



READY TO GROW?

MALAYSIA

IS YOUR ULTIMATE WAY

This report prepared by ICCIA Holding, business support unit,, provides an in-depth analysis of the investment landscape in Malaysia, highlighting key trends, opportunities, and challenges shaping the country's economic growth





,ABOUT ICCIA HOLDING BUSINESS SUPPORT UNIT

ICCIA Holding, Business Support Unit is dedicated to promoting sustainable economic growth and expanding global trade opportunities. The company operates with a strong commitment to supporting businesses through tailored advisory services, market intelligence, and strategic partnerships. A key pillar of ICCIA's framework is its Business

Support Unit, which is designed to empower enterprises by providing access to a global network, offering innovative solutions, and delivering strategic support. This integrated approach enables businesses to scale effectively, navigate complex markets, and strengthen their competitive position in the global market.

CONTENTS

1 EXECUTIVE SUMMARY

2 INTRODUCTION

3 MALAYSIA'S DEMOGRAPHIC PROFILE

3.1 Population

3.2 Geographic Location

4 ECONOMIC OVERVIEW OF MALAYSIA

4.1 Gross Domestic Product (GDP) of Malaysia

4.2 Gross Domestic Product (GDP) Growth Rate

4.3 Inflation Rate in Malaysia

4.4 Real Interest Rate in Malaysia

4.5 Unemployment Rate in Malaysia

5 INVESTMENT LANDSCAPE IN MALAYSIA

5.1 Malaysia Direct Investment Outward and Inside the Country

5.1.1 Malaysia Direct Investment Abroad (DIA)

5.1.2 Private Investments Inside Malaysia

5.2 Sector Investment Distribution

5.2.1 Investment in Manufacturing Sector

5.2.2 Investment in Service Sector

5.2.3 Investment in Primary Sector

5.3 Regional Investment Breakdown across Malaysian States

6 NATIONAL POLICIES SUPPORTING DOMESTIC INVESTMENT

7 MARKET DEMAND IN MALAYSIA

8 LABOR MARKET AND EMPLOYMENT OUTLOOK

8.1 Manufacturing Industry

8.2 Service Sector

8.3 Malaysian Government Initiatives

9 OVERVIEW OF NIMP 2030 STRATEGIC PILLARS

10 KEY INVESTMENT OPPORTUNITIES IN MALAYSIA

11 CHALLENGES AFFECTING INVESTMENT ENVIRONMENT

12 EXHIBITS

13 REFERENCES





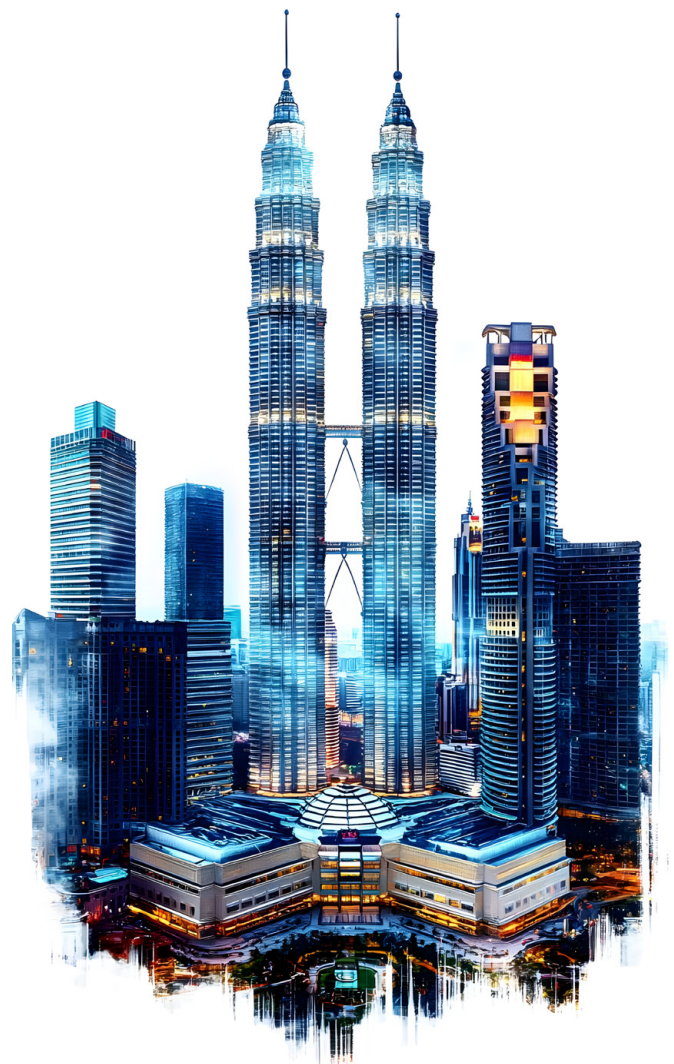
EXECUTIVE SUMMARY

This report provides in-depth analysis of investment environment in Malaysia starting by key demographic factors which influence the investment landscape. The growing population impacts consumption levels across various sectors in the country, complemented by Malaysia's strategic location in Southeast Asia, which facilitates the expansion of logistics services.

Positive indicators of economic situation highlight GDP growth rate by 5.1% in 2024 compared to 2023 by 3.6% and decreasing the unemployment rate by 3.2% in 2024 compared to 2023 at 3.4% in addition to moderate inflation rate at 1.8% in 2024.

Report delivers a complete assessment of different types of investment in Malaysia including direct investment abroad (DIA) totalled USD 7.95 billion, reflecting the continued expansion of local companies into global markets and direct investment inside the country totalled USD 82.71 billion divided between domestic investment by 55% and foreign investment by 45% showing the foreign direct investment top investors based on ultimate and immediate investment base highlighting the volume of investment and main countries of investment base.

In addition, it includes breakdown of main investment sectors (Service, Manufacturing and Primary) which is showing that the service sector is the highest by 66% comparing to manufacturing which is 31.8% and primary at 1.4%. The service sector is dominant by domestic investors by 55% and manufacturing which is dominant by foreign investors at 73.8% specifically in technology in addition to research and development. Furthermore, includes the sub-sector investment outlook.



The report highlights the government's focus on transitioning to high-value and knowledge-intensive industries through national initiatives like the New Industrial Master Plan (NIMP) 2030 and the National Energy Transition Roadmap (NETR). Malaysia's industrial policy emphasizes creating high-skilled employment, extending domestic linkages, and developing economic clusters, such as the M&E hub in Batu Kawan and automotive clusters in Kulim and Proton City.

Talent development remains central to Malaysia's strategy, with initiatives to produce 60,000 skilled engineers by 2030, enhance STEM enrolment, and increase female participation in technical fields.

The establishment of the Advanced Semiconductor Academy of Malaysia (ASEM) and public-private training partnerships aim to address skill gaps and support long-term growth in the

semiconductor sector.

Additionally, strategic infrastructure projects such as the East Coast Rail Link (ECRL) and the Johor–Singapore Special Economic Zone (JS-SEZ) are expected to enhance connectivity, boost trade, and attract investment in advanced and green technologies.

The report gives insights about the opportunities of investment in Malaysian market in addition to the challenges that affect on the investment in Malaysia.

Despite ongoing global economic uncertainty, Malaysia continues to offer a competitive investment environment supported by strategic policies, sectoral focus, and a growing commitment to sustainability and innovation.

Lastly, the data in this report is aligned with the 2024 RM/USD exchange rate of 4.576, as published by the Malaysian Ministry of Economy 2024.



2



INTRODUCTION

Malaysia is one of the prominent investment markets globally specifically in southeast Asia which presents a dynamic and resilient investment environment. Stable economy environment attracts different types of investment specifically foreign investments across various industries with its open economy,

pro-business policies, and strong integration into global supply chains.

The country's continued focus on industrial upgrading, digital transformation, and sustainability has positioned it as a rising hub for high-tech industries, including electronics, medical devices, and green energy.

3



MALAYSIA'S DEMOGRAPHIC PROFILE

Malaysia's demographic outlook plays a critical role in shaping the country's investment landscape and labor market dynamics. With a diverse and growing population, Malaysia's growing population and strategic location in Southeast Asia plays a key role in attracting investment. Its demographic strength supports labor supply and consumer demand, while its position along major trade routes make it a natural hub for regional business activities. Malaysia

offers a significant consumer base and a steady supply of human capital to support various industries. The country's strategic geographic location at the heart of Asia southeast positioned along major global trade routes further enhances its appeal as a regional business hub. This combination of demographic strength and locational advantage creates opportunities across a wide range of sectors, from manufacturing and logistics to retail and digital services.

 Population growth



3.1



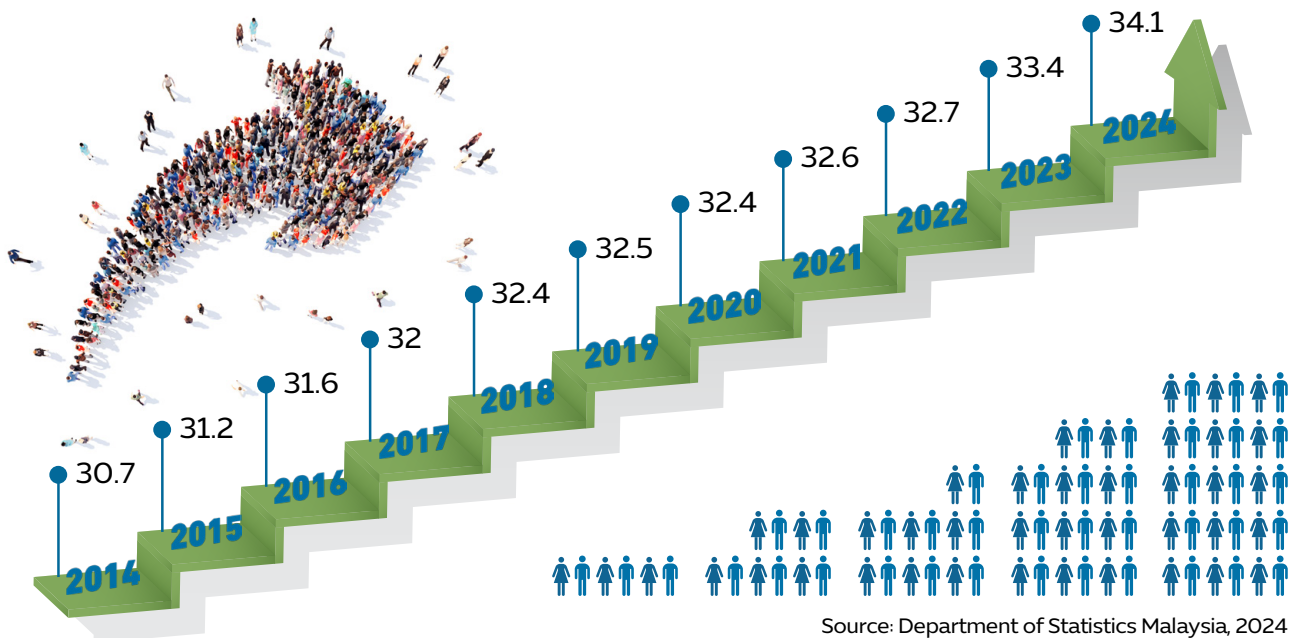
POPULATION

Over the past decade, Malaysia's population grew from 30.7 million in 2014 to 32.5 million in 2019, followed by a slight dip to 32.4 million in 2020 due to COVID-19. It then rebounded to 32.6 million in 2021 and reached approximately 34.1 million by 2024 with a growth rate by 2% with forecasting at 34.2 million in 2025 according to

department of statistics in Malaysia Muslim are dominant religion group by 63.5%.

The **dominant age group ranges between 25 and 45 years**, indicating a relatively young and economically active population, which presents significant opportunities for labor market growth and consumer-driven industries.

Exhibit. 1: The Population Growth of Malaysia 2014-2024 (Million)



3.2



GEOGRAPHIC LOCATION

The strategic location of Malaysia facilitated the growth of logistics services, with rising e-commerce and demand for last-mile delivery solutions driving technological innovation and strengthening its position as a regional logistics hub that highlighted through the twelfth

Malaysia Plan (12MP) which outlined the country's goal to evolve into a knowledge-based economy by 2025. A key component of this strategy is to attract companies offering high value-added services to establish operations in Malaysia, positioning the nation as a Global Services Hub.

4



ECONOMIC OVERVIEW OF MALAYSIA

Ongoing government initiatives and Malaysia's sustained efforts to strengthen its economic foundations have contributed to notable improvements in economic performance and increased resilience to global economic shifts. This progress is reflected in key indicators such as Gross Domestic Product (GDP) growth, inflation rates, and unemployment trends. These

metrics collectively demonstrate the country's ability to adapt to external challenges and maintain investor confidence. Furthermore, such macroeconomic stability plays a critical role in shaping foreign direct investment (FDI) inflows, reinforcing Malaysia's position as a competitive and attractive investment destination.

