VISION 2020: MISSION UNREALISED


BLOOMBERG

Daim: Failure to handle polarising issues hampered economic reforms

Tun Daim Zainuddin was finance minister when Vision 2020 was planned and unveiled by Tun Dr Mahathir Mohamad in 1991, although he retired three months after it was launched. He was also chairman of The Council of Eminent Persons that was formed to advise Mahathir's cabinet on policy-related matters following the 14th general election in 2018. As 2020 draws to a close, *The Edge* asks him some questions.

***The Edge*: 2020 is the year when Malaysia was supposed to attain developed nation status as outlined by Vision 2020, which was launched in 1991 to replace the New Economic Policy (NEP). But high economic growth — a key indicator needed to realise Vision 2020 — was derailed by the 1997-98 Asian financial crisis, the 2008-09 global financial crisis and, now, the 2020 Covid-19 pandemic. What's your appraisal of the Vision 2020 journey, its major successes and failures?**

Tun Daim Zainuddin: The first thing that you need to bear in mind when assessing the Wawasan 2020 journey is that it was never meant to be totally only about economic growth. It aimed to make Malaysia a developed nation, in every sense — democratic, ethnical, liberal, scientific, caring, inclusive and competitive. In fact, unity is a key factor — that is why the first challenges set in that document was to establish a united Bangsa Malaysia.

Are we closer to achieving those aims?

Ultimately, it will be Malaysians themselves who will be the judge of whether we have achieved what the leadership aimed for. Many have also posited what went wrong, what should have been done, what could have been, what still needs to be done.

But if I may give my take on it, I would say that somewhere along the way, Vision 2020 became solely about achieving economic growth to the point where the other aspects — institutions, social and political — fell by the wayside. Yes, we have made some achievements economically, but as I mentioned earlier, Wawasan 2020 was supposed to look beyond these headline economic numbers.

In this respect, we must also acknowledge that Malaysia has not done well towards a united Bangsa Malaysia, in managing polarisation over race and religion, and undertaking social and political reforms. These polarising issues have scuttled efforts to implement the much-needed institutional and economic reforms, while simultaneously fuelling political instability. What is most worrying is that with polarisation increasingly permeating through our society, it endangers inter-ethnic harmony and erodes social cohesiveness. The very fabric of our society is in danger when we fail to see eye-to-eye and respect one another.

A lot of this has been scuttled by the political scenario in the country. Things have become so toxic that politicians now top the list of those who fan racial and religious tensions. This is true whether it was the PH (Pakatan Harapan) or the PN (Perikatan Nasional) government in charge. The race baiting has not ended, it has worsened. It is now seen as a major political tool and if there is no political will and real courage and determination to end this by the ruling and political elite, we will be looking at a very uncertain future.

With the 2020 deadline just days away, we must make plans and take action for a better tomorrow. The goals of Wawasan 2020 are even more relevant for our future, and we must all play our part in changing the tide. They say the grass is greener where you water it, and I for one think we can all play a role in advancing Malaysia beyond Wawasan 2020.

Apart from the economic crises that derailed economic growth, what are the other major factors that caused Malaysia to fall several steps behind in achieving the aspired vision?

As I mentioned earlier, corruption and education. If we don't address it, we will become a failed state in the future. Corruption is creeping back with a vengeance, covering both the public and private sectors. Anybody who denies that corruption is not endemic in the government and even the business sector is living in a fantasy world and in self-denial.

You just have to look at the numerous reports being lodged against enforcement agencies to know something is very, very wrong. Some recent cases include the many Immigration officers arrested for running a foreigner smuggling ring or, to put it more bluntly, being involved in human trafficking. Then there are the numerous cases of police officers providing protection for drug kingpins and the like, and one case of an OCPD (officer in charge of police district) actually supplying drugs to inmates in the police lock-up. Amid all this, the statements are always about how these are just a few bad apples.

Are they really the exceptions or are they the norm? If the leaders keep denying there is a problem, then we are merely sweeping the problem under the carpet and sacrificing a few black sheep for the slaughter.

