



Harvard Business School Alumni Club of Malaysia

NEWSLETTER

2005

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ASEAN Advanced Senior Management Development Program

The ASEAN Advanced Senior Management Development Program was successfully held from 22nd August to 26th August, 2005 at the Equatorial Bangi, Selangor. The Harvard Business School team headed by the illustrious Prof. Richard H. Vietor, who needs no introduction, was back in Kuala Lumpur again together with two other Faculty members, one being Prof. Mihir A. Desai, an eminent presence in both the areas of international corporate and public finance who is also the Rock Center Associate Professor in the Finance and Entrepreneurial Management areas of Harvard Business School; whilst, Prof. David J. Collis, a Harvard Business School faculty member who is also an expert in corporate strategy and global competition, currently a consultant to several major U.S corporations, on the Board of Trustees of the Hult International Business School was the significant other.

This dynamic trio fueled the intensive inaugural one-week course designed to provide key tools and concepts for competing in a global economy and specifically constructed to incorporate and accentuate the elements of Business, Finance, Strategy and Environmental Analysis to benefit participants comprising of Chief Executives, Senior Executives, Corporate leaders,

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"Season's Greetings & Happy New Year 2006"

HBSACM EXECUTIVE COMMITTEE 2004/2005

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Entrepreneurs and their establishments as well as the higher echelon of senior management. This intensive residential program which embodied important elements of Corporate Strategy, Marketing and Finance plus the Strategic Growth of organizations dealing with new challenges posed by current world developments was a real hit with the participants and everyone involved in it.

The program was launched with a welcome dinner on the evening of the 21st August, 2005 where the HBSACM Executive Committee attended and the Club President, YBhg. Tan Sri G. Gnanalingam was present to hail the arrival of the eager participants. After a one-week of exciting interaction and dynamic interchange of business

and professional experiences among the diverse group of participants, the ASEAN Advanced Senior Management Development Program culminated in a momentous Graduation Night where YB Datuk Dr. Shafie Salleh, the Minister of Higher Education, Malaysia made time to be present to address the Club and to hand over the certificates to the graduating participants.

Needless to say, the participants and everyone else gained friends as well as knowledge at the end of the entire event.



Business Forum "CREATING REIT FRANCHISES"



"A HBSACM Business Forum was held on the 29th March 2005 for the benefit of the members. The topic of discussion was REIT, Real Estate Investment Trust. The speaker was from Henry Butcher Lim & Long, Mr Lim YJ.

The subject was brought up during the Budget 2004 and Securities Commission has issued guide lines for the listing of REITs in the Bursar. Mr Lim YJ, gave us a detailed briefing on the Securities Commission's guidelines and also made comparison with the types of REITs in Singapore & USA.

The Forum concluded with dinner and the participants had a fruitful dialogue."

Forum Synopsis

REITs have had a significant impact on the real estate industry in the experience of many developed countries. With their introduction in Malaysia, how will they influence real estate development, management practices and the overall industry? Based on the observations of models in other countries, this forum will explore



the possibilities of using REITs to introduce innovative management, investment strategies and practices.

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Corporate Visit

INLAND REVENUE BOARD OF MALAYSIA

The President led a group of 30 Members and Associate members of the Club on a visit to the much-respected Inland Revenue Board of Malaysia situated within the Government Building Complex in Jalan Duta, Kuala Lumpur on August 3, 2005. The program of the visit began with a welcome address by YBhg. Tan Sri Dato' Zainol Abidin bin Abd. Rashid, the Chief Executive cum Director General of Inland Revenue who personally gave the briefing on the operations and functions of the IRB financial and personnel management and how they had steadfastly proceeded over the years to improve the quality and effectiveness of tax administration in the country. The highly informative briefing interspersed with YBhg. Tan Sri Zainol's wry humor provided an interesting flavor to the entire visit.



Vice President Tuan Hj. Anuar Hamdan led 30 Members and Associate Members of the Club in the corporate visit to the MAS Engineering and Maintenance Hangar on June 9, 2005. We were warmly received by the MAS personnel and after a brief yet friendly introduction; we were treated to a hearty breakfast Malaysian Airlines style. We were then led to the Auditorium where a corporate video presentation was shown to provide members of the Harvard Business School entourage, a picturesque overview of the organization. The video presentation was subsequently followed by the briefing given by Encik Tajuden Abu Bakar, the Senior General Manager for the MAS Technical & Ground Operations played the

ever gracious host on behalf of YBhg. Datuk Munir Majid.

