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Excellencies, Ladies and Gentlemen

It gives me great pleasure to address such a distinguished gathering today. Let me express my appreciation to ASLI for your kind invitation to speak at this year's Strategic Outlook Conference. On my way here, I did wonder whether ASLI had insider knowledge of the Cabinet reshuffle given your impeccable timing. While I see many familiar faces and distinguished personalities in the room, the crowd does seem slightly larger than what I am usually accustomed to at an ASLI conference. I am equally delighted that the KLSE has achieved such a tremendous upswing in reaction to the Prime Minister's appointments - and I hope that many of you bought shares well before last Wednesday's announcement.

I am sure for all of us the strategic outlook for Malaysia for 2004 is particularly strategic. While there will be much for you to deliberate and discuss over the remainder of the day, let me take this opportunity to share with you my views on the challenges and opportunities we face as a nation going into 2004.

The transition from 2003 to 2004 has been marked by a number of historical events that will remain embedded in our nation's collective memory. We witnessed the retirement of Tun Dr. Mahathir after 22 years of distinguished service as Prime Minister followed by the elevation of YAB Dato' Seri Abdullah Ahmad Badawi as our country's 5th Prime Minister. While there has been no change in Government, I believe we have seen the most orderly and dignified transfer of leadership from one Prime Minister to another in our nation's 46 year history. Let us remind ourselves and acknowledge the wisdom of both leaders during this transition period as an example of true statesmanship of the highest order. For a developing country, we should be doubly proud knowing that we have achieved this without the political intrigue, the external intervention, the military force or the civil unrest that sadly, so often accompanies political changes in the developing

world. Political stability has been a hallmark of Malaysia and this smooth transition is yet another solid testimony of our strength as a cohesive nation.

Ladies and gentlemen

I am not here this morning to speak at length on Tun Dr. Mahathir's legacy. His achievements as Prime Minister loom large and I believe history will judge him as one of our nation's most illustrious sons. At a speech to the Oxbridge Society last March, Dato' Seri Abdullah Badawi reiterated his shared vision with Tun Dr. Mahathir as articulated by the challenges and goals outlined in Vision 2020. In furthering this vision, the Prime Minister's administration will seek to build on the foundations laid down by Tun Dr. Mahathir and our former leaders. Dato' Seri Abdullah Badawi reminded his audience that there is no need to dream another dream, and while much has been accomplished, there is much more to be done to get to Vision 2020. It is in this context that I see my new role as Deputy Prime Minister. Simply put, my appointment by YAB Dato' Seri Abdullah is to assist him in executing his policy agenda and ensure the continued stability, prosperity and progress of Malaysia. It is not my place to dream another dream. I intend to play my part as the Prime Minister's loyal assistant in implementing the collective vision shared by him and his predecessors. True to his word, the Prime Minister has moved swiftly and decisively in the first 100 days of his administration to set out the key priorities of the Government's policy agenda. His economic address to the NEAC spoke of the urgent need for us to instill a national performance culture of excellence. While this is a Herculean task, there is no doubt in my own mind that it is the holy grail of world class performance that lies between us and achieving Vision 2020. The Prime Minister has spoken about what needs to be done.

In terms of public sector performance, there is an urgent need to reduce the hidden costs of doing business. This will require a renewed commitment to fight corruption, remove red tape and strengthen the ethical foundations to ensure more effective delivery of public goods and services. Economic management will be guided by fiscal prudence and social equity considerations. In line with changing circumstances and our commitment to a balanced budget, the Government has and will continue to review

development expenditure plans on the basis of affordability and need, and focus on activities where the economic benefits to the most disadvantaged are highest. By encouraging more public sector procurement to be done on a competitive basis, the Government is committed to ensuring it obtains value for money in a fair and transparent basis.

In terms of private sector performance, it is important to note that this new administration continues to believe that "it is not the business of Government to be in business". Our role is that of a facilitator and enabler for the private sector. We will act as a catalyst for companies to aggressively improve productivity and enhance international competitiveness. The Prime Minister spoke of the need to engender greater competitive intensity among our local companies, in order that they become 'lean and mean' and are ready to compete with others on the basis of superior productivity, better innovation, higher quality and lower cost. The formulation a new competition policy is also timely as it will serve to ensure a level playing field for all participants in the market place for goods and services. We will also focus the Government's resources to facilitate new sources of growth where we have distinct comparative advantages. Transformation of the agriculture sector into a major contributor to the economy has become a key priority - as signaled by the Prime Minister's appointment of a senior Cabinet colleague to that portfolio. The lessons and success of the MSC will be used to spur biotechnology as a new engine of growth and source of innovative capacity. With increasing global competition for FDI, we have no choice but to complement our traditional success at attracting foreign investments with greater domestic direct investment by our local companies.

