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Bernama - Govt Will Ensure Malaysia Remains Attractive For FDI, DDI -- Tengku Zafrul

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KUALA LUMPUR, Nov 28 - The government will ensure that Malaysia continues to be a choice destination for foreign direct investment (FDI) and domestic direct investment (DDI).

"Investment is important for Malaysia and the government will ensure that it remains attractive for both foreign and domestic investors," said Finance Minister Tengku Datuk Seri Zafrul Tengku Aziz on Bernama TV's 'Ruang Bicara' here today.

He said the government has allocated RM1 billion to provide a special incentive package for high value-added technology under Budget 2021.

"This fund aims to support research and development (R&D) investment in aerospace, as well as electronic clusters such as in the Batu Kawan, Penang and Kulim, Kedah industrial parks."

Tengku Zafrul also emphasised on the need for automation, as well as digitalisation in pushing the country's economy forward.

The High Technology Fund worth RM500 million provided by Bank Negara Malaysia (BNM) to support high technology and innovative companies is aimed at that, he said.

The fund will enable Malaysia to remain competitive and maintain its position in the global supply chain ecosystem and protect high skilled jobs.

In tabling Budget 2021, Tengku Zafrul said the government was committed to making Malaysia a destination for high-value service activities.

The initiatives in this regard include extension of the Principal Hub tax incentive to Dec 31, 2022 and the new tax incentive for the establishment of a Global Trading Centre at a concessionary rate of 10 per cent for a period of five years and renewable for a period of another five years.

Additionally, the government allocated RM500 million for the implementation of the National Digital Network initiative, JENDELA to provide connectivity for 430 schools nationwide.

At the same time, the Malaysian Communications and Multimedia Commission (MCMC) will allocate RM7.4 billion for the years 2021 and 2022 to build and upgrade broadband services.

FDI inflow is projected to come in at RM16 billion to RM17 billion, a drop from RM37.5 billion in 2019.

The Star reported that for 2021, FDI inflow is expected to revive gradually but still markedly below the pre-pandemic levels of averaging RM41.1 billion per year in 2015-2019.

Tengku Zafrul said despite the movement control order and subsequent measures undertaken to stem the spread of COVID-19, Malaysia would continue to receive FDI, albeit lower.

“Despite all, our investments and exports are growing because we continued engaging them (investors) through digitalisation, for instance, the whole of the APEC meeting took place virtually. So, we will continue to do that.”

Hence, he said such measures and approach would continue to be in place to ensure FDI inflow into the country.

“The marketing of Malaysia as an investment destination has to be continued and therefore, allocation continues to be given so that the promotions of Malaysia as an investment destination remained,” he said.

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