

Malaysia Attracted RM123.3 Billion (USD28.0 Billion) Of Approved Investments For The First Half Of 2022

KUALA LUMPUR, MALAYSIA, September 2, 2022 /EINPresswire.com/ -- Malaysia remained an attractive investment destination for global and regional business expansions as the total Foreign Direct Investments (FDI) and Domestic Direct Investments (DDI) continue to grow for the period of January to June 2022. The nation's



economy has been on a strong recovery path since the country reopened its borders last year. Supported by robust industrial ecosystem, increase in domestic demand and easing of containment measures, the Malaysian economy performance continues to normalise and grow in strength.



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Apart from the increasing number of MNCs' presence in Malaysia, Malaysian companies have also leveraged their presence here by being persistent in building up their capabilities to provide products and services required by these global companies.

Malaysia has attracted a total of RM123.3 billion (USD28.0 billion) worth of approved investments in the manufacturing, services and primary sectors involving

1,714 projects for the period of January to June 2022 and is expected to create 57,771 job opportunities in the country. FDI remained the major contributor, at 70.9 per cent or RM87.4 billion (USD19.9 billion), while investments from domestic sources contributed 29.1 per cent amounting to RM35.9 billion (USD8.2 billion).

In this period, the services sector assumed a significant role towards driving the country's economic recovery, accounting for 63.3 per cent of total approved investments with RM78.0 billion (USD17.7 billion). The stellar performance for the services sector exceeded expectations for January to June 2022, an increase of 48.8 per cent from the achievement attained in the same

period in 2021. This is followed by the manufacturing sector at RM43.1 billion (USD9.8 billion) or 34.9 per cent and the primary sector at RM2.2 billion (USD0.5 billion) or 1.8 per cent.

FDI accounted for 70.9 per cent of the approved investments, valued at RM87.4 billion (USD19.9 billion). Of the total investments approved, the People's Republic of China (PRC) dominated foreign investments for the period of January to June 2022, with investments totalling RM48.6 billion (USD11.0 billion). This is followed by Germany (RM9.0 billion) (USD2.0 billion), Singapore (RM6.0 billion) (USD1.4 billion), Brunei (RM5.1 billion) (USD1.2 billion), and The Netherlands (RM4.1 billion) (USD0.9 billion).

For projects approved by state, five (5) major states, namely Johor, Selangor, Sabah, Kedah and Pulau Pinang, contributed RM103.5 billion (USD23.5 billion) or 83.9 per cent of the total investments approved from January to June 2022.

YB. Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry (MITI) stated said, "Malaysia is on the right trajectory to secure more high-quality, high impact and capital-intensive projects, with the services sector being the key growth driver for the economy and the largest contributor for approved investments for the first half of this year. In maintaining the momentum, MITI will continue to strengthen the country's competitiveness by developing economic complexity, nurturing a strong industrial ecosystem with innovation intensity, enhancing inclusivity by creation of high-income jobs and promoting opportunities to participate in the regional and global supply chains. Driven by the National Investment Aspirations (NIA), we will intensify our focus towards sectors such as digital economy, electrical and electronics (E&E), pharmaceutical, chemical and aerospace with significant economic potential and sustainable long-term growth."

The Malaysian Government has lined-up strategic and focused trade and investment missions (TIM) targeted to capture investments in high technology, innovation and research-driven industries that will complement and further strengthen the Malaysian industrial ecosystem.

Services Sector Takes the Lead

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 as we transition to the new era of endemcity. 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 Digital Investment Office (DIO), a fully-digital collaborative platform between MIDA and MDEC, was established to coordinate and streamline digital investments into the country while providing end-to-end facilitation to investors, thus helping investors to realise their business growth expansion in Malaysia. The office is committed towards attracting investments that embodies high-value, sustainability and technologies.

