

#### ISBN 978-983-54-0586-0

#### First Edition 2014

All rights reserved. Department of Information Malaysia. No part of this publication may be reproduced, stored in retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher.

#### **ADVISORS**

#### Dato' Haji Ibrahim Bin Abdul Rahman

Director General, Information Department of Malaysia

#### **EDITORIAL BOARD**

Chief Editor

Hajah Azizah Binti Awang

Editor

Chua Hin Chiew

Coordinator

Pathma Selvaraju

Photo

Resource and Photo Centre Visual Communication and Design Division Information Department of Malaysia BERNAMA Prime Minister Department





#### Published in Malaysia by

Director-General Information Department of Malaysia Level 12, Kompleks KKMM 49G Persiaran Perdana, Presint 4 62100 Putrajaya

Website: www.penerangan.gov.my
E-mail: webmaster@inform.gov.my

B.023(B.I) Jun 2014 (002.)

Perpustakaan Negara Malaysia Cataloguing-in-Publication Data

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA: Speeches of Prime Minster Najib Tun Razak 2013 ISBN 978-983-54-0586-0

- 1. Najib Tun Razak, Dato' Seri, 1953-.
- 2. Human capital--Malaysia. 3. Integrity--Malaysia
- 4. Speeches, addresses, etc. I.Malaysia. Jabatan Penerangan. 658.3009595

Printed by

Johan Interlink Sdn. Bhd.



### **RUKUN NEGARA**

#### **OUR NATION MALAYSIA IS DEDICATED TO:**

Achieving a greater unity for all her peoples;

Mantaining a democratic way of life;

Creating a just society in which the wealth of the nation shall be equitably distributed;

Ensuring a liberal approach to her rich and diverse cultural traditions;

Building a progressive society oriented towards science and technology.

We, her peoples, pledge our united efforts to attain these ends guided by the following principles:

- BELIEF IN GOD
- LOYALTY TO KING AND COUNTRY
- SUPREMACY OF THE CONSTITUTION
  - THE RULE OF LAW
- GOOD BEHAVIOUR AND MORALITY

## **CONTENTS**

6	MESSAGE FROM MINISTER OF COMMUNICATION AND MULTIMEDIA MALAYSIA
7	MESSAGE FROM DIRECTOR-GENERAL, DEPARTMENT OF INFORMATION MALAYSIA
9	Bonds and Sukuk Finance the MRT Kajang-Sungai Buloh Line
19	Malaysia-China Continues Commitment to Industrial Growth in Both Countries
29	Government's Pledge to Build the Nation's Defence Capacity
37	Women Carve a Bigger Share on Corporate Boards
47	Asia-Pacific Faces Challenges as the New Global Growth Area
57	Spreading the Ummah Way of Life
67	Women and Sustainability
<b>75</b>	A Safe, Secure and Sustainable Energy for the Future
89	Malaysian Youth and the Spirit of Volunteerism
95	First Meeting of Muslim Minds in the Western World
101	Advocating Peace in Times of Global Conflict
109	Focus on SME's Business Practice
117	Private Enterprise Boosting Economy

125	Environmental Quality for Optimum Human Health
137	Building Quality Health Care
143	Nurturing Japanese Business in Malaysia
151	Foremost Malaysian Conglomerate Growing From Strength to Strength
157	Unprecedented Growth in Asia
171	Global Movement of Moderates against Extremism
181	Aviation Maintenance, Repairs and Overhaul Industry is a Rising Star
191	Building on Asia's Expanding Economic Presence
201	A Vibrant Capital Market for Infrastructure Financing
211	Strengthening Economic Resilience, Accelerating Transformation and Fufilling Promises
269	Empowering Women in the Muslim Community
283	Increased Efforts to Protect Biodiversity
295	A United Malaysia for Peace
305	The Economic Transformation Programme Pushes the Nation Ahead
315	Genting - A Vital Tourism Player





Message from

**DATO' SRI AHMAD SHABERY CHEEK**Minister of Communication and Multimedia Malaysia

Message from

DATO' HAJI IBRAHIM ABDUL RAHMAN

Director-General
Department of Information Malaysia



The publication of "The Transformation and Reconciliation of Malaysia: Speeches of Prime Minister Najib Tun Razak 2013" is an untiring effort and an accomplishment that ought to be highly appreciated by all walks of life. Generally, a book of this genre serves as an important source of reference for the present and future generations.

The information technology revolution has changed the way we administer the community and nation. Present global trends demand that the people move forward, in line with the sophistication that was once only enjoyed by people of more developed nations. In facing these challenges, the rakyat should be made aware and understand that every policy planned by the government is meant to create a dynamic and progressive society in line with the objectives of Vision 2020.

An integrated system of information dissemination is much needed to ensure the country's safety and that all development policies and strategies are being carried out effectively. The collection of our Prime Minister's speeches is truly a house of knowledge that stores various policies, views, suggestions, vision and hopes of a nation's leader. Apart from that, this collection is also a vital source of reference to researchers and policy makers as a guide to the future of the nation.

During his five-year tenure as Prime Minister, Dato' Sri Mohd Najib Tun Abdul Razak has improved several aspects of the administration of the country. They included matters such as integrity, human capital, urban and rural development, the National Transformation Policy that embodies transformation in all aspects of government, economics, politics and social. Hence, with these outstanding achievements, Najib ably leads Malaysia towards realising the Vision 2020 sooner than previously projected, based on current projects and barring unforeseen circumstances.

Finally, I would like to congratulate the Department of Information Malaysia for publishing "The Transformation and Reconciliation of Malaysia: Speeches of Prime Minister Najib Tun Razak 2013". May this continuous effort enable them to create an informative and knowledgeable society by appreciating and understanding the speeches in this collection.

"The Transformation and Reconciliation of Malaysia: Speeches of Prime Minister Najib Tun Razak 2013" is a compilation of speeches of the Honourable Dato' Sri Mohd Najib Tun Abdul Razak, the sixth Prime Minister of Malaysia. It focuses mainly on the development of human capital and strengthening integrity in an effort to build a prosperous country.

Through this collection, we will be introduced to all the policies, programmes and actions that reflect the Prime Minister's aspirations, striving to ensure prosperity, peace and stability for the people and the country. Therefore, an understanding and the adoption of his thoughts contained in his speeches by the community are necessary to accomplish the Prime Minister's aspirations and hopes so that they could be implemented by the government and accepted by the people.

The implementation of various kinds of agreements and organisations creates a knowledge-based economy. Thus, Dato' Sri Mohd Najib Tun Abdul Razak has encouraged the people to participate in the diversification of the economic sector. His Economic Transformation Programme (ETP) has significantly liberalised the economy – creating more than 300,000 jobs, raising living standards, encouraging foreign investment and turning Malaysia into one of Asia's most dynamic and successful economies.

His Government Transformation Programme (GTP) has fundamentally changed the provision and delivery of government services – improving education, widening access to healthcare, developing rural infrastructure, expanding public transport, reducing poverty, cutting crime and corruption and bringing down the cost of living.

"The Transformation and Reconciliation of Malaysia: Speeches of Prime Minister Najib Tun Razak 2013" published by the department aims at giving guidance, knowledge and understanding to the public on his aspiration and vision towards the people and the country. Besides that, the book is also a form of reference to legislators and researchers of the policies and aspirations by the Prime Minister. Indeed, the collection is an invaluable treasure of knowledge because it compiles all the policies, programmes, campaigns and suggestions from an able statesman.

To our readers, especially the younger generation, I would like to urge them to appreciate and comprehend the aspirations and great ideas of our Prime Minister. Let us make this collection of speeches a bridge of knowledge in achieving excellence.



# BONDS AND SUKUK FINANCE THE MRT KAJANG-SUNGAI BULOH LINE

THE LAUNCH OF EXCHANGE TRADED BONDS AND SUKUK (ETBS)
ON BURSA MALAYSIA WITH THE MAIDEN ISSUANCE
BY DANA INFRA NASIONAL BERHAD

JANUARY 08, 2013

BURSA MALAYSIA, KUALA LUMPUR

Ten years ago Malaysia issued the world's first sovereign sukuk. Today, we see the initial tranche of RM1.5 billion for the first phase MRT Kajang-Sungai Buloh line, in which RM300 million is being allocated by DanaInfra Nasional Berhad for retail investors through the Exchange Traded Bonds and Sukuk (ETBS); the first to be open to the public.

Ten years ago Malaysia issued the world's first sovereign sukuk. Today, we see the initial tranche of RM1.5 billion for the first phase MRT Kajang-Sungai Buloh line, in which RM300 million is being allocated by DanaInfra Nasional Berhad for retail investors through the Exchange Traded Bonds and Sukuk (ETBS); the first to be open to the public.

Those opportunities are open to more people than ever before; and Islamic bonds will be traded more widely than ever before. By opening up our economy, we are offering the rakyat a stake in our nation's success. We are making our capital stronger - and better connected.

These developments show how fast the world of Islamic finance is revolutionising; and how technology can catalyse that change. They also offer us a glimpse of Malaysia's future.

In a time of rapid development and in a region characterised by strong growth, we must maintain our focus. Malaysia must remain an open, outward-facing economy; a world-leader in strategic sectors and a key player in a multi-trillion dollar regional market. We must show that economic growth need not come at the expense of financial stability; that development need not come into conflict with others.

That is the ambition we seek to realise over the months and years to come. It will not always be straightforward. To create the conditions for sustainable economic growth and future development requires courage and foresight. But if we deepen our commitment to economic and political reform, I believe it is within reach.

### ISLAMIC BONDS AND SUKUK

For investors who have been buffeted by the financial crisis in Western markets, Islamic bonds offer an alternative growth model. No investment is without risk, and this relatively young market will still have the occasional growing pain. But by its very nature, Islamic finance is not prone to the same excesses which so damaged the world economy.



No wonder *sukuk* is the fastest growing financial instrument in the world. And no wonder that when investors seek knowledge or expertise, they look to Malaysia. For when it comes to Islamic finance, we have turned an early lead into a clear advantage.

Malaysia now accounts for three-quarters of the global *sukuk* market. We are a hub for issuing, trading, regulation, standards, marketing and training. We are one of the few places in the world to offer retail investors the chance to participate in this fast-growing, fast-changing market.

Our challenge now is to make sukuk part of the global investment mainstream.

To continue to be the leader in capital markets, we have to develop and maintain the market infrastructure, with firm support from regulators, issuers and investors. We need to continue to show leadership in training and compliance standards. We also need to widen the investor base, which is what today's launch is all about.

Our bond and *sukuk* market is mostly traded over-the-counter by institutional investors and high net worth individuals. In the past, access for retail investors was largely limited through bond unit trust funds and exchange traded funds.

Klang Valley's population is expected to reach 10 million by 2020; pressures on its transport infrastructure will grow. Without the additional integrated public transport capacity provided by the MRT, LRT, KTM, monorail and bus system, the city will be choked with traffic, making it less liveable for *rakyat*. It could also be an impediment to attracting investors to the country.

Last year, in line with the Capital Market Masterplan 2, the Securities Commission launched a new framework to provide the retail public direct access to investments in bonds and *sukuk*. To help incentivise the market, the government has proposed tax incentives for both issuers and investors.

Today, the first tranche open to retail investors under the new scheme will be issued. I am particularly pleased to be able to say that the funds raised will support the Kuala Lumpur Mass Rapid Transit project, a landmark commitment that will play a prominent part in Malaysia's future success.

#### INTEGRATED PUBLIC TRANSPORT

Klang Valley's population is expected to reach 10 million by 2020; pressures on its transport infrastructure will grow. Without the additional integrated public transport capacity provided by the MRT, LRT, KTM, monorail and bus system, the city will be choked with traffic, making it less liveable for *rakyat*. It could also be an impediment to attracting investors to the country.

It is important to note that the main objective of the MRT is to ease the burden of the *rakyat*. This could be achieved through increasing the number of people using public transport, alleviating traffic congestion and reducing travel time from one place to another.

Three of the world's top ten biggest IPOs took place here, pushing Bursa Malaysia into fourth place in the global league tables. Malaysian businesses have expanded aggressively overseas, announcing plans to develop London's famous Battersea Power Station and PETRONAS completing a USD5.2 billion takeover of Canada's Progress Energy.

The project is expected to generate a further RM8 billion to RM12 billion GNI from spill-over effects. In total, an average of RM21 billion GNI per annum will be generated over the next 10 years, creating 130,000 jobs, as well as pushing up the value of property in the vicinity of MRT stations. Further, it will spur new property developments, boosting commerce and reduce carbon emissions.

According to the Economist Intelligence Unit 2012 report: Hotspots: Benchmarking Global City Competitiveness, which ranks 120 cities globally, Kuala Lumpur is the second most competitive global city in South East Asia.

To stay competitive, we need a public transport system that meets our needs, and allows us to realise the potential in this great city. That in turn will drive economic growth and developments in the nation as a whole, helping us achieve our ambitions: to be a modern, high-income, developed nation.

So, the bonds launched today represent an unprecedented opportunity for the people of Malaysia to invest in and profit from, the nation's development. For Muslims, they are a chance to share in the wealth of our nation in a way that is consistent with our beliefs; and through our contribution, to help our country grow.

Over the last twelve months, Malaysia has been fortunate to enjoy significant economic successes. In a year which saw slowdowns and stuttering growth elsewhere, our economy in the third quarter of 2012 grew at 5.2 percent, with much of this growth driven by domestic demand.

Three of the world's top ten biggest IPOs took place here, pushing Bursa Malaysia into fourth place in the global league tables. Malaysian businesses have expanded aggressively overseas, announcing plans to develop London's famous Battersea Power Station and PETRONAS completing a USD5.2 billion takeover of Canada's Progress Energy.







Reforms made under the Economic Transformation Programme continue to pay off: last year, Malaysia became an easier place to do business, a safer destination for foreign capital, a more attractive place for retail investment. With the launch of the Tun Razak Exchange in July, our nation's growing financial reputation was given a physical identity.

These successes did not come from nowhere. It is the dedication and commitment of our businesses, entrepreneurs, civil servants and the rakyat. Many of you will have played a part in the projects which have contributed to Malaysia's economic growth.

Nor is continued success assured. There remain challenges that we must address: the task of political and economic reform is not yet complete. But with such a sterling year behind us, our hopes for 2013 are high. So, it gives me great pleasure to kick off the New Year with such good news from Bursa Malaysia!

#### DANA INFRA NASIONAL BERHAD

Dana Infra Nasional Berhad, or more affectionately known as "Dana Infra", was established to facilitate the funding of large infrastructure projects by the Government. As the first project assigned to it, Dana Infra took on the task of funding the Sungai Buloh-Kajang or "SBK" line.

The creation of Dana Infra has enabled a move towards separating the fundraising activity from the project management activity, by assigning them to two separate entities, with possibly a further separation between actual asset ownership and day-to-day operations.

Under such a move, Dana Infra has become the maiden issuer of exchange traded bonds and *sukuk* or ETBS on Bursa Malaysia offered for the first time directly to the public.

Today's launch marks the culmination of many years of hard work. It is the next step in a journey that began more than a decade ago.

I would like to commend the efforts of the Ministry of Finance, Bank Negara Malaysia, Securities Commission Malaysia, Bursa Malaysia and Dana Infra Nasional Berhad. Your commitment has made today possible. I would also like to pay tribute to the four lead arrangers – Am Investment, CIMB, Maybank and RHB – for creating this bold new asset class.

Together, you have made the Malaysian *sukuk* and bond market, already world-leading, even stronger.



## MALAYSIA-CHINA CONTINUES COMMITMENT TO INDUSTRIAL GROWTH IN BOTH COUNTRIES

MALAYSIA-CHINA KUANTAN INDUSTRIAL PARK (MCKIP)
MALAYSIA-CHINA KUANTAN INDUSTRIAL PARK, GEBENG, PAHANG
FEBRUARY 05, 2013

Four decades ago, Malaysia boldly broke the ice of the Cold War. On the eve of what would prove a historic visit to Beijing, my late father, Prime Minister Tun Abdul Razak, declared at a press conference: "I am going on a journey of goodwill and friendship to sow the seeds of mutual understanding between Malaysia and China."



The official launch of the Malaysia-China Kuantan Industrial Park marks a new chapter in the relationship between the two countries: a relationship that has matured beyond expectations.

Four decades ago, Malaysia boldly broke the ice of the Cold War. On the eve of what would prove a historic visit to Beijing, my late father, Prime Minister Tun Abdul Razak, declared at a press conference: "I am going on a journey of goodwill and friendship to sow the seeds of mutual understanding between Malaysia and China."

Four days later, Malaysia became the first Southeast Asian nation to establish diplomatic relations with China. It was the beginning of a partnership of great promise. Our nations were very different then. A decade after independence, Malaysia was looking to build a new kind of economy. PETRONAS, our first and foremost energy company, was yet to be established. The Kuala Lumpur Stock Exchange was yet to be incorporated. Kuala Lumpur itself had only just acquired city status.

China, too, was different. Less than one in five people lived in the cities; today, more than half do. The Shanghai Stock Exchange, today the sixth largest in the world, was dormant. GDP was measured in billions, not trillions. China's extraordinary growth – perhaps the most globally significant economic development in the latter twentieth century – was just beginning.



#### **MALAYSIA-CHINA RELATIONS**

Yet, the confidence that our countries showed in each other was well-founded, for as our economies developed, the bonds between us grew stronger. Cooperation in tourism, education, science and technology and finance increased. Economic relations deepened. Further reform unlocked further opportunity: diplomatic ties were strengthened and bilateral trade soared.

Today, our nations are closely connected. China is Malaysia's largest export market and accounts for a sixth of our imports. This year, we expect more than RM1 billion of Chinese foreign direct investment in Malaysia. Over the next five years, we expect two-way trade to reach USD100 billion.

This economic relationship rests on solid diplomatic foundations. We have long believed that the 'middle nation' can play a central role in Southeast Asia as a force for stability, development and good. Back in 1991, the Chinese Foreign Minister, His Excellency Qian Qichen, attended the 24th ASEAN Foreign Ministerial Meeting as the guest of the Malaysian Government. Malaysia also led the ASEAN initiative to accord Dialogue Partner status to China and in 2010 we pushed for the creation of the China-ASEAN Free Trade Area.

### FIVE-YEAR DEVELOPMENT PROGRAMME FOR ECONOMIC AND TRADE COOPERATION

This tradition of mutual trust in pursuit of shared opportunity continues to this day. I am particularly pleased to announce that both nations are finalising the 5-Year Development Programme for Economic and Trade Cooperation, which is expected to be ready for consideration in the first quarter of this year. The Programme will map opportunities for co-operation between now and 2017: charting a clear course for future growth.

Over the past decade, the world has come to terms with a model where China's need for resources has created new patterns of trade and influence. Now the world is beginning to recognise that Chinese innovation and domestic demand will prove just as potent a force in the global economy. So, on economic cooperation - and diplomatic - I am proud to say that Malaysia is ahead of the curve. Malaysia-China relations have been elevated to new heights under the stewardship of both President Hu Jintao and Premier Wen Jiabao. Premier Wen's strong and unequivocal support for the Malaysia-China Kuantan Industrial Park - and its sister, China-Malaysia Qinzhou Industrial Park in Guangxi – is testament to his vision for mutual prosperity.

We share that vision. This is the first industrial park in Malaysia to be accorded national status, meaning it will be driven by the private sector, but guided by the government. In fact, I took a personal interest in this project: from the start, I advised Malaysian officials that this development must match the remarkable speed with which its Qinzhou counterpart was created. In fact, I coined the phrase that it must be the "Qinzhou speed"!

25

#### MALAYSIA-CHINA KUANTAN INDUSTRIAL PARK

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

The result? In just four months, the park is ready to be launched. Now we have a new term for accelerated development here in Malaysia: "Kuantan speed"! Today we celebrate the launch of the Malaysia-China Kuantan Industrial Park. We offer our thanks and congratulations to all those involved. But the hard work is only just beginning. Today, we will witness the signing of five strategic documents to kick-start the inflow of investments:

- First, the Shareholders Agreement between the Malaysia Consortium and China Consortium for the Establishment of MCKIP Joint Venture Company;
- Second, the Memorandum of Understanding of Investment between the East Coast Economic Region Development Council (ECERDC) and Guangxi Beibu Gulf International Port Group for three projects in the park: a steel plant, an aluminium plant and an oil palm refinery;
- Third, the Memorandum of Understanding between Guangxi Beibu Gulf International Port Group and Rimbunan Hijau Group for the investment in the oil palm refinery in MCKIP;
- Fourth, the Memorandum of Understanding between IJM Corporation Berhad and Guangxi Beibu Gulf International Port Group on the Development and Expansion of Kuantan Port; and
- Last but not least, the Framework Agreement on Financing Cooperation between China Development Bank Corporation and the Master Developer of MCKIP comprising a Malaysia consortium and a China consortium, which will involve collaboration between the parties in the areas of project financing and financial consulting services for the MCKIP project.



Each of these signings point to a long and fruitful future for the Malaysia- China Kuantan Industrial Park. The park has already attracted investment commitments worth RM10.5 billion, creating 8,500 jobs; and a further RM2.5 billion will be invested by the Master Developer, who will play a key role in constructing the park's major infrastructure. In the spirit of bilateral cooperation, I am pleased to note that the Master Developer is a joint venture between Malaysian and Chinese partners.

I hope and trust that these investments will be the first of many. But the true impact of this park will be felt not just in economic terms, but in the legacy it leaves on the lives of local people. The Group has committed to provide training for all levels of its workforce and will work with local training institutions for skills development. An internship programme at the Group's existing plants in China will help young people learn new skills and a new culture.

Located on a 1,500-acre site in the East Coast Economic Region of Malaysia's Special Economic Zone (ECER SEZ), MCKIP is well-positioned to become a hub of high-end, export-oriented industries that would leverage on its proximity to Kuantan Port, which is only five kilometres away.

The potential spin-offs from the park are substantial, including downstream and processing industries; transport and logistics; training, retail and harbour-related industries. It promises opportunities for investors from China and beyond. It will also benefit the Malaysian business community, as well as the people of Pahang and the East Coast Economic Region of Malaysia.



This is in keeping with a wider trend: over the past five years, this part of the country attracted RM38 billion worth of investment. With the establishment of this Industrial Park, the region's prospects have become even brighter. I urge local chambers of commerce, SMEs and entrepreneurs to take advantage of the opportunities that are being created right on their doorstep.

Six hundred years ago, the distinguished admiral and diplomat Zheng arrived here in Pahang. He saw then what is still true today: Eastern Malaysia is an ideal gateway for regional trade.

#### **GUANGXI BEIBU GULF ECONOMIC REGION**

Kuantan's location on the South China Sea means it offers the quickest and most direct route to the major ports of the fast-developing Guangxi Beibu Gulf Economic Region. Its location in one of our Special Economic Zones means it is well-served by modern transportation networks. So, I am pleased to announce that the Guangxi Beibu International Port Group will be partnering with IJM Corporation Berhad for the Kuantan Port expansion project, an investment worth RM3 billion.

The expansion will include a new deep water terminal, to make the port competitive as a major shipping destination. It will ensure that China and Malaysia remain closely connected at a time when the balance of global trade is tilting in Asia's direction. With the Regional Comprehensive Economic Partnership set to bring half the world's population within a single market, the importance of this connection will only increase by leaps and bounds.

On behalf of the people of Malaysia, I would like to take this opportunity to express my special thanks to my good friend for bringing this project to life. Malaysia will not forget His Excellency Wen Jiabao's contribution to the partnership between our countries.



# GOVERNMENT'S PLEDGE TO BUILD THE NATION'S DEFENCE CAPACITY

OPENING CEREMONY OF LANGKAWI INTERNATIONAL MARITIME AND AEROSPACE EXHIBITION 2013

MAHSURI INTERNATIONAL EXHIBITION CENTRE, LANGKAWI, KEDAH

MARCH 26, 2013

I stand before you today in unique circumstances. I have served as Defence Minister, as Deputy Prime Minister and as Prime Minister; I have spoken at this exhibition and others like it. But this is the first time I have done so whilst an internal security situation is ongoing. So with that in mind, I hope you will allow me to reflect a little on the operations in Sabah.

I stand before you today in unique circumstances. I have served as Defence Minister, as Deputy Prime Minister and as Prime Minister; I have spoken at this exhibition and others like it. But this is the first time I have done so whilst an internal security situation is ongoing. So with that in mind, I hope you will allow me to reflect a little on the operations in Sabah.

Six weeks ago, a group of armed militants landed on Borneo's eastern shore, pursuing a grandiose territorial claim that is without merit or basis in fact. It was the beginning of the biggest internal security threat since the communist insurgency ended in 1989.

#### **DEPLOYMENT OF TROOPS**

Weeks of attempted negotiation – and repeated requests by both the Philippines and Malaysian governments – yielded no progress. On 10th March, we decided that the presence of what amounted to an invading force was no longer tolerable and military and policy operations began. It was the first time troops had been deployed on Malaysian soil.

Many of you have served your nation, either in the armed forces or in government. You have made big decisions about defence procurement and policy, advised companies and forces on spending and strategy. As a former defence minister, I had faced such decisions before: about committing troops in Bosnia and Somalia and about peacekeeping operations in Lebanon.

These were big questions. They involved potential loss of life and deployment of national resources. But they do not adequately prepare you for a situation like that which emerged in Sabah. What was initially a policing matter soon became a live operation, with members of each of the forces committing themselves to protecting our sovereignty.

On behalf of all Malaysians – from Langkawi to Lahad Datu – I would like to express my thanks and record my appreciation to those who are serving in Sabah, using their skill and professionalism to bring an end to what could have become a diplomatic incident.

It is the responsibility of the government to assure our people are given the best equipment we can afford and to show that the lives of men that we lost in protecting our sovereignty was not lost in vain. I would like to take this opportunity to pay tribute to our fallen heroes from the Royal Malaysian Police and the Malaysian Army who have sacrificed their lives in the line of duty, keeping Malaysia safe from harm. You shall not be forgotten.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



I urge the men and women currently on duty in Sabah to remain steadfast and vigilant. Our prayers are with you always. There is no price higher than the sacrifices made by our security forces in fighting armed intruders.

It is the responsibility of the government to assure our people are given the best equipment we can afford and to show that the lives of men that we lost in protecting our sovereignty was not lost in vain. I would like to take this opportunity to pay tribute to our fallen heroes from the Royal Malaysian Police and the Malaysian Army who have sacrificed their lives in the line of duty, keeping Malaysia safe from harm. You shall not be forgotten.

This year marks the 12th edition of the Langkawi International Maritime and Aerospace Exhibition. Over the next few days, a hive of activity will grow within these walls, with new programmes dedicated to exposing opportunities here in Asia.

This focus is not surprising. Much has been made of America's recent 'pivot to the Pacific', but – as is so often the case – diplomacy and strategy tend to lag behind the markets. After all, whatever your business, over the past decade investors have been focusing relentlessly on Asia.

#### **GROWTH MARKET FOR AEROSPACE AND MARITIME**

So it should come as no surprise either that Asia is a hugely important growth market for aerospace and maritime spending, both in the defence and commercial sectors.

Aviation in particular, will develop significantly in the next few years, with considerable increases in air travel, infrastructure investment and new policies. Much as the potential growth in Asia's vehicle ownership is causing multinational car companies to shift their design focus to the East, so aviation manufacturers are looking to Asian markets for medium-term opportunities.

Military modernisation programs continue to drive defence spending in ASEAN. Acquisition of ships and aircrafts, drones and armoured vehicles will continue to be the focus of procurement within the region and is expected to form the majority of defence procurement spending till 2020. According to Jane's, South East Asian countries increased their defence spending by 13.5 percent last year; and for the first time, Asia's military spending is set to overtake Europe's.

Military modernisation programs continue to drive defence spending in ASEAN. Acquisition of ships and aircrafts, drones and armoured vehicles will continue to be the focus of procurement within the region and is expected to form the majority of defence procurement spending till 2020. According to Jane's, South East Asian countries increased their defence spending by 13.5 percent last year; and for the first time, Asia's military spending is set to overtake Europe's.

Against this backdrop, this exhibition is poised to become a gateway to this vibrant marketplace. This year, we have nearly 427 companies from 29 countries present with us – a 10 percent increase on last year, with global maritime and aerospace market leaders well represented. With 78 aircraft and 62 warships on display, the Langkawi International Maritime and Aerospace Exhibition offers delegates and companies from Asia and the world an opportunity to see some of the latest defense and commercial technology – and perhaps a little of this beautiful island, too!

I am sure your schedules will be packed during your time here, much to the dismay of my colleague, the Tourism Minister. But actually, what happens within these walls is just as important for Malaysia, for we have identified the maritime and aerospace industries as key sectors for investment and support.





Two years ago, we launched the Malaysian Shipbuilding / Ship Repair Industry Strategic Plan 2020 here at this very conference. The recent inclusion of shipbuilding and ship repair industry in our Economic Transformation Program is a clear acknowledgement of the importance of the industry – not just for accelerating Malaysia's growth, but also for providing new high income jobs.

We have also pushed aviation to the centre of our industrial policy. Through the Malaysian Aerospace Council, we have successfully steered the development of the aviation industry. An industry that registered some RM8.2 billion of turnover in 1998 is now worth RM30 billion, with more than 230 active companies and a workforce of 65,000.

Our strategy – a specific incentive package for the aerospace industry – has attracted continuous new investments from major foreign and domestic players. Last year, the aerospace industry recorded RM2.3 billion of investment, which is expected to generate more than 2,700 new employment opportunities.



# WOMEN CARVE A BIGGER SHARE ON CORPORATE BOARDS

THIRD GLOBAL CONFERENCE ON WOMEN DELIVERS 2013

KUALA LUMPUR CONVENTION CENTRE (KLCC)

MAY 28, 2013

The governor of our central bank, Tan Sri Dr Zeti Akhtar Aziz, a worldrenowned economist and a guardian of Malaysia's enviable economic record. Tun Dr Siti Hasmah Mohd Ali, our former First Lady, who has done so much to improve maternal, public and mental health for women - not just here in Malaysia, but also in our region and the world. Chew Hoong Ling, a young woman who has already lived more lives than most of us: as a radio deejay, an organ donation advocate, a voluntary sector leader and a candidate for MP and an unbeatable advocate for women's rights.





Togetherness is strength. Together, your strong voices will help frame the solutions, policies and strategies that will ensure progress for girls and women; of our nation, our region and our world.

We know that women play an indispensable role at every level of society, from our families and communities, our schools and workplace, to our government and our economy. We see it in our own nation, where investment in education has empowered women to occupy top positions: in the civil service, in business and even in politics.

The governor of our central bank, Tan Sri Dr Zeti Akhtar Aziz, a world-renowned economist and a guardian of Malaysia's enviable economic record. Tun Dr Siti Hasmah Mohd Ali, our former First Lady, who has done so much to improve maternal, public and mental health for women – not just here in Malaysia, but also in our region and the world. Chew Hoong Ling, a young woman who has already lived more lives than most of us: as a radio deejay, an organ donation advocate, a voluntary sector leader and a candidate for MP and an unbeatable advocate for women's rights.

Such successes show our country in its best light. But I know that a few superstar players do not mean that the field is level. We have taken clear steps towards a more equitable nation: in education, in healthcare and in wage equality. But there is still much more to be done. Last year's World Economic Forum report puts us in the bottom quarter of the gender gap index. We have been improving, but perhaps others have been improving faster.

#### **INCLUSIVE ECONOMIC GROWTH**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

As we strive to become a developed nation by the end of the decade, our challenge is to ensure that our economic growth is truly inclusive; that the opportunities we create are open to all and that all Malaysians feel able to take them. If Malaysia's development is to be sustainable, it must afford women the same rights, respect and opportunities as men.

This will not happen from the top-down: change must come in the workplace, in the villages, in the minds of all Malaysians. But as politicians, we have a special responsibility. I have just formed a new cabinet and welcomed a new Minister of Women, Family and Community Development, Datuk Rohani Abdul Karim. I look forward to working with her and with the rest of the Cabinet, to make up lost time and close the gender gap.

As a young, fast-developing Asian nation, I believe our story can set a marker for twenty-first century gender relations. We have many different faces; from traditional community structures to the modern city lifestyles here in Kuala Lumpur. Our task now is to ensure they all face towards a more equal future. As we do, we must learn from those who have gone before us and pass our lessons on to those who follow.

I would like to focus on two in particular. They are the prerequisites for individual success and the most pressing problem facing policymakers in the developing world: health and education. For each, I believe we have a compelling story to tell.

Malaysia has made great progress in improving maternal health care and services for our girls and women. Today, we have one of the lowest maternal mortality ratios in the region at 29 per 100,000 live births in 2011 against 540 per 100,000 just after independence. Thanks to strategic, focused and targeted interventions, thousands of women and children in Malaysia are able to survive and enjoy a good quality of life.

Political will and stable policies, investment in health and a commitment to improve quality of care; these are some of the essential ingredients of our success. It is also our hope that Malaysia's experience proves useful in the wider fight to reduce the risks of pregnancy and childbirth.

#### **INVESTMENT IN HEALTH**

Our progress has been shared with the international community. In the developing world, national progress has been uneven, with some regions or states falling behind others. Disparities between the rich and the poor continue to be reflected in the high maternal mortality, which is an indicator of inadequate and inequitable allocation of resources. It is my hope that countries still lagging behind in meeting the 5th Millennium Development Goal will be able to learn from our experience. We stand ready to provide technical support to countries with persistently high maternal mortality.

Countries can and will be able to reduce deaths and disability of mothers and their newborns. Women and girls must get the care they need and rightly deserve. The advent of new technologies and treatment to handle pregnancy and delivery complications bring renewed hope. Interventions to save women's lives have become more widely affordable, even in the poorest countries.



One such intervention is family planning. The new Millennium Development Goal to provide universal access reproductive health services is a basic human right which should not be denied. We must make these life-saving interventions available, even and especially where cultural differences make access even more difficult.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

Health advocates and experts must be ready to engage in dialogue with faith leaders to dispel negative perceptions. Girls and women must be empowered to make informed choices; to take personal responsibility for their health, within a social fabric that encourages it. Teenage pregnancies, abandoned babies, early marriage and sexually transmitted infections must be addressed without stigma or discrimination. This will sometimes require a change in mindset; a willingness to look again at our approach, to ask ourselves whether we are doing all we can to put girls and women's health first.

It is here that the importance of education becomes clear. We know that educating our girls will yield positive gains in their health and wellbeing. We know it will further lower maternal mortality and morbidity rates, as well as birth rates. We know it will also help halt the spread of diseases including HIV and AIDS. We know it will improve child health and nutrition.



Women are still not equally represented in the labour force. The Malaysian economy saw exceptional growth at 5.6 percent last year. But female labour force participation currently at 47 percent must be improved if we want to continue to see robust and sustainable growth. More jobs aligned to women's needs should be offered to encourage their participation in the workforce, such as through home-based, part-time or flexible working hours.

#### **EDUCATION**

Investing in universal education without gender discrimination has yielded results beyond expectations. A girl at school in Malaysia today is more likely to go to university than her male classmates. Although we have the same number of girls and boys enrolled in primary school, higher education rates are greater for women. Today 65 percent of students enrolled in tertiary education in Malaysia are women. Consider the achievements in the light of what happened to Malala Yusuf in her pursuit for education.

These are real achievements. But enrolment is only one part of the story. For Malaysia, as for many countries, the challenge is to ensure that success in the classroom carries over into life beyond and outside it; that the world of opportunity for girls and women does not narrow upon graduation, but opens up.

Women are still not equally represented in the labour force. The Malaysian economy saw exceptional growth at 5.6 percent last year. But female labour force participation currently at 47 percent must be improved if we want to continue to see robust and sustainable growth. More jobs aligned to women's needs should be offered to encourage their participation in the workforce, such as through homebased, part-time or flexible working hours.

We have policies to encourage this shift, with reforms under the Economic Transformation Programme that reinforce the need to attract, increase and retain female employees in the workforce. We have several overarching targets for women in the workforce, such as increasing female labour participation rate to 55 percent and increasing the number of women working on publicly listed company boards to 30 percent. The National Institute for the Empowerment of Women runs a Women Directors training programme to realise this target. To date, more than 300 women have been trained and are ready to take up positions on corporate boards.



Every girl and woman in Malaysia, regardless of her religion, political affiliation, social status or location, deserves a safe, healthy and prosperous life. Our national, regional and global stability depend on it.

We are supporting skills programmes and entrepreneurship opportunities for low-income earners. We are looking to build a holistic social support system, to contribute to work-life balance, offering childcare and elder care solutions, among others. These policies are not merely add-ons; they are essential precursors to genuinely sustainable economic growth.

Furthermore, if we want to see equally sustainable democracy, it is clear that we increase women's political participation. I am encouraged by the active and visible role taken by some women in our national politics. But I believe it is incumbent upon us to find out why women are underrepresented in Malaysia's political discourse.

Every girl and woman in Malaysia, regardless of her religion, political affiliation, social status or location, deserves a safe, healthy and prosperous life. Our national, regional and global stability depend on it.

