KHAZANAH NASIONAL

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Khazanah Nasional Berhad – Official comments on 9th Malaysia Plan

Quotes from Dato' Azman Mokhtar, Managing Director, Khazanah Nasional

"Our initial reaction is that it is first of all a very clear, well-balanced and progressive plan. It is both realistic and ambitious. It is attuned to global and regional trends while targeting growth with equity in the long and successful tradition of our nation building. Choices were made – and that's a good sign in itself - and the focus on value-add, knowledge and innovation, human capital, sustainable development and quality of life, equitable distribution and institutional building is very relevant for Malaysia's next phase of development. At the micro level, continued emphasis on various engines of growth and sectors as well as several new approaches in financing (such as PFI) and implementation we believe is precise. "

"The second aspect that stands out is the strong emphasis and commitment to execute and enforce the plan. The use of implementation, enforcement and program management devices chaired at the highest level is particularly reassuring."

"There are many areas where Khazanah and GLCs will be involved that have been emphasized in the plan, including in ongoing GLC Transformation, in new agriculture and in the development of the South Johor Economic Region, among others. At Khazanah Nasional, we are of course prepared and have been prepared to play our part in executing this National Mission. Many aspects of this plan we are already implementing. We are reviewing the plan in greater detail this weekend. Monday morning, we will intensify our implementation. "

Quotes from PK Basu, Chief Economist, Khazanah Nasional

"This is an ambitious but meticulously designed plan - distinguished by the internal consistency between its goal of accelerating growth through efficiency gains and an appropriate emphasis on enhancing human capital and service delivery to achieve it. The Plan seeks a significant acceleration in growth (to 6% real GDP growth, from 4.5% in the 8th plan period and 5% in the 7th) but this will be aided by the IMF's forecast of a sharp acceleration in the volume of world merchandise import growth (to 7.1% growth in 2006-10, from 5.2% in 2001-05)."

"Fiscal consolidation will not be too onerous, with a modest target of reducing the fiscal deficit to 3.4% of GDP during this plan period. Consequently, public investment is expected to grow at a modest 5% annual pace, while private investment rebounds strongly to double-digit growth over the period. Given that new private investment is likely to be in the New Agriculture, knowledge-intensive Manufacturing and value-added Services, it is likely to be consistent with the goal of increasing total factor productivity (TFP, or the overall efficiency of the economy). And, with gross national savings likely to exceed gross national investment by a comfortable 14% throughout the plan period, there is ample room for maneuver on investment spending."

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