Penyampai	**:**	**DATO' SRI NAJIB TUN ABDUL RAZAK**
Tajuk	**:**	**INVEST MALAYSIA 2018**
Lokasi	**:**	**GRAND BALLROOM, SHANGRI LA HOTEL KL**
Tarikh	**:**	**23-01-2018**

Bismillahhirahmannirrahim.
Assalammualaikum Warahmatullahi Wabarakatuh,
A very good morning and Salam Negaraku Satu Malaysia.

Yang Berhormat Datuk Seri Johari Abdul Ghani;
Minister of Finance II,
Yang Berbahagia Tan Sri Ali Hamsa;
Chief Secretary to the Government,
Yang Berbahagia Tan Sri Irwan Serigar Abdullah;
Secretary General of Treasury,
Yang Berbahagia Tan Sri Amirsham A Aziz;

Chairman, Bursa Malaysia,
Yang Berbahagia Tan Sri Dato' Seri Ranjit Ajit Singh;
Chairman, Securities Commission Malaysia,
Yang Berbahagia Datuk Mohaiyani Shamsudin;
Chairman, Maybank,
Yang Berbahagia Datuk Seri Tajuddin Atan;
Chief Executive Officer, Bursa Malaysia,
Yang Berbahagia Datuk Abdul Farid Alias;
Chief Executive Officer, Maybank,

Ladies and gentlemen,

1. It is nearly eight years since I first stood before you at Invest Malaysia in March 2010, and introduced our New Economic Model – a transformative plan, with the aim of creating a high-income nation that is inclusive, equitable and sustainable; a country in which no one would be left behind, opportunity would be made available for all, and whose citizens could look confidently to the future, secure in the knowledge that their Government was putting in place the right fundamentals for a secure, stable and successful Malaysia.

2. We had an economic plan, and that plan has delivered, as I am about to explain. But let me stress that from the start we were also willing to take tough decisions – decisions that not everyone would support, but which were the right ones for the Malaysian economy and the Malaysian people.

3. Before I announced the New Economic Model, for instance, in 2008 and 2009, the global financial crisis spread across to Asia. This was a grave threat to our economic growth and the livelihoods and welfare of Malaysians.

4. Indeed, by the fourth quarter of 2008, conditions and sentiment in Malaysia had turned so negative that the MIER Business Conditions Index virtually collapsed, while the Consumer Sentiments Index fell to its second lowest level on record.

5. A stimulus response had been announced in November 2008, but the RM7 billion proved to be insufficient. It did not do the job.

6. In March 2009, just before I became prime minister, I announced a second package amounting to RM60 billion. This was not an easy decision, and it was attacked as a failure by our opponents at the time. But if the second stimulus package had not been implemented, and implemented in a timely manner, Malaysia's recession would have continued.

7. As it was, the result of the second package was that Malaysia's GDP growth rebounded from the contraction of 1.7 percent we saw in 2009, to a very positive 7.2 percent in 2010.

8. This is the kind of bold leadership the Government has shown since taking office, and it has delivered, and continues to deliver, for the Malaysian people.

9. Let the facts speak for themselves.

- Since 2009 Gross National Income, or GNI, has increased by over 50 percent. Over the course of 2017 alone, it is estimated to have expanded by a very healthy 9.1 percent, to RM1.3

trillion.

- Mean monthly household income rose from RM 4,025 in 2009 to RM 6,958 in 2016, an annual growth rate of 8.1 percent. The rise in income for B40 households was even more significant at 10.2 percent per annum, from RM 1,440 per month in 2009 to RM 2,848 per month in 2016.

- Over the same period, the incidence of poverty fell from 3.9 percent to 0.4 percent, while our Gini coefficient improved from 0.441 to 0.399, a significant narrowing of income inequality.

- Between 2009 and 2016, 2.26 million jobs have been created, of which more than one million are high income jobs. This marks 69 percent of the 3.3 million we want to reach by 2020, which shows that excellent progress has been made.

