

**OPENING ADDRESS BY
YAB DATO' SERI ABDULLAH HAJI AHMAD BADAWI
AT THE M.I.E.R. NATIONAL ECONOMIC OUTLOOK 2005 CONFERENCE
AT SHERATON IMPERIAL HOTEL, KUALA LUMPUR
7 DECEMBER 2004**

TAN SRI MOHD SHERIFF MOHD KASSIM AND
THE BOARD OF TRUSTEES OF THE MALAYSIAN INSTITUTE OF ECONOMIC RESEARCH

DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. IT IS AN HONOUR AND A PRIVILEGE FOR ME TO BE HERE AT THE OPENING OF THE M.I.E.R. NATIONAL ECONOMIC OUTLOOK 2005 CONFERENCE. I WOULD LIKE TO THANK M.I.E.R. FOR INVITING ME TO SPEAK AT THIS CONFERENCE, AND FOR BRINGING TOGETHER SUCH A DISTINGUISHED GATHERING OF MINDS TO DELIBERATE OVER TWO FULL DAYS, ON THE SUBJECT OF "RE-INVENTING THE ECONOMY".

2. BOTH THE THEME AND THE TIMING OF THIS CONFERENCE ARE PARTICULARLY APT. AT THE START OF THIS YEAR, IN A POLICY SPEECH OUTLINING THE ECONOMIC PRIORITIES OF MY ADMINISTRATION, I HAD SOUNDED THE CLARION CALL TO RE-INVENT MALAYSIA'S ECONOMIC MODEL IN ORDER TO RESPOND TO GLOBAL CHALLENGES AND TO CAPITALISE ON NEW GROWTH OPPORTUNITIES. I OUTLINED THE GOAL OF SHAPING A 'NATIONAL PERFORMANCE CULTURE' AND SET OUT THREE LEVELS OF STRATEGIC DEVELOPMENT PRIORITIES:

1. FIRSTLY, PUBLIC SECTOR PERFORMANCE: A COMMITMENT TO FISCAL DISCIPLINE AND A BETTER PUBLIC SERVICE DELIVERY SYSTEM;
2. SECONDLY, CORPORATE SECTOR PERFORMANCE: A COMMITMENT TO PRODUCTIVITY IMPROVEMENT AND ENHANCED GLOBAL COMPETITIVENESS; AND
3. THIRDLY, HUMAN RESOURCES PERFORMANCE: A COMMITMENT TO "SOFTWARE" OR HUMAN CAPITAL DEVELOPMENT.

3. WE NOW FIND OURSELVES AT THE CLOSING OF 2004. IN MY ADMINISTRATION'S FIRST FULL YEAR, I HAVE TAKEN EVERY OPPORTUNITY THAT I HAD TO CONVEY AND REINFORCE MY MESSAGE – DELIVERING MY VISION, OBJECTIVES AND STRATEGY TO ALL MALAYSIANS AND TO THE GLOBAL COMMUNITY – SEEKING, AND WINNING, THE TRUST AND MANDATE FROM THE PEOPLE. MY GOVERNMENT HAS ALSO BEEN FOCUSED ON LAUNCHING AND IMPLEMENTING A RANGE OF TARGETED INITIATIVES TO GET THE BALL ROLLING. AS WE MOVE INTO 2005, THE FOCUS WILL MOVE TOWARDS BUILDING AND SUSTAINING THE MOMENTUM CREATED THIS YEAR – PUSHING THE INITIATIVES THAT WE STARTED TOWARDS CLEAR RESULTS, AND EXPANDING THE BREADTH AND DEPTH OF THEIR SCOPE TO REACH A LARGER CROSS-SECTION OF OUR ECONOMY AND SOCIETY.