We need a clean and corruption-free leadership in order for our economy to grow. And wherever corruption exists, so do financial leakages and, in the end, it is the rakyat that will pay for it. It is very telling that one of the key reason why we were downgraded by a rating agency recently is because of deterioration in governance. Even crooks can walk away now without going to trial. It seems there is no punishment for corruption. This would in fact encourage corruption. Investors will avoid Malaysia. The rakyat will suffer.

Then there is our education system, which has become a political football used to further certain parties' hold over the populace. Efforts to change the education system have been met with no less than political hysteria, sometimes even from so-called educated elites.

Then, of course, there are the racial and religious issues that have become the bread and butter go-to tools for many politicians and even members of the public looking to make names for themselves. The examples are everywhere, so I don't need to go into them.

There is also a lack of political will to implement institutional reforms because the reforms we require are drastic and unpopular. The Institutional Reform Report, drafted in 2018, provides implementable solutions, but certain politicians refuse to act on it.

I must also say that much needs to be done in addressing structural weaknesses and impediments that constrained Malaysia's advancement towards a highly competitive nation. Reliance on low-skill foreign labour is one key factor. There is no incentive to automate or use technology to move up the value chain, simply because [there is an] abundance of cheap foreign labour. In fact, I read that only a small number of our SMEs use technology to improve their business processes. We also need to address the under-investment in ICT (information and communication technology), both in terms of input as well as output. The country needs at least 60% of students to get into STEM (Science, Technology, Engineering and Mathematics) compared with 44% currently.

You were finance minister when Vision 2020 was being planned and unveiled by Tun Dr Mahathir Mohamad in 1991. And the Multimedia Super Corridor was ahead of its time. Yet, nearly three decades on, Malaysia is still stuck as an upper-middle-income country and one with more than RM1 trillion in debt and liabilities. Fitch Ratings just downgraded Malaysia's sovereign rating. What needs to be done fast for Malaysia to recover from Covid-19 and resume its climb out of the middle-income trap?

There will be no economic recovery if there is no political stability. There will be no progress when governance is weak, and corruption is widespread. You can have a good economic recovery plan, but it wouldn't make any major difference if there is no stability. We were downgraded by Fitch partly because of this. While I am not batting for any political coalition, what we need at this time are capable people in charge.

Do we have good thinkers and administrators who can take charge of the situation? Many don't think so — at least not from what they have seen so far. Again, from those who are neutral and without seeming to be taking sides, it is this sort of situation which should lead us to bring in radical ideas, such as a unity government. Get the best minds — irrespective of political leanings — and put a good plan in place to bring about the country's recovery. It need not be a full-term government, but at least for a period of time where real change and action can be taken without the need to pander to political ambitions. We should at least start the discussion.

At the same time, unfortunately, the economic recovery plan that was recently announced is lacking imagination. It has misplaced priorities and missed a major opportunity to be bold.

There is an urgent need to rebuild public confidence and trust on the government's policy and governance of public money. The government spending stands at about RM315 billion this year, and is expected to spend RM322 billion next year. And yet, despite the allocation of close to RM640 billion, the rakyat are unhappy and unconvinced. Thus, we have the controversies regarding withdrawal from the EPF (Employees Provident Fund).

The market also has not reacted in the way expected about the efficacy of the Budget 2021 strategies and priorities. As such, as you mentioned, Fitch has downgraded Malaysia to BBB+. The last time we were at this level was in 2004, 16 years ago. Fitch has also downgraded Petronas. Our debt is nearly 400% of revenue, which is relatively much higher than many comparable countries. We spend too much on debt — the country's debt service charges are RM35 billion, or 14.4% of revenue. If the money is spent wisely, and with a clear goal to protect the rakyat and rebuild the economy, then it may be worth the downgrade in the meantime.

Without transparency and public confidence, and honest, hardworking, and capable leadership that can come up with good economic planning, many are very worried about the future of our next generation.

