

MIER
NATIONAL ECONOMIC OUTLOOK
CONFERENCE 2015-2016

The Royale Chulan Mutiara Damansara
(Mutiara Ballroom, Level 1)
2, Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor Darul Ehsan

2-3 December 2014



Malaysian Institute of Economic Research
Institut Penyelidikan Ekonomi Malaysia



MALAYSIAN INSTITUTE OF ECONOMIC RESEARCH (MIER)

**NATIONAL ECONOMIC OUTLOOK CONFERENCE 2015-2016
Ballroom, The Royale Chulan Damansara**

Presents:

“Malaysia bracing the Volatile, Uncertain, Complex and Ambiguous (VUCA) World beyond 2015.

The Sign of Three –ASEAN Economic Community (AEC) 2015, Economic Transformation Programme and the forthcoming Eleventh Malaysia Plan (2016-2020).”

Come the beginning of 2015, a lot will be riding on Malaysia’s leadership mettle. The heralding of the ASEAN Economic Community (AEC) will undoubtedly be ASEAN’s seal of shared values becoming a reality. The AEC has a bold ambition of integrating 10 different economies that are at different stages of economic maturity into a common market. The statistics are impressive: a market of 600 million, intra-ASEAN trade closing in more than US\$600 billion (RM1.94 trillion) in addition to hosting production bases for a large number of MNCs. If that is not mind boggling enough in 2013, foreign direct investment (FDI) into Indonesia, Malaysia, the Philippines, Singapore and Thailand, known as ASEAN 5, outstripped FDI into China for the first time. And in a clear sign of a shift in Balance of Power, the investment the ASEAN 5 countries received came from China, now the third-largest foreign investor in the world.

However this blooming intra-regional trade is also assuming alarming proportions among some quarters of policymakers and corporate captains alike. AEC will have to co-exist within a larger regional framework and it is unclear which one will prevail? : The TPPA or RCEP framework? Understandably uncertainty breeds a constellation of “possible scenarios” each with its expected dynamics of costs as well as benefits. It may be said that what would qualify as a prospective tipping point leading to enormous economic gains and a largesse of significant social-economic impact on living standards, sustainability, employment, trade and investment, just to name five, could actually be negated by the cross-sections of convoluted regional “interests & initiatives”

Therefore Malaysia's first leadership challenge is to articulate in no uncertain terms the enormous gains to be shared by all ten economies and yet at the same time not lose sight of Malaysia's own domestic imperatives. This translates into a shared vision of a common programme of action.

Nascent regionalism –is it true that economic regionalism is taking root in Southeast Asia? Undoubtedly, Southeast Asia is undergoing overarching integration; an uptick in FDI inflows sees further hardwiring of interregional and intraregional trade fundamentally altering the cohesion of the ASEAN fabric.

The reality is ASEAN has become the natural hub for East Asian FTAs because of its interconnectedness to major economies. Therein lies Malaysia's second leadership challenge: while there is an impetus to push AEC to point of significant critical mass; in what different ways could Malaysia help to shape, mould and "propel" these stream of regional economic integration measures into one cohesive, complementary and self re-enforcing package? While at the same time, an important corollary is pulling Malaysia's industries, investment and trade to the forefront or "leading the pack" instead of doing "catch-up".

Strategic alignment –is there a "good fit" between Malaysia's relentless push of the "economic transformation programme" and the upcoming "eleventh Malaysia Plan" with the AEC Agenda?

The Eleventh Malaysia Plan is being formulated at a time when Malaysia is entering the final lap in its race to become a developed nation. The Plan must take into account current challenges and emerging medium and long-term global trends as well as the domestic scenario. The proposed policy framework must generate economic growth of at least five percent per annum from 2016 to 2020, to join the ranks of a developed economy. The actual situation though is, we have not been achieving economic growth of 7% per annum as outlined in Vision 2020 for the past few years. Meanwhile inequality is growing and both inter-ethnic and intra-ethnic differences have widened. The way to mitigate this conflict is to pay attention to "growth with equity", which in the past have enabled a fair and equitable distribution of the fruits of development.

The overarching goal of "growth with equity" becomes Malaysia's third leadership challenge. Forging integration of domestic programme with that at the AEC front without losing at the seams caused by duplication, conflict or merely due to lack of clarity, poor communications and failure to engage the relevant stakeholders.

We are indeed at an inflection point, in order to maintain our growth trajectory, changes will needed to be made at both the domestic front (the structure and composition of the economy) as well as regional front (complementarity and integration mechanisms and instruments).

In an act of navigating uncharted waters, Malaysia will be brazing the VUCA (Volatile, Uncertain, Complex And Ambiguous) World beyond 2015 with confidence and poise.

The upcoming National Economic Outlook Conference (NEOC) 2015-2016 is a “must-attend” Conference. An array of outstanding panellists will attempt to dissect each of the component elements of this thematic topic. Culminating in a climax where all the “intertwined & co-joint” disparate strands are pulled together to arrive at a fairly cohesive and fair rendition of Malaysia’s leadership agenda within two seemingly “irreconcilable” frameworks of AEC at the regional level as well as the ETP/11th MP at the domestic level.