4. 2005 IS ALSO A KEY INFLECTION POINT, AS IT MARKS THE MIDWAY TOWARDS VISION 2020. NEXT YEAR WILL BE A KEY YEAR FOR REFLECTION AND STRATEGISING AS WE DRAW UP THE 9TH MALAYSIA PLAN, 2006-2010. THE QUESTION IS, ARE WE ON TRACK? AS STATED IN M.I.E.R.'S CONFERENCE SYNOPSIS: "THE POLICY INITIATIVES LOOK GOOD ON PAPER AND PROVE TO BE POPULAR, BUT ARE THEY WORKABLE?"

5. I CALL ON YOU, THE CONFERENCE DELEGATES, TO DEBATE AND TO CHALLENGE THE STRATEGIES AND INITIATIVES OF THIS GOVERNMENT. ARE WE DOING WHAT IT TAKES TO BUILD A STRONG ECONOMY – ONE THAT IS ROBUST AND RESILIENT, YET FAIR AND BALANCED? AS A MATTER OF PRINCIPLE, WE ARE OPEN TO CONSTRUCTIVE CRITICISM AND NEW IDEAS. THIS IS ESSENTIAL BECAUSE WE WILL BE FACING A NUMBER OF CHALLENGES THAT MAY CLOUD OUR PROSPECTS IN 2005. IN PARTICULAR, IT APPEARS THAT THE TURMOILS OF THE GLOBAL CURRENCY MARKETS (SUCH AS THAT LAST SEEN IN 1997-1998) COULD POTENTIALLY MAKE A COMEBACK IF THE GROWING GLOBAL TRADE IMBALANCES ARE NOT CHECKED. ADD TO THAT THE UNCERTAINTIES SURROUNDING THE VOLATILITY OF OIL PRICES AND THE FUTURE PERFORMANCE OF THE U.S., CHINESE AND JAPANESE ECONOMIES, THEN WE HAVE VERITABLE LIST OF ISSUES AND CONCERNS.

6. IT IS WITH THESE ECONOMIC CHALLENGES AS A BACKDROP THAT I WOULD LIKE TO COME BACK TO THE PRINCIPLE OF PERFORMANCE AS AN OVERARCHING THEME, AND TO THE CONTINUED FOCUS ON BUILDING A 'NATIONAL PERFORMANCE CULTURE', AS WE SET POLICY DIRECTION AND STRATEGIES FOR 2005 AND BEYOND. IT IS MY BELIEF THAT WE NEED TO FOCUS ON THE FUNDAMENTALS OF THE THREE PERFORMANCE LEVELS ARTICULATED EARLIER IN ORDER TO ENSURE THAT WE ARE RESILIENT AND THAT WE ARE UNWAVERING IN OUR DIRECTION. THIS IS A DELIBERATE CHOICE OF STICKING TO OUR STATED OBJECTIVES, RATHER THAN CRAFTING POLICIES AND STRATEGIES THAT ARE DESIGNED MERELY TO RESPOND TO EXTERNAL EVENTS AND SHORT-TERM TRENDS, OR TO SIMPLY FOLLOW WHAT OTHERS ARE DOING.

LADIES AND GENTLEMEN

7. LET ME NOW REVIEW SOME OF THE PROGRESS THAT WE HAVE MADE AGAINST THE POLICY INITIATIVES OUTLINED AT THE START OF THE YEAR, TO PROVIDE SOME CONTEXT FOR YOUR DEBATES AND DISCUSSIONS.

8. IN TERMS OF PUBLIC SECTOR PERFORMANCE, TWO OF OUR MAIN GOALS WERE FISCAL DISCIPLINE AND PUBLIC SERVICE DELIVERY. AS OUTLINED IN MY BUDGET SPEECH LAST SEPTEMBER, WE REMAIN COMMITTED TO REDUCE THE BUDGET DEFICIT – FROM 5.3 PERCENT IN 2003, WE ARE ON TARGET FOR 4.5 PERCENT FOR 2004, AND CONTINUING TOWARDS 3.8 PERCENT FOR 2005. IT IS IMPORTANT TO NOTE THAT THIS DEFICIT REDUCTION GOAL IS NOT MEANT TO BE CONTRACTIONARY, AS WE REMAIN COMMITTED TO ACHIEVING THE GROWTH

