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MALAYSIA

Venue : Dome 2, Panorama Hotel, Davos, Switzerland

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Title : KHAZANAH, INVEST KL, AND MIDA BUSINESS LUNCHEON IN CONJUNCTION WITH
WORLD ECONOMIC FORUM 2015

Yang Berhormat Dato' Sri Mustapa Mohamed;

Minister of International Trade and Industry

Yang Berhormat Dato' Sri Abdul Wahid Omar;

Minister in the Prime Minister's Department,

Yang Berbahagia Tan Sri Dato' Azman Hj Mokhtar;

Managing Director of Khazanah Nasional Berhad,

Mr. Zainal Amanshah;

Chief Executive Officer of InvestKL,

Distinguished guests,

Ladies and Gentlemen,

1. Thank you for taking the time out of your busy World Economic Forum schedule to come to this lunch. It is a pleasure to have so many distinguished guests and global business leaders with us today. I would like to thank Tan Sri Azman and his colleagues at Khazanah Nasional; also MIDA and Invest KL for organising this event.

2. Davos presents a unique opportunity for leaders from the public and private sectors to talk - not just about how we can improve our relationships, but about the global issues that affect our people, our economies, and our businesses.

3. In recent years, the rise of Asia has inevitably been one such topic for discussion - and not just in the abstract. The number of Chinese and Indian delegates at the World Economic Forum has more than quadrupled since the millennium.

4. This shift reflects the changes shaping the global economic order, in what is often called the Asian century. Of course, naming a century after a continent was always a rather optimistic act of shorthand. It is too early to tell whether Asia's promise - of modernisation, development and innovation - will be fully realised in the next eighty-five years.

5. Because one of the things that is already clear in 2015 is that there is room for many different experiences in the Asian century. We have seen China continue its extraordinary growth, but also begin to focus on sustainability and domestic consumption. We have seen Japan start deep structural reforms to unlock growth.

6. And we also are seeing the emergence of a new economic power: south east Asia. I say new, because although our economies have been trade and commercial hubs for centuries, we are today creating an economic union unlike anything since the days of empire.

7. ASEAN is home to more than 620 million people. If it were a single economy, it would be the 7th largest in the world, with a combined GDP expected to reach USD4 trillion by 2020. And this year, we will launch the ASEAN Community, a collective act of closer economic, political and cultural integration. The Community is designed to open up opportunities for people and businesses, by creating an ASEAN with freer movement of goods, services, skilled labour, and capital.

8. As Chair of the Association this pivotal year, Malaysia will play a key role in forging ASEAN's future. We will do our part to build a stronger, more prosperous, more open South East Asia.

9. We will do so because we believe our region has much to offer the world. We have a young, increasingly educated and skilled population. We have highly connected and dynamic economies, which value the rule of law. We have a rich history of trade and commerce, and a growing consumer class.

10. The ingredients are there. And so is the will. Malaysia is committed to realising the vision of the ASEAN Community. We believe that an economically integrated ASEAN benefits all of ASEAN. As a founding member, we have strong connections within the region, and with the rest of Asia.

11. In the coming months, we will continue to work closely with other Member states to ensure that ASEAN delivers on key initiatives: in particular, the establishment of ASEAN as a Single Market and production base; and the declaration of ASEAN's post-2015 vision. And we will work to ensure our national economy remains one of ASEAN's brightest stars.

12. Malaysia gained its independence in 1957, when I was four years old. We were a much smaller country then, with fewer people than Switzerland today. And we were a poor country, too. In 1960, 89% of our exports were commodities; by 1970, half of the country lived in poverty.

13. Four decades later, we were an upper middle-income country. In 2013, services comprised 55% of Malaysia's GDP, and manufactured goods account for 67% of total exports.

14. Our economy is increasingly open: international trade is 139% of GDP, and we are ranked 11th in the world for trading across borders. And we are creating new

opportunities for our people: in recent years, GNI per capita has risen 49%, and the poverty rate is now just over 1%.

15. For the first three quarters of 2014, GDP grew 6.1%, up from 4.6% in the same period in 2013. Amidst all the challenges last year, Malaysia did well, and we are on track to meet our growth target of about 5%.

16. We worked closely with industry to draw up our economic reform programme, and it shows: the measures we've introduced have helped raise Malaysia's ranking in international business benchmarks.

17. In the WEF's latest Global Competitiveness Report, Malaysia is ranked 20th out of 144 countries. Malaysia remains the 2nd most competitive economy in ASEAN, and 6th among 23 Asia Pacific countries - ahead of Australia, Republic of Korea, China and India.

18. If this sounds a little like a pitch for investment, that's because it is. As a fast-developing nation with a welcoming business environment and a qualified workforce, we want to be the preferred partner for investors planning to do business in ASEAN and Asia. And we believe Malaysia is an attractive investment destination in its own right.

19. But I am an honest salesman, so I should also point out that we expect 2015 to be a challenging year. The fall in oil prices and recent flooding will have an impact on our growth.

20. Yet our economic fundamentals are strong, underpinned by comfortable levels of external reserves, low external debt, low unemployment, and healthy inflows of foreign direct investments. We are well prepared to stand firm in the face of global economic headwinds.

21. What's more, we will do what is necessary to keep our economy growing. We are flexible: earlier this week, I announced that we are revising this year's fiscal deficit and expenditure figures, making use the policy space we have created to respond to global economic changes. And we are open to input - especially from people like you, who do business all over the world, and see things from a different perspective.

22. And on the note, I look forward to hearing your ideas about how we can play a greater role in your businesses, our region, and the world.

Thank you.