



Khazanah Megatrends Forum 2024

Pursuit of Potatoes: Paving Paths from the Probable to the Possible

CLOSING REMARKS AND CONCLUSION OF KMF2024

by

**YB SENATOR DATUK SERI AMIR HAMZAH AZIZAN
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MANDARIN ORIENTAL HOTEL, KUALA LUMPUR**

Distinguished KMF Speakers;

Board Members of Khazanah Nasional Berhad;

Dato' Feisal Zahir, Managing Director, Khazanah Nasional Berhad;

Distinguished guests;

Ladies and gentlemen,

Assalamualaikum Warahmatullahi Wabarakatuh, Salaam Malaysia MADANI and warmest greetings to the Khazanah Megatrends Forum 2024.

PURSUIT OF POTATOES?

1. A very good evening to all of you. Let me begin by expressing my gratitude to Dato' Feisal and Khazanah Nasional for the invitation to speak before this esteemed audience today. Listening to Dato' Feisal's summary of the two days, it's encouraging to hear that the discussions have been thoughtful, with plenty of interesting insights shared.

2. This year's Khazanah Megatrends Forum theme, *"Pursuit of Potatoes: Paving Paths from the Probable to the Possible,"* is quite different, and offers a compelling challenge: it urges us to recognize how simple ideas can spark profound transformations in complex systems. Malaysia, at a critical juncture of recovery and growth, is navigating a multifaceted landscape of strategic policies, national blueprints, and budget incentives. The discussions over the last two days have emphasized that alongside structured strategies, we must allow room for unconventional ideas—small innovations that could ripple through our socio-economic fabric, accelerating us toward our development goals.

3. Building on the theme *"Paving Paths from the Probable to the Possible,"* I find it particularly relevant to the Government's efforts in driving Malaysia's next phase of growth under *Ekonomi MADANI: Memperkasa Rakyat*. In our own *"Pursuit of Potatoes,"* we are not merely aiming for what's probable, but pushing for bold strategies and creative solutions. Our objective is to transcend conventional boundaries, applying innovative approaches that will not only stimulate growth but also ensure a sustainable future for all Malaysians

BRIEF DISCUSSION ON YB MK2'S VIEW OF "PROBABLE TO POSSIBLE"

Ladies and Gentlemen,

4. Our country's economic transformation is clearly gathering momentum, despite facing a confluence of challenges: energy

scarcity, political polarization, a widening socio-economic gap and ongoing geopolitical tensions, to name a few.

5. However, a year in of driving the Ekonomi MADANI plan, we are seeing evident signs of progress. In the second quarter of 2024, Malaysia's economy posted a GDP growth of 5.9%, supported by steady recovery in key sectors like construction, manufacturing, services, and tourism. The strong performance in both foreign and domestic direct investments reflect growing investor confidence. Furthermore, inflation has moderated to 1.9% as of August, helping to ease cost-of-living pressures for the rakyat. The performance of the FBM KLCI, which hit an all-time high in market capitalisation of over 2 trillion Ringgit in June this year, underscores the resilience of domestic equities despite global uncertainties. The Ringgit continues to outperform regional currencies, recovering by 12.5% since February this year on the back of not just US Fed rate cuts but also on Malaysia's efficient fiscal management, and government initiatives to attract investments. With sound fiscal policies and an ongoing commitment to reforms under the Ekonomi MADANI framework, I believe that we all share the confidence that Malaysia is on track to exceed a national growth target of 4.0-5.0% in 2024.
6. However, while the growth of Malaysia is encouraging by the numbers, they tell only part of the story. After all, as a country, Malaysia is not defined only by its economy, but also by its people, its culture and its collective attitude towards progress. Therefore, her development must encompass more than just economic metrics; it requires a commitment to inclusivity, embracing the strength of our diversity, nurturing talent and fostering innovation. Hence, how

Malaysia pursues its next leg of growth depends not only on our ability to stay the course in executing policies, but also on our capacity to be open to collaboration, innovation and commit to forward-thinking solutions that can have meaningful national impact.

