

## **GLOBAL TRANSFORMATION FORUM 2017**

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Assalamualaikum Warahmatullahi Wabarakatuh,

A very good morning,

Distinguished guests,

Ladies and gentlemen,

1. Welcome to the second ever Global Transformation Forum. Hosted by the Malaysian Government, and organised by our Performance Management and Delivery Unit, or PEMANDU, we are honoured to have the World Bank Group Malaysia Global Knowledge and Research Hub as our strategic partner.

2. My welcome is to all of you here – and to all those watching via live streaming on my Facebook page.

3. It's amazing how time flies. It feels like it wasn't too long ago when I stood on this very stage to give the opening remarks at our first Global Transformation Forum in 2015. GTF 2015 saw the likes of Arnold Schwarzenegger, Director of the UN Development Programme, the Honourable Helen Clark, Carl Lewis, Lord Sebastian Coe, and Starbucks Co-founder Zev Siegl, among many others.

4. This year's line-up is just as impressive. We have the undisputed fastest man in the world: Usain "Lightning" Bolt; Sir Richard Branson, who left school at age 16 and went on to build his first record store a few years later. Fast forward nearly 50 years, and Virgin Group is now a multi-billion pound entity.

5. Then we have Chris Gardner, the inspiration behind the Oscar-nominated film "The Pursuit of Happyness". To any of you who are unfamiliar with his story, for one year Chris was living on the streets of San Francisco with his toddler son.

6. Believe it or not, he slept in the toilet of a railway station, in public parks, under his desk at work when all his colleagues had left. Despite all of this, Chris succeeded in his job as a trainee on Wall Street, and then founded his own successful firm. If that isn't a transformative story, I'm not sure what is.

7. And of course we have Jack Ma, the founder of Alibaba, a global leader in online and mobile commerce. As was announced last November, Jack has been appointed as Malaysia's digital economy adviser. In that role, he will share his ideas and experience to spearhead Malaysia's economy through the development of the Digital Free Trade Zone – which will be the world's first, and which Jack and I will launch later today. I'm excited.

8. The Zone will benefit entrepreneurs by offering a conducive environment for digital companies to carry out business – invigorating Internet-based innovation and thus catalysing the Malaysian economy.

9. The initiative is part of the recently launched National E-commerce Strategic Roadmap which aims to double the country's e-commerce growth from 10.8 percent to 20.8 percent by 2020.

10. As a spur to this, I announced in the last budget that by the end of next year we want to see the cost of fixed broadband halved, and the internet connection speed doubled.

11. The growth of e-commerce is inevitable. At the moment ASEAN contributes less than one percent of global e-commerce volume. To compete with the United States, Europe and China, and to grow a new and vital sector of the economy, we need to embrace this trend. We need to embrace change and innovation.

12. That's what makes a forum like the GTF so distinctive. The Global Transformation Forum is about bringing speakers and delegates from around the world to be exposed to creative and innovative solutions to challenging global problems, and to drive transformation. And to hear first hand their experience and how they've done it.

13. We're all here to discover how some of the most successful and iconic business leaders embrace change in this increasingly unpredictable and fast-paced world. How do the greatest sportsmen of our time consistently deliver world-breaking records? What inspires a nation's leader to catalyse positive socioeconomic change without compromising on fiscal governance?

Ladies and gentlemen,

14. Malaysia has come a long way in the years since independence in 1957. By the 1990s, we had moved into the upper middle income bracket. But the 1997-98 Asian financial crisis hit us hard, and afterwards Malaysia's economic engine decelerated, despite the global economy being robust during the same period.

15. Economic growth prospects had weakened considerably. Private investment was also stagnant.

16. We had and we needed to take action. So in 2010 we launched the National Transformation Programme – or NTP – to drive Malaysia's transformation into a high-income nation, based on inclusive and sustainable economic growth.

17. Through the NTP, we focused on clear socioeconomic priorities and introduced six Strategic Reform Initiatives to create better conditions for businesses to flourish.

18. Prior to the introduction of the NTP, we were caught in the middle income trap. To escape this trap, the government has had to make some tough calls, because radical change was necessary.

19. The first was to remove fuel subsidies, despite this being politically unpopular, because they simply weren't sustainable. By 2012, fuel subsidies reached 25 billion ringgit, accounting for 13.6 percent of the total national Budget. For the sake of the country,

subsidies had to be drastically cut. And that is what we did, slashing them to 3 billion ringgit by 2015.