After the briefing, we were taken on a tour of the entire facility and had a glimpse of the much-talked about 'black box' fixed on every plane. We were briefed in detail about the processes in every department and were left in awe as to the magnitude of detail as well as the degree of synchronization which must virtually leave zero error in its daily operations. We even had the opportunity to go on one of the planes that was being overhauled and saw it stripped down to the last piece.

The tour ended with again a delightful lunch treat courtesy of Malaysian Airlines and exchange of souvenirs. Even the members of the Club entourage

each went home with a bag of MAS goodies. We would like to take this marvelous opportunity to record our sincere appreciation to the entire Malaysian Airlines management for their gracious hospitality and look forward to another visit and yet another taste of the famous golden service of MAS!



Harvard Business School Alumni Club of Malaysia Sponsors Education of Tsunami Affected Students and Fishermen in Balik Pulau, Pulau Pinang

The Harvard Business School Alumni Club of Malaysia (HBSACM) which came into existence in October 22, 1977 is now into its 29th. year. With a total of over 1,000 (Ordinary as well as Associate) members, the Club has contributed towards promoting awareness in management training, enhancing professional standards, management and practices of Malaysian businesses through the very popular and well-attended Senior Management Development Program organized annually and facilitated by Harvard Business School faculty from Boston, USA. It has established a scholarship fund to assist suitable students to achieve excellence in

their studies besides inculcating closer ties among its members. This year the Club has taken on a slightly different approach.

The Club which currently operates with its own Secretariat and from its own premise in Phileo Damansara 1 believes firmly in the adage "Charity begins at home". Early this year, the Club has contributed a sum of RM50,000 to the cause of assisting the victims of the Tsunami disaster by donating a sum of RM50,000 toward funding an Intensive English program for the students taking PMR and UPSR in all the schools in the devastated area of Balik Pulau, Pulau Pinang. The Main Committee headed by Tan Sri G. Gnanalingam was provided with periodic updates by the schools receiving this educational assistance.

Subsequently, another project has just taken off where the fishermen community in the same area who had their livelihoods affected by the rage



of the Tsunami was given entrepreneurial aid which includes boat repairs, replacement of fishing equipment, educational course to prepare in the wake of future natural disasters and the like. This project which was allocated another sum of RM50,000 was undertaken by Harvard Business School and carried out in collaboration with the Pusat Giat Mara outfit of Balik Pulau in Pulau Pinang.

Apart from that the Club has donated computers to benefit the students of Sekolah Kebangsaan Pekan Jaya identified as the first smart school in Pahang. The Club is currently sponsoring the education of ten (10) select students at the Pesantren Oemar Diyan in Banda Aceh who also suffered the rage of the Tsunami calamity. In all humility, HBSACM was happy to do what it could for humanity!



A. REIT Primer

- i. Features & Attributes. A commentary on the features and attributes of REITs and their relevance in the Malaysian market (recap covering the bases on trust legal structure, tax, liquidity aspect, income stability, etc, etc) Do the convergence of these attributes create a new business opportunity?
- ii. REIT Best Practices. Based on observations of REITs worldwide, what are the best practices which we need to consider? (recap on trust policy, importance of franchise, growth plan, etc)
- iii. REIT investment strategies. An elaboration of investment strategies (there are 3) pursued by various REITs worldwide. (growth, value/turnaround, bond-proxy)
Let us explore the various REIT franchises:

B. The Residential REIT

- i. Strategy, Focus, characteristics of residential REITs
- ii. Case Study (United Dominion, Post Properties, the Ascott model)
- iii. Forum discussion - How would a residential REIT exist in Malaysia and what are the issues?

C. The Commercial REIT

- i. Strategy, Focus, characteristics of commercial REITs
- ii. Case Study (Equity Office, CapitaCommercial)
- iii. Forum discussion - What are the prospects of a commercial REIT in Malaysia and what are the issues?

