

Inward FDI from ASEAN and Its Implication on Malaysian Manufacturing Sector

Aliran Masuk FDI dari ASEAN dan Kesannya ke atas Sektor Pembuatan di Malaysia

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ABSTRACT

Regional FDI or South-South FDI refers to the inflows of FDI from developing countries to another developing country; and it is gaining importance and is growing over time. This can be observed from the increasing amount of outward FDI from developing countries. Without exception, the ASEAN region is also contributing more to outward FDI. While there is an abundance of researches dealing with the inflows of FDI from developed countries into developing countries, in particular into ASEAN countries, less attention has been paid on the FDI from developing countries. As a large chunk of FDI from ASEAN goes into ASEAN neighboring countries, it is the aim of this study to investigate the impact of intra-ASEAN inward FDI on Malaysian manufacturing sector.

Keywords: Intra-ASEAN; FDI; Manufacturing sector

ABSTRAK

Kepentingan FDI serantau atau FDI Selatan-Selatan, yang merujuk aliran FDI dari negara-negara membangun ke negara-negara membangun semakin meningkat dari masa ke semasa. Ini digambarkan berdasarkan peningkatan jumlah aliran keluar FDI dari negara-negara membangun. Walaupun terdapat banyak kajian-kajian tentang aliran FDI dari negara-negara maju ke negara-negara membangun, terutamanya negara-negara ASEAN, perhatian yang kurang diberikan kepada FDI dari negara-negara membangun. Oleh kerana sebahagian besar FDI dari ASEAN mengalir ke negara-negara jiran ASEAN, adalah menjadi tujuan kajian ini untuk mengkaji kesan aliran FDI antara ASEAN ke atas sektor pembuatan di Malaysia.

Kata kunci: Antara ASEAN; FDI; sektor pembuatan

INTRODUCTION

Attracting inflows of foreign direct investment (FDI) is a very important economic policy to many countries, may they be developing or developed countries. Without exception, Malaysia has been actively promoting a

conducive domestic business environment in order to attract FDI inflows as well as to retain the existing ones from fleeing away to other competing locations such as China, Vietnam and Cambodia. As a result, as we can observe from Table 1, the FDI inflows into Malaysia have been generally growing in amount and lately ranked

TABLE 1. Inward FDI into ASEAN (in million USD)

	1995	2003	2004	2005	2006	2007
Singapore	11,503[40.8]	10,376[52.8]	14,819[57.8]	13,930[35.6]	24,743[48.3]	24,137[39.9]
Malaysia	5,815[20.6]	2,473[12.6]	4,624[18.0]	3,967[10.2]	6,048[11.8]	8,403[13.9]
Indonesia	4,346[15.4]	-596[-]	1,895[7.4]	8,337[21.3]	4,914[9.6]	6,928[11.5]
Thailand	2,070[7.3]	1,952[9.9]	1,414[5.5]	8,048[20.6]	9,010[17.6]	9,575[15.8]
Vietnam	1,780[6.3]	1,450[7.4]	1,610[6.3]	2,021[5.2]	2,360[4.6]	6,739[11.1]
Brunei	583[2.1]	3,123[15.9]	212[0.8]	289[0.7]	434[0.9]	184[0.3]
Philippines	1,577[5.6]	491[2.5]	688[2.7]	1,854[4.7]	2,921[5.7]	2,928[4.8]
Myanmar	318[1.1]	291[1.5]	251[1.0]	236[0.6]	143[0.3]	428[0.7]
Laos	88[0.3]	20[0.1]	17[0.1]	28[0.1]	187[0.4]	324[0.5]
Total	28,231	19,664	25,661(30.5)	39,091(52.3)	51,243(31.1)	60,514(18.1)

Note: Figures in [] denote ratio of total inward FDI into ASEAN. Figures in () stand for growth rate of inward FDI into ASEAN.

Source: UNCTAD Statistics (UNCTAD, 2010).