TARGETS SPELT OUT IN VISION 2020. RATHER, THE PRIMARY BASIS FOR THIS IS DRIVEN BY A SHIFT FROM PUBLIC SECTOR-LED GROWTH TO THE PRIVATE SECTOR. INDEED, THIS IS REFLECTED IN THE FIGURES FOR G.D.P. DEMAND GROWTH, WITH A SWITCH FROM THE PUBLIC SECTOR LEADING THE PRIVATE SECTOR IN 2003 BY 10 PERCENT TO 6.6 PERCENT, TO THE PRIVATE SECTOR NOW LEADING THE PUBLIC SECTOR FOR THE FIRST THREE QUARTERS OF 2004, BY 10.2 PERCENT TO 7.4 PERCENT. I AM HEARTENED THAT MALAYSIAN COMPANIES HAVE HEEDED THE CALL TO TAKE OVER AS THE PRIMARY ENGINE OF GROWTH, AND I LOOK FORWARD TO CONTINUED PROGRESS IN THIS AREA.

9. IN TERMS OF IMPROVING THE PUBLIC SERVICE DELIVERY SYSTEM TO REDUCE INDIRECT COSTS TO THE ECONOMY, WE HAVE ALSO BEGUN TO SEE RESULTS. FOR EXAMPLE, WE HAVE TAKEN 43 MEASURES TO STREAMLINE WORK PROCESSES AT THE LAND OFFICE, AS PART OF A NEWLY IMPLEMENTED 'LAND ADMINISTRATION STRATEGY'. IN ADDITION, WE SENT OUT "FLYING SQUADS" TO THE LAND AND DISTRICT OFFICES, WHICH HAS RESULTED IN REDUCING THE BACKLOG OF LAND REGISTRATION CASES BY 93 PERCENT AND BY 52 PERCENT FOR STRATA TITLE APPLICATIONS. OTHER INITIATIVES UNDERTAKEN INCLUDE MOVING TOWARDS MORE DISCLOSURE BASED REGULATION, SUCH AS IN SUBMISSIONS TO THE FOREIGN INVESTMENT COMMITTEE AS WELL AS FOR CERTIFICATES OF FITNESS APPLICATIONS. MANY HAVE ALSO NOTICED AND APPRECIATED THE IMPROVEMENTS IN COUNTER SERVICES, SUCH AS AT THE IMMIGRATION OFFICE IN PUSAT BANDAR DAMANSARA. TO ENSURE THAT PERFORMANCE LEVELS IN THE PUBLIC SERVICE DELIVERY SYSTEM ARE EFFECTIVELY MONITORED AND SUSTAINED, WE HAVE BEGUN TO IMPLEMENT THE KEY PERFORMANCE INDICATOR (OR K.P.I.) SYSTEMS, WHICH ARE NOW BEING PILOTED IN SEVEN GOVERNMENT AGENCIES, INCLUDING AT THE IMMIGRATION DEPARTMENT IN JOHOR AND THE NATIONAL REGISTRATION DEPARTMENT IN PENANG. THIS IMPLEMENTATION WILL NO DOUBT BE EXPANDED IN 2005.

10. NEVERTHELESS, THERE REMAINS MUCH WORK TO BE DONE. THERE ARE STILL MANY INADEQUACIES AND IMPERFECTIONS IN THE PUBLIC SERVICE SYSTEM, WHICH WE MUST CONTINUE TO ADDRESS WITH UTMOST DETERMINATION AND RESOLVE. I HOPE TO SEE MUCH MORE IMPROVEMENTS IN THE COMING YEAR – ESPECIALLY IN FRONT-LINE AGENCIES AND DEPARTMENTS, AND AMONG THE LOCAL COUNCILS.