4.1

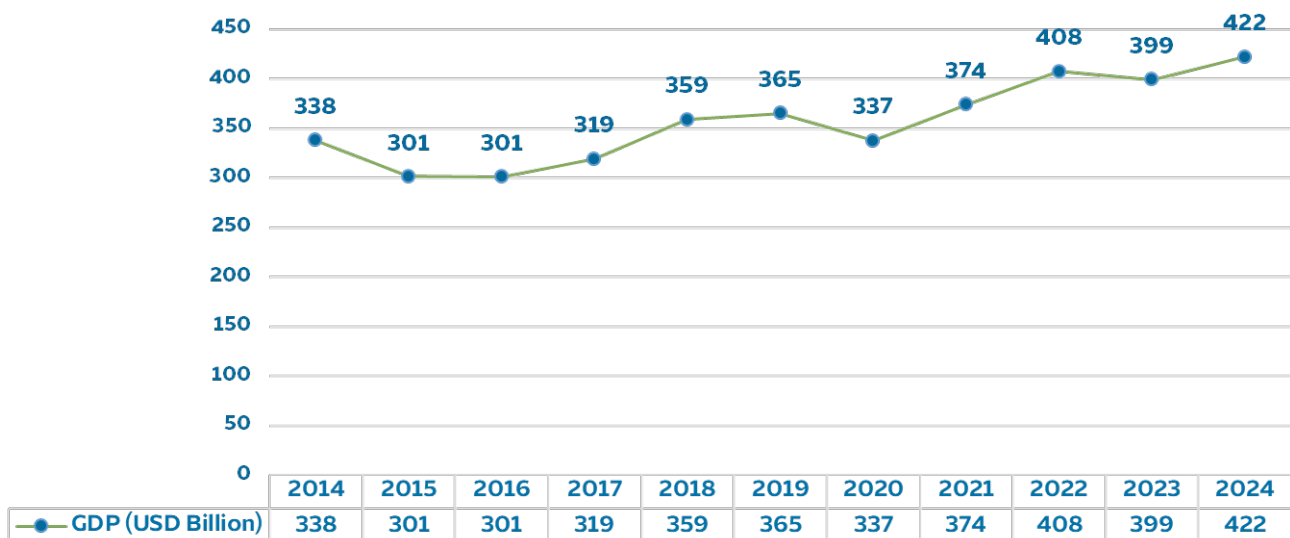


GROSS DOMESTIC PRODUCT (GDP) OF MALAYSIA

Malaysia's Gross Domestic Product (GDP), reflects the total value of goods and services produced within the country, has experienced notable changes over the past decade. It rose from USD 338 billion in 2014 to USD 365.1 billion in 2019, before declining to USD 337.4 billion in 2020 due to the impact of COVID-19. A strong

recovery followed in 2021, as the GDP rebounded to USD 373.8 billion, and this upward trend continued, reaching USD 422 billion in 2024 with positive expectations of continues growing in 2025. This trajectory underscores Malaysia's economic resilience and its capacity to rebound from global disruption.

Exhibit. 2: Gross Domestic Product of Malaysia 2014-2024 (Billion USD)



Source: World bank, 2024

4.2



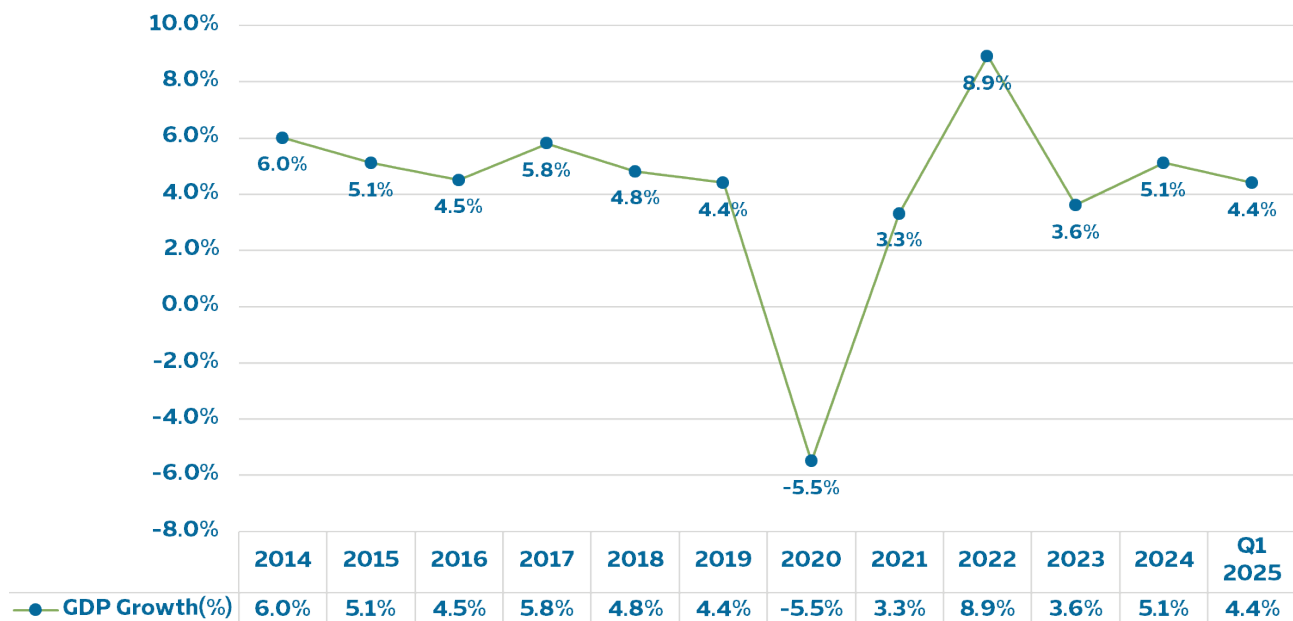
GROSS DOMESTIC PRODUCT (GDP) GROWTH RATE

The growth rate has shown considerable fluctuations from 2014 which was 6% and gradually declined to 5.1% in 2015 then to 4.5% in 2016 reaching 4.4% in 2019. The most significant decline was recorded in 2020 by (-5.5%) due to the global pandemic of COVID-19. However, from 2021, the growth rate began to recover, reaching 3.3%, and continued to rise, peaking at 8.9% in 2022.

This increase was short-lived, as the growth rate fell to 3.6% in 2023. In 2024, the rate rebounded to 5.1%, surpassing the government's targeted growth range of 4% to 5%.

According to central bank of Malaysia forecasting GDP is expected to expand between 4% - 4.8% remaining a strong footing economy in 2025

Exhibit. 3: Malaysia GDP Growth Rate 2014-2024



Source: World bank, 2024

Malaysia's economy expanded by 5.1% in 2024, improving from 3.6% in 2023, driven by firm domestic demand, stable external trade, and investment inflows in high-value industries and infrastructure. The services and manufacturing sectors contributed significantly, with services benefiting

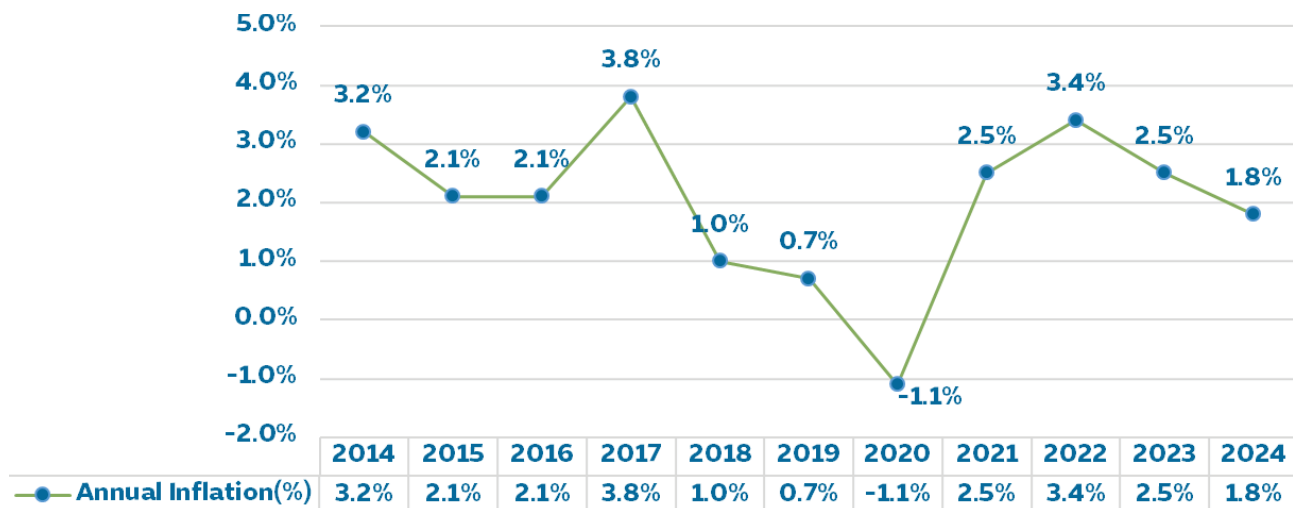
from increased consumer spending, tourism recovery, and digital economy expansion. The manufacturing sector saw higher industrial output, supported by strong demand for electrical and electronics (E&E) products, improved supply chains, and rising automation adoption.

4.3 INFLATION RATE IN MALAYSIA

The inflation rate, which measures the average annual increase in the prices of a standardized basket of goods and services, has shown moderate fluctuations in Malaysia over the past decade. From 2014 to 2024, inflation gradually declined from 3.2% to 1.8%, indicating relative price stability. An

exception occurred in 2020, during the height of the COVID-19 pandemic, when the inflation rate fell to -1.1% due to a significant contraction in commercial activity and consumer spending. **According to central bank of Malaysia Inflation rate is expected to average between 1.5% – 2.3% in 2025.**

Exhibit. 4: Inflation Rate in Malaysia 2014-2024



Source: InvestMalaysia.com



4.4

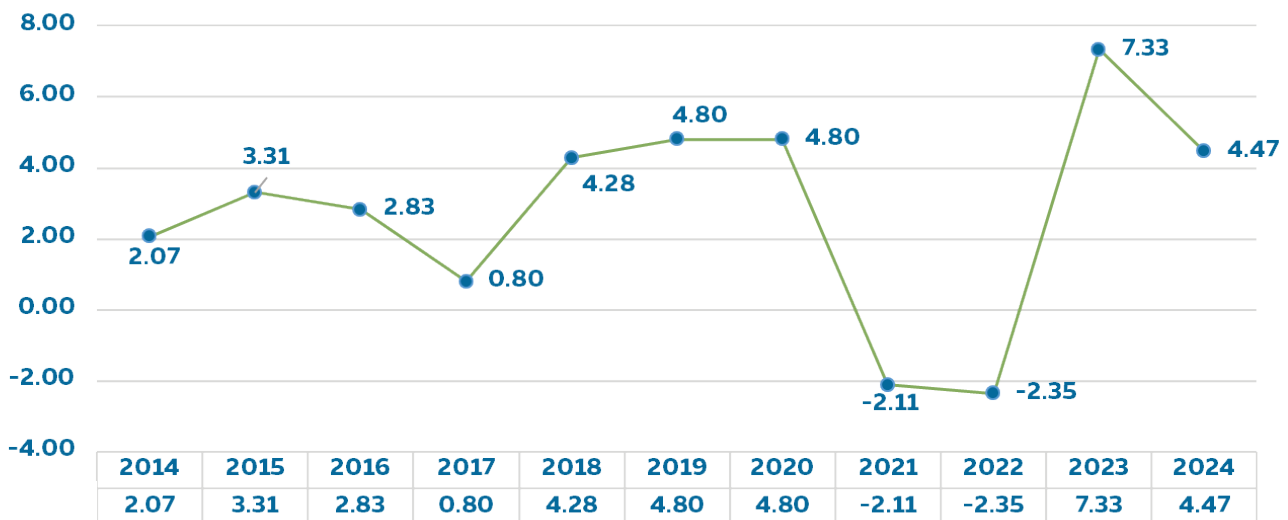


REAL INTEREST RATE IN MALAYSIA

The real interest rate represents the lending interest rate adjusted for inflation. In Malaysia, it began at 2.07% in 2014 and rose to 3.31% in 2015, reaching 4.8% just before the pandemic. In response to global economic uncertainties, the government implemented key monetary measures to stimulate domestic

economic activity, notably by reducing the overnight policy rate to 1.75% from July 2020 to April 2022. This, combined with rising inflation, led to negative real interest rates of -2.11% in 2021 and -2.35% in 2022. However, the rate rebounded sharply to 7.33% in 2023 and stabilized at 4.47% in 2024.

Exhibit. 5: Malaysia Real Interest Rate (%) 2014-2024



Source: World bank

In 2025 the global trade uncertainties has threaten the export-oriented economy due to the announcement of U.S. President Donald Trump of a 25%

tariff on Malaysian exports to united states. Malaysia's central bank cut overnight interest rates to 2.75% from 3.00% in May 2023.



