

By : DATO' SRI MOHD NAJIB TUN ABD RAZAK
Venue: SHANGRI-LA HOTEL KL
Date : 27-07-2004
Title: 27TH ANNIVERSARY OF THE HARVARD BUSINESS SCHOOL ALUMNI CLUB OF MALAYSIA

Thank you for the very warm welcome and introduction. My wife and I are pleased to be able to join you in celebrating the 27th anniversary of the Harvard Business School Alumni Club of Malaysia. I have been told that you are among the country's finest, most talented and successful citizens. Most of all, you are hard working, nationally conscious and socially responsible. If we are known by the company we keep, tonight i am doing well.

For over half of our nation's young history, the Harvard Business School Alumni Club has been associated not only with academic excellence and networking, but you have also contributed to the nation through management training programmes and the award of scholarships. Many of our country's most gifted young men and women have joined your ranks - and so have many "not so young" senior civil servants, generals and successful corporate leaders.

It is therefore more than appropriate that I congratulate you on your 27th anniversary of the club's founding and wish you well for many more years to come.

I would like to thank you for giving me the opportunity to share my views on some of the opportunities that lie ahead for Malaysia in the next decade. Let me begin with a caveat that the perspectives of national leaders are necessarily more wide ranging and integrated. In each and every endeavour, our task is to take into account the entire spectrum of interests and not just the well being of a particular group or section of society.

And when we peer into the future, our ambitions, hopes and expectations should not only be trained upon issues of economic prosperity, but also on our ability to achieve broader social upliftment and cultural progress.

Malaysia today is embarking on a high enterprise of titanic importance: to transform ourselves into a developed nation by the year 2020. We have a vision of where we want Malaysia to go.

But having a vision is only the first step in nation-building.

A vision unexecuted is meaningless. Our task is therefore to focus on the execution of this bold project to the best of our collective abilities.

We have come a long way since merdeka. There can be no doubt that Malaysia has done well. The quality of life has improved: life expectancies have increased. Basic quality education is no longer a privilege for the few but a fact of life for almost

every Malaysian.

We are enjoying greater wealth than we did a generation ago.

Malaysians are now becoming more global. We travel overseas with increasing frequency. We are now better read. I am proud to say that some of us, including all of us here, are now more cosmopolitan, more urbane, more sophisticated. We have made the first steps to becoming citizens of the world.

To be sure, we still have many challenges to overcome, but I believe we are making much progress. After six years of government pump-priming, we need to manage a gradual return to fiscal balance while encouraging higher levels of capital formation by the private sector. The private sector needs to resume its rightful place as the engine of growth for the economy. We need to chart a clear plan for long term and sustainable growth opportunities in specific sub-sectors of the economy.

We are moving aggressively to instill a high performance culture, greater transparency and accountability. We have launched a radical transformation of government linked companies. Equally, we have also asked elected representatives to account for their performance. Integrity has become a defining value of this administration and we will demand the highest standards of ethical conduct.

Allow me now to touch on the opportunities before us. Firstly, our future economic progress will depend greatly on our capacity to 'move up the value chain'. If Malaysians are to compete effectively with the rest of the world, we must concentrate our efforts on being producers and not mere consumers of technology.

We are targeting different areas to achieve this. We must expect labour-intensive foreign direct investments to go down, we are focused on attracting higher value added investments where there is a greater need for a better trained and higher skilled workforce. To this end, the government has launched a national innovation policy ('nip') to help companies move up from the low value added, labour intensive segments of the economy.

While still important, we no longer think of manufacturing as the primary engine for growth for the future. Instead, we are promoting services sector growth - in particular tourism, healthcare and education - and we are looking to encourage enterprises that cater to our domestic needs and population.

This shift in emphasis will in the long term reduce our dependence on export markets as a source of growth. And the opportunities in these new areas will be tremendous in terms of raising incomes and creating new, higher value jobs as the economy grows.

The sector that holds tremendous potential and which will remain

crucial in the next decade is, of course, information and communications technology. We were early in the ICT game, with semiconductor industries locating here in the late 70's. Now that we are no longer a low cost assembler of components, we need to diversify into upstream and downstream products as well as into value added services. In line with our aims of becoming a K-Economy, there must be a greater push for creating our own intellectual property (patents, designs and trademarks) through more commercially oriented R&D. Our long term competitiveness will depend on our ability to create more and be more creative.

In this respect we now need to leverage on what the MSC has delivered and continues to promise for the future.

Secondly, we need to tap into new sources of wealth by concentrating on previously less emphasised sectors of the economy. I believe that the rejuvenation of agriculture will not only bring in the benefits of equitable growth but will result in the greater expansion of SMI/SME activities. Agriculture is set to become one of the most exciting sources of income for Malaysia. We should pay close attention to the success of palm oil which today remains one of the largest export earner for the country.

The development of Malaysia's biotech sector will be an added boost to our agricultural performance. With biotechnology, other fields of Malaysian competitive advantage will also be explored, such as herbal-based pharmaceuticals and treatments for tropical diseases. Research and development activities will help us ensure that our competitive advantage is maintained in the long run. Malaysia's rich biodiversity has remained undiscovered for a very long time. We now need to gather our collective energies and talents to ensure that god's gift to us is not squandered and left untapped.

The third area of opportunity will come from capitalising on our cultural heritage. While I feel that our country offers much in opportunities, we will nevertheless have to look beyond our shores. China will be our single largest opportunity, to be worked out over decades rather than simply months and years. We have very strong cultural and historic ties with the middle kingdom going back 600 years. Malaysia is currently china's largest trading partner among Asean members. Our bilateral trade is expanding rapidly and is expected to exceed USD 50 billion by 2010.