You are all part of an international call to action, a push to create a world where the health and wellbeing of girls and women are priorities, not afterthoughts. On behalf of the government and people of Malaysia, I assure you of our commitment to this shared ambition.

When our girls and women are educated, when they are healthy, when they are independent, the benefits extend beyond individual freedom to prosper and achieve. Freed from the unnatural constraint of inequality, women can realise their potential as active participants in the community and in the world.



# ASIA-PACIFIC FACES CHALLENGES AS THE NEW GLOBAL GROWTH AREA

27TH ASIA-PACIFIC ROUNDTABLE
HILTON HOTEL, KUALA LUMPUR
JUNE 03, 2013

These challenges, challenges of development, sustainability and conflict are closely connected. They must each be met if Asia is to fulfil the promise of this century. We must reconcile our traditions with our position in a multipolar world; and we must do everything we can to avert the dangers of climate change. Only then can we deliver better lives and future for our people.

It is clear that the focus of the world is shifting. In the three decades since the first Asia-Pacific Roundtable, extraordinary growth, development and democratic reform have brought huge change to Asia. Accentuated by financial crisis in the West, the emphasis has shifted to the East.

The world has taken notice. America is now led by a President who attended school in Indonesia and who has recalibrated his nation's strategy toward Asia. This 'pivot to the Pacific' is not the preserve of one country: Russia, Australia and the European Union are also looking our way.

Nor is it strictly a diplomatic phenomenon: it is matched with surging inflows of capital and resources, as Asian nations attract bright minds and big money. Sunlight is flooding into Asia, casting our strengths in bold colours and illuminating our areas of improvement.

That is cause for celebration. This change is positive change. As the planet's most populous, fastest-growing region opens up to the world, its countries are opening up to improvement: in competition, through trade; in influence, through diplomacy; and in democracy, through comparison.

#### THREE CHALLENGES FOR ASIA

With this new emphasis Asia's opportunities – and its risks - come more clearly into focus. We are writing the story of Asia; it may turn out to be the story of the century. We have a chance to make it one where all of our citizens are afforded the same rights and opportunities. To do so, we must confront three principal challenges.

Asian development must be inclusive, checking rising inequality and division. It must be sustainable, for the new economic powers cannot repeat the mistakes of the old. The fractures at the heart of Asia's internal politics must be healed, lest they splinter under the weight of the world's attention.

These challenges, challenges of development, sustainability and conflict are closely connected. They must each be met if Asia is to fulfil the promise of this century. We must reconcile our traditions with our position in a multipolar world; and we must do everything we can to avert the dangers of climate change. Only then can we deliver better lives and future for our people.

In each case, I believe we must deepen our commitment to co-operation. I believe Asian states will prosper by strengthening our connections, not just to each other, but to the wider world. For my country, a bridge between cultures and regions, experience has affirmed our belief in co-operation across borders. On climate change, regional conflict and development, there is no other way.

#### **CLIMATE CHANGE**

The primary risks of a changing climate are now well known – more frequent, more intense weather, changing rainfalls and rising oceans. To drive home this point in a rather dramatic fashion, the former President of the Maldives even conducted a Cabinet meeting under water.

The secondary effects of climate change are just as worrying. New stresses are placed on water, food and security systems. In strategic terms, it is a 'threat multiplier': magnifying existing risks, increasing instability and making conflict more likely. Unless climate risks are controlled, competition for new resources, territorial change and disruption to trade patterns will make the world manifestly less safe.

Asia sits at the crux of the climate problem. Thanks to our geography, natural disasters already take a disproportionately heavy toll on our people and our economies. More people are at risk from climate change in Asia and the Pacific than anywhere else. But we are also fast becoming one of its main causes.

Asia will produce more than 40 percent of the world's energy-related greenhouse gases in the next decade. Deforestation – which already accounts for 17 percent of global carbon emissions – is one of our continent's biggest issues. As our countries modernise, commanding greater energy resources, Asia's development model will be of global significance. So too will our approach to climate diplomacy.

The answer has been clear for decades. We must commit, globally and commit to binding carbon cuts. The United Nations remains the best hope for securing a settlement on global terms. All countries should stand in favour of emissions reductions and unite behind the promise of the global low-carbon economy.

The past few months have brought positive indications. China is reportedly considering an emissions cap; the Obama administration has indicated that it will make action on climate change a second term priority. All this augurs well for a comprehensive agreement, one that will protect the development rights of the least developed countries, unlock huge growth in green technologies and ease some of the tension over natural resources.

Whatever the ultimate solution looks like, it is clear that we must face climate change together, as one world.

#### **POLITICAL STABILITY**

The next challenge, however, is one we must face as a region: under the surface of growth and development in Asia lie dangerous currents of nationalism, aggression and discord. Unchecked, they threaten to undo decades of peace and progress.

Asia's strong economic growth – estimated at 5.7 percent this year, greater than Europe, Africa or the Americas – has occasionally obscured military build-up that is almost as strong. According to the International Institute for Strategic Studies, Asia's defence spending in 2012 rose by nearly 5 percent, overtaking the European members of NATO. India, China, South Korea and Japan are all increasing defence spending.

I believe the answer lies in greater co-operation. Confronted with complex disagreements between states, Asia must place its trust in diplomatic solutions. When tensions rise within borders, we must resolve them whilst respecting human rights and meeting international standards.

Countries have every right to defend themselves. But regular arms replacement programmes aside, this trend indicates deeper concerns about security and conflict, concerns that could swiftly become self-fulfilling. While defence spending should be proportionate to the threats that we face, we must not allow our region to be sucked into an arms race. Over the weekend, at the Shangri-La dialogue in Singapore, defence ministers from Indonesia and the UK warned that Asian defence spending itself can become a destabilising force, bringing a higher risk of conflict.

That would be in no one's best interests. In a global economy that is growing more connected by the millisecond, any major disruption to trade – for example in the South China Sea, through which nearly two-third of the world's trade passes – would have consequences that extend far beyond our borders.

The potential flashpoints are many. From longstanding tensions on the Korean peninsula to border disputes in Kashmir and the insurgency in the south of Thailand, conflict threatens to disrupt Asia's development. Here the global interest in Asian affairs both helps and hinders; we welcome more partners for peace, but we are wary of those who would play out wider rivalries in our region.

I believe the answer lies in greater co-operation. Confronted with complex disagreements between states, Asia must place its trust in diplomatic solutions. When tensions rise within borders, we must resolve them whilst respecting human rights and meeting international standards.

We must renew the hard-won bonds of peace that have connected Asian countries for decades. Conflict resolution should be pursued within the norms of Asian diplomacy, which emphasises background mediation and discussion. But given the global attention, we should be unafraid to let a little light into the room. Openness about strategic aims and positions can draw the poison from international relations. Engagement – through conventions, treaties and talks – is always preferable to isolation.

Whether bilaterally, multilaterally, or regionally, countries should abandon posturing that can ratchet up tension. Instead, we should heed the fundamental principles on which good diplomacy is conducted: sovereign equality, respect for territorial integrity, peaceful settlement of disputes and mutual benefit in relations.

Consider the South China Sea. For too long, the sea that was supposed to connect and unite us has been a source of contention, occasional violence and even loss of life. Instead of passing on choppy waters to the next generation, we should endeavour to leave them a calmer sea. We should seek the common ground needed for an amicable understanding among the claimants.

A good starting point is the Code of Conduct, our best hope for ensuring that disagreements do not escalate. Without meaningful progress on the passage of this Code, claimants will explore other means to entrench their positions. Unilateral actions would harden national positions, making resolution even more challenging.

For Asian nations, this problem is ours to solve. Should we stray from the path of dialogue and cooperation, we may pave the way for other parties to take remedial action to protect the freedom of navigation and safe passage. We want to keep the major powers engaged in and connected to the region. But in this case, the involvement of extra-regional states could add yet another layer of complexity to the dispute. In the absence of a common agreement, we appeal to our friends to have faith in our ability to manage this dispute.

There are precedents for the peaceful resolution of such problems. For example, Malaysia and Thailand have chosen to enter into a joint development zone in the Gulf of Thailand. It is not a permanent fix, but agreeing to share prosperity – rather than let it divide us – is infinitely preferable to the alternative.

Resolving the diplomatic tensions in our region and ensuring Asia plays its part in the global fight against climate change, are two of our most pressing tasks. But I believe change in Asia brings a further strategic challenge, one that cannot be resolved by diplomacy or treaties: that is to deliver socio-economic security.

#### **SOCIO-ECONOMIC SECURITY**

As Asian nations such as my own strive to become high-income developed nations, and as emerging economies push for a place on the middle-income ladder, they must ensure social development is not sacrificed in the name of growth.

For all the extraordinary statistics about investment and expansion, Asia remains home to two thirds of the world's poorest people. The gap between the richest and poorest is growing, as wealth concentrates in the hands of the wealthy. Divides are opening up between urban and rural populations. Locked out of economic opportunity, too many Asian people lack access to basic social infrastructure – sanitation, healthcare and housing.

If we do not give all of our citizens a stake in our region's future, we risk encouraging ethnic tensions, religious extremism and political instability. That in turn imperils the very objective we seek: a more prosperous and harmonious Asia. Our final challenge, then, is to ensure Asia's development brings economic opportunity for all, not riches for a few; that it expands not just nominal GDP figures, but also critical social infrastructure.

Here, again, co-operation offers us an answer. Asian states must look to build stronger, more lasting economic connections – both within our region and with the outside world.

The work starts at home. As a founding member of the Association of Southeast Asian Nations, Malaysia also supports the push to create a single market here in Southeast Asia. It is my hope that the ASEAN economic community will bind us together in the service of common goals, providing greater depth of opportunity for citizens across Southeast Asia.

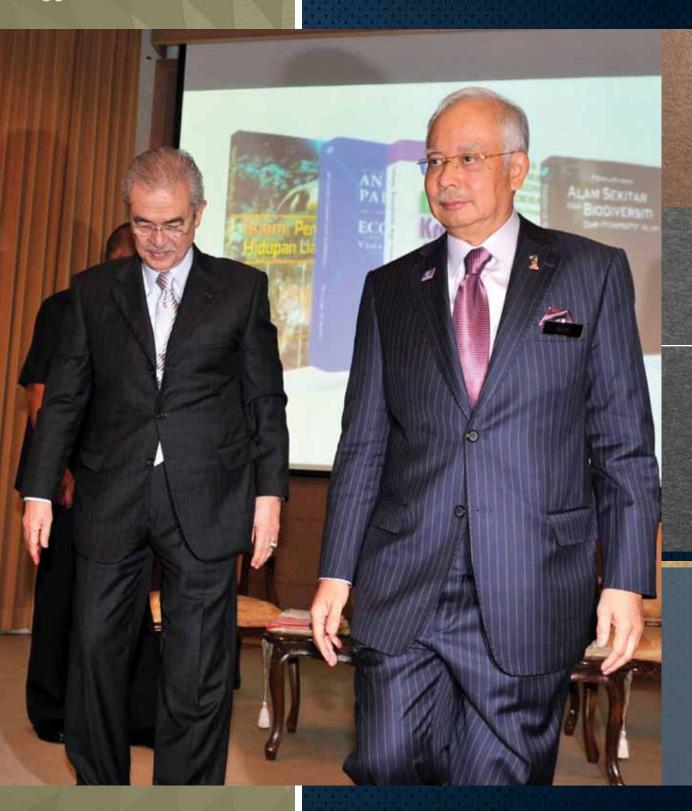
In an interdependent global economy, the benefits of greater co-operation extend beyond Asia's borders. That is why I look forward to the completion of the Trans-Pacific Partnership, which will strengthen our ties with the wider world; and the Regional Comprehensive Economic Partnership, which will bring three of the largest economies into the world's largest trading bloc.

A thriving single market will support jobs, growth and increase the standard of living for more than half a billion people; it will also ensure that Asia's remarkable growth story spills across into all member states. That in turn is the ultimate guarantor of Asia's success, not just in base economic terms, but in meeting the highest ambitions for its development.

These three challenges – climate change, conflict and development – will test Asia's capability, and our resolve. They will not be met without a commitment to co-operation; without the investment of time, resources and political will.

I believe we can do it. I believe in Asia's potential. I believe in Asia's ability to deploy communication in place of conflict, to choose clean energy over climate change, to create opportunities for all, rather than wealth for a few. I believe we can make the hard calls required to sustain peace and prosperity in an age of ascendance.

Over the past decades, great change has come to Asia; even greater change awaits. By choosing to work together, to look not for dividing lines but for common ground, we can ensure that change brings better lives for our citizens and better futures for our countries. To borrow the title of this conference, that is change worth strategising for.



## SPREADING THE UMMAH WAY OF LIFE

INSTITUTE OF ISLAMIC UNDERSTANDING MALAYSIA INTERNATIONAL SYMPOSIUM INSTITUTE OF ISLAMIC UNDERSTANDING, KUALA LUMPUR JUNE 04, 2013

There are almost 220 million ASEAN Muslims, which constitute about 40 percent of the ASEAN population today. This makes them the biggest religious group in ASEAN. As Muslims are a major player and stakeholder in ASEAN's future and venture, they must develop into a proportionately productive force for the benefit of ASEAN and humanity at large.

I would like to extend my heartiest congratulations to the Institute of Islamic Understanding Malaysia (IKIM) for its efforts in organising this international symposium on "Islam and the New Era of ASEAN Countries".

This is a timely symposium that puts Islam and ASEAN's state of affairs into a much needed perspective. With a total population of almost 600 million, ASEAN countries represent almost 10 percent of the world population. By 2015, it aims to transform itself into a single free-trade area - as an economic community similar to the European Union- with a potential of the eighth largest world economy. It seeks to position itself as a long-term economic power player around the globe with other developing economies such as China, Brazil and India. Muslims have everything to gain and little to lose, by binding themselves in such an economic community.

Of all the regional groupings in the world today, ASEAN is easily the most heterogeneous. More than the combined 215 million population of Indonesia, Malaysia and Brunei are Muslims. More than the 150 million of Thailand, Vietnam and Myanmar are Buddhists; 85 million of the Philippines are Christians and so on. Prosperity can only be achieved through peaceful co-existence and cooperation among religious adherents of Islam, Buddhism, Christianity, Hinduism and others. We hope to witness in a very near future, the fascinating rise of ASEAN and its campaign to unite these multi-religious communities. This may prove to be a unique and decisive chapter of ASEAN and its history.

There are almost 220 million ASEAN Muslims, which constitute about 40 percent of the ASEAN population today. This makes them the biggest religious group in ASEAN. As Muslims are a major player and stakeholder in ASEAN's future and venture, they must develop into a proportionately productive force for the benefit of ASEAN and humanity at large.

Established in this part of the world from the seventh century onward, Islam has been readily accepted by the ordinary people who got a sense of human worth and dignity. Their strength of spirituality and religions must be harnessed towards a positive outlook and not extremism. Muslims in their past history neither adopted the attitude of withdrawal, nor took the path of obscurantism. The Muslim society has co-existed alongside other religious adherents, including the Buddhist, Christian, and Hindu.

The most positive attitude of Muslims in their past history is to manifest religious conviction through knowledge-based innovation, to construct new technological discovery, to transform scientific paradigm and to revolutionise scientific methodology. 'Amalsalih' means to be beneficial to society which includes non-Muslims.

Many Western historians of ideas and culture are convinced that this is a time of their cultural sunset, depleted energies and moral confusion – despite its extraordinary technological capabilities. The present decadence covers a cultural, moral, political and economic disaster of the first order, which has triumphed in various facets of modern life, leading to spiritual paralysis. The present system is increasingly being blamed for a host of global ills, including the loss of jobs, unfair terms of trade, the global spread of diseases and epidemics and excessive Western cultural homogenisation that threatens to submerge local customs and norms. Can Muslims play their role to create a new present?



#### **OPPORTUNITIES FOR MUSLIMS**

With this in mind, it is clear that ASEAN Muslim communities must be ready to engage with the wider world. We must be ready to take advantage of the many opportunities that ASEAN offers us. At the same time, we must also be prepared to tackle the many challenges that ASEAN will put in our path. We must heed the call of the Earth Charter – a United Nations Global instrument – for a collective effort of the human race to take up shared responsibility in achieving sustainable global society founded on respect for nature, universal human rights, economic justice and culture of peace.

As Muslims, we must commit ourselves to enhancing our competitiveness in order to play a contributing role to the advancement of human civilisation, as was the legacy of the Islamic *ummah* in the past. The rich and vibrant heritage of Muslims must be put back into the very heart of ASEAN politics and culture.

I believe that our way forward – if Muslim communities are to seek a wider and more active role in ASEAN – needs to take into account these three important imperatives.

#### **MUSLIM COOPERATION**

Firstly, we must identify bases of Muslim cooperation through the worldview of Islam to renew the spirit of unity and the bond of community among Muslims. Today, Islam is a global faith that binds Arabs, Persians, Egyptians, Berbers, Turks, Europeans, Africans, Indo-Pakistanis, Caucasians, Chinese and Malay-Indonesians together in a common bond.

This bond is founded upon tawhid and the submission to Allah S.W.T. To believe in One God means to believe in the essential unity of the human race as His creation and subjects who are answerable finally to Him alone. It affirms the equality of the entire human race except in terms of goodness and virtue. The Rasulullah s.a.w. said that 'we are all children of Adam and Adam was of dust.'

Religious loyalty means to give priority to the needy over ourselves. Social relationship is sustained by feelings of love and mercy where the strong should give kindness, protection and generous treatment to the weak and the needy.

We must prevent ourselves from being pitted against each other, let alone from violent conflicts. Conflict begets conflict in an unending violent spiral that continues to choke our ability to progress and advance.

Moving forward, we need to renew our understanding of Islam. We must emphasise our common heritage and put aside any sectarian differences which can lead to division and conflict.

We must prioritise our investment in education and skills. The rise of every great nation is preceded by the acquisition of knowledge. We need to build a knowledgeable society in which real and true knowledge is the governing principle of all human activities. We need to build institutions to enhance the peoples' capacity for greater learning and knowledge absorption. This is the way of success.

Ultimately, we must begin to move beyond politics and conflict and focus on the issues that truly concern us as an *ummah*: tackling poverty, eliminating illiteracy, combating ignorance, and raising the quality of life. This is the immediate concern for us all, as Muslims. With regard to the *Maqasid al-Shari'ah*, the government of Malaysia is fully committed to safeguarding the higher objectives of the *Shari'ah* of Islam. All programmes of national transformation that have been implemented thus far are in accordance with the *Maqasid* of the *Shari'ah*, which is to protect five fundamental rights - life, religion, the intellect, earnings and property ownership, as well as personal honour and dignity.

#### **DIVERSITY**

Secondly, we must respect the principles of diversity. Differences in terms of religious tradition, culture, language and skin colours must be duly appreciated. There is unity beneath external diversity of language and color. To co-exist, we must call for cooperation between adherents of all great religions, based on our parallel religious ethics, our comparable moral values and our similar experiences of common humanity.

Together we must engage our common adversary: forces which are socially divisive and of the extremists, who lead to lawless situations, whether political, moral or social. Our basic unity must remain unaltered, as we human beings feel in the same way. We hope for prosperity and we fear underdevelopment. Religion offers mighty power of transformation to achieve happiness and well-being. With religion, we rise above all petty things to a new height - to the heaven of stability. This requires a rejection against any form of criminal violence, extremism, terrorism and militancy which is an anathema to stability.

Now, the Prophet Muhammad s.a.w. states that, "All creatures are God's family ('iyaalullah) and those dearest to God are the ones who treat His family most kindly" (narrated by al-Bayhagietc).

"All creatures are equal dependants upon God, Who feeds, nourishes and sustains them; all humanity is equally under God's care. Those dearest to God are the ones who are of benefit to others".

### **SOCIAL JUSTICE**

Thirdly, we must establish social justice, based on timeless universal religious principles. It is the concern for the welfare of the poor - the consideration for the economically needy, the indigent and the deprived. It is through social justice that the liberation of good, human capabilities will be realised, so that every Muslim and individual citizen can positively participate in our system of governance.

A permanent solution to the problems of indigenous Muslim minorities must be found, for example in the Philippines, Thailand and Myanmar. On the one hand, these Muslims should be made to understand that they must live under current national governments. These Muslims must recognise the true responsibilities within the current nation-states and contribute the utmost to the moral and socioeconomic strengths of the nation.

On the other hand, however, meaningful autonomy should be granted to them. Their religious, linguistic and cultural identity should be protected. Their socioeconomic opportunities should be enhanced. They should be given due rights like the other dignified citizens in the context of a more equitable, humane and compassionate way of development. The ASEAN community should rise as a consistent force in its efforts to promote regional peace, inter-religious tolerance, and prosperity of the human race.

It is Malaysia's honour and privilege to help broker the signing of the Framework Agreement between the Philippine government and the Moro Islamic Liberation Front (MILF). Malaysia also assisted the Thai government in stabilising security and improving socio-economic development through bilateral cooperation.

Related to this, it is important to establish and strengthen governmental institutions and NGOs which are dedicated to long-term peace-building and peace-development efforts. The aim and objective is to establish peaceful relations in our multi-religious society at the grassroots level with procedures to avoid further conflicts. It is imperative that we undertake conciliation, arbitration and conflict transformation and resolution efforts. This may involve restorative justice and healing, as well as recovery and post-traumatic aid. Allah says in the Holy Al-Quran, *Surah Al- Maidah* verse 8:

"Do not allow your hatred for other men lead you into sin deviating from justice. Deal justly (with all people), for justice is closest to God-consciousness. Remain conscious of Allah, for truly Allah is Ever-Aware of all that you do."



By adopting the *wasatiyyah* or the approach of moderation, I believe that we can help to renew the spirit and vigour of Islamic communities, producing a Muslim *ummah* that is at home in the modern world, yet firmly rooted in the worldview and practice of Islam. Only then can Islamic communities begin to reclaim their legacy as active players in ASEAN and the global arena.

At this point, it must be noted that these three imperatives must be undertaken within a cohesive framework of Islam, which promotes a proper appreciation of Islam as a force for progress and development.

By adopting the *wasatiyyah* or the approach of moderation, I believe that we can help to renew the spirit and vigour of Islamic communities, producing a Muslim *ummah* that is at home in the modern world, yet firmly rooted in the worldview and practice of Islam. Only then can Islamic communities begin to reclaim their legacy as active players in ASEAN and the global arena.

Clearly, the challenge for ASEAN Muslims is tremendous. However, playing the role of a regional player is not something completely new to Muslims. We have played that very role, centuries ago, when Pasai, Malacca, Ampel and Acheh functioned as the great conveyor belts of knowledge, which saved and transmitted universal wisdom and sciences to this part of the world.

I believe we have it within ourselves to play an active role in a more dynamic ASEAN once more, *insha' Allah*.



## WOMEN AND SUSTAINABILITY

OPENING CEREMONY OF THE GLOBAL SUMMIT WOMEN 2013 SHANGRI-LA HOTEL, KUALA LUMPUR JUNE 06, 2013 When I first took office four years ago, women made up 18 percent of the top posts in the civil service. Today, they comprise 33 percent. In the public sector, more and more women now occupy senior positions, leading decision-making at the highest levels, particularly in the public sector – seven women Secretaries General, Governor of the Central Bank, Director **General of the Economic Planning Unit and the Accountant General** are women.

The theme for this year's Summit, "Women - Creating New Economies", invites us to explore the contribution women make to the story of nations. Let me tell you our story. Here in Malaysia, our economy is buzzing along; but the global picture is rather less encouraging. As policymakers seek recovery and rebuilding, it is also an opportunity to seek new growth models.

If we wish to build economies that are both sustainable and successful, it is clear that women should play a lead role. Better representation not only provides for better decision making; it also opens up vast reserves of talent that are too often left untapped. Advancing economic opportunities for women and girls is not just the right thing to do; it is the smart thing to do.





THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

#### **RIGHT TO VOTE**

I believe that a country's success and stature should be gauged by the status it accords its women. In Malaysia, women had the right to vote since independence in 1957 and women have had equal pay since 1969. We have begun to move from "protection and representation" to "recognition and empowerment".

These victories belong to the men and women of Malaysia who have argued for greater equality; who have shown through their achievements that success is not just individually deserved, but in fact it brings benefits to all.

When I first took office four years ago, women made up 18 percent of the top posts in the civil service. Today, they comprise 33 percent. In the public sector, more and more women now occupy senior positions, leading decision-making at the highest levels, particularly in the public sector – seven women Secretaries General, Governor of the Central Bank, Director General of the Economic Planning Unit and the Accountant General – are women.

This improvement is the result of targeted policies. Under the Economic Transformation Programme, we have focused on specific economic empowerment initiatives: training to prepare women for board roles; support for female entrepreneurs; and initiatives with single mothers and rural women.

Two things I have learnt in life – if you want to lend money, lend to women. In Malaysia women outperform men in repayment. Secondly, if you have to choose a customs officer, choose a man.

Some initiatives help entrepreneurs to use technology to start and grow their businesses; others focus on skills, financial management and exporter development, to get more women involved in international trade.

We have made good progress. But our journey is far from complete. The United Nations Development Programme's most recent Gender Inequality Index ranked Malaysia 42nd out of 148 countries. Last year's World Bank's Economic Monitor noted that only 47 percent of Malaysian women participate in the workforce.

#### **BRAIN DRAIN**

Too often, our women leave the workforce early to care of their children; for their young family, for aged parents or family members. The World Bank estimates that anything between 500,000 to 2.3 million Malaysian women make the choice to leave the world of work. But it is not always the choice they want to make.

For too many women, a work environment that is not family-friendly is simply not sustainable. So we are wasting talent, experience and potential. It is one of the most serious "brain drains" that we must address.

Again, progress has been made; we have policies that require organisations to set up crèches, for example. But again, the story is not yet complete.

While workplace childcare facilities are good, they may not meet the needs of all women; nor do all women have the means to take their children to the workplace. In such cases we need to find other solutions, including community childcare.

We should all recognise care work is not the domain of women alone. It is for men to step up and share this responsibility when they can, so that women are afforded the same opportunities to prioritise their career.

We also have to give serious thought to flexible work arrangements and reentry programmes. These are not novel ideas: international companies like Shell have successful flexible work arrangements in place. Closer to home, DiGi Malaysia has implemented a similar scheme, with much success.

These initiatives, however, are too few and far between. I would like to see more concerted efforts to create work environments that retain and re-attract talent.

#### **REENTRY TO WORK**

Over the next three years, we aim to increase the female labour participation rate to 55 percent. But we can only hit this target if both the public and private sectors commit to keeping talented people that are leaving the system too early.

For the public sector, that might require a review of rules and regulations that were written when the work environment was different; when we did not have access to technology for telecommuting and video-conferencing.

So my challenge to the Malaysian Public Service is this: let us work together to look at changes that can help talented women reenter the service. There is no time like the present.

There are changes that the private sector must make, too. All organisations should have policies to make the workplace friendlier and bring women back into the workforce.

To encourage the private sector to take up this challenge – and to prove that we are serious about increasing women's participation in the workforce - we have introduced a double tax deduction incentive for companies who retrain and employ women after a career break.

#### **EMPOWERMENT**

I have challenged the corporate sector to ensure women make up at least 30 percent of senior decision-making positions and corporate boards, including in Government-Linked Companies and various Commissions, by 2016. The National Institute for the Empowerment of Women under its Women Directors Training Programme has trained more than 300 women who are ready to take up positions on corporate boards.

The importance of making our boardrooms more representative of society is a familiar theme amongst the global business community. Not only because it is the mark of a more developed society, but also because – and this should hardly come as a surprise – it is good for business.

Around the world, a consensus is emerging: gender diversity has significant effects on board inputs. Women appear to have a significant impact on board governance. There is widespread acknowledgement that the more uniform a corporate board is, the less likely they will be to challenge the status quo. Over the past few years, we have seen how destructive this 'group think' can be in the financial sector.

I hope that all sectors of the economy will respond to the challenge of ensuring greater economic participation. But tokenism should not be mistaken for inclusion. Let us be clear: more equitable employment practices are not about filling quotas, but acknowledging the talent and potential that is already present in our societies. Women can and will create new economies. But they will do so faster if we commit to policies that are far-sighted enough to recognise their potential, flexible enough to ensure their participation and fair enough to allow them to pick up their careers should caring or childbirth interrupt them.

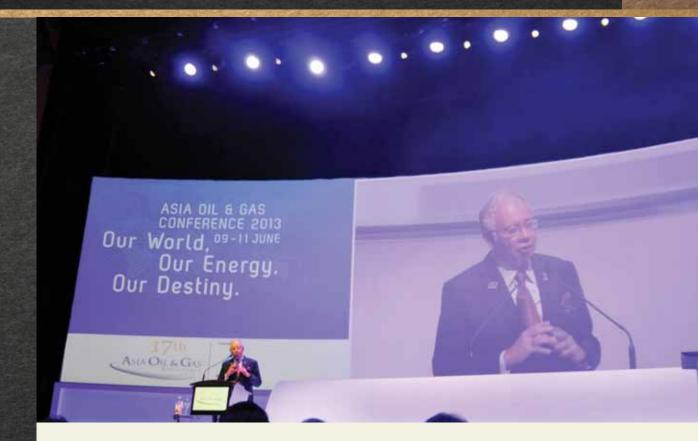


## A SAFE, SECURE AND SUSTAINABLE ENERGY FOR THE FUTURE

ASIA OIL AND GAS CONFERENCE 2013
KUALA LUMPUR CONVENTION CENTRE (KLCC)

JUNE 10, 2013

Nonetheless, Asia remains the brightest prospect in the world economy, with internal demand predicted to drive strong growth. Positive financial and labour market conditions lay the ground for increased consumption and private investment.



Our civilisation is built on energy; it drives human progress and fuels the world economy. The future of energy is one of the greatest questions facing global policymakers. Whether in the developed world or emerging economies, we must find energy sources to meet demand and fuel development; and they must be safe, secure and sustainable. For the Asia-Pacific region, our size and our influence mean these issues assume global significance.

With major shifts underway in the oil and gas industry, the global energy question has rarely been more pressing. We must find a way to bring economic, social and environmental considerations together and answer them as one: a comprehensive energy settlement, which unlocks development and profit whilst at the same time ensuring sustainable long-term growth.

The US economy is slowly pacing towards growth, driven by a rise in private consumption. In the near term, consumer spending and the Obama administration's monetary policy are keeping things afloat. The shale revolution looks set to spark a revival in the US manufacturing sectors, which in turn is expected to lead to further job creation and other economic benefits. But the lagging effect of the sequester and the Federal Reserve's intent to taper off bond buying when they feel the US recovery is sustained, offer little medium-term comfort.



The prospects for long-term growth are far from clear. Against the backdrop of continued uncertainty, the global macroeconomic outlook remains gloomy. Feeble growth is hampered by delayed recovery in the Eurozone, as austerity measures have yet to trigger a turnaround. Unemployment, debt and recession continue to hamper growth in this key economy. Conflict in Syria and Iraq casts a shadow over the Middle East and North Africa's new democracies face a hard struggle to build institutional resilience.

The US economy is slowly pacing towards growth, driven by a rise in private consumption. In the near term, consumer spending and the Obama administration's monetary policy are keeping things afloat. The shale revolution looks set to spark a revival in the US manufacturing sectors, which in turn is expected to lead to further job creation and other economic benefits. But the lagging effect of the sequester and the Federal Reserve's intent to taper off bond buying when they feel the US recovery is sustained, offer little medium-term comfort.



Meanwhile, China's growth momentum is fading, amidst weak external demand in its key export markets. Of course, being China, these things are relative: it is still set to be the world's largest economy within the next three years. But for much of the world and for our region in particular, China's prospects affect confidence in our own.

Nonetheless, Asia remains the brightest prospect in the world economy, with internal demand predicted to drive strong growth. Positive financial and labour market conditions lay the ground for increased consumption and private investment. A similar story is unfolding south of the Sahara, where growth rates average around 5 percent. Africa's 'lion' economies are attracting international investor attention.

These regional disparities have led analysts to the conclusion that we are experiencing a multi-speed global economic recovery. But the change is deeper than that. Faced with shifts in population, productivity and growth, old geopolitical assumptions are being washed away.

Malaysia's economy remains resilient, growing at 5.6 percent last year. This growth stems from a robust investment pipeline and a healthy expansion in domestic consumption. Last year, the Government recorded its highest revenue in history. Unemployment and inflation are low; interest rates are stable; investment is up.



#### **GLOBAL ECONOMY**

For a global economy that is dependent on secure energy flows, the result has been a new global energy landscape. Long-held industry expectations for the future - of consumption, production and energy intensity - may no longer be valid; growing evidence of climate change and falling prices for clean energy, further tilt the picture. As a multipolar, interdependent world unfolds before us, so we must reconsider our approach to energy security, climate change and economic development.

Malaysia's economy remains resilient, growing at 5.6 percent last year. This growth stems from a robust investment pipeline and a healthy expansion in domestic consumption. Last year, the Government recorded its highest revenue in history. Unemployment and inflation are low; interest rates are stable; investment is up.

These healthy fundamentals are reinforced by international surveys: according to the World Bank's recently-released Doing Business Report, Malaysia is now the 12th best place in the world to do business; the Institute for Management Development recognises us as the 15th most competitive economy in the world; and we are one of the world's most global trade enabled economies.

These results reflect investor confidence in the government's economic stewardship. The Economic Transformation Programme, which aims to transform Malaysia to developed status by 2020, is fully on track. Based on current projections and barring unforeseen circumstances, we are set to achieve our development target ahead of schedule.

Malaysia too faces near, medium and long-term challenges. Further liberalisation of the economy will be critical both for sustaining investor interest and for building home-grown companies that can compete on the world stage. We must do more to increase the participation of women in the workplace, to rationalise subsidies and recognise high performance in our society. As we shift our economy towards services, we must also work to ensure a more equitable share in the nation's prosperity for all our citizens.

The past few years have seen PETRONAS branching out; making forays into shale gas in Canada, coal bed methane in Australia, and intensive Enhanced Oil Recovery efforts. The developments of Gas and Power and other downstream projects, are establishing Malaysia as a regional leader in energy development. The Refinery and Petrochemical Integrated Development project in Johor, our first regasification terminal in Melaka and the world's first floating Liquid Natural Gas project shows that Malaysia's ambition to become an energy hub rest on solid foundations.

#### **ENERGY SECTOR**

It is here that the energy sector plays a pivotal role. The oil and gas industry contributes more than 40 percent of our national income. As we look to escape the 'middle income trap', the establishment of Malaysia as an energy hub for the region is a key strategic objective.

PETRONAS will generate RM131.4 billion in Gross National Income and over 50,000 new highly skilled jobs, as it looks to galvanise Malaysia's upstream sector, expand domestic downstream production and venture into clean energy.

Each of these ambitions must bear fruit if Malaysia's energy industry is to remain strong and sustainable. Already, there are positive indications: we have halted a decline in our domestic production, with 24 new discoveries in 2012 alone. Our proven reserve has been increased. This success belongs to the company, but the dividends will be shared with all Malaysians.

The past few years have seen PETRONAS branching out; making forays into shale gas in Canada, coal bed methane in Australia and intensive Enhanced Oil Recovery efforts. The developments of Gas and Power and other downstream projects, are establishing Malaysia as a regional leader in energy development. The Refinery and Petrochemical Integrated Development project in Johor, our first regasification terminal in Melaka and the world's first floating Liquid Natural Gas project shows that Malaysia's ambition to become an energy hub rest on solid foundations.

It is thanks to PETRONAS's stewardship of our natural reserves and human resources that Malaysia's economic potential is being fulfilled. It is together with PETRONAS and the rest of our energy industry, that we must find a path toward sustainable, secure and equitable development; that comprehensive energy settlement. That means understanding the changes that are shaping both policy and business decisions and how the energy industry and governments should respond to them.

The most radical change concerns the extraction of previously uneconomic reserves. Unconventional oil and gas have disrupted energy markets and energy policy, shifting cost, supply and carbon assumptions. They have completely reshaped America's outlook, heralding a new age of energy independence and a fundamental revision of its geopolitics.

However, the current shale revolution depends on high prices and it remains for now – a North American phenomenon. In the rest of the world, it appears to be a medium to long-term proposition. The immediate question is what the US transition from importer to producer means for energy markets and for its foreign policy.





THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

#### **CLEAN ENERGY**

The second change is the growth in clean energy, which is clearly on a downward cost curve. Innovation and falling manufacturing costs, together with signs that major economies are prepared to consider carbon caps, provide further signals to investors. This shift is not just about renewables, as the International Energy Agency's 'golden age of gas' report indicated: the closing of coal plants in the developing world offers a new dawn of potential for the cleanest fossil fuel, especially if carbon storage takes off. An age of more distributed resources, with grids geared around intermittent supplies, has profound implications for global energy markets.

The stage is set for a new relationship between energy and the economy. At some stage in the next two decades, it seems likely that the world's biggest energy consumer will become an exporter; and clean energy technologies will change the power market. The question then is what this shift means for countries like Malaysia and how the government and the energy industry can work together to ensure results in greater growth, development and stability.

There are two main areas of opportunity: to ensure stability and develop a knowledge-based economy.

