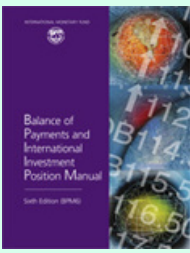


# UNDERSTANDING Foreign Direct Investment

Investment from **foreign direct investors (abroad)** in direct investment enterprises in Malaysia that have **control (>50% of equity ownership)** or a **significant degree of influence 10-50% equity ownership**. These investments are made in the form of financial instruments, including:

- **Equity & investment fund shares** (with reinvestment of earnings)
- **Debt instruments** (such as debt securities, trade credits, loans, insurance & pension, currency & deposits, other account receivables / payables)

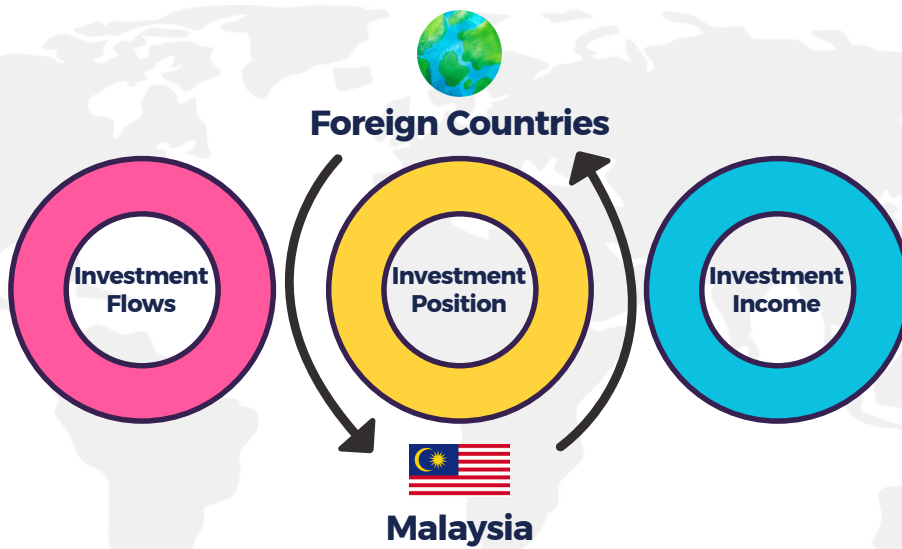
## Basis of Compilation



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

Balance of Payments and International Investment Position Manual Sixth Edition (BPM6)

## Types of FDI Statistics



### Flows

refer to acquisitions and disposals of financial assets and liabilities during a reference period. It comprises of transactions in the form of:

Equity & Investment fund shares

Debt Instruments

### Position

refers to total stock of FDI in Malaysia as at end of reference period. The end position is derived from:

Opening Stock

Financial Transaction

Non-Transactional Items

### Income

refers to repatriation of earnings to foreign direct investors from their direct investment enterprises in Malaysia. The income consists of:

Dividends

Reinvestment of Earnings

Interests

## FDI in Malaysia, Q2 2024

### Flows

RM9.1 bil

#### By Main Countries:

- Japan
- Singapore
- Hong Kong

#### By Main Sectors:

- Manufacturing
- Services
- Mining & Quarrying

### Position

RM954.2 bil

#### By Main Countries:

- Singapore
- Hong Kong
- USA

#### By Main Sectors:

- Services
- Manufacturing
- Mining & Quarrying

### Income

RM24.0 bil

#### By Main Countries:

- Singapore
- USA
- Japan

#### By Main Sectors:



- Manufacturing
- Services
- Mining & Quarrying

# Comparison Between Approved FI vs FDI

On 7 December 2023, the Investment and Trade Action Coordination Committee (JTPPP) Meeting No. 3/2023 decided to adopt **specific terminology** for each agency as follows:

- MIDA - **Approved Foreign Investment (FI)**
- DOSM - **Foreign Direct Investment (FDI)**

This measure aims to **reduce confusion** and **improve efficiency** in the reporting and analysis of investment data across the country.

Framework	Approved Foreign Investment	Foreign Direct Investment
<b>Agency Producer</b>	 <p>The government's principal investment promotion and development agency under MITI to oversee and drive investments into the manufacturing and services sectors in Malaysia</p>	 <p>Official compiler and producer of statistics for nation</p>
<b>Definition</b>	Investment is based on <b>project proposals</b> for new, expansion, or diversification that have been granted licenses, incentives, permits, statuses, grants, or soft loans by relevant Ministries and Agencies	<b>Cross-border investment</b> in the form of financial instruments following international recommendation guideline BPM6, IMF
<b>Purpose</b>	<b>Potential investment</b> to the country which may be realised into actual inflows over a certain time period or across multiple year	<b>Actual foreign investment flow</b> into country during a specific period
<b>Concept</b>	Calculated based on the apportionment of the total approved investment in accordance with the foreign equity share in the project	Minimum 10% of equity ownership
<b>Component</b>	Investment is derived from one of the following measures: <ul style="list-style-type: none"> <li>• <b>Total financing</b></li> <li>• <b>Total project cost (TPC)</b></li> <li>• <b>Total operational expenditure (OPEX)</b></li> </ul>	Financial instrument: <ul style="list-style-type: none"> <li>• <b>Equity &amp; investment fund shares</b> (including reinvestment of earnings)</li> <li>• <b>Debt instruments</b></li> </ul>
<b>Frequency</b>	Quarterly basis	Quarterly basis
<b>Data Source</b>	Administrative data from 61 Ministries and Agencies including MIDA	Survey on quarterly international investment position by DOSM and BNM
<b>Reporting</b>	Reporting of Approved FI is based on <b>immediate investing country</b> , while information on the ultimate investing country is also available but is currently limited to MIDA data	Reporting of FDI is based on <b>immediate investing country</b>
<b>Time Series Data</b>	