D. The Industrial REIT

- i. Strategy, Focus, characteristics of industrial REITs
- ii. Case Study (Centrepont Properties, Prologis, Ascendas)
- iii. Forum discussion - What are the prospects of an industrial REIT in Malaysia and what are the issues?

E. The Retail REIT

- i. Strategy, Focus, characteristics of retail REITs
- ii. Case Study (KimCo Realty, Taubman, CapitaMall, Westfield)
- iii. Forum discussion - What are the prospects of an industrial REIT in Malaysia and what are the issues?

F. Specialty REITs

- i. Description of other REIT businesses - hospitality, healthcare, storage, manufactured homes, timber, prisons, restaurants, etc
- ii. Commentary & discussion

Lim Ye Jhen

Lim Ye Jhen is Assistant Vice-President of the Investment & Business Advisory division of Henry Butcher Malaysia. His work involves corporate real estate advisory and his current focus is on Real Estate Investment Trusts (REITs) and their development in Malaysia. Mr. Lim is familiar with REITs and their environment in the United States and Singapore and has been advising corporate clients on REIT business models and strategies.

Previously, Mr. Lim was a principal at Global Asset Capital LLC, a private equity firm based in San Francisco, USA. He was responsible for investments and working with portfolio companies in North America. He was also involved in setting up their investment fund in 2000. Prior to this, Mr. Lim worked for PwC Management Consulting Services (now part of IBM), working on behalf of various entities including public-listed and private companies, the Malaysian government and was involved in various consulting projects within the Multimedia Super Corridor (MSC). Previously, Mr. Lim founded Net@Work Inc, a technology services company based in New York, USA, which still remains a private entity with over 40 employees.

Mr. Lim graduated from New York University, New York, USA with degrees in Finance and International Business.

Making News



OUTSTANDING MEMBERS President of the Harvard Club, Tan Sri G. Gnanalingam (right), and Minister in the Prime Minister's Department, Datuk Mustapa Mohamed, at the Harvard Business School Alumni Club dinner

Star, 14 August 2005

Mustapa highlights main 9th Malaysia Plan challenges

BY GOH EE KOON

THE Government has highlighted four main challenges it faces in successfully formulating its 9th Malaysia Plan, namely, enhancing competitiveness, ensuring prudent financial management, strengthening sources of growth and developing human capital.

"While we can take pride in that Malaysia has strong fundamentals, we cannot afford to rest on our laurels," Minister in the Prime Minister's Department, Datuk Mustapa Mohamed said in his speech at the Harvard Business School Alumni Club anniversary dinner in Kuala Lumpur yesterday.

Lumpur yesterday.

Malaysia's overall competitiveness ranking, according to the Institute of Management Development's World Competitiveness Yearbook 2005, dropped from 16 to 2004 to 28 in 2005, with sharpest falls quoted as government and business efficiency.

Mustapa called for more efforts in promoting regional and inter-regional integration by further diversifying trade and investment linkages in addition to free trade agreements being negotiated with Japan, China, South Korea and India.

In terms of financial management,

the Government is taking measures like reducing subsidies, ensuring high productivity of its investments and strengthening revenue collection. "Equally important are measures to reinvigorate domestic private investment as well as attracting foreign direct investments."

He also noted that the Government would have to ensure that new employment opportunities were created for people entering the labour force.

Mustapa described it as "a big challenge" and reiterated that one of the 9th Malaysia Plan's strategies would be to create job spots for new workers, including gradu-

ates. Skill- and knowledge-based human resources have been recognised as a major factor in sustaining economic growth.

Mustapa said the 9th Malaysia Plan's main focus would be on strengthening fundamentals and the basis of the economy, while exploring new sources of growth.

Agriculture, manufacturing and services sectors have been targeted as key areas for growth, and various federal initiatives for the sectors have already begun.

New agronomic practices and technology would be utilised to modernise local agriculture, he said. Mustapa said the Government



Datuk Mustapa Mohamed

would also emphasise on large-scale production of herbal products, ornamental fish and plants, floriculture and halal products.

STAR, 11 August 2005

Pump-priming days are over, says Mustapa

By CHONG JIN HUN

MALAYSIANS, having enjoyed the fruits of the country's development over the years, must accept the fact that the Government would not continue to spend substantially to help grow the economy, Minister in the Prime Minister's Department Datuk Mustapa Mohamed said.