20. At the same time, we reduced government dependence on oil revenue from 41 percent when I assumed office in 2009, to 14 percent today.

21. In a further move to diversify the country's revenue stream, the second tough and unpopular measure we undertook was to introduce a Goods and Services Tax, or GST. Many parties resisted – including politicians who should and did know better. But had we not taken the risk, we would have been suffering today because of that sharp and sudden decline in oil prices.

22. We would, ladies and gentlemen, have been in dire straits – and facing a massive hole in the country's budget.

23. Instead, as the result of those tough choices, we built the resilience that – even in these difficult times for the global economy – still saw us register growth of 4.2 percent in 2016. We expect a slightly higher figure for this year, and for it to rise in 2018. These figures show Malaysia growing at more than double the rates the IMF predicts for advanced economies over the same time period.

Ladies and gentlemen,

24. Between 2010 and 2016, the NTP created 1.8 million jobs, of which over one million were high-income jobs.

25. Gross National Income increased by nearly 50 percent.

26. We have almost eradicated poverty, reducing it to just 0.6 percent.

27. We have kept inflation and unemployment low, and have been acclaimed by global institutions such as the World Bank and the IMF for the reforms we have undertaken.

28. We are firmly on the path to become a high-income nation.

29. In short, we have an economic plan. That plan is working, we have delivered, and we will continue to deliver.

But, ladies and gentlemen,

30. Breaking through to high income status is only one of the aims of the National Transformation Programme. The NTP also aims to generate benefits for all Malaysians. It is key that no Malaysian gets left behind; that the needs of all our people are met; and that all communities, whether large or small, are able to contribute to and share in the wealth of the country.

31. To help those less well-off cope with rising costs of living, and also to stimulate economic activity in the consumer market, Bantuan Rakyat 1Malaysia – or the 1Malaysia People's Aid – was introduced in 2012. This provided targeted relief to 7.28 million households earning less than 3,000 ringgit a month in 2016.

32. Additionally, we have the target of building 1.1 million affordable and low-cost homes for middle and low-income households, including housing for civil servants and the new generation of FELDA settlers. We have already completed 21 percent, and another 22 percent are currently under construction.

33. We took these measures because ultimately, a high income economy is only meaningful if it benefits all the people, so that they have more choices, higher purchasing power, opportunities for upward mobility, better quality of life and better living standards.

Ladies and gentlemen,

34. One of the reasons why the NTP has been so successful, and why we have been able to introduce programmes such as BR1M and various targeted housing plans, is because we have maintained a strong focus on two areas: human capital, and connectivity.

35. Our people – our human capital – are our most precious asset. We always want every opportunity to be open for them, and we have instituted a huge range of programmes to ensure that training for the right skills, and funding for entrepreneurs – our future Richard Bransons – are available.

36. There are far too many programmes for me to list them all, but they include new innovation centres; increasing graduate employability; boosting female participation in the workforce, and supporting women's place in the boardroom and leadership positions; and incentives for companies to support retraining – because with automation and new technology, learning is not something we do just at school or university.

37. It must be a lifetime process, so that we increase productivity – we need to increase the rate from the current 2.3 percent per annum to 4 percent – to ensure that Malaysia is not just ready for the future, but is leading the way in terms of the economy of tomorrow.

38. We are constantly working on this. Just this week, our Human Resources Development Fund launched their Human Capital Strategic Initiatives 2017 – even more measures to help our local workforce be continuously up-skilled and re-skilled.

Ladies and gentlemen,

39. These initiatives and programmes are not just fine words. They have tangible impacts on real people. Let me give you a couple of examples. Take Johorean Zul Izzamin. He inherited Izzamin Mini Market, a sundry shop serving mostly the local community, from his late father in 2000.

40. In 2011, he chanced upon the Small Retailer Transformation Programme (Transformasi Kedai Runcit or TUKAR programme) that was advertised in a newspaper. Zul found that he was eligible, enrolled and took the initiative to implement expert advice from TUKAR programme mentors.

41. He took a 25 thousand ringgit loan offered under the programme and renovated his shop. "Since then," he says, "our shop income increased by 100-200 percent." A wonderful example of the NTP in action.

42. Or take Chik Azmily bin Che Abdul Aziz. He and his wife were barely getting by on 500 ringgit a month working as daily labourers in Kelantan.

