

## **Najib provides few clues on reaching developed status**

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Prime Minister Najib Razak today unveiled long-promised economic reforms that he said would make Malaysia a developed nation by 2020 but he provided few clues as to how he would get there.

The New Economic Model, launched today, said Malaysia would grow by 6.5 percent a year from 2011 to 2020 so as to be able to join the club of developed nations.

NONEHe pledged to cut the budget deficit and introduce new taxes to do so.

"We can't afford to duck the issues any longer. If we are to truly tackle inequality and become a beacon of progress in the region, we must create a sense of urgency to reform," Najib told the Invest Malaysia business summit.

The ringgit currency which has rallied 4.58 percent this year, largely on the back of a rate hike this month from Bank Negara, was little moved after the policy announcement at RM3.265 per dollar compared with RM3.26 at Monday's close.

Najib, a 56-year-old British-trained finance minister, took office a year ago pledging to reinvigorate his ruling coalition after it stumbled to its worst election results in 2008.

No additional info

He also said he would remodel Malaysia's commodity and export-dependent economy to attract high-value service and technology investments at a time when countries such as Thailand and Indonesia have drawn an increasing share of investment.

NONEHowever, Najib barely touched on the raft of economic and social privileges intended for the majority Malay Muslims that critics say has engendered graft. The prime minister is reliant on the 55 percent Malay population for votes.

Political uncertainty in Malaysia since the 2008 elections has hit net portfolio and direct investment outflows to the tune of US\$61 billion in 2008 and 2009, according to official data and Malaysia's economy shrank 1.7 percent in 2009.

A strong export-led rebound this year will likely see the economy grow by 4.5-5.5 percent, according to Bank Negara.

- Reuters

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