

## FMM's Comments on the 10<sup>th</sup> Malaysian Plan

The Federation of Malaysian Manufacturers (FMM) FMM would like to commend the Government for a comprehensive Plan that incorporates key strategies and programmes that are important for achieving the New Economic Model (NEM). We believe that this would take Malaysia to its next level of economic development.

2. The growth rate in GDP of 6% per annum for the 10<sup>th</sup> Plan period is in FMM's view achievable although a higher growth rate should be targeted in the event of further improvements in the global economy.

3. The target growth rate of 12.8% for private investment will be challenging given the 2% that was achieved in the 9<sup>th</sup> Malaysia Plan period. Reducing the fiscal deficit from 5.3% in 2010 to less than 3% in 2015 is also challenging with the financing needs of the NEM. However, given the various initiatives that have been identified by the Government to boost private investment and economic growth as well as to reduce the fiscal deficit, these targets can be realized with sufficient commitment.

4. FMM notes the Government's attempts to engage the private sector more effectively in its development strategies. In planning the way forward, the Government has adopted a more consultative approach and has actively sought input and feedback from the private sector including in the use of mechanisms like PEMANDU, PEMUDAH and NKRA & NKEA Labs. In addition, the Government has identified a more active role for the private sector, especially through public-private partnerships in the provision of public services. FMM lauds the move to engage the private sector in education through trust schools. This is a step in the right direction as this will enhance the quality of education.

5. In addition, a chapter in the 10<sup>th</sup> Malaysia Plan has been devoted to strategies to make the Government a competitive corporation and improve service delivery. FMM views this as a strategic step towards enhancing the business environment and improving Malaysia's competitive rankings which will contribute to increasing Malaysia's attractiveness as a destination for investment.

6. The 10<sup>th</sup> Malaysia Plan has also identified key strategies for the development of human capital. The mainstreaming of technical education and vocational training is timely given the skill needs of the NEM moving forward. However, industry would like to stress the need to re-instate English as a medium of education given its importance as a tool for progress in the global environment. A review of the curriculum should also be undertaken to ensure that education takes into account the future needs of the economy with respect to greater innovation and creativity. Attracting and retaining top talent is also a step in the right direction.

7. With respect to improving the efficiency of the labour market, FMM is pleased to note that improving the flexibility of hiring and firing through a review of labour laws is among the initiatives identified. However, no clear strategies were outlined to reduce the dependence on foreign labour which is critical for the achievement of the NEM. Clear and pre-announced policies with respect to foreign labour are important to businesses in planning the way forward.

8. On rationalization of the role of Government in business, in particular the monetization of public assets, FMM would like to stress the principles of transparency and value for money in the divestment of public assets. In addition, the divestment of assets should not be viewed as pure real estate transactions and alternative uses to these assets should also be identified. For example, the planned sale of the Sungai Besi airport area should be reconsidered in the light of the usefulness of having a “light city-airport”.

9. The emphasis on SMEs is well placed given its importance in driving the economy. The additional resources that have been allocated for the development of SMEs will contribute to the further development and sustainability of SMEs