4.5

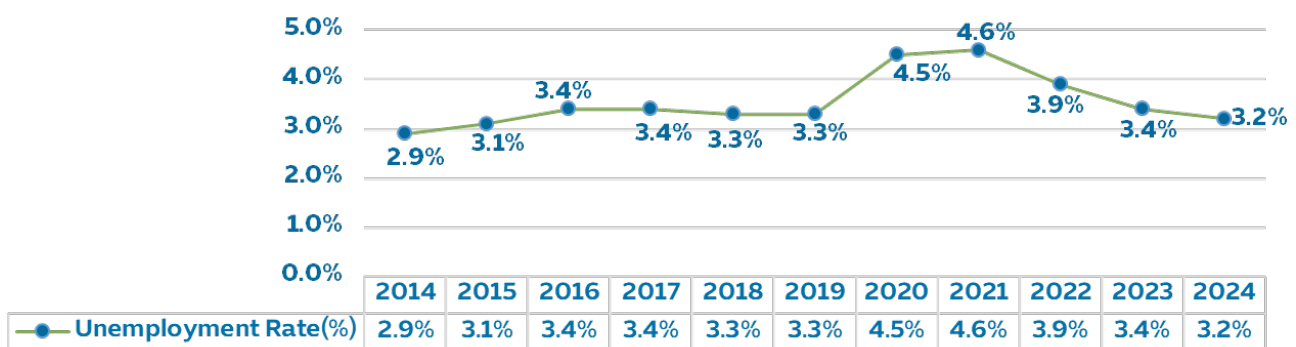


UNEMPLOYMENT RATE IN MALAYSIA

Malaysia's strategic governmental initiatives aimed at encouraging domestic business growth across various sectors have positively influenced the labor market. These efforts are reflected in the country's unemployment trends, which showed a relatively low rate of 2.9% in 2014 and remained stable with a moderate

increase to 3.3% by 2019. Due to the economic disruption caused by the COVID-19 pandemic led to a rise in unemployment rate through 2020 and peaking at 4.6% in 2021. Economy recovering efforts have a positive impact which unemployment rate declined to 3.2% in 2024 with forecasting to stable at 3.2% in 2025.

Exhibit. 6: Malaysia Unemployment Rate in Malaysia 2014-2024



Source: Ministry of Economy in Malaysia





INVESTMENT LANDSCAPE IN MALAYSIA

Malaysia offers a dynamic and investor-friendly environment, positioning itself as a key investment hub in the Southeast Asian region. Supported by a stable political framework, reliable infrastructure, and a strategic geographic location, the country has consistently attracted both domestic and foreign investments across a wide range of sectors.

The government's pro-business policies, incentives for high-value industries, and continuous efforts to enhance ease of doing business have further reinforced investor confidence. With a diversified economy and strong regional connectivity, Malaysia continues to play a vital role in facilitating capital flow, innovation, and sustainable economic development.

5.1 MALAYSIA DIRECT INVESTMENT OUTWARD AND INSIDE THE COUNTRY

5.1.1 MALAYSIA DIRECT INVESTMENT ABROAD (DIA)

In 2024, Malaysia's Direct Investment Abroad (DIA) totalled USD 7.95 billion dollars, reflecting the continued expansion of local companies into global markets.

Investments were directed towards high-growth industries, with businesses seeking opportunities in services, manufacturing, and resource-based sectors.

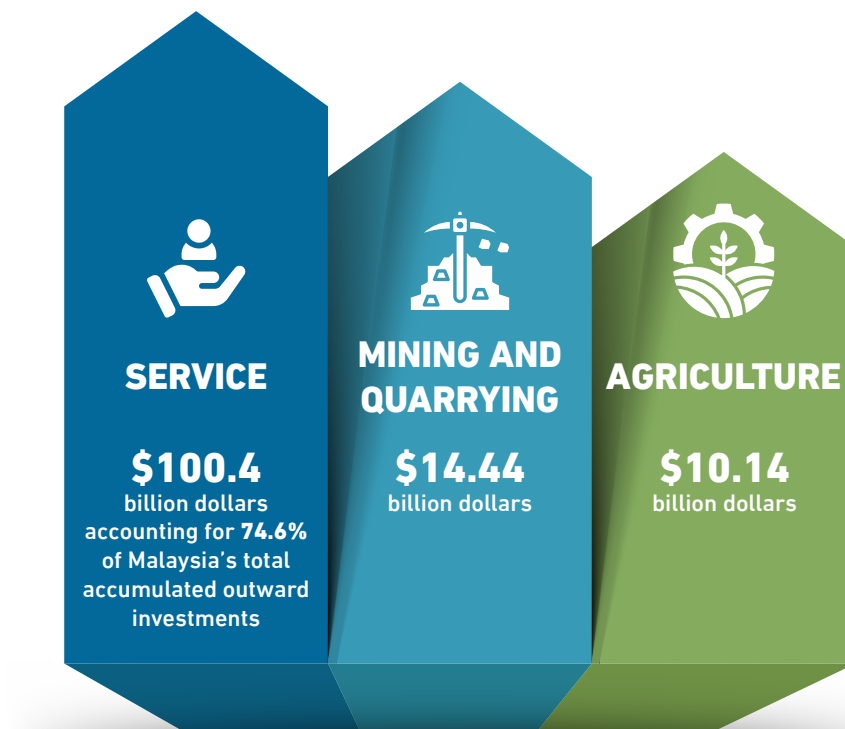
Malaysian Investment Development Authority (MIDA) has intensified efforts to prepare local industries for international expansion, acknowledging that a strong domestic foundation is key to global success. Through initiatives such as Direct Investment Abroad (DIA)

Seminars and Missions, Malaysian companies have gained market intelligence and strategic insights while the Domestic Investment Coordination Platform (DICP) has facilitated alternative financing solutions to support cross-border.

****Dominant Industries in direct investment abroad:**

Most economic sectors of investment over the past years which affect the volume of foreign direct investment are service sector which dominant by 74.6% of the total accumulated abroad investments then mining and quarrying sectors in the second share in addition to the agriculture sector.

Exhibit. 7: Malaysia Dominant Sectors in Direct Investment Abroad

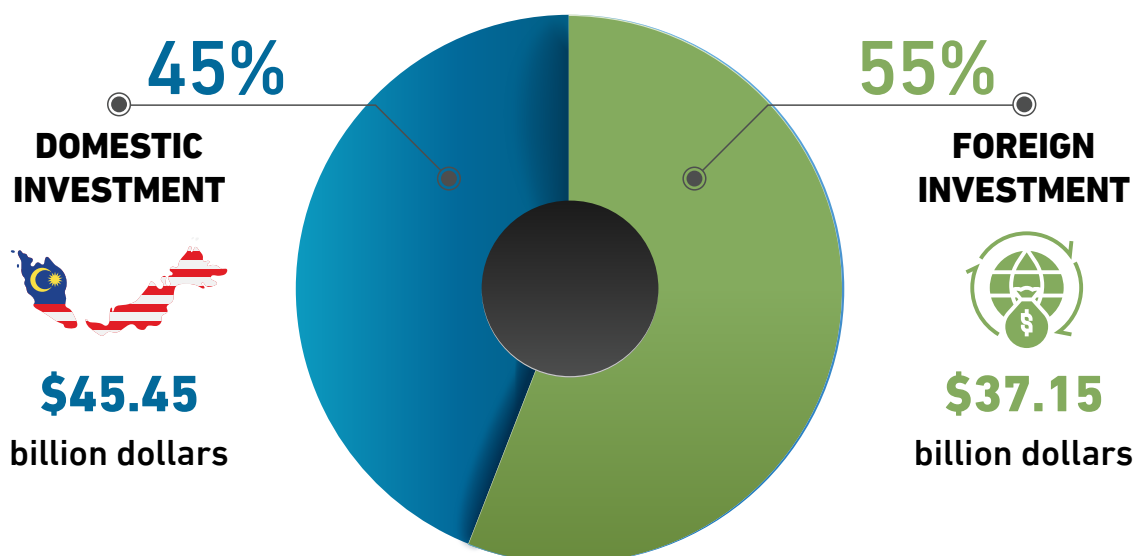


Source: Malaysian Investment Development Authority

5.1.2 PRIVATE INVESTMENTS INSIDE MALAYSIA

Total investments in Malaysia have reached USD 82.71 billion with increase by 14.9% compared to 2023 divided by two main pillars of investment which are domestic investment by 55% and foreign investment by 45%. The total approved projects till 2024 are 6700 projects with increase by 31.3% compared to 2023 (5,101 projects).

Exhibit. 8: total investment in Malaysia 82.71 billion dollars till 2024

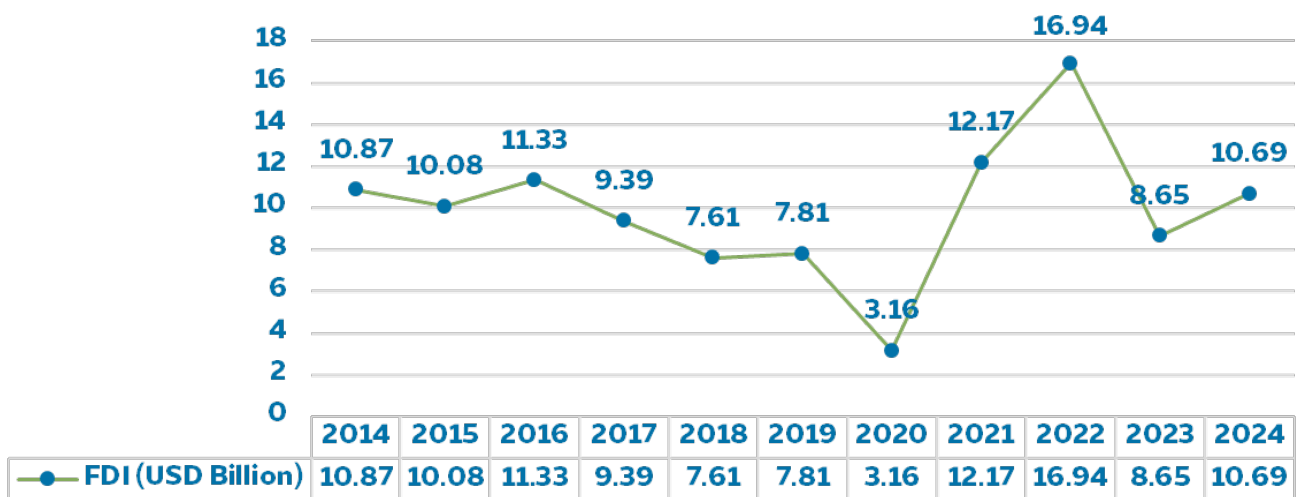


Source: Malaysian Investment Development Authority

5.1.2.1 FOREIGN DIRECT INVESTMENT (FDI)

Investment remained strong in 2024, investor confidence and expanding with foreign direct investment (FDI) opportunities across key sector. totalling USD 10.69 billion, reflecting

Exhibit. 9: Malaysia Foreign Direct Investment (FDI) 2014-2024 In USD



Source: UN trade& development

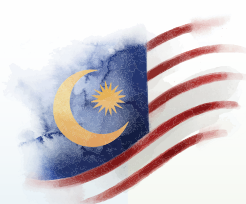
5.1.2.2 FOREIGN DIRECT INVESTMENTS BASED ON IMMEDIATE AND ULTIMATE SOURCE

Malaysia foreign direct investment includes two types of investment which are investment based on immediate source and investment based on ultimate source as the main top investments from foreign countries based on ultimate investment are United states in the first place by USD 7.17 billion, then Germany of USD 7.04

billion, China by USD 6.16 billion, Singapore USD 5.94 billion and Hong Kong USD 1.62 billion. However, the main top investment based on ultimate foreign investments are Singapore by USD 9.72 billion then Austria for USD 6.58 billion, united states for USD 6.49 billion, China USD 3.10 billion and Hong Kong investment by USD 2.84 billion.

Exhibit. 10: Malaysia Top Five Foreign Direct Investment (FDI) Ultimate and Immediate Base

TOP 5 INVESTMENTS from foreign countries BASED ON ULTIMATE SOURCE



TOP 5 INVESTMENTS from foreign countries BASED ON IMMEDIATE SOURCE



Source: Malaysian Investment Development Authority

5.2

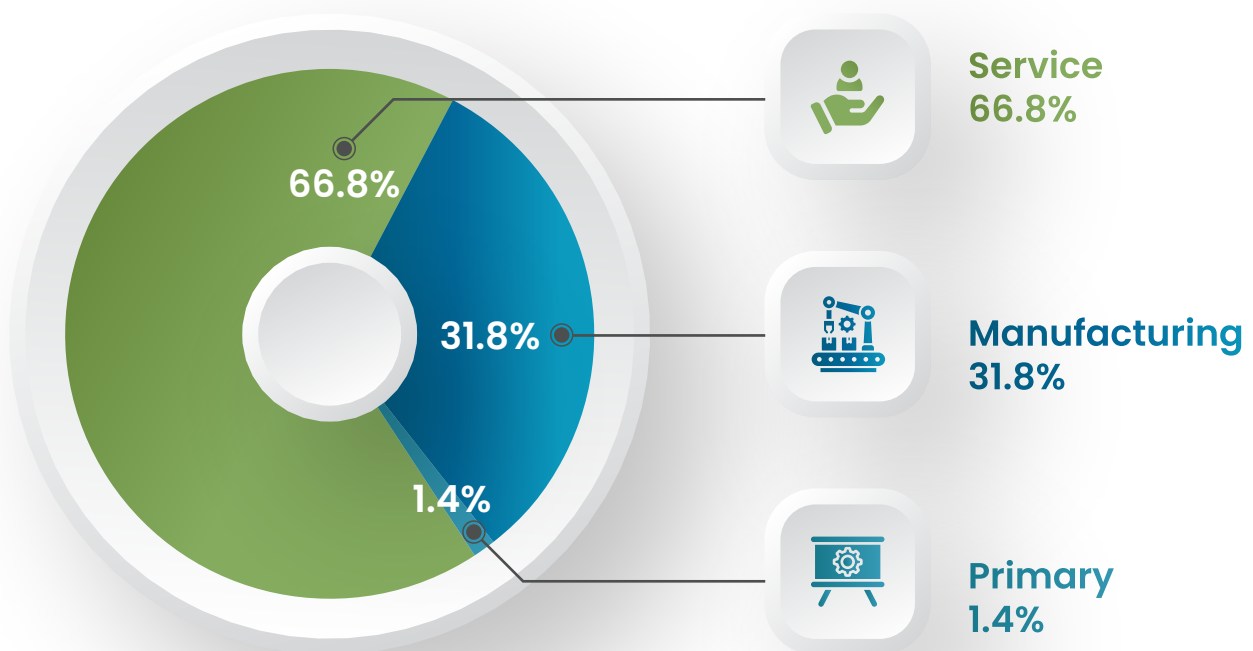


SECTOR INVESTMENT DISTRIBUTION

Private investments in Malaysia are primarily concentrated in three key sectors. **The services sector** leads with **USD 55.22 billion** in approved investments across **5,525 projects**. This is

followed by the **manufacturing sector**, which recorded **USD 26.33 billion** through **1,108 projects**, and the **primary sector**, which attracted **USD 1.16 billion** in investments spanning **67 projects**.

