

# MALAYSIA'S FOREIGN DIRECT INVESTMENT PERFORMANCE IN 2017

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## ABSTRACT

This poster highlights the performance of Foreign Direct Investment (FDI) in Malaysia for 2017. FDI refers to the foreign investor in Malaysia that owns more than 10 per cent of equity as recommended in BPM6. **The performance of FDI in Malaysia shows a trend of continuous inflow since 2001.** Statistics of investment in the form of FDI trend, main regions, economic sectors and investment income generated by sectors are also presented in this poster.

## METHODS

- The data is obtained from **Quarterly Survey on IIP**, jointly conducted between DOSM and BNM, which records transaction flows and position of Malaysia's external financial assets and liabilities with the rest of the world.
- The compilation is based on the guidelines recommended in BPM6, while economic sector are classified according to MSIC 2008 ver. 1.0.
- Descriptive statistics** are derived from the survey data.

## LITERATURE REVIEW

- According to Blomström & Kokko (1997), the multinational corporations (MNC) play an important role for productivity and export growth in their host countries. The benefit of FDI depends on the countries' characteristics and policy environment.
- FDI is a long term investment made by foreign individual investor or institutional investor in domestic country in order to achieve certain financial goals (Adjei, 2007).
- Behname (2012) highlighted on the urban infrastructure as an effective role in attracting FDI and has a significant and strong impact on the FDI.

## OBJECTIVES

- To measure the FDI performance and main components that contributed to FDI flows in 2017.
- To determine the main region that invested in Malaysia.
- To identify the economic sectors where the investments are channelled.
- To identify the major sectors in FDI income generation.

## RESULTS AND DISCUSSION

### FDI PERFORMANCE IN MALAYSIA

**Figure 1** shows the FDI flows in Malaysia has been on the upward trend since 2001 with an exception of 2009. The lower FDI flows in 2009 were largely due to global financial crisis. The FDI flows reached a new high in 2016 with a value of RM47.0 billion and dropped to RM41.0 billion in 2017, partly reflecting the subdued global growth.

As at end of 2017, Malaysia's FDI position stood RM570.3 billion and FDI flows on that year was largely in equity & investment fund shares which contributed 86.3%, as shown in **Figure 2**.