It is therefore in the government's best interests to make swift moves towards institutional reforms and separation of powers. The rakyat needs to see where their taxes are going, what we are paying for. We have seen throughout the pandemic that Malaysians are more than willing to redistribute their own incomes to help their fellow Malaysians. We are willing to do this because we can see where the money is going, and we know that it is for a good cause. The government must be able to clearly communicate and show that the tax dollar is being spent for the sake of the rakyat and of the nation, and the rakyat should be empowered to demand this of them. At the end of the day, it is your (the rakyat's) money, and you deserve a say in how it is spent.

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One of the keys to addressing poverty is educational reform

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To escape the middle-income trap, Malaysia will need to tackle the ever-present problem of political uncertainty and economic growth. Corruption is our greatest enemy in the regard of political uncertainty — we will need greater transparency and improved governance standards if we wish to grow sustainably. Past lavish and unproductive spending, corruption and misplaced priorities has crippled and limited the country's fiscal space to be able to draw down its surplus reserves and implement measures to counteract severe economic shocks such as the Covid-19 pandemic. We must learn this bitter and expensive lesson if we want to build up our country's resilience against any future shocks or uncertainties.

When you were chairman of the Council of Eminent Persons (CEP), you pointed out that the New Economic Policy (NEP) should have taken a needs-based approach rather than a race-based one. What were the changes that you had recommended and why are they important? Is there hope of these changes ever being implemented?

I firmly believe if you are poor, you must be given help. Race doesn't matter. I think the government poverty programmes have been consistent on this.

At the same time, we must acknowledge that there is imbalance or under-representation of a certain group — categorised by race, ethnicity, gender, region, etc in society. Policy must therefore target those who require help and correct these imbalances. I do not think that this should be a controversial statement. The under-representation of women in high positions is being addressed by deploying gender dimension; the under-representation of non-Malays in the public sector only makes sense if we use a race approach.

We tend to confuse poverty alleviation programmes with affirmative action. It is not the same. Many argue that since the majority of the poor are bumiputeras, why need a race-based approach? Well, let's take rural education, for instance. To assist the rural poor, there must be education access. Everyone will be educated in rural areas. But would this solve the under-representation of bumiputeras in, say, accounting or law? No. Specific interventions are needed. But once the imbalance is overcome, the interventions must discontinued.

The imbalance in society, between rich and poor, will be more pronounced during and after the pandemic. We witnessed this across the globe during the current pandemic: when a society fails to care for its most vulnerable, eventually, the effects spill over and affect the rest. While we are aware of the moral considerations here, we must also take note of the practical considerations, so that those who do not subscribe to the same morals will take notice.

Take, for example, the issue of B40 cleaners who work on a contract basis [and] factory workers living in cramped conditions. These people are essential to the handling of the current crisis. However, when we turn a blind eye to inequality, and try to justify in our minds the poor treatment of those most vulnerable in our societies, then we will be forced to pay for this callousness in the end.

One of the keys to addressing poverty is educational reform. We need to ensure that socioeconomic status is not a barrier to access education. We know of many instances of students who apply for scholarships for the sake of prestige rather than out of necessity. We know that schools in rural areas have far less resources than their urban counterparts.

Amid the pandemic, the gap between the rich and the poor is only worsening, as we see those without internet access, without a suitable space to study at home, without good nutrition — they are struggling. Some children are not even able to attend school for lack of face masks because they are too much of a financial burden on their family. If we start with the children, I believe that good sense will prevail, and we will stand a chance at building a bright future.

I will not go into too much detail about my recommendations, as the CEP report is protected under the OSA (Official Secrets Act), but one overarching theme is that the current social safety nets are not targeted enough and therefore, we face both inclusion and exclusion errors — those who need aid are not receiving it, and at the same time, those who do not need aid still receive it. There are too many agencies involved, and without strong leadership and transparency in governance, a great deal of the money spent will be wasted unnecessarily. The various welfare programmes should be consolidated and re-evaluated to prevent overlap and redundancies.

How far off is Malaysia from where it wants to be and is it already too late to catch up, especially with added challenges from the Covid-19 pandemic and many countries already ahead?

