

KHAZANAH MEGATRENDS FORUM 2011



Uncertainty as Normality

Navigating Through
Complex Interconnection

A rudderless world

>Page 3



The millenium generation and the challenge for social stability

>Page 19



We need new models in an uncertain world

>Page 26

INSIDE



Uncertainty as Normality

Navigating through Complex Interconnection

Global inter-connectedness means that information is transmitted almost instantaneously around the world. This has allowed for global decomposition of supply chains, with different parts at different locations, and the inter-connectedness of such diverse locations has turned any significant local disruptions into global ones. Any natural catastrophe, political upheaval or economic crisis – in any part of the world, if it affects a major node in the global supply chain – will have global impact. Taking 9/11 as a somewhat arbitrary but significant starting point, the incidents of catastrophe and crisis – with both human and economic impact – in the world have reached a level of frequency which has made them 'normal'.

The 2004 Aceh and the recent Japanese earthquakes took many lives where the disaster happened, but the ensuing tsunami and radiation leaks (in the case of Japan) had consequences beyond the location itself. As Japan is a major node in the global supply chain, it also impacted the world's semi-conductor and auto manufacturing industries.

The eruption of Iceland's Eyjafjallajökull volcano last year did not take lives, but it affected travel, and therefore businesses, all over Europe. Political upheavals in the Middle East and North Africa (MENA) and the BP oil spill in the Gulf of Mexico may seem unconnected, but both affected the geo-politics of oil. The world is still recovering from the contagion effects of how

the global imbalances between savers and spenders, and consumption and production, when facilitated by efficient global capital flows, resulted in the 2008 financial crisis.

Natural disasters are themselves unpredictable, and the volatility and fickleness of markets make them unpredictable as well. The dynamics of collective human behavior too are equally unpredictable as events in the MENA region are showing. As unpredictability gives rise to uncertainty, economic life, indeed life itself, is increasingly characterised by perpetual uncertainty.

Stormy seas are now the norm – a business which waits for calm to return before sailing will wait forever. Similarly, leaders

of any enterprise who wait for clarity and certainty will find themselves navigating through other people's decisions. Competitive advantage will be accorded to those who take decisions.

Yet, the dynamics of interconnection and inter-dependencies are not fully understood. The economics of equilibrium seem inadequate for a world that is constantly equilibrating. It is for these reasons that 'Uncertainty as Normality: Navigating through Complex Interconnection' is chosen as the theme for the 2011 Khazanah Megatrends Forum.

> Continued on page 2

The key to firm competitiveness?

Technology and global-interconnectedness have allowed firms to operate from multi-locations, including in the 'cloud'. >Page 4

The outlook for 2012?

The global re-balancing between surplus and deficit economies is still continuing. >Page 6



The challenge of interconnection?

Developmental inequalities and technology have converged to shape political outcomes and, therefore, the development paths of nations. >Page 8



Managing amidst uncertainty?

The speed of information flow and the proliferation of technologies that facilitate such flow of information have redefined risk to all enterprises: commercial, social and political. >Page 10

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Malaysia

Bringing the best minds together for 2011

Finally, the curtains have opened for one the most anticipated events in Malaysia. And by the looks of it, Khazanah Megatrends Forum is all set to be the talk of the region again this year as it had always been in the past years. Khazanah Megatrends Forum (KMF) was conceptualised and first held in 2006 out of the need to promote the sharing of ideas between local and global opinion leaders. The world is placing increasing value in knowledge-based economy, and the best way to keep up with such expectation is to create a platform or

forum that both enables and encourages discussion among foreign and Malaysian experts so that ideas may flourish and grow. KMF is Khazanah Nasional Berhad's initiative to that end, whose debut five years ago was enthusiastically received by professionals. Now an eagerly awaited annual forum, KMF brings together policymakers, think tanks, corporate leaders and practitioners from around the globe to discuss their thoughts on the four mega trends that are shaping world businesses and policies – Technology and Competitiveness, Macro and Markets, Governance

and Development as well as Leadership and Uncertainty. Expect a flow of fresh thoughts, norm-challenging concepts and groundbreaking insights throughout the two days of lectures, presentations and discussions by today's foremost global opinion leaders. Also taking part are senior officials from Khazanah Nasional Berhad and the Malaysian government. Participation is strictly by invitation only, and its organisers are expecting around 500 participants this year.

Key questions that the forum seeks to answer

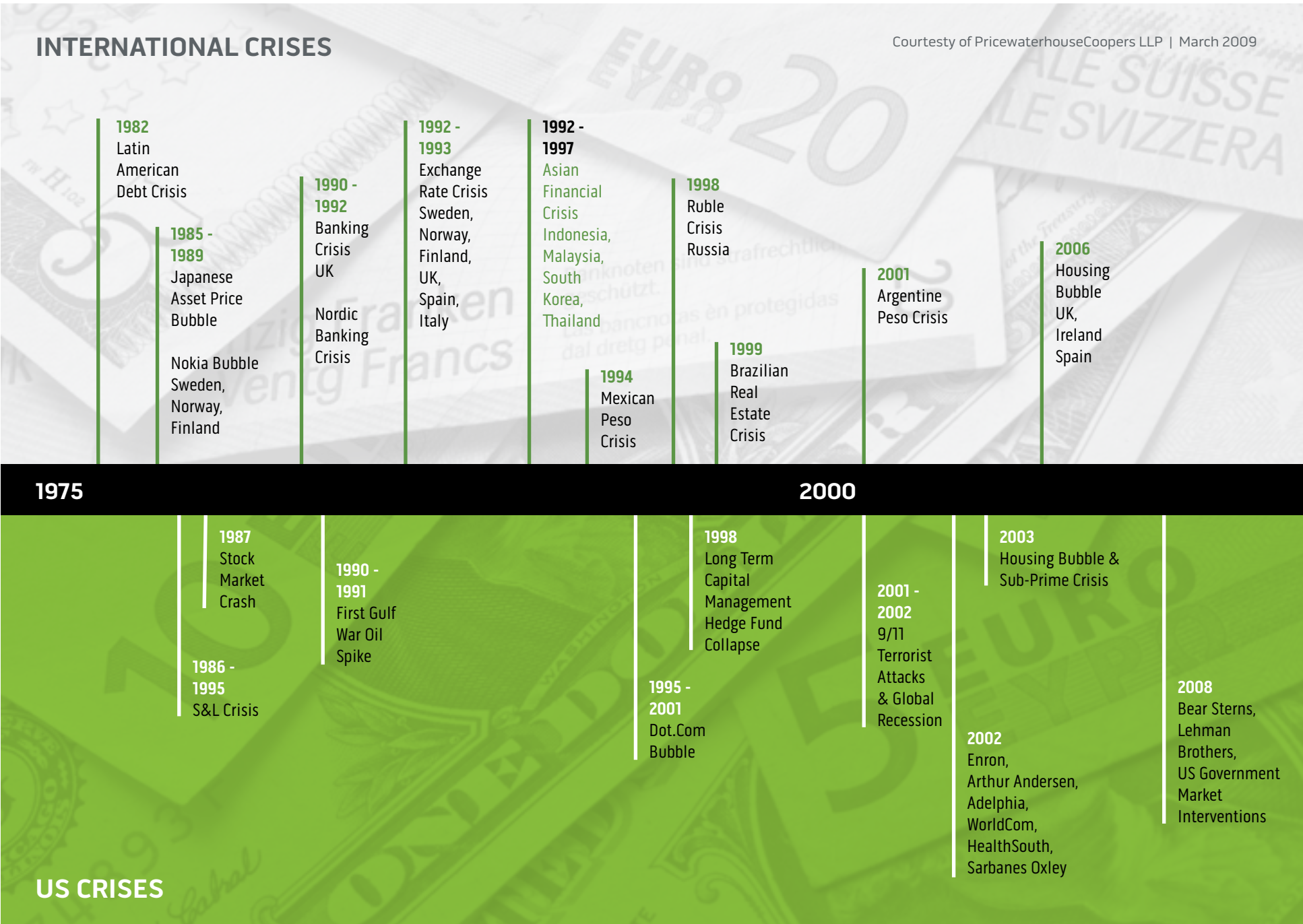
> Continued from page 1

What is the new economic framework to understand this constantly changing world? What kind of leadership is required for such challenging and unpredictable conditions? How can risk be managed and mitigated, in the face of such persistent global uncertainty? How will markets behave and value be created (and destroyed)? Despite the enormous scale of these economic crises and natural catastrophic events, the world economy and economic institutions seem to barely pause, before continuing with 'business as usual'. This raises several key questions that the Forum seeks to answer.

1. Is there a limit to this capacity to continue as before? Does not the unpredictability, scale, scope of impact, speed and frequency of these events mean that, at some point, there

will be no 'bouncing back'? Will there be a structural break?

2. Will markets and institutions survive and continue to function? Are we, statistically, on the brink of a collapse of the systems and processes which enable the global economy to function as it has been doing?
3. How can businesses manage these risks? Can we foresee and quantify the unpredictable? Can we develop the capacity and flexibility to absorb one catastrophe after another, and yet continue to function? What type of leadership is required to manage these risks?
4. What will these uncertainties and complex interconnections – spanning the economic, political, environmental and even religious spheres – mean to the development of peoples and nations?



Our modern financial crisis has historical comparisons but the speed, spread and intensity of the current systemic shock in the new credit crisis appears to outpace its predecessors.



**YBhg. Tan Sri Dato' Azman
bin Hj. Mokhtar**
Managing Director,
Khazanah Nasional Berhad

Managing Director's Note



**KHAZANAH
NASIONAL**

The Khazanah Megatrends Forum was conceived as part of a broad programme of lectures, forums and seminars designed to be Khazanah's contribution to knowledge sharing and leadership.

I would like to welcome you to KMF 2011, the sixth such event.

KMF is a unique gathering which, every year, brings together thought leaders from around the world – in front of a substantial invited audience of the most influential members of the business, academic and socio-political communities –

and conducts fascinating in-depth discussions of current critical issues.

This year our theme is particularly urgent: 'Uncertainty as Normality – Navigating Through Complex Interconnection.'

Recent events have driven home just how complex and interdependent are the world's societies, structures and supply chains – with technology and unprecedented communication enhancing both the speed and impact of each incident.

Over the next two days, our

discussions will venture well beyond conventional economics, encompassing: the events in the Middle East; the impact of natural disasters; the on-going world energy problems; climate change; the global financial situation. As inferred in the title of KMF 2011 – everything is now interconnected.

I look forward to your participation in this year's Khazanah Megatrends Forum. I sincerely wish you an enjoyable, insightful and thought-provoking experience.

A Rudderless World

By Kishore Mahbubani
New York Times, August 18 2011



SINGAPORE — The demand for global leadership has never been greater. The world is truly lost in trying to find a way out of the current crisis. America is imploding. Europe is crumbling. London is burning. The Arab Spring has lost direction. China and India remain internally preoccupied. If ever there were a moment for a global leader to step up, this is it.

So why is no leader emerging?

First, the world has changed structurally, yet our systems for managing global affairs have not adapted. In the past, when the billions of citizens of planet earth lived in separated countries, it was like having an ocean of separate boats. Hence, the postwar order created rules to ensure that the boats did not collide; it created rules for cooperation.

Up until now, this arrangement has worked well. World War III did not follow World Wars I and II. But today the world's seven billion citizens no longer live in separate boats. They live in more than 190 cabins on the same boat. Each cabin has a government to manage its affairs. And the boat as a whole moves along without a captain or a crew.

The world is adrift.

The G-20 was set up to provide global leadership at the height of the latest financial crisis. The group came together in London in early 2009 to save the global economy. However, as soon as the crisis receded, the G-20 leaders retreated into their cabins again.

To make matters worse, some nations have become unmanageable. Just look at the United States.

The best candidate for global leader is, of course, Barack Obama. No leader gets as much global press coverage as Obama does. But he has no time to save the world. This summer a tiny group of crazy Tea Party congressmen held him, the United States and the world hostage.

In the next 14 months, Obama will only focus on his reelection. The world will not matter. Sadly, no European leader seems ready to fill this vacuum. Nor is there a Chinese or Indian leader willing to step up. Our global boat will continue to drift in the coming months.

The second reason no global leader has emerged: The geopolitics of the world are running at cross purposes with the geoeconomics of the world. Geoeconomics requires consensus; countries coming together. In geopolitics,

we are experiencing the greatest power shifts we have seen in centuries. Power is shifting from West to East. All this creates deep insecurity in the established powers. They want to cling on to privileges acquired from previous days of glory.

Only this can explain the rush by Europe to reclaim the headship of International Monetary Fund when Dominique Strauss-Kahn stepped down. No one doubts that Christine Lagarde is a competent administrator. But is it wise for Europe to cling on to old privileges when power is shifting? And is it wise to choose a noneconomist to run the most important economics organization at a time of economic turmoil? A secure Europe may have ceded power graciously. An insecure Europe clings to privileges.

Third, political leadership is always preceded by intellectual leadership. For several decades, the Western intelligentsia provided this intellectual leadership. Indeed, they used to happily lecture the world on what should be done. Today, they are clearly lost.

As an Asian, I used to be regularly lectured by Westerners on the inability of Asians to slay their sacred cows. Today, the Western intelligentsia seems equally afraid to attack their own sacred cows.

Surely, after the damage done by the Tea Party episode, an obvious question to ask is: Have democracies become dysfunctional? Have special interest groups distorted the global agenda? Should some of them be disbanded?

Sadly, the parameters of intellectual discourse in the West have become narrower and narrower. Short-term political fights take precedence over long term strategic decisions. Only one phrase captures the current Asian perception of the West: sheer incredulity.

How could the best preachers on political courage and economic discipline in the world display none of it when the hour came?

In short, we are not going to get any great global leadership soon. And if we continue to drift, we will at least know why.

Kishore Mahbubani, Dean of the Lee Kuan Yew School of Public Policy, National University of Singapore, is working on a book about global governance and leadership.

Reference: <http://www.nytimes.com/2011/08/19/opinion/19iht-edmahbubani19.html>

Opening Address



YB Tan Sri Nor Mohamed Yakcop
*Minister in the Primer Minister's Department
and Board Member, Khazanah Nasional Berhad*

YB Tan Sri Nor Mohamed Yakcop was appointed as Director of Khazanah Nasional on 12 November, 2002. He is currently the Minister in the Prime Minister's Department and a member of the Executive Committee of the National Economic Action Council; after serving as the Second Minister of Finance until 9 April 2009. Previously, he was the Special Economic Adviser to the Prime Minister.

Apart from a short period in the private sector in the late 1990's, Tan Sri Nor Mohamed Yakcop was with Bank Negara Malaysia from 1968 to 2000. During his service with Bank Negara Malaysia, Tan Sri Dato' Seri Nor Mohamed Yakcop was responsible for the implementation of a number of major projects, including the implementation of Islamic banking in Malaysia, the setting-up of the bilateral payments mechanism between Bank Negara Malaysia and Central Banks of South-South countries and the setting-up of the Rating Agency Malaysia Berhad.

As Special Economic Adviser to the Prime Minister, YB Tan Sri Nor Mohamed Yakcop played a major role in a number of corporate restructuring exercises, including United Engineers (Malaysia) Berhad and MAS.

Technology and innovation ...
The key to firm competitiveness?



Technology and global-interconnectedness have allowed firms to operate from multi-locations, including in the 'cloud'. Consequently, the supply chains of industries are spread out geographically, but values are captured and stored in a much more concentrated manner. However, risk management takes a totally new meaning for businesses that operate domestically or globally. What are the vulnerabilities of inter-connectedness? How vulnerable are the global supply chains? How is competitiveness maintained under this environment? How much transformation is required? What is the financial model of firms under these circumstances? What is the leadership required to manage?



Welcome Remarks



YBhg. Dato' Mohammad Azlan Hashim
Board Member, Khazanah Nasional Berhad

YBhg. Dato' Mohammad Azlan is currently the Chairman of several public listed entities including D&O Green Technologies Berhad, Silk Holdings Berhad and a director of Scomi Group Berhad. He has extensive working experience in the corporate sectors including financial services and investments. Among others, he has served as Chief Executive of Bumiputra Merchant Bankers Berhad, Group Managing Director of Amanah Capital Malaysia Berhad and Executive Chairman of Bursa Malaysia Berhad.

YBhg. Dato' Mohammad Azlan also serves as a Board Member of various government-related organisations including Labuan Financial Services Authority. He is also a member of the Investment Panel of the Employees Provident Fund and the Retirement Fund Incorporated.

