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KETUA SETIAUSAHA NEGARA
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Bismillahir rahmanir Rahim.

Assalamuaikum warahmatullahi wabarakatuh and a very good morning.

Mr Jean Francois Jajin
Deputy Chairman of the EU-Malaysia
Chamber of Commerce and Industry,

Ladies and Gentlemen,

First and foremost I want to thank Mr. David Jones and the members of the EU-Malaysia Chamber of Commerce and Industry, EUMCCI, for this invitation to meet with you this morning. ½

2. I was asked to speak on "Facilitating Foreign Business by Improving Government Systems". I believe this is related to my role as the Co-Chair of PEMUDAH, the Special Task Force to Facilitate Business. I appreciate that being an organisation that focuses on EU business in Malaysia, your concerns are those that directly impact EU businesses. I am sure you will appreciate that as far as the Government as well as PEMUDAH is concerned, Business is Business, regardless of whether it is foreign or Malaysian-owned.

Ladies and Gentlemen,

3. We meet at a time when the world economy faces extraordinary challenges. Just a few months ago, the price of energy, food and industrial commodities threatened to spiral out of control. Today, the financial meltdown that began in the US, and which could quickly spread to other countries, threatens to derail world economic growth.

4. The latest data from the European Commission informs us that we can expect a sharper than expected slowdown in the EU economy for 2008 amid persistent high inflation, falling real estate markets in some EU countries and the deepening turmoil in financial markets. It is now forecast that the EU economy will only grow by 1.4 per cent this year, compared with the 2 per cent forecast earlier in April 2008. Indeed, the prospect for economic growth in the EU and the Euro zone is expected to worsen, amid the impact of recent developments in the global financial market.

Ladies and Gentlemen,

5. Given such a scenario, it is all the more imperative that Governments ensure that improvements are made to the business environment. Governments need to assume a more dominant role in facilitating business by improving the efficiency and effectiveness of the public service delivery system.

6. But for improvement measures to be really effective there must be a robust public-private sector partnership. In Malaysia PEMUDAH epitomises the essence of public-private sector collaboration and the synergies that such a relationship yields. As you are probably aware, this High Level Task Force, the brain-child of the Honourable Prime Minister, has been able to address many of the concerns about Malaysia's competitiveness. I am happy to note that PEMUDAH has been acknowledged as the catalyst for improving Malaysia's business environment.

7. PEMUDAH has introduced a number of new initiatives such as company incorporation which can now be done in one day from the previous five days and approval of work permits for expatriates in seven days from the earlier 14 days. In fact with PEMUDAH's intervention and the reduction in processing time, the performance of the approval process too has improved:

- From January 2007-June 2007: 51 per cent of the applications, or 4,611 out of the 9,041 applications received were processed within the client charter of 14 days;
- BUT from July 2007 to August 2008, 96.6 per cent of the applications, or 26,178 out of the 27,078 applications received were processed within the shorter charter of 7 days.

8. PEMUDAH members have also contributed to improvements in a number of other areas, including:

- e-Payment – as at 4 September 2008, on-line payment via internet banking can be made through 138 services from 87 Government Agencies;
- improving the processes of paying taxes, specifically for refund of tax overpaid. This can now be processed from within 14 to 30 days as compared to ONE year previously;
- worked with Customs to reduce the time for clearance of goods. Customs now accepts the Estimated Time of Arrival or ETA to clear cargo. This means clearance of cargo can now be done in a day compared with 3 days previously;
- established the One-Stop-Centre for registering of businesses. The Centre which is in SMIDEC, the Small and Medium Industries Development Corporation, has representatives from the Companies Corporation of Malaysia, EPF, SOCSO as well as financial institutions to assist enterprises in registering their businesses. With the establishment of this Centre, business entities do not have to go from department to department to register their businesses.
Ladies and Gentlemen,

9. An important aspect of creating a conducive business environment is through ensuring a high level of transparency, predictability and speed when interfacing with the Government. One of the perennial complaints from the public about dealing with Government has to do with application for licences.

10. In this regard, PEMUDAH members under the leadership of Tan Sri Khalid Ramli, the Director-General of the Implementation Coordination Unit of the Prime Minister's Department spearheaded a system to ensure transparency, predictability and speed when applying for licences. The system is called the Business Licensing Electronic Support System or BLESS.

