

# Investment trends of Japanese companies in Malaysia

The Japanese Chamber of Trade & Industry, Malaysia

Chairman of Trade and Investment Committee

Masakuni Nakayama

1st July, 2019

## ■ Established in 1983

121 Members (1983) ➔ 593 Members (As of June 2019)

## ■ Purposes

- ① To promote economic relations between Malaysia and Japan, in areas of international trading, commerce, industries and investment
- ② To protect the interests of Japanese companies
- ③ And to promote mutual amity among member companies.

## ■ Promote Dialogue

### With Malaysian Government and propose industrial policy

Over the decades, JACTIM has been attending key dialogue sessions with MITI, MIDA, MOF and other government agencies.

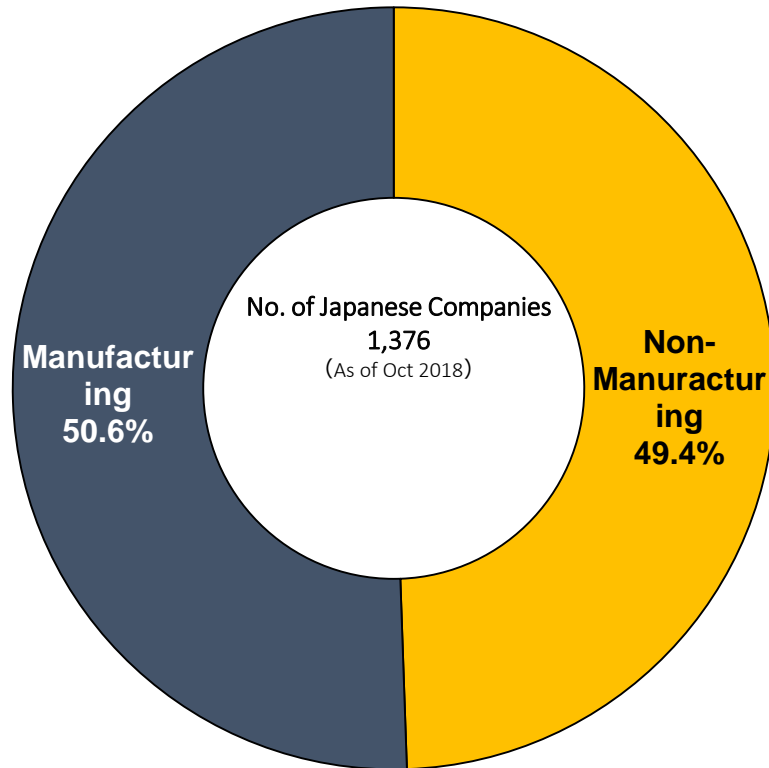


## ■ JACTIM FOUNDATION

To contributes to Malaysian cultural, social and educational development

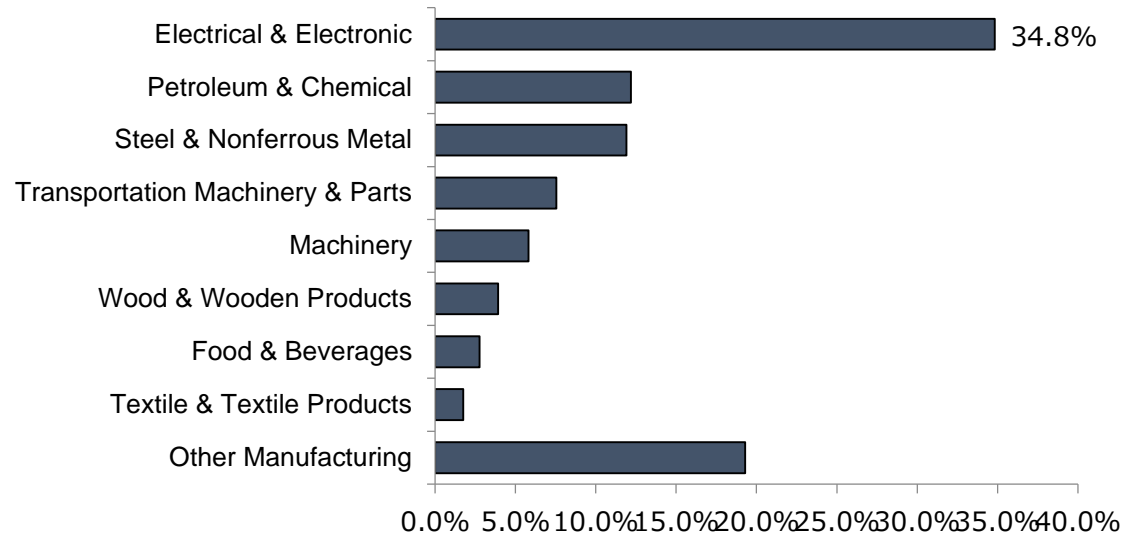
- ◆ Established in 1994
- ◆ Cumulative donation amount of MYR 6,365,250.00 (as of July/18)
- ◆ Some of the projects
  - Malaysia-Japan International Institute of Technology (MJIT)
  - Japan Studies Programme – University of Malaya



