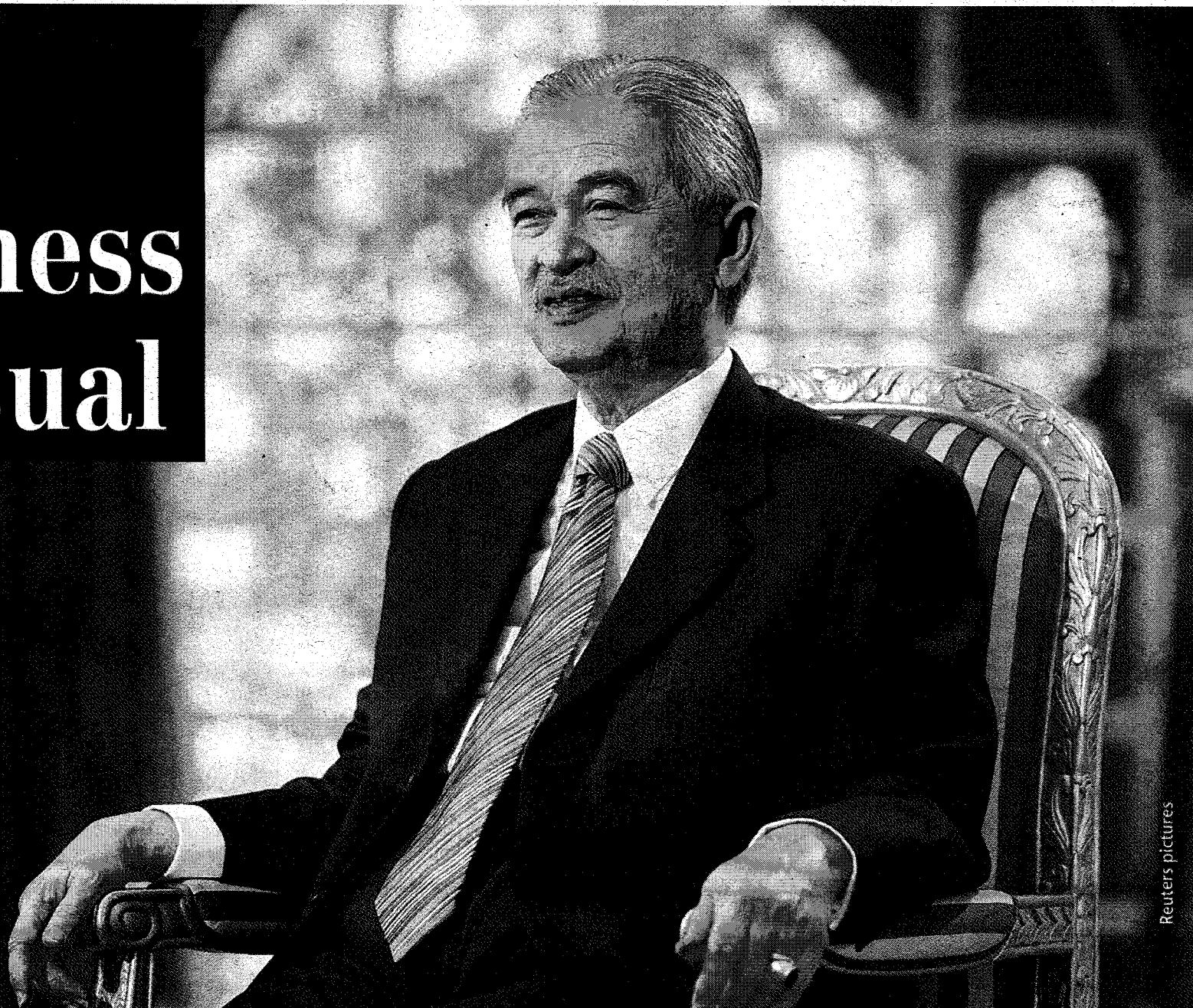


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It's business as usual

Prime Minister Datuk Seri Abdullah Ahmad Badawi spoke to Bernama TV's Datuk Zuraidah Atan at Seri Perdana on Friday. He talked about the stock market, investor confidence, economic policies and the future. Below are the excerpts



Reuters pictures

BTV: In the aftermath of the general election, we all know how Bursa Malaysia reacted. It was rather volatile. What is your message to investors.

