

**EMBARGO UNTIL 4PM, 29 FEBRUARY 2024,
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**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

SPEECH ON

**MALAYSIA'S INVESTMENT PERFORMANCE IN THE
MANUFACTURING, SERVICES AND PRIMARY
SECTORS FOR 2023**

**BY
YB SENATOR TENGKU DATUK SERI UTAMA ZAFRUL
BIN TENGKU ABDUL AZIZ**

**MINISTER OF INVESTMENT, TRADE AND INDUSTRY
(MITI)**

29 FEBRUARY 2024

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YBhg. Tan Sri Dato' Seri Dr. Sulaiman Mahbob

Chairman of MIDA;

YBhg. Dato' Hairil Yahri Yaacob

Secretary General of MITI;

YBhg. Datuk Wira Arham Abdul Rahman

Chief Executive Officer of MIDA;

Your Excellencies Ambassadors and High Commissioners;

Distinguished Guests;

Members of the Media;

Ladies and Gentlemen;

**Assalamualaikum warahmatullahi wabarakatuh, Salam
Malaysia Madani and a very good afternoon to everyone.**

1. On behalf of MITI and MIDA, I wish to thank all the agencies and our valued industry partners, and stakeholders for your

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invaluable support in attracting strategic investments and championing economic advancement across our nation. It is a great honour for me to recount our nation's impressive investment journey and to chart its future path in line with the missions of our New Industrial Master Plan 2030.

2. Recently, our Prime Minister, YAB Dato' Seri Anwar Ibrahim, unveiled a landmark achievement in Malaysia's investment figures for the year 2023, despite our share of global challenges, from disrupted supply chains, geopolitical risks and trade tensions among the economic superpowers, to high inflation that led to increased interest rates in developed markets.
3. Malaysia has for decades prospered due to its value proposition – a strategically located, safe and neutral haven for businesses and investors, amidst the complexities of global geopolitics. We have consistently outshone our regional neighbours on various metrics, including political stability, ease of doing business, competitiveness, physical and digital infrastructure and most importantly, rule of law.

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4. Our improved ranking from 32nd to 27th place in the 2023 IMD World Competitiveness Ranking is a clear affirmation of the global investment community's confidence in our nation. This achievement underscores our commitment to economic policies and strategic pathways that have guided us to where we are today.
5. The International Monetary Fund (IMF) has forecast a 3.1% global GDP growth this year, while World Bank's forecast is at 2.4%. Malaysia has entered 2024 on the back of 3.7% GDP growth in 2023 despite global uncertainties, and we feel that it is a resilient enough position from which to grow in 2024.
6. In fact, Bank Negara Malaysia has forecast our growth in 2024 to be 4.0 – 5.0%, supported by, among others, stronger domestic demand, steady employment and income prospects and improved external demand, including in the technology and semiconductor sectors.
7. Many of these prospects will be supported by the realization of the RM329.5 billion investments that were approved in 2023.

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Ladies and Gentlemen,

8. As Malaysia looks towards the future, how can it best position itself amidst economic and geopolitical uncertainties? Which policies and reforms are needed to fully realise its true potential?
9. As we can see, ESG investing has emerged as a powerful, globally accepted concept for creating sustainable socio-economic impact alongside investment returns, as more and more investors align their investment objectives with sustainable development goals.
10. By adopting ESG standards, Malaysia enhances the appeal of its capital markets to international investors, leveraging its unique position to lead in sustainability. This ambition aligns perfectly with the theme of this year's Annual Media Conference, "Advancing Responsible Investment," which is our strong strategic response to the evolving landscape.

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11. The New Industrial Master Plan 2030 or also known as NIMP 2030 is a cornerstone for Malaysia's journey towards sustainable development and economic resilience. It charts a course for the country's industrial evolution, prioritising innovation, inclusivity, and sustainability. These pillars are crucial for driving Malaysia's economic agenda forward.

12. At the core of the NIMP 2030 is a dedication to responsible investment. This commitment not only aims to stimulate economic growth but also to integrate ESG considerations into investment decisions. Most importantly, these investments are envisioned to significantly enhance the quality of life for the *rakyat*.