11. THE WORK ON ROOTING OUT CORRUPTION CONTINUES TO BE CHALLENGING, BUT LET ME ASSURE YOU THAT THERE IS NO LET-UP IN MY GOVERNMENT'S DETERMINATION TO TACKLE THIS SCOURGE. THERE IS A POPULAR BELIEF THAT CORRUPTION IS ONLY BEING FOUGHT IF MANY MORE PEOPLE ARE CHARGED IN COURT. I BELIEVE THE PUNITIVE ASPECT IS IMPORTANT, BUT BEFORE PUNITIVE ACTION CAN BE TAKEN, WRONG-DOING MUST BE REPORTED AND PROPERLY INVESTIGATED. THE ANTI-CORRUPTION AGENCY CONTINUES TO WORK VERY HARD – THIS YEAR, IT HAS RECEIVED 9,765 TIP-OFFS IN THE FIRST TEN MONTHS OF 2004, COMPARED TO 9,719 IN THE WHOLE OF 2003; THE AGENCY HAS OPENED MANY INVESTIGATION PAPERS AND HAS MADE 445 ARRESTS IN THE FIRST TEN MONTHS OF 2004, COMPARED TO 339 LAST YEAR. BUT MORE IMPORTANT THAN THE PUNITIVE ASPECT, WE MUST HIGHLIGHT THE PREVENTIVE ASPECTS OF OUR ANTI-CORRUPTION EFFORTS. TO ADDRESS THIS SYSTEMATICALLY, MY

GOVERNMENT HAS FORMULATED THE NATIONAL INTEGRITY PLAN TO GET MORE PEOPLE INVOLVED IN THE FIGHT AGAINST CORRUPTION. WE HAVE SET UP THE INTEGRITY INSTITUTE OF MALAYSIA TO BETTER COORDINATE AND TAKE EFFECTIVE ACTION TO ENHANCE INTEGRITY AND WEED OUT CORRUPTION IN THE COUNTRY.

12. MEANWHILE, IN TERMS OF ENHANCING PRIVATE SECTOR PERFORMANCE, WE HAVE SET CERTAIN GOALS SUCH AS IMPROVING PRODUCTIVITY LEVELS, BOOSTING SHAREHOLDER VALUE CREATION, AND PURSUING NEW SOURCES OF GROWTH, WHETHER IN TERMS OF NEW BUSINESS AREAS OR EXPANDING INTO NEW MARKETS GLOBALLY. IN 2004, OUR EFFORTS STARTED WITH GOVERNMENT-LINKED CORPORATIONS, OR G.L.C.'S, AS THEY REPRESENT A SUBSTANTIAL PORTION OF THE NATIONAL ECONOMY.

13. MY OBJECTIVE WAS TO TAKE THE PUBLIC SECTOR-PRIVATE SECTOR COLLABORATION KNOWN AS MALAYSIA INCORPORATED, AND SHIFT THE BASIS OF THIS PARTNERSHIP TO ONE OF TANGIBLE ACHIEVEMENT AND PERFORMANCE. WE THUS COMMENCED WHAT IS FAST BECOMING A K.P.I. MOVEMENT, TO IMPLEMENT A STRUCTURED SYSTEM OF KEY PERFORMANCE INDICATORS AS A TOOL TOWARDS BUILDING A PERFORMANCE CULTURE IN MALAYSIAN CORPORATIONS. WE ALSO STARTED THE RE-INVENTION OF KHAZANAH NASIONAL, THE GOVERNMENT'S INVESTMENT AGENCY, BY BRINGING IN FRESH LEADERSHIP TALENT, REMODELING ITS SCOPE TO BECOME A MORE ACTIVE STRATEGIC INVESTOR AND A LEADING REGIONAL INVESTMENT HOUSE, AND RESTRUCTURING ITS PORTFOLIO. I AM VERY PLEASED THAT INVESTORS, BOTH LOCAL AND FOREIGN, HAVE RESPONDED WELL TO THIS MOVE. THIS IS DEMONSTRATED BY THE RISE IN THE MARKET CAPITALISATION OF KHAZANAH'S PORTFOLIO OF COMPANIES BY 21 PERCENT IN THE SIX MONTHS SINCE IMPLEMENTATION FROM MAY TO DECEMBER THIS YEAR, COMPARED TO THE BROADER MARKET WHICH INCREASED BY 15.5 PERCENT IN THE SAME PERIOD. IN FACT, G.L.C. HEAVYWEIGHTS PERFORMED EVEN BETTER, WITH TELEKOM MALAYSIA SHARES INCREASING BY ABOUT 34 PERCENT AND TENAGA NASIONAL BERHAD BY 28 PERCENT IN THE LAST SIX MONTHS.