"While the Government will continue to spend to further improve the people's quality of life, it must be realised that the days of pump-priming are over."

"The reality is we have a deficit to manage and this will have to be done prudently," Mustapa said at the Harvard Business School Alumni Club of Malaysia's anniversary dinner in Kuala Lumpur yesterday.

He said the nation's gross domestic product, which grew 5.3 per cent in the first quarter of 2005, is on track to achieve the projected growth of between 5 per cent and 6 per cent this year.

In 2004 and 2003, the country's economy expanded 7.1 per cent and 5.4 per cent respectively.

Having emphasised the authorities' key concern for the nation's coming Ninth Malaysia Plan, Mustapa said the country needs people with the right attitude.

The challenges facing the nation in its next development phase include the need to be financially prudent while enhancing competitiveness by leveraging on

new sources of growth and development of human capital.

It is not merely a question of how the nation can achieve more, but rather how its people can prosper from existing developments and sustain it for future generations, he said.

"Despite the seemingly similar thrust for the Eighth and Ninth Malaysia Plans, the difference lies in the call for a change of mindset on a national scale that promotes a culture of sustainable development," he said.

Mustapa also said the country's economy is in a state of good health as it enters into the second phase of Vision 2020, where it aspires to achieve a developed nation status.

"During this phase, we will have to face a host of unprecedented changes in the global environment and the need to develop resilient economy that can withstand economic cycles," he added.

He said over the last 15 years, the Government has built sound infrastructure in the country and the administration is proud of the achievement.

"However, some may say that we stand to become victims in our own success."

"Malayians have become accustomed to an environment of rapid infrastructure growth and have benefitted from the ancillary activities and spin-offs generated by it," he added.

New Straits Times, 11 August 2005

'Old boys' help out tsunami orphans



(From left) Anwar, HBSACM honorary secretary Ahmad Rosh and honorary assistant secretary Ghazali Baharudin and Zaiduddin with the cheque

THE Harvard Business School Alumni Club of Malaysia (HBSACM) did its bit for charity by sponsoring the education of 10 students orphaned by the tsunami which ravaged Banda Aceh last year.

The check amounting to RM17,800 was handed to Pertubuhan Kebajikan Al-Nidza' Malaysia chairman Zaiduddin Aliang Marani by HBSACM vice-president Anwar Hamdan in a simple ceremony at the headquarters of Al-Nidza'.

Al-Nidza', which has been in existence since 2002, is involved in welfare and missionary work for the betterment of the Muslim community.

This is the third time HBSACM has given financial aid to tsunami victims, the first and second being the educational aid to schools in Bukit Nenas to fund the intensive UPSR English Language Programme and the entrepreneur aid to fishermen under Pusat Giat Mara respectively.

According to Anwar, HBSACM will oversee the completion of the secondary

education of the 10 students whose age range from 13 to 17 years.

"The RM17,800 is the initial sum given by HBSACM."

"The sponsorship will go on for a minimum of five years until all 10 students complete their secondary education at the Pesantren Modern Tengku Chik Omar Deyan," he added.

Zaiduddin told the press that these 10 students have been identified based on recommendations given by the welfare organisations in Indonesia.

Star, 13 October 2005



MEETING OF MINDS: Mustapa (left) listening to Gnanalingam

Priority for education

KUALA LUMPUR, Thurs. — The Government will continue to spend more on education as it realises that skill- and knowledge-based human resources are important to nation building.

Minister in the Prime Minister's Department, Datuk Mustapa Mohamed said the Ninth Malaysia Plan which begins next year, would continue to stress education. The Government allocated a quarter of its expenditure on education.

As Mustapa prepared to enter the second phase of Vision 2020, the economy, he said, was in "a state of good health".

New Straits Times, 12 August 2005



COMPLETING THE PROGRAMME: Higher Education Minister Datuk Dr Shalle Salleh handing over a certificate to Jacqueline Ong in the presence of Harvard Business School Alumni Club of Malaysia president Tan Sri G. Gnanalingam (right) and Victor.

Precious insights for top executives

BANGI, Tues. — Top executives who attended a recent advanced Harvard executive management programme came away with insights about globalisation, foremost among which was that companies can no longer continue to operate in an insulated environment amid liberalisation.

