

# NEP stays, says Pak Lah

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## Govt willing to review policies that miss objectives

**KUALA LUMPUR:** Malaysia is willing to review policies or regulations deemed to be hindering the distribution of equity in the most sustainable, competitive and meaningful way.

Prime Minister Datuk Seri Abdullah Ahmad Badawi, however, said Malaysian maintained its position that the New Economic Policy (NEP) was not a cost to doing business.

"Perhaps the most difficult question we must address is to improve equity without sacrificing competitiveness. Many have come to regard Malaysia's affirmative action policies, widely described as the NEP, as a cost to doing business."

"But many fail to appreciate the spirit behind the policy, and this is crucial in understanding Malaysia," he said yesterday.

Abdullah said the objective to dissociate race from occupation or social standing was crucial in ensuring long-term unity for the country - given its legacy and racial structure.

"Racial-based riots raged in neighbouring countries while Malaysia was spared the experience. The expansion of an educated and multi-ethnic middle class, thanks to affirmative action policies, has mitigated the risk of mass unrest.

"But great disparities in income and social mobility still exist between ethnic groups. Whereas this may just be another issue in other countries, ethnic-based disparity strikes at the heart of national unity for Malaysia," said Abdullah in his keynote address at a high-level dialogue with foreign investors and international business leaders.

The Prime Minister spoke at the two-day "Business Roundtable with the Government of Malaysia." This dialogue allowed the business leaders to engage policy makers on the on-going reform process and to discuss key economic issues.

"In this 50th year of our independence, we see an improving economy and the fruits of our structural changes. The renewed interest in Malaysia is the product of this 50-year legacy as well as recent national efforts at refining our approaches," he said.

On crime, Abdullah acknowledged it was a concern lately despite a reduction in the crime rate in several major cities.

Abdullah said he was aware the occurrence of violent crimes had increased people's fears about personal safety.

"Although the numbers tell a story of improvement, there is still a need to address perceptions and fears. In response to the situation in Johor, for instance, the police have beefed up personnel and patrols and increased visibility, particularly in crime-prone areas.

"The Government has approved additional equipment and patrol cars. The request for salary increase has also been met. These decisive measures are being taken to clamp down on crime and I am sure we will see results," he said.

As for eradicating corruption, Abdullah said the Government had reduced much red tape to cut corruption.

Measures implemented included scaling down the rules on foreign ownership for targeted sectors and areas in the Iskandar Development

Region, reducing the number of approvals required from the local councils as well as reviewing price controls and entry conditions for the steel industry.

"A special public-private taskforce is currently looking into all licences and permits with the aim to reduce and streamline. These measures have been received very positively by the market and the Government is committed to continuing the effort.

On the way forward, Abdullah said emphasis would be on becoming an economy propelled by skilled human capital and innovation.

"More collaboration will be struck between the private sector and academia to ensure we produce qualifications relevant to industry.

"I also see a need for Malaysia to refine its stand on foreign talent. The entry of skilled workers should not be overly restrictive," he added.