

FACT SHEET: PROTECTION OF FOREIGN INVESTMENT

Historically, the level of equity held by a foreign investor in a Malaysian manufacturer, was determined by the level of exports of that company.

However, the Malaysian government has liberalized the equity policy for the manufacturing sector in respect of new investment, expansion or diversification and foreign investors can now hold 100% equity in a Malaysian manufacturer, irrespective of the levels of export.

Nevertheless, the Federal Government of Malaysia and the State government of Sarawak are still keen to encourage joint ventures between Malaysian and foreign entrepreneurs, especially in the manufacturing sector.

To encourage foreign investors, the Malaysian Government offers a number of incentives and reassurances that any company that has been approved with a certain equity participation will not be required to restructure its equity at any time, provided that the company continues to comply with the original conditions of approval and retains the original features of the project.

The issue of nationalisation, expropriation and settlement of disputes are also addressed through the Government's Investment Guarantee Agreements (IGAs) with a number of countries. For more information on which countries, please refer to the [Malaysian Investment Development Authority \(MIDA\)](#) website.

An IGA provides foreign investors with the following:

- Protection against nationalization and expropriation.
- Prompt and adequate compensation in the event of nationalization or expropriation.
- Free transfer of profits, capital and other fees.
- Settlement of investment disputes under the Convention on the Settlement of Investment Disputes, of which Malaysia has been a member since 1966.

If you have any questions on the protection of your investments, please contact your account manager.