



KOLOKIUIM STATISTIK DAN SCIENTIFIC POSTER DOSM 2019

Industry and Location Choice of Foreign Direct Investment in Malaysia: Challenges and Way Forward

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Venue : ILSM



- **WHAT IS FOREIGN DIRECT INVESTMENT (FDI) ?**
- **DATA SOURCE & MANUAL**
- **FDI PERFORMANCE IN MALAYSIA**
- **METHODOLOGY OF COMPILATION FOR FDI BY STATE**
- **FDI BY SELECTED STATE**
- **CHALLENGES**
- **WAY FORWARD**

- 1** The compilation of FDI by state is first attempt by Balance of Payments Statistics Division.
- 2** The statistics is compiled annually with the time series data 2015-2018.
- 3** It is the preliminary finding and a further study is required by the Division.

(i) Investment from **foreign direct investment** (abroad) in Malaysia's companies

(ii) Minimum **10 per cent** of Equity ownership

(iii) In the form of **financial instruments**



(iv) FDI **components:**

➤ **Financial instruments**

01 Equity & Investment fund shares
(consists of equity capital and reinvestment of earnings)

02 Debt instruments
(e.g: Debt Securities, Trade Credit, Loans, Insurance & pension, Currency & deposits, Other account receivable/ payable)

... the **immediate direct investment** relationships arise when a direct investor directly owns equity that entitles **10 per cent or more** of the voting power in the direct investment enterprise.

- as stated in the **Balance of Payments Manual and International Investment Position Manual, Sixth Edition (BPM6)**

Foreign Direct Investment (FDI)

- refers to investment in Malaysia from foreign direct investors, in the form of financial instruments
- at least 10 per cent of equity (in the form of ordinary share)

GFCF

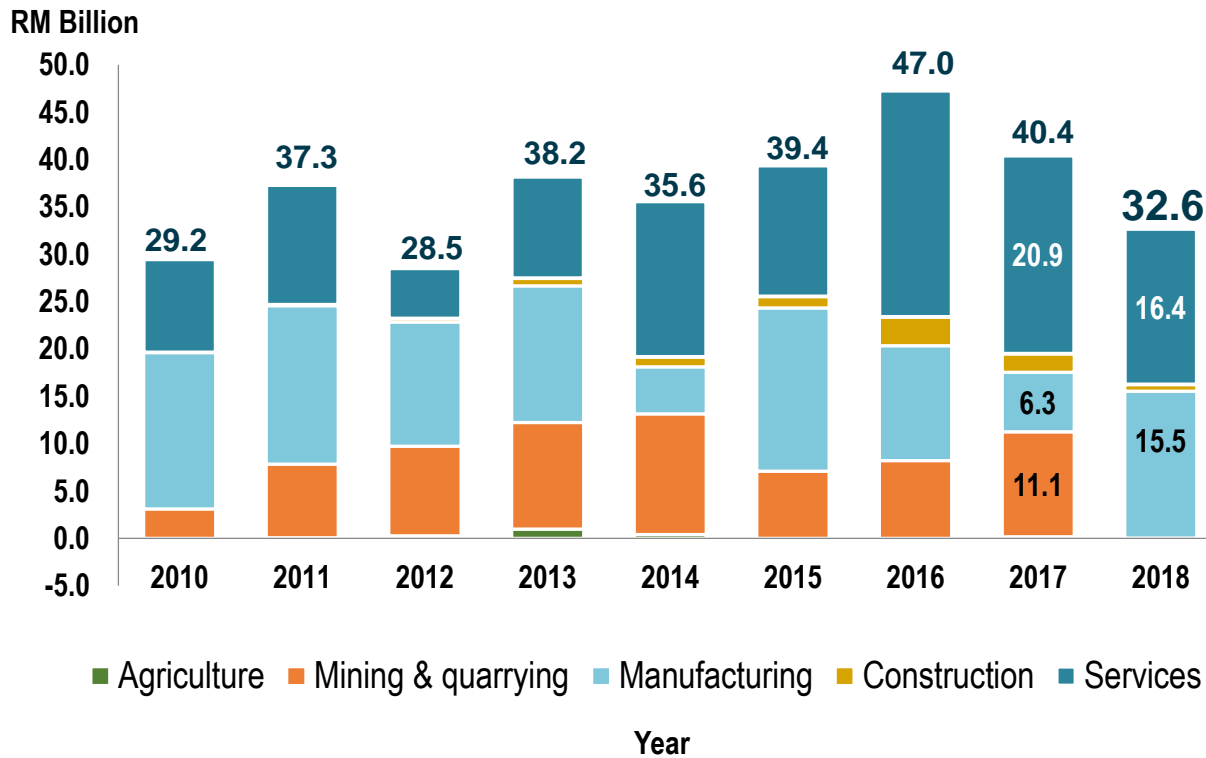
- refers to investment, in the form of fixed assets

