



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

NEW INVESTMENT POLICY: *EXECUTIVE SUMMARY*

POLICY THAT DELIVERS THE
NATIONAL INVESTMENT ASPIRATIONS

Invest in Malaysia, Invest for the future



Malaysia's robust foundations – key **catalysts for global investments** and **accelerated growth**

Malaysia's strategic regional positioning, strong domestic linkages, world-class infrastructure, diverse industries, talented workforce and welcoming landscape continue to be key catalysts for global investments.

Our extensive trade relationships and deep integration into the global economy have provided us with a strong platform to become the world-class nation we are today.



Our commitment to **holistic ecosystem growth**



Malaysia remains committed to free, fair and open trade and investment. The National Investment Aspirations will strengthen Malaysia's ecosystem to meet global megatrends and deliver on the promise of inclusive and sustainable development. The Malaysian Government will continue to cultivate a conducive ecosystem that enables businesses to thrive as we navigate through the impact of the pandemic, together.

***Right Honourable Dato' Sri Ismail Sabri bin Yaakob
Prime Minister of Malaysia***



Moving forward, Malaysia must adopt a comprehensive approach to reinvigorate the investment ecosystem, adequately responding to the emerging megatrends and evolving needs of our investors.

***Honourable Dato' Seri Mohamed Azmin Ali
Senior Minister
Minister of International Trade and Industry***

Building on our existing **robust foundations**, **strong domestic ecosystem** and **welcoming investment landscape**

MALAYSIA'S STRENGTHS



GLOBALLY-CONNECTED ECONOMY

Malaysia's strategic positioning and extensive partnerships such as 14+ regional and bilateral FTAs, including Regional Comprehensive Economic Partnership (RCEP), allow Malaysia to act as a gateway to ASEAN and the global economy



RESILIENT ECONOMY

Malaysia's strong economic fundamentals, driven by robust governance, has positioned Malaysia as amongst the top ASEAN countries (Top 3 in ASEAN by GDP per capita; A3 credit rating)¹



STRONG DOMESTIC ECOSYSTEM

Malaysia's economic landscape is home to a highly diversified set of industries and advanced sub-sectors including prominent regional presence in sectors such as oil and gas, and financial services



SKILLED WORKFORCE

Malaysia's educated, highly-trained, and diverse workforce is at the foundation of Malaysia's economic growth (10th globally for workforce digital literacy)²

1. ASEAN 2020 Report; Moody 2021 2. WEF Global Competitiveness Report, 2019



WORLD-CLASS INFRASTRUCTURE

Extensive physical and digital infrastructure offer unparalleled domestic and global connectivity (2nd in ASEAN for best infrastructure)³



BUSINESS-FRIENDLY LANDSCAPE

Economic and regulatory frameworks paired with a multitude of economic corridors ensure rapid competitive business setup and ample business support (12th globally in Ease of Doing Business)⁴



DIVERSE CULTURE AND VIBRANT LIFESTYLE

Malaysia's rich heritage and culture, access to quality healthcare, and host to one of the most biodiverse ecosystems globally, make Malaysia a preferred destination for all walks of life (2nd globally in Ease of Settling In)⁵

3. IMD World Competitiveness Ranking, 2021 4. World Bank Ease of Doing Business Index, 2020
5. Internation's Expat Insider 2021

National Investment Aspirations defined to reinvigorate Malaysia's investment landscape



KEY PILLARS OF THE NIA



INCREASE ECONOMIC COMPLEXITY

Enhancing industry sophistication to increase production of high-value products and services

Strengthening diversity and complexity of exports

Transforming Malaysia into a knowledge and innovation-based economy

Enhancing local R&D&C¹ capabilities

CREATE HIGH-VALUE JOB OPPORTUNITIES

Increasing job opportunities with higher income

Developing training opportunities to inculcate high-demand skills (e.g. digital skillsets)

