

The Third Outline Perspective Plan(OPP3)

Parliament, 3 April 2001

Before I table the Third Outline Perspective Plan (OPP3) for 2001 - 2010, I would like to draw the attention of the House to Malaysia's record of development since independence. As a multi-racial, multi-religious and economically divided nation, Malaysia was a nation least expected to remain peaceful and to develop. There were dire predictions, that racial conflicts would be a permanent feature and the Malays who made up the majority would seize power and rob the other communities. In the event we have proven our detractors totally wrong.

2. For this remarkable achievement the whole nation must thank the greatest Malaysian leader of all, The Late Honourable Tunku Abdul Rahman Putra Al-Haj. It was he who devised the special inter-racial cooperation which today is being copied not only in this country but also many other developing countries with ethnic divides. Without losing their racial identities, the various ethnic political parties were able to ride under the banner of an Alliance which functions more like a single party than a coalition of parties.

3. This is the formula which brought about stability and economic development in Malaysia. If Malaysia is to continue to be peaceful and to grow rapidly, it is important that the protagonists of this unique system of racial cooperation should stay in power. Synthetic copies are most unlikely to achieve the same results.

4. Unfortunately the original practitioners of racial cooperation are now faced with the politics of hatred, religious deviationism, racism and street violence. It is difficult to understand why people in a peaceful rapidly developing Malaysia should want to imitate the ways of countries which have not been able to stay peaceful and to develop. But the fact is that some in Malaysia are not happy that the country is peaceful and the economy is doing well. They hanker after turmoil and violence, injury and death even. They are forever looking for issues and incidents to exploit. While they propound democracy, they are not prepared to accept the decision of the majority. They are not prepared to wait for general elections but wish to grab power illegitimately.

5. Recently a fight broke out between a few Malays and a few Indians. Immediately certain people tried to influence feelings among both communities in order to break the peace that Malaysia enjoys. It is well-known that certain individuals wish to see the Malaysian Government fall through street violence. They had intimated this to their foreign

sympathisers. But this Government will not hesitate to enforce Malaysian laws even if we will be condemned by the foreign media and certain foreign quarters.

6. Malaysia's well-being is the responsibility of the Malaysian people and their elected Government. We have shown that when Malaysian interests are at stake we are ready to break from the so-called international norm. We know that our critics and detractors are no angels and when it suits them, they will ignore common decency even. And so if the peace and stability of this country is threatened, having foreign friends to back their illegal acts will not save them from the full force of Malaysian laws. This Government will act and act decisively to protect this country from foreign manipulations and their proxies in this country.

7. As I pointed out Malaysia has developed rapidly since independence. This has been achieved despite continuous opposition and harassment by the opposition every step along the way. Every project to improve the living standard of the people has been condemned, opposed and obstructed.

8. Thus when the Government developed the Muda Irrigation Scheme (MADA) for padi double-cropping, the Opposition condemned it as impractical, the land is not allowed to fallow, the padi farmers would have to work throughout the year. Today the very people who opposed MADA not only enjoyed the extra income they got but would get angry if they cannot do double cropping.

9. It is the same with all the other policies and projects. If their opposition is acceded to there would be no Penang Bridge, no North-South and other expressways, no Subang Airport and KLIA, no Proton, no DEB, no Malays in business, and certainly none in the corporate sector or the professions. In fact bereft of all these Malaysia would be a Third World basket case, begging for aid and being forced to obey foreign powers and international agencies. We can see the kind of country we would be by looking around us.

10. Fortunately the Alliance and the Barisan Nasional Government were given overwhelming support by the people and we were able to ward off opposition from the opposition parties and develop the country and enrich the people.

11. The OPP3 outlines the policies and direction of Malaysia's development in the next 10 years. The National Vision Policy will be opposed by the Opposition because all the Opposition knows is to oppose. They have never come up with any constructive ideas to help the country develop.

12. The Barisan Nasional Malaysian Government will not be deterred by the negative attitude of the Opposition. We will definitely carry out the National Vision Policy with all the means in our power for the good of Malaysia and all Malaysians.

13. It is with this awareness that the Opposition will raise baseless criticisms during the debate on the Third Outline Perspective Plan and the National Vision Policy and will deliberately prevent Malaysia's development that I will present the OPP3, to take the country further towards Vision 2020, a Malaysia that is fully developed and at par with other developed countries.