DIFFERENCES IN THE SOURCE OF FUND IN MEASURING GFCF AND FDI FLOWS

	Source of Fund	Acquisition of GFCF for Foreign Companies	FDI flows
1	Fund from oversea parent/sister companies (eg. equity, inter-comp loans)	√	√
2	Fund from overseas non related parties	√	-
3	Fund from local sources	√	-

PERFORMANCE OF FDI FLOWS IN MALAYSIA, 2018

FDI FLOWS BY SECTOR, 2010 - 2018



Equity & investment fund shares

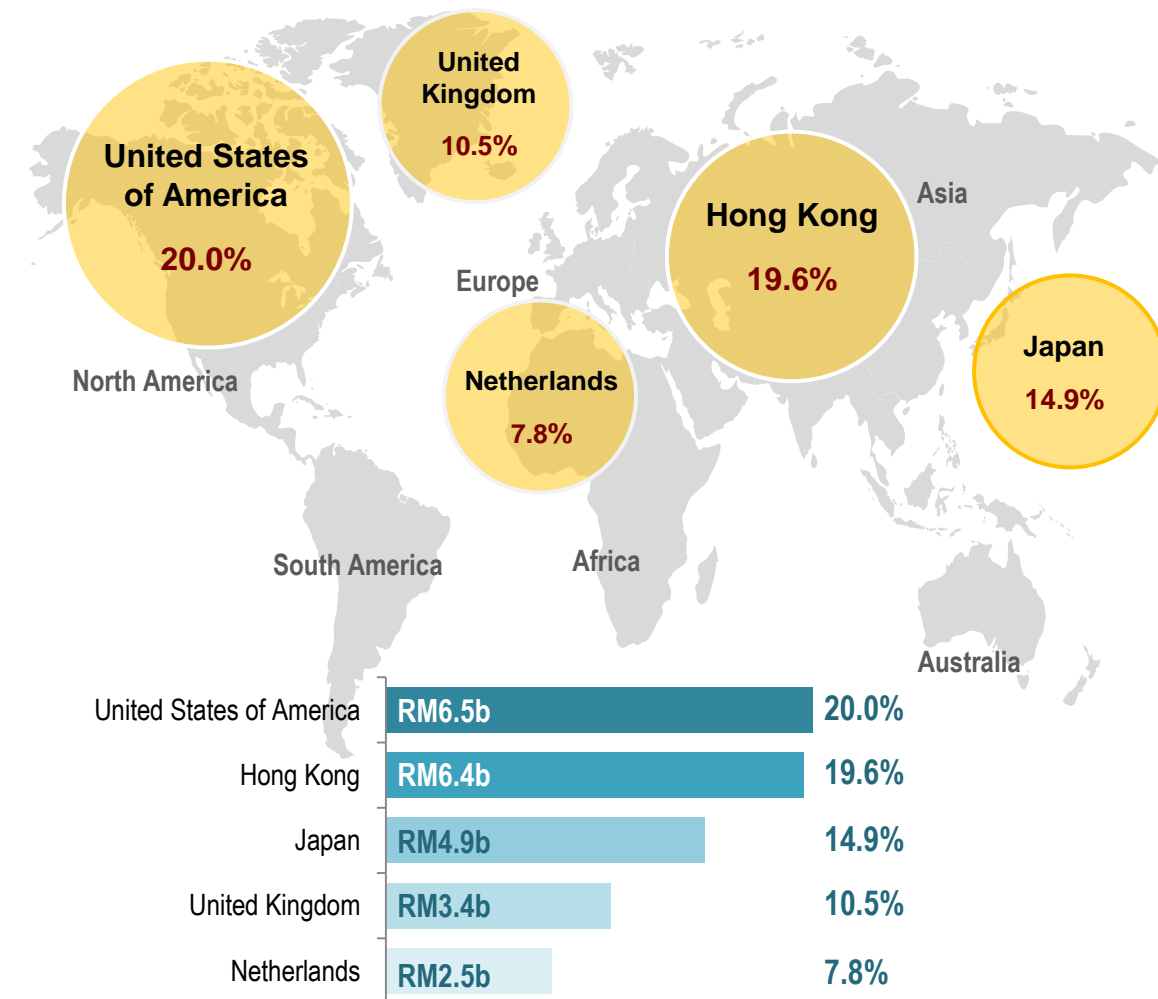
FDI FLOWS BY
COMPONENT
2018

82.1%
RM26.8 b

Debt instruments

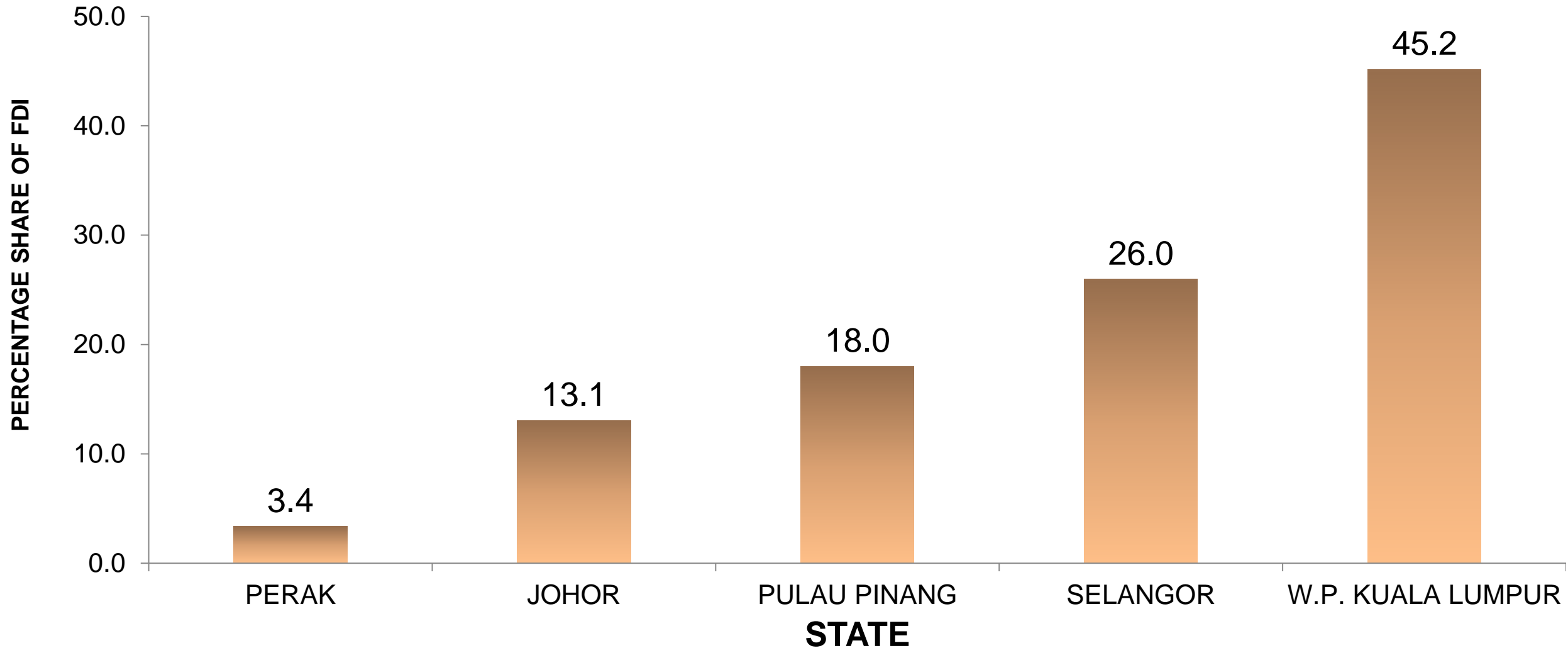
17.9%
RM5.8 b

TOP FIVE COUNTRIES), 2018



1. Obtain the address & location from survey
2. Verify the address of the companies
3. Validate the data with other indicators
4. Special treatment for selected companies
5. Validate the overall performance of FDI by State

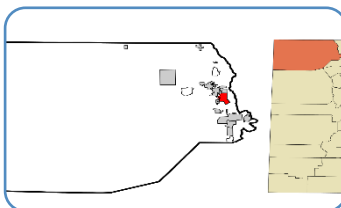
TOP 5 FDI BY STATE – PERCENTAGE SHARE (%), 2018





Determination of state

- Based on Financial Instrument
- GFCF – investment in Fixed asset
- GDP – measure the overall economic production



Distribution of financial instrument by location

- Value of Equity reported by country



Industry

- services industry – to distinguish the value of holding companies to specific state



Location

Distribution of location headquarters in Kuala Lumpur

Further Study need to be focused on companies which located in Wilayah Persekutuan

Cross matrix analysis between state and country of FDI

Target to publish preliminary report for Internal circulation in 2020

COUNTRY	REALISED FDI (minimun 10% equity)
1. Vietnam	NA
2. Thailand	NA
3. United States	✓
4. Singapore	NA
5. Indonesia	NA
6. Malaysia	NA



TERIMA KASIH & THANK YOU



20 OCT



18 - 23 AUG 2019



JULY 2020
(ACTUAL MYCENSUS)



JAN - DEC 2019



MAR - SEPT 2019



2015 - 2030



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