

TUN DR. MAHATHIR BIN MOHAMAD, PRIME MINISTER OF MALAYSIA

Q+A SESSION WITH THE AMERICAN MALAYSIAN CHAMBER OF COMMERCE
(AMCHAM)

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TRANSCRIPT

Following his keynote address, Tun Dr. Mahathir remained on stage to take questions from AMCHAM members. The Q+A session was moderated by Ms. Siobhan Das, Executive Director of AMCHAM.

Siobhan: Thank you very much, Tun, for your very comforting words to the American business community who are, very much, looking forward to investing more into this country and helping it grow. I'll start off the Q&A by asking a question: many of our US firms manufacture different products here—food and beverage, electronics, medical devices—mostly for the export market. Many of them also have their hubs here in ASEAN. How should these companies be planning in relation to the approach for CPTPP and RCEP?

Tun Dr. Mahathir: Well, when the country wanted to accept TPP, I wasn't with them. I thought that the agreement was suddenly skewed in favor of the rich and powerful countries, to the point where companies can sue governments, and the amount that you have to pay is horrendous. But the new CPTPP doesn't involve America and we are studying it still. But we would like to see fair treatment for all. When you ask a small country to compete with a big country, it is disadvantageous to the small country. When it is a competition between unequal parties, we have to give some leeway for the small, weaker ones to upgrade or have some privileges in order to compete. That is what is asked. For example, we have this idea that we could build motor vehicles. But Malaysia is a small country, and the numbers that we can produce are limited; we need the foreign market, but we cannot export our own car because there are all kinds of obstructions. Despite talking about free trade, we cannot import even one single Proton car out of this country. So that is not fair trade. I think you have to give consideration for the weaker partners to somehow be protected so that the infant industry can catch up with the giants. They should be allowed to export their products and compete in the world market rather than be confined to their own country. So we are looking at the agreement to see whether it is fair or not.

Siobhan: Are there industries that you are particularly interested in the new technologies that you would like to see emerge out of Malaysia?

Tun Dr. Mahathir: Well, we're talking nowadays, of course, about IT and the new technologies, and now we have access to big data, and if you have ideas, you can make use of big data, sometimes, of course, wrongly, but we'll get through things

properly. And I think that we need inputs from foreign countries with the technology. We are going to encourage people with the skills to come to live here, and we will give them citizenship even! Before, the policy was not to give citizenship to foreigners, but now, if the foreigners come with certain skills that we want, we would invite them to stay in this country and even become citizens if they want to. So we would like to have more people with the brains to come and live here in Malaysia and contribute to our industrialization product.

Siobhan: Thank you. I'm sure there are many questions on the floor here, so I'd like to invite the members here to put up their hands and a microphone will come straight to you here. In the front, please identify yourself.

Thomas Wong: Hello, I'm Thomas Wong from Western Digital, and Tun, firstly, thank you so much for saving Malaysia and for saving all of us. Without your leadership, I think it is going to be a very tough thing to happen, to win this election and to get rid of this regime that we all despise. I know you have a long list of things to do, and I'm here to add to your list. We have some of these old rules from Bank Negara that probably needs a review. One of them is relating to foreign exchange administration. So there is a requirement to pay resident companies in Ringgit as opposed to US Dollars or other foreign currencies. A lot of multinationals here have global contacts and they are in Dollars or other currencies. So, we have a natural hedge that is actually negated because of this bank ruling and it doesn't favor local vendors or Malaysian resident companies because of our presence here. Many foreign vendors also came to Malaysia and became a resident here, so they are at a disadvantage compared to non-resident companies who have a natural hedge in dollars and other currencies. So hopefully, Tun, you can help us and look into this thing. Thank you.

Tun Dr. Mahathir: We have already started by removing the governor! Thank you for the provision, and we will take it up and talk with the new management of the central bank. We, ourselves, were very unhappy when we were in opposition because of certain directives given to banks to ensure that the opposition will not have any money at all. All my friends ran away from me because if they are seen near me, well, certain actions will be taken against them. But, now all my friends have come back.

