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Venue : **PICC, PUTRAJAYA**

Date : **19/06/2011**

Title : **LANGKAWI INTERNATIONAL DIALOGUE 2011 KEYNOTE ADDRESS :  
"ENHANCING SMART PARTNERSHIP FOR SOCIO-ECONOMIC  
TRANSFORMATION"**

Your Excellencies, Heads of State and Heads of Government,

Honourable Ministers, Distinguished Guests,

Ladies and Gentlemen,

Assalamualaikum warahmatullahi wabarakatu,

Salam 1Malaysia and Good Morning

It gives me great pleasure to welcome all of you to Putrajaya for the Ninth Langkawi International Dialogue. This dialogue has been and will continue to be a platform for us to voice our views and share our experiences on various issues associated with business, economy and development. In this regard, we will continue to promote the already highly successful 'Smart Partnership' to achieve cooperation among Governments and the multiple sectors contributing to socio-economic growth.

2. LID 2011 is of special value to Malaysia – a symbol of our continuing dynamic engagement with other developing countries, and especially those from Africa and the Caribbean. It also gives us the opportunity to reassess our roles and consider new ways to forge cooperation in the future – and one of the biggest challenges we face is to remain relevant in an ever-changing world.

3. LID 2011 will focus its discussions on the current political, social and economic challenges and its impact on socio-economic development. Hence this year's theme, "Enhancing Smart Partnership for Socio-Economic Transformation".

4. I am also pleased to note that the inaugural Business Forum, themed "Exploring New Dimensions", was convened yesterday with great success. This forum provides an exciting new platform for exploring business and investment opportunities between Malaysia and its partners. It also serves as a useful device to measure the business climate and potential, and I sincerely hope that this Forum will continue to be part of the Smart Partnership Dialogues in future.

5. Let me also acknowledge the past successes that have stemmed from this important Dialogue, notably the significant increase in trade between Malaysia and its partners in Africa. Last year alone, the total trade figure was RM25 billion, an increase of 39% compared to 2009. There is no doubt that Africa is experiencing a form of 'economic resurgence'. Between 2001 and 2010, gross domestic product (GDP) growth of the continent averaged 5.2% annually – a growth rate which is also expected this year, and which markedly outstrips the

Global GDP rate which averages 4.2%. This progress is admirable and Malaysia is looking forward to strengthening its economic and trade relations with its dynamic African partners. We also aspire to do the same with our partners in the Caribbean.

6. In the area of trade, there are unlimited prospects. I would like to suggest that African countries look more towards emerging economies such as Malaysia for products and services as opposed to obtaining them from developed economies. In this context I am confident that the Malaysian Small Medium Enterprises (SMEs) would have a lot to offer. I would go one step further and suggest the possibility of collaboration between SMEs of our countries to identify, determine and produce goods that we need. This could be an example of Smart Partnership Cooperation in future.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

7. Intensifying economic globalisation, the increasing participation of the private sector in the economy and service delivery, and political regime change indisputably have an impact on socio-economic development. Development comes at a price, and it is all too often associated with the emergence of new forms of inequality, insecurity and exclusion.

8. Problems of poverty, unemployment and the inability to fulfil basic needs in life are not unheard of in developing nations. We recognise this phenomenon not only between our respective States but also within. Nevertheless, they are not necessarily weaknesses. They are opportunities for us to come together and share our resources and experiences and to move towards a more equitable form of socio-economic development. Together, we need to find a way forward.

9. Conventionally our development strategy has been dominated by economic growth. In the process of its implementation, industrialisation became equated with development. As a result, capital accumulation and technology transfer from industrialised countries were pursued relentlessly. But this approach is not without its shortcomings.

10. This strategy entails the employment of capital-intensive technology in countries that are short of capital and endowed with surplus labour. This means that countries can only afford to create a few jobs for a small number of people. As a result, small areas of high productivity emerge in core urban centres and the more populous sector of the economy is often neglected, creating a dual economic structure that in turn worsens unemployment and poverty.

11. To make matters worse, in a bid to improve their standard of living, people move to cities, causing over population and a string of other problems that are almost impossible to manage. That is why we need to adopt strategies that bridge the growing disparity in progress and that address these problems. One such strategy is the "appropriate technology" approach.

12. We cannot deny that technology has influenced economic growth, but there is a need for us to assess individually whether the technology we are employing is optimal for us – in other words, whether it is appropriate in the context of our development. There has been considerable debate among economists and

academics about whether the massive infusion of advanced technology from industrialised countries has resulted in increasing socio-economic problems in developing countries.

13. Appropriate technology as a development approach is intended to solve such socio-economic problems, especially in the rural and informal sectors. It is also intended to raise productivity and income outside the advanced technology sector to enable development throughout the population. In addition, we need to develop a concerted plan to develop rural area. I believe that this is a potential areas for discussion and cooperation in the future.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

14. We have to be committed to the United Nations Millennium Development Goals (MDG) to eradicate poverty and accelerate progress through developing a global partnership for development. The MDG focuses on improving key areas directly related to socio-economic developments such access to education and basic healthcare, development of primary infrastructure, gender equality, environmental sustainability, among other things. In this regard, I am of the view that Smart Partnerships can contribute towards these goals. We should pool our knowledge and resources together to help the poorest countries so that they can be empowered to achieve the MDGs.

15. At the 97th and 98th Meetings of the 65th UNGA on 14 June 2011, the success of the 'people-first' approach embodied in the MDG were exemplified through real-life progress made by societies around the world. The 'people-first' approach has been emulated by Malaysia seen in the introduction of the Government Transformation Programme (GTP), Economic Transformation Programme (ETP) and New Economic Model (NEM).