Creating a larger pool for highly-skilled local talents

*Georgetown,
Penang*

1. Research, development, commercialisation and innovation



EXTEND DOMESTIC LINKAGES

Connecting local capabilities and Small and Medium Enterprises (SME)

Enhancing market access through comprehensive Free-Trade Agreements (FTA)

Engineering opportunities to co-create with regional partners

Supporting local companies to internationalise

Enhancing participation of local companies in global value chains



DEVELOP NEW AND EXISTING ECONOMIC CLUSTERS

Catalysing sectoral and regional development within Malaysia

Modernising comprehensive incentive schemes

Accelerating adoption of new technologies

Enhancing sector and economic productivity



IMPROVE INCLUSIVITY

Focusing on socio-economic development

Delivering significant social impact by providing opportunities for investors to support rural development

Malaysia's forward-looking New Investment Policy **centres around ESG**, in line with the **Nation's commitment for carbon-neutrality** by 2050 at the earliest

Malaysia recognises the importance of ESG in driving an inclusive and sustainable economy. This **includes incorporating the latest ESG-based practices** and defining new priorities in strategic sectors such as:



MANUFACTURING

Transformation to drive increased manufacturing of ESG-related products and adoption of ESG practices



SERVICES SECTOR

Enhanced incorporation of ESG practices such as streamlined corporate governance standards across the services sector



HIGH-TECH SECTORS

Integration of advanced technologies with latest ESG trends including development of green data centres



ENERGY AND POWER

Accelerated transition of energy and utility industries towards renewable sources

Our local champions are **resolutely committed** to ESG



PETRONAS aspires to achieve net zero carbon emissions by 2050, the first energy company in Southeast Asia to support the Paris Agreement



Malaysia Aviation Group is committed to promote socio-economic development and achieve net zero carbon emissions by 2050



Maybank Group is committed to net-zero carbon emissions by 2050



CIMB Group is committed to phasing coal out of portfolio by 2040



Sime Darby Property is committed to meet its 18 Sustainability Goals by 2030



Axiata is committed to 'Advancing to Zero', galvanising its companies via a Group-wide Net-Zero Carbon Roadmap, in line with the global mobile industry's decarbonisation aspirations and Axiata's ongoing sustainability efforts, by 2050



TM reduced overall carbon footprint by 13% by implementing energy-saving initiatives such as vehicle and energy performance optimisation



Gading Kencana will supply electricity under the Net Energy Metering systems through its Solar PV Systems



Concord Group is the pioneer in generating green, renewable energy from oil palm milling by-products



Solarvest Holdings Berhad is a clean energy specialist and leading turnkey solar solutions provider envisioning a world generated by renewable energy



Cypark is Malaysia's leader in developing integrated renewable energy projects and integrated waste management projects

The **New Investment Policy** formulated to drive **comprehensive reforms** and **attract future investments**