Figure 1: Foreign Direct Investment in Malaysia, 2001 - 2017

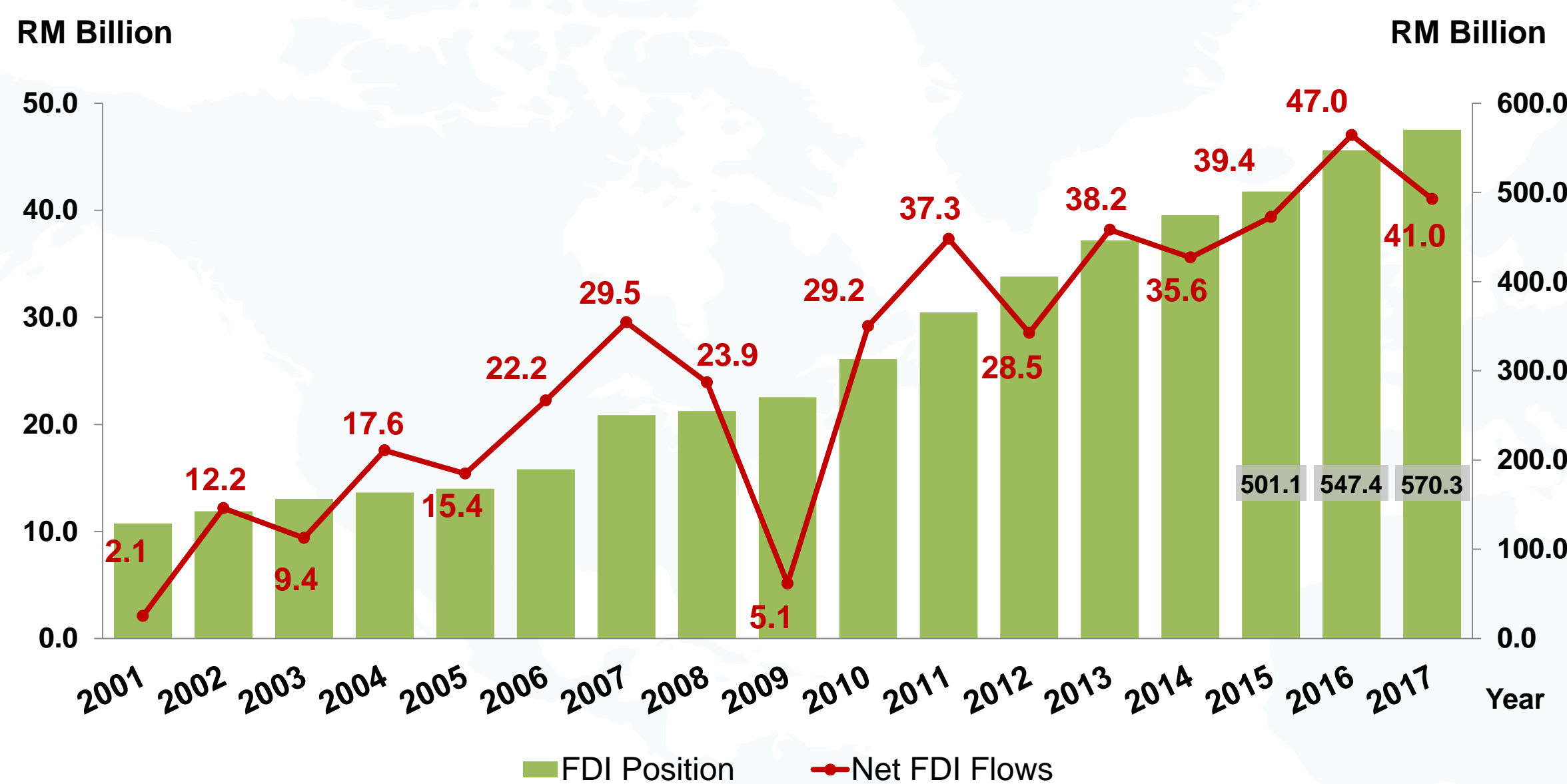


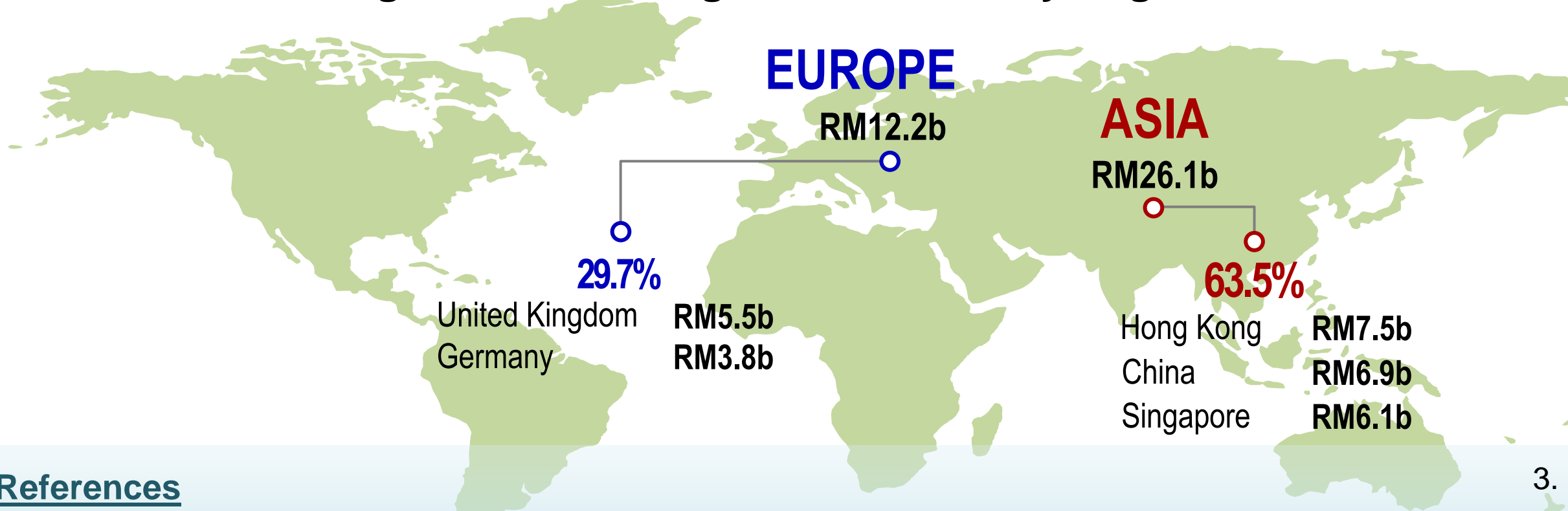
Figure 2: Components of FDI Flows

Components	Equity & investment fund shares	Debt instruments
(Percent %)		
Year 2017	86.3	13.7