14. I beg to move the following motion:- " That this House, recognising the significant progress made in the socio-economic development of the nation during the last ten years under the Second Outline Perspective Plan 1991- 2000 and the National Development Policy; acknowledging and endorsing the continuous efforts of the Government in implementing policies, strategies and programmes in order to achieve the objectives of the Second Outline Perspective Plan through the National Development Policy, that is to attain balanced development in order to establish a more united and equitable society; approves and endorses the Third Outline Perspective Plan, 2001-2010 and the National Vision Policy, which seek to provide respectively the development objectives of the nation and the policies that will be followed in this decade, as set out in Command Paper No. 11 of 2001; that in approving the Third Outline Perspective Plan and the National Vision Policy, all segments of Malaysian society are required to relentlessly strive for greater success in the face of increasing domestic and global challenges ahead, and stand united in our efforts to build a resilient and competitive nation. "

15. With your permission, I, therefore, table the Third Outline Perspective Plan (OPP3) (2001-2010) and the National Vision Policy for deliberation by Honourable Members of this House.

16. The OPP3 document before us is of special significance for succeeding generations and for us. It is tabled at the beginning of the 21st century and contains policies and programmes that will be implemented in the first decade of the century. Having attained remarkable success since the launching of the New Economic Policy (NEP) and the National Development Policy (NDP), we should forge ahead with determination to attain the objectives so that the rakyat who have placed their faith in this Government will not be disappointed.

17. In Malaysia, we take planning for national development very seriously. For us, plans are important to set out the course for the nation to take in its development. The seriousness with which we undertake development planning in Malaysia is best demonstrated by the efforts that are made in the preparation of OPP3.

18. In the formulation of OPP3, we established the Second National Economic Consultative Council (MAPEN II), which was composed of 154 members representing various sections of the Malaysian society. Their ability to deliver the final report on time enabled the Government to consider the views expressed before formulating the plan. Although it was not possible to accept all the recommendations, the Government in full earnestness and sincerity had considered all the proposals carefully.

NATIONAL DEVELOPMENT POLICY

19. The National Development Policy (NDP), which was launched in 1991 to succeed the NEP, set the broad economic development framework for the last 10 years. While maintaining the basic strategies and broad objectives of the New Economic Policy (NEP), the NDP incorporated several new dimensions, namely, focus on hardcore poverty, emphasis on the rapid development of an active Bumiputera Commercial and Industrial Community (BCIC), greater reliance on the private sector to achieve the restructuring objective, and the strengthening of human resource development.

MACROECONOMIC PROGRESS

20. The policies and strategies of the NDP contributed towards strengthening Malaysia's position as a modern industrial economy and brought significant economic and social progress. The country witnessed improving standards of living and the strengthening and diversification of its industrial base. The economy, however, suffered a severe setback in 1998 due to the Asian financial crisis, but as a result of the measures introduced by the Government and the strong economic fundamentals existing before the crisis, we succeeded in turning around the economy within a short period of time and were able to place it on a much stronger footing to face future challenges.

21. Despite the crisis, the economy achieved an average growth rate of 7.0 per cent per annum for the period 1991–2000, as targeted under OPP2. More importantly, growth was achieved in an environment of low inflation, price stability and full employment. The per capita income increased at an average rate

of 7.8 per cent per annum and doubled from RM6,298 to RM13,359 between 1990 and 2000.

22. The impetus for the strong growth during the decade came from the private sector as well as exports, unlike the high level of public sector involvement in the economy in the 1980s. This was in keeping with Government strategy to promote the private sector as the engine of growth.

23. In addition, the large inflow of foreign direct investment (FDI) into the manufacturing sector added capacity in the export-oriented industries, including the oil, gas and petrochemical sector and investments in capital-intensive and high technology areas, and contributed to the higher rate of private investment. The inflow of FDI remained steady even during the crisis. We managed to get greater amount of reinvestments from the MNCs that had already established their operations here. This demonstrates the continued confidence of foreign long-term investors in our economy. It is also encouraging to note that a major portion of the FDI inflows was in high technology industries as well as in the IT sector which is currently being emphasised.

24. Private investment was severely affected in 1998 as a result of the decline in demand and loss in investor confidence resulting from the financial crisis. To reduce the severity of the economic contraction, the Government adopted a fiscal stimulus package and an accommodative monetary policy. Public investment focused on infrastructure development and enhancing productivity and efficiency to support private sector initiatives and fulfil the rising demand for better services from an increasingly sophisticated society.

