enyampai : **DATO' SRI NAJIB TUN ABDUL RAZAK**

Tajuk : **WORLD CAPITAL MARKETS SYMPOSIUM 2018**

Lokasi :

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Distinguished guests,

Ladies and gentlemen,

A very good morning to you all.

1. I am delighted to be back here today, at the fifth World Capital Markets Symposium, hosted by the Securities Commission Malaysia.

2. From its inaugural edition in 2009, I have been consistently impressed by the quality and rigour of the discussion driven by the renowned speakers at this event, who have included Nobel prize-winners, global leaders, captains of industry and policymakers at the highest level.

3. The fact that this symposium has managed to attract the highest calibre of participants every time speaks volumes about the global reputation and thought leadership of the Securities Commission and this initiative.

4. To everyone who has flown in to attend this symposium today – selamat datang ke Malaysia. Please enjoy your stay here, and do take the opportunity to experience our country and all the rich diversity it has to offer.

Ladies and gentlemen,

5. The theme of this symposium, “Renaissance of Capitalism: Markets for Growth”, is apt. For this is a time when we need to reassess the models and global relationships that have underpinned growth for most of the 20th century.

6. How they can be improved to meet the needs of the 21st century? How much will they need to be changed or discarded, or superseded by the new models associated with the Fourth Industrial Revolution and the digital economy?

7. We know that innovation and technology will be key, but we are also aware that inclusivity and sustainability must be at the very heart of our economic programmes.

8. For a system of capitalism that does not stress those two values – inclusivity and sustainability – is one that is too distant from the people, and fails in its task of serving the people properly.

9. So what is the role of government in ensuring that our economic growth and progress is relevant and beneficial to the people? Let me start by considering how a country sees itself and its place in the world. Going back to the days of the Melaka sultanate, Malaysia has a long history of being a nation that looks not inwards, but outwards to the world.

10. Malaysia has always been an example of stability and moderation, open to friendship with all, in keeping with our past as a seafaring, trading nation; a multi-ethnic, multi-cultural and multi-religious nation, friendly to all and an enemy of none.

11. For example, under my father, Tun Abdul Razak Hussein, Malaysia became the first country in ASEAN to establish diplomatic relations with China. My Government has continued this approach – of being open, of extending the hand of friendship, and of being willing to work with others.

12. We have signed Comprehensive and Strategic Partnerships with a number of countries, including the United States, India, China and Japan.

13. We have facilitated peace talks in both Thailand and the Philippines, which, given our proximity, makes both Malaysia, as well as our two neighbours, safer.

14. Our practice of moderation and cooperation made us a natural fit for a key establishment in the global fight against extremism, the Regional Digital Counter-Messaging Communication Centre, to be set up here in Kuala Lumpur, as well as the King Salman Centre for International Peace.

15. On the global stage, Malaysia's status as a trusted interlocutor and leader in the international community was also demonstrated last December, when our resolution to combat extremism and radicalisation initiated by the Global Movement of Moderates was accepted at the 72nd Session of the UN Assembly.

16. We have taken a strong role in the Organisation of Islamic Cooperation, and we have been at the forefront in calling attention to the appalling plight of the Rohingya, raising this in ASEAN – when no one wanted to do so – and with global powers, such as the United States.

17. We have seen the results of this, in terms of the international community taking a much stronger position on this humanitarian crisis, while Malaysia has taken concrete action by setting up a field hospital in Cox's Bazaar which has been administering to the victims of what many have now referred to as a campaign of ethnic cleansing.

Ladies and gentlemen,

18. This outlook on the world is at the service of, and benefits, the people of Malaysia.

19. For these engagements and agreements have brought us economic dividends in terms of trade and employment, such as the RM175 billion investment by China in Malaysia, Saudi Aramco's RM31 billion investment in Petronas's Refinery and Petrochemical Integrated Development in Johor, and the RM159 billion investment and economic cooperation deals agreed with India.

20. At the peak of construction, the Petronas project in Johor alone will create up to 60 thousand new jobs – and neither that, nor China's or India's investment, will lead to Malaysia giving up an inch of sovereignty, as anyone with the slightest grasp of economics will be aware.

Now, ladies and gentlemen,

21. It is true that Malaysia had a former leader who had a confrontational foreign policy, who acted out of anger, and seemed unable to let go of old grievances. This Government, on the other hand, has been forging new bonds in the region and beyond, and has been strengthening ties with old friends – because this is what will improve the well-being of the people, not harping on past quarrels.

22. This is how Malaysia and Singapore came to a win-win solution to the Points of Agreement on Malayan Railway Land in Singapore, and how we came to sign an agreement for the High Speed Rail Link between our two capitals – which will bring the journey time down to only 90 minutes.

23. In fact, we are now working closely with Singapore across many fronts. These range from physical connectivity, such as the Johor Bahru-Singapore Rapid Transport System Link, to real estate development, such as Marina One, which will be jointly developed by Khazanah Nasional and Temasek Holdings, a project that has a gross development value of SGD 11 billion.

Ladies and gentlemen,

24. At home, we have also been ensuring that capitalism, trade, and our economy are fit for purpose – and are truly working for our citizens.