"The aim of the programme was to make people aware of the world around them and the dynamics of this world where they can use finance, strategy and international economics if they want to compete against economic powerhouses like China and India," Dr Richard H.K. Victor said.

Victor, of Harvard Univer-

sity's Graduate School of Business Administration in Boston, said: "We did a taste of finance, strategy and international economics in the course here. We were getting people focused on what is happening around them."

A case in point was Mexico, he said.

"Every time when they didn't pay attention, a plant left for China and it just kills them as it means lost opportunities, investments and lost jobs because somebody didn't think about it."

The five-day "Asian Advanced Senior Management Development Programme" is a regular programme put together by the Harvard Business School Alumni Club of Malaysia. — Bernama

New Straits Times, 31 August 2005

HBSACM 28th Anniversary Dinner

A number of 700 dignitaries from the business community attended the Harvard Business School Alumni Club of Malaysia's 28th. Anniversary Dinner held on 10 August 2005 at the Grand Ballroom of the Hilton Sentral, Kuala Lumpur.

YB Datuk Mustapa Mohamed, Minister in the

Prime Minister's Department who is also the Chairman of the National Economic Action Council or MTEN (Majlis Tindakan Ekonomi Negara) as it has been popularly-acronymed, together with YBhg. Datin Khamarzan Ahmad Meah were the Club's guests-of-honor for the delightful evening. In his much-awaited speech *, the Honourable Minister highlighted the challenges of the country's Ninth Malaysia Plan, where the focus would be on education i.e. development of skills and knowledge-based human resources, strengthening economic

fundamentals and exploring new areas of growth whilst maintaining a financially-prudent management of the nation.

HBSACM Director of Activities, YBhg. Datuk Othman Yusoff who doubled up as the MC for the evening had started off the evening earlier by calling upon the Club President, YBhg. Tan Sri G Gnanalingam to deliver his welcome address. The repertoire of classical pieces enchantingly performed by an ensemble of four specially invited classical musicians gave

** Text is included in page 11...*





the night an added air of Harvard regal ness. Present at the dinner were also Past Presidents YBhg. Tan Sri Aziz Rahman, YBhg. Dato Mustaffa Ali and Mrs. Lillian Too. The dinner was also well attended by members of the media.



**Speech by
THE HONORABLE DATO' MUSTAPA MOHAMED
MINISTER IN THE PRIME MINISTER'S DEPARTMENT
Harvard Business School Alumni Club
Anniversary Dinner
10 August 2005, Hilton Kuala Lumpur**



Assalamualaikum, and good evening.

1. I am indeed honoured to be given this opportunity to address this distinguished gathering. On behalf of my wife and I, I would like to thank Yang Berbahagia Tan Sri Gnanalingam for inviting us to be here this evening.

2. I would also like to congratulate the Harvard Business School Alumni Club of Malaysia on your Anniversary and welcome those alumni who are visitors to Malaysia, who I understand have come from all over ASEAN and the United States. Selamat Datang. Indeed, your presence exemplifies the spirit alumni should have: that of fostering lasting friendships, born from a common quest for knowledge.

Ladies and Gentlemen:

3. Economies in the region are facing challenges from uncertainties in global growth prospects as well as the pressures of globalization and liberalization. By the same token, this economic landscape offers us vast opportunities for growth. Our ability to seize these chances depends heavily on our economic fundamentals, and on that front, I believe we are well positioned. Malaysia has always had a dynamic economy that adapts to the changes in global economic conditions. This coupled with our pragmatic policies have enabled us to overcome adverse developments in the international economy.

4. The Malaysian economy is currently doing well, with a growth of 5.7 per cent in the first quarter of 2005, following the strong growth of 7.1 percent in 2004 and 5.4 per cent in 2003. Our first quarter performance was better than that of many countries in the region. Also, current indications suggest that the growth momentum was sustained in the 2nd Quarter and that we will be on track to achieve 5 to 6% GDP growth for the year as a whole.

5. Our inflation is still low increasing by 2.8 percent during the first half of 2005, despite the three increases in fuel prices this year. While there has been upward pressure on consumer prices in recent weeks, the Government is monitoring the situation closely and is committed to curbing price increases and acting on irresponsible traders who may indulge in profiteering. I am therefore confident that inflation will remain moderate.

