developer Sunsuria Bhd. has jumped on the bandwagon, having inked an MOU with PRC-based IAT Automobile to set up an operation base in Malaysia for EV manufacturing.
- NexV Manufacturing Sdn. Bhd., a joint venture between Careplus Group Berhad and GoAuto Group Sdn. Bhd., initiated the construction of Malaysia's inaugural green technology facility that is dedicated to the production and assembly of New Energy Vehicles (NEVs), including EVs.

The Government also successfully facilitated one of the world's largest EV manufacturers, Tesla, into the Malaysian market. MITI had embarked on talks with domestic automotive manufacturers Proton and Perodua to expedite the production of national EVs. Perodua has stated its intent to have locally-assembled EVs in Malaysia.

Solid Set-up for Investors

MITI aims to attract RM20 billion in investments into the EV industry by 2025, doubling to RM40 billion by 2030 to strengthen Malaysia's EV ecosystem. This commitment to the EV ecosystem is in tandem with Malaysia's goals of achieving net-zero greenhouse gas (GHG) emissions by 2050 under the United Nations Framework Convention on Climate Change (UNFCCC).

Various incentives and initiatives have been implemented to support EV manufacturers and encourage EV ownership such as the National Automotive Policy (NAP) 2020 and those initiatives outlined under Budget 2022, 2023, and 2024. These incentives include full exemptions on import duties, excise duties, and sales tax for locally-assembled EVs until 31 December 2027, and full exemptions on import duties and excise duties for imported EVs until 31 December 2025. In addition, full road tax exemptions on EVs, individual income tax relief for EV charging facilities, and tax deductions for companies that rent non-commercial electric vehicles, are also being initiated. Budget 2024 has further introduced, under the Electric Motorcycle Usage Incentive Scheme, cash rebates for consumers with annual incomes below RM120,000.

Special tax incentives were also made available for the development of critical EV components, as well as full tax exemptions on EV charging equipment for a period up to 10 years.

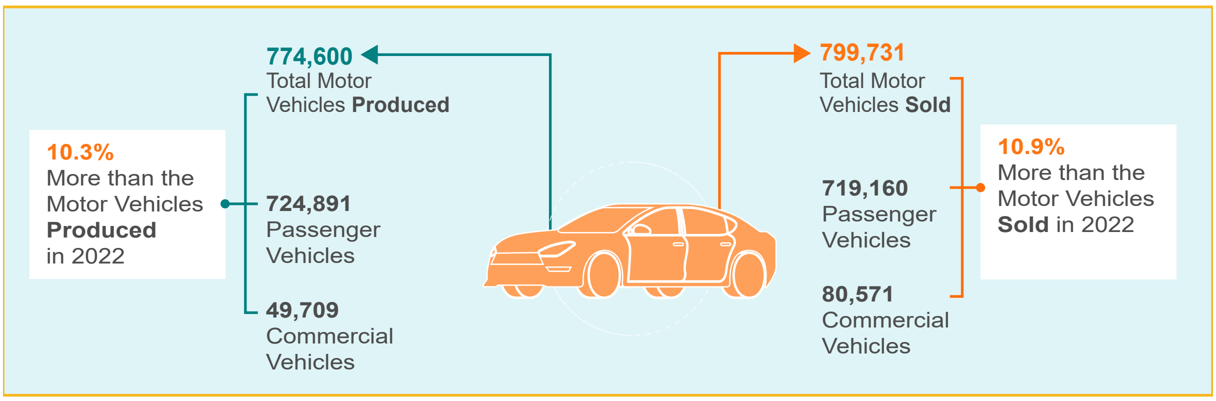
The Malaysian Government encourages EV manufacturers and prospective investors into the xEV ecosystem to make Malaysia their regional hub. In order to further accelerate and enhance the adoption of EVs in Malaysia, the National EV Steering Committee (NEVSC) was established. The NEVSC, led by MITI, includes members from various ministries, and government agencies including MIDA, as well as industry representatives. It oversees the National Electric Vehicle Task Force (NEVTF) to spearhead EV development in Malaysia.

Under the National Energy Transition Roadmap, Malaysia targets xEV sales of 20 per cent of total industry volume by 2030, rising to 50 per cent by 2040 and 80 per cent by 2050. This is in tandem with The Twelfth Malaysia Plan (2021 - 2025) and the Low Carbon Mobility Blueprint (2021 – 2030) to accelerate the nation’s green and sustainable growth agenda.

This makes the xEV ecosystem a vital part of Malaysia’s environmental, social and governance (ESG) framework (i-ESG), which is expected to be completed by 2024. Designed in collaboration with MITI’s agencies, the framework would encourage the manufacturing sector to adopt ESG practices through standards, financial support and incentives, capacity building, and market mechanisms, including carbon trading and pricing.

The Government's dedicated focus on the development of EV holds the potential for significant impact on the country's manufacturing sector, particularly within the automotive sub-sector. This sub-sector is the third-largest in Southeast Asia and the 23rd-largest globally, producing over 500,000 automobiles annually, contributing four per cent to Malaysia's GDP (RM40 billion) and employing over 700,000 people.

THE AUTOMOTIVE SUB-SECTOR IN MALAYSIA IN 2023

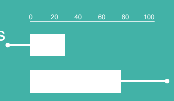


APPROVED INVESTMENTS IN THE AUTOMOTIVE SUB-SECTOR IN 2023

RM7 bil
Total Investments

47 Projects Approved

Domestic vs Foreign Investments



Domestic Investments
27.4%
RM1.9 bil

Foreign Investments
72.6%
RM5.1 bil

Expansion/ Diversification vs New Projects

RM7 bil Total Investments

- **17** New Projects
  RM5.8 bil
  82.2%
- **30** Expansion/ Diversification Projects
  RM1.2 bil
  17.8%

Job Opportunities

4,776 Total Job Opportunities

NOTABLE ELECTRIC VEHICLE INDUSTRY PROJECTS IN 2023

New Project | **EVE Energy Malaysia Sdn. Bhd.**

- Production of lithium batteries to support electric two-wheeler and power tool manufacturing enterprises in Malaysia and across Southeast Asia

Investment Amount:
RM1.9 bil

643 New
Job Opportunities

PRC-Based
Company

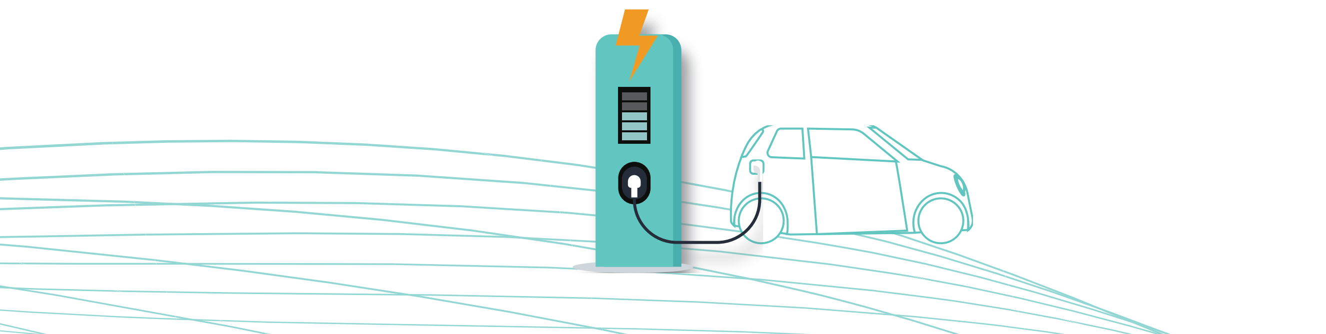
New Project | **EP Manufacturing Berhad (via subsidiary Peps-JV)**

- Production of EEVs, electric passenger vehicles, and electric commercial vehicles in Melaka.

Investment Amount:
Over RM100 mil

1000 New
Job Opportunities

Collaboration with BAIC International Development Co. Ltd. (a major player in the PRC's Automotive industry) and Great Wall Motor Sales Malaysia Sdn. Bhd.



SUSTAINABLE GREEN ECONOMIC GROWTH

Globally, people are increasingly experiencing the physical ramifications of climate change, according to a 2022 publication from the United Nations Framework Convention on Climate Change (UNFCCC). Meanwhile, the Intergovernmental Panel on Climate Change (IPCC) warns of severe repercussions if average temperatures rise by more than 1.5ºC beyond pre-industrial levels. Evidence of this trajectory, as reported by the World Meteorological Organization in November, would most certainly be seen in 2023− the hottest year on record with a rise of 1.4ºC in the past 174 years.

The physical effects of global warming and climate change have profoundly impacted numerous industries and economic sectors worldwide. There is however, a positive flip-side with increasing investment opportunities in the green transition as green technology activities and services especially within renewable energy, climate-resilient agriculture and urban planning are gaining prominence.

In keeping with trends in the energy sector advancements, the National Energy Policy 2022–2040 (NEP) outlines a detailed roadmap for the energy sector. Anchored on a visionary goal known as the Low Carbon Aspiration 2040, it envisions an annual contribution of RM13 billion to Malaysia's GDP, potentially generating over 207,000 new job opportunities and attracting investments of RM9.2 billion. These opportunities are significant as the public and private sectors allocate financial resources to initiatives that facilitate Malaysia's shift to a low-carbon economy. This not only benefits the environment but also fosters economic growth and innovation.

Energising Change: Malaysia's Shift Towards Sustainable Energy

In line with its commitment to meeting sustainability goals and addressing climate change, the Twelfth Malaysia Plan (RMK-12) targets to achieve carbon neutrality by 2050. Additionally, Malaysia revised its Nationally Determined Contribution (NDC) under the Paris Agreement, pledging a 45 per cent reduction in carbon intensity against GDP by 2030 from the 2005 level.

To accomplish these objectives, the Government introduced the Malaysia Renewable Energy Roadmap (MyRER). This strategic framework envisions raising the share of committed RE installed capacity from 25 per cent as at December 2022 to 31 per cent by 2025, 40 per cent by 2035 and 70 per cent by 2050.

Malaysia has consistently embraced renewable energy (RE) sources, such as solar, biomass, biogas, and hydro, within its installed capacity mix. Low-carbon practices are also advocated across various economic sectors.

THE NATIONAL ENERGY TRANSITION ROADMAP

Defining Energy Transition

Energy transition is a comprehensive transformation in our energy systems towards cleaner sources, increased utilisation of renewable energy, and a substantial reduction in carbon emissions. This structural change is anticipated to occur at an accelerated rate, driven by rapid technological progress and visionary climate policies.

Adapted from the National Energy Transition Roadmap 2023

Malaysia topped Southeast Asia in the World Economic Forum's June 2023 Energy Transition Index, reflecting the country's system performance and readiness to adopt environmentally friendly energy sources. With its strategic location within the region, a wide range of renewable energy sources (RES), and a high degree of expertise, Malaysia is poised to become a regional leader in the energy transition space. The clean technology sector is predicted to reach RM5 trillion in 2022 and is expected to grow in value over the next several years.

On 27 July 2023, the Government launched the National Energy Transition Roadmap (NETR) Part 1 to accelerate larger-scale transition from fossil fuels to a high-value, low-carbon economy. Guided by principles of sustainable development alignment, equity and efficiency, comprehensive governance, and opportunities for small and medium-sized enterprises (SMEs), the NETR will leverage grants, loans, rebates, incentives, and other investments in infrastructural provisions. NETR's Responsible Transition (RT) scenario is poised to facilitate Malaysia's ambitious goal of attaining net-zero emissions by 2050. The RT initiative is expected to unlock investment prospects ranging from RM1.2 trillion to RM1.3 trillion by the year 2050. These investments are projected to augment the country's GDP by an additional RM220 billion and generate approximately 310,000 job opportunities in the green growth sector by 2050.

Malaysia topped Southeast Asia in the World Economic Forum's June 2023 Energy Transition Index, reflecting the country's system performance and readiness to adopt environmentally friendly energy sources.

THE FOUR GUIDING PRINCIPLES OF THE NATIONAL ENERGY TRANSITION ROADMAP (NETR)

Based on National Aspirations and Commitments

Just, Inclusive and Cost-Effective

Effective Governance and Whole-Of-Nation Approach

High-Impact Job Opportunity, SME Involvement in the Ecosystem

PART 1

Identifies 10 flagship catalyst projects and impact initiatives based on six energy transition levers. These projects could invest over RM25 billion, creating 23,000 job opportunities and reducing greenhouse gas emissions by more than 10,000 Gg CO_2 equivalent per year

6 ENERGY TRANSITION LEVERS	10 FLAGSHIP CATALYST PROJECTS
Energy Efficiency (EE)	Efficient Switch
Renewable Energy (RE)	Renewable Energy Zone (RE Zone)
	Energy Storage
	Energy Secure
Hydrogen	Green Hydrogen
	Hydrogen for Power
Bioenergy	Biomass Demand Creation
Green Mobility	Future Mobility
	Future Fuel
Carbon Capture, Utilisation and Storage (CCUS)	CCS for Industry

PART 2

Launched on August 2023, it will determine the low-carbon pathway, energy mix, and emissions reduction targets. The NETR will also explore green financing and technology transfer through bilateral and multilateral cooperation

The NETR underscores the Government's dedication to fostering sustainable investments and advancing sustainable finance within the country. The Government's proactive stance aligns with global trends emphasizing the importance of sustainable practices in economic development

Opportunities in Green Technology – Enhanced Tax Incentives for Investors

In line with Malaysia's aspiration to become an inclusive, sustainable, and carbon-neutral nation by 2050, Budget 2024 enhances existing green tax incentives to encourage adoption of green technology. This tiered approach aims to attract high-growth, high-value sectors.

Green hydrogen, the process of producing hydrogen through electrolysis powered by renewable energy (RE) sources, is poised to drive sustainable energy growth. Malaysia's Hydrogen Economy and Technology Roadmap (HETR) projects the sector contributing between RM49 billion and RM61 billion in additional GDP and RM12.1 billion in revenues by 2030.

ENHANCED TAX INCENTIVES FOR INVESTORS AS ANNOUNCED UNDER BUDGET 2024

- Green Investment Tax Allowance (GITA) for business purposes as follows based on tiering approach:

Qualifiying Activities	% GITA	% of Statutory Income to be Set-Off	Incentive Period
Tier 1 Green Hydrogen	100%	100% or 70%	Up to 10 years (5+5)
Tier 2 I. Integrated Waste Management (IWM) II. Electric Vehicle (EV) Charging Station	100%	100%	5 years
Tier 3 Generation of energy from renewable sources: I. Biomass II. Biogas III. Mini Hydro IV. Geo Thermal V. Solar VI. Wind Energy	100%	70%	5 years

- The period of GITA tax incentives will be extended from 3 years to 5 years for projects that fall under Tier 2 and Tier 3.
- The above incentives are applicable for applications received by MIDA from 1 January 2024 until 31 December 2026.