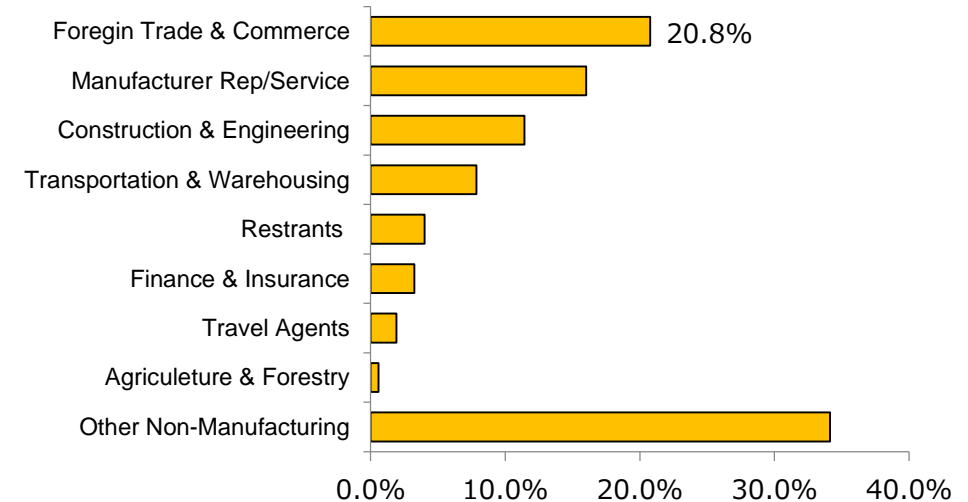
No. of Japanese Companies  
In Malaysia

Ratio of Companies by Industry

## &lt; Manufacturing &gt;

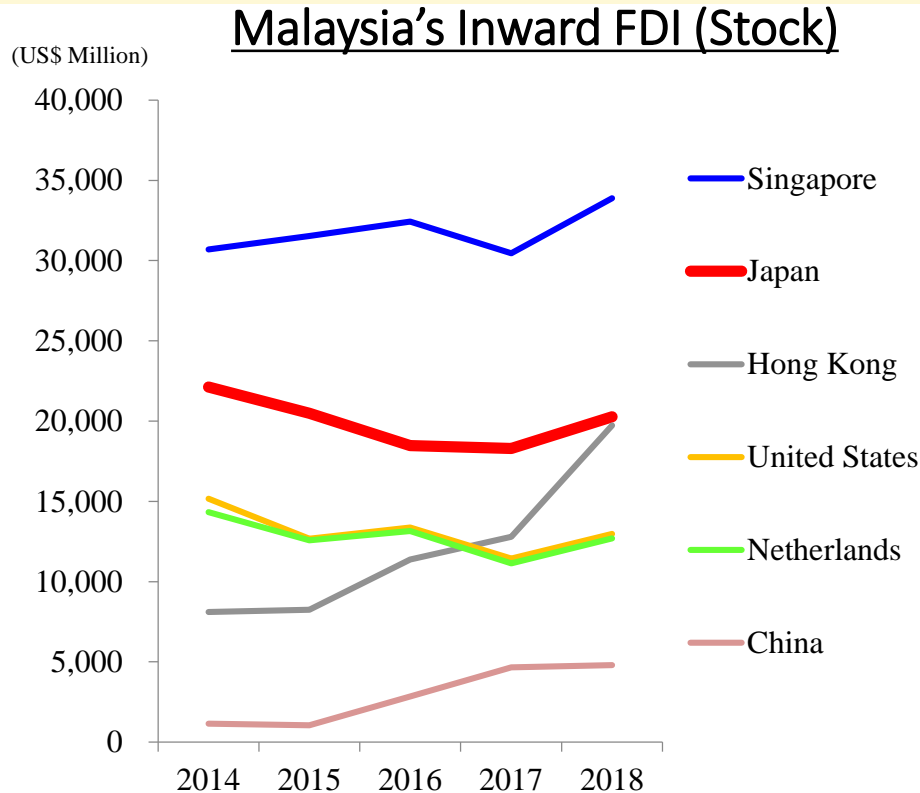


## &lt; Non-Manufacturing &gt;

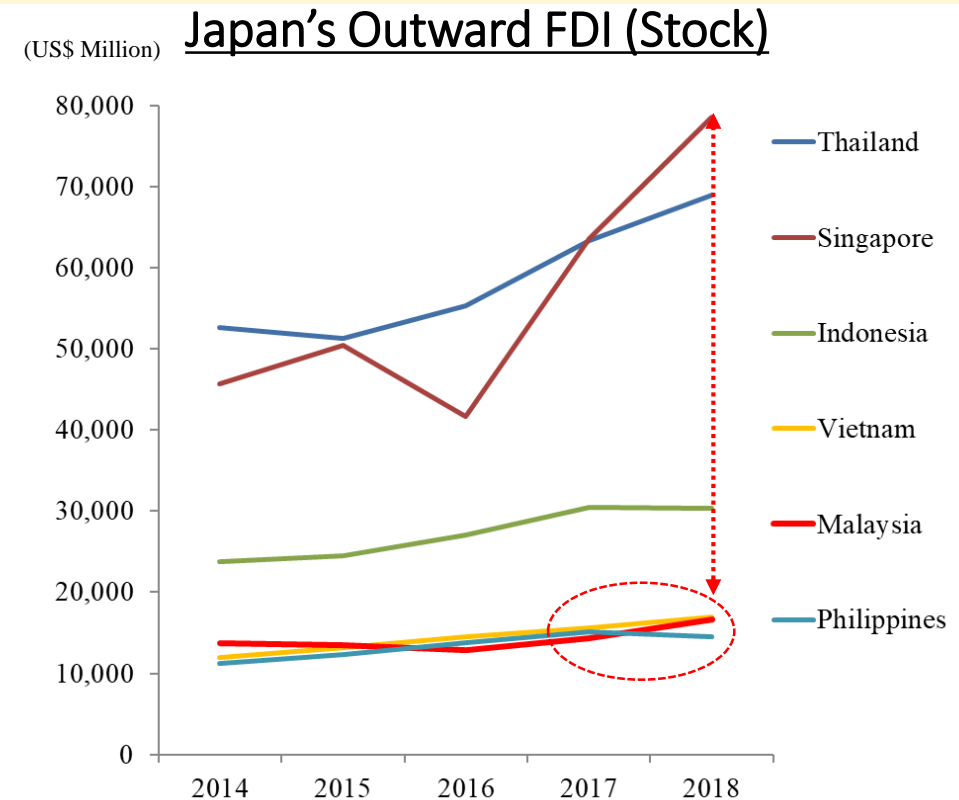


- For Malaysia, Japan has been **second-biggest** source of FDI  
(**No.1** in the Manufacturing Sector)
- Total FDI to ASEAN from Japan is increasing steadily
- However, Japan's FDI to Malaysia has shown **slowdown**

“Malaysia has been **missing potential investment** from Japan”



