

# Anwar out to attract investments

PMX's one-day trip to China raked in RM20bil from three MOUs. To ensure they materialise, he needs to reform strict local equity rules and other red tape in Malaysia.

AFTER a Cabinet meeting last Saturday in Kuching, Prime Minister Datuk Seri Anwar Ibrahim hit the ground running later that night by delivering a Malaysia Day speech to a full stadium before hopping on a plane to Nanning, China, for another packed event.

The schedule of his one-day trip to Nanning was meticulously planned because Anwar could only afford to spend a day there before returning home to speak in the Dewan Rakyat on the burning issue of the conditional acquittal granted to Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi.

After he made his speech in Parliament, Anwar, accompanied by his wife Datuk Seri Dr Wan Azizah Wan Ismail, then immediately flew to New York that same evening to attend the United Nations General Assembly.

Despite the hectic schedule, Nanning was a pit stop that Anwar didn't want to miss because of the potential trade and business ties it presented.

True enough, the day trip locked in RM20bil from three memoranda of understanding (MOUs) signed between Malaysian and Chinese companies.

In Nanning, Anwar delivered a speech at the China-Asean Business and Investment Summit (Cabis) and the China-Asean Expo (CAEXPO) where nearly 2,000 companies participated.

It was the 20th anniversary of CAEXPO and most importantly, it was the first physical expo after being held in a hybrid mode in the past three years, where only companies with representatives in China are allowed to partici-

pate in the physical expo.

CAEXPO is a crucial event because Malaysia has launched many local products there over the years.

In 2019, Malaysia generated RM677.8mil in sales, which exceeded its target of RM640mil.

Many Malaysian products such as processed food, snacks, bird's nest products and particularly durian-based products have always been the major highlights at CAEXPO.

After launching the Malaysian pavilion at CAEXPO, Anwar left for the tightly-guarded Li Yuan Resort for a bilateral meeting with Chinese Premier Li Qiang.

Li hosted a luncheon at the Li Yuan Resort for Anwar and his delegation, which reflects the close ties that China and Malaysia shared since 1974.

Following the luncheon, Anwar witnessed the signing of three MoUs worth close to RM20bil between Malaysian and Chinese companies at Nanning Marriott Hotel.

He then held separate closed-door meetings with Chinese Communications and Construction Company (CCCC) and Huawei, before holding a press conference with journalists.

It was a gruelling 14-hour day trip for Anwar, and the exhaustion was even more apparent during the press conference when a journalist wanted a clarification if the three MOUs were signed.

"Yes, they were signed to shorten the time so I can go back and sleep," quipped the Prime Minister, resulting in laughter from the ministers who joined him at the press conference.

The three MOUs worth

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## Comment

RM19.84bil is a great achievement for Anwar, but it can only be truly translated as a success if both sides can hold up to their word.

According to a 2016 article by *Forbes*, it was described that the Chinese treat MOUs like a binding contract.

The article went on to say that in common law countries, MOUs tend to mean little as only the signed final contract counts.

"This is not typically true in civil law countries like China, which hold to a much stronger concept of good faith negotiations.

"Under that concept, it is not acceptable to simply walk away from an MOU as that would constitute bad faith," the article said.

That being said, it is important for Malaysian companies that signed the MOUs to treat them as binding contracts.

The onus is also on the government to reduce red tape that may deter efforts to realise the true value of investments from the MOUs with Chinese companies.

According to the latest *Economic Freedom of the World: 2023 Annual Report* that analyses 2021 data, Malaysia is ranked 56th out of 165 countries.

In the previous year, Malaysia

ranked 53rd in terms of ease of doing business, according to the report.

The report was conducted by the Centre for Market Education (CME) in partnership with Canada's Fraser Institute and it analysed policies in 165 countries.

CME CEO Dr Carmelo Ferlito said the latest results should serve as a warning call to Malaysian leaders on the deterioration of economic freedom in the country.

"Thankfully, the Economy Madani framework laid out by this government signals in part a commitment towards institutional reforms and pro-market policies.

"In particular, the framework's commitment towards promoting free trade, including bilateral and multilateral agreements, improving ease of doing business, and rebuilding fiscal discipline, should help Malaysia's showing in future reports," said Ferlito.

One example of Anwar's commitment to cut red tape was when he managed to convince IT billionaire Elon Musk to choose Malaysia over Indonesia as the regional hub for electric vehicle (EV) manufacturer Tesla.

Tesla isn't required to abide by the strict local equity rules that stipulate that bumiputra must own a minimum 30% stake in foreign ventures that establish businesses in Malaysia.

Moreover, Tesla's sales of imported cars manufactured in Shanghai will not be subjected to the Approved Permit (AP) system that covers a range of imports, including vehicles and even rice.

It is clear that the concessions given to Tesla are a sign that eco-

nommic change is under way in Malaysia and without a doubt, such a move could be deemed as confronting local businesses that are well connected with the political elite.

However, Anwar's move is welcomed by economists who have long contended that strict local equity rules and other red tape have made Malaysia an unattractive investment destination.

Reforming the nation's economy is not a one-man job and Anwar needs the support of the entire government machinery and the public.

Malaysia is racing against time to catch up with developing nations in the region.

One good inspiration is China's Nanning.

Nanning is truly a sight to behold and during my short trip there, the third-tier Chinese city is a bustling metropolis where various EVs dominated the roads and Teslas were even driven by senior citizens.

Cashless transactions are mainly used in China and I relied entirely on my Touch N' Go ewallet there, which automatically converts to Alipay, one of the main ewallet platforms in China. I did not even use a single Chinese yuan, which I had exchanged before arriving in China.

Anwar's packed schedule as Prime Minister is a sign that he is racing against time to ensure Malaysian post-pandemic economic recovery is on the right track.

As a nation, we must catch up fast with global development. Otherwise, we will be forever stuck in the same rut, watching Nanning "running" ahead of us.