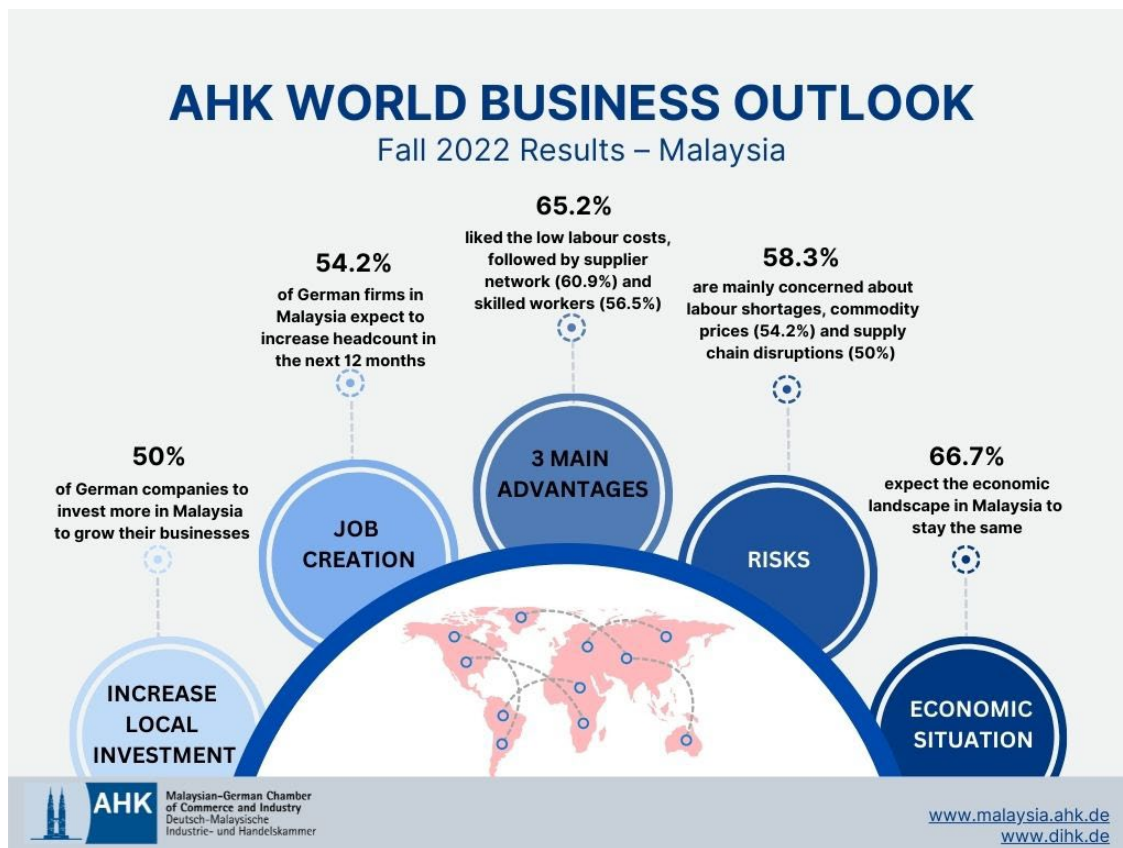


MEDIA RELEASE

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GERMAN COMPANIES IN MALAYSIA TO RAMP UP HIRING, INCREASE LOCAL INVESTMENTS TO GROW BUSINESSES IN 2023

Low labour costs, a robust network of suppliers and the availability of skilled workers are some major pulls that continue to attract foreign investors to Malaysia



Kuala Lumpur, 16 November 2022 – German companies will continue to grow their presence in Malaysia, further reinforcing the two countries' robust trade relations despite a gloomy global economic outlook that has been forecasted for 2023, according to the latest AHK World Business Outlook Fall 2022 survey results.

In the face of multiple headwinds that will challenge businesses around the world including global supply bottlenecks, the new XBB Covid-19 variant and the Russia-Ukraine war, 50% of German firms in Malaysia surveyed said they will increase spending on local investments within the next year to develop their businesses.