In the six decades since independence, we have advanced from an agricultural economy to a modern, industrialised middleincome nation. Underpinning Malaysia's economic growth is a stable and a predictable political environment, which attracts investment and a responsive and efficient bureaucracy, which creates a conducive business environment. Stable governance has been essential for sustainable growth.

#### **STABILITY**

In the six decades since independence, we have advanced from an agricultural economy to a modern, industrialised middle-income nation. Underpinning Malaysia's economic growth is a stable and a predictable political environment, which attracts investment and a responsive and efficient bureaucracy, which creates a conducive business environment. Stable governance has been essential for sustainable growth.

So too has the responsible extraction of energy reserves. Too many countries have fallen prey to the 'resource curse': allowing substantial natural resources to skew economic development, exposing the country to stagnation and risk.

Whether in established producer states or at the new frontiers of unconventional energy, governments and the industry should work together to ensure strong governance and accountability is a precondition for doing energy business; and that regulation is neither so strict as to choke off innovation, nor so lax as to invite excess. We all share an interest in secure and productive economies and extractive industries. The first opportunity then, is to form partnership for stable economic and energy industry growth.

Here in Malaysia, the oil and gas sector has so far done an excellent job of working with the Government to create a culture of excellence; investing in skills and encouraging innovation. Now it is for the industry as a whole to play a greater role in developing human capital through partnerships and collaborations with Government: setting up institutions on niche technologies such as specialty chemicals and unconventionals and working with learning institutions to develop talent.

#### **KNOWLEDGE-BASED ECONOMY**

The second opportunity lies in the creation of a knowledge-based economy, with a skilled and experienced workforce that serves both the industry and the nation. Creating an ecosystem which encourages technology and human capital development is critical to opening up new energy supplies: after all, that is what drove the shale revolution. But it is also an essential precondition for economic competitiveness. As the world economy becomes both more open and more closely connected, people and companies must have the skills and experience to compete with the best.

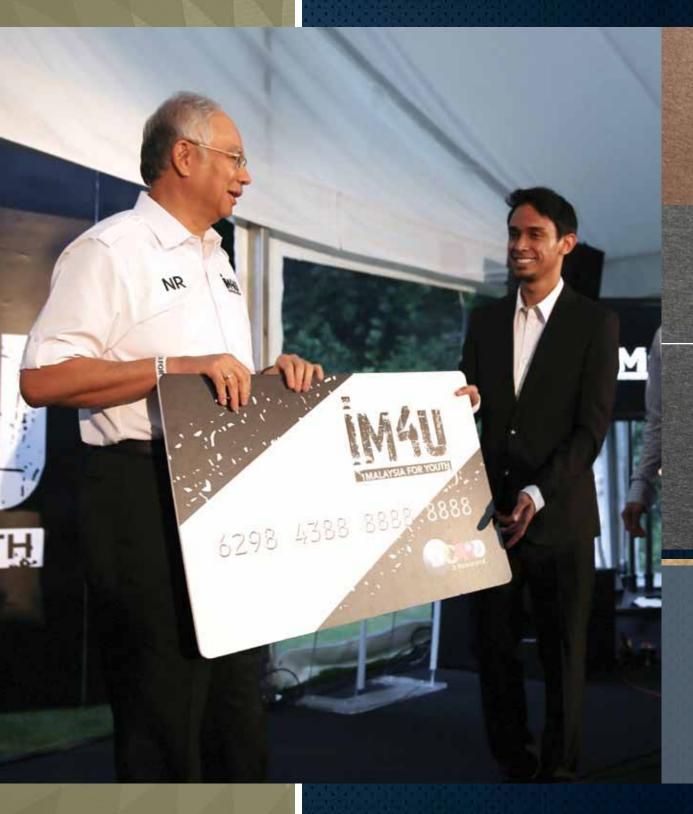
Here in Malaysia, the oil and gas sector has so far done an excellent job of working with the Government to create a culture of excellence; investing in skills and encouraging innovation. Now it is for the industry as a whole to play a greater role in developing human capital through partnerships and collaborations with Government: setting up institutions on niche technologies such as specialty chemicals and unconventionals and working with learning institutions to develop talent.

This investment will not benefit just one sector; it will ripple out throughout the wider economy. Investment in innovation and research capability, for example often produces positive aftershocks. It is possible to draw a direct line from the space age to the digital age. The computing power needed for the Apollo mission required investment in innovation, research and skills; those in turn made the personal computer a realistic proposition; and that made the digital economy possible.

The oil and gas industry has always been associated with science and technology, innovation and engineering. Its success in producing more, cheaper and cleaner sources of energy has delivered both economic and educational dividends. So I look to this industry to play a pivotal role in the quest for knowledge-based, sustainable growth.

By working together to ensure responsible development of resources in a sustainable economic framework and by collaborating to develop our human capital, government and the energy industry can continue the best aspects of our tradition of mutual prosperity. In so doing, I also believe we can prepare ourselves for the changes that are coming to the world economy and the energy landscape: laying the foundations for sustainable growth and creating opportunities for our companies, our people and our nations.





### MALAYSIAN YOUTH AND THE SPIRIT OF VOLUNTEERISM

IM4U UKEC OUTREACH CENTRE UK LAUNCH RUMAH MALAYSIA, LONDON JULY 02, 2013 THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

It makes me proud to see Malaysian students overseas interested in setting up an **Outreach Centre in the spirit of** volunteerism. This fits perfectly well in the Year of Volunteerism 2013. To date, we already have 100 Outreach Centres activated in Malaysia. iM4U is ecstatic to extend its reach to another 15,000 Malaysian students in the UK, on top of the 100,000 members currently.

When iM4U was created, I dreamt that the organisation would be big. I dreamt that iM4U would go global. I dreamt that one day the youth of this country and others will join hands in the name of service above self to help not just one another, but also the community at large; that one day, flamed by youthful idealism, the people of this country and those overseas would stand united in working towards an ideal bigger than themselves, to embody in them the spirit of volunteerism!

Today, irrespective of your creed, religion or the colour of your skin, we come together to celebrate the spirit of volunteerism, to heed the calling of selfless service at this joyous occasion for the launch of the iM4U Outreach Centre in the United Kingdom.

It makes me proud to see Malaysian students overseas interested in setting up an Outreach Centre in the spirit of volunteerism. This fits perfectly well in the Year of Volunteerism 2013. To date, we already have 100 Outreach Centres activated in Malaysia. iM4U is ecstatic to extend its reach to another 15,000 Malaysian students in the UK, on top of the 100,000 members currently.

#### iM4U – UKEC

iM4U's collaboration with United Kingdom and Eire (Ireland) Council for Malaysian Students (UKEC) will increase positive interaction between Malaysian students in the UK and those studying locally through participation in volunteer projects. UKEC has been organising summer holiday programmes in Malaysia for its members through its UKEC care unit and build synergy between the two organisations to push the spirit of volunteerism further.

To help kick start the collaboration between UKEC and iM4U, I am delighted to present UKEC with a grant of GBP10,000 from iM4U's DRe1M Fund that will be used for the first 10 outreach initiatives. Students studying in the UK may apply for the fund via the Malaysian Students Society in their respective universities or directly through the UKEC.

#### **UK - FIRST INTERNATIONAL OUTREACH CENTRE**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



I am so proud of our students in the UK, for facilitating the first international Outreach Centre. According to the management of iM4U, the setup of this international centre is a result of numerous requests from the youth and the UKEC. This shows that our youth studying abroad are on the right

path in promoting the spirit of volunteerism and community development. The iM4U expansion will not end in the UK, in fact plans are underway to open more Outreach Centres internationally in countries like Egypt, Indonesia, Australia and USA.

The sky is the limit for iM4U. I believe the management of iM4U back in Malaysia have plans to push the spirit of volunteerism even further with the most engaging and dynamic activities. I am looking forward to what they have in plan for the month of Ramadhan. It is an ideal month to give back to the less fortunate.



Lest we forget the fact that the youth is the hope that fuels the nation, I have utmost faith that my dream in taking iM4U global will come true. In the words of former South African President Nelson Mandela, "a good head...and a good heart are always a formidable combination".

#### **IM4U MOBILE APP**

Striding on the technology front, I am pleased to announce that the iM4U Mobile app will be launched on 21st July 2013. It is currently undergoing testing and the app will be available on both iTunes and Google Play. The app is the first step in building the volunteer eco-system on a community-based platform where volunteers can customise their initiatives and network with other like-minded individuals. By downloading the app, iM4U will also reward volunteers based on the number of volunteer activities that they participate in. Rewards can range from concert tickets to new smart phones.

Lest we forget the fact that our youth is the hope that fuels the nation, I have utmost faith that my dream in taking iM4U global will come true. In the words of former South African President Nelson Mandela, "a good head...and a good heart are always a formidable combination".

I believe that the youth of this country are not only smart but more so in possession of a fiery spirit to serve their fellow countrymen above and beyond the call of duty! Thus I call for everyone here and out there to join me in working for a better future not just for ourselves but for future generations!



### FIRST MEETING OF MUSLIM MINDS IN THE WESTERN WORLD

9TH WORLD ISLAMIC ECONOMIC FORUM
CITY HALL, THE QUEEN'S WALK, LONDON
JULY 03, 2013

In less than fifty years, Islamic banking has gone from an obscurity to a trillion-dollar concern, with a full range of Islamic financial products and services. Halal, which most people associate with food, covers everything from pharmaceuticals and logistics to cosmetics and tourism; a 2.3 trillion dollar market providing for more than 1.6 billion Muslims.



Rome may be eternal; Paris the city of light. But London shines brighter than both. It is at once breathtakingly ancient, and irresistibly modern; the birthplace of global finance and home to the mother of parliaments.

It is also home to thousands of Malaysians, who come here in search of knowledge and opportunity; drawn to the peculiar mix of history, culture and creativity that gives this city life. London has nurtured the minds of countless Malaysians, young and old; bringing richness and depth not just to their lives, but also to your society. That is why I am so pleased that London is hosting the 9th World Islamic Economic Forum in October. It is a chance for Malaysia, by way of return, to bring a new perspective to London.



#### LONDON – FIRST NON-MUSLIM HOST CITY

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

For the past eight years, the Forum has met in Asia. But this year it will meet in the West. London will hold the first World Islamic Economic Forum in a non-Muslim country. It is recognition not only of London as a place of ideas and discourse; but also as a bastion of tolerance and inclusivity amidst an often divided world.

This reputation stretches back centuries. Throughout its history, London's commercial ambition has shaped its world view. This city's traditions of intellectual vigour and financial innovation have conspired to attract the world's best and brightest – and to ensure London looks forever outwards, seeking new talent, new opportunities and new markets.

Today, one such frontier is not geographical, but spiritual. The rise of the Islamic economy is one of the more important stories of the past few decades.

In less than fifty years, Islamic banking has gone from an obscurity to a trilliondollar concern, with a full range of Islamic financial products and services. Halal, which most people associate with food, covers everything from pharmaceuticals and logistics to cosmetics and tourism; a 2.3 trillion dollar market providing for more than 1.6 billion Muslims.

The opportunities for London, an open city with unparalleled financial expertise and a diverse population, are clear. That is one of the reasons why, in just a few months, the World Islamic Economic Forum will bring business and Government leaders from both the Muslim and non-Muslim world here to talk.

We will talk about the role of women in business and about how to help our cities meet the challenge of growth, about the potential for collaboration on technology and education, about the role Governments have in promoting economic growth, and about the importance of moderation and tolerance within Islam, as well as in the wider world.

I hope to see many of you there. But for now, let me pay tribute to Tun Musa Hitam and his team for their work over the previous eight years and for their inspirational proposal to bring the Forum to London. I would also like to thank Mayor Boris and the Government of the United Kingdom for their work with the forum's secretariat and for their warm welcome today.

I look forward to returning in October for the Forum itself. By working together on projects that benefit both the Muslim and non-Muslim worlds, I believe we can find the best in each other; and find common ground between our cultures.

I can think of no better place to do so than London, the City that straddles the world's time zones, the City that hosted such an inclusive and celebratory Olympics and the City that, for those of us who know it, symbolises the best of the West.



# ADVOCATING PEACE IN TIMES OF GLOBAL CONFLICT

MAHATHIR AWARD FOR GLOBAL PEACE CEREMONY AND LUNCHEON PUTRAJAYA INTERNATIONAL CONVENTION CENTRE (PICC)

AUGUST 27, 2013

The progress we have fought for over centuries and the achievements of our remarkable species count for nothing if we cannot live in peace as people of one world. All nations share a common responsibility to break with the past and create a better future; to secure a just and lasting peace. Here the international community faces perhaps its greatest challenge: peace not just during our time, but peace for all times.

It is a privilege to be here today to present the Tun Dr Mahathir Global Peace Award. On behalf of all Malaysians, I offer my warmest welcome to President Zuma. I thank you for your friendship and for your commitment to strengthening the bond between our two nations. It is a relationship that only grows stronger with time.

Over the course of history, humans have ascended great heights. We have created language, cured disease, set foot on the moon. These achievements illustrate the best of our nature: the ability to work together in pursuit of common aims. But there is another side to human endeavour.

#### **HUMAN CONFLICT**

Despite the coming of civilization, we have yet to turn our backs on the most primitive pastime of all. Despite millennia of progress, our most powerful tools are used not just to advance our ambitions, but also to destroy them.

Throughout our history, humans have embarked upon war. In the name of plunder, conquest or religion, we have chosen violent ends over peaceful aims. Motivated by anger, fear and greed, we have killed and maimed at ever greater scale.

Today, conflict burns in each region of the earth. Whether border skirmish or civil war, sectarian violence or military occupation, conflict continues to take a heavy toll on people and nations: often on those who can afford it least.

The progress we have fought for over centuries and the achievements of our remarkable species count for nothing if we cannot live in peace as people of one world. All nations share a common responsibility to break with the past and create a better future; to secure a just and lasting peace. Here the international community faces perhaps its greatest challenge: peace not just during our time, but peace for all times.

It is rare that a national leader rises to become a global icon; rarer still that they do so by compassion, not conquest. Only a handful earns such recognition that they are known not just to their own people, but to the world; known not only by their titles, but by a single name.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

We count ourselves lucky to find one in a generation; in the twentieth century, there were three. Mahatma Gandhi. Martin Luther King. The recipient of today's award, Nelson Mandela.

It is a challenge that must be met collectively. It is imperative that we achieve a peace premised upon a covenant of the willing, not one enforced by hegemony or secured through coercion. Peace can only be achieved if we are willing to constructively engage each other, to substitute dialogue in place of conflict.

It is this spirit that inspired Malaysia's former Prime Minister, Tun Dr Mahathir bin Mohamad, who stands solidly against war. Speaking at conferences across the world, Tun Dr Mahathir works tirelessly to deliver a simple message: that war should not be the preferred path to peace.

Today's award is yet another demonstration of his personal commitment to this cause. It therefore gives me great pleasure to present the Mahathir Award for Global Peace and to congratulate its inaugural recipient.

It is rare that a national leader rises to become a global icon; rarer still that they do so by compassion, not conquest. Only a handful earns such recognition that they are known not just to their own people, but to the world; known not only by their titles, but by a single name.

We count ourselves lucky to find one in a generation; in the twentieth century, there were three. Mahatma Gandhi. Martin Luther King. The recipient of today's award, Nelson Mandela.

For millions of people, the name stirs deeply held memories: the lawyer in London, telling the world of an ideal for which he is prepared to die; the prisoner on Robben Island, holding seminars with his fellow inmates; the free man, walking from his cell to lead his nation to democracy; and the President who turned his back on retribution in favour of reconciliation.

It is this Mandela – the leader who brought a nation together when others would tear it apart – that we recognise today. Faced with a choice between settling scores and healing wounds, President Mandela demonstrated that peace begins at home. That the practice of peace begins with a personal commitment: to forgiveness and to compassion.

In one bold stroke, he rallied the country to think of the opportunities that avail themselves when a country is united. His words and his actions, particularly when tensions were at their highest, were chosen with a wisdom born of experience and the generosity of spirit that equalled the occasion. At a time when dark flames of revenge flickered in the background, President Mandela showed that his commitment to his country burned brightest of all.

In so doing, he gave hope to the world: hope that national reconciliation — a long and arduous journey, one that may not ever be fully complete — is nonetheless worth every single step.



#### SUPPORT FOR DEMOCRACY IN SOUTH AFRICA

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

These achievements were celebrated with a particular passion here in Malaysia. For generations, our people have felt an affinity with South Africa.

Our nation also spent much of the twentieth century in search of democracy; struggling for majority rule, working to build the institutions on which independence and prosperity rely. We felt a connection with the fight to remove racism and instate democracy, for Malaysia too was trying to create a fairer and freer country.

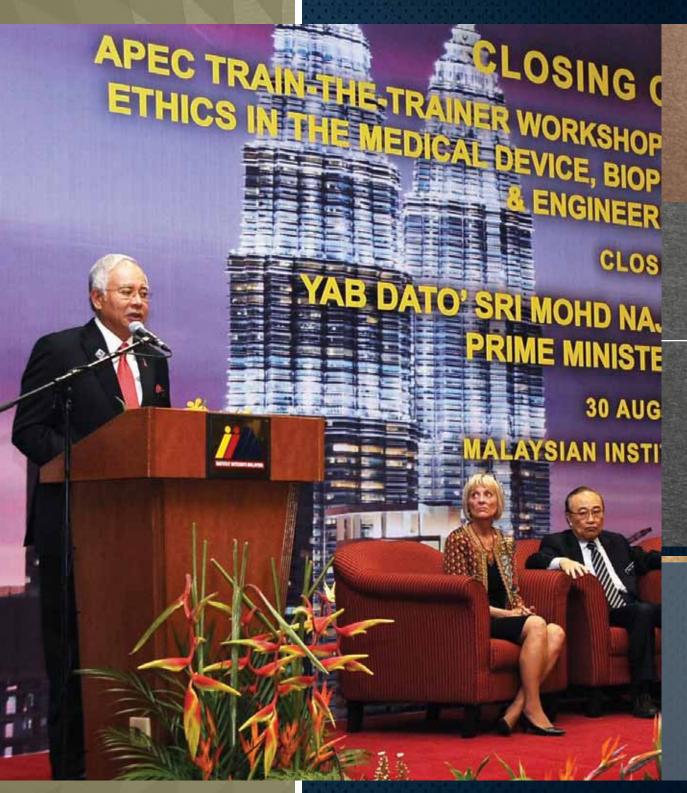
Our nation's first Prime Minister, Tunku Abdul Rahman, was also the first Malaysian premier to register his opposition to Apartheid. Our Ministry of Foreign Affairs rallied the Commonwealth to reject Apartheid. Three months after Malaysia's independence, we voted to support United Nations resolutions against it and our stance did not waver until the injustice was ended. Malaysia played a key role in bringing about South Africa's exit from the Commonwealth, initiated early trade sanctions and sat on the special UN committee on apartheid.





But it was our longest serving leader, Tun Dr Mahathir, who did the most to further this tradition. Dr Mahathir worked with the Commonwealth, the Non-Aligned Movement, the Zambian administration and the African National Congress (ANC) itself. In 1990, on the eve of negotiations for democracy, he welcomed Nelson Mandela to Malaysia.

It is this personal connection to the cause – this history of activism and support for one of the defining struggles of our generation - that makes today's award all the more poignant.



### FOCUS ON SME'S BUSINESS PRACTICE

CLOSING CEREMONY OF THE APEC TRAIN-THE-TRAINER WORKSHOP FOR VOLUNTARY CODES OF BUSINESS ETHICS MALAYSIAN INSTITUTE OF INTEGRITY, KUALA LUMPUR AUGUST 30, 2013

The programme is a significant step toward realising Asia Pacific **Economic Forum (APEC)'s** aspiration to make our SMEs more competitive. In construction, engineering, biopharmaceuticals and medical devices, our economies have codified business ethics; making it easier for SMEs to make business decisions that will lead not just to prosperity, but to sustainable prosperity; and not just for one sector, but for our economies as a whole.

The programme is a significant step toward realising Asia Pacific Economic Forum (APEC)'s aspiration to make our SMEs more competitive. In construction, engineering, biopharmaceuticals and medical devices, our economies have codified business ethics; making it easier for SMEs to make business decisions that will lead not just to prosperity, but to sustainable prosperity; and not just for one sector, but for our economies as a whole.

This is an idea whose time has come. Around the world, the quality of growth is a matter of intense interest. Seeking to predict or avoid another global financial downturn, analysts and governments around the world are searching for the right recipe and the right model for balanced and sustainable growth, with businesses and economies healthy enough to weather external conditions.

#### **BUSINESS MODEL**

Some economists are questioning the conventional business model that puts shareholder value first. By emphasising quarterly profits above all else, businesses risk underinvesting in capital and people; undermining their long-term competitiveness in search of a short-term payoff. That in turn can affect whole economies.

In many countries, public confidence in financial institutions is wavering, as ordinary people reap the unhappy harvest of bets gone bad. Some banks overreached, abusing the trust of shareholders and other market participants; and when systems failed, taxpayers were asked to pick up the bill. It is in the countries hardest hit by the recent financial crisis that led to serious questions of whether banks are properly equipped to assess risk and whether their current business model is appropriate or even morally ethical.

Together, these conversations about the nature of good growth, the real value of companies and trust in the financial system add up to something bigger. Around the world, there is an on-going discussion about the nature of the modern market economy; about how capitalism can serve people and nations and not just businesses. It is increasingly clear that a stronger focus on business ethics is part of the answer.

By encouraging a culture of responsibility and ethics, as described by clear and universal standards, we can make a valuable contribution to the debate about how market capitalism can benefit modern society. We can also make a significant improvement to the future health of our economies.

#### **INCREASED COMPETITIVENESS**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

For Malaysia, APEC's push to make small and medium-sized enterprises more competitive is particularly welcome. The vast majority of our businesses are SME micro-enterprises; they account for half of national employment and nearly a third of our GDP. Any move to strengthen their competitiveness has clear and positive implications for Malaysia's economic future.

We are not alone. Globally, it is thought that SMEs make up 90 percent of all businesses and employ 60 percent of the workforce, from precision component manufacturing in Germany to small-scale agriculture in Nigeria. As the international community looks toward the post-2015 development agenda, supporting SMEs to make better business decisions and to grow more sustainably, will not only help millions of businesses and billions of workers, but also advance the cause of global development.

With the initiative undertaken by APEC's secretariat and Business Advisory Council and the Pacific Economic Cooperation Council to bring business ethics into sharp focus, we are cutting through the existing mess of fragmented, complex, and unclear rules. For ASEAN countries, it is also a key component of our ASEAN Economic Community 2015 blueprint, helping prepare the ground for the single market by harmonising standards.

This regional co-ordination is critical, but it is only one part of the story. To build truly sustainable economies, we must also signal our commitment to ethical business practices by acting and reforming to tackle corruption at home.



#### **GOVERNANCE AND INTEGRITY**

Here in Malaysia, we have established a governance and integrity portfolio in the Cabinet; the Minister, who sits in my own department, was formerly the President of the Malaysian chapter of Transparency International. The Attorney-General Chamber of Malaysia is drafting corporate liability legal provisions to complement the existence of our anti-corruption, commercial crimes and company laws. I want to make corruption part of Malaysia's past, not its future. That means changing organisational as well as business culture.

The elevation of our anti-corruption agency to independent commission status, with its own self-regulatory mechanisms, is a case in point. Although we learned from best practice internationally, the Malaysian Anti-Corruption Commission set a higher bar. The Commission answers annually to a parliamentary special committee on corruption, an independent advisory board, a complaints committee and two other consultative panels.

As the United Nations Office on Drugs and Crime has noted, these checks and balances have helped the Commission work independently, transparently and professionally. It is our hope that it will not only continue to strengthen its own capabilities, but also that it may serve as an example for other countries looking to build the institutional capacity to combat corruption.

As the United Nations Office on Drugs and Crime has noted, these checks and balances have helped the Commission work independently, transparently and professionally. It is our hope that it will not only continue to strengthen its own capabilities, but also that it may serve as an example for other countries looking to build the institutional capacity to combat corruption.

The Commission's work spans the full range of business activity. Companies participating in government tenders have signed integrity pacts. Multinationals, publicly listed and government-linked companies have voluntarily strengthened internal controls and participated in a corporate integrity pledge exercise to showcase their commitment to anti-corruption principles. Over the past three years, the Commission has trained and certified integrity officers and is instrumental in setting up integrity units in all government agencies and government-linked companies.

Together, this represents a significant intervention in the business environment. But the return on this investment will be equally significant. For governance and commerce alike, the most vital currency is trust. If we deliver what we promise people in this instance, a concerted fight against corruption and deliver consistently over time, that currency will appreciate. The reward is not just a more open and transparent business environment with more vibrant markets and greater opportunity, but also a renewed faith in the ability of governments to change things for the better.

It is here that the practical importance of the various APEC business ethics codes is clear. By setting standards which govern the trade of essential items like buildings, medicine and medical devices, they can make a real difference to people's lives. However, for the codes to be respected and trusted, our SMEs must be properly guided and trained. Now begins the hard work of follow-up and follow-through, the long process of embedding new principles and changing the operating culture of many thousands of businesses. Now it is up to you to effect change.

You must help entrepreneurs and business people to uphold the principles of business ethics as set out in Hanoi, Mexico City and Kuala Lumpur. You must remind them to live by the codes in all their business dealings; to help them compete in a more closely connected and comprehensively regulated global marketplace. In so doing, you can contribute to the health not just of individual businesses, but of entire economies too.





### PRIVATE ENTERPRISE BOOSTING ECONOMY

THE EDGE BILLION RINGGIT CLUB GALA DINNER AND CORPORATE AWARDS 2013 HILTON HOTEL, KUALA LUMPUR

**SEPTEMBER 02, 2013** 

These structural shifts have been accompanied by significant benefits: per capita GDP has increased rapidly and we are on track to reach developed nation status. But there are limits to how long the Government can continue to be being the main engine of growth; and how far public consumption should be pushed given the current levels of household debts.



The recipients of tonight's awards are well-deserving. They have been assessed using transparent financial criteria, including profits, Returns on Investment and Returns on Equity. They have earned their place as winners of The Edge Billion Ringgit Club for 2013.

However, this event is about much more than trophies. Over the last three years, it has turned a spotlight onto some of Malaysia's most successful companies. That in turn has encouraged greater efficiency, more transparency and better governance of our public companies. The benefits will be felt far beyond these four walls.

The members of this club made their billions during Malaysia's economic modernisation; a period of great change. Over the past decades, our economy shifted from extraction to industrialisation, from export of raw commodities to manufacturing and services.

Our post-independence economic success has rested on a simple formula: a close partnership between capital and labour, with government as an enabler.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

The state set a clear direction for the economy, using a mix of central planning and market economics to drive Malaysia's development.

It also spent heavily to create the conditions in which businesses can flourish; investing in infrastructure, in people, in subsidies and incentives. Since the Asian financial crisis, the Government has been the main engine of growth.

These structural shifts have been accompanied by significant benefits: per capita GDP has increased rapidly and we are on track to reach developed nation status. But there are limits to how long the Government can continue to be being the main engine of growth; and how far public consumption should be pushed given the current levels of household debts.



In the longer term, excessive household debt can become a national problem, reducing disposable income as interest payments soak up a greater share of people's salaries. Although our underlying position is strong with good growth, record foreign reserves, a growing proportion of domestically financed debt and clear deficit reduction targets we want to ensure that our public finances remain in order.

#### **RECIPE FOR SUCCESS**

This is part of a wider conversation about Malaysia's economic future. As we head toward high-income nation status, it is time to ask ourselves not just 'where next?' – but also 'how will we get there'? As we open up our economy and prepare our businesses to compete in a more interdependent global marketplace, it is worth looking again at our recipe for success; and asking ourselves what kind of economy we want to build next.

The economic transformation programme gives us a glimpse of Malaysia's immediate future: liberalisation, divestment and competition will change the structure of our economy, reducing the role of the state and allowing the private sector to assume greatest responsibility for growth.

This recalibration will complete our economic modernisation; and it will bring significant opportunities. Businesses including many represented here today will play a lead role in the entry point projects and provide the bulk of the capital across the national key economic areas. Private investment will continue to pull ahead of public investment and policy reforms will continue to open up new opportunities. With these opportunities however, come new responsibilities.

As the global economic balance shifted away from developed countries over the past few years, policymakers became preoccupied with the quality of growth. China's attempts to focus the next phase of its development on quality and efficiency represents one strain of this anxiety; so do the ongoing conversations about the role of financial sector in Western economies, as evidence uncovers manipulation of interbank lending rates and the catalytic role of financiers in the credit crunch emerges.

Economists are also asking whether the business model that puts shareholder value above all else is truly sustainable not just for companies but for whole economies. In the US for example, the relationship between corporate profits and business investment appears to have broken down; profits are at record highs, but investment is not keeping pace. It appears that the focus on short-term results, rather than the long-term health of the company, is warping the investment landscape. One study found that privately listed companies invest almost twice as much as publicly listed companies.

#### **CORPORATE RESPONSIBILITY**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

The common thread here is corporate responsibility; of accountability not just to the immediate bottom line, but also to the society that enables transactions to take place.

One of the primary lessons from the 2008 financial crisis was that short-term business decisions can fatally undermine the health not just of companies but of whole economies. It is incumbent on policymakers to guard against them and on corporate leaders to avow them. In laying the foundations for high-income status, we must all be careful not to encourage unsustainable growth.

From the government side, we will honour our commitment to secure the public finances with fiscal reforms to secure Malaysia's position. We will further rationalise subsidies, broaden the revenue base and manage spending through the infrastructure pipeline. We will stick to both our debt ceiling and our deficit reduction target, i.e. three percent by the year 2015.

We will also work to ensure Malaysia's growth industries rest on firm foundations. We want a vibrant and dynamic financial sector; with the launching of the Tun Abdul Razak Exchange and the linking of Bursa Malaysia to the Bangkok and Singapore exchanges showcasing our ambition. But we have also set up clear regulatory structures, with Bank Negara assuming greater supervisory oversight and enhanced financial surveillance.

However, government alone cannot ensure sustainable growth. It is also up to you, Malaysia's corporate leaders, to continue to show leadership. It is the cumulative effect of your individual business, investment and ethics decisions that will set the tone for the whole economy.

#### **SUSTAINABLE GROWTH**

With that in mind, I ask that you remain committed not just to maximising your returns on investment and equity, but also to building a more sustainable economy for Malaysia; investing in people as well as projects and taking business decisions befitting our long-term ambitions, not just short-term aims.

The private sector will be the engine that drives Malaysia's future growth. As we raise our sights to look beyond developed nation status, I ask that you join us to ensure that no Malaysian is left behind. One of Malaysia's great strengths is our diversity; we should make it one of the strengths of our economy too, by giving all Malaysians a share in our future. An economy founded on growth with equity and inclusiveness will deliver better outcomes: with economic and social dividends more widely shared amongst the people and a brighter outlook for the nation as a whole.

By working together and putting sustainability first, we can ensure the next stage of Malaysia's economic development is more lucrative and more inclusive, than the last. Of course, that may mean that there is more competition for next year's awards and more members of the Billion Ringgit Club.



# ENVIRONMENTAL QUALITY FOR OPTIMUM HUMAN HEALTH

THIRD MINISTERIAL MEETING OF THE REGIONAL FORUM ON ENVIRONMENT AND HEALTH IN SOUTHEAST AND EAST ASIAN COUNTRIES HILTON HOTEL, KUALA LUMPUR

**SEPTEMBER 10, 2013** 

Around the world, the resilience of a wide range of socio-economic and environmental systems is now being tested against the demands of a rapidly growing global population and high economic activity. Malaysia is no exception: we are also actively trying to strike a balance between environmental conservation and development.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

This year's Third Ministerial Meeting of the Regional Forum on Environmental and Health in Southeast Asian and East Asian countries is particularly significant, as it marks the 21st anniversary of the Rio de Janeiro conference; a landmark summit where countries recognised the irrevocable link between environmental quality and human health.

I would like to congratulate the World Health Organization (WHO), the United Nations Environment Program (UNEP), this Meeting's Secretariat and fellow participating countries for supporting the Ministerial meeting, and for giving Malaysia the honour of hosting it.

#### COMMON ENVIRONMENTAL HEALTH CHALLENGES

In an ever more closely connected global economy, we face common environmental health challenges and share common priorities for sustainable growth. It is increasingly clear that the environment can no longer be considered as an afterthought to economic development.

In the wake of a particularly destructive financial crisis and facing growing evidence of the impacts of the growth model of the previous centuries, global policymakers seek the right recipe for inclusive and sustainable growth. Whether you are an apex economy or a least developed nation, environmental health and sustainability are now essential ingredients.

The theme for this meeting - "Health and Environment at the Centre of Development" – is both timely and appropriate. In a few weeks, I will join other world leaders in New York for the United Nations General Assembly, where the post-2015 development will be high on the agenda. As we look to secure the development of millions of people who live in poverty, we must also safeguard the global commons, i.e. climate, forests, water resources and biodiversity that sustain life and enable prosperity.



THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

Around the world, the resilience of a wide range of socio-economic and environmental systems is now being tested against the demands of a rapidly growing global population and high economic activity. Malaysia is no exception: we are also actively trying to strike a balance between environmental conservation and development.

This has not been an easy path for a developing nation; many high-income countries achieved prosperity at the expense of the environment, not in concert with it, so there are few examples to learn from. But we have tried to prioritise transparency, both in our approach to environmental management and in the monitoring of standards and practices and we have reinforced the importance of environmental health at every level of the decision-making process.

For Malaysia, the past three decades have been a period of rapid and sustained growth. Under the Economic Transformation Programme, introduced in 2010, the Government has played a key role in facilitating economic growth by liberalising markets, offering incentives for investment, removing barriers and encouraging the private sector to take the lead. As part of the programme, we have put in place policies, regulations and guidelines to promote sustainable development; our aim is a clean, safe and healthy environment for all Malaysians. We have come a long way towards attaining sustainable growth, but there is further still to go. As we prepare to join the ranks of the high-income nations being the first country to do so this century, we will be inspired by the precedent set in the last.

#### **AGENDA 21**

At the 1992 Earth Summit in Rio, countries adopted Agenda 21; a blueprint to achieve economic growth while ensuring social equity and environmental protection. It recognised a principle still being applied today: that sustainable development is the key to improved health and environment. Twenty-one years on, it is increasingly clear that issues like inequity, poverty, illness and environmental degradation are not separate phenomena, not separate issues but closely intertwined, woven links in the same chain. To break through one, we must start work on all.

That is why Malaysia has pursued integrated sustainable development strategies by bringing economic, social and environmental objectives of society together in order to maximise human well-being in the present without compromising the interest and the needs of future generations.

It is said that Nature provides a free lunch, but only if we control our appetites! (William Ruckelshaus). Governments that choose to place environment and health considerations at the heart of their development can achieve sustainable economic growth and social stability while at the same time safeguarding the environment and conserving resources for the future.

Integrating economic, health and environmental policies is easier said than done. It takes strong leadership to instil change, ensure a common vision and enhance cross-sectoral cooperation at various levels: the national, regional, global and even at the grassroots level. It also requires an understanding of how tradeoffs in the short term can be managed and reconciled with the intended long term benefits.

Nonetheless, the long-term view is critical; to avoid natural capital depletion, to avoid exacerbating climate change and provoking social insecurity. This is particularly true for developing countries, which are often more exposed and more vulnerable to environmental threats. Natural resource exploitation; pressure on food, water and energy supplies; basic infrastructure problems and deadly air and water pollution; as is so often the case, these challenges threaten those communities who are least equipped to cope with them.

Unsafe water, air pollution and inadequate vector control are already major contributors to the worldwide disease burden that affects many developing countries. According to the World Health Organisation, nearly 25 percent of all deaths and diseases globally can be attributed to environmental factors. While only 200,000 deaths in high-income countries can be attributed to urban outdoor air pollution, the situation in low- and middle-income countries is worst, the number is 1.2 million.

According to an Organisation for Economic Cooperation and Development (OECD) forecast, if we do not properly manage environmental risks, by 2050:

- an additional 1 billion people are expected to live in severely water stressed areas;
- global terrestrial biodiversity is expected to decline by an additional 10 percent;
- the number of premature deaths linked to airborne particulate matter, is projected to more than double, to 3.6 million a year;
- there will be a 50 percent increase in global greenhouse gas emissions; and
- an expected increase in global mean temperatures between 3-6°C by the end of the century.







Each of these outcomes will be accompanied by considerable distress: to people, to nations and to the planet itself. They threaten our livelihoods and our way of lives; they will put new pressures on our economic and political systems and trigger new diplomatic problems. Yet we do not have to look so far into the future to find environmental risks.

Unsafe water, air pollution and inadequate vector control are already major contributors to the worldwide disease burden that affects many developing countries. According to the World Health Organisation, nearly 25 percent of all deaths and diseases globally can be attributed to environmental factors. While only 200,000 deaths in high-income countries can be attributed to urban outdoor air pollution, the situation in low-and middle-income countries is worst, the number is 1.2 million.

But the death toll alone does not tell the whole story. In high-income countries, 308,000 Disability Adjusted Life Years where the number of years of healthy life lost to ill health were associated with unsafe water, sanitation and hygiene. In lowand middle-income countries, the figure was 64.2 million.