Ladies and gentlemen

The quality, resilience and competitiveness of our human capital will make or break our dreams to achieve Vision 2020. In line with the Government's long-standing commitment to bring about a Knowledge Economy, there will be a greater emphasis on reinventing the education system to ensure that the younger generations are more equipped with relevant skills that will allow them to contribute to a modern, progressive Malaysia. Through the

implementation of the National Service Training Programme, we are committed to strengthening national resilience and national unity among our younger generation, roles which were previously left within the family institution and our school system. This Government will continue to take a fair and balanced view of social development goals. Bumiputera policies are important levers to achieve an equitable distribution of the country's wealth and success. However the Government will ensure these policies serve to strengthen, and not hamper, the resilience of the bumiputera community. Let us recognize that it is the powerful combination of both knowledge and networks that have enabled many communities, nations and groups to succeed around the world - in developed economies, "know-how" gets you through the door, but "know-who" is used to build on that foundation to become truly successful. In Malaysia however, and in particular for the bumiputera community, businesses have often relied on networks and relationships while paying insufficient attention to skills and knowledge. This needs to change. In this regard, the Government is committed to providing more opportunities based on merit and talent in order to build a more resilient bumiputera commercial, industrial and scientific community. All these goals speak to the hopes, aspirations and concerns of the common man and woman. They represent the key thrusts that should underscore our economic policies, our corporate strategies and our development priorities. Collectively, they serve to bring us closer to achieving the essence of Vision 2020 - a progressive, dynamic and modern Malaysia that is tempered by justice, human values and compassion.

Ladies and gentlemen

We have successfully overcome the economic downturn. Driven by higher exports, stronger domestic demand, return of investor confidence and improving consumer confidence, GDP growth for the Malaysian economy last year is well poised to breach the 4.6% mark, while official Government estimates put the growth rate for this year between 5.5% and 6.0%. The Finance Minister has announced that the ringgit peg will stay. This will ensure stability and predictability for business as the Government continues to monitor global developments to ensure protection of our strategic interests. On the foreign policy front, it is clear that

the Prime Minister has set the tone for a strengthening of relations with our closest neighbours in ASEAN on the basis of mutual respect and understanding. We are equally committed to a deepening of relationships with countries where we share extensive cultural, political and religious links - China, India, the OIC member states, and countries of the Non Aligned Movement. We will continue to build on the strong linkages with our most important trading and investment partners - the United States, the UK, Japan and South Korea. And we will continue to explore linkages with non-traditional partners and economies in order to realise the vision of making Malaysia a "true trading nation". The world has become a more dangerous place for all of us. Domestic and regional security will remain a priority for this administration and we continue to be vigilant against the threats of terrorist activities at home and among our closest neighbours. The security forces have so far been successful in ensuring that Malaysia remains an uncomfortable and unwelcoming place for groups and individuals bent on creating instability and destruction. We are enhancing our intelligence links and intensity of joint operations with our neighbours to ensure that the region is eventually freed of this menace.

2004 will also be a year of elections, not only in Malaysia but also around the region. The Prime Minister will lead the Barisan Nasional into the country's 11th General Elections before the year is out. In 1999, while the Barisan Nasional managed to secure a two thirds majority in Parliament, we won 148 Parliamentary seats compared to 162 in 1995. Our share of the popular vote fell from 65% to 56%. While we are all familiar with some of the factors for this decline, believe Malaysia and Malaysians have moved on and are now ask with the Barisan Nasional. There is no doubt in my mind hat the Prime Minister will lead us to a decisive victory in the coming general elections. Our principal task in the weeks and months ahead is to ensure this Government secures a solid mandate and endorsement from the electorate. The Prime Minister's policy agenda for the immediate future is crystal clear. His sincerity and commitment has been warmly received by Malaysians from all walks of life. UMNO is now united, stronger and more cohesive than ever before.

I am confident the conditions are right for an overwhelming victory for the Barisan Nasional.

Ladies and gentlemen

These are early days for the Prime Minister and even earlier days for his Deputy. As the Prime Minister himself has reminded us, politicians and Ministers in particular should 'walk the talk' and get on with delivering our obligations and responsibilities to the Rakyat. Let me conclude by simply saying that I am humbled and honoured by the role that the Prime Minister has seen fit to bestow upon me as he leads Malaysians to a better future. I stand ready to discharge this heavy responsibility to the best of my ability under his leadership. As corporate captains and industry leaders, your ideas and inputs will be needed to help strengthen this new administration. I hope you will to assist us in opening a new chapter of the Malaysian success story.

Thank you.