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## Haven for investment shoppers

COUNTRIES eyeing the investment dollar are not unlike malls trying to draw shoppers. How these malls create the environment for conducive shopping, how good the sales they hold, and how well they market themselves are big factors that bring in the shoppers. Like these malls, governments provide a wide range of incentives, such as pioneer status and tax holidays, to attract investors. Investors are finicky shoppers; they look at specific factors and all factors when picking a country to invest in. They shop around in various malls - for cheap labour, abundant raw materials, and political stability - before they decide to spend.

Malaysia has been an investment haven for many years, the shopping mall that had it all, because of its ability to provide what the investors want. Since it successfully attracted American and Japanese electronic firms to set up operations in Penang and the Klang Valley in the early 1970s, others have come to look at what Malaysia has to offer. Over the years, however, other shopping malls emerged in the neighbourhood and Malaysia has had to compete more aggressively for the investment dollar. If pioneer status and cheap, abundant labour had been the reasons they came in those early years of Malaysia's industrialisation, the investors were lured to Malaysia a decade later by the country's skilled and relatively cheap workforce, the nation's competitiveness and its productivity levels. In the 1990s, the country continued to attract foreign investors despite acute labour shortages and infrastructural bottlenecks. Why?

Political and economic stability is one reason why. Prime Minister Datuk Seri Dr Mahathir Mohamad, in Istanbul recently, said political and economic stability is the best incentive Malaysia can offer investors. Of course, the Government offers lots of incentives and with the Multimedia Super Corridor, the package has been improved further. But these incentives would mean little if Malaysia had little in terms of political and economic stability. The economy not only has grown steadily in the last two decades, it has expanded at more than 8 per cent a year in the last 10. In addition, the relevant authorities have done an excellent job at dealing with the threats of the so-called overheating, inflation and even a property bust. Politically, the country has been governed efficiently by the same coalition for nearly four decades. This has enabled unpopular but necessary policies to be introduced and the Government to come up with long-term plans like Vision 2020 and the MSC.

It did not come as such a major surprise, therefore, that the "normal" incentives are fast becoming a secondary reason for foreign investors picking Malaysia as the country they want to invest in. More than half the investors planning to invest here did not apply for any of the attractive incentives Malaysia has to offer, International Trade and Industry Minister Datuk Seri Rafidah Aziz said on Tuesday. Out of 294 applications received by her ministry during the first five months of the year, 159 did not apply for any incentive at all. This could only mean that the investors are confident enough about the returns assured from investing in Malaysia. Despite the "restrictions" the Government imposed on foreign investors in certain industrial sectors, the foreign investors are still happy with the returns.

At the end of the day, it is the returns to the investor that count. Like prudent shoppers, investors want to get the best out of every dollar they spend. These cannot be achieved simply by providing incentives, and

the Malaysian Government knows it. What it has done is to capitalise on its strong points - political and economic stability and a business-friendly government are just two of these - and go out to the field to conduct direct-selling. At the same time, the infrastructure and the environment at home are constantly improved. For the investor, the bottomline is to make decent enough profits to show their shareholders and bosses at home that they have made the right decision. Malaysia is still seen as the place to invest after all these years because it has continued to guarantee the best returns for the investor.

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