Exhibit. 11: Malaysia Private Investment by Sector



Source: Malaysian Investment Development Authority

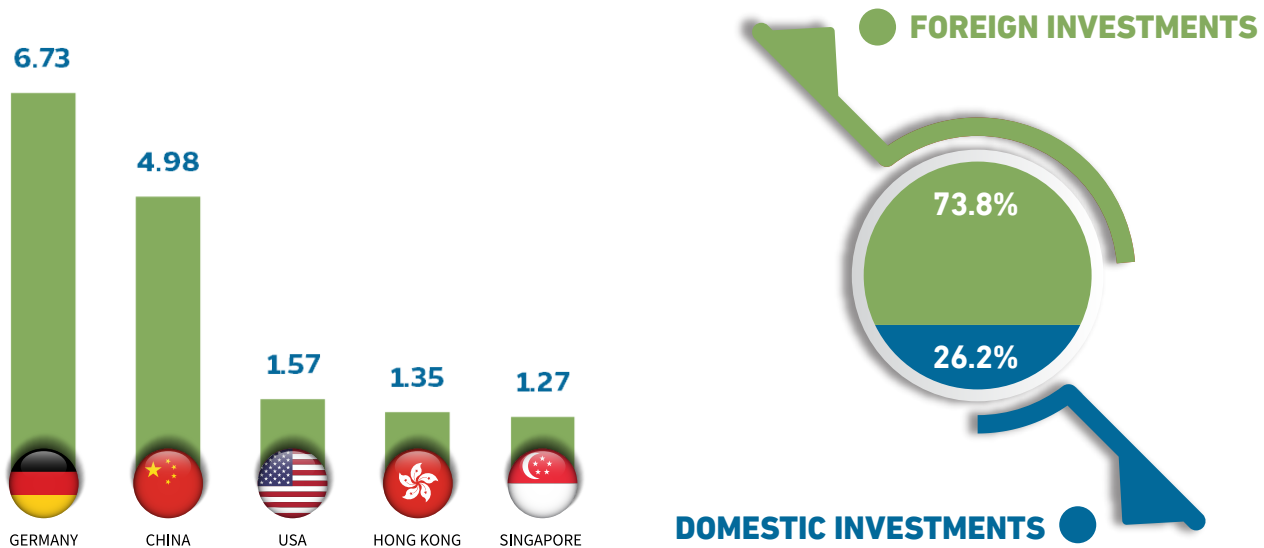
5.2.1 INVESTMENT IN MANUFACTURING SECTOR

In 2024, Malaysia's manufacturing sector reinforced its strategic significance by securing a higher number of approved projects and creating more employment opportunities compared to the previous year. This growth underscores the sector's ongoing transition toward advanced manufacturing, driven by investments in automation, high-value industries, and sustainable practices.

Strong participation from both domestic by USD 6.9 billion and foreign investors by USD 19.43 billion accross 1,108 projects reflect strong confidence in Malaysia's industrial ecosystem.

The Foreign investments play the big share in the manufacturing investment by 73.8% then the domestic investment by 26.6%

Exhibit. 12: Malaysia Top Five Foreign Ultimate Source Investors in manufacturing (billion USD)



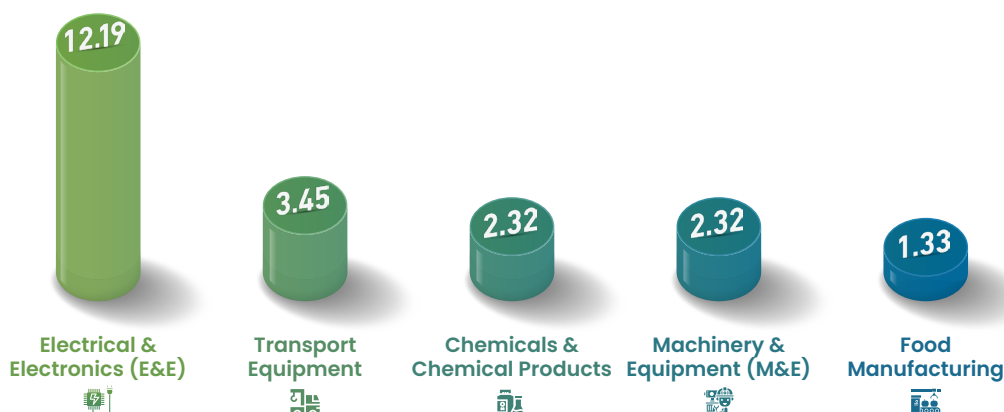
Source: Malaysian Investment Development Authority

5.2.1.1 SUB SECTORS OF MANUFACTURING INDUSTRY

The main top manufacturing sub sectors are electrical and electronics with 153 approved projects held by foreign investments at USD 11.65 billion and USD 550 million by domestic investments. Second transport equipment with 110

approved projects then chemicals and chemical products with 92 approved projects afterwards machinery and equipment 142 approved projects and 110 approved projects for food manufacturing.

Exhibit. 13: Malaysia Top Five Investments in Manufacturing Sub- Sector (Billion USD) 2024



Source: Malaysian Investment Development Authority

Manufacturing sector including other types of investment such as basic metal products with total investments USD 350 million in addition to fabricated metal products with

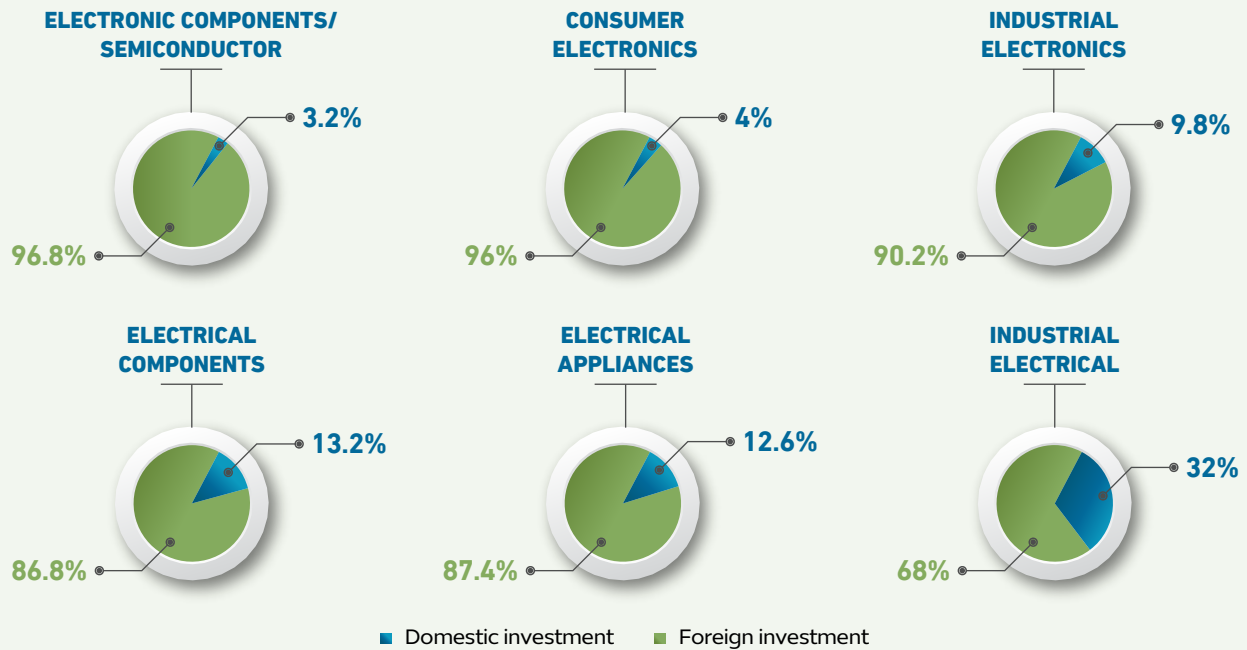
total investments USD 809 million and textiles by USD 284 million, leather products by USD 9.8 billion and non-metallic mineral products by USD 1.16 billion.



ELECTRICAL & ELECTRONICS (E&E)

Total investment USD 12.9 billion across 153 projects which classified to dominant by foreign investments for below subcategories in exhibit 14.
95.5% compared to domestic investments

Exhibit. 14: Malaysia Subcategories of Electrical and Electronics(E&E) Investment 2024



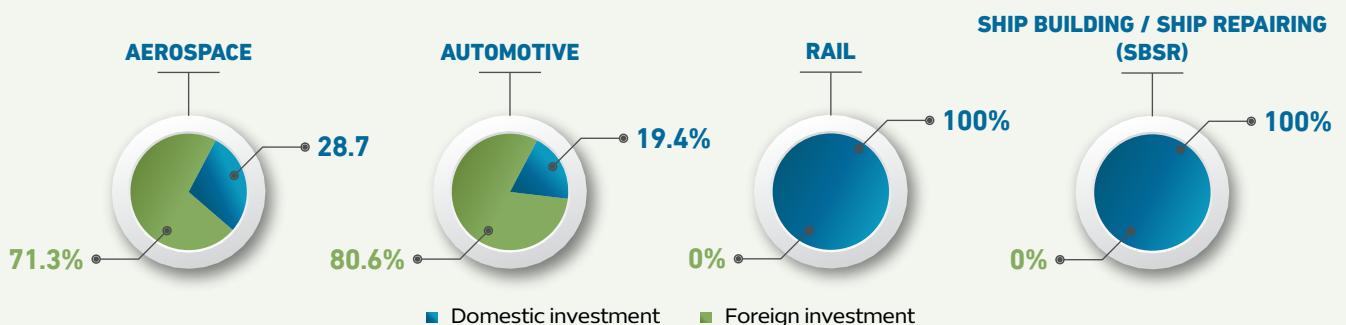
Source: Malaysian Investment Development Authority



TRANSPORT EQUIPMENT

Total investments USD 3.45 billion investments across 110 projects dominant by foreign investments for which classified to below 77.5% compared to domestic subcategories in exhibit 15

Exhibit. 15: Malaysia Subcategories of Transport Equipment Investments 2024



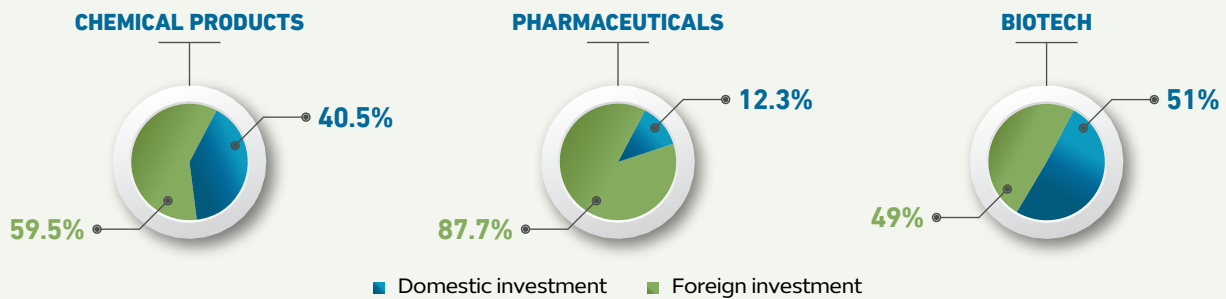
Source: Malaysian Investment Development Authority



CHEMICALS & CHEMICAL PRODUCTS

Total investments USD 2.32 billion investments across 92 projects dominant by foreign investments which classified to below for 60.4% compared to domestic subcategories in exhibit 16

