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KUALA LUMPUR: The misconception that data centres only generate jobs is misplaced as they bring about wider economic benefits beyond direct employment through the ecosystems they help create, said Tengku Datuk Seri Zafrul Abdul Aziz (*pic*).

The Malaysian Investment Development Authority (Mida) chairman said criticisms that data centres create relatively few jobs compared with manufacturing investments fail to take into account the broader economic spillovers the industry generates for the country.

"The spillover is more indirect. That spillover comes from building and bringing in the right ecosystem, especially when you talk about artificial intelligence (AI).

"It's like building a highway. When you build the PLUS Highway, you cannot judge its value by the number of toll operators collecting tolls," he said during a panel discussion at the Energy Transition Conference 2026 here.

Tengku Zafrul emphasised that Mida is focused on ensuring that AI-related investments contribute positively to the broader economy through meaningful spillover effects.

"We realise that we need to be more selective when it comes to investments such as data centres. Energy efficiency is important, and that's why we came up with various methodologies and conditions," he said.

Tengku Zafrul said data centre operators have a responsibility not only to adopt green and sustainable energy sources, but also to help build the broader ecosystem that supports AI infrastructure in Malaysia.

"The whole supply chain behind AI infrastructure must come with them. They should encourage it," he said.

On local participation, he said the government is encouraging greater involvement of domestic companies and suppliers in data centre projects.

"We are encouraging local participation, we are imposing conditions of up to 40 per cent local content," he said.

Meanwhile, Tengku Zafrul said nuclear energy should remain under consideration as Malaysia seeks to achieve its net-zero aspirations and ensure sufficient energy supply for future growth. — Bernama