#### **ENVIRONMENTAL DEGRADATION**

Here in South East Asia, we have just experienced a stinging reminder of the human costs of environmental degradation: a severe episode of trans-boundary pollution, known locally as 'the haze'. This massive deterioration of air quality, caused by human hands, remains one of the most persistent and challenging environmental issues that our nations face. It seriously impacts our population's health and livelihood, threatening tourism, transportation and the environment. As always, the worst affected are the young, old and the sick.

The severity of this year's haze has triggered new levels of co-operation. Strategic actions have been taken at the regional level to prevent further adverse impacts on our health and our economies, with the ASEAN Sub-Regional Ministerial Steering Committee on Trans-boundary Haze Pollution playing a lead role. I hope that our co-operation deepens; not just on this matter, but across the spectrum of environmental risks.

Malaysia stands ready to play its part in mitigating those risks. As one of the seven countries identified by the Asian Development Bank 2050 report as an emerging star, our development will inevitably put new pressures on our rivers, our land, our air and our seas. In anticipation of these systemic burdens on the environment, we have already begun taking steps to attenuate them.





#### **ENVIRONMENTAL HEALTH**

Since 1992, Malaysia has implemented the National Policy on the Environment, working to conserve our natural heritage through enforcement, research, education and public awareness. High impact economic development projects are subjected to mandatory Environmental and Health Impact Assessments. We have developed the Malaysian Environmental Performance Index, which aims to help make sense of the ever growing body of environmental data.

The Index provides a clear structure with a set of quantitative indicators for environmental policy making, with peer-group benchmarking to identify best practice. As new scientific methods and reporting standards yield ever more detailed environmental data, such comparisons can help us ensure our policymaking is keeping pace with our development.

That ambition is critical, especially as South East Asian nations remain a byword for dynamic and expansive growth. As the connections between our nations grow stronger, it is incumbent on each of us to argue for more sustainable economic development within our borders, so that we may all enjoy the benefits of our shared resources: the water, land and air that connect us.

We can bring environmental health within our development plans by taking six steps:

- Analysing the links between environmental health and development;
- Prioritising environmental health issues within the larger development objective;
- Assessing the institutional mandates, capacity, regulations, budgets and enforcement relating to environmental health;
- Ensuring adequate financing of environmental health interventions based on the above assessments;
- Monitoring process and outcome indicators, to continuously improve policy design and implementation; and
- Managing stakeholder involvement and participation, including the role of the media and NGOs to give voice and influence to the vulnerable in our communities.

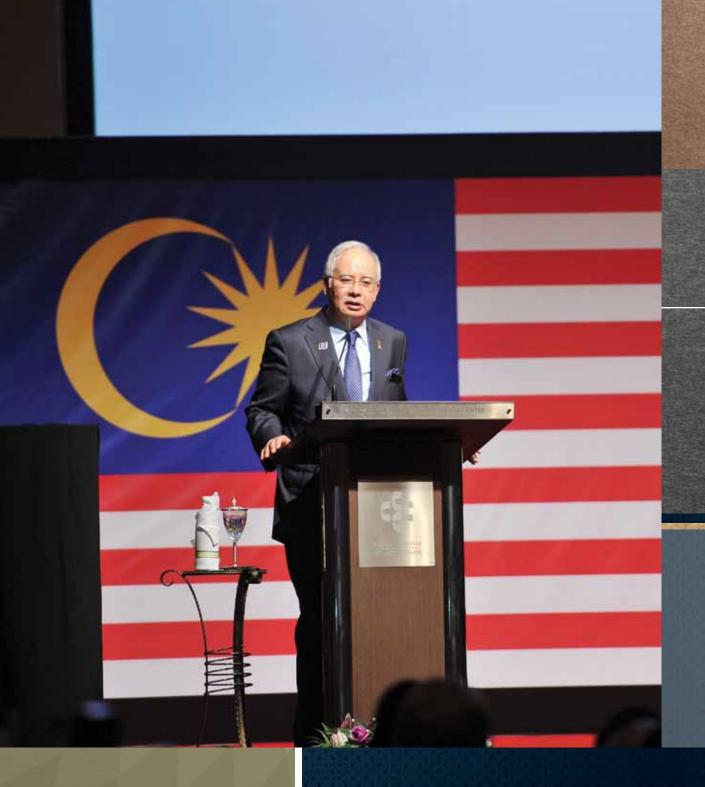
Our ecology is a value-chain: only as strong as the weakest link. Too often, that link has been us, the people.

We will not return to a simple reverence for nature; the pressures of development and population are too great for that. But we can and we need to and we must inculcate a new respect for our environment for the simple reason our people and our planet depend on it.



Sometimes, that will require a change not just in organisational cultures, but in mindset. Our local Cengal tree, like California's redwoods, may take centuries to reach its humongous size. But it can be felled in less than few hours by an unscrupulous timber contractor with a chainsaw. Until we understand instinctively that sacrificing such resources for short term monetary benefit undermines our long term aims, we cannot hope to achieve truly sustainable development. This same principle applies at regional and global policy too.

Environmental and health issues must be a priority in formulating developmental plans. We all seek to build a more sustainable future for our people and our environment; and it is my sincere hope that meetings such as this will support more comprehensive regional cooperation towards that aim. That aim is to ensure that we will make a great difference.



## **BUILDING QUALITY HEALTH CARE**

HOSPITAL ENGINEERING INTERNATIONAL CONFERENCE AND EXHIBITION 2013 KUALA LUMPUR CONVENTION CENTRE (KLCC) SEPTEMBER 12, 2013 The healthcare sector in Malaysia is rapidly changing in line with the vision of the government towards an industrialised Malaysia by the year 2020. This sector demands high quality patient care services in an environment that is continuously challenged by changes in customer requirement, emergence of new health risk, changes in medical technology and new application of information technology.



#### **EMPOWERING FACILITY MANAGEMENT**

The healthcare sector in Malaysia is rapidly changing in line with the vision of the government towards an industrialised Malaysia by the year 2020. This sector demands high quality patient care services in an environment that is continuously challenged by changes in customer requirement, emergence of new health risk, changes in medical technology and new application of information technology.

Hospital engineering is the fundamental foundation that is a pre-requisite to quality healthcare facility that in return is expected to promote and enhance quality patient care services. Thus, the theme 'Empowering Facility Management in Healthcare Engineering' is most relevant and mirrors the government's transformation strategies in improving healthcare services on a continual basis.

Among others, the empowering strategy on facility management in healthcare engineering is expected to move the healthcare sector economy up the value chain. It will also raise the capacity for knowledge, innovation and nurturing of first class mentality in healthcare engineering through the application of new technology that will support the patient care services.

Our privatisation plan has also successfully improved the quality of hospital support services in our public hospitals and in turn has set the benchmark for the private sector to emulate.



Malaysia has progressively undertaken various initiatives and programmes to improve the healthcare facility and engineering services. The development of public hospitals in Malaysia has migrated from the traditional design and built contract through to turnkey concept and most recently the public-private partnership approach. The latter is expected to provide long term private sector commitment in developing and maintaining quality healthcare facility in partnership with the government. This approach will provide optimum

life cycle management of the healthcare facility from initial planning, design, procurement, construction, equipping, installation, testing and commissioning, maintenance, replacement and de-commissioning.

On facility management of healthcare facilities, the government has embarked on a major transformation in healthcare engineering services through the privatisation of hospital support services at 122 public hospitals under the Ministry of Health in 1997.

Privatisation of hospital support services is one of the major outsourcing initiatives by the government and involved five major areas namely, facility engineering maintenance, biomedical engineering maintenance, linen and laundry services, clinical waste management services and cleansing services.

Our privatisation plan has also successfully improved the quality of hospital support services in our public hospitals and in turn has set the benchmark for the private sector to emulate.

As an example, the provision of clinical waste management services in Malaysia has been recognised by the WHO as among the best in developing countries and comparable to those in the developed nations.

Our local capabilities in hospital engineering are clearly demonstrated by the many successful planning, design, development and services undertaken for new modern healthcare facilities in the country. These include the new Teaching Hospital for the International Islamic University in Kuantan, Pahang; the National Cancer Institute in Putrajaya and the new Children Hospital at the National University in Kuala Lumpur.





### NURTURING JAPANESE BUSINESS IN MALAYSIA

JAPANESE CHAMBER OF TRADE AND INDUSTRY MALAYSIA 30TH ANNIVERSARY CELEBRATION MANDARIN ORIENTAL HOTEL, KUALA LUMPUR SEPTEMBER 12, 2013

Over the past 30 years, thousands of young Malaysians have travelled to Japan to attend university, enrol in professional training courses and begin placements with Japanese companies. To be precise, from 1982 to 2013, 13,600 Malaysian students benefitted from the programmes and currently there are more than 500 Malaysian students in Japan.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



When Tun Dr. Mahathir conceived the 'Look East' policy 30 years ago, he understood that for Malaysia's potential to be realised, we had to learn from advanced economies that had made huge gains in a relatively short period of time. What followed was a tremendous amount of exchange between Malaysia and Japan – an exchange of capital, goods and services, yes, but most importantly, an exchange of ideas and experience, knowledge, know-how and the much admired work culture of the Japanese.

Over the past 30 years, thousands of young Malaysians have travelled to Japan to attend university, enrol in professional training courses and begin placements with Japanese companies. To be precise, from 1982 to 2013, 13,600 Malaysian students benefitted from the programmes and currently there are more than 500 Malaysian students in Japan.

These same students returned home, equipped with the expertise and understanding that helped Malaysia transform from a predominantly agrarian country into a modern, industrial powerhouse.

Not only did the Look East policy help Malaysia understand the secret of Japanese success, the policy also highlighted what Malaysia can offer Japan.

Fast forward to today and Asia looks a very different place. China is now the world's second largest economy, Japan's economy is set to rebound while ASEAN countries represent some of the brightest prospects for global growth.



In particular, it drew attention to how attractive Malaysia is as an investment destination. Last year, Japanese investments in our manufacturing sector reached a staggering US\$3.2 billion, the highest level of investment since 1980.

Japanese corporations such as Panasonic, Ibiden and Toyota have recently made Malaysia their home, producing cutting edge products such as solar modules, advanced computer equipment and automobiles.

Over this entire period, the Japanese Chamber of Trade and Industry Malaysia (JACTIM) played a crucial role in facilitating, supporting, representing and nurturing Japanese businesses in Malaysia.

It was fascinating to witness the opening of the time capsule or the 'time box'. It made me reflect on how far the country has come in the past decade. But it also made me wonder how Malaysia will change over the next ten years.

When the capsule was sealed a decade ago, South East Asian nations were picking themselves up after a bruising financial crisis.

Many financial commentators were writing Asia off, while foreign institutions were prescribing painful and often unnecessary medicines.

Fast forward to today and Asia looks a very different place. China is now the world's second largest economy, Japan's economy is set to rebound while ASEAN countries represent some of the brightest prospects for global growth.

There are, of course, concerns over some Asian countries' budget deficits and recent falls in Asian currencies. Here in Malaysia, we are introducing policies such as subsidy rationalisation, to bring Malaysia's budget deficit down to sustainable levels.



High-tech, knowledge-based industries will play a crucial part in our transformation and future growth. But at the same time, we must not overlook the small and medium size businesses that are the workshops of our economy.

#### **STRONG FUNDAMENTALS**

But I believe that the Asia of today is essentially and fundamentally different from that of the late 1990s. The economic fundamentals are much stronger and our economy is definitely more resilient. We are better able to respond and adapt to potential problems before they turn into crises.

Here in Malaysia, we are confident we can maintain robust growth and high employment while also reducing the budget deficit. Malaysia's over-riding goal is to achieve developed nation status by 2020 and we look set to achieve that goal, perhaps even ahead of time. As we chart our course over the next few years, JACTIM continues to provide useful advice, expertise and suggestions. I share JACTIM's view that for Malaysia to enter into our next phase of its development, it needs to create a balanced and advanced economy.

High-tech, knowledge-based industries will play a crucial part in our transformation and future growth. But at the same time, we must not overlook the small and medium size businesses that are the workshops of our economy.

I also agree with JACTIM that we must take advantage of new and fast-growing industries. Malaysia has capitalised on the booming market in sukuk, and now has the largest sukuk market in the world. We are expanding into new areas of growth, such as the halal market, while the new Tun Razak Exchange will help transform Kuala Lumpur into a regional financial centre.



We must also continue to invest in important infrastructure projects, to ensure we lay the foundations for future growth. Perhaps most important of all, Malaysia must continue down its development path, maintaining an attractive business environment and stable economic conditions, so new business and investments keep flowing here.

I hope that Japan continues to play a vital role in our economy. I want more Japanese companies to open shop here, which means more manufacturing, new plants, back office, data centres, R&D and new high quality restaurants. I look forward to the exchange of ideas and knowledge that comes with greater co-operation, trade and investment.





### FOREMOST MALAYSIAN CONGLOMERATE GROWING FROM STRENGTH TO STRENGTH

OFFICIAL OPENING OF PARK CITY MEDICAL CENTRE AND THE UNVEILING OF RAMSAY SIME DARBY HEALTH CARE LOGO PARK CITY MEDICAL CENTRE, KUALA LUMPUR

**SEPTEMBER 17, 2013** 

Ramsay Health Care is one of the best healthcare service providers globally and the Joint Venture with Sime Darby to create Ramsay Sime Darby Health Care will further boost Malaysia's aims to be a regional healthcare provider. It provides a solid platform for expansion in the Asian healthcare sector. Ramsay Sime Darby Health Care stands tall as a homegrown entity that serves its community and country.





When I contemplate the journey that Sime Darby Group has taken up to now, the proverb, "From small beginnings, come great things," springs to mind. From its humble roots as a plantation company, Sime Darby has now grown into a multinational conglomerate. I felt this very keenly as I helped to unveil the new Battersea Power Station redevelopment in London – an iconic project in which Sime Darby is playing a central role.

Twenty-eight years ago, equipped with its successes in the plantation sector, Sime Darby challenged the status quo by venturing into a new area: healthcare. Like all great ventures, this would surely have felt like a daunting task at the time. But since then it has accumulated a great deal of experience in healthcare services, with a proven track record in meeting global standards.

Ramsay Health Care is one of the best healthcare service providers globally and the Joint Venture with Sime Darby to create Ramsay Sime Darby Health Care will further boost Malaysia's aims to be a regional healthcare provider. It provides a solid platform for expansion in the Asian healthcare sector. Ramsay Sime Darby Health Care stands tall as a homegrown entity that serves its community and country.

Now history meets the present, as we are here to witness the official opening of Park City Medical Centre and the launch of the new logo of Ramsay Sime Darby Health Care. This represents a significant step not only for Sime Darby, but also for Malaysia's healthcare industry as a whole.

Park City Medical Centre will be the first hospital to be launched under this brand. As a facility that aims to be the Centre of Excellence in Women, Children and Elderly Care, it shows how the private sector continues to support the government's vision by complementing state-provided healthcare services.

In order to stay relevant in this dynamic marketplace, local healthcare service providers need to regularly reinvent themselves and create opportunities for our doctors and nurses to work without unnecessary barriers. It is the role of these professionals to be the catalyst for improvement, whilst ensuring that the needs and quality of care of patients remain the primary consideration. Sime Darby has certainly taken a step in the right direction.

#### MALAYSIA, INDONESIA AND AUSTRALIA ALLIANCE

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

This alliance between healthcare service providers in Malaysia, Indonesia and Australia will clearly reap many tangible and intangible benefits. They range from professional peer-to-peer exchanges in areas where interests align, a greater awareness of factors impacting health in different cultures, multi-sector engagement of scientific and professional communities, sharing health information technology, strengthening accountability and addressing ethical concerns.

This partnership will enable both companies to expand their healthcare business in Asia and seize the growing opportunities that the region has to offer. For example, the collaboration allows Ramsay Sime Darby Healthcare to tap into medical tourism through cross-border referrals. According to Patients Beyond Borders, an estimated 7 million people fly abroad every year in search of quality, affordable medical care. The treatments sought range from dental work to cosmetic surgery to heart surgery. That's fuelling an industry worth as much as US\$40 billion.

#### **HEALTH TOURISM**

The importance of health tourism was identified in our National Key Economic Areas and the Malaysia Healthcare Travel Council (MHTC) was established to promote it. Collaboration in the private sector is complemented by collaboration in the public sector with organisations such as MHTC, PEMANDU (or the Performance Management and Delivery Unit) and TalentCorp working together to address the needs of Malaysia's fast growing healthcare sector.

These efforts are paying off. Over the past three years Malaysia has seen more than 20 percent growth in health tourism - generating almost RM600 million in revenue last year alone. This is a result of improved quality of healthcare, customer experience, proactive alliances and niche marketing. Patients heading to Malaysia have mainly sought cardiac, cosmetics, ophthalmology, dental and orthopaedic treatments, as well as diagnostic services.

A key driver in Malaysia's medical tourism initiative is the technological platform provided by MHTC. Via the internet, consumers from all over the world gain access to healthcare service providers, information and advertising. By accessing web-based resources medical tourists can gain in-depth knowledge about their preferred markets and destinations. Websites dedicated to medical tourism connect consumers with an array of healthcare providers and brokers.

I believe Malaysia's medical tourism industry is succeeding in part because of effective government regulation that ensures foreign patients get quality and safe care. Among countries fast becoming interested in Malaysian medical tourism industry is Japan, registering a 20 percent growth. The MHTC reports that most of Japanese nationals heading to Malaysia for treatment are participants from the Malaysia My Second Home programme, or their friends and relatives. They have seen and experienced for themselves the high quality and value for money medical services that Malaysia has to offer.

The prospect of reversing the international brain drain of medical professionals through medical tourism is very positive. Local healthcare providers should leverage all the advantages on offer: the government's support, political stability, accessible travel, innovative and pioneering forms of treatment, readily available information over the internet, as well as pristine tourist destinations.



### UNPRECEDENTED GROWTH IN ASIA

COMMONWEALTH CLUB LECTURE SAN FRANCISCO, USA SEPTEMBER 22, 2013 Asia's remarkable economic development, perhaps the fastest in history, has been accompanied by waves of political reform. A few decades ago, there were only a handful of free societies in Asia. Today, the Philippines, Taiwan, Korea, Malaysia and Indonesia that is home to 400 million people have joined the growing list of vibrant Asian democracies.





Fifty years ago, Asia accounted for less than 15 percent of global output; today it is more than 40 percent. Within a single generation, the most populous region on earth became one of the most prosperous. China's relentless growth has been the dominant story of the early twenty-first century, but it is by no means the only high achiever. Fifty years ago, South Korea's economy was smaller than Mozambique's; today it is almost equal to the whole of sub-Saharan Africa. Fifty years ago, Kuala Lumpur was not even classed as a city; today it is twice as big as San Francisco.

Asia's remarkable economic development, perhaps the fastest in history, has been accompanied by waves of political reform. A few decades ago, there were only a handful of free societies in Asia. Today, the Philippines, Taiwan, Korea, Malaysia and Indonesia that is home to 400 million people have joined the growing list of vibrant Asian democracies.

Much has been written about this extraordinary phase in Asia's development, and what it means for the global order; often from the perspective of the main protagonists - a surging China and a resurgent America. But Asia that is the world's most populous region is about much more than one country, or one relationship. New centres of wealth and influence and new pressures and hotspots are emerging throughout the continent. It is too complex a picture to see through the lens of US/ China relations alone.

Our nation is a bridge between cultures, markets and ideas. It is the embodiment of Asian diversity: a multiracial, majority Muslim nation, with the third-largest Chinese population outside of China and more than 130 living languages. Our urban landscape is a heady mix of temples and mosques, colonial architecture and glittering skyscrapers. Malaysia is home to the world's oldest rainforest and largest flower; to indigenous communities living in longhouses and Asia's first internationally linked stock exchange. By 2020, it is set to become the first nation this century to make the leap from the developing to the developed world.

#### **ASIA'S 4.3 BILLION PEOPLE**

After all, Asia's 4.3 billion people speak hundreds of languages; they live amongst the world's biggest cities, highest mountains and most remote islands. Asia has a larger middle class than Europe and is home to more billionaires than North America; yet a quarter of its people live on less than \$2 a day and pressure on its resources is relentless. It is a vast and varied continent; more than four thousand miles separate Karachi from Kyoto, but the cultural and economic distance between them is greater still.

It is this diversity - these contrasting trajectories - that makes Asia's future so difficult to predict. To understand Asia's development and where it is headed, we must seek a number of vantage points. Just as a spotlight cannot illuminate the whole stage, so a single perspective cannot put Asia's growth into context. To understand the implications of Asia's rise and to build an image of what it will look like in the future, we must take multiple exposures and combine them into one. It is with this principle in mind that I would like to approach our subject tonight: Asia's future, as seen from a Malaysian perspective.

Our nation is a bridge between cultures, markets and ideas. It is the embodiment of Asian diversity: a multiracial, majority Muslim nation, with the third-largest Chinese population outside of China and more than 130 living languages. Our urban landscape is a heady mix of temples and mosques, colonial architecture and glittering skyscrapers. Malaysia is home to the world's oldest rainforest and largest flower; to indigenous communities living in longhouses and Asia's first internationally linked stock exchange. By 2020, it is set to become the first nation this century to make the leap from the developing to the developed world.

Many of the issues facing Asian societies such as the recipe for economic development and the nature of sustainable growth are being explored in Malaysia. It is a useful lens through which to examine the rise of Asia; and to consider the opportunities and challenges it poses, starting with economic development.

In the fifty years since independence, Malaysia's GDP has increased more than a hundredfold. Over the past four decades, we have averaged nearly 7 percent annual growth. Poverty rates have fallen from 49 percent to less than 4 percent. Per capita GDP has risen from US\$370 to more than US\$9,000.

This growth has been matched by a fundamental change in the structure of our economy. Like many Asian countries, we have moved from an economy based on agriculture and raw commodities to a multi-sector economy driven by services and manufacturing.

How did we get here? Successive governments set a clear direction for the country, using macroeconomic policy to achieve strategic aims. These interventions were not strictly ideological in nature, but reflected emerging national priorities. In the 1960s, there was consolidation and unity in the aftermath of colonialism; in the 1980s, industrialisation and foreign investment; in the 1990s, diversification into high-value manufacturing and services, finally leading to recovery from the Asian financial crisis. In the new millennium, financial services, free trade agreements and a growing emphasis on domestic demand.

Malaysia's economy has been more centrally planned than some Western nations are used to. We have defied economic orthodoxy on occasion, too; during the Asian financial crisis, we rejected the IMF's erroneous prescriptions and recovered faster than our neighbours. But our story is neither one of the state choking off the private sector, nor a 'big bang' of deregulation; it is about gradual and managed reform to open our economy.

#### **ECONOMIC TRANSFORMATION PROGRAMME**

It is with this in mind that in 2010 I launched the Economic Transformation Programme, a comprehensive plan to help Malaysia meet the World Bank's threshold for a 'high-income nation'. The programme identifies key sectors for investment and prioritises policy reforms to make growth possible. It also has a clear vision for the kind of economy it wants to create; one where services take a greater share of economic activity and where the state manages its involvement in industry.

Since its introduction, per capita GDP has increased by 49 percent; and we are on track to reach high-income nation status ahead of schedule. By working closely with the private sector and opening up policymaking to public and business involvement, we have changed the structure of the economy and taken a significant step forward in our development.

This policy package is accompanied by government and political transformation programmes designed to reduce crime and corruption; improve education, infrastructure and public transport; and also to remove outdated and repressive laws, some of which date back to colonial times.

For many Asian societies, judging the pace of such political reform remains of critical importance. Although Asia's democratisation has been impressive, it is not yet complete. Finding the precise balance between individual rights and public security has been the task of democracies for centuries; understanding how far Asian societies should go and how fast, is for Asians themselves to figure out. But we should not neglect the direction of history, which leads us not into repression but towards greater liberty.

In Malaysia, I believe that by opening up politically and economically, our reform programme will allow us to remain competitive in an increasingly connected world and on course to reach developed nation status.

When that threshold is crossed, it will be a significant moment in our nation's history. But we understand that development at the expense of people or the environment cannot be lasting. For Malaysia and for Asia, development must be both inclusive and sustainable; the new economic powers cannot repeat the mistakes of the old. As Asian nations such as my own strive to become highincome developed nations and as emerging economies push for a place on the middle-income ladder, they must ensure social development is not sacrificed in the name of growth.

For all the extraordinary statistics about investment and expansion, Asia remains home to two thirds of the world's poorest people. The gap between haves and have nots, as wealth concentrates in the hands of the wealthy. Divides are opening up between urban and rural populations. Locked out of economic opportunity, too many Asian people lack access to basic social infrastructure - sanitation, healthcare and housing.

If we do not give all of our citizens a stake in our region's future, we risk encouraging ethnic tensions, religious extremism and political instability. That in turn imperils the very objective we seek: a more prosperous and harmonious Asia. So we must ensure development brings economic opportunity for all, not riches for a few; that it expands not just nominal GDP figures, but also critical social infrastructure.

The work starts at home. Many Asian economies are affected by corruption, which crushes individual endeavour and harms social cohesion. Corruption not only suppresses meritocratic opportunity, but eats away at people's confidence in the institutions and power of the state; it should come as no surprise that it was mentioned so often as a factor behind the Arab Spring.





#### **ANTI-CORRUPTION EFFORTS**

I want to make corruption part of Malaysia's past, not its future. That means changing organisational as well as business cultures. I have created a new governance and integrity minister role in the cabinet; it is held by the former president of the Malaysian chapter of Transparency International. We have elevated our anticorruption agency – which answers annually to a parliamentary special committee on corruption, an independent advisory board and a complaints committee - to self-regulated, independent commission status.

It is our hope that the commission may serve as an example for other countries looking to build the institutional capacity to combat corruption. After all, for governance and commerce alike, the most vital currency is trust. If we deliver what we have promised to the people - in this instance, a concerted fight against corruption - and deliver consistently over time, that currency will appreciate. The reward is not just a more open and transparent business environment, with more vibrant markets and greater opportunity, but also a renewed faith in the ability of governments to change things for the better.

I also believe Asian states must look to build stronger, more lasting economic connections - both within our region and with the outside world. The trend towards greater financial integration across borders can not only help developing nations climb the ladder, but also ensure fewer citizens are left behind, as common standards and entry requirements filter back into domestic policy.

As a founding member of the Association of Southeast Asian Nations, Malaysia also supports the push to create a single market in Southeast Asia. It is my hope that the ASEAN economic community will bind us together in the service of common goals, providing greater depth of opportunity for citizens across the region. A thriving single market will support jobs, growth and increase the standard of living for more than half a billion people; it will also ensure that Asia's remarkable growth story spills across into all member states. That in turn is the ultimate guarantor of Asia's success; not just in base economic terms, but in meeting the highest ambitions for its development.

But in an interdependent global economy, the benefits of greater co-operation extend far beyond Asia's borders. That is why I look forward to the completion of the Trans-Pacific Partnership, which will strengthen our ties with the wider world; and the Regional Comprehensive Economic Partnership, which will bring three of the largest economies into the world's largest trading bloc.

#### **RESPONSIBLE CAPITALISM**

Finally, as Asian nations open up to the global economy, we must also do our best to encourage and practice responsible capitalism.

In many countries, public confidence in financial industries is wavering, as ordinary people reap the unhappy harvest of bets gone badly. Some banks over-reached, abusing the trust of shareholders and other market participants; and when systems failed, taxpayers were asked to pick up the bill. In the countries hardest hit by the recent financial crisis that led to serious questions: about whether banks are properly equipped to assess risk and about whether their current business model is appropriate.

Economists are also asking whether the business model that puts shareholder value above all else is truly sustainable: not just for companies, but for whole economies. Here in the US, for example, the relationship between corporate profits and business investment appears to have broken down; profits are at record highs, but investment is not keeping pace. It appears that the focus on short-term results, rather than the long-term health of the company, is warping the investment landscape: one study found that privately listed companies invest almost twice as much as publicly listed companies.

In laying the foundations for high-income status in Malaysia, we must all be careful not to encourage unsustainable growth. So we will honour our commitment to secure the public finances with fiscal reforms to secure Malaysia's position. We will further rationalise subsidies, broaden the revenue base and manage spending through the infrastructure pipeline. We will act to support the ringgit when necessary and we will stick to both our debt ceiling and our deficit reduction target.

Together, these conversations - about the nature of good growth, the real value of companies and trust in the financial system - add up to something bigger. Around the world, there is an ongoing discussion about the nature of the modern market economy; about how capitalism can serve people and nations, not just businesses. Policymakers are now preoccupied with the quality of growth.

China's attempts to focus the next phase of its development on quality and efficiency represents one strain of this anxiety; so do the ongoing conversations about the role of the financial sector in Western economies. The common thread is one of corporate responsibility; of accountability not just to the immediate bottom line, but also to the society which enables transactions to take place.

One of the primary lessons from the 2008 financial crisis was that short-term business decisions can fatally undermine the health not just of companies, but of whole economies. It is incumbent on policymakers to guard against them and on corporate leaders to avow them.

In laying the foundations for high-income status in Malaysia, we must all be careful not to encourage unsustainable growth. So we will honour our commitment to secure the public finances with fiscal reforms to secure Malaysia's position. We will further rationalise subsidies, broaden the revenue base and manage spending through the infrastructure pipeline. We will act to support the ringgit when necessary and we will stick to both our debt ceiling and our deficit reduction target.

We will also work to ensure Malaysia's growth industries rest on firm foundations. We want a vibrant and dynamic financial sector; but we have also set up clear regulatory structures, giving our central bank greater supervisory oversight and enhanced financial surveillance. Having been through a financial crisis in the last century, we were more prepared for the 2008 crash with better governance, capitalisation and liquidity requirements for financial institutions.

Academic studies show that decision making and financial performance improve when boards are more diverse. So we are also looking to safeguard the economy by increasing corporate diversity. By 2016, 30 percent of boards of directors in Malaysian companies must be women.

We have also made a strategic pitch for the global Islamic finance market. For investors who have been buffeted by the financial crisis in Western markets, Islamic bonds offer an alternative growth model. No investment is without risk, and this relatively young market will still have the occasional growing pain. But by its very nature, Islamic finance is not prone to the same excesses which so damaged the world economy; because speculating is forbidden and interest is prohibited, returns are based on profit sharing alone.

It not surprising that sukuk is the fastest growing financial instrument in the world. Ten years ago Malaysia issued the world's first sovereign *sukuk*, or *shari'ah*-compliant bond; today we account for nearly three quarters of the global market, and have increased public participation by issuing retail bonds open to the general population. It is one way of increasing economic participation; strengthening our economy as a whole and giving the people of Malaysia a greater stake in our nation's success.

Asia will produce more than 40 percent of the world's energyrelated greenhouse gases in the next decade. Deforestation already accounts for 17 percent of global carbon emissions is one of our continent's biggest issues. As our countries modernise, commanding greater energy resources, Asia's development model will be of global significance. So too will our approach to climate diplomacy.

By encouraging a culture of responsibility and ethics, as described by universal standards, we can make a valuable contribution to the debate about how market capitalism can benefit modern society. We can also make a significant improvement to the future health of our economies.

#### **SUSTAINABILITY CHALLENGE**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

That health is, of course, dependent on the health of the biosphere. As a famous San Franciscan said, 'business is a subset of the environment, not the other way round'. It is here that Asia's sustainability challenge is perhaps most pronounced.

Asia sits at the crux of the climate problem. Thanks to our geography, natural disasters already take a disproportionately heavy toll on our people and our economies. More people are at risk from climate change in Asia and the Pacific than anywhere else. But we are also fast becoming one of its main causes.

Asia will produce more than 40 percent of the world's energy-related greenhouse gases in the next decade. Deforestation that already accounts for 17 percent of global carbon emissions is one of our continent's biggest issues. As our countries modernise, commanding greater energy resources, Asia's development model will be of global significance. So too will our approach to climate diplomacy.

The answer is clear: We must commit globally to binding carbon cuts. The United Nations remains the best hope for securing a settlement on global terms. All countries should stand in favour of emissions reductions and unite behind the promise of the global low-carbon economy. But until such an agreement is signed, we must also pursue clean energy projects and low-carbon policies at the national level.

These challenges of economic development and sustainable growth will test Asia's capability and its resolve. They will not be met without a commitment to cooperation; without the investment of time, resources and political will.

But I believe we will do it. I believe in Asia's potential. I believe in Asia's ability to find sustainable growth models, not unbalanced ones; to create opportunities for all, rather than wealth for a few; to choose clean energy over climate change. I believe we can make the hard calls required to sustain peace and prosperity in an age of dizzying ascendance.

Over the past decades, great change has come to Asia; even greater change awaits. By choosing to work together, to look not for dividing lines but for common ground, we can ensure that change brings better lives for our citizens and better futures for our countries.





## GLOBAL MOVEMENT OF MODERATES AGAINST EXTREMISM

UN GENERAL ASSEMBLY
NEW YORK, USA
SEPTEMBER 28, 2013

Much has changed since 2010. Then, a current of protest and reform surged through the Middle East and North Africa. Out of the heat of the Arab Spring, new questions arose: about the pace of democratic change, about the role of Islam in politics and about the need for more inclusive development. But the search for answers to those questions has been put on hold.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

Allow me to begin by congratulating you, Mr President, on your election. I offer you Malaysia's full cooperation and support as you seek to further the cause of peace and prosperity.

Three years ago, I stood before you and called for a Global Movement of Moderates. It was a call to reject extremism in all its forms.

Because the real divide is not between East and West or between the developed and developing worlds or between Muslims, Christians and Jews. It is between moderates and extremists of all religions.

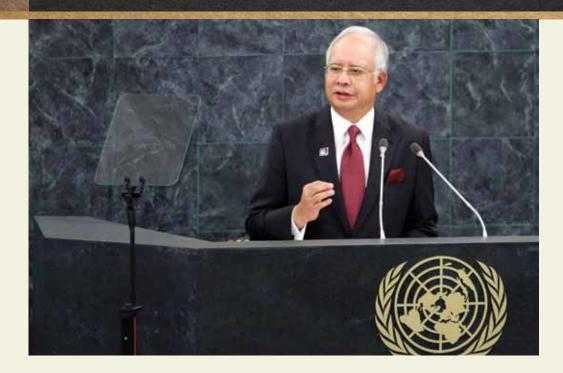
Much has changed since 2010. Then, a current of protest and reform surged through the Middle East and North Africa. Out of the heat of the Arab Spring, new questions arose: about the pace of democratic change, about the role of Islam in politics and about the need for more inclusive development. But the search for answers to those questions has been put on hold.

As authoritarian regimes have fallen and governments have been swept away by political change, extremists have tried to fill the space that remains. Motivated by ideology, politics and religion, they have sought refuge from the hard work of development in the unholy practice of violence.

#### THREAT TO THE MUSLIM WORLD

Conflicts have spilled across borders, inflaming old tensions and igniting new ones. Around the world, extremism is taking lives and crushing opportunity. This affects us all; but it is one people, of one faith, who suffer most. I believe the greatest threat to Muslims today comes not from the outside world, but from within.

The conflict between Sunni and Shia threatens the lives and livelihoods of millions of Muslims. Our religion – founded on peace and premised on tolerance – is being twisted by extremists, who are deploying false arguments to foster division and justify violence.



THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

Across the Islamic world, extremists are wrapping their perverse agenda in religious cloth; tearing families, countries and the ummah apart. With each new atrocity, tensions are wound tighter and peace seems further away.

The corrosive influence of extremism cannot be easily countered. But we are not powerless to act. I believe moderation in religion and the political process can stem the loss of life and liberty in the Muslim world.

Behind the tragic violence, there is a battle being waged for the future of Islam. By reaffirming our commitment to moderation and solving the political problems that drive instability we can seize back the centre ground. We can marginalise the extremists. We can advance an agenda for peace, harmony and justice.

Around the world, Muslims have watched in despair as conflict tears into some of our oldest communities. Rarely in our history has the ummah faced violence on this scale.

Right now, the world's attention is rightly focused on Syria. United Nations investigators have concluded that the focus of the war has shifted along ethnic and religious lines and become 'overtly sectarian'. A conflict which began with anti-government protests threatens to descend into a war of ethnic cleansing.

With fighters from Hezbollah engaging on Syrian soil, the conflict now threatens Lebanon too. Last month, after car bombs killed dozens in Beirut, 42 people died in explosions outside Sunni mosques. Communities are dividing along religious lines, with hard-line preachers urging violence between Sunni and Shia.

Meanwhile, the security situation in Iraq continues to unravel, as Sunni extremist groups and Shia militia struggle for control. In the last four months, nearly 3,000 people have been killed. In the last week alone, three funerals have been bombed in Baghdad. Women and children have been blown apart whilst mourning.

Again, the violence is carried out between Sunni and Shia. In one Iraqi town, four children from one Shia family were slain with knives. In another, local people - neighbours for generations - have built blast walls to keep themselves apart. Forced displacements are growing.

In Pakistan, bombings have wrecked the city of Quetta, killing hundreds. Revenge attacks spread to Lahore; bombs have been detonated in Karachi. In August, militants ambushed buses, dividing the passengers according to belief; those who answered incorrectly were executed.

