

MIDA 50TH ANNIVERSARY CELEBRATION

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Earlier this evening, I congratulated MIDA for 50 years of sterling service for the nation. It was a pleasure to join such a distinguished gathering of MIDArrians, both present and previous employees, MIDA partners and industry representatives – each of whom has played an integral part in the economic development of Malaysia over the last half century.

Fifty years is certainly a milestone in the history of any organisation, particularly in today's fast-paced world. Looking back to when MIDA was established in 1967, the country was facing some major economic challenges.

The world price of rubber, which was the mainstay of our economy, was at its lowest at 47 cents a pound. This badly affected the income of about 500,000 people in rural communities. In fact, it was reported that some families had been reduced to only one meal of rice a day.

It was also the year when the Malaysian Ringgit split from the Singapore and Brunei currencies, which slowed inflows of foreign capital investment. At that time, the Labour Exchange in Peninsular Malaysia also had some 150,000 people registered as unemployed.

So the setting up of MIDA, previously known as the Federal Industrial Development Authority, was a much needed spur for the Malaysian economy. The statistics speak for MIDA's achievements. In 1970, manufacturing and services sectors contributed 55 percent to our Gross Domestic Product.

But over the years these sectors have emerged as the primary drivers of our GDP, contributing more than 77 percent to the total, while our reliance on the traditional economic pillars, such as agriculture, mining and quarrying, has been reduced significantly to 17 percent.

Over the same period, our unemployment rate has gone down from more than 10 percent in 1970 to 3.4 percent in March 2017. We have also made great strides in terms of poverty eradication. In 1970, the poverty level stood at 49.3 percent. Today, we have virtually eliminated poverty, to less than one percent. Economic development is more dispersed around the country now, with there being more than 500 industrial estates and 20 free industrial zones in Malaysia today.

Instead of having a narrow economic base, Malaysia now offers a diverse investment portfolio, ranging from electrical and electronics, machinery and equipment, chemicals and chemical products, aerospace, medical devices and many more. The services sector too has expanded, providing countless opportunities in ecotourism, healthcare, education, and oil and gas services, to name just a few.

The birth of MIDA marked the dawn of Malaysia's industrialisation journey. For example, it took hard work and much perseverance on the part of MIDA officials to convince the eight giant pioneer foreign companies to invest in Bayan Lepas, Penang, which was then a muddy paddy field that had just been gazetted as a Free Trade Zone.

The establishment of their facilities acted as catalysts to attract other notable industry players to Malaysia, and today, more than 5,000 foreign MNCs from 40 countries have chosen Malaysia as their preferred investment destination in the region.

More importantly, many of them are making their position in Malaysia their springboard to reach regional and global markets. These businesses know that the siren voices of past-it politicians who are trying to run down Malaysia are false. They know that the politicians who are making all sorts of ridiculous claims that the country is going bankrupt are doing so for their own selfish political ends.

But the MNCs recognise what has been achieved since the establishment of the Economic Transformation Programme in 2010.

2.26 million new jobs. Gross National Income up by nearly 50 percent. Unemployment and inflation kept low. Strong growth, even in times of global turbulence.

The World Bank and the IMF have both revised upwards their predictions for growth in Malaysia this year, to nearly five percent. The latest respected international institution to do so is the Asian Development Bank. It has just revised its forecast for our GDP growth this year from 4.7 percent to 5.4 percent.

All of this has not come about by chance. Instead, as MIDA employees know very well, it is because of the Government's careful stewardship of the economy.

The OECD recently reported that "Malaysia is one of the most successful Southeast Asian economies... thanks to sound macroeconomic fundamentals and its success in transforming its economy into a well-diversified and inclusive one."

We took the tough decisions, such as removing subsidies and implementing GST, since we knew that we had to diversify our economy. And with the plunge in the price of oil, GST has been our saviour.

It has nothing whatsoever to do with 1MDB, whose rationalisation programme is proceeding well. There is simply no connection, and anyone who says otherwise is deliberately lying and trying to deceive the Malaysian people.