TAKEAWAYS FROM KMF 2024: THE JOURNEY TO MALAYSIA'S POSSIBLE SOLUTIONS

Ladies and gentlemen,

7. At KMF 2024, we discussed the need for systemic approaches in seeking out Possible solutions when tackling national challenges, as opposed to focusing on Probable solutions. We also discussed the need for collaboration, in order to unlock adjacent possible solutions and harness our Collective Brain in Malaysia's development journey.
8. To this end, I believe that the Ekonomi MADANI framework, designed to both raise the ceiling for economic opportunities and the floor for improved living standards, offers a broad foundation for driving sustainable growth. It includes initiatives targeted at opening up new economic space and ensuring all Malaysians benefit. The framework provides fertile ground from which potential innovative, breakthrough solutions can emerge. Crucially, the success of these solutions hinges on our ability to collaborate across sectors, uniting efforts to fully harness its potential.
9. Several strategic national blueprints support the Ekonomi MADANI framework and have been progressing in tandem. Firstly, we are coming to the fulfilment of the 12th Malaysian Plan (12MP), which outlines Malaysia's broader socioeconomic development goals from

2021-2025, with a focus on inclusive growth, sustainability, and equitable distribution.

10. The mid-term review, conducted in 2023, adjusted some targets to align with new realities like post-pandemic recovery, geopolitical tensions, and the growing urgency around climate change. Major shifts include a renewed emphasis on poverty eradication, regional development, and bridging inequality between rural and urban areas.
11. Another key national strategic plan is the National Energy Transition Roadmap (NETR). Launched in 2023, it outlines Malaysia's strategic framework for transitioning to a low-carbon economy and meeting our net-zero emissions target by 2050. The NETR aims to create robust regulatory frameworks that will not only enable Malaysia's energy transition, but make it attractive for the private sector to invest in solar farms, hydrogen production, and carbon capture technologies.
12. The National Industrial Master Plan 2030, was also launched in September 2023. The NIMP 2030 places strong emphasis on high-value manufacturing, digitalisation, and greening the industrial sector. It has four mission-based pillars of boosting economic complexity, embracing technology, moving up industry value chains, and addressing sustainability.

Ladies and Gentlemen,

13. Beyond seeing through these blueprints, achieving the ambitious targets of the Ekonomi MADANI framework demands a unified effort from the entire nation, including the corporate sector. I am especially

encouraged by the panel on “Stronger Together – Catalysing Growth for Malaysia”, which has highlighted how collective effort among GLICs is crucial to our nation’s economic revitalization.

14. With over 1.8 trillion Ringgit in assets, GLICs represent the largest capital intermediaries in Malaysia, and their pledge of 120 billion Ringgit in domestic direct investments over the next five years will catalyse targeted economic sector development. The Government-Linked Entities Activation and Reform Programme (GEAR-uP) aims to invigorate growth and bolster structural reforms outlined in the Economy MADANI framework, by harnessing the Collective Brains and Capital of the GLICs. These investments are not arbitrary but are focused on high-value sectors like semiconductors, energy transition, and advanced manufacturing. All of which are sectors that will help build new economic ecosystems and propel Malaysia to a stronger, more resilient future.
15. I want to briefly highlight recent efforts by GLICs in the semiconductor industry. Malaysia is at a pivotal moment in the industry’s global supply chain, poised to seize growth opportunities amid geopolitical shifts. The urgency to position Malaysia as a key industry player is underscored by the launch of the National Semiconductor Strategy (NSS) by the Prime Minister at SEMICON Southeast Asia 2024, followed by an industry engagement session that brought together Government ministries, agencies, GLICs and private sector players.
16. Our semiconductor hubs in Penang and Kulim is a prime example of a space that has historically sparked innovation and creativity, and continues to foster even more possibilities. Global giants like Intel, Lam

Research, and Infineon collaborate with homegrown leaders such as ViTrox and Oppstar. This partnership, supported by agencies like CREST and the Penang Skills Development Centre, is essential for developing talent, upgrading value chains, and fostering collaborative R&D. Together, these players create an interdependent ecosystem that nurtures incremental innovations, leading to transformative breakthroughs and driving both domestic and global growth in the semiconductor industry.