25. Exports also became an increasingly important contributor to growth. Locally made products were able to compete successfully and penetrate global markets, including the developed countries. Exports were particularly crucial in propelling the recovery from the financial crisis. Exports grew at an average rate of 16.7 per cent and became even stronger between 1998- 2000, surpassing the target set under the Second Outline Perspective Plan.

26. The Asian financial crisis had to some extent affected the achievement of socio-economic goals. However, Malaysia emerged more resilient and fundamentally stronger after the crisis. The current account of the balance of payments turned around and strengthened following significant growth in merchandise exports. The merchandise account recorded the largest surplus ever of RM86.5 billion in 1999.

27. The Government was committed to contain the external debt at a manageable level and, therefore, selectively prepaid its more expensive external loans. As a result, the external debt of the Federal Government declined from RM24.7 billion at the end of 1990 to RM13 billion at the end-1997. However, as a result of the financial crisis, the Government raised a small amount of funds from external sources to undertake counter-cyclical spending for Malaysia's economic recovery.

SECTORAL PERFORMANCE

28. In sectoral terms, manufacturing grew at 10.4 per cent per annum and led economic growth during the OPP2 period. The sector witnessed improvements in productive efficiency and capability, continued expansion of export-oriented industries as well as greater diversification of its market.

29. Growth of the construction sector was particularly rapid during the 1991-1997 period. The civil engineering sub-sector was boosted by the privatisation of large infrastructure and civil engineering projects, such as roads, highways, airports, power generation, telecommunications, rail transport and ports. However, the construction sector contracted in 1998 and 1999, before recovering slightly in 2000.

30. Growth in the agriculture sector mainly came from the palm oil and food crop sub-sectors. In line with the Third National Agriculture Policy (NAP3), the development of the sector was reoriented towards the optimal utilisation of resources in both the industrial commodity and food sub-sectors through improvements in productivity and competitiveness.

31. The Government also took steps to develop the services sector as a new source of growth as well as to improve the competitiveness of the services industries in preparation for an increasingly liberalised environment.

PROGRESS IN POVERTY ERADICATION AND RESTRUCTURING

32. The nation achieved significant progress in terms of poverty eradication, restructuring of employment and the development of the Bumiputera Commercial and Industrial Community. Corporate equity ownership by Bumiputera, however, declined marginally compared with the 1990 level.

33. The incidence of poverty among Malaysians was reduced to 7.5 per cent in 1999. A total of 351,100 households were lifted out of poverty. The incidence of poverty in both rural and urban areas declined by almost half their levels in 1990. The incidence of poverty among the Bumiputera, however, remains highest when compared with the other ethnic groups.

34. In terms of restructuring, the share of Bumiputera ownership of corporate capital initially increased from 19.3 per cent in 1990 to 20.6 per cent in 1995. As a result of the economic crisis, their share fell to 19.1 per cent. The share of non-Bumiputera ownership of corporate capital also declined, while the foreign ownership rose following the liberalisation of foreign investment to accelerate the recovery process. However, both the Bumiputera and non-Bumiputera registered absolute increases in their equity ownership.

35. The privatisation programme served as an important vehicle to enhance Bumiputera participation in the corporate sector. Companies undertaking privatised projects were required to provide at least 30 per cent equity to Bumiputera as well as allocate at least 30 per cent of contract-works of major privatised projects to Bumiputera contractors.

36. The proportion of Bumiputera in the professional and technical as well as administrative and managerial categories increased during the period. The implementation of programmes for Bumiputera commercial and industrial community also helped to increase the number of Bumiputera enterprises in both the corporate and non-corporate sectors.

37. In terms of regional development, states that engaged in modern sector activities grew rapidly. The greater economic opportunities available in urban centres continued to attract migrants, and as a result, there are more Malaysians living in urban areas than in rural areas. About three-fifth of Malaysians lived in urban areas in 2000 compared with about half in 1990. The increase in urban population has resulted in a new phenomenon, that is, the expansion of squatter settlements and the emergence of relative poverty in the urban areas among Bumiputera and the Indian community.

NATIONAL VISION POLICY

38. Ten years ago, the country adopted the Vision 2020 concept to set the country's strategic direction for the next 30 years. The successful implementation of the National Development Policy during the 1990s, which marks the first phase of Vision 2020, has enabled the country to achieve rapid growth with wide-ranging transformation of its economic, social, physical and institutional landscape.