Recent data shows that we are indeed lagging behind. The pandemic gives us a unique advantage to attract investments; unfortunately, we are too busy politicking. Our neighbours have managed to capitalise on the US-China trade war, with Vietnam and Taiwan being the top gainers from China's loss. Vietnam also recently ratified a free-trade agreement with the European Union, the second Asean state to do so after Singapore. We used to get a bigger share of FDI in the region, but now we are no longer the favourite. Recent data shows that we only attract 5% of the total FDI to the region, with Singapore, Indonesia and Vietnam getting 80% of the inflows.

Indonesia is working hard and succeeding at securing foreign investments. Tesla is building a factory in Indonesia, and even contemplating Papua for its SpaceX launching pad. Google opened its first Indonesia data centre in June of this year. Amazon is not far behind, and has invested in building a cluster of data centres in Jakarta. Hyundai invested US$1.5 billion to build their manufacturing facility in Indonesia. Chinese company CATL, an electric vehicle battery manufacturer, is also investing in Indonesia, putting in US$5.1 billion towards setting up a manufacturing plant there, with groundbreaking to commence next year.

> **"The education system, like I said earlier, has become a political tool. It is in dire need of repair. Just look at the timetables of national schools — more time is spent on religious subjects per week than on any other subject. How is that supposed to prepare students for working life and the real world?"**

Meanwhile, Singapore received the lion's share of FDIs into Southeast Asia, totalling US$110 billion in 2019. Singapore's well-developed ecosystem for tech companies and start-ups is able to foster confidence and draw in foreign investors, which is one of the reasons that our homegrown Grab decided to move there. And clearly, the move has paid off for them.

We hear stories of all these big international giants setting up shop in our neighbouring countries, moving large chunks of their operations there to establish their Asean hubs. Their governments and investment agencies are working hard to secure FDIs, to create jobs for their people and bring their economies into the next phase of the industrial revolution. Here? Let us all wake up.

This is not to say that there is no hope for Malaysia, but that we must act quickly if we are to catch up. We must stop politicking and focus on developing the country. Apart from Singapore, we are ahead of Vietnam and Indonesia in terms of competitiveness and ease of doing business ranking, but why are investors not investing here? I think you know the answer.

Having said that, I reckon that Malaysia is not completely lagging behind in all aspects. The country was ranked No 27 out of 63 countries in the World Competitiveness Ranking 2020 report by the Institute for Management Development (IMD).

In the Doing Business Report 2020 published by the World Bank, Malaysia was ranked No 15 worldwide for the ease of doing business, outranking countries such as Canada (No 22), Germany (No 24), France (No 32), Switzerland (No 38) and Japan (No 39). Malaysia was also ranked No 2 in Asean in the report after Singapore.

Covid-19 has kick-started the Malaysian digital economy, which is now valued at RM270 billion, about 18% of GDP. This is an area with major potential for growth as about 60% of Malaysian companies are still only at the basic digitisation stage, showing that industries such as online shopping, online learning services, digital health and advertising can still mature further.

We can also look towards the halal food sector and the healthcare industry, in particular the field of medical tourism. The healthcare industry also ties back to the manufacturing industry, which alongside E&E manufacturing, may well lead our economic growth in the coming years.

Going forward, we must do much better to enhance our business and investment regulatory climate. Effective and targeted regulatory reforms are needed to reduce the burden of starting, licensing as well as business taxation processes, business entry regulations and related factors, including land regulation, taxation and labour regulations. It is never late.

Unfortunately, so long as our nation faces the problems of corruption, political instability, lack of transparency in governance and lack of rule of law, we will continue on a downward spiral as investors, both local and foreign, will shy away. Our country cannot afford a repeat of the financial scandals of the past. We are a nation blessed with natural resources, an ideal location along trade routes, high proficiency in English, and so on. But even these resources are finite, and as we saw with the Fitch downgrade, the consequences of poor management eventually come to a head.

The ever-changing education policy — for example, we cannot even decide on the usage of English as a mainstream medium of learning — has been attributed to being one of the major reasons why we lag behind in many sectors that can push Malaysia into being a higher value-added economy and to the league of developed nations. What needs to be done?

The education system, like I said earlier, has become a political tool. It is in dire need of repair. Just look at the timetables of national schools — more time is spent on religious subjects per week than on any other subject. How is that supposed to prepare students for working life and the real world?

