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Malaysia considered among best places for investment

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MALAYSIA is now among the best places in Asia to invest in as it has high levels of skills, excellent infrastructure, improved corporate law enforcement, harmonious multi-ethnic society and a successful leader, a business analyst said.

Michael Backman, who is also an author and columnist specialising in Asian corporate practice, said that among the Asian economies, Malaysia ought to be a prime target for direct and equity investment.

"Malaysia is an astonishing success story when it comes to forging a harmonious and civil multi-ethnic society.

"And (Prime Minister Datuk Seri) Dr Mahathir (Mohamad) represents a voice for Islam that is both modern and moderate," he said during a talk on "Is it time to invest in Asia?" at the Malaysian Institute of Economic Research (Mier) Brown Bag Seminar in Kuala Lumpur yesterday.

Also present was Mier executive director Dr Mohamed Ariff Abdul Kareem.

Backman, who was very critical of corporate governance throughout Asia in his book, "Asian Eclipse: Exposing the Dark Side of Business in Asia", published in 1999, said that although there is still a long way to go, Asia is now a better place to invest in than five years ago.

"Asset prices are more realistic, expectations are lower and thus are also more realistic, and there is a greater recognition for the need for better corporate governance," he said.

Backman's latest book "Big in Asia", which he co-wrote with Charlotte Butler, reflects how Asia is now a better and safer place to invest in.

Besides Malaysia, he said that Singapore and South Korea are also reasonably good places to invest in.

He said Malaysia has better securities law, fewer and bigger banks as well as better bankruptcy policies.

He commended the work of Danaharta, Danamodal and the Corporate Debt Restructuring Committee.

"The professionalism and efficiency of these bodies ensure that they will serve not just as models for the region in future but for all countries in future when they run into severe financial difficulties," he said.

He also lauded the move by the Kuala Lumpur Stock Exchange (KLSE) to educate directors and enforce codes for better governance.

"The fines that it can impose on aberrant companies are too low, but the KLSE has shown that it is prepared to reprimand and fine companies without fear or favour, no matter how powerful the people who are behind them are perceived to be," he said.

At a question-and-answer session, Backman said a significantly improving Malaysia is slowly taking away Singapore's competitiveness.

"Singapore feeds off the inefficiencies of its neighbours.

"As Malaysia is getting better and better all the time, the relative difference between Singapore and Malaysia is shrinking," he said.

Many companies relocated their operations to Kuala Lumpur from Singapore because of the lower cost, better environment, and dynamic plural political scene and media which offer a greater avenue to express opinion.

Backman added that investors do not seek certain services from Singapore anymore, such as stockbroking as stockbrokers in Malaysia have become more professional and efficient.

He said, however, that not all Asian countries are attractive for

investment. Indonesia is neither safe for investors nor deserving of investment, he said.

"Indonesia is the blot of the Asian horizon. It is pulling the region down."

He also wrote off the Philippines as an investment destination.

He added that Thailand is "alright" and China is getting better, but it is a little patchy when it comes to enforcement.

Backman had one criticism against Malaysia, which is the lack of public relations (PR) on behalf of the Government in explaining and justifying its policies and decisions.

He said this is why Malaysia represents hidden value.

"The answer lies in the fact that for all its achievements, the Malaysian Government has not performed as well on the PR side, particularly for the international and especially the Western audience."

Backman said too little effort is made to explain government decisions and the processes behind them to the foreign and local journalists.

He added that giving too little regard to the PR side allows some foreign journalists to assume the worst motives and to see conspiracies where often none exists.

He said that former US Vice-President Al Gore's speech at the Asia Pacific Economic Cooperation dinner in Kuala Lumpur a few years back was a result of ignorance about Malaysia.

"The fact that the realities of Malaysia are not clear to the rest of the world is a great pity because the Malaysian story really is such a good one."

According to Backman, the world can learn from Malaysia in terms of the "Malaysia Boleh" slogan the manner in which multicultural and multi-ethnic issues are managed, the handling of gender issue, and how Islamic society in Malaysia can be accommodating of other beliefs.

He noted that there was hardly any fuss made when Tan Sri Dr Zeti Akhtar Aziz was appointed to head Bank Negara Malaysia, but that no woman has yet been appointed to head the central banks in the US, UK or Australia.