

DINNER WITH US-ASEAN BUSINESS COUNCIL AND US CHAMBER OF COMMERCE

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MENTERI MALAYSIA

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Earlier this evening I had dinner with the US-ASEAN Business Council and US Chamber of Commerce. It is always a pleasure to be here in Washington DC, and especially today, after President Trump and I had such a positive and friendly meeting in the White House.

The last time President Trump and I met, some years ago, we teamed up to play golf. That was a successful meeting for us as our team won. And our discussions this afternoon were very much about how our two great nations can continue winning by working closely together.

When the White House announced I had been invited to visit Washington D.C., it described Malaysia as “one of America’s closest partners in Southeast Asia”. And this is absolutely true.

Ours is a relationship that goes back a long way, back to the times when the American automobile industry virtually ran on rubber from Malaya. That demand, in turn, spurred our own production and contributed to the initial development of our economy.

In 2014, we enhanced the relationship between our two countries to a comprehensive partnership based on shared interests. One of those interests is trade. In fact, the US is Malaysia’s third largest trading partner, while Malaysia is the US’s 18th largest worldwide - and the second largest in ASEAN.

Last year, trade between our countries amounted to nearly \$33 billion. While this is an improvement on recent years, it used to be considerably more in the past.

We need to regain that level of interaction, as there are huge opportunities for our two countries to explore, and great benefits to come from closer trade and investment ties.

Just last year alone, American companies brought in RM5 billion ringgit, or more than \$1 billion, of foreign direct investment (FDI) into Malaysia. The US is the fifth

largest foreign investor in the country, with a total of RM36 billion or \$8.5 billion worth of FDI stock.

Malaysia is uniquely positioned as a gateway to the ASEAN market of 625 million people, and to the Regional Comprehensive Economic Partnership which - when it is concluded - will cover 50 percent of the world's population and over 30 percent of global GDP.

Many in the international business community are already taking advantage of our strategic position, our young, motivated, English-speaking workforce, and our business-friendly policies - and these companies are voting with their feet.

For instance; Broadcom Limited, one of the world's largest semiconductor companies - with American roots - and a market capitalisation of nearly half a trillion dollars, is going to transfer its Global Distribution Hub to Malaysia this year.

And we have plenty of other US-based firms enhancing their presence in Malaysia too. Coca-Cola, for instance, has already invested RM1 billion since 2010 and, in March of this year, announced an additional RM500 million investment to expand the size and production capacity of their plant in the country.

I was also pleased that, as announced earlier, Malaysia Airlines Berhad and Boeing Aircraft Corporation has signed a USD 3.9 billion Memorandum of Understanding, which will include Boeing setting up a new MRO (Maintenance, Repair and Overhaul) facility in Kuala Lumpur in co-operation with Malaysia Airlines to specialise in the Boeing 787, Boeing Max and Boeing NG aircraft.

This is not to mention the strong presence of US investments in the manufacturing, financial services and oil and gas sectors, among others Intel Corporation, Western Digital, Motorola, GE, Chubb Insurance, Bank of America, Exxon Mobil, GE, the list goes on.

They and many more companies know that Malaysia is a great place to invest in. As a stable democracy, with strong institutions, well-regulated financial markets, and a government with a proven track record of economic reform, they have the confidence to invest for the long term.

I also mentioned that a recent report co-authored by the Wharton School - which, as you know, has many famous and illustrious alumni! It declared Malaysia top of their "Best Country to Invest in" list. They said we were the clear frontrunner in that category.

And they are not alone. The World Bank recently reported, and I quote, “The Malaysian economy is progressing from a position of strength.” The IMF said that “Malaysia is among the fastest growing economies among peers.” And the OECD praised Malaysia as “one of the most successful Southeast Asian economies.”

The World Bank and the IMF also raised their predictions for Malaysia’s GDP growth this year, to close to five percent.

Pleasant though it is to receive these accolades, they reflect a reality that has been hard won - by the work of millions of Malaysians, and by the efforts of a Government that knew our country needed to reform in order to succeed in the 21st century.