Our politicians and administrators just sat back and allowed our education system to rot away. Instead, they focused on mundane issues such as the colour of socks needing to match the colour of shoes. Even the proposed universal nutritional meal programme for school kids faces obstacles.

We need at least 60% of students to get into STEM (science, technology, engineering and mathematics) compared with 44% currently. Technical and vocational education and training (TVET) must be revamped to be digital viable and given the same importance as mainstream education as well as to be integrated with STEM because of its focus on innovation and problem solving.

An overhaul of our education system, curriculum and teaching methods that focus on real-world application-oriented education in STEM while making equally important progress in communication skills and interpersonal attributes is required. Do away with the rigid stream-based education system. Offer flexibility that can allow students to follow their passion in a diverse array of domains/subjects.

As the world progresses and we see many processes being automated, we need to foster a young generation that can capitalise on their uniquely human abilities — the ability to question the world, to think logically and critically, to assess situations based on facts and to evaluate these facts outside of the information that they are fed. While I mention the importance of STEM fields, that is not to devalue the arts and humanities. Rather, we should look at providing platforms for interdisciplinary work, allowing STEM to feed into the development of social sciences, and vice versa.

With the increasing role of digital technology, the biggest challenge is the digital divide that exists not only among students and the rural-urban but even educational institutions and, hence, the necessary resources or infrastructure must be enhanced.

Recently, you promoted the agriculture sector and agro-based industry as a potential engine of growth. What is currently lacking in this sector and what is needed for Malaysia to be a high value-added agricultural producer?

The re-energising of the agriculture sector's vitality plays a crucial role in the development of the nation going forward. Making agriculture profitable and attractive to youth participation will help reduce the country's import bill, lifting millions out of unemployment and boosting federal revenue. Bring it back to the education system!

The government needs to address various problems to expand the sector, including shortage of land, foreign worker issues — as local workers shunned the sector — and financing.

We have one agriculture bank, which must play its proper role and be very competitive. Meanwhile, land is a state matter. Farmers also have to talk to various government agencies and ministries to help them solve many problems.

We also depend on imports for raw material and inputs, for example, seeds, pesticides, fertilisers, livestock feed and agricultural machines.

The government needs to establish a new one-stop agency chaired by the prime minister to coordinate the agriculture sector if the

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government is serious about uplifting it. We must find ways to smart venture into the agriculture sector by introducing new, modern and precision technologies to make the sector more attractive to the younger generation while making the sector more productive.

The PH government tried to revolutionise the cash-crop agriculture sector by learning from the Dutch. As we know, the Netherlands is the world No 2 exporter of food as measured by value, second only to the US. It is a remarkable achievement considering its land size — it is just slightly bigger than the state of Pahang. The technical cooperation strategy was simple: teach us what to plant, where to plant, how to plant and the supply chain. Unfortunately, the cooperation stopped after the fall of the PH government.

When I spoke of the agriculture sector, I was making specific reference to food production, including livestock, poultry and fishery. The establishment of permanent food production areas (TKPM) and agrotechnology parks have been fairly successful, producing the next generation of agripreneurs.

However, there must be a holistic approach to developing the agriculture sector, looking at the entire agricultural food supply chain, from producers to processors, logistics, retailers and consumers. The entire ecosystem needs to be developed and [we need to] review how we make use of by-products from other industries.

We need to take a circular approach to the agriculture industry. Sustainability must be built in from the beginning. For example, by-products from palm oil and fish waste could be utilised for the production of animal feed. Livestock manure is already used as fertiliser for crops. We can work with our existing strengths — work with nature rather than against it. Rather than importing crops like soybean, cereal grain and wheat, locally friendly crops like sorghum, coconut and barley could be planted instead and used for animal feed.

It will be important to consider the need to embrace the shift towards an environmentally and socially sustainable intensive farming system. Producers must realise that sustainable management promotes a substantial productivity gain. Given the increasing demand for sustainable and responsible investments (SRI) globally, there is ample scope for the capital market to support and drive the growth of sustainable agriculture going forward. We must decide. Do we want to reduce our import bill and export our products? We have plenty of land. Singapore with its limited land has verified it will be self-sufficient by 2030.

