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NEWS



Prime Minister Datuk Seri Najib Razak meeting Saudi Arabian King Salman Abdulaziz Al Saud in Jeddah in June. Bernama pic

Ties that bind brotherly nations

New Sunday Times - 25/10/2015

A JALIL HAMID
AND SYED AZAHEDI

MALAYSIA has a long history of close ties with Saudi Arabia.

Though formal diplomatic relations between the two nations began in 1961, trade links could be traced back to the Malacca sultanate of the 15th century, when the spread of Islam in the region flourished in tandem with the reach of Arab merchant ships.

So, it makes sense for Malaysia and Saudi Arabia to refresh these ties from time to time, particularly when a new ruler assumes power.

Saudi Arabia's King Salman Abdulaziz Al Saud ascended the throne in January at a time of great challenges in the Middle East — from the rise of militant extremism to economic turbulence brought by plunging crude oil prices.

Prime Minister Datuk Seri Najib Razak's visit to the kingdom in June at the invitation of King Salman — barely six months into his reign — shows the importance Saudi Arabia places on its relations with Malaysia.

King Salman has shown foresight by appointing in April a slate of new talent to his council of ministers to meet these challenges. Among them is Foreign Minister Adel Ahmed al-Jubeir, a career diplomat with almost 30 years' experience in the Saudi foreign service. Al-Jubeir was in Malaysia on Wednesday, his first visit to this country as foreign minister, to pay courtesy calls on Najib and his Malaysian counterpart, Datuk Seri Anifah Aman.

During his visit, al-Jubeir reiterated Saudi Arabia's commitment to cooperate with Malaysia to fight extremism, as well as other fields,

including political consultation, economics, the military and education. He had praised Malaysia's achievement in creating a tolerant and successful multicultural society.

"I wish to express my admiration for your great nation; your achievements over the last few decades. The level of moderation, tolerance and inclusion that you have been able to achieve can be a model for other Islamic nations to follow," he said.

As a follow-up to this visit, the *New Sunday Times* spoke to Anifah about the state of affairs with the Gulf kingdom. Malaysia-Saudi collaboration to tackle extremism, plans to boost trade and education cooperation with Saudi Arabia, and the perennial concern of Muslims in the country — will the Saudis grant a larger quota to Malaysia for haj pilgrims?

Question: Foreign Minister Adel Ahmed al-Jubeir is part of Saudi Arabia's reshuffled cabinet that brought younger talent to the kingdom's administration. Does Malaysia see a new approach in Saudi-Malaysia relations?

Answer: Malaysia and Saudi Arabia have enjoyed long and cordial relations for more than 50 years.

The kingdom's leadership has always been accommodating and supportive in all our efforts to strengthen and intensify co-operation between our two countries.

The existing close ties between Malaysia and Saudi Arabia are a result of continuous support and efforts by both sides aiming to solidify collaboration in all spheres from previous years. Malaysian leaders will continue to work closely with all Saudi leaders to ensure the existing relations will flourish further.

Question: Saudi Arabia and Malaysia are seen as influential voices in the Islamic world. But challenges have flared in recent years in the form of rising extremism and oppression faced by Muslim communities in Palestine, Syria, and even right at Malaysia's doorstep in Myanmar. How can Malaysia and Saudi Arabia lead the way to resolve these issues?

Answer: Malaysia and Saudi Arabia have many experiences dealing with the *ummah* problems around the world. Malaysia and Saudi Arabia have often voiced out their positions and concerns regarding the matter, particularly against extremism and oppression faced by Muslims around the world, through the United Nations, the Organisation of Islamic Cooperation (OIC) and other international fora.

At present, Malaysia and Saudi Arabia are members of the OIC

Viewpoint

NEW SUNDAY TIMES

Middle-income earners have to cut their coats according to their cloth

Not so classy any more

THERE was a time when the term "middle-class" meant something. Those who were neither poor nor vulnerable aspired to join this group because it symbolised comfortable living. That was some 10 to 20 years ago. It is a different story today. The middle-income group, or M40, defined by Prime Minister Datuk Seri Najib Razak as those earning between RM3,860 and RM8,320 per month, have plenty to complain about, especially those living in Kuala Lumpur.