Source: Ministry of Finance

- Green Investment Tax Allowance (GITA) for business purposes as follows based on tiering approach:

Qualifiying Activities	% GITA	% of Statutory Income to be Set-Off	Incentive Period
Tier 1 I. List of qualifying assets approved by Minister of Finance (as per MGTC's guideline) II. Battery Energy Storage System (BESS) III. Green Building	100%	70%	Qualifying capital expenditure incurred from 1 January 2024 to 31 December 2026
Tier 2 I. List of qualifying assets approved by Minister of Finance (as per MGTC's guideline) II. Renewable Energy System III. Energy Efficiency	60%	70%	

- The incentives above are applicable for qualifying capital expenditure verified by the Malaysian Green Technology and Climate Change Corporation (MGTC) for the purchase of green technology assets starting from 1 January 2024 to 31 December 2026.

Source: Ministry of Finance

- Green Investment Tax Exemption (GITE) for solar leasing will be extended based on the following tiered approach:

Tier	Incentive Period	Tax Exemption on Statutory Income
>3MW- ≤10MW	5 years	70%
>10MW- ≤30MW	10 years	

- The tax incentive application period for GITE Solar Leasing will be extended for 3 years. The applications will be received by MIDA from 1 January 2024 until 31 December 2026.

Source: Ministry of Finance

APPROVED INVESTMENTS IN GREEN TECHNOLOGY IN 2023

565 Green Projects — **RM3.2 bil** Total Investments (2022: RM2.7 bil)

5 Green Services — **RM17.8 mil** Total Investments (2022: RM7.5 mil)

A significant increase in the value of investments from the previous year

Approved Green Projects Investments in 2023

530 Renewable Energy	**30** Energy Efficiency/ Conservation	**2** Green Building	**3** Integrated Waste Management
Total Investments **RM1.4 bil**	Total Investments **RM436.3 mil**	Total Investments **RM12.2 mil**	Total Investments **RM1.3 bil**

APPROVED INVESTMENTS IN RENEWABLE ENERGY IN 2023

Malaysia's strategic geographical location close to the equator, with a daily average of six hours of sunlight and over 2,200 hours of annual sunshine, has supported solar energy project success in the country. Significant investments have catalysed the growth of local renewable energy developers and photovoltaic (PV) service providers, capable of implementing solar PV projects from design to commissioning. More than 80 PV service providers, mainly local companies, have registered with the Sustainable Energy Development Authority (SEDA)

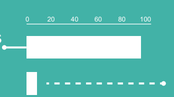
RM1.4 bil
Total Investments

530
Projects Approved

All solar projects

Domestic vs Foreign Investments

Domestic Investments
91.7%
RM1.3 bil



Foreign Investments
8.3%
RM118.6 mil

Solar energy projects include 520 solar own-consumption projects valued at **RM448.2 million** while ten Large Scale Solar (LSS) projects meant for business purposes that is worth **RM986.5 million** of investments

Job Opportunities

114 Total Job Opportunities

Notable among the top 3 companies involved are TNB Bukit Selambau Solar Dua Sdn. Bhd., JAKS Solar Nibong Tebal Sdn. Bhd., and Ragawang Power Sdn. Bhd.

Type of Renewable Energy (RE)	Projects Approved	Investment (RM million)	Employment
Solar	530	1,434.7	114

APPROVED INVESTMENTS IN WASTE MANAGEMENT IN 2023

In 2023, Worldwide Holdings Berhad through its wholly owned subsidiaries Worldwide Envirogreen Sdn Bhd and Worldwide Jeram WTE Sdn Bhd, received the approval to embark on two significant integrated solid waste management projects located in Jeram, Kuala Selangor, Selangor. These two projects are being developed with substantial capital investments amounting to **RM1.3 billion** and are anticipated to create over **80** job opportunities

These projects involve the recovery, treatment, recycling and disposal of municipal solid waste. The solid waste formed by non-hazardous waste from the residential and commercial areas, will be incinerated and the resulting energy released from the incineration process will be used to generate electricity. This waste-to-energy (WTE) process involves the utilisation of advanced technology in incineration and post combustion emission control to ensure a sustainable waste management with minimum carbon footprint. The WTE technology proves to be more efficient than conventional landfills, with less land usage and greenhouse gas emission. The integration of recycling, energy recovery, and responsible waste treatment collectively promotes a more sustainable and eco-friendly approach to solid waste management in the country

Another notable project approved is the integrated waste management project by Clinco Waste Management Sdn. Bhd. in Tung Zen Industrial Park, Batu Gajah, Perak. This project will incur capital investments amounting to **RM74 million**, which will generate a total of **49** employment opportunities. The project involves the collection of clinical waste from 1,295 private medical centres and healthcare facilities across Peninsular Malaysia as well as the transportation, storage, treatment and incineration of clinical waste. The ashes from the incineration process will be disposed of at a designated and licensed facility in Sendayan, Negeri Sembilan

The project is vital as it provides an efficient and safe method for treating and disposing of clinical waste. In addition, it aims to stop the illicit disposal of such refuse and tackles the growing problem of untreated medical waste in Malaysia

In 2022, the percentage of recycling in the country was 33.2 per cent. The national recycling rate is expected to rise as a result of investments in integrated waste management projects, meeting the Twelfth Malaysia Plan's target of 40 per cent by 2025

APPROVED INVESTMENTS IN ENERGY EFFICIENCY/CONSERVATION (EE/EC) IN 2023

Embracing new energy-saving technologies reduces costs while supporting sustainability and job creation, aligning with international best practices. This presents a compelling opportunity for investors to support the widespread adoption of energy-efficient practices and technologies, driving positive economic and environmental impact

APPROVED INVESTMENTS IN GREEN BUILDING IN 2023

Rising environmental concerns has prompted significant investment shifts toward green building initiatives. Given that buildings contribute around 39 per cent of the world's yearly CO2 emissions, it is imperative to emphasise green development in order to lessen the effects of urbanisation. Green buildings help curb emissions and foster sustainable urban development

RM12.2 mil
Total Investments

2 Projects Approved in 2023

These 2 projects will be undertaken in Johor Bahru and Senai, Johor

APPROVED INVESTMENTS IN GREEN SERVICES IN 2023

RM17.8 mil
Total Investments

5 Projects Approved in 2023

The green services activities approved were solar PV system integrators and service providers related to energy efficiency

Job Opportunities

36 High Quality Job Opportunities

Future Outlook

The concluded 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) held in Dubai, United Arab Emirates has revealed that the current climate efforts are insufficient. World governments pledged to triple the renewable energy capacity by 2030, underscoring the need for holistic energy transition. While deployment of renewables like solar and wind has been surging globally, rising costs and other issues have delayed projects.

To reach the target of 10,000 gigawatts of installed renewable energy globally by 2030, funding challenges in underdeveloped countries must be addressed. Bank Negara Malaysia reported that over USD43 billion has been committed for ESG purposes, with aims for at least half of new financing by Malaysian banks to support climate efforts by 2026.

Stringent global regulations on emissions are being enforced, such as the EU's Carbon Border Adjustment Mechanism (CBAM) imposing carbon taxes on certain imports. Hence, it is timely for Malaysia to enhance its decarbonisation efforts to align with these international regulations.

With CBAM anticipated to impact sectors by six to seven per cent in the first year, Malaysia is preparing its industries by proactively engaging relevant agencies within the Ministry to address decarbonisation. Budget 2024’s green incentives and the newly launched National Energy Transition Roadmap (NETR) initiatives together with the implementation of a voluntary carbon market (VCM) are expected to reinforce Malaysia’s net-zero commitment by 2050.

DIGITAL SERVICES

MALAYSIA'S DIGITAL BOOM

Malaysia is emerging as the region's digital powerhouse, attracting investments in data centres, IT services, creative content, and digital global business services. To strengthen economic resilience against rapid expansion in information and communications technology (ICT), the Government is driving every effort to create high-tech sectors.

The Digital Services Industry is one of the fastest growing industries in Malaysia. In 2022, the Department of Statistics, Malaysia (DOSM) reported that ICT contribution to the economy was 23 per cent with a value of RM412.3 billion, which is an increase of 14.8 per cent compared to 12.2 per cent in the previous year. Employment in the ICT industry has also increased by 1 per cent to 1.22 million persons in 2022, with a contribution of 7.9 per cent to total employment. Job opportunities are mainly created by the ICT manufacturing sector at 36.1 per cent, followed by ICT services (29.3 per cent) and ICT trade (21.7 per cent).

Powering AI with Data Centres

Emerging technologies like blockchain, artificial intelligence (AI), the internet of things (IoT) and big data analytics are transforming businesses and economies. Malaysia ranks highly (23 out of 193 countries) in the Oxford Insights Government AI Readiness Index 2023, boosted by two leading pillars of the index, namely, strong government support and data/ infrastructure preparedness.

In a show of its strong support and commitment, the Government announced a partnership with Google to train businesses of all sizes advance their digital competitiveness through upskilling programmes, investment in digital infrastructure, responsible AI innovation, and cloud-first policies in November 2023. Congruent with the Madani economy framework and the New Industrial Master Plan (NIMP) 2030, Google's most recent pledge will undoubtedly increase the country's digital competitiveness by fostering local innovation and talent development in the field of AI.

INFORMATION AND COMMUNICATION TECHNOLOGY SATELLITE ACCOUNT 2022

The Information and Communciation Technology (ICT) contributed 23.0% to the GDP and a growth of 14.8%

RM412.3b
2021: RM359.3b

13.6%
2021: 14.0%
GVAICT

9.4%
2021: 9.2%
E-commerce of other industries

=

23.0%
2021: 23.2%
ICT to economy

EMPLOYMENT OF ICT INDUSTRY

1.22 million persons employed in the ICT industry

ICT manufacturing	ICT services	ICT trade	Content & media
36.1%	29.3%	21.7%	12.9%
2021: 35.9%	2021: 29.3%	2021: 21.9%	2021: 13.0%

Source: Information and Communication Technology Satellite Account 2022, Department of Statistics Malaysia (DOSM)

According to another report released in September 2023 by the Malaysia Centre for Fourth Industrial Revolution (Malaysia Centre4IR) in collaboration with Access Partnership and Microsoft Malaysia titled, 'The Economic Impact of Generative AI: The Future of Work in Malaysia', the manufacturing sector, comprising a large share of the local workforce with high productivity, is expected to contribute half of the potential economy-wide gains from implementing generative AI – which has the potential to unlock US$113.4 billion (RM529.8 billion) in productive capacity for the local economy.

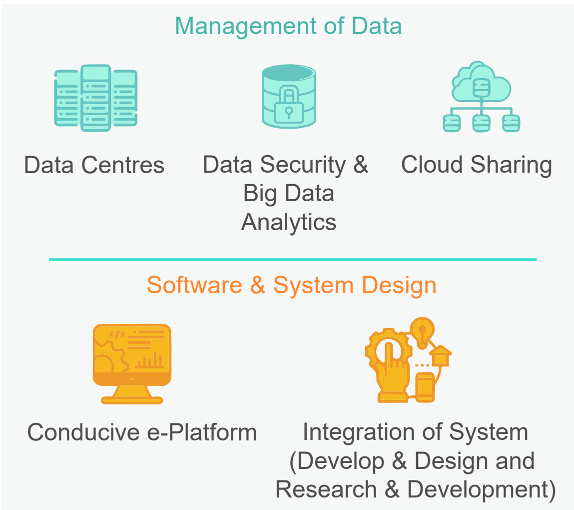
Rising adoption of AI technologies, such as machine and deep learning, Natural Language Processing (NLP) and Large Language Models (LLMs) has led to surging hyperscale data centres demand in Malaysia. Technologies requiring significant computational power and storage have spurred purpose-built hyperscale data centres to efficiently handle large scale AI deployments. This creates need for robust computing infrastructure and vast data processing capabilities.

Malaysia is a significantly growing data centre market in Southeast Asia, according to Arizton Advisory & Intelligence's report titled, 'Malaysia Data Center Market- Investment Analysis & Growth Opportunities 2023-2028'. The country's data centre market size was valued at US$1.3 billion (RM6.1 billion) in 2022 and is expected to reach US$2.2 billion (RM10.5 billion) by 2028, growing at a CAGR of 9.41 per cent during the forecast period from 2023 to 2028.

Data Driven Success

At the heart of Malaysia's digital transformation is the Malaysia Digital Economy Blueprint (MyDIGITAL) and the Digital Investment Office (DIO), a collaborative platform between MIDA and MDEC. These strategic initiatives underscore the country's unwavering commitment to growing the economy through digital technology. MyDIGITAL sets the stage for a holistic digital transformation, while the DIO acts as a catalyst for facilitating investments with a revised target of RM130 billion in sustainable digital investments by 2025.

National policies like the Twelfth Malaysia Plan (2021-2025), Malaysia Digital Economy Blueprint (2021-2030), National Fourth Industrial Revolution (4IR) Policy and New Industrial Master Plan (NIMP) 2030 ensure smooth digital adoption and a stronger digital economy.



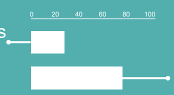
APPROVED INVESTMENTS IN THE DIGITAL INDUSTRY IN 2023

The Digital Industry repeated its astounding performance in 2023, being the **highest contributor** to the services sector

RM63.7 bil
Total Investments

Domestic vs Foreign Investments

Domestic Investments
23.8%
RM15.2 bil



Foreign Investments
76.2%
RM48.5 bil

Job Opportunities

23,829
Total Job Opportunities

The Digital Ecosystem Acceleration Scheme (DESAC) was introduced through Budget 2022 to attract quality investments in digital infrastructure

RM16 bil
Total Investments

Potentially generating 627 employment opportunities. These positions are mainly in high-value, niche and specialised jobs, such as data scientist, data analyst, and data engineer, which require high-skill set, advanced training and professional qualifications

The Malaysia Digital (MD) status introduced on 4 July 2022, driven by MDEC, aims to create digital economic spill-over through access to digital tools, knowledge, and income opportunities

RM44.5 bil
Total Investments

MDEC has also identified nine sectors under the MD Catalytic Programmes that demonstrate high growth potential, opportunity, and significance in accelerating Malaysia's digital economy

High-Skill Jobs

23,202 High Skill Jobs

The telecomunications sub-sector investment approval data provided by the Malaysian Communications and Multimedia Commission (MCMC)

For January to September 2023

RM3.2 bil
Total Investments

100% driven by domestic sources

At the heart of Malaysia's digital transformation is the Malaysia Digital Economy Blueprint (MyDIGITAL) and the Digital Investment Office (DIO), a collaborative platform between MIDA and MDEC.

AEROSPACE

TAKING FLIGHT

The global aerospace industry in 2023 experienced a year of recovery, with airlines projecting revenue growth and improved profitability. This comes amidst persistent challenges and issues related to supply chain pressures, the lack of qualified talent, high energy and fuel prices, and inflation.

Earlier in 2023, Accenture's Commercial Aerospace Insight Report projected that global commercial aerospace revenues in 2023 would exceed 2019 levels to grow at 14 per cent year-on-year (YoY), reaching pre-pandemic levels in 2024 with airlines returning to profitability. It also found that 85 per cent of surveyed commercial aerospace executives expected revenue growth over the next two years.

