

OPENING REMARKS BY TENGKU ZAFRUL TENGKU ABDUL AZIZ, MINISTER OF INVESTMENT, TRADE AND INDUSTRY, MALAYSIA

Announcer 00:01

Please welcome Associate Director, Communications and Marketing, Asia at the Milken Institute. Yeen Chong.

Yeen Chong 00:15

Good morning, everyone. Distinguished guests, ladies and gentlemen, thank you for joining us bright and early this Thursday morning. My name is Yeen. I'm the associate director for marketing communications at the Milken Institute. Pleasure to be with you all. The reason they put me here is because I used to open for David Letterman at the Comedy Cellar in New York. For those of you who is wondering "Who is David Letterman?" He used to host a TV show. And those of you who are wondering "What's a TV?" It's like a screen glued to a box—alright. To begin, I would like to share something that I was reminded of recently. One of the foremost thinkers in social philosophy argues that ants and humans are two of the most successful species on earth throughout the vast history of our planet. And this is because of their high level of collaborative behavior. Take humans, for instance. We have, since the dawn of time, been able to work together through conflicts and crises due to our consciousness, which allows us to improve and evolve, and our conscience, which allows us to avoid disastrous self-destruction. So why am I sharing this with you? Because at an age that seems so dominated by conflict, it is important that we step back and remind ourselves of our amazing capacity to work together. At the heart of what we do here at the Milken Institute is to bring people together with different perspectives to discuss issues and challenges that is defining our time. Yes, not all differences can be reconciled, but we believe having one dialogue is better than no dialogue, and having that one conversation might just be the catalyst that connects capital, that connects talent and ideas that leads to the eventual solution. Speaking of working together, there is perhaps no greater example of that than bilateral trade, from the smallest details to their large scale investment projects, commitments and regulation and cooperation—every piece of a trade deal was negotiated, thought about and agreed by leaders to make two or more nations agreed on something that could benefit all of their people. When it works well, it impacts the lives of millions of people. We have a great show for you today. Kicking off our Thursday program is a panel on China's investment narrative, followed by a discussion on Asia Pacific investment outlook, and then a high level plenary on

global asset management, moderated by our CEO Richard Ditzio, please join us for that. Alright, our next speaker is the architect and negotiator behind some of our biggest trade deals, agreements that Malaysia has secured in recent years. Please join me and welcome the Minister of Trade, Investment, and Industry of Malaysia and my fellow countryman, Tengku Zafrul Aziz. Thank you.

Tengku Zafrul Tengku Abdul Aziz 03:43

Thank you very much, my fellow countryman. Very good morning. It's really a great honor to be back here today. I'm surprised to see so many people at 9 a.m. but I'm pleasantly surprised. Anyway, thank you to the gracious host, the Milken Institute, for again inviting us. This year's theme, "Progress with Purpose, Collaboration Amid Complexity," could not be timelier. It speaks not only to Malaysia's own journey of renewal and economic reform, but also the larger path we talk about ASEAN in charting under our chairmanship in 2025, especially amid global economic and trade uncertainties. So, for us, progress without purpose is aimless, and collaboration without strategy is fragile. It's the deliberate alignment of purpose and partnership that powers progress. The world today is, of course, increasingly complex. This comes as no great surprise, the challenge to the Washington Consensus due to failures of globalization, the breakdown of social cohesion and the revival of nationalistic populism has led to the old orthodoxies being discarded. So the world continues to be polarized, with countries now forced to take sides, sometimes even at their own great expense. Economics and geopolitics have never been more correlated. Supply chains and technology on technological choices are now dictated by geopolitical rivalries, currency swings with conflicts as much with interest rates. Regulatory reforms can barely keep up with tech advancements. We look at supersonic speed now, and neutrality is now viewed with suspicion, if not worse. So all these dynamics converge to create a landscape of profound uncertainty and instability. Worse, even as environmental disasters strike with increasing intensity, climate risks are being de-prioritized and at the expense of long term for humanity. And in such times, how can we measure true leadership? I will say, not by wealth nor by military power, but rather by our ability to adapt to shifting ideas, collaborate across divides, and crucially, to stay true to our purpose, even under extreme pressure. So the nations that thrive are those that do not falter within a fragmented world order, but those that embrace the world's crippling complexity as a catalyst for reform and resilience. So for Malaysia, navigating this era requires clarity of purpose. Our strategy is three-pronged: industrial reform, innovation and economic complexity, and the green strategy. Our industrial reform efforts are geared to retool Malaysia's industries for the challenges of tomorrow. So by driving industrial upgrading, digitalization, and sustainability, we are raising our manufacturing sophistication, accelerating technological adoption and strengthening SMEs. So Malaysia aspires not to incremental change, but structural renewal, embodying the very idea of "progress with purpose." This is clearly guided by the various policy. We have the National Industrial Master Plan 2030, we have the National Energy Transition Roadmap, we have the National Semiconductor Strategy, among others. But for Malaysians, the ultimate goal is better jobs and higher incomes. Long a trusted hub in assembly and testing, Malaysia is now proactively moving up the innovation and economic complexity value chain, such as design, advanced packaging and R&D in semiconductors, and, for investors, the disciplined implementation of our industrial reform signals our determination to move up the value chain. Our push into AI, renewable energy, and advanced manufacturing are both a strategic bet and a national mission.

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And our ambition is clear: to become a true global node where international companies innovate with us, and where Malaysian talent contributes to frontier technologies. So major global firms are already expanding here in Malaysia, in Penang and Kulim, for example, while new players invest in chip design and high-end packaging. Third, our green transition. So our green transition lays the path towards a low carbon economy. This is an opportunity to create jobs, attract capital, and then secure access to tomorrow's low-carbon markets. Our green investment strategy ensures Malaysia is well-positioned to lead in renewable energy, carbon services and sustainable finance. So, in short, we have chosen to be agile and adapt to the changing world to create a better tomorrow. So we believe this is the best way for progress that is purposeful, sustainable, lasting and equitable. So, ladies and gentlemen, the national strategies are complemented by Cross Border Initiative such as the Johor-Singapore Special Economic Zone. This connects our national transformation to regional opportunities. It's now a test bed of how ASEAN can integrate supply chains, strengthen resilience and create high-value opportunities across borders, and of how ecosystems of trust between neighbors, governments, and investors can improve cost efficiency, enhance connectivity, and catalyze innovation. So Malaysia's economic story has always been one of resilience and renewal. If you look at the Asian financial crisis in 1997, the COVID-19 pandemic, we have endured turbulence and emerged stronger, but survival alone is insufficient. Renewal must be matched by resilience. Today, investor confidence is clearly returning. Malaysia has risen sharply in Global Competitiveness Ranking. Our exports are diversifying with green technologies, medical devices and digital services expanding rapidly as new pillars of growth and global semiconductor giants are deepening their presence in Penang, and AI and data centers hubs emerging in Johor and renewable energy projects in Kedah and Terengganu are powering up homes and industrial parks. So all these are the cumulative efforts of reforms anchored in Malaysia Madani—this is our national framework to balance sustainable and inclusive development. Madani's core is collaboration, because government alone cannot drive transformation. The purposeful progress requires partnerships between ministries and industries, innovators and investors, Malaysia and the world. The 13th Malaysia Plan, this was recently tabled by our prime minister and parliament, provides the road map for our next phase of growth, strengthening innovation and raising Malaysia's economic complexity, so by producing sophisticated goods and services that are more competitive and resilient, Malaysia is rebuilding its working level and middle income population to stay ahead of peers and ensure equitable prosperity. So we look to the investment community as partners in this