

# Malaysia's Economy Continues To Soar To Greater Heights

*Attracted Record-Breaking Approved Investments Worth USD73.5 billion in 2021*

KUALA LUMPUR, MALAYSIA , March 8, 2022 /EINPresswire.com/ -- Malaysia gained new economic growth with USD73.5 billion worth of approved investments in the manufacturing, services and primary sectors in 2021. The country remained an attractive investment destination for global and regional business expansion as total Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) numbers exceeded expectations with stellar performance in 2021, increasing to 83.1 per cent from the achievement attained 2020.



YB. Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry Malaysia, MITI (center) launching the Malaysia Investment Performance Report 2021, witnessed by YB. Datuk Lim Ban Hong, Deputy Minister of MITI (right) and

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*YB. Dato' Seri Mohamed  
Azmin Ali*

"Our robust business ecosystem has enabled us to secure strategic investments and forge new trade relationships placing us on a positive trajectory to propel our economy to greater heights as well as expedite efforts towards inclusive socio-economic growth." said YB. Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry (MITI) at the MIDA's Annual Media Conference (AMC) 2022.

"The easing of pandemic containment measures has allowed for the resumption of economic activities coupled with high vaccination rates among diverse industries and professionals. Further efforts were put in place to ensure that the business ecosystem remains responsive to global trends with policies and initiatives for business facilitation,

talent upskilling and reskilling, digitalisation and automation. In a nutshell, these measures have successfully placed our economy on a firm and resilient footing towards the path of vibrant growth and sustainable recovery," he added.

The Senior Minister also iterated that the recent FDI's stellar performance accounted for nearly 68.1 per cent of approved investments, valued at USD50.0 billion compared to USD15.9 billion in 2020 which is an increase of 224.9 per cent, while DDI totalled USD23.5 billion. The DDI complemented FDI performance, making up 31.9 per cent of the total investment value. The manufacturing sector led the way for total investments approved in 2021, recording USD46.8 billion, followed by the services sector USD22.6 billion and the primary sector with USD4.15 billion.

The Netherlands (USD18.7 billion), Singapore (USD11.3 billion), People's Republic of China (PRC) (USD7.5 billion), Austria (USD4.5 billion) and Japan (USD2.4 billion) accounted for 88.9 per cent of total FDI approved in the manufacturing, services and primary sectors.

Pulau Pinang (USD20.0 billion) recorded the highest investments approved last year, followed by Kedah (USD16.4 billion), Kuala Lumpur (USD9.0 billion), Selangor (USD6.9 billion) and Sarawak (USD6.2 billion). These five states contributed 79.6 per cent of the total approved investments for 2021.

### Manufacturing Takes the Lead

Malaysia's manufacturing sector secured projects worth USD46.8 billion for 2021 compared to



YB. Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry Malaysia, announcing the stellar performance of Malaysia's approved investments for the year 2021 at the MIDA Annual Media Conference 2022.



Datuk Arham Abdul Rahman, CEO of MIDA delivering his welcome remarks at the Annual Media Conference 2022, which is MIDA's flagship event highlighting Malaysia's investment performance across the manufacturing, services and primary sectors.

the USD22.7 billion it gained in 2020 – a major increase of 113.7 per cent. These achievements will offer 74,575 job opportunities, whereby 28,698 are managerial, technical, supervisory and skilled (MTS) positions.

The electrical and electronics (E&E) industry received the most investment opportunities, with 94 approved projects worth USD35.5 billion. Besides the E&E industry, Malaysia attracted high levels of approved investments in other industries, including basic metal products (USD4.7 billion), chemicals and chemical products (USD1.4 billion), rubber products (USD1.4 billion) and food manufacturing (USD1.3 billion).

Malaysia has secured 75 capital intensive projects valued at RM100 million and above and these projects will spur the growth of new advanced manufacturing technologies and produce a highly-skilled workforce.