17. Notwithstanding, Talent remains the key success factor for Malaysia's semiconductor industry. Under the NSS, we need 60,000 engineers to achieve the goals set out under the strategy to position Malaysia as a global semiconductor hub. This requires a comprehensive effort from multiple stakeholders. There is already impressive effort on the ground as a result of collaboration across MNCs, home-grown firms, enabling agencies like CREST and the PSDC. With additional firepower from the GLICs and extended support by the Government, I hope to see sustainable talent development from schools right into the industry. We must work together to open these pathways for our young people, and empower them to drive our nation's long-term ambitions to fruition. They could be, our potatoes.
18. In addition to uplifting the national semiconductor ecosystem, a key area in Raising the Ceiling for Malaysia, is to strengthen firms of all sizes. Venture Capital (VC) financing is a key focus area under GEAR-uP. The MOF has adopted a whole-of-ecosystem approach in improving the VC ecosystem, together with relevant agencies, capital providers, and regulators. With its recent acquisition of Malaysia Venture Capital Management Bhd (Mavcap) and Penjana Kapital,

Khazanah has been tasked with establishing a national fund of funds. The NFOF will enhance capital access for start-ups to drive innovation and economic growth. Similarly, KWAP, through Dana Perintis and Dana Pemacu, will also contribute efforts to uplifting the domestic private equity and venture capital space.

19. I believe that a shared purpose of nation building drives collective action, and GEAR-uP truly exemplifies that synergy. Each of the six GLICs has chosen to champion selected focus areas. Apart from KWAP and Khazanah focusing on PE/VC and Malaysian firms respectively, EPF will champion Advancing an Ageing Society, centred on investing in commercially viable sustainable healthcare solutions. This includes building private wings in public hospitals, in partnership with the government. PNB is focusing on modernising industries, with a specific emphasis on smart industrial parks and energy transition assets. LTAT, meanwhile is looking to elevate the country's pharmaceutical value by strengthening the capacity to produce biopharmaceutical products. Not least, LTH will lead the expanding role of Islamic banking and enhance sustainability of the country's social impact via Islamic financial instruments.

20. Aside from targeted economic sector development initiatives, another important element that the GLICs are collaborating on are initiatives to empower Malaysians. This joint effort starts with a commitment to pay a minimum living wage of RM3,100 to employees within their groups of companies. Decent wages are fundamental to narrowing the socioeconomic gap and ensuring that people can keep contributing meaningfully to the economy.

21. What resonates deeply with the theme of this Forum, is how GLICs are turning possibilities into realities. By getting the GLICs to heighten their focus on domestic investments, this deployed capital can benefit Malaysians equitably and birth new economic ecosystems, similar to the Possible solutions discussed at KMF. Their investments are designed not only to foster sustainable growth but also to raise both the Ceiling and the Floor for Malaysians.
22. The path ahead requires GLICs to collaborate with each other, the private sector, and various stakeholders, ensuring that their investments bear fruit in terms of national impact. In this way, GLICs are catalysing the possible, and only by working Stronger Together, we will achieve the sustainable, inclusive growth that we all envision for Malaysia's future.

Ladies and gentlemen,

23. At the Ministry of Finance, efforts are underway to realise the Ekonomi MADANI vision of Building a Better Malaysia Together. Through engagement sessions and roadshows in preparation for Budget 2025, the MOF has engaged with stakeholders from all strata of society – from the *rakyat*, to civil servants, think tanks, industry players, and capital providers. This is to ensure the creation of a more inclusive, more relevant, and more effective budget that will strengthen the national economy.
24. Budget 2025 will remain firmly anchored on the Ekonomi MADANI framework. This is a long-term plan, for which consistency and persistence are key success factors. With positive macroeconomic

indicators providing a strong setting, the Budget will focus on continuing sound fiscal policies for economic resilience, and Rakyat-centric initiatives to ensure no one is left behind. The Budget 2025 will be forward-looking, inclusive and resilient. More than that, it will be pro-investment, pro-development, pro-empowerment, and most importantly, pro-rakyat.

Conclusion

Ladies and gentlemen,

25. Just as we've explored in this forum, paving the path from the probable to the possible is not merely about aiming for lofty goals, but about starting with the right foundations—small, practical steps that build towards bigger, meaningful transformations.
26. The Ministry of Finance is committed to advance the Ekonomi MADANI agenda along these principles as well. Ensuring that even as we continue to push through large scale economic and fiscal reforms, we also ensure that the smaller things are done, and done well. The Rakyat's welfare, education, healthcare, connectivity. No less important, and no less probable or possible a space to find winning solutions.
27. What is required is an all-of-nation effort, where every participant, be it the Government, corporations or individual Malaysians, brings their best game to the match, and work together towards shaping the Malaysia that we all aspire to see.

28. On that note, ladies and gentlemen, I conclude my speech to bring down the curtain on the Khazanah Megatrends Forum 2024. I congratulate Dato' Feisal and the Khazanah Nasional team for another successful edition, and I look forward to seeing you all again next year.

Thank you very much.