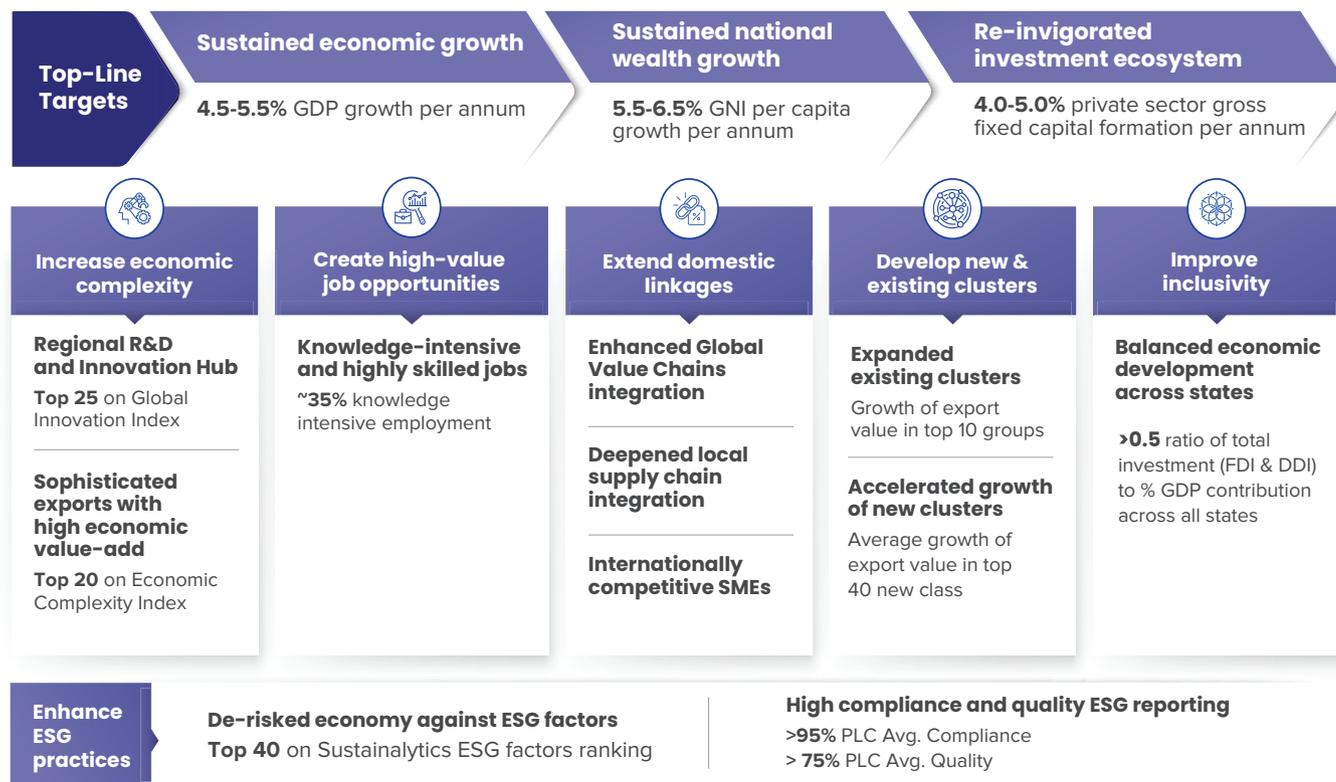
The New Investment Policy (NIP) presents a holistic approach to catalyse high-quality investments that unlock equitable economic opportunities for Malaysia. It offers a clear vision founded on strategic outcomes at both national and sectoral levels, anchored against the critical national priorities of Malaysia's National Investment Aspirations (NIA).

The NIP is targeted at implementation of key changes to strengthen national foundations, develop existing high-value ecosystems, and unlock emerging areas of growth for the shared socio-economic benefit of businesses and communities alike.

*Putra Square,
Putrajaya*

Clear targets defined to ensure positive results are delivered and aligned with overarching national priorities

TARGET GOALS OF NEW INVESTMENT POLICY (2022 - 2027)



Six national-level thrusts defined to achieve the NIA ambitions ESG objectives

NATIONAL-LEVEL THRUSTS



Unified investment strategy to drive laser-focused delivery on NIA and ESG

Deliver a holistic and unified approach to policy-making to attract high-quality investment, de-risk ESG factors, and capture new growth



Accelerated innovation ecosystem

Supportive environment and collaborative ecosystem with enhanced IP protection to attract next-generation innovation activities



Agile and forward-looking incentive packages that meet investor needs

Enhance incentive packages to accelerate high-quality investments aligned to national targets



Vibrant talent pool that meets market needs

Expanded support systems to nurture local talent and improve access to high-skilled international talent



IPA landscape with clear roles and responsibilities

Simplified investor journeys supported by improved investor services



Streamlined business environment for improved ease of doing business

Enhanced investor experience boosted by supportive regulation, improved trade links, and world-class government services