13. Key initiatives within the NIMP 2030, including the push towards tech-up for a digitally vibrant nation and achieving net-zero emissions, underscore the plan's holistic approach. It recognises that sustainable development requires the seamless integration of technological advancement with economic, societal, and environmental objectives.

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14. Now, let us turn our attention to the highlights of Malaysia's investment achievements in 2023.

Slide 3 [Overall Investment Performance 2023]

15. In 2023, we are proud to repeat the PM's announcement last week that our nation attracted a record-high RM329.5 billion in approved investments, for the manufacturing, services, and primary sectors. This marked a record 23% increase year-on-year.

Slide 4 [Overall Investment Performance 2023]

16. Facilitated by 5,101 projects, these investments will generate more than 127,000 (127,332) new job opportunities for our *rakyat*.
17. The surge was represented by a significant 35.1% growth in domestic investments (DI), at RM141.1 billion, which reflects renewed confidence by domestic investors in the MADANI Government policies.

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18. Foreign investments (FI), on the other hand, increased by 15.3%, or RM188.4 billion in value.
19. Of the total approved investments in 2023, FI contributed 57.2% while DI recorded the balance of 42.8%.

Slide 5 [Five Major Sources of FI]

20. The top five sources of Foreign Investments were:
 - a. Singapore (RM43.7 billion),
 - b. ...followed by The Netherlands (RM35.5 billion),
 - c. ...the USA (RM21.5 billion),
 - d. ...Cayman Islands (RM17.5 billion) and
 - e. The People's Republic of China (RM14.5 billion).

Slide 6 [Proportion of Approved Investments by States]

21. In terms of beneficiaries of approved investments, we have:
 - a. Pulau Pinang (RM71.9 billion),
 - b. W.P. Kuala Lumpur (RM58.3 billion),
 - c. Selangor (RM55.3 billion),
 - d. Johor (RM43.1 billion) and
 - e. Kedah (RM28.7 billion),

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22. While these states registered a large proportion of the approved investments, we are working towards a more evenly distributed investment destination for other states nationwide, as outlined by NIMP2030.

Slide 7 [Services Investment Insights]

Ladies and Gentlemen,

23. Amidst the economic slowdown, the services sector emerged as a silver lining, attracting investments amounting to RM168.4 billion, or 51.1% of total approved investments. More than 52,000 (52,732) job opportunities are expected to be created.

Slide 8 [Services Sector Dominates the Investment Landscape]

24. From the Services Sector:

- a. The Information and Communications took the lead with RM63.7 billion of approved investments (37.8 %),
- b. ...followed by Real Estate (RM61.0 billion) (36.2%),
- c. ...Utilities (RM11.1 billion) (6.6%),

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- d. ...Distributive Trade (RM11.1 billion) (6.6 %) and
 - e. ...Support Services (RM10.5 billion) (6.2%).
25. The current megatrends in the global economy, characterised by a shift towards sustainability and a low-carbon future, are creating new investment opportunities worldwide. Malaysia, with its strong digital infrastructure, is well-positioned to capitalise on these trends, and stands to benefit significantly.

Slide 9 [Services Sector Notable Projects]

26. Among notable projects within our services sector are:
- First - **GDS IDC Services (Malaysia) Sdn. Bhd.'s** RM14.33 billion investment in Nusajaya Tech Park is redefining the data center landscape in Southeast Asia, a testament to our **commitment to sustainability** and technological advancement.
 - Second - **Worldwide Holdings Berhad (WHB)** takes a pioneering step with the Jeram Waste-to-Energy project worth RM1.27 billion, **transforming waste management into a**

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source of clean energy and setting a benchmark with its commitment to reducing landfill use.

- Third - **Envico Enterprises Sdn. Bhd.** with its investment of RM860 million is strategically positioning Malaysia as a central hub in its global operations, leveraging cutting-edge Big Data technologies and **fostering a skilled workforce** that is poised to navigate the evolving retail landscape.

27. Continuous investment from foreign and local sources is reflective of our pragmatic and forward-thinking policies to develop many responsible investments – particularly from the ESG perspective - to strengthen Malaysia’s push for a more high-tech, diversified and sustainable economic base.