39. We have now moved into the second phase of Vision 2020. During the next 10 years, the National Vision Policy (NVP) will form the basis of the strategies and programmes under the OPP3. The National Vision Policy is aimed at establishing a progressive and prosperous Bangsa Malaysia that lives in

harmony and engages in full and fair partnership. Economic growth will be promoted alongside efforts aimed at poverty eradication and restructuring of society, as well as reducing social, economic, and regional imbalances. While improving material welfare and raising the level of prosperity, special effort will also be made to instill positive social and spiritual values to balance rampant materialism. In addition, the National Vision Policy pursues environmentally friendly and sustainable development to ensure that the environment is clean, healthy and attractive as well as capable of sustaining the nation's needs and aspirations.

THEME

40. In recognition of the challenges ahead arising from globalisation, national development policies will be directed towards building a resilient and competitive nation. It will no longer be possible to use national borders to protect low-quality and high-priced products in the domestic market. We Malaysians will have to be more disciplined and competent in whatever we do in order to produce goods and services that can compete in the global marketplace. The recent financial crisis showed the importance of strategic thinking and of increasing resilience because in a borderless world, events in any part of the world can have tremendous repercussions on our country.

41. The onset of the Information Age, a more integrated global economy and greater liberalization have changed the rules of competition. Knowledge rather than factor inputs determines a country's competitiveness. Malaysia's comparative advantage in traditional manufacturing is being challenged by dynamic lower-cost developing countries, while industrialised countries are forging ahead with their focus on knowledge and ICT. As a nation, we will have to intensify our efforts to increase our productivity and competitiveness not only to stay ahead of the developing countries but also to catch up with the more developed countries, so that we can emerge as a developed nation come 2020.

42. Domestically, our total factor productivity the contribution of factors other than labour and capital is still low and the rising incremental capital output ratios during the 1990s mean that we need to intensify our efforts to increase the efficiency of capital utilisation. Our strategy for sustained growth must be built on the basis of increased productivity arising from high knowledge content and efficiency. There is the need to identify new growth areas, broaden and deepen the existing sources of growth, and widen the range of exports as a strategy to increase economic resilience. This will include the development of the food industry, supported by a modern agriculture sector.

43. In addition, Malaysians should always be mindful of the peace and harmony that the country is blessed with. Peace and harmony form the bedrock on which all our development efforts are built. There could be no real progress if the country is torn apart by dissension and strife. Accordingly, we should forge national unity and nurture a tolerant and caring society for the well-being and prosperity for all. If our plea for rationality in the expression of dissatisfaction over political, economic or social issues are ignored, we must accept the need for a stricter enforcement of the laws of the country.

NEW DIMENSIONS

44. While incorporating the key strategies of previous policies, such as the New Economic Policy and National Development Policy, the new dimensions of the National Vision Policy are as follows: developing Malaysia into a knowledge-based society; generating endogenously-driven growth through strengthening domestic investment and developing national capability, while continuing to attract foreign direct investment (FDI) in strategic areas; increasing the dynamism of agriculture, manufacturing, and services sectors through greater infusion of knowledge; addressing pockets of poverty in remote areas and among Orang Asli and Bumiputera minorities in Sabah and Sarawak as well as increasing the income and quality of life of those in the lowest 30 percent income category; achieving effective Bumiputera participation as well as equity ownership of at least 30 percent by 2010; increasing the participation of Bumiputera in the leading sectors of the economy; and reorientating human resource development to support a knowledge-based society.

KEY THRUSTS

45. The National Vision Policy will help to strengthen the country's competitiveness and resilience, as well as build an equitable society to ensure stability and unity. The key thrusts of the National Vision Policy are as follows: building a resilient nation by fostering unity, inculcating the spirit of patriotism, nurturing political maturity, cultivating a more tolerant and caring society with positive values, raising the quality of life, as well as increasing economic resilience; promoting an equitable society by eradicating poverty and reducing imbalances among and within ethnic groups as well as regions; sustaining economic growth by identifying and strengthening the sources of growth, the financial and corporate institutions as well as macroeconomic management; enhancing competitiveness to meet the challenges of globalisation and liberalisation; developing a knowledge-based economy as a strategic move to raise the value added of all

economic sectors and optimising the brain power of the nation; strengthening human resource development to produce a competent, productive and knowledgeable workforce; and pursuing environmentally sustainable development to ensure long-term growth.

BUILDING A RESILIENT NATION

46. For the nation to be resilient, the people will have to be united, politically mature, tolerant, caring and enjoy a higher quality of life.

