

Keynote Address at PNB Corporate Summit 2019
PNB CORPORATE SUMMIT 2019 – REBOOTING CORPORATE
MALAYSIA ENTITLED “CORPORATE MALAYSIA AS MARKET
CHANGER AND ECONOMIC DRIVER”

By : YAB. TUN DR MAHATHIR BIN MOHAMAD, PERDANA
MENTERI MALAYSIA

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INTRODUCTION

1. Firstly, thank you for inviting me to launch of “PNB Corporate Summit 2019” organised by Permodalan Nasional Berhad. It is indeed a pleasure to be here with you this morning.

2. It is timely that PNB has organised an event of this nature, more so as this Government has taken progressive measures to strengthen Corporate Malaysia, particularly in curbing corruption and promoting integrity.

3. To my mind, the theme – “Rebooting Corporate Malaysia” – within the context of a computer meant that it had crashed because there is a malfunction and for it to function normally again, it needs to be rebooted.

4. While we cannot exactly pin down the extent of malfunction affecting the private sector, we know something went terribly wrong with the country for the past few years due to kleptocracy and misappropriation of public funds.

5. We are still reeling from it but the “reboot” we carried out had seen some semblance of normalcy returning into our system of governance and administration.

6. Given the symbiotic relations between the Government and the private sector, without doubt, corporate Malaysia will need the reboot as well and we believe as the Government gets back on track, so will the corporate sector.

REBOOTING THE PUBLIC SECTOR

7. From the public sector perspective, the new Government had been working overtime to re-energise and clean up the mess left behind. We have

instituted crucial reforms to enhance stability, strengthening fiscal management and enhancing corporate governance and transparency.

8. Nonetheless, the Government continues to be weighed down by the debt that we were saddled with by the previous administration. While we have taken steps to address this, it will take time to improve our fiscal situation.

9. However, we remain committed to undertaking the necessary initiatives to achieve our primary goal: to restructure our economy as one that is progressive, knowledge-based and empowering Malaysians.

10. To achieve this, it is imperative that the private sector takes the lead as a key driver of the economy.

REDEFINING THE STATUS QUO

11. On this note, there exists an imbalance in public and private sector participation in Corporate Malaysia today, which, if left unchecked, could prove detrimental to our nation's future.

12. We cannot cling to the current status quo. What will be an instrumental driver for the nation's growth will be Corporate Malaysia implementing its role as a market changer.

13. Government Linked Investment Companies (GLICs) and GLCs must focus on creating strong institutions and establishing the necessary infrastructure and supportive policies to fuel the growth and in so doing become a catalyst that would spur the private sector. This will create a positive and conducive environment that would facilitate our socio-economic development.

14. In reflections, at the height of Malaysia's economic growth in the 1990s, before the 1998 Asian financial crisis, the private sector was a core engine of our success. As a result, over the ten years before 1998, GDP growth was on a strong trajectory averaging at 9%.

15. Hence the need for a dynamic Corporate Malaysia that will strengthen the role of the private sector in the economy. GLCs must do their part in this endeavour to bring about tangible growth triggers for our nation, more so as business and commerce are changing at a breakneck speed in this new global environment.

ADAPTING TO A NEW WORLD ORDER

16. GLCs and GLICs have been important pillars of development. But the global economy has changed significantly since they were first established.

17. In this new world order, given the rapid pace of technological advancement and the increasing globalisation, if we remain stagnant, we will not be able to compete in the global economy. This is especially true with the growing emphasis on Industry 4.0 and digitalisation. Businesses must be flexible and able to adapt and embrace these changes. The private sector is integral in adapting to this evolving landscape and to be well positioned to confront the many ongoing challenges that are also on the horizon.

18. To build a solid and inclusive future for Malaysia, GLCs and GLICs must re-evaluate their level of participation in Corporate Malaysia and recognise their synergies with the private sector, particularly towards empowering entrepreneurs.

19. The expansion of the private sector is vital to spur growth by creating more opportunities for employment, enabling entrepreneurs to scale up their businesses and to bring in foreign direct investment to accelerate domestic growth. This would contribute to overall growth that is

accompanied by rising incomes and improvement in the quality of life including for lower income groups.