Exhibit. 16: Malaysia Subcategories of Chemicals and Chemical Investments 2024



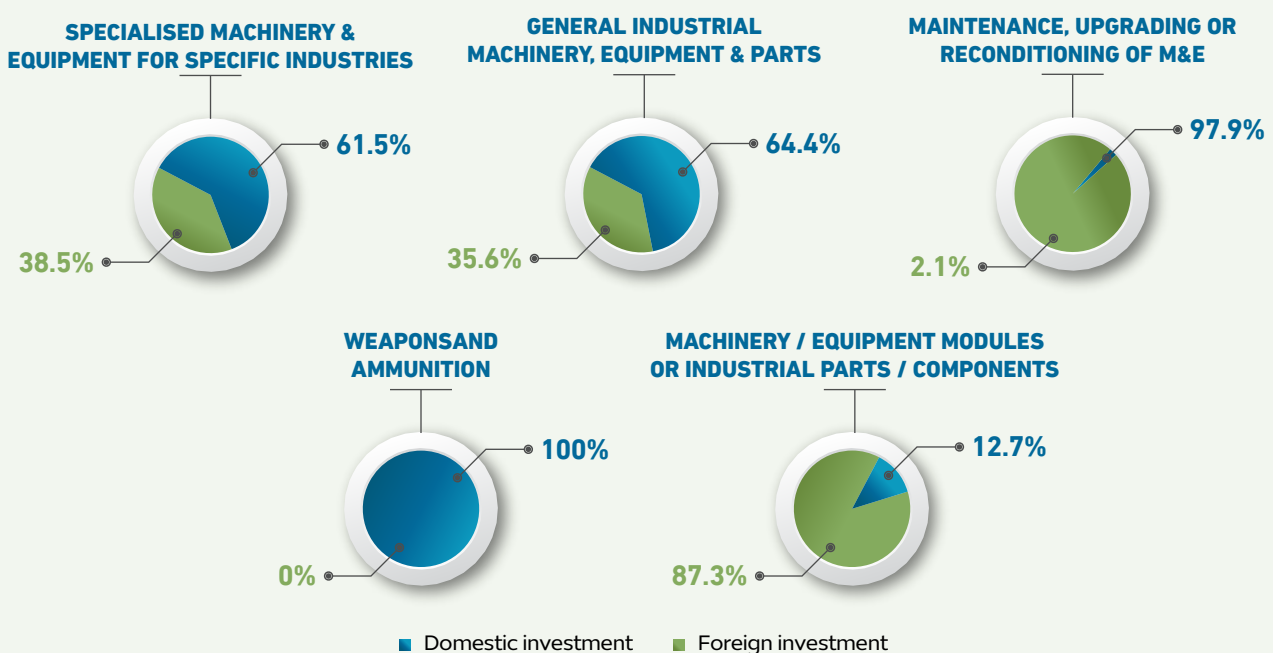
Source: Malaysian Investment Development Authority



MACHINERY AND EQUIPMENT

Total investments USD 2.32 billion investments across 142 projects dominant by foreign investments which classified to below for 57.4% compared to domestic subcategories in exhibit 17

Exhibit. 17: Malaysia Subcategories of Machinery and Equipment Investments 2024



Source: Malaysian Investment Development Authority



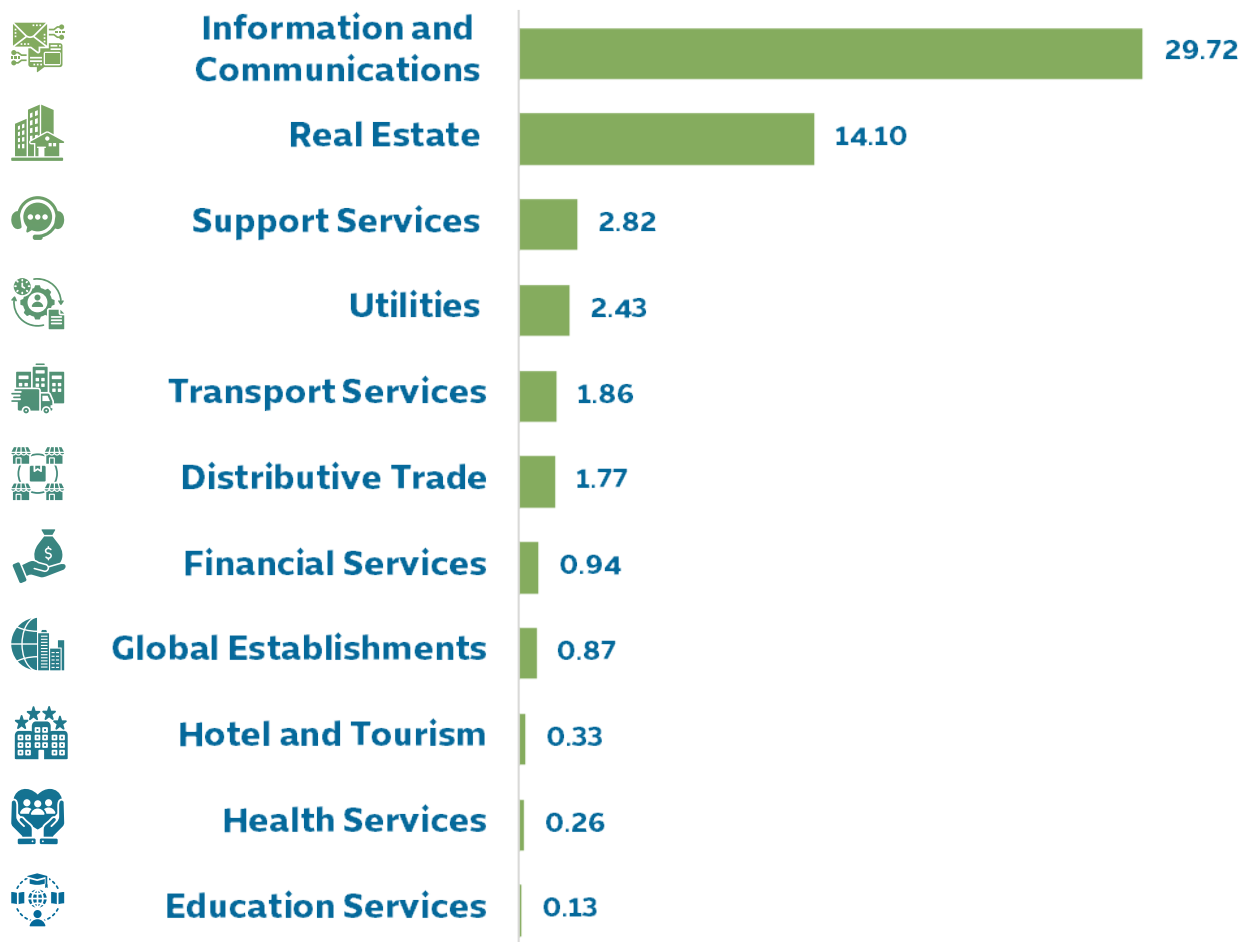
FOOD MANUFACTURING

Total investments USD 1.3 billion for 66.3% compared to foreign dominant by domestic investments investments across 110 projects.

5.2.2 INVESTMENT IN SERVICE SECTOR

Malaysia's services sector maintained its strong investment momentum in 2024, recording USD 55.2 billion in approved projects. **The Information and Communications** sub-sector led the way with USD 29.7 billion, driven by the rapid expansion of digital infrastructure, increased adoption of cloud computing, and the nationwide rollout of 5G networks. **The real estate sector** attracted USD 14.1 billion, reflecting continued growth in commercial developments, smart city initiatives, and sustainable construction. Meanwhile, notable investments in **transport services, utilities, and financial services** evolving industry priorities, with greater emphasis on sustainable mobility, energy transition, and digital financial solutions.

Exhibit. 18: Malaysia Service Sector Investments in (billion USD) 2024



Source: Malaysian Investment Development Authority

5.2.2.1 SUB SECTORS OF SERVICE INDUSTRY

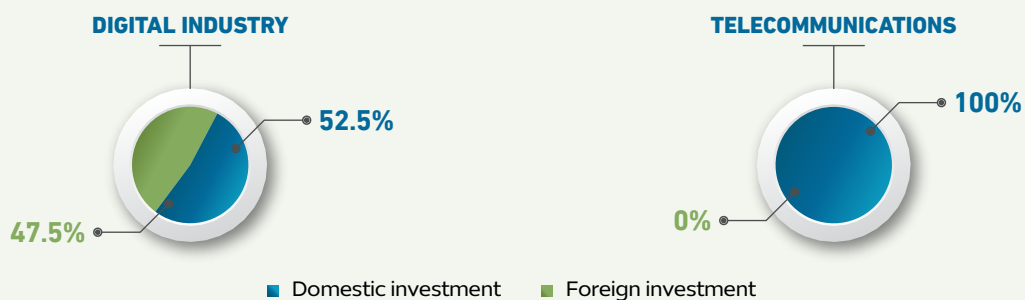


INFORMATION AND COMMUNICATION

Information and communication leading service sub-sectors with USD 29.72 billion as a total investment. This total was divided into USD 15.8 billion from

domestic investment and USD 13.8 billion from foreign investment in 2024. This value increased compared to the previous year (2023).

Exhibit. 19: Malaysia Information and Communication Sub-Sector Investment



Source: Malaysian Investment Development Authority



REAL ESTATE

The real estate sector investment by USD 14.10 billion which the domestic investment is playing the main role by 100% compared to private one through

1,349 approved projects, reflecting continued growth in commercial developments, smart city initiatives, and sustainable construction.

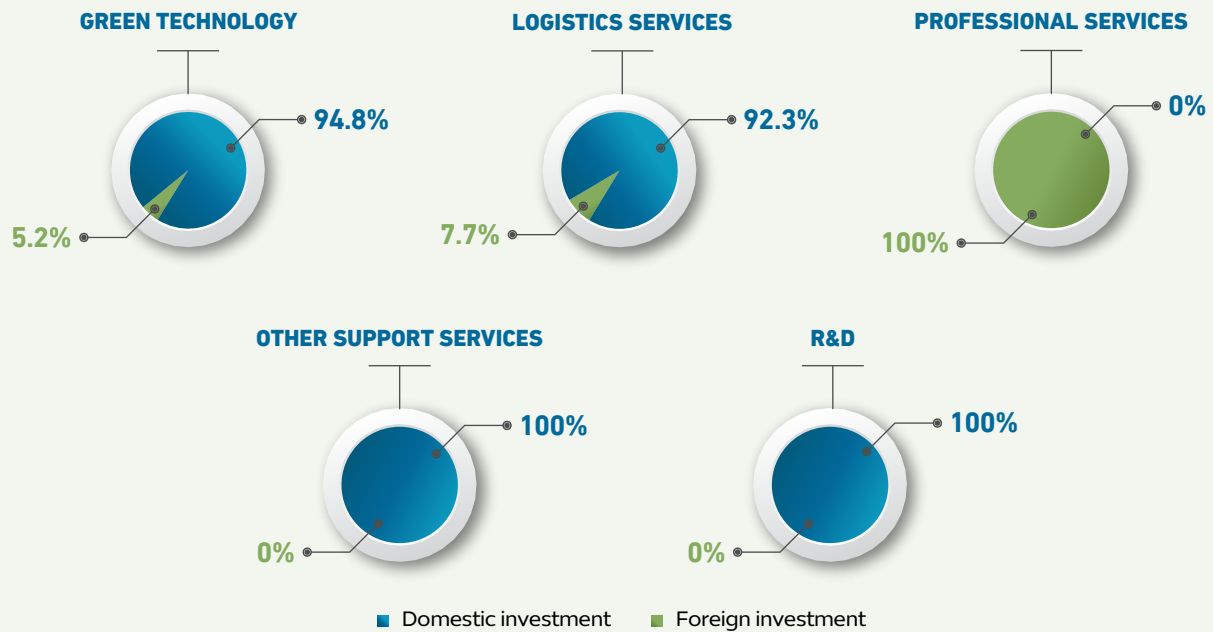




SUPPORT SERVICE

The support service investment by USD 2.82 billion which the domestic investment is the dominant by 93% comparing to foreign investment by 7% across 979 of approved projects.

Exhibit. 20: Malaysia Support Service Sub-Sector Investments 2024



Source: Malaysian Investment Development Authority



UTILITIES

Investment in utilities are dominant by the domestic investment by 100% with USD 2.43 billion across 25 projects.



TRANSPORT SERVICE

Investment in transport service reached USD 1.86 billion divided between foreign investments by 51.9% and domestic investments by 49.1% across 75 approved projects.

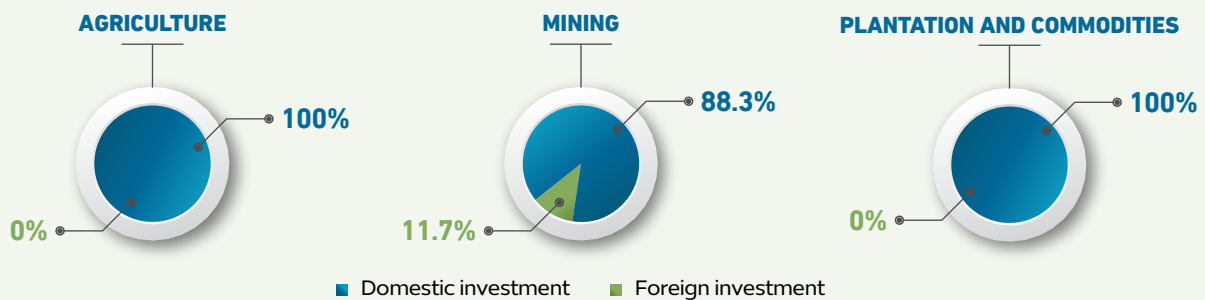
5.2.3 INVESTMENT IN PRIMARY SECTOR

Investment in Malaysia's primary sector in 2024 displayed strong domestic participation, with local capital driving most approved projects. Total investment in primary sector USD 1.16 billion across 67 through domestic

investments by 90.2% and 9.8% for private investments.