Siobhan: To the members, are there any other questions?

Antony Lee: Antony Lee here from AIG. Tun, we have been here many years as well, almost 70 years, and we're big believers. You had a fantastic vision, 2020, many years ago, which I think was something that made Malaysia punch above its weight, which was always a great thing. Do you have something, now that you're back in power, that you're thinking about, something like another vision to inspire the Malaysians?

Tun Dr. Mahathir: Well, because of the changes which took place in the last decade, it may not be possible for us to achieve the vision in the year 2020, it may take a little bit more time, but we are going to push as hard as possible so that we can achieve this target that we set for ourselves. The interpretation given by the last government was all about 'high income'. High income in itself does not help proper people because when you have high income, and the price of everything goes up, the purchasing power remains the same. Only the numbers are different. So what we want to do is not just to have high income but also high productivity, so that we keep the cost of production low, so with the high income, they will enjoy better purchasing power. That is our objective now, and we have some ideas about how we can improve the productivity of our people and our workers through better training, more efficient management, through automation and the like, so that the cost of production does not go up, because the salaries—the wages—have gone up. So that is out view, and if you do that, I think we will be able to achieve, with the vision, not in 2020, but in maybe 2025. Thank you.

Siobhan: One question I had was that you have created a new ministry, the Ministry of Economic Affairs. Can you tell us a little bit more about what you expect this Ministry to encompass, and how that relates to the investment community?

Tun Dr. Mahathir: That is a measure of our belief that the economy is very important to the growth of the country. We need to have a powerful minister attending to all the different segments of the economy. Of course, some of them will have other ministers in charge, but we want to focus on growing this country economically. We mean that we want our people to have a better standard of living, and they can only have a better standard of living if they have jobs and if they are highly trained for the jobs, and if they are able to cope with new ideas, new innovations, and new technologies. So that is why we have a Ministry that is concerned with the economy, of course, there are many things that has been put in the terms of reference for the Minister of Economics, but I think the focus is because we think that economic growth is very important to the well-being of the country.

Siobhan: I think a lot of our companies have, as we said earlier, integrated really well into the socio-economic makeup of the company. We will be interacting with this new Ministry a lot more, in addition to MITI, which is also very important for us to interact with us as well. Are there any other questions?

Dato' SH Wong: Tun, we have about 11 million workers in the country, but we have around 2 million foreign workers, and another 1-4 million, because we do not know how many illegal workers are in the country. So this is all coming at a big social cost. But, we don't need some of the foreign workers, maybe not these numbers, but Malaysia has been changing the policy; one day you can, one day you cannot hire foreign workers, one day send them home, one day register them, and so on. But as a country, we

don't have a strategy of what we should do with foreign workers, and where it is critical, and where it is not critical, so the industry can then respond to the needs of the country. Now, even the application of foreign workers is not transparent, and while other countries are doing it online, you meet the criteria, you apply, you get it, but ours is very different. We need to have a strategy for the country - where are we heading with regards to foreign workers? Thank you.

Tun Dr. Mahathir: Well, thank you very much. Actually, we are starting to try and find a proper policy for foreign workers. Of course, there are many wrong things being done, for example, they give the rights to bring in the foreign workers to one company without even having a tender for the selection. And, of course, these men have charged 20,000 dollars for these people to come into Malaysia and he makes a lot of money. But we want to tender out this possibility, for we are going to have a lot of visitors to this country. Some legal, some illegal, some temporary, some permanent. And all of this will have to be looked into. We are told, for example, that we may have as many as 10 million Chinese tourists coming here. That poses a physical problem—how do we give a visa to 10 thousand people? That also needs to be resolved. And we need to trace the people that come into this country. But we have 5 countries as close neighbors, and the border is very porous. It's not always easy for us to ensure that they come into the country legally. So all of these things are being studied, and we will welcome any suggestions coming from the private sector. Thank you.

Siobhan: Tan Sri Rebecca, I think you had your hand up?

Tan Sri Rebecca: Yes, good afternoon, Tun, one question: in Vision 2020, you talked about Bangsa Malaysia. Now as you are back in power and you see what is happening in the country, how divisive it has become, how do you see Bangsa Malaysia going forward? Thank you.