### TOP REGIONS OF FDI FLOWS

Asia region was the largest FDI contributor, accounted for 63.5%, followed by Europe 29.7%. Hong Kong, China and Singapore was the main investors for FDI flows in Malaysia.

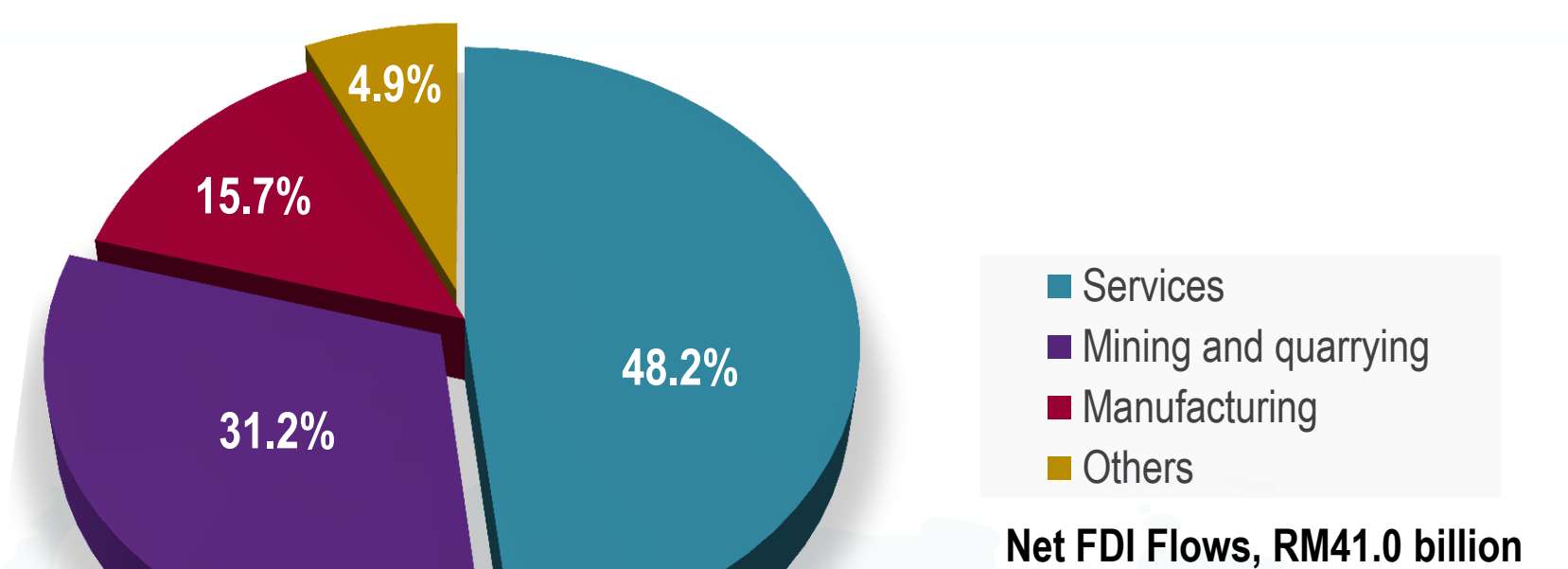
Figure 3: Percentage Share of FDI by Region



### MALAYSIA'S FDI FLOWS BY SECTOR

In 2017, FDI in Malaysia was mainly channelled to the Services (48.2%) and Mining & quarrying sectors (31.2%), as highlighted in **Figure 4**.