8:00 - 9:00am	Registration	
OPENING SESSION		
9:00 - 9:10am	Welcome Remarks	YBhg. Dato' Mohammad Azlan Hashim, Board Member, Khazanah Nasional Berhad
9:10 - 9:20am	Introduction to KMF 2011	• Dr. Nungsari Ahmad Radhi, Executive Director, KRIS, Khazanah Nasional Berhad • Imran Ahmad, Director, KRIS, Khazanah Nasional Berhad
9:20 - 10:00am	Opening Address	YB Tan Sri Nor Mohamed Yakcop, Minister in the Prime Minister's Department & Board Member, Khazanah Nasional Berhad
10:00 - 10:15am	Break	
SESSION 1 TECHNOLOGY AND INNOVATION ... THE KEY TO FIRM COMPETITIVENESS?		
10:15 - 11:45am	Panelists	• Nobuyuki Idei, Founder & CEO, Representative Director, Quantum Leaps Corporation • Tom Berquist, CFO, Corel Corporation • Dr. Ganesh Kishore, CEO, Malaysian Life Sciences Capital Fund • YBhg. Tan Sri Tony Fernandes, Group CEO, Air Asia Chairperson: Jalaluddin Mohd. Jarjis, Chairman, Silterra Malaysia
11:45 - 12:45pm	Special Address: Islamic Finance in an Age of Black Swans	Speaker: Dr. Abbas Mirakhor, Professor, Chair of Islamic Finance, International Centre for Education in Islamic Finance (INCEIF) Introducer: Mohd Izani Ghani, CFO, Khazanah Nasional Berhad

Panelists: Technology and innovation ...The key to firm competitiveness?



Chair

Jalaluddin Mohd. Jarjis
Chairman, Silterra Malaysia

Jalaluddin Mohd. Jarjis is the Chairman of Silterra Malaysia. In 2001, he formed Artisan Encipta Ltd. in which he serves as Principal and Chairman. Jalaluddin spent over 15 years in research work in theoretical Physics and Mathematics in the U.S., Europe, New Zealand, and United Kingdom before joining Jardine Fleming in 1999 as an Investment Analyst and left the bank in the same year.

In July 2004, he was appointed by as the Chairman of Silterra Malaysia Sdn Bhd. In December 2005, Mr. Jalaluddin was made the Chairman of Atlantic Quantum Sdn Bhd (AQSB) and heads the Investment Executive Team in AQSB. He was the Chairman of the Nomination Committee of Key ASIC Bhd and was a Non-Independent Non Executive Director of Key ASIC from August 2006 until August 25, 2011.

Jalaluddin graduated with a Bachelor of Physics and Mathematics degree from Drew University, New Jersey, U.S.A., in 1977.



Nobuyuki Idei
Founder & CEO, Representative Director, Quantum Leaps Corporation

Nobuyuki Idei founded Quantum Leaps Corporation, a management consultancy company in September 2006. Quantum Leaps aims to enhance Japan's competitiveness in the 21st century by supporting corporate transformation and nurturing technology-driven venture companies.

He was previously the chairman of the Advisory Board of Sony Corporation. For more than a decade, Idei was a member of top management at Sony, as president and representative director from 1995 to 1999, president and CEO from 1999 to 2000, and chairman and Group CEO from 2000 to 2005. He was chief corporate advisor from 2005 to 2007. Idei currently serves as director of Accenture, Baidu and Freebit Co., Ltd.

Idei graduated from Waseda University with a B.A. in political science and economics and entered Sony Corporation in 1960. After two overseas stints in Switzerland, he went to France to establish Sony France. Upon returning to Japan, Idei served as deputy senior general manager of the Audio Group, deputy president of the Media, Information Products and Systems Group, and senior general manager of the Home Video Group before he was appointed director in 1989 and managing director in 1994.



Tom Berquist
CFO, Corel Corporation

Tom Berquist has served as Corel's Chief Financial Officer since September 2009. He leads the company's Finance, IT, Customer Support and Manufacturing teams in providing essential support services for Corel's global operations. Mr. Berquist is also responsible for Corel's mergers and acquisitions team who are constantly on the search for new innovative technologies that align with the company's existing products and distribution channels.

Previously, Mr. Berquist was Chief Financial Officer at Ingres, an open source database software company based in Redwood City, CA. Before joining Ingres, Mr. Berquist was a Managing Director of Equity Research for Citigroup, Goldman Sachs, and Piper Jaffray where he covered all of the world's top software companies including Microsoft, Oracle, SAP, Adobe, Intuit, Symantec, CA, and Autodesk.

Mr. Berquist also served as a Senior Manager at Deloitte Consulting where he was responsible for selling and managing large enterprise software implementation projects for customers including the City of Chicago, GMAC, Tyco International, US Bancorp, and Honeywell.

Special Address



YBhg. Tan Sri Tony Fernandes
CEO, Air Asia

YBhg. Tan Sri Tony Fernandes has held management and executive positions at Virgin Communications and Warner Music, in London and Asia.

His accolades include: the title 'Setia Mahkota Selangor', for his contributions to the Malaysian music industry; 'Recording Industry Person of the Year 1997' by the Recording Industry Association of Malaysia; 'Airline CEO of the Year Award for 2009' from Jane's Transport Finance; an Honorary Doctorate of Business Innovation from Universiti Teknologi Malaysia (UTM); the title of 'Officier of the Legion d'Honneur' by the government of France, for contributions to the French aviation industry; the prestigious Nikkei Asia Prize in Tokyo Today; Masterclass Global CEO of the Year award at the 2nd Malaysia Business Leadership Award (MBLA) 2010 ceremony; Forbes Asia Businessman of the Year 2010.

In February 2011, Tony Fernandes was awarded the Commander of the Order of the British Empire (CBE) honour by Her Majesty Queen Elizabeth II. He was also named one of the most creative people in business for 2011 by the New York-based business magazine Fast Company.



Dr. Ganesh Kishore
CEO, Malaysia Life Sciences Capital Fund

Dr. Ganesh Kishore has been active in the science and business of biotechnology for more than three decades. Following his PhD in biochemistry from Indian Institute of Science and postdoctoral research fellow at The University of Texas at Austin, he joined Monsanto until his retirement as its Distinguished Science Fellow, Chief Biotechnologist and President of Nutrition in late 2000.

In 2002, Dr. Kishore joined DuPont as the Chief Technology Officer for its Agriculture and Nutrition Platform. He left DuPont in 2007 to join Burrill & Company as a Managing Director. Recipient of Queeny Award (awarded by Monsanto Company for outstanding contributions to science and technology that are translated to useful societal products) and author of sixty technical publications and a named inventor on seventy issued patents, Dr.Kishore currently serves as the CEO of Malaysian Life Sciences Capital Fund that makes global investments in life sciences.



Dr. Abbas Mirakhor
Professor, INCEIF

Dr. Abbas joined INCEIF following a distinguished career as an economist and academician with considerable contribution in the field of Islamic economics, Finance and banking. Dr. Abbas has worked as a Professor of Economics at the University of Alabama, Alabama A&M University, and the Florida Institute of Technology. In 1984, he joined the IMF in Washington DC as an economist. He spent 24 years with the IMF, serving as the organisation's Executive Director and Dean of the Executive Board, retiring in 2008.

In 2005, Dr. Abbas was conferred the "Order of Companion of Volta" by the President of Ghana. In 2003, he received the Islamic Development Bank Annual Prize for Research in Islamic Economics. The President of Pakistan conferred him the "Quaid-e Azam" star for service to Pakistan in 1997.

He has published books, papers and research articles on a wide range of areas including microeconomic theory, mathematical economics and Islamic economics.

Special Address



Mark Mobius
Executive Chairman,
Templeton Emerging Markets Group,
Franklin Templeton Investments

Dr. Mark Mobius, Ph.D., executive chairman of Templeton Emerging Markets Group, joined Templeton in 1987. Currently, he directs the Templeton research team based in 15 global emerging markets offices and manages emerging markets portfolios.

After more than 30 years in global emerging markets, Dr. Mobius has received numerous industry awards, including "Emerging Markets Equity Manager of the Year 2001" by International Money Marketing, "Ten Top Money Managers of the 20th Century" in a 1999 Carson Group survey, "Number One Global Emerging Market Fund" in a 1998 Reuters Survey, "1994 First in Business Money Manager of the Year" by CNBC, "Closed-End Fund Manager of the Year" in 1993 by Morningstar, and "Investment Trust Manager of the Year 1992" by the Sunday Telegraph.

Dr. Mobius has written several books, including "Trading with China", "The Investor's Guide to Emerging Markets", "Mobius on Emerging Markets", "Passport to Profits", "Equities—An Introduction to the Core Concepts", "Mutual Funds—An Introduction to the Core Concepts" and "Mark Mobius: An Illustrated Biography".

In 2006, Asiamoney magazine listed Mobius as one of the "Top 100 Most Powerful and Influential People". Asiamoney stated that Dr. Mobius "boasts one of the highest profiles of any investor in the region and is regarded by many in the financial industry as one of the most successful emerging markets investors over the last 20 years. Despite tough times during the financial crisis nine years ago, he still commands a strong following in the investment world and is influencing the direction of billions of investment dollars."

The World Bank and Organization for Economic Cooperation and Development appointed Dr. Mobius joint chairman of the Global Corporate Governance Forum Investor Responsibility Taskforce.

Dr. Mobius earned Bachelors and Masters degrees from Boston University, and a Ph.D. in economics and political science from the Massachusetts Institute of Technology.

"Shareholder activism is not a privilege - it is a right and a responsibility. When we invest in a company, we own part of that company and we are partly responsible for how that company progresses. If we believe there is something going wrong with the company, then we, as shareholders, must become active and vocal."

Dr. Mark Mobius

Macroeconomics
and markets ...
The outlook for 2012?



The global re-balancing between surplus and deficit economies is still continuing. Indeed, disconnect between the real and monetary sides of the economy – a source of the recent financial crisis – has not been bridged. Aberrant fiscal and monetary policies introduced to manage the crisis have become problems in themselves; massive liquidity in search of stores of value, driving up commodity prices and debts everywhere, fueled by low interest rates. All of these topped up by the constant uncertainty of political upheavals and natural catastrophe.

How will the different markets adjust? What new regulatory interventions will be necessary? Will there be changes in the design of institutions? Will policy normalisation lead to some certainty? Will investment timeframes be shortened?



12:45 - 2:00pm	Luncheon Address: Uncertainty as Normality: Navigating through Complexity	Speaker: YBhg. Tan Sri Andrew Sheng, President, Fung Global Institute & Board Member, Khazanah Nasional Berhad Introducer: Hisham Hamdan, Executive Director, Investments, Khazanah Nasional Berhad
2:00 - 2:30pm	Break	
2:30 - 3:30pm	Special Address: Emerging Markets Outlook	Speaker: Mark Mobius, Executive Chairman, Templeton Emerging Markets Group, Franklin Templeton Investments Introducer: Joseph Dominic Silva, Executive Director, Investments, Khazanah Nasional Berhad
SESSION 2 MACROECONOMICS AND MARKETS ... THE OUTLOOK FOR 2012?		
3:30 - 5:00pm	Panelists	<ul style="list-style-type: none">• YBhg. Dato' Ooi Sang Kuang, Special Adviser, Bank Negara Malaysia• Shireen Muhiudeen, Managing Director & Founder, Corston-Smith Asset Management• Matthew Koder, Head of Global Corporate & Investment Banking for Asia Pacific, Bank of America Merrill Lynch• Chen Xingdong, Managing Director & Chief China Economist, BNP Paribas Securities (Asia) Ltd Chairperson: Kenneth Shen, Executive Director, Investments, Khazanah Nasional Berhad
5:00 - 5:30pm	Break	
5:45 - 7:30pm	Special Event (Optional)	Screening of Oscar-award winning movie 'INSIDE JOB' at Hall 5, TGV Cinemas, Suria KLCC

Panelists: Macroeconomics and markets ... The outlook for 2012?



Chair

Kenneth Shen
*Executive Director, Investments,
Khazanah Nasional Berhad*

Kenneth Shen joined Khazanah as Executive Director of Investments on 15 July 2011. He brings with him more than 25 years of experience in global investment banking and investment management.

Kenneth was formerly with Qatar Investment Authority where he served most recently as an Advisor to the CEO and a Member of the Board of Directors for Qatar Holding LLC. In addition, Kenneth oversaw QIA's direct investments in public and private companies as well as investments in private equity, special situations and venture capital funds. Prior to that, he served in Citigroup Global Markets Inc., Salomon Brothers Inc., Lehman Brothers Inc. and Kidd, Kamm & Company.

Kenneth holds a Bachelor of Arts degree (Magna Cum Laude) in East Asian Languages and Civilisations (Japanese) and Economics from Harvard College as well as an MBA from the Harvard Business School.



Shireen Muhiudeen
*MD & Founder,
Corston-Smith Asset Management*

Shireen Muhiudeen set up Corston-Smith after 12 years as chief executive of the Malaysian arm of global insurance giant AIG Investment Corporation. In all, she has more than 24 years of focused fund management expertise, including her extensive current ASEAN client portfolio. She was named one of the most influential women in the Asia-Pacific region for asset management by Asian Investor, a regional publication, in June 2011.

Besides nurturing and nudging companies that Corston-Smith invests in towards best practices, she has also successfully drawn many international investors to Malaysia by launching the ASEAN Corporate Governance Fund there in 2008 and then the ASEAN Shariah Corporate Governance Fund in 2009.

Shireen accepts speaking engagements whenever she can to reinforce her commitments. She builds on them with her monthly column, Governance Matters, in Malaysia's best-selling English daily - The Star, as well as a frequent commentator on global finance for such broadcasters as Bloomberg and CNBC.



Chen Xingdong
*Managing Director and
Chief China Economist,
BNP Paribas Securities (Asia) Limited*

Chen Xingdong worked for the World Bank twice: From February to August 1988, Mr. Chen was appointed as an economic consultant by World Bank's China and Mongolia Department in Washington D.C; From June 1990 to June 1993, Mr. Chen worked as an economist at World Bank's China Resident Mission. From 1985 to 1986 and from 1988 to 1990, Mr. Chen was the economist of the Economic Reform Commission of PRC State Council, participating in a series of China's open-up and reform policy formulation and implementation.

Mr. Chen has worked in the investment banking for 17 years, starting with Crosby (later changed to Socgen-Crosby) Securities Limited in 1993 as a senior economist and Chief Economist. He joined Peregrine Investment Group in 1997, which was taken over by BNP Paribas Group. He is now the Managing Director and Chief China Economist of BNP Paribas Securities (Asia) Limited based in Beijing.

Luncheon Address



YBhg. Dato' Ooi Sang Kuang
Special Adviser, Bank Negara Malaysia

YBhg. Dato' Ooi is the Special Adviser to the Governor of Bank Negara Malaysia. Upon joining the Economics Department of Bank Negara Malaysia in 1971, he held various senior positions in the Department before leaving in 1984 to join the private sector.

Among his positions in the private sector were Chief Economist for Asia-Pacific at Standard Chartered Bank in Singapore and Managing Director and Regional Research Director of RHB Research Institute covering ASEAN regional equities.



Matthew Koder
*Head of Global Corporate and
Investment Banking for Asia Pacific,
Bank of America Merrill Lynch*

Koder has nearly 20 years of experience working in investment banking and capital markets. Most recently, he has worked with UBS for eight years as head of Global Capital Markets based in both London and Hong Kong.

Prior to joining UBS, Koder spent almost 10 years at Goldman Sachs where he held leadership positions in capital markets and investment banking in Sydney, Hong Kong and New York. Throughout his career he has been instrumental in numerous global capital markets, privatisation and advisory transactions.

Koder holds a Bachelor of Commerce from University of New South Wales, Australia with 1st Class Honors in Finance



YBhg. Tan Sri Andrew Sheng
*President, Fung Global Institute;
Board Member, Khazanah Nasional Berhad*

YBhg. Tan Sri Andrew Sheng was appointed as Director of Khazanah Nasional on 22 July 2008. He is currently the Chief Adviser to the China Banking Regulatory Commission. He also sits on the Boards of the Qatar Financial Centre Regulatory Authority and Sime Darby Berhad.

He is a member of the Advisory Council of the Iskandar Regional Development Authority, the International Advisory Panel of the Labuan Offshore Financial Services Authority, the Governing Council of the International Centre for Education in Islamic Finance and the Advisory Council of the National Institute of Securities Market, India. He is also currently an Adjunct Professor at the University of Malaya and Graduate School of Economics and Management, Tsinghua University, Beijing.

His previous appointments include as Chairman of the Securities and Futures Commission of Hong Kong, Deputy Chief Executive at the Hong Kong Monetary Authority, Senior Manager of Financial Sector Development at the World Bank, as well as Chief Economist and Assistant Governor at Bank Negara Malaysia.

Special Address & Panelist



Dr. Alfonso Vegara
*President and CEO,
Fundación Metrópoli, Madrid*

Dr. Vegara currently directs the on-going Proyecto CITIES initiative, a study into the urban components of excellence of twenty participating cities from around the world. The Proyecto CITIES initiative is the basis of a Global Network of Excellence that encourages innovation and the exchange of experiences among the participating cities. Using the methodology developed for Proyecto CITIES, the Fundación Metrópoli has undertaken a number of urban research and planning projects including the Fengxian Eco-Linear City, Bilbao, etc.

He is President of the Madrid-based Taller de Ideas group that developed the Regional Planning Strategies for eight of the 17 Autonomous Regions in Spain, including the award-winning regional plan for the Basque Country.

