



MEDIA RELEASE

INTERNATIONAL INVESTORS REMAIN UPBEAT ON THE POTENTIAL OF MALAYSIAN ECONOMY

Davos, 21 Jan 2017 : The Malaysian delegation at the WEF had continued their annual tradition by hosting the Business Luncheon, one of the most iconic Malaysian events in Davos. The event was jointly hosted by Khazanah Nasional and MIDA.

2. Alongside YB Dato' Sri Mustapa Mohamed Minister of International Trade and Industry, YB Dato Seri Dr. Subramaniam Sathasivam Minister of Health and YB Datuk Seri Panglima Wilfred Madius Tangau Minister of Science, Technology and Innovation, notable Malaysian business leaders present were Tan Sri Azman Mokhtar Managing Director of Khazanah Nasional, Tan Sri Tony Fernandes Chairman of AirAsia, Dato' Sri Nazir Razak Chairman of CIMB and Dato' Rohana Rozhan CEO of Astro. As always there has been strong public-private collaboration in Davos to showcase Malaysia to the world.

3. Speaking before 50 existing and potential international investors from various sectors and countries, Dato' Sri Mustapa highlighted Malaysia's strengths including its political stability, strong economic fundamentals and track record, business-friendly policies, excellent infrastructure, its strategic position within ASEAN as well as facilitation of investment through MIDA. Despite the current challenging climate, our GDP growth rate remains among the highest in the region and among emerging markets.

4. During the luncheon, the Minister responded to several questions raised by the audience. The questions asked were mainly on the direction of the Malaysian economy, especially in the context of President Trump's administration and the current status of the economic integration of ASEAN. He urged the investors to take advantage of the numerous opportunities available in the dynamic region of ASEAN by using Malaysia as the gateway. A large number of foreign companies such as Novartis, Roche, GE and Standard Chartered have made Malaysia their regional hubs.

5. When asked by the audience on our strategy should the Trans-Pacific Partnership Agreement (TPPA) fail to materialise, Dato' Sri Mustapa informed them that Malaysia's priorities will be on strengthening economic integration within ASEAN, pushing for the conclusion of the Regional Comprehensive Economic Partnership (RCEP) as well as perhaps pursuing bilateral FTAs with relevant TPP members.

6. Against the backdrop of rising protectionist sentiments in a number of countries, Dato' Sri Mustapa assured the international community that Malaysia is not in retreat, "We remain open for business. Foreign investments have played a major role in our economic development and we will continue to welcome high quality investments, especially in the catalytic subsectors namely chemicals, electrical & electronics (E&E), and machinery & equipment (M&E), as well as other high potential



growth areas including aerospace, medical devices and digital economy,”

7. Malaysia has been a major beneficiary of Foreign Direct Investment (FDI). No less than 1 million of our people are working with foreign companies. FDI also contributes to our exports given that a large number of foreign companies operating in Malaysia are 100% export-oriented. The presence of foreign companies in our economy has also provided our local SMEs access to valuable technology transfer and exchange of know-how, which are crucial in developing their capabilities which will allow them to be part of the global supply chain.

8. The digital economy is one the priority areas identified for future economic growth. In this area, Malaysia has recorded an improvement in new investments, from USD1.05 billion in 2015 to USD 1.5 billion in 2016. The targeted areas for future growth as far as the digital economy is concerned will be on financial technology, growth of start-ups and the development of the world’s first cross border trade for SMEs namely the Digital Free Trade Zone as announced under the Budget 2017.

9. He also reiterated Malaysia’s commitment to pro-growth policies, despite the challenging economic conditions, “We have invested heavily in infrastructure as evidenced through recent key projects such as the MRT and Pan Borneo Highway and will continue to invest in major infrastructure such as the High Speed Rail which will further improve the business environment. This will also improve the connectivity within and beyond the borders of Malaysia hence enhancing our competitiveness in the region.”

10. Separately, Dato’ Sri Mustapa had bilateral meetings with a number of government and business leaders throughout the WEF. Among the companies he met were Microsoft, Hitachi, Qualcomm, Hanhwa, Nielsen and PwC, among others.

11. Some of these companies are looking into the possibility of expanding their footprints in Malaysia. Meanwhile, as far as the Internet of Things and Digital Economy are concerned, a number of international companies have expressed their interest to play a more active role in unlocking Malaysia’s potential in this area.

12. “Davos is an important platform for us to expand our network and strike valuable business deals. It also provides the opportunity for us to learn more about emerging trends such as the Fourth Industrial Revolution and automation. Malaysia as a country needs to align itself to this new reality and keep abreast of latest developments,” the Minister said.

13. Despite all the noises surrounding the Malaysian economy, there is still a lot of interest among the international business community in Malaysian economy. They acknowledge the country’s economic resilience in weathering uncertainties and have strong confidence that Malaysia will continue to do well.



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

14. Moving forward, Dato' Sri Mustapa stressed the importance for Malaysia to continuously improve its approach in attracting investment. "We are now adopting a more holistic strategy in which we are working closely with consulting firms, banks, private companies and our diaspora. For instance in Zurich alone there are around 30 Malaysians occupying senior positions in various companies. They must be our ambassadors in promoting the Malaysian brand,"

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Ministry of International Trade and Industry (MITI)

About MITI:

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020 .

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