Fitch Ratings echoed the sentiment, highlighting an improved global aerospace outlook driven by positive free cash flow generation, increased financial flexibility, rising air travel demand, and the need to replace ageing fleets. Towards the end of the year, Fitch Ratings reiterated its stance, emphasising that aerospace OEMs should benefit from large order books, revenue visibility, planned production rate increases and inventory reduction.

Malaysia's Upbeat Growth

Malaysia's aviation industry is also undergoing a revival, marked by increased competition amongst local airlines and their expansion of services. In the first half of 2023, Malaysia Airports reported 56.1 million passenger movements, or 82 per cent of the 2019 pre-pandemic levels for the same period. This growth contributes to increased local competition, as exemplified by Capital A bringing back a considerable number of previously parked Air Asia aircraft into service. Additionally, Batik Air (formerly Malindo) has been expanding its services.

According to the National Aerospace Industry Corporation Malaysia (NAICO), Malaysia's aerospace sector secured a cumulative total of RM5.7 billion in new work packages for the local supply chain in 2022. Additionally, RM600 million worth of maintenance, repair and overhaul (MRO) projects were undertaken in 2022. These new projects are expected to commence in 2024, contributing additional revenue to the industry. NAICO later also reported that Malaysia's aerospace industry revenue is estimated to be over RM16 billion as of the third quarter in 2023, or nearly meeting its 2023 full-year revenue target of RM18 billion. The industry is expected to grow even faster in 2024 as its product portfolio for the global aerospace supply chain expands.

Additionally, commercial helicopters and business jets have also experienced an uptick in demand. According to the Malaysia Aerospace Industry Association (MAIA), there is a backlog of over 4,000 Boeing 737s worldwide, with an average lead time of 5.7 years. Similarly, the Airbus A320 Neo backlog is more than 6,000 units, with an average lead time of 5.2 years.

Turning Challenges Around

Meeting the demand for new aircraft and the simultaneous rise in repair activities has been challenging for the global supply chain. Other factors exacerbating the situation are the cessation of operations by numerous suppliers impacted by the pandemic; corporate restructuring; difficulties in sourcing specialised raw materials; and the demand for high-value aerospace engineering expertise. Coupled with inflationary pressures, these factors contributed to escalating costs in the aviation industry for both aircraft and components, thereby affecting the MRO sector as well.

Notwithstanding its continuing challenges, there is great potential for the aerospace industry in Malaysia, which the Malaysian Government and aerospace industry players recognise, acknowledge, and want to leverage in making Malaysia an aerospace hub in Southeast Asia and a crucial player in the global aerospace supply chain by 2030 as per the Malaysian Aerospace Industry Blueprint 2030.

Global MRO recovery in 2023 was expected to be steady largely due to increased commercial volumes following the recovery in travel, according to Accenture's April 2023 Commercial Aerospace Insight Report – 64 per cent of surveyed executives also anticipated a higher MRO spend in the next 24 months, while 85 per cent had a positive view of the Asia Pacific ecosystem's impact, with the region potentially transforming into a sustainable aerospace hub driven by new capabilities and talent development.

This trend had not gone unnoticed, with many local and international MRO players capitalising on it. Early in 2023, for instance, Capital A Bhd.'s engineering arm, Asia Digital Engineering (ADE), launched its latest MRO hangar facility in Senai, Johor. Later in the year, ADE secured a US$100 million investment from investment firm OCP Asia Ltd. to construct and operate a state-of-the-art 14-line aircraft maintenance hangar facility in Sepang, Selangor.

Airod Sdn. Bhd., another Malaysian aircraft MRO group, is eyeing a potential long-term MRO business worth US$300 million with its Indonesian partner, PT Dirgantara Indonesia, with an initial US$10 million being from the provision of refurbishment, training, and technical assistance services related to the Indonesian Armed Forces' fleet of C-130 aircraft.

Prospective investors should be heartened by Rolls-Royce's Southeast Asia Pacific and Korea President Dr. Bicky Bhangu's statement that Malaysia's aspiration of becoming a leading MRO hub in Southeast Asia by 2030 will depend on getting the right people with the right skills, technicians, and capabilities. The Malaysian Government recognises the importance of local talent development, and encourages TVET providers to collaborate with industry players and leading institutions such as the Malaysian Institute of Aviation Technology (UniKL MIAT) to provide a skilled workforce for MRO and the aviation industry. Government ministries such as MITI, Ministry of Higher Education (MoHE), and Ministry of Science, Technology and Innovation (MOSTI) have started working together to empower the aerospace industry with highly skilled workers as well as R&D efforts.

Embracing Digitalisation and Sustainability

MIDA has led the way in championing the efforts to attract cutting-edge technology and innovation in both foreign and domestic investments in the aerospace industry within the country. MIDA Paris and MATRADE, for example, had jointly organised a programme at the 54th International Paris Airshow in Le Bourget, Paris. The Malaysian Pavilion showcased 14 exhibitors demonstrating the country's aerospace industry expertise. MIDA also participated in the Boeing-NAICO Aerospace Supply Chain Forum at the Grand Hyatt Kuala Lumpur, where key insights were shared regarding the Government's various facilitative initiatives for the aerospace industry.

Prospects are bright for the aerospace industry in Malaysia provided that aerospace companies embrace digitalisation, adopt new technologies, and prioritise the ESG agenda – particularly initiatives associated with net-zero and sustainability. With the escalating global demand for the industry, this presents an opportunity for Malaysia to position itself as a key player in the burgeoning market for environmentally friendly aircraft, engines, fuels, and supporting technologies.

Prospective investors can look into helping Malaysian industry players engage in robust international collaborative efforts to leverage combined expertise, resources, and innovations necessary to address the evolving requirements of sustainable air travel. Areas for collaboration include R&D initiatives, technological advancements, and the establishment of shared standards that promote environmental responsibility in the aerospace domain.

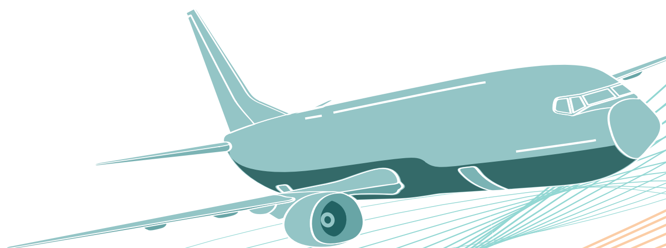
Other opportunities beyond air travel include manufacturing processes, supply chain management, and aerospace components disposal. By adopting a holistic approach to sustainability, Malaysia not only contributes to global climate change mitigation but also enhances its competitiveness in environmentally conscious aviation.

Malaysia encourages investors to explore opportunities in emerging electric, hybrid-electric, and hydrogen-powered regional air mobility platforms. This includes pioneering the mass production of electric vertical take-off and landing (eVTOL) aircraft. Drone and eVTOL technologies offer solutions for urban mobility challenges, noise pollution, streamlined infrastructure, advanced materials usage, and sustainable aviation solutions for cargo and passenger needs.

As governments worldwide ramp up the decarbonisation agenda and scrutinise supply chains, the Malaysian Government is exploring and venturing into various aspects of the aerospace industry, particularly aerospace-grade material production for the global market, and aims to become a critical supplier of sustainable aviation fuel (SAF). MITI will continue to support the development of locally-assembled seaplanes and commercial drones, among other aerospace segments.

These efforts have yielded positive results. At the Langkawi International Maritime and Aerospace Exhibition (LIMA) 2023, Delta Aerospace Sdn. Bhd. (Delta Aerospace) signed a memorandum of understanding (MoU) with NS Corporation, solidifying their joint commitment to maritime aircraft manufacturing, operation, and R&D. Delta Aerospace plans to establish its manufacturing complex in Negri Sembilan, focussing on producing the 8-seater Heron 8 seaplane. On the SAF front, EcoCeres Renewable Fuels Sdn. Bhd. is investing RM1 billion to set up a SAF production facility in Pasir Gudang, Johor.

Initiatives undertaken in Malaysia’s aerospace industry align with the key missions outlined in the NIMP 2030 to establish a digitally dynamic nation and advance the Government's efforts in digitalisation. Furthermore, the focus is on achieving net-zero through sustainable practices, emphasising renewable energy, electric vehicles, and the circular economy within the aerospace industry.



APPROVED INVESTMENTS IN THE AEROSPACE INDUSTRY IN 2023

RM4.6 mil
Total Investments

Domestic vs Foreign Investments

0 20 40 60 80 100

Foreign Investments
100%
RM4.6 mil

Job Opportunities

27 Total Job Opportunities

NAICO later also reported that Malaysia's aerospace industry revenue is estimated to be over RM16 billion as of the third quarter in 2023, or nearly meeting its 2023 full-year revenue target of RM18 billion. The industry is expected to grow even faster in 2024 as its product portfolio for the global aerospace supply chain expands.

Accelerating Investment Implementation in Malaysia through TRACK

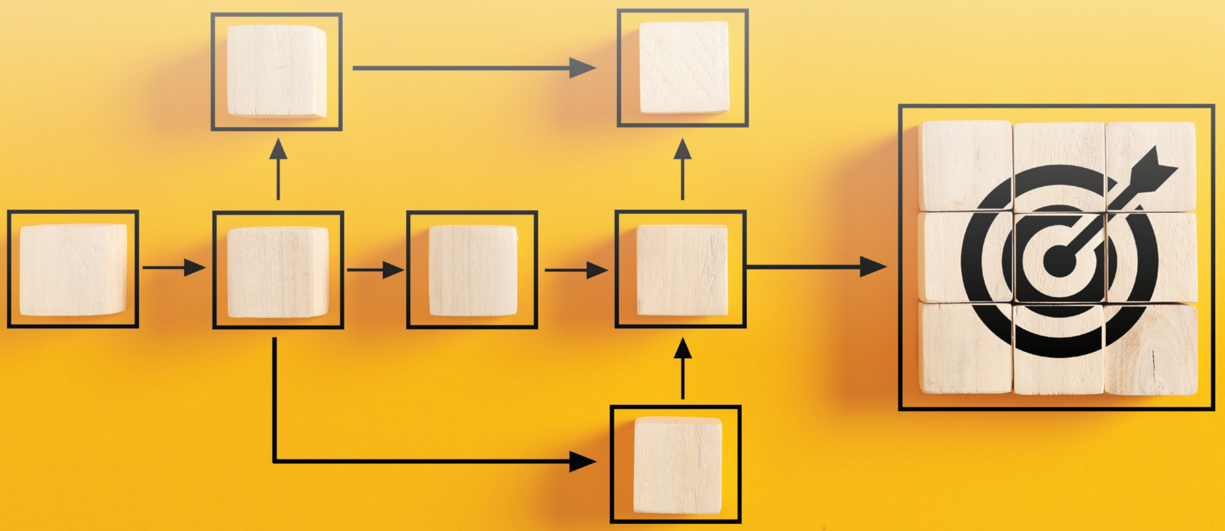
Established in June 2020 under the COVID-19 Pelan Jana Semula Ekonomi Negara (PENJANA) initiative, the TRACK programme under MIDA has played a critical and significant role in accelerating the implementation of approved investments in Malaysia. Formerly known as the Project Acceleration and Coordination Unit (PACU), the TRACK rebranding occurred in March 2023 to better reflect its expanded scope and focus.

TRACK has accelerated project implementation from 60 per cent in 2016 to 85 per cent by September 2023. This accelerated implementation has led to a surge in job creation, growth of supply chain businesses, opportunities for local sourcing, and enhanced export earnings, contributing significantly to Malaysia's economic prosperity.

TRACK has met with great success in catalysing investment facilitation and accelerating investment implementation through its collaborative partnerships. By actively engaging with a broad range of stakeholders (i.e. government agencies, industry associations, and investors), TRACK leverages all parties' collective expertise and resources in order to create a conducive environment for investment and support investors throughout their entire journey.

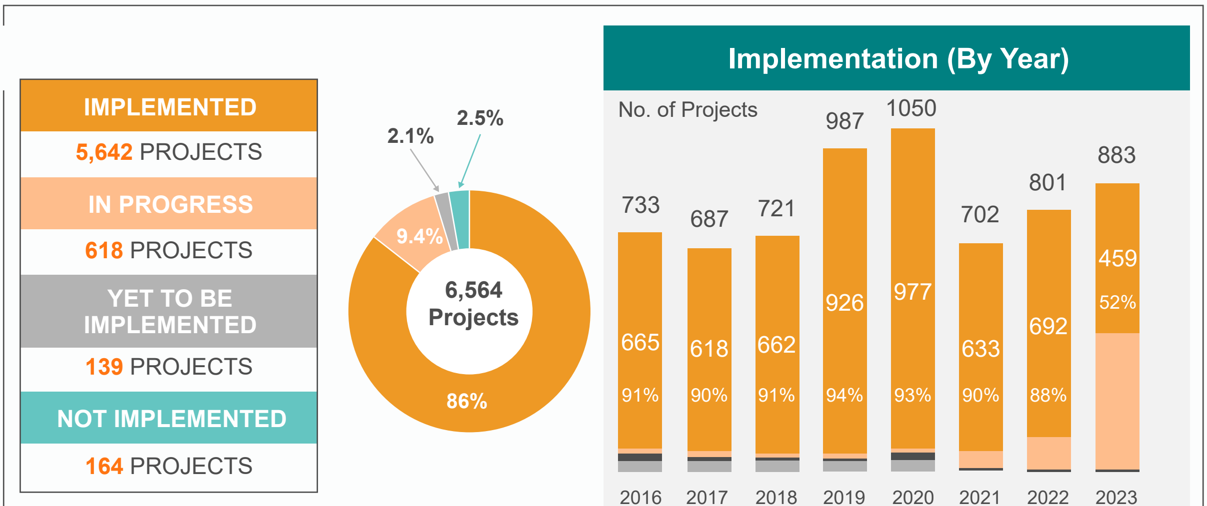
Moving beyond this foundation of collaboration, the Ministry of Investment, Trade and Industry (MITI) has established the Invest Malaysia Facilitation Centre (IMFC) at MIDA. Taking this bold step to strengthen Malaysia's investment landscape, the IMFC indicates the Malaysian Government's transformative shift towards streamlining investment processes and fostering a more supportive environment for businesses, by eliminating the need to navigate complex administrative procedures, significantly reducing bureaucracy, and accelerating approval timelines.

The IMFC is strategically aligned with the National Investments Aspirations (NIA), New Industrial Master Plan (NIMP) 2030, and the MADANI Economy vision. MITI and MIDA are both committed to continually facilitating and improving Malaysia's investment implementation processes by building on the success of the TRACK platform for smoother project implementation and the IMFC for the provision of comprehensive consultation and advisory services.



