

**SPEECH BY
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AT THE INVEST MALAYSIA 2008 CONFERENCE
AT HOTEL MANDARIN ORIENTAL, KUALA LUMPUR
12 AUGUST 2008**

BISMILLAHIR RAHMANIR RAHIM

ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH AND GOOD MORNING

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EXCELLENCIES AND DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. IT IS A PLEASURE TO ADDRESS YOU THIS MORNING FOR THE 5TH EDITION OF INVEST MALAYSIA. THIS ANNUAL CONFERENCE HAS GROWN FROM STRENGTH TO STRENGTH, REFLECTING MALAYSIA'S GROWING IMPORTANCE AS A GLOBAL INVESTMENT DESTINATION.

2. GIVEN RECENT EVENTS, THIS YEAR'S EVENT IS PARTICULARLY SIGNIFICANT. THIS CONFERENCE IS ONE OF MY EARLIEST PUBLIC ENGAGEMENTS SINCE BEGINNING MY SECOND TERM AS PRIME MINISTER, AND I AM SURE THERE ARE MANY QUESTIONS ON PEOPLE'S MINDS.

3. THIS MORNING, I WOULD LIKE TO SHARE SOME OF MY THOUGHTS WITH YOU. I WOULD ALSO LIKE TO ANSWER SOME OF YOUR QUESTIONS, AND MOST IMPORTANTLY, CHART THE WAY FORWARD IN THIS NEW ENVIRONMENT.

LADIES AND GENTLEMEN

4. WE HAVE JUST CONCLUDED OUR 12TH GENERAL ELECTIONS, WHICH PROCEEDED SMOOTHLY AND WITHOUT UNTOWARD INCIDENT. THE VOICE OF THE PEOPLE WAS CLEARLY HEARD, AND WE SAW AN INCREASINGLY MATURE DEMOCRACY AT WORK. THERE WAS GREATER OPENNESS, TRANSPARENCY, AND ABOVE ALL, FAIRNESS.

5. NEEDLESS TO SAY, THE RESULTS WERE BELOW THE EXPECTATIONS OF THE BARISAN NASIONAL. NEVERTHELESS, BARISAN NASIONAL WAS RETURNED TO GOVERNMENT WITH A COMFORTABLE MAJORITY, AND WE HAVE A RENEWED MANDATE TO LEAD.

6. IN THE DAYS AND WEEKS TO COME, WE WILL CONTINUE TO FEEL THE RIPPLES OF THE RECENT ELECTIONS. BUT ONE THING IS CLEAR: THE GOVERNMENT OF THE COUNTRY IS A BARISAN NASIONAL GOVERNMENT. IT IS AN EXPERIENCED GOVERNMENT; IT IS A PROVEN GOVERNMENT. WE WILL CONTINUE TO PROMOTE BUSINESS AND INVESTMENT. WE WILL CONTINUE TO ENSURE GROWTH WITH EQUITY. WE WILL CONTINUE TO BE A RESPONSIBLE GOVERNMENT WHICH SHAPES POLICIES WITH A LONG-TERM PERSPECTIVE.

7. NONETHELESS, THE BARISAN NASIONAL GOVERNMENT IS NOT ONE CONSTRAINED BY DOGMATISM OR RIGIDITY. IT IS A GOVERNMENT THAT IS PRACTICAL. IT IS A GOVERNMENT THAT IS MORE THAN READY TO LISTEN TO THE PEOPLE. ABOVE ALL, IT IS A GOVERNMENT THAT IS READY TO CHANGE AND ADDRESS THE PEOPLE'S CONCERNS AND GRIEVANCES.

8. THE RESULT OF THE ELECTIONS WAS A STRONG MESSAGE THAT I HAVE NOT MOVED FAST ENOUGH IN PUSHING THROUGH WITH THE REFORMS THAT I PROMISED TO UNDERTAKE. I THANK THE MALAYSIAN PEOPLE FOR THIS MESSAGE. POINT WELL MADE AND POINT TAKEN.

9. ALREADY, WE ARE BEGINNING THE PROCESS OF REJUVENATING THE GOVERNMENT. LAST WEEK, I APPOINTED A NEW CABINET – A REFORM CABINET IN WHICH HALF OF THE CABINET MINISTERS COMPRISE NEW FACES, WITH A NUMBER OF INDEPENDENT PERSONALITIES APPOINTED TO KEY PORTFOLIOS.

