

Investors Remain Upbeat On Malaysia as FDI Destination

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KUALA LUMPUR, March 4 (Bernama) -- International companies remain upbeat on Malaysia as an attractive investment destination, with foreign direct investment figures unveiled last month bearing testimony to a clear indication of investor confidence in the country.

Malaysia's net FDI inflows last year, which surged by 24 per cent to RM38.774 billion, exceeded the country's highest ever recorded FDI of RM37.325 billion in 2011, by 3.9 per cent.

Their confidence in Malaysia has prompted numerous multinational corporations to continue expanding investments and picking Malaysia for their regional and global operations.

In the process, they have well positioned themselves to ride on Malaysia's strong ecosystem by integrating their value and supply chain activities, given the excellent infrastructure facilities the country has.

In a recent report, the International Trade and Industry Ministry said the surge in FDI compared favourably against the backdrop of the slow recovery and uncertain global economic conditions.

All major sectors registered increases in FDI inflows in 2013.

The bulk of Malaysia's FDI inflows were in the manufacturing sector (37.6 per cent), followed by services (28.8 per cent) and mining (28.7 per cent).

Cohu SEG Malaysia, a leading supplier to the semiconductor manufacturers and test sub-contractors, is among the companies to take advantage of the strengths of Malaysia's supply chain.

Its Managing Director, Laurent Zanchi, said Malaysia offered a competitive cost, competitive human capital and talent, excellent infrastructure, as well as customer and market proximity.

Similar to the traders' preference during the Melaka era in the 14th century, Cohu felt its base here is on a location that is central, with easy access to major customers in Asia, where most of the final semiconductor manufacturing is done.

Laurent said Malaysia, a pioneer country for (Cohu's) Ismeca semiconductor manufacturing in Southeast Asia, has offered strong incentives, good infrastructures and support to win Cohu's commitments.

"We plan to expand our Melaka operations in the near future to include manufacturing of volume handlers from Cohu SEG.

"Given the continued support of the government and MIDA [Malaysian Investment Development Authority], I expect Cohu SEG corporate to continue to invest in Malaysia and that our operations will triple in size over the next few years," Laurent told Bernama.

The US-based technology company produces semiconductor test handlers and package inspection equipment for top brand smartphones, tablets and personal computing and cloud servers.

When asked about transferring key competencies to Malaysian employees, Laurent said Cohu always prioritised internal talent, exercised empowerment and having personal development programme for key employees on cross-training among its global organisation.

Another company, Fresenius Medical Care Production, also chose to set up a manufacturing centre in Malaysia, thanks to its strategic location in its target market of Southeast Asia.

Fresenius Managing Director Lim Siow Sheong said political stability, earthquake-free, easiness to get skilled manpower and superb infrastructure with good airport and port facilities, are among the favourable factors.

"Malaysia's investment development authorities exercise friendly approach on investors, offer many tax incentives and customise packages with fast approval on investment projects," Lim said.

In its five-year investment plan worth RM260 million for a new project on haemodialysis and dialysis fluids, the medical company plans to acquire additional land this year for its existing plant expansion in Nilai.

To Schlumberger Ltd, the world's largest oilfield services company, Malaysia has many advantages such as skilled workforce and strong logistics support, which are critical for its operations in the industry.

The company is spending RM371.5 million to set up a servicing and maintenance centre at the Port Klang Free Zone to offer drilling and wireline technology services in Asia-Pacific.

The centre is expected to be fully operational in early 2015.

"We are planning to set up more hubs here for global support such as those in the back office.

"That could be human resources hub that deals with payrolls and related queries," said Schlumberger's Shared Services Vice-President, Azhar Abdullah.

ZF Chassis Systems Sdn Bhd, a unit of German automotive components company, ZF

Friedrichshafen AG, is set to invest RM15 million this year to boost its current capacity in a plant in Kedah.

The factory, with an initial investment of RM19.6 million, started commercial productions of chassis front and rear axle in May 2013.

"We need to expand because volumes from customers have surged," General Manager Glenn Todd said.

He said the choice to investment here was proven wise after seeing such an encouraging response from its clients and to a new firm such as ZF Chassis Sstems, agencies, including MIDA, have helped it ease into the business environment, by offering insights of Do's and Don'ts.

Along with domestic investments, FDI will continue to assume an important role to promote and sustain Malaysia's economic growth -- key to Malaysia emerging as a high-income nation by 2020.

As at today, Malaysia's economic fundamentals remain solid, the country has performed remarkably well despite global challenges as evidenced by its economic growth rate, brisk exports plus evident increase in investments.

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