- Unemployment and inflation have been kept low, while the Government's long-term commitment to fiscal consolidation and prudence means that the deficit is set to reduce further to 2.8 percent in 2018. That's down from 3 percent in 2017, and from 6.7 percent in 2009.

- We have enjoyed years of strong growth – with figures that most developed economies could only dream of – even during times of global economic turmoil and uncertainty. In fact, last year Malaysia exceeded all expectations, with the World Bank having to revise its estimate for our growth upwards not once, not twice, but three times – to 5.8 per cent.

10. Other figures reflect why investors and global institutions are right to have confidence in Malaysia. Our total trade grew strongly by 20.8 percent over the period from January to November 2017 – while in that month alone, gross exports reached double-digit growth of 14.4 percent, with the highest receipts ever recorded, at RM83.5 billion.

11. Our capital market, a key facilitator for financing business growth, has continued to grow from strength to strength.

12.

Since 2009, the FBM KLCI has increased 105 percent, and our market capitalisation has increased 187 percent.

13. In 2017, foreign net fund inflow recorded a positive RM10.8 billion, the highest since 2012.

14. Corporate bond and sukuk new issuance amounted to RM111.2 billion for the first eleven months of the year, close to 30 percent higher than the whole of 2016, while Malaysia's bond and sukuk market as a whole grew further to RM1.28 trillion.

15. The Malaysian Islamic Capital Market as a whole – of which our sukuk market is the largest globally - grew 11.9 percent to reach a size of RM1.9 trillion compared to RM1.7 trillion in the previous year.

16.

The ringgit appreciated by 10.4 percent against the US dollar in 2017, and on 5 January 2018, it closed at a 17-month high, breaking the four dollar psychological barrier.

17. This rise may have been partially underpinned by the recovery in crude oil prices, but it also indicates positive sentiment among investors and a recognition of Malaysia's excellent economic and financial fundamentals.

Ladies and gentlemen,

18. This progress has real and tangible benefits for both national and international investors. Total private investment approved by the Malaysian Industrial Development Authority during the first nine months of 2017, for instance, stood at RM113.5 billion. This involves 3,886 projects and will create around 91,500 employment opportunities.

19. This represents a contribution to the growth of the national economy; to the improvement of our living standards; to the upscaling of our skills and knowledge transfers among our

youthful and increasingly highly educated population; and to the increase in our productivity.

20. But the business community knows well that this has always been a Government that is business-friendly, and that we welcome foreign direct investment – of which we had net approved FDI of RM36.4 billion during the first nine months of 2017.

21. When it comes to FDI, by the way, you may have heard some irresponsible politicians scare-mongering about FDI from China, saying that we are selling our sovereignty. I know that the well-informed and well-educated audience here today will recognise what baseless nonsense this is. My Government will never sacrifice an inch of our sovereignty.

22. Remember that Malaysian investment into China used to be bigger than Chinese investment in Malaysia, and that we have more Malaysian investments overseas than foreign direct investments in this country. So this is a two way street. FDI levels vary over time, and such connections are part of, and key to, a healthy and diversified economy.

23. Perhaps I can also take the opportunity to remind that you that, while over time, we have had RM63 billion in FDI stock from China and Hong Kong, we have had more – RM70 billion in fact – from Japan: and you don't hear anyone warning that we are selling our country to the Japanese!

24. Of course not. They are most welcome here. So are investors from Africa, the Americas, China, the EU, India, Saudi Arabia and around the world.

Ladies and gentlemen,

25. We will continue to strive to make our country even more business and market -friendly, which means we are always working to improve transparency, accountability, and efficiency.

26. We need to ensure the Malaysian capital market remains regionally competitive, so that the market continues to evolve in order to sufficiently expand its depth and breadth to serve the needs of our growing economy.

27. Our Securities Commission and Bursa Malaysia, as well as our central bank and the Ministry of Finance, have continuously introduced and supported measures to further increase the dynamism of our capital market. Towards this objective, I can assure you that we can expect the introduction of further measures in the near future.

