

DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK
PERDANA MENTERI MALAYSIA
PLENARY HALL, KUALA LUMPUR CONVENTION CENTRE
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INTERNATIONAL CONSTRUCTION WEEK 2012

1. First of all, allow me to say that I am delighted to have been given this opportunity to deliver the opening address of the 11th International Construction Week (ICW) and to share my thoughts with the very people who form the bastion of expertise in the construction industry in their respective countries as well as here in Malaysia. I congratulate The Ministry of Works and CIDB for successfully convening this conference and I hope that all the participants here will maximise the opportunities here for marketing their products, exchanging views and ideas and establishing new and promising business connections.

Ladies and gentlemen

2. Since Independence in 1957, Malaysia has been led by a Government that always has the welfare of its citizen as its *raison d'être*. As a caring and responsible Government we ensured that the Malaysian economy continued to grow in order to generate employment that allowed our citizens to capitalize on their productive capacities to better their quality of life. I like to say that Malaysia has been fortunate to have had the right Prime Minister for the right moment in history, and each of them have played their part in driving Malaysia forward; indeed with the right blend of common sense, foresight and good management over the years, we have prospered to become the role model of development for in the developing world. I believe that we were able to do this only because we have always put our people first, and maintained political stability that enabled our policies and plans to ensure that our economy continued to grow.

3. Since April 2009, the baton of leadership has been passed to me, and it is a responsibility I do not take lightly. It is of course a very different and challenging time in the course of history. We live in a time when the world is just beginning to learn from its excesses, when in many developed countries economic conventions are being questioned and challenged, and when anything and everything is opened to scrutiny. This is a time when everything is interconnected, and an economic catastrophe in a far off place, may have serious implications on the rest of the world. There is probably little we can do to resolve the problems happening far away, but it is imperative that we understand the situation and take action to mitigate the effects of a potential contagion.

4. The subprime crisis in the US, and the sovereign debt debacle in the EU may well pose unprecedented challenges on the global economy with contagion spreading far and fast. Malaysia, being a nation that depends on international trade, may face some of the impact if the crisis worsens, but thankfully we are relatively insulated; The spread of our trade and our strong fundamentals provide a good buffer against potential global economic shocks. Nevertheless, an economic downturn of a global scale would surely cause some distress, and we must be ready to face any eventuality.

5. Having said that, I hasten to add that the Government fully intends to ensure that Malaysia's economy continues on its track towards making Malaysia a Developed Nation, providing for its people the quality of life we envisioned to be ours by 2020. All the measures that we have introduced since 2009 has been geared towards the timely fulfilment of our national aspiration.

6. We understand quite well that in order to sustain the growth momentum necessary to fulfil our aspiration, we must take immediate steps, not only to minimise the impact of a global economic crisis, but also perpetuate continuous growth. This includes the move to generate domestic investment and spur consumption, enhancing closer cooperation among Asean nation member states, and implementing initiatives to upgrade the productivity of the economy and the civil service, ensuring a business friendly climate. The Economic Transformation Programmes that we formulated will transform the private sector

to become the engine of change and growth, and will open more opportunities for creativity and innovativeness. We must also take advantage of the fact that we are strategically located between two of the world's fastest growing economies that is purportedly going to provide the traction for global economic growth in the future – India and China. That we are already actively expanding trade and investments with these nations augurs well for our economic prospects. I am pleased to note that our construction industry players have been very aggressive in marketing their services to these giants of Asia. As of now Malaysians have secured 87 projects in India valued at RM5.5 billion, and 71 projects in China with a value of RM15 billion.

7. What these numbers underscore is that while we are developing domestic opportunities to generate growth in our economy, we must not lose sight of similar opportunities internationally. Now is the time for Malaysia to identify strategic areas and leverage on our strength to seize the opportunities, as and when they become available anywhere around the world. Malaysian construction companies have acquired expertise over the years while maintaining their cost competitiveness and this can now be marketed and deployed all around the world. I believe the time is right for Malaysian companies to venture beyond our shores and to seek avenues for collaboration with international players, and I hope that strong networks and working relationships are established at this international conference that will lead to mutual benefits in the foreseeable future.