10. IN THIS SECOND TERM AS PRIME MINISTER, I INTEND TO IMPLEMENT A BOLD AGENDA FOR ADDRESSING THE CONCERNS OF THE PEOPLE, AS EXPRESSED THROUGH THE BALLOT BOX.

11. MOST URGENTLY, I PLAN TO INTRODUCE A PACKAGE OF MEASURES TO ALLEVIATE THE BURDENS FACED BY LOWER-INCOME MALAYSIANS. FIRSTLY, WE AIM TO MITIGATE THE IMPACT OF RISING WORLD PRICES FOR LOWER INCOME HOUSEHOLDS, AND LIMIT THE WASTAGE AND LOSSES CAUSED BY SUBSIDIES. SECONDLY, WE WILL REVIEW THE IMPLEMENTATION OF OUR ECONOMIC PLANS TO ENSURE THAT ITS BENEFITS WILL TOUCH THE LIVES OF THOSE WHO NEED THEM THE MOST. THIRDLY, WE WILL CONTINUE OUR WORK TOWARDS REDUCING INCOME GAPS BETWEEN AND WITHIN ETHNIC GROUPS, WHILE ENSURING FAIRNESS FOR ALL MALAYSIANS.

12. MY OTHER PRIORITY AREAS FOR THIS TERM ARE TO DRASTICALLY REDUCE CRIME; STEP UP THE BATTLE AGAINST CORRUPTION; SUPPORT REFORMS OF THE JUDICIARY; AND ENSURE A FAIR NUMBER OF PLACES OF WORSHIP FOR MALAYSIANS OF ALL RELIGIONS. THESE WERE THE MAJOR ISSUES THAT RESONATED WITH VOTERS REGARDLESS OF ETHNICITY, BACKGROUND, GENDER OR AGE.

13. AT THE SAME TIME, WE WILL CONTINUE TO WORK TOWARDS FULFILLING OUR PROMISES TO THE PEOPLE. IN PARTICULAR, I INTEND TO CONTINUE THE COUNTRY'S DEVELOPMENT THRUSTS AS OUTLINED IN THE NINTH MALAYSIA PLAN. HOWEVER, AS A RESULT OF THE UPCOMING MID-TERM REVIEW, SOME PROGRAMMES MAY BE FINE-TUNED IN ORDER TO ENSURE THAT THE BENEFITS ARE CLEARLY FELT BY ALL MALAYSIANS.

14. I ALSO INTEND TO CONTINUE TO PUSH FOR THE IMPLEMENTATION OF THE CORRIDOR DEVELOPMENT PLANS. I REMAIN, AS I HAVE ALWAYS BEEN, THE PRIME MINISTER FOR ALL MALAYSIANS. ALSO, OUR MANIFESTO HAS CLEARLY STATED OUR COMMITMENT TO REDUCE THE GAPS BETWEEN REGIONS. THEREFORE, WE INTEND TO HAVE PRODUCTIVE WORKING RELATIONSHIPS WITH ALL STATE GOVERNMENTS TO ENSURE THAT THE CORRIDOR PLANS WILL BE SUCCESSFUL.

15. WE WILL ALSO CONTINUE TO MOVE THE MALAYSIAN ECONOMY UP THE VALUE CHAIN. OUR INVESTMENTS IN GROWTH SECTORS SUCH AS BIOTECHNOLOGY AND AGRICULTURE WILL BE INTENSIFIED. OUR FOCUS ON DEVELOPING SMALL AND MEDIUM ENTERPRISES WILL CONTINUE. OUR EFFORTS TOWARD TRANSFORMING GOVERNMENT-LINKED COMPANIES HAVE ALREADY SHOWN IMPRESSIVE RESULTS, AND WE WILL CONTINUE TO SUPPORT THIS INITIATIVE. IN SHORT, WE WILL CONTINUE TO FOCUS ON IMPROVING MALAYSIA'S COMPETITIVENESS WITHIN THE GLOBAL ARENA.

16. AS YOU CAN SEE, WE WILL HAVE OUR PLATES FULL FOR THE COMING MONTHS AND YEARS. WITH A NEW TEAM OF MINISTERS IN PLACE, I AM CONFIDENT THAT WE WILL ACHIEVE SUCCESS ON ALL FRONTS, AND THEREBY JUSTIFY THE PEOPLE'S TRUST IN US TO CONTINUE LEADING THE NATION.