Primary subsectors include three main sectors of agriculture, mining in addition to plantation and commodities

Exhibit. 21: Malaysia Primary Sub-Sector Investments



Source: Malaysian Investment Development Authority

5.3

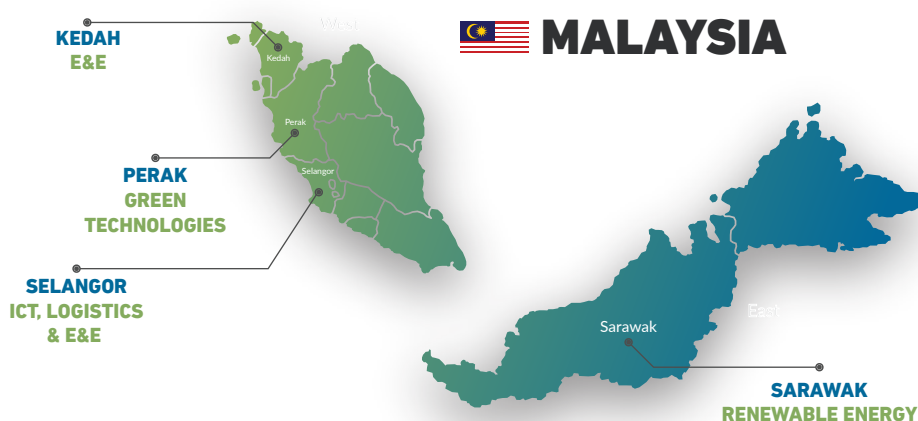


REGIONAL INVESTMENT BREAKDOWN ACROSS MALAYSIAN STATES

Economic clusters continue to play a vital role in Malaysia's strategy to drive industrial development. The main states of investment opportunities that offers are distinct from Selangor's status as a digital innovation hub to Sarawak's advancements

in renewable energy targeting to include diversifying investment across Malaysia, promoting economic growth in all regions, creating a competitive investment environment and supporting the nation's long-term economic development.

Exhibit. 22: Regional Investment across Malaysia States 2024



Source: Malaysian Investment Development Authority





KEDAH

Key industries prominent in electrical and electronics(E&E).

It delivers a Strengths Spillover from Pulau Pinang's E&E cluster.

It has machinery and equipment (M&E) hub in Batu Kawan where is the Industrial Park (BKIP) in Penang.

The Batu Kawan Industrial Park (BKIP) in Penang attracted global manufacturers such as Boon Siew Honda, VAT Group AG and Western Digital Corporation. These investments have transformed BKIP into a hub for M&E, fostering local ecosystems and generating employment opportunities.



PERAK

Key industries in green technologies.

It has Kerian Integrated Green Industrial Park (KIGIP) which designed to be a high-tech industrial area powered

primarily by solar energy, aiming to attract investments in electrical and electronics, semiconductors, logistics, and knowledge-based industries.



SELANGOR

Key industries are information and communication technology (ICT).

Moreover, logistics and E&E which has a

well-developed infrastructure.

In addition to automotive cluster in Proton City.



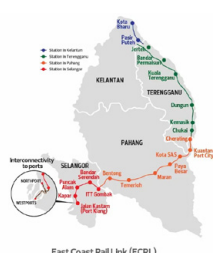
SARAWAK

Key industries are renewable energy and agriculture.

Sarawak main strength factor that it has rich natural resources.

Other main industrial clusters are the petrochemical cluster in Tanjung Langsat and Pasir Gudang in addition to the

digital economy clusters in Iskandar and Cyberjaya which has a Spillover from Pulau Pinang's E&E cluster.



The East Coast Rail Link (ECRL) is unlocking the economic potential of the East Coast region by integrating industrial parks and logistics hubs along its corridor. This initiative creates new opportunities for local players while enhancing connectivity and boosting regional competitiveness.



NATIONAL POLICIES SUPPORTING DOMESTIC INVESTMENT

Domestic investments accounted for 54.6% of total approved investments over the past decade, reflecting the critical role of local companies in Malaysia's economic progress.

In this regard the Malaysian government

has undertaken **multiple strategic initiatives** to promote **domestic investment**, including **financial incentives, platforms for financing**, and **tax-related support**.



MIDA SME INVESTMENT DESK

Provides a one-stop advisory centre for SMEs to:

- Understand available government facilities and incentives.
- Access support for supply chain integration and innovation.
- Get guidance on tax reliefs, grants, and compliance.



SUPPLY CHAIN PROGRAMME

MIDA organised over 44 programmes, including round-table meetings, networking sessions and outreach

programmes, to engage with SMEs and provide in-depth information on policies, incentives, and support



DSPM (DOMESTIC SPECIFIC PROJECT MISSIONS)

Tailored engagements with local firms to assist with **growth and compliance** needs which provides streamline

processes and facilitate the investment journey of businesses.





MIDA-FMM DOMESTIC INVESTMENT SEMINAR

Focused on educating investors on strategies and growth opportunities for reinvestment which gives comprehensive information on Government latest incentives and policies.



DIGITAL TOOLS

- **MYSite Selection Portal:**
Provides streamline industrial site selection. data and infrastructure info to help investors select tax-incentivized zones.
- **Domestic Investment Coordination Platform (DICP):**
Dedicated platform to connect local companies with alternative financing such as:
 - **Government-linked investment companies (GLICs).**
 - **Venture capital & private equity firms.**
 - **Banks & sovereign wealth funds.**

This initiative has successfully secured financing for companies such as YBS International Berhad, KL Wellness City and Limpahan Engineering Sdn. Bhd., allowing them to enhance their capabilities and expand their participation in the global supply chain.





MARKET DEMAND IN MALAYSIA

The Malaysian market shows a potential market for investment due to different types of demand in various sectors.



MANUFACTURING (CHEMICALS AND CHEMICAL PRODUCTS)

Rising demand for high value manufacturing and emerging industry opportunities led to increase the chemicals and chemical products in addition to transport equipment industries which adopted by foreign investors, however lower growth in E&E and E&M direct investments reflecting



FOOD MANUFACTURING SECTOR

The growing demand for advanced food processing capabilities and value-added production, further reinforcing Malaysia's position as a competitive player in the agri-food industry saw a notable increase in approved investments, reaching USD 874 million in 2024, a significant rise from USD 372 million in 2023.



HEALTHCARE SECTOR

Growing demand for better healthcare services driven by an ageing population and the increasing prevalence of non-communicable diseases (NCDs) reinforce the government to allocate USD 9 billion to healthcare, marking a 13.5 % increase from the previous year. Of this, USD 1.33 billion is earmarked for developing healthcare infrastructure, including upgrading hospitals and clinics, particularly in rural areas.



MEDTECH INDUSTRY

Malaysia's reputation as a leading medical tourism destination in ASEAN also adds to its growing stature in the MedTech industry. Patients from neighbouring countries, particularly Indonesia, seek out Malaysia for its high-quality, affordable care.





ELECTRIC CARS

Due to the governmental direction of focusing on Low Carbon Mobility Blueprint to accelerate the nation's green and sustainable growth agenda, market demand on Electric cars has increased to be as of November 2024, 44,423 units of electronic vehicles have been registered in Malaysia with 40,385 units being passenger and commercial vehicles, 3,996 motorcycles and 42 buses. Malaysia is also committed to installing

10,000 charging stations by 2025 to accelerate EV adoption, and as of October 2024, there are 3,354 public charging stations at bay.

In this regard the country adopted different types of investments including (Green Mobility, Renewable Energy, Circular Economy, Energy Efficiency, Bioenergy, Hydrogen, and Carbon Capture, Utilisation and Storage.



MAINTENANCE, REPAIR, AND OVERHAUL (MRO)

Increasing demand through Asia-Pacific airlines leading the way with a 19.9 % rise in demand. Alongside this, Original Equipment Manufacturers (OEMs) project a need for

over 42,000 new aircraft by 2043 so expanding manufacturing capabilities, and a strong maintenance, repair and overhaul (MRO) sector are key to the industry's growth.



DATA CENTRE INVESTMENTS

Malaysia's growing reliance on high-performance computational infrastructure for large-scale data processing attracting significant data centre investments. Major data centres and cloud service providers are establishing

their presence in Malaysia, drawn by the country's strategic location, stable power supply, and supportive government policies. In addition to semiconductor potential investment due to the digitalization direction.



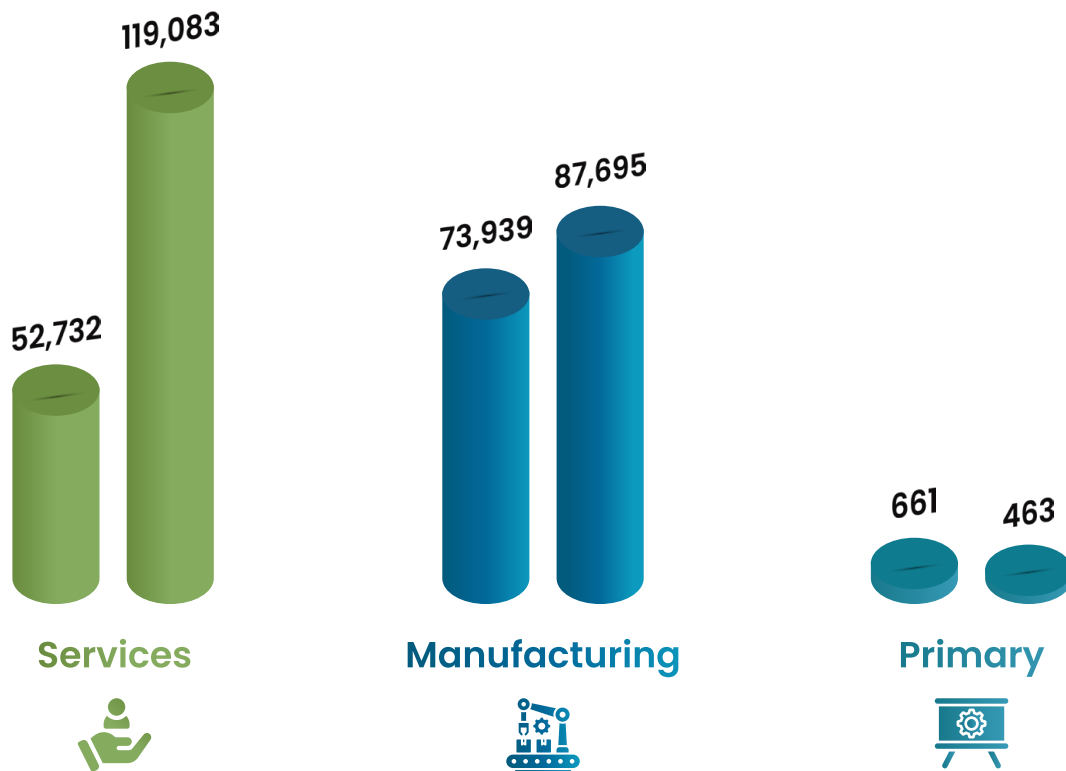


LABOR MARKET AND EMPLOYMENT OUTLOOK

Malaysia's employment landscape reflected a robust recovery and continued structural transformation, driven by strategic investments across key economic sectors. **A total of 207,241 employment**

opportunities were created by direct investment with increase by 62.8% to 2023, underlining the country's progress in positioning itself as a competitive and high-value investment destination.

Exhibit. 23: Malaysia Employment Opportunities in Investment Sectors 2023, 2024



Source: Malaysian Investment Development Authority

The employment opportunities have increased in service sector by 126% in 2024 compared to 2023. In manufacturing sector, the employment opportunities have increased in 2024 by 19% compared to 2023. Primary sector has showed a decrease in employment opportunities in 2024 by (-30%) compared to 2023.



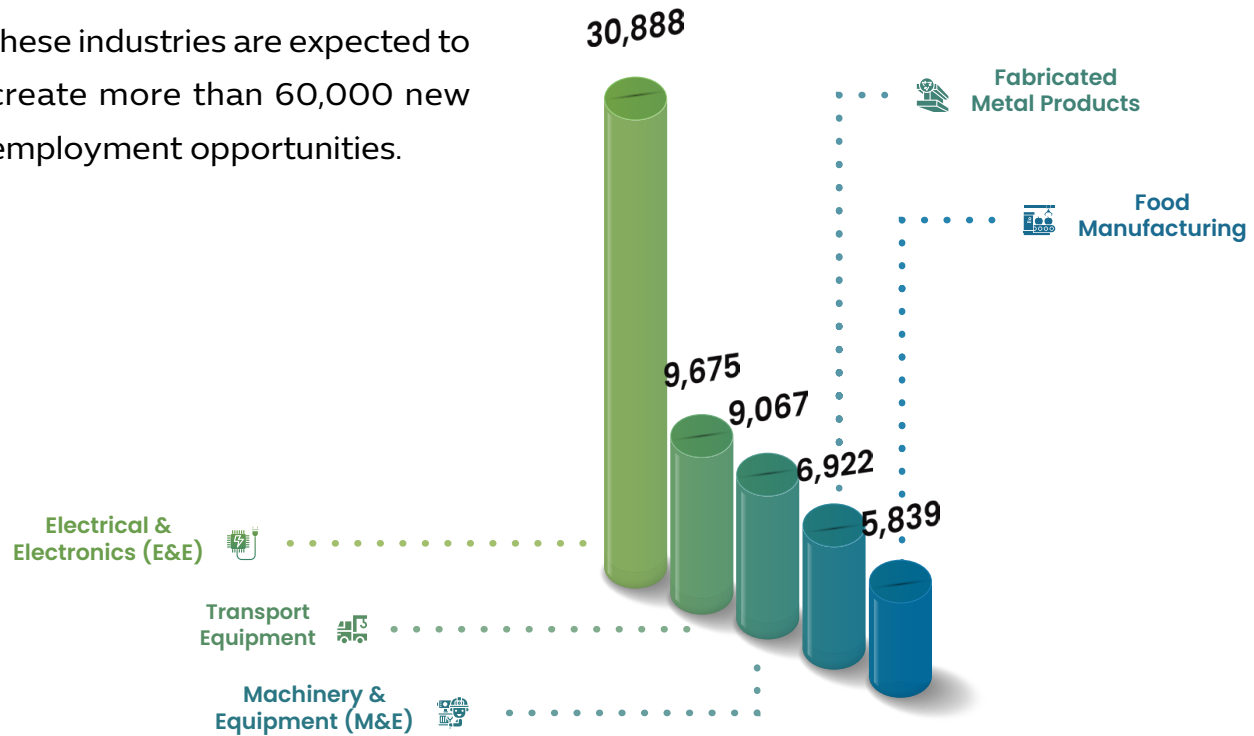
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MANUFACTURING INDUSTRY

