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MAHATHIR-FDI

MALAYSIA CANNOT EXPECT MUCH FROM US FDI's

ALOR GAJAH, Jan 30 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today said that Malaysia could not expect much in foreign direct investment (FDI) from the United States as these investors were not even investing in their own country.

"We cannot expect nor can we get the amount of investment from US or Europe (at present)," he said when asked on his expectations of FDI's from the US to Malaysia.

The slowing global economy and continued concerns over the US threat of military strike on Iraq has caused many companies overseas including that in the US and Europe to place their investment on hold.

"We have to depend more on domestic investors and this is what we encourage them to do," Dr Mahathir who is also Finance Minister told reporters after opening Honda's 20th automobile manufacturing plant at the HICOM Pegoh Industrial Park here.

According to the Ministry of International Trade and Industry, Malaysia remained attractive for FDI and domestic investment last year, especially in the manufacturing and related service sectors.

The industrial production index of the manufacturing sector expanded by 4.3 percent in the first 11 months of last year.

MITI said existing foreign investors in particular, have remained keen to invest and further expand and diversify their operations in the country towards higher value-added, capital intensive as well as higher technology and skill intensive projects and activities.

In 2002, 63 percent (RM11.8 billion) of FDI inflow was for the manufacturing sector, both in new projects as well as expansion and diversified projects. It registered an increase of four percent over 2001.

As in the previous year, FDI's were still high in the electrical and electronic (E&E) sector, although in 2002, investment was highest in the petroleum products sector, accounting for 40 percent of total FDI received.

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