

**SPEECH BY
YB DATO' SERI KONG CHO HA
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**MALAYSIA'S AEROSPACE INDUSTRY DIALOGUE IN
CONJUNCTION WITH THE PARIS-LE BOURGET 2011**

12.35PM, 20 JUNE 2011, GIFAS CHALET, LE BOURGET

**His Excellency Tan Sri Abdul Aziz Zainal
Ambassador of Malaysia to France**

**Dato' Azman Mahmod
Senior Director of MIDA**

Distinguished Guests,

Ladies and Gentlemen,

Good afternoon and bonjour.

First and foremost, on behalf of the Government of Malaysia, I would like to congratulate the French Government for the success in organizing Paris Airshow 2011 which is one of the largest airshows in the world. My sincere appreciation also goes to the Malaysian Industrial Development Authority (MIDA) that has been working tirelessly with the French Aerospace Industries Association (GIFAS) to make this event successful.

It is a pleasure to know that France aerospace companies are interested in finding out more about the business opportunities in Malaysia. It is therefore timely to consider adding Malaysia to your portfolio as you seek new markets for business expansion.

Ladies and Gentlemen,

The Malaysian economy is beginning to gain momentum poised to drive a new economic growth. Bank Negara which is the Central Bank of Malaysia projected that the GDP will expand by 5 to 6 per cent this year despite moderation in the global economy and the rise in world's inflation.

The Malaysian economy remains fundamentally strong with healthy inflows of foreign direct investments, a strong trade surplus, high savings, low unemployment, strong reserves position and a record performing Malaysian ringgit. The latest United Nations Conference on Trade and Development (UNCTAD) Global And Regional Foreign Direct Investment (FDI) Trends in 2010, indicated that Malaysia recorded a sharp increase of 410 per cent in FDI flow, a jump from US\$1.4 billion in 2009 to US\$7.0 billion in 2010, making Malaysia the largest recipient of FDI inflows in

the region as well as amongst the 153 economies surveyed by UNCTAD.

Malaysia continued to attract significantly higher investments into the manufacturing sector in 2010. Investments amounting to RM47.2 billion were approved last year compared with RM32.6 billion in 2009. The figure surpassed by RM19.7 billion or 71.6 per cent of the average annual investment target of RM27.5 billion set in the Third Industrial Master Plan (IMP3), 2006-2020.

During the period January to March 2011, approved investments in the manufacturing sector totalled RM12.2 billion in 187 projects. Of these, RM4.6 billion or 37.7 per cent were foreign investments and the remaining RM7.6 billion (62.3%) were domestic investments.

Ladies and Gentlemen,

Apart from the manufacturing sector, the Government of Malaysia is intensifying its efforts to promote and develop the services sector. As Malaysia moves towards becoming a developed nation, greater emphasis will be targeted on the

development of the services sector to serve as the engine of growth to propel and sustain the economy.

Under the 10th Malaysia Plan (2011 to 2015), the services sector is expected to grow at 7.2% annually until 2015, raising its contribution to GDP to 61% by the end of the Plan period.

The liberalization of the services sector undertaken in 2009 has laid the foundation of creating a conducive business environment to attract investments, know-how and to create higher value employment opportunities. These efforts are expected to enhance the level of competitiveness of the services sector in the Malaysia.

The Government will also further announce other liberalization measures to sustain the market-friendly business environment and to create new sources of growth. With regards to the liberalization of the services sector, all relevant ministries/agencies are currently in the process of drawing up the roadmap for liberalization of services activities under their purview.

Ladies and Gentlemen,

Malaysia has adopted a more selective and targeted approach in investment promotion. We are now on a higher plane of industrialisation, whereby our focus is on attracting quality investments. We encourage investments which are high technology, capital-intensive, high value-added, knowledge-based, skills-intensive, export-oriented and which provides high income jobs. We would also encourage such investments to have strong linkages with domestic industries and generating multiplier effects.

The Government of Malaysia has also identified aerospace industry as one of the new growth industries for Malaysia to exploit. Under the Economic Transformation Plan, we aim to capture 5 per cent of the global market share of the aircraft Maintenance, Repair and Overhaul (MRO) business.

As one of the strategic and high technology areas identified by the Government of Malaysia, the aerospace Industry is eligible for comprehensive tax incentives, which will be presented by MIDA shortly.

Ladies and Gentlemen,

In order to spearhead the Aerospace Industry, we are emphasizing into higher value-added services and development of human capital requirements. MIDA as the investment promotion agency of Malaysia gives their full efforts and commitments on attracting quality investments into the Malaysia. Malaysia would gladly welcome foreign investments pertaining to the aerospace industry and we look forward to provide you with the best assistance available.

Once again, I would like to thank the organizers for giving me this opportunity to highlight Malaysia's FDI achievements and its' vision in the aerospace industry.

I would also like to extend my best wishes to the global aerospace players here for a productive, strategic and beneficial networking.

Thank you.