Implementing Manufacturing Investments in Malaysia since 2016: An Impressive TRACK Record

IMPLEMENTATION STATUS IN THE MANUFACTURING SECTOR FOR PROJECTS APPROVED FROM 2016 TO 2023



* Data Generated on 26 February 2024

The eight years from 2016 to 2023 have seen a significant surge of manufacturing investments into Malaysia, with 6,564 projects having been approved in that time. This impressive number is indicative of the nation's unwavering commitment to fostering a vibrant and thriving manufacturing industry.

The effectiveness of MIDA's TRACK programme and other initiatives is seen in the remarkable 86 per cent of manufacturing investments (5,642 projects) in total having been actively implemented to date. These initiatives have helped to streamline project implementation and helped investors experience a more smooth, seamless investment journey, further reinforcing Malaysia's position as a preferred investment destination for manufacturing industries.

In a demonstration of investors' continued confidence and a strong pipeline of future manufacturing investments, another 9.4 per cent, or 618 projects, are currently in the active planning stage, while 2.1 per cent of projects remain at the initial phase.

Not all plans come to fruition, and this is exemplified by the 2.5 per cent of projects that ultimately did not see implementation happen. That is the dynamic nature of global business trends, as well as Malaysia's ongoing efforts to optimise project selection and implementation strategies.

From an overall perspective, the figures are more than encouraging and depict a thriving and dynamic manufacturing landscape in Malaysia. The combination of the high project implementation rate, a constant number of projects in the active planning stage, and the sustained investor confidence throughout the years, all point towards a promising future for this critical sector, paving the way for Malaysia's continued economic growth and prosperity.

Rationalising Malaysia's Investment Promotion Agency (IPA) Framework

Over the past decades, Malaysia's IPAs, whether at the federal or at the state level, have attracted and facilitated significant flows of foreign and domestic investment. They, along with other IPAs worldwide, play a crucial role in the global economy. The investments they help foster can bring about positive spillover effects, such as technology transfer, job creation, and enhanced market access.

However, there has been a global trend of consolidating and streamlining IPAs to improve their effectiveness and efficiency. According to a study by the World Bank, many of the IPAs established globally are undergoing reforms to enhance their performance and governance. By doing so, these IPAs can avoid conflicts of interest, duplication of efforts, and resource wastage.

There are currently more than 30 IPAs in Malaysia, which encompass federal location agencies, state location agencies, and federal sector agencies, all aiming to secure investments within their respective jurisdictions. In line with the global trend of IPA streamlining, the inaugural meeting of the National Investment Council (NIC) on 19 May 2023 highlighted a strategic initiative to reshape Malaysia's investment promotion landscape.

This initiative involves a phased and staggered 'whole-of-nation' approach; positioning MIDA as the country's central IPA, and streamlining the functions and roles of other IPAs, as well as of regional economic corridors. By doing so, the Ministry of Investment, Trade and Industry (MITI) hopes to reduce the level of confusion, duplication, and inefficiency that arise from having too many IPAs, thus benefiting both investors and policymakers.

The Initial Steps Towards Rationalisation

To kick off the rationalisation initiative, all federal-level IPAs will centralise their investment promotion and marketing functions under MIDA as of 1 January 2024. Other IPAs will focus on investment facilitation and the realisation of approved projects, improving the ease of doing business for investors by avoiding overlap and inconsistency.

Two key mechanisms drive the progress of the IPA framework rationalisation, with the ultimate objective being to boost foreign investment inflows and strengthen domestic investments:

1 Investment Coordination Committee Meeting (ICCM)

The ICCM comprising federal- and state-level investment-related ministries and agencies, fosters collaboration between federal and state governments. Objectives include:

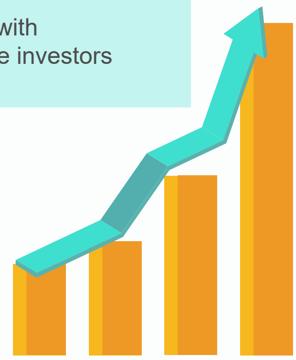
- Strengthening the Malaysian business and industrial ecosystem (including infrastructure and talent)
- Attracting more and higher-quality foreign and domestic investments
- Aligning all investment promotion strategies with the National Investment Aspirations (NIA)

The ICCM's inaugural meeting on 21 November 2023 discussed streamlining industry development plans between federal and state governments, including creating economic clusters under the New Industrial Master Plan (NIMP) 2030

2 Task Force on Promotion & Facilitation of Investment (TFPFI)

Established by MIDA in October 2023 and convening quarterly, TFPFI expedites coordination efforts for promotion and marketing activities. Responsibilities include:

- Reviewing and tracking potential investment leads
- Engaging with prospective investors
- Making Malaysia a preferred investment destination by streamlining processes, enhancing coordination, and creating a dynamic framework for attracting and facilitating investments among IPAs



Achieving Intended Outcomes

The ongoing rationalisation of Malaysia's IPA framework is expected to improve the country's competitiveness and attractiveness as an investment destination, aligned with the goals of the MADANI Economy's goals and the NIA. Malaysia targets strategic investments contributing to its development objectives, such as innovation, inclusivity, and sustainability.

IPA rationalisation empowers MIDA to play a more strategic and proactive role in promoting and marketing Malaysia as an investment destination, while providing after-care services to existing investors. Leveraging its network of 21 overseas offices and 12 regional offices, MIDA reaches out to potential investors and provide them with relevant information and assistance.

This strategic initiative, coupled with Malaysia's value proposition, underscores the country's continuing commitment to drive investment promotion, foster a conducive investment environment, and position itself as a prime destination for investors.

5.0

GOING FORWARD

"The global economy has shown real resilience amid the high inflation of the past two years and the necessary monetary policy tightening. Growth has held up, and we expect inflation to be back to central bank targets by the end of 2025 in most G20 economies. Monetary policy needs to remain prudent, though central banks could start to lower interest rates this year, provided that inflation continues to ease. Fiscal policy should rebuild fiscal space, through stronger efforts to contain spending growth. In parallel, we need to work together to reinvigorate trade, improve supply chain resilience, and tackle shared challenges, in particular climate change."

Mathias Cormann, OECD Secretary-General
(February 2024 Economic Outlook Interim Report, 5 February 2024)


ESTMEN

ZEAL FOR THE FUTURE

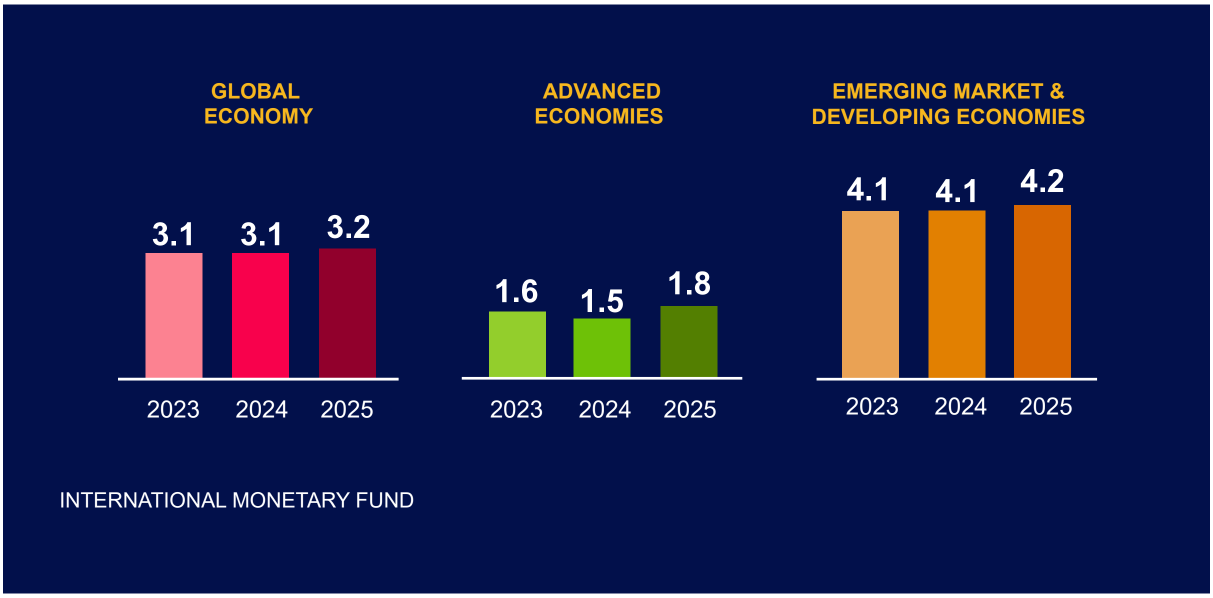
The pace of global expansion is expected to remain modest in 2024, with inflationary pressures seen easing going forward. Geopolitical tensions, however, remain a wild card. Amid the volatile global environment, Malaysia remains focused on accelerating reforms to strengthen its economic fundamentals, and transition the country towards a low-carbon, digitally advanced and highly competitive economy for trade and investment to thrive

Building on past reforms and a slew of new policy actions introduced in recent years, Malaysia is in a strong position to navigate the global economic uncertainty in 2024. While Malaysia's growth prospects could be weighed down by the world slowdown, resilient domestic demand is expected to partially mitigate the weakness in the external sector. The Government remains focused on, and committed to, executing strategies to further accelerate reforms towards a low-carbon, digitally advanced and highly competitive economy for trade and investment to thrive.

It is a long-term commitment amid a volatile market environment, with a tepid global economic outlook for 2024 based on the forecasts issued by international institutions such as the International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD) and World Bank. This is attributable to a confluence of factors, including the lagged impact of tight monetary policies implemented in recent years to combat high inflation, rising geopolitical tensions, and lower fiscal support amid high levels of government debt worldwide.

The IMF, in its latest World Economic Outlook Update for January 2024, projected that global gross domestic product (GDP) growth would remain steady at 3.1 per cent in 2023 and 2024, before edging up to 3.2 per cent in 2025, with emerging markets and developing economies expanding at a faster pace than advanced economies. Overall, projected global growth remains below the 2000-2019 average of 3.8 per cent. On a positive note, global inflation is expected to ease from 6.8 per cent in 2023 to 5.8 per cent in 2024 and 4.4 per cent in 2025. Further, inflation in most countries will likely return to target by 2025.

GROWTH PROJECTIONS



Source: IMF World Economic Outlook Update, January 2024

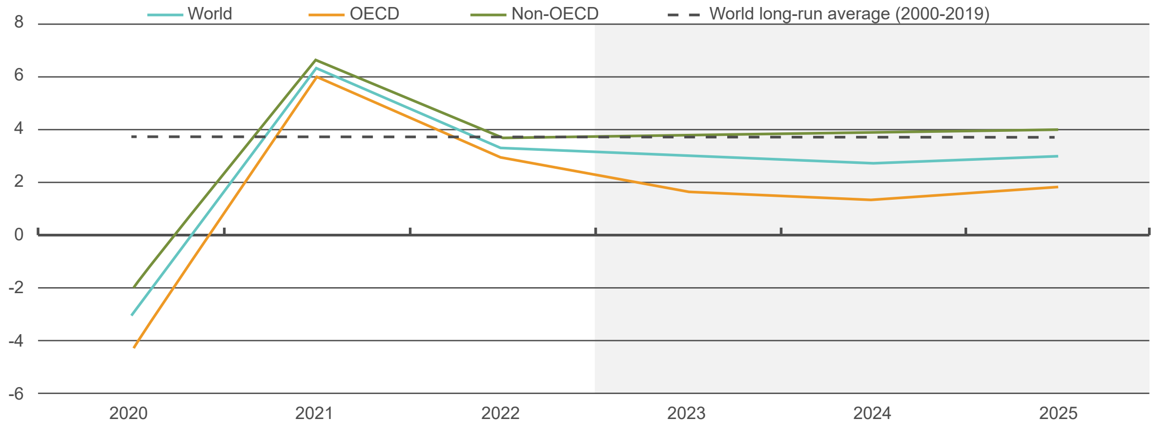
The IMF recommends intensifying structural reforms in governance and business regulations to boost productivity growth and alleviate constraints to economic activity. Increasing green investments to accelerate the transition to a low-carbon economy, as well as strengthening multilateral cooperation, while limiting geoeconomic fragmentation, are also essential to foster growth and economic development.

Meanwhile, the OECD continues to foresee a mild slowdown in the global economy, predicting in its February 2024 Economic Outlook Interim Report that growth would soften from 3.1 per cent in 2023 to 2.9 per cent in 2024, before rising to 3 per cent in 2025, underpinned by a recovery in real income growth and lower interest rates. Asia is expected to be the key driver of global growth in 2024-2025.

GDP GROWTH FORECASTS BY SUB-REGION

Global growth is expected to remain modest

Real GDP growth
%



Note: The long-run average covers annual world GDP growth from 2000 to 2019.
The shaded area indicates the projection period.
Source: OECD Economic Outlook, November 2023

Over the longer term, with government debt expected to rise significantly and pose a risk to the economy, the OECD urges rebuilding fiscal space to counter future shocks and strengthen growth. Policies enhancing competition, investment, skills and cooperation to address trade and climate change are similarly critical to boost growth prospects.

Such a global call to action is timely considering that the forecasts in the World Bank's January 2024 Global Economic Prospects report implied that global growth in the first half of the 2020s is on course to be the weakest in three decades if there are no major course corrections. To reverse the potential impact, structural reforms to boost investment and productivity growth, while strengthening fiscal policy frameworks are needed.

The report expects a slowing of global GDP growth for the third consecutive year from 2.6 per cent in 2023 to 2.4 per cent in 2024 – the weakest in any half-decade since the 1990s – before accelerating to 2.7 per cent in 2025.

Growth in the East Asia and Pacific (EAP) region, specifically, is estimated to decelerate from 5.1 per cent in 2023 to 4.5 per cent in 2024 and 4.4 per cent in 2025, weighed by PRC's slowdown amid its property sector woes.

However, in the rest of the EAP region (excluding PRC), growth is expected to increase from 4.4 per cent in 2023 to 4.7 per cent in 2024 and 2025, bolstered by robust domestic demand. Risks to the outlook remain tilted to the downside, emanating from a more severe downturn in PRC, impacting the broader region; and escalated geopolitical tensions, which could drive energy and food prices and inflation higher.

Inflation would likely ease slightly in most EAP countries in 2024 due to moderating global commodity prices, improved food supplies, and well-anchored inflation expectations. Nevertheless, interest rates are expected to remain broadly unchanged in 2024, as central banks seek to counter the impact of tight monetary policies in major advanced economies, weakening exchange rates and capital outflows, as well as the risk of inflation resurgence.

According to the Asian Development Bank (ADB), the outlook for developing Asia as a whole remains solid, driven by resilient domestic demand. For Southeast Asia, in particular, growth is expected to pick up from 4.3 per cent in 2023 to 4.7 per cent in 2024, based on ADB's December 2023 supplement of the Asian Development Outlook (ADO) report.

Growth for many of these economies in 2024 is expected to be driven mainly by higher public investment and rising consumer spending, especially on hotels/restaurants and tourism activities amid a strong recovery of international tourism across Southeast Asia.