Alfonso Vegara has been Professor of Urban Planning in a number of universities in Spain, and has lectured at universities and conferences worldwide. He was also appointed Visiting Professor of City and Regional Planning at the University of Pennsylvania for the period 1997 to 2002.

Special Address



Kishore Mahbubani
*Professor and Dean,
LKY School of Public Policy,
National University of Singapore*

Kishore Mahbubani is currently the Dean and Professor in the Practice of Public Policy at the Lee Kuan Yew School of Public Policy (LKY School) at the National University of Singapore. Before this, he served in the Singapore Foreign Ministry from 1971 to 2004, where he was Permanent Secretary from 1993 to 1998. He also served twice as Singapore's Ambassador to the UN.

Professor Mahbubani has published and spoken in all corners of the globe and is the author of *Can Asians Think?*, *Beyond the Age of Innocence: Rebuilding Trust between America and the World*, and *The New Asian Hemisphere: the irresistible shift of global power to the East*.

He was also listed as one of the world's top 100 public intellectuals by *Foreign Policy* and *Prospect* magazines in 2005 and was also included in the March 2009 *Financial Times* list of Top 50 individuals who would shape the debate on the future of capitalism. Most recently, Professor Mahbubani was selected as one of *Foreign Policy's* Top Global Thinkers of 2010.

Governance and development ...

The challenge of interconnection?



Developmental inequalities and technology have converged to shape political outcomes and, therefore, the development paths of nations. Participative media – the social media phenomenon, for example – is empowering people and changing models of governance as well as how influence is spread and organised. It has also become a potent marketing channel.

How to translate democratisation of 'voice' into economic equality? Do inclusiveness and equality increase instability? What is the impact/role of social media? Does autocracy-to-democracy cause transitional instability?

What kind of leadership is required in this new world? Does stability bring complacency? Is there a long-term 'stable state' to which we must inexorably move, or will the world always be in a state of continuous flux?

9:00 - 10:00am	Special Address: Intelligent Landscapes	Speaker: Dr. Alfonso Vegara, President & CEO, Fundación Metrópoli, Madrid Introducer: Jiv Sammanthan, Executive Director, MD's Office, Khazanah Nasional Berhad
10:00 - 10:15am	Break	
SESSION 3	GOVERNANCE AND DEVELOPMENT ... THE CHALLENGE OF INTERCONNECTION?	
10:15 - 11:45am	Panelists	<ul style="list-style-type: none">• Dr. Alfonso Vegara, President & CEO, Fundación Metrópoli, Madrid• Dr. Danny Quah, Professor of Economics, London School of Economics• YBhg. Datuk Dr. Hamzah Kassim, Co-Founder & CEO of The IA Group• Scott McGregor, CEO, Camco International Limited Chairperson: Dr. Nungsari Ahmad Radhi, Executive Director, KRIS, Khazanah Nasional Berhad
11:45 - 12:45pm	Special Address: The Geopolitical Implications of the Global Financial Crisis	Speaker: Kishore Mahbubani, Professor & Dean, LKY School of Public Policy, National University of Singapore Introducer: Ganen Sarvananthan, Executive Director, Investments, Khazanah Nasional Berhad
12:45 - 2:00pm	Luncheon Address	Speaker: Gita Wirjawan, Chairman, Indonesia Investment Coordinating Board Introducer: Dato Noorazman Abd Aziz, Executive Director, Investments, Khazanah Nasional Berhad
2:00 - 2:30pm	Break	

Panelists: Governance and development ... The challenge of interconnection?



Chair

Dr. Nungsari Ahmad Radhi
*Executive Director, KRIS,
Khazanah Nasional Berhad*

Dr. Nungsari joined Khazanah as Executive Director, Khazanah Research and Investment Strategy in February 2007.

In his career of over 25 years, he has been an academic, a Member of Parliament, a columnist, a consultant and policy advocate. Prior to joining Khazanah, he had a brief stint at Sime Darby Berhad and was an Associate Director of Innovation Associates before that.

His areas of interest have been in microeconomic aspects of policy and strategy research. He is trained in economics and mathematics and holds a PhD from the Krannert School of Management, Purdue University.



Dr. Danny Quah
*Professor of Economics,
London School of Economics*

Dr. Danny Quah is also Senior Fellow at LSE IDEAS, and Chair of the LSE-PKU Summer School Board. Quah served on Malaysia's National Economic Advisory Council 2009-2011; he was the first Head of Department for Economics at LSE 2006-2009. Quah holds degrees from Princeton and Harvard, and was Assistant Professor of Economics at the Massachusetts Institute of Technology before joining the LSE.

Dr. Quah has recently spoken on the shifting global economy at the Foreign Correspondents of China Club, the British Embassy, and Xinhua News Agency in Beijing; the Hay Literary Festival; the Lee Kuan Yew School of Public Policy at the National University of Singapore; and the Shanghai Futures Exchange; and in forums in Bali, Abu Dhabi, Kazakhstan, and Mauritius.

Dr. Quah's research is now on the global economy, economic growth and development, income inequality, international economic relations, economic geography, and new technologies. He has also worked in time series econometrics, inflation, and business cycles.



YBhg. Datuk Dr. Hamzah Kassim
*Executive Director & CEO,
Innovation Associates*

YBhg. Datuk Dr. Hamzah was a former Executive Director/Partner of the international firm of Ernst & Young, Vice President and Country Head of the global consulting firm of Cap Gemini and a member of the the global management team and Country Head of PA Consulting Group.

YBhg. Dr. Hamzah has led large scale advisory assignments related to business and IT transformation, merger integration, institutional reform and public policy development over the last 15 years of his consulting career.

Prior to this he had served in the Government holding various senior positions in the field of technology policy and industrial change including undertaking special projects for ISIS ,UNCTAD and Islamic Development Bank ,IDB in the region and middle east. Dr. Hamzah was a member of the National Advisory Economic Council (NEAC) tasked with preparing the New Economic Model from 2009 -2011 ,currently member of the Higher Education Entrepreneurship Council and the Advisory Panel of the Malaysian Anti Corruption Commission .He also sits in various boards in public and private institutions and non government organisations.

Luncheon Address



Scott McGregor
*Chief Executive Officer,
Camco International Limited*

Scott McGregor heads Camco, a leading global developer of emission reduction and clean energy projects, with operations in SE Asia, China, North America, UK, Africa, and Russia. Scott has transformed the development of Camco to market leader in the regions it works and has taken the company to strong profitability.

With 20 years of global experience in high growth companies, Scott has worked in the mining, finance and technology industries and has advised leading corporations in Asia, North America and Europe on environmental initiatives. Former positions include finance and development roles in Skype Technologies, Rio Tinto and Merrill Lynch.

Camco has a long track record in the sector and developed one of the largest emission reduction portfolios in the world, delivering carbon reduction and clean energy projects across industries. It is known for combining advanced commercialisation skills with technical expertise in complex projects to deliver value. Camco works with governments to deliver environmental impact and has received multiple awards for project development and commercial transactions.



Gita Wirjawan
*Chairman, Indonesia Investment
Coordinating Board*

Gita Wirjawan is Chairman of Indonesia's Investment Coordinating Board (BKPM). The Harvard-educated investment banker has held key appointments in Goldman Sachs and JPMorgan, and was senior advisor to JPMorgan for Southeast Asia. Before his appointment at BKPM, he was Founder and Chairman of Ancora Capital, a Jakarta-based private equity fund, a Commissioner of state owned oil giant, Pertamina, and an Independent Board Director of Axiata Group Berhad.

Mr. Wirjawan has been involved in advising private sector in many Asian countries with respect to corporate restructuring, M&A and strategic sales. He has concluded several high profile transactions. Outside the world of business, his passion lies in philanthropy, education, golf and music.

“ This investment promotion agency's goal is not only to seek more domestic and foreign investment, but also seek quality investments that improve social inequality and reduce unemployment ”

Gita Wirjawan



Is there a level of uncertainty for which it is prudent to plan? How much catastrophe can the global insurance industry absorb? What are the long-term economic impacts, and can we plan for them?

Break

Panelists: Leadership and change ... Managing amidst uncertainty?



Chair

YBhg. Dato' Mohd Izzaddin Idris
Group Managing Director/
Chief Executive Officer, UEM Group Berhad

YBhg. Dato' Mohd Izzaddin Idris was appointed Group Managing Director/Chief Executive Officer of UEM Group Berhad on 7 July 2009. He is also the Non-Executive Deputy Chairman of PLUS Expressways Berhad.

He has over 20 years of experience in the fields of investment banking, financial and general management and was previously the Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad, a position he held from September 2004 to June 2009. He was formerly a Senior Vice President (Corporate Finance) of Southern Bank Berhad and the Chief Financial Officer of Rambahill Berhad. He also held the position of Chief Operating Officer of Malaysian Resources Corporation Berhad in the late 1990s.

YBhg. Dato' Izzaddin currently sits on the Board of UEM Land Holdings Berhad, Projek Lebuhraya Utara-Selatan Berhad, Cement Industries of Malaysia Berhad, TIME Engineering Berhad, Opus Group Berhad, and UEM Builders Berhad and has served on the Boards of Proton Holdings Berhad and Kumpulan Wang Persaraan (Diperbadankan).



Steven Diamond
General Partner, Tiedemann Global
Investment Markets

Steven Diamond has been the portfolio manager for Tiedemann Global Emerging Markets since 2000, and more recently, for Tiedemann Global Emerging Markets, Long Duration Portfolio and TGEM Asia. He was the portfolio manager responsible for the Asian and the Global Financial Institutions portfolios at New World Investment Group (formerly Banco Santander, New World Investments), a global hedge fund (1997-1999).

Mr. Diamond was an analyst and a member of the portfolio management team at Emerging Markets Investors Corporation, a global emerging markets manager (1996-1997). Under Mr. Diamond's direction, the Asian Emerging Markets Fund rose to the top five percent of Asian funds in the Lipper universe. Mr. Diamond began his career in investment management in the hedge fund group at Bankers Trust.

Prior to receiving his MBA from Harvard Business School in 1995, Mr. Diamond worked on the ground in the emerging markets: from 1989 to 1992, he managed an agricultural business and was a Professor at Atma Jaya University in Yogyakarta, Indonesia.



Ronald Stones
Vice President, Richard Chandler Corporation

Ronald Stones has held chief executive positions of three of South-East Asia's prestigious international schools over the last 20 years.

In 2006, he was appointed to Samperna Foundation to advise the Board of Executives, and to direct a national school quality improvement program in Indonesia. In 2008 he took over directorship of Green School in Bali – a pioneering sustainability project in education that captured global media attention.

In 2010, he was offered the role of Managing Director of One East Asia – an international art management organisation with its head office in Singapore. He has also developed the work of his own leadership and management consultancy, Foundations.

Recently he joined Richard Chandler Corporation in Singapore to set up a whole new area of work for this successful organization in private investments.

He is the author of two published novellas, and has been awarded several honorary positions including recognition by Britain's Queen Elizabeth II for his services to education.



Ravin Jesuthasan
Managing Director and Global
Practice Leader, Towers Watson

Ravin Jesuthasan has extensive experience in the design and implementation of workforce and people systems that align with an organisation's strategic drivers and the creation of shareholder value. He has also led large-scale, global restructuring and transformation engagements for his clients.

Ravin has published numerous articles and led several global research efforts on the topics of labor cost management, performance management, rewards and talent management. He has also been featured and quoted extensively by leading business media including CNN, The Wall Street Journal, BusinessWeek, Newsweek, CNBC, Fortune, Human Capital (China), Les Echos (France), Valor Economico (Brazil), and Business Times (Malaysia) among others. He was recognized as one of the top 25 most influential consultants in the world by Consulting Magazine. He is also an author and recently published Transformative HR.

Prior to joining Towers Watson 17 years ago, Ravin was a consultant with the strategy practice of a major management consulting firm. He holds B.B.A. (Finance) and M.B.A. (Finance) degrees and is a Chartered Financial Analyst.



YBhg. Tan Sri Wan Azmi Wan Hamzah
Board Member, Malaysia Airlines

YBhg. Tan Sri Wan Azmi bin Wan Hamzah is an active investor, whose family has significant interest in E&O Berhad, Pure Circle Limited, Steppe Cement Limited and other gold and mining exploration companies.

He served as a Director in a number of Malaysian listed companies prior to retirement in 2001. He qualified as a Chartered Accountant in 1974.



YBhg. Datuk Dr. Rebecca Sta Maria,
Secretary General, International Trade
and Industry Ministry (MITI)

YBhg. Datuk Rebecca Fatima Sta. Maria, Ph.D., is the Secretary-General (Trade) of the Ministry of International Trade and Industry (MITI).

Prior to this appointment she was the Deputy Secretary-General (Trade) of MITI. In that capacity she provided the oversight for the formulation and implementation of Malaysia's international trade policies and positions. This involved Malaysia's participation in bilateral, regional (ASEAN, APEC, OIC) and multilateral fora (World Trade Organisation), as well as bilateral and regional trade negotiations.

Prior to her appointment to MITI she served as the Senior Project Coordinator at the Leadership Centre, National Institute of Public Administration (INTAN).

She began her career in the Administrative and Diplomatic Service in 1981 and served in various capacities in the then Ministry of Trade and Industry. In 1988 she was seconded to the ASEAN Plant Quarantine and Training Centre as its Chief Administration and Procurement Officer.

What is the outlook for 2012 and beyond?



Having posited uncertainty – arising from various socio-political, economic and natural phenomena – as normality, what is the outlook for 2012 and beyond? What lies ahead for People, Firms, Countries and Markets? Do we have the leadership to cope with these challenges? Will solutions to these uncertainties depend on greater inter-connections and the formation of a global commons, or a return to selfish self-interests? How will decisions and organisation of enterprises be affected?

Summary and Outlook



YBhg. Tan Sri Dato' Azman Mokhtar
*Managing Director,
Khazanah Nasional Berhad*

YBhg. Tan Sri Dato' Azman bin Hj. Mokhtar was appointed as Managing Director of Khazanah Nasional on 1 June, 2004.

Between 1994 and 1998, he was a Director and Head of Research for Union Bank of Switzerland in Malaysia. Between 1998 and 2000, he was Director and Head of Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was the Managing Director of BinaFikir Sdn. Bhd.

YBhg. Tan Sri Dato' Azman Mokhtar graduated with distinction in M. Phil in Development Studies from Darwin College, Cambridge University, United Kingdom as a Chevening scholar. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and is a Chartered Financial Analyst charter holder. He also holds a graduate diploma in Islamic Studies from the International Islamic University, Kuala Lumpur.

Appreciation



YBhg. Tan Sri Md Nor Yusof
*Board Member,
Khazanah Nasional Berhad*

YBhg. Tan Sri Md Nor Yusof was appointed as Director of Khazanah Nasional on 1 April 2006 and currently serves as the Chairman of its Executive Committee. He also sits on the Boards of several institutions including Malaysian Agrifood Corporation Bhd, Pelaburan Hartanah Berhad and is also a Trustee of Yayasan Khazanah.

YBhg. Tan Sri Md Nor Yusof was appointed to the Board of CIMB Group Holdings Berhad as Director on 27 June 2006 and assumed the post of Chairman on 31 July 2006. He is also Chairman of CIMB Group Sdn. Bhd. YBhg. Tan Sri Md Nor Yusof has spent 18 years of his working career with the CIMB Group, and more notably as President and Chief Executive Officer of Bank of Commerce (M) Berhad (now CIMB Bank).

YBhg. Tan Sri Md Nor Yusof had completed his term as Executive Chairman of the Securities Commission on 31 March 2006. Prior to that appointment, he was the Managing Director of Malaysian Airline System Berhad after serving a period as Advisor to the Ministry of Finance.

CLOSING SESSION

5:15 - 5:30pm	Summary and Outlook	YBhg. Tan Sri Dato' Azman Mokhtar, Managing Director, Khazanah Nasional Berhad
5:30 - 6:00pm	Closing Address	YAB Dato' Sri Mohd Najib Tun Abdul Razak Prime Minister of Malaysia
6:00 - 6:05pm	Appreciation	YBhg. Tan Sri Md Nor Yusof, Board Member, Khazanah Nasional Berhad
6:30 - 10:00pm	Special Event	Khazanah Hari Raya Open House

THANK YOU



Our heartfelt gratitude
and appreciation to

**Yang Amat Berhormat
Dato' Sri Mohd Najib
Tun Abdul Razak,
Prime Minister of Malaysia
and Chairman of the Board,
Khazanah Nasional Berhad**

for honouring us with your
presence at the Closing
Session of Khazanah
Megatrends Forum 2011
and Khazanah Hari
Raya Open House.

From all of us at



**KHAZANAH
NASIONAL**



Malaysia Day Speech

Delivered in conjunction with Malaysia's 54th Independence and Malaysia Day 2011

By YAB Dato' Sri Mohd
Najib Tun Abdul Razak,
Prime Minister of Malaysia
September 15 2011

Bismillahirrahmanirrahim
Assalamualaikum
Warahmatullahi
Wabarakatuh, Good Evening
and Happy Malaysia Day.

Ladies and gentlemen,
beloved citizens of Malaysia.