Pulau Pinang (USD18.3 billion) recorded the highest investments approved last year, followed by Kedah (USD15.9 billion), Pahang (USD2.5 billion), Selangor (USD1.8 billion) and Johor (USD1.7 billion). These five states alone contributed more than 85 per cent of the total approved investments for 2021.

The manufacturing sector continued to be the mainstay of the economy for 2021 generating significant multiplier effects on the nation's activities and growth. The percentage of quality projects approved increased to 81.3 per cent in 2021. As reflected by the MTS (Managerial, Technical, Supervisory and Skilled) Index, the number of job opportunities in these positions increased to 38.5 per cent in 2021.

The Less Developed Areas incentive was introduced in 2015 to spur regional development and inclusiveness through substantial employment creation and rural development in the country's transition to a high-income economy. In 2021, we secured a total of USD19.4 billion (41.4 per cent) worth of approved investment, compared to USD8.5 billion (37.6 per cent) gained in 2020. The Senior Minister stressed that "As part of the realisation of the Shared Prosperity Vision 2030, it is notable that in 2021, we secured a total of USD19.4 billion worth of approved investments for less developed areas."

Notable projects approved last year consist of multinational corporations in the high-impact and high-technology industries that have established their operations in Malaysia. This includes Risen Solar, which will invest USD10.1 billion to bring design development and manufacturing of solar modules and solar cells, followed by Intel Electronics with an investment of USD7.2 billion to produce wafer fabrication and stacked dies. AT&S, a global leader of high-end printed circuit boards and integrated circuit substrates with an investment of USD2.0 billion, will establish design development and manufacture of its IC Substrates in Kulim Hi-Tech Park. This massive expansion attests to Malaysia's capabilities to facilitate mega business growth. A subsidiary of a Fortune 500 company, SK Nexilis, has also announced its first overseas production base in KKIP Industrial Complex, Kota Kinabalu, Sabah with an investment of USD1.0 billion.

The investment of USD0.8 billion by Infineon Technologies in Melaka, further strengthen the Malaysia's position as the global semiconductor hub. Sheng Long Aqua Technology will produce aquaculture feed with investments of USD0.7 billion. Ibiden Electronics' investment will involve a multilayer PCB expansion worth USD212.5 million.

Taiyo Yuden has pledged enormous investments to expand its manufacturing capability in multilayer ceramic capacitors production in Sarawak, injecting USD163.1 million in capital investments. The Kuching facility spanning over 36,500 square meters, is expected to operate by March 2023. It will include using high-tech equipment with state-of-the-art features, supporting high-energy conservation and incorporating solar-powered roofs, in line with Environmental, Social and Governance (ESG) Goals.

Other notable investments are from Wilmar Greenfarm Vegan Food, a domestic player in the food-tech and resource-based industry, will be investing USD47.1 million for its manufacturing wing is a new project set to increase its production volume of agro and vegan food products for consumers. Greatech Integration's USD43.8 million expansion project aims to produce factory automation systems and related modules and components in Batu Kawan, Pulau Pinang. At the same time, Delta Industrial has invested USD37.0 million to undertake the design and development, manufacturing and assembly of amphibious aircraft in Subang Jaya.

### Malaysia's Services Sector is Expanding

Malaysia's diversified services sector continues to embrace digitalisation to move up the value chain and boost operational efficiency when remote-working and automation trends have accelerated due to the COVID-19 pandemic. New services have materialised through the invention of the Internet of Things. Artificial intelligence and the cloud network have redefined the service sector's importance in Malaysia's economy.

The Malaysia Digital Economy Blueprint (MyDIGITAL) is designed to strengthen the foundation and development of the country's digital infrastructure. The blueprint aims to attract USD16.8 billion investments to accelerate digitalisation efforts. The digital economy is expected to contribute 22.6 per cent to the country's GDP and aims to open 500,000 job opportunities by 2025.