On a Roll

For Malaysia, ADB forecasts a growth of 4.6 per cent in 2024. The downside risk to Malaysia's projected growth is still due to weak global demand, with the nation's exports of electrical and electronics (E&E), petroleum, and palm oil products expected to remain sluggish. The country's inflation in 2024 is expected to average at 2.7 per cent.

Notwithstanding the subdued global environment, the IMF projected that Malaysia's growth would rise to 4.3 per cent in 2024. Following the completion of its 2024 Article IV mission to Malaysia in December 2023, the IMF said resilient private consumption and investment as well as a rebound in public spending would help the country weather external headwinds well.

The IMF deemed the Government's policy initiatives under the MADANI Economy framework, the Mid-Term Review of the Twelfth Malaysia Plan (12MP-MTR) and the accompanying national strategic plans as appropriate to catalyse medium-term growth towards a high-income status.

In November 2023, the Governor of Bank Negara Malaysia (BNM) reiterated that Malaysia's economic fundamentals remain strong, citing the nation's diversified export destinations and products, which should help cushion the impact of weak global demand; solid external position, with a sustained net creditor position and continued surplus in the current account balance; as well as the deep financial markets that help support development.

Malaysia's official growth projection for 2024 stands at 4 to 5 per cent in 2024, as issued by both BNM and the Ministry of Finance (MoF). The faster pace of growth as compared to 3.7 per cent in 2023 will be driven by the expansion in domestic demand, specifically consumer spending amid steady employment and income prospects, as well as both private and public investment.

BNM noted there is a positive outlook for investment growth, with increased activities supported by further progress in multi-year infrastructure projects such as the East Coast Rail Line (ECRL), Johor Bahru–Singapore Rapid Transit System (RTS-Link), MyDigital 5G infrastructure and Pan Borneo Highway Project Sabah Phase 1a. Among the factors that will enhance Malaysia's appeal as an investment destination are the stabilising cost of materials and the gradual easing of labour shortage.

While Malaysia's exports declined in 2023, a gradual recovery is expected moving forward, supported by an upturn in the global tech cycle. According to the World Semiconductor Trade Statistics, global semiconductor sales, which experienced a year-on-year decline of 8.2 per cent in 2023, are expected to grow by 13.1 per cent in 2024, potentially boosting Malaysia's exports, especially in E&E products.

Malaysia's growth will also be supported by inbound tourism which continues to recover towards the pre-pandemic level, driven mainly by regional tourists from Singapore, Indonesia, and Thailand.

BNM raised the overnight policy rate (OPR) once in 2023 by 0.25 percentage point to 3.0 per cent. At this OPR level, the monetary policy stance remains supportive of the economy. Its data showed headline inflation declined to 2.5 per cent in 2023 from 3.3 per cent in 2022.

The central bank as well as the MoF in its 2024 Economic Outlook report projected that inflation would range between 2.1 and 3.6 per cent in 2024.

In its 2024 Macroeconomic Outlook, published in January 2024, Malaysian Rating Corporation Berhad (MARC) implied that easing inflation and receding pressure on the ringgit should provide space for BNM to maintain its accommodative stance and keep the OPR unchanged at 3 per cent through 2024 to support the country's economy in the face of prevailing global uncertainty. It estimated that inflation would hover around 2.5 to 3 per cent in 2024.

In a positive take, the MoF forecasted a growth of 5.4 per cent in Malaysia's private investment for 2024, boosted by new and ongoing projects in data centres, commercial buildings, and industrial facilities. The forecast represents a significant increase from the growth of 4.6 per cent in 2023 and reflects improving business sentiment and external conditions.

There will likely be a modest increase in FDI flows in 2024, according to the United Nations Conference on Trade and Development (UNCTAD) in its Global Investment Trends Monitor published on 17 January 2024. Its positive outlook is premised on moderating inflation and easing borrowing costs in major markets, which point to a stabilisation of financing conditions for international deals, and this could benefit Malaysia. Nevertheless, UNCTAD remains cognisant of the downside risks, which include rising geopolitical tensions, high debt levels in many countries, and worries about further economic decline.

Strategies for Big Wins

Maybank Investment Bank (Maybank IB) has defined 2024 as a "take-off" year for Malaysia's medium-to long-term economic transition, supported by the Government's new blueprints and legislations such as the MADANI Economy Framework, National Energy Transition Roadmap (NETR), New Industrial Master Plan (NIMP) 2030, 12MP-MTR, Hydrogen Economy and Technology Roadmap (HETR), Fiscal Responsibility Act (FRA) as well as Energy Efficiency and Conservation Act.

These Government initiatives, which are designed to attract high-tech and high-value investments, are set to resonate with investors, and this will inject momentum into the country's development plans.

MADANI Economy: Rakyat Empowerment Framework – Catapulting Nation into New Era of Growth

The "MADANI Economy: Rakyat Empowerment Framework" was unveiled in July 2023 to navigate Malaysia on its desired economic pathway over the next decade. The Framework seeks to restructure and elevate Malaysia into a leading Asian economy as well as to improve inclusivity to ensure all rakyat equitably reap the benefits of economic growth and enjoy a better quality of life.

MADANI ECONOMY: RAKYAT EMPOWERMENT FRAMEWORK

The short- and medium-term targets for the next 10 years are as follows:

Short-term targets

- To accelerate the implementation of projects related to schools and dilapidated clinics
- To eradicate hardcore poverty

Medium-term targets

- To rank Malaysia among the top 30 largest economies in the world
- To rank Malaysia among the top 12 countries in the world in the Global Competitiveness Index
- To increase the percentage of labour income to 45 per cent of total income
- To increase the female labour force participation rate to 60 per cent
- To rank Malaysia among the top 25 countries in the world in the Human Development Index
- To improve Malaysia's position in the Corruption Perceptions Index to being among the top 25 countries in the world
- To achieve fiscal sustainability with a fiscal deficit of 3 per cent, or lower

Essentially, the MADANI Economy framework serves as a foundation for other catalytic policies, such as the NETR, NIMP 2030 and 12MP-MTR.

Among other things, the initiatives outlined in these policies seek to leverage Malaysia's inherent strengths to generate promising investment opportunities in various sectors of the country.

They offer guidelines, improved infrastructure, and allocations for grants and incentives to attract international investors to explore emerging opportunities while encouraging Malaysian businesses to go global.

Mid-Term Review of the Twelfth Malaysia Plan (12MP-MTR) – Transforming the Socioeconomic Landscape

Consistent with the aspirations of the MADANI Economy, the Government has introduced

17 Big Bold measures under the 12MP-MTR to drive Malaysia's socioeconomic development. These measures include developing high-growth, high-value (HGHV) industries; enhancing fiscal sustainability; re-targetting subsidies; accelerating energy transition; advancing digitalisation and technology through GovTech, or Government Technology; empowering micro, small and medium enterprises (MSMEs); reforming social protection; acculturating society; improving access to healthcare services, housing and public transportation; as well as reforming labour market and wages towards ensuring future-ready talent.

Under the 12MP-MTR, priority is given to accelerate the development of new sources of growth, particularly in HGHV sectors, to strengthen the country's economic sustainability.

Correspondingly, MIDA and MITI have been bestowed the important role of driving the development of HGHV industries targeted under the 12MP-MTR by attracting and facilitating quality investments that strengthen the industry ecosystems. These HGHV industries are as follows:

High Value E&E HGHV Industry
– emphasising the integrated circuit design, engineering design and wafer fabrication segments

Agriculture and Agro-Based HGHV Industry
– accelerate modernisation through the adoption of smart farming technology and promote low-carbon practices

Rare Earths HGHV Industry
– develop a comprehensive business model for Rare Earth Elements (REE) covering upstream, midstream and downstream activities, including research & development & commercialisation & innovation (R&D&C&I), to maximise local output and products

Digital and Technology-Based HGHV Industry
– strengthen the venture capital ecosystem, focusing on angel investors and seed funding to promote entrepreneurship and innovation

National Energy Transition Roadmap (NETR) – Big Leap towards Low-Carbon Economy

The NETR seeks to accelerate Malaysia's shift towards a greener future. The roadmap outlines a clear pathway to navigate the complexity of energy transition on a large scale from a traditional fossil fuel-based economy to a high-value green economy. The NETR's Responsible Transition (RT) scenario will support Malaysia's pursuit of achieving net-zero as early as 2050.

It is estimated that the RT approach could yield investment opportunities totalling between RM1.2 trillion and RM1.3 trillion by 2050, contributing an additional RM220 billion to the country's GDP and creating approximately 310,000 green growth job opportunities in 2050.

This represents significant opportunities for investors, both domestic and international, to capitalise on greener market trends and participate in Malaysia's evolving and fast-growing energy sector to reap substantial returns.

Among the key investment areas are renewable energy, energy efficiency, energy storage, electrification of transportation, smart grids, and green hydrogen.

This is also in line with the six (6) energy transition levers that have been identified under the NETR to drive Malaysia's transition to a clean energy, low-carbon economy.

The levers are:

(i) Energy Efficiency (EE) – to offer effective long-term solutions to lower energy intensity and reduce carbon dioxide (CO_2) emissions

(ii) Renewable Energy (RE) – to decarbonise the national electricity system by aiming for 70 per cent RE installed capacity in the energy mix by 2050

(iii) Hydrogen – to harness the potential of hydrogen as a versatile and future-proof source of low-carbon energy carrier, and an alternative to natural gas in various sectors including industry, transportation and power generation

(iv) Bioenergy – to capitalise on Malaysia's strong bioenergy potential, with a focus on two key segments, namely agriculture-related bioenergy and non-agriculture waste such as used cooking oil and municipal solid waste

(v) Bioenergy – to capitalise on Malaysia's strong bioenergy potential, with a focus on two key segments, namely agriculture-related bioenergy and non-agriculture waste such as used-cooking oil and municipal solid waste

(vi) Green Mobility – to cut carbon emissions from the transport segment, focusing on several critical categories, namely, land transport comprising light and heavy vehicles, aviation, and marine transport

(vii) Carbon, Capture, Utilisation and Storage (CCUS) – to capture and store CO_2 from various sources, such as factories and power plants, for potential future use

In addition, the NETR has also identified 10 flagship projects that would be undertaken to facilitate Malaysia's energy transition. These flagship projects alone are expected to attract investment of more than RM25 billion, create 23,000 job opportunities and reduce Greenhouse Gas (GHG) emissions by more than 10,000 Gigagram CO_2 equivalent annually.

To address the financing gaps in this effort, the Government has committed to allocating RM2 billion as a seed fund for the National Energy Transition Facility to enable catalytic blended finance to support the energy transition projects, especially those that yield below-market returns. MIDA encourages investors to take advantage of the Government's budgetary provisions to pursue emerging opportunities in Malaysia's energy sector.

New Industrial Master Plan (NIMP) 2030 – Raising the Bar in the Manufacturing Sector

The NIMP 2030 also positions the country on a promising course for development by identifying reforms to deepen the economic complexity and raise the productivity of the manufacturing sector. As Malaysia aspires to become a high-income economy, the manufacturing sector, which contributes 23.4 per cent to the GDP, will undoubtedly continue to play a crucial role. The country will no longer rely on labour-intensive industries and low-skilled foreign labour; instead, shift towards high value-added activities such as design and development, product development, supply chain management, and integrated services solution delivery.

A key strategy under the NIMP 2030 is to intensify the downstream application of Malaysia's abundant resources. Moving forward, Malaysia aims to produce local champions that spearhead the usage of advanced materials like graphene, nitinol, rare earths, and microcrystalline cellulose (MCC) polymer, to develop innovative products in strategic sectors including electrical & electronics (E&E), medical devices, pharmaceuticals, and aerospace. The Government will continue its facilitation in strengthening the partnerships between MNCs and local companies including SMEs to spur technology transfer as well as to provide better access to funding, talent and infrastructure for R&D and commercialisation. All of these efforts are geared towards elevating domestic companies in the global manufacturing scene.

Further to attracting more quality investments into the economy, the Government will also deepen its focus on investment realisation. In this regard, the ongoing initiative by the Government to restructure the investment promotion agency (IPA) landscape stands to enhance the coordination of facilitation and monitoring efforts among the Federal IPAs— a MIDA-led initiative to ensure investors can expedite the implementation of their investment projects.

Budget 2024 – Embarking on a Transformative Journey

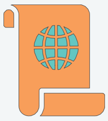
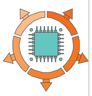
Tabled on 13 October 2023, the Budget 2024 is the largest in Malaysia's history, with an allocation of RM393.8 billion, comprising RM303.8 billion for operating expenditure and RM90 billion for development expenditure.

The budget forms a supportive measure to attract investments and help realise the visions of the MADANI Economy Framework and related policies such as the NETR and NIMP 2030.