Each of these conflicts has a distinct cause, but they follow a darkly familiar path. Emboldened by political failures, radical preachers and militant groups turn civil conflicts into wider religious wars. Yet the preaching of such violence is completely counter to the Islamic faith.

The Quran not only condemns suicide, unjust war and retribution by force; it also makes clear the Prophet's desire for Muslims to live in peace with one another and their neighbours.

Verse 8:61 says...

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

"If they incline to peace, then incline to it [also] and rely upon Allah". Verse 5:32, that "whoever kills a soul unless for a soul or for corruption [done] in the land - it is as if he had slain mankind entirely". Verse 2:256 holds that "there shall be no compulsion in religion".

It should come as no surprise that there is no scriptural basis for the atrocities being committed in the name of Islam. Under the six higher objectives of Islamic law, the first and foremost is the protection and preservation of life. Yet even during Ramadan, our holy month - when contemplation, devotion and compassion reign uppermost in Muslim minds - the extremists would not stop. More than 4,400 people died this Ramadan in Syria, 371 in Iraq and 120 in Pakistan.

This is a burden we can no longer afford to bear. It is time to end the killing, and concentrate instead on building a common agenda for peace and prosperity. There are two things we can do.

First of all, I believe that peace-loving Muslims – the overwhelming majority of Muslims – should unite against the extremists who use our religion as an excuse to commit violence. One of the most powerful tools we have to do so is al-wasatiyyah: the practice of moderation.

Verse 2:143 of the Quran says that...

### "We have made you into a community that is justly balanced".

This concept of balance and moderation, of social justice within our faith is a central tenet of Islam. It asks of us that we hold to the principles displayed by the Prophet Muhammad (PBUH) in the Medina Charter.



#### ISLAM, RELIGION OF PEACE

Our task is to reclaim our faith, by articulating clearly the true nature of Islam: the religion of peace, of moderation, of tolerance. We should speak this message clearly, so that all may hear it; and stand firm against the minority who use Islam to further violent and unjust ends.

We should not mistake moderation for weakness. To face those baying for violence and call instead for calm is a sign not of frailty, but of strength. Muslim leaders should speak up and condemn such violence, lest their silence is mistaken for acceptance.

Moderation can be practised at the national level, as is the case in Malaysia, by choosing mutual respect and inclusivity and strengthening the bonds between different communities and faiths. All countries should reinforce their commitment to the principles of moderation; not just in religion, but for sustainable development and stable economic growth.

Moderation can also direct regional policy. It sits at the heart of Malaysia's efforts to bring peace to southern Philippines and to Thailand's restive south. ASEAN, which endorsed the Global Movement of Moderates, has made a commitment to peaceful settlement and the non-use of force in territorial disputes.

At the international level, moderation can guide our approach to the great global challenges of our age: violent extremism, sustainable development and equitable growth.

Secondly, we should give our all to resolve the political problems that raise tensions in the Muslim world starting with Syria.

We cannot underline strongly enough the need for a Syrian-led inclusive political process. Malaysia is against any unilateral action to resolve the conflict. All sides must come together to work out a political settlement. We welcome the recent US-Russia Framework Agreement, condemn without reservation the use of chemical weapons and call on the international community to intensify their efforts to explore all possible diplomatic options for peace under the auspices of the UN.



#### PALESTINIAN STATE

We must also find the vision and the political will to commit to a just solution for Palestine. We fervently hope that progress towards a viable Palestinian state – based on pre-1967 borders and with East Jerusalem as its capital – will be made, and that the US and other members of the Quartet continue to play their role as honest brokers in the process. Only with peace can there be development and dignity for the Palestinian people.

Finally, we should continue to focus on building stronger and more prosperous societies, predicated on the rule of law and the practice of democracy. The Arab Spring showed that the Muslim world is crying out for change. Governments must answer that call. We must provide good governance to fight corruption, create jobs to tackle poverty, and deliver sustainable growth that builds a world of opportunity for our citizens. We must create economies in which people can fulfil their own aspirations, not those of extremists.

By acting to solve our most difficult political problems, we can bring an end to the immediate suffering in Syria, in Palestine and in the wider world. By committing to the cause of moderation, Muslims can secure something even greater.

We can reclaim our religion, choosing harmony and acceptance over division and conflict. We can broadcast a vision of Islam as it is understood by Muslims around the world: as a religion of peace, tolerance and moderation.

Last month, when militants attacked those buses in Pakistan, a 19 year-old *Sunni* student named Ghulam Mustafa stood up for such a vision. Confronting the *Sunni* gunmen, he said killing Shiites was wrong. Ghulam was shot dead, but his life was not lost in vain. With guns to their heads, the Sunnis on the bus refused to identify the *Shia* passengers who the gunmen wanted to kill.

In their defiance, we see the true measure of courage and the true test of faith. Under unimaginable pressure, facing the greatest possible threat, they chose to stand with their brothers and sisters. They chose unity over division.

Faced with unimaginable pressure and the greatest possible threat, we must summon the will to do the same.



# AVIATION MAINTENANCE, REPAIRS AND OVERHAUL INDUSTRY IS A RISING STAR

OFFICIAL OPENING OF SEPANG AIRCRAFT ENGINEERING SDN BHD LOT PT16 JALAN KLIA S7, SOUTHERN SUPPORT ZONE, KUALA LUMPUR INTERNATIONAL AIRPORT OCTOBER 02, 2013 The global civil aviation MRO business is estimated to be worth over USD65 billion. Today, North America holds 35 percent of the market share, Western Europe 26 percent and the Asia Pacific 17 percent. By 2020, the Asia Pacific is forecast to command a whopping 30 percent share. Consequently, growth in the Asia Pacific in MRO is forecast to be more than 6 percent per annum. Hence the center of MRO activity will be moving in our direction.



The expansion of SAE Regional Maintenance, Repairs and Overhaul (MRO) Centre and the launch of Airbus new Customer Services Centre in SAE offering specialised Engineering solutions for airlines is another milestone in the development of the aviation industry in Malaysia and a commendable step forward for the Malaysian industry.

Air transport changed the landscape of our economy and society. Its contribution goes far beyond direct economic effects. It promotes international trade, tourism and stimulates investment throughout the globalised world. It is a major driver for economic and social development; it has in fact made the world much smaller. Today the aviation industry continues to be resilient in spite of huge challenges from all around. Despite economic uncertainties and crisis in many parts of the world, the industry has grown just over 50 percent since the year 2000.



It is said that if aviation was a country, it would rank 19th in terms of GDP. The annual growth rate in air traffic is forecast to be about 4.7 percent. The driver for air traffic growth is economic growth. Increasing urbanisation will also drive economic growth and the propensity to fly. Another key driver is the growth in middle classes. Today, 30 percent of the world can be classified as middle class, with forecasts suggesting that will be 60 percent by 2031.

#### **PROMISING OUTLOOK**

The outlook is indeed most promising, especially for this part of the world. Industry experts predict that Asia Pacific will lead in world traffic volume by 2031 accounting for 32 percent of global traffic. This is on the back of a burgeoning middle class in the region which, in the same time period is expected to grow by 5 fold.

Inevitably, airlines will require more aircraft and ones with greater sophistication, energy efficiency and comfort to boot. The demand would appear to be insatiable. By 2030, the passenger fleets will very likely double and as I understand it, Airbus believes that of these 30 percent will be replacement aircraft and about 60 percent will reflect growth and expansion.

In tangent with this, the demand for MRO services will indubitably increase. Even now, good MRO services are highly sought after. There are 80,000 jet-powered aircraft in the civil aviation market. Easily one third of this is operating in the air transport market and a third of that in the Asia Pacific region. In Malaysia alone, we have three major airlines flying on average about 2500 to 4500 hours per annum per aircraft.

It is no surprise therefore that the global civil aviation MRO business is estimated to be worth over USD65 billion. Today, North America holds 35 percent of the market share, Western Europe 26 percent and the Asia Pacific 17 percent. By 2020, the Asia Pacific is forecast to command a whopping 30 percent share. Consequently, growth in the Asia Pacific in MRO is forecast to be more than 6 percent per annum. Hence the center of MRO activity will be moving in our direction.



Today, Malaysia is among the leading three countries in the Asia Pacific for MRO services. We have been able to stay competitive because of the sheer volume of business in this region coupled with our advantage of an early foray into the sector and an edge in quality human capital at far more competitive rates. Our superior cost position is powerfully attractive to airline customers.

The market as you know contains four distinct segments: heavy airframe maintenance, line maintenance, engine and component. In Malaysia, heavy maintenance is undertaken by companies like SAE, line maintenance by MAS and AirAsia respectively, engine overhaul by GE and component by MTU.

The heavy maintenance accounts for about 20 percent of the MRO revenue with heavy emphasis on labour. Labor represents about 70 percent of the typical cost, whereas materials make up another 30 percent. Every Ringgit spent on heavy aircraft maintenance generates about 40 percent economic activity for the country. Hence it is an important segment for job creation in Malaysia. It is for this reason that the Malaysian Government stands ready to support the growth of this industry with a view of seeing the participation of more Malaysians in this highly specialised field.

Today, Malaysia is among the leading three countries in the Asia Pacific for MRO services. We have been able to stay competitive because of the sheer volume of business in this region coupled with our advantage of an early foray into the sector and an edge in quality human capital at far more competitive rates. Our superior cost position is powerfully attractive to airline customers.

Malaysia has thus identified the MRO business as one of the sectors in the Business Services Entry 'National Key Economic Areas' (NKEA). The NKEA represents an important catalyst for our development toward a high-income nation status in 2020. The MRO sector is projected to grow by 10 percent annually and new projects are expected to create 20,000 jobs in the country. This year our 'Entry Point Projects' (EPP) target RM380 million in revenue from fleet technical management and RM2.4 billion from airframe MRO.



#### **MRO ECOSYSTEM**

Several initiatives are already underway to develop the MRO ecosystem. There is the greater development of Malaysia's airport infrastructure, the availability of land and the creation of a more conducive operating environment through improved tax and civil aviation regulations. These, we are confident, will continue to make Malaysia a preferred MRO destination.

However, even as we speak, we are ever mindful of the changing landscape of the industry. There is more involvement of OEMs. Aircraft manufacturers are more involved in supporting their aircraft after delivery. The trend of airlines asking for aftermarket services will increase. The OEMs have the intellectual property to be able to drive a high reliability rate and be accountable for achieving them. The continued investment in facilities, the focus on process innovations, technology breakthroughs and training are ever pressing to ensure competitiveness. There is also the persistent issue of whether the industry can produce enough skilled personnel to meet mounting MRO requirements. Full training and certification for an aircraft technician takes between 5-8 years and the pipeline of trainees is simply not enough to meet future demand.



In respect of the changing landscape, having Airbus onboard as a partner in SAE is definitely a good strategic fit to stay relevant and on the cutting edge of a very competitive industry. The partnership brings in new technology and innovative processes and at the same time develops the local talent pool. I am especially pleased and excited to see this kind of entrepreneurial spirit and partnership that makes Malaysia progressive.

#### **EASA 145 CERTIFICATION**

Since 2008, the company has grown steadily to support both local and international customers. In 2012, SAE has secured EASA 145 certification, creating a potential to establish a regional presence. It has already completed A380 wing ribbed modification for Singapore Airlines and Korean Airlines. It is serving regional airlines such as Myanmar Air, Mandala, Tiger Airways, Asian Wings Airlines, to name a few. I am certain SAE will continue to implement the highest standards in its service delivery.

The commitment that Airbus is making to develop its presence in Malaysia will enable SAE to offer world class maintenance services to airlines from across the region and beyond, while the new Airbus Customer Services facility will put Malaysia on the international map as a centre for specialised aerospace engineering services. Both of these initiatives will significantly enhance our position in this high value business and it will also provide further proof that Malaysia is a major player in the MRO business in the region. It is my fervent hope that SAE's entrepreneurial spirit will become a role model for others in Malaysia and that EADS and Airbus will pursue their smart partnership and investment policy with the local industry, towards making Malaysia as a fully recognised, mature Aerospace and MRO Hub regionally.

With the development of our own MRO capability, our airlines need look no further than Malaysia for the full suite of maintenance, repair and overhaul. The potential of the MRO business is huge and growing. It is an important catalyst in Malaysia's development towards high-income nation status. The aspiration is to capture five percent of the world market share of the MRO business. Thus the Government will be most supportive of any efforts to partake in this journey.



## BUILDING ON ASIA'S EXPANDING ECONOMIC PRESENCE

MALAYSIA-CHINA ECONOMIC SUMMIT KUALA LUMPUR CONVENTION CENTRE OCTOBER 04, 2013

By the end of the decade, Asia's output will exceed that of Europe and North America put together. With economic modernisation comes a growing stature on the world stage. From Washington to Wellington, people are wondering how we will use that influence; what Asia's contribution to the world's great challenges will be.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



The visit to Malaysia of His Excellency President Xi Jinping from the People's Republic of China exemplifies our countries' solid bilateral relations. Our ties with China on a people-to-people level are deeply rooted in our shared history. The bonds between our governments forged when Malaysia became the first South East Asian nation to establish diplomatic relations with China in 1974 grow stronger with every passing year.

In the four decades since we established relations, the global centre of gravity has shifted to the East. The breathtaking rise of Asian economies and the recent financial crisis have combined to turn the spotlight our way.

By the end of the decade, Asia's output will exceed that of Europe and North America put together. With economic modernisation comes a growing stature on the world stage. From Washington to Wellington, people are wondering how we will use that influence; what Asia's contribution to the world's great challenges will be.

Many are searching our history for clues; they seek to illuminate Asia's future by looking to its past. This is understandable, but it will not give the full picture. Asian nations are pursuing development in our time, not our ancestors. Our economies have come to the world's attention in an age of great technological change; when markets, economies and people are more connected than ever before. Yes, we have rich histories to draw on, but our growth model cannot be predicated on the past alone. It must be equitable, sustainable and suited to a new era of transnational challenges. Asia's rise comes at a time of great change. But as the Chinese proverb says, when the wind of change blows, some build walls while others build windmills.

#### ON THE WORLD STAGE

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

As Asia assumes a greater role in world affairs, the decisions we make nationally, bilaterally and regionally will have a profound impact on the global economy. We can show through our actions that Asia's influence will yield peace and prosperity – in our nations, our region and our world. I believe that, by continuing our tradition of mutual co-operation in pursuit of shared ambitions, China and Malaysia can make a strong contribution to this agenda. Whether on bilateral trade relations or international efforts to build a more sustainable global economy, we are strongest when we work together.

Our nations have been trading partners since the early Ming dynasty, when the first Chinese trade envoys arrived at Melaka. But rarely has the depth of our economic connection been stronger. The People's Republic of China has been Malaysia's largest trading partner since 2009; last year, more than US\$94 billion of our trade was with China. Malaysia is China's largest trading partner among the ASEAN countries; we will soon become only the third Asian nation whose trade with China exceeds US\$100 billion.

The vitality of our bilateral trade relations helped see us through the global financial crisis; it also explains why Malaysia is so well represented in major trade fairs in China. Last month, at the Tenth China-ASEAN Expo in Nanning, 138 Malaysian companies participated and increased sales by 12 percent on the year before.



#### **CURRENCY SWAP ARRANGEMENT**

We also laud the on-going initiatives to facilitate further trade, including our bilateral Currency Swap Arrangement agreement. Malaysia is the first country outside China to use renminbi for trade settlement; our central bank is the first in ASEAN to hold renminbi reserves. 2.3 percent of the world trade settled in renminbi is settled in Malaysia, but too few entrepreneurs are aware that it can be done. We should do more to deepen and promote this particular monetary cooperation, which can be so beneficial for both our countries.

We should also do more to encourage flows of Foreign Direct Investment. As of 2012, Malaysia's cumulative FDI into China stands at US\$6.3 billion; the cross flow from China into Malaysia, however, is a fraction of that. We thank the Chinese government for the support and opportunities afforded to Malaysian companies; as they continue to explore the business opportunities in China and as reforms under the new leadership gather greater momentum, we look forward to receiving further investment in future.

The Programme is a "rolling plan", including an early harvest of low hanging fruits - those that have been identified for immediate implementation - as well as those that require further development. It covers many areas of cooperation: agriculture, energy and mineral resources; information and telecommunications; manufacturing, infrastructure and engineering; tourism, logistics and retailing.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

In the last two years, the bilateral cooperation between our nations has accelerated. The agreement to establish the China-Malaysia Qinzhou Industrial Park and the Malaysia-China Kuantan Industrial Park was one highlight; today's signing of the Five Year Programme for Economic and Trade Cooperation by both of our trade ministers on behalf of our two governments is another. This Programme marks the beginning of a new stage in our relationship. It sets out a clear vision of our common ambition: deepening bilateral and economic relations, yielding an elevated comprehensive strategic partnership between our countries.

The Five-Year Programme for Economic and Trade Cooperation emphasises the sharing of knowledge, technological resources and investment in the service of sustainable economic development. It also maps out mutually beneficial initiatives aimed at expanding business and investment opportunities by the end of the fifth year of this programme, bilateral trade between Malaysia and China is targeted to hit US\$160 billion.

The Programme is a "rolling plan", including an early harvest of low hanging fruits – those that have been identified for immediate implementation – as well as those that require further development. It covers many areas of cooperation: agriculture, energy and mineral resources; information and telecommunications; manufacturing, infrastructure and engineering; tourism, logistics and retailing.

One of the "Early Harvest Projects" involves the import and export of materials for processing at the industrial parks in Qinzhou and Kuantan, which will make the parks more competitive and attract more investment from entrepreneurs in both our countries. Another example is the operation and expansion of Kuantan Port in Malaysia and Weifang Port in China, which will increase the capacity and services of both ports and make a positive contribution to external trade. As Kuantan seeks to double its capacity, we welcome Guangxi Beibu's acquisition of a 40 percent stake in the management of the Kuantan Port.

The Programme will also benefit our SMEs. By enhancing technology transfers and promoting trade fairs, it will help Malaysia increase SMEs' share of our GDP by 2020, in line with our 10-year SME Master Plan.





We welcome the technical collaboration with Chinese automotive companies, which are helping us meet our National Automotive Policy objectives and we look forward to new areas of co-operation, in everything from halal goods and medical device manufacturing to infrastructure works and energy saving. With Malaysian companies boasting considerable expertise in some of these areas, we look forward to the continuing support from the central government and the local authorities in China.

With an investment of approximately RM1.2 billion, the 150 acre Xiamen University Malaysia campus will accommodate 10,000 students and mark another milestone in our bilateral cooperation in education. With its establishment, we can expect to attract more international students from China and the wider region, leveraging our strategic position – not just as a host to several branch campuses of other international and world class universities, but also within ASEAN.

#### XIAMEN UNIVERSITY MALAYSIA CAMPUS

As we position Malaysia as an international education hub, I am particularly pleased to note that we are given the privilege of hosting the first Chinese University outside China: Xiamen University Malaysia Campus.

We are thankful that a local company, Sunsuria, supported the project from the beginning, including facilitating the purchase of the land. I wish to reassure them of our unwavering support in facilitating the approvals required for the university's construction.

With an investment of approximately RM1.2 billion, the 150 acre Xiamen University Malaysia campus will accommodate 10,000 students and mark another milestone in our bilateral cooperation in education. With its establishment, we can expect to attract more international students from China and the wider region, leveraging our strategic position – not just as a host to several branch campuses of other international and world class universities, but also within ASEAN.

2013 marks the 22nd anniversary of ASEAN-China relations. Our relationship has grown deeper and broader with time. With a regular pattern of high-level dialogues, consultations and meetings, we have facilitated frank discussions and the honest exchange of views on issues of common interest. These in turn have helped build and reinforce mutual trust and confidence, as ASEAN and China have found innovative and constructive ways to deal with the region's challenges as well as its opportunities.

Together, we built the largest free trade area in the world. The China-ASEAN Free Trade Agreement comprises 1.9 billion people in a market worth USD6 trillion. Already, the results have been phenomenal. When relations were established in 1991, ASEAN-China trade was a mere USD8 billion; last year, it reached USD318.6 billion.



The ASEAN-China Investment Agreement has helped create an open, transparent and competitive investment regime in the region. Although FDI flow in 2012 slowed due to challenging externalities, we are confident it will pick up again as China continues to invest more in ASEAN generally and in Malaysia specifically. The result will be greater prosperity for almost 2 billion people.

As we look toward the creation of the ASEAN Economic Community and all the opportunities it will unlock we are heartened that China, under the new leadership of President Xi and his dynamic team, will continue to actively forge strategic economic partnerships in South East Asia; building peace, prosperity and stability in the region.



### A VIBRANT CAPITAL MARKET FOR INFRASTRUCTURE FINANCING

THIRD WORLD CAPITAL MARKETS SYMPOSIUM 2013

MANDARIN ORIENTAL HOTEL, KUALA LUMPUR

OCTOBER 22, 2013

This year's symposium is particularly auspicious, as it coincides with **Securities Commission Malaysia's** 20th anniversary. In 1993, the SC was given an explicit mandate to set the foundations for the development and sustainable growth of Malaysia's capital market.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



The World Capital Markets Symposium brings thought-leaders together to discuss the issues affecting the global economy from the perspective of capital markets. Over the years, it has attracted Nobel prize winners, government officials and business leaders from around the world.

This year's symposium is particularly auspicious, as it coincides with Securities Commission Malaysia's 20th anniversary. In 1993, the SC was given an explicit mandate to set the foundations for the development and sustainable growth of Malaysia's capital market.

That ambition has been met. According to institutions such as the International Monetary Fund (IMF), our own regulatory framework meets best-in-class international standards. Malaysia is today acknowledged as a thought-leader and significant contributor to international regulatory reform efforts.

Their success has made a genuine contribution to our national story. Over the years, the capital market has been instrumental in enabling Malaysia's economic transformation, resulting in broad-based development and a higher standard of living for its people.

As a result, our capital market now really matters to our economy. Malaysia's capital market is today valued at USD816 billion - two-and-a-half times our current GDP. Our bond market, worth USD314 billion, has grown to become Asia's third largest relative to GDP. We have today the largest unit trust industry in ASEAN, with a combined net asset value of USD102 billion; our sukuk market accounts for almost 70 percent of the global total and we are home to the world's largest Islamic unit trust industry.

#### **VIBRANT CAPITAL MARKET**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

As we look to a future defined by further growth and development where Malaysia's economy is more open, more competitive and better integrated with global markets it is worth pausing to consider the role that our capital market has played in our past success.

Over the last twenty years, the rise of a vibrant capital market in Malaysia has followed a familiar pattern. The broadening and deepening of the capital market has enabled savings to be more efficiently mobilised and utilise d for capital formation.

By unlocking latent sources of capital, markets have enabled enterprises to raise capital for long-term fixed investments. This in turn paved the way for broadbased development, by financing critical public and private infrastructure, such as utilities, transportation and telecommunication.

Opportunities for Malaysians to build wealth over the long-term and for the longterm have also grown. Through the capital market, corporate ownership has been increasingly democratised, enabling Malaysians to play a bigger part in and benefit from our nation's growth story. Thanks to special institutions and investment schemes to encourage and facilitate investment by lower-income households, our capital market is now more accessible than ever.

It is also more inclusive. The capital market has enabled socially beneficial innovations that open up economic participation to a wider range of stakeholders. One particularly prominent example is our world-leading Islamic capital market, which meets the demand for *shari'ah*-compliant investment and capital-raising.

These benefits are not felt by individuals alone. Initiatives to address the financing needs of the entire spectrum of businesses – across the public and private spheres, from small-and medium-sized enterprises to large corporations, from start-ups to social enterprises – are complementing these efforts at building a more inclusive market.

As a result, our capital market now really matters to our economy. Malaysia's capital market is today valued at USD816 billion - two-and-a-half times our current GDP. Our bond market, worth USD314 billion, has grown to become Asia's third largest relative to GDP. We have today the largest unit trust industry in ASEAN, with a combined net asset value of USD102 billion; our sukuk market accounts for almost 70 percent of the global total and we are home to the world's largest Islamic unit trust industry.

As Malaysia's experience suggests, when correctly harnessed and channelled, markets can prove to be transformative not just for the economy, but for society too. By unlocking opportunity and giving citizens a greater stake in their nation's success, they can strengthen both individual prospects and the bonds of community. But in the aftermath of the global financial crisis, there are real questions being asked about international finance; about the role and reach of regulators and about the true nature of sustainable growth. It is clear that, although the fault lines that manifested in global finance led the world economy into crisis five years ago, we cannot achieve a meaningful return to growth without first breathing new life into financial markets.

How then do we resolve this extraordinary paradox? How can it be that financial markets could be both the riddle and the solution?

First, I believe we must accept the fundamental neutrality of markets. Markets do not make decisions nor do they make judgment calls. They are a medium whose behaviour and influence are driven by the millions of players whose choices and interactions have moulded the global financial industry into what it is today.

If we accept the premise neutrality of markets, then we can conclude that it is the prerogative of the users to use them as a force for good. This, I believe, is the essence of today's symposium: to show the good that markets can do, by defining their positive purpose and utility; and at the same time to guard against the bad, by setting boundaries and reining in excess.

#### LONG TERM DEVELOPMENT

For markets to fulfil their role as enablers of growth, I believe we need to reshape their relationship with the real economy. In doing so, we must acknowledge the socioeconomic role of markets, which have such an important impact on the distribution of wealth and opportunities and on social mobility.

The relationships between markets and the economy, between investors and investees and between issuers and intermediaries, should be governed by principles of social justice; such as inclusiveness, equity and sustainability. Only then can the social value of markets be realised, understood and benefitted by the people at large.

We should not confuse growth with development: achieving very high growth today does not always mean that we will be developed tomorrow. Nor should we judge our development on the basis of per-capita income alone; we should instead aim for a much broader measure of development, one which more accurately captures improvements to the lives and future of citizens.

In Malaysia, we have been measured and steady in our approach to growth and to market development in particular. We have typically adopted a gradual or phased approach, ensuring that the domestic building blocks of a strong economy are in place before opening the economy to international competition and pressures. This involves, among other things, establishing strong domestic institutional capacity not only to develop but to deliver policy.

For this reason, our goal should be to optimise, not to maximise; with a view on the long-term, rather than the immediate; to do the right thing, rather than to be expedient.

With the current global preoccupation on the quality of growth, governments and policymakers now have a greater social mandate than ever before to make courageous decisions to reshape their economies.

However, history has shown repeatedly that such sentiment will ebb and flow with the financial cycle. While we have time and public support on our side, we should make the most of this opportunity before cautious optimism gives way to either unfounded euphoria or unwarranted despair.

In Malaysia, we have been measured and steady in our approach to growth and to market development in particular. We have typically adopted a gradual or phased approach, ensuring that the domestic building blocks of a strong economy are in place before opening the economy to international competition and pressures. This involves, among other things, establishing strong domestic institutional capacity not only to develop but to deliver policy.



#### **GLOBAL FINANCIAL SYSTEM**

However, where external factors such as the global financial crisis have warranted, we have responded swiftly and decisively, smoothing the impact of swings in the global financial and business cycles on Malaysia's economy.

The global financial system has often been compared to a machine and like any machine, if left unmonitored could be prone to overheating. To prevent this, we need a holistic system of checks and balances to detect and thwart excesses, to ensure that no one part of this vast, intricate apparatus runs ahead of the others.

We also need to ensure that the act of reigning in irrational exuberance does not cause undue collateral damage; we do not wish to become hostage to a dysfunctional system for fear of incurring even greater losses.

While the problems we face are global in nature, the tools and institutions that we have to address them are mostly domestic. This inevitably gives rise to coordination failures at the international level: a classic example of the Prisoner's Dilemma. As a result, we have seen how well-intended policies can give rise to unforeseen consequences and negative externalities.

Furthermore, while policymakers are responsible for designing and implementing the right incentives and parameters, other stakeholders have their own role to play. Governments can set broad boundaries and deploy specific regulations, but responsibility for setting the tone is dependent on leadership from businesses and wider society.

#### **MARKET MORALS**

The political philosopher Michael Sandel has argued that we have let market forces run too far – that we have moved beyond having a market economy and instead become a market society.

As a result, actions that were once beyond social norms have been made implicitly acceptable, provided the right price has been paid. In some sectors, we have allowed market failures to persist beyond reason and in opposition to national interest. If we let this continue, we risk losing our ability to distinguish between what is right and what is wrong; and we are instead reduced to merely fretting over technicalities.

There has never been a better time to ask fundamental questions of ourselves and our systems. What are the moral limits to markets? How can we re-engage markets with the real economy to enable them to support growth and resilience? Do we have the courage and the conviction to redefine the purpose and responsibilities of markets?

The diversity of backgrounds and opinions here at this symposium make it an ideal space in which to answer those questions. I believe that your perspectives will lend a new verve and vigour to these discussions; as Albert Einstein said, "we cannot solve our problems with the same thinking that we used to create them."



### STRENGTHENING ECONOMIC RESILIENCE, ACCELERATING TRANSFORMATION AND FUFILLING PROMISES

THE 2014 BUDGET SPEECH
THE PARLIAMENT, KUALA LUMPUR
OCTOBER 25, 2013

The 2014 Budget is formulated to ensure that the economy continues to expand at a strong pace and to reduce the fiscal deficit, with the overall objective of prospering the nation and promoting the wellbeing of the rakyat. Towards this, the 2014 Budget is formulated based on the theme "Strengthening **Economic Resilience, Accelerating Transformation and Fulfilling** Promises"

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

#### "STRENGTHENING ECONOMIC RESILIENCE, ACCELERATING TRANSFORMATION AND FULFILLING PROMISES"

- **INVIGORATING ECONOMIC ACTIVITY**
- STRENGTHENING FISCAL MANAGEMENT
- **INCULCATING EXCELLENCE IN HUMAN CAPITAL**
- INTENSIFYING URBAN AND RURAL DEVELOPMENT
- **ENSURING WELL-BEING OF THE RAKYAT**

I beg to move the Bill entitled "An Act to apply a sum from the Consolidated Fund for the service of the year 2014 and to appropriate that sum for the service of that year" be read a second time.

#### INTRODUCTION

We have implemented 10 Malaysia Plans and 3 Outline Perspective Plans, since 1965 to 2010.

The National Development Policy was implemented from 1991 to 2000. Next came the National Vision Policy that spanned the period from 2001 to 2010. When tabling the 2010 Budget, I launched the National Transformation Policy, the bedrock and catalyst towards achieving Vision 2020.

All these plans would not have been realised without careful planning and clear strategies by the Government. In fact, for decades the Barisan Nasional Government has taken relentless efforts to develop the nation from an agriculture-based to a modern industrial economy and further grow to upper middle-income status. We are now poised to become a high-income and developed nation.

On 14 September 2013, I presented the Agenda on Bumiputera Economic Empowerment at the Dewan Agong Tuanku Cancelor in the main campus of UiTM. In my speech, I explained the demographics of the nation, particularly in relation to the Malays and Bumiputeras.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

Currently, the demographics beginning from Arau, Perlis to Kudat and Tawau in Sabah, through Bintulu and Batang Ai, Sarawak, indicate that Malays comprise 41 subgroups within nine major groups, Chinese 10 subgroups, Indians 8 subgroups, Orang Asli 18 categories, Bumiputera Sabah more than 60 ethnic groups and in Sarawak, more than 40 subgroups.

The truth is, irrespective of whether we are Malays, Chinese, Indians, Kadazans, Murut, Dusun, Iban, Bidayuh, Orang Ulu, Orang Asli, Sikhs, Eurasians, Siamese, Baba Nyonya and Chitty, we are all Malaysians. Every ethnic or subgroup irrespective of numbers is important in our journey towards success.

According to the 2010 Population and Housing Census, estimates for 2013 indicate that there are 18.6 million Malays and Bumiputera (67.9 percent of total population) including Muslims and non-Muslims, Chinese, 6.6 million (24 percent) Indians, 2 million (7.2 percent), while there are 259,000 (0.9 percent) people of other ethnic groups (0.9 percent). This means there are about 27.4 million Malaysian citizens.

However, this does not include the 40,000 Bangladeshis who were brought in as phantom voters in the recent 13th General Election as alleged by the Opposition. Till today no one has even seen them or their shadow. Enough of lies. Ask for forgiveness from Him.

Indeed, for more than five decades, there has been an agreement forged by our former leaders in full wisdom and knowledge, supported by statistical evidence and our multiracial society. Therefore based on the solid premise, we present you this important document.



As in previous years, the tabling of this document of national importance falls on a Friday afternoon, a blessed day. This is the first Budget to be presented by the Barisan Nasional Government, after gaining the trust and confidence of the *rakyat*, once again. This is also my fifth budget as the Minister of Finance since 2009.

#### **2014 BUDGET THRUSTS**

The 2014 Budget is formulated to ensure that the economy continues to expand at a strong pace and to reduce the fiscal deficit, with the overall objective of prospering the nation and promoting the well-being of the rakyat. Towards this, the 2014 Budget is formulated based on the theme "Strengthening Economic Resilience, Accelerating Transformation and Fulfilling Promises", outlining five main thrusts:

**FIRST THRUST** : Invigorating Economic Activity **SECOND THRUST**: Strengthening Fiscal Management

: Inculcating Excellence in Human Capital THIRD THRUST **FOURTH THRUST**: Intensifying Urban and Rural Development

: Ensuring Well-Being of the Rakyat **FIFTH THRUST** 

217

#### 2013 ECONOMIC PERFORMANCE AND 2014 PROSPECTS

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

Allow me to highlight the current global and domestic economic prospects. The global economy is expected to grow at a slower pace of 2.9 percent in 2013. As a highly open economy, Malaysia is not spared from the modest growth. Nevertheless, the country's strong economic fundamentals and accommodative monetary policy will enable us to grow at a sustainable pace. In fact, the economy grew 4.2 percent in the first half of 2013.

Economic indicators reflect trends that support growth. For example, the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI) reached 1,818 points on 24 October 2013, with market capitalisation of RM1.66 trillion, a new record high in terms of level and value. This underscores the increasing local and foreign investors' confidence in the economy.

In 2014, in tandem with an improved global economic outlook, the domestic economy is projected to grow at a stronger pace of 5 percent to 5.5 percent. Growth will be driven by private investment expanding 12.7 percent and private consumption at 6.2 percent.

Net foreign direct investment was higher at RM18.2 billion in the first half of 2013 compared with RM15.9 billion during the same period in 2012. International reserves remained strong at RM444.9 billion at 14 October 2013, sufficient to finance 9.7 months of retained imports and is 3.9 times the short-term external debt.

For the whole of 2013, the domestic economy is expected to expand between 4.5 percent and 5 percent. Growth is supported by private investment, increasing 16.2 percent to an estimated RM165 billion. In addition, private and public consumption are expected to grow 7.4 percent and 7.3 percent, respectively mainly supported by strong domestic economic activity.

In 2014, in tandem with an improved global economic outlook, the domestic economy is projected to grow at a stronger pace of 5 percent to 5.5 percent. Growth will be driven by private investment expanding 12.7 percent and private consumption at 6.2 percent.

Exports of goods are expected to grow 2.5 percent due to improving external demand. On the supply side, the construction sector is expected to grow 9.6 percent, followed by the services sector at 5.7 percent. The unemployment rate is estimated at 3.1 percent while the inflation rate will remain low between 2 percent and 3 percent.

The per capita income for 2014 is expected to reach RM34,126 compared with RM24,879 in 2009, an increase of 37 percent over 6 years. In this regard, we are confident of achieving the target per capita income of RM46,500 or USD15,000 in 2020. It is even possible that we will achieve developed nation status much earlier than 2020.

#### **2014 BUDGET ALLOCATION**

The 2014 Budget will allocate a total of RM264.2 billion to implement programmes and projects for the well-being of the *rakyat* and national development. Of this amount, RM217.7 billion is for Operating Expenditure while RM46.5 billion for Development Expenditure.

Under Operating Expenditure, RM63.6 billion is allocated for Emoluments and RM36.6 billion for Supplies and Services. Meanwhile, RM114.5 billion is allocated for Fixed Charges and Grants, while RM1.4 billion is for the Purchase of Assets. The remaining RM1.5 billion is for Other Expenditures.

From the Development Expenditure of RM46.5 billion, a sum of RM29 billion is allocated to the economic sector. A sum of RM10.5 billion is allocated to the social sector for education and training, health, welfare, housing and community development. In addition, RM3.9 billion is allocated to the security sector. The balance of RM1.1 billion is for general administration and RM2 billion for contingencies.

In 2014, the Federal Government revenue collection is estimated at RM224.1 billion, an increase of RM4 billion from 2013. Taking into account the estimated revenue and expenditure, the Federal Government fiscal deficit will further decline from 4 percent of GDP in 2013 to 3.5 percent in 2014. This clearly indicates the Government's commitment towards fiscal consolidation to further strengthen the financial position of the nation.

Taking into account the current international and domestic economic environment, I will now present the five thrusts which will be the basis of the 2014 Budget.