6. On the external front, our current account of the balance of payments registered a surplus of RM20.9 billion in the first quarter.

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During the first half of the year, Malaysia registered a trade surplus of RM47.9 billion and it has been in surplus for 92 consecutive months. Our international reserves stood at almost USD79 billion on 29 July 2005, sufficient to finance 9 months of retained imports. After about seven years on a pegged exchange rate regime, we have seen a smooth transition to the managed float of the Ringgit and the discovery of the value of the Ringgit has been orderly. This stability is important for a trading nation like Malaysia.

Ladies and Gentlemen:

7. Our economy is, therefore, in a state of good health as we enter into the second phase of Vision 2020, in which we aspire to achieve developed nation status. During this phase, we will have to face a host of unprecedented changes in the global environment and the need to develop a resilient economy that can withstand economic cycles.

8. At the recently concluded 56th UMNO General Assembly, the Prime Minister succinctly summarized 10 strategies for the coming Ninth Malaysia Plan, which will lead us into this second phase of Vision 2020, beginning 2006. I would like to highlight a number of salient points in the PM's speech:

a. Firstly, there is a need for higher and sustained economic performance, mastery of the Knowledge Economy and strengthening of economic fundamentals.

b. Secondly, in our march to strengthen the economy we would not forego the socio-economic agenda, focusing in particular on eradicating hardcore poverty and improving the quality of life for all Malaysians.

c. Finally, that there is a need for good governance and integrity which, combined with an improved public sector delivery system, would create a highly conducive and productive economic environment.

9. If we were to follow the PM's speeches on the 9th Malaysia Plan, some of the themes included that the country needs to work harder to enhance competitiveness through capacity building in human capital and improving the delivery system in order to create a more business-friendly environment.

Ladies and Gentlemen:

10. The Eighth Malaysia Plan, which ends this year highlighted the need to enhance productivity,

increase the supply of quality manpower, intensify R&D activities and propel the development of growth sectors. The Mid-term Review of the Eighth Malaysia Plan which was done in 2003 stressed the need for reinforcing macroeconomic fundamentals, strengthening resilience and enhancing competitiveness. This will be achieved by promoting private investment, developing new sources of growth as well as accelerating the attainment of socio-economic objectives of eradicating poverty and restructuring society were all needed to achieve the National Vision Policy.

"...there is a need for higher and sustained economic performance, mastery of the Knowledge Economy and strengthening of economic fundamentals."

11. But, Ladies and Gentlemen, despite the seemingly similar thrust for the Eighth and Ninth Malaysia Plans, there is in fact a fundamental difference. That difference lies in the call for a change of mindset on a national scale.

12. Over the last 15 years the Malaysian Government has built sound infrastructure in the country and we are proud of this achievement. However, some may say that we stand to become victims of our own success. Malaysians have become accustomed to an environment of rapid infrastructure growth and have benefited from the ancillary activities and spin-offs generated by it. Expectations are high and many have become dependent on Government largesse. While the Government will continue to spend to further improve the quality of life of the people, it must be realized that the days of pump-priming are over. The reality is we have a deficit to manage and this will have to be done prudently.

13. The country must accustom itself to a new mindset that promotes a culture of sustainable development. Now that we have first class infrastructure in place, the question in Malaysian minds should not be 'how do we build more'; but rather, 'how can we prosper from what we have built' and 'what do we need to do, to keep it going for generations to come'.

14. Tonight, I would like to highlight only four challenges facing us in formulating the 9th Malaysia Plan. Of course there are more. The challenges I would like to highlight are as follows:

- a. Firstly, enhancing competitiveness,
- b. Secondly, ensuring prudent financial management,
- c. Thirdly, the development of new sources of growth and finally,
- d. Software development notably in human capital.

Ladies and Gentlemen:

15. Let me begin by noting that in the last few years Malaysia has achieved commendable growth rates characterized by strong exports, low inflation, robust private consumption, low unemployment and high FDI inflows. And yet, the Institute of Management Development's World Competitiveness Yearbook 2005 indicates that Malaysia's overall competitiveness ranking has fallen several notches from 16 in 2004 to 28 in 2005. The sharpest falls are apparently in government and business efficiency.