SNAPSHOT OF KEY INITIATIVES UNDER BUDGET 2024

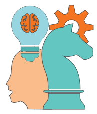
	Core Elements		Features	Objectives
1	**NIMP Fund**	♦	An allocation of RM200 million has been set as an initial fund to finance the implementation of the NIMP projects and programmes in 2024	Drive high-value economic activities in the manufacturing and services sectors

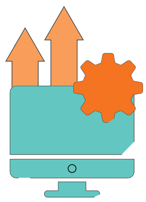
Continued on next page

<table>
<tr><th></th><th>Core Elements</th><th>Features</th><th>Objectives</th></tr>
<tr><td>2</td><td>Global Minimum Tax (GMT) system
</td><td>♦ To prepare businesses for a new global taxation standard as Malaysia aligns with international guidelines on responsible fiscal practices
♦ The GMT will be implemented by 2025 and imposed on companies with global revenues of at least 750 million euros
♦ To monitor international developments of the GMT and adjust as needed</td><td>Ensure a more equitable and sustainable global tax system</td></tr>
<tr><td>3</td><td>Ecosystem development for E&E cluster
</td><td>♦ Establish a high-tech industrial area in Kerian, Perak</td><td>Strengthen the E&E industry ecosystem in the northern region of Peninsular Malaysia

Foster the growth of high-technology industries and create a hub for innovation in the region</td></tr>
<tr><td>4</td><td>Development hub for chemical and petrochemicals</td><td>♦ A new tax incentive package will be introduced to develop the Pengerang Integrated Petroleum Complex (PIPC) as a hub for the chemical and petrochemical sector</td><td>Stimulate investments in high-value activities

Further enhance the PIPC competitiveness</td></tr>
<tr><td>5</td><td>Setting up of the Jawatankuasa Tindakan Penyelarasan Pelaburan dan Perdagangan (JTPPP) or Investment and Trade Action Coordination Committee (ITACC)</td><td>♦ The JTPPP is established to further streamline investment-related processes by reporting on implementation issues, particularly for strategic investment projects, directly to the National Investment Council (NIC) chaired by the YAB Prime Minister</td><td>Accelerate the implementation of investment and trade projects, especially the strategic and iconic ones

Accelerate the creation of economic spillover benefits to be reaped by the rakyat
</td></tr>
<tr><td>6</td><td>Reinvestment Incentives scheme under NIMP 2030
</td><td>♦ A new income exemption equivalent to investment tax allowance (ITA) is introduced for companies that reinvest in the NIMP 2030 target sectors
♦ The scheme is based on a tiered and outcome-based approach as follows:
<table>
<tr><th>Investment Tax Allowance</th><th>Tier 1</th><th>Tier 2</th></tr>
<tr><td>Qualifying Capital Expenditure</td><td>100 per cent</td><td>60 per cent</td></tr>
<tr><td>Statutory income for offsetting</td><td>100 per cent</td><td>70 per cent</td></tr>
</table>
Note: Eligible for applications received by MIDA from 1 January 2024 to 31 December 2028</td><td>Incentivise existing businesses to reinvest in high-value endeavours in the NIMP 2030 target sectors to boost economic growth

Foster expansion and diversification as well as create new economic clusters</td></tr>
<tr><td>7</td><td>Review of the Capital Allowance on Information and Communication Technology (ICT) Equipment and Computer Software</td><td>♦ The Capital Allowance claim period and rates for hardware and software acquisition have been revised to encourage companies to invest in technology
♦ The new Capital Allowance rates are as follows:
<table>
<tr><th>Qualifying Expenditure</th><th>Capital Allowance Rates</th></tr>
<tr><td>Purchase of ICT equipment and computer software packages</td><td rowspan="2">Initial Allowance: 40 per cent
Annual Allowance: 20 per cent</td></tr>
<tr><td>Consultation, licensing and incidental fees related to customised computer software development</td></tr>
</table>
Note: Effective from year of assessment 2024</td><td>Encourage companies in the manufacturing and services sectors to stay in step with technological advancement to remain competitive
</td></tr>
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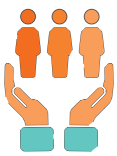
	Core Elements	Features	Objectives
8	**Global Services Hub initiative** 	♦ The Global Services Hub Tax Incentive is introduced to encourage investments in strategic service hubs in Malaysia. The scheme offers an income tax rate of 5 per cent or 10 per cent for eligible companies for up to 10 years ♦ An income tax rate of 15 per cent is also granted to eligible non-citizen individuals holding key/C-suite positions with a monthly salary of at least RM35,000 and appointed by a new company approved with the Global Services Hub Tax Incentive ♦ Applications for this incentive can be submitted to MIDA from 14 October 2023 to 31 December 2027	Maintain the competitive advantage of Malaysia's services sector
9	**Review of Green Technology Tax Incentive**	♦ The Green Technology Tax Incentives have been reviewed to further encourage investments in green technologies ♦ The reviewed incentives are now based on a tiered approach and cover a broader range of qualifying activities, including Green Hydrogen, Electric Vehicle Charging Stations, and Wind Energy ♦ Applications for Green Investment Tax Allowance (GITA) Project for business purposes and Green Income Tax Exemption (GITE) Solar Leasing can be submitted to MIDA from 1 January 2024 to 31 December 2026 ♦ Applications for GITA assets for own consumption can be made to the Malaysian Green Technology and Climate Change Corporation (MGTC) within the same timeframe	Support Malaysia's aspiration to be an inclusive, sustainable and carbon-neutral nation by 2050 
10	**Carbon capture and storage (CCS) and Hydrogen Sulphide projects**	♦ The MoF, Inland Revenue Board and Petroliam Nasional Berhad will study and draft the tax incentives for CCS and Hydrogen Sulphide projects ♦ The new scheme will be finalised at the end of 2024	Encourage manufacturing companies to invest in energy transition projects Promote greater participation in the carbon capture market
11	**Talent development** 	♦ The Academy in Industry Programme has been introduced to provide on-the-job skills for a period of up to 18 months, with an allocation of RM70 million ♦ An allocation of RM30 million has been set as an incentive for the industry to train the local workforce	Create future talent for both the manufacturing and services sectors Address the lack of local talent and skills mismatch Enhance the skills and knowledge of workers to drive Malaysia's competitiveness
12	**Research and Development (R&D) focus**	♦ A total of RM510 million is allocated as R&D funds under the Ministry of Science, Technology and Innovation (MOSTI) and Ministry of Higher Education (MOHE) ♦ Of the total, RM50 million has been earmarked as a matching grant for public universities to collaborate with the private sector in stimulating research and innovation activities that can be commercialised ♦ A total of RM76 million is also provided to strengthen the research, development, commercialisation and innovation (R&D&C&I) ecosystem by supporting the commercialisation of products created by business enterprises, non-governmental organisations (NGOs) as well as Government departments and agencies ♦ The INNOVATHON programme, which was launched in 2023, featured many creations by local talent that can be commercialised ♦ The INNOVATHON programme will therefore continue to enrich and fuel innovation among the people ♦ An allocation of RM10 million is provided for E&E technology under MIMOS Bhd, the space sector under the Malaysian Space Agency (MYSA); and drone and robotics technology under the Malaysian Research Accelerator for Technology & Innovation (MRANTI)	Create an economic growth model led by R&D&C&I activities Improve Malaysia's ranking in the Global Innovation Index to be among the top 30 by 2025 

Fundamentally, the initiatives outlined in the Budget 2024 are anchored on an outcome approach to provide an impetus for Malaysia to attract new investments and encourage reinvestments by existing investors in the country. Demonstrating the Government's resolve to boost the country's competitiveness and enhance the ease of doing business in Malaysia, these initiatives are expected to raise the confidence of investors – both domestic and international - in the country as a strategic global business destination.

The measures outlined in the Budget 2024 affirm the Government's focus on strengthening key sectors that spur transformation – specifically, E&E, in particular, IC design and wafer fabrication; specialty chemicals; aerospace; pharmaceutical and medical devices – towards a promising and prosperous future.

Priority is also given to nurturing new growth areas such as advanced materials, EV, RE and CCUS, while the services sector will be further strengthened by attracting global services and digital investments.

As the country is strategically taking transformative actions to propel its economy forward, Malaysia is well on its way to cement its position as a leading economic powerhouse in Asia with a strong growth and low-carbon trajectory.

Through policy reforms, infrastructure development, innovation promotion, and sustainable practices, new and abundant business opportunities are also being created for investors. MIDA stands ready to support and facilitate in every way possible for businesses to seize these emerging opportunities through advancing responsible investments in Malaysia.

6.0

APPENDICES

Appendix 1: Approved Manufacturing Projects, 2023 and 2022

	2023			2022		
	NEW	EXPANSION/ DIVERSIFICATION	TOTAL	NEW	EXPANSION/ DIVERSIFICATION	TOTAL
Number	435	448	**883**	416	385	**801**
Potential Employment	36,626	37,313	**73,939**	39,027	37,066	**76,093**
Total Investment (RM Million)*	56,451.5	95,516.3	**151,967.7**	35,019.7	49,254.4	**84,274.1**
Domestic (RM Million)	14,095.1	9,434.4	**23,529.5**	9,760.9	8,491.9	**18,252.8**
Foreign (RM Million)	42,356.3	86,081.9	**128,438.2**	25,258.9	40,762.5	**66,021.3**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided

Appendix 2: New Manufacturing Projects Approved by Size of Total Investment, 2023 and 2022

SIZE OF TOTAL INVESTMENT	2023					2022				
	NO.	EMPLOYMENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOYMENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*
Less Than RM2.5 million	10	180	10.7	0.7	**11.4**	8	35	5.7	2.8	**8.5**
RM2.5 million - < RM5.0 million	33	563	84.9	35.7	**120.6**	25	410	74.4	21.5	**95.9**
RM5.0 million - < RM10.0 million	82	2,242	482.0	136.8	**618.7**	90	2,904	530.8	136.6	**667.4**
RM10.0 million - < RM50.0 million	238	14,714	3,457.0	1,866.1	**5,323.1**	227	13,849	3,650.4	1,171.0	**4,821.4**
RM50.0 million - < RM100.0 million	19	2,082	743.8	578.3	**1,322.1**	29	3,490	1,199.8	842.6	**2,042.4**
RM100.0 million - < RM500.0 million	32	4,170	1,497.1	5,093.2	**6,590.3**	24	5,356	2,269.1	2,490.1	**4,759.2**
RM500.0 million - < RM1.0 billion	8	3,418	1,955.4	4,120.8	**6,076.1**	7	4,840	0.0	4,758.1	**4,758.1**
RM1.0 billion And Above	13	9,257	5,864.3	30,524.9	**36,389.2**	6	8,143	2,030.7	15,836.2	**17,866.8**
TOTAL	**435**	**36,626**	**14,095.1**	**42,356.3**	**56,451.5**	**416**	**39,027**	**9,760.9**	**25,258.9**	**35,019.7**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided

Appendix 3: Approved Manufacturing Projects by Industry, 2023 and 2022

INDUSTRY**	2023					2022				
	NO.	EMPLOYMENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOYMENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*
Electrical & Electronics	120	23,121	3,003.0	82,424.3	**85,427.3**	106	27,072	1,398.6	27,853.1	**29,251.7**
Machinery & Equipment	103	6,636	5,594.5	16,963.7	**22,558.2**	72	4,854	3,075.9	5,274.3	**8,350.2**
Chemicals & Chemical Products	80	4,902	2,687.9	6,218.2	**8,906.1**	71	2,860	1,627.4	5,724.9	**7,352.3**
Non-Metallic Mineral Products	48	6,921	2,457.8	6,295.8	**8,753.6**	29	3,201	490.9	5,331.9	**5,822.8**
Transport Equipment	50	4,931	1,990.2	5,076.6	**7,066.8**	49	3,815	1,446.5	6,602.7	**8,049.1**
Plastic Products	81	4,249	866.1	3,271.7	**4,137.8**	82	3,788	806.9	615.1	**1,422.0**
Fabricated Metal Products	153	7,509	1,926.6	2,156.8	**4,083.5**	79	3,899	889.1	765.6	**1,654.7**
Food Manufacturing	79	4,679	1,731.4	1,443.0	**3,174.4**	93	5,344	2,068.4	1,454.1	**3,522.5**
Basic Metal Products	4	673	26.5	2,345.1	**2,371.5**	31	2,894	1,083.8	900.3	**1,984.1**
Scientific & Measuring Equipment	20	2,807	354.0	953.0	**1,307.0**	25	3,389	182.8	4,561.8	**4,744.6**
Petroleum Products (Inc. Petrochemicals)	7	179	919.2	20.3	**939.5**	9	805	351.3	5,577.6	**5,928.9**
Rubber Products	13	1,200	726.7	171.1	**897.8**	22	7,592	3,183.6	418.3	**3,601.9**
Paper, Printing & Publishing	37	1,950	408.8	200.0	**608.8**	42	2,400	486.6	605.9	**1,092.5**
Furniture & Fixtures	35	1,191	197.9	222.4	**420.3**	34	1,484	327.0	174.7	**501.7**
Wood & Wood Products	16	782	264.2	128.7	**392.9**	22	791	155.5	74.3	**229.8**
Textiles & Textile Products	19	832	197.2	44.6	**241.8**	19	1,274	524.7	72.3	**596.9**
Leather & Leather Products	1	145	0.0	235.0	**235.0**	1	16	3.8	0.0	**3.8**
Beverages & Tobacco	2	96	18.9	8.3	**27.2**	8	431	112.0	0.9	**112.9**
Miscellaneous	15	1,136	158.7	259.4	**418.1**	7	184	38.1	13.6	**51.6**
TOTAL	**883**	**73,939**	**23,529.5**	**128,438.2**	**151,967.7**	**801**	**76,093**	**18,252.8**	**66,021.3**	**84,274.1**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
**: Reporting of data is guided by the Malaysia Standard Industrial Classification 2008 (MSIC 2008)

Appendix 4: Approved Manufacturing Projects with Investments of RM100 million and Above, 2023

INDUSTRY**	NEW					EXPANSION/ DIVERSIFICATION					TOTAL				
	NO.	EMPLOY-MENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOY-MENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOY-MENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*
Electrical & Electronics	12	3,688	1,000.1	10,117.3	**11,117.4**	28	14,398	1,602.4	71,061.0	**72,663.4**	40	18,086	2,602.5	81,178.3	**83,780.8**
Machinery & Equipment	9	2,048	3,885.2	13,506.4	**17,391.6**	11	1,920	863.1	2,784.7	**3,647.8**	20	3,968	4,748.4	16,291.1	**21,039.4**
Non-Metallic Mineral Products	6	3,316	1,411.8	3,015.3	**4,427.1**	4	1,818	471.0	2,875.4	**3,346.4**	10	5,134	1,882.8	5,890.6	**7,773.4**
Chemicals & Chemical Products	9	2,914	1,414.9	5,300.3	**6,715.3**	5	316	421.0	176.8	**597.8**	14	3,230	1,835.9	5,477.1	**7,313.1**
Transport Equipment	4	1,858	910.0	4,611.5	**5,521.5**	5	1,080	508.1	269.5	**777.6**	9	2,938	1,418.1	4,881.0	**6,299.1**
Plastic Products	2	835	0.0	864.9	**864.9**	6	1,534	478.9	1,939.0	**2,417.9**	8	2,369	478.9	2,803.9	**3,282.8**
Basic Metal Products	-	-	-	-	**-**	1	615	0.0	2,299.9	**2,299.9**	1	615	0.0	2,299.9	**2,299.9**
Food Manufacturing	3	169	260.2	276.4	**536.6**	6	1,417	434.6	1,064.1	**1,498.6**	9	1,586	694.8	1,340.5	**2,035.2**
Fabricated Metal Products	3	1,398	106.0	1,457.3	**1,563.2**	2	292	237.8	0.0	**237.8**	5	1,690	343.8	1,457.3	**1,801.0**
Petroleum Products (Inc. Petrochemicals)	-	-	-	-	**-**	1	98	866.9	0.0	**866.9**	1	98	866.9	0.0	**866.9**
Scientific & Measuring Equipment	1	83	0.0	191.1	**191.1**	3	1,678	145.4	506.0	**651.3**	4	1,761	145.4	697.0	**842.4**
Rubber Products	2	381	328.6	141.8	**470.4**	1	175	232.3	27.8	**260.2**	3	556	560.9	169.6	**730.6**
Leather & Leather Products	-	-	-	-	-	1	145	0.0	235.0	**235.0**	1	145	0.0	235.0	**235.0**
Furniture & Fixtures	1	80	0.0	122.7	**122.7**	-	-	-	-	**-**	1	80	0.0	122.7	**122.7**
Miscellaneous	1	75	0.0	134.0	**134.0**	-	-	-	-	**-**	1	75	0.0	134.0	**134.0**
TOTAL	**53**	**16,845**	**9,316.8**	**39,738.8**	**49,055.6**	**74**	**25,486**	**6,261.6**	**83,239.2**	**89,500.8**	**127**	**42,331**	**15,578.4**	**122,978.0**	**138,556.4**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
**: Reporting of data is guided by the Malaysia Standard Industrial Classification 2008 (MSIC 2008)

