

**OPENING KEYNOTE ADDRESS BY**  
**YB DATO' SERI ONG KA CHUAN,**  
**MINISTER OF INTERNATIONAL TRADE & INDUSTRY II**  
**AT THE 20TH MALAYSIA STRATEGIC OUTLOOK CONFERENCE**  
**25 JANUARY 2018 (THURSDAY)**  
**9.25-9.50 pm (25 minutes)**  
**HOTEL ISTANA KUALA LUMPUR**

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YBhg. Tan Sri Dato' Dr. Michael Yeoh,  
Chief Executive Officer/ Director,  
Asian Strategy and Leadership Institute (ASLI)

Distinguished Guests, Ladies and Gentlemen,

1. I am delighted to be here today to address the 20TH MALAYSIA STRATEGIC OUTLOOK CONFERENCE, entitled "Malaysia's Trade and Investment Outlook: Challenges, Issues and Prospects".
2. Firstly, I would like to congratulate the Asian Strategy and Leadership Institute (ASLI) on your on-going efforts in stimulating thought leadership through the Malaysia Strategic Outlook Conference, which is in its 20th edition this year.

Ladies and Gentlemen,

3. The global economy is, by most measures, out of the woods. The International Monetary Fund (IMF) has projected global growth to rise to 3.7% in 2018, powered on by strong trade and investment momentum in China, Malaysia, and other parts of emerging Asia.

4. Recovery in the advanced economies, especially the United States and the Eurozone, has also been very encouraging, to the point where the central banks are now confident enough to prepare for a rising interest rate environment. This signals that the fight is now on containing inflation before it spirals out of control, rather than stimulating growth as they have been doing for the past 10 years.

Ladies and gentlemen,

5. We may be seeing some permanent changes to the world economic landscape. As the emerging market, particularly Asia, becomes richer and more sophisticated, the global economic power is gradually shifting from the West to the East. So, instead of products designed in the West but assembled in Asia, we are seeing Asia becoming increasingly skilled to innovate and enhancing productivity levels along the value chain in the region.
6. This cycle of innovation leads to skills upgrading and job creation. It will further boost household income and together, we can uplift our living standards and achieve the developed nation status not too far into the future.
7. At the same time, we must also be vigilant in responding to the changing global environment such as protectionist policies by certain countries. On this side of the world, we are of the view that the answer to a more equitable growth lies in pursuing a comprehensive and progressive framework on a multilateral basis.

Ladies and gentlemen,

8. Despite all these challenges, Malaysia is still expected to do well in 2018. The World Bank projected Malaysia's economy to continue growing at a strong pace of 5.2% this year, citing solid private consumption, sustained wage growth, and more importantly, acknowledging the gains from the government's various income support measures. If we continue with this trend, according to the World Bank, Malaysia is in line to achieve high-income status.
9. The government is very clear on our objectives. We are aware of the consequences of budgetary adjustments to cost of living. Hence, a big portion of tax revenue collected is directly channelled to the B40 group. Many of them are farmers, fishermen, and senior citizens who are more vulnerable to external economic shocks than others.
10. The government is also on the side of the younger population. We want to help the youth to raise their income level, and that is why the government has invested RM50 billion for the Technical & Vocational Education Training (TVET) programme and a further RM75 billion to prepare for Industry 4.0 through close partnerships with the educational institutions and employer organisations. In addition, the launching of the Digital Free Trade Zone (DFTZ), the first digital platform outside of China, is also expected to create 60,000 jobs and generate USD65 billion in trade value by 2025. A big chunk of this will be benefitting the digitally-sophisticated youth segment of the population.
11. We have full confidence and faith in our young people, that they have the talent, skills and tenacity to make it big in the world, and to drive this country forward. As the government, we continue to provide stability and the right environment for ideas and hard-work to thrive.

