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## Strong confidence in Malaysia's long-term prospects

Fauziah Ismail

IT IS comforting to know that despite the economic problems in the country following the attacks on the region's currencies beginning July this year, there are still some good news left.

The announcement by International Trade and Industry Minister Datuk Seri Rafidah Aziz last Thursday that the ministry is still receiving applications for investments in the manufacturing sector despite the gloomy economic outlook not only for Malaysia but also the region is indeed heartening.

Between August and September this year - the height of the attacks on the currencies in the region and the competition for foreign investments - Rafidah revealed that Malaysia received 174 new applications for the manufacturing projects with investments totalling RM13.845 billion. Of the total, RM3.874 billion were foreign investments.

Indeed, Malaysia's track record speaks for itself - political stability, good governance, efficient and pro-business administrative system, sound policies, strong government commitment to economic growth and development and performance of the business sector.

It is based on this track record that investors decide on whether to make new investments or pump in more money for existing operations.

Malaysia's track record has also proven that, in the long term, the country is a competitive and profitable business location.

Between January and October of this year, the ministry approved 612 applications for manufacturing projects with investments totalling RM19 billion. Of the total investments, 34.5 per cent or RM6.559 billion are foreign investments in new projects.

In comparison, the ministry approved 631 applications with total proposed investments of RM27.098 billion in the first 10 months of last year. Of the total investments, RM13.748 billion were foreign investment and RM13.350 billion were domestic investments.

Last year, the ministry approved investments in manufacturing projects worth RM34.24 billion, of which RM14.2 billion are for new projects.

Statistics showed that foreign direct investments in the manufacturing sector have been on the increase from 1991 to end-October this year, totalling US\$34.78 billion (US\$1 = RM3.82).

During the period, Japan was the largest investor with approved investment of US\$7.39 billion, or 21.2 per cent of the total.

Other important investors were the US (US\$5.92 billion, or 17 per cent), Taiwan (US\$4.66 billion, or 13.4 per cent), Singapore (US\$3.93 billion, or 11.3 per cent), South Korea (US\$1.74 billion, or 5 per cent) and France (US\$1.71 billion, or 4.9 per cent).

The six countries accounted for US\$25.35 billion, or 72.8 per cent, of the total approved foreign investment.

On the same day of Rafidah's announcement, Samsung Electronics Group of Companies told this newspaper that it will further invest US\$100 million in Malaysia over the next five years.

Samsung said its investments in the country are long-term in nature, and are part of an on-going process to upgrade production facilities and product quality.

This and the other announcements on planned investments further reflect foreign investors' confidence in the country.

Despite this, efforts should be intensified to further boost the

confidence of long-term investors into Malaysia.

Rafidah said the ministry is working very hard to attract investments, stressing the importance of informing foreign investors that "we are doing our best to bring the economy back on track and to ensure that the environment for business remains conducive."

Foreign trade commissions, high commissions and embassies can also play a role in this matter.

They have first hand knowledge of what goes on in the country and what the Government is doing in wooing foreign investments. Potential investors should listen to their countries' representatives in Malaysia as they are the best people to turn to instead of armchair analysts who, Rafidah said, without responsibility nor the feel of reality, make all kinds of analyses and predictions.

This year, the British High Commission was probably the most active, having organised or assisted in the numerous missions from all sectors of the economy. Mission members need not necessarily go home with contracts in hand but they would learn of the country and its policies first hand.

They would be able to brief investors in their own countries on steps Malaysia has taken to attract foreign investors.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said that Malaysia will not reject foreign investments in productive areas although its currency and stock markets have been severely affected by foreign manipulators and speculators.

It still welcomes foreign investment in the manufacturing of goods and provision of services, but rejects short-term investors in the stock market whose only interest is in capital gains.

Malaysia, which has been shifting away from labour-intensive industries, is also opening up again to foreign investments in such industries, provided the products are for export.

The policy reversal on labour-intensive industries and foreign worker dependence is to help Malaysia deal with its economic problem by boosting exports and attracting more foreign direct investment (FDI).

Bureaucratic processes will also be reduced to the barest minimum. All the existing tax incentives and privileges will be continued. A business-friendly Government will make itself readily available even at the highest level to resolve problems that may arise.

And in the words of Dr Mahathir in Tokyo recently: "The Government has always been FDI-friendly and has been promoting FDI since the early 1960s because it believes that the policy can, and will contribute substantially, to the rapid development of the economy.

"This policy will continue to play a key role in our efforts to become a fully industrialised society by 2020," he added.

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