43. Chik Azmily got involved in the 1AZAM initiative, providing him with agricultural equipment, seeds, fertiliser, and herbicides. He started growing short-term seasonal cash crops such as cucumbers and watermelons and selling them to wholesalers.

44. His wife was provided with sewing machines to kick-start her tailoring work, and she managed to secure a deal with a batik factory to tailor batik shirts. Within a couple of years, they had gone from earning 500 ringgit a month to 5,000 ringgit a month. Isn't that remarkable?

Ladies and gentlemen,

45. Side by side with our emphasis on human capital has been our emphasis on connectivity. A very important part of that involves communications and cyberspace. I mentioned our plan to double the speed of internet connections and halve the price earlier.

46. We are also in the process of transitioning from IPv4 to IPv6, which is more secure and has a capacity that is much broader and not easily overloaded. And I can assure you that Jack and I have plenty more than that to talk about!

47. But connectivity is also about infrastructure. Again, there are too many examples to list, but one I will mention is our setting of a new benchmark for public transport previously unseen in Malaysia.

48. With the launch of the Mass Rapid Transit, or MRT, last December; with the completion of the LRT Extension Project; and with the ongoing transformation of bus and taxi services, our vision of a modern world-class public transport system in our capital is now within reach.

49. The MRT will carry close to a million people over 100km daily – guaranteeing the people fast, reliable and environmentally-friendly public transportation. And if I could say once again, it is on time and on budget.

50. Likewise, the East Coast Rail Line will be a game changer for Peninsular Malaysia's east coast, as the Pan Borneo Highway will be for Sabah and Sarawak, and the high speed rail link between Kuala Lumpur and Singapore will be for both our countries – cutting the journey time between our two capitals to a mere 90 minutes.

Ladies and gentlemen,

51. Our ongoing investment in human capital and connectivity, and our ongoing economic transformation and reforms, have had results. One of which is that outsiders look at Malaysia, and they see a place they'd like to do business – and increasingly so.

52. For instance, in 2015 we attracted 36 billion ringgit in foreign investment. Last year that rose to 59 billion ringgit.

53. This leads to healthy and growing partnerships. Take Osram, a global leader in lighting manufacturing. It has already invested 3 billion ringgit in Malaysia. It is now investing an additional 1.4 billion ringgit for an expansion project that will be the newest and largest 6-inch LED chip production site in the world.



54. Would they be doing that if, as some of our opposition politicians say, Malaysia was a failed state?

Ladies and gentlemen,

55. Let me give you another example. Some of you may have heard that Saudi Aramco recently signed an agreement to invest \$7 billion – that's dollars, not ringgit – in the 22,000-acre PETRONAS Pengerang Integrated Complex, or PIC, in Johor.

56. This joint venture won't just establish new engines of growth and push the nation to a new frontier in technology and economic development. It will also create thousands of new jobs – at the peak of construction, up to 60 thousand new jobs in fact.

57. It will be a huge engine of growth in one of the world's busiest shipping lanes, and at the gateway into the Asia-Pacific, the most thriving region on the planet with over 60 percent of the world's population. It will provide training and jobs for locals, lead to the development of auxiliary industries, spur entrepreneurship and be a huge boost to human capital and to the knowledge economy.

58. PIC is very important for us, and that \$7 billion shows you the confidence Saudi Arabia's state-owned oil company has in Malaysia.

59. Again, I ask: would Saudi Aramco be making one its largest investments in a country that was going bankrupt?

Ladies and gentlemen,

60. I raise this question because, as you know, there has been a lot of talk of fake news lately. Unfortunately, the Government's opponents here in Malaysia often prefer not to engage with us on the facts. They create false propaganda – like the idea that this is a state on the verge of bankruptcy – some of which sadly gains traction internationally.

61. This running down of Malaysia is nothing less than economic sabotage for selfish, personal political gain. If it affects perceptions abroad, it won't be opposition politicians who will suffer. It will be ordinary Malaysians.

62. The Aramco deal was almost wrecked by such fake news. After all, many would not expect a former leader to tell lies about his own country. So when he tells people that Malaysia is facing bankruptcy, some believe him.

63. In fact, he knows he is telling lies.

64. The truth is the very opposite. Millions of jobs created. Strong and consistent growth. Low inflation and unemployment. The fiscal deficit cut from 6.7 percent in 2009 to 3.1 percent in 2016. Twice the degree of social mobility than in France, Britain or the US.