14. AS SUCH, I LOOK FORWARD TO SEEING THE K.P.I. CULTURE – WHERE SENIOR MANAGERS ARE APPOINTED, REWARDED AND HELD ACCOUNTABLE FOR THE PERFORMANCE OF THE CORPORATIONS THEY LEAD – BECOMING MORE PREVALENT IN OUR ECONOMY, AND TO SEE THE IMPLEMENTATION OF OPERATIONAL AND CAPITAL EFFICIENCY IMPROVEMENT PROGRAMS AND GROWTH STRATEGIES CATALYSED BY THIS PERFORMANCE IMPERATIVE.

LADIES AND GENTLEMEN

15. GOING BACK TO THE MACROECONOMIC PICTURE, AS WE LOOK AT THE MIX OF ECONOMIC SECTORS THAT COMPRISE THE MALAYSIAN ECONOMY AND ASSESS THE COMPETITIVENESS OF THESE SECTORS, IT BECOMES CLEAR THAT WE MUST ENHANCE OUR PORTFOLIO TO INCLUDE NEW SECTORS THAT CAN DELIVER ADDITIONAL GROWTH FOR THE ECONOMY. ALTHOUGH MANUFACTURING, WHICH HAS BEEN THE MAINSTAY OF OUR ECONOMY, WILL CONTINUE TO BE A SIGNIFICANT PART OF THE MIX, WE MUST ALSO CAPITALISE ON OTHER SECTORS

IN SERVICES AND AGRICULTURE. WE REMAIN COMMITTED TO DEVELOPING GROWTH SECTORS TARGETED EARLIER – NAMELY, ISLAMIC FINANCIAL SERVICES, TOURISM, HEALTHCARE, AGRICULTURE AND BIOTECHNOLOGY. THIS YEAR, WE AWARDED THE FIRST FULL FLEDGED ISLAMIC BANKING LICENSE TO A FOREIGN BANK – KUWAIT FINANCE HOUSE – AND WE CONTINUE TO MAKE GREAT STRIDES IN ISLAMIC FINANCIAL SERVICES. THE FOCUS ON TOURISM HAS RESULTED IN RECORD ARRIVALS, WITH AN AVERAGE OF ABOUT 1.3 MILLION TOURISTS PER MONTH THIS YEAR, UP FROM NEARLY 900,000 PER MONTH IN 2003 AND 1.1 MILLION PER MONTH IN 2002.

16. MEANWHILE, THE FOCUS ON AGRICULTURE IS AIMED AT ACHIEVING TWO OBJECTIVES. ON THE ONE HAND, THERE ARE SUBSTANTIAL GROWTH OPPORTUNITIES IN AGRO-INDUSTRIES AND RELATED BIO-TECHNOLOGY, WHERE WE SHOULD LEVERAGE ON OUR COMPARATIVE ADVANTAGES. ON THE OTHER HAND, WE ARE ALSO FOCUSING ON SMALL SCALE AGRICULTURE DEVELOPMENT TO ENSURE THAT WE CONTRIBUTE TOWARDS CLOSING THE INCOME GAP BETWEEN THE RURAL AND URBAN POPULATIONS – WHICH IS AN IMPORTANT BALANCED GROWTH OBJECTIVE.

