



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

SPEECH BY

**YB LIEW CHIN TONG
DEPUTY MINISTER OF INVESTMENT, TRADE AND INDUSTRY
MALAYSIA**

**AT THE
NCCIM ANNUAL GENERAL MEETING**

**27 JULY 2023
ONE WORLD HOTEL, PETALING JAYA**

Tan Sri Dato' Soh Thian Lai

President of NCCIM

Senator Tan Sri Dato' Low Kian Chuan

Vice President of NCCIM/President of ACCCIM

Mr Norsyahrin Hamidon

Vice President of NCCIM/President of DPMM

Dato' Seri N. Gobalakrishnan

Vice President of NCCIM/President of MAICCI

Ms Christina Tee

Vice President of NCCIM/President of MICCI

Tan Sri Datuk Ter Leong Yap

Past President of NCCIM

Distinguished guests, ladies and gentlemen

- I refer to the "Madani Economy: Empowering the People" launched by Prime Minister Datuk Seri Anwar Ibrahim this morning. It is a clear indication that the government is ready to chart a new future in order to bring Malaysia to the next level, to be an economic powerhouse in Asia.
- We are now in an opportune time. Malaysia in the past 25 years has witnessed a stagnation due to a few factors combined, including the Asian Financial Crisis, the political crisis in 1998 and China's entry into the World Trade Organisation (WTO).
- After China joined the WTO in 2001, global investments in the manufacturing sector and manufacturing-related services were diverted to China, away from the Southeast Asian region.
- Today, a major geopolitical shift is happening and it will define this region for the next two decades.
- As mentioned by the Prime Minister earlier today, Malaysia's economic growth on a usual day can easily reach 4% or 4.5% over the next decade because of the endowment that we have, including a strong industrial scene, an educated workforce and a strategic geographic location. In fact, a similar growth rate has been achieved in the past 25 years.
- But we had once grown more rapidly during the first economic take-off between 1988 and 1997, the average annual growth rate was 9%. Two decades earlier, between the 1960s and 1980s, the average growth rate was 7.4%. We have the potential and the capability to grow at a more rapid rate.
- As pointed out by the Prime Minister, If we work hard enough and introduce new measures and reforms, we can now grow at 5.5%; If we are even more ambitious, a 6% growth rate is within reach.
- Growing at 6% per annum is important because we can double the size of GDP within a decade whereas growing at 5% means we would need 15 years to achieve the same target.
- Growing at 6% is important and it is achievable.
- Another area of focus of this MADANI government is to further promote the growth of Domestic Direct Investments (DDI) and Malaysian champions not just for the local market but also to be regional and global champions.

- Due to the prominent role of China in the global supply chain in the past 20 years, multinational companies, although based in Malaysia, were also predominantly sourcing from China.
- Today, “diversification” and “de-risking” become the emphasis of these MNCs with the aim of building a shorter and more secure supply chain. They look to build supply chains within close proximity, in shorter distance and more secured locations. As a result, we now see a massive influx of investment into ASEAN, including Malaysia.
- Malaysia should tap into this opportunity where our local companies form part of the regional or global supply chain of these MNCs.
- We should aspire to form a vertical integration of supply chains where Malaysia is positioned as an indispensable middle. The most high-end investments, such as financial services, tend to move to Singapore whereas labour-intensive and low-skill investments go to neighbouring countries with demographic dividend. In this new scenario, Malaysia is not in a competition with our neighbors, we complement each other. This way, the whole of ASEAN prospers together.
- Malaysia should be less dependent on labour-intensive investments but instead try to attract more sophisticated high technology industries and knowledge-intensive services.
- Malaysia needs to see green transition as an opportunity for growth where many green jobs are being created for Malaysians.
- Digitalisation, automation, adoption of technology provide another opportunity for economic growth.
- We need to define the national mission of Malaysian corporations. Do we maximise profit as propagated by Milton Friedman, or we should actually place significantly higher emphasis on stakeholder economy and ESG?
- ESG has 3 parts to it. While the E/environment is easier to define and quantifiable, the S/social requires more thinking in the part of better treatment and improved benefits of workers.

- This is also where the MADANI economy focuses on empathy and equitable distribution of the fruits of labour by setting its target to increase labour share to 45%.
- We need to pay skilled Malaysian workers better. Eventually, it is about better jobs and better pay.