PROGRAMME

Tuesday, 2 December 2014

- 08:30-09:00 a.m. Registration
- 09:00-10.00 a.m. **OPENING CEREMONY**
- Welcoming Remarks**
YBhg Tan Sri Dr Sulaiman Mahbob
Chairman, Board of Trustees, MIER
- Address and Official Opening**
YB Dato' Seri Ahmad Husni Bin Mohamad Hanadzlah
Second Minister of Finance, Malaysia
- 10:00-10:30 a.m. Tea Reception
- 10:30-12:30 p.m. **CLUSTER I: Malaysian, Asian & World Economic Outlook, 2015-2016**
- Chairman**
Professor Dr Jamal Othman
Faculty of Economics & Management
Universiti Kebangsaan Malaysia
- 10:30-11:00 a.m. **World Economic Outlook**
Mr Odd Per Brekk
Director, Regional Office for Asia & the Pacific
International Monetary Fund (IMF), Japan
- 11:00-11:30 a.m. **Economic Outlook for Developing Asia**
Dr Joseph Ernest Zveglich, Jr.
Assistant Chief Economist, Economics and Research
Department (ERD), Asian Development Bank (ADB), Manila
- 11:30-12:00 p.m. **Malaysian Economic Outlook**
Emeritus Professor Dr Zakariah Abdul Rashid,
Executive Director, MIER
- 12:00-12:30 p.m. Q&A
- 12:30-02:00 p.m. Lunch: Luncheon Talk & Expose by **YBhg Tan Sri Dr Sulaiman Mahbob** – A prelude and precursor to the afternoon session. “A contrarian and alternative view to the Transformation Process”

- 02:00-04:45 p.m. **CLUSTER II: Benefits of Market Integration**
- Integration & Regionalism through the lenses of AEC, TPP And RCEP – Laksa (Spaghetti) Bowl no more, but instead a fragmented jigsaw puzzle.**
- Chairman**
YBhg Datuk Hamzah Bakar
Member Board of Trustees, MIER
- 02:00-02:30 p.m. **Economic of Regional Integration**
Dr Dionisius A. Narjoko, Researcher, Economic Research Institute for ASEAN and East Asia (ERIA), Jakarta
- 02:30-03:00 p.m. **Trade & Integration**
Mr Satoru Kumagai, Deputy Director, Economic Integration Studies Group, Inter-disciplinary Studies Centre, IDE-JETRO, Japan
- 03:00-03:15 p.m. Tea/Coffee
- 03:15-03:45 p.m. **From Spaghetti Bowl to Jigsaw Puzzle? The Rise of the Mega-Regionals and Fragmentation of the World Trade System**
Dr Jayant Menon, Lead Economist in the Office for Regional Economic Integration at ADB, Leader of Trade Team – Trade, International Investment and Development issues
- 03:45-04:15 p.m. **Prospective Game-changers for Malaysia-The last leg of Economic Transformation Program**
Mohd Esa Bin Abd Manaf
Division Secretary, Fiscal & Economy Division
Ministry of Finance Malaysia
- 04:15-04:45 p.m. Q&A

Wednesday, 3 December 2014

- 09:00-11:30 a.m. **CLUSTER III: From Geopolitics to Geoeconomics: Sources of Conflict or a shared vision for a common Cooperation? Assessing the Interplay of Economic and Political Risk.**
- Chairman**
YBhg Datuk Pang Teck Wai
Member, Advisory Panel, MIER

- 09:00-09:30 a.m. From GeoPolitics to GeoEconomics – The challenges and way ahead Malaysian leadership within the AEC (ASEAN Economic Community 2015) context as well as the unresolved choice of framework, TPPA or RCEP
YBhg Tan Sri Rastam Mohd. Isa
Chief Executive Institute of Strategic & International Studies (ISIS)
- 09:30-10.00 a.m. Post-2020 Malaysia’s economic structure and policy implications to resource allocation and development
Dr Khalid Abdul Hamid
Head of Section Econometrics, Economic and International Divisions, Ministry Of Finance, Malaysia
- 10:00-10:30 a.m. **GeoStrategist**
Professor Dr Azmi Hassan,
Institute of GeoSpatial and Perdana School, Universiti Teknologi Malaysia
- 10:30-11:00 a.m. Refreshment
- 11:00-11:30 a.m. Malaysia’s New Trade Initiatives: RCEP & TPP
Dr Hj Ahmad Fauzi B Hj Puasa & Emeritus Professor Dr Zakariah Abdul Rashid
Deputy Director, MIER
- 11:30-11:45 a.m. Q&A
- 11:45-01:00 p.m. **CLUSTER IV: Panel Discussion on the Theme**

Chairman
YBhg Tan Sri Datuk Amar Wilson Baya Dandot
Member, Advisory Panel, MIER

Panel Members:

YBhg Professor Dato’ Dr Ahmad Zubaidi Baharumshah
Faculty of Economics and Management
Universiti Putra Malaysia (UPM)

YBhg Datuk M Supperamaniam
Distinguished Fellow ISIS, Malaysia and Former Ambassador of Malaysia to the World Trade Organisation

Dr Mohamed Aslam Bin Gulam Hassan
Faculty of Economics and Administration
University of Malaya
- 01:00-01:10 p.m. **Closing Ceremony**
Emeritus Professor Dr Zakariah Abdul Rashid
Executive Director, MIER
- 01:15-02:30 p.m. Lunch