This is in line with the government's aim to attract RM70.0 billion (USD15.6 billion) investments to accelerate digitalisation efforts by 2025. This initiative 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 which involves digital infrastructure projects like data centres and submarine cables as well as digital technology projects that utilise IR4.0 technology such as cloud computing, artificial intelligence and big data analysis

For this period, the services sector accounted for the largest share of the total approved investments, amounting to RM78.0 billion (USD17.7 billion) from 1,351 projects which contributed to the growth of the country's economy. This is a significant increase as compared to the RM52.4 billion (USD12.6 billion) investments approved for the services sector in the same period last year. A total of 22,569 new jobs are expected to be created in the services sector.

Based on the total approved investments for the first half of 2022, foreign investments made up the largest portion, recording RM50.4 billion (USD11.5 billion) or 64.6 per cent of the total approved investments for the services sector, while the remaining 35.4 per cent or RM27.6 billion (USD6.3 billion) were from domestic sources.

In terms of top-performing sub-sectors for the period, information and communications sub-sector dominated the services sector, with approved investments valued at RM53.7 billion (USD12.2 billion) or 68.8 per cent. From the total approved investments of this sub-sector, three (3) data centre projects were approved with investments totalling RM51.1 billion (USD11.6 billion) or 95.2 per cent.

Among other performing sub-sectors which contributed to the significant amount of investments approved were real estate (RM11.0 billion) (USD2.5 billion), utilities (RM4.8 billion) (USD1.1 billion), distributive trade (RM2.1 billion) (USD0.5 billion) and hotels and tourism (RM1.8 billion)(USD0.4 billion).

Five (5) sub-sectors showed positive development in terms of percentage increment of approved investments namely information and communications, with an increase of 1,300 per cent. This is followed by other services with an increase of 153.4 per cent, hotels and tourism (15.3 per cent), distributive trade (14.3 per cent), and utilities (7.2 per cent).

Notable projects approved in services sector include PRC's Bridge Data Centres Malaysia III Sdn. Bhd. and ByteDance System Sdn. Bhd., as well as Malaysian public listed company YTL Power International Berhad. All three (3) are data centre projects. These projects are testament to Malaysia's readiness and attractiveness to host more digital investments projects in the near future.

Manufacturing Sector

Malaysia continues to attract high quality investments in the manufacturing sector for the period January to June 2022, reflecting the country's competitiveness as a preferred location for

investment in the region. The manufacturing sector accounted for RM43.1 billion (USD9.8 billion) (34.9 per cent) from the total approved investments in various economic sectors, as compared to RM75.8 billion (USD18.3 billion) for the same period in 2021. The approval of a megaproject was cited as the reason for the high total approved investments in the manufacturing sector for the first half in 2021.

Of the total approved investments in 1H2022 for the manufacturing sector, FDI amounted to RM35.5 billion (USD8.1 billion) (82.4 per cent), while domestic investments contributed to the remaining RM7.6 billion (USD1.7 billion) (17.6 per cent).

From the RM43.1 billion (USD9.8 billion) approved investments in the manufacturing sector, investments for expansion/diversification projects showed positive development with an increase of 31.9 per cent totaling RM26.0 billion (USD5.9 billion) for the first half of 2022, as compared to the same period in 2021. The remaining RM17.1 billion (USD3.9 billion) were recorded from new projects.

In terms of top-performing industries for this period, electrical and electronics (E&E) products lead the manufacturing sector (RM19.4 billion) (USD4.4 billion), followed by petroleum products (including petrochemicals) (RM5.1 billion) (USD1.2 billion), non-metallic mineral products (RM4.8 billion) (USD1.1 billion), scientific and measuring equipment (RM3.6 billion) (USD0.8 billion), fabricated metal products (RM2.8 billion) (USD0.6 billion), chemical and chemical products (RM1.5 billion) (USD0.3 billion), machinery and equipment (RM1.4 billion) (USD0.3 billion), as well as food manufacturing (RM1.1 billion) (USD0.3 billion). These industries made up RM39.5 billion (USD9.0 billion) (91.6 per cent) of total approved investments in this sector.

