

**DRB-Hicom seals deal with Volkswagen**  
**Malaysiakini.com**  
**Disember 21, 2010**

Volkswagen and DRB-Hicom will invest RM1 billion to assemble cars in Malaysia, providing a boost for the country which is struggling to attract foreign investment.

DRB-Hicom will be funding 70 percent of the initial investment while Volkswagen will put in the additional 30 percent.

Bernama quoted Prime Minister Najib Abdul Razak as saying that the investment may transform Malaysia into a regional automobile manufacturing hub for Volkswagen.

In a separate statement, the German firm said Passat models will be assembled from the end of 2011 at DRB-Hicom's plant in Malaysia and there were further plans to build other Volkswagen models for the Malaysian market in 2012.

Local media reported that a new factory will be located in the Prime Minister's home state of Pahang in central Malaysia.

Malaysia has become increasingly unpopular as an investment destination.

Foreign direct investment fell to just 3.8 percent of the total flowing into Southeast Asia in 2009, down from almost 40 percent in the early 1990s, according to United Nations data.

Malaysia's unattractiveness stems from its slow pace of economic and market reforms with investors diverting their cash to other faster growing countries in emerging Asia.

Previously, Volkswagen was in talks with national carmaker Proton, which is desperately seeking a foreign partner.

The government's investment arm Khazanah Nasional Bhd holds a 4.4 percent stake in DRB-Hicom, which is a listed company

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