47. Malaysians should strive for political maturity and not be sidetracked into parochialism and extremism in their views. For a united and harmonious Malaysian society, there should be tolerance and acceptance of the diverse traditions of our multicultural society.

48. To succeed as a nation, we must be prepared to work hard and work smart, be disciplined and have good work ethics. We should uphold good values and ethics of the people and the nation because in the final analysis, they determine the rise or fall of a nation.

ECONOMIC PROSPECTS FOR 2001-2010 GLOBAL ECONOMIC PROSPECTS

49. Let me touch on briefly the prospects for the global economy. 50. The long-term outlook for the global economy is expected to be positive with real GDP growth projected to increase in all major regions. The world economy is expected to expand by 2.3 percent annually between 2001-2010, while the developing countries are also expected to grow at an average rate of 3.7 percent. Nevertheless, the presence of economic and financial imbalances between rich and poor is significant and poses continued risk to the Malaysian economy. The continued lack of constructive initiatives to strengthen the international financial architecture, particularly in respect of the increased movement of speculative short-term capital, remains a potential source of instability.

SUSTAINABLE ECONOMIC GROWTH

51. Given this outlook, Malaysia's ability to sustain rapid economic growth for the OPP3 period will hinge on our ability to strengthen economic resilience and competitiveness. As such, the focus of macroeconomic management will be to strengthen economic fundamentals so as to ensure sustainable long-term growth with low inflation and stable prices, as well as maintaining a healthy resource and external balance position. The development of the knowledge-based economy is

expected to provide a platform to improve Malaysia's productivity.

PRODUCTIVITY AND EFFICIENCY

52. During the OPP3 period, the economy is targeted to grow at an average annual rate of 7.5 percent. The major source of growth will be from productivity gains arising from improvements in technology and production process as well as increased use of information and communication technology (ICT). New domestic and foreign investments will also contribute to economic growth.

53. To build a strong base for an endogenously-driven growth, efforts will be made to strengthen indigenous capabilities in innovation and technology development as well as human capital. Measures will be taken to improve the level of education, intensify skills training, and attract highly specialised foreigners and Malaysians abroad as part of our "brain gain" strategy.

AGGREGATE DEMAND

54. Private consumption is expected to increase at 7.4 percent annually in real terms due to higher disposable income and positive wealth effect. With policies to strengthen investment, private investment is expected to register a strong average growth rate of 12.7 percent. Foreign direct investment will continue to be promoted, especially in capital-intensive and high-technology industries. Domestic investments will be further promoted to accelerate the development of local industries as well as create Malaysian multinational corporations (MNCs) in order to broaden the industrial base and composition. This will include enhancing Malaysia's resource-based and food industries which have potential for import substitution and export.

55. In this regard, local businesses and institutions are encouraged to collaborate with foreign businesses to form strategic alliances in R&D, product design, production, distribution and marketing. They should manufacture capital and intermediate goods in areas where Malaysia has competitive advantage to supplement and substitute for the import of such goods and also for export. Malaysian businesses should strengthen their linkages with MNCs in order to take advantage of global outsourcing and be part of the global value chain.

56. The development of small and medium-scale enterprises (SMEs) will be promoted to increase inter and intra-industry linkages and strengthen the industrial base. To enhance the contribution of SMEs to economic growth, efforts will be taken

to improve their financial management and marketing skills as well as strengthen their links with large-scale industries. A specialised industrial zone with support services will also be established for SMEs in order to achieve economies of scale. Efforts will also be made to assist industry clusters to share resources such as information, experience and innovation as well as produce final goods and services in an integrated manner. Promising local enterprises will be provided appropriate incentives and support to enable them to compete successfully.

57. Exports, particularly manufactured products, will remain a major contributor to our economic growth. Aside from electric and electronic products, the exports of agro-based and resource-based manufactured products are expected to increase with the expansion in domestic processing of agricultural products as well as the development of Malaysia as an international halal food hub. The share of capital and intermediate goods will continue to constitute a major portion of imports. However, with increasing domestic capability to produce some of these goods, including the greater participation of SMEs, imports are expected to grow at a slower rate. By 2010, the per capita GNP is expected to reach RM23,610 in nominal terms in an environment of price stability and low inflation.

SECTORAL GROWTH

58. On the sectoral side, the manufacturing, services and agriculture sectors will provide the impetus for economic growth during the OPP3 period. These sectors are expected to strengthen following the development of the knowledge-based economy, which will accelerate the infusion of technology and modern management practices to increase value added and productivity.