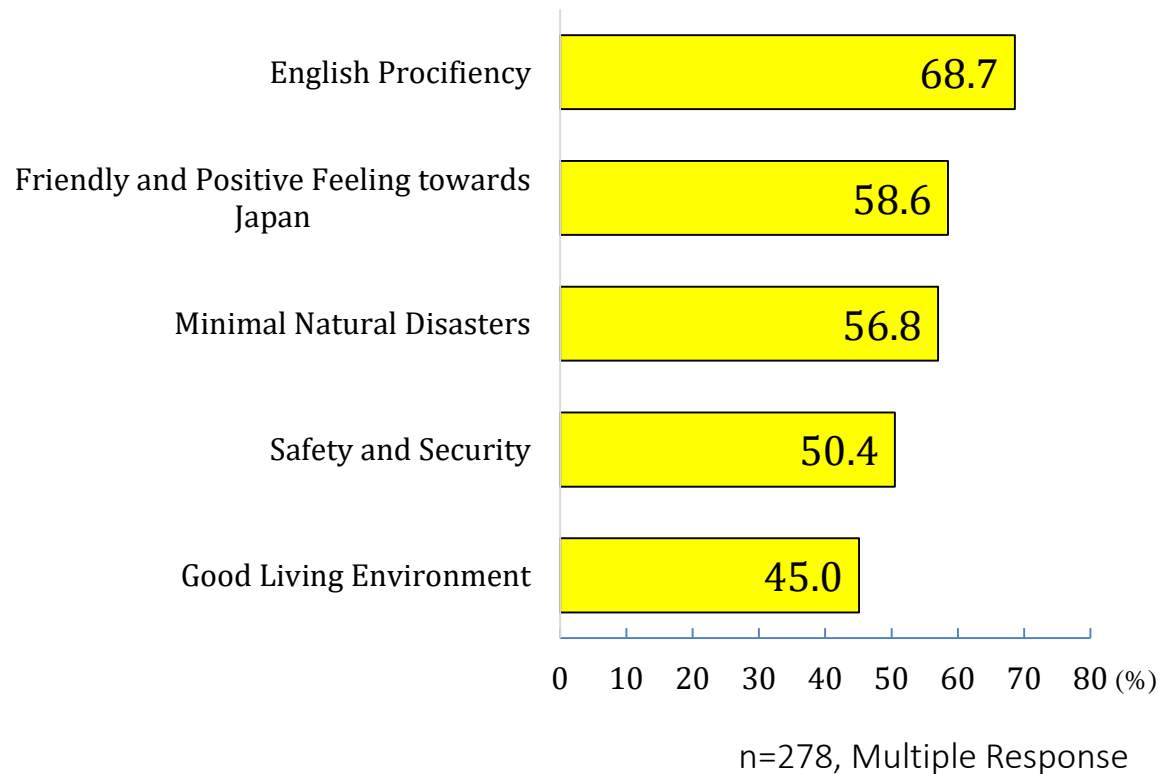
(Source) Bank Negara Malaysia



(Source) JETRO (Original Data from MOF and BOJ)