16. What this tells us is that while we can take pride in that Malaysia does indeed have strong fundamentals, we cannot afford to rest on our laurels. We must be mindful of the messages implied in these rankings and work hard to improve upon them. To become a benchmark to others – that would be World Class.

17. Greater global competition, changes in technology and the growing importance of China and India in the world economy pose enormous challenges to keep our economy moving at a sustainable pace. Granted, we are well positioned to attract investment given our good infrastructure, skilled workforce and good quality of life. But we need to keep improving, as others are also bent on becoming attractive destinations for FDI. A lapse in focus could see us losing our much earned position as one of the most attractive destinations in this part of the world.

“...in our march to strengthen the economy we would not forego the socio-economic agenda, focusing in particular”

18. Yes, we do have some clear advantages. But we need to promote them fully. There is significant potential in tourism, health and education tourism, design and development, outsourcing, contract and customized manufacturing and financial services. We need to push for greater regional and inter-re-

gional integration by intensifying economic linkages. In addition to the free trade agreements being negotiated with Japan, China, Korea and India; we must intensify our efforts to further diversify our trade and investment linkages. In this, Malaysia views South-South co-operation as an important platform to promote trade and investment among the developing countries.

19. The next challenge, ladies and gentlemen involves prudent financial management. The Government is committed to fiscal consolidation towards achieving a balanced budget in the medium term through measures such as:

- a. The gradual reduction of subsidies
- b. Ensuring higher productivity of Government investments and
- c. The strengthening of revenue collection.

20. Equally important is the pursuit of measures to reinvigorate domestic private investment as well as attracting foreign direct investment. Malaysia welcomes FDI as it plays a complementary role with domestic private investment in filling the gap arising from the process of fiscal consolidation.

21. The Government for its part will intensify efforts to enhance integrity, eradicate corruption and improve the public service delivery system with a view to increase economy-wide efficiency and productivity. This will not only reduce the cost of doing business in this country but will also help to alleviate any negative sentiments among foreign investors resulting from possible red tape and bureaucracy.

Ladies and Gentlemen:

22. My third consideration involves 'growth with employment'. While pursuing economic growth we have to ensure that new employment opportunities are also created. Every year about 320,000 of our youths enter the labour force, many of them are educated including graduates. This is a big challenge for the Government and one of the strategies in the 9th Malaysia Plan would be to create opportunities to absorb these new entrants into the labour force.

23. We are fully cognizant of the fact that economic growth alone will not bring prosperity to a country. Social development must take place in tandem, notably in areas such as education, healthcare and access to social amenities. Environmental sustainability deserves special importance. At a recent conference on the UN Millennium Development Goals in Jakarta, I was reminded that planning policies are often left to economists to decide, when in fact we would benefit from a more balanced view.

Continue...

24. Professor Jeffrey Sachs, Special Advisor to Secretary General Kofi Annan on the MDG's remarked how Ministers of Planning seldom engage Ministers of Health and the Environment in drawing up development programmes! We are fortunate that Malaysia has a structured process of preparing the Malaysia Plans where all interested parties, including the various ministries and the private sector can contribute their inputs.

25. Under the Ninth Malaysia Plan the major focus of the nation's development will be on strengthening the basis and fundamentals of the economy and explore new sources of growth. We need to pioneer new areas of growth and broaden our economic base as well as achieve sustained strong economic growth. In this regard, various initiatives are already underway within the agriculture, manufacturing and services sectors and we are already beginning to see results.

26. In the agriculture sector, efforts are being taken to modernize the sector with the introduction of the latest agronomic practices and the greater use of technology.

"...there is a need for good governance and integrity which, combined with an improved public sector delivery system, would create a highly conducive and productive economic environment."

27. The nation is also embarking on large scale production of ornamental fish and plants, floriculture and herbal products. Malaysia is also poised to become a centre for halal products. Sustained growth calls for revitalising the agriculture sector through the application of biotechnology and modern techniques. Again, the foundation has been well laid. Malaysia recently commissioned the Malaysian Biotechnology Corporation and it is now in our hands to administer the National Policy in this area.

28. In the manufacturing sector, efforts will continue to develop Malaysia into a centre for the global production and supply of high value added products and related services. We hope that all these activities will not only boost growth in the Malaysian economy but at the same time provide additional employment opportunities.