59. The manufacturing sector will grow at an average rate of 8.3 percent per annum with its share of GDP rising to 36.0 percent by 2010. Among the measures that will be undertaken will include the adoption of a pro-business policy environment, encouraging strategic alliances in high value-added and high-technology industries, strengthening the technological base as well as widening the export base and diversifying export markets. Activities in the sector will continue to be heavily concentrated in the electrical and electronic industry, which is expected to become increasingly diversified and sophisticated. Resource-based industries, such as petrochemical, pharmaceutical, oleo-chemical, wood-based as well as food and agriculture products, will be promoted alongside other industries such as automotive, aerospace and fabricated metal products. The development of

SMEs will be emphasised to increase their contribution towards the mainstream of industrial activities and exports.

60. During the OPP3 period, the services sector will be promoted as a catalyst for growth and a potential source of exports to strengthen the balance of payments position. A more efficient services sector will be developed to promote greater industrial efficiency and competitiveness. The focus of the tourism industry will not be just to increase tourist arrivals but to encourage them to stay longer, spend more and revisit Malaysia. Port services will be expanded to make Malaysian a maritime nation. At the same time, efforts will be made to develop KLIA as an aviation hub for Southeast Asia.

61. Steps will be taken to revitalise the agriculture sector to enhance its contribution to growth and wealth creation. Emphasis will be given to food production through greater involvement of the private sector in modern and large-scale farming, particularly in the permanent food production areas. In addition, new sources of growth will be exploited particularly in the high value herbal-based products, ornamental fish and floriculture, biotechnology industry as well as agro and eco-tourism. For rubber, efforts will be made to improve its viability by increasing yield, promoting Latex Timber Clones, adopting new technologies and integrating rubber plantation with other economic activities. Efforts to promote reverse investments for food and plantation crops will continue to ensure supply of raw materials to industries and for food, while taking advantage of the cheaper production cost and the availability of resources overseas.

62. During the OPP3 period, the rate of inflation will be kept low. Efforts will also be made to keep wage increases in line with productivity improvements. Measures to encourage automation and labour-saving techniques as well as encourage higher participation of women and retirees in the labour market will reduce labour demand pressures. At the same time, farming activities will be better organised along the lines of the manufacturing industries.

63. With the economy back on track, the public sector is expected to revert to its role as the facilitator for the private sector, which will be the engine of growth. The growth rate of the Federal Government operating expenditure will be lower as a result of prudent fiscal management and efficient use of resources. Priority will also be accorded to human resource development. In line with establishing a world-class public sector, the Government will also continue to recruit competent and well-qualified people to enhance the quality of the public service.

BUILDING A UNITED AND EQUITABLE SOCIETY

64. The Government will continue to pursue the distributional agenda to ensure balanced participation among and within ethnic groups as well as sectors and regions. The National Vision Policy maintains the basic two-pronged strategy of the New Economic Policy, that is, poverty eradication irrespective of race and restructuring of society in the context of rapid economic growth.

POVERTY ERADICATION AND INCOME DISTRIBUTION

65. We have made very good progress in poverty eradication. By 2005, we intend to reduce the incidence of poverty further to 0.5 per cent. To realise this target, the anti-poverty programmes will be more target-specific and address pockets of poverty in different regions, particularly in remote areas as well as among disadvantaged groups such as the Orang Asli and other Bumiputera minorities in Sabah and Sarawak. To increase programme effectiveness, existing anti-poverty programmes will be consolidated and revitalised under Skim Pembangunan Kesejahteraan Rakyat (Scheme for the Development of the People's Well-Being)

66. A key approach to eradicate poverty and improve the quality of life of the population is education. In addition, the provision of health services and other social amenities will also contribute towards reducing poverty and enhancing the quality of life. The coverage of amenities such as electricity, safe water and transportation and communications will be further widened to reach remote and outlying areas, particularly in Sabah and Sarawak.

67. The rural development programme will focus on enabling the poor to diversify their employment potentials and sources of income. Rural income will be enhanced through the implementation of integrated, modern mixed crop commercial farming, as well as the more systematic production of handicraft. The income-generating activities, particularly among padi farmers, rubber smallholders, fishermen and estate workers, will be enhanced since the incidence of poverty among them is high. Agriculture will be diversified to reduce over dependence on a particular mono crop.