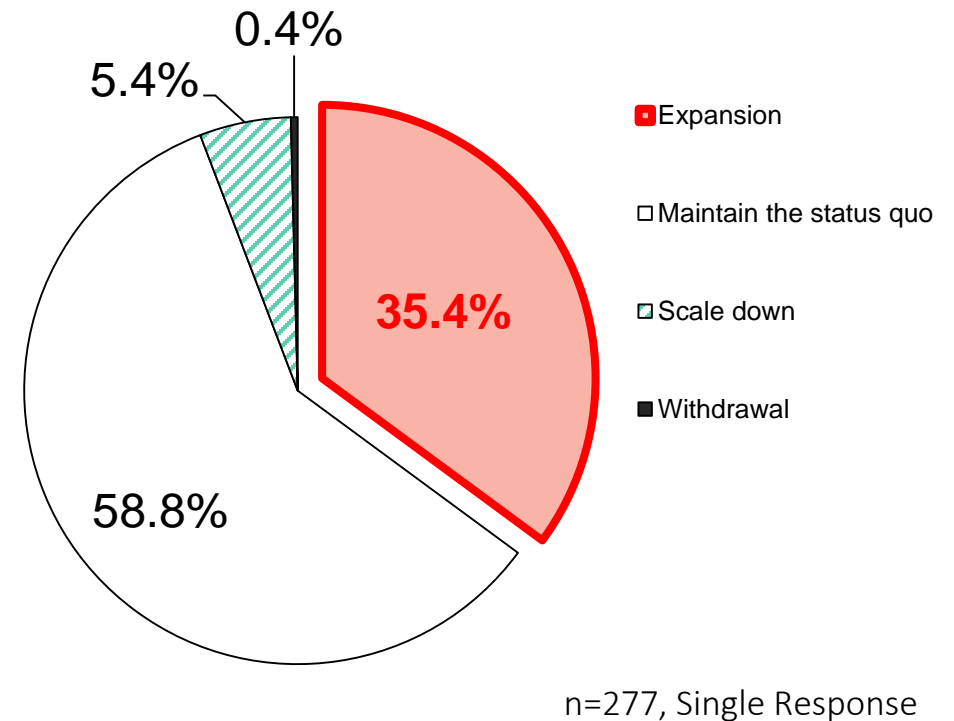
### ■ Advantage of Malaysia

1. Language proficiency
2. Friendly view on Japan
3. Infrastructures



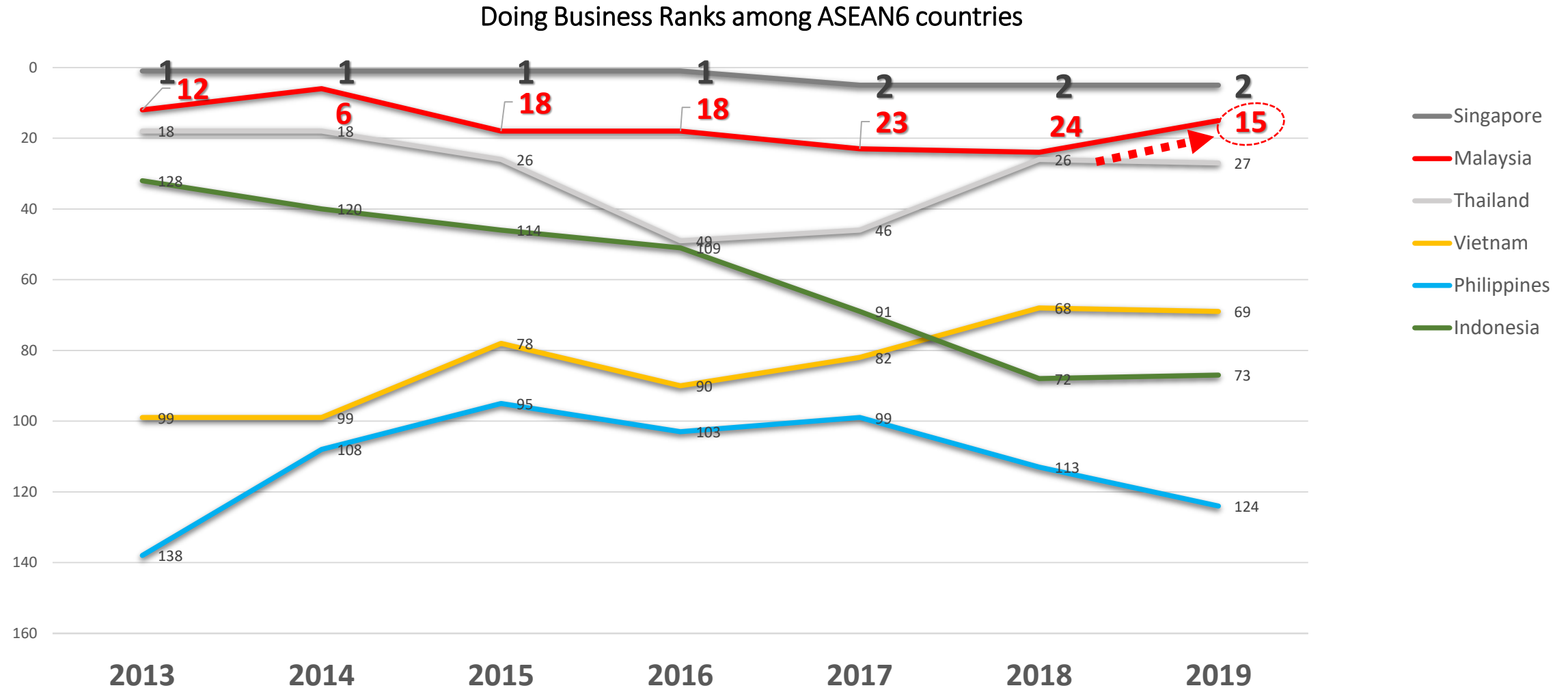
Top 5 Advantages of Malaysia by investors' point of view

### ■ One-third of Japanese Companies intend to EXPAND BUSINESS



Future business plans of Japanese companies in Malaysia

- Malaysia was ranked to 15<sup>th</sup> in 2019 among 190 economies worldwide, jumped up by 9 from 24<sup>th</sup> in 2018 ranking in World Bank “Doing Business 2019”



## Motivation for Business Expansion from HQs' Viewpoints

Overseas expansion by country and region (top 14 countries and regions)

(Multiple answers, %)