Malaysian-German Chamber of Commerce and Industry (171131-U)

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The AHK Network is supported by the Federal Ministry of Economic Affairs and Climate Action based on a resolution of the German Bundestag

Das AHK-Netz wird vom Bundesministerium für Wirtschaft und Klimaschutz aufgrund eines Beschlusses des Deutschen Bundestages gefördert



54.2% also expect to increase the headcount in their company in the next 12 months, which bodes well for job seekers in the face of a possible economic downturn.

German companies named three advantages of doing business in Malaysia namely low labour costs (65.2%), supplier network (60.9%) and the availability of skilled workers (56.5%).

The global supply chain disruption will continue to be a hurdle for companies and in order to cushion the impact, 65.2% have rolled out plans to look for new or additional suppliers. 81% said Asia Pacific (excluding China) was their go-to region to source for new suppliers while 61.9% preferred to look within Malaysia specifically.

Companies said they preferred to source from within the region and domestically because of cost reasons (76.2%) and also allows them to diversify or minimise risk in the event of failures (61.9%). This trend in multi-sourcing can most likely be attributed to the supply and demand shocks brought on by the pandemic and the Russian invasion of Ukraine as a way of developing a resilient supply chain strategy.

Additionally, 50% of German companies already operating in Malaysia preferred to remain in the country when asked which regions they have looked at to move their operations to. 87.5% of those companies said they rather stay in Malaysia because of market development while 50% said cost was the main reason.

Daniel Bernbeck, Executive Director of the Malaysian-German Chamber of Commerce and Industry (MGCC) said, “The AHK World Business Outlook survey results continue to demonstrate that Malaysia has plenty to offer German companies including an investor-friendly environment, skilled workforce and a broad and strong supplier network.”

“It is promising to see an indication of job creation and preparedness to increase expenditure to grow their presence in the country – these signal strong recovery and resilience after two years of disruptions due to the Covid-19 pandemic.

“As representatives of German industry and trade in Malaysia, we are happy to hear that these companies are planning long-term in Malaysia and this confidence from foreign investors will facilitate economic growth that will further propel Malaysia’s position as an ideal place of doing business in the region,” he added.

When asked about the major concerns of German companies for the next 12 months, 58.3% answered labour shortages, followed by rising commodity prices (54.2%) and continued supply chain disruptions (50%).

While companies said they would hire more talent and increase expenditure to develop their businesses in 2023, 66.7% expect the economic situation in Malaysia to stay the same.

The AHK World Business Outlook is based on a survey of member companies of the German Chambers of Commerce Abroad, Delegations and Representative Offices (AHKs) amongst over 40,000 member companies in 92 countries around the world. It is a bi-annual research exercise conducted by the Association of German Chambers of Commerce and Industry (German: Deutscher Industrie- und Handelskammertag, DIHK). For more information on the DIHK, kindly visit www.dihk.de.

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Malaysian-German Chamber of Commerce and Industry (MGCC®)

The Malaysian-German Chamber of Commerce and Industry (MGCC), or AHK Malaysia as it is known in Germany, is the official representative of German industry and trade in Malaysia with excellent relations to governments and its authorities, to business organisations and to industry both in Malaysia and in Germany. The Chamber represents the interests of close to 400 members and is part of the global network of German Chambers of Commerce Abroad (AHK network) with 140 offices in 92 countries—and counting.

Established in the year 1991, MGCC has since been a strong and reliable partner for its members and clients with a widespread, result-oriented range of services and a successful track record. As the largest bilateral European Chamber in Malaysia, MGCC is the preferred service partner for companies seeking to establish a market presence here or to increase their involvement in Malaysia. The Chamber also offers a platform to share experiences and exchange views at a wide range of forums and events, as well as to establish business relationships within its network. MGCC is supported by the Federal Ministry of Economic Affairs and Climate Action based on a resolution of the German parliament, the Bundestag.

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