17. ADDITIONALLY, WE INTEND TO CONTINUE TO PUSH AHEAD WITH TECHNOLOGY AND INNOVATION IN THE ECONOMY. THIS WAS REFLECTED IN THE RESTRUCTURING OF RELATED GOVERNMENT AGENCIES TO ENSURE PROPER FOCUS AND COORDINATION UNDER THE NEW MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION. I HAVE ANNOUNCED THAT THE GOVERNMENT WILL ESTABLISH AND MOVE THE COUNTRY'S INNOVATION AGENDA FORWARD. WE ARE SPECIFICALLY TRACKING OUR PERFORMANCE IN TERMS OF GROWING OUR SCIENCE AND TECHNOLOGY PERSONNEL AND OUR LEVEL OF R&D EXPENDITURE. THIS IS APPLICABLE TO ALL THE SECTORS OF OUR ECONOMY, AS WE NEED TO MOVE UP THE VALUE CHAIN AND PROGRESSIVELY GENERATE MORE CREATORS OF TECHNOLOGY RATHER THAN BEING MERE USERS OR FOLLOWERS OF TECHNOLOGY.

18. THIS LEADS US TO OUR THIRD PERFORMANCE FOCUS AREA: HUMAN CAPITAL DEVELOPMENT. HERE, WE ARE COMMITTED TO ADDRESS PERFORMANCE IMPROVEMENTS ACROSS ALL LEVELS – FROM PRIMARY AND SECONDARY EDUCATION, TO TERTIARY EDUCATION, TO PROFESSIONAL AND CONTINUING LEARNING PROGRAMS. GIVEN THE MAGNITUDE OF THE DEVELOPMENT IMPERATIVE, I DECIDED TO SPLIT THE EDUCATION MINISTRY INTO TWO. ONE TO FOCUS ON PRIMARY AND SECONDARY EDUCATION, AND THE OTHER ON HIGHER LEARNING. IN THE SPIRIT OF PERFORMANCE, MY GOVERNMENT INTENDS TO LAUNCH A RANKING SYSTEM TO GRADE OUR INSTITUTIONS OF HIGHER LEARNING – TO INSTIL A SENSE OF COMPETITION AND GREATER TRANSPARENCY OF QUALITY. WE EXPECT OUR UNIVERSITIES TO KEEP STRIVING TO IMPROVE THEIR TEACHING, BASIC RESEARCH, COLLABORATION WITH PRIVATE SECTOR, AND ADMINISTRATION – SO THAT WE CAN MEET THE REQUIREMENTS FOR TALENTED, HIGH CALIBRE GRADUATES IN OUR WORKFORCE.

19. I REALISE THAT IN RECENT YEARS, THE QUALITY OF MALAYSIA'S EDUCATION SYSTEM HAS BEEN CALLED INTO QUESTION, ESPECIALLY GIVEN THE SHORTAGE OF QUALIFIED TEACHERS AND THE HIGH RATE OF GRADUATE UNEMPLOYMENT. THERE

HAS BEEN INCREASING ETHNIC POLARISATION IN SCHOOLS AND UNIVERSITIES, WITH THE POPULARITY OF VERNACULAR AND RELIGIOUS SCHOOLS RISING TO THE DETRIMENT OF NATIONAL SCHOOLS. MY MAIN PRIORITY IS TO MAKE NATIONAL SCHOOLS THE SCHOOL OF CHOICE, WHILE SAFEGUARDING THE POSITION OF NATIONAL-TYPE SCHOOLS. SPECIFICALLY, I AM LOOKING AT IMPROVING THE QUALITY OF TEACHING AND IMPROVING THE CURRICULUM CONTENT TO MAKE SCHOOL-LEAVERS MORE WELL-ROUNDED AND EQUIPPED WITH MARKETABLE SKILLS. I REALISE THAT THE EDUCATION SYSTEM IS VERY COMPLEX AND THAT MAKING ANY CHANGES, EVEN FOR THE BETTER, WILL BE VERY CHALLENGING INDEED – BUT IT IS SOMETHING THAT MUST BE DONE, AND WITH THE COOPERATION OF ALL STAKEHOLDERS, WE WILL ACHIEVE IT SUCCESSFULLY, INSYA-ALLAH.