Slide 10 [Manufacturing Investment Insights]

Ladies and Gentlemen,

28. In 2023, let me now share some insights on the manufacturing sector. This sector attracted RM152.0 billion worth of investments, representing a noteworthy 46.1% of the total approved investments.

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29. This is a **huge increase of 80.3% year-on-year**, proving that despite the global circumstances and other challenges, investors remained confident in Malaysia's manufacturing landscape and potential.

Slide 11 [Investment in Manufacturing Sector Driving Progress]

30. In terms of the Manufacturing sub-sectors, the Electrical and Electronics (E&E) Industry continues to attract the highest quantum of investment with RM85.4 billion, or 56.2% of total approved investments in the manufacturing sector.

31. This is highly encouraging, as they reflect our highest aspirations in increasing our industry's economic complexity, and our persistent efforts in attracting the right type of investment into the country.

32. **Malaysia's E&E industry is expected to become a powerhouse due to increasing domestic and regional demand**, driven by the growth of industries such as **Electric Vehicles (EVs), Renewable Energy, aerospace and the digital economy**.

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33. All these will collectively improve Malaysia's export competitiveness, while providing higher-paying skilled jobs for Malaysians.
34. **Industry 4.0 and the rise of the digital economy are also contributing to the growing demand for chips and semiconductors** as industries embrace technologies such as artificial intelligence (AI), automation, robotics and data analytics to optimise their processes, improve efficiency, and enhance productivity.
35. **Sustainability is another major driver for E&E products** as industries such as automotive continue to transform. The increased demand for the production of EVs, for example, has also increased the demand for electronics that support battery management systems (BMS).
36. Other industries that attracted sizeable investments include:
 - a. **Machinery and Equipment** or M&E (RM22.6 billion),
 - b. **Chemicals and Chemical Products** (RM8.9 billion),
 - c. **Non-Metallic Mineral Products** (RM8.8 billion), and
 - d. **Transport Equipment** (RM7.1 billion).

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37. **More than 30,000** (actual number: 30,407) **jobs** were created in the **Managerial, Technical and Supervisory (MTS)** category, of which **91.7% are Malaysians**.

38. The **top five industries** that created the **highest numbers of MTS employment** were **E&E, M&E, Non-Metallic Mineral, Fabricated Metal and Chemicals**, recording **71.0% or 21,583 jobs from the total**. This is key because such jobs will revive Malaysia's middle-class that was badly impacted during the pandemic.

Slide 12 [Manufacturing Sector Notable Projects]

39. As we delve into the highlights of our manufacturing sector's achievements, let us look at the outstanding, noteworthy projects that are shaping our industrial landscape. These include:
 - a. First, **INV New Material Technology (M) Sdn. Bhd.** will build phase one of its battery separator facility amounting to RM3.2 billion.

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- b. Second, EVE Energy Malaysia Sdn. Bhd.** with a RM1.924 billion investment. They are building a cylindrical battery production base in Kulim, Kedah.
 - c. Last but not least, OCIKUMHO Sdn. Bhd.** is set to produce Epichlorohydrin (ECH) with a total investment of RM1.1 billion.
40. In addition to providing employment opportunities for Malaysians, **these investments have spillover effects that can bolster and develop our domestic SME supply chain,** advancing towards innovation, knowledge-intensive and higher-value added activities and products.

Slide 13 [Primary Investment Insights]

41. To give a complete overview of the economic performance, let me briefly mention that the primary sector received RM9.1 billion in approved investments, representing 2.8% of the total approvals.

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Slide 14 [Investment in Primary Sector]

42. Driven by 75 projects, the Primary Sector is anticipated to create over 600 (661) new jobs, with a focus on mining (RM8.8 billion), and plantation and commodities (RM312.6 million).

43. The MADANI Government will step-up efforts to enhance the profitability, productivity and spur the growth of the primary sector, which in turn will present opportunities and attract further investments.

Slide 15 [Implemented Projects]

Ladies and Gentlemen,

44. In terms of implemented projects, the Invest Malaysia Facilitation Centre (IMFC), inaugurated on December 1, 2023, under MITI, epitomises our dedication towards DISCIPLINED IMPLEMENTATION for the policies espoused under the MADANI Economy Framework, the New Industrial Master Plan (NIMP) 2030, and the National Investment Aspirations (NIA).

