

## **Najib sees higher FDI after coming admin reform**

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Malaysia should see increased foreign direct investment (FDI) this year after the government implements administrative reforms, the country's Prime Minister Najib Abdul Razak said.

The country's new economic model, to be announced later this month, would include unspecified administrative reforms that should result in a "marked improvement" in FDI, Razak told an investment forum in Hong Kong on Tuesday.

Malaysia has been considering proposals to end its subsidy regime and phase in a new goods and services tax as it begins dismantling a four-decade race-based economic system that has deterred foreign investment.

Razak also reiterated an earlier statement that Malaysia's GDP growth should hit 5 percent or more this year. The country's economy shrank by 1.7 percent last year.

The economic regime adopted after race riots in 1969 has given an array of economic benefits to the ethnic Malay population, which makes up 55 percent of the total, but investors complain it has led to a patronage-ridden economy that has resulted in foreign investment increasingly moving to Indonesia and Thailand.

Razak is scheduled to unveil initial details of a new economic model to boost growth and win back foreign investment at the annual "Invest Malaysia" conference organised by Bursa Malaysia on March 30.

Earlier this month, the government backed off from an economic reform plan, including the introduction of a goods and services tax, just weeks after it halted implementation of petrol price increases aimed at cutting its subsidy bill, and electricity price rises.

In all three cases it cited the need to "engage with the public", a message that may derail Malaysia's bid to reverse investment outflows and tackle a budget deficit that has overshot its targets since 2007 to hit a more than 20-year high of 7.4 percent of gross domestic product in 2009.

- Reuters

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