

US – MALAYSIA 60 YEARS CELEBRATION

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Earlier tonight I had the opportunity to attend and share my opening remarks at the American Malaysian Chamber of Commerce (AMCHAM) Dinner held at the Mandarin Oriental in Kuala Lumpur.

I was glad to be in the presence of so many distinguished corporate figures, friends from America and from home, and I thank the American Malaysian Chamber of Commerce for organising said dinner to celebrate 60 years of partnership between Malaysia and the United States of America.

Our official ties go back to 1957, but the relationship between our nations goes much further back into history. Our rubber, for example, was crucial for the growth of the American automobile industry, and that demand spurred our production – an early synergy between our countries.

Trade has long been at the heart of our connections. The US has always been among the Top Ten foreign investors and trading partners of Malaysia, and at various times, has taken the top spot.

American firms have played an important role in driving the growth of the energy, finance, electronics, technology and manufacturing sectors here, and the cumulative value of US private investment in the manufacturing sector alone, for example, is more than US\$15 billion.

Over the years, American companies here have created a multiplier effect. By investing in Malaysia, you have also invested in our people and our communities.

Many American firms are still expanding here, some perhaps very sensibly recognising that Malaysia is perfectly positioned to be a regional hub for Southeast Asia.

I can assure you that this confidence is not misplaced. Only earlier this year Malaysia was named the Best Country to Invest In, in a report co-authored by the Wharton School at the University of Pennsylvania.

And it is no wonder, for the record of this Government speaks for itself. Under the Economic Transformation Programme which we initiated in 2010, 2.26 million jobs have been created, inflation and unemployment have been kept low, and healthy growth has been maintained even during years of great uncertainty for the global economy.

The World Bank has revised upwards their prediction for Malaysia's growth in 2017 to 4.9%, while Citibank Research has just released a report predicting growth will be even higher this year, and their figure is 5.2 percent for 2017.

Clearly there is unanimity that Malaysia is on the right path. We had a plan – and that plan is delivering for Malaysians, and for all our friends and partners that we do business with.

Given our history, it was entirely right that the US and Malaysia upgraded our relationship to a Comprehensive Partnership in 2014 – which brings me to an important point, that our relationship is about far more than trade.

We are both democracies, with a shared belief in – and commitment to – free and fair elections; the rule of law; robust national discussion and free speech within the limits of the law; the celebration of diversity, and respect for those of different faiths and ethnicities; and particularly important in these times, we share the commitment to fight extremism and defeat the scourge of terrorism wherever it should rear its head.

Our commitment to moderation has also been recognised at the highest levels internationally, with our setting up of the Global Movement of Moderates Foundation; with our championing of the Islamic concept of wasatiyyah, or moderation, which carries the message of doing good with steadfastness, justice and brotherhood; and with the establishment of the King Salman Centre for International Peace here in Malaysia.

America has made the fight against terrorism one of its top priorities; and America will find no sturdier and more reliable ally in this campaign than Malaysia. We look forward to

further enhancing our cooperation in this, the fight of our times, as we know that we share the objectives of peace, security and stability for all.

The members of the America Malaysian Chamber of Commerce contribute to Malaysian life in ways that do not always make headlines, but it is appropriate that I pay tribute to that work, and that is your emphasis on corporate social responsibility. American firms' CSR reaches across the fabric of society, from donating supplies to hospitals and flood relief, to their efforts in education and training.

There are programmes such as programmes in primary schools, vocational training for youth, programmes for the environment, and others that support diversity and the economic empowerment of women, all the while encouraging and developing local entrepreneurs and institutions of higher learning across Malaysia.

Our friendship will be even more important as we move forward. For Malaysia, 2017 is the Year of the Internet Economy. To us, that means the digital economy is not merely a component, but is a key catalyst of the real economy of the 21st century.

It also means that we are embracing new opportunities through the Fourth Industrial Revolution. We want to see more smart manufacturing processes and technologies that will enhance production flexibility and efficiency, and radically transform value chains and business models.

We are looking to build a stronger ecosystem centred on talent, skills and innovation. To do this, we will need friendly, trusted partners who will perpetuate the culture of cooperation that has defined the way we do business. We want American companies, which are already at the forefront of next gen productivity, to continue to flourish in Malaysia and become strategic partners in the new businesses which will propel us to high income nation status.

It is on that note, I am pleased to announce that the Government has agreed the following services will be treated as zero-rated supply for the purposes of GST:

Firstly, prescribed services performed in connection with goods for export where the service is supplied to overseas customers;

Secondly, prescribed services supplied in the Free Zones, including Licensed Manufacturing Warehouses (LMW), to overseas customers;

Thirdly, R&D services provided to overseas customers; and

Finally, non-recurring expenditure incurred as engineering expenses, including tools and machinery used in the manufacturing process of goods.

In order to accommodate the necessary amendment to the GST Zero Rate Order, a relief from charging of GST under section 56 of the GST Act 2014 has been granted with effect from 1 July 2017.

The Malaysian Government has always been supportive in facilitating the business community in Malaysia and welcomes frank and transparent dialogue between all stakeholders involved.

We recognise that AMCHAM has been working tirelessly in support of its members. As such, the Government under Barisan Nasional is committed to ensuring a set of guidelines regarding the exemption of withholding tax, which will be announced by the end of this month. These guidelines will be formulated jointly by the Ministry of Finance (MOF), Ministry of International Trade and Industry (MITI), and Malaysian Investment Development Authority (MIDA) together with relevant industry groups and associations to ensure the interests of all parties are taken into consideration. A Special Committee under the Ministry of Finance will also be established to address any ambiguity or disputes that may arise.

In response to stabilising the Ringgit, Bank Negara Malaysia (BNM) has introduced several measures to realign the Dollar-Ringgit demand and supply levels. Bank Negara has implemented this policy with a view to accommodate the business needs of exporters. In light of this approach, exporters are allowed to retain 25% of export proceeds in foreign currency and in addition, are given the flexibility to increase foreign currency balances for up to six months of import payments and foreign currency obligations. This is at no additional cost through simultaneous reconversion at the same rate. It is my hope that this

flexibility provides the necessary room for our exporters to accommodate their business requirements.

It is also my belief that these announcements will produce a certain level of certainty and relief to members of the industry. I would like to reiterate that the Ministries and all the relevant agencies are always open for engagement and dialogue. We are committed to ensuring that Malaysia remains a welcoming place for investors, with a vibrant and conducive business environment.

We look forward to your companies' expansion in Malaysia in the future, and to another 60 years and more of a strong and steadfast partnership between our two countries.

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