Tun Dr. Mahathir:: Well, we would like to have a Bangsa Malaysia, which means that you identify yourself only with this country. But many of the people living in this country do not want to cut themselves off from their countries of origin. That poses a barrier towards uniting the people. We have to accept that; that is their feeling. So in Malaysia, for example, we have schools; Chinese Schools, and Tamil Schools, and national schools, they don't even meet when they are young. When I went to school during the British period, I went to an English school where there were people of Chinese, Indian, Bengali, all of them were there, so I grew up in a very multiracial society, but now we are seeing Chinese students going to Chinese schools, Malay students going to national schools, and now we are going to have more Tamil schools. So we are actually dividing the people, making them less familiar of people of different races, so it is going to be a barrier. But, we accept that Malaysia will tolerate the all different races. You can call yourself whatever, you can identify yourself with your own country, but you are still regarded as Malaysian. And as you know, had the previous government won, the division would be very much deeper. But this government, you can see, is a truly

multiracial government. We hope that by the leaders coming together, eventually the people will emulate the example of the leaders.

Siobhan: I think we have time for one last question.

Wei Peng: Hi Tun, my name is Wei Peng from Deloitte, we are one of the largest professional services firm in the world, currently in Malaysia we have 2,000 professionals, and in the course of us providing our services, we interact a lot with the foreign Westerners, and many of them are amazed with the MSC [Multimedia Super Corridor] status that you yourself, Tun, have initiated back in the 1990s, in fact, Mr. Jack Ma complimented that too. And if I could recall back in my career, there was a lot of interest from the foreign investors wanting to come in and invest in our MSC status initiative. We were well ahead of many of the countries; and together with India and China, and we were quite advanced in that space, but in recent years, I would say that in the past 3-5 years, the Philippines have moved up, whereas Malaysia has not really been moving ahead as fast as we would desire. And recently, I heard that there were some considerations into looking at the MSC status initiative, so I would like to hear from Tun what is our strategy and direction as far as the MSC are concerned, because Tun mentioned just now that there are a lot of graduates that are unemployed, but I know that young Malaysians they would like to work in cozy environments here; they can be in front of the computer, notebook, for 5-10 hours, but if you ask them to go outside to be exposed to the sun, this may be something they do not like to do. So I would like to hear from you, Tun, on this.

Tun Dr. Mahathir: Well, when we consider the MSC, the Multimedia Super Corridor, we expect that a lot of the new industries based on a high technology, electronics, and IT would be concentrated in this area. We are willing to give privileges for those who invest in this area but for some reason, in the last 10 years, not many companies are coming into Malaysia. What happens now is that we created Cyber City—Cyberjaya—in order to concentrate these kinds of industries there. But now, it has become a usual housing development. You see a lot of high-rise buildings, but not many industries there. Now that we have reverted to our old policy, we expect more companies to come and site their plans and their research laboratories there. Then, of course, we will once again live up to the name of the Multimedia Super Corridor, and we will see what is it that people want. As far as communication is concerned, we have installed all the needs for communicating, and we will put in as much infrastructure as possible, so as to attract people again to Cyberjaya in particular, and also into the Corridor. Unfortunately, before, some states also wanted to do the same thing, so we have now dispersed the thing, so there is no concentration on the MSC. We now want to, again, stimulate the growth of this area, and for that, of course, we expect a lot of foreign investors to come in, and we for our part, will develop and train personnel who can man all these new industries, so we are still intending to make the MSC—the Multimedia Site—for all industries that need these kinds of facilities. As you know, today you can actually operate a plan from abroad. You

can install everything here, and it can be activated from abroad. The opportunities for investing in the embassy are there, and you will be enhanced. Thank you.

Siobhan: Thank you very much, and I've think we've just run out of time, so thank you very much Tun Mahathir for coming and being with us today, and for sharing your initial thoughts. I know this is a very welcome audience, and they are very grateful to hear directly from you so they can start planning for the new future.