



**YB SENATOR TENGKU DATUK SERI UTAMA ZAFRUL AZIZ
MINISTER OF FINANCE MALAYSIA**

KHAZANAH MEGATRENDS FORUM 2021

**“THE INVENTION OF TOMORROW:
CRAFTING OUR NEW COLLECTIVE NARRATIVE”**

CLOSING ADDRESS

DATE : 6 OCTOBER 2021

TIME : 4:25 PM

VENUE : VIRTUAL

CLOSING ADDRESS

Yang Berbahagia Dato' Amirul Feisal, Managing Director of Khazanah Nasional,

Distinguished speakers,

Members of the media,

Ladies and gentlemen,

Assalamualaikum Warahmatullahi Wabarakatuh and good afternoon.

1. It gives me great pleasure to be delivering the closing address for what is yet another successful **Khazanah Megatrends Forum**.

ABE'S LEGACY

2. I would like to start by referring to a widely known fact about Japan's former Prime Minister, Abe Shinzo. When he was a boy, Abe Shinzo aspired to make films. His family lineage set him on a different path.
3. Yet, as a political figure, and Japan's longest serving prime minister, he strived to change the stories that Japan tells about itself.
4. Throughout his tenures, he carved out a larger role for Japan in the world. He entered multi-lateral trade agreements like the Trans-Pacific Partnership, established security ties with countries like Australia and India and, at home, reversed years of deflation, reduced unemployment to its lowest rate in decades and returned the Nikkei index to levels last seen in the early nineties.
5. Abe Shinzo is remembered as transformative, not least for instilling hope that Japan's problems could be solved. **Mr. Abe changed the narrative, the stories that Japan tells about itself.**

6. The discussions and insights over the last couple of days have been precisely on that topic: narrative.
7. Stories of Malaysia's past, present and future. Narratives we tell ourselves, about ourselves. And, the need to change some of those stories.
8. In keeping with the theme of 'Crafting our New Collective Narrative', allow me then to reflect on this – not in terms of months and years, but decades and generations. Of our journey thus far, where we are now, and where we go from here.

MALAYSIA'S JOURNEY: A REFLECTION

Ladies and gentlemen,

9. When I was born in the seventies, Malaysia was a low-income country known largely for its exports of tin and rubber. The young Federation of Malaysia, with the inclusion of Sabah and Sarawak, was barely ten (10) years old. Malaysians were, in general impoverished, with limited access to higher education and basic infrastructure.
10. However, Malaysians were determined to improve their lot in life, and write better stories for themselves. In the seventies and eighties, this desire was thick in the air.
11. In less than 40 years, Malaysia's economy transitioned from low-income to upper-middle, from agriculture-focused to one based on manufacturing and services.
12. And, we have not stopped transforming and growing since. From 1990 to 2020, Gross National Income per capita expanded nearly **six-fold to over 42,000 ringgit**. Roughly **32%** of the labor force now possess tertiary qualifications, a more than **three-fold increase** from 1990.

13. The incidence of poverty reduced significantly to **5.6%** in 2019. Life expectancy at birth increased to **74.7** in 2019 from 70.9 in 1990. Over the same period, income inequality also fell.
14. Today, Malaysia's economy is open, competitive, trade-oriented, and well-diversified, supported by more than two (2) decades of current account surpluses, adequate levels of international reserves and sizeable external assets.
15. Malaysia remains more open to trade than nearly **90%** of countries in the world today and ranked **12th** on the World Bank's Doing Business 2020 report. It remains one of the most competitive economies in the world, ranking **25th** on the 2021 IMD World Competitiveness Yearbook.
16. Granted, there is much left to do. Malaysia has yet to become a fully developed economy. Growth moderated in the last decade. Several disparities and structural issues persist, including the rising cost of living, higher youth unemployment and industries concentrated in the lower end of the production value chain.
17. However, the simple fact remains: that in a span of roughly two (2) generations, **we changed our own narrative through progress on so many fronts**, an achievement we cannot discount.

THE PRESENT

18. Today, the narrative is more pressing and grimmer. Malaysia along with the rest of the world, continues to grapple with the impact of COVID-19.
19. The rising human toll worldwide and the millions of people that remain unemployed are stark reminders of the extreme social and economic strain that COVID-19 has wrought on the global community.

