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'Bumi agenda vital to achieve economic balance'

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THE United States has to respect Malaysia's domestic needs in trying to work out the kinks in the Trans-Pacific Partnership (TPP) trade negotiations.

A strong supporter of TPP, Prime Minister Datuk Seri Najib Tun Razak said that while he was keen to remove trade barriers, the bumiputra agenda was vital to the country.

He said the United States needed to understand why the bumiputra agenda was important: because "we want to ensure long-term political and social stability in Malaysia".

"Once we've realised the economic balance ... because in Malaysia, it's the majority that is marginalised, whether it's the Muslim bumiputras or the non-Muslim bumiputras.

"We have many Christian bumiputras who are benefited from the policies for bumiputras, that is why it is important for us to address it in a market-friendly way," he said at lunch after a dialogue session with the US business community.

However, the challenge for Malaysia was to safeguard state-owned enterprises, bumiputra interests, government procurements, and tenders and contracts.

Najib said the Government needed to give jobs to deserving bumiputra companies which had to compete among themselves.

For example, in the MRT (mass rapid transport) project, a certain percentage was carved out for bumiputra companies on a competitive basis.

It is not a handout, so we can create a group of bumiputra companies that can compete on a level playing field.

"And a level playing field is an important agenda for us, and once we fulfil that, you will see a different Malaysia emerge and that will lead to racial harmony and unity.

"We want to move away from looking at things through the ethnic



Points to ponder:
Najib, who is flanked by Malaysian Ambassador to the United States Datuk Dr Awang Adek (right) and Minister in the Prime Minister's Department Datuk Seri Wahid Omar, getting his message across during the Invest 2015 Breakfast Meeting with US investors. — Bernama

prism and that is my concern, as the leader of Malaysia, I don't want every issue we look at as challenges."

In working out the TPP deals, Najib said "hopefully, there's a meeting of the minds" as there were detractors both in the United States and Malaysia.

"As I speak, my minister is in Atlanta with others trying to work out some deals. If the deals work out, we'll have some comprehensive open regionalism free trade agreement to stimulate growth and investment, jobs and technology," he added.

The Prime Minister hoped that "right choices are made" as TPP was important in view of slower growth in China and the need to increase intra-Asean trade while not forgetting traditional markets like the United States, Malaysia's fourth

largest trading partner with more than US\$20bil (RM88bil) in investments.

"I believe we need to engage with the wider world, remove trade barriers; protectionism is anathema to increasing wealth, trade and investment that is why I am a strong supporter of TPP," said Najib, who makes it a point to meet US investors yearly.

He added that he was "optimistic" that the country was on track to becoming a high-income nation by 2020 despite some strong economic headwinds.

The lessons learnt from the financial crisis of 1997-98 had made it more resilient and stronger today, from financial regulations and foreign reserves macro policies to fiscal consolidations.

"We planned GST for 20 years; none of my predecessors, including

the one who is very critical of me today, dared do it. Some decisions may be unpopular in the short term but it is the right thing to do.

"And it has to be done, we have to be courageous enough ... Without GST we would not have the strong fiscal base in Malaysia and that's a recipe for economic woes in the future if you run into government account deficits," he said.

Despite the unexpected sharp drop in the price of oil which affected the country's income, revenue from GST allowed Malaysia to operate without massive cuts.

"We need growth and we're committed to achieving the minimum 5% as we move forward.

"We will do it with fiscal deficit in mind, and progressively achieve a balanced budget or a near-enough balanced budget by 2020."

Citing strong ratings and reports

of the international financial agencies such as Fitch Ratings, Moody's, Standard & Poor's; an improved global competitiveness ranking of 18th out of 140 economies; and Bloomberg's ranking of Malaysia as fifth best emerging markets in the world, he said all these were positive indicators.

"The not good thing is that the noise level is rather high; you need to cut through that.

"As businessmen, you need to realise we have fundamentals," said Najib, assuring investors that there was political stability and that the Government had the mandate to serve for five years.