Ladies and Gentlemen:

29. Finally, I would like to expand on human capital and software. There is no doubt that skilled and knowledge-based human resources are an important element in nation building and sustaining economic growth.

30. Therefore, efforts to strengthen human resources should be directed towards not only creating a skilled and knowledgeable workforce to act as a catalyst for innovative products and services, but also to develop a society at large which is adept at using available information to improve their quality of life.

31. In this, our education system plays a pivotal role. Our Government invests a quarter of its expenditure in this sector. The Ninth Malaysia Plan will continue to place primacy on education. The Ministry of Education has set out to expand the benefits of Smart Schools to all national schools. Also, our universities will need to increasingly collaborate with industry to ensure that their curriculum and research are up to date with latest developments. Human capital development will be one of the principal areas that will receive priority in the 9th Malaysia Plan.

Ladies and Gentlemen:

32. I have endeavoured to describe the evolving environment of development in Malaysia. If there are two messages which I would like you to bring back tonight, the first would be that "Malaysia's fundamentals are strong".

33. The other, would be that we are acutely aware of areas for further improvement in order to enhance our competitiveness in the global economy, and we are working hard to make good on these. We are committed to achieving our Vision 2020.

34. We are in a perfect position to realize a win-win arrangement and indications suggest that the journey is well under way. As such, I would like to call upon you to find ways to align to this overarching strategy. The Government will do its part to improve delivery systems, strengthen institutions and promote good governance and integrity. We need a private sector that is ready to partner with us to drive national growth. I invite you to take up this offer.

Thank you.

■ FRIENDLY GOLF TOURNAMENT

The Harvard Business School Alumni Club of Malaysia (HBSACM) Friendly Golf Tournament was held at the Perangsang Templer Golf Club on March 5, 2005. A number of 40 golfers from HBSACM as well as the media took part in the tournament.

■ PAST PRESIDENTS' GOLF TROPHY 2005

24 golfers took part in the Past Presidents' Golf Trophy 2005 held on May 29, 2005 at the Bukit Jalil Golf & Country Club.

■ PROFESSOR WARREN MC FARLAN CHALLENGE TROPHY

In conjunction with the ASEAN Advanced Senior Management Development Program (AASMDP), the Professor Warren Mc Farlan Challenge Trophy was held

■ HBSACM-WESTPORT OPEN GOLF TOURNAMENT 2005

The HBSACM-Westport Open Golf Tournament 2005 was held on July 16, 2005 at the MINES Golf Resort. Seri Paduka Baginda Yang Di Pertuan Agong graced the event with his royal presence. 80 golfers comprising the Royal entourage, HBSACM Ordinary and Associate members as well as the staff of Westport participated in the event.



WESTPORT / HBSACM GOLF OPEN

Daily Score Summary (Top 20)

Rank	ID	Name	Hcp	Category	Group	Club	Out	In	Score
1	27	GERRY CHANG	18				20	22	42
2	57	STEVE YANG	17				19	21	40
3	33	CHAN KIN POOI	16				18	21	39
4	26	MOHD ASHRAF GATOR	21				18	21	39
5	28	KAM POH SENG	21				18	21	39
6	60	KENNY KWOK	17				18	20	38
7	3	TAN SRI DATUK NIK MOHAMED YAACOB	14				18	20	38
8	23	ALVARD	17				22	16	38
9	11	YM RAJA DATUK SHARIFUDDIN ABIDIN	17				18	19	37
10	1	SPB YANG DI PERTUAN AGONG	17				18	19	37
11	82	ANDRE D. CRUZ	22				19	18	37
12	43	DATO' MUSTAFA MD ALI	14				19	18	37
13	37	MAK CHOONG MOON	11				19	18	37
14	59	K S LEE	24				18	18	36
15	51	HALIM HAMID	20				18	18	36
16	68	CARLOS NATHAN	24				19	17	36
17	79	AZIZ AHMAD	20				13	22	35
18	5	YAM TENGGU SYARIF TEMENGGONG PERLIS	18				15	20	35
19	40	DATO' JEFFREY CHOONG	19				19	16	35
20	4	DATO' NIK MOHD. DIN YUSOFF	17				21	14	35