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KICK-OFF CONFERENCE OF THE TWELFTH MALAYSIA PLAN, 2021-2025

KEYNOTE ADDRESS BY
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1. Good morning and welcome to the Kick-off Conference of the Twelfth Malaysia Plan. I apologise for not being able to attend this Conference as I am currently attending the Sixth OPEC and non-OPEC Ministerial Meeting in Vienna.

2. In the Mid-Term Review of the Eleventh Malaysia Plan, presented to Parliament last October, we made some strategic changes in the direction of Government policy.

3. Now, as we look towards the Twelfth Malaysia Plan, we have the opportunity for a fresh start to our policy framework.

4. This is especially important as we chart our course towards achieving high-income and developed country status over the Twelfth Malaysia Plan period.

5. In addition, we need to ensure that the benefits of growth are shared and distributed fairly and equitably as we strive towards enhancing the standard of living for all Malaysians.

6. This is the essence of the Shared Prosperity Initiative announced by YAB Prime Minister Tun Dr Mahathir Mohamad on 9 May 2019. The Twelfth Malaysia Plan will be the first phase to operationalise the Initiative.

7. Current, as well as emerging challenges and global trends will be considered while new policy tools and valuable lessons gained from the experience of our key development partners will be leveraged.

8. I would like to thank the United Nations Country Team and the World Bank Group for their support in organising this Conference as well as bringing international experts to facilitate the exchange of views and insights. We are also grateful that the Asian Development Bank will contribute by getting their experts to share their views.

Ladies and Gentlemen,

9. The policies, programmes and initiatives of the Twelfth Malaysia Plan will revolve around three main dimensions, namely, Economic Empowerment, Environmental Sustainability and Social Re-engineering.

10. These dimensions will complement each other towards realising our new development model of Shared Prosperity. They are also in line with our efforts to attain the Sustainable Development Goals by 2030. These dimensions are to be underpinned by the principles of enhanced governance and new policy tools.

11. The outcomes of this Conference will support 13 Inter-Agency Planning Groups and 47 Technical Working Groups that have been established in preparation of the Twelfth Malaysia Plan. This underscores extensive engagement with all segments of society.

Ladies and Gentlemen,

12. In the Mid-term Review of the Eleventh Malaysia Plan, we elevated the principle of reforming governance to the forefront of our major policy thrusts. The goal is to improve governance as well as uphold accountability and transparency in Government administration.

13. In this regard, the current edition of the World Bank's Malaysia Economic Monitor with the theme of *Re-energizing the Public Service*, comes at a most opportune time.

14. The Report highlights that our public service is performing well by regional standards, but it still faces challenges in terms of openness and transparency.

15. Building capacity and capability in the public service is indeed vital for Malaysia to achieve growth and ultimately, shared prosperity.

16. Malaysia needs to have an effective human resource strategy to attract, manage and retain the best talent – with the correct approach, values and integrity – in line with our aspiration of enhanced governance.

Ladies and Gentlemen,

17. It is my great pleasure to launch today the latest edition of the Malaysia Economic Monitor. This is an effective document for policy dialogue, underscoring the importance of evidence-based analysis and highlighting the challenges that Malaysia faces in achieving sustainable and inclusive economic growth.

18. We hope that the long knowledge-sharing partnership with the World Bank Group will continue as Malaysia strives to become a high-income and developed economy accompanied by inclusive growth.

19. In our quest for the medium- and long-term development goals, we must not lose sight of the present, particularly of the current economic scenario because how we manage the present will undoubtedly influence the future.

20. As of the first quarter of 2019, the Malaysian economy remains resilient despite the challenging geopolitical environment in the midst of a global economic slowdown and the ongoing US-China trade war.

21. The economy expanded by 4.5 percent supported by steady domestic demand, particularly private consumption that is buoyed by favourable labour market conditions, and a strong recovery in agriculture production.

22. In addition, inflation fell by 0.3 percent, mainly due to lower domestic fuel prices arising from the resumption of the managed float fuel pricing mechanism and the setting of a lower price ceiling for RON95 petrol. Despite the negative overall inflation during the quarter, this decline was not broad-based as 81% of consumer items were not experiencing price declines.

23. The current account surplus of the balance of payments widened to RM16.4 billion in the first quarter of 2019, which is the highest it has been, since 2014. This was due to a higher goods surplus and smaller income and services deficits. The goods surplus increased to RM33.8 billion amid lower imports of intermediate and capital goods. The services account registered a smaller deficit of RM1.8 billion, due mainly to lower net payments for foreign transportation services in line with moderate trade activity.

24. Moving forward, we would expect more headwinds with the growing uncertainty of the global economic environment, particularly with geopolitics playing a greater role in shaping economic policies around the region.

25. While the external sector represents 130% of the GDP, its net contribution to the economy is less significant. We now depend more on domestic demand, especially private demand. Private consumption is expected to remain the mainstay of growth in the near future with continued stable labour market conditions.

26. To ensure robust and sustained growth, a total of RM45 billion is expected to be spent on more than 4,000 development projects this year that would flow into the following years. Together with the resumption of several large-scale projects, these measures will be our growth drivers for this year and the next.

27. As we continue to work towards enhancement of Foreign Direct Investment, there should be simultaneous efforts to boost domestic investment as well. E-commerce will need to be given more emphasis as factors to spur the economy and promote the democratisation of economic opportunities. Collectively, these efforts will add substantive value to our economy particularly in terms of job creation, wealth generation and expanding the economic pie.

28. On the ease and cost of doing business, we have made significant improvements to reduce regulatory burden but there is still more work to be done.

29. Among the steps being undertaken is the removal of Non-Tariff Measures.

30. As of 2018, the Government has reviewed 668 NTMs under six ministries that had a total estimated compliance cost of RM2.96 billion, with a potential cost saving of RM739 million.

Ladies and Gentlemen,

31. I am confident that the private sector will come onboard our renewed quest for growth and shared prosperity and work hand in hand with the government to achieve the nation's economic goals.

32. There can be no overstating the importance of the role of the private sector in wealth creation. But even more significant, is the need to ensure that the wealth created will be equitably shared with workers as well.

33. Malaysia is heading towards a new era of development and growth. I am confident that the nation will be able to step proudly into the future – boldly, progressively and with harmony and stability.

34. On that note, it is with great pleasure that I launch the Kick-Off Conference of the Twelfth Malaysia Plan and the Malaysia Economic Monitor with the theme *Re-Energising the Public Sector*. I wish you a successful and productive conference.

Thank you.