

Welcome Remarks by Mr Mirzan Mahathir
President, Asian Strategy & Leadership Institute
11th Malaysia Strategic Outlook Conference
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Asian Strategy & Leadership Institute, KL
What's next for Malaysia after the Global Financial Crisis?

YB Tan Sri Muhyiddin Yassin, Minister of International Trade & Industry;

Honored Guests, Distinguished Speakers and Panelists,

Members of the Media,

Ladies and Gentleman,

It gives me great pleasure to welcome you to the 11th Malaysia Strategic Outlook Conference. We appreciate the presence of YB Tan Sri Muhyiddin Yassin this morning and look forward to his keynote address which no doubt will set the stage for our deliberations throughout the day. The Conference today serves as a curtain raiser to 2009, aiming to identify key challenges and issues facing the Malaysian economy and potential strategies to explore based on emerging trends.

2008 was a year where “subprime mortgages”, “toxic debt” and “credit crunch” rose as buzzwords. The first half of the year was one of inflationary worries and policy adjustments to cope with seemingly uncontrollable rising prices. We paused for the magnificence of the Beijing Olympic Games which touched the hearts of the peoples of China and indeed Asia if not the world. Then the second half and particularly the last quarter saw a steep descent into financial chaos and economic malaise.

Venerable financial institutions disappeared overnight or were taken over by reluctant capitalist-oriented governments. Bail-outs of unprecedented magnitudes were proposed, debated furiously, passed and implemented. One after another, countries guaranteed bank deposits and used all means to prod banks to lend to each other let alone to companies that were squeezed of liquidity by the very banks that were so recently so 'friendly'. One after another, countries fashioned stimulus packages in an effort to inject life into suddenly moribund economies. Ordinary people started losing their jobs, their homes, their life savings, some becoming bankrupt. Global demand vanished bringing industry to the brink of collapse. Indeed, the scale of this crisis is breathtaking. Many equate this global deceleration to the Great Depression further affecting confidence and investment.

With this turn of events, how is Malaysia faring? As a trading nation, the evaporation of demand has had a significant impact on industry. Our commodities also were hit by price declines across the board. Our export earnings have declined as a consequence while domestically price declines has eased inflationary pressures. Declining domestic demand has hit retail sales as well as the purchase of big ticket items. In line with the rest of the world, our stock market has also suffered losses due to dimmed near term prospects for listed company profits. Fortunately, our banks are in good shape although as we can expect, rising lending conservatism has meant that the private sector, particularly the SMEs, are finding funding tough to secure. The government is playing its part by announcing economic stimulus packages targeted at companies and families that are badly hit by the sudden slowdown.

The silver lining of any crisis is the opportunity to force through measures that would not have been possible in a rampant growth economy not that we've experienced such growth for a while now. Nonetheless, the government must use this time to

fundamentally transform our nation's economy so that we are well-positioned to take advantage of the eventual return of global demand. There is so much to do; some that can be quickly implemented while others that require careful planning and robust and enlightened execution. We have to recognize our failings, our structural impediments, our inability to compete as well as the unique positive attributes of our people, our institutions, the dynamism of our private sector, our environment, our location. From a frank assessment of our situation emerges strategies that can bring us out of the economic malaise ahead of the pack, in a stronger and more competitive shape than our peers. It is a combination of thoughtful government policy formulation and execution and individual companies leveraging off the favourable environment created to become leaders in their sector. Leadership, strong, committed and pragmatic, in both the public and private sectors, will make the big difference.

It is in conferences such as this, with individuals with necessary expertise and experience that vocal rigorous debate should take place so that robust, practical and appropriate strategies can be formulated, recommended and implemented. I encourage all of you to speak your mind constructively with a view of giving a broad range of opinions so that we all understand what we are facing and the possible implications of various strategies. It is only through the collective effort by all of us Malaysians that will get us out of the current situation and into a favourable position. During this challenging time, we must remember to assist those who are disadvantaged and cannot help themselves.

In closing, I would like to thank all our eminent speakers and moderators, as well as our generous sponsors: AIAK, CISCO System Malaysia, Metro Kajang Holdings Berhad and UEM Group without whom we would not be able to organize this event.

My appreciation also goes to my colleagues at ASLI, who worked tirelessly to bring to you this latest edition of our pre-eminent annual conference. Allow me to thank all of you this morning for investing your valuable time to participate in this conference. I hope that you will come away with insights and potential strategies and action plans that you can set in motion for the benefit of your organization, your people and the nation as a whole.

Thank you.