Country / region	FY2018		FY2017		FY2016	
	(n=1,050)	Rank	(n=983)	Rank	(n=992)	Rank
China	55.4	(1)	49.4	(1)	52.3	(1)
Vietnam	35.5	(2)	37.5	(2)	34.1	(3)
Thailand	34.8	(3)	36.7	(3)	38.6	(2)
US	32.3	(4)	29.0	(4)	33.5	(4)
Indonesia	23.4	(5)	24.8	(5)	26.8	(5)
Western Europe	21.9	(6)	21.5	(6)	19.7	(7)
Taiwan	21.3	(7)	20	(7)	20.6	(6)
India	20.9	(8)	18.2	(8)	18.5	(8)
Singapore	15.0	(9)	17.1	(9)	17.7	(9)
Malaysia	14.2	(10)	14.0	(10)	14.7	(11)
Korea	13.6	(11)	12.6	(13)	15.0	(10)
Hong Kong	13.5	(12)	13.6	(11)	14.1	(12)
Philippines	9.9	(13)	13.1	(12)	13.4	(13)
Myanmar	8.7	(14)	10.2	(14)	12.7	(14)

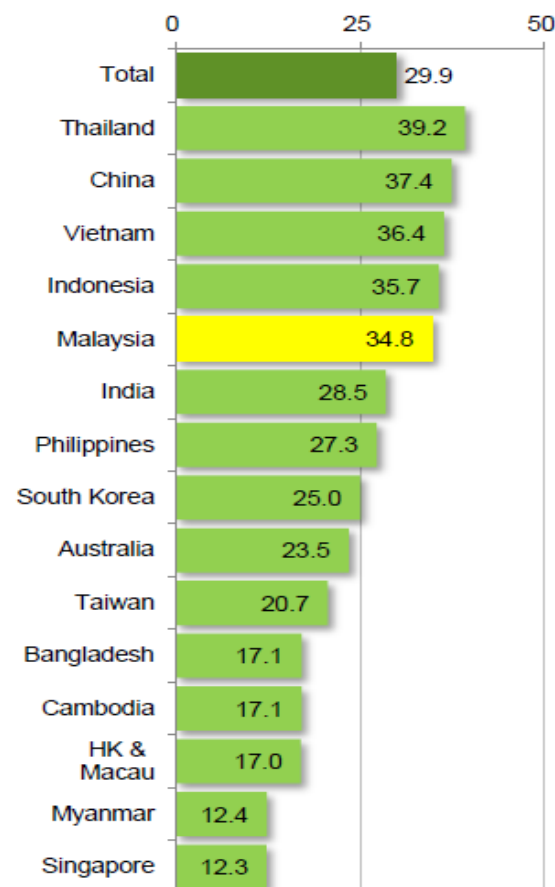
## Future Business Plan of Japanese companies in MY