The Digital Investment Office (DIO) was established to facilitate digital investments in Malaysia, in line with the government's aim to attract USD16.8 billion investments to accelerate digitalisation efforts by 2025. The setting up of the DIO in collaboration with Malaysia Digital Economy Cooperation (MDEC) is timely and in line with the evolution of the global investment landscape towards digitalisation and Industry 4.0, creating unique and interesting value propositions for digital projects. Leveraging on synergies between the two investment promotion agencies, a total of USD0.8 billion investments have been approved under the DIO, involving data centre and Multimedia Super Corridor status projects.

In 2021, Malaysia secured 3,803 projects in the services sector worth USD22.6 billion in approved investments. The DDI brought USD16.6 billion in 2021 compared to 2 billion in 2020 in this sector, underscoring the inherent strength of Malaysia's companies that could be leveraged further for export of services.

The top five contributors of approved investments in this sector were real estate (USD6.9 billion), global establishments (USD4.7 billion), financial services (USD2.9 billion), utilities (USD2.3 billion) and information and communications (USD2.0 billion), experiencing 36.6 per cent in growth, valued at (USD18.8 billion) of approved investments compared to 2020.

The global establishments sub-sector recorded (USD4.7 billion) in 2021, higher than (USD147.7 million) achieved in 2020. A total of 102 principal hubs, regional and representative offices were approved in 2021 and expected to offer 3,838 new positions for highly-technical professionals.

As part of its advances in developing IR4.0 technologies to accelerate Malaysia's digital transformation, Huawei Technologies (Malaysia) is gearing up for the next frontier in 5G innovation with its new Global Operational Headquarters in Kuala Lumpur.

The Twelfth Malaysia Plan has also made green growth a priority, specifically focusing on green technology and energy sustainability as the main factors to advance Malaysia's green economy. Malaysia is optimistic to become a net-zero carbon country by 2050. Berjaya Alam Murni's Sustainable Schedule Waster Treatment Centre will invest RM172.95 million (USD41.5 million) to develop an integrated waste management facility.

Another notable project under the health education and hospitality, L.Q. Hotel is a Singapore-based company that will be investing USD165.2 million to establish its presence in Kuala Lumpur. Under the green technology industry is the Solarpack Suria Sungai Petani that will invest USD84.7 million to build a Large-Scale Solar Photovoltaic in Kedah. In Selangor, ILM Logistics is set to implement its expansion plans valued USD54.4 million.

### Mining Maintains Forefront Role in the Primary Sector

The primary sector registered approved investments of USD4.15 billion in 2021, compared to USD1.51 billion in 2020. The mining sub-sector led the bulk of investments USD4.1 billion (98.7%) of total investments approved in the primary sector driven by higher prices for crude oil and natural gas. The rest of the primary sector investments comprises the plantation and commodities and the agriculture subsectors with investment values of USD50.7 million and USD4.9 million, respectively.

### Charting the Path towards Resilient Economic Recovery

In stressing the imperative for economic resilience for sustainable national recovery, Dato' Seri

Azmin said "Malaysia continues to forge ahead, "powering resilience" through robust policies that will further enhance the positive trajectory we are in. The National Investment Aspirations is poised to attract high impact investments in new growth areas which bring about bountiful spill over effects to the economy. On that note, the New Industrial Masterplan 2022-2033 will further propel the local industries to accelerate digitalisation efforts and fully realise the benefits of transition into Industry 4.0."

Reflecting the NIA in propelling Malaysia's long-term growth through the flow of sustainable quality investment in new and complex growth areas, MITI and MIDA have lined up targeted trade and investment missions and Specific project Missions to accelerate investments in high technology, innovation and research-driven industries that will complement the Malaysian industrial ecosystem. In 2021, MITI and MIDA proactively completed four major TIMs to the Republic of Korea and Japan, Saudi Arabia and UAE, Qatar, Austria and Turkey, and Germany, France and the United Kingdom to secure up to USD12 billion worth of investments.