PM: I have to make sure they have confidence in the government. The first thing I have to do is to form a cabinet. I want to make sure the people have confidence in the cabinet. There will be new faces certainly.

Policies that have won the confidence of investors and the business communities will remain, especially those that worked.

The government will continue to be investor-friendly.

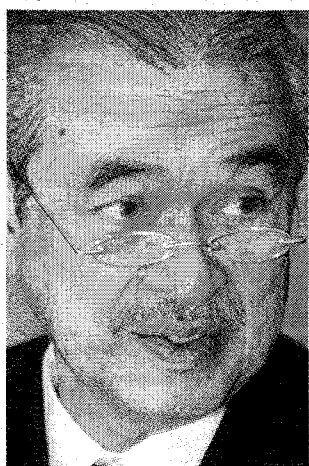
We will think of incentives that will further boost the confidence of investors. Managing inflation is important.

At the same time, we have to maintain the sustainability of our economy.

We will work for it. I don't know how it is going to work but we want sustained economic growth at a certain level.

We must manage the economy efficiently. The good relationship between the government and the private sector must continue.

Transformation pro-



How we manage the government will be watched carefully. What we promised, we will certainly deliver.

grammes affecting the government and the private sectors, particularly government-linked companies must continue.

This is important to me.

And we must ensure we enjoy security and peace, that is the most important precondition.

How we manage the government will be watched carefully. What we promised, we will deliver.

Projects that we launched under the corridor development plans, those we will certainly deliver.

If they involve state governments, we will talk to them.

This is what we have to do and I am sure the private sector is keen and confident about our actions.

BTV: The relationship is obviously one of the concerns, primarily with regards to the federal government and non-BN state governments. From the international investor community's standpoint, will there be policy changes?

PM: We don't need to change the policies. The policies we have were thought out carefully.

And of course, we have to deal with the states now ruled by other parties. We have to deal with that.

We have dealt with Pas before. Pas is in control of Kelantan and now we have to deal with four more states under another party. I don't have a problem talking to them.

Whatever projects where the funds have already been allocated and work started, our priority is to implement them.

But if, for some reasons, they don't want these projects, how can I force these upon them?

BTV: So the federal-approved projects will proceed?

PM: Yes.

BTV: Talking about foreign investors, what is the government's view on investments flowing into states not controlled by BN?

PM: Why should I oppose investments from abroad in these states if the opportunity is there?

By all means go ahead, I would not prevent them from

I am running the government. I'm in charge.

investing if it is for the good of the people.

BTV: When we talk about projects, particularly in your home state of Penang, like the Second Penang Bridge and the Monorail, will they still proceed?

PM: We have approved them and we have negotiated the loans with the Chinese government at favourable interest rates.

I don't see why we shouldn't start on the second bridge. It is good for Penang.

It is not only for Penang but for the whole northern region. Penang is the logistics hub of the north.

We need a second bridge. It is good for the rakyat and the economy.

BTV: In your first term in office, your main thrust was agriculture which was very well received by the people, the restructuring of GLCs, and, of course, the setting up of various economic corridors. What would be the main thrust of your economic plans this time around?

PM: We have developed many programmes in the past four years and we have launched some of them, including the economic corridors.

The policies have been formulated, programmes have been decided upon and money has been allocated.

So for this year, a lot of implementation has to take place.

BTV: This is follow-through?

PM: Yes. We believe that those projects that we launched are good for the economy, the country and the people.

They will create jobs, there will be investments coming in and they will create new wealth and opportunities.

There's no reason why I should stop implementing projects just because we now

We have been given a very strong mandate. There's a strong majority, actually. I do not believe that with a majority which is less than two-thirds, we become incapable or incapacitated or we become lifeless and cannot do anything. We can.

have some states that do not belong to BN.

We have to implement them. There are other places, too (which need development) That agriculture corridor area is now controlled by another party. But Sabah is still Barisan, Sarawak is still Barisan, for example.

BTV: So, agriculture remains the main thrust?