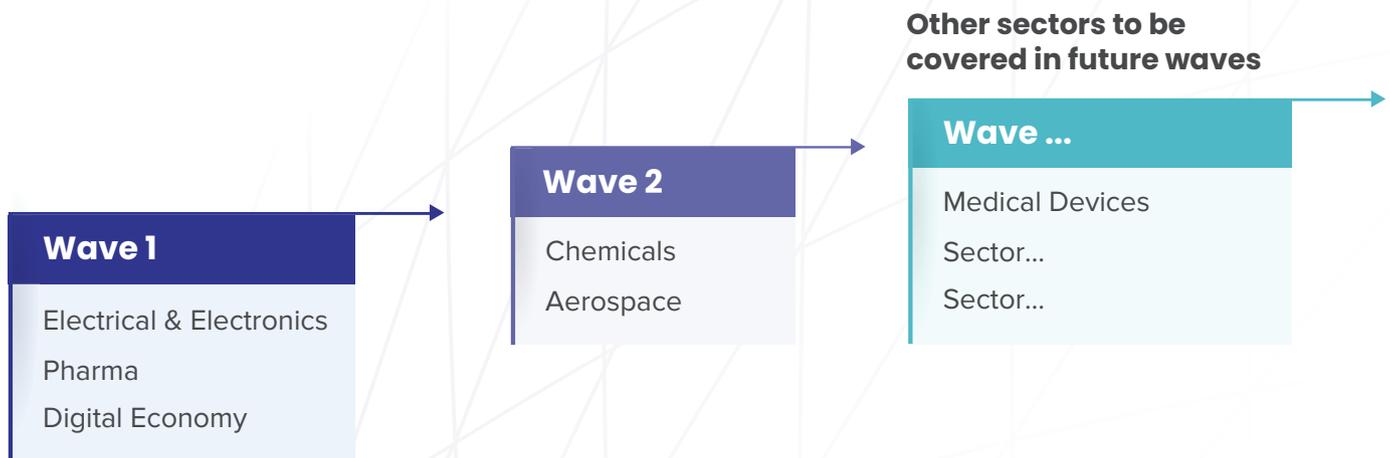
Sector-level priorities designed to enable **focused** and **rapid implementation** of target investment opportunities

SECTOR-LEVEL VIEW

A sector-level view for the New Investment Policy enables key benefits such as reforms that are focused on addressing specific challenges, nuanced to the needs of each sector, and more efficient resource allocation to accelerate the achievement of results given the narrowed scope.

Three key target sectors were identified for the focus of the first wave of investment transformation—Electrical and Electronics (E&E), Digital Economy, and Pharmaceuticals.

Review of other additional sectors will be conducted in future waves, with Chemical and Aerospace identified as part of the second wave of sectors targeted for investment transformation. As such, the sectors analysed in this report in no way represent an exhaustive list of Malaysia's priority sectors.



Malaysia's Electrical and Electronics (E&E) sector can leverage expanding investment potential in IoT sensors and components, OSAT, and solar technologies

Malaysia's E&E sector boasts market-leading experience in subsectors ranging from consumer electronics to optical equipment. The E&E sector contributes to 6% of the nation's GDP, putting Malaysia 7th in the world in terms of total global market share.

SHORT-TERM OPPORTUNITIES IN ELECTRICAL AND ELECTRONICS SECTOR :



IoT SENSORS AND COMPONENTS:

Malaysia's existing system integration capacity and E&E base offer a strong right-to-win in a landscape framed by rapid IoT proliferation. The IoT industry is expected to contribute MYR42.5 billion to gross national income by 2025, with Government initiatives such as Industry4WRD and National IoT Roadmap set to spur local adoption as part of a global industry outlook.



