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Minister: Dr M stuck in past, FDI in services sector needed

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PETALING JAYA: Malaysia lures foreign direct investments to various industries and not just manufacturing, Minister in the Prime Minister's Department Datuk Abdul Rahman Dahlan said.

He said FDI for the services sector was needed so that Malaysia could become a high-income country.

"In most developed countries, the services sector contributes as much as 80% of the employment and their gross domestic output.

"To break out from the middle-income trap and provide higher income jobs, particularly knowledge-based jobs, the Government

had made a deliberate effort to develop the services sector and rebalance our economy," he said, adding that this effort by the Government had been going on since 2009.

He said this in response to former prime minister Tun Dr Mahathir Mohamad's criticism of the Forest City project in Johor, which is to be developed by a China-based company.

Dr Mahathir said FDI was supposed to be about investments in the manufacturing industry, not sale of land to foreigners.

He also claimed that the develop-

ment of Forest City would lead to "an inordinate percentage of foreign people" into Malaysia.

However, Abdul Rahman said Dr Mahathir was "stuck in the past", adding that the country had outgrown an economy solely based on low-cost manufacturing and that it needed to diversify into other industries.

"Dr Mahathir needs to understand that Malaysia has outgrown that model and we can no longer compete based on low-cost manufacturing industries as this would mean to continue depressing Malaysian salaries and income, a

chief complaint of Malaysians before 2009.

"It is sheer insanity to keep on doing the same thing and expect a different result," he said in a statement.

However, he said that the country's manufacturing industry was still getting FDI.

"Malaysia places high importance on the manufacturing sector. However, the Government has become more selective in what type of FDI in manufacturing it wants here," said Abdul Rahman, adding that the country preferred high value-added manufacturers with a

high degree of automation.

He also said that the Federal Government and Johor government would continue prioritising the welfare of Malaysians.

"Although land is a state issue, there are enough laws and regulations at both the state and federal levels that will act as checks and balances on foreign investments.

"The Johor government and the Federal Government will never allow the rights of Malaysians, especially the bumiputra population, to be encroached on.

"This is a promise we intend to keep," he said.