### Functions to be expanded

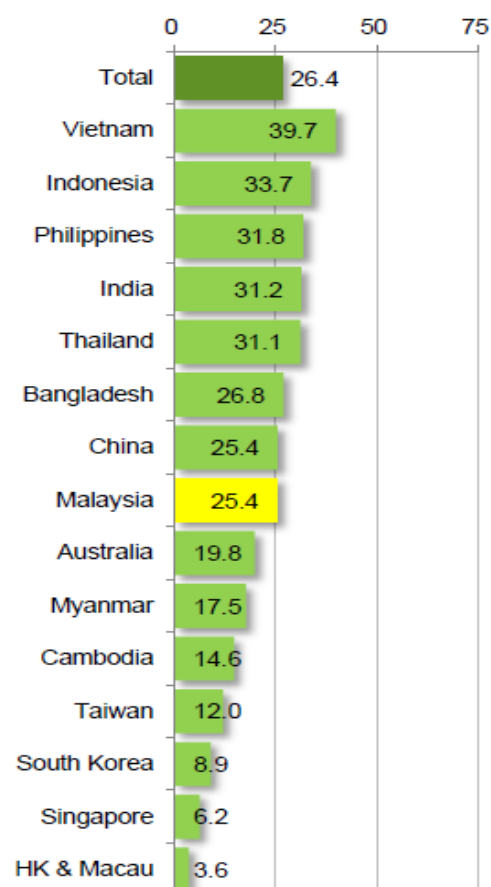
(Multiple answers, %)

Note: Countries/regions for which n ≥ 30

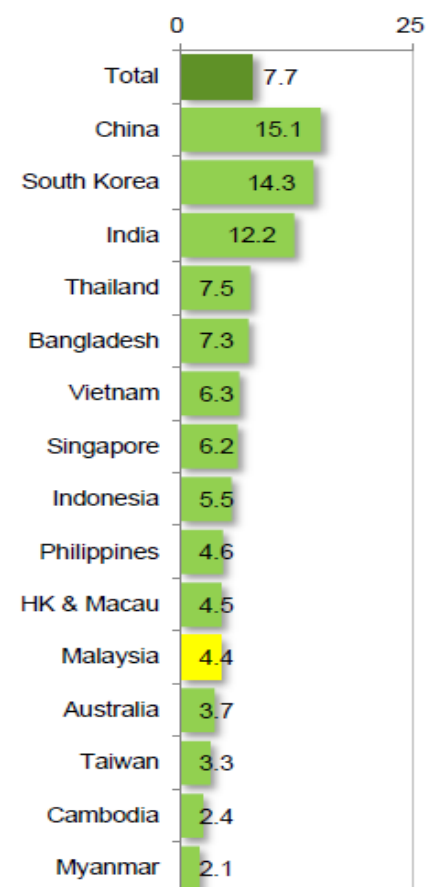
#### Production (high value-added products)



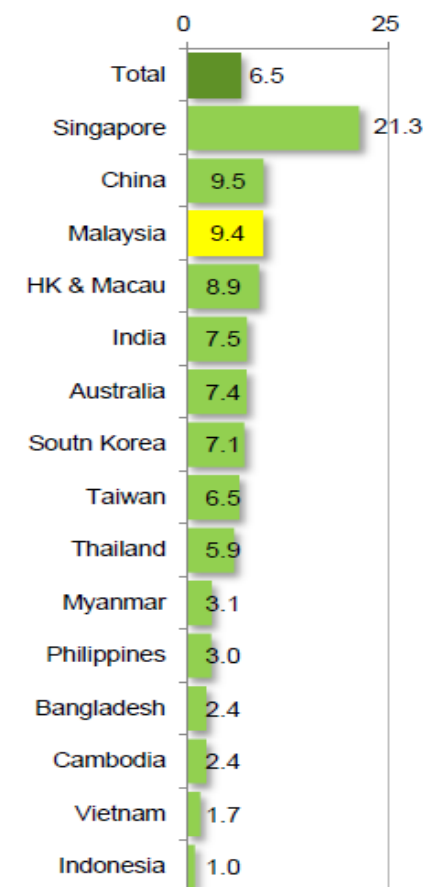
#### Production (general-use products)