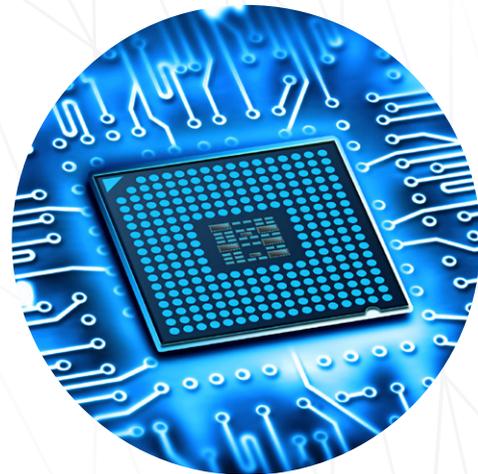
SOLAR TECHNOLOGIES

Solar technology adoption is a key national target that aligns with global renewables industry growth, offering a valuable opportunity to grow Malaysia's already mature solar value chain ecosystem. Domestic targets of 31% renewables in the power mix by 2025, backed by projects such as Large-Scale Solar and Net Metering 3.0, offer clear commitment to accelerate sector development.



MODERNISE OUTSOURCED SEMICONDUCTOR ASSEMBLY AND TEST (OSAT)

Third-party integrated circuit (IC) packaging and testing services require substantial technical expertise, and deliver higher-value product offerings with significant global demand. Developing the OSAT industry offers a path to extend domestic linkages within the global supply chain.



Malaysia's Digital Economy can capture valuable growth in global services, IoT, and AI solutions, data centre and cloud

Digital technologies are a fundamental pillar of Malaysia's current and future economy. The Digital Economy delivered a gross value add of 10% CAGR between 2015 – 2020, reaching a market value of RM216Bn in 2020 and accounted for 15.6% of national GDP. This is further accelerated by the MyDIGITAL Blueprint and Malaysia Digital initiative, aimed at attracting and facilitating digital investments into the country, providing opportunities built on positive incentives, rights, and privileges.

SHORT-TERM (GROWTH¹) OPPORTUNITIES IN DIGITAL ECONOMY:



GLOBAL SERVICES:

Malaysia is home to several global service hubs for MNCs, with potential to expand further to higher value-adding, digitally-enabled business services. An attractive location, abundant financial services talent, and culturally diverse environment with strong language capabilities provide an important right-to-win in this space.



DEVELOPMENT HUB FOR IOT AND AI SOLUTIONS:

The nation's robust E&E sector ensures affordable technology solutions as a platform for growth in IoT and AI solutions. Moreover, given the large captive market for IoT and AI through manufacturing and agriculture, this enables Malaysia as a suitable test bed for advanced IoT and AI solutions in smart industrial technologies.

SHORT-TERM (ENABLER²) OPPORTUNITIES IN DIGITAL ECONOMY:



GOVERNMENT-LED INDUSTRY USE CASE:

Leveraging digital solutions as a foundation to improve government operations can act to champion wider ecosystem growth, providing a pathway to enhanced adoption of frontier digital platforms which can energise multiple industries and applications.



DATA CENTRE AND CLOUD:

Developing these critical infrastructure foundations for digital transformation is vital to Malaysia's future Digital Economy capabilities. Supporting data centre and cloud growth can act to enable advanced technology such as 5G, and supercharge future digital opportunities through existing and emerging industry clusters.

Due to the dynamic nature of Digital Economy, there are two distinct types of investment opportunities for consideration: (1) Growth – Drive growth beyond the domestic market serving regional or global market and (2) Enabler – Build essential enablers to propel development of digital capabilities across sectors in Malaysia

Malaysia's Pharmaceuticals sector is booming with key development opportunities and positioned to be a major cornerstone of economic growth

Malaysia's Pharmaceutical sector is positioned on a strong foundation of existing clusters, with participation across both local and multinational corporations. The industry continues to be a major cornerstone of economic growth which registered a compound annual growth rate (CAGR) of 8% over the last decade up till 2016.

SHORT-TERM OPPORTUNITIES IN PHARMACEUTICALS SECTOR:



GENERICS HUB:

Malaysia's generics industry has experienced high growth in recent years, driven by mature industry players and a globally recognised regulatory landscape. Malaysia's participation in global best practice initiatives provides confidence in the country's compliance to international manufacturing standards, laying a strong foundation to establish the country as a global generic hub.



