

M'sia's foreign investment surges to RM75b in 2022

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Malaysia's net inflows of foreign investment surged to RM74.6 billion in 2022 from RM50.4 billion in 2021, while investment abroad tripled to RM58.6 billion from RM19.4 billion.

"Malaysia's foreign direct investment (FDI) position, as of the end of 2022, registered a higher value at RM879.1 billion," the Department of Statistics Malaysia (DOSM) said in a statement.

"The encouraging performance in both FDI and direct investment abroad (DIA) has shown the favourable economic situation in the country that attracted foreign companies to continue their investments and similarly, local companies to expand and diversify their business activities abroad," it added.

FDI in the manufacturing sector rose by RM17.1 billion to record net inflows of RM49.5 billion, which comprised the largest chunk of FDI.

"The manufacturing sector attracted 66.4 percent of total investment,

particularly in electrical, transport equipment, and other manufacturing sub-sectors.

“Services was the second highest contributor, mainly in financial activities, followed by the mining sector, which was mainly in the form of equity and investment fund shares,” the department said.

The Americas region surpassed Asia as the highest region for FDI in 2022 with net inflows of RM42.6 billion, mainly from the United States, which amounted to RM37.8 billion.

Asia has been the predominant source of FDI with a value of RM449 billion, followed by Europe at RM224.5 billion and the Americas at RM187.3 billion as of the end of 2022.

Leading region

Malaysia’s FDI position increased to RM879.1 billion at the end of 2022 against RM782 billion last year.

“The services sector remained the largest recipient at 48.8 percent, or RM429.1 billion, driven by financial and wholesale activities,” DOSM noted.

This was followed by the manufacturing sector which accounted for 43.5 percent of total FDI, particularly in electrical, transport equipment, and other manufacturing sub-sector.

Similarly, the DIA flows rose by RM39.3 billion to RM58.6 billion, attributed to higher outflows in equity and profit retained abroad.

Services also remained a primary sector for DIA, contributing 72.2 percent of the total investment, especially in financial activities, while the mining and quarrying, as well as manufacturing sectors, contributed 12.5 percent and 10.2 percent, respectively.

Asia overtook Europe as the leading region of DIA flows in 2022 with a value of RM23.5 billion, notably to Indonesia and Singapore.

This was followed by Europe and the Americas at RM21.0 billion and RM12.0 billion, respectively.

“Overall, the main contributing countries of DIA flows were mainly channelled to the Netherlands, Indonesia, and Singapore.

As of the end of 2022, Malaysia’s DIA position stood at RM607.5 billion versus RM546.5 billion in 2021, with Singapore, Indonesia, and the Netherlands being

the top three destinations for investors.

After the Covid-19 pandemic subsided and the global economy slowly recovered from its impact, further analysis of the income gained on investments in 2022 revealed that both FDI and DIA investors continued to experience high returns on their investments, the department said.

On average, the return on investment for FDI companies in 2022 slightly decreased to 12 sen from 13 sen in 2021 for every RM1 of investment and conversely, Malaysian companies received eight sen for every RM1 of investment made abroad.

The services sector attained the highest income from FDI, while the manufacturing sector secured the highest income from DIA.

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