1. Alhamdulillah with the Grace of Allah, we are able to celebrate the 48th anniversary of the formation of Malaysia as citizens of an independent, sovereign, democratic, peaceful and harmonious nation.

2. The tale of Malaysia's journey is indeed colourful. From its beginning as a low income agricultural nation at the time of its formation, today, as a result of systematic planning and sound implementation, we have successfully emerged as a moderately high income modern industrial nation. Moving on, although the success attained is monumental and very significant, it is not a reason for us to cease our effort, be comfortable, what more do nothing.

3. What should be done for the sake of our survival and to enhance as well as ensure the well being of the rakyat in this very competitive world now, is, to continuously double our efforts to improve our competitiveness as a nation through the utilisation of creativity, innovation and by striving for the creation of new wealth based on self entrepreneurship. All these objectives would not be achieved without the existence of national unity, peace, stability and harmony.

4. Looking at the pages of history, when our nation achieved independence 54 years ago until Malaysia was formed six years later, with the inclusion of Sabah and Sarawak, many then, whether foreign observers, or local inhabitants doubted and even questioned, a new nation with its States separated by the South China Sea, then threatened by communist insurgency, with its population living below the poverty level, exacerbated by the diversity factor in terms of demography which was extraordinarily complex, would this nation be able to remain strong as a nation state as well as succeed?

5. It is a fact, viewing Malaysia's achievement up to now, from the first crawl to subsequent stumbles, the road to success had been full of challenges. Combing the annals of history, it is indeed miraculous that soon after independence, that fact, and with it the additional burden of the acceptance of the system and philosophy of administration of the country based on Parliamentary Democracy, Constitutional Monarchy and Federalism, was

accepted by us even before maturity of the aculturation process.

6. Clearly, before independence, the people of the thirteen states which united to form Malaysia neither had the opportunity to elect a government into power nor determine the type of its administration. These people merely existed as people in protected states or colonized land who were accorded limited political privilege according to the discretion of the ruler in power. Surely, this was not real political right derived from nationality in an independent and sovereign country.

7. Factually, before independence, the first political election which was held where the people were given the opportunity, albeit a limited one, to elect their representatives was at the election of several Municipal Councils in 1952 and subsequently the election of part of the Members of the Federal Legislative Council in 1955. In reality, only after independence were the citizens given the full right and responsibility to elect all the Members of the House of Representatives and the State Legislative Assemblies, consequently full discretion to determine the party or the coalition party which would form the government.

8. Without doubt, we should be thankful because from time to time, whatever obstacles that had come our way, whether internal or external in their source, which threatened democracy and individual freedom be it communist insurgency, confrontation against the formation of Malaysia, race riots, economic downturn, religious extremism, and racial chauvinism, Alhamdulillah, each and every obstacle had been dealt with and faced within the framework of prudent action, democratically based on the principle of constitutional supremacy and the rule of law.

9. It should be remembered that, during that period not once did it cross the government's mind to change the existing Parliamentary Democracy and Constitutional Monarchy system to an anti-democracy system, however great the challenge faced. As recorded in our nation's history, as a result of the 13 May tragedy, Seri Paduka Baginda Yang DiPertuan Agong on the advice of the then Prime Minister had proclaimed emergency pursuant to the provision of Article 150 of the Federal Constitution.

10. One of the consequences of the 1969 proclamation of emergency was the suspension of ongoing elections in Sabah and Sarawak. What happened thereafter was that elections to the House of Representatives were only held twenty

months later and the Parliamentary Democracy system was restored after peace and stability prevailed.

11. Even though that was the case, the late Tun Abdul Razak as Deputy Prime Minister then cum Minister of Defence who was entrusted to lead the Majlis Gerakan Negara or MAGERAN, with absolute executive and legislative powers, never desired to retain those powers longer than was necessary.

12. It is evidently clear, the late Tun and his colleagues then more than realized that the extraordinary unfettered powers in their hands must never be made the norm in their use for the sake of this beloved nation. On the other hand, they understood that such absolute power was a trust to contain and control tragedy and instability which occurred.

13. Rightly, as a nation which practises parliamentary democracy, the power to determine the political party which will form the government whether at the Federal or at the state level rests absolutely in the hands of the rakyat. After more than five decades of independence and almost five decades after the formation of Malaysia, we find that, the experience, maturity and wisdom of the people of this country in electing the government to determine the future direction which they desire cannot be denied by anybody.

14. In fact, I often opine that long gone is the era in which the government knows everything and claims monopoly over wisdom. The revolution in the field of information technology, progress in communication and the sophistication in transportation have opened up competition and extensive and dynamic comparison in the ideas market.

15. In this contemporary time, the standards as well as peoples' access to all levels of education have become more extensive. In addition, the sound economic growth, reduction in poverty rate and social engineering initiative have succeeded in enhancing the standard of living and creating a big middle class. In recent times, the priority in terms of the wants and needs of the Malaysian citizens has undergone a big change compared to four or five decades ago.

16. Going further, administering a country formed from the moment of independence out of the wishes of the people, the current government will continue to be committed to upholding the system of Parliamentary Democracy, Constitutional Monarchy, the rule of law, the philosophy of federalism and the check and balance principle between the three branches of government.





17. As many of you know, except for the proclamation of emergency of 1964 as a consequence of the confrontation which was impliedly revoked, all the proclamations of emergency subsist till today. Thus, realising that the reality in Malaysia has changed, feeling the pulse, agitation and aspiration of the rakyat who clamour for a more open and dynamic democracy, where, the opinions, ideas and concerns of the masses are given due attention, so as to be at par with other democratic systems in the world which are underscored by the universal principle from the people, by the people and for the people, the government now under Clause (3) of Article 150 will table a motion before both Houses of Parliament to have the three Proclamations of Emergency annulled. In my opinion the time has come for the people of Malaysia to advance to the future with the next paradigm based on new hope and not be bound by the nostalgic constraints of past history.

18. In designing a civilised nation to face extraordinary situations threatening the security of the nation and the well being of the people, unavoidably, the situation demands for special measures which sometimes are outside the democratic norms. An example is preventive detention. Indeed the astuteness in countering violence requires us to prevent the action before innocent lives and property are lost, or injury results. This is a global truth.

19. From the Islamic law perspective, it is stipulated clearly in the Maqasid Syariah which has as its objectives five main matters that is; firstly: religion, secondly: life, thirdly: the mind, fourthly: progeny and dignity and fifthly: property. In fact the principle of Usul Fiqah deals in a substantial way with the need to prevent a wrongdoing from occurring. Another principle stipulates that the decision of the ruler is a trust which must be implemented for the people being governed for their general benefit.

20. This is not something strange,

unusual or alien. It has been proven that developed democratic countries such as the United States of America and the United Kingdom had also enacted special legislative framework to deal with terrorist threats post the 11 September tragedy.

21. The fact is that, the balance as well as equilibrium between national security and individual freedom must prevail in a modern democracy. It is the duty and responsibility of a government which has as its highest objective the welfare and well being of the people to find this right balance.

22. For example, the right to free speech guaranteed under the Federal Constitution does not in any way mean that any body is free to defame and stoke hatred. Another simple example is this, the government is also responsible to prevent a false cry about a bomb in a stadium full of people. This is because such uncontrolled freedom will only create panic which may lead to injury and loss of lives.

23. Pursuant to that, as I have promised in my maiden speech after first assuming the post of Prime Minister on 3 April 2009, that the Internal Security Act 1960 (ISA) would be reviewed comprehensively, it is now my pleasure to announce on this historic night, that the Internal Security Act 1960 (ISA) will be repealed entirely. To prevent subversive action, organised violence and criminal acts in order to preserve public order and security, legislation will be enacted under the umbrella of Article 149 of the Federal Constitution. In essence, the legislation will have the aim of maintaining peace, well being, tranquility and order in the lives of the people and the country.

24. Over and above everything else, the Government will always ensure that the fundamental rights of those involved are preserved. Any law enacted will take into account rights and fundamental liberties based on the Federal Constitution. The new law will provide for a substantially reduced period

of detention by the police compared to what we have now and any further detention may only be made with the order of the court except the law in relation to violence which is still under the power of the Minister. In general, the power to further detain will be transferred from the executive to the judiciary.

25. In addition to repealing the Internal Security Act 1960, the Government will also repeal the Banishment Act 1959 as well as review several laws to ensure that these laws fit the present needs. In relation to that, we will not hesitate to amend or repeal laws which are no longer relevant.

26. This comprehensive review will involve the Restricted Residence Act 1933 and the Printing Presses and Publications Act 1984 where the yearly renewal principle will be abolished and in lieu thereof a licence will be issued until revoked. The Government will also review section 27 of the Police Act 1967, taking into consideration Article 10 of the Federal Constitution regarding freedom of assembly and so as to be in line with international norms on the same matter.

27. As a nation, Malaysia and all of her people now stand at a crossroads. The decisions we make today will determine the fate and shape Malaysia as it will be in the future, the homeland that we will pass on to our children and future generations. The question is, are we capable of surpassing and challenging the common suspicion that Malaysians with their diverse backgrounds, varying socioeconomic statuses and political understandings which are typical of human nature, can arrive at a consensus to not bow or surrender to the trappings of hate and distrust which would certainly drag us down into a valley of disgrace. Instead, let us all brave a future filled with hope and nobility together.

28. Be confident that it is a strength and not a weakness for us to place our trust in the Malaysian people's intelligence to make decisions that will

shape the path of their own future. If we perceive it as a mistake, then what is the use of us planning our national development so meticulously since Independence, what is the use of us spending large sums of the nation's treasury every year to provide quality educational access to all, freeing them from the clutches of poverty, and building world class physical infrastructure and information communication technology?

29. It is absolutely clear that the steps I just announced are none other than early initiatives of an organised and graceful political transformation. It stands as a crucial and much needed complement to the initiatives of economic transformation and public presentation which the government has outlined and implemented for over two years in the effort to pioneer a modern and progressive nation.

30. It is neither too early nor too late, but this is the most suitable and precise time for such major estimations to be made and implemented. Though some parties opine that this is too risky, we will proceed with it for the sake of survival, as it has been fifty years since our nation achieved independence, and nearly five decades since Malaysia was formed. Thus, we stand at the threshold of a vehicle that speeds towards its destination as a fully developed nation.

31. In closing, I wish to emphasise that free of any suspicion and doubt, the Malaysia that we all dream of and are in the process of creating is a Malaysia that practices a functional and inclusive democracy where public peace and prosperity is preserved in accordance with the supremacy of the Constitution, rule of law and respect for basic human rights and individual rights.

For the sake of Malaysia, have faith and place our trust in God.

Wabillahitaufik Walhidayah
Wassalamualaikum Warahmatullahi
Wabarakatuh. Thank you.

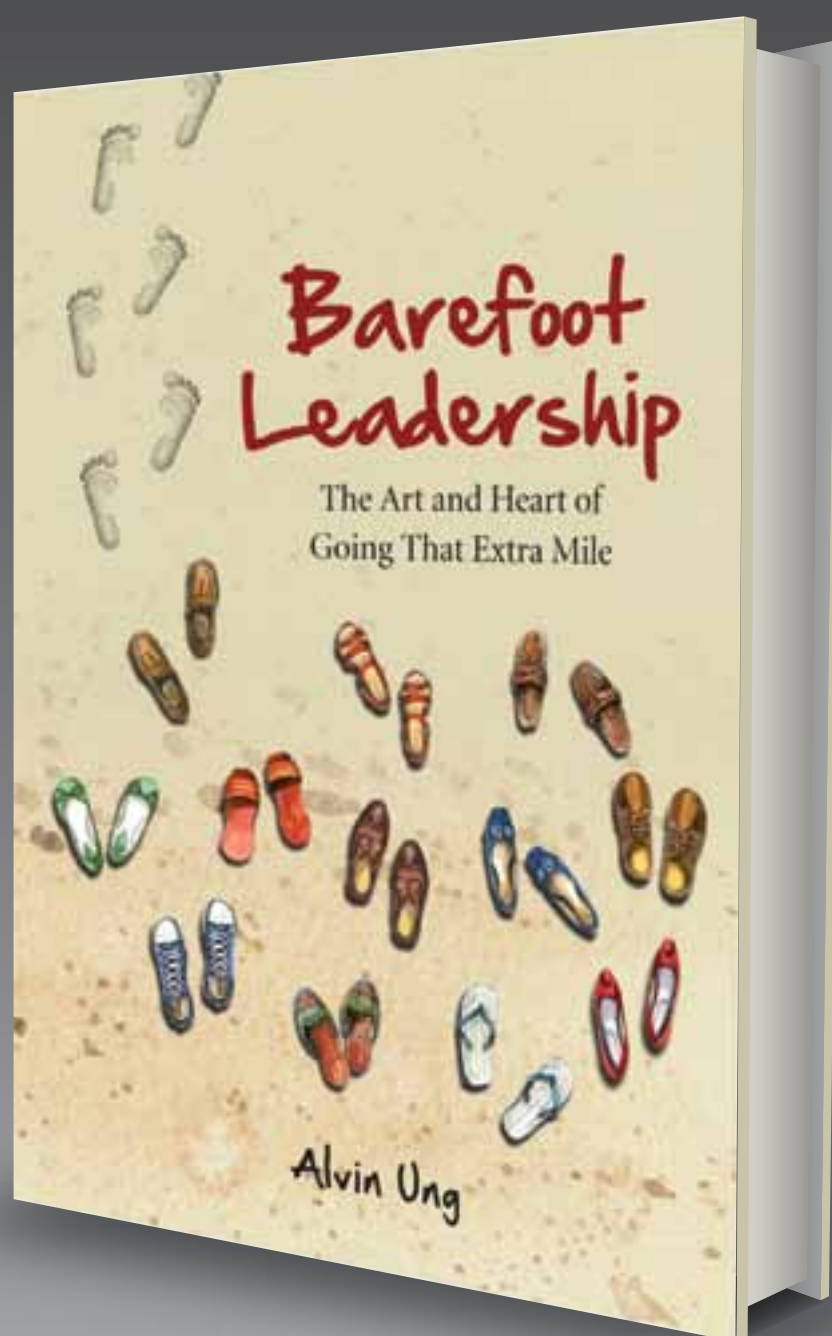


Join Alvin Ung at
'A Celebration of
Malaysian Leadership'
27 September 2011,
2PM, Grand Ballroom,
Mandarin Oriental, KL

Alvin Ung is a writer, facilitator and coach who embraces his calling to grow leaders with depth and purpose in their lives. Over the past ten years, he has conducted workshops and taught graduate courses for leaders in the corporate and social sectors in Asia and North America. Ung is the co-author of *Taking Your Soul to Work*.

As Vice President at Khazanah Nasional (2007 - 2008), he led a team that worked with CEOs and HR Heads from 20 government-linked companies to design and build a pioneering talent management programme that has been written up as a case study by the renown IMD business school.

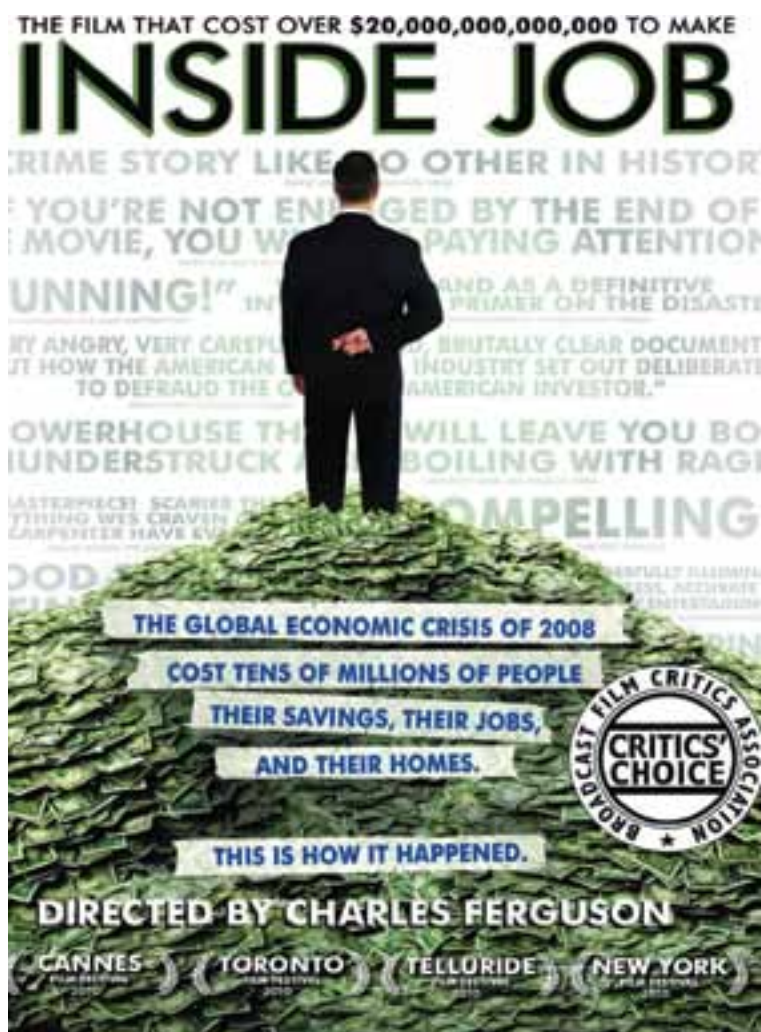
Born in Georgetown, Penang, Ung read English Literature at Middlebury College and obtained an M.A. in non-fiction writing at The Johns Hopkins University. In 2005, he was conferred the Walter C. Wright Leadership Award by Regent College, the top-ranked graduate school of theology in North America, for his outstanding contribution to mentoring community leaders. Ung lives in Kuala Lumpur with his wife and son. He invites readers to email him at alvin@barefootleadership.my



Extraordinary leaders don't necessarily lead in leather soled designers shoes or 4-inch killer heels. They can lead in slippers or sports shoes and even in bare feet!