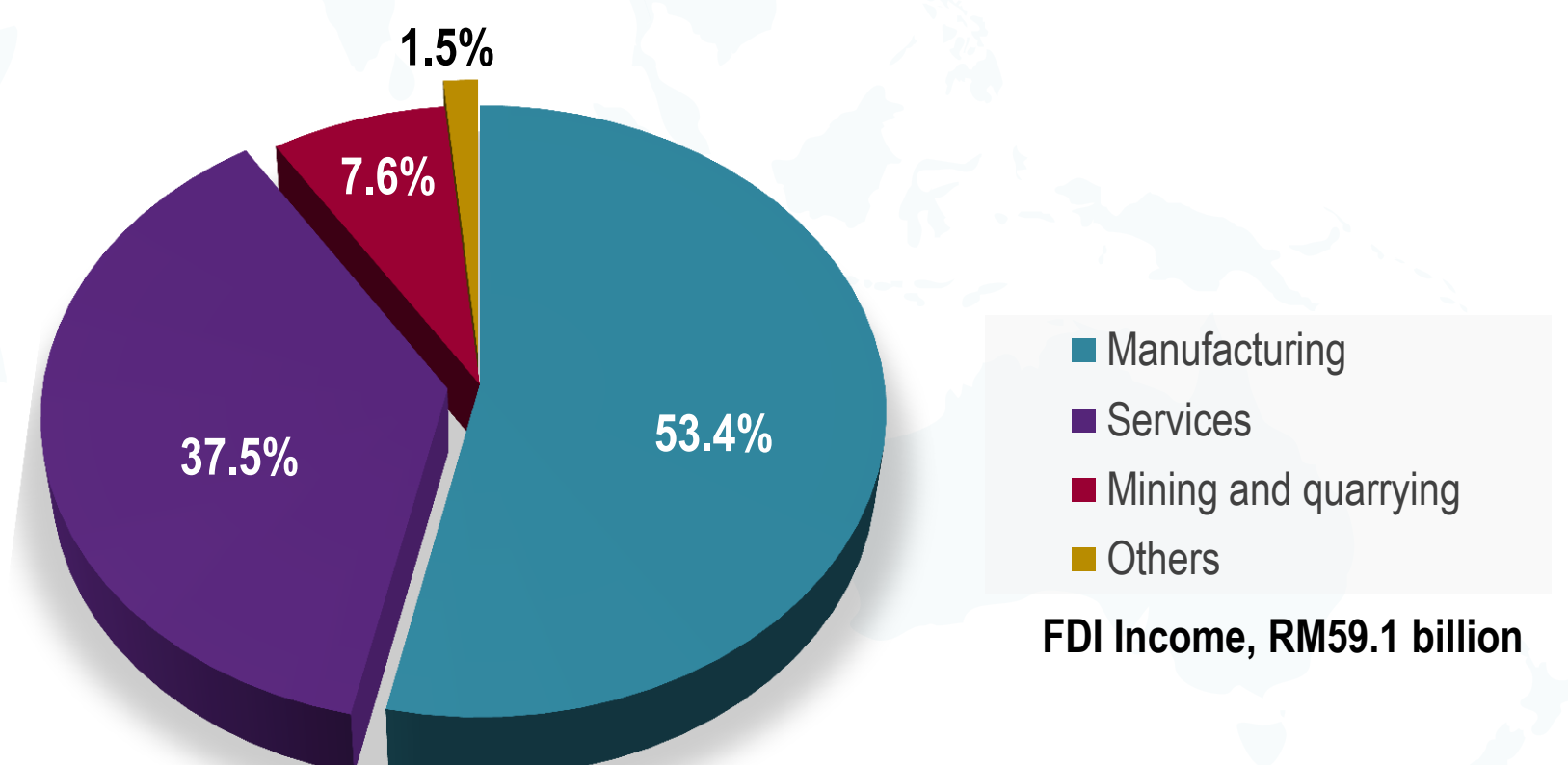
Figure 4: Share of FDI Flows by Sector



### MALAYSIA'S FDI INCOME BY SECTOR

In terms of FDI income, Manufacturing sector generated the highest income with a share of 53.4%, and followed by Services sector with 37.5%. The total contribution of income from these two sectors were 90.9% to FDI income in 2017.

Figure 5: Share of FDI Income by Sector



## CONCLUSIONS

In 2017, FDI was largely in the form of equity & investment fund shares. Malaysia's FDI flows was mainly from Asia region, particularly lead by Hong Kong and China. Services sector was the main of FDI sector with a share of 48.2%, while the highest income was mainly generated from Manufacturing Sector.

## References

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