Ladies and gentlemen,

8. Our pursuit of continuous economic growth necessitates measures to improve the nation's productivity and innovativeness. The Government is acutely aware that asset driven growth is not sufficient and that we need to increase our productivity and to eliminate the potential of incurring prohibitive cost due to our failure to maintain and preserve natural resources.

9. As we transform into a high-income developed nation, competitiveness achieved by employing low cost labour and resources will no longer be tenable. The cost of labour may appear low but this is without taking into consideration hidden costs such as social costs and the expatriation of funds that can drain the economy. We can no longer continue to compete on cost but must achieve productivity growth and secure market share based on quality, innovativeness, creativity and entrepreneurship.

10. In this context many labour-intensive industries, such as construction must shed its traditional dependency on labour and focus on alternative production inputs that has potential not only to increase productivity but also enhance our chances of penetrating the global markets. To accomplish this, the industry must firstly move towards greater mechanization and automation driven by ICT that has the twin effects of increasing productivity and reducing labour requirements. There should also be more widespread adoption of Industrialised Building System (IBS) in the Malaysian construction sites. On mechanization, the government, through the Ministry of Works is prepared to look at factors that could inhibit or hinder the adoption of mechanization in this industry and put in place the necessary policies and regulatory framework to remedy the situation.

11. I am told that the construction industry has the highest incidents of wastage of any industry. By combining mechanization with ICT it will be possible to plan and visualize product requirements and undertake production processes by assembling components thus reducing wastage, even to the extent of introducing mass-customization. These are the exact requirements expected from the construction industry to meet the challenges of the new economic model and the Government's economic transformation agenda. ICT will also allow our construction professionals to provide global services even while operating from Malaysia. Again, this reduces cost whilst still allowing for participation and involvement at an international level.

12. Secondly, the construction industry must go green. The Green Agenda is here to stay and the value created by this Green Economy is diverse, from the supply chain to the professionals, from raw material extraction to utility generation and product development. The value of going green is immense while the cost of neglect is unimaginable. Moreover, it is now an imperative for us to have "green credentials" if we are to have a place in the global construction industry of the future. As the world

changes and climate change becomes a forefront issue, the construction industry will be expected to respond adequately to global consumer demands for everything to be greener and healthier. It is not just about whether we care for the environment or not any longer. Going green is a necessary move for us to be able to continue to do business around the world in the not-too-distant future

Ladies and gentlemen,

13. The construction industry is and will continue to be a key sector for the Malaysian economy. In spite of the climate of gloom because of the uncertain global economic situation, the construction sector is expected to grow a healthy 7% and provide positive spillover effects to related industries such as manufacturing and other ancillary industries. This growth comes on the back of numerous government projects including the acceleration of 10th Malaysia Plan Projects, the various EPP projects under the Economic Transformation plan and the construction of affordable housing namely under the PR1MA scheme targeted at lower income groups and first-time home buyers.

14. The opportunities in the sector are therefore still aplenty and the room for growth still abundant. I am glad that this International Construction week comes at a time when the Industry is poised to grow and develop robustly and rapidly. To our foreign friends attending this conference, I invite all of you to seek partners and alliances with Malaysian companies here to pursue lucrative ventures not only in Malaysia but also in the region and the around the world. Construction will always be key to the development of any nation and for this reason it is an industry that will always be strongly supported. I hope all of you will continue to play your role in strengthening the industry in your own way. I also hope that you will benefit from this meeting of minds, and I hope that this conference leads to greater and better collaboration among the industry players in Malaysia and around the region.

15. On that note, it is with great pleasure that I declare this International Construction Week 2012 Officially Open.

Wabillahitaufiq Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.

Thank you.

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