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The trade war between the United States and China has benefited Malaysia through business relocations as well as trade and investment diversions, says Finance Minister Lim Guan Eng. - NSTP/MIKAIL ONG

BATU KAWAN, 15 June - The trade war between the United States and China has benefited Malaysia through business relocations as well as trade and investment diversions, says Finance Minister Lim Guan Eng.

He said Malaysia Investment Development Authority (Mida) figures showed that foreign direct investment (FDI) in Malaysia across all sectors rose 73.4 per cent year-on-year to RM29.3 billion in the first quarter of this year from RM16.9 billion a year ago.

"This increase follows the rise in total FDI for the whole of 2018 and increased by 48 per cent to RM80.5 billion from RM54.4 billion in 2017.

"The drastic first quarter growth was driven by a spectacular rise in approved FDI in the manufacturing sector, which surged 127 per cent to RM20.2 billion from RM8.9 billion a year ago.

"What's telling is the source countries for the manufacturing investment and with RM11.5 billion coming from United States and RM4.4 billion from China.

"These countries make up 79 per cent of the total approved manufacturing FDI in the first quarter of 2019," he said in his speech at Hotayi Electronics (M) Sdn Bhd's grand opening in Persiaran Cassia Selatan here today.

Lim said Penang had benefited immensely, with approved manufacturing FDI into the state surging 1,360 per cent to RM8.4 billion in the first quarter of this year.

"The first quarter figure has already surpassed the RM3.7 billion manufacturing FDI approved for Penang for the whole of 2018," he said.

Lim said Malaysia was considered a particularly good and safe haven with good ties with all countries and maintained an open door policy for high-quality investment.

"This is a sign of confidence in Malaysia and that the country will be one of the beneficiaries.

"But, again, let me caution that a trade war benefits nobody. "There are no winners, only losers."

Lim said the current benefit to Malaysia was only temporary and that Malaysia would be affected by the global economic slowdown caused by a prolonged trade war.

"Global trade will go down in the long term with the two biggest market contributors at trade war.

"The US contributed 20 per cent and China contributed 16 per cent to the global economy, which totals 36 per cent.

"The slowdown will not only affect Malaysia but also the US, contrary to US President Donald Trump's claims," he said.

He said he hoped that China and US could come to an agreement soon.

"We hope the US president, when he visits Japan for the G20 summit, can look at the larger global interest," he said.

The G20 Summit is scheduled to take place in Osaka on June 28 and 29.

Lim also reiterated that Malaysia wanted good relations with everyone. Malaysia, he said, also wanted to ensure that "free trade is also fair trade", which was one of the reasons why Malaysia welcomes Chinese telecommunications giant Huawei.