25. My Government recognises that we live in a new era, one where the excesses of crony capitalism of a former era must remain in the past, and we are instituting a renewed focus on corporate governance combined with strong economic oversight.

26. We are committed to ensuring that businesses and institutions not only deliver value for their stakeholders and the communities within which they operate, but also live up to the highest standards of governance, as befits Malaysia as we continue our march towards becoming a developed nation.

27. We put in place a far-reaching plan – the Economic Transformation Programme – and we have not shied from taking tough but necessary actions to protect the resilience of our economy.

28. We knew that we had to diversify sources of government income, so we reduced our reliance on oil and gas revenues from 41 percent in 2009 to 14 percent today. That saved Malaysia much of the impact from the massive drop in the price of petrofuels.

29. We also introduced the Goods and Services Tax, or GST, to ensure that we have a wide enough tax base. This supplied us with RM44 billion in revenue in 2017, and has stood Malaysia in very good stead in the face of the fluctuating global economy.

30. It has been essential to keeping down our deficit, which is on course to fall to 2.8 percent this year, from 6.7 percent in 2009, and to keeping Government debt below our self-imposed level of 55 percent of GDP – last year we achieved 52 percent – as well as to keeping our sovereign credit ratings within the A band.

31. Many other countries, including some of the large advanced economies, have struggled to deliver the growth that represents the benefits of capitalism to their peoples. Malaysia, by contrast, enjoyed an average GDP growth of 5.4 percent from 2010 to 2016 – more than double the global average.

32. In fact in 2017, Malaysia's economy 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.

Ladies and gentlemen,

33. The success of our long-term economic plan can be seen in a range of other indicators as well.

34. Since 2009 Gross National Income, or GNI, has increased by over 50 percent. Just last year, it expanded by a very healthy 9.1 percent, to RM1.3 trillion.

35. Over that same time frame, the incidence of poverty fell from 3.9 percent to 0.4 percent. 2.26 million jobs have been created. Unemployment and inflation have been kept low.

36. And in November 2017 our gross exports reached the highest receipts ever recorded, at RM83.5 billion.

Ladies and gentlemen,

37. The vibrancy of our economy has been recognised by the major multinationals moving here – such as HSBC, which is investing over RM1 billion to build its future regional headquarters at the Tun Razak Exchange; Huawei, which has made Malaysia its global operations headquarters and training centre – with a project cost of RM2.2 billion and employing more than 2,370 people; and Broadcom, the world's third largest manufacturer of semi-conductors, which is transferring its global distribution hub to Malaysia.

38. No wonder a survey co-authored by the Wharton School at the University of Pennsylvania declared last year that Malaysia was 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."

39. This is a tribute to the strong economic governance and constantly improving regulatory framework we have implemented, for we know that a business-friendly environment is one in which all Malaysians and all investors will thrive.

Ladies and gentlemen,

40. Earlier on, I mentioned the need for inclusivity and sustainability to be at the very heart of our economic programmes. I am pleased to say that in the World Economic Forum's latest report, Malaysia came first out of all Asian emerging economies for inclusive development.

41. We want a Malaysia in which no one is left behind, and opportunity is genuinely there for all.

42. This includes helping those in the Bottom 40 percent, which is why we introduced the 1Malaysia People's Aid, or BR1M, which targets those truly in need. And last year RM6.8 billion was distributed to 7 million households in 2017.

43. In the last Budget I also announced extra funds to assist farmers, fishermen, small-holders and rubber tappers, and substantial allocations to provide basic infrastructure in rural areas and to build hundreds of thousands of affordable houses.

44. I announced further exemptions to GST, tax cuts that will benefit 2.3 million Malaysians, while 261,000 people have been taken out of the tax base altogether. These are significant measures that will be of real benefit to millions of households.

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

46. But on that note, we believe that our GLCs can and should play a bigger role in making a positive contribution to society. We have put in place guidelines such as the "Silver Book – Achieving Value Through Social Responsibility" by the Putrajaya Committee on GLC High Performance, and many of our organisations have been responding very positively.

47. Today, I would like to make it a policy that all GLCs go further – and lead the way in contributing a

minimum of 1 percent of pre-tax profits to social and environmental causes. Many GLCs already do so, but it is my hope that this renewed emphasis will inspire and motivate all Malaysian organisations to follow suit.

48. This would make a big difference to the lives of many, as that 1 percent from just the top 100 PLCs would translate into more than RM1 billion going directly towards society.

49. I also commend our regulators for their efforts to enhance transparency, and for advocating meaningful disclosures that truly benefit the overall environment and create a positive impact on the wider community. As a start, we will aim to track the contributions made by our GLCs and update you on the impact they have made.

Ladies and gentlemen,

50. We have also been consistent in investing in our greatest asset – human capital – so that the opportunities for upward mobility are available to all. We have rolled out programmes providing training and financial assistance across all segments of our workforce, including graduates, women and local entrepreneurs.

51. We have been making the right investments to prepare the Malaysian economy and society for the future, and a key priority was to ensure the adequacy of our infrastructure – both physical and digital.