68. The Government is committed towards building a caring society. In this regard, the welfare and quality of life of the elderly and the disabled are taken into account while pursuing our national development goals.

EQUITY RESTRUCTURING

69. With regard to the restructuring of society, efforts will be made to increase the equity ownership of Bumiputera in business. The Bumiputera currently owned only 19.1 percent of corporate equity. The target is to raise their share to at least 30 per cent by 2010. In ensuring non-Bumiputera equity ownership, the share of ownership by the Indian community will be given due consideration.

70. As Bumiputera companies have already made inroads into the construction, transportation and agricultural sectors, there is a need for them to diversify into other high value-added activities, particularly in the manufacturing, services and distributive trade. An enabling environment will be created, including the provision of incentives and financing, to assist Bumiputera acquisition of appropriate technology as well as management expertise. In addition, the privatisation programme will continue to be implemented to create more opportunities for Bumiputera entrepreneurs at the corporate level.

DEVELOPMENT OF THE BCIC

71. The programmes to develop the Bumiputera Commercial and Industrial Community (BCIC) will focus on building more sustainable, self-reliant and world-class Bumiputera entrepreneurs capable of competing effectively both in the domestic and international business. There is a need for Bumiputera entrepreneurs to develop positive values and the ethics of business for them to be continuously successful and self-reliant. To develop more Bumiputera entrepreneurs, the existing vendor and franchise development programmes will be further strengthened and expanded.

72. The Government will also enhance Bumiputera participation in the retail trade sub-sector through the Bumiputera Retail Trade Development Project or PROSPER. This project will be target-specific and provide assistance and support services, such as the provision of premises and capital, identification of business opportunities as well as training in accounting and cash management. It is hoped that PROSPER will succeed in increasing the presence of Bumiputera in new growth centres.

EMPLOYMENT RESTRUCTURING

73. Under the National Vision Policy, the Government will formulate appropriate mechanisms to increase the participation of Bumiputera in modern sectors and ensure that the employment pattern largely reflects the ethnic composition of the population. The capacity of the Government's higher education institutions will be expanded to increase accessibility, especially to Bumiputera to balance the increase in private educational institutions. Both the public and private

institutions of higher learning will be required to increase the number of Bumiputera graduates and ensure that the courses offered meet market demand.

TOWARDS BALANCED REGIONAL DEVELOPMENT

74. All the states in the country registered improvements in the quality of life arising from improvements in per capita income as well as access to better infrastructure, social services and basic amenities. During the OPP3 period, the thrust of the regional development policy will be to accelerate the development of the less developed states and reduce the socio-economic imbalances among regions. Among the measures that will be taken are promoting the concentration of economic activities by state on the basis of their comparative strength, continuing the industrial dispersal programme, and further improving infrastructure and the access to quality basic amenities in the less developed states.

DEVELOPING A KNOWLEDGE-BASED ECONOMY

75. The development of a knowledge-based economy is extremely crucial for the country to sustain rapid economic growth and enhance international competitiveness. We will need to strengthen our capability to innovate and create indigenous technology as well as develop and market new products. By increasing the knowledge input, we will be able to change from an input-driven strategy to a productivity-driven growth strategy.

76. The knowledge-based economy does not mean abandoning our existing production activities in favour of high-tech activities exclusively. Of course, productive activities in agriculture, manufacturing, and services will continue, only that these activities will have greater knowledge inputs in order to yield much higher returns. As a result, the productivity and value added of existing activities will be raised and new investment opportunities in knowledge-intensive industries will be opened up.

77. Malaysia started to lay the foundation for the knowledge-based economy in the mid-1990s, with the setting up of the National I.T. Agenda (NITA) and the Multimedia Super Corridor (MSC). The MSC provides an ideal I.T. and multimedia environment to attract knowledge workers, technopreneurs, and multimedia and high technology industries. The MSC area has attracted a sizeable number of sophisticated businesses, world-class technology-led companies and R&D investments.

78. During the OPP3 period, Malaysia will focus on strengthening the critical elements that support

the development of the knowledge-based economy. Among the most important element is building up the critical mass of knowledge manpower quickly and effectively.

79. For the successful implementation of the knowledge-based economy, the brain gain programme will be accelerated to attract Malaysian expertise and talents from overseas as well as foreigners with the requisite skills to meet our immediate and short-term needs. The registry of Malaysian R&D scientists and engineers working overseas will be expanded to include new expertise and technopreneurs in other knowledge-related disciplines.