What they make each month is hardly enough to cover the rising cost of living. The 2016 Budget addresses the concerns of this group through a variety of measures that will lessen their growing burden. They include doubling the tax relief for each child below age 18 to RM2,000 and, for the first time, those providing for their parents will also enjoy a tax relief of up to RM1,500 for each parent, subject to conditions. The new tax relief is likely to foster parental care, as one commentator notes. Hopefully, it will make a difference to how children perceive their aging parents. Parents are loath to put pressure on their adult children, but the reality is many elderly people are incapable of looking after themselves. It is a trend that is almost certain to escalate in the future. Medical advances may keep the elderly alive but they are often in bad shape. Those moving into old age will probably do so without adequate financial support from pensions or personal savings. They will often need the support of their adult children, who will have to bear a heavy load. The focus on caring for elderly parents in the 2016 Budget underlines the government's commitment to preserve the country's social institutions, especially the family. The rising cost of living has also forced many to abandon the dream of home ownership. After paying rent, bills and filling petrol in the car, there is not much left to save for a home. But home ownership reflects the economic strength of society. The *Rumah Idaman Rakyat* scheme will give priority to middle-income earners and first-time housebuyers to revive their dream of owning a home. The aspiration to own a house is grounded on the natural impulse to nest, and is unlikely to change.

Tough times are indeed ahead but a better future can be created by planning an affordable personal budget. Experts say the four main liabilities for most Malaysians are home loans, car loans, credit card debts and personal loans. That's a bewildering scenario. What's the best course of action for Malaysians to take? People will have to start making smart decisions and their lifestyle will be determined by things they can pay for. If you can't afford it, don't buy it. But it's easier said than done. It is tough when all the things you desire are in front of you and your credit cards allow you to buy them easily. Still, we must change our priorities. When the economic outlook is gloomy, we should switch from luxuries to core needs, such as food and shelter. Yes, we have become spoiled by modern conveniences but we have to give up some of these things until the good times return.

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It takes a lot of guts to solve sticky legacies

2016 BUDGET: After the debate, Malaysia needs to act on its economic plans

STEERING the country's economy amid strong global headwinds is no easy feat. The 2016 Budget simply aimed to do that: keeping economic growth on track while maintaining the medium-term fiscal adjustments that our economy badly needs.

Of course, it is easy for the critics to attack the government's tax-and-spend plan, as their decibel level post-Friday's budget release showed. For one, it is a reflection of the state of Malaysian politics today, where everything is dissected and politicised.

For sure, the federal budget touches almost every Malaysian, the young and old, the rural and urban folk, the rich and the poor. It is quite balanced and rounded, lends support to the economy and has some positive aspects for big and small businesses.

But not unlike his budgets before this, Prime Minister and Finance Minister Datuk Seri Najib Razak also has to deal with sticky fiscal legacies of his predecessors, such as budget deficits and whopping subsidy bills.

But even more challenging this year is that an open economy like ours will make Malaysia more vulnerable to global economic risks, such as the slump in oil prices and a slowdown in Asian economic powerhouse China.

More importantly, the country's fiscal policy direction should meet these two objectives: ensuring inclusive and sustainable growth, and maintaining social cohesion.

One key aspect of good fiscal design is that our spending plans must be based on a sustainable revenue stream. The energy and commodities sectors have proven to be too risky, with crude oil prices now hovering at less than half the record levels seen last year.

The introduction of the Goods and Services Tax (GST), although deeply unpopular, has turned out to be a timely saviour for the economy, with GST revenue expected to hit a hefty RM39 billion next year.

Imagine without the cushion from the GST revenue of RM27 billion this year, the government would be forced to borrow to pay government servants, and the interest rates of our home and car loans and credit cards would certainly increase.

Najib has again proved that his "gamble" in taking the political risk of introducing the GST has paid off.



The 2016 Budget is no panacea to all the challenges facing corporate Malaysia. But, at least, there is policy certainty. Business and market confidence will improve over time.



A JALIL HAMID

For the record, none of his predecessors had the courage to push through the tax reform via the GST or even tweak the burdensome subsidy programme.

Another strong point in the 2016 Budget, described by many private economists as "good", unlike the opposition budget which lacked substance, is that it really focused on the people.

Some economists likened it to more like "Robin Hood", taxing the well-to-do more and giving it to the deserving.

They were also happy with the focus given by Najib on Sabah and Sarawak, two deprived states in the past. They noted a lot of economic potential from these two states.

Another example is the "toll-free" Pan Borneo highway versus toll highways in the peninsula, a good comparison between the current and the past administrations. Obviously, the recent toll hikes on all intra-city highways have again raised question marks over how the toll concessions in the past were negotiated and sealed.

What does Malaysia need in terms of economic management going forward?