Appendix 5: Approved New and Expansion/Diversification Manufacturing Projects by Industry, 2023 and 2022

INDUSTRY**	2023						2022					
	NEW		EXP./DIV.		TOTAL		NEW		EXP./DIV.		TOTAL	
	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*
Electrical & Electronics	42	11,737.3	78	73,690.0	120	**85,427.3**	45	5,036.8	61	24,214.9	106	**29,251.7**
Machinery & Equipment	50	18,140.9	53	4,417.3	103	**22,558.2**	28	2,137.8	44	6,212.4	72	**8,350.2**
Chemicals & Chemical Products	37	7,380.5	43	1,525.7	80	**8,906.1**	39	6,698.6	32	653.7	71	**7,352.3**
Non-Metallic Mineral Products	33	5,189.5	15	3,564.2	48	**8,753.6**	20	3,043.9	9	2,778.9	29	**5,822.8**
Transport Equipment	18	5,788.5	32	1,278.3	50	**7,066.8**	20	795.2	29	7,253.9	49	**8,049.1**
Plastic Products	32	1,289.2	49	2,848.6	81	**4,137.8**	42	1,054.1	40	367.9	82	**1,422.0**
Fabricated Metal Products	80	2,996.6	73	1,086.9	153	**4,083.5**	46	874.5	33	780.2	79	**1,654.7**
Food Manufacturing	47	1,301.1	32	1,873.3	79	**3,174.4**	65	1,509.6	28	2,013.0	93	**3,522.5**
Basic Metal Products	1	26.5	3	2,345.1	4	**2,371.5**	14	867.3	17	1,116.7	31	**1,984.1**
Scientific & Measuring Equipment	6	248.5	14	1,058.5	20	**1,307.0**	9	3,706.3	16	1,038.3	25	**4,744.6**
Petroleum Products (Inc. Petrochemicals)	2	37.8	5	901.7	7	**939.5**	6	5,649.0	3	279.8	9	**5,928.9**
Rubber Products	8	593.8	5	304.0	13	**897.8**	7	2,289.5	15	1,312.4	22	**3,601.9**
Paper, Printing & Publishing	30	574.9	7	33.9	37	**608.8**	29	659.1	13	433.4	42	**1,092.5**
Furniture & Fixtures	24	399.8	11	20.5	35	**420.3**	16	215.1	18	286.6	34	**501.7**
Wood & Wood Products	12	360.1	4	32.8	16	**392.9**	11	167.2	11	62.6	22	**229.8**
Textiles & Textile Products	8	151.2	11	90.7	19	**241.8**	9	164.6	10	432.3	19	**596.9**
Leather & Leather Products	0	0.0	1	235.0	1	**235.0**	1	3.8	0	0.0	1	**3.8**
Beverages & Tobacco	0	0.0	2	27.2	2	**27.2**	6	110.9	2	2.0	8	**112.9**
Miscellaneous	5	235.3	10	182.7	15	**418.1**	3	36.5	4	15.1	7	**51.6**
TOTAL	**435**	**56,451.5**	**448**	**95,516.3**	**883**	**151,967.7**	**416**	**35,019.7**	**385**	**49,254.4**	**801**	**84,274.1**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
**: Reporting of data is guided by the Malaysia Standard Industrial Classification 2008 (MSIC 2008)

Appendix 6: Approved Manufacturing Projects with Malaysian Majority Ownership by Industry, 2023 and 2022

INDUSTRY**	2023						2022					
	NEW		EXP./DIV.		TOTAL		NEW		EXP./DIV.		TOTAL	
	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*
Machinery & Equipment	31	5,035.3	37	1,283.9	68	**6,319.2**	18	283.2	26	2,806.6	44	**3,089.8**
Electrical & Electronics	12	1,181.7	17	2,347.3	29	**3,529.0**	18	575.6	21	801.9	39	**1,377.5**
Chemicals & Chemical Products	20	1,841.3	25	855.4	45	**2,696.7**	29	1,440.0	16	199.6	45	**1,639.6**
Rubber Products	8	593.8	4	301.5	12	**895.3**	7	2,289.5	13	901.2	20	**3,190.7**
Transport Equipment	11	1,070.4	22	1,020.8	33	**2,091.2**	19	768.7	22	959.4	41	**1,728.1**
Food Manufacturing	44	1,035.6	25	559.3	69	**1,594.9**	57	1,260.4	17	347.7	74	**1,608.1**
Fabricated Metal Products	59	1,188.7	55	750.1	114	**1,938.8**	38	580.2	27	326.4	65	**906.5**
Non-Metallic Mineral Products	19	1,667.8	7	567.1	26	**2,234.8**	16	450.4	4	31.1	20	**481.5**
Plastic Products	21	220.2	33	662.3	54	**882.4**	36	553.3	32	226.7	68	**780.0**
Petroleum Products (Inc. Petrochemicals)	1	17.8	5	901.7	6	**919.5**	4	527.8	2	13.5	6	**541.3**
Basic Metal Products	1	26.5	0	0.0	1	**26.5**	6	247.4	14	769.6	20	**1,017.0**
Paper, Printing & Publishing	22	390.7	7	33.9	29	**424.6**	22	433.1	8	46.7	30	**479.8**
Textiles & Textile Products	5	110.7	10	85.0	15	**195.7**	6	123.6	10	432.3	16	**555.9**
Scientific & Measuring Equipment	4	35.4	4	318.6	8	**354.0**	4	55.5	10	132.4	14	**187.9**
Furniture & Fixtures	17	194.4	10	9.4	27	**203.9**	12	172.6	12	156.8	24	**329.4**
Wood & Wood Products	8	231.6	4	32.8	12	**264.3**	9	103.8	10	53.1	19	**157.0**
Miscellaneous	2	31.3	7	130.1	9	**161.4**	1	23.2	3	14.8	4	**38.0**
Beverages & Tobacco	0	0.0	1	12.3	1	**12.3**	6	110.9	1	2.0	7	**112.9**
Leather & Leather Products	-	-	-	-	-	**-**	1	3.8	0	0.0	1	**3.8**
GRAND TOTAL	**285**	**14,873.0**	**273**	**9,871.4**	**558**	**24,744.5**	**309**	**10,003.0**	**248**	**8,221.7**	**557**	**18,224.7**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
**: Reporting of data is guided by the Malaysia Standard Industrial Classification 2008 (MSIC 2008)

Appendix 7: Projects Approved in the Engineering Support Industry by Sub-Sector, 2023

SUB-SECTOR	NEW					EXPANSION/ DIVERSIFICATION					TOTAL				
	NO.	EMPLOYMENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOYMENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOYMENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*
Machining	15	586	215.1	39.4	**254.5**	15	484	170.7	51.7	**222.4**	30	1,070	385.8	91.1	**476.9**
Casting	2	523	23.0	324.3	**347.4**	1	93	0.0	19.2	**19.2**	3	616	23.0	343.5	**366.6**
Surface Engineering	7	445	122.2	16.1	**138.3**	3	192	0.0	93.5	**93.5**	10	637	122.2	109.6	**231.7**
Moulds, Tools & Dies	10	444	105.1	63.1	**168.2**	6	67	14.6	20.5	**35.1**	16	511	119.8	83.6	**203.3**
Jigs & Fixtures	2	93	10.0	8.5	**18.5**	3	235	143.9	0.0	**143.9**	5	328	153.9	8.5	**162.4**
Stamping	3	152	12.1	29.9	**42**	2	102	29.8	0.0	**29.8**	5	254	41.8	29.9	**71.8**
TOTAL	**39**	**2,243**	**487.5**	**481.4**	**968.9**	**30**	**1,173**	**359**	**184.8**	**543.9**	**69**	**3,416**	**846.5**	**666.2**	**1,512.70**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided

Appendix 8: Projects Approved in the Machinery & Equipment Industry by Sub-Sector, 2023

SUB-SECTOR	NEW					EXPANSION/ DIVERSIFICATION					TOTAL				
	NO.	EMPLOY-MENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOY-MENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOY-MENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*
Specialised Machinery For Specific Industries	6	1,073	41.3	6,506.0	**6,547.3**	14	1,198	803.3	2,459.1	**3,262.4**	20	2,271	844.6	8,965.1	**9,809.7**
General Industrial Machinery, Equipment & Parts	37	1,635	371.9	6,582.3	**6,954.2**	26	829	333.6	321.7	**655.3**	63	2,464	705.6	6,903.9	**7,609.5**
Weapons & Ammunition	3	747	3,885.2	644.7	**4,529.9**	-	-	-	-	-	3	747	3,885.2	644.7	**4,529.9**
Machinery/Equipment Modules or Industrial Parts/Components	4	304	57.5	52.0	**109.5**	11	729	33.6	398.0	**431.6**	15	1,033	91.1	450.0	**541.1**
Power Generating Machinery & Equipment	-	-	-	-	-	1	121.0	61.3	0.0	**61.3**	1	121.0	61.3	0.0	**61.3**
Maintenance, Upgrading or Reconditioning of M&E	-	-	-	-	-	1	0	6.7	0.0	**6.7**	1	0	6.7	0.0	**6.7**
TOTAL	**50**	**3,759**	**4,356.0**	**13,784.9**	**18,140.9**	**53**	**2,877**	**1,238.5**	**3,178.8**	**4,417.3**	**103**	**6,636**	**5,594.5**	**16,963.7**	**22,558.2**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided

Appendix 9: Projects Approved in the Electrical & Electronics Products Industry by Sub-Sector, 2023

SUB-SECTOR	NEW					EXPANSION/ DIVERSIFICATION					TOTAL				
	NO.	EMPLOY-MENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOY-MENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*	NO.	EMPLOY-MENT	DOMESTIC INVESTMENT (RM MILLION)	FOREIGN INVESTMENT (RM MILLION)	TOTAL INVESTMENT (RM MILLION)*
Electronic Components	7	380	15.2	198.9	**214.1**	31	10,784	1,433.1	67,797.4	**69,230.6**	38	11,164	1,448.3	67,996.4	**69,444.7**
Electrical Components	13	2,506	1,056.3	7,049.0	**8,105.4**	15	3,275	232.5	2,333.5	**2,566.0**	28	5,781	1,288.8	9,382.5	**10,671.3**
Industrial Electronics	11	2,322	80.3	2,996.1	**3,076.4**	15	2,007	147.9	1,582.3	**1,730.2**	26	4,329	228.2	4,578.4	**4,806.6**
Consumer Electronics	6	415	11.6	172.9	**184.5**	12	1,032	16.1	118.1	**134.2**	18	1,447	27.7	291.0	**318.7**
Industrial Electrical	4	132	6.8	143.8	**150.6**	-	-	-	-	**-**	4	132	6.8	143.8	**150.6**
Electrical Appliances	1	10	0	6.4	**6.4**	5	258	3.1	26.0	**29.1**	6	268	3.1	32.3	**35.4**
TOTAL	**42**	**5,765**	**1,170.2**	**10,567.1**	**11,737.3**	**78**	**17,356**	**1,832.8**	**71,857.2**	**73,690.0**	**120**	**23,121**	**3,003.0**	**82,424.3**	**85,427.3**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided

Appendix 10: Approved Manufacturing Projects with Foreign Participation by Country, 2023 and 2022

COUNTRY ***	2023			2022		
	NO.	EMPLOYMENT	FOREIGN INVESTMENT (RM MILLION)*	NO.	EMPLOYMENT	FOREIGN INVESTMENT (RM MILLION)*
The Netherlands	15	889	34,854.1	11	3,458	8,784.2
USA	27	6,063	18,119.7	24	10,844	4,300.4
Cayman Islands	10	2,143	16,852.0	1	40	87.5
Singapore	122	15,293	12,870.2	83	9,849	9,609.9
The People's Republic of China	64	9,305	11,992.0	46	6,193	9,554.9
Japan	32	5,262	10,186.5	35	4,659	9,184.7
Sweden	6	260	5,158.5	1	109	163.0
Korea, Rep.	8	1,223	3,709.3	3	1,344	6,275.4
Hong Kong SAR, China	31	4,648	3,708.8	20	7,959	4,848.3
Belgium	3	366	3,035.1	2	239	330.6
Taipei	22	5,540	2,890.3	20	2,201	572.3
Germany	3	859	1,315.0	13	2,156	8,775.2
Philippines	4	1,700	1,130.5	-	-	-
Seychelles	2	156	449.6	-	-	-
United Kingdom	10	420	351.6	11	1,021	659.7
France	8	445	254.5	3	212	48.3
Switzerland	1	11	226.0	13	735	1,285.7
British Virgin Islands	3	895	219.7	-	-	-
Italy	3	281	219.0	-	-	-
Australia	10	127	176.2	6	489	146.4
Thailand	4	335	101.2	2	63	46.0
Pakistan	2	129	97.6	-	-	-
Indonesia	5	445	95.9	-	-	-
Russian Federation	2	141	66.6	-	-	-
Luxembourg	2	140	63.8	1	109	12.9
Others	10	230	48.7	8	376	20.7
United Arab Emirates	2	243	45.4	4	271	52.2
Türkiye	1	20	45.0	2	188	51.3
Denmark	2	16	39.7	2	123	136.7
Norway	3	185	32.3	-	-	-
Jordan	1	80	23.5	1	144	7.7
Bahamas	1	200	23.1	-	-	-
India	5	53	17.6	4	158	60.5
Ireland	2	67	14.1	1	650	650
Myanmar	1	7	3.1	-	-	-
Canada	2	161	2.2	-	-	-
Afghanistan	-	-	-	1	75	112.6
Austria	-	-	-	2	132	68.5
Samoa	-	-	-	2	72	39.8
Mauritius	-	-	-	1	13	64
Syria	-	-	-	1	26	6.3
Yemen	-	-	-	1	0	0.0
Poland	-	-	-	1	19	64.7
Liechtenstein	-	-	-	1	5	0.7
GRAND TOTAL	**	**	**128,438.2**	**	**	**66,021.30**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
** : Figures are is not totalled due to avoid double counting
*** : Reporting of foreign investment is based on immediate investing country