MANUFACTURING OF BIOLOGICS:

Malaysia should build on recent success in biologics manufacturing as the home of one of Southeast Asia's largest insulin manufacturing sites. As industrial attention shifts towards newer bio-based modalities and cell and gene therapies, growing investment into the subsector are likely to expand significantly, presenting a huge growth opportunity in Malaysia.



CLINICAL RESEARCH HUB WITH FOCUS ON EARLY-STAGE TRIALS:

Malaysia's diverse genetic pool and established presence of major pharmaceutical MNCs offer a powerful opportunity to position Malaysia as the central early-stage clinical trials hub in ASEAN, whilst building on strong clinical trial foundations, a mature and growing ecosystem, vibrant talent pool, robust regulation, and expansive trial sites.



API MANUFACTURING OF HIGH DEMAND NICHE BOTANICALS:

Leveraging on the unique biodiversity of Malaysia's agriculture resource, this opportunity enables Malaysia to be positioned as a manufacturing hub for higher value-added traditional medicine products. The botanicals subsector has significant national importance due to its integration with the local agricultural scene, which forms a key economic pillar in many states.

Next wave of potential sectors identified

WAVE 2

CHEMICALS SECTOR

The Chemicals sector is amongst Malaysia's most valuable strategic industries, contributing RM120bil to GDP in 2021, equivalent to 8.7% of national GDP. It remains a national priority, highlighted in blueprints such as RMK-12, SPV 2030, and the New IMP.

Evolving global megatrends are driving shifting industry dynamics, with rapid digitalisation and automation, and COVID-19 delivering near-term disruption to demand patterns expected to normalise in a post-pandemic world. Shifting ESG focus is also driving notable industry change, with socially-conscious consumers scrutinising ESG investment decisions. Capitalising on these trends offers an opportunity for significant future growth to boost delivery of the NIA.

AEROSPACE SECTOR

Aerospace is a crucial lynchpin of Malaysia's high-value manufacturing industries, with 13% CAGR revenue growth 2010-2017 reaching MYR12.8bil. Blueprints such as the National Aerospace Blueprint, and more recent Malaysian Aerospace Industry Blueprint 2030 have looked to further spur industry success.

ESG concerns present a major driver of sustainable industry growth, as efforts to reduce greenhouse gas emissions trigger new innovations in efficient fuel and aircraft design. The presence of major research and manufacturing facilities provides a strong foundation for Malaysia, an opportunity further amplified through mature adjacent sectors such as E&E and Digital Economy. A globally competitive workforce and strong Government support add to Malaysia's ability to capture significant value chain opportunities.

FUTURE WAVES

MEDICAL DEVICES SECTOR

Medical Devices is another area which has since seen significant growth globally, and where Malaysia has decent right-to-win. Malaysia has amongst the largest medical devices industries in ASEAN, with an estimated market size of USD 1.8Bn, which has since witnessed tremendous demand spikes during COVID as usage of examination and surgical devices, and other diagnostic devices soared.

This undoubtedly attractive sector has the potential to form one of the few new growth segments to be explored in future waves.

A transparent governance model with clear delineation of roles and duties

The overarching national investment agenda will be steered by the National Investment Council (NIC), chaired by the Prime Minister of Malaysia. NIC priorities include collaboration with all ecosystem stakeholders to ensure all investment policies and strategies are streamlined to national interests and targeted at addressing key national challenges.

