

**Miti: Gov't not in denial**  
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The government is not in a state of denial over the 81 percent plunge in foreign direct investment (FDI) in 2009, and is working to rectify the situation, said Minister of International Trade and Industry Mustapa Mohamed.

NONE "I don't want to pick fights with anybody. We have recognised that we have problems with private investments, (while) the economy is public sector-led, and we are working on this," he said at a press conference at the Malaysian Student Leaders Summit today.

Mustapa (right) was responding to comments by the summit's keynote speaker and former Finance Minister Tengku Razaleigh Hamzah, who said that Mustapa was not telling the full truth about why Malaysia's FDI suffered so badly relative to the region.

Razaleigh said the minister had failed to admit that the FDI plunge and concurrent capital flight was caused chiefly by waning investor confidence in the country's administration.

tengku razaleigh speech 110310 02 Mustapa refuted Razaleigh (right), claiming more recent foreign investment trends indicate otherwise.

"A high-end South Korean company has bought 72 percent, that is majority stakes, in a local company and is putting USD1 billion investment into the venture. That is confidence," he said.

He added that while the government never disputed last year's dismal figure, a 20-year low for Malaysia, he said the fact that investors are "upbeat" this year speaks for itself.

Confusion, not lack of confidence

He echoed CIMB chief (below) Nazir Razak's view that investors may have withheld bringing funds into the country partly because of uncertainties such as whether a bumiputera partner is required.

nazir razak "To some extent this is true, but the government needs to spend time before making policy changes. The Economic Transformation Program (ETP) is a process," he said.

He added that the ETP, which involves heavy industry consultation, is an unprecedented move by the government.

As for the "confusion" over bumiputera equity requirements, Mustapa said that this is a "misconception", at least for the manufacturing industry.

"There are no longer such guidelines, and we have done (away with the requirements) at huge political cost," he said.

He added that his ministry is looking at also liberalising the services sectors by the end of the year, while other sectors may follow suit.