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45. Our drive on implementation is aimed at transforming Malaysia's economic landscape through the creation of a favourable business and investment environment.
46. Since its inception in December 2023, the **IMFC has worked to create a conducive business climate, handling 236 cases across various sectors, and successfully resolved almost 65% (152) of cases.**
47. Key achievements include:
- Intel Microelectronic (M) Sdn. Bhd. was able to accelerate the production of new products to meet global demand.
 - ROHM Electronics (Malaysia) Sdn. Bhd. diversified its product range after securing approval for a new water distribution system.
 - Sydney Cake House Sdn. Bhd. expanded its production capacity, thanks to a stable electricity supply by TNB.
48. Furthermore, between 2021 and 2023, the National Committee on Investment (NCI) approved a total of 2,386 manufacturing projects.

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49. **To date, a commendable 74% of these projects have transitioned from approval to implementation, manifesting in various stages from production to the construction of facilities and installation of machinery.**
50. The balance of 24.7% are in the planning phase, engaging in site selection and consultations, while 1.3%¹ are pending initiation.
51. Our analysis of annual project implementation reveals a consistent trend: **over 85% of approved manufacturing projects in 2021 and 2022 have been implemented.**
52. For approved projects in 2023, 50.1% of these have reached the implementation stage; I must highlight that this is highly encouraging, considering that **manufacturing projects will generally take 18 to 24 months to complete, depending on the level of complexity of each project.** Quite a few projects have been completed in less than 18 months.

¹ Status of Implementation:

a. Yet to Be Implemented: 23 projects (1.0%)

b. Abandoned: 8 projects (0.3%)

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53. These accomplishments reflect Malaysia's dedication to streamlining investment processes, eliminating administrative complexities, and accelerating approval timelines.

Slide 16 [Leads/ Pipeline Projects in 2024]

54. To date, we have received interest from potential investors through our lead projects amounting to RM88.82 billion. Additionally, there are 1,710 projects in the pipeline, with proposed investments totalling RM87.8 billion.

55. **MITI and MIDA are in serious discussions with an important Chinese institution to firm up collaborative agreement on a two-way foreign investment (FI) promotion.** We are in advanced negotiations stage, aiming to cement a cooperative agreement focused on FI promotion enhancement, to bolster investment flows, encouraging Chinese firms to explore opportunities in Malaysia while similarly facilitating Malaysian enterprises to expand into China.

56. This dialogue underscores a notable pivot by Chinese corporations towards Malaysia, attracted by its strategic location and conducive business environment.

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57. We aim to conclude a comprehensive cooperative agreement focused on FI promotion enhancement, to bolster investment flows, encouraging Chinese firms to explore opportunities in Malaysia while similarly facilitating Malaysian enterprises to expand into China.
58. This dialogue underscores a notable pivot by Chinese corporations towards Malaysia, attracted by its strategic location and conducive business environment.
59. We are targeting for this potential partnership to foster investments in high-value sectors, meticulously chosen to reflect the strategic priorities of both nations, thereby promising to fortify economic ties and promote mutual growth.

Ladies and Gentlemen,

60. Malaysia's economy stands at an inflection point where the country must seize opportunities afforded by key factors – such as the redesigning of supply chains to make them more resilient; and the China Plus One strategy – to successfully position ourselves as a modern regional industrial

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powerhouse, and a regional gateway for wishing to access the growing ASEAN and Asian population.

61. Bear in mind that Asia's population is projected to grow to 5.25 billion or 54% of the world's projected population by 2055. On the other hand, Southeast Asia's population – which currently stands close to 691 million, is expected to surge by 50% by 2050. Malaysia will diligently reap these opportunities, and forge ahead on its mission to target and attract responsible and ESG-focused investments.

Slide 17 [Way Forward Government Initiatives and Policies]

MADANI Economy Framework, Restructuring of MIDA and Strong Industrial Policies to Propel the Nation's Economic Growth

62. In July 2023, the Government unveiled the 'MADANI Economy: Rakyat Empowerment Framework' to steer the country on its target economic growth pathway over the next 10 years.