# FIRST THRUST: INVIGORATING ECONOMIC ACTIVITY

The Government will continue to provide a conducive environment to attract more domestic and foreign investment. The Government's efforts have led to an increase in private investment. For example, the share of private investment to GDP has grown from 12.4 percent in 2010 to 16.7 percent currently.

In 2014, private investment is expected to increase further to RM189 billion or 17.9 percent of GDP, particularly in oil and gas, textile industry, transport equipment and real estate development.

Public investment is estimated to reach RM106 billion. Projects to be implemented include construction of the 316-kilometre West Coast Expressway from Banting to Taiping as well as double-tracking projects from Ipoh to Padang Besar and later from Gemas to Johor Bahru.

In the oil and gas sector, among projects to be undertaken by Petronas include the Sabah Ammonia Urea Project (SAMUR) in Sipitang; the integrated oil and gas production development project in Kebabangan; the regasification plant project in Lahad Datu, Sabah; and Refinery and Petrochemicals Integrated Development (RAPID) in Pengerang, Johor, which is the largest investment in Malaysia.

The Government will continue to encourage investments in the five regional economic corridors by providing basic infrastructure and implementing high-impact projects. As at end-2012, investments worth RM124 billion or 41 percent of the total committed investments were realised in the regional corridors.

In the first nine months of 2013, the regional corridors attracted committed investments of RM53.4 billion with almost 50 percent realised. Among the important projects in Iskandar Region are Pinewood Studio, Gleneagles Medini Hospital and Pegasus International School. In addition, sewerage and flood mitigation projects will be carried out.

221

In 2014, the Government will allocate RM1.6 billion for development in the five regional corridors. Among the main projects to be implemented include the agropolitan project and oil palm-based industries in the Sabah Development Corridor as well as Samalaju Industrial Park and a halal hub in the Sarawak Regional Corridor.

Meanwhile, in the East Coast Corridor, Kuantan Port will be expanded. An integrated petrochemical complex will be built in Gebeng and Kertih. In the Northern Corridor, the main projects include planting of commercial crops and fertigation system.

# **Invigorating Services Sector**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

The services sector is the key contributor to economic growth and has huge potential for further development. The sector's contribution to GDP has increased from 49.3 percent in 2000 to 55 percent in 2013. To further promote growth in the sector, the Government will launch the Services Sector Blueprint in 2014 which outlines strategies and measures as well as identifies the following potential subsectors to be developed.

# **Logistics Sector**

Malaysia is currently ranked 29th in the World Bank Logistics Performance Index Report 2012. The Index benchmarks the performance of logistics activities, including shipping, infrastructure, timeliness, customs clearance and competencies. Though lagging behind developed nations, our performance can be improved.

To ensure a more efficient logistics sector, the Government will formulate a Logistics Sector Master Plan. The Plan will provide the strategic direction for the development of logistics infrastructure and supply chain as well as review regulations and laws. In addition, the Government will allocate RM3 billion in soft loans under the Maritime Development Fund through Bank Pembangunan Malaysia. The Fund will provide financing to encourage the development of the shipping industry, shipyard construction, oil and gas as well as maritime-related support activities.





# **Promoting Aviation Industry**

Malaysia has potential to be an aviation hub in the region. The industry will have a multiplier effect on the economy in line with growing demand for passengers and air cargo. For the period January to July 2013, passenger traffic at airports nationwide increased to 43.9 million from 38.6 million passengers during the same period in 2012.

Total air cargo handled increased to 529,000 tonnes during the first seven months of 2013. When KLIA 2 is operational, passenger traffic is expected to increase to more than 70 million. To further develop the industry, the Government will formulate a National Aviation Policy, which will outline measures to strengthen the ecosystem and services network in the aviation industry.

To improve operations management and air traffic control, the Government will replace the existing air traffic control management system in Subang that is almost 20 years old. A new air traffic management centre costing RM700 million will be built at KLIA. The new system will facilitate an increase in air traffic from 68 to 108 movements per hour on 3 runways. This will be among the highest capacity in handling air traffic worldwide.

To increase passenger comfort, the Government will upgrade several airports, such as Kota Kinabalu and Sandakan in Sabah as well as Miri, Sibu and Mukah in Sarawak. For this, the Government will allocate RM312 million. In addition, the passenger terminals in Langkawi International Airport and Kuantan Airport will be upgraded.



# **Promoting Tourism Sector**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

In 2013, the tourism sector is expected to generate revenue of RM65 billion and has the potential to contribute further. In 2012, Malaysia attracted 25 million tourists. In view of the encouraging performance, 2014 has been declared Visit Malaysia Year (VMY), targeting 28 million tourists.

To implement the VMY programmes, the Government will allocate RM1.2 billion for operating and development expenditure in 2013 and 2014, including for promotion and advertising.

In continuous efforts to attract more tourists, I am pleased to announce 2015 as the Year of Festivals. In this regard, we will organise and showcase a variety of cultural programmes and festivals in the country.

Malaysia is among the preferred tourist destinations for shopping. According to the Globe Shopper Index 2012 and CNN Travel 2013 Report, Kuala Lumpur is ranked the 4th most popular city in the world for shopping after New York, Tokyo and London.

To further promote Malaysia as a preferred tourist destination, the Government will continue to encourage investments particularly in new 4- and 5-star hotels. The measure will ensure adequate supply of international standard accommodation and increase tourist arrivals, especially from the luxury and high-spending category. To support this, the Government proposes the application period for Pioneer Status and Investment Tax Allowance incentives be extended for another 3 years until 31 December 2016.

To further promote the tourism industry, a sum of RM2 billion will be provided to the Special Tourism Infrastructure Fund under Bank Pembangunan Malaysia. The Fund will provide soft loans at low interest rates between 4 percent and 6 percent, with the Government providing a subsidy of 2 percent. The Fund will be used to finance the cost of building infrastructure such as hotels, resorts and theme parks as well as purchase and replacement of equipment related to the tourism sector.





THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



# **Expanding Internet Access**

In a borderless world, information can be obtained instantaneously. Therefore the requisite infrastructure will be upgraded to meet consumer demand. Hence, the Government has implemented the High-Speed Broadband (HSBB) project under the National Broadband Initiative.

The collaboration with the private sector has involved investment of RM11.3 billion since the 9th Malaysia Plan. The HSBB project has been implemented with Internet access speed of 4 megabits per second (Mbps) and benefiting 2.3 million premises, particularly in urban areas.

To expand coverage in major towns, the Government will implement the second phase of HSBB project in collaboration with the private sector involving an investment of RM1.8 billion. The initiative is expected to provide additional coverage and facilities mainly in urban areas, benefiting 2.8 million households nationwide. The Internet speed will be increased to 10 Mbps.

The HSBB network will be expanded to suburban areas with an Internet access speed increasing to between 4 and 10 Mbps, which will benefit 2 million consumers at a cost of RM1.6 billion.

To increase Internet coverage in rural areas, 1,000 telecommunication transmission towers will be built over the next 3 years, with an investment of RM1.5 billion. To increase Internet access in Sabah and Sarawak, new underwater cables will be laid within 3 years, at a cost of RM850 million. These investments will utilise the Universal Services Provision Fund, which is under the purview of the Malaysia Communications and Multimedia Commission.

# **Strengthening Financial Market**

Currently, the domestic bond market is the largest in Southeast Asia with a value exceeding RM1 trillion, while daily transactions in the foreign exchange and money markets are more than RM30 billion. To ensure efficient operations of financial markets, a clear regulatory framework is required.

In this regard, amendments will be made to existing laws and Bank Negara Malaysia will lead the initiative in formulating the Netting Act to protect enforcement rights of "close-out netting" under the financial contract. This is to reduce credit risk and promote the derivatives market, thereby reducing systemic risks in the domestic financial market as well as reduce the cost of doing business.

Malaysia's position as a leader in the Islamic capital market is an advantage in attracting funds and issuance of securities. To enhance global competitiveness, efforts will be intensified to promote Malaysia as a market for Social Responsible Investment (SRI).

Among the measures which will be implemented include introducing the Environmental, Social and Governance Index (ESG) to raise the profile of listed companies which have high socially responsible practices.

The Securities Commission will introduce the Framework of Socially Responsible Sukuk Instrument or SRI Sukuk to finance various sustainable and responsible investment initiatives. In addition, the Government will establish a SRI Fund to be invested in listed companies which demonstrate high accountability, transparency and sustainability, including inclusiveness in diversity encompassing gender, age and ethnicity.

For a start, Valuecap will allocate RM1 billion to invest in companies that score high on the ESG Index. I trust this will encourage more companies to show high commitment towards social responsibility.

Kuala Lumpur • October 25, 2013



#### **Pension Scheme**

In 2010, the Government established the 1Malaysia Pension Scheme (SP1M), for the self-employed without fixed income to contribute voluntarily to the Employees Provident Fund (EPF). To date, about 66,000 contributors have participated in the scheme with total savings exceeding RM240 million.

To encourage more people to participate in the scheme, I propose that the Government increases its contribution from 5 percent to 10 percent or from a maximum of RM60 to RM120 per year. This will be effective from 1 January 2014 to end-2017 and is expected to attract 30,000 new contributors.

The Government recognises the importance of savings from an early age to ensure sufficient savings after retirement. To further increase savings, the Government encourages youth to undertake long-term investment through the Private Retirement Scheme (PRS).

Towards this, the Government proposes a one-off incentive of RM500 to contributors who participate in the PRS scheme with a minimum cumulative investment of RM1,000 within a year. The incentive, which is available for individuals aged between 20 and 30 years, is expected to attract 420,000 youth contributors nationwide. The incentive will be implemented from 1 January 2014, for a period of 5 years, involving an allocation of RM210 million.

# Moving Up the Value Chain in Agriculture Sector

**THIRD** 

According to an old proverb, if you work on the land diligently, you will reap the harvest. As such, agriculture is always included in the annual budget. An allocation of RM6 billion will be provided for the implementation of high value-added and commercially viable agriculture programmes. Among the main initiatives are as follows:

Establish the Food and Agro Council for Export (FACE) which will be chaired by the Minister of Agriculture and Agro-based Industry. The Council will act as a facilitator to increase exports of local agriculture produce;

OND Strengthen FAMA to play a more strategic role, in line with the concept of "from farm to export market". For instance, FAMA will organise an Agro Bazaar in Singapore; and in line with the high price and demand for durians, we will increase exports to China. To ensure that agriculture produce remains fresh, the Government will provide cold room facilities in KLIA. In addition to increasing exports, this will give higher return to farmers;

Ensure fair prices of food products by opening an additional 60 farmers' markets, 50 fish markets, 50 agriculture caravans as well as 100 fresh fruit stalls nationwide. The initiative to be undertaken by FAMA and LKIM will provide facilities to traders to sell food products directly to consumers.

The Government will allocate a sum of RM2.4 billion for subsidies and incentives, including subsidies for fertilisers, seeds, price of paddy and rice as well as incentives for higher production of paddy and fish landing. In addition, the Government will allocate RM243 million for the replanting programme of rubber, palm oil and cocoa as well as forest plantation programme.

To increase productivity as well as to promote agriculture produce with high demand, the Government will allocate RM634 million under the National Key Economic Area. Among the projects include paddy and fish cage farming, seaweed and birds' nest, high-value herbs, vegetables and fruits for the export market.

The Government will also implement a lobster rearing project at Semporna, Sabah in collaboration with a multinational company to produce 18,000 metric tonnes yearly which will create 20,000 jobs. The project is expected to benefit more than 6,000 local entrepreneurs and increase their monthly income up to RM4,000 over the long term.

To increase competitiveness and the contribution of Bioeconomy to economic growth, the Government will implement the Bioeconomy Community Development programme. Under the programme, idle lands will be developed through the application of biotechnology as well as for contract farming to increase the value-added of the agro-based industry and income of farmers.

Recognising the importance of research and development (R&D) for the development of Bioeconomy, the Government will provide the following R&D incentives for viable projects which will be assessed by BiotechCorp:

Tax deduction for companies that invest to acquire technology platform in bio-based industry;

Exemption on import duty on R&D equipment for companies that invest in pilot plants for the purpose of pre-commercialisation in Malaysia; and

THIRD Special incentive to companies to partially cover the operational cost for human capital development for Centre of Excellence for R&D.

The incentives are for applications received by Biotech Corp from 1 January 2014 to 31 December 2018.

# **Entrepreneur Development**

According to a Hadith, out of ten parts, nine parts of one's sustenance is in business. In this respect, we will train and nurture more young entrepreneurs so that they will become successful businessmen. Thus, the Government is committed to ensuring that entrepreneur development remains a key element in generating economic growth.

An entrepreneur development plan will be formulated to provide a conducive ecosystem that emphasises the generation of ideas that can be commercialised, infrastructure for training and incubators, entrepreneurship modules, financing facilities as well as marketing. To formulate the entrepreneur development plan, an entity called the National Entrepreneur Development Office will be established under the National Strategy Unit, Ministry of Finance which will plan and coordinate all activities related to entrepreneurship.

During the recent 4th Global Entrepreneurship Summit, I had announced the establishment of the Malaysian Global Innovation and Creativity Centre (MaGIC), a one-stop centre to empower entrepreneurs. MaGIC will monitor the performance of entrepreneurs; house an integrated database; provide incubators; registration and patenting of intellectual property; funding facilities; business matching process; and guidance, counselling and training. For this purpose, the Government will provide an allocation of RM50 million.

To make Malaysia an Entrepreneurial Nation, the 1Malaysia Entrepreneurs (1MeT) programme was implemented to expose entrepreneurship to youth who are interested to venture into business. Through the 1MeT Programme, a database of participants has been created.

The Government targets 5,000 young entrepreneurs to be trained yearly. In this regard, committed 1MeT entrepreneurs will be given further guidance at MaGIC. In addition, Malaysia will host the 5th Global Social Business Summit from 7 to 9 November 2013, which will provide a platform for social entrepreneur development, especially among youth in the country.

To reduce graduate unemployment, the Government encourages graduates to venture into entrepreneurship upon graduation. For this, I am pleased to announce that the Government will allocate RM50 million under the Graduate Entrepreneurship Fund which will be managed by SME Bank. The Fund will provide soft loans of up to RM500,000 at an interest rate of 4 percent.

# **Strengthening Small and Medium Enterprises**

Currently, while SMEs account for 97.3 percent of the total registered businesses; their contribution to GDP is 32.4 percent. Following the new SME definition, the percentage of registered SMEs will increase to 98.5 percent. The Government is committed to ensuring that SMEs contribute 40 percent to GDP by 2020.

The Government proposes an allocation of RM120 million for an integrated package to increase innovation and productivity of SMEs. The package will provide financing for mechanisation and automation as well as upgrading capacity of SMEs. In addition, the Government provides various assistance and incentives under the Green Lane Policy programme for financing, tax incentives and procurement including:

Subsidy on interest rate of 2 percent or a maximum of RM200,000 per year;

SECOND Stamp duty exemption for loan agreements under the soft loan incentive scheme;

THIRD Tax deduction on expenses incurred for obtaining 1-InnoCERT certification;

Government procurement incentives encompassing approved manufacturers status company registration without site visit as well as bonus marks given in technical evaluation; and

Priority incentives to participate in procurement exercise by Minister of Finance Incorporated Companies.



The Government plans to extend these incentives until 31 December 2017. The Government has implemented the Minimum Wage Policy on 1 January 2013. The monthly minimum wage is RM900 in Peninsular Malaysia, and RM800 in Sabah, Sarawak and Labuan. To encourage compliance with this new policy, and to reduce the financial impact to SME employers, co-operatives, societies and associations, the Government proposes that the difference in the wages paid by employers for the period of 1 January 2014 to 31 December 2014 be given further tax deduction.

To help the night market traders, the Government will create a Night Market Traders Entrepreneur Scheme with an allocation of RM100 million under Bank Simpanan Nasional. The soft loans will carry a 4 percent interest rate, with maximum loans of up to RM30,000. The facility is to cover business costs such as revolving capital, site rental, raw materials and business equipment.

# SECOND THRUST: STRENGTHENING FISCAL MANAGEMENT

#### **Transformation of Civil Service**

To achieve this objective, we first need to transform the civil service. To improve the service delivery system, the Government will implement the transformation plan in every ministry. This is important to strengthen and restructure the organisation to remain relevant in line with current developments.

The Government views seriously the issues highlighted in the 2012 Auditor General's Report. To enhance confidence of the rakyat as well as uphold the image and credibility of the civil service, a special committee has been established, chaired by the Chief Secretary to the Government, to investigate and take stern action against errant civil servants.

The Public Service Department (JPA) is investigating and taking action on more than 100 cases for non-compliance with financial procedures including procurement procedures. Meanwhile, 15 cases are under the investigation of the Malaysia Anti-Corruption Commission (MACC) for prosecution.

To enhance integrity, the Government will establish an Integrity Management Unit in each ministry to increase compliance and adherence with established procedures. MACC officers will be represented in the Unit.

# **Improving Budget Management**

To improve budget management, the Outcome-Based Budgeting (OBB) was introduced to ensure that allocation is based on outcomes; improve the efficiency of implementation; reduce redundancy as well as systematically evaluate performance of all Government programmes and projects. In 2014, three ministries, namely Ministry of Health, Ministry of International Trade and Industry as well as Ministry of Finance will undergo performance evaluation based on the OBB.

Last June, the Government established the Fiscal Policy Committee (FPC). The role of the FPC is to strengthen the Government's financial position, ensure fiscal sustainability and long-term macroeconomic stability. The Government is committed to reducing the fiscal deficit gradually, with the aim of achieving a balanced budget by 2020. The Government will also ensure that Federal debt level will remain low and not exceed 55 percent of GDP.

In addition, the Government will continue to ensure a strong operating surplus where revenue will always exceed operating expenditure. Emphasis will be given to improving efficiency in spending, prioritising implementation of high-impact projects as well as improving auditing methods.

Currently, audit is only undertaken after a project or programme is completed. As a proactive measure, the Government will conduct audit on projects valued at more than RM100 million during its implementation.

# **Monthly Tax Deduction as Final Tax**

Currently, tax payers with employment income and subject to monthly tax deduction (MTD) are required to submit tax returns before or on 30 April of each year. The requirement to submit tax returns has confused tax payers from whom MTD has already been made and yet they are still required to submit the tax returns to the Inland Revenue Board.

To facilitate tax payers with employment income whose MTD have been made, it is proposed that these tax payers are not required to submit tax returns if satisfied their MTD is a final tax. This proposal is effective from year assessment 2014.





#### **Subsidy Rationalisation**

In general, subsidies impede growth if not well targeted. The Government has allocated almost RM47 billion in 2013 for various types of subsidies, incentives and assistance, including subsidies for petroleum products, food, health, agriculture and fisheries, utilities, toll as well as welfare and education.

Of this amount, the largest allocation of RM24.8 billion or 53 percent is to subsidise petroleum products that are enjoyed by all segments of society, including the high-income group, businessmen and foreigners. In addition, subsidised products are also smuggled by irresponsible people. Subsidy is rakyat's money and should be used to improve the well-being of the *rakyat*. However, if subsidies lead to wastage and losses, the Government will not hesitate to take appropriate action.

To ensure a targeted subsidy system, the Government will gradually restructure the subsidy programme. This is to ensure that only those who truly deserve will enjoy it. A portion of the savings from the restructuring of the subsidy system will be distributed in the form of direct cash assistance, while the other half will be used to finance development projects. For a start, the Government has reduced the subsidy on petroleum products by 20 sen a litre on 3 September 2013.

In addition, to ensure that there is no duplication in providing assistance and no deserving welfare assistance recipient is left out, the Government will establish a comprehensive database system, including integrating the databases of e-Kasih, recipients of welfare assistance; and BR1M recipients. For this, the Implementation and Coordination Unit, JPM will lead the initiative.

#### **Goods and Services Tax (GST)**

The Government takes cognisance that the current sales tax and service tax have certain weaknesses such as the impact of double taxation on consumers, the absence of full tax relief on exported goods and transfer pricing issue. These weaknesses ultimately will result in losses to the consumers and the Government. In Budget 2013, the Government intended to take bold measures to strengthen the fiscal position of the nation. In fact a Bill in relation to the GST had been previously read in this august House. Since then we have received various views, both positive and negative.

The Government has taken a few years to conduct detailed and comprehensive studies, and has considered the views of all segments of society, including the chambers of commerce, investors, economists, academicians, consumer associations and NGOs.

Thus, based on the principle of People First, the Government has decided to expeditiously implement a fair and comprehensive tax system that benefits all Malaysians.

In this regard, the Government proposes that the sales tax and service tax be abolished. These two taxes will be replaced by a single tax known as the Goods and Services Tax (GST). I must stress that GST is not a new tax.

Currently, the inflation rate is low at 2 percent. The Government believes that this is the best time to implement GST as the inflation rate is low and contained.

With the implementation of GST, the Government will be able to address the weaknesses in the current taxation system. As an example, if we were to buy a carbonated drink in a restaurant today, we would not notice that we are paying double taxes which are sales and service tax.

Put differently or explained in simple terms, with the GST system, consumers will only need to pay tax once and the price of goods should be cheaper.



We feel disheartened that certain irresponsible groups tried to take advantage by confusing the general public on the understanding of GST. They claimed that when GST is implemented, the price of goods will rise and that the poor and lowincome group will bear the burden.

More than 160 countries have already implemented GST. This clearly demonstrates that GST is proven to be a transparent, effective and fair tax system. The vast majority of nations in the world would not have implemented GST, if it is disadvantageous to the people and the country. Most of the developed nations have long implemented GST or Value Added Tax (VAT). Even ASEAN countries such as Indonesia, the Philippines, Laos and Cambodia, as well as countries such as Burkina Faso, Burundi, Zimbabwe, Rwanda and Kenya have implemented GST.

On the part of the Government, GST legislation, computerised systems, training of officers, GST infrastructure and a comprehensive communication plan have been completed.

The proposed GST model to be implemented in Malaysia is as follows:

The GST rate is fixed at 6 percent and to be effective from 1 April 2015, approximately 17 months from today.

This rate is the lowest among ASEAN countries compared with 10 percent in Indonesia, Vietnam, Cambodia, the Philippines and Laos and 7 percent in Singapore and Thailand;

GST will not be imposed on basic food items such as rice, sugar, salt, flour, cooking oil, lentils, herbs and spices, salted fish, cencalok, budu and belacan;

THIRD GST will not be imposed on piped water supply and the first 200 units of electricity per month for domestic consumers;

FOURTH GST will not be imposed on services provided by the Government such as the issuance of passports, licences, health services and school education;

FIFTH Transportation services such as bus, train, LRT, taxi, ferry, boat, highway toll as well as education and health services are exempted from GST; and

Sale, purchase and rental of residential properties as well as selected financial services are exempted from GST.





Upon the implementation of GST, the Government is committed to providing various forms of assistance to the *rakyat* during the GST transition period. The assistance and support are as follows:

One-off cash assistance of RM300 to households who are BR1M recipients;

Individual income tax rates are reduced by 1 to 3 percentage points for all tax payers to increase their disposable income. With this measure, 300,000 persons who currently pay income tax will no longer pay tax. Generally, families with monthly income of RM4,000 will no longer have tax liability. Other existing tax payers will also enjoy tax savings; and

Individual income tax structure will be reviewed to enhance the competitiveness of the nation as well as to retain and attract talent and skilled workers into the country. To ensure a more progressive tax structure, the chargeable income subject to the maximum rate will be increased from exceeding RM100,000 to exceeding RM400,000. The current maximum tax rate at 26 percent will be reduced to 24 percent, 24.5 percent and 25 percent.

These measures will be effective from 2015.

In this regard, to ensure smooth implementation of GST by businesses, the Government proposes the following additional packages:

FIRST Corporate income tax rate be reduced by 1 percentage point from 25 percent to 24 percent. Whereas income tax rate for small and medium companies will be reduced by 1 percentage point from 20 percent to 19 percent from the year of assessment 2016;

Cooperative income tax rate be reduced by 1 to 2 percentage points from the year of assessment 2015;

THIRD Secretarial fee and tax filing fee are allowed as tax deductions from the year of assessment 2015;

FOURTH Cost of purchasing ICT equipment and software is given Accelerated Capital Allowance until year of assessment 2016;

Expenses incurred for training in accounting and ICT relating to GST be given further tax deduction for years of assessment 2014 and 2015; and

Training grant of RM100 million will be provided to businesses that send their employees for GST training in 2013 and 2014. In addition, financial assistance amounting to RM150 million will be provided to SMEs for the purchase of accounting software in 2014 and 2015.

With the various special packages provided by the Government, certainly no parties should take opportunity to increase prices of goods and services unscrupulously. Prices of goods will be constantly monitored. The Government will publish prices of goods and services as a guide for consumers to compare prices.



Consumers are urged to make rational choices, spend prudently and report unethical traders to the authorities. In this regard, the Ministry of Domestic Trade, Cooperatives and Consumerism will intensify enforcement efforts through the Price Control and Anti-Profiteering Act 2011.

In addition, to ensure the smooth implementation of GST, a GST Monitoring Committee will be established and chaired by the Honourable Second Minister of Finance with members from Government agencies as well as representatives from industries and NGOs.

# THIRD THRUST: INCULCATING EXCELLENCE IN HUMAN CAPITAL

The biggest challenge for Malaysia is holistic human capital. Holistic human capital development includes intellectual capital, artistic skills, communication skills, interpersonal skills, thinking, innovation and creativity. In essence, physical and technological developments must be balanced with noble values. Otherwise, there will be a vacuum and material success will not be rooted in universal human values.

The Government will continue to provide quality and advanced skills training to meet the demands of the job market. In addition, the physical, spiritual and intellectual aspects will be honed from young to tertiary level. The workforce will also be infused with noble values so that society lives in peace and harmony.

# **Enhancing Educational Excellence**

In achieving the third thrust, the first initiative is enhancing educational excellence. Indeed, every Budget has provided the largest allocation to the education sector. Education is important. Since ancient times, a civilisation will not last if not imbued with knowledge and wisdom.

The Government is committed to accelerating academic achievement, competencies and skills. Towards this, the Government will allocate a sum of RM54.6 billion or 21 percent of the total allocation in 2014. In addition, the Government will ensure that the implementation of the Malaysia Education Blueprint achieves the objective of ranking Malaysia in the top one third category of the world's best education, within a span of 15 years.

To continue upholding excellence in education beginning from preschool to the secondary level, programmes to be implemented include:

The Government recognises that early education is critical for physical and mental development. In this regard, we allocate RM530 million for preschool programmes as well as set up 93 preschools in national-type primary school;

Implementing programmes to enhance the teaching profession with emphasis on teaching, improving teaching methods and proficiency in Bahasa Malaysia and English. For this, a sum of RM209 million is provided;

THIRD Expanding internet access in schools especially in rural areas with an allocation of RM168 million; and

Build 33 new schools and upgrading existing ones, including dilapidated schools with an allocation of RM831 million.

In the 2012 and 2013 Budget, respectively the Government provided RM1 billion under the Special Fund for Building, Upgrading and Maintenance of Schools specifically for urgent repairs and maintenance of school buildings; purchase of equipment and construction of additional blocks.

To follow up on the Government's commitment, I am pleased to announce an additional RM450 million for this Special Fund. Of this, RM100 million will be channelled to national schools and RM50 million each to national-type Chinese schools, RM50 million to national-type Tamil schools; mission schools; Government-assisted religious schools; boarding schools; and Maktab Rendah Sains MARA as well as People's Religious Schools (SAR).

#### **Tertiary Education**

The Government will focus on strengthening public and private higher learning institutions towards producing quality graduates who meet the demands of the job market.

Among programmes to be implemented include:

**FIRST** 

Improving the status of research universities by increasing research and the number of articles for publications in international journals. For this, the Government will provide an allocation of RM600 million in research grants for public institutions of higher learning; and

SECOND The Government will continue the MyBrain15 programme which finances tuition fees at post-graduate level, especially for executives in the private sector. For this, a sum of RM110 million is allocated.

Publishing articles in international academic journals is an important aspect in promoting the works of local academicians. Recognising the importance of establishing a world-class scholarly centre, the Government will establish a Malaysian Citation Centre to increase publication of local scholarly works and assist researchers publish articles in renowned international journals.

# **Strengthening Skills Training**

Continuous efforts will be made to improve the quality of training in order to produce a highly skilled workforce. The Government will therefore implement the following measures:

**FIRST** 

Implement a single tier for the Malaysian Skills Certificate course Levels 1 to Level 3 for 6 months in all Industrial Training Institutes under the purview of Manpower Department (JTM);

SECOND

Upgrade and replace equipment at JTM training institutes with the latest technology involving an allocation of RM178 million; and

**THIRD** 

Allocate a sum of RM330 million to Skills Development Fund under the Ministry of Human Resource. The fund will provide loans for SPM leavers to enrol in skills training courses.

Youth are the nation's hope, asset and heir for the future. According to religious scholars, good behaviour of youth today will reflect the future of the nation.

A sum of RM200 million is allocated to upgrade and implement a two-shift approach at the National Youth Skills Institute (IKBN). Among the areas that have been identified include automotive, marine maintenance, welding and electrical wiring which will benefit more than 15,000 IKBN trainees nationwide.

At present, there are 13,000 registered employers who contribute a levy of 1 percent of the monthly wages of workers to the Human Resource Development Fund (HRDF). The levy is used to train and upgrade the skills of workers.

HRDF will provide RM400 million for registered companies to give opportunities to employees to enroll in upskilling and reskilling programmes. The allocation can also be used by these companies to train apprentices and future workers.

To ensure employees are able to balance between career and family commitments, a flexible work environment is important. Therefore, it is proposed that employers implement the Flexible Work Arrangement (FWA) to give flexibility in terms of duration, place and working hours at the workplace.

The FWA may be implemented through compressed work week, flexi hours and weekend work. To encourage more Malaysian companies to adopt FWA as the norm, the Government proposes that training expenses and consultancy fees incurred by employers in implementing FWA be given further tax deduction.

# **Schooling Assistance**

The Government will continue giving RM100 to all primary and secondary school students to ease the burden of schooling expenses. For this, the Government will allocate RM540 million which will benefit about 5.4 million students. I understand some parents have donated the sum to the Parent-Teachers Association (PIBG). The Government appreciates the kind gesture.

# **1Malaysia Book Voucher**

A reading culture among the *rakyat* should be enhanced. Make the book your friend, your torch in the dark and a lifelong mind stimulant.

To ease the burden of students in pre-university and institutions of higher learning in purchasing books and reference materials, the Government will continue to provide the 1Malaysia Book Voucher Programme valued at RM250 to each student. The initiative is expected to benefit 1.3 million students involving an allocation of RM325 million.





# FOURTH THRUST: INTENSIFYING URBAN AND RURAL DEVELOPMENT

# **National Blue Ocean Strategy (NBOS)**

The National Blue Ocean Strategy (NBOS) is an integrated approach by the Government in formulating policies and initiatives through smart partnership between the ministries and agencies.

The strategy complements the National Transformation Policy. To date, 56 initiatives have been implemented using the NBOS approach of low cost, speedy implementation and high impact programmes. In 2014, the Government will allocate RM278 million to implement various programmes including:

FIRST

Launching of the Urban Transformation Centre (UTC) in Sabah at the end of the year and 4 more UTCs with one each in Sarawak, Johor, Terengganu and Perlis, in addition to the existing 5 UTCs;

**SECOND** 

Launching an additional three Rural Transformation Centres (RTCs) with one each in Sabah, Sarawak and Negeri Sembilan, bringing the total to 8 RTCs; and

**THIRD** 

Implementing Mobile Community Transformation Centre or Mobile CTC by increasing the number of modified buses and vans. The main services to be provided include MyKad registration, driving licence renewal, health screening and business advisory services.





# **Strengthening the Public Transport Network**

An efficient public transport system facilitates mobility, saves time and travel costs. The Government is therefore committed to improving public transport, including providing quality and comfortable facilities. Among the initiatives taken are:

Constructing the Ipoh-Padang Besar double-tracking project and later extending to Johor Bahru as well as upgrading rail tracks nationwide with an allocation of RM2.9 billion;

SECOND Providing 'park and ride' facilities at LRT stations, KTM commuter stations and ERL stations with an allocation of RM62 million;

THIRD Introducing a Centralised Taxi Service System with an allocation of RM15.3 million to ensure efficient mobilisation of taxi services;

FOURTH Building 'last city terminals' and upgrading bus stops as well as providing 'drop-and-ride' facilities involving an allocation of RM28 million; and

Refurbishing Electric Multiple Units (EMUs) trains at a cost of RM28 million to ensure frequency and efficiency of services.

To ensure a seamless network between urban and rural areas, the Government will allocate RM130 million to subsidise rural air transport, especially for rural population in Sabah and Sarawak. Holding firm to the principle of People First, the Government will also continue to subsidise uneconomical train routes in East Coast, namely Pahang and Kelantan. The move will benefit about 600,000 commuters involving an allocation of RM52.9 million.

# **Enhancing Urban Well-being**

Currently, there are various local community groups such as Residents' Associations, *Jawatankuasa Kemajuan dan Keselamatan Kampung*, as well as Neighbourhood Watch, which focus on administration as well as promote unity and harmony among local residents.

To enhance coordination and community well-being, particularly in urban areas the Government proposes the establishment of *Jawatankuasa Perwakilan Penduduk (JPP)* in local authorities (PBT). JPP will be represented by members of the local community to support community development programmes, apart from addressing issues in their areas. For this, the Government will establish 24 JPP zones in each local authority with an allocation of RM63 million.

Currently, treated water supply reserves nationwide have not met the 20 percent target with water supply disruptions, particularly during peak periods. Therefore, to increase the coverage of water supply to 100 percent, especially in urban areas, the Government will build and upgrade dams and water treatment plants involving an allocation of RM1.2 billion.

249

# **Rural Development**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

To further strengthen and improve basic infrastructure as well as improve the living standards of people in rural areas, a sum of RM4.1 billion is provided for rural development programmes for basic infrastructure projects such as:

**FIRST** 

A sum of RM980 million is allocated for the refurbishment and upgrading of 437 kilometres of rural road networks nationwide. In addition, a total of RM500 million is provided for the Pan-Borneo Highway project;

SECOND A sum of RM457 million is allocated for the provision of potable water to 8,000 houses in rural areas. In addition, RM75 million is allocated for the supply of water tanks in Sarawak;

**THIRD** 

A sum of RM865 million is allocated for the provision of uninterrupted 24-hour electricity supply to more than 16,000 homes nationwide. In addition, to address the frequent electricity supply disruption in Sabah, a sum of RM265 million is allocated to strengthen the generation and transmission system such as upgrading of the Tenom Pangi Hydro Power Station, construction of Kimanis electricity transmission lines and construction of main switch station in Sandakan;

**FOURTH** A sum of RM179 million is allocated to build and refurbish 20,000 houses for poor people in rural areas;

FIFTH

To encourage entrepreneurship among the rural populace and increase their income, a sum of RM20 million is allocated for Rural Business Challenge programme which includes food production, fish farming, auto repair and agro-tourism; and

SIXTH

A sum of RM109 million is provided for the economic development as well as to upgrade the infrastructure, facilities and living standard for the Orang Asli community.

The Government will continue with the flood mitigation programme (RTB) in Sungai Muda in Kedah, RTB Lembangan Sungai Muar in Johor, RTB Sungai Bunus in Kuala Lumpur and RTB Pekan in Pahang. For this, the Government will allocate RM659 million. In addition, the Government will provide an allocation of RM79 million for dredging and deepening river estuaries.

The Government is aware that the Bumiputera minority particularly in Sabah and Sarawak face challenges in owning customary land. For this, the Government will allocate RM50 million for land surveying and customary land ownership verification.







251

# **FIFTH THRUST:** ENSURING THE WELL-BEING OF THE RAKYAT

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

# **Malaysia Happiness Index**

The nation's prosperity does not only depend on economic progress, but also the quality of life and the well-being of the rakyat. In this regard, the Malaysian Well-being Index (MWI 2012) was developed. The Government will continue to formulate policies and strategies to improve the quality of life and well-being of the rakyat.

# **Enhance Security and Public Order**

The Government appreciates the contribution of the security forces. Priority is also given to security and public order. The Government is committed to combatting crime and averting foreign threat which may disrupt national security and harmony. For this, the Government will allocate a sum of RM8.8 billion to the Royal Malaysia Police (PDRM) and RM13.2 billion to the Malaysian Armed Forces (ATM) to reduce crime and enhance military preparedness.

To further strengthen the police force, the Government will build and upgrade the Police Headquarters, District Police Headquarters (IPD) and staff quarters involving an allocation of RM128 million. The sum includes the construction of a new IPD in Pasir Mas, Kota Setar, Johor Bahru Selatan, Sipitang and Nusajaya as well as building a new Police Station in Pengerang, Tongod and Country Homes Rawang.

In the fight against serious crime, the Government has allocated RM200 million to equip PDRM with the latest tools and equipment such as firearms, ammunition, bulletproof vests, narcotic detectors, biometric systems and forensic vehicles. The Government also will provide 496 closed-circuit cameras (CCTV) in 25 local authorities involving an allocation of RM20 million.