- BLESS is a one stop on-line portal that allows simultaneous application of licences, approvals and permits for starting a business in Malaysia
- It provides on-line feedback between the Government departments and the applicants; it enables on-line tracking and monitoring of applications and on-line payment of fees
- The system will show the time taken by the various departments to process the applications, thus ensuring Government departments and agencies adhere to their respective client's charter
- BLESS will be implemented in phases. In the first phase it will be limited to the Klang Valley, catering to the manufacturing, construction and hotel sub-sectors only. It will be expanded to the tourism and trade sectors in the second phase, from September 2008 through June 2009. The third phase will see BLESS rolled out nation-wide from June 2009 through June 2011.
- To date only 9 applications have been coursed through the system. These were for licenses under the:
 - Malaysian Atomic Energy Licensing Board which processed the licenses within 17 days,
 - Malaysia Cocoa Board, 14 days,
 - local authorities (Klang and Kajang Municipal Councils) for the processing of premise and advertising license, 21 days.

- Clearly more needs to be done to publicise the system. I welcome members of the EUMCCI to spread the word among your members and counterparts.

11. Realising that the processes and procedures under the jurisdiction of local governments impact the cost of doing business, PEMUDAH has made issues related to local authority effectiveness as a permanent item on the agenda of its monthly meetings. The focus will be on ensuring that the local authorities, DBKL in particular, are customer-centric, and improve their level of service delivery. PEMUDAH will work with the local authorities to facilitate resolution to issues including those of town and city planning, sustainable development and licensing.

12. I must also inform you that besides working with the Government, PEMUDAH also works with private sector entities to reduce the cost of doing business. With PEMUDAH's engagement, the Malaysian Institute of Chartered Secretaries and Administrators, or MAICSA, has agreed to reduce the charges for incorporating a company from about RM3,700 to RM2,800 and annual corporate fees from about RM1,850 to RM1,200.

13. I am aware that in the EU too there is a similar mechanism for dealing with bureaucracy. The Better Regulation initiative is in many ways similar to the PEMUDAH initiative.

Ladies and Gentlemen,

14. I must say that to some extent PEMUDAH's initiatives are bearing fruit. According to the World Bank's Ease of Doing Business Survey 2009 which ranks economies on the ease of doing business, Malaysia has improved its ranking to 20th position out of 181 economies. The year before Malaysia was ranked 24th out of 178 economies.

15. The Swiss-based Institute for Management Development's World Competitiveness Yearbook 2008 reported that in terms of competitiveness, Malaysia moved up four notches to 19th position out of 55 countries this year from 23rd in 2007.

16. More recently, UNCTAD in its World Investment Report, ranked Malaysia as the 14th most preferred destination out of 192 respondent countries in its Inward FDI Potential Index.

17. I must also stress that making Malaysia business-friendly is not the sole goal of PEMUDAH. It is equally important to ensure that improvements made impact positively the man-on-the-street. As such, going forward, PEMUDAH will focus not just on business facilitation but also on issues that affect the lives of the ordinary citizens.

18. Malaysia must be the country of choice not just for business but also as a place to live in. And this can only be achieved through enhanced and inclusive partnership and collaboration of officials and policy makers at the federal, state or local government levels, public or private sectors, as well as the ordinary citizens.

Ladies and Gentlemen,

19. Let me reiterate here that the Malaysian Government is committed to improve the business environment in the country and PEMUDAH will continue to initiate the necessary improvements to achieve this objective.

20. However, my hope is that the oversight role of PEMUDAH will eventually become redundant as the spirit of facilitating business permeates the whole system. We want to see the system operating on "auto-pilot" knowing who the beneficiaries of Government decisions and policies, and what their expectations are. These include the following:

- the average citizen is able to take basic amenities for granted, including pot-hole free roads, proper

system of garbage collection, clean environment;

- the investor is able to implement his or her project as expeditiously as possible;
- the contractor is assured of quick payment upon completion of the project, within 14 days to be exact;
- the Government and the citizens can expect the contractors to do their part, delivering products and services as contracted. They will ensure that they too pay their sub-contractors promptly. In addition, we can expect contractors to be responsible and abide by the regulations. If the regulations call for work to cease during weekends, public holidays and late evenings, then so be it;
- disputing parties in a case are assured that their case will be settled as early as possible;
- a citizen making an enquiry by whatever means is assured that he or she will get a prompt response on the status of the enquiry. And NOT just a response but a resolution to the concerns raised; and
- the business community is engaged in coming to decisions that can impact its bottom line.

Ladies and Gentlemen,

21. It is in that context that I must state that I welcome feedback from the members of the EUMCCI. As I believe in dialogue and feedback, I would like to hear your views on how Malaysia can further improve its business environment; as well as your concerns about doing business in Malaysia.

22. On that note, I must again thank you for inviting me to share my thoughts with you this morning.

Thank you.