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63. The Framework aims to restructure and elevate Malaysia as a leading Asian economy as well as to improve inclusivity to ensure all strata of the *rakyat* will equitably reap the benefits of economic growth and enjoy a better quality of life.
64. Among the key, overarching policies launched under the MADANI Economy Framework include the **New Industrial Master Plan (NIMP) 2030 and the New Energy Transition Roadmap (NETR)**.
65. **Both have strong measures that will achieve carbon neutrality and net-zero emissions before or by 2050**, as we play our role in supporting global climate actions as well as green and low-carbon development worldwide.
66. In terms of execution, the i-ESG Framework launched last year will also guide SMEs and industries on producing their first sustainability disclosure within a year or so – this is crucial to maintain their access to environmentally-sensitive markets.
67. The NIMP 2030 is designed to attract not just high-tech and high-value, but also green, ESG-focused investments. The key message to investors and the global community that wish

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to support us on our development plans is this: **Malaysia will continue to champion not just a fair and equitable transition towards greener industrial practices, but also market access for our products.**

68. 'Just transition' involves important capacity-building initiatives that our investors and export markets must support us on, to help Malaysia fulfill its commitment to the global climate change movement.

Latest initiative between Federal and State Governments

69. I wish to share, in a meeting yesterday led by YAB Dato' Seri Anwar Ibrahim, Prime Minister of Malaysia with the Johor State Government. The State Government outlined critical proposals for the **advancement of the Johor Special Economic Zone (JS-SEZ).**
70. The key requests included the **swift approval of both fiscal and non-fiscal incentives for JS-SEZ by the Federal Government.** Acknowledging the potential of JS-SEZ to utilise existing government incentives to attract investments,

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there are plans to establish a dedicated working group for deeper exploration, in which MITI and MIDA will be involved.

MIDA's strengthened role in the promotion of investment

71. As for **MIDA's restructuring as the Central Investment Promotion Agency**, as per the National Investment Council's decision on 19 May 2023, this is, indeed, a strategic initiative to reshape and strengthen Malaysia's investment promotion landscape.
72. This strategic overhaul aims to improve its effectiveness and enhance support for investors. **The goal is to attract quality investments that complement national objectives, focus on essential industries, ensure the swift realisation of approved investments, and boost investors' contentment.**
73. By doing so, **MITI hopes to reduce the level of confusion, duplication, and inefficiency** that arise from having too many IPAs, benefiting both investors and policymakers.

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Slide 18 [Deliver Together, Now!]

74. In ensuring that we remain focused on the implementation of all these committed and approved investments, I just wish to share that MITI and its agencies will be guided by the mantra “DELIVER TOGETHER, NOW”.

75. **First, from a DELIVERY standpoint:** MITI and its Agencies will strengthen its collaboration and team cooperation to **implement a strong execution-driven model**. I have repeatedly mentioned to all our agencies that we need a radical shift in our mindset via DISCIPLINED EXECUTION. For that, we need to empower internal leadership at every level, instill discipline and diligence in work and improve efficiency.

76. **Second, in terms of TOGETHERNESS:** We are instilling a better teamwork culture, as well as improved internal and intra-agency collaboration, with key policies embraced by all. **Third, from the point of view of SEIZING OPPORTUNITIES NOW,** there are several main themes for us to explore arising from current geopolitical dynamics; redesigned supply chain, and global trends.

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Slide 19 [Summary of Investment Performance 2023]

Conclusion

77. In conclusion, guided by those imperatives, MITI and its agency, particularly MIDA will continue to position Malaysia as a strategic location for international businesses and multinational corporations (MNCs), an enriching environment for global talent, and the preferred choice for responsible investments. Ultimately, however, as an emerging market with strong policies that support growth prospects, **Malaysia offers investors the potential for attractive returns alongside the nation's clear positioning to achieve its vision to become a developed and inclusive economy.**

78. MITI and MIDA will continue to remain steadfast in our commitment to fostering an environment conducive to high-quality investments aimed at creating high-paying jobs for Malaysians. Rest assured, our dedication to this cause is unwavering as the MADANI Government strives to ensure prosperity, stability, and inclusivity. Thank you.