In addition to the 1,000 motorcycles purchased this year for the Police Motorcycle Patrol Unit, the Government has agreed to procure an additional 800 motorcycles with an allocation of RM20 million this year. The Government will also procure an additional 200 motorcycles bringing it to a total of 2,000 motorcycles for 2 years.

The armed intrusion in Lahad Datu is a black mark for Malaysia. The sacrifices and the patriotic deeds of the armed forces in defending the nation is highly appreciated. What is important is that we will not allow even an inch of our land to be taken away by anyone. Sabah will remain with Malaysia forever.

To safeguard our territorial waters from foreign threat, particularly in Sabah and Sarawak, the Government established the East Coast Special Security Area (ESSCOM) early this year. To further strengthen ESSCOM operations, the Government will allocate a sum of RM75 million for 2014.

In addition, the Government will continue to enhance national security of our territorial waters and borders by strengthening surveillance and upgrading defence equipment. This includes the purchase of six offshore patrol vessels; four cargo aircrafts and support equipment; as well as armoured vehicles with an allocation of RM2.4 billion.

The Government is concerned about the welfare of armed forces personnel and veterans. In recognition of their contribution to the nation, the Government will allocate RM48 million to cater for the welfare of 20,000 ATM veterans, including health payments, ex-gratia and education.

In addition, a total of RM202 million will be allocated to build and refurbish ATM quarters. The Government will also provide school bus services for the children of military personnel to replace the army trucks.

# **Environmental Conservation and Resource Management**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

The Government is committed to providing a clean, safe and healthy environment for the present and future generations. Among the programmes to be implemented are the National Carbon Reporting Programme or MyCarbon by the corporate sector, establishment of a National Conservation Trust Fund for conservation of degraded areas and permanent forest reserves, as well as natural resource management.

To strengthen the development of green technology, the Government will provide investment tax allowance for the purchase of green technology equipment and income tax exemption on the use of green technology services and system.

To encourage a green lifestyle, Malaysian Green Foundation will be established to promote and enhance use of green technology by the corporate sector and the general public. For this, a launching grant of RM15 million will be provided to the Foundation.

As an immediate measure to prevent the recurrence of the recent tragedy in Cameron Highlands, the Government will approve an allocation of RM40 million to widen and deepen Sungai Bertam.

To improve efficiency and electricity energy conservation, the Government will undertake energy audits as well as install retrofit in ministry buildings. For 2014, the Ministry of Health; Ministry of Youth and Sports; Ministry of Human Resources; Ministry of Domestic Trade, Co-operatives and Consumerism; and the Ministry of Agriculture and Agro-based Industry have been identified for the implementation of the initiative. In addition, the Government will install solar panels on rooftops of ministry buildings as well as replace existing lights with LED lights in stages.

# **Quality Healthcare Services**

The Government will continue to provide quality healthcare and medical services for the rakyat. For this, a sum of RM22.1 billion will be allocated for the health sector under operating and development expenditure. The allocation will be channelled to programmes and projects, including the construction of Hospital Tanjung Karang and additional blocks for Hospital Jeli; as well as the upgrading of Hospital Kuala Lipis and 30 rural clinics.

In addition, the Government will allocate RM66 million for the purchase of equipment and the construction of additional blocks in Hospital Queen Elizabeth in Kota Kinabalu. The Government has set up 234 1Malaysia clinics, and another 50 additional 1Malaysia clinics will be established in 2014. To address the shortage of parking lots at Hospital Kuala Lumpur, a total of 1,950 new parking lots will be completed in 2014. Meanwhile, hospitals in Rompin and Tampin as well as National Cancer Institute will be operational early next year.

To improve the quality of nursing care and reduce the nurses' workload of working continuously in two shifts, the Government will appoint 6,800 more nurses with an allocation of RM150 million. Apart from this, a total of RM3.3 billion will be allocated for the purchase of medicine and medical equipment to ensure patients receive appropriate treatment including expanding the cardiothoracic services in Hospital Ipoh, Kuala Terengganu, Kuantan and Kuching.

The Government recognises the difficulty of patients with kidney failure having to go to the haemodialysis centre for dialysis 3 times a week. Patients spend up to RM400 for each treatment. To facilitate patients with end state kidney failure, the Government will provide free treatment kits called Continuous Ambulatory Peritoneal Dialysis (CAPD) costing RM19,000 per unit. The initiative which is expected to benefit over 1,000 patients will allow them to be treated at home.

Statistics indicate that 2.6 million Malaysians under the age of 30 are diabetic. If left untreated, patients will face various complications such as heart disease, kidney failure, blindness and amputation. In relation to this, the Government proposes to abolish the sugar subsidy of 34 cent effective 26 October 2013. I urge all Malaysians to take care of their health and reduce sugar in your food and drinks.



# **Development of National Sports**

Sports development requires a comprehensive ecosystem, including infrastructure, management and coaching, talent building and welfare of athletes from an early age. Therefore, a sum of RM239 million is allocated to pursue excellence in sports including upgrading sports complexes and courts, establishing Pilot Talent Identification Programme in primary schools and to implement the Future Professional Coach Programme to hone the skills of potential coaches for selected sports.

In addition, the Government will allocate RM150 million to the Sports Trust Fund for the development of elite sports, medical treatment and research. Furthermore, the Government will make thorough preparations to ensure the success of athletes in international sports competitions, including 2014 Asian Games in Incheon; 2014 Youth Olympics in Nanjing; and the 2014 Commonwealth Games in Glasgow.

# **Enhancing the Role of Women and Well-being of Families**

Women not only play an important role in their families but also contribute significantly to nation building. Their contribution has been highly recognised. In this regard, programmes for the development of women and family institution will be continued with an allocation of RM2.2 billion to the Ministry of Women, Family and Community Development.

Various programmes will be implemented, including Akademi Inovasi Wanita under the purview of Institut Tadbiran Awam Negara (INTAN). The academy will draw up programmes relating to leadership, entrepreneurship, and innovation. Some of the programmes include the Women Directors Programme which prepares women to be members of Board of Directors; Purple DNA Entrepreneurship Programme such as "Purple Licious", a mobile food kiosk; and an additional 23 Senior Citizens Activity Centres.

The Government will also double the rate of daily allowance for children in institutions under the Department of Social Welfare (JKM) from RM1.50 per day to RM3 per day for school going children and from RM0.50 to RM1.00 per day for children who have not started schooling. The scheme will benefit 4,500 children in JKM institutions nationwide. In addition, the daily allowance for senior citizens in JKM institutions will be raised from RM10 to RM30 a month to cater for their daily needs.

To ease the burden of civil servants, the eligibility to qualify for the subsidy of public sector TASKA fee of RM180 per month is now extended to households with a monthly income of RM5,000 compared with RM3,000 previously.

In addition, the Government is proposing a monthly assistance of RM250 in nursery fees, to parents with a monthly income of not more than RM900 and who enrol their children in private nurseries registered under JKM. The move will benefit 3,334 children under the age of four, and involve an allocation of RM15 million.

As an addition to the Human Papilloma Virus immunisation services and mammogram screening, the Government is proposing a free breast prostheses and special bras for breast cancer patients. The initiative will assist in offsetting the cost of purchasing the support material which is estimated to cost about RM1,200 and will benefit more than 8,000 breast cancer patients. The allocation set aside for this is RM9 million.

I would like to announce that the Government will purchase four special buses for the implementation of the Mobile Family Centre which will provide advisory services related to family matters; dietary requirements; screening for chronic disease; as well as testing for glucose and cholesterol.

# **Empowering Bumiputera**

The aspiration to achieve a developed and high-income nation status can only be achieved through concerted efforts by all, especially the Bumiputera. The Government is committed to further strengthening the participation of Bumiputera in the economic development of the country and make the Bumiputera agenda a national agenda.

For this, the Government will implement various programmes including intensifying skills training for youth and Professional Leaders Programme as well as increasing student intake into Universiti Teknologi Mara (UiTM) to 250,000 by 2020.

Student population in UiTM has reached 180,000. In addition, the Government will increase *Bumiputera* equity holdings and property ownership through the *Skim Jejak Jaya Bumiputera* (*SJJB*), *Skim Amanah Saham Bumiputera* 2 and strengthen the *Bumiputera* real estate institution.

To increase *Bumiputera* equity ownership, SME Bank will establish *Bumiputera* Equity Fund (EquiBumi) with an allocation of RM300 million to provide loans to credible *Bumiputera* companies to take over listed companies or companies with potential to be listed on Bursa Malaysia.



In addition, an allocation of RM200 million is provided by the SME Bank for loan facility for the development programmes for Malay Reserve Lands in strategic areas such as Kampung Baru, Kampung Pandan and Kampung Datuk Keramat. This facility will help to improve the standard of living of the Malay community in line with the rapid development in the surrounding area.

The Government will continue to increase *Bumiputera* participation in business and entrepreneurship to generate income and wealth. Among programmes to be implemented are the establishment of *Bumiputera* Entrepreneurs Start-Up Scheme (SUPERB) with an initial fund of RM30 million.

In addition, to enhance the vendor development programmes, the Government proposes that expenses incurred by anchor companies, especially GLCs be given double tax deduction.

To increase business opportunities and access to funding for SME entrepreneurs, soft loan facilities will also be provided. Among the financing facilities are the *Amanah Ikhtiar Malaysia* with funds totalling RM300 million and TEKUN with RM700 million.

# **Assisting the Disabled (OKU)**

We recognise that everyone is special and we are all perfect in the eyes of God. In relation to this, the contribution of OKU is highly appreciated. Many facilities have been provided for their well-being and to maximise their potential. The Government will allocate RM441 million for the development and welfare of OKU.

# **Appreciating Artistes**

Artistes are an integral part of civilisation. In appreciation of their contribution, the Government proposes to continue providing financial assistance amounting to RM6 million for administration and operations of registered associations.

# **Development of Malaysian Indians**

It is said that kindness should be reciprocated with kindness. I would like to thank all Malaysian Indians who supported the Barisan Nasional Government in the 13th General Election.

The Government will continue to focus on the development of Malaysian Indians so that they are part of mainstream development. For this, the Government will allocate RM100 million for enhancing education performance and skills training, including RM28 million for early education programmes, involving 176 Tamil preschools and i-Sinar programmes.

The programme will improve the performance of students through counselling, motivation and tuition in 45 Tamil schools in estates. In addition, an allocation of RM50 million will be provided through the *Skim Pembiayaan Muda India (SPUMI)* under TEKUN while loans are also available for Malaysian Indian entrepreneurs through Amanah Ikhtiar Malaysia.





# **Increasing Home Ownership**

I hear the grouses of the *rakyat* who wish to own a comfortable home, especially from those in the low-and medium-income groups. Various concerns have often been raised, such as soaring house prices, inadequate supply of houses and difficulties in getting financing.

The recent sharp increase in the prices of houses has affected the ability of the *rakyat* to purchase houses. In addition, speculative activities have an impact on house prices and can adversely affect the real estate market in the long term.

To increase the ability of the *rakyat* to buy a house and ensure stable house prices, as well as to control excessive speculative activities, the Government will implement the following steps:

**FIRST** 

Review Real Property Gains Tax (RPGT). For gains on properties disposed within the holding period of up to 3 years, RPGT rate is increased to 30 percent, whereas for disposals within the holding period up to 4 and 5 years, the rates are increased to 20 percent and 15 percent, respectively. For disposals made in the sixth and subsequent years, no RPGT is imposed on citizens, whereas companies are taxed at 5 percent.

For non-citizens, RPGT is imposed at 30 percent on the gains from properties disposed within the holding period of up to 5 years and for disposals in the sixth and subsequent years, RPGT is imposed at 5 percent.

**SECOND** Increase the minimum price of property that can be purchased by foreigners from RM500,000 to RM1,000,000;

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

**THIRD** Increase transparency in property sales price, where property developers will have to display detailed sales price including all benefits and incentives offered to buyers such as exemption of legal fees, stamp duty, sales agreements, cash rebates and free gifts; and

Prohibit developers from implementing projects that have features of Developer Interest Bearing Scheme (DIBS), to prevent developers from incorporating interest rates on loans in house prices during the construction period. Therefore, financial institutions are prohibited from providing final funding for projects involved in the DIBS scheme.

To further increase access to home ownership at affordable prices, an estimated 223,000 units of new houses will be built by the Government and the private sector in 2014. The Government will allocate RM578 million to the National Housing Department (JPN) for the implementation of Program Perumahan Rakyat which involves the construction of 16,473 housing units. In addition, JPN will construct 600 units for Program Perumahan Rakyat Disewa and Perumahan Rakyat Bersepadu with an allocation of RM146 million.

PR1MA will provide 80,000 housing units with an allocation of RM1 billion. The sales price of PR1MA houses are 20 percent lower than market prices. Meanwhile, SPNB will build 26,122 units of affordable houses, comprising 15,122 units of affordable houses, 3,000 units Rumah Idaman Rakyat and 8,000 units of Rumah Mesra Rakyat. The Government will introduce a new category of Rumah Mesra Rakyat, with sales price between RM45,000 and RM65,000 for which the Government will provide a subsidy between RM15,000 to RM20,000 per unit.

The Government will also introduce the Private Affordable Ownership Housing Scheme (MyHome) as a step to encourage the private sector to build more lowand medium-cost houses. The scheme provides a subsidy of RM30,000 to the private developers for each unit built. Among the criteria for the scheme are:

**FIRST** Build at least 20 percent low-cost houses and 20 percent mediumcost houses in a housing project;

**SECOND** The maximum price of low-cost houses is RM45,000 and mediumcost houses is RM170,000;

**THIRD** The minimum built-up area of low-cost houses is 800 square feet and the medium-cost houses, 1,000 square feet, with a minimum of 3 bedrooms and 2 bathrooms;

**FOURTH** Provide parking, surau, hall and recreational park; and

> Open to first-time buyers with a monthly household income of RM3,000 for low-cost houses and a maximum of RM6,000 for medium-cost houses.

Preference will be given to developers who build low-and medium-cost houses in areas with high demand and limited to 10,000 units in 2014. The scheme is for housing projects approved effective from 1 January 2014 with an allocation of RM300 million under the supervision of Ministry of Urban Well-being, Housing and Local Government.

Currently, PR1MA housing projects, housing in newly opened areas and 1Malaysia Civil Servants' Housing Programme are eligible to apply for grants at 10 percent of the project cost, from the Facilitation Fund. For 2014, the Government will provide a total of RM4 billion to the Facilitation Fund as an initiative to promote private, high-strategic impact projects.

263

Of this, I propose that RM1 billion is allocated to the Housing Facilitation Fund under Public Private Partnership Unit (UKAS). Developers who receive this grant must abide by the terms and conditions as well as the sales prices which are set by the Government.

The Government will also carry out a refurbishment programme and improve comfort and beautify government-owned low-cost housing. Among the measures to be implemented include lift maintenance, repainting the house, cleaning up drains and landfill space and repair playgrounds.

To this end, a sum of RM100 million will be provided to 1 Malaysia Maintenance Fund under the Ministry of Urban Well-being, Housing and Local Government. The Government will also allocate RM82 million to rehabilitate 20 abandoned housing projects involving 8,197 houses.



THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



To further strengthen the real estate market and increase opportunities for the rakyat to own houses, the Government will implement a more effective and comprehensive approach. In this regard, I am pleased to propose the establishment of the National Housing Council to develop strategies and action plans in a holistic manner; coordinate legal aspects and property price mechanism; and ensure provision of homes in a more efficient and expeditious manner. The Council members will comprise Federal Agencies, State Governments, the National Housing Department, PR1MA, SPNB and the private sector.



# **Price Uniformity Programme**

The Government is aware that prices of essential goods are more expensive in Sabah and Sarawak compared with Peninsular Malaysia, due to higher shipping and distribution costs. To help reduce prices of goods and costs, the Government will allocate a sum of RM331 million to continue the price uniformity programme and subsidies including transport cost.

Additionally, 60 Kedai Rakyat 1 Malaysia (KR1M) will be set with an allocation of RM30 million to help reduce the price of daily necessities.

# **Tax Relief for Middle-Income Group**

The Government has never neglected the middle-income group who form the largest number of tax payers. They are also burdened by increasing cost of living. To further assist this group, the Government proposes a special tax relief of RM2,000 be given to tax payers with a monthly income up to RM8,000 received in 2013.

This measure will result in tax savings up to RM480. This group is already enjoying tax savings up to RM475 on income received in 2013 with the reduction of tax rates announced by the Government in the last Budget.



#### **CONCLUSION**

We are grateful that we remain united, live in peace and harmony and have developed the nation since independence on 31 August 1957.

On 16 September 1963, history was created when Sabah and Sarawak joined Malaysia. It is clearly evident that this unity and togetherness have brought blessings to Malaysia.

For more than five decades, the Barisan Nasional Government has earned the rakyat's trust through power sharing and consensus among component parties. The Barisan Nasional Government has never been reckless in managing the nation. Instead we have been very committed and serious. In all our endeavours, we have always put the interest and the well-being of the people first.

The Government values the contribution of civil servants who play a vital role in implementing policies and programmes for national development. Hence, in July, the Government gave an additional annual increment to all civil servants involving an allocation of RM1.6 billion.

In addition, the Government gave three increments to those who have reached their maximum pay in all schemes of service, benefiting 182,434 civil servants. Thus, this evening, I am glad to announce that the Government has agreed to improve 81 schemes of service from November.

In efforts to reduce the burden of the *rakyat*, I am glad to announce the BR1M to households and single individuals will be improved in line with targeted subsidy programme.

BR1M to household with a monthly income of below RM3,000 will be increased from RM500 to RM650.

For single individuals aged 21 and above and with a monthly income not exceeding RM2,000, BR1M will be increased from RM250 to RM300.

To complement the BR1M programme, I propose a contribution of RM50 to the Group Takaful Rakyat 1Malaysia (i-BR1M), for all BR1M household recipients. The initiative will provide protection of up to RM30,000 to BR1M recipients in the event of death or permanent disability.

In short, all BR1M households recipients with a monthly income of not more than RM3,000 will enjoy financial assistance of RM700.

For the first time, BR1M assistance of RM450 will be extended to households with a monthly income of between RM3,000 and RM4,000. The assistance is given to alleviate the rising cost of living borne by the lower middle-income group.

The 2014 Budget will take Malaysia to greater heights and competitiveness in the international arena. God willing, we will table six more budgets before the nation becomes a high-income and developed nation by 2020.

This group will also enjoy the RM50 contribution to i-BR1M bringing the total BR1M assistance to RM500. To implement all the 2014 BR1M packages, the Government will allocate RM4.6 billion which is expected to benefit 7.9 million recipients.

Last August, just before the Eid Celebrations, civil servants and pensioners received special financial assistance of RM500 and RM250, respectively. Today, I am pleased to announce that pensioners will receive a special financial assistance of RM250 to assist them meet the rising cost of living.

For civil servants, I announce a half-month bonus for 2013 with a minimum payment of RM500 to be paid in early January 2014.

This is a post-election budget which fulfils promises made during the election. Our efforts will not end here. On the contrary, the Barisan Nasional will continue to lead the nation with vigour and courage for the next 50 years.

However, our noble efforts will always be criticised by our colleagues on the other side of the aisle.

Be that as it may. The truth will always prevail.

Even John Kerry, the US Secretary of State who visited us recently acknowledged Malaysia as a model for the rest of the world in various aspects of development. The President of China, Xi Jinping also praised Malaysia as a loyal friend and partner who can be trusted in good and bad times.

Despite all the allegations we will not give up easily but will continue to work hard for the *rakyat* and the nation.

We acknowledge that there may be some weaknesses in our administration in the past. However, we have always placed the *rakyat's* interest above all else. With the solid support of the *rakyat*, we will continue to improve.

If we remain united, there are no problems that cannot be solved.

We assure you that we will not allow irresponsible people to take over the Government. We will defend Putrajaya for the *rakyat* and our beloved nation.

The 2014 Budget will take Malaysia to greater heights and competitiveness in the international arena. God willing, we will table six more budgets before the nation becomes a high-income and developed nation by 2020.





# EMPOWERING WOMEN IN THE MUSLIM COMMUNITY

WORLD ISLAMIC ECONOMIC FORUM LONDON, UNITED KINGDOM OCTOBER 28, 2013 As Patron of the Forum's Foundation, I wish to express my deep appreciation to the British Government, in particular Prime **Minister David Cameron and** Mayor of London Boris Johnson, for working so closely with us to make this Forum possible. I also wish to commend Tun Musa Hitam and the Foundation for choosing **London and for assembling such** an impressive line-up. This is the largest gathering of leaders in the Forum's history and I look forward to the discussions to come over the next few days.



It gives me great pleasure to be back in London, one of the world's most international cities. One in four Londoners was born overseas, its boroughs are home to more than a hundred languages. Today, this ancient capital sits at the heart of the global economy; a vibrant financial hub, a centre of world-class education, a gateway to Europe.

In London, we see what the promise of globalisation can offer. So it is fitting that this is the first place outside the Muslim world to host the World Islamic Economic Forum. That is a testament not just to the openness that fuels the city's success, but also to the Forum's growing influence. This is fast becoming a serious platform for the exchange of ideas between the Muslim and the non-Muslim world.

As Patron of the Forum's Foundation, I wish to express my deep appreciation to the British Government, in particular Prime Minister David Cameron and Mayor of London Boris Johnson, for working so closely with us to make this Forum possible. I also wish to commend Tun Musa Hitam and the Foundation for choosing London and for assembling such an impressive line-up. This is the largest gathering of leaders in the Forum's history and I look forward to the discussions to come over the next few days.



We meet at a time of both anxiety and hope. Hope, because the global economy shows signs of health once more, with progress in the US and here in the UK, reassuring data from China and easing tensions in Europe. But there is also anxiety, because there is a feeling that although the symptoms may be abating, the underlying disease has not been cured.

Around the world, there is an ongoing discussion about the nature of the modern market economy; about how capitalism can serve people and nations, not just businesses and elites. The global financial system faces unprecedented disaffection. In the developed and developing world alike, policymakers are preoccupied not just with the quantity, but also with the quality of growth.

# **SUSTAINABLE GROWTH MODELS**

As we search for new and more sustainable growth models, there is one path that can increase productivity, improve corporate decision-making and strengthen economies. To take it, we must confront one of the most stubborn inequalities, one that is holding back prosperity and hindering development. It is time to put women at the heart of our global growth story.

All countries stand to benefit from the economic empowerment of women. For ageing societies, it represents a welcome boost to the workforce. For the poorest countries, positive impacts on education, health and development; and for the developed world, productivity gains and a rebalancing of growth.

Studies show that economies are healthier when women participate more fully. According to World Economic Forum research, greater equality and higher per capita income are closely related. In OECD countries, female labour participation is positively correlated with GDP. Research suggests a clear relationship between countries that are closing the gender gap, and those that are the most dynamic: six of the ten most competitive economies are also in the top 20 most equal.

Greater involvement of women can deliver better growth, more competitiveness, and greater human development. As the founder of the World Economic Forum said: 'To develop the gender dimension is not just a question of equality; it is the entry card to succeed and prosper in an ever more competitive world'.

I believe policymakers, businesses and institutions should not focus on the merits of increased female participation, but on the best methods for achieving it: we should move from 'why' to 'how'. Countries should be unafraid to learn from those who are leading the way – and that includes the Muslim world.

275

On education, employment and corporate diversity, Islamic nations are already showing leadership: taking clear steps to give women a more central role in their nations' economic future. It is my belief that this is neither contrary to our faith nor to our traditions; that instead, it honours the founding principles of Islam.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



Islam has always provided for female employment, a position that is supported by Islamic law, tradition and by the Quran itself. Verse 4:32 says that...

"For men is a share of what they have earned and for women is a share of what they have earned".

If we wish to realise women's true economic potential, there are three things we can do. First, we must focus on what the UN Secretary General calls 'the smartest global investment' of all – education.

#### **WOMEN EMPOWERMENT**

Furthermore, women's economic empowerment traces its history back to the very beginning of our faith. Islamic women have fought battles, represented their people in parliament and their nations abroad. The first convert to Islam was a woman called Khadijah. Of all the merchants in Mecca, she was the most successful; an entrepreneur who managed an international trading empire. One day, she hired a young man by the name of Muhammad (PBUH), who she would eventually marry.

It should come as no surprise, then, that at the time of its establishment Islam provided for a degree of legal and financial independence which was almost without precedent. A thousand years before the Enlightenment, Muslim women were empowered to own assets, inherit property and manage their own financial affairs. They were allowed to participate in politics, permitted to enter into legal contracts and encouraged to pursue knowledge through study.

These principles have not changed; neither has the Quran, nor the example passed to us by the Prophet's own life. Together, they provide us with a compelling case for the economic empowerment of women.

If we wish to realise women's true economic potential, there are three things we can do. First, we must focus on what the UN Secretary General calls 'the smartest global investment' of all – education.

#### **EDUCATING WOMEN**

Educating women is good for individuals, for families and for nations. Educated women are less likely to die in childbirth, and more likely to send their children to school. They have healthier families; over the past forty years, investment in women's education has prevented more than four million child deaths. They are more productive in their own right: an increase in secondary school enrolment for girls is positively associated with participation in the labour force – and with greater household and national income.

According to the World Bank, for every 1 percent increase in the number of women with secondary education, a country's annual per capita income grows by around 0.3 percentage points. Girls who benefit from just one year of education above the national average earn between 10 and 20 percent more.

Educating women is a critical factor in success: not just for women and their families, but for nations and their economies. When it comes to educating women in core subjects such as science, technology, engineering and mathematics, the Muslim world is capable of leading the way.

Thirteen Muslim countries produce more science and engineering graduates than the United States. In Malaysia, almost two-thirds of students enrolled in tertiary education are women.

But there are also countries in which girls are falling behind, where their right to learn itself is being challenged – a right that is being defended so honourably by the inspirational Malala Yousafzai.

The Quran and the Hadith are clear: learning is an honourable pursuit, regardless of gender. The acquisition of knowledge is binding for all Muslims. Those who argue against educating women do so as a result of a cultural bias, one that frustrates the aspirations of Muslim women and holds back economies.

We owe it to girls like Malala to deliver the best educational opportunities we can. That means prioritising early years education; investing in teachers; regulating and evaluating schooling and focusing on skills to help young women bridge the gap between education and the workplace.

For education's promise to be fulfilled, women must be empowered to pursue the opportunities it affords. Although the Muslim world is taking positive steps on education, we are falling behind when it comes to workforce participation.

There are bright spots; Tanzania tops the global tables for women's participation in the workforce and Indonesia is on par with the European Union. But overall, the position is clear: according to the World Bank, of the bottom 20 nations for female labour participation, 19 are majority Muslim countries. The latest Global Gender Gap report, released just last week, shows slow but steady progress for much of the world; but many Muslim nations remain static.

There are distinctive social and cultural reasons why economic participation rates differ. Not all women wish to join the formal economy and labour participation is only one measure of development. But it seems unlikely that we are allowing all those women who do wish to participate to reach their full economic potential; and by leaving women out of our economies, we risk leaving ourselves on the wrong side of economic history.

Our second task, then, is to ensure that more women can translate their education into a successful and lasting career. Evidence shows that policies to promote gender diversity do matter but the adoption of such policies is too slow. Globally, just 66 percent of companies had equal opportunity policies last year, up from 64 percent in 2008. At that rate, we will have to wait until 2081 for full compliance.

Governments should not hesitate to encourage economic participation more actively. But we need not always legislate: the Americas are amongst the best performing nations, despite having few legal quotas for gender diversity. Sometimes, it is about setting the tone; with governments and businesses working together to promote greater equality.

To ensure women play a meaningful role in the economy, we must also consider the type of work women do and where they do it. According to the IMF, women are more likely to work unpaid and more likely to have informal jobs. The rural-urban income divide is often exaggerated, with rural women working shorter-term and more precarious jobs. In most countries a wage gap persists; women typically earn between 70 and 90 percent of what men do for equivalent work.

Structural changes can also help. OECD research suggests that expansion of the services sector and the creation of more part-time jobs can improve female participation. So too can tax changes and flexible working arrangements.

But the most important factor in building a female-friendly workforce is the provision of childcare. For many women, who are often primary carers, a lack of childcare services is the invisible wall that holds them back from participating in the economy.

In Malaysia, we require organisations to set up crèches, but workplace childcare is not always the answer. We should also look to other more innovative solutions, including community childcare; and encourage men to share responsibility when possible.

To ensure women play a meaningful role in the economy, we must also consider the type of work women do and where they do it. According to the IMF, women are more likely to work unpaid and more likely to have informal jobs. The rural-urban income divide is often exaggerated, with rural women working shorter-term and more precarious jobs. In most countries a wage gap persists; women typically earn between 70 and 90 percent of what men do for equivalent work.

Malaysia faces many of these pressures. Our female labour force participation is currently 49.5 percent. We are aiming to improve it in order to see continued and sustainable growth.

#### **ENTREPRENEURSHIP**

So we have introduced policies to attract, increase and retain female employees. We have made a commitment to increase female labour participation rate to 55 percent over the next three years. We are supporting skills programmes and entrepreneurship opportunities for low-income earners and have introduced tax deductions for companies that train and employ women after career breaks.

We are focusing our efforts to foster a culture of entrepreneurship, which offers a path to economic participation for many women. I am delighted to see that in the World Bank's Ease of Doing Business 2013 report which was released yesterday, Malaysia has moved into 6th place – up from 23rd place just three years ago, soon after I took office.

We are also reinforcing Malaysia's position as a global hub for Islamic finance – a fast-growing and resilient industry. In Malaysia, women fill top roles in Islamic banking – as chief executives, *shari'ah* scholars and analysts. With assets now exceeding USD1.2 trillion and more socially responsible and financially secure prospects, Islamic finance offers significant opportunities for Muslim women.

Finally, alongside education and workforce participation, we should redouble our efforts to shatter the glass ceiling.

#### POSITIVE EFFECT OF WOMEN CORPORATE LEADERS

Numerous studies have shown that increasing female participation at the highest levels has a clear and positive effect on the health of companies and economies. Not only is the average share price of companies with women on the boards greater and returns on equity, sales and invested capital higher but the performance gap widens during times of market uncertainty.

According to a Credit Suisse study, large corporations with women board members outperformed those without by 26 percent between 2006 and 2012. With smaller debts and a healthier attitude to risk, net income for companies with women on their boards grew by 14 percent over the same period – as opposed to 10 percent for those without.

Evidence suggests female involvement at the top of the corporate world can also help refocus incentives away from potentially destructive short-term profit hunting, and towards more sustainable growth.

Companies with women on the boards are more likely to account for environmental risk when making investment decisions, more likely to invest in clean energy and more likely to focus on energy efficiency. They demonstrate a stronger commitment to good governance and to laying the foundations for long-term growth: working to improve access to healthcare, and offering services to those with limited access to financial products.

When it comes to representation in the boardroom, the evidence suggests that quotas can deliver results. In Malaysia, we have set an ambitious target: in two years' time, 30 percent of senior decision makers and corporate boards must be female. That is three times the global average; more than double the figure in the United States and not far behind global leaders such as Norway.

Seven of Malaysia's government departments are led by women. The Governor of our Central Bank, Dr Zeti, is one of the world's first female central bank governors. In fact, she has just been awarded 'Grade A' status by Global Finance magazine for the tenth time and has played an important part in managing Malaysia's continued growth. Dr Zeti is an example to young Muslim women around the world; her success shows that the glass ceiling can be broken, for the benefit of all.

The decision making skills and risk awareness that prove so useful in the corporate world should be brought to bear in the public sector, too. When I took office four years ago, women occupied just 18 percent of the top posts in Malaysia's civil service; today, thanks to targeted training and support policies, it is 33 percent.

Seven of Malaysia's government departments are led by women. The Governor of our Central Bank, Dr Zeti, is one of the world's first female central bank governors. In fact, she has just been awarded 'Grade A' status by Global Finance magazine for the tenth time and has played an important part in managing Malaysia's continued growth. Dr Zeti is an example to young Muslim women around the world; her success shows that the glass ceiling can be broken, for the benefit of all.

Progress on these three areas – education, workforce participation and corporate diversity – can unlock significant opportunities; not just for our citizens, but for our nations. By educating our girls and women, by increasing their participation in the workforce and by ensuring the highest opportunities remain open to all, we can strengthen our companies, our economies and our prospects for the future. We can also honour the founding principles of our faith.



# INCREASED EFFORTS TO PROTECT BIODIVERSITY

THE HIGH LEVEL FORUM ON BIODIVERSITY & DEVELOPMENT POST 2015 ROYAL CHULAN HOTEL, KUALA LUMPUR

NOVEMBER 04, 2013

285

**During the Earth Summit in Rio** 20 years ago, we pledged to the world to keep at least 50 percent of our country under forest and tree covers in perpetuity. Today, our green cover is at 74 percent and 56.4 percent of our landmass is forested - a strong signal to the world of how Malaysia walks the talk.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



I would like to thank the Government of Norway for generously supporting the participation of delegates from developing countries and the World Conservation Monitoring Centre in Cambridge for providing technical support to the Malaysian organisers, namely the Office of the Science Advisor and Malaysia Industry Group for High Technology (MIGHT).

I am especially pleased to note the election of Professor Zakri last January as the Founding Chair of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and his appointment last month as a member of the UN Secretary-General's Scientific Advisory Board. This is another example of Malaysia's readiness to play a leading role in the international community.

#### SUSTAINABLE DEVELOPMENT STRATEGY

In the Muslim faith, we are taught the concept that human beings are trustees of the world. As a Muslim, this concept has stayed firmly with me throughout the years and as I stand here today in times of unprecedented challenges to nature and the environment, I know that our efforts in protecting the planet, mankind's only home, will determine what kind of world we bequeath to our children and grandchildren. As we look to define a new global development agenda, this event is timely in reminding us of our moral obligation to be good global stewards by pursuing sustainable development; development that is truly equitable and fair.

At the 1992 Earth Summit in Rio, Heads of States pledged a change of course on the development path and to take urgent action to address environmental problems. Agenda 21 was designed to lead us to a better world in the 21st Century that can usher development which is not only sustainable but also inclusive. Twenty one years on, it is abundantly clear that problems related to water, energy, health, agriculture and biodiversity remain the greatest global challenges facing the world today. And obviously, the strength of the words written in 1992 was not matched by the strength of subsequent actions and effort. Little islands of success cannot help us achieve our broader global objectives.

We have carefully noted that the geo-political base as well as the economic and social outlook of the global society has changed since 1992. The issues and challenges we face now are different from those of the last century. The global connectivity, increasing awareness to development and our ability to influence each other will make it important that we approach the future with hope and optimism.

As Albert Einstein said, "we cannot solve our problems with the same thinking we used when we created them." We need to explore new options that are simple yet achievable; comprehensive yet robust and common but differentiated.

The world today is more interconnected. This deepens both opportunities and risks; opportunities to be influenced and risks to be spread. The need now is to look at collective opportunities that help us achieve national priorities and spread risks to minimise any downside.

If one were to be asked to cite a singular critical environmental problem that has brought all the countries and societies together, it would be climate change. The proof of increasing global warming, the limitations of quick solutions to guard against climate change and variability, the need to ensure equity in embracing solutions pose an important question before us. Can we make use of the coming together to ensure we translate the principle of common responsibilities and differentiated actions into results on the ground?

#### PROTECTING BIODIVERSITY AND ECOSYSTEMS

Sustained efforts to deal with the climate change issue led to the establishment of the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) with a sole goal of having informed and scientific policy-making from a platform that is inclusive and implementable.

Both climate change and biodiversity loss are global problems which know no borders. As such, Malaysia joins the world in our concern about the environmental threat arising from carbon emissions and habitat as well as species decline and extinction. Accordingly, lower carbon emissions and environment-friendly technologies that is combined with long term actions for protecting our biodiversity are critical drivers within Malaysia's sustainable development strategy. Indeed, green technology is one of the key tenets of Malaysia's New Economic Model, which underpins the nation's sustainable development efforts.

At the 2009 Copenhagen climate summit, Malaysia committed to a 40 per cent reduction in the intensity of emissions per unit of gross domestic product by 2020, using 2005 levels as a baseline, subject to technology transfer and new and additional funding from developed countries.

In Malaysia, we look for ways to achieve the twin objectives of development and environmental protection, realising full well that it is a difficult and delicate equilibrium to achieve. After all, if we look around the world, many high-income countries achieved prosperity at the expense of the environment, not in concert with it. Nevertheless we take lessons from the experience of others, and strike that delicate balance between development and environmental conservation, we must.

During the Earth Summit in Rio 20 years ago, we pledged to the world to keep at least 50 percent of our country under forest and tree covers in perpetuity. Today, our green cover is at 74 percent and 56.4 percent of our landmass is forested – a strong signal to the world of how Malaysia walks the talk. Malaysia has a long history of natural resource conservation, reflected in our policies and plans such as the 1998 National Policy on Biological Diversity and the Central Forest Spine initiative, linking four major forest complexes in Peninsular Malaysia with a network of ecological or green corridors to create one contiguous, forested wildlife sanctuary.

Malaysia is also very active and committed in the Coral Triangle Initiative to ensure that our marine ecosystem remains healthy so that this rich biodiversity can be enjoyed and sustainably utilised for wealth creation, in line with our objective to be defined as a developed nation by 2020.

