

## **Keynote Address at AMCHAM Annual General Meeting and Luncheon 2019**

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1. It is indeed a pleasure to be back here with the American Malaysian Chamber of Commerce or AMCHAM. It has been almost one year since I last sat with AMCHAM and I can assure you and I'm sure you would have noticed as well that it had been a long, tough and very challenging time.

2. In less than a month, this Government will be celebrating our first anniversary and we have spent the better part of the year to clean up the mess created by 1MDB. As we struggled to make real sense of the scandal we discovered the damage was more extensive than expected and along the way we uncovered that the other pillars of our economy were compromised as badly if not worst.

3. Nevertheless, much as it seems what the new Government inherited is to have its work cut out for it, I believe we have turned the corner and we look forward to finally sit down and pursue our plans instead of merely tied down to mopping and cleaning up tasks.

4. We are here to provide you the investment conditions and business environment conducive to your continued growth and development in Malaysia.

5. If I remember correctly, last year I asked for the support of the American investment community to help us rebuild the market, and it is truly encouraging for me to hear about some of the new investments that have been made by AMCHAM members over the past year in high-value-added, high-technology and high-skilled business domains.

6. We have recently received annual reports from various government agencies that are responsible for attracting foreign investments into Malaysia and enhancing Malaysia's trade ties. These reports contain some very encouraging figures on the prominent role that U.S. investment continues to play in the Malaysian economy as you have done for many decades now. According to these reports:

- In 2018, the U.S. was Malaysia's third largest trading partner in the world, with total trade exceeding RM155 billion. Exports from Malaysia to the U.S. increased to more than RM90 billion, which was the highest value in more than a decade.

- Of the 78 MNCs under InvestKL, 20 of them are from the U.S. This is by far the biggest from any single country – the next one has only half this number.

- In the manufacturing space, the U.S. is the second-largest foreign investor into Malaysia. Projects that U.S. companies have implemented are valued at almost US\$22 billion, second only to Japan.

7. At your AGM last year, I shared with you the new Government's plans on institutional reforms which are intended to strengthen our institutions, a system of governance that is based on integrity and trustworthiness. In effect, it will provide you with the stability and predictability needed to make long-term investment decisions.

8. We have made good our promise. This Government has successfully introduced very significant reforms:

- We have created within the Prime Minister's office the National Centre for Governance, Integrity, and Anti-Corruption, or GIACC. This body has been tasked with working towards 21 specific pledges within our Pakatan Harapan manifesto relating to governance, integrity and fighting corruption, and it is a key instrument for the government as we work to ensure best practices in governance and a level playing field for all investors in our economy.

- To further support this objective, we have been working to enshrine the independence of the judiciary and protect the judicial system from undue influence and interference.

- The media has been unshackled since the new Government took over. Efforts are being undertaken to relieve them of restrictive legislations and governmental control leading them to self-regulate. No more do their editors get calls or what we describe here as receiving revelations from the Government on how or what they should be reporting on or what they can't. I am sure you would notice how the Malaysian media today reports almost anything that they want. We seem to be a popular target of their new-found freedom but that is alright as long as they report the truth.

- The National Anti-Corruption Plan (NACP) that was launched earlier this year. The execution of the 115 initiatives in the Plan, will need the involvement of all Malaysians from all segments of society – from the Prime Minister to fund managers, analysts and all wage earners. Take a look at the NACP. You will realise how serious we are in wanting to put a stop to corruption and abuse of power. It must be pointed out that the investment community has an important role in combatting corruption. I've raised this matter elsewhere and I wish to make the request to AMCHAM as well – please do not buy shares or cut deals with businessmen and directors whose companies are involved in corrupt practices.

- We have also empowered the Election Commission and the Malaysian Anti-Corruption Agency. Efforts are in progress to ensure transparency in political funding, strengthening the Parliament, the National Audit Department, reforming the electoral system and much more.

9. All these are being done with a very clear objective – regardless which party leads the Government or who becomes the Prime Minister in the future, Malaysia will never again end up a kleptocracy.

10. AMCHAM has been one of the most active dialogue partners for the government over the past year – I believe that by now you’ve met with almost all of my Cabinet – and through the dialogues and from your recommendations, I believe we have been able to respond to some of your most pressing concerns and ensure that new policies are encouraging to the business community.

11. For example, we took the decision to provide group relief for taxable imported services, and we have recently responded to your concerns around Foreign Exchange Administration rules so that it is easier for MNCs to conduct dollar transactions with your local Malaysian vendors.

12. I know that you’ve also been actively involved in the consultation process around our reforms to the Employment Act, Trade Union Act, and the Industrial Relations Act, and I hope that you’ve found this Government open to recommendations as we improve our labour laws and align them with international best practices.

13. I also spoke last year about the need for the government to ensure that the Malaysian workforce can provide the necessary skills and talents necessary for further investment in high-technology industries.

14. We have launched our Industry4WRD (Industry Forward): our National Policy on Industry 4.0 and we recognise the critical role played by foreign investors from the U.S. and elsewhere in transferring cutting-edge

skills and technologies to Malaysia as we transition along this development journey.

15. Indeed, as I look around the room I see American firms but very few expatriates. I see Malaysian leaders and managers running these American companies in Malaysia. The American investment has gone beyond building factories into people and talent development.

16. We are aware that AMCHAM's community programmes have developed Malaysian small businesses as suppliers, taught entrepreneurship to Malaysian youth, and volunteers from your high-tech firms have mentored Malaysian students in science and mathematics.

17. We know that talent will be the key differentiator as foreign investors make their deployment decisions over the coming years, and we understand that we the government must equip our younger generation with the core competencies to prepare them for the industries of tomorrow.

18. Talent development is critical for our shared future and, with a small nation like ours, every person counts toward raising the productivity of the nation. Developing Malaysia's talent pool, whether through traditional education, structured and industry-driven Technical and Vocational Education and Training (TVET) programmes, or simply on-the-job training and development, is a shared endeavour that needs cooperation between the public and private sector

19. Apart from TVET, Science, Technology, Engineering and Mathematics or STEM graduates will be increased by making it more accessible, experiential and meaningful. They too will feed the demands of the future.

20. We are pushing for bigger reforms and they can be expected once the Special Taskforce have reviewed in entirety our education policies, from preschool to tertiary, complete their findings next month. The reforms, among others, will touch on several key areas: English language, quality of teachers and the employability of graduates.

21. On another end, the Government has also amended the Universities and University Colleges Act (UUCA) to give more freedom for students.

22. To sum it up, it had been a year of consolidation, rehabilitation and re-setting our nation. We are also conscious that we can't develop if we don't grow our economy. Therefore, we are committed in ensuring our policies are investor-friendly; to both foreign and domestic investors.

23. This Government will strive to continue our engagement with multinationals like you. As we take your viewpoints into consideration, in turn, you will continue to view Malaysia as a favoured, strategic and profitable investment destination for U.S. businesses now and in years to come.

24. On that note, I would like to thank AMCHAM for inviting me to address you once again. I recall that your members were keen about asking questions so I look forward to an engaging Q&A session.

Thank you.

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