

**Dr M: Middle-income Malaysia cannot rely on FDI**  
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**By Yow Hong Chieh**

PETALING JAYA, Aug 27 — Malaysia should not depend on foreign direct investment (FDI) to drive the economy as it can no longer compete with low-cost countries such as Vietnam and China, Tun Dr Mahathir Mohamad said today.

The Ministry of International Trade and Industry (MITI) has said that FDI accounts for 70 per cent of investments but it is working towards a 50:50 parity by encouraging more local investments.

"We cannot wait for foreign investors to come simply because foreign investors have got a choice," Dr Mahathir told some 150 Tesco staff and suppliers here today at an executive lecture organised by the hypermarket chain.

"They can go to Vietnam or China or Thailand or the Philippines or Indonesia, where labour is cheaper."

He said that while Malaysia previously had no choice but to rely on FDI due to lack of capital, technology and knowledge of the world market, it could now leverage on local funds and know-how to start new industries, acquire new technology and develop new products.

Dr Mahathir also said the government should grant local investors the same incentives it gave foreign ones, such as tax holidays, as it was unfair and discriminatory to hold back such benefits from Malaysians.

"Now that we have local investors, they should be given incentives and support by the government," he said.

Deputy international trade and industry minister, Dr Mahathir's son Datuk Mukhriz Mahathir, said earlier today that it would be an uphill task for Malaysia to bring domestic direct investments (DDI) to parity with FDI as foreign inflows had not slowed down.

He said it was crucial that the government not differentiate between local and foreign investors if Putrajaya wished to make it "more exciting" for Malaysians to invest here instead of overseas.

Putrajaya has set a target of RM1.4 trillion in investments until 2020 to generate RM1.7 trillion and vault Malaysia into developed nation status.

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