20. It has been one and a half years now since the Government changed. As we uncovered more and more, we saw how Malaysia's potential was squandered. But we can also now see the road to recovery ahead.

21. Today, GLCs and GLICs are very involved in almost every sector of the economy. While this has created corporate juggernauts, it needs to be recognised that it is not their role to smother opportunities for others.

22. There are a few exceptions such as in the manufacturing sector, in which the strong growth has been underpinned by strong private investment. Multinational corporations from more than 40 countries for instance, have invested in over 5,000 companies in Malaysia's manufacturing and related services sectors, encouraged by the country's pro-business environment. This has also been reinforced by investments by the domestic manufacturers. This is a clear indicator on the positive impact of allowing the private sector to take the lead.

23. That is not to say that GLCs and GLICs should not play a role. Looking specifically at GLICs, they each have a distinctive purpose. PNB was

established in 1978 with a clear mandate on affirmative action with a view to increase Bumiputera participation and ownership in the corporate sector.

24. In this regard, PNB has done an excellent job, with successful strategic companies in its stable in businesses that are in finance, plantations, property and construction and many others that compete on a level playing field with others in the same sectors. Many of these companies have become key contributors to the Malaysian economy. This has in turn brought benefit to the unit holders of PNB which I am told has now reached 14 million.

25. Other GLICs include LTAT whose mandate is to invest funds to generate returns for the pensions of the Armed Forces members, and KWAP is a pension fund for civil servants. Meanwhile, EPF is a repository for the savings of Malaysia's workforce. Their strategic investments in both domestic and international markets and the global economy is to generate income to their contributors. Then there is Tabung Haji that invests the savings of those who wish to perform the pilgrimage.

26. Additionally, there is Felda which has alleviated poverty for entire generations, enhancing livelihoods through its various investments and programmes for smallholders. Then, there is also Khazanah which has a crucial responsibility as our sovereign wealth fund.

27. These GLICs have well established and clear mandates. Unfortunately, despite the clear mandates, these GLICs were previously subverted to serve the interest of self-serving and greedy leaders.

CORPORATE STEWARDSHIP

28. The Government has no business to be in business. GLCs must be able to co-exist in a space where they should compete on a level playing field. GLCs should not crowd out and directly compete with the private sector, especially in non-strategic businesses.

29. Both the GLCs and private sector can therefore be the engine of growth provided they are highly productive and competitive. GLCs should therefore, be professionally run and should not stifle private sector competition. A competitive landscape will ensure healthy competition and efficient outcomes.

30. Corporate Malaysia must play a bigger role in wealth and value creation. A part of this process it is key to enhance productivity and talent development. For the former, there has to be greater leverage on technology and for the latter, the private sector and the GLCs need to support the existing education system. Also, an important imperative is to

empower entrepreneurs who will contribute to a dynamic private sector. We need to also strengthen our existing institutions to generate the kind of talent that both the private and public sector need.

CLOSING

31. Malaysia stands on an edge. We have abundance of resources and prospects; our country is poised to embark on a new era of growth. While this is within our grasp, we are at a tipping point where we can either rise or falter.

32. Certainly, we are not immune to the vagaries of the global economy. However, from a broader international context, the Asia Pacific region has relatively good economic indicators.

33. Particularly as Southeast Asia is primed to be a hub of economic growth and development with a young population, Malaysia at its heart, is in a much coveted position. While we are a small nation in comparison to some, Malaysia can leverage on these opportunities by building on our strong fundamentals.

34. With this in mind, I call on Corporate Malaysia to look to the Shared Prosperity Vision 2030 (2021-2030) as an ideal to be upheld in all aspects. This is not mere rhetoric or hollow promises, as it reflects the Government's commitment to ensure that all Malaysians are provided with opportunities to prosper.

35. I truly believe we have a real and genuine opportunity to reboot Corporate Malaysia. We must have the will to see this through and cannot let this opportunity pass us by.

36. On that note, it is with great pleasure that I hereby launch "PNB Corporate Summit 2019".

Thank you.

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