80. To provide the appropriate environment, the Government will maintain a stable macroeconomic environment, make available the basic infrastructural facilities, and create a conducive regulatory framework. Efforts in developing S&T and R&D will be more focused and directed towards areas that are strategic in developing the knowledge-based economy. We will endeavour to develop more local technopreneurs who will eventually be able to market their products in the global market. In this regard, financing for new ventures will be strengthened. To develop the venture capital market and local expertise, the inflow of foreign venture capital funds will be encouraged to come in and the management of Government venture capital funds will be outsourced to reputable venture capital corporations, including foreigners.

81. The successful development of the knowledge-based economy will require the participation of various parties, not just Government initiative. In this respect, the role of the private sector is crucial in acting as the engine of growth. Businesses must take a broader view of opportunities since markets have become virtual and borderless. Even small businesses and cottage industries should enhance the quality and value of their products by using better production techniques and equipment, improving their design and packaging, and using e-trading and e-business tools to source components and widen their markets.

82. The Government realises that the development of the knowledge-based economy has the potential of increasing the digital divide among high and low income groups and the rural and urban population. Accordingly, steps will be taken to reduce the knowledge gap and the digital divide within the country. The strategies include promoting greater awareness and participation of the low-income groups and those cut off from growth centres in the knowledge-based economy and providing education and training in ICT to them. Telecommunications infrastructure will be expanded throughout the country to ensure that rural areas and disadvantaged

groups have better connectivity and access to ICT. Local communities will be given ICT facilities, which could be used as one-stop centres for information on Government services, teleworking and distance learning. In addition, there will be better provision of ICT infrastructure and services, as well as access to lifelong learning opportunities for people in rural areas.

INVESTING IN PEOPLE

83. As Malaysia enters the 21st century, human resource development will be absolutely crucial to support the development of a knowledge-based economy and to ensure that all Malaysians will be able to enjoy the nation's prosperity. The thrust of human resource development is to prepare a workforce that is capable of meeting the challenges of a knowledge-based economy, well equipped with technological skills and expertise, and high level of thinking skills. Accordingly, we are investing a substantial amount of resources in education and training.

84. The education and training system will be reoriented so that knowledge, skills and expertise acquired by Malaysians will effectively support the development of the knowledge-based society.

85. As the growth and development of the economy will be driven by knowledge-based industries, new economic activities will be generated in all sectors, especially in the manufacturing and services sectors. The demand pattern for manpower will change towards high technology and science-based industries, biotechnology, ICT, pharmaceutical and R&D activities, all of which require workers with tertiary education in the science and technology related disciplines. The sophistication in the production processes will generate demand for 137,200 engineers and 331,700 engineering assistants trained in the electrical and electronics, chemical, biotechnology, mechanical, ICT and other technologies. In agriculture, the introduction of high technology cultivation methods and industrial practices, large-scale and mixed farming and increased mechanisation will require a substantial number of trained labour in various disciplines, as well as those skilled in agro-business, modern integrated farm management, and biotechnologists.

86. The Government is promoting lifelong learning and providing facilities so that the public can continuously update their knowledge, upgrade their skill base, even after leaving the formal education and training system. For this purpose community colleges will be established. Our labour force will be continuously retrained and upgraded, while

preparing them with the new skills needed by the knowledge-based economy.

CONCLUSION

87. The country has indeed done very well along many fronts during the last decade. We have witnessed how Malaysians have used their creative energies and ambition to push further the achievements of the country, and have moved into areas that normally fall within the domain of developed countries.

88. The success of the NVP requires total commitment from us all, and everyone should be prepared to work hard to achieve the target. We must be prepared to reinvent ourselves, to change our mindsets, to be innovative, resourceful and disciplined, as well as to have a sense of urgency in the face of increasing challenges.

89. The Government will continue to be responsive and adopt appropriate policies and incentives that are business-friendly and market-oriented. We will ensure that the Government machinery at all levels will work efficiently, without deviating from original objectives.

90. As Malaysians, we must not only become more competent and be equipped with new and better skills, we must also ensure that foreign values and practices do not erode our national identity and heritage. We will need to develop strong values and work ethics and cultivate a caring and competitive society. All foreign influences that are negative must be resisted to maintain our national identity, which is infused with traditional eastern culture.

91. By the will of Allah and His Blessings, we will continue to prosper and achieve the goals we have set for ourselves in the first decade of the 21st century and in doing so, we will come closer to the attainment of Vision 2020.

92. I beg to move.