In 2010, we initiated our Economic Transformation Programme. Among its key aims were raising competitiveness and productivity, creating new opportunities for business, increasing skill levels, preparing ourselves for the Fourth Industrial Revolution, and ensuring that we meet our target of becoming a high income status nation by 2020.

Our economic plan is working and is delivering.

2.26 million new jobs. Years of consistently healthy growth - in a time of considerable global turbulence. Low inflation and unemployment. A deficit that we are on course to reduce to three percent this year, from 6.7 percent in 2009. Ratings agencies, such as Fitch, consistently reaffirm our A- rating and stable outlook.

Our work to support business has received widespread recognition from respected international bodies. For instance, the World Economic Forum’s Global Competitiveness Report 2016-2017 ranks Malaysia fourth among 138 economies for Strength of Investor Protection. We are also ranked second in ASEAN in the World Bank’s Doing Business Report 2017 - and 23rd overall, among 190 economies globally.

Part of the reason why we have been able to achieve these gains is because of what the IMF calls the Government’s “sound macroeconomic policy responses in the face of significant headwinds and risks.”

Or, as the World Bank put it: “Macroeconomic management has been constantly proactive and effective in navigating near-term challenges in the economic environment.”

I know that some of the audience will have heard some less positive stories about the Malaysian economy, particularly about 1MDB.

I explained to them that rather than brush the issue under the rug, we ordered investigations into the company at a scale unprecedented in our nation's history. And, when it became clear that there had been failings, I instructed that the company be rationalised. This progress is progressing well and many of the assets formerly owned by 1MDB are thriving.

However, I also reminded them that while there were issues, certain opposition politicians in our country blew them out of proportion. Indeed, there was a campaign to deliberately sabotage the company - and undermine investor confidence in our economy - in a failed attempt to topple the government in-between election cycles.

Don't allow the political opposition's noise on this matter to obscure the reality. The reality as the economist Bruce Gale recently wrote is that, and I quote:

“The Malaysian economy has continued to grow at a rate well above the international average. The economy expanded by 5.8 per cent in the second quarter of this year compared with the same period last year, the current account surplus widened, and investments rose by 7.4 per cent. Latest figures also show that inflation is well under control, with the CPI registering a rise of just 3.2 per cent in July.”

Dr Gale is also the author of a new book called “Economic Reform In Malaysia: The Contribution Of Najibnomics”. But I assured them that I didn't commission the book, nor did I know that there was something called Najibnomics!

The point is that he, as well as many, many international observers - far too many for me to list - are well aware of the great progress that has been made in the last few years, and the real transformation that has been taking place.

The Government has been consistent in supporting that transformation through an array of programmes. I'll mention just one: the Malaysian Global Innovation & Creativity Centre - or MaGIC - that President Obama and I launched in 2014. Through MaGIC, we continue building our ties with America - one example being the e@Stanford programme, where entrepreneurs partake in an immersive programme at Stanford that includes networking in Silicon Valley.

There is thread between the establishment of that centre - and other programmes to support innovation - and Jack Ma, of AliBaba, choosing Malaysia as the place to launch the world's first Digital Free Trade Zone. Indeed, he chose Malaysia over many other countries to be the preferred e-hub for ASEAN and the region.

When announcing this, Jack said he was surprised by our efficiency - which sounds like a back-handed compliment, but I say to those of them who do not know Malaysia well: come and be surprised. Come and see the high-tech firms who have relocated to our country, and the homegrown ones we are so proud of.

Come and see the infrastructure and new public transport networks that we are building in Malaysia, and which - along with our food and our diverse cultures - have made Kuala Lumpur one of the top cities in the world for living, working and visiting.

Come and see why a PricewaterhouseCoopers report predicts Malaysia will be knocking on the door of the G20 by 2050, with a GDP higher than Australia, South Africa and Spain.

As a final note, I shared that as we celebrate 60 years of strong bilateral ties between Malaysia and the US this year, we look forward to the next 60 being marked by an even closer relationship in many areas - but particularly in trade and commerce. This Government stands ready to assist them in any way, and we hope to see them in Malaysia soon.

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