The after effects of the global financial crisis four years ago linger in significant ways. Last year saw the worsening of the European debt crisis, downgraded prospects for global growth, and gloomy predictions of world trade. Facing instability, countries around the world are searching for strong new sources of economic growth; businesses are seeking certainty in investments; and people covet quality, long-lasting jobs.



The resilience of socio-economic and environmental systems is now being tested against the demands of a rapidly growing global population and sustainable economic growth. Malaysia is no exception: we are also actively trying to strike a balance between environmental conservation and development. This has not been an easy path for a developing nation.

In Malaysia, we look for ways to achieve the twin objectives of development and environmental protection, realising full well that it is a difficult and delicate equilibrium to achieve. After all, if we look around the world, many high-income countries achieved prosperity at the expense of the environment, not in concert with it. Nevertheless we take lessons from the experience of others and strike that delicate balance between development and environmental conservation, we must.

For Malaysia, the past three decades have been a period of rapid and sustained growth. Measuring growth with the traditional Gross Domestic Product yardstick, Malaysia's economy has increased more than a hundredfold. Over the past four decades, we have averaged nearly 7 percent annual growth. Poverty rates have fallen from 49 percent to less than 4 percent. Per capita GDP has risen from USD370 to more than USD9,000.

My main concern as Prime Minister is still to ensure whatever we do; we have the people's interest as the utmost priority. The Government of Malaysia is committed to the creation of jobs, the pursuit of sustainable development and to ensuring the well-being of the people.

This growth has been matched by a fundamental change in the structure of our economy. Like many Asian countries, we have moved from a basis of agriculture and raw commodities to a multi-sector economy driven by services and manufacturing.

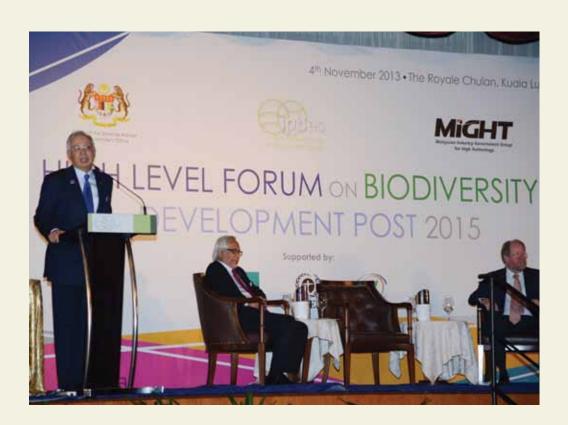
## HIGH INCOME, INCLUSIVENESS AND SUSTAINABILITY

The New Economic Model, introduced in 2010, focused on three key principles that include high income, inclusiveness and sustainability. These three principles will drive our progress towards a fully developed nation; a competitive economy strategically positioned in the region and global landscape, environmentally sustainable and offering a high quality of life.

The New Economic Model includes a commitment to sustainability, not only in our activities, but in considering the impact of development on our environment and precious natural resources. Again, Malaysia has been at the forefront in articulating the need for a balance between the environment and development. For us, this is the crux of sustainable development: to achieve such goals as relieving poverty by availing ourselves of our natural resources without compromising the ability of future generations to do likewise.

My main concern as Prime Minister is still to ensure whatever we do; we have the people's interest as the utmost priority. The Government of Malaysia is committed to the creation of jobs, the pursuit of sustainable development and to ensuring the well-being of the people.

However we must temper the pursuit of wealth creation with concern for the environment. High, sustained economic growth and environmental stewardship can and must go hand-in-hand. Wealth creation may be accompanied by improved living conditions in totality. Raising the quality of life must be an integral part of the New Economic Model.





#### SUSTAINABLE DEVELOPMENT GOALS

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

We adopted the Millennium Development Goals (MDGs) in 2000 as a roadmap to deliver development that is sustainable by 2015. Countries, including Malaysia, have done remarkably well and have achieved all the targets of the MDGs. However, we also recognised that a development agenda needs to have sustained commitment and that is why we have earnestly embarked on refining the MDGs to adopt a new and informed agenda – the development of Sustainable Development Goals (SDGs).

The SDGs will continue the fight against extreme poverty, and add the challenges of ensuring more equitable economic growth and environmental sustainability, especially the key goal of curbing the dangers of human-induced climate change.

The SDGs, if correctly formulated, would not only accelerate work begun under the banner of the MDGs but would recalibrate actions in areas we had limited success globally. The SDGs should strive for greater economic and social inclusion and emphasise the integration and balance among economic, social and environmental aspirations. Thus, there should be a unified, people-centred development agenda for the post 2015 period, with sustainable development at its core and under the umbrella of world peace.

Poverty eradication, as agreed in Rio, should remain an overarching purpose of sustainable development.

Nature's diversity provides humanity with our most fundamental needs. We depend on it for food, for fibre that keeps us warm and for fuel to power our economy. Eroding these benefits erodes our well-being. The sustainable use of resources and protection of biodiversity must be incorporated into the Post 2015 framework.

The MDGs fell short of integrating the economic, social and environmental aspects of sustainable development as envisaged in the Millennium Declaration. The need to balance environmental protection and development were not properly brought together. We must go beyond the MDGs and the SDGs must ensure that it takes into account the interconnected nature of the sustainable development challenges.

In the Rio Declaration of 1992, the world recognised the principle of Common but Differentiated Responsibilities and acknowledged that developed countries bear a responsibility in the international pursuit of sustainable development relative to the pressures their societies place on the global environment and to the technologies and financial resources they command. With a majority of the world's biodiversity residing in developing countries, it is essential that any global development agenda renews commitments to coordinated effort and mobilises resources adequate to effect genuine progress.

Malaysia is ready to play its role to realise the spirit of this important principle but we will also expect other countries in particular the developed and industrialised nations to meet their roles and obligations. We must work together if any effort is to have global impact.

## A UNITED MALAYSIA FOR PEACE

KEYNOTE ADDRESS OF ASIAN PEACE AND RECONCILIATION COUNCIL / ISIS MALAYSIA HOTEL MARRIOTT, PUTRAJAYA

NOVEMBER 11, 2013

Diversity is about much more than food, music or language. It also means inclusivity and our resolve to live side-by-side, living in harmony, trusting each other, sharing a common vision for our nation even during times of difficulty. Although we are different, we must not be divided. Malaysians of all ethnicities and religions should be bound together by a respect and celebration of our differences.

Our topics today could not be more important. Valuing diversity; privileging diplomacy; pursuing peace. Together, they could form a recipe for national success and international stability – not just in Asia, but in the wider world.

#### **DIVERSITY**

Our planet is a kaleidoscope of peoples, cultures and nations. We speak in many tongues, worship in distinct ways and live in different political and socio-economic systems. This diversity is a blessing, but it can sometimes be difficult to manage – as Asian and Southeast Asian nations we know all too well.

Diversity is a big part of Malaysia's DNA; in many ways, it defines us. Ever since man began to set sail for distant places, the monsoon winds ensured that traders from near and far were brought to our shores. They enriched these lands in more ways than one.

The Malacca Sultanate, which was a major trading centre in the 15th and early 16th centuries, would never have thrived unless it embraced with open arms the multitude of cultures.

Today, that tradition continues. Diversity is about much more than food, music or language. It also means inclusivity and our resolve to live side-by-side, living in harmony, trusting each other, sharing a common vision for our nation even during times of difficulty. Although we are different, we must not be divided. Malaysians of all ethnicities and religions should be bound together by a respect and celebration of our differences.

It was with this ambition in mind that we embarked on the concept of 1Malaysia: an all-encompassing national vision to ensure that Malaysia remains, now and forever, a harmonious and peaceful nation. 1 Malaysia is not about winning the election, 1Malaysia is about nation building.

In fact, our belief in multiculturalism is not merely the result of a fascination with the unfamiliar. It also stems from a pragmatic realisation: that a nation whose trade is valued at about 180 percent of its GDP must make the most of its connections to the world at large.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

The path is not always smooth; we must continually reassert our commitment not just to co-existence, but to shared prosperity. It is a positive sign that the discourse is shifting from a question of mere "tolerance" to one of "respect", deep mutual respect. Malaysia is not a perfect model of multiculturalism, but our commitment and even our devotion to the principle is clear.

In fact, our belief in multiculturalism is not merely the result of a fascination with the unfamiliar. It also stems from a pragmatic realisation: that a nation whose trade is valued at about 180 percent of its GDP must make the most of its connections to the world at large.

Malaysia is not the only country in Asia that stands to gain from multiculturalism. Yet some see diversity as a source not of strength, but of discord. The conflict between Buddhist and Muslim communities in Myanmar is one such example. Malaysia, like the international community at large, is deeply concerned by the ongoing violence. As it assumes an important and high-profile responsibility as Chair of ASEAN, it is right for Myanmar to resolve the issue in a comprehensive manner.

Like other countries with plural societies, nation building in Myanmar will not be easy. But it is worthwhile: by embracing inclusion, a greater nation shall emerge. Diversity is critical to building strong nations. But the underlying principles – i.e. of accepting our differences, embracing dialogue and defending the right to coexist - can also help us build a stronger region.





#### **DIPLOMACY**

Asian diplomacy has particular characteristics. Our experiences have been distinctive; shaped by our history, our culture and the challenges of our past. Throughout history – whether as little kingdoms or great empires – Asian states have practised different types of diplomacy. Today, we conduct international relations as modern states; observing universally accepted principles and stillevolving practices.

As we interact more closely with one another in a more integrated region and a more globalised world, so diplomacy has become more complex. In the past rulers and authoritarian governments had more freedom to conduct diplomacy as they thought best; without the need to consult or to inform domestic stakeholders or external parties. Quiet diplomacy was the natural order of things.

That is no longer the case. As nations democratise, private enterprise grows and civil society expands, the pressure to engage more constituents in the making of diplomacy mounts. Parliaments, chambers of commerce and wider public interest groups want their views to be heard and acted upon.

Governments remain the primary instruments of diplomacy, but non-government institutions and citizens are playing an increasing role. Words like "track two diplomacy" and "citizens' diplomacy" are not just academic buzzwords, but a growing part of modern diplomatic practice.

The changing media landscape is also changing international relations; and challenging the concept of quiet diplomacy. Journalists pursue leaders and negotiators everywhere, searching for sound bites at the expense of the discretion and confidentiality which are critical to the success of quiet diplomacy.

The challenge is amplified by the growing influence of blogs, which often operate without much restraint, even questionable ethics; and by the unprecedented speech and reach of platforms like Twitter, where diplomatic practice is often brought before the public eye. Conducting diplomacy away from the glare of publicity is therefore becoming ever more challenging.

Yet there is still a role for quiet diplomacy; in the prevention of conflict, the containment of hostilities and peaceful resolution of disputes. There is no reason that it cannot coexist with a more open and responsive foreign policy. Our task is to understand when greater openness and engagement will yield the best results and when to focus on the quiet negotiation that has proven so successful in the past. As Asia's prominence leads to growing influence, this mission assumes a greater importance.

### **PEACE**

The international media is filled with glowing headlines about Asia's rise. We are as many put it, at the beginning of an Asian Century, one driven by unprecedented economic development.

Over the last three decades, Asia has indeed seen a remarkable modernisation. But we must not allow ourselves to be seduced by hubris, or to fall into complacency. For each family that escapes the clutches of poverty, far too many continue to be left behind. For all the wealth that has been created, far too little has found its way into the hands of the many.

We cannot afford to allow the voices of extremism to dominate the political discourse. It is time for the silent majority to drown out the calls to violence; to reject extremism.

According to the Asian Development Bank, 1.6 billion people in Asia live on less than US\$2 a day. That is three times the population of South East Asia as a whole. Poverty has hardly become history in Asia. In fact, our societies have become more unequal. Since the 1990s, the Gini coefficient for Asia has risen from 33.5 to 37.5. If this is to be an Asian century, we must make sure that economic growth brings opportunity for all – not just a few.

This is not simply a matter of economic justice; it is also of national stability. Poverty and inequality have a destabilising and corrosive effect on societies. Why should law and order mean anything to people who hardly benefit from them? Why should the marginalised support a political system if it only widens the gap between the rich and the poor?

For peace to prevail in Asia, we must set our minds towards levelling the field of competition and creating opportunities for people to realise their dreams, irrespective of their economic backgrounds. That will do much to check the forces of instability which have wracked much of the Middle East and North Africa. But we must also confront one of the greatest threats to global peace and security: extremism.

We cannot afford to allow the voices of extremism to dominate the political discourse. It is time for the silent majority to drown out the calls to violence; to reject extremism.

We should not be cowed or held to ransom by elements that prefer to pursue their political goals and grievances outside the accepted norms of civilised society. Just as we abhor violence, we must also stay firmly within the boundaries of international law in the persecution of extremism and terrorism.

Closer to home, Malaysia played a key role in the Mindanao Peace Process and has begun to collaborate with our Thai counterparts to begin laying the groundwork for peace in Southern Thailand.

Violence is not always the best tool with which to neutralise extremism. Although I would not rule out legitimate and lawful use of force is sometimes necessary, too often violence simply begets violence. A militarised response to extremism can feed a vicious cycle of revenge and further inflame existing animosities. We believe that the main battlefield lies in the political sphere.

Taking out the leadership of extremist groups, or disrupting their supply of weaponry will not always bring a lasting solution; often, it is a case of treating the symptom and not the disease. A better approach would be to undermine their very reason for being. We should be unafraid to use the power of persuasion to counter the misguided rallying calls of the extremists.

#### **GLOBAL MOVEMENT OF THE MODERATES**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

It was with this purpose in mind that we called for a Global Movement of the Moderates: a plea for the silent majority to stand up to extremism and to support non-violence in conflict resolution.

It was the latest of a series of initiatives through which we have attempted to exercise a positive impact on the world. Malaysia's contribution to international peace and security can be traced back to the formative years of our nation. The first Malaysian peacekeepers served with distinction in the United Nations Mission in the Congo from 1960 to 1963. We have since served in 13 other UN peace missions. Our commitment to the United Nations remains strong; our belief in its ideals unrelenting.

We have had the honour of serving in the United Nations Security Council three times previously and with the support and trust of the international community, stand ready to serve a fourth term. We thank our friends who pledged their support for our bid for the non-permanent seat on the Security Council for the 2015-2016 term.

Closer to home, Malaysia played a key role in the Mindanao Peace Process and has begun to collaborate with our Thai counterparts to begin laying the groundwork for peace in Southern Thailand.

If Mindanao is any indication, we expect that the road to stability in Southern Thailand will be a long and winding one. Nevertheless, we are committed to working with the government of Thailand to bring meaningful peace to an area that has known violence and instability for far too long.

All states, including Malaysia, accord the highest priority and importance to the preservation of peace and security. I wish to register once more our gratitude to the men and women in law enforcement and the security forces, whose sacrifices enable us to go about our daily lives in peace.

I also wish to pay tribute to another group of dedicated people whose contributions are often overlooked. I refer to the army of diplomats, politicians, bureaucrats, scholars and civil society advocates whose work contributes to the preservation of peace.

With this in mind, I warmly welcome the Asian Peace and Reconciliation Council, as a new regional advocate for conflict management and peace resolution.

Between the twenty-four distinguished members of the Council, there is a wealth of practical experience and expertise that can assist in moderating and managing conflicts. Through quiet diplomacy, the Council can supplement official and government efforts. With your reservoirs of experience and wide networks, you can play an important role in reaching out to all parties and facilitating peaceful resolution.



# THE ECONOMIC TRANSFORMATION PROGRAMME PUSHES THE NATION AHEAD

ECONOMIC TRANSFORMATION PROGRAMME EVENT COMMEMORATING THREE YEARS OF IMPLEMENTATION PUTRAJAYA INTERNATIONAL CONVENTION CENTRE

**DECEMBER 16, 2013** 

Hence, the Economic Transformation Programme. Designed with a very specific objective of bringing Malaysia to high-income status by 2020, our true north goals are clear, that is, to attain a GNI per capita of USD15,000, create 3.3 million additional jobs and attract USD444 billion worth of investments.

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013



When I received the mandate as Prime Minister in 2009, I was faced with the challenging, if not daunting task to deliver on Vision 2020. Since 2000, Malaysia was mired in economic uncertainty as the country struggled to recover from three successive waves of global economic crises. On the home front, the Global Financial Crisis of 2008 adversely affected the economy as GDP growth contracted by 1.5 percent.

Caught between this tough scenario and the collective national aspiration to become a high-income advanced nation by 2020, the only way forward was to transform the economy through bold and radical change, speedy decision-making and swift execution.

Despite the challenge of a slower global economic recovery, Malaysia's real GDP grew from RM676.7 billion in 2010 to RM751.5 billion in 2012. This represents a significant increase of 11 percent. As of quarter three this year, GDP recorded a five percent increase year-on-year, outstripping forecasts. It is projected to hit 4.5 to five percent by year-end.

#### **ECONOMIC TRANSFORMATION PROGRAMME**

THE TRANSFORMATION AND RECONCILIATION OF MALAYSIA

Speeches of Prime Minister Najib Tun Razak 2013

Hence, the Economic Transformation Programme. Designed with a very specific objective of bringing Malaysia to high-income status by 2020, our true north goals are clear, that is, to attain a GNI per capita of USD15, 000, create 3.3 million additional jobs and attract USD444 billion worth of investments.

The ETP has dual objectives. It leverages on 12 targeted economic growth sectors. These 12 National Key Economic Areas or NKEAs have been earmarked to boost awareness of the most attractive economic prospects for potential investors in our economy. Through the six Strategic Reform Initiatives, policies and procedures have been put in place for businesses to compete and flourish.

The last three years have been a watershed period for the government. We have battled global headwinds and searing competition from ASEAN and the emerging markets. We have ramped up efforts to deliver our promises to the country and I must say we have been successful in bringing together the government and private sector to deliver results.

Let me give you some details. GNI per capita from 2009 to 2012 has steadily increased hitting USD9,928 in 2012. Barring major unforeseen disruptions and based on the current growth trajectory, we are on track to achieve high-income status by 2020 if not earlier.

Despite the challenge of a slower global economic recovery, Malaysia's real GDP grew from RM676.7 billion in 2010 to RM751.5 billion in 2012. This represents a significant increase of 11 percent. As of quarter three this year, GDP recorded a five percent increase year-on-year, outstripping forecasts. It is projected to hit 4.5 to five percent by year-end.

The country is at full employment, with declining unemployment rates from 3.7 percent in 2009 to three percent in 2012. During my tenure, employment has increased by 1.8 million, as population growth held steady at 1.7 percent.

#### PRIVATE INVESTMENT

Meanwhile, we have tripled the annual growth rate of private investment since the start of the economic transformation in 2010. The baseline average of five percent a year from 2008 to 2010 has been lifted three-fold to 16 percent for the period 2010 to 2012. This year, private investment is forecast to grow at 16.2 percent, hitting RM135.8 billion.

This upward trend is testament to growing private sector confidence in our transformation initiatives, as evidenced by the widening gap between private and public investments. Private investment accounted for 65 percent of total investment in the first nine months of this year.

In addition, moving toward the revenue structure of a developed economy, we are not only becoming more efficient in our tax collection but are also broadening the tax base. This is important because strengthened revenue puts us in a better position to sustainably administer socioeconomic programmes geared towards narrowing income disparity. The results as you can see are an increase in government revenue of 14 percent for the period of 2010 to 2012, growing from RM160 billion to RM207 billion. We project to hit RM220 billion in revenue this year.

One aspect that gives me great satisfaction is our performance in reducing fiscal deficit. Where many governments fail to deliver, Malaysia by contrast, is strongly on track to a balanced budget by 2020. We continue to slash back our fiscal deficit as a percentage of GDP. From 6.6 percent in 2009, we will reach four percent this year, and further reduce the deficit to three percent in 2015.

Private consumption is spurred by growing consumer confidence, supported by stable employment and higher wage growth especially in the domestic sector. Private consumption held steady since 2010, growing from six percent to 7.7 percent in 2012. In the first nine months alone this year, we grew at 7.7 percent.

Investors showed confidence in the Malaysian stock market, as can be seen by the FTSE-KLCI's upward trend, hitting 66 historical highs in the last three years. On 10 December 2013, the market scaled another record high at 1,843.85 points.

Independent global agencies have also recognised the improvements we have made. In the World Bank Ease of Doing Business Index we have climbed steadily from the 18th position, to 12th and we recently catapulted to sixth position in 2014, surpassing the UK for the first time. This reflects real improvement to the business environment, and my commendation goes out to the dedicated efforts of Pemudah (a special task force to facilitate business), Pemandu, (or Performance Management Delivery Unit), MITI (or the Ministry of International Trade and Industry Malaysia and MIDA (or Malaysian Investment Development Authority.

### **INVESTMENT CORRIDORS**

This year alone, significant investments have been committed by businesses and facilitated by the various agencies. MIDA's first nine months saw RM137 billion worth of investments from 3,908 projects, creating 127,000 jobs. Meanwhile, the Corridors as drivers of regional growth have launched new projects, with committed investments of RM53.4 billion. These are impressive numbers thanks to the tireless work from the various teams driving investments and growth.

Private and public sectors collaborate to bring real results to the very heart of local communities. As an example, local dairy farmers in Johor, with the help of private companies and government agencies, successfully increased their productivity levels by 50 percent. Consequently, they have upped their selling price by 50 percent from RM1.70 per litre of milk to RM2.40, contributing directly to their household income.

On a larger front, Petronas has recently awarded RM10 billion worth of service contracts to six local service providers, recognising the capabilities of local service providers including Bumiputera companies.

We also see a similar improvement for our 'rice bowl' in Muda, covering 15,000 hectares in the northern region of Kedah and Perlis. The farmers are now enjoying a 12 percent increase in their overall income from paddy farming activities, as a result of centralised management, improved irrigation infrastructure and farming techniques.

In urban development, we will see Malaysian wholesale and retail operations catching up to the trend of integrated mega-retail, which is characteristic of the developed consumer markets. Known as the "Big Box Boulevard" projects, an example is the upcoming connected multi-theme retail components in Ara Damansara. Developed by Sime Darby Brunsfield Group to meet Malaysia's growing demand for large-scale retail experience, this project is expected to exceed RM1.5 billion in investment, creating 2,409 jobs.

On a larger front, Petronas has recently awarded RM10 billion worth of service contracts to six local service providers, recognising the capabilities of local service providers including Bumiputera companies.

I have asked MIDA, MITI, Pemandu and the Corridor Authorities to work together to drive and monitor investments in Malaysia. MIDA was re-designated from the Malaysian Industrial Development Authority to the Malaysian Investment Development Authority, to be the first port of call for investments into Malaysia.

In order to secure a strong investment portfolio for the country, it is imperative that the various agencies collaborate together. I have asked Dato' Seri Mustapa Mohamed, Dato' Sri Idris Jala and the Corridor Authorities to work together, to institute a discipline of action by placing these projects – where relevant – directly under their monthly Steering Committees. These projects will be rigorously monitored to ensure successful implementation and results.

As we conclude 2013 and take stock of the three years of the country's economic transformation, I am happy to announce that 195 projects have been launched under the NKEAs since 2010. Their total committed investments of RM220 billion are projected to contribute RM144 billion to GNI, create 435,000 new jobs and generate a knock-on effect that will catalyse the larger universe of economic activity in the country.

Coming back to the ETP, our overall KPI results for NKEAs are on track with 89 percent achieved on average, while the Strategic Reform Initiatives recorded 85 percent of KPI achieved. This demonstrates that both projects and initiatives are tracking well and I am confident of meeting our targets this year.

The NKEAs continue to play a significant role in the national economy, contributing 68.3 percent of total GNI for the first nine months of this year, or RM474 billion.

#### **NKEAs SUCCESS**

The NKEAs have also contributed to employment, with 1.3 million in new employments recorded from 2010 to 2013 year-to-date. Currently total employment sits at 13.66 million.

While our committed investment figures are optimistic, the real challenge is in realising these investments. It is heartening to see that 69 percent of the amount committed for 2013 has been realised as of the third quarter. The NKEAs are on target to mirror their achievements of the previous two years.

As we conclude 2013 and take stock of the three years of the country's economic transformation, I am happy to announce that 195 projects have been launched under the NKEAs since 2010. Their total committed investments of RM220 billion are projected to contribute RM144 billion to GNI, create 435,000 new jobs and generate a knock-on effect that will catalyse the larger universe of economic activity in the country.

The global outlook continues to be uncertain as developed markets grapple with their challenges. Despite this, Malaysia is targeted to achieve between five to 5.5 percent GDP growth for 2014, with private investment expected to grow 12.7 percent to RM153 billion.

For 2014, Malaysia will see exciting developments in the pipeline, in support of our pursuit to become the center for global operations, services and trading. We have set our sights on attracting 13 large multinationals to base their operations here in Kuala Lumpur. Six international trading companies, with a projected minimum of total turnover of USD600 million, will potentially establish their trading operations in the country. In the financial markets, we are set to see an increased value in new listings, with a targeted market capitalisation of RM18 billion.





# **GENTING - A VITAL TOURISM PLAYER**

LAUNCH OF GENTING'S TRANSFORMATION PLAN
GENTING GRAND HOTEL, GENTING HIGHLANDS, PAHANG
DECEMBER 17, 2013

As the second largest foreign exchange earner after manufactured goods and the seventh largest contributor to the Malaysian economy, the tourism industry contributed RM47.2 billion to the Gross National Income last year.



I foresee Genting's transformation plan in the integrated resorts segment as a trendsetter and the start of a new era for the tourism industry in Malaysia and I believe all Malaysians are waiting with great anticipation to see the new dimensions of entertainment that Genting will unfold for the delight and pleasure of its clientele.

The tourism industry has become a key pillar for our nation. Increasingly, tourism has proven to be a catalyst for our country's development and a key driver for economic growth. This sustainable and high-yield sector will continue to drive Malaysia's economy, providing income and job opportunities to the *rakyat*.

In recent years, the tourism industry has experienced remarkable growth and has emerged as one of the country's fastest growing economic sectors.

As the second largest foreign exchange earner after manufactured goods and the seventh largest contributor to the Malaysian economy, the tourism industry contributed RM47.2 billion to the Gross National Income last year.

Looking beyond Visit Malaysia Year 2014, the government is taking measures to improve and upgrade tourist offerings and services to enhance the country's connectivity to key priority markets.

The business volume of tourism is equal to, or even more than that of oil exports, food products and automobiles. In fact, tourism was identified as one of the 12 National Key Economic Areas under the Economic Transformation Programme, whereby we have set our sights on receiving 36 million tourist arrivals and RM168 billion tourist receipts by the year 2020.

As such, the Government, recognising the potential of this industry, has mapped out a blueprint of targets for the Tourism and Culture Ministry through various initiatives to stimulate a sustainable development for the industry as we head towards achieving high-income status by 2020.

As you are aware, next year has been declared Visit Malaysia Year. This nationwide, year-long event is intended to mobilise the entire industry and nation to move up the value chain of tourism product and services offerings while aiming towards placing Malaysia as a top-of-the mind tourist destination. Our target is to achieve 28 million in tourist arrivals and RM76 billion in tourism receipts during this period.

This is certainly not an unachievable target. Last year, we registered 25.3 million tourist arrivals, placing Malaysia as the 10th most visited country under the UN World Tourism Organisation's top-ten list of countries with highest tourist arrivals.

Looking beyond Visit Malaysia Year 2014, the government is taking measures to improve and upgrade tourist offerings and services to enhance the country's connectivity to key priority markets.

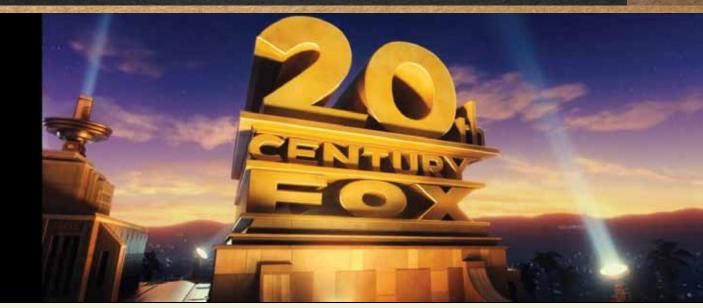
As such we continue to seek the cooperation of Malaysian companies involved in the hospitality and tourism business to work together with relevant government bodies to ensure that Malaysia as a whole increases its overall competitiveness in this industry.

At the same time, we must be flexible and prepared to adapt to uncertainties that may demonstrate against the resilience of the tourism industry.

When opportunities exist for private sector participation, it stimulates private sector growth, which in turn has a roll-on effect of creating jobs, growing domestic demand and generating wealth, all critical elements of a developed nation. Under the ETP, we expect to see the private sector assuming the lead role in fulfilling the growth targets set under the programme.



Today Genting Malaysia is offering an answer to the above. Genting's transformation plan that encompasses the opening of the first international Twentieth Century Fox Park and the planned second Premium Outlet Centre in South East Asia is a prime example of private sector participation under the ETP.



We are already seeing an influx of international visitors to Malaysia. Countries like China, India, Brazil and the Middle-East are poised to fuel an explosion in international tourism. With an estimated two billion new middle-class consumers expected to come into the markets from these emerging powerhouses over the next two decades, both the government and private sectors need to think about what this will mean for our national economy.

We need to ask ourselves, 'Are we ready with infrastructures?', 'Are we ready to put the investments in?', 'Are we ready to absorb the level of growth?' Instead of focusing only on the number of visitors, we must also look at ways of improving tourism receipts and providing value-added products and services to boost tourist spending.

Today Genting Malaysia is offering an answer to the above. Genting's transformation plan that encompasses the opening of the first international Twentieth Century Fox Park and the planned second Premium Outlet Centre in South East Asia is a prime example of private sector participation under the ETP.

They are in fulfillment of four of the 12 Entry Point Projects (EPPs) that have been identified across five themes to enhance our tourism yields. This includes affordable luxury; family fun; events & entertainment and business tourism.

Tan Sri Lim in his speech earlier mentioned that Genting's Transformation Plan is an investment in the East Coast Economic Region and transcends that of a purely business nature.

I believe that Genting's Transformation Plan will help to address the regional economic imbalance in infrastructure and encourage both local and foreign investment flow into the east coast.

The East Coast Economic Region (ECER) is a 12-year initiative which commenced in 2007, geared at developing and transforming the east coast region into a major internal and local tourism destination, an exporter of resource-based and manufactured products, a vibrant trading centre and an infrastructure and logistics hub.

In short, the ECER will be transformed into a 'distinctive, dynamic and competitive' investment destination and a developed region. The holistic transformation of ECER by 2020 is to be a region that captures investment of RM110 billion and creating 560,000 jobs.

Under this transformation plan, Resorts World Genting will offer to the ECER infrastructures as well as value-added products and services.

The world-class branded Twentieth Century Fox Park will offer continued dynamic business growth through its exceptional brand of family fun and entertainment. In addition, this RM5 billion transformation project will provide both high arrivals and high yield to boost the economy in addition to creating thousands of job opportunities.



The world-class branded Twentieth Century Fox Park will offer continued dynamic business growth through its exceptional brand of family fun and entertainment. In addition, this RM5 billion transformation project will provide both high arrivals and high yield to boost the economy in addition to creating thousands of job opportunities.

We take pride that through the business acumen of Genting Malaysia we have forged a partnership with a renowned name in the entertainment world, Twentieth Century Fox, to build the world's first-of-its-kind theme park. The Fox brands are popular worldwide because they have earned a reputation for quality, creativity and longevity.

I would like to express my congratulations and thanks to Twentieth Century Fox for recognising the potential of Malaysia and in placing their full confidence into this venture with Resorts World Genting. Their foray into Malaysian soil will certainly captivate the attention of future foreign investors and pave the way for more foreign investment in our country.

Simon Property Group on the other hand is no stranger to the Malaysian economy. This US-based global leader in retail real estate properties made their mark with the opening of Johor Premium Outlets within the Iskandar Malaysia Economic Region which I had the pleasure of officiating in December 2011.

Having the distinction of being the very first premium outlet in the country and the first of its kind in Southeast Asia, the Johor Premium Outlets has grown within these past two years to become a major shopping destination attracting millions of visitors from Malaysia, Singapore and around the region.

Johor Premium Outlets opened its second phase expansion last month. I believe that this success has been a major factor towards the planned opening of the second premium outlet centre in the country, the Genting Premium Outlets in Genting Highlands.

Genting Malaysia, being a well-established Malaysian conglomerate with its roots tied to this nation's history, will continue to help Malaysia position itself as a strong economy in the region and to further etch our name on the world map.

## **INDEX**

#### Α

Africa, 51, 61, 78- 79, 93, 106, 107, 159, 173, 301

America, 49, 51, 83

Anti-Corruption Agency (ACA), 113, 164

ASEAN, 22, 34, 55 -59, 60-65, 112, 132, 147, 165, 178, 194-198, 199, 205, 236, 237, 298, 308

Asia, 14, 22, 27, 33 - 34, 48, 49 - 55, 77, 79, 98, 111, 132, 147- 148, 154-169, 183, 155 - 156, 192, 193-194, 205, 225, 297-301, 320, 323

Australia, 49, 82, 92, 154

#### E

British, 270-271

Bantuan Rakyat 1Malaysia (BR1M), 234, 238, 265, 266

#### C

China, 21-27, 58, 79, 121, 147, 159,161, 166, 193, 194, 196-199, 227, 266, 272, 320 Council for Malaysian Students (UKEC), 91

#### D

Dana Infra Nasional, 11

#### E

East Coast Economic Region Development Council (ECERDC), 24
East Cost Special Security Area (ESSCOM), 251
Economic Transformation Programme (ETP), 308, 312, 319, 320
Entry Point Projects (EPPs), 121, 187, 320
Environmental, Social and Governance Index (ESG), 225
Europe, 34, 51, 160, 183, 185, 193, 271, 272

#### F

FAMA, 227 Fiscal policy Committee (FPC), 233 Food and Agro Council for Export (FACE), 227 Flexible Work Arrangement (FWA), 244 Foreign Direct Investment (FDI), 22, 195, 217

#### G

German, 112, Global Movement of Moderates (GMM), 173, 178, Gross Domestic Product (GDP), 287, 289 Goods and Services Tax (GST), 235, 236, 237, 238

#### Н

High Impact Programmes (HIP), 245 High Speed Broadband (HSBB), 224, Human Capital Development (HCD), 86, 228, 240 Human Resource Development fund (HRDF), 243

#### ı

IM4U, 91-93 India, 51, 58, 258, 320, Indonesia, 49, 52, 58, 92, 154, 159, 236, 237, 277 Institute of Islamic Understanding Malaysia (IKIM), 58 INTAN, 255 International Monetary Fund (IMF), 203 Iraq, 78, 175, 176

#### J

Japanese Chamber of Trade & Industry Malaysia (JACTIM), 146

#### K

Kedai Rakyat 1Malaysia (KR1M), 263 Korea, 51, 52, 159

London, 15, 97, 99, 105, 153, 222, 271

#### Μ

Mahathir Mohammad, Tun, 103, 104, 107, 145 Mahatma Gandhi, 105, Malaysia Healthcare Travel Council (MHTC), 155 Malaysia Industry Group for High Technology (MIGHT), 285

## **INDEX**

Malaysian Anti-Corruption Commission (MACC), 113
Malaysian Investment Development Authority (MIDA), 310, 311
Manpower Department (JTM), 243
Martin Luther King, 105
Monthly Tax Deduction (MTD), 233
Myanmar, 58, 63, 189, 298

#### Ν

National Blue Ocean Strategy (NBOS), 245
National Key Economic Areas (NKEAs), 121, 155, 187, 308, 312, 313
National Youth Skills Institute (IKBN), 243
Nelson Mandela, 93, 105, 107
New Economic Model (NEM), 287, 290, 291
New York, 127, 222
Nigeria, 112
Norway, 280, 285

#### O

Outcome-Based Budgeting (OBB), 232

#### P

Pakistan, 175-176, 179,
PETRONAS, 15, 21, 82, 83, 219, 311,
Performance Management and Delivery Unit (PEMANDU), 155
Philippines, 31, 58, 63, 159, 178, 236, 237
PR1MA, 260-262
Private Retirement Scheme (PRS), 226
Private Affordable Ownership Housing Scheme (MyHome), 261
Public Service Department (JPA), 232

#### R

Real Property Gains Tax (RPGT), 259 Rome, 97 Rural Transformation Centres (RTCs), 245

#### S

Securities Commission Malaysia, 13, 17, 203, 225 Singapore, 52, 122, 189, 227, 237, 323 SP1M (1Malaysia Pension Scheme), 226 Social Responsible Investment (SRI), 225

#### 1

Thailand, 52, 54, 58, 63, 178, 237, 303 Tun Razak Exchange (TRX), 16, 148 Tunku Abdul Rahman, 106

#### U

United Nations, 51, 60, 71, 106, 114, 127, 169, 175, 302, 303 United States, 276, 280 Urban Transformation Centre (UTC), 245

#### V

Visit Malaysia Year (VMY), 222, 318 Value Added Tax (VAT), 236

#### Z

Zeti Akhtar Aziz, Tan Sri Dr., 39, 28