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Improved measures to attract investments

PUTRAJAYA, Thurs. - The Government has agreed to introduce improved measures to make the country more competitive for foreign direct investments (FDIs) and domestic investments, Datuk Seri Abdullah Ahmad Badawi said today.

The Deputy Prime Minister said while existing investment-related measures and policies would be reviewed, fresh initiatives would be introduced to ensure Malaysia's continued growth and attractiveness in a globalised environment.

Speaking at a Press conference after chairing the newly-established Cabinet Committee on National Competitiveness (CCNC)'s first meeting, Abdullah said the Government would enhance incentives for investors and make technical procedures more investor-friendly.

"We have agreed on the package of incentives for investors, including the lengthening of pioneer status and investment tax allowances, an improved incentive scheme for Research and Development initiatives whereby R&D grants will be made available to foreign investors and double tax deduction for R&D expenditure incurred overseas, and an additional grant for training and infrastructure expenditure.

"We are also contemplating extending the period of stay for skilled foreign workers or expatriates," Abdullah said, adding that details of the incentives and new measures would be announced soon.

He said the skills training by the Human Resources Ministry and the rules and regulations governing the Human Resource Development Fund (HRDF) would also be reviewed.

"The ruling of forfeiting unclaimed contributions from the HRDF after a time-frame will be reviewed," he said.

Abdullah said the main focus of the committee, which would co-ordinate its tasks with the National Economic Action Council and the Public Service Department, was to review and improve the public service delivery system.

Among others, the CCNC would take steps to standardise approval procedures, especially approval for land conversions, title transfers, sub-divisions and issuing of permits and licences.

"We need an efficient and effective public sector delivery system which is an important element in attracting FDIs and domestic investments.

"We will decide on the appropriate changes to the policies, strategies and procedures to improve public delivery system and introduce new policies where necessary.

"All this is in the spirit of Malaysia Inc. There is a need for the private and public sectors to understand what needs to be done for the mutual benefit of all," Abdullah said, adding that the Government would address shortcomings pointed out by investors and the public.

He said the Malaysian Administrative Modernisation and Management Planning Unit would study the present working mechanisms of federal and state departments and agencies before introducing a standardised "fast-track" approval and implementation system.

The CCNC will hold meetings with State Governments to ensure that they understand the need to enhance efficiency to make Malaysia more competitive.

"There is no meaning if other matters are handled efficiently but an investor is made to wait for a long time to obtain a Certificate of Fitness for instance.

"We must be efficient and effective in totality. That is our ultimate aim," Abdullah said.

The meeting was also attended by Minister of International Trade and Industry Datuk Seri Rafidah Aziz, Second Finance Minister Datuk Dr Jamaludin Jarjis, Human Resources Minister Datuk Dr Fong Chan Onn, Deputy Minister of Domestic Trade and Consumer Affairs Datuk S. Subramaniam and representatives from other ministries and agencies.

Describing the Government's initiative as a two-pronged action plan, he said while the measures were necessary to attract investments, it would also enhance the quality of life in Malaysia.

"It is for all of us. The measures which will be introduced will not be confined to the private or public sector delivery system.

"The whole environment of Malaysia would have to be improved.

"People must be made to realise that Malaysia is one of the best places for them to be in, the best place for them to work, locate their business operations and so on.

"So we should do the necessary to make our country attractive. It must be the joint effort of all Malaysians," Abdullah said.

To a question, Abdullah said some of the incentives for investors announced today might be spelled out in detail when the stimulus package was announced by Prime Minister Datuk Seri Dr Mahathir Mohamad next month. Dr Mahathir is also the Finance Minister.