No. GST is about ensuring that our fundamentals are strong and that we are shielded from global headwinds. Every respected economist around the world has commended us for implementing it.

And it is one of the reasons why the World Bank recently concluded that "The Malaysian economy is progressing from a position of strength."

I have also been promoting our investments in my own capacity to some of the world's largest economies leaders. Be it with Abe, Modi, King Salman or Trump, it is important for Malaysia to build good relationship with other countries in order to attract foreign investments.

This is why international investors – whether from China, Britain, India, Saudi Arabia, or anywhere else – have confidence in Malaysia. They know that we had a plan; and that plan has delivered. This is why HSBC is investing over RM1 billion to build its future regional

headquarters in the Tun Razak Exchange, recognising Malaysia's increasing status as an international financial and business centre.

This is why Broadcom Limited, one of the world's largest semiconductor companies, is going to transfer its Global Distribution Hub from Singapore to Malaysia in 2017, from where it will manage the group's global inventory of RM64 billion a year.

In fact Broadcom plans to spend RM4.1 billion on its operations in Malaysia over the next ten years. This is why Huawei, a leading global ICT solutions provider which serves more than one third of the world's population, has made Malaysia its global operation headquarters, data hosting centre and global training centre, with a total project cost of RM2.2 billion and employing more than 2,370 people.

And this is why Saudi Aramco is investing US\$7 billion – its biggest downstream investment outside the Kingdom – for a 50 percent stake in Petronas's Refinery and Petrochemical Integrated Development in Johor.

That is the single largest investment in Malaysia, and shows the confidence Saudi Arabia has in our people, our technology, and our ability to be a strong partner with their most important business.

Many foreign companies which came in the 1970s have since expanded, diversified and set up multiple operations here. Some have also rationalised their operations to suit the development of the Malaysian economy in terms of moving up the value chain.

We gain many benefits from their presence, and from the presence of all those who have come since. Besides providing employment opportunities, the knowledge and skills of our local talents are further augmented through these MNCs' training programmes.

Their continuous drive for local outsourcing as a means to achieve operational effectiveness and efficiency has spurred the growth of local supporting industries and ancillary services.

As major creators of new and advanced technologies, MNCs have also provided Malaysian companies the access to valuable technology transfer and know-how exchange through

joint-venture, licensing, management & technical contract and international subcontracting.

This technology diffusion has given rise to many Malaysian companies that are capable of meeting the stringent requirements of original equipment manufacturers, or OEMs, as well as global demand.

Today, we are proud to have home-grown stars like CTRM, UMW, Globetronics, Inari, Unisem, Vitrox and many more that have successfully launched into international markets.

What a journey our country has been on since the era in which MIDA began. In 1970 our GDP was US\$3.9 billion. In 2016 it stood at US\$296.4 billion, more than 75 times higher. MIDA has made a very important contribution to that growth. From 1980 to June 2017, MIDA approved a total of 29,209 manufacturing projects worth RM1.08 trillion – producing over three million new jobs that have led to higher standards of living and skills for the rakyat.

Malaysia is now in a different phase of development. We are shifting towards high technology, knowledge intensive, high value added and capital intensive ventures. The emphasis is on embracing the digital future, nurturing local businesses to become global champions through integrating into the international supply chain, as well as to create more skilled job opportunities for our talented people.

Building on its strong history, I am confident that MIDA will continue to propel Malaysia to even greater heights. At the MIDA Gala dinner, I took the opportunity to thank all who contributed in building this nation. I want you to know that all your hard work is very much appreciated. Be it from arranging meetings with potential investors, the sleepless nights preparing overseas notes, to even sacrificing family time for those late nights at the office.

I trust that MIDArrians will continue to serve Malaysia with great passion. Rest assured that the Government will continue to support you in sustaining your position as the best partner to investors. I wish you every success in the next half century, as you continue to work in creating a better Malaysia for all of us.

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