



MEDIA RELEASE

MINISTRY OF FINANCE MALAYSIA

RESURGENCE IN APPROVED FOREIGN DIRECT INVESTMENTS (FDI) POST GE14 BY 379% DEMONSTRATES GROWING FOREIGN INVESTORS' CONFIDENCE IN MALAYSIA

The latest figures from the Malaysian Investment Development Authority (MIDA) show approved Foreign Direct Investments (FDI) in the manufacturing sector increased by RM 35 billion, or 250%, to RM49 billion for the first nine months of 2018, from RM14.0 billion in the same period last year.

These approved FDIs are for investment across various manufacturing industries and companies from different regions. Approved FDI from China led the way at 32% of the total, followed by Indonesia at 18.4% and the Netherlands at 17.0%. FDI from USA (6.4%), Korea (5.0%), Japan (4.3%) and Singapore (2.5%) were also approved from January to September 2018.

For the months from May to September 2018, total approved FDI in the manufacturing sector was RM35 billion compared to RM7.3 billion from May to September 2017. This demonstrates that foreign investors' confidence in Malaysia is resurgent, with a RM27.7 billion or 379% hike in the said figures, after the peaceful transition of power that took place on 9 May 2018.

These figures do not include some of the more recent FDI approvals, including the RM1.5 billion which will be invested by NASDAQ-listed Micron over the next five years, in its Solid-State Drive (SSD) Assembly and Testing Centre of Excellence in Penang.

The figures mentioned by former Prime Minister Dato' Sri Najib Razak referred to the actual foreign direct investment in realised value that flows in as found in the Balance of Payments documents. It is a lagged indicator, which means that the low and falling figures reflect the past efforts to attract FDI carried out before the change of power took place.

Unlike figures cited by Dato' Sri Najib, the RM49 billion approved manufacturing FDI statistics from MIDA are forward-looking in nature in terms of potential investment and confined to the manufacturing sector only. The realisation of the approved manufacturing FDI projects will be reflected in the actual FDI statistics as recorded in the Balance of Payments in the future.

Furthermore, the full amount of approved manufacturing investments will be realised progressively over time and not in one lump sum at one go. Such realised value will be in accordance to the schedule of the construction of the facilities such as factories which may take up to 2 years. The Government is working to ensure the approved manufacturing FDI will be realised as soon as possible in order to hasten economic growth for the well-being of the rakyat.

The resurgence in approved FDI numbers are a positive indicator of encouraging economic growth in the future. The Government will press on its efforts to attract high quality FDI to provide well-paying jobs and career growth opportunities for Malaysians and business opportunities for the Small and Medium Enterprises (SMEs) as part of the larger vendor development ecosystem. At the same time, the Government will continue to work with existing companies to ensure that their approved projects are smoothly implemented and executed.

(Note that the approved manufacturing FDI figures quoted here do not include approved FDI in services sector, whereas the FDI figures announced in Budget 2019 included approved FDI in both the manufacturing as well as services sectors)

SAYANGI MALAYSIAKU!

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