

**It's Time To Evolve Into Innovation Or Knowledge-Based Economy - PM Najib
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KUALA LUMPUR, Oct 6 (Bernama) -- The next challenge for Malaysia to move forward to become a developed-country is to evolve into an innovation or knowledge economy, Datuk Seri Najib Tun Razak said.

The Prime Minister said the country's economy had already undergone a structural change from agricultural-based economy in the 60s to a manufacturing-based economy in the 80s, and onto a service-based economy at present.

"A knowledge economy is one where organisations and people acquire, create, disseminate, and use knowledge more effectively for greater economic and social development.

"It provides more efficient ways of producing goods and services, and delivers them more effectively, and at lower cost to a greater number of people.

"Innovation and creativity must propel both public and private-sector performance if Malaysia were to become a developed, high-income status nation, able to compete with the best, regionally and globally," he said when closing the two-day Khazanah Megatrends Forum 2015 here, today.

In order to move forward, Najib said Malaysia's economic growth must be driven by, and has strong correlation with innovation and productivity, no longer relying on the traditional factors of production, namely capital and labour.

However, due to the current international and domestic economic headwinds, the task of moving forward have become more challenging, he added.

"Externally, we are facing China's yuan devaluation, and an anticipated interest rate hike in the United States amidst declining commodity prices. Further, China's growth is decelerating while the US' growth is lower than expected.

"Never before in our history have so many such external factors converged all at once. They have had an effect on our economy, with a slight downtick in growth - below five to six per cent growth path that we envisioned, and a depreciating ringgit," he said.

Unlike the days in 2008's Asian Financial Crisis where the government could provide billions worth of stimulus package to stimulate growth, Najib said the ability had been limited by the current public fiscal scope, hence the need to transform into an innovation-based economy.

The prime minister pointed out that the government's role in innovation had always been pivotal, citing examples from several developed countries like the US, Germany, South Korea, and Singapore.

Najib said the government had already undertaken a variety of measures and policies to encourage the development of a knowledge-driven innovation economy.

"The Multimedia Super Corridor or MSC Malaysia, started in 1996, is one example. It is Malaysia's national ICT (information and communications technology) initiative designed to attract world-class technology companies while nurturing the local ICT Industry.

"Fully supported by the government, MSC Malaysia has led the nation's technological transformation," he said, adding that since its inception, MSC Malaysia had contributed over RM275 billion in revenue, RM206 billions in investments and more than 147,000 jobs.

Prompted by a myriad of entities with so many roles to play, he said there had been a risk of fragmentation within the innovation space, the kind of challenge that the government needed to deal with.

"We need to streamline, avoid duplication, amalgamate some of the agencies so that we have a more leaner and more effective structure in moving forward," the prime minister said.

He said efforts to address the number of government agencies involved must be done to determine which were absolutely essential, as well as, to enhance communication between each other, and also to reduce any red tape that might threaten efficiency.

Over 500 corporate leaders, policy-makers and civil society members took part in the two-day Khazanah Megatrends Forum themed "Harnessing Creative Disruption: Unlocking The Power Of Inclusive Innovation" which concluded today.

Present were Minister in the Prime Minister's Department Datuk Seri Abdul Wahid Omar, Khazanah Nasional Bhd Deputy Chairman Tan Sri Nor Mohamed Yakcop, Khazanah Managing Director Tan Sri Azman Mokhtar.

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