65. Countless measures put in place to ensure our continued transformation into an innovative, knowledge-based economy, with sustainability and inclusivity at its core. We are working for a nation at ease with others, and proud of its unique and vibrant diversity – because I'm not just concerned about GDP or headline figures, but also public happiness and the well-being of each and every Malaysian.

Now, ladies and gentlemen,

66. I'm not saying that everything is perfect. There are some downside risks and challenges – such as managing household debt, the need to improve productivity and move up the value chain, and the problem of household savings not being sufficient to last people's lifetimes. But we will address these head on with appropriate measures because we recognize such risks and such challenges.

67. The bigger picture is that neutral observers see what we have done, what we continue to do and our commitment to reform, and they see the results of our transformation programme thus far.

68. This is why all the major rating agencies – Fitch, Standard & Poor’s and Moody’s – and they are not easy to please, I can tell you! – have reaffirmed Malaysia as being in the ‘A’ category.

69. Let’s turn to the IMF, one of the most respected institutions in the world. Its latest assessment of Malaysia said, and I quote: “The Malaysian economy continues to perform well, despite significant headwinds, and has made significant progress towards achieving high-income status.”

70. They commended our reforms and urged us to continue with the transformation I have been sharing with you.

71. And just this month, BAV Consulting and the Wharton School of the University of Pennsylvania released their 2017 Best Countries Report. It said that Malaysia was the best country in the world to invest in. And in this category we were, and I quote: “the clear frontrunner”.

72. So this is the real story, the real facts, and the real news, about Malaysia’s transformation story.

Ladies and gentlemen,

73. In close to eight years, the National Transformation Programme has attracted the attention of the world. Malaysia has emerged as a model for other countries pursuing transformation, and offers valuable lessons that others can draw from. The progress and success of the NTP has been replicated in Tanzania, India, South Africa and Oman.

74. We have also received international recognition for the work that we have done. Just last year, the NTP was the recipient of five awards and topped the list of winners at the Global Good Governance (3G) Awards held in Istanbul, Turkey. And once again, the NTP has been nominated for Best Public Sector Reforms Programme at this year’s 3G Awards.

Ladies and gentlemen,

75. PEMANDU – headed by our renowned turnaround specialist Dato’ Sri Idris Jala – was set up in September 2009 to rigorously monitor the implementation and spearhead the NTP as well as to ensure the delivery of our transformation.

76. I would like to take this opportunity to extend my appreciation to PEMANDU and Dato’ Sri Idris, for all their hard work and diligence, and also for their relentless efforts in organising the Global Transformation Forum.

77. Let me tell you a bit about Dato’ Sri Idris Jala. ‘Idris Jala’ is actually a Malay-Muslim name but he is a Christian, and I believe a good Christian. He belongs to this very, very small Kelabit community in rural Sarawak. There are only 5,000 Kelabits on this planet. He likes to say this. And he’s so proud that despite representing such a tiny community, he made it to be one of our cabinet ministers in the government. That is also another transformational story – rising from a rural community to become a cabinet minister. If he had not joined the government he would have been in the top leadership of Shell International I’m sure.

78. I would also like to thank the sponsors and the Forum’s strategic partner, World Bank Group Malaysia Global Knowledge and Research Hub.

Ladies and gentlemen,

79. Even with the achievements I have mentioned under our belt, our work is not done. The Government has recently set a new goal under the 2050 National Transformation plan, which is for Malaysia to be a top 20 country by the year 2050.

80. PriceWaterhouseCoopers have just published a report in which they predict Malaysia will have the 25th highest GDP in the world, measured by purchasing power parity, by 2030 – and the 24th by 2050. So top 20 is within our grasp.

81. But it means there is more to be done. The transformation must be continuous, and my Government will not rest in our efforts towards this.

82. At this point, I would like to express my gratitude to the civil service for their dedication in driving our country towards our aspirations, as well as to the rakyat for their continued support for our initiatives.

83. Let me say to all Malaysians: let's come together in the spirit of Negaraku – our country, our nation – and unite to continue the transformation and build the Malaysia we all want.

84. Here's to an exciting future based on an entrepreneurial and innovative spirit – both for Malaysia, and for all participants and speakers at the GTF.

Thank you.

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