The other emerging giant is India. India, while still behind China in terms of economic development, is still poised to record impressive growth especially in light of recent economic reforms.

In the past few years, Malaysia's trade with India has averaged around USD 2.3 billion, not an insignificant sum. With a free trade area soon to be signed with Asean, India too is a prospective long term and important partner for Malaysia.

We should redouble our efforts to do serious business with these two emerging giants of the world. Our success in engaging with China and India will have tremendous implications for our long term prosperity and growth.

True to our mercantile traditions, Malaysian companies are more global than perhaps many of us are inclined to think. Petronas for example generates close to 40% of its revenues from its overseas operations. Malaysian construction and infrastructure companies have also been successful in securing contracts in many parts of the world. From the construction of formula 1 circuits in the middle east to the provision of utility services in Europe, these companies are slowly but surely competing in the global economy. As successful business leaders, I urge you grasp the opportunities that lie ahead of us.

In ending, let me touch on a theme which I have spoken about recently, and one that I am most passionate about. As we become more prosperous and successful, Malaysia needs to be distinctive in its contribution to the world.

There is a need to brand Malaysia. We live in a globalised world. In order to penetrate the consciousness of the international market place, progressive companies have learned the value of branding themselves, of finding a uniform image that differentiates them from the rest of the pack - something that makes them different and better. The best brands, once entrenched, are enduring. Coca cola is over 100 years old and has survived all the vicissitudes of commercial fortune. Its image would now be difficult to dislodge. And companies like Nokia and Ikea have shown that you don't have to come from a large country to build a global brand.

Countries too have realized the need to brand themselves. If we seek to bring in more global players to participate in our economy, it is not enough just to open our borders or proffer our hospitality. Our much vaunted pro business policies and advantages are not unique. We have to attract the outside world in an increasingly competitive arena.

We have to specialize and focus. The Swiss for a long time have channeled their energies, resources and creativity in five areas where they want to be distinctive: tourism, confectionery, watches, private banking and pharmaceuticals. Germany is known for precision engineering and luxury cars; Japan for its work ethic and cutting edge technology; England for quality education, Shakespeare and literature; France for fashion, wine and food; Italy for design; America for entrepreneurship. Each country is characterised by at least one well recognised competence.

What then is the distinguishing feature of Malaysia? My

contention will be that this small but extraordinary country of ours is singled out not just by its diversity but the unique nature of its diversity and its special relevance to the contemporary world. The question remains whether we can we define this trait in precise terms.

The first clue may be our infrastructure. Look at the landscape. We may be 1st or 2nd in the league of tall buildings worldwide but it is not just a statistical achievement.

Buildings in KL and Putrajaya are distinctive, each with its own intrinsic elegance. There is also a wide variety and blend of architectural styles both traditional and ultra modern which have a cultural symbolism. From the Moorish architecture in the old town or the Pseudo Tudor British Cricket Club, Little India, The Blue Mosque, The Modern Splendor of the Twin Towers and KLIA - they are an ethnic signature reflecting the various cultures that make up Malaysia.

Branding begins with defining a unique brand personality. We have kept our diversity in the multi-ethnic, multicultural nature of our society. We have a long tradition of preserving all our cultures, each distinct but part of one harmonious whole, rather than taking the route of assimilation that leads to uniformity as you might find in America.

Our diversity however would not have a commercial, economic or international significance beyond tourism if it had not taken on a new and unexpected significance. We are a macrocosm of the global world of the 3rd millennium. We have achieved a unique multi-ethnic balance in a world driven apart by strife and sharp differences. We have lived and practised multilateralism which many now see as the answer to the world's present dilemma of unilateral tendencies.

Our plurality with its power sharing and consensus model is a progression from the unbridled individualism of the capitalist era. We can claim to be distinctive by our constructive engagement, by our genuine desire for moderation and tolerance, by our principled stand on fairness and honesty. In a nutshell, in Malaysia, "what you see is what you get". These are traits sorely needed in the world of politics and business today.

Our multilateralism is also relevant for global business. When you cross national boundaries you also cross cultural frontiers.

Multicultural management is the added and often missing dimension to professional and technical competence. Here, Malaysia can be a role model. We can be a compelling partner when we combine our natural hospitality and our cultural links with the rest of the world. In business we can be a gateway to China, India, Indonesia - the whole of the Asia Pacific because all the languages, all the business cultures and social mores can already be found here in our own back yard.

Diversity is how we would define our national identity combined with a progressive moderate outlook and practice of Islam. In doing so we have defined our unique brand. The rest is promotion. Historically a trading nation, we once sold to the world the rubber, tin, oil and gas. Now our task is to sell Malaysia and, in the words of Margaret Thatcher, "start punching above our weight".

In leveraging our multilateralism, Malaysia can be an interlocutor to the world - between east and west, north and south, between the great religions and civilisations of the world, between modernity and tradition. We have been a unique meeting point between these differing world views for a very long time, and yet somehow I feel we have not fully grasped the opportunities presented by our strategic position in the world.

It is perhaps in this direction that we should explore and seek our fortunes.

In my address this evening, I have tried to present some of the more cogent opportunities that lie before Malaysia. I hope, like me, that you are convinced of the possibilities for sustained economic growth and prosperity. The last two generations have been a time of incredible trial and tribulation in our nation's history. The fact that we are becoming an achieving society speaks much about our strengths, our resilience and perhaps to our ingenuity as a people.

We need to seek and find the inspiration and courage to take this next great leap. To all of you in this hall this evening, you are in a privileged position to lead this next phase of our country's transformation. I urge you to take your rightful place at the helm of this great enterprise, and show others the way forward.

Office of the deputy prime minister of Malaysia