LADIES AND GENTLEMEN

17. TODAY, THERE ARE WIDESPREAD CONCERNS ABOUT A RECESSION IN THE U.S., WHICH THREATENS THE ENTIRE GLOBAL ECONOMY. WE ARE FACED WITH SIGNIFICANT UNCERTAINTIES IN THE EXTERNAL ENVIRONMENT WHICH WILL HAVE AN IMPACT ON MALAYSIA. NEVERTHELESS, I BELIEVE OUR ECONOMY IS ROBUST AND RESILIENT ENOUGH TO WEATHER THE STORM. FOR US TO DO THIS, ALL MALAYSIANS MUST RALLY AROUND TO FACE THESE UNCERTAINTIES TOGETHER.

18. ON THE PART OF MY GOVERNMENT, WE WILL CONTINUE TO BUILD ON MALAYSIA'S RESILIENCE. THROUGH SOUND POLICIES, WE HAVE DIVERSIFIED OUR ECONOMIC SECTORS, AS WELL AS OUR EXPORT DESTINATIONS. SOURCES OF ECONOMIC DEMAND ARE ALSO BEING INCREASINGLY DOMESTIC-DRIVEN. AS IT STANDS, DOMESTIC DEMAND – THAT IS, CONSUMPTION PLUS INVESTMENT – CONSTITUTES ABOUT 87 PERCENT OF TOTAL G.D.P..

19. MALAYSIA'S ECONOMY TODAY IS UNDERPINNED BY STRONG FUNDAMENTALS. WE RECORDED 6.3 PERCENT GROWTH IN G.D.P. FOR 2007, WITH 4TH QUARTER GROWTH FOR 2007 AT 7.3 PERCENT. ADDITIONALLY, OUR TOTAL TRADE AMOUNTED TO 1.1 TRILLION RINGGIT IN 2007. OUR FOREIGN RESERVES, WHICH ARE CURRENTLY THE 12TH LARGEST IN THE WORLD, AMOUNTED TO 393.2 BILLION RINGGIT (OR 119.1 BILLION U.S. DOLLARS) AS AT 14TH MARCH 2008. OUR EXTERNAL DEBT IS AT 14.3 PERCENT OF TOTAL DEBT IN 2007; A REDUCTION FROM 19.8 PERCENT IN 2003.

20. THE GOVERNMENT IS ALSO MAINTAINING ITS EMPHASIS ON FISCAL DISCIPLINE AND CONSOLIDATION. WE HAVE BROUGHT DOWN THE FEDERAL BUDGET DEFICIT TO 3.2 PERCENT OF G.D.P. IN 2007, FROM 5 PERCENT IN 2003, WHILE ENHANCING PRODUCTIVITY AND COMPETITIVENESS.

21. WE ARE ALSO ENJOYING EXCEPTIONAL LEVELS OF INTERNATIONAL INVESTMENTS. IN 2007, FOREIGN DIRECT INVESTMENT INTO MALAYSIA WAS AT

13.7 BILLION U.S. DOLLARS. WE ATTRACTED INVESTMENTS FROM A RANGE OF INVESTORS IN ASIA, MIDDLE EAST, EUROPE, AND THE UNITED STATES. THEY INCLUDE INVESTMENTS FROM GREAT NAMES, RANGING FROM RICHARD BRANSON'S VIRGIN GROUP, TO G.E. FROM THE UNITED STATES.

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22. MALAYSIA WILL CONTINUE TO BUILD UPON ITS STRONG FOUNDATIONS, AND TAKE ITS ECONOMY TO THE NEXT LEVEL. A VITAL PART OF THIS EFFORT IS THE SYSTEMATIC DEVELOPMENT OF OUR CAPITAL MARKETS.