Ladies and gentlemen,

12. This is a very interesting time to be in. With the economic centre of gravity shifting to Asia and the scaling-up of China's economic might has created a second "big-bang" in global trade and investment since the end of World War II.
13. In the first eleven months of 2017, strong growth recorded for Malaysia's exports, imports and trade. During the period, exports surged by 20.4% to RM856.05 billion. The total value of trade, exports, imports and trade balance for the first 11 months of 2017 had surpassed that of the whole of 2016, respectively. Based on the performance so far, the full year (2017) estimate of 16.6% export growth as stated in the Economic Report 2017/2018 is well within reach. Meanwhile, Malaysia Industrial Development Finance (MIDF) projected exports to increase by 9.3% in 2018 underpinned by the improvement in the global growth.
14. Investment growth has also been very encouraging, given the softening global FDIs trend, but we continue to see sustained domestically-driven investment as a positive sign, in addition to some 70.4% of foreign investments recorded for expansion or diversification in the manufacturing sector. This is important as the foreign investors continue to acknowledge Malaysian government's progressive policies for the longer term as identified in the 11th Malaysian Plan as well as the National Transformation 2050 (TN50).

Ladies and gentlemen,

15. China today is the second largest economy in the world and is forecast to be bigger than the US even before 2030. Recognising that China's economic expansion initiatives are in line with Malaysia's policy

direction and strategies, we are working strategically with China to achieve mutually beneficial outcomes. As at December 2016, a total of 220 manufacturing projects with participation from China have been implemented with investments worth RM14.2 billion.

16. Meanwhile, China investors have also been growing their presence in our services sectors. This includes the development of transportation facilities like railway locomotives and rolling stock (for example, CSR Co.), ICT (Huawei and ZTE Corp), education (Xiamen University) and financial services (Industrial and Commercial Bank of China – ICBC and Bank of China – BOC).
17. In the Industry 4.0 space, we find companies like Siasun – China’s largest organisation for robotics development, collaborating with Johor Corporation (JCorp) to set up a Robotic Future City. The project is poised to create high-income employment opportunities, advanced robotics technology transfers and spur the growth of various supply chains, which in return will accelerate the economic growth of the state and the country.
18. Bilateral trade between Malaysia and China, our biggest trading partner, is expected to increase to USD160 billion by 2020 while access to cheap and long term funding is abound, especially for infrastructure projects that may form an integral link to China’s ambitious Belt and Road Initiative. In fact, we have witnessed 9 Memorandums of Understandings and Agreements signed between Malaysian and Chinese companies, which aim to eliminate barriers to trade whilst increasing opportunities for local players on a global scale.
19. Compared to other countries, we have the additional advantages in having the most complete Mandarin vernacular education system outside China, and a closely-linked Chinese diaspora network that

share the same value system and ways of doing business, that may at times seem more long-term and sustainable compared to some Western business models.

20. But the key to unlocking the opportunities lies in the competitiveness of our country as a whole. According to the World Competitiveness Yearbook (WCY) 2017 compiled by The Institute for Management Development (IMD), the Malaysian economy is ranked 2nd as the most competitive economy among the ASEAN countries. This is broadly consistent with other reports such as the World Bank where we were ranked 7th in the wide Asia-Pacific region. While there will be some disputes to the methodology used, as you would expect, the consistency in various rankings points to the strength of Malaysia's fundamentals, highlighting that our collective effort and policy initiatives are on the right track.

Ladies and gentlemen,

21. As I mentioned in the beginning, the global economy is out of the woods. We are looking at the start of a new cycle of growth and development. This time around, it is developing markets like China and Malaysia that will be taking the lead. So, we have a clear choice between a proven, sustainable economic plan by this government, or mere promises of populist policies that are fuzzy and inconsistent by others. My hope is that we do not reverse course for some short-term gains, but continue to be committed to maintaining the openness of our economy while being cautious to ensure that these investments meet our aspirations of becoming a developed country.
22. On this note, I would like to express my best wishes to all of you in having a fruitful discussion. Thank you