

FDI plunge: Unctad data for Malaysia wrong
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The World Investment Report (WIR) 2010 issued by the United Nations Conference on Trade and Development (Uuctad), which reported a very significant plunge in Malaysian's FDI (Foreign Direct Investment) in 2009, has been a godsend to the leaders and supporters of Pakatan Rakyat.

The report has given them a much needed opportunity and breathing space to deflect the intense public attention away from the spate of major scandals and cases of gross mismanagement that plaguing the states under the Pakatan rule.

Predictably, these supporters and leaders had swooped upon this FDI issue like a gaggle of vultures and tried pin the blame squarely on the federal government's shoulders. Reading some of these over the top, irrational and alarmist comments, one would conclude that the county is heading for Armageddon and has no hope whatsoever for the future.

Unsurprisingly, DAP's economic advisor and Petaling Jaya Utara MP Tony Pua, has been on the forefront of this assault, launching salvoes of statements and colorful charts to buttress his charge that the investors have totally lost confidence in Malaysia.

However, even a cursory survey of Pua's argument shows that his analyses and statements are, as usual, devoid of intellectual merit and betrays a lack an understanding of the issue.

While it is unrealistic to expect a politician to be impartial and objective in his analysis, unfortunately, when one reads the PJ Utara MP's latest comments it is embarrassingly, glaringly and painfully clear that Pua knows very little about the local and global investment scenario.

First of all, had Pua followed the FDI trends, he would have taken cognisance of the fact that Uuctad's data on Malaysia's FDI inflows are completely wrong. Further, had Pua done his homework, he would have surely discovered that the data provided by the UN agency simply does not make any logical sense.

I am not sure how did Unctad arrive at the FDI figure of US\$1.38 billion but Mida had months ago had published on its website that Malaysia procured FDI worth US\$6.48 billion in 2009.

In fact, the states of Sabah and Sarawak alone had attracted more than US\$1.38 billion worth of FDI each in 2009.

So it is rather puzzling and incomprehensible that an Oxford graduate in economics and a self- confessed expert could have overlooked such basic facts and committed such obvious and elementary errors.

Based on the correct figure of US\$6.48 billion, Malaysia has done extremely well compared to its regional peers. In fact, the FDI numbers seem to indicate that foreign investors' confidence in Malaysia has skyrocketed. This could be attributed to the various bold reforms and the steady and sure-footed economic and political stewardship of our Prime Minister Najib Abdul Razak.

I have been travelling around Europe, Asia and the US in the last few months for business

purposes for my company. During these trips, I had the opportunity to speak to a number of business leaders and investors informally and almost everyone I spoke to seemed to agree that Malaysia has made very significant progress economically and politically under Najib.

This is a quantum leap and a sea change in perception compared to my previous trip in 2008 when the investors' sentiments were pre-dominantly negative and bearish.

The second point that Pua had pointed out was pertaining to the outflow of FDI from Malaysia. I am unsure of the accuracy of this data by Uunctad but I am again rather surprised that an economist such as Pua could not fathom the simple reasons behind this outflow which is apparent even to a non-economist such as me.

Malaysian firms from industries such as finance and banking, telecom, infrastructure, airline, oil and gas, etc have grown in the recent years to be regional and even global players and champions. They have expanded and established themselves beyond our borders and have been investing and acquiring companies overseas. As such there is an outflow of FDI for such purposes.

However, there is one key point I do agree with Pua, that is, his assertion that a drop in FDI shows a complete loss of confidence in government. As such I am sure Pua, too, would concur with me that the drop in FDI for the DAP-run and Lim Guan Eng-led Penang is a testament that the investors have no confidence in Lim's leadership or his policies.

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