20. According to the IMF, cumulative per capita income losses from 2020 to 2022, compared to pre-pandemic projections, are equivalent to **20%** of 2019 per capita GDP in developing economies, excluding China. This has reversed gains in poverty reduction, with close to **80 million** additional people likely to enter extreme poverty in 2020 and 2021, compared to pre-pandemic projections.
21. At the same time, the pandemic has dramatically transformed lives and businesses – be it through how we earn a living, transact with customers or interact with loved ones. More concerning is how the pandemic has widened socio-economic inequalities and disparities.
22. And, let us not forget the less apparent but equally serious threat: **climate change**. In July this year, entire towns in Europe were submerged in water. In the Chinese province of Henan, hundreds of thousands of people were evacuated in the face of floods, including a city which saw a year’s worth of rain in just three (3) days.
23. In that same month, the mercury at Furnace Creek in Death Valley soared to **54 degrees Celcius**, which tallies with a reading taken at the same location last year for what had been officially recognised as the hottest daytime temperature ever. At the global level, Earth is **1.1 to 1.3 degrees Celcius** warmer than it was before the steam engine was invented.
24. Closer to home, Malaysia has lost over **26,000 lives** to COVID-19, with countless others upended. The recent floods in Sabah and Kedah are reminders that we, too, are at risk from climate change.
25. Yet, I firmly believe that we have begun our road to recovery, with fresh opportunities to re-write some narratives.

NATIONAL RECOVERY PLAN AND BUDGET 2022

Ladies and gentlemen,

26. Our recovery story begins with the National Recovery Plan, or NRP. Introduced in June this year as a comprehensive approach to preserving lives while allowing the economy to open safely, the NRP will **set the nation firmly on the path to recovery, based on science and data.**
27. On the vaccination front – a key enabler of Malaysia’s recovery – we continue to fire on all cylinders. As of 3 October, more than **20 million people** or nearly **88%** of the country’s adult population are fully vaccinated, driven by one of the fastest vaccination rates in the world. Consequently, we have seen our hospitalisation and ICU rates stabilise in recent weeks.
28. *Insya Allah*, we are well on our way to have nearly **100%** of the adult population fully vaccinated by the end of this month. We have also started our vaccination programme for our teenagers. Soon, the NRP will be updated to prepare Malaysia for the next normal of living with COVID-19 as an endemic disease.
29. The story of recovery will continue with **Budget 2022** which will be expansionary while laying the foundations for the Government’s wider and longer-term reform efforts. Budget 2022 will focus on 3Rs, namely **Recovery, Resilience and Reform.**
30. Together, both the NRP and Budget 2022 will form the building blocks for Malaysia’s longer-term recovery and reform efforts through the Twelfth Malaysia Plan.
31. In this respect, some key lessons come to mind. Firstly, efforts must be made to not only address COVID-19, but also to emerge more resilient post-pandemic. Secondly, in pursuing short-term goals to prevent an economic recession, we must also take the opportunity to address structural issues in the medium and longer term. Lastly, a proper digital infrastructure will be crucial especially in reducing urban-rural inequality.

THE TWELFTH MALAYSIA PLAN

Ladies and gentlemen,

32. Now, more than ever, we have an opportunity to chart a new narrative for Malaysia.
33. As recently announced by the Yang Amat Berhormat Prime Minister, the **Twelfth Malaysia Plan**, or Twelfth Plan, lays down fundamental reforms that will transform Malaysia's development trajectory to achieve "**A Prosperous, Inclusive and Sustainable Malaysia.**"
34. The plan's immediate priorities will be to catalyse growth, narrow existing socioeconomic disparities and ensure environmental sustainability. The plan will also focus on upholding national security and sovereignty as well as solidifying national unity.
35. Furthermore, policies, programmes and projects in the plan will continue to be aligned to the Sustainable Development Goals of the **2030 Agenda for Sustainable Development.**
36. On that note, special mention must be made on sustainability. The next five years will see a crucial shift to more sustainable economic practices. In the Twelfth Plan, one key goal is to achieve a **45%** reduction in green-house gas emissions intensity to GDP by 2030, compared to 2005 intensity levels. The game changers like embracing the circular economy and accelerating the adoption of Integrated Water Resources Management, will prove critical.
37. Overall, the plan will target growth of between **4.5 to 5.5 per cent** per annum, resulting in a GNI per capita of **57,882 ringgit or 14,842 dollars** in 2025, while regaining full employment.
38. To ensure its success, the Ministry of Finance is fully committed to provide for the development expenditure of the nation as detailed in the Twelfth Plan.

