

PLEASE TRACK AGAINST DELIVERY



**KEYNOTE ADDRESS BY
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MINISTER OF ECONOMY**

Kick Off Conference RMK-13

**05 September 2024 | Thursday | 09.30 AM
MÖVENPICK HOTEL AND CONVENTION CENTRE KLIA**

Central Message:

- **Malaysia's third *pivot of diversification* towards a consumption powerhouse is critical for its long-term trajectory and growth prospects.**
- **RMK-13 is committed to being a concise, comprehensive, and accessible strategic document for everyday Malaysians.**
- ***Madani Mendengar* will directly source suggestions from public thinkers, private players, and everyday people. This will be filtered according to reform and sequencing.**

SALUTATIONS

- **Yang Berbahagia Datuk Dr. Zunika Binti Mohamed, Deputy Secretary General (Policy)**
- **Yang Berbahagia Datuk Dr. Yatimah Binti Sarjiman, Deputy Secretary General (Sectoral)**
- **Yang Berbahagia Dato' Luqman Ahmad, Deputy Secretary General (Macro)**

Distinguished guests, ladies and gentlemen.

Yang Berhormat, para dif kehormat, para tetamu, serta hadirin sekalian yang saya hormati. Selamat datang ke Persidangan Permulaan Rancangan Malaysia Ketiga Belas (RMK13) pada hari ini. Kehadiran anda semua mencerminkan komitmen dan kerjasama yang kuat dalam usaha membangunkan negara kita.

2. When Malaysia celebrated independence, just over 67 years ago, our founding fathers had the daunting task of managing a post-colonial economy. Blessed with natural resources, British officials considered our country a "material prize" and were among the biggest sterling earners for the commonwealth.

3. What eased this transition, however, was the *First and Second Malayan Five-Year Plan*. Strategic documents which prioritised the growth of agriculture and rural development. Since then, our country has undergone an economic miracle, which can actually be charted in "***pivots of diversification***".

4. The first pivot our leaders made was in commodities. We recognised that we had to reduce our economic reliance on rubber and tin. Instead, palm oil and petroleum became a lucrative revenue source and globalised our export reach.

5. The subsequent inflow of investments enabled our second pivot into manufacturing. This was psychologically defining for our people. Instead of extracting our natural resources, we were building things. A rising electronics industry, highways that connected the north and south, and iconic buildings that modernised our skylines.

6. The third pivot, I believe, has yet to come. **With RMK-13, we are not looking at just the next five years, but envisioning what Malaysia will look like in 2040?** Taking this high-vantage approach forces us to think beyond individual policies; to determine what will drive the next generation of Malaysia's economy.

7. Economic prospects are intrinsically defined by demographics and geography. Southeast Asia is projected to grow at a CAGR of 4% until 2040, becoming the 4th largest economy in the world. Malaysia is sitting at the centre of global growth. It falls on us, a country of 40 million people, to contend with the giant markets of India and China.

8. This is why the third pivot of diversification is critical. **I argue that Malaysia must become a consumption powerhouse. An economy that is primarily driven by our people will be the most important determinant of our long-term trajectory and growth rate.**

9. By boosting domestic demand, we kickstart a virtuous economic cycle. Higher private consumption creates more jobs across all sectors in retail, services, and manufacturing. This translates to lower unemployment and higher disposable income. This increase in savings helps to localise investments into better public infrastructure such as healthcare and education.

10. A healthier and better educated people creates a more productive society. One that reinvests in lifelong talent development and stems brain drain. It creates the capacity to design and innovate. Shaping an economy that is more resilient to fluctuations in global markets, trade disputes, and geopolitics.

11. However, placing this enhanced focus on consumption will not come at the expense of our export-oriented economy. It's about recognising the current imbalance between the two drivers, and creating urgency to close the gap. **Marrying a traditionally trading-based economy with greater consumption diversifies our growth and mitigates risks.**

12. To materialise this pivot, we have to take a different approach to our 5-year plans. Over time, successive policy documents have grown in length and complexity, making it difficult for ordinary people to read.

13. **RMK-13 will be more similar to RMK-1. A strategic document that is equally concise and comprehensive.** Each word must be committed

towards a specific policy direction. Anyone who has written a concise essay, let alone a 5-year plan, knows this is no easy task.

14. The other challenge is a commitment to radical reform. The planning phase of RMK-13 is akin to a blank canvas. We want to gather creative ideas and inputs from as many people as possible. To create a status-quo-free space to voice concerns and nudge the government in the right direction.

15. Then we work backwards to map out the priority items we want to set for the country's future. **Crucially, it is actually getting the sequencing of policies correct. Instead of a large blueprint, the preference now is to roll out reforms in pocket sizes.** Giving government room to manoeuvre and adapt to our citizen's feedback.

16. An early example of this is our approach to labour market reform. Before jumping into creating higher value jobs, or focussing on unemployment, we knew the most pressing issue was our stagnating wages. The rollout of the Progressive Wage Policy tackles this with an incentive and productivity-linked mechanism.

17. By solving this node first, policy discussions on TVET or gig economy are suddenly productive. You are less likely to derail discussions with low wages, and can focus on the specific issue of the day. By framing RMK-13 in this sequencing manner, the government will be more efficient in allocating its resources.

18. The breadth of this exercise affects every facet of Malaysia: from SME transformation to an ageing population. It should be an inclusive process that takes the time to listen to anyone who has a stake in Malaysia's future.

19. **That is why my Ministry will be organising a series of engagement sessions and focus groups in all 13 states across Malaysia.** This will be known as *Madani Mendengar*, where we will gather public thinkers, private players, and everyday people to listen to constructive feedback.

20. I want to personally invite each of you to play an active role in this process. The success of RMK-13, and Malaysia's potential to be a consumption powerhouse, does not depend on the government. It requires a whole-of-nation approach where we are each invested in our country's future.

21. Dengan semangat kerjasama dan keazaman yang tinggi, saya berharap persidangan ini akan membuka jalan kepada kejayaan kita dalam merealisasikan visi RMK13. Marilah kita bersama-sama melangkah maju dengan penuh keyakinan demi masa depan Malaysia yang lebih gemilang.

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