Exhibit. 24: Malaysia Top Five Industries in Manufacturing Sector Creating Employment Opportunities 2024

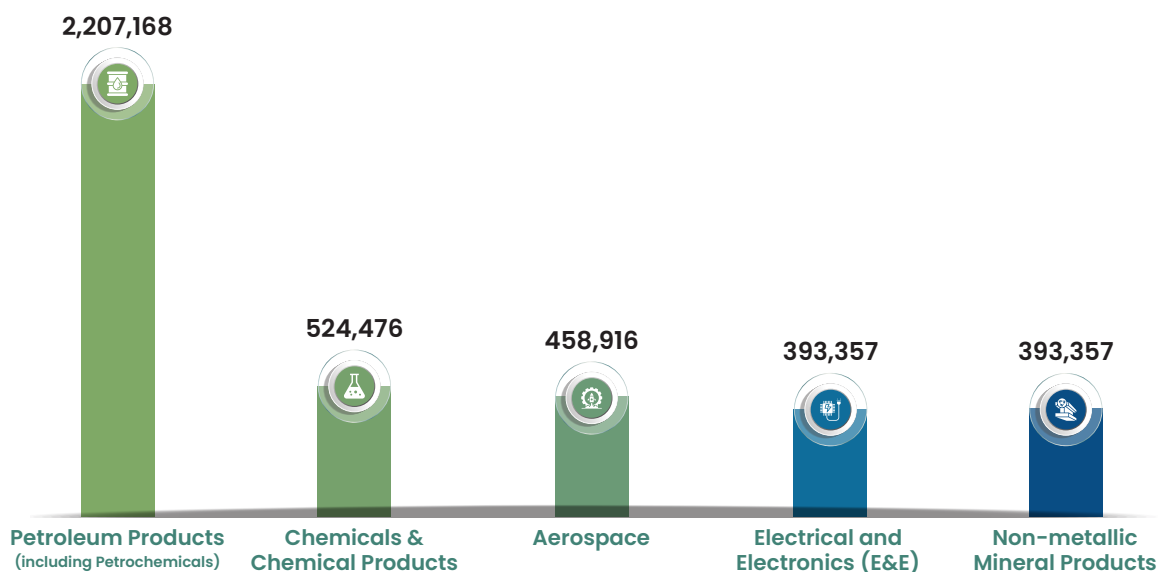
these industries are expected to create more than 60,000 new employment opportunities.



Source: Malaysian Investment Development Authority

The approved investments in 2024 highlights Malaysia's progress in these areas. The manufacturing projects approved during this period achieved an average CIPE of USD 393 million.

Exhibit. 25: Malaysia Higher Capital Investment Per Employee (CIPE) in Million USD 2024



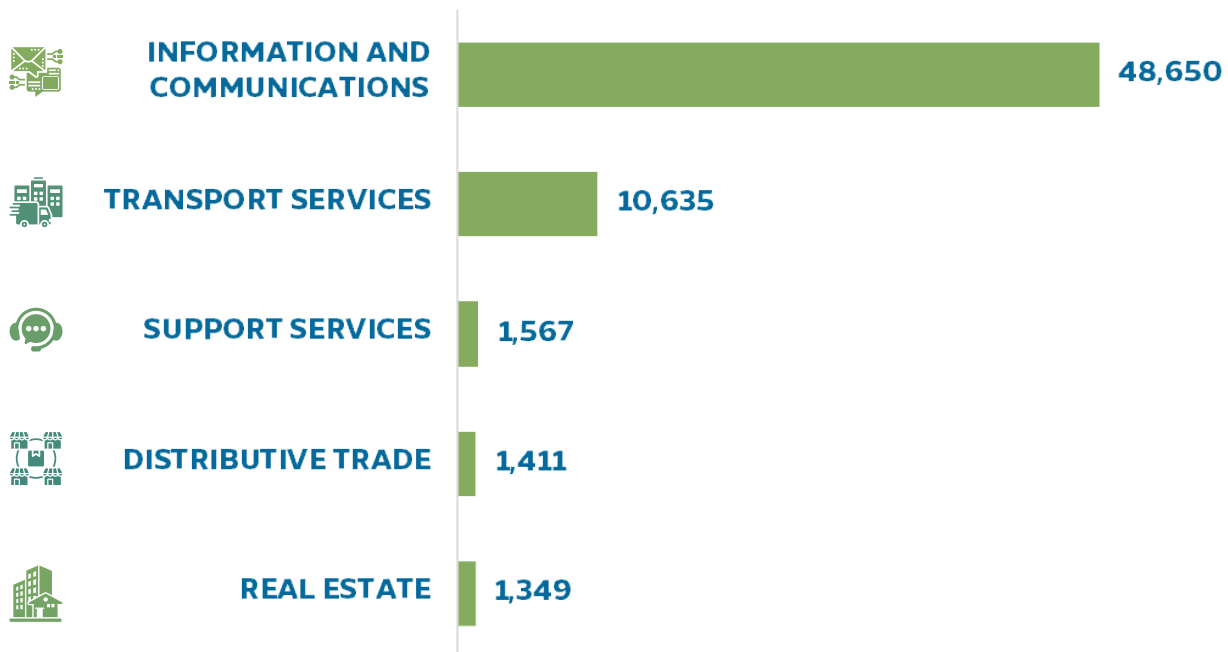
Source: Malaysian Investment Development Authority

8.2 SERVICE SECTOR

Information and communications are the top sector of providing employment opportunities by 72% from total service

sector investments and 16% for transport services.

Exhibit. 26: Malaysia Top Five Service Sector Delivering Employment Opportunities



Source: Malaysian Investment Development Authority

8.3 MALAYSIAN GOVERNMENT INITIATIVES

Malaysia's progressive policies, such as **the National Semiconductor Strategy (NSS) and New Industrial Master Plan (NIMP) 2030**, aim to position the country as a hub for next-generation semiconductor manufacturing and long-term industrial growth. Recognising talent as a critical enabler, the government targets training **60,000 high-skilled engineers by 2030**, through enhanced **TVET**, increased **STEM enrolment**, and greater **female participation**. Industry partnerships have led to tailored training programmes

aligned with sector needs. The launch of **the Advanced Semiconductor Academy of Malaysia (ASEM)** and a **21.8-million-dollar investment** from educational stakeholders further reinforce Malaysia's commitment to building a future-ready, innovation-driven workforce.



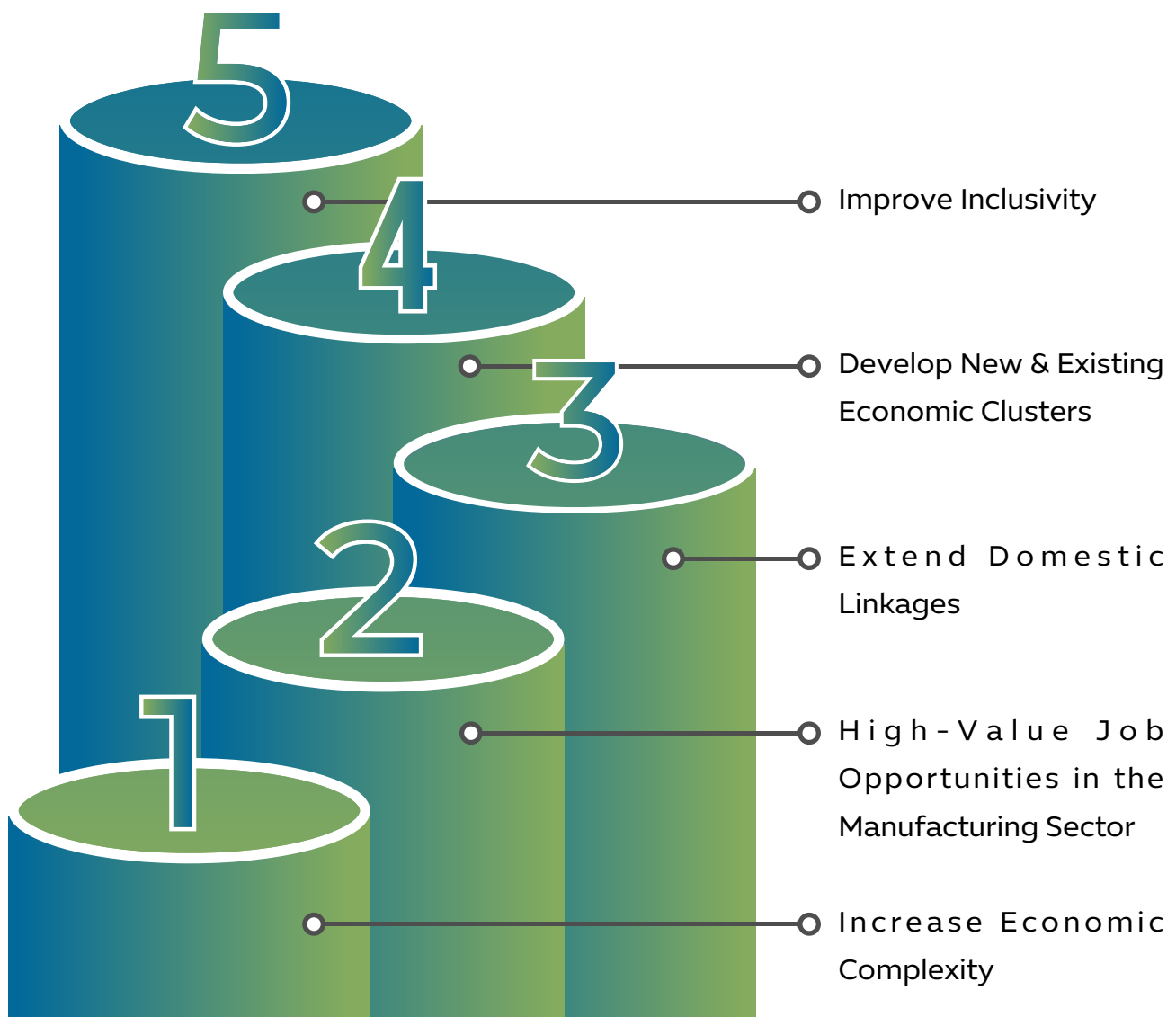


OVERVIEW OF NIMP 2030 STRATEGIC PILLARS

The new investment master plan 2030 has addressed the main challenges which face the manufacture sector in Malaysia as reliance on low-value industries and disruptions in global supply chain. In this regard it focuses on strengthening high-value sectors and aligning Malaysia's industrial strategies with global demands for technological and green development.

NIMP 2030 will position Malaysia on a progressive industrial trajectory recognising the need for a balance between attracting investments and achieving sustainable growth. The government has introduced a Scorecard framework to evaluate the quality of investments more comprehensively.

Exhibit. 27: The Scorecard Focuses on Key Indicators that Reflect the NIMP Pillars



Source: Malaysian Investment Development Authority

1 INCREASE ECONOMIC COMPLEXITY

Investments are prioritized based on their ability to diversify Malaysia's industrial base, promote innovation, and strengthen high-value, technology-driven industries—aligning with the NIMP 2030 goal of advancing toward a knowledge-intensive economy. This approach aligns with Malaysia's goal of

shifting from commodity-based activities to higher-value, knowledge intensive industries. To support this transition, all manufacturing sector investments are required to meet specific benchmarks, including a minimum Capital Investment per Employee (CIPE) of 30,000 thousand dollars and a Value-Added (VA) contribution of at least 40%.

2 CREATE HIGH-VALUE JOB OPPORTUNITIES IN THE MANUFACTURING SECTOR

Creating high-value employment is a key pillar of Malaysia's strategy to **shift from low-skilled labour to a knowledge-based workforce**. This transition fosters social progress by **generating higher-income opportunities and cultivating specialised talent**. Investments in the manufacturing

sector are assessed for their ability to generate quality jobs and build expertise in areas such as **advanced manufacturing, artificial intelligence, and green technologies** which are critical drivers of Malaysia's global labour market competitiveness.

3 EXTEND DOMESTIC LINKAGES

Enhancing Malaysia's competitiveness relies on reinforcing domestic linkages and increasing the participation of local companies in high-value industries. Under **NIMP 2030**, the government aims to raise domestic contributions to manufacturing value-added by **65%**, emphasizing deeper integration of local

firms into global supply chains. To support this goal, **MIDA** is promoting the adoption of **automation, digitalisation, and sustainable practices** among **small and medium enterprises (SMEs)**, ensuring they can meet the standards of larger corporations and align with global sustainability benchmarks.