28. I would also like to remind you that in the last Budget, I announced that in order to boost Malaysia's attractiveness as a preferred investment destination, the Principal Hub tax incentive will be extended until 31 December 2020, and the Government has allocated RM200 million to MIDA to attract high-impact investments to this country.

Ladies and gentlemen,

29. The international business community knows that this is a Government that provides stability, strength and the certainty that investors want and need. For example, HSBC is investing over RM1 billion to build its future regional headquarters at the Tun Razak Exchange.

30. Huawei, an ICT global solutions provider which serves more than a third of the world's population, has made Malaysia its global operations headquarters, data hosting centre and global training centre – with a project cost of RM2.2 billion and employing more than 2,370 people.

31. And Saudi Aramco's US $7 billion investment in Petronas's Refinery and Petrochemical Integrated development in Johor. That's Aramco's biggest downstream investment outside the Kingdom, and this shows the confidence they have in us.

32. There is a long list of others. But today let me also mention some of our own blue chip companies. Sime Darby Plantation is the world's largest producer of Certified Sustainable Palm Oil. Top Glove is the world's largest manufacturer of gloves. And AirAsia is the world's best low cost airline.

33. There are so many successful Malaysian companies that make us proud, and whose names will be very familiar to you. For instance, PETRONAS, Khazanah, Maybank, CIMB Bank, Genting, SP Setia and IOI Group – regional and global players, who are capitalising on opportunities especially in the ASEAN region, but also all over the world.

34. Think of the redevelopment of one of London's most iconic structures, the Battersea Power Station. That's a massive project, being undertaken by a Malaysian consortium. Or consider IHH Healthcare, the second largest healthcare provider in the world. Or the largest and fastest growing mobile telecommunications network in Sri Lanka, owned by Axiata.

35. This Government will continue to encourage and champion Malaysian companies in their quest to become regional and global players, to establish global brands that can proudly fly our flag across the international markets.

Ladies and gentlemen,

36. Their achievements, and those of the foreign companies who invest in Malaysia, the efforts of the Malaysian people and this Government, have been commended by a wide range of international bodies. Let me give you a few examples:

37. The World Economic Forum's Global Competitiveness index for 2017-2018 rates us very highly. Out of 137 countries, Malaysia is ranked 3rd for Strength of Investor Protection, 5th for Pay and Productivity, 5th for our low Burden of Government Regulation, and 14th for our Quality of Education System.

38. The International Monetary Fund has praised what they call our "sound macroeconomic policy responses in the face of significant headwinds and risks". In their most recent report, published last month, they said, and I quote: "The Malaysian economy has shown resilience in recent years and continues to perform well."

39. The World Bank recently confirmed they think we are on track, reporting that, "Malaysia is expected to achieve high-income country status in the next few years." They have also stated

that “The Malaysian economy is progressing from a position of strength.”

40. And a survey last year co-authored by the Wharton School at the University of Pennsylvania awarded Malaysia the laurels as the “Best Country to Invest in”. They said, and I quote: “Malaysia is the clear frontrunner in this ranking, scoring at least 30 points more than any other country on a 100 point scale.”

Ladies and gentlemen,

41. There are certain politicians that would like to make you think that Malaysia is in danger of going bankrupt. Does it sound like it to you? I think not, and neither do the World Bank, the IMF or any credible independent agencies and economists. Quite the opposite, in fact. It is those politicians are bankrupt of ideas. They are so desperate that they are willing to run down their own country for personal political gain.

Now, ladies and gentlemen,

42. As I said to you at the last Invest Malaysia, we have only arrived at that position of strength – Malaysia only receives these accolades – because we put in place a far-reaching economic plan, and we have taken the tough but necessary decisions to protect the resilience of our economy.