National Investment Council (NIC)

Chairperson: YAB Prime Minister
MOF, MITI, EPU, & Relevant Ministers

NIC Secretariat

Lead: MITI

National Committee on Investment

Co-chairperson: Secretary-General of MOF and MITI

Implementation Teams

This will be further supported by the Subject Matter Expert Panel comprising industry and subject matter experts, industry associations, academics, think tanks and international organisations to provide additional insight and sectorial expertise and to ensure reforms are implemented to meet the needs and goals of both private and public sector stakeholders

New Investment Policy received positive inputs from key stakeholders



“ We believe the New Investment Policy will serve to encourage high value investments in new growth areas, which will in turn help fulfil the nation’s economic potential in line with national priorities



“ Malaysia’s New Investment Policy (NIP) plays an important role in defining the who, what, and why of Malaysia’s investment strategy and future competitiveness. AMCHAM believes the NIP will help focus the value proposition of Malaysia to U.S. investors and their ecosystem partners who have been investing in Malaysia since the 1960s and 1970s



K Raman, Managing Director,
Microsoft Malaysia

“ We believe in Malaysia’s potential as a preferred destination for quality investments, and the New Investment Policy is a step in the right direction to help drive our nation’s inclusive and sustainable growth



“ We believe the NIP will encourage growth of the Pharmaceutical manufacturing industry, however effective implementation of various policies to encourage new investments must be given focus and priority



“ We welcome the launch of Malaysia’s New Investment Policy and look forward to the policy providing fresh stimulus to the economy as we emerge from the recent pandemic



“ We welcome and envisage the New Investment Policy to have the dual positive effect of drawing high-value investments and talents, and inadvertently growing our talent pool to meet the growing demand



MIDA as your
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY
key investment partner

The Malaysian Investment Development Authority (MIDA) acts as the primary contact for investor facilitation in Malaysia. Our team is available to provide support and guidance to streamline the process, supporting investors on their end-to-end investment journey.

PROVIDING A VITAL LINK

MIDA plays a significant role in bridging business, funding, technology and research; we help you navigate the local landscape to further catalyse your growth

BUSINESS FACILITATION

Investors enjoy MIDA's end-to-end support via dedicated facilities and services; we assist and accelerate your business ventures into Malaysia by connecting you to the right people





Scan QR code for more information on your business opportunities and MIDA

CONTINUOUS SUPPORT

ACCELERATING YOUR GROWTH

MARKET INSIGHTS

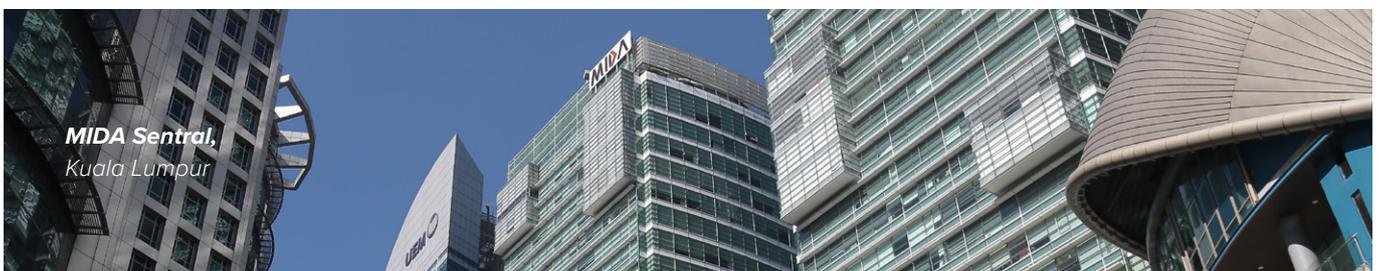
Key highlights on Malaysia's business landscape with an overview of the nation's diverse industries and deep insights into key sub-sectors



MIDA provides facilitation and various incentives for your business including tax incentives and grants



MIDA emphasises continuous and agile support for investors; we are responsive to dynamic business needs including empowering you with latest information and business advice



*MIDA Sentral,
Kuala Lumpur*

Here to support your investment journey

The Ministry of International Trade and Industry (MITI) is committed to continuously improving Malaysia's investment landscape and to provide the best offerings to our investors



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Kuala Lumpur*

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