#### R&D

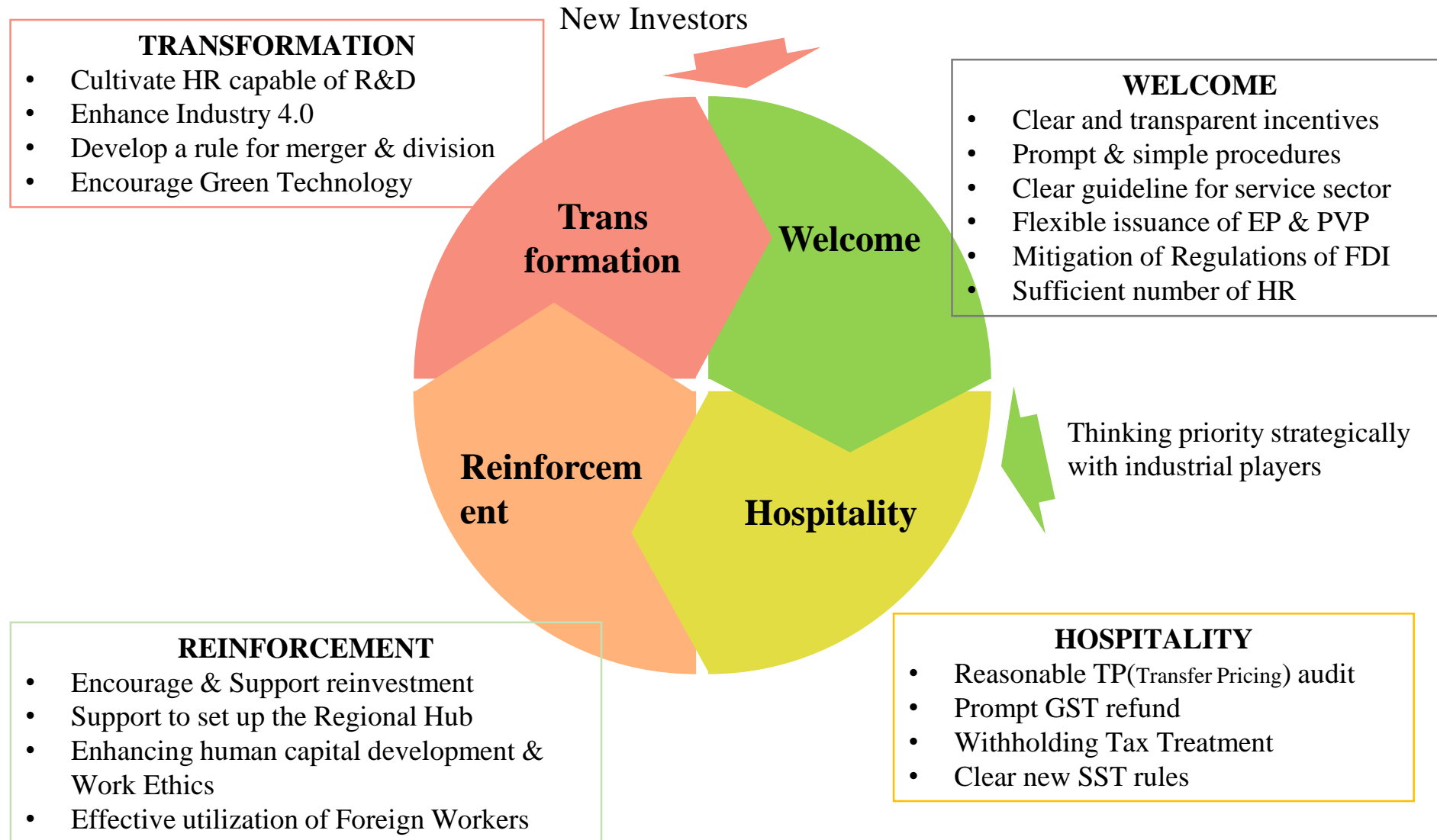


#### Function of regional headquarters





- Our recommendation is to follow the cycle of investment which consists of 4 steps.



## ■ Enhance FDI from Japan

- Promote investment from Japan through JACTIM members
- JACTIM can utilize its network in Japan especially JCCI to promote potential investment from Japan

Decisions on investment are often made at HQ (Japan). JACTIM and member companies can promote more investment and re-investment with MITI and MIDA



## ■ Support to realize INDUSTRY 4WRD

- JACTIM is working with Standard and Industrial Research Institute of Malaysia (SIRIM)  for SME PROGRAMME



**"Malaysia-Japan Collaboration on Smart Manufacturing" to be launched on 2<sup>nd</sup> May @ MITI**

(By collaboration of Japan Embassy, JACTIM, JETRO and Japanese Manufacturers)

- JACTIM supports technical institutes to contribute Industry 4WRD  
MJIT / Japan Malaysia Technology Institute / ADTEC

# 10 Provide useful information and service to Japanese companies

## ■ Hold the seminars according to each sector.

Manufacturing groups, Construction group, Finance group, Trade group and Service group.