Barefoot Leadership - The Art and Heart of Going That Extra Mile takes us on a path of unassuming Malaysian leaders. From the meandering rivers of Borneo, to the rubber estates in Selangor and to the darkest corners of Chow Kit in Kuala Lumpur, Barefoot Leadership tells the stories of extraordinary Malaysian who have practised the delicate art and heart of leadership in their own unique ways. Through this book you will learn about finding your own path and how you can go that extra mile too!

The version being launched will not be sold but only given as corporate gifts. Alvin will be available to sign your copy of Barefoot Leadership - The Art and Heart of Going That Extra Mile on 27 September 2011 at the foyer of The Grand Ballroom, Level 1, Mandarin Oriental



Don't miss this special movie screening at TGV Cinemas, KLCC to take a closer look at the anatomy of the worst financial meltdown since the Great Depression.

**26th September 2011
5.45 - 7.30pm
at Hall 5, TGV Cinemas,
Level 3, KLCC**

**Ticket Collection:
After 5pm, Grand Ballroom
Foyer, Level 1,
Mandarin Oriental**

The tickets will be given out on a first come first served basis. Popcorn and Coke vouchers will be provided.

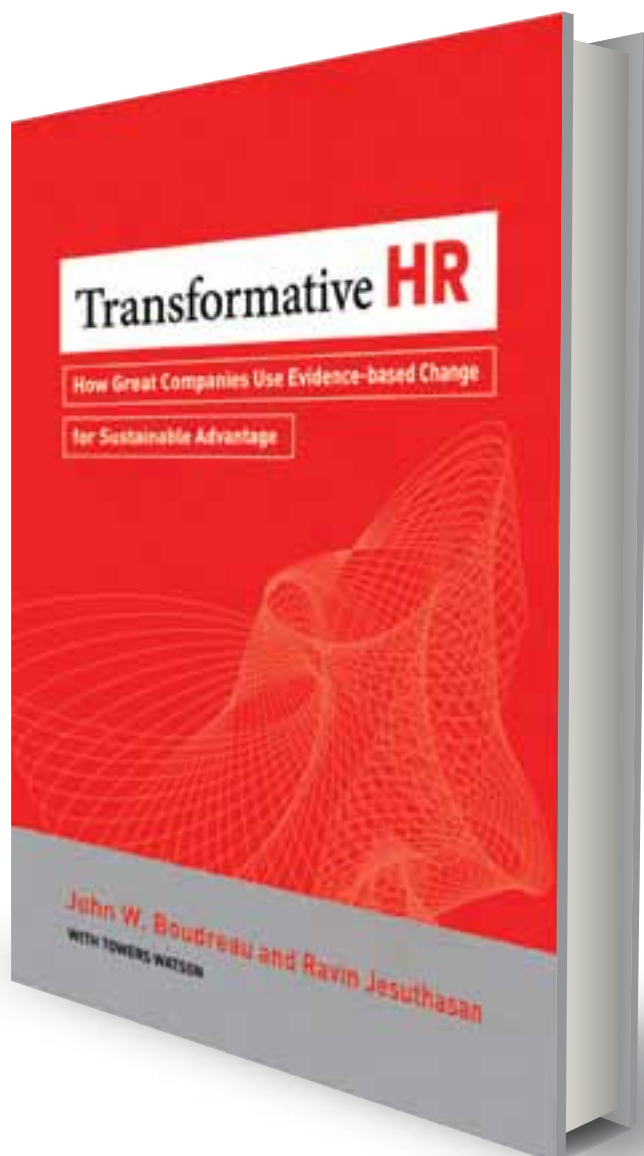
It's not all just fiction and action up on the silver screen these days, as sometimes the truth in the financial world can turn out to be more dramatic than fiction.

This award winning documentary by Charles Ferguson goes all factual in its fascinating dissection of the 2008 global financial crisis. Narrated by Matt Damon, it offers a comprehensive and critical analysis of the single most devastating crisis since the Great Depression that cost over US\$20 billion, left millions jobless and homeless and left the world teetering on the brink of global collapse. YBhg. Tan Sri Andrew Sheng also appears in this documentary.

Through well-presented and researched charts, exhaustive interviews of key financial insiders, politicians, journalists and academics, and news footages, the film shows the steady slip into financial instability for the global masses and a correspondingly massive incline of financial gain for a minority of heads in high finance and government in the years running up to the crisis. And what's more worrying, the documentary argues, is that it's a trend that continues even today.

The documentary is split into 5 parts, covering the early makings of the crisis during the Reagan administration, the growing bubble years created by debt, the actual crisis and financial pandemonium when the bubble burst in 2008, an analysis of who's accountable and finally, the current state of affairs after the crisis.

The Inside Job was awarded the Oscar for the best documentary at the Academy Awards in February this year.



If companies are to stay competitive in today's marketplace, they must have the ability to make informed human capital decisions.

Authored by Ravin Jesuthasan and John Boudreau, this thought-provoking book reveals the dynamic 'evidence-based' process for leaders who want their organisations to thrive. It entails making HR and investment decisions based on well-grounded evidence that relies on logic, strategic awareness and savvy change management.

Transformative HR is filled with insights based on the experiences of leading global

organisations such as PNC Bank, CME Group and Royal Bank of Scotland to name a few. It also features illustrative in-depth case studies of six international conglomerates – Coca-Cola, Khazanah Nasional Berhad, IBM, Ameriprise Financial, Royal Bank of Canada and Royal Bank of Scotland. A must-read for corporate leaders who want the know-how to leverage informed human capital and investment decisions to create organisational strategic successes.

"Transformative HR is at once both strategic and tactical, and helps HR leader and their colleagues make decisions that are grounded in evidence and avoid unintended consequences. Practical, compelling, real-world examples are included that help practitioners sharpen their impact in driving change"

*Brian Schipper, Chief
Human Resources
Office, Cisco Systems*

Transformative HR will be available at the foyer of The Grand Ballroom, Level 1, Mandarin Oriental.



In search of gold and the golden mean – Transforming and re-balancing in the new Malaysia Inc: The role of Khazanah and the GLCs

Edited highlights of YBhg. Tan Sri Dato' Azman Hj. Mokhtar's speech at Invest Malaysia Conference 2011 (April 13 2011)

In cyclical terms, 2010 will likely be consigned into the footnotes of economic history as a year when the economy and the markets surprised on the upside but quite disappointingly did little to fundamentally and permanently change for the better the post-crisis world. While global output rebounded by a commendable 5% in 2010, this has been rather short-lived, and into 2011, a new set of challenges has emerged. The symptoms of deeper causes abound; and not just the structurally slower growth outlooks or the inflationary fears especially in energy and food prices. But perhaps more significantly, and certainly more shockingly, the speed and intensity at which ecological and social/geopolitical backlashes have unfolded. If there is a byline for 2011 and the year to date, it is that the world is a fundamentally unstable place. Markets, or at least efficient markets, are supposed to be mirrors of that unstable world. Of late, the mirrors have often become amplifiers as well. We do indeed live in volatile times. ...

In structural terms, it is hard not to conclude that the World seems to have wasted what was indeed a first-rate crisis. The relative success of the "war-time" crisis management of 2009 has given way to a more predictable drudgery of low equilibrium outcomes at both national and multilateral levels. Take your pick of any of the big issues and the big problems of the global commons; trade, capital flows, financial stability, banking reforms, poverty and development, and indeed, climate change. They all fell short, often significantly short, of the bold, honest and collective leadership the world was crying out for. Those of us who have seen (and if you have not, you should) the

recent Oscar winning movie "Inside Job" would come away shaking our heads in disbelief and even in anger as to how did we allow the Global Financial Crisis of 2008 to happen, a big blot in our common human history.

So, we ask the question as to whether we just let it end there? Do we just resign ourselves to be consumed by these big and overwhelming mega-trends? Is that it? As we have come to expect and I have over the years come to learn, the answer is of course not! While we do indeed live in volatile times, we are also living in seismic times and with such big shifts come big inflexion points and big opportunities. The one major caveat

is that opportunities only knock for those who are prepared and for those who are bold, determined and steadfast enough to take them.

At the outset, while Malaysia posted a robust 7.2% GDP growth in 2010, more importantly, the authorities have candidly recognized that this is not good enough and there are many structural challenges that we need to address. To my mind, there are two significant consequences of these trends for Malaysia in 2011 and beyond.

First, we can't rely too much on others, on global demand and investment nor on global governance for the solutions. That means greater self reliance yet remaining firmly plugged into global supply chains and global markets. On balance, our natural and adduced endowments mean that we are well placed to benefit from the acceleration of the economic shift from West to East, from the financial to the real economy, and from a more narrow growth focus to a more inclusive and sustainable stakeholder economy.

And second, we are now witnessing the strong momentum of the rollout of various national transformation Programmes. For the Government Transformation Programme, the New Economic Model and the Economic Transformation Programme, with the clear plans and the momentum generated to date, we have a clear opportunity in 2011 to truly seize the moment for a significant remake. To do this, like all national transformation programmes, it critically needs a strong national compact if not quite a full national consensus. The task of building a more responsible and relatively non-partisan compact will be a task that is rooted in political and social transformations. In this regard, the sequencing has been orderly, in starting with the critical public goods and economic transformation programme first and in the process building momentum.

Quo vadis then, where do we go from here? I would like to provoke further discussion and submit that we have already entered into an updated period of a new Malaysia Inc. This period that started in 2009 coincides with the period of National Transformation, further triggered by the Global Financial Crisis of 2008-2009. This is a critical period, and the decade before us is the last before our national goal of achieving developed nation status by 2020. Given the preceding and cumulative factors of such intense and rising global competition, slower income growth and widening income disparities and a more demanding and informed public, this is clearly an age if not an epoch that demands higher performance and a higher accountability.

As we try and chart the micro-economic political economy balance of our times, our task at this point is thankfully made easier by the formulation of the national transformation plans with the New Economic Model at its heart. In this regard, unreserved credit I believe is due to the Government for giving us a clear framework. For sure, there are numerous trade offs and implementation challenges and for sure, the devil will be in the execution detail. Those are the challenges for the present and indeed and surely for the future, but we are thankful that there is at least a clear and unambiguous direction with its triple bottom-line of being pro-growth, pro-inclusiveness and pro-sustainability.

In translating this national imperative into the new Malaysia Inc. it follows that the key precepts of this period will require a relentless pursuit of greater efficiency, performance and competitiveness at its heart, and always with greater accountability, better governance and greater inclusiveness. This is a very tough task and I would submit, it's a job too big for any one segment of the economy. Indeed precisely because it's a very wide and challenging task, it will need most of all, greater trust and collaboration between all component parts of the economy – between the Government, the private sector, between GLCs and non-GLCs, and between foreign and domestic investors. If we can co-exist based on a fierce, proper and honest commitment towards a merit-based yet inclusive performance, towards good governance and public accountability and with trust and mutual respect, it will form the basis of a new economic compact, a new, more balanced and better Malaysia Inc. We must dare to dream a new Golden Mean and then to be wise and disciplined enough to wake up, and then to dare to do.

One key success factor in delivering results we believe has been the discipline and doggedness of execution, of relentless and continuous improvement and of detailed programme management. These are the simple, even boring, incremental building blocks of transformation work. Staying the course is at the heart of this and indeed I am reminded by the wisdom of the American comic and sometimes philosopher Woody Allen, who rightly observed that "Ninety percent of life (and success) is showing up". A variation, no doubt on Edison's famous line that "Genius is 1% inspiration and 99% perspiration". We have outlined clearly the various programmes and "rainbow-coloured books" and the use of KPIs and so on in delivering this first principle. Governance and integrity is also part of this track, and it is critical as the program grows, and even more so as it gets some successes, that we must remain vigilant against such impostors that can breed complacency and hubris. Indeed we must continue to maintain a zero tolerance policy on any breaches of integrity.

The financial and strategic results of 2010 and the years preceding that from 2004 have been encouraging. The programme is, in aggregate, well on track and on schedule. Entering the home stretch to 2020, we are embracing a new Malaysia Inc. and New Economic Model against a backdrop of a fundamentally unstable world. In that turmoil, there is nonetheless much opportunity that knocks. Armed with a clear plan, we must now rally around our commonalities rather than our narrow differences to carry the common interests. Searching and delivering the Gold of value creation is but one part, and part of the bigger aim of achieving a better, Golden Mean for all. The task is big and the challenges many, but I ask and call on all of us to play our respective roles in this noble task. The prize is indeed great and if we can do that, we would be able to seize the moment for a once-in-a-generation opportunity to execute meaningful change. Thank you.

Views of the speaker are his; usual caveats apply in that the views may or may not reflect those of Khazanah's. For the full speech, please visit www.khazanah.com.my or follow this link: http://www.khazanah.com.my/docs/TanSriAzmanMokhtar_speech_%20Invest%20Malaysia2011.pdf

"We must dare to dream a new Golden Mean and then to be wise and disciplined enough to wake up, and then to dare to do."

The millenium generation and the challenge for social stability



By Andrew Sheng
The Star, September 17 2011

Other than the social unrest fermented by unemployed youth upset with government corruption and inability to create jobs, the common element was the use of the social media. Even the Chinese high speed train crash in Wenzhou sparked off microblogging that spread the news faster than before. Twitter, Facebook, Google and mobile phone texting have changed the nature of news transmission and the whole governance structure globally.

Human behaviour reacts to new information, hence our obsession with breaking news. We need information to plan, respond and act.

Traditionally, the control of news and information was confined to a relatively small number of powerful newspaper groups around the world or government media. Radio and television changed the game, but the information was essentially one way. News feed meant news was fed to the consumer. Advertising was about promoting products and services and conveying information to the user.

Society became concerned about the use and misuse of information, hence the intense debate about control of media and freedom of information.

With the arrival of the Internet and social media technology, information became two-way. Two simultaneous events happened with the arrival of social media, both of which are totally new and not fully understood.

First, information became available, faster and more comprehensive to more people than ever thought possible. Papers like the News of the World were considered successful if they sold more than one million copies daily. A successful book would sell 100,000.

However, today, there are five billion mobile phones in use, compared with just over six billion people. More and more people everywhere are connected to the Internet. Every month more than 30 billion pieces of content are shared on Facebook. Twitter can reach millions instantaneously.

Second, because millions of people can receive news simultaneously, they can react synchronously. This is the rise of flash news and flash mobs. The news feedback mechanism has moved from months to nano-seconds.

Governments which had time to react to news, now have no time at all to understand and respond to instant public opinion or even sudden appearance of thousands on social protest.

When someone rich and famous like Dominique Strauss-Kahn was arrested, there was almost instant decision on the Web whether he was guilty or not.

In the past, legal justice could have the pretense that the jury should not be biased by newspaper comment. Today, there are no "clean" decisions everyone is affected by the public opinion.

There are several serious implications for the media industry and social governance.

In economic terms, the traditional print media is suffering in the advanced countries.

As we enter into autumn, 2011 is turning out to be quite a year. Who would have thought that the immolation of a jobless Tunisian graduate in December 2010 would have sparked off the Arab Spring, with uprisings in North Africa and Middle East and now a variant has appeared in Britain?

The good news is that print media is still growing in the emerging markets, as less access to Internet and a rising young population look voraciously for news.

More and more people are turning to instant news on their mobile phone and the Web. The bad news is that with instant news are instant judgements Like or Do Not Like. The fates of major social events are no longer judged by Royal Commissions of Inquiry, but by 140 character limit of news transfer by Twitter or other micro-blogs.

The events and responses of daily life are now black and white, demanding instant solution, not complex matters of grey requiring careful analysis and cautious response.

Thus, in many ways, the world has moved into a multi-dimensional complex transformation, facing simultaneously forces of demographics (more and more younger people and at the same time ageing people), urbanisation, industrial transformation, dramatic technology advances and the visible effects of climate warming and natural disasters.

Hence, mankind is facing changes in the natural environment even as we are confronting massive social change. But the most profound change is the great divide in the inter-generational understanding of each other.

The baby boomers of my generation marched in the streets in 1968 to demand greater social equality, including gender and racial equality. We were less than 5% of our age group who went to university. We were an elite.

Today, the baby boomers (those born after World War II) are beginning to retire. They have become the establishment.

University or tertiary education has become much more broad-based. More than half the population of the world is under the age of 21. The protesters in the Arab Spring or the rioters in Britain represent a generation different from their political leaders.