43. These notably include the decision to diversify sources of government income. We spared Malaysia from suffering from the massive drop in the price of petrofuels by reducing our reliance on oil and gas revenues – from 41 percent in 2009 to 14 percent today.

44. That truly saved Malaysia. Imagine if we were still so reliant on oil and gas revenue. It would have been catastrophic.

45. We also took the difficult but necessary and far-sighted decision to introduce the Goods and Services Tax, or GST. It was not popular, but it was the right thing to do. There is a reason that

over 160 countries around the world implement a similar tax, and that is to ensure a wide enough tax base, one that can withstand fluctuations in the global economy.

46. Other countries have followed suit, such as India – as well as two of the richest countries in the world, Saudi Arabia and the United Arab Emirates. The fact that they have introduced their own versions should put the lie to the idea that we could just abolish or zero-rate GST. Never mind how we would replace the RM41 billion collected from GST last year.

47. It is essential to keeping down our deficit; to keeping Government debt below our self-imposed level of 55 percent of GDP (as of June 2017 it was 50.9 percent); and to ensuring that our sovereign credit ratings remain within the A band.

48. If our ratings were downgraded, lending costs for all, including business and individuals seeking loans, would increase. All would suffer. GST has protected us from that.

49. We took these measures, a few years ago, at a time when the global economy was facing a particularly challenging period. And let me very clear – Malaysia was not unaffected. Abroad, we saw countries – including many of the largest economies in the world such as the US and those belonging to the European Union – struggle to deliver growth. This impacted us and, as I said earlier, was compounded by the drastic fall in the oil price which severely impacted our revenues.

50. But there was more to it than that.

51. Within Malaysia, there was a concentrated campaign to sabotage our economy for political gain. Challenges at certain state-owned institutions, and you will all know I am referring to 1MDB, were amplified and used as a tool to suggest that our economy was collapsing.

52. Now, I am not going to brush over this issue. There were indeed failings at the company, there were lapses of governance. There was valid cause for concern.

53. This is why I ordered one of the most comprehensive and detailed investigations in Malaysia's corporate history, one that involved multiple lawful authorities, including a bipartisan parliamentary body. Their findings were taken on board – and the company's board was dissolved, its management team changed, and its operations reviewed.

54. 1MDB rationalised its assets, and with the proceeds, took an aggressive approach in reducing the debts to its lowest possible levels, and the Company concentrated their efforts on ensuring its two most valuable assets, Bandar Malaysia and Tun Razak Exchange, remain as attractive investment propositions to both its shareholders and its investors.

55. But just as we have learned lessons there, so we have learned lessons from past mistakes. For as we planned Malaysia's economic transformation, we had many legacy issues to confront. Some of our development under a former leader had come with an unnecessary price tag – a class of crony capitalists whose wealth came at the cost of ordinary Malaysians. We vowed that would end.

56. For decades, public transport was neglected. It was incoherent, with different owners,

different systems, and certainly no integration. One man's obsession with the idea of a national car – which is now being turned round under international joint ownership – led to Malaysia lacking an efficient public transport system.

57. This was a serious obstacle to our ambition to achieve high income status and for Kuala Lumpur to be a world class capital, so we immediately took steps to rectify that and indicated that public transport would be a top priority for the Government.

58. Also during that time, the government signed Independent Power Plant concessions that were so lopsided that consumers had to pay far more for energy than they should have done, even energy they weren't using. .

59. This was a real burden to the people, so we renegotiated these concessions – because we were determined that in future, we would not allow private companies to earn excessively at the expense of ordinary Malaysians.

60. Thirdly, during that period, the ringgit was pegged against the US dollar for far too long. Investors and global markets lost confidence in us, and it took a long time to win that back. That was a very heavy cost to the country.

61. There are some leading the opposition whom I'm afraid really don't understand economics. They talk about us re-pegging the ringgit as though that would be an easy and helpful move. The reality is that this would be an unmitigated disaster for our economy and therefore for the prosperity of our people.