23. IN THIS REGARD, THE INVEST MALAYSIA CONFERENCE HAS CERTAINLY PLAYED ITS PART. OVER THE YEARS, INVEST MALAYSIA HAS BEEN THE LAUNCH PAD FOR VARIOUS KEY INITIATIVES, INCLUDING THE ESTABLISHMENT OF DOMESTIC INVESTMENT BANKS, THE AWARD OF NEW LICENCES FOR FOREIGN STOCK BROKERS AND FUND MANAGERS, THE LAUNCH OF THE ASIA'S FIRST SYARIAH-COMPLIANT EXCHANGE-TRADED FUND, AND MANY OTHERS. TAKEN TOGETHER, THESE INITIATIVES HAVE CONTRIBUTED TO A LIVELIER AND MORE VIBRANT MARKET, AND PROVIDED THE IMPETUS FOR DOMESTIC PLAYERS TO BECOME MORE COMPETITIVE.

24. FOR 2008, WE ARE COMMITTED TO MAINTAINING THIS MOMENTUM TOWARDS GREATER COMPETITIVENESS. THEREFORE, I AM PLEASED TO ANNOUNCE A NUMBER OF MEASURES AIMED TOWARDS IMPROVING THE MALAYSIAN EQUITY AS WELL AS BOND MARKETS.

25. FIRSTLY, I WOULD LIKE TO ANNOUNCE THE STREAMLINING OF THE CURRENT BOARD STRUCTURE ON BURSA MALAYSIA, FROM THE CURRENT 3 BOARDS, TO 2 NEW BOARDS. WE WILL COMBINE THE MAIN AND SECOND BOARDS TO ESTABLISH A UNIFIED BOARD FOR MORE ESTABLISHED COMPANIES WITH STRONG TRACK RECORDS. ALONGSIDE THIS, THE MESDAQ MARKET WILL BE REVAMPED TO ALLOW RELATIVELY SMALLER COMPANIES TO ACCESS THE EQUITY MARKET AT AN EARLIER STAGE OF THEIR LIFECYCLE.

26. THE UNIFIED BOARD WILL HAVE UNIFORM LISTING REQUIREMENTS, AND COMPREHENSIVE DISCLOSURE-BASED REGULATION WITH EASY ENTRY AND FAST REMOVAL. ACCESS TO THE UNIFIED BOARD WILL BE PREMISED ON SUFFICIENT LEVEL OF DISCLOSURES AND CORPORATE CONDUCT OF THE COMPANIES AND PROMOTERS. FOR THE REVAMPED MESDAQ, THE LISTING OF EMERGING COMPANIES WILL BE SPONSOR DRIVEN WHERE ADVISERS WILL PLAY A GREATER ROLE IN BRINGING LISTINGS TO THE MARKET AND MAINTAINING ONGOING SUPERVISION. BY REDUCING THE NUMBER OF BOARDS AND THE AMOUNT OF LISTING REQUIREMENTS, WE WILL HELP TO CATALYSE MORE HIGH-QUALITY LISTINGS TO ADD TO THE VIBRANT AND DYNAMIC NATURE OF OUR EQUITIES MARKET.

27. SECONDLY, WE WILL ESTABLISH A MARKET-MAKING FRAMEWORK FOR BURSA MALAYSIA. MARKET MAKERS COULD INCLUDE PROPRIETARY TRADERS IN COMMERCIAL AND INVESTMENT BANKS, AS WELL AS FOREIGN TRADERS. THEY WILL BE OBLIGED TO BE PRESENT IN THE MARKET AT ALL TIMES, TO PROVIDE LIQUIDITY FOR THE MARKET.

THIS INITIATIVE WILL HELP PRICE DISCOVERY, PROMOTE INNOVATION, AND ENHANCE LIQUIDITY IN THE MARKET. TO ATTRACT FINANCIAL INSTITUTIONS TO

ACT AS MARKET MAKERS, WE WILL OFFER INCENTIVES SUCH AS TAX CONCESSIONS AND LOWER FEES.

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28. MALAYSIA NOT ONLY ENJOYS THE PRESENCE OF A VIBRANT EQUITIES MARKET, BUT ALSO CURRENTLY HAS THE SECOND LARGEST BOND MARKET IN ASIA RELATIVE TO G.D.P.. WE ALSO HAVE A SIGNIFICANT GLOBAL PRESENCE IN THE SUKUK MARKET WITH TWO-THIRDS OF GLOBAL SUKUKS ISSUED OUT OF MALAYSIA. TO INCREASE THE EFFICIENCY AND COMPETITIVENESS OF OUR BOND MARKET, I WOULD LIKE TO ANNOUNCE THAT THE GOVERNMENT WILL LIBERALISE OUR BOND MARKET APPROVAL FRAMEWORK.