The new generation has largely grown up not in an age of war, but in an age of global peace. But the biggest challenge for social stability is the challenge of jobs for Gen Y or the Millenium generation, people born around the turn of the century.

In China, there is general acceptance of the fact the post 1980 generation (after the implementation of the one-child policy) has social behaviour different from those when families were multi-children.

In the next 15 years, more than 700 million young people will enter the labour force, of whom 300 million will come from Asia.

Already, the International Labour Organisation estimates that there are roughly 100 million unemployed people in Asia, before the global financial crisis.

If we cannot create enough jobs despite massive fiscal deficits and industrial restructuring, expect more social disruption from the new generation.

Andrew Sheng is President of the Fung Global Institute.

Reference: <http://biz.thestar.com.my/news/story.asp?file=/2011/9/17/business/9517066&sec=business>

Of decoupling and double dipping



By Nungsari A Radhi

An edited version of the article appeared in The Edge on August 19 2011

There's not much positive economic news coming from most parts of the world these days. Talk of a multi-polar world economy on the road to a multi-speed recovery after having averted real catastrophe as a result of the 2008 global financial crisis have increasingly been replaced by gloom, a rather broad-based gloom. The double dip scenario for the US economy has returned and the yet to be resolved European debt crisis is looming large rather menacingly.

With these weak numbers externally and greater overall uncertainty, the Malaysian economy recorded its slowest quarterly growth in the last two years – a 4% growth for the second quarter of 2011. The global equity markets, including Bursa Malaysia, have retreated from gains made during the second half of last year. How badly has the economic outlook deteriorated?

The 2008 crisis that originated in the US housing market was a financial one. It saw housing prices plummeting and with that, all other financial assets that were created based on housing assets. The already high household indebtedness worsened and a lot of wealth was wiped out. As a consequence, the high spending, debt-fueled US consumer, some 70% of it's GDP, or about a fifth of global consumption, contracted. This asset deflation also wipe out liquidity in the financial institutions, which also resulted in a credit crunch.

While these consumers are still de-leveraging from their high levels of indebtedness, there will be a significant loss of aggregate demand around the world. Unemployment worsened the situation. That is why the US net job creation numbers are scrutinised by analysts looking at this economic downturn. The numbers coming out of the US are, however, not good. After showing some positive trend, the US job market is back to looking gloomy suggesting that the already shallow recovery might be grinding to a halt.

The present convulsions in the markets came about from the downgrade in the US sovereign rating by one rating agency, Standard and Poors. This happened when divisive partisan politics turned the budgeting process into a black-mailing game, a kind of political brinkmanship that puts everyone on a downward sloping slippery slope. Despite the resolution of the US government debt ceiling, a financial catastrophe had it not been resolved, capital markets

in the US and worldwide reacted negatively. There is greater uncertainty now as political leadership, or the lack of its quality, has added to overall uncertainty. The "uncertainty premium" as PIMCO's boss, El-Erian, puts it, has risen further.

Having pushed the lever of monetary policy all the way to zero interest rates, some have argued that economies such as the US are in "liquidity trap"? Basically expectations are such that any further increases in money supply will not reduce interest rates and stimulate the economy. The typical argument is that lower interest rates will stimulate both investments and consumption, but interest rates are already zero. This Keynesian analytical framework does not seem to apply here as was the case in Japan in the 1990s. The neo-classical response is what we have been witnessing where quantitative easing was used to get out of the trap. However, the quantitative easing that has been implemented thus far - mainly in the form of injecting liquidity directly into financial institutions - have failed to stimulate lending to catalyse growth in the real economy. Instead this liquidity sought out more profitable assets elsewhere. Most of this liquidity flowed eastwards to take advantage of interest rate differentials and also better growth there while also fuelling asset inflation.

Exporting Asian economies will be negatively affected regardless of how robust their domestic consumption numbers are. The decoupling thesis does not really apply so long as the production underlying US consumption, for example, are found in Asia. As it is, much of exporting Asia's production is still meant for US consumption.

The world is also awash with debt, both private and public debt. We have alluded to US private debt earlier which will take economic growth to pare down, failing which, demand will remain muted. On the other hand, for public debt, Reinhart and Rogoff of the "This Time It's Different: Eight Centuries of Financial Folly" fame concluded that when public debt reaches 60% of GDP, about where Malaysia's level is at currently, annual growth declines by 2%. As debt levels gets higher than 60 %, economic potential can be cut by almost half according to the same study.

In my view, the 2008 GFC has not fully exacted its price. Yes, the decisions taken in the US after Lehman's collapse provided the liquidity necessary to keep

the financial system afloat. The contagion effects to the real economy have been severe. The over-leveraged US consumer created a global consumption bubble that contributed towards a global imbalance that is still shaping things today. The emerging economies' although accounting for more than half the world's economy now, is still unable to fill the void of the US consumer who have curtailed their consumption.

The unfinished part of the crisis, and the one currently casting a long shadow on the world's economy is Europe. The debt crisis facing the Portugal-Ireland-Greece-Spain countries is still unresolved. If it was the US consumers that were over-extended in the US case, in Europe it was the sovereigns themselves who were over-extended. Fiscal indiscipline created serious sovereign debt situations in Greece and Portugal undermining a monetary union that presumes some uniformity of fiscal discipline. At the same time, speculative property bubbles in Spain and Ireland created a banking crisis not dissimilar to the US situation.

The EU is thus facing both a banking and a sovereign debt crisis. It is a complicated situation that, even if there is resolve to sort things out, is difficult to handle. The monetary union that is the EU presumes some sort of uniformity in fiscal management across member states. This clearly wasn't the case for the likes of Greece and Portugal.

As divisive as the US is, it still has the institutional framework to deal with a financial crisis quite decisively. This is something that the EU lacks. The US is a single political entity but not the EU, which is largely an economic entity. The European "adjustment" will have to happen in my view and this is the disquieting prospect. Can the ECB handle a meltdown the way the Federal Reserve and US Treasury handled the meltdown in the US in 2008? What if the indebtedness problem includes the likes of Italy? Can the ECB pump enough liquidity into the financial system the way the Fed did to prevent from businesses from being choked by a credit crunch should default start happening?

The increased uncertainty in Europe will benefit the USD when the US economy itself is weak. This should strengthen in the short to medium term and markets, which have done their valuations based on a higher assumption of economic growth, will now allow

prices to adjust downwards. Of course, sentiments too will be negatively affected if the European situation worsens.

But there's hardly a consensus among economists or policy makers on how best to navigate through these uncertain times. The debate on raising the US government debt ceiling brought up some divisive views.

The Rogoff-Reinhart view on debt is challenged by those who view the problem as the lack of job growth rather than the burden of public debt. A liberal representative of this view is Paul Krugman who argued that markets are spooked more by the lack of job growth in the US economy rather than by the solvency of the US government. Thus, according to this view, weak private consumption and investments call for further fiscal expansion.

It is at junctures such as this that leadership is needed to prevent the worst policy response of all – paralysis. Choices will have to be made and key decisions will have to be taken in halls of representatives when crisis hits. However, if markets fail because of a variety of reasons, from incomplete information to non-competitive behavior, the political markets can fail on many more fronts which reiterates the importance of leadership.

While the risk of economic contraction has increased in the US, I believe the economy there will plod along at just above zero growth and barely avoiding the "double dip". That sort of performance will however not provide exporting Asian economies the demand needed by their export-oriented industries. Although China has re-oriented its investments from tradable to domestic sectors, the loss of external demand, US demand in particular, for an economy that depends on the US market for over 20 percent of its exports will be quite significant.

What about Malaysia? The risk will not be growth per se, which will hover around 5% this year. It will be about the reforms necessary to transform the economy and create sources of growth that are not dependent on natural resources and driven by increases in productivity. The temptation in a weakening external environment is to choose to do more of the same thing rather than the more difficult but necessary doing better things or doing things better. The economy needs a good spurt of 7-8 percent annual growth to carry the nation to the next level and that will only come from domestic reforms whatever is the external environment.

The mind mappers are back again this year! You will find them in the Grand Ballroom doodling away.



Investors facing global ‘uncertainty premium’: El-Erian

By Jeff Cox, CNBC.com Staff Writer
Published: Thursday, July 14 2011 | 11:03 AM ET



A lack of direction in both policy and politics will create a highly volatile investing environment for an extended period, Pimco’s Mohamed El-Erian told CNBC.

Citing the difficulties in Washington in getting a debt ceiling deal done, the uncertainties expressed at the Federal Reserve over the economy’s direction, and the European debt crisis, the co-CEO of the world’s largest bond manager said investors should be prepared for a rocky road.

“Investors have to understand that there are some major multi-year themes playing out and they have to recognize that it’s going to cause tremendous volatility,” El-Erian said. “They have to reflect it in their portfolios that different countries act differently. Different companies are going to act differently.”

President Obama and Republican congressional leaders remain at an impasse over what conditions will be attached to the extension of the nation’s \$14.3 trillion debt limit.

At the same time, Federal Reserve Chairman Ben Bernanke,

echoing comments made in recent Fed meeting minutes, told Congress that the central bank is unsure of whether the economy will grow and necessitate Fed tightening or if it will contract and require more accommodative monetary policy.

In such a world—part of what Pimco has branded the “new normal”—investors need to choose carefully, El-Erian said.

“We’ve gone from this notion (in the debt ceiling talks) of a grand bargain to a notion of a mini-deal. Now we’re heading toward just a stop-gap. Stop-gap is the worst possible thing for both parties,” he said. “It means every three to six months we’re going to have issues again. The market’s going to have to price in an uncertainty premium, and that’s not good with any asset.”

Pimco has found itself under a microscope lately as the firm, which manages the massive Total Return fund, backed out of its position in Treasuries, only to add some short-duration notes recently.

Both El-Erian and his colleague, Bill Gross, have emphasized that while the firm

“Investors have to understand that there are some major multi-year themes playing out and they have to recognize that it’s going to cause tremendous volatility.”

El-Erian

missed gains in Treasuries it has been doing well in investments with German and Canadian debt as well as positions in other countries with stronger balance sheets than the US.

“Don’t look at just one holding,” El-Erian said. “Look at one holding within the context of a portfolio construction.”

Source: CNBC
Reference: http://www.cnbc.com/id/43754059/Investors_Facing_Global_Uncertainty_Premium_El_Erian

KHAZANAH GLOBAL LECTURES

Khazanah Global Lectures, or KGL, features global leaders and thinkers that have influenced the way people live, work and think. These internationally-reknown speakers have shared with Malaysians their thoughts, beliefs and ideas.

With the theme "Development", each KGL speaker will share their experience and ideas on International, Economic, Social and Corporate Development issues – while taking

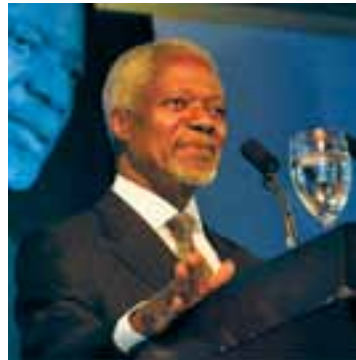
into consideration our nation's past, present and future direction. Each speaker will share with Malaysians their thoughts, beliefs, and ideas at various speaking venues around Kuala Lumpur.

A key component of KGL is the "live broadcast" of the lectures to universities across the nation. This ensures a wider reach particularly among the younger generation and future leaders of Malaysia.



Mary Robinson
Former President of Ireland

**Sharing the Unequal Burdens
of Global Warming**
10 February 2011,
Kuala Lumpur Convention Centre



Kofi Annan
*Former Secretary General of
UN & Nobel Peace Laureate*

**Sharing the Dividends of
Development with the Thoughts
on Malaysian Merdeka**
12 July 2007
Istana Hotel, Kuala Lumpur



Dr. Manmohan Singh
Prime Minister of India

National Development
27 October 2010
Putrajaya International
Convention Centre (PICC)



Dr. A.P.J Abdul Kalam
Former President of India

Economic Development
28 August 2008
Hilton KL Sentral



Tun Abdullah Hj Ahmad Badawi
Former Prime Minister of Malaysia

Building Hearts & Minds
10 December 2007
Putrajaya International
Convention Centre (PICC)



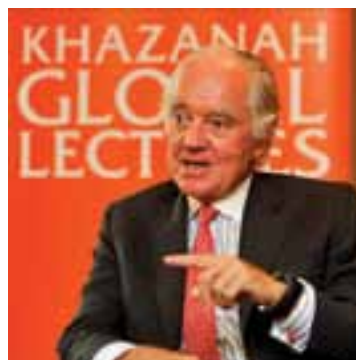
Professor Joseph E. Stiglitz
Nobel Laureate & Best Selling Author

**Independence: Reflections on
Malaysia's Past & Future**
29 August 2007
Mandarin Oriental,
Kuala Lumpur



Dr. Muhammad Yunus
*Nobel Laureate & Founder
of Grameen Bank*

Putting Poverty into Museums
15 August 2007
Hilton KL Sentral



Sir John Bond
Chairman - Vodafone Group Plc

Development in a Changing World
21 October 2009
Kuala Lumpur Convention
& Exhibition Centre



Carlos Ghosn
*President & CEO, Nissan Motor Co.
Ltd. President & CEO, Renault*

Managing Diversity
21 March 2008
Shangri-La, Kuala Lumpur

Past KMF events

KMF 2006 // Global and Regional Trends and Implications for Malaysia

KMF 2007 // Malaysia 2057

KMF 2008 // Shifting Sands: Threats and Opportunities

The financial world in the US and Europe was collapsing, bringing with it the contagion effects in the real sectors of those markets and economies around the world. What started as US sub-prime crash had translated into major upheavals in the global credit markets that have shaken the financial community, threatened the global financial architecture and have destroyed major investment banking institutions in a breathtakingly short time.

The global economy, which up till that point had been reliably robust, soon entered a state of constant flux. The increasing cross-border movements in capital and trade, the shifting centres of the financial world, failing financial safeguards and the increasing attractiveness of the Islamic financial system in a collapsing world also compounded to the changing landscape.

KMF 2008 was divided into four main sessions that focused on macro & markets, leadership & culture, competitiveness & development, firms & transformation. On the whole, the event discussed key issues to help participants make better sense of the turmoil and identify the implications, pitfalls and opportunities in order to strengthen their foothold in the shifting sands of the present economic world.



In 2009 it was becoming increasingly clear that the downturn was fundamentally different from recessions of recent decades. It was not merely another turn of the business cycle, but a restructuring of the economic order.

Most organisations were left peering through the fog of uncertainty, thinking about how to position themselves once the crisis has passed and

KMF 2009 // Apocalypse Averted? Reconfiguring the New Normal

things return to normal. But what would normal look like? It was likely that a new normal emerge, shaped by a confluence of powerful forces—some arising directly from

the financial crisis and some that were at work long before it began.

The KMF 2009 forum discussed the possibility of the economic context not returning to its pre-crisis state, and shared ideas on preparing organisations to succeed in the new normal. The overall realisation was that while the environment was going to be forever different, it would not be less rich in possibilities for those who are prepared.



KMF 2010 // Reclaiming the Commons: Collaborating and Competing in the New Economic Order

As it unfurled, the global financial crisis was most striking in revealing the weaknesses and vulnerabilities of the very institutions entrusted to guard against it, and demonstrated yet again the frailties in a globalised world where the decisions of private actors can have resounding effects on the wider "commons". The KMF 2010 theme of "Reclaiming the

Commons: Collaborating and Competing in the New Economic Order" aimed to release a wealth of discussion on a variety of issues affecting the investment community. The forum was organised around four sub themes: Macro & Markets, Firms & Transformation, Competitiveness & Development, and Leadership, Talent & Change.



Testimonials

"I enjoyed attending the Khazanah Megatrends Forum as the topics were quite wide-ranging and broad-based. There were a good mix of speakers and they shared different perspectives; some speakers really "spoke their mind" – which makes a refreshing change. The discussions also tended to be more informal, open and approachable. I also like the roundtable seating arrangements as this encouraged interaction and networking among the participants."

Mrs Nurini Kassim
Asst GM, Capital Market Promotions Unit,
Securities Commission Malaysia

"The forum was very interesting, useful and directly relevant to the Malaysian economy. The speakers were well-known scholars and practitioners, and the themes of the forum reflected current and future situations. Because the forum brings immense benefits to participants, it is very desirable for it to be continued, and to focus on global trends as well as their impact to the Malaysian economy and society. It would also be good if the forum could provide practical ideas or road maps on how to enhance Malaysia's position in the global sphere."

YBhg. Datuk Professor Mohd Yusof Kasim
Vice Chancellor, Asia Pacific University
College of Technology & Innovation

"It was a well organised forum. The coordination of activities ensured smooth transitions with very little downtime in between. So at the end of it, you left with feeling that you have spent your time efficiently."

Mrs Kala Kudarajah Sundram
Chief Talent Officer, Maxis Mobile Sdn Bhd

"Well-prepared topics and speakers with global experiences, very valuable info was shared. But the best part is always the networking, the exchange of business cards and the informal chats in between sessions."