62. So we have made it very clear that we would never repeat that measure, trusting that while there may be short term fluctuations, in the longer term the level of the ringgit would reflect the strength of the Malaysian economy.

Ladies and gentlemen,

63. Those were issues of the past that we had to correct. But we are, and we have been, focused on the future. And we know that depends on our human capital infrastructure, our preparedness for the Fourth Industrial Revolution, our embracing of the digital economy, our proficiency in languages including English, and our investment in the hard infrastructure of roads, railways, ports and the like.

Ladies and gentlemen,

64. Some of the most robust proof of the Malaysian economic transformation is evident in the new economy we are building. We have put many investments and incentives in place to ensure we capture a good share of the new global economy. Let me mention just a few.

65. The Malaysia Tech Entrepreneur Programme is designed to attract overseas tech founders who also see ASEAN as an unmissable opportunity. They can base themselves here via a 1-year or 5-year stay programme.

66. The Malaysia Digital Hub provides opportunities for business to connect to the digital economy ecosystem by providing designated physical spaces for growing startups to develop their next big ideas.

67. Our new Digital Free Trade Zone – the world's first outside of China – aims to capitalise on the exponential growth of the internet economy and cross-broader eCommerce. Although it only officially started last November, over 2000 SMEs have already registered to take advantage of the remarkable opportunities this platform offers.

68. We have provided further support for this crucial sector with the establishment of a government-owned agency, the Malaysia Digital Economy Corporation, or MDEC; as well as the Malaysian Global Innovation and Creativity Centre, or MaGIC, which is a one-stop shop to support entrepreneurship, and to catalyse creativity and innovation.

69. These efforts have already seen results, and international recognition. I am pleased to say that Malaysia is:

- 2nd in ASEAN in the Digital Evolution Index 2017;
- 5th in Asia in the Huawei Global Connectivity Index 2017;
- 7th in Asia in the ICT Development Index 2017;
- 6th in Asia for the Networked Readiness Index 2016; for the Cloud Readiness Index 2016; and the Asian Digital Transformation Index 2016.

70. Our young, tech savvy population was also recognised by a 2016 Thomson Reuters Foundation poll, which ranked Malaysia the 9th best place to be a social entrepreneur in the world.

71. These accolades provide confidence that this crucial area of the new economy is on the right track and will continue to deliver stellar results.

Ladies and gentlemen,

72. Around Malaysia, from East to West, this Government has supported the development of people-centric infrastructure that will take the country to new heights.

73.

Key projects include:

- The Murum Hydroelectric Plant, a 944 megawatt energy project in Sarawak launched in 2016.
- The transformation of the Sapangar Bay Container Port in Sabah into the Eastern Transhipment Hub, with RM1 billion in federal funding for expansion and further development.
- The Pan Borneo Highway.
- The East Coast Rail Link in Peninsular Malaysia.

- The new MRT lines in Kuala Lumpur – the second phase of which was delivered ahead of time and under budget, which is a sign of the excellence and efficiency we are encouraging.

- Upgrading the international airports in Penang and Langkawi, and the launch of the Labuan Development Blueprint 2030.

74. And not so far ahead, we look forward to the high speed rail link from KL to Singapore, which will cut travel time between the two cities to 90 minutes, as opposed to four or five hours by car.

75. In fact Singapore and Malaysia just signed an agreement on another cross-border rail link, which will deepen people-to-people ties – I look forward to more Singaporeans popping over

the border for some authentic Johor mee rebus! - and be game-changers for growth in both countries. We also launched the Marina One and Duo projects jointly developed by Khazanah Nasional and Temasek, which will reap rich rewards in terms of profits for the peoples of both countries.

76. That's an example of the positive effects of leaders who try to work with other people, rather than bad mouthing neighbours and spending their days writing sarcastic blog posts.

Ladies and gentlemen,

77. These projects are all game-changers for the people of Malaysia, vastly easing mobility, increasing connectivity, supporting industry and tourism, and leading to the creation of thousands and thousands of new jobs.