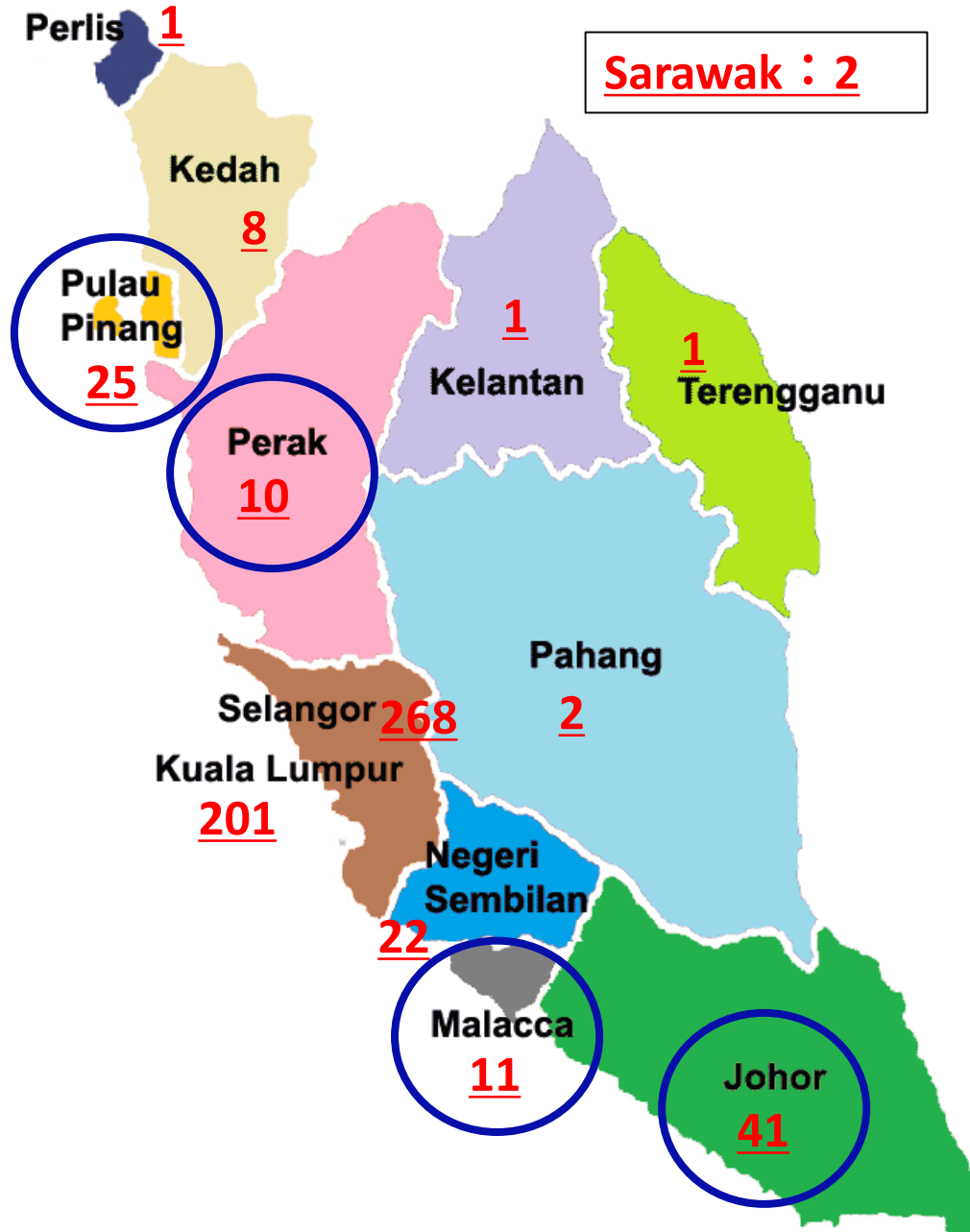
Each group hold the seminar that invite specialist and give the speech on beneficial topics or latest issues related with business in Malaysia.

JACTIM also invited the speakers **from Malaysian government (ex. MITI and MIDA )** to know the latest policies for efficient business operations.

## ■ As other service for members,

JACTIM publish the magazine quarterly, organizing Career Fairs in collaboration with universities in Malaysia since 2005 and etc...





- JACTIM has Regional groups in Penang, Johor, Perak and Malacca. Separate from Industrial group meetings held in KL office.
- JACTIM share the information and discuss the issues in addition to the seminars through Regional group meetings.

**Total : 593members**

(As of June 2019)



*Terima kasih banyak*  
*Thank you very much*  
*ありがとうございました*

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