20. INDEED, PROGRESS ALONG THESE THREE PERFORMANCE PRIORITIES SHOULD HELP US ACHIEVE CONTINUED GROWTH. WE HAVE MANAGED TO RECORD STRONG ECONOMIC GROWTH THIS YEAR, ACHIEVING 7.8 PERCENT IN THE FIRST QUARTER, 8.2 PERCENT IN THE SECOND, AND 6.8 PERCENT IN THE THIRD, PUTTING GROWTH FOR THE FIRST THREE QUARTERS OF THE YEAR AT 7.6 PERCENT, AHEAD OF THE 7 PERCENT ANNUAL GROWTH TARGET FOR THE YEAR. FOR 2005, THE GOVERNMENT HAS SET A GROWTH TARGET OF 6 PERCENT, WHICH IS STILL A STRONG AND ROBUST RATE PARTICULARLY IN LIGHT OF MUCH LOWER EXPECTED GROWTH RATE FOR THE GLOBAL ECONOMY, GIVEN THE LOOMING UNCERTAINTIES MENTIONED EARLIER.

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21. IN YOUR DISCUSSIONS ON THE PROSPECTS FOR THE MALAYSIAN ECONOMY, I URGE YOU TO ALSO CONSIDER THE FAIR AND BALANCED GROWTH OBJECTIVES THAT I HAD STRESSED IN MY POLICY SPEECHES. THE LONG-TERM SUSTAINABILITY OF OUR ECONOMIC GROWTH CAN ONLY COME ABOUT IF WE EFFECTIVELY ADDRESS ISSUES OF POVERTY, BALANCED AND EQUITABLE ECONOMIC GROWTH, CRIME AND SAFETY, AND THE NEED TO FULFIL BASIC NEEDS SUCH AS HOUSING, HEALTHCARE, AND PUBLIC TRANSPORT.

22. POVERTY REDUCTION IS A VERY HIGH PRIORITY FOR MY ADMINISTRATION. OUR TRACK RECORD HERE IS WELL KNOWN: BETWEEN 1970 TO 2002, THE GOVERNMENT SUCCEEDED IN REDUCING THE OVERALL POVERTY RATE FROM 52 PERCENT TO 5 PERCENT. IN THE SAME TIMEFRAME, RURAL POVERTY REDUCED FROM 59 PERCENT TO 11 PERCENT, AND HARD-CORE POVERTY IS NOW AT AN ALL TIME LOW OF 1.5 PERCENT. MY GOAL IS TO REDUCE POVERTY TO 0.5 PERCENT AND TO ELIMINATE HARD CORE POVERTY ALTOGETHER BY 2009. TO ACHIEVE THIS, WE NEED MORE EFFECTIVE POVERTY REDUCTION PROGRAMS, DELIVERED BY A MORE STREAMLINED STRUCTURE. THIS IS WHERE THE PERFORMANCE IMPERATIVE AGAIN COMES INTO PLAY. IN THE PAST, WE DID NOT MEASURE THE PERFORMANCE OF OUR PROGRAMS' EFFECTIVELY, WHICH MUST NOW BE RECTIFIED. I HAVE INSTRUCTED THE ECONOMIC PLANNING UNIT TO REVIEW AND UPDATE THE DEFINITION AND MEASUREMENT OF POVERTY SO THAT WE CAN HAVE A CLEARER PICTURE OF THE POOR AT TODAY'S LIVING STANDARDS.

