



LAUNCHING OF MALAYSIA'S INVESTMENT POLICY REVIEW
(IPR) REPORT BY THE MINISTER OF INTERNATIONAL TRADE
AND INDUSTRY

27 NOVEMBER 2013 (WEDNESDAY)
2.00 P.M, CRYSTAL HALL, LEVEL 16, BLOCK 10, MITI

Address by YB Dato' Sri Mustapa Mohamed,
Minister of International Trade and Industry

H.E Shigeru Nakamura, Ambassador of Japan to Malaysia,

Dr. Stephen Thomsen, Head of the OECD Investment Policy Reviews,

Mr. Mike Pfister, Senior Economist of the OECD Investment Policy Reviews,

Distinguished Guests, Ladies and Gentlemen,

A very good afternoon.

Let me begin by recording my appreciation to all of you for your presence here today, to mark the launch of OECD's Investment Policy Review of Malaysia.

2. I must also thank the Government of Japan and the ASEAN-Australia-New Zealand FTA Economic Cooperation Support Programme for their generous funding towards OECD's undertaking of this Review.

3. The review is a milestone for Malaysia; one that indicates our growing collaboration with the OECD. Indeed Malaysia has been working closely with the OECD in the area of Good Regulatory Practices. Malaysia has also been actively participating in the OECD activities relating to trade and economy. These include participation of Malaysia as the Permanent observer of the Steel Committee; Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes and involvement of Malaysia's student in OECD Programme for International Student Assessment.

4. In this regard, the review not only recognises what Malaysia is doing right, but also provides an independent view of what Malaysia can do better. Such impartial assessments are important in value-adding to the Government's efforts to improve governance and enhance transparency.

5. The review undertaken by the OECD is objective. This allows Malaysia to identify our shortcomings and consider policy improvements including in the areas of corporate governance, financial sector development, infrastructure development, responsible business conduct and green investment.

6. Besides Malaysia, the OECD has also completed the investment policy review of other ASEAN Member States, namely Indonesia (in 2010) and Viet Nam (in 2009), while the same are ongoing for Lao PDR, Myanmar and The Philippines, as well as the second review is being initiated with Viet Nam.

7. These reviews also provide the necessary impetus for countries within the region to work towards realising the ASEAN Economic Community (AEC) in 2015. Indeed, the AEC is not merely about free movement of goods, services and talents within ASEAN. If we want the AEC to be successful, then, the onus is on us to ensure that such initiatives are also complemented within an investment regime that is fairly liberal, business-friendly and provides adequate levels of protection to investors.

8. Despite internal challenges and domestic difficulties, Malaysia continues to undertake the necessary reforms towards Vision 2020. We are determined to attain a per capita income of US\$15,000, while maintaining our principles of sustainability and inclusiveness. In meeting the goals of the transformation agenda, we will focus, among others:

- Promoting investments, both domestic and foreign, in high value added activities and niche areas;
- Progressively liberalising the 27 services subsectors and promoting the development of key sectors in order to enhance its contribution to the economy;
- Creating an environment for innovation, research and development, which is further augmented by effective enforcement of better intellectual property laws;
- Reducing regulatory barriers in order to improve the environment for businesses;
- Enhancing entrepreneurial skills and promoting the development of SMEs;

- Attracting skilled talent from abroad to sustain growth of a knowledge-based and innovative economy; and
- Promoting regional growth and inclusiveness.

9. The Government of Malaysia has always been pro-business. This is evident in our recent ranking on the World Bank of Doing Business Report, at 6th position. This is indeed a welcome recognition of our efforts.

10. Being in the 6th position among 189 economies places Malaysia in the same league as Singapore, Hong Kong, New Zealand, the USA and Denmark. It also puts Malaysia ahead of economies such as the Republic of Korea, Norway, United Kingdom, Australia and Finland. More significantly, Malaysia ranks top for Getting Credit and 4th for Protecting Investors, six years in a row now. In the area of Trading Across Borders, Malaysia has moved up from 11 position to 5th in this assessment period.

11. The achievement was indeed a result of untiring efforts of the Government, in close collaboration with the private sector, particularly through a Special Task Force to Facilitate Business, known as PEMUDAH. PEMUDAH was tasked to improve the Government service delivery system and enhance private sector efficiency. A specific mechanism of Key Performance Indicators has also been established by the Government, to assess the effectiveness of each Ministry and agency in undertaking the public delivery system.

12. The transformation initiatives and work on improving the government delivery system, collectively contribute to the growth of Malaysia's economy. Moody's recent upgrade of Malaysia's outlook from stable to positive, further reaffirms Malaysia's transformation efforts.

13. Going forward, despite global headwinds, MITI is optimistic that Malaysia will continue to attract both foreign and domestic investments. In the third quarter of 2013, private investments in Malaysia increased by 15.2 per cent to RM35.6 billion, compared with RM30.9 billion for the same period in 2012. The services sector accounted for the largest share of the investments, accounting for 54.6 per cent, followed by the manufacturing sector at 24.9%, mining and quarrying at 8.4% and agriculture, forestry and fishing at 7.3%. Cumulatively, FDI recorded a higher net inflow of RM27.6 billion from RM25.2 billion in the same period of 2012.

14. In conclusion, I hope to see more collaborative efforts being undertaken with the OECD. In addition to areas related to investment, Malaysia also remains interested in the work being undertaken by the OECD in Regulatory Reforms and Global Value Chains. I am optimistic that there will be further cooperation in these areas as well.

15. On that note, I hereby launch the OECD Investment Policy Review Report of Malaysia.

Thank you.