

US Investment Flows To Malaysia Expected To Rise

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By Manik Mehta

NEW YORK, Feb 9 (Bernama) -- Foreign investment from the United States is expected to increase in Malaysia as the US economic recovery further strengthens, says the Malaysia Investment Development Authority (MIDA).

Analysing the trends emerging from investments by the US corporate sector in 2011, MIDA New York director Arham Abdul Rahman said increased investments last year were also reflected in the number of investment applications received by the MIDA headquarters until November 2011.

"The level of investment between January and November 2011 surpassed the corresponding period of 2010," Rahman said, adding that Malaysia's attractiveness as an investment destination had been further enhanced by the result-oriented Economic Transformation Programme.

"Malaysia received good ratings by a number of institutions, including the T.E. Kearney Foreign Direct Investment Index, which upgraded Malaysia from 21st to 10th ranking in terms of attractiveness as an investment destination.

"The Kearney FDI index study took into account the Malaysian government's Economic Transformation Programme," said Arham.

Malaysia's rating was further bolstered by the World Bank 2011 report which raised Malaysia's ranking to 18th from 23rd in 2010.

"The Malaysian government has created an investor-friendly environment in the country and this has, apparently, impressed those compiling the rating," he said.

Arham recalled a Price Waterhouse Cooper survey which revealed that aside from China, other countries that would see a new wave of investments were Malaysia, Indonesia and Thailand.

The United States continues to be one of the top five investors in Malaysia with the other four being South Korea, Japan, Singapore and Germany.

Malaysia attracted total investments of US\$14.3 billion from January to November last year against US\$9.4 billion registered in 2010.

Investments from the US flowed, mainly, in the electronics and electrical products, basic metal products, transport equipment, chemicals and chemical products, fabricated metal products, food manufacturing and petroleum products (including petrochemicals).

On investment trends from the United States, Arham said his personal impression was that even though the US economy had not fully recovered from the recent recession, the high unemployment that continued to plague the economy was worrisome.

"However, US companies are still expanding which augurs well for investment flow," he said.

Arham also referred to the recent address by President Barack Obama who placed great emphasis on domestic job creation and discouraged export of jobs overseas.

Despite the initiatives by the US administration to create local jobs, he said this move would not affect US investment flows into Malaysia.

"Asia is the new growth region and US companies will continue to go there.

We are also monitoring if there will be any impact of the President's address on investment flow to Malaysia.

"Although 2011 was, generally, a good year, we are not complacent and will try to maintain that level and continue our promotion in a more aggressive manner," he said.

Meanwhile, MIDA is also working on attracting foreign direct investment in aerospace and medical devices services as they offered promising growth areas.

"We are also encouraging US companies to establish regional offices and procurement centres in Malaysia.

"We are making a pitch for Subang in Kuala Lumpur and Senai in Johor as a suitable hub for aerospace-related activities.

"Melaka and Penang also have the potential to attract aerospace companies. Aerospace, a forte of the US industry, is a promising source of investment," added the MIDA director.

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