YBhg. Dato' Abdul Aziz Abu Bakar
CEO/ Executive Director, MINDA

"The speakers selected were top quality and offered a good balance of international and local perspectives, as well as light-hearted topics and serious thought-provoking ones. They were all intellectually stimulating. The Khazanah Megatrends Forum gave me a good view of the "bigger picture" which now helps me with my corporate strategy and planning work. In terms of content, I enjoyed the ones that gave insights into commercial and social environments for me to piece together and work out the common factors that contribute to success in those environments."

Mr Fazlur Rahman Zainuddin
Chief Financial Officer, NAZA Group of Companies

"The Khazanah Megatrends Forum is a good platform to learn about the latest developments in economic issues in Malaysia and around the globe. With renowned speakers invited to contribute their views, share their experiences and offer future thoughts, the forum definitely provides the audience with the knowledge to prepare for future business strategic planning."

Associate Professor Dr. Hishamuddin Ismail,
Dean, Multimedia University

"This is the knowledge-sharing event of the year!"

Mr. Chow Sang Hoe
Managing Partner- Advisory Services,
Ernst & Young Malaysia

Phenomenal! Superb! I learnt so much in those two days!"

Dr. Sharifah S S Mahdzar
Faculty of Built Environment
Universiti Teknologi Malaysia

"The in-depth knowledge acquired coupled with great networking opportunities have assisted me greatly in discharging my duties in my company."

Mr Affandi bin Nasir
Senior Manager, Corporate Planning Dept.,
Malaysian Building Society Berhad

Corporate Responsibility

Our vision is to enhance Corporate Responsibility (CR) by delivering sustainable value through our strategic investments, human and social capital development and protection of the natural environment.



Khazanah established Yayasan Khazanah as the foundation to select, support, groom and nurture exceptional individuals who will eventually take on high-level positions in the best organisations including GLCs in Malaysia.

The mission is in line with Khazanah's commitment to actively develop human capital to ensure that Malaysia continues to improve its competitiveness on the global stage. For further information of the scholarship programmes, visit www.khazanah.com.my/scholarship.htm



Yayasan AMIR is a non-profit foundation established in October 2010, mandated to support the Ministry of Education's Trust School Programme. The foundation's vision is to drive the transformation of student outcomes in public schools.

The foundation's mission towards achieving this vision is two-fold:

- to promote excellence in school systems by improving the curriculum and delivery of education, improving the management of schools, providing technical and financial assistance;
- to create a leading network of integrated, sustainable and high quality schools.

In December 2010, the Deputy Prime Minister, YAB Tan Sri Dato' Haji Muhyiddin Yassin, announced the first cohort of 10 Trust Schools. They comprised high, medium and low performing schools from diverse socio-economic backgrounds.



Teach For Malaysia is an independent, not-for-profit organisation that is enlisting Malaysia's promising future educators in our mission to end education inequity. Teach For Malaysia Fellows will serve as full-time teachers for two years in high-need schools.

In the long term, Teach For Malaysia Ambassadors would form a different class of leaders, working in various fields to expand education opportunity for all children in Malaysia. Teach For Malaysia's vision is that one day, all children in Malaysia will have the opportunity to attain an excellent education.

Thus far, 50 successful applicants have been identified as Fellows for the first cohort of 2012 and include outstanding graduates and young professionals from universities such as Harvard, Cambridge, Nottingham, Melbourne, University of Malaya and organisations such as Shell and IBM. For more information, go to www.teachformalaysia.org

National Initiatives



The PINTAR Foundation (PF) plays a pivotal role in using a programmatic intervention based approach to influence better educational outcomes for underserved students in predominantly rural locations in Malaysia.

This national programme is a unique collaborative effort between PF, Corporate Malaysia, Ministry of Education, civil society organisations, school children and staff as well as parents and communities. PINTAR was established in 2006 under the auspices of the PCG with 17 GLCs as its founding members. For further information on PINTAR, visit www.mypintar.com.my



Yayasan Sejahtera (YS) programmes emulate the PINTAR model and was designed as a platform for GLCs, GLICs and Corporate Malaysia to collaborate in alleviating hardcore poverty through a sustainable approach. This aspiration fulfills the country's commitment to alleviate hardcore poverty in line with the national mandate under the United Nations Millennium Development Goals.

YS programmes are designed to address sustainable livelihood and economic empowerment as the long term solution for poverty eradication. It is complemented by intermediate and short term intervention of providing homes, access to social services and supporting basic food needs. YS was established to implement and coordinate the programmes and started in 2009 with a pilot in Maran, Pahang. For more information, visit www.sejahtera.my

Khazanah's Development Initiatives

Report on opportunities and risks arising from climate change for Malaysia

Khazanah embarked on a study of climate change risks and opportunities for Malaysia. The study was commissioned in response to the 15th Conference of Parties in Copenhagen, or COP15, and attempted to analyse the impacts of climate change for Malaysia.

The study focused on three Malaysian sectors critical to GDP – power, land transport and palm oil – that could provide large emission abatement opportunities, and also highlights, from a risk management perspective, the aviation sector which faces impending climate change regulations.

Following this announcement, the study was undertaken with the main objective to identify the specific roles

and sectors in which Khazanah and its investee companies could contribute towards achieving the nation's emission reduction target. Furthermore, the study and subsequent report aimed to identify new and attractive investment and business opportunities arising from the climate change agenda that could potentially be captured by Khazanah and its investee companies.

Corporate R&D Project:

Developing principles for responsible investments and sustainability valuation

This project was initiated to develop a method of integrating sustainability value drivers and quantify financial impacts to sustainability elements into Khazanah's investments. This is recognised as pioneering work as a method to quantify sustainability returns on investments, which has not been widely developed or a standard method does not yet exist.

The study was piloted with three of Khazanah's investee companies to test the applicability of the method and identify sustainability value drivers at firm level.

The incremental value that can be derived from sustainability initiatives varies significantly between investee companies in different sectors depending on their level of past investments in sustainability, the magnitude of their sustainability impacts, the nature of regulation that they face and the level of customer, employee and investor concern regarding the issues.

The study's overarching aim was to seek new standards and methodologies for Khazanah to institutionalise sustainability by embedding economic, social and environmental elements into its strategy and business processes for execution.



Notes to the Prime Minister:

The Untold Story of How Malaysia Beat the Currency Speculators

Notes to the Prime Minister is a record of the previously unpublished discussions between Dr. Mahathir Mohamad and his then unofficial economic advisor, YBhg. Tan Sri Nor Mohamed Yakcop, during the Asian Financial Crisis of 1997/1998.

By the end of September 1997, the Malaysian currency was being bashed mercilessly by international speculators and hedge funds and the Malaysian economy was in a tailspin. The local stock and property markets had crashed. It was the height of the Asian Financial Crisis. Thailand, Indonesia and South Korea were forced to seek huge financial rescue packages from the International Monetary Fund (IMF), submitting themselves to the stringent conditions imposed.

This book is about how Malaysia rejected the IMF solution and went its own way in solving the Financial Crisis. It's a story of how two Malaysians – one out of luck, the other facing a major economic and political challenge – met half way

round the world and came up with the Malaysian Solution to the Financial Crisis.

The Author

Wong Sulong is a Malaysian veteran journalist of over 40 years. He started with the Straits Times in Kuala Lumpur, was Malaysia Correspondent for the Australian Broadcasting Corporation and the Financial Times before joining The Star in Malaysia as its Business Editor and later Group Chief Editor.

Besides Malaysia, he has worked in Hong Kong and Sydney. He is currently on the boards of Bursa Malaysia Bhd., Multi-Purpose Holdings Bhd. and Assunta Hospital.

"This is a book that is a must read for all emerging market policymakers... I recommend that this new book be translated into Chinese, so that Chinese policymakers interested in internationalising the renminbi can look at the Malaysian experience."

YBhg. Tan Sri Andrew Shang, Chief advisor, China Banking Regulatory Commission and author of the book 'From Asian to Global Financial Crisis'

"Asians can think... This is the best book on the Malaysian economy that I have read for some time."

G. Sivalingam, Visiting Senior Research Fellow, Institute of Southeast Asian Studies, Singapore

Publications

Khazanah publishes a number of books each year, each pertinent to Malaysian business, education or culture.





We need new models in an uncertain world

By John Authers

Published: March 11 2011 22:57

The most important words in economics are also the words that doom it to failure; *ceteris paribus*, or “all other things equal”. Assume all else is equal and you can build a decent model. Physicists and chemists do this with controlled experiments. Economists cannot.

Their work is vitiated by human errors and failings. And as is painfully clear today, economics is also vulnerable to the forces of nature. No economic model can predict the worst earthquake in more than a century. In the event, markets must adjust, in real time, burdened by confusion and imperfect information – the gyrations of the yen are an example. Economists can still build models but they are inevitably flawed.

Laymen might think this is beside the point when confronted with tragedy on such a scale. But it matters. The capitalist world relies on markets and banks. The debate over how to re-regulate them to avoid another financial crisis is urgent and it cannot conclude without resolving the philosophical problem that economics’ most basic assumption is flawed.

That debate was under way before the crisis. Efficient models held that markets always incorporate all known information in stock prices. This is demonstrated with elegant mathematical models, in which the words *ceteris paribus* necessarily recur frequently. The idea is often unfairly parodied. Of course markets are often inefficient, but they are remarkably efficient most of the time. Nobody has yet come up with a more efficient way to allocate capital than the market.

Against this came the behaviouralists, who substituted the findings of behavioural psychology for assumptions of rationality. This found that people suffer from predictable biases, such as a desire to travel in herds. Thus markets will be predictably inefficient.

If efficient marketeers are right, governments must stay out of markets, beyond reforms to ensure transparency, and to eliminate government-created distortions.

If behaviourists are right, governments must from time to time intervene to keep markets on track. If not an argument for full-blown state

planning, this does argue for giving markets a “nudge”.

Now the attempt is on to break free from this debate and find a new way to model markets. Two of the most interesting contributions recognise that mathematical models are flawed, and focus on the problem that the value of an asset now resides in the cash it will earn in the future, and is therefore always unknowable.

For Amar Bhidé, this calls for “judgment”, or individual discretion, when allocating capital. Modern capitalist economies require decentralised decision-making tied to individual judgment. But the “efficient markets” approach to banking that preceded the crisis ran against this. A system of banks allocating credit using centrally determined models cut costs but obliterated judgment.

Good credit officers, who get to know companies and managers, could recognise poor credit risks; models, not knowing that all else is not equal, could not. The subprime disaster resulted.

Thus Bhidé’s focus is on reversing what he calls the “industrialisation” of banking. Banks should be smaller, and bankers empowered while being made responsible for their decisions. Regulators also need more scope for judgment. Another way to look at the problem is to recognise markets as an exercise in combating our own imperfect knowledge.

For Roman Frydman and Michael Goldberg, market participants are for ever trying

to conquer uncertainty. As they look for sensible answers, the market will swing. Big swings are consistent with rationality.

This leads them to call for regulating asset price swings directly. In most asset classes, there are clear long-term norms. When prices become severely detached from that norm, there is a risk of a big market dislocation, which could damage the economy. So central banks should announce the level at which they think prices would be excessive, and reserve the right to intervene to keep prices within reasonable bounds.

Beyond raising rates to push down share prices, they suggest that margin requirements should make borrowing more expensive for those who want to push prices further from their norm, and cheaper for those who are pushing prices back to normal.

This debate must continue but conditions are not ideal. Even before the tragic news of Japan, this week saw fresh alarm that Portugal’s debt would need a bail-out, and fresh unrest in the Middle East.

These are the kinds of events that standard models find it hard to incorporate. They could easily drive another big market dislocation. The world needs to get its ideas in order on re-regulation, because all else continues not to be equal.

Source: Financial Times
Reference: <http://www.ft.com/cms/s/3cf4bd28-4c2e-11e0-82df-00144feab49a.html#ixzz1VLPpJ2LR>

The sessions for this year will be summarised in doodles or in a Word Cloud sticker. You may obtain your stickers from the Information Counter in the Foyer, Grand Ballroom, Level 1. The space below has been provided for you to attach your stickers.

Comics

"You said to start my presentation with a joke, so I showed them my paycheck!"

© Randy Glasbergen / glasbergen.com

"The Stock Market fell sharply today, then bounced back, spiraled upward, jumped forward, leaped to new heights, tumbled rapidly, and took first place in a gymnastics competition."

GLASBERGEN

GLASBERGEN

"Whenever something goes wrong, the first question we must ask ourselves is: Can this problem be fixed with duct tape?"

GLASBERGEN

"Any chance you could learn PowerPoint before your next presentation, Jim?"

Gross profits are down 56 percent this quarter.

IT'S BAD NEWS NO MATTER HOW YOU SAY IT!

GLASBERGEN

GLASBERGEN

"Remember when I walked past your desk this morning and didn't fire you? In today's economy, that counts as a raise and promotion."

GLASBERGEN

"From now on, red ink means profit and black ink means loss. Problem solved!"

GLASBERGEN

"When you're feeling overworked, stop and smell the roses that we installed as an app on your BlackBerry."

Business Labyrinth

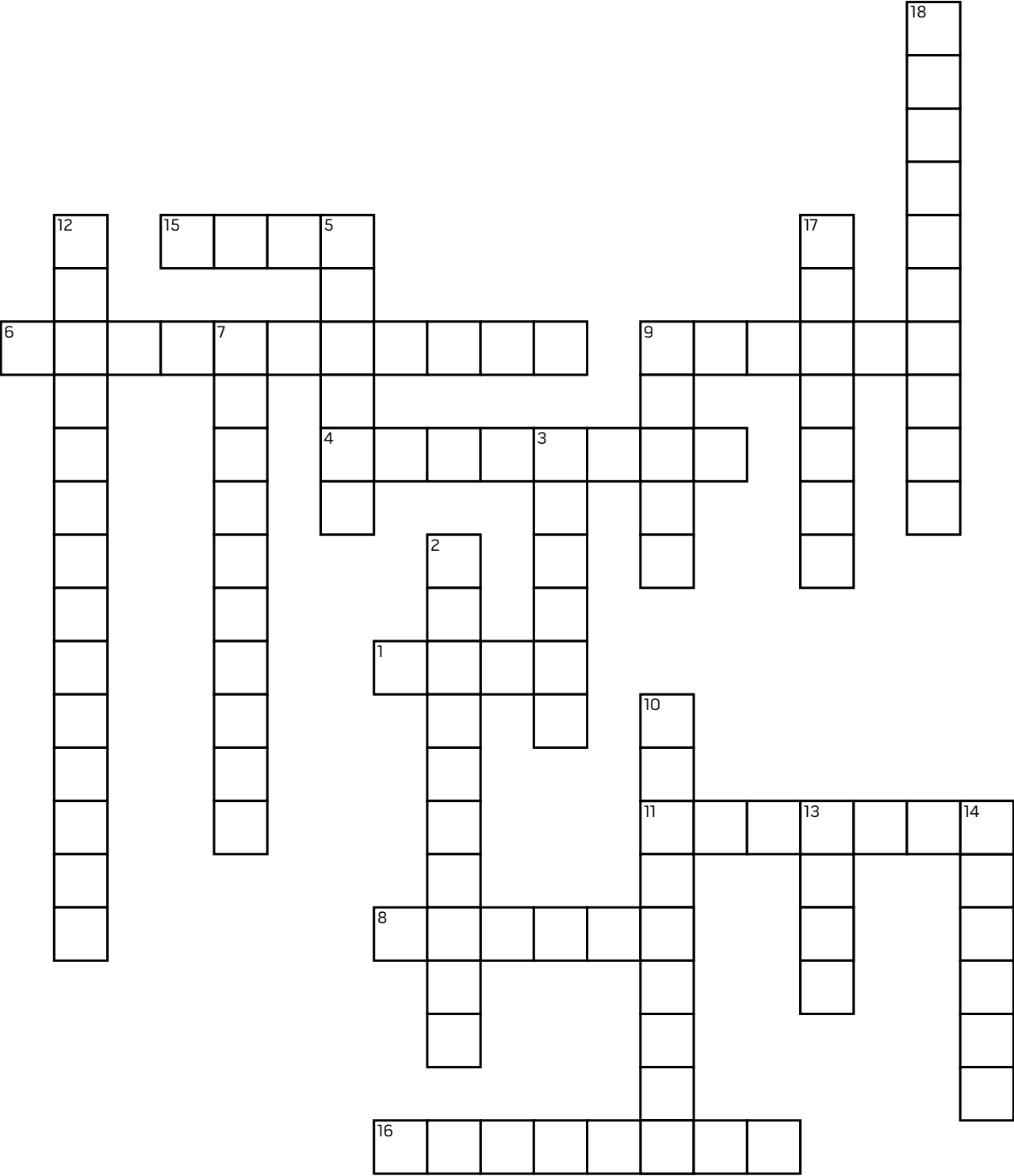
Can you navigate through the maze to find success?