52. In addition to upgrading our existing roads and public transport networks – with major projects such as the second phase of the MRT lines in Kuala Lumpur delivered on time and under budget – last year we launched the world's first Digital Free Trade Zone outside China – the first step towards positioning Malaysia as a global hub for the e-commerce industry.

53. We know that there are huge opportunities in this area, and we are determined that Malaysians will be at the forefront of this innovative and exciting economy of the future.

54. On that note, I am pleased to say that since I launched the “aFINity” programme during the last WCMS, the Securities Commission has introduced a holistic digital agenda for our capital market.

55. To enhance investor participation, the SC will facilitate more digital intermediaries, such as digital investment managers, digital brokers and digital trading platforms. This introduction of digital innovation is vital to ensure the continued growth and global competitiveness of our capital market, and I commend the SC for driving this agenda forward.

On that subject, ladies and gentlemen,

56. Let me say that over the last few years, our capital market has steadily grown to RM 3.2 trillion, with average fund raising of more than RM 110 billion annually.

57. Our fund management industry manages more than RM 760 billion in Assets Under Management, and we are also recognised as leaders in the Islamic Capital Market area, particularly in the areas of sukuk and Islamic funds.

58. This is testament to the efforts of our regulatory authorities in creating a facilitative environment for innovation in the capital market, and a reflection of the confidence of both domestic and foreign investors in our economy.

59. To further enhance the vibrancy of the equity market and take it to the next level, I am pleased to announce the following measures:

60. In the 2017 Budget, we included actions to enhance the vibrancy of the mid and small cap segment of our stock market. We have more than 350 listed mid and small-cap companies with total market capitalisation of RM217 billion, accounting for more than a third of companies listed on Bursa Malaysia.

61. This is a very important segment of our stock market that will pave the way for future large

companies, more corporate activity and greater investment value for investors.

62. To enhance better value recognition and vibrancy in this segment of the stock market , as well as to encourage greater investor participation, I am pleased to announce that stamp duty on shares of mid and small cap companies traded on Bursa Malaysia will be waived, effective March 2018 for a period of three years.

Ladies and gentlemen,

63. After extensive discussions with the Securities Commission, I'm delighted to announce that the following measures will be implemented to further stimulate vibrancy in the market:

• Margin financing rules will be liberalised to make our market more attractive;

• Intraday Short Selling will be allowed to all investors;

• A new category of traders who trade on their own account, known as "Trading Specialists", will be introduced;

• A volume-based incentive programme will be introduced by the exchange to catalyse greater trading activity; and

• All new investors will be given a fee waiver on trading and clearing fees for six months to encourage more participants to trade on our market.

Ladies and gentlemen,

64. These are just some of the steps we are taking to ensure that we do indeed participate in a renaissance of capitalism and that our growth is shared by all.

65. I am pleased to announce now another instance of where our outward-looking policy is having real effects for Malaysia and also our neighbours.

66. After discussions between Prime Minister Lee of Singapore and myself, I am glad to say that we have agreed that both markets have reached a sufficient level, sophistication and degree of maturity for us to establish a market corridor connecting Malaysia and Singapore, with a trading link between our respective exchanges – to spur further mutual benefits and harness the economic potential of our two nations.

67. A regulatory arrangement will be worked on by the countries' relevant regulatory authorities, to pave the way for the establishment of this trading link.

68. This 'Malaysia-Singapore Connect' will provide investors on both sides of the causeway with easier and seamless access to each other's markets with a combined market capitalisation of more than USD 1.2 trillion and 1,600 public listed companies.

69. This exciting initiative will indeed widen investment options for investors and contribute towards greater activity and vibrancy in both markets.

Ladies and gentlemen,

70. Malaysia stands as a 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.

71. We are also due to sign the Comprehensive and Progressive Agreement for Trans-Pacific

Partnership, the successor to the TPP, in March.

72. Our reforms and economic management have been commended by numerous bodies such as the IMF and the OECD. The World Bank says that we are expected to achieve high-income country status in the next few years, and they state that – and I quote – "The Malaysian economy is progressing from a position of strength."

73. We are now planning further for the future with our Transformation 2050 – or TN50 – initiative, a ground-breaking programme in which we are consulting our people about the Malaysia of the 21st century they want.

74. I am pleased to say that by November of last year, more than two million Malaysians had taken part in our TN50 dialogue sessions, producing more than 80,000 aspirations. I can assure you that my Government will pay great attention to the voices of our citizens as we plan the next steps in our journey as a nation.

Ladies and gentlemen,

75. Malaysia's progress today owes much to our ability to reap the benefits of an open economy without compromising our stability and resilience.

76. We believe in a market economy, but one that is fair; one that listens to and takes care of all Malaysians; one that seeks alliances and the benefits of cooperation rather than unnecessary conflict; and one that recognises that we cannot stand still or rely on old ways of doing business at every level – we must constantly innovate and embrace the new, while retaining our traditions, our culture and our unique harmony and diversity.

Ladies and gentlemen,

77. I wish you well for your discussions and meetings over the next two days – and I look forward to hearing from you about how we can learn from your experiences, just as I hope ours will be useful to

you.

Thank you.