COMPLEMENTING THE TWELFTH PLAN

39. Wider government efforts to complement the Twelfth Plan will entail strengthening our fundamentals to be a more open, trade-oriented and service-driven economy.
40. While the pandemic has altered supply chains and halted services trade, the principles of economic advancement remain the same today as they ever were: **stay open to trade, compete in global markets and invest in infrastructure and education.**
41. On trade, the implementation of the **ASEAN Economic Community Blueprint 2025** and new free trade agreements including the **Regional Comprehensive Economic Partnership** are expected to boost trade growth. Other to-be ratified trade agreements like the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership**, or CPTPP, will further benefit domestic industries.
42. Of course, investment will be critical, and getting the right kind, with the right partners. In this respect, the **National Investment Aspirations**, or NIA, led by the Ministry of International Trade and Industry, was introduced to promote a sustained flow of quality investments.
43. At its heart, the NIA will be the basis for comprehensive reforms in all investment-linked initiatives and policies. This policy framework will act as a foundation for Malaysia to become a regional investment hub which will increase economic diversification, create high value jobs and enhance inclusivity.
44. A unique driver of Malaysia's growth story is our government linked investment companies, GLICs, and government linked companies, the GLCs. Empowering both in jumpstarting economic reform is the genesis of the recently announced **Perkukuh Pelaburan Rakyat programme**, or PERKUKUH.

45. PERKUKUH consists of 20 key initiatives developed based on a fundamental review of the GLIC setup to sharpen the mandate of the GLICs, institute best-in-class governance among GLICs and spur more investment in new growth areas.
46. On that note, I am thrilled that Khazanah Nasional is taking the lead in making catalytic investments through its newly established **Dana Impak**. Khazanah Nasional will be allocating **6 billion ringgit** through Dana Impak over the next five years to improve household income and achieve other socioeconomic outcomes linked to the national agenda and aspirations. In addition to Dana Impak, I applaud Khazanah Nasional's commitment to enhance its investment strategies and processes for sustainable and responsible investing.
47. An integrated digital infrastructure will also be vital in this increasingly digital age. In this respect, the implementation of the *Pelan Jalinan Digital Negara*, or **JENDELA**, will enhance digital connectivity while achieving full 4G coverage and 100% broadband coverage in populated areas.
48. The establishment of **Digital Nasional Berhad** will further accelerate 5G coverage, beginning with a pilot launch by December 2021 with a target of **80%** coverage by end-2024 with full-fledged 5G capabilities.
49. No doubt, these efforts will complement our path to achieving a prosperous, inclusive and sustainable Malaysia.

THE SUNFLOWER

Ladies and gentlemen,

50. Shortly after becoming prime minister for the second time in 2012, Abe Shinzo said, "If the Japanese need one thing now, that thing is confidence - the ability to turn our faces to the Sun, like the sunflower does when it blooms at the height of summer".

51. In many ways, the same could be said of us.
52. If Malaysians need one thing now, that thing is confidence – the ability to turn our faces to the Sun.
53. It is in that spirit that I implore my fellow Malaysians to remember how far our past collective narratives have brought us, from the low-income country known largely for its exports of tin and rubber to the open, competitive and well-diversified economy it is today.
54. It is in that same spirit that I call on all parties – government, private sector, civil society, the *rakyat* - to come together as one ***Keluarga Malaysia***.
55. And, with the National Recovery Plan, the upcoming Budget 2022 as well as the Twelfth Malaysia Plan as our guide, let us give ourselves a new narrative, based on our collective courage to heal Malaysia, and to inspire **hope and optimism that we will successfully recover and become more resilient in 2022 and beyond**.
56. As we once did before, it is time we change the narrative, the stories that we tell ourselves.
57. On that note, allow me to thank and congratulate Khazanah Nasional for successfully organising Khazanah Megatrends Forum 2021.
58. Thank you for your attention and I look forward to seeing you at the next installment of the Khazanah Megatrends Forum.

*Wabiltaufiq Wal-hidayah Wassalamualaikum Warahmatullahi
Wabarakatuh*