



UNITED NATIONS



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Office of the Resident Coordinator Of The United Nations
System's Operational Activities For Development in Malaysia

JOINT PRESS RELEASE

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MALAYSIA'S NET FDI FLOWS INCREASED BY 22 % TO USD\$12 BILLION IN 2013

24 June 2014, Kuala Lumpur –UNCTAD's World Investment Report (WIR) 2014 reveals that the 2013 Global FDI Inflows increased by 9% to US\$1.45 trillion after a decline in 2012, with growth expected to continue in the years to come. Asia continues to be the most popular region for Foreign Direct Investments (FDIs), accounting for nearly 30 percent of global FDI inflows for 2013. Malaysia ranked seventh top recipient of FDIs in Asia ahead of the Republic of Korea, Vietnam and Taiwan and enjoyed a 22 percent increase of net FDIs valued at 12 billion dollars in 2013. The increase of FDI in Malaysia compares favourably to the increases in Global FDI of 9% and 6.7% into developing countries, as reported by UNCTAD. While, ASEAN reported an increase of seven (7) percent to 125.4 billion dollars with Singapore as the region's largest FDI recipient, the overall growth of FDI inflows over the period of 2009 to 2013 in South-East Asia has slowed.

WIR 2014 report, titled "Investing in the Sustainable Development Goals (SDGs): An Action Plan" was launched by Dato' Azman Mahmud, Chief Executive Officer (CEO) of the Malaysian Investment Development Authority (MIDA) on behalf of Y.B. Dato' Sri Mustapa bin Mohamed, Minister of International Trade and Industry. Also present was Ms. Michelle Gyles – McDonnough, United Nations Resident Coordinator for Malaysia and UNDP Resident Representative for Malaysia, Singapore and Brunei Darussalam. A presentation of the report was made by Mr Masataka Fujita, Head of Investment Trends and Issues Branch, Division on Investment and Enterprise, UNCTAD.

Dato' Sri Mustapa in his presentation on Malaysia's efforts in aligning promotion of investment with sustainable growth informed that Malaysia will continue to adopt the ecosystem approach in developing both the manufacturing and services sectors. This meant an integrated and holistic approach to promote the entire value chain of industry clusters. The ecosystem approach will allow the Government to move

away from the system of offering high tax incentives to attract investors. Instead, enablers like good infrastructure and availability of the relevant supporting industries, would be a natural 'pull' factor to attract investors.

He reminded that the Government has long recognized the need to shift to high value-added, high technology, knowledge-intensive and innovation-based industries to sustain economic growth, and in line with this, Malaysia has been adopting the more selective and targeted approach in attracting quality investment. These include promoting investments in targeted areas such as renewable energy, environment management, healthcare, private education and food manufacturing sectors.

To stay ahead of the curve, MIDA has internally reorganized to create two new industry divisions, i.e. the Technology & Business Frontier Division and the Clean Technology & Environment Management Division, divisions responsible to source and promote technology driven, sustainable investments.

“The UN system has adopted an unprecedented approach to supporting the intergovernmental process to formulate the post-2015 Sustainable Development Goals (or SDGs). The UN supported extensive global, regional and national consultations on the “World We Want” in over 88 countries, starting in 2012, capturing the aspirations of more than a million of the world’s citizens, and for the first time, truly injecting the voice of “we the people” into global decision-making. These consultations are now moving into their second phase at the request of member states, in close to 40 countries, including Malaysia, and are focussed on the means of implementation to secure achievement of the sustainable development goals that will eventually be adopted. The objective of this new approach is to engage all stakeholders, public and private, academia, civil society, NGOs and interested citizens; and to seek and include the voices of those most marginalised and vulnerable, including women - those whose voices are often unheard in the process of development planning - and to tap the pool of experts and experiences from every part of the world. Here in Malaysia, the UN Country Team together with the Economic Planning Unit of the Prime Minister’s Department, are organising national consultations in Kuala Lumpur, Sabah and Sarawak, starting next week. These three face-to-face consultations will be complemented by focus group discussions and online consultations, so that Malaysians from all walks of life can be part of, and help to shape this important agenda to influence the quality of their lives. I urge you to follow us and contribute your ideas and perspectives via hashtag **#MsiaWeWant.**”, said Ms. Michelle Gyles–McDonnough.

“Advances in human development will be constrained without private and public investments that contribute to development that is both inclusive and sustainable. It is important to stress that sustainability is not exclusively, or even primarily, an environmental issue as many are wont to think. As the UN noted in UNDP’s global human development report in 2011, sustainability is “fundamentally about how we choose to live our lives, with an awareness that everything we do has consequences for the 7

billion of us here today, as well as for the billions more who will follow, for centuries to come. UNCTAD'S message in this year's World Investment Report highlighting the important linkages between trade and investment and sustainable development is therefore urgent and we hope will help to propel the step-change required in both public and private investment in developing countries", said Ms. Michelle Gyles–McDonnough.

The World Investment Report proposes a plan of action for increased private sector investment in sectors such as infrastructure, food security and climate change mitigation. "As UNCTAD notes, estimates for total investment needs in developing countries alone for basic infrastructure such as roads, rail and ports; power stations; water and sanitation; and for food security, climate change adaptation and mitigation, health and education, range from \$3.3 trillion to \$4.5 trillion per year. At today's level of investment in SDG-related sectors in developing countries – both public and private – we still face, according to UNCTAD's estimates, an average annual funding shortfall over the next 15 years following the end of the MDG period of some \$2.5 trillion", added Ms. Michelle Gyles–McDonnough.

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