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KETUA SETIAUSAHA NEGARA
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Bismillahir rahmanir rahim

Assalamualaikum warahmatullahi wabarakatuh and a very good morning.

Y. Bhg. Tan Sri Dato' Mohd Sheriff Mohd Kassim
Chairman, Board of Trustees, MIER

Y. Bhg. Tan Sri Thong Yaw Hong

Y. Bhg. Tan Sri Rama Iyer

Members of the Board of Trustees, MIER

Y. Bhg. Emeritus Professor Datuk Dr Mohamed Ariff
Executive Director, MIER

Distinguished Guests

Ladies and Gentlemen.

I want to thank MIER for inviting me to address you this morning and to officiate the Twenty-third National Economic Briefing of the Malaysian Institute of Economic Research, MIER.

2. This briefing is taking place in challenging times. Countries are faced with the repercussions of the persistent US sub-prime crisis, escalating fuel and food prices, and the threat of spiraling inflation. It is thus timely that we get an objective perspective of the situation. I am pleased that MIER has taken the initiative to organise this forum to enable a discussion on the issues of concern to the Malaysian economy and share some of its research findings.

3. I know that there are a number of research organisations within the private sector that undertake similar economic analyses. However, much of such research is proprietary. In this regard, I want to commend MIER for its role as an independent economic think tank and research organisation, and the willingness to share such information with decision-makers in both the public and private sectors.
Ladies and Gentlemen,

4. Given the power of the Internet and the 24-seven availability of news transmitted electronically, there is no dearth of information. The man-on-the-street will have no problem regurgitating the host of issues confronting nations today. They would most probably be able to tell us that as a result of the US sub-prime crisis, US\$400 billion have been written off by the global banking system in the second quarter of 2008. Or, that both 2-year and 10-year government bond yields have risen sharply over recent weeks. Many will also be able to intuitively posit the possibility of a global economic recession.

5. However, not many may be able to analyse systematically and systemically the impact of these global challenges on their bottom-line in the short, medium or long-term. The challenge is in digesting the data and making appropriate, informed decisions based on that data. It is in this context that this information sharing by MIER is important.

6. Later this morning the experts from MIER will share with you details of the results from its Second Quarter business conditions and consumer sentiments survey, as well as four industry indices. These details would provide you with an appreciation of the macro-picture of the economy and help you steer

the course of your organisation going forward.

Ladies and Gentlemen,

7. The Malaysian economy has remained relatively resilient, in part due to the smaller exposure to the US sub-prime problem. The country recorded encouraging economic growth rates in the first and second quarters of 2008. Still, the country cannot be entirely shielded from the rising costs of fuel, and the increase in prices of commodities and food. This has prompted the Government to take a number of mitigating measures. These include the restructuring of subsidies for fuel and energy, ensuring food security, as well as abolishing price controls on strategic products. The National Inflation Council chaired by the Prime Minister has also been constituted to address the effects of inflation brought about by the increased prices of food and fuel. These measures illustrate the Government's commitment to alleviate the impact of global challenges on the domestic economy.

8. The Government has also been proactive in its approach to global developments. One of the major steps that the Government put in place even before the global economic situation started taking a turn for the worse was the initiative to ensure a business-friendly environment. In the face of mounting global competition and stressors, countries with efficient and effective public service delivery are the ones most able to draw investment, both domestic and foreign. In this context, last year Yang Amat Berhormat Perdana Menteri established PEMUDAH, the Special Task force to Facilitate Business. This Task Force which comprises leaders from both the private and public sectors was set up with the explicit intention of bringing changes and improvements to the public delivery system as it impacts Malaysia's competitiveness. PEMUDAH has been the catalyst for a host of improvements and is an example of what can be achieved from a robust public-private sector partnership.

9. Another lesson that can be learnt from the PEMUDAH experience is that for Malaysia to transcend global economic challenges, there must be the symbiotic relationship of three equally important elements: the public and private sectors and civil society, including think tanks like MIER. Each element must take responsibility and contribute towards Malaysia's economic growth.

10. While the public sector supports and provides the facilitative environment for business to thrive, the private sector must leverage on the facilities, enhance competitiveness and be the engine of growth. The business community must relook their business model in these trying times and not insist on raising prices to pass through higher costs of production to the consumer. Organisations like MIER can guide the process by providing the relevant data and information, as well as the macro-economic outlook to assist in effective decision-making.

11. I am confident the information that MIER will be sharing with you this morning would enable you to add to your repertoire of responses as the global economic scenario unfolds.

12. I thank you for your kind attention and wish you all the best in your deliberations. It is now my pleasure to declare the Twenty-third National Economic Briefing of MIER open.

Wabillahittaufik walhidayah,
Wassalamualaikum warahmatullahi wabarakatuh.