Excellencies, Distinguished Guests, Ladies and Gentlemen,

16. A term often associated with advanced economies these days is innovation. Countries that make innovation a priority have achieved a competitive edge over others, with countries like Korea and Taiwan who have invested heavily in this field succeeding in taking their economies to new heights.

17. There is no doubt that countries with knowledge and innovation-based economies score high in international business rankings. For example, Scandinavian countries with small populations still have among the highest per capita incomes in the world. Innovation, specialisation and internationalisation of their large-scale research facilities have helped them overcome the small size of their domestic economies.

18. In light of this, I would like to share with you my experience during a recent visit to the United States of America. The U.S. policy on innovation is formulated to encourage high-tech ventures in ICT and biotechnology and to facilitate the transfer of technology and knowledge to industry. This focus is recognition that innovation is the key that will ensure high productivity and the economic growth that is needed for developing countries to achieve their visions. I draw on these examples so that we can learn from them, and be inspired to realign our goals

and our objectives.

19. For my part, I am determined to see Malaysia become an enterprising and dynamic innovation nation. I have no doubt that a highly-evolved innovative ecosystem would increase the socio-economic status of our society and improve the quality of life of our citizens – but to achieve that goal we must tap into the experience of successful nations and learn from their successes.

20. Last May I chaired the inaugural Global Science and Innovation Advisory Council (GSIAC) meeting in New York, a meeting that brought together leaders from government, industry and academia to offer fresh perspectives on the best ways to drive the global economy towards innovation and socio-economic transformation. As a result of this initiative, we gained an insight into a diverse network through which Malaysian companies and institutions can connect to their counterparts abroad – and I believe we can foster a similar collaboration with our friends from Africa and the Caribbean.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

21. I'm sure you will agree with me that good governance and best practices are essential prerequisite for economic growth and a precursor for transformation. It is predicated on good values such as transparency, accountability and integrity. Such values are important for nation-building. Inculcating such values would require continuous process of education to prepare the next generations. Without the strong values of good governance we will not have transformation.

22. As we take into account today's shifting global challenges and realities, it is almost a cliché to observe that we are living in an "Age of Transformation". A more globalised world, characterized by competition and inter-dependence, means that equilibrium in all fields – social, political and economic - is unlikely to remain stable for long. In addition, the social media revolution has brought about a higher level of awareness, raising people's expectations and setting a higher standard for accountability about actions and inactions on the part of global governments. This is a reality that we must not only accept but embrace.

23. The "Age of Transformation" is being shaped by these six factors:

23.1 The impact of emerging economies as they play a more influential role in global affairs;

23.2 The impact of volatile political climates in some parts of the world;

23.3 The impact of natural catastrophes;

23.4 The more pronounced role that Governments, private sector, civil society, academia, and inter-governmental organizations play in the international platform;

23.5 The effect of climate change; and finally

23.6 The internet revolution.

24. In order to face and embrace these new global realities and challenges we are going to need leaders -- leaders, who are willing to embrace transformation, to face challenges and above all to take risks. These are the real expectations of our people, expectations that as leaders we must fulfil.

25. I believe that all leaders, including those present today, should strive for transformation. I know that transformation and change will not come easy. It is natural for people to resist change, to hold on to the things they know and with which they are familiar. Some people are fearful of the uncertainty that change brings; others are threatened by having to do things differently. A true leader must be able to address these concerns and obstacles and to overcome this resistance to change.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

26. Transformation is one of the hallmarks of Malaysia's administration, and I for one know all too well the difficulties associated with the transformation process. But it is not transformation that we must be worried about, it is complacency. As Confucius said, "What we must truly fear is being unable to change what is not good." It takes courage to transform because it forces us to recognise that our previous practices have fallen short.

27. When the Government first introduced the New Economic Model, we knew that Malaysia must first change the way things have always been done and that our drive towards innovation must be pursued at a steadfast pace.

28. We have now charted a clear roadmap based on the strategies of the Government Transformation Program, the New Economic Model and the Economic Transformation Program that will enable us to achieve our target of becoming a high-income nation by 2020.

29. In October last year, we launched the Economic Transformation Programme in which we identified 12 key areas and developed 131 Entry Point projects to kick start development across the strategic sectors that will drive our future economic growth.

30. Earlier this week, I announced a progress update on Malaysia's Economic Transformation Programme and I am proud to share with you the milestones we have achieved in such a short span of time. In just six months, the ETP oversaw 72 projects across 54 separate Entry Point Projects, each of them facilitated by a firm commitment by the Government to improving the socio-economic status of the people of Malaysia.

31. There is still a great deal of work to be done to push this transformational process forward – taking it from a defined set of principles and goals, turning it into concrete policies and converting them into reality.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

32. The transformation that Malaysia is going through is the main reason behind LID's theme this year -- "Enhancing Smart Partnership for Socio-Economic Transformation". One of our main aims this year is to offer our Government Transformation Programme as a model for other countries to emulate. At the

same time, we would also like to learn from our friends. I sincerely believe that the diversity of experience and best practices at this dialogue will pave way for us to make improvements and progress. We can celebrate our similarities and accept our differences. I look forward to more detailed discussions during the Dialogue Forum on "Realising National Visions through Socio-Economic Transformation" later this afternoon.

33. On that note, I have now the pleasure of declaring the Ninth Langkawi International Dialogue formally open.

Thank you.