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MALAYSIA RECORDS TOTAL APPROVED INVESTMENTS OF RM109.8 BILLION IN THE ECONOMY, CREATING 64,701 JOB OPPORTUNITIES FOR JANUARY – SEPTEMBER 2020

Kuala Lumpur, 1 December 2020 – Malaysia recorded a total of RM109.8 billion worth of investments in the manufacturing, services and primary sectors for the first nine months of 2020. These investments involved 2,935 projects and will create 64,701 jobs opportunities in Malaysia.

Of the total investments approved, domestic direct investments (DDI) accounted for 61.2 per cent, or RM67.2 billion, while foreign direct investments (FDI) made up the rest of RM42.6 billion.

China (RM17.0 billion), Singapore (RM8.0 billion), the USA (RM2.8 billion), Switzerland (RM2.8 billion), and the Netherlands (RM2.4 billion) were the top five (5) sources of approved FDI for the manufacturing, services and primary sectors during the period.

For approved projects by state, the five major states namely Selangor, Sarawak, Sabah, W.P. Kuala Lumpur dan Pulau Pinang contributed RM76.8 billion (69.9%) to the total approved investments for January to September 2020.

The manufacturing sector attracted the largest portion of approved investments for this period, contributing more than half (59.5 per cent) or RM65.3 billion, followed by the services sector with investments of 39.0 per cent or RM42.8 billion, and the primary sector with approved investments of 1.5 per cent or RM1.7 billion.

Manufacturing Sector

In the first nine months of 2020, a total of 740 projects worth RM65.3 billion were approved compared with RM56.0 billion in 669 projects in the corresponding period of 2019, representing an increase of 16.6 per cent in capital investments. These projects will create 51,172 jobs opportunities in the economy.

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

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

The states that recorded the highest total approved investments in the manufacturing sector for the period are Sarawak, Sabah, Pulau Pinang, Selangor and Johor. These states have collectively contributed RM51.3 billion (78.6%).

Meanwhile, the leading sources of FDI for the period of January to September 2020 were China, Singapore, Switzerland, the USA, the Netherlands, Thailand, Japan and Republic of Korea. These eight (8) countries jointly accounted for 91.4 per cent or RM36.0 billion of the total FDI approved in the manufacturing sector.

Service Sector

From January to September 2020, the services sectors recorded 2,180 approved projects with investments of RM42.8 billion. These approved services projects in the first nine months of 2020 are expected to create 13,390 jobs to the economy.

DDI led the total approved investments in the services sector, contributing RM40.6 billion (94.9%) where else FDI represented the remaining RM2.2 billion.

Majority of the main services sub-sectors showed a significant decline in approved investments except for support services, MSC status projects and other services such as BioNexus status and software developments.

The top five (5) contributors of approved investments in the services sector were real estate (RM23.7 billion), utilities (RM7.2 billion), support services (RM4.0 billion), telecommunications (RM2.6 billion) and financial services (RM2.1 billion).

The support services industry under the purview of MIDA covered sub-sectors such as integrated logistics, research and development, green technology, integrated circuit design, oil and gas services and licensed warehouse.

In the first nine months of 2020, approved investments in the support services industry saw an increase of 17.9 per cent compared to the corresponding period in 2019. This is contributed by projects in green building, waste management, integrated logistics services and energy saving that recorded increases of more than 100 per cent.

Primary Sector

In January – September 2020, the primary sector attracted investments worth RM1.7 billion. This sector comprises three main sub-sectors namely mining; agriculture; and plantation and commodities will create 139 jobs in the economy.

FDI dominated the total approved investments in the sector, recording RM1.0 billion (58.8%) while DDI accounted for RM653.2 million or 41.2 per cent.

Conclusion

YB Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry (MITI), commented, "While the COVID-19 pandemic is still a battle we are fighting to overcome with the rest of the world, the Government has never wavered in prioritising the needs of our people. We are striving to ensure the livelihood of our citizens and the sustainability of businesses, not only through this pandemic but for years ahead. Thus, the Budget 2021 cements the groundwork to accelerate investments in Malaysia to spur further economic recovery and create a multiplier effect on the economy."

Among the initiatives within Budget 2021 directed to the business community include:

- i. A competitive RM1 billion special incentive package for high value-added technology projects including R&D investments in aerospace and electronic clusters;
- ii. Income tax rate of 0 per cent up to 10 per cent for the first 10 years and 10 per cent for the subsequent period of 10 years to manufacturers of pharmaceutical products including vaccines;
- iii. A 10 per cent income tax rate for a period of 5 years and renewable for another 5 years for Global Trading Centres (GTC);
- iv. An extension of the Principal Hub, Industrialised Building System (IBS) components manufacturing, and shipbuilding and ship repairing industry (SBSR) incentives' application period; and

- v. Expansion of the scope of special tax rates to selected manufacturing companies which relocate their businesses into Malaysia or undertake new investments, to include selected high-technology services sectors.

“The Government, through MIDA, looks forward to leveraging these competitive incentives to scout and entice more investors, both local and foreign alike, to capitalise on the opportunities in Malaysia fully. We are confident that investors will derive value by tapping on Malaysia’s well-established local supporting industry network and talented workforce to undertake high-tech products manufacturing and high value-added services. This is to cater to their clients in the region, in the present and the future,” added YB Dato' Seri Mohamed Azmin Ali.

About MIDA

MIDA is the government's principal investment promotion and development agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Headquartered in Kuala Lumpur Sentral, MIDA has 12 regional and 20 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit www.mida.gov.my and follow us on Twitter, Instagram, Facebook, LinkedIn and YouTube channel.

For more information, please contact:

Ms. Manjit Kaur

Director, Corporate Communications Division, MIDA

Email: manjit@mida.gov.my | DL: +603 2267 3509