29. CURRENTLY, THERE IS ALREADY AN EXISTING "GREEN LANE" PROCESS FOR BOND OFFERINGS MADE BY HIGHLY-RATED BOND ISSUERS. SUCH ISSUANCES ARE "DEEMED APPROVED," WHICH MEANS ISSUERS WILL ONLY BE REQUIRED TO SUBMIT THEIR APPLICATION TO THE SECURITIES COMMISSION AS A MATTER OF FORMALITY. MOVING FORWARD, WE WILL EXTEND THIS "DEEMED APPROVED" PROCESS TO ALL DOMESTIC OR FOREIGN ISSUERS THAT ARE RATED "AAA" BY DOMESTIC RATING AGENCIES, OR A MINIMUM "BBB" RATING BY INTERNATIONAL AGENCIES. WE WILL ALSO EXTEND THE "DEEMED APPROVED" PROCESS FOR THE ISSUANCE OF NON-RINGGIT BONDS BY ALL LOCAL AND FOREIGN ISSUERS WITH A MINIMUM "BBB" RATING BY INTERNATIONAL AGENCIES.

30. RINGGIT BOND ISSUERS WHICH ARE ACCORDED "DEEMED APPROVED" STATUS WILL BE EXEMPTED FROM TRUST DEED AND TRUSTEE REQUIREMENTS. THEY WILL ALSO BE ALLOWED TO USE INTERNATIONAL DOCUMENTATIONS. WE BELIEVE THAT THESE MEASURES WILL ENHANCE THE BREADTH OF OUR BOND MARKET, AND CONSOLIDATE MALAYSIA'S POSITION AS A LEADING BOND AND SUKUK MARKET WITHIN THE ASIA-PACIFIC REGION. IT WILL ALSO ALLOW OUR PRIVATE SECTOR EASIER AND MORE COMPETITIVE ACCESS TO CAPITAL. THIS WILL HELP THEM TO GROW THEIR BUSINESSES AND INVESTMENTS, WHICH IS IN LINE WITH MY DESIRE TO CREATE WORLD-CLASS MALAYSIAN COMPANIES.

31. FINALLY, I AM ALSO PLEASED TO ANNOUNCE THAT THE GOVERNMENT WILL ALLOW THE ESTABLISHMENT OF A THIRD CREDIT RATING AGENCY. CONSISTENT WITH CURRENT POLICIES, WE WILL ALLOW FOREIGN STRATEGIC PARTNERS TO HOLD UP TO 49 PERCENT EQUITY INTEREST IN THE NEW CREDIT RATING AGENCY. THROUGH BETTER SUPERVISION AND ADDED COMPETITION, WE HOPE THAT DOMESTIC RATING AGENCIES WILL ENHANCE THEIR PERFORMANCE. IN ADDITION, WE MUST HEED THE LESSONS OF THE RECENT SUBPRIME CRISIS IN THE U.S., AND MAKE SURE THAT RATINGS ARE ACCURATE AND TRULY REFLECTIVE OF THE FUNDAMENTALS OF THE BOND ISSUE.

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32. I WOULD LIKE TO ASSURE YOU THAT THE MALAYSIAN GOVERNMENT IS COMMITTED TO A STRONG AGENDA OF REFORM. ALREADY, WE ARE SEEING THE FRUITS OF OUR EFFORTS IN PUBLIC SERVICE DELIVERY, EDUCATION, G.L.C. TRANSFORMATION, AND VARIOUS OTHER INITIATIVES. TODAY'S ANNOUNCEMENTS ARE YET ANOTHER STEP IN OUR CONTINUING JOURNEY TO BETTER PREPARE MALAYSIA FOR GLOBAL COMPETITION.

33. LET THERE BE NO DOUBT THAT WE ARE TRULY SERIOUS IN OUR JOURNEY TOWARDS REFORM AND RENEWAL. LET THERE BE NO DOUBT THAT WE ARE READY FOR THE CHALLENGES AHEAD. LET THERE ALSO BE NO DOUBT THAT WE ARE PREPARED TO DO WHAT IT TAKES FOR THE FUTURE SUCCESS OF MALAYSIA AND THE GREATER WELLBEING OF MALAYSIANS.

THANK YOU.