



SPEECH BY

THE PRIME MINISTER OF MALAYSIA

YAB DATO' SERI ANWAR IBRAHIM

**AMERICAN MALAYSIAN CHAMBER OF COMMERCE
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**SHERATON IMPERIAL HOTEL,
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Selamat tengahari saya ucapkan atas kesudian rakan-rakan hadir untuk menjayakan sidang AMCHAM ke-47

YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz,

Minister of Investment, Trade & Industry;

Ambassador Edgard D. Kagan,

U.S. Embassy Kuala Lumpur;

Anthony Lee,

Chairman, AMCHAM & Chief Executive Officer AIG Malaysia Insurance Berhad;

Dato' Siobhan Das,

CEO, AMCHAM.

1. Thank you very much for this opportunity to share with you some of the concerns and incidentally I just came back from Parliament followed by Tengku Zafrul and I had to deal with two questions today. One, Blackrock and secondly, on the latest World Competitiveness Report. The two tough questions are left to the Prime Minister, but I think that is relevant in the context of this luncheon discussion.
2. We made it very clear that Malaysia must remain a trading nation that is open to investments. Therefore, the collaboration between MAHB and GIP to us is critical and we as a government will support and so is Blackrock's involvement in this country. I mean very clear in front of all members of Parliament, and I think that explains well our position. These are the investments from overseas and from United States of America. I thought I deserve an applause.
3. Possibly most of you are not aware of how sensitive and difficult, and how the entire discourse has been so rancorous at the local level, particularly with the small by-election in Penang, with series of aspersions, caste and allegations about our decision. So, I used the forum in Parliament to give the facts and to say that we as a country has benefited immensely from investments overseas.

4. Although there's growing investments from Europe, particularly Germany and Netherlands and so China, but cumulatively I've said it repeatedly that United States is still its largest investor to Malaysia. And we seen have coming from Penang this phenomenal sort of increase in terms of investments from United States and the advantage accrued to us through the transfer of technology and training and set of excellence even from the early days, Motorola, Intel for example have used Penang as a base.

5. Penang now has emerged as one of the major centres for semiconductor in the country from back-end to now the front-end. Therefore, we will have to respond very fast in terms of providing adequate training and expertise to our people and, therefore I'm here precisely to acknowledge that and thank you for your confidence. And we appeal to you to give all the support necessary, and we will facilitate, not only facilitate, but accelerate the process. Anything goes wrong, blame to Tengku Zafrul. So, I'm ignoring all the figures and everything else just to state the policy position, which is to my mind important and probably will have some exchanges following this.

6. The second question is the second issue, of course, raised by the opposition on the, the, the somewhat decline in terms of our world competitiveness report. And instead of being too defensive, apologetic and giving all the excuses, I said yes, we acknowledge there are some issues, but we're addressing it. We must thank the institute and the report for identifying in detail issues that we must give more consideration. And this is, the, the position that we as a government take. Not necessary to be defensive and, you know, to defend what is probably indefensible but to understand the key issues.

7. Number one, that in terms of economic stability, we are still ranking 8 in the world, which is impressive. But there is certain clear decline in terms of competitiveness due to three factors. Number one, the ringgit because last year performed badly adversely affected, although all the other fundamental figures in terms of growth, investments and low inflation, low unemployment are registered. But still we had this problem. Fortunately, in the last few months you see this change, phenomenal change, which means it is fair to say that one of the issues raised in the report that the decline is due to the ringgit now has been addressed.

8. Now, second issue is of course, this is the lack of clarity and commitment on the part of the political leadership on the issue of economic management, namely subsidy rationalisation, right. We just took over in November 2022. We must navigate and show first that its politically stable and is important to my mind because we have seen a period of uncertainty in politics, minor political turbulence.
9. Certainly, there is a period of instability which is not attractive to investors. But political instability is by itself inadequate, it must follow through with clarity and policies. So, the first six months of last year was just deciphering what is Economic MADANI, the framework, how to attract investments and New Industrial Master Plan (NIMP), the National Energy Transition Roadmap (NETR) and need to emphasise or re-emphasise on food security and of course digital framework.
10. All these issues of digital transformation and energy transition must be crafted clearly because investors want to see clear policies and the determination and effectiveness of government to ensure this is followed through with concrete programmes and facilitation. I ensure acceleration of some of these approvals and that has been addressed.

11. Now, in terms of subsidy rationalisation of course going to be grossly unpopular. It is popular to political analyst or economics, but we must take time to prepare the ground, and we have to show that we do care and concern. That's why in the first part of last year I just made sure that our all our schools, the dilapidated schools and the poor lavatories must be addressed first and the housing for our government servants and public housing must be given adequate attention and of course basic rural and infrastructure and those in the hinterland.
12. Now having obtained that sort of assembles of confidence, then we embark on more radical policies. So, there is of course subsidy rationalisation by reducing tariff, electricity tariff, by means of withdrawing for those very rich and the more successful industries which is not a popular thing to some of you, but I think still is reasonable, cheaper and more competitive to the prices throughout the region.
13. Then of course even we have the subsidy for chicken which comes to about RM 1.2 billion a year. We must therefore withdraw that sort of gap of the price and making sure that we monitor effectively better production and as a result we have maintained the price structure and save the government purse RM 1.2 billion and from electricity tariff is 4.5 billion ringgit and now somewhat its being debated the

issue of diesel subsidy rationalisation which we are determined but we do take extra care to make sure that the poorest element in our society are not affected adversely by this programme. So, we do provide subsidies for the very poor, fishermen, smallholders, taxi drivers, school buses, and we hope through that sort of arrangement we can save another RM 4 billion.

14. This has reference to the World Competitiveness Report with one of the major criticisms is our failure or at least lack of determination, the commitment to undertake this some seemingly unpopular measures, but we did. So, to my mind that by itself would resolve the second major component of the criticism against the economic performance in Malaysia.
15. I hope *insya-Allah* next year will register much better report. Otherwise, you know how I would have to be forced to make some minor reshuffle in the cabinet. That's the only way to save the Prime Minister.

16. So, I think I addressed the two issues, Blackrock, because that would clear the air that this country will not compromise on the need to work and encourage investors without this sort of prejudice and condescending or conceding to some very unreasonable demands.

17. Number two is the issue of our preparedness to undertake the necessary measures to make sure that we remain competitive and grow. Because I believe strongly that Malaysia has this enormous potential to to emerge as a very important economic giant in the region. Workforce, we have that infrastructure we even have a semiconductor ecosystem, and now we are pushing ahead at a very fast track the issue of energy transition both in Peninsula and Sabah and Sarawak in particular, and then the digital transformation.

18. So, I think it would do to end. If you are interested to read all the data and the figures and the numbers. You can look at the paper later.

Thank you.