

Take lead to attract FDI, KL urged

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Afta will be catalyst: US-Asean council

PUTRAJAYA: Malaysia has been asked to take the lead to implement the Asean Free Trade Area (Afta) agreement to attract more foreign direct investment into the region.

The call was made by US-Asean Business Council members, led by Ernest Z. Bower, during their hour-long closed-door meeting with Prime Minister Datuk Seri Dr Mahathir Mohamad at his office here yesterday.

"We are afraid that there will be a continuation of foreign direct investment going into China rather than coming to Southeast Asia," Bower said.

Speaking to reporters after the meeting, he said the implementation of the Afta agreement was the key to growth returning to Southeast Asia and US companies would like to be part of that.

"We had a general positive feeling about Mahathir's response," he said.

"The prime minister expressed his concern for a more balanced approach to trade."

Bower said over 70% of FDI flow into East Asia used to come to Southeast Asia and less than 30% to China.

Today, Bower said, China receives over 70% and Southeast Asia less than 30% of FDIs.

According to US Department of Commerce data, US direct investment in Malaysia stood at slightly under US\$6 billion (RM22.8 billion) at the end of 2000, making the country Malaysia's number one investor, said Bower.

He also said the council hopes Malaysia would take the lead in corporate restructuring in the financial sector as it is essential to efficiency of the economy and the return of growth.

"We are taking a lot of those steps in the US and the prime minister seems to indicate that he is trying to take the same move in Malaysia," Bower said.