23. BALANCED GROWTH AND DEVELOPMENT ALSO REQUIRES US TO ADDRESS THE DISPARITIES BETWEEN RURAL AND URBAN, BETWEEN BUMIPUTRA AND NON-BUMIPUTRA, AND TO ADDRESS THE NEEDS OF MARGINALISED OR DISADVANTAGED GROUPS. FOR EXAMPLE, I HAVE AGREED TO CHAIR A 'CABINET COMMITTEE ON GENDER JUSTICE' TO TACKLE GENDER DISCRIMINATION – WITH ITS FIRST MEETING HELD YESTERDAY. MEANWHILE, THE BUMIPUTERA AGENDA WILL CONTINUE TO BE STRENGTHENED BY WHAT I CALL A "LEVELLING UP" PROCESS, WITH STRONGER MONITORING AND ENFORCEMENT, AIMED AT BUILDING A MORE CAPABLE AND COMPETITIVE BUMIPUTERA COMMUNITY.

24. WE MUST ALSO CONTINUE TO PROVIDE FOR THE BASIC NEEDS OF OUR CITIZENS. HENCE WE ARE CONTINUING TO STUDY AND IMPLEMENT INITIATIVES TO ADDRESS HOUSING OWNERSHIP FOR LOWER-INCOME GROUPS, RECRUITING MORE MEDICAL PERSONNEL TO IMPROVE HEALTHCARE DELIVERY, AND ARE ALSO BEGINNING TO ADDRESS PUBLIC TRANSPORT DEFICIENCIES, STARTING WITH THE KLANG VALLEY. ALL OF THESE INITIATIVES WILL REQUIRE US TO PROVIDE FOR SUBSTANTIAL PUBLIC INVESTMENTS IN THE NEAR-TO-MEDIUM TERM. THESE ARE ABSOLUTELY NECESSARY AND MAY HAVE LONG GESTATION PERIODS BEFORE YIELDING RESULTS THAT BENEFIT THE ECONOMY. NONETHELESS, WE REMAIN FULLY COMMITTED.

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25. I HOPE TO HAVE LAID THE CASE FOR TRANSFORMING THE ECONOMY. THERE IS CLEARLY MUCH TO DO. MY AIM GOING FORWARD IS TO FOCUS ON THE IMPLEMENTATION OF THE INITIATIVES THAT I HAVE OUTLINED, WITH THE AIM OF BUILDING GREATER MOMENTUM AND ENSURING SUSTAINABILITY OF THE STEPS TAKEN. MY GOVERNMENT IS FULLY COMMITTED TO THE CREATION OF A BUSINESS-FRIENDLY INVESTMENT CLIMATE AND THE REDUCTION OF INDIRECT COSTS AND BUSINESS CYCLE VOLATILITY. WE AIM TO PROVIDE A STRONG AND STABLE MACROECONOMIC FOUNDATION, IMPROVE CORPORATE GOVERNANCE, FIGHT CORRUPTION, STREAMLINE THE PUBLIC SERVICE DELIVERY SYSTEM, AND COLLABORATE EFFECTIVELY WITH THE PRIVATE SECTOR. THE GLUE THAT BINDS ALL OF THIS TOGETHER IS THE SHAPING OF THE RIGHT SET OF VALUES AND MINDSET – WHAT I CALL "FIRST CLASS MENTALITY". WITH THE PROPER VALUES AS OUR GUIDING LIGHT, AND A PERFORMANCE CULTURE AS OUR STANDARD, I AM CONFIDENT THAT – WHATEVER EXTERNAL CHALLENGES MALAYSIA WILL FACE IN 2005 OR BEYOND, COME WHAT MAY – WE WILL SUCCEED IN CREATING PROSPERITY FOR ALL OF OUR PEOPLE.

26. ON THAT NOTE, IT IS MY PLEASURE TO DECLARE THE 'M.I.E.R. NATIONAL ECONOMIC OUTLOOK 2005 CONFERENCE' OFFICIALLY OPEN, AND TO WISH ALL OF YOU A FRUITFUL AND ENGAGING SESSION.

THANK YOU.