A total of 254 projects have been approved and implemented in 2021 with realised investments worth USD38.6 billion, making up more than 80 per cent of the approved investments in the manufacturing sector. Of the total manufacturing projects approved for the last five years, realised investments amounted to USD91.9 billion.

In efforts to help expedite vaccination for the workforce in critical manufacturing sectors, MITI, in collaboration with the Ministry of Health, has initiated the COVID-19 Public-Private Partnership (PIKAS) Industrial Immunisation Programme.

MIDA continues to be responsive in providing advice and support to existing and potential investors through 20 overseas and 12 regional offices. The team has been at the forefront to attract investments through innovative and aggressive investment promotion activities. In ensuring ease of movement for business travellers, MIDA has also established a One-Stop-Centre (OSC) to evaluate eligible short-term business travellers' applications to enter Malaysia for trade and investment purposes while adhering to strict SOPs. Combined with Malaysia's National Vaccination Programme, the OSC has played an important role in Malaysia's value proposition and ensuring a frictionless and productive flow of people, ideas and investment.

To increase the ease of doing business for investors in Malaysia, MIDA implemented the PACU@MIDA or the Project Acceleration and Coordination Unit to provide end-to-end facilitation for all projects approved to enable the timely implementation of investments in the country.

Staying ahead with the evolution of the investment landscape in the region towards digitalisation and Industry 4.0, MIDA has revamped its investment promotion and facilitation processes to strengthen and prime the nation's digital ecosystem for the future, ensuring the country remains competitive on the path of recovery post-COVID.

These initiatives include InvestMalaysia portal - a single gateway portal to access applications

that include e-Manufacturing Licence (e-ML), e-Incentive and JPC Online Application, company profiles and promotional events. Such facilities will provide users with approvals for manufacturing licenses, incentives and exemption of customs duties to expedite the execution of projects.

In collaboration with the Malaysia Digital Economy Corporation, MIDA has established the Digital Investment Office (DIO), a full-fledged digital platform to coordinate and facilitate digital investments in Malaysia. The DIO's establishments raised awareness on digital investments in the country. They streamlined the coordination among all Investment Promotion Agencies in promoting and attracting new investments in this fast-evolving segment. The role of DIO is consistent with the MyDIGITAL Blueprint and the National Investment Aspirations, guided by the essence of the Shared Prosperity Vision 2030.

The MIDA Assessment Development Centre is a collaboration initiative known as HyTalentProgramme, a synergised effort between three premier local universities that offers up-skilling and reskilling programmes to local graduates and talented individuals to make them career and industry-ready.

Additionally, MITI has appointed MIDA as the Implementation Agency to offer the Industry4WRD Intervention Fund, a financial support facility for Malaysian SMEs in the manufacturing and related services sectors to embrace Industry 4.0. This Fund is eligible for all SMEs which have completed the government-funded Industry4WRD Readiness Assessment programme.

### MIDA Boosting Malaysia's Economic Dynamism

As of December 2021, MIDA has identified 352 high-profile foreign investment projects, including Fortune 500 companies in the manufacturing and services sectors, with a combined potential investment value of USD9.4 billion within the agency's purview. These include aerospace, electric vehicles, machinery and equipment, I.C. design, advanced electronics, advanced materials, fine chemicals, renewable energy (such as photovoltaic, optics and photonics), display technology, petrochemical, pharmaceutical, medical devices and food security. These projects will create more than 19,000 new job opportunities for the rakyat.

While 2021 presented unique economic challenges, Malaysia remains steadfast in its fundamentals as the pre-eminent preferred investment destination in the region and set to catapult the nation to stage its most robust recovery post-pandemic. As we forge ahead in the new year on the path of economic revitalisation supported by ongoing policy reforms, effective deployment of vaccination programmes and accelerated digitalisation, the government remains committed to prioritising the needs of our people and businesses.

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