Ladies and gentlemen,

78. We want all Malaysians to share in the future we are building, but are conscious of the fact that issues such as rises in the cost of living hit low income families the hardest.

79. This is why we introduced the 1Malaysia People's Aid, or BR1M, under which RM6.8 billion was distributed to 7 million households in 2017 – an allocation which even some of our more fair-minded opponents have conceded is a success and targets those truly in need.

80. In the last Budget I also announced extra funds to assist farmers, fishermen, small-holders and rubber tappers; I announced RM6.5 billion to provide basic infrastructure in rural areas; I committed to building hundreds of thousands of affordable houses; I provided further exemptions to GST, such as for schools, houses of worship funded by donations, and essential food items.

81. We set out tax cuts that will benefit 2.3 million Malaysians, while 261,000 people will no longer have to pay income tax at all. I have instructed significant measures like this because

we understand the concerns of ordinary households.

82. We also aimed to improve work-life balance by requiring Government Linked Companies to promote flexible working arrangements, to provide childcare centres at their main offices, and to introduce shorter working hours for expecting mothers. .

Ladies and gentlemen,

83. On that note, I should also add that we have designated 2018 the Empowering Women Year. We take this very seriously, as this Government has always recognised not only the contributions of women at home and at work but also the role of women in leadership.

84. In 2011 we initiated a national policy for at least 30 percent of decision-making roles to be held by women. We have met this target, both among civil servants and also the top management of listed companies. Next, we aim for at least 30 percent of boards to be made

up of women by 2020.

85. Progress is being made. At the end of 2017, women accounted for 19.2 percent of directors of Top 100 PLCs - compared with 16.6 percent in 2016. Commendably, 15 of the Top 100 PLCs such as PETRONAS Gas, Sime Darby Property, AMMB, Top Glove and Gamuda, exceed the 30 percent quota.

86. And I hope she won't mind me pointing out that Malaysia's largest public listed company – Maybank – has a female chairman. And Prasarana – our biggest public transport service operator – has a female CEO.

87. You may remember that during Invest Malaysia last year I announced that companies with no women on their boards would be publicly named. So it gives me pleasure to be able to tell you that the number of Top 100 listed companies with no women on the board has been reduced from 20 in 2016, to only 7 by the end of 2017.

88. That's progress. But that's still too many, and I say to those seven: we are watching you!

Ladies and gentlemen,

89. Another part of our society to which we are paying special attention is our youth – because they are our future. I mentioned our 2050 National Transformation, or TN50 initiative the last time we met.

90. This bottom-up initiative is all about dialogue with our people, for us to listen and learn so that Government is no longer just a regulator or facilitator but forms a true partnership with our citizens to build a greater nation together.

91.

I am pleased to say that by November of last year, more than two million Malaysians had taken part in our TN50 dialogue sessions, which produced more than 80,000 aspirations from the people.

92. This, ladies and gentlemen, is the Malaysia we are forging. A diverse, tolerant and productive nation where the Government listens – not just gives orders, as at times in the past. Where transparency and efficiency will be our watchwords in both the public and the private sectors.

93. A nation that is your gateway to ASEAN, and once the Regional Comprehensive Partnership is concluded, to the almost 50 percent of the world's population and over 30 percent of global GDP that agreement will cover.

94. A nation that is leading, and that has been at the forefront of implementing reforms, such as rationalisation, BR1M and GST, which major economies have then adopted.

95. A nation that fully grasps the possibilities of the economy of the future, and is embracing them as we speak.

Ladies and gentlemen,

96. I hope that what I have set out for you today persuades you of the opportunities this country offers.

97. Come and join the journey. We urge you to invest in Malaysia's potential and be part of that success.

98. On that note, let me welcome you to Kuala Lumpur, and convey my thanks to the organisers, Bursa Malaysia and Maybank. I hope you enjoy your time in Malaysia and I wish you all a very successful conference.

Thank you.