There must also be channels of communication between business partners at every level of the supply chain, so that innovation and development can occur. Many farms are small-scale, so they must be given channels to coordinate and work together and have strength in numbers such that they have bargaining power when it comes to selling their produce. The digital economy will play a big role in creating these platforms for communication and coordination to disrupt the food supply chain and shape the modern agriculture industry.

What is your reading of the current political situation and how much does it impact Malaysia's journey towards becoming a high-income developed nation?

The greatest problem we face now is uncertainty. At a time when our nation is facing external stressors, we need steady hands to guide the nation and the economy.

People and businesses need to be able to make plans. The sudden change of government has thrown our nation into disarray — there are no longer any concrete timelines that we are able to adhere to as the rakyat is constantly waiting for the next move. This is crazy. It makes the rakyat feel helpless, as if our votes do not matter, because the system can change overnight at the whims and fancies of politicians.

This level of political instability and policy uncertainty are among the issues hampering Malaysia's efforts to revive domestic investment and attract FDI into the country. Both macroeconomic and political stability are crucial for ensuring sustainable investment.

You were chairman of the CEP when Malaysia zero-rated GST and replaced it with the SST. Was this a mistake? What needs to be done to improve the country's fiscal situation?

It was a political decision as the removal of GST was part of an election manifesto. Malaysia has a limited fiscal space as evidenced by the government's direct fiscal injection of RM55 billion or 18% of the total RM305 billion economic stimulus package rolled out to mitigate the Covid-19 pandemic-inflicted economic slump.

The government needs to map out a credible fiscal reconstruction plan to rebuild the fiscal buffer for a rainy day. These include broadening our narrow tax base (tax revenue makes up about 11% of total GDP compared with the Organisation for Economic Cooperation and Development (OECD) average of 34.3%) by re-introducing GST at between 3% and 4%, taxing the sharing economy and plugging the shadow economy (18.2% of GDP).

On the expenditure side, it must undertake non-critical expenditure optimisation, including to rationalise 5.3% per annum growth in operating expenditure, which has taken almost 100% of total federal revenue from 2010 to 2019. These include right-sizing the bloated 1.6 million public servants or 10.6% of total employment with an RM80.5 billion wage bill or 30.5% of total revenue in 2019, a progressive entitlement reform of statutory pension payment, rationalisation of supplies and services, continued rationalisation of subsidy and the consolidation of cash transfers/aids on a targeted basis based on income and needs.

The government has to implement the following institutional reforms such as the migration towards accrual accounting and the introduction of a Fiscal Responsibility Act and Government Procurement Act.

You've spoken about the need for institutional reform to curb corruption so that FDI flows can return to the country. You've spoken about the need to restore trust and eliminate the trust deficit in this country by holding those who abuse power for self-gains accountable in a court of law. What do you reckon is the progress on this front?

I have said many times — political and social stability, clarity of policies, strong and wise leadership and respect for the rule of law are very important. Without these four ingredients, we will have a tough time and investors will run away. Investor confidence matters.

Rule of law seems different for the rich and the poor. You steal a packet of Milo and you end up in jail, but if you launder billions, you walk away a free man. The charges on some high-profile cases have been dropped or granted discharge not amounting to acquittal and so on.

I leave it to your readers to assess the situation for themselves — you don't need me to tell you what the progress on institutional reform looks like right now. We are all reading the news. We can all see for ourselves.

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How much of Malaysia's development is due to FDI? How important is domestic direct investment (DDI) to Malaysia's economic development and why isn't it garnering as much attention from policymakers as FDI?

FDI has played a pivotal role in Malaysia's economic and industrial development over the past three decades since the 1980s. Based on Bank Negara's research report, between 2010 and 2015, FDI accounted for almost 40% of nominal gross fixed capital formation. FDI has been an important catalyst for manufactured exports, job creation and productivity. For example, the increase in FDI to 10.5% of GDP in the 1990s brought a corresponding rise in the share of manufactured exports. In 2015, exports generated by FDI firms amounted to RM290.2 billion or 35.5% of total exports of goods and services during the year. The rise in FDI has also been associated with greater employment opportunities, with FDI firms hiring about 848,000 workers or 5.8% of total employment in 2015.