4 DEVELOP NEW & EXISTING ECONOMIC CLUSTERS

The advancement of economic clusters aims to leverage regional strengths to foster industry collaboration, drive economic growth, and attract investment in complementary sectors. Malaysia's established clusters have proven effective in catalysing

multi-industry development. For instance, the **Machinery and Equipment (M&E) cluster in Batu Kawan** supports high-precision manufacturing, while the **Automotive clusters in Kulim and Proton City** promote innovation in vehicle technologies.

5 IMPROVE INCLUSIVITY

The Twelfth Malaysia Plan (12MP) has designated Perlis, Kedah, Terengganu, Kelantan, Sabah, and Sarawak as Less Developed States (LDS), prioritising them for development budget allocations to promote equitable growth across

Malaysia. In line with this, the National Investment Aspirations (NIA) also emphasises inclusivity as a core pillar, ensuring investments are distributed fairly to support sustainable development in these regions.





KEY INVESTMENT OPPORTUNITIES IN MALAYSIA

Malaysia is actively promoting investments in the **manufacturing sector** as part of its strategy to position the country as a regional manufacturing hub capable of competing globally in high-value industries such as **semiconductors, medical devices, and aerospace**. This push is driven by rising

global demand for high-tech and innovation-led industries. To support this objective, the government has streamlined investment facilitation processes in main priority manufacturing segments offering greater support compared to the services sector, which continues to be largely driven by **domestic investors**.



Semiconductor Industry

The semiconductor industry is undergoing a period of significant change, driven by the rapid adoption of cutting-edge technologies like artificial intelligence (AI), 5G communication and electric vehicles. The country has initiated a National Semiconductor Strategy (NSS) designed with the aim of positioning Malaysia as a leader in next-generation semiconductor manufacturing while supporting long term industry growth.

Offering investors a clear framework to capitalise on emerging opportunities. The focus on advanced packaging, chip design and front-end manufacturing addresses critical areas of the value chain while aligning with global demand for transformative technologies such as AI, IoT, and electric vehicles.

Government has set plans to train

60,000 high-skilled engineers by 2030. This initiative includes enhancements to technical and vocational training through establishment of the Advanced Semiconductor Academy of Malaysia (ASEM).

For investors, Malaysia's commitment to developing a skilled workforce and fostering innovation presents a compelling opportunity. The country's well-established ecosystem, supported by a strong electrical and electronics (E&E) supply chain, offers a competitive advantage. With extensive industrial parks, a skilled workforce, and seamless integration into regional and global markets, Malaysia provides an environment conducive to high-impact projects. Its emphasis on advanced packaging and integrated circuit (IC) design ensures its continued relevance in high-value semiconductor activities.



Pharmaceutical industry

The pharmaceutical industry has been identified as a strategic growth area to strengthen Malaysia's healthcare ecosystem and attract high-quality investments. The government's focus is on building the industry's capacity to produce high-value products, create skilled employment opportunities, and support the country's goal of improving access to advanced healthcare solutions.

According to rising public healthcare expenditure, and the growing demand for speciality medications. The sector's long-term potential lies in reducing reliance on imported innovator drugs by enhancing domestic production capabilities and fostering innovation.



Medical device industry

Malaysia's medical device market is the largest within the Southeast Asia region and ranked among the top ten markets in Asia.

Malaysia provides easy access to regional and global markets, making it an ideal base for companies looking to establish their footprint in medical device manufacturers and suppliers. Its strong economic growth and proactive government approach to healthcare development create an environment where innovation and investment in the MedTech sector can thrive.

In 2024, Malaysia continued to attract leading medical device manufacturers and suppliers, establishing itself as a key hub alongside global players such as Ireland, Puerto Rico, and Costa Rica.

segments as focus areas:

- High-value consumables.
- Surgical instruments and implants.
- Health equipment.
- Point-of-care devices.
- Minimally invasive products.
- Medical devices that leverage advanced technologies.

The country's integrated ecosystem-spanning electronic manufacturing services (EMS), engineering support services (ESS), automation, and sterilisation solutions to ensure seamless production processes and efficient supply chains.



The country has identified six key



Chemicals industry

Malaysia's chemicals industry is set to advance in high technology sectors like semiconductors, electric vehicles and renewable energy. Strengthening local production of speciality chemicals to meet rising demand in these markets is of utmost importance. Partnerships with global technical leaders and targeted R&D investments will play a key role in

bridging technology gaps and fostering innovation.

Another promising growth area is the green hydrogen economy. The Malaysian government has established the Hydrogen Economy and Technology Roadmap (HETR) to unlock new investment opportunities and position the country as a leader in the global hydrogen supply chain.



Electric vehicles industry

The global shift towards green mobility has accelerated the adoption of Electric Vehicles (EVs) as a key strategy for achieving a low-carbon future.

Malaysia's automotive industry is the second largest in Southeast Asia and the 23rd largest in the world, producing over 740,000 automobiles per year. The automobile industry contributes 4.0% of Malaysia's GDP.

In this regard the government is following great initiatives for improving investment in EV industry as following:

- Malaysia intensified efforts to expand the EV ecosystem, with significant investments in infrastructure such as EV charging stations, incentives for manufacturers, and tax exemptions for consumers.
- Full exemptions on import duties, excise duties, and sales tax for

locally assembled EVs until 31 December 2027.

- Full exemptions on import duties and excise duties for imported EVs until 31 December 2025.
- Road tax exemptions for EVs, personal income tax relief for EV charging facilities, and tax deductions for companies leasing non-commercial EVs.
- Special tax incentives for the development of critical EV components and charging equipment, offering up to 10 years of tax exemptions.
- The Electric Motorcycle Usage Incentive Scheme, introduced in the 2024 Budget, further enhances accessibility by providing cash rebates for consumers earning below USD 26,224 annually for purchasing EVs.



Machinery and Equipment (M&E)

industry

This type of investment is becoming crucial in many industries with high demand and prioritized from Malaysian government which will play a vital role in the following industries:

- Front-End Semiconductor



Aerospace industry

Technological advancements are reshaping the aerospace landscape, creating strategic opportunities for investors. The integration of digital

technologies such as artificial intelligence and real-time analytics in Maintenance, Repair, and Overhaul (MRO) operations is transforming efficiency and improving customer satisfaction.



Green investments

Malaysia's direction to sustainability and efforts to advance green investments, integrating economic growth with environmental responsibility. It delivers different models of green investment opportunities as highlighted below:

- Green mobility lever
Investments in Green Mobility are primarily driven by advancements in electric vehicles (EVs), sustainable aviation, and green marine transportation, reflecting a concerted shift towards low-carbon and energy-efficient transport solutions.
- Circular economy lever
The strong investment figures reflect the growing emphasis on the Circular Economy across various industries such as chemicals and chemical products, plastic products, and food

Machinery and Equipment.

- Machinery and Equipment for Green Energy including (Renewable Energy Equipment, EV Infrastructure and Batteries, Sustainable Agricultural Machinery, Hydrogen Generation).
- Agricultural Machinery & Equipment.

manufacturing as businesses increasingly recognise its role in promoting resource efficiency and sustainability.

By leveraging advanced technologies and innovative processes, businesses can transform waste materials into high-value goods. This approach not only minimises environmental impact but also enhances economic potential by creating new markets and boosting local industries.

- Renewable energy lever
Incorporating solar, wind and hydroelectric power into the energy system strengthens the grid's stability and enhances its capacity to withstand market volatility and environmental challenges.

- Bioenergy lever

The Bioenergy lever is dedicated to harnessing renewable energy from biomass and biogas, playing a crucial role in sustainable power generation.

- Hydrogen lever

Green hydrogen offers a clean energy alternative capable of decarbonising sectors such as transportation, industry and power generation.



Digital industry

The digital industry in Malaysia is playing important role through different industries ecosystems. Targeting to enhance the country's digital ecosystem, initiatives have been introduced to attract quality digital infrastructure investments and accelerate the growth of the digital economy value chain.

According to the total digital investment reached USD 29 billion in 2024, spanning 1,015 projects and generating 48,650

high-value job opportunities. As technological and economic boundaries continue to expand, Malaysia is emerging as a competitive digital hub, driving innovation and long-term growth.

The increasing demand for AI-driven solutions, such as machine learning and NLP, is expanding the need for hyper-scale data centres, highlighting Malaysia's growing reliance on high-performance computational infrastructure for large-scale data processing.





CHALLENGES AFFECTING INVESTMENT ENVIRONMENT



Restrictions on Foreign Involvement

Government restrictions limit foreign involvement in several sectors, including government procurement contracts; financial, business, and certain professional services (military, defence, security and oil and gas); and telecommunications. In many cases it is imperative to have a local partner, in government-procurement cases.

However, it opens foreign investment in

different industries specially in electrical and electronics (E&E) and information technology industry. Malaysia encourages foreign investments from multinational companies that align with NIA goals, including the development of industry value chains, growth of knowledge-based jobs, incentives and creation of development opportunities for local small- and medium-sized enterprises (SMEs).



Bureaucratic regulatory approvals

The Malaysian government demonstrates strong support for investors in priority sectors through close collaboration with relevant ministries and regulatory agencies. These investors often benefit from streamlined procedures, facilitation services, and in some cases, exemptions or waivers tailored to their projects. While investors

in non-targeted industries may encounter a more complex regulatory landscape, ongoing government initiatives aimed at improving the overall investment climate such as digitalization of approval processes and enhanced inter-agency coordination are helping to reduce bureaucratic hurdles and create a more inclusive and investor-friendly environment across all sectors.



Climate

Malaysia faces escalating climate hazards, including floods, droughts, heatwaves, and storm surges, with profound impacts on the economy, communities, and infrastructure.

The country is set to launch the National Adaptation Plan (MyNAP) in 2026. In this regard, it is common for a climate-risk assessment to be conducted prior to the formulation of the plan to ensure that it

is backed by data and science. These assessments are typically used to evaluate the vulnerability of communities, infrastructure, economy and ecosystems to the impacts of climate change. They help guide national priorities for climate adaptation and resilience by establishing a baseline of current and emerging risks, which could inform a more targeted adaptation plan.



Labor Market Challenges

Malaysia faces notable challenges within its labor market that can impact investment, particularly in high-growth sectors. There is a recognized shortage of skilled labor, especially in technology-intensive industries like semiconductors. However, the government set a plan through NIMP



Global Political situation

Geopolitical conflicts and trade uncertainties have repercussions on the investment climate. US - China tensions may lead to uncertainty to foreign investment flows as US one of the biggest FDI in Malaysia. U.S. President Donald Trump announced a 25% tariff on Malaysian exports to the United States consequently Malaysia's central bank cut its overnight interest rates for the first

2030 to enhance the quality of Malaysian labor such as training 60,000 high skilled engineers and TVET training programs to upskill school leavers into technician roles. Moreover, enhancing the labor payment wages through introducing a minimum wage across the country to USD 328 per month, a raise from USD 262 in Peninsular Malaysia and USD 240 in East Malaysia.

time in five years to 2.75%.

On the other hand, For the Israel-Gaza conflict that began in October 2023 led to local pro-Palestinian organizations organizing boycotts of American brands and franchises across Malaysia, placing the government under considerable political pressure from its Muslim constituents. Such events, while external in origin, can impact business sentiment and potentially affect specific sectors.





EXHIBITS

- 04 Exhibit. 1: The Population Growth of Malaysia 2014-2024 (Million)
- 05 Exhibit. 2: Gross Domestic Product of Malaysia 2014-2024 (Billion USD)
- 06 Exhibit. 3: GDP Growth Rate 2014-2024
- 07 Exhibit. 4: Inflation Rate in Malaysia 2014-2024
- 08 Exhibit. 5: Real interest rate (%) 2014-2024
- 09 Exhibit. 6: Unemployment Rate in Malaysia 2014-2024
- 11 Exhibit. 7: Dominant sectors in direct investment abroad
- 11 Exhibit. 8: Total Investment in Malaysia till 2024
- 12 Exhibit. 9: Foreign direct investment (FDI) 2014-2024 in USD
- 12 Exhibit. 10: Top Five Foreign Direct Investment (FDI) Ultimate and Immediate Base
- 13 Exhibit. 11: Private Investment by Sector
- 14 Exhibit. 12: Top Five Foreign Ultimate Source Investors in manufacturing (billion USD)
- 14 Exhibit. 13: Top Five Investments in Manufacturing Sub- Sector (Billion USD)
- 15 Exhibit. 14: Subcategories of Electrical and Electronics(E&E) Investment
- 15 Exhibit. 15: Subcategories of Transport Equipment Investments
- 16 Exhibit. 16: Subcategories of Chemicals and Chemical Investments
- 16 Exhibit. 17: Subcategories of Machinery and Equipment Investments
- 17 Exhibit. 18: Service Sector Investments in (billion USD)
- 18 Exhibit. 19: Information and Communication Sub-Sector Investment
- 19 Exhibit. 20: Support service sub-sector investments
- 20 Exhibit. 21: Primary sub-sector investments
- 20 Exhibit. 22: Regional Investment across Malaysia States
- 26 Exhibit. 23: Employment Opportunities in Investment Sectors 2023 vs. 2024
- 27 Exhibit. 24: Top Five Industries in Manufacturing Sector Creating Employment Opportunities
- 27 Exhibit. 25: Higher Capital Investment Per Employee (CIPE) in Million USD
- 28 Exhibit. 26: Top Five Service Sector Delivering Employment Opportunities
- 29 Exhibit. 27: The Scorecard Focuses on Key Indicators that Reflect the NIA Pillars



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