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RAFIDAH-INVESTMENT

CHEAP LABOUR BUT "HIDDEN COSTS" MAKE OPERATIONS MORE EXPENSIVE

KUALA LUMPUR, Aug 2 (Bernama) -- Foreign investors, who shifted to countries offering cheap labour, now want to return to Malaysia after incurring higher operational costs due to hidden costs which they were not aware of initially.

Minister of International Trade and Industry Datuk Seri Rafidah Aziz said that most of the investors said despite the cheap labour, they had to bear higher costs in terms of utility, administration, infrastructure and others.

She said this at a press conference after chairing the Wanita Umno Exco meeting at the Umno headquarters here today.

She was responding to questions by reporters concerning a World Bank report stating that foreign investors were shifting back their plants from Vietnam to originating countries like Malaysia because of the high costs they had to bear.

"They (foreign investors) assume labour to be cheap, but when they operate there, they found out that the real costs are more than expected," she said.

Rafidah said that they did not obtain the correct information and did not conduct a thorough study on the hidden costs before shifting their investments to these countries.

In fact, she said that when leading a trade and investment mission to Japan recently, an investor from Japan who invests in Malaysia, voluntarily stood up and explained to the Japanese investors that he did not want to shift to other countries offering cheap labour due to these hidden costs.

Touching on a statement by Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday that a rich country had paid US\$200 (US\$1 = RM760 million) and offered special benefits to stop an organisation from investing in Malaysia, in this aspect Rafidah said that Malaysia's capability to compete was limited.

She said that the company referred to by the prime minister was a high technology electronic company with millions of dollars investments.

In fact the company had applied to the government to obtain free land and wanted the government to also fully or partly finance the project.

She said that the government was unable to fulfill the request as it was better to use the money sought for other development projects.

Apart from this, the benefits were not in proportionate to the money which the government has to disburse for the project.

"Furthermore, with such a large amount of money, it would be better for us (the government) to support local industries," she said.

Rafidah said that Malaysia has a limited capability and that the government tried to give incentives such as training grants, research and development incentives, but "we cannot offer a US\$300 million-US\$400 million grant just because we want the project to be located in Malaysia."

Apart from this, it is not Malaysia's policy to give out millions of ringgit of grant, and bear the cost of building a plant to attract foreign investors because there is no one industry which is so strategic that it should be paid US\$400 million to obtain it.

Developed countries, especially European countries, do make such offers because they could afford to attract high technology companies to invest in their countries.

As such, she said that it would be difficult for developing countries

to attract high technology companies because they were not willing to make
such payments. -- BERNAMA
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