PM: We have enjoyed success with the sector. Why should I stop halfway?

BTV: So, there will be more thrusts, more enhancements?

PM: We have to have them (enhancements). I agree with you. We should use the word 'enhancement' and at the same time, we have some new projects to be implemented.

I will implement them. There are so many things that we launched. We keep on launching but not implementing.

BTV: There are more pronouncements. I am glad you

You know we have a list of subsidised essential goods. That will continue. We will ensure that if the prices go up they will at least be reasonable. This is a government that cares for the people.

said that because this is one of the things that a lot of people are saying.

PM: In 2004, we were elected on the basis of a manifesto which the rakyat was very happy (with). But the 2004 manifesto had so many things that could not be implemented between 2004 and 2008.

Many of the things that we said that we wanted to do, I intend to implement until 2020 because we have got three five-year (development plan) periods.

It is the beginning of the second phase of reaching Vision 2020. And this has to be taken step-by-step.

So many areas that we have to look into. I am very glad to say that the rakyat still wants us.

We have been given a very strong mandate. There's a strong majority, actually.

I do not believe that with a majority which is less than two-thirds, we become incapable or incapacitated or we become lifeless and cannot do anything. We can.

It is good. We can be a strong government and I intend it to be.

BTV: Psychologically, people were not prepared for the loss of the two-thirds majority?

PM: Well, the people are so accustomed to that and suddenly, we ended up with less than that.

BTV: Well, you're still running the government. Isn't that more important?

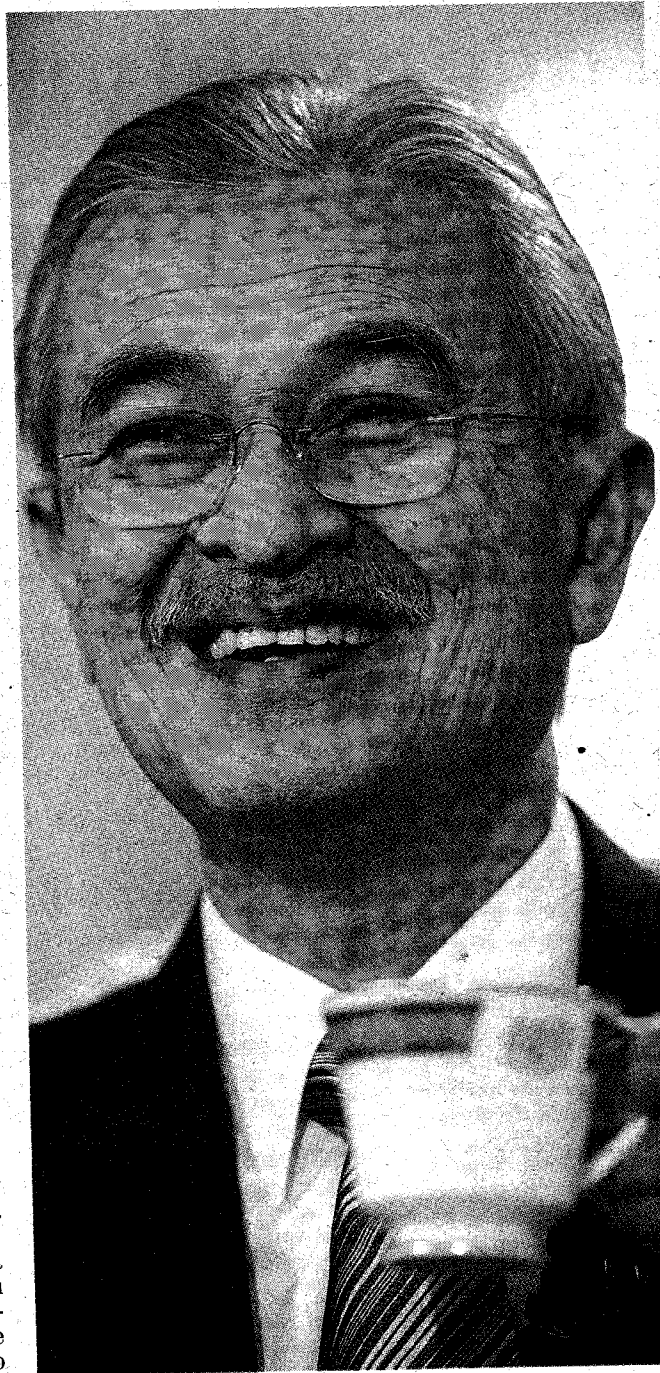
PM: I am running the government. I'm in charge.