SUCCESS

Answer

SS32705

Cross Word



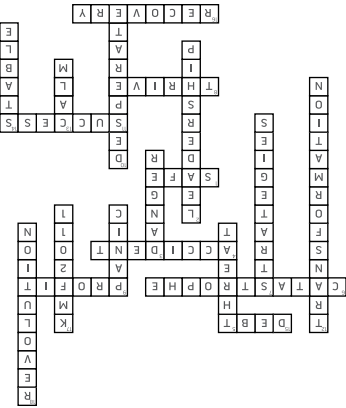
Across

- 1. involving little or no risk of mishap
- 4. an undesirable or unfortunate happening
- 6. a sudden and widespread disaster
- 8. to grow strongly or vigorously
- 11. the favourable outcome of something attended
- 15. the condition of being under such an obligation
- 16. restoration or return to any former and better state
- 9. to gain an advantage or benefit

Down

- 2. an act of guidance or direction
- 3. liability or exposure to harm or injury
- 5. an indication or warning of probable trouble
- 7. a series of manoeuvres to attain a specific goal
- 9. destroying self-control and impelling to frantic action
- 10. leaving little or no hope
- 12. a change or alteration
- 13. freedom from motion or disturbance
- 14. not likely to fall or give away
- 17. navigation to an expense free out of the office Monday
- 18. a far-reaching and drastic change

Answer



Venue Guide

- Your folder has a name sticker. Please write your name on it and be responsible for your own folder.
- Please ensure that your lanyards are worn at all times during the conference.
- Additional presentation materials are available at the Download Counter.
- Free Wi-Fi access is available throughout the Grand Ballroom and Foyer.
- Parking vouchers at a flat rate of RM8 are available at the registration counter.
- Please refrain from using your mobile phones in the Ballroom to prevent signal interference with the wireless microphones'
- Smoking is only permitted at the Foyer Area, Level 1.
- Lunch will be served at the Emerald Room.
- Photocopying services will be available at the Secretariat Room.

Location

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Grand Ballroom Foyer, Level 1

Surau / Prayer Room

Level 2

Meeting Room

Parkview 4, Level 2

Smoking Area

Level 1

'The Inside Job' TGV Ticket Collection

Grand Ballroom Foyer, Level 1

Book Counters

Grand Ballroom Foyer, Level 1



KHAZANAH
NASIONAL

cordially invites you to attend our

Rumah Terbuka Aidilfitri 2011
Hari Raya Open House 2011

6:30pm - 10:00pm, 27 September 2011
at The Grand Ballroom,
Mandarin Oriental, Kuala Lumpur



RUMAH TERBUKA

Aidilfitri

Day 1 // 26 September 2011

8:00 - 9:00am	Registration
OPENING SESSION	
9:00 - 9:10am	Welcome Remarks YBhg. Dato' Mohammad Azlan Hashim, Board Member, Khazanah Nasional Berhad
9:10 - 9:20am	Introduction to KMF 2011 <ul style="list-style-type: none">• Dr. Nungsari Ahmad Radhi, Executive Director, KRIS, Khazanah Nasional Berhad• Imran Ahmad, Director, KRIS, Khazanah Nasional Berhad
9:20 - 10:00am	Opening Address YB Tan Sri Nor Mohamed Yakcop, Minister in the Prime Minister's Department & Board Member, Khazanah Nasional Berhad
10:00 - 10:15am	Break
SESSION 1 TECHNOLOGY AND INNOVATION ... THE KEY TO FIRM COMPETITIVENESS?	
10:15 - 11:45am	<ul style="list-style-type: none">• Nobuyuki Idei, Founder & CEO, Representative Director, Quantum Leaps Corporation• Tom Berquist, CFO, Corel Corporation• Dr. Ganesh Kishore, CEO, Malaysian Life Sciences Capital Fund• YBhg. Tan Sri Tony Fernandes, Group CEO, Air Asia <i>Chairperson: Jalaluddin Mohd. Jarjis, Chairman of Silterra Malaysia</i>
11:45 - 12:45pm	Special Address: Islamic Finance in an Age of Black Swans Speaker: Dr. Abbas Mirakhor, Professor, Chair of Islamic Finance, International Centre for Education in Islamic Finance (INCEIF) <i>Introducer: Mohd Izani Ghani, CFO, Khazanah Nasional Berhad</i>
12:45 - 2:00pm	Luncheon Address: Uncertainty as Normality: Navigating through Complexity Speaker: YBhg. Tan Sri Andrew Sheng, President, Fung Global Institute & Board Member, Khazanah Nasional Berhad <i>Introducer: Hisham Hamdan, Executive Director, Investments, Khazanah Nasional Berhad</i>
2:00 - 2:30pm	Break
2:30 - 3:30pm	Special Address: Emerging Markets Outlook Speaker: Mark Mobius, Executive Chairman, Templeton Emerging Markets Group, Franklin Templeton Investments <i>Introducer: Joseph Dominic Silva, Executive Director, Investments, Khazanah Nasional Berhad</i>
SESSION 2 MACROECONOMICS AND MARKETS ... THE OUTLOOK FOR 2012?	
3:30 - 5:00pm	<ul style="list-style-type: none">• YBhg. Dato' Ooi Sang Kuang, Special Adviser, Bank Negara Malaysia• Shireen Muhiudeen, Managing Director & Founder, Corston-Smith Asset Management• Matthew Koder, Head of Global Corporate & Investment Banking for Asia Pacific, Bank of America Merrill Lynch• Chen Xingdong, Managing Director & Chief China Economist, BNP Paribas Securities (Asia) Ltd <i>Chairperson: Kenneth Shen, Executive Director, Investments, Khazanah Nasional Berhad</i>
5:00 - 5:30pm	Break
5:45 - 7:30pm	Special Event (Optional) Screening of Oscar-award winning movie 'INSIDE JOB' at Hall 5, TGV Cinemas, Suria KLCC

Day 2 // 27 September 2011

9:00 - 10:00am	Special Address: Intelligent Landscapes Speaker: Dr. Alfonso Vegara, President & CEO, Fundación Metrópoli, Madrid <i>Introducer: Jiv Sammanthan, Executive Director, MD's Office, Khazanah Nasional Berhad</i>
10:00 - 10:15am	Break
SESSION 3 GOVERNANCE AND DEVELOPMENT ... THE CHALLENGE OF INTERCONNECTION?	
10:15 - 11:45am	<ul style="list-style-type: none">• Dr. Alfonso Vegara, President & CEO, Fundación Metrópoli, Madrid• Dr. Danny Quah, Professor of Economics, London School of Economics• YBhg. Datuk Dr. Hamzah Kassim, Co-Founder & CEO of The IA Group• Scott McGregor, CEO, Camco International Limited <i>Chairperson: Dr. Nungsari Ahmad Radhi, Executive Director, KRIS, Khazanah Nasional Berhad</i>
11:45 - 12:45pm	Special Address: The Geopolitical Implications of the Global Financial Crisis Speaker: Kishore Mahbubani, Professor & Dean, LKY School of Public Policy, National University of Singapore <i>Introducer: Ganen Sarvananthan, Executive Director, Investments, Khazanah Nasional Berhad</i>
12:45 - 2:00pm	Luncheon Address Speaker: Gita Wirjawan, Chairman, Indonesia Investment Coordinating Board <i>Introducer: YBhg. Dato Noorazman Abd Aziz, Executive Director, Investments, Khazanah Nasional Berhad</i>
2:00 - 2:30pm	Break
2:30 - 3:00pm	A Celebration of Malaysian Leadership <i>A unique event showcasing outstanding examples of Malaysian leadership - as portrayed in featured books and exemplified by an outstanding and diverse group of true leaders we are honoured to host today.</i> <ul style="list-style-type: none">• Alvin Ung, Author, Barefoot Leadership• Ravin Jesuthasan, Managing Director and Global Practice Leader, Towers Watson• YBhg. Dato' Mohammad Zainal Shaari, Executive Director, Chief Operating Officer, Khazanah Nasional Berhad• Dr. Nungsari Ahmad Radhi, Executive Director, KRIS, Khazanah Nasional Berhad <i>Host: Imran Ahmad, Director, KRIS, Khazanah Nasional Berhad</i>
SESSION 4 LEADERSHIP AND CHANGE ... MANAGING AMIDST UNCERTAINTY?	
3:00 - 4:45pm	<ul style="list-style-type: none">• Ravin Jesuthasan, Managing Director & Global Practice Leader, Towers Watson• Steve Diamond, General Partner, Tiedemann Global Emerging Markets• YBhg. Tan Sri Wan Azmi Wan Hamzah, Board Member, Malaysia Airlines• Ronald Stones, Vice-President, Richard Chandler Corporation• YBhg. Datuk Dr. Rebecca Sta Maria, Secretary General, International Trade and Industry Ministry (MITI) <i>Chairperson: YBhg. Dato' Mohd Izzaddin Idris, Group Managing Director / CEO, UEM Group Berhad</i>
4:45 - 5:15pm	Break
5:15 - 5:30pm	Summary and Outlook YBhg. Tan Sri Dato' Azman Mokhtar, Managing Director, Khazanah Nasional Berhad
5:30 - 6:00pm	Closing Address YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia
6:00 - 6:05pm	Appreciation YBhg. Tan Sri Md Nor Yusof, Board Member, Khazanah Nasional Berhad
6:30 - 10:00pm	Khazanah Hari Raya Open House

An ASEAN-5 World Cup: A Bridge Too Far or The Super Regional Integrator

By Al-Azmy Azizi and YBhg. Tan Sri Azman Mokhtar

The FIFA World Cup is said to be the greatest show on Earth, and why not? Football is by far the most famous sport in the world, never mind the fact that there are two different claimants to the name, one being American Football (which disparagingly uses 'foot' only 5% of the time) and the other Australian Football (also colloquially called Aussie Rules). The "real" football is indeed played and supported by the bulk of the world's population, and no event is greater and more utopian than the quadrennial FIFA World Cup. The numbers speak eloquently. During the 2006 World Cup at Germany, cumulative audience watching all 64 matches was estimated at 26.3 billion. The final between 2 giants of the footballing world, Italy and France, was watched by an estimated 715.1 million (that's roughly one ninth of world population then). No wonder Zinedine Zidane can't move around much nowadays without people reminding him of the inglorious head-butt on Marco Materazzi during his swan song performance as a footballer.

The World Cup is also a God-sent for host countries trying to brand and profile themselves. In terms of preparation, it's not that much different from, say, hosting the Olympics, but with a mono-sport and bigger audience! Take the last host South Africa in 2010 as an example. It was estimated that the gross economic impact to the country was USD12.2 billion, with tourism accounting for 16% of it. Net additional impact was 0.53% of GDP, mainly from net additional foreign tourists. Germany in 2006 also similarly received massive boosts to their economy, with estimated €300 million extra revenues from tourisms and 50,000 new jobs. Needless to say, both countries, and the previous hosts too, took advantage of the massive profiling opportunities presented.

Japan and South Korea broke tradition a bit by co-hosting the first FIFA World Cup in Asia. Thus far, they are the only countries to co-host the World Cup (successfully we should add). But it does seem to be fashionable to do so nowadays. Take the UEFA European Football Championship. There have been a couple of co-hostings for the championship up till now, with Poland and Ukraine joining the crowd for the 2012 edition. In a nutshell, co-hosting of major football events can be done successfully, especially if ego is put aside and the spirit of the game is embraced truthfully.

So..., can ASEAN countries, more specifically ASEAN's top 5 countries in terms of football achievements (Malaysia, Thailand, Indonesia, Vietnam and Singapore) potentially co-host the FIFA World Cup and take advantage of the massive benefits that come along with it? We think it can be done (with a little help from FIFA). However, before that happens, we need to help ourselves first!

The basic ingredients are there. The ASEAN-5 have a total population of around 436 million, which would easily make it the biggest hosts of the FIFA World Cup. There are other great facts to boot too:-

- 1. A melting pot of various cultures, religions and languages within 3 hours flight of each other.
- 2. Vibrant economies capable of building infrastructures and facilities needed for the World Cup
- 3. Tourism based countries where people are naturally courteous and polite to foreign visitors.
- 4. Successful track records of hosting FIFA events and other prestigious events like Commonwealth Games, Asia Games, Hockey World Cup and the bi-annual SEA Games.

Basically ASEAN-5 can easily host the World Cup. But how can we go about it? Surely all 5 hosts can't play in the same World Cup! One suggestion is that only 2 places shall be allocated among the ASEAN-5 countries to play in the World Cup. We can do a round robin among the 5 countries, whereby the top ranked nation shall automatically qualify, with the last spot being decided in a play-off between the 2nd and 3rd placed teams. This is when some help from FIFA will be timely, as one less spot will be available for Asia (traditionally 4 slots are allocated), with another slot potentially to be taken from the continental play-offs.

Say 2 spots are allocated among the ASEAN-5 countries to participate in the World Cup. What would become of the remaining countries that didn't qualify? As "compensation", the Opening, Final and 3rd/4th Playoff can be hosted by the 3 remaining countries. But winners ought to be rewarded for their achievements too. The 2 countries that won the honour of playing in the World Cup will get to host the 2 semifinal matches.

Given our size, FIFA World Cup matches can be easily spread among ASEAN-5's football mad population. We can create 4 zones to host the 8 World Cup groups (of 4 teams each), with the zones crafted according to geographic concentration. As an example, Zone 1 = Thailand, Zone 2 = Peninsular Malaysia & Singapore, Zone 3 = East Malaysia & Vietnam, and Zone 4 = Indonesia. Alternatively we can also cut the zones according to other basis and considerations.

All nice and dandy. Would FIFA just reward the 2026 or 2030 World Cup to ASEAN-5 then if we bid together? Not necessarily, as really, the biggest threat to ASEAN-5 hosting the World Cup is the strengths of our national teams as tracked by FIFA. Thus far, the lowest ranked country to host the World Cup is Qatar, at 97th placing (as of September 2011). Embarrassingly for the ASEAN-5 countries, our national teams' rankings



leave much to be desired, as follows:- Thailand - 117, Vietnam - 129, Singapore - 136, Indonesia - 139 and Malaysia - 146. Seriously, our football associations and national teams must work harder not only to improve their positions, but also to restore some national prides.

Indeed, it was Cesar who promulgated the rather ominous idea that to keep the masses happy to just give them bread and circus. Some commentators in pre-Lula Brazil have noted cynically that it could be updated to read bread, samba and football for modern day Brazil. For ASEAN, if one is to chart the spread between interest in football and global rankings in how we play it, the widest spread will undoubtedly be the core ASEAN countries. Indeed, in the summer just past alone, not one but three of top EPL teams - Liverpool, Chelsea and Arsenal - visited Kuala Lumpur. And they played to packed crowds much larger than these team's home stadiums back in England. With a bit of imagination and a lot of hard work and international cooperation, "rice and football" can become the surprising glue to ASEAN cooperation and accelerate the regional integration project. Each venue

will only be between 1-3 hours away from each other by a short-hop regional flight. Imagine, the notion of those in Jakarta or Bangkok watching a group game in state of the art 80,000 to 100,000 stadiums that these bustling capital cities can build and support with their large and thriving population bases, buttressed by visitors from the region and the world. Imagine, new and upgraded stadiums in KL and Singapore (and perhaps Iskandar!) being connected by a new High-Speed Rail system, the building of which was accelerated by the securing of the ASEAN-5 World Cup in 2026 or 2030. Imagine the incredible boost each country will get in terms of tourism, construction and infrastructure and the incalculable dividends of international goodwill and publicity and regional collegiality

As a regional aspiration, and as a showcase of international cooperation and harmony, there's nothing better than the gathering of 5 countries hosting the greatest show on earth. Fortunately we have some years ahead to plan on how to make this a reality, so lets hunker down and work together on this!!

Who will win the Premiership? Measuring uncertainty in the EPL

Where else would one find uncertainty, if not in the English Premier League? The season has only just begun, most teams have only played five games each, yet the pundits are already predicting that Manchester United are on course to their 20th Premiership title, with the other Manchester team close on their heels. Yet an analysis of the league tables for the last five seasons reveals that there is only a 65.7% correlation between a team's standing after five games and its final position at the end of the season.

The table shows the leaderboard after the fifth week for the last five seasons, and the team's final position in brackets. Interestingly, the eventual Champions for 2007-08 and 2008-09 (Man Utd, on both occasions) overcame early-season mediocrity - they were holding the 8th and 15th spots after 5 games for those two years.

2006-07	2007-08	2008-09	2009-10	2010-11
1. Portsmouth (9)	1. Liverpool (4)	1. Arsenal (4)	1. Chelsea (1)	1. Chelsea (2)
2. Man Utd (1)	2. Arsenal (3)	2. Chelsea (3)	2. Man Utd (2)	2. Arsenal (4)
3. Chelsea (2)	3. Everton (5)	3. Liverpool (2)	3. Man City (5)	3. Man Utd (1)
4. Everton (6)	4. Chelsea (2)	4. Aston Villa (6)	4. Tottenham (4)	4. Man City (3)
5. Aston Villa (11)	5. Man City (9)	5. Man City (10)	5. Liverpool (7)	5. Tottenham (5)

So Liverpool and Arsenal fans (currently at 8th and 17th), do not despair yet!