

# Foreign affiliates contribute RM274.3 billion to economy

KUALA LUMPUR: Nearly 3,000 foreign affiliates are operating in Malaysia, contributing a value added of RM274.3 billion in 2021, or 17.7 per cent of Malaysia's economy, said the Department of Statistics Malaysia (DOSM).

In its statistics report on foreign affiliates in Malaysia (inward FATS) and statistics on Malaysian affiliates abroad (outward FATS) 2021, DoSM said that, in contrast, almost 2,300 Malaysian affiliates are operating abroad, generating a turnover of RM334.1 billion in 2021.

In a statement yesterday, chief statistician Datuk Seri Mohd Uzir Mahidin noted that foreign affiliates refer to enterprises with more than 50 per cent equity owned by a single foreign investor.

"The objective of inward and outward FATS published by DOSM is to provide annual information on the main char-

acteristics and economic indicators that determine the structure and activity of foreign-controlled affiliates located in Malaysia, and vice versa," he explained.

Mohd Uzir said foreign affiliates in Malaysia increased marginally by 0.3 per cent from 2,979 affiliates in 2020, generating RM274.3 billion in value added, an increase of 13.8 per cent as against RM241 billion in the preceding year.

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Of employees engaged with foreign affiliates also expanded by

2.9 per cent to record 884,843 persons as compared to 2020, echoed by the improved labour market in the country. In turn, the overall compensation of employees rose from RM48.7 billion to RM51.9 billion in 2021," he said.

Elaborating further on the performance of inward FATS by economic activities, Mohd Uzir said that the manufacturing sector remained the main contributor with the highest share at 48.6 per cent of value added, amounting to RM133.3 billion in 2021.

He said this sector employed 664,721 persons and paid out RM36.1 billion in compensation, particularly in the electrical, transport equipment and other manufacturing sub-sector.

"The second highest value added was recorded by the mining and quarrying sector at RM69 billion or 25.2 per cent shares, surpassing the services

sector in 2021 (RM68.5 billion).

"Nevertheless, the services sector registered the second highest number of employees at 178,552 workers with a total compensation of employees at RM12 billion in 2021," he said.

Meanwhile, Mohd Uzir said both exports and imports of foreign affiliates in Malaysia in 2021 expanded by 27.8 per cent and 21.1 per cent, respectively, with exports of inward FATS contributing to 33.9 per cent of the trade of goods and services, while imports of inward FATS accounted for 32.3 per cent.

"Investors from the Asia region registered the highest number of foreign-controlled enterprises in Malaysia, making up 63.5 per cent of the total affiliates, especially from Singapore, Japan, and China," he said.

The chief statistician also highlighted that in 2021, the performance of Malaysian-controlled affiliates abroad exhibited an upward momentum whereby compared to a year ago, these affiliates posted a 4.2 per cent increase in turnover, reaching a record of RM334.1 billion.

In terms of employment, he said these affiliates hired 412,295 persons as compared to 393,291 persons in 2020, with the compensation of employees also rising by 1.7 per cent, amounting to RM24 billion as against RM23.6 billion in 2020.

In terms of turnover, Mohd Uzir said the services sector remained the dominant contributor in 2021, generating RM205 billion or 61.4 per cent.

He said the manufacturing sector recorded the second highest turnover at RM82.8 billion, constituting 24.8 per cent, followed by the mining and quarrying sector at RM25.7 billion (7.7 per cent).

"Looking at the performance by country, Malaysian affiliates located in Indonesia recorded the highest turnover at RM50.6 billion. Meanwhile, the second highest turnover was from the United Kingdom, which was valued at RM37.3 billion, followed by Singapore, with a turnover of RM32.0 billion.

"Notably, the services sector played a pivotal role in generating the turnover of these top three countries," he added.