BTV: Against the backdrop of the world economy, the US is in danger of slipping into a recession. Do you think our economy is resilient enough to withstand that?

PM: Our economy is fundamentally strong. We have diversified our markets, if I can use that expression.

We are not entirely dependent on the US market alone.

Today, in terms of trade volume, percentage-wise, we deal more with Asean. Intra-Asean trade has increased by



more than 26 per cent. Trade with US is less than 18 per cent.

And we are also trading more with East Asian nations, such as Japan and China. China is a huge trading partner.

We are developing new trade links with India and are trading more now with the Middle East.

We have the mandate but we must choose what is the best to develop, what projects, what sector we should develop that will give us some kind of competitive edge over other people. For example, tourism.

We need to position ourselves but we must do it efficiently, then we can get the best returns for what we are doing.

We have to improve in many areas. For (another) example, I think (the area) that can (be improved) is Islamic financial services. That is something that we have a niche in.

To me, the most important asset that the government must possess is human capital.

We must have efficient managers and technicians.

We must have people who

are the experts and people who invest in knowledge and management techniques.

If the human capital is not strong, then even the best equipment and facilities will not help us.

BTV: So one of the key challenges that you and your new cabinet line-up will have to deal with is the economy, including inflation?

To me, the most important asset that the government must possess is human capital. We must have efficient managers and technicians. We must have people who are the experts and people who invest in knowledge and management techniques.

I don't see why we shouldn't start on the second bridge. It is good for Penang. It is not only for Penang but for the whole northern region. Penang is the logistics hub for the north. We need a second bridge. It is good for the rakyat and good for the economy.

PM: Yes. Inflation is an issue. People have to be more (careful) because of the increase in oil prices.

Before 2004, oil was trading at US\$50 per barrel but it has more than doubled. The situation is difficult.

What we are trying to do is to make sure that people have more money in the pockets.

Not just bank in or give the money but create opportunities for them to earn additional income.

We give them permits and licences to operate stalls or undertake small projects and businesses where they can earn some extra money.

We have to create opportunities for this and also offer microfinancing.

It is easy for them to get loans from the banks to ensure small businesses can grow and provide income.

At the same time, we are also ensuring that the prices for other services or needs are kept as low as possible.

You know we have a list of subsidised essential goods. That will continue.

We will ensure that if the prices go up they will at least be reasonable.

This is a government that cares for the people.

At the same time, we must make sure that our economy is doing well. You must encourage investments.

These investments will create employment opportunities. That is important.

But we have to train our people in order to take advantage of the employment opportunities that are created.

If they have no skills, what

can they do?

BTV: So, it is all about human capital resource allocation?

PM: The resources must be there. If we have good capital human resources, good workers, discipline, skills, people with the right attitude and are efficient, investors will come.

BTV: This is where you obviously will be talking about nominating or appointing your new cabinet members. From an investor's standpoint, everyone is very keen (to know).

PM: Everybody is very keen.

BTV: Because they are helping you govern Malaysia for the next five years, certain portfolios, will be scrutinised, like finance and trade. Would you like to comment?

PM: They will be watching very carefully who's going to be there.

Whether they are happy or not, whether you have confidence or not. Many things to be looked at. There are new faces, too.

BTV: To what extent would you take the voice of the people into consideration?

PM: Of course, I have to take into account the voice of the people. How can the government not take into account the voice of people... what they want?

I know, there are many things (that) they think I have not done.

'Why are you not listening to me?' they ask. This is one of the reasons why they reacted in that way.

BTV: By now the election, the aftermath, the shocks, whatever, have already sunk in. What would you like Malaysians to concentrate on now that the election is over?

PM: Concentrate on their work. And make sure you are productive so that your ability to compete today is better than before.

Your determination to succeed must be there. Just come along with us. We will do whatever is best for Malaysia.