Appendix 11: Approved Manufacturing Projects by States, 2023 and 2022

STATE	2023						2022					
	NEW		EXP./DIV.		TOTAL		NEW		EXP./DIV.		TOTAL	
	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*	NO.	TOTAL INVESTMENT (RM MILLION)*
Pulau Pinang	64	14,076.0	85	49,344.7	149	**63,420.6**	67	3,411.4	68	10,299.5	135	**13,710.9**
Kedah	28	11,576.8	35	15,248.6	63	**26,825.4**	24	2,152.0	18	9,831.2	42	**11,983.2**
Selangor	128	5,381.4	106	13,928.0	234	**19,309.3**	138	4,485.7	127	7,722.1	265	**12,207.7**
Johor	112	9,040.0	131	5,577.4	243	**14,617.3**	90	11,333.0	76	3,249.5	166	**14,582.5**
Sarawak	17	1,807.4	11	5,891.7	28	**7,699.1**	4	36.6	4	1,249.1	8	**1,285.7**
Negeri Sembilan	19	6,815.7	19	786.0	38	**7,601.7**	16	610.2	17	6,521.8	33	**7,132.0**
Melaka	11	455.6	14	2,865.0	25	**3,320.6**	12	548.4	21	6,544.1	33	**7,092.5**
Terengganu	8	3,234.1	2	40.0	10	**3,274.1**	8	298.0	3	12.0	11	**310.0**
Perak	21	1,504.9	22	1,265.7	43	**2,770.6**	23	1,097.6	30	2,818.3	53	**3,915.9**
Sabah	8	1,355.2	11	154.8	19	**1,510.0**	17	8,342.6	6	38.6	23	**8,381.2**
Pahang	9	1,036.6	6	343.6	15	**1,380.2**	6	2,513.9	7	23.50	13	**2,537.3**
Kelantan	8	138.3	3	30.6	11	**168.9**	4	54.5	3	938.0	7	**992.5**
W.P. Kuala Lumpur	2	29.4	3	40.3	5	**69.7**	6	132.7	5	6.7	11	**139.4**
W.P. Labuan	-	-	-	-	-	-	1	3.3	0	0.0	1	**3.3**
TOTAL	**435**	**56,451.5**	**448**	**95,516.3**	**883**	**151,967.7**	**416**	**35,019.7**	**385**	**49,254.4**	**801**	**84,274.1**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided

Appendix 12: Investments Approved in Services Sector, 2023 and 2022

SERVICES SECTOR	NUMBER		POTENTIAL EMPLOYMENT		TOTAL INVESTMENT (RM MILLION)*	
	2023	2022	2023	2022	2023	2022
Information And Communications	338	391	23,829	13,712	63,698.1	86,697.6
Real Estate	1,565	754	NA	NA	60,950.1	28,959.2
Utilities	48	20	NA	NA	11,143.9	11,409.0
Distributive Trade	1,145	1,242	21,701	35,948	11,129.8	6,232.4
Support Services	722	788	2,687	4,875	10,457.6	4,190.2
Financial Services	42	49	178	124	6,313.9	11,196.1
Transport Services	37	30	690	390	1,344.3	1,475.7
Hotel And Tourism	13	16	678	1,917	1,182.0	2,066.1
Global Establishments	83	102	648	1,223	878.2	1,971.3
Health Services	4	6	710	4,098	727.4	2,138.9
Education Services	143	237	1,611	1,247	564.9	618.0
Other Services	3	9	0	0	16.1	139.3
TOTAL	**4,143**	**3,644**	**52,732**	**63,534**	**168,406.2**	**157,093.9**

Note : NA - Data is not available
*Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided

Appendix 13: Investments Approved in Primary Sector, 2023 and 2022

PRIMARY SECTOR	NUMBER		EMPLOYMENT		TOTAL INVESTMENT (RM MILLION)*	
	2023	2022	2023	2022	2023	2022
Mining	47	26	110	153	8,768.5	23,995.5
Plantation And Commodities	28	36	551	381	312.6	2,238.2
Agriculture	0	10	0	279	0	154.4
TOTAL	**75**	**72**	**661**	**813**	**9,081.1**	**26,388.1**

Note : * Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided

Appendix 14: Approved Investments in Various Economic Sectors by State, 2023 and 2022

STATE	2023					2022				
	NO. OF PROJECTS	EMPLOYMENT	DOMESTIC INVESTMENT (RM MILLION)*	FOREIGN INVESTMENT (RM MILLION)*	TOTAL INVESTMENT (RM MILLION)*	NO. OF PROJECTS	EMPLOYMENT	DOMESTIC INVESTMENT (RM MILLION)*	FOREIGN INVESTMENT (RM MILLION)*	TOTAL INVESTMENT (RM MILLION)*
Pulau Pinang	415	20,701	10,230.6	61,651.3	**71,881.9**	304	17,673	6,172.4	10,157.1	**16,329.4**
W.P. Kuala Lumpur	768	25,684	27,790.1	30,559.7	**58,349.8**	641	29,611	15,408.3	9,635.7	**25,044.0**
Selangor	1,319	33,085	37,926.0	17,337.4	**55,263.4**	1,376	41,738	27,455.1	33,030.2	**60,485.3**
Johor	751	19,053	12,053.7	31,002.2	**43,055.9**	570	16,762	11,819.7	58,786.0	**70,605.7**
Kedah	238	9,737	4,648.1	24,079.9	**28,728.0**	195	6,072	1,983.7	11,147.0	**13,130.7**
Sarawak	267	2,492	13,502.6	7,814.7	**21,317.3**	166	1,564	16,395.7	12,398.2	**28,793.9**
Sabah	126	1,161	11,213.5	132.7	**11,346.3**	89	4,566	2,390.0	9,171.7	**11,561.7**
Negeri Sembilan	189	3,250	4,053.7	6,037.5	**10,091.2**	166	3,597	2,298.1	6,583.1	**8,881.3**
Perak	356	3,584	6,404.5	2,100.4	**8,504.9**	294	7,682	4,322.5	2,283.0	**6,605.5**
Melaka	189	3,670	3,240.2	2,767.4	**6,007.6**	160	4,705	2,037.9	6,536.8	**8,574.8**
Terengganu	52	3,253	841.3	2,907.7	**3,748.9**	52	474	521.6	28.1	**549.7**
Pahang	165	742	2,087.9	887.5	**2,975.4**	141	4,622	5,179.4	31.3	**5,210.7**
Kelantan	87	497	1,182.1	0.1	**1,182.1**	72	932	1,838.4	918.9	**2,757.3**
W.P. Putrajaya	29	183	1,016.7	1.0	**1,017.7**	17	244	522.0	1.1	**523.1**
W.P. Labuan	31	214	85.3	449.4	**534.6**	24	127	83.7	139.1	**222.8**
Perlis	28	26	188.1	0.3	**188.4**	11	65	67.7	0.2	**67.9**
Undecided**	91	0	4,625.2	636.4	**5,261.6**	239	6	5,924.4	2,487.8	**8,412.3**
TOTAL	**5,101**	**127,332**	**141,089.6**	**188,365.4**	**329,455.0**	**4,517**	**140,440**	**104,420.7**	**163,335.4**	**267,756.0**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
**: Proposed state details not available

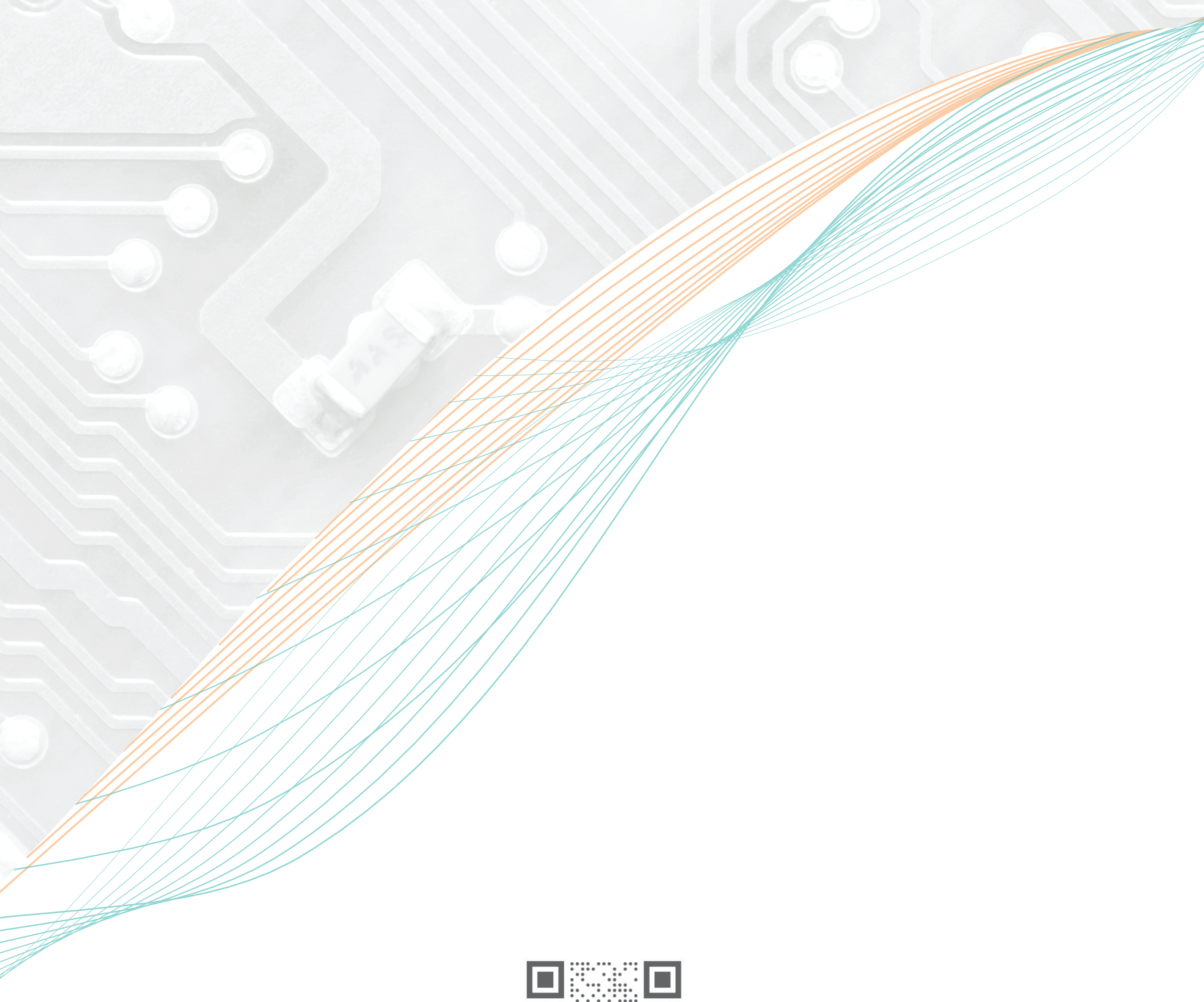
Appendix 15: Approved Investments in Various Economic Sectors with Foreign Participation by Country, 2023 and 2022

COUNTRY **	2023			2022		
	NO. OF PROJECTS	EMPLOYMENT	FOREIGN INVESTMENT (RM MILLION)*	NO. OF PROJECTS	EMPLOYMENT	FOREIGN INVESTMENT (RM MILLION)*
Singapore	301	28,756	43,691.8	250	24,905	13,466.8
The Netherlands	37	1,824	35,513.6	44	4,775	20,368.1
USA	62	11,054	21,531.2	51	12,717	29,160.0
Cayman Islands	15	2,644	17,465.4	3	116	88.5
The People's Republic of China	122	10,371	14,466.1	91	11,545	55,431.9
Japan	148	9,995	13,645.7	174	17,218	11,396.3
British Virgin Islands	10	1,006	7,361.0	10	703	570.7
Sweden	13	526	5,196.1	5	1,553	194.0
Hong Kong SAR, China	66	7,435	5,133.6	50	8,769	5,130.6
Korea, Rep	47	1,568	3,811.0	39	2,323	6,406.7
Belgium	5	372	3,036.8	3	240	331.6
Taipei	45	6,301	2,940.7	42	2,472	1,344.5
Luxembourg	4	164	2,344.3	1	109	12.9
Italy	13	480	2,166.7	8	160	43.7
Germany	23	1,868	1,836.4	41	2,599	9,560.3
United Kingdom	26	1,518	1,235.5	36	3,071	1,462.1
Philippines	6	1,701	1,136.5	1	1	5.0
Thailand	22	1,094	574.2	13	364	386.8
Seychelles	2	156	449.6	-	-	-
India	39	1,750	399.4	22	959	245.9
France	23	1,068	349.9	15	1,726	969.7
Australia	26	747	324.4	16	917	367.3
Switzerland	10	277	292.0	26	1,102	1,378.2
Denmark	6	261	270.4	7	316	149.1
Russia	5	194	254.7	1	2	0.4
Indonesia	18	687	205.8	15	147	115.9
Türkiye	5	77	121.6	6	407	163.7
Finland	2	19	118.9	1	85	43.4
Pakistan	7	154	103.8	3	13	3.0
United Arab Emirates	4	291	66.2	9	355	179.2
Kazakhstan	2	71	64.2	-	-	-
Norway	4	218	52.6	1	8	9.0
Guinea	2	26	50.4	-	-	-
Ireland	6	248	37.7	2	780	711.9
Yemen	4	24	37.0	8	32	52.3
Bangladesh	4	95	30.4	8	415	67.6
Vietnam	3	2	29.5	2	3	45.4
Portugal	1	74	25.5	1	5	1.0
Spain	8	39	24.3	4	21	7.6
Jordan	1	80	23.5	1	144	7.7
Bahamas	1	200	23.1	-	-	-
Syria	6	92	11.4	2	30	7.3
Canada	7	244	11.1	2	31	6.3
Austria	2	59	9.4	7	551	81.8
Egypt	1	17	8.2	1	2	1.2
Nepal	1	26	7.0	-	-	-
Sri Lanka	2	27	6.7	3	59	40.2
Saudi Arabia	2	21	5.7	-	-	-

Continue on the next page

COUNTRY**	2023			2022		
	NO. OF PROJECTS	EMPLOYMENT	FOREIGN INVESTMENT (RM MILLION)*	NO. OF PROJECTS	EMPLOYMENT	FOREIGN INVESTMENT (RM MILLION)*
Iran	3	21	5.0	1	4	1.0
Nigeria	2	22	3.5	-	-	-
Myanmar	1	7	3.1	-	-	-
Libya	1	5	2.4	-	-	-
Maldives	2	8	2.0	1	7	1.0
British Indian Ocean Terr.	1	170	1.5	-	-	-
Mauritius	1	5	1.0	1	13	64.0
Bulgaria	1	1	1.0	-	-	-
Bermuda	1	1	0.7	1	2	0.8
Brunei	1	21	0.3	-	-	-
Afghanistan	10	0	0.2	1	75	112.6
Poland	-	-	-	1	19	64.7
Kuwait	-	-	-	1	0	31.1
Liberia	-	-	-	1	134	8.5
Marshall Islands	-	-	-	1	351	7.1
New Zealand	-	-	-	2	71	63.0
Lebanon	-	-	-	2	7	2.0
Samoa	-	-	-	2	72	39.8
Liechtenstein	-	-	-	2	5	0.8
Others	101	2,583	1,843.4	263	1,464	2,923.2
TOTAL	***	***	**188,365.4**	***	***	**163,335.4**

Note *: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
**: Reporting of foreign investment is based on immediate investing country
***: Figures are not totalled to avoid double counting



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

MIDA Sentral

No.5, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

Tel: 603 2267 3633 I Fax: 603 2274 7970 I Web: www.mida.gov.my I E-mail: investment@mida.gov.my