A total of 35,032 potential job opportunities are expected to be created in the manufacturing sector, where it will require 1,745 (5 per cent) managerial positions, 4,122 (11.8 per cent) professional/technical and supervisory roles, such as engineers in the field of E&E, mechanical, chemical and other disciplines, reflecting the higher value chain transition of the manufacturing sector. The approved manufacturing projects will also require 7,491 (21.4 per cent) skilled craftsmen, such as plant maintenance supervisors, tools and die makers, machinists, IT personnel, quality controllers, electricians and welders.

Notable projects approved in the manufacturing sector for the first half of 2022 include:

- The ams OSRAM Group (SIX:AMS), a global leader in optical solutions, is investing in research, development and state-of-the-art manufacturing capabilities in its wholly owned legal entity Osram Opto Semiconductors (Malaysia) Sdn. Bhd at the Kulim Hi-Tech Park. The expansion will help ams OSRAM to set international standards in the fields of illumination, visualization and sensor technology through building a fully-automated manufacturing facility extension to its current factory at the Kulim Hi-Tech Park. This flagship facility, focused on wafer fabrication, will play an important role in future technology growth. ams OSRAM will continue to contribute to Malaysia's domestic E&E ecosystem and the company anticipates employment opportunities

locally. ams OSRAM is a multinational optical technology pioneer headquartered in Austria and Munich who established operations in Penang in 1972.

- Petroventure Energy Sdn. Bhd. is a Special Purpose Vehicle (SPV) company based in Sabah and will be manufacturing petroleum products in Sabah, including gasoline, kerosene, benzene, liquefied petroleum gas, acrylic, sulphur, slurry, fuel oil and diesel. This project will help Sabah's economy to spur as the products from the refinery will create a new supply chain that will benefit many businesses. Also, the project is anticipated to create between 500 to 1,000 potential job opportunities.

Primary Sector

The primary sector recorded a total of RM2.2 billion (USD0.5 billion) approved investments (1.8 per cent) of the total approved investments in the various economic sectors for the period of January to June 2022, as compared to RM6.5 billion (USD1.6 billion) approved investments for the same period in 2021. FDI dominated the primary sector with investments valued at RM1.5 billion (USD0.3 billion) (68.2 per cent), while the remaining RM0.7 billion (USD0.2 billion) (31.8 per cent) is contributed from domestic sources.

Two (2) sub-sectors showed a significant growth, namely agricultural sub-sector and plantation and commodities sub-sector. The agricultural sub-sector amounted to RM184.7 million (USD42.0 million) in total approved investments which is a 1,500 per cent increment from the previous RM11.5 million (USD2.6 million) investments for the same period in 2021. Meanwhile, the plantation and commodities sub-sector recorded RM109.1 million (USD24.8 million) of approved investments, an increase of 36.6 per cent from the previous RM79.8 million (USD19.2 million) investments for the same period in 2021.

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 as we enter the stage of endemicity. As we forge ahead on the path of economic revitalisation supported by ongoing policy reforms and accelerated digitalisation, the government remains committed to prioritising the needs of our people and businesses.

As of August 2022, there are 276 projects with proposed investments of RM25.1 billion (USD5.6 billion) within MIDA's pipeline; 198 projects are from the services sector (RM13.7 billion) (USD3.1 billion), while 78 projects are from the manufacturing sector (RM11.4 billion) (USD2.6 billion), all of which fall under MIDA's purview.

According to the 2021 Global Services Location Index (GSLI) by global consulting firm Kearney, Malaysia is the world's third most competitive Global Business Services (GBS) location, trailing behind India and China. This biannual index tracks the contours of the global landscape across 60 countries in four (4) major categories: financial attractiveness, people skills and availability, business environment, and digital resonance.

Moving forward, MITI and MIDA aspire to continue the momentum in securing new sustainable and inclusive investments to drive Malaysia's economic growth.

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