However, Malaysia's net FDI recorded negative growth between 2016 and 2019, averaging at -11% a year. Without swift and effective reforms, a persistent slowdown and lack of quality investments will impede the transition towards a high-income, innovation-driven and inclusive economy.

DDI is equally important in our economic development. Domestic SMEs make up 98.4% of total establishments and, hence, their continued development and support must be given equal policy attention.

Approved DDI had declined 6.4% per annum from RM175.1 billion in 2014 to RM125.5 billion in 2019. In 1H2020, approved DDI contracted 14% to RM45.3 billion or 69.8% of total approval. For the period 2010 to 2019, DDI had a higher share of total approvals, averaging 69% amid declining share in recent years. FDI accounted for an average 31% per annum share of total approved investment for the same period.

The services sector was the largest contributor of approved DDI, which held an average share of 67.3% from 2006 to 2019. It had grown 13.4% per annum from RM49.5 billion in 2006 to RM135.7 billion in 2014, dominated by the real estate, utility and telecommunications sectors, which collectively accounted for more than 60% of total domestic services investment. However, the services sector had slumped 6.5% per annum to RM97 billion in 2019 from 2014, owing to a sharp pullback in real estate investment.

There is a general perception that the federal and state governments as well as investment promotion agencies are more inclined to attract FDI than DDI as foreign investors are given "better treatment" through a one-stop centre. Some have felt that the Malaysian Investment Development Authority's (Mida) incentives were more favourable towards FDI relative to DDI, which may not be the case as perceived. The government has established a Domestic Investment Strategic Fund to accelerate the shift of Malaysian-owned companies in targeted industries to high-value-added, high-technology, knowledge-intensive and innovation-based industries.

You know and have met many renowned businessmen and potential investors. How can Malaysia create a win-win situation to have them invest more money in the country, in areas that will benefit the country and its people for decades to come?

Investors want transparency and consistency in policy as well as a predictable regulatory environment in policy and information when making informed investment decisions.

Both foreign and domestic investors should be encouraged to invest in prospective investments that deepen linkages in the domestic supply chains, especially for SMEs, and technological adoption, as well as build new growth clusters, including creating high-skilled jobs and expanding knowledge transfer and product sophistication.

Craft unique, focused business/investment value propositions for targeted investors with the tying up of some form of economic benefit derived such as the creation of high-skilled jobs and support for the supply chain ecosystem. The areas of investment are high technology and R&D, artificial intelligence, Internet of Things device design and manufacturing, smart cities, electric vehicles, automation of the manufacturing industry, telecommunications infrastructure and other "catalytic sub-sectors" such as aerospace.

The government and investment promotion agencies can collaborate with the chambers and industry associations to encourage commercial partnerships between domestic and foreign companies in undertaking investment activities that can bring in capital and technology transfer to our domestic SMEs. The Regional Comprehensive Economic Partnership (RCEP) would provide growing opportunities for foreign and domestic companies in positioning Malaysia as a growing hub for economic activities, and be part of the growing global value-chain activities.

The country needs to develop strong value propositions for our economy, especially in this fiercely competitive investment landscape. A compelling future growth narrative for Malaysia, supported by clear focus, strategy and investment-friendly policies as well as effective execution, will help draw in value-adding investors. This, in turn, can help transform and lift our economy up the value chain.

For example, South Korea's economic resilience has, among others, been underpinned by its long-term economic strategy, with clear development focus over each of the past decades:

1960s: textiles, fertiliser and cement
1970s: steel, shipbuilding and chemicals
1980s: semiconductors, cars and small aircraft
1990s: information technology
2000s: biotechnology, materials and nuclear energy

More recently, in July 2020, South Korea's government unveiled a Korea New Deal Initiative (with Digital and Green as two main pillars) to revitalise the economy from Covid-19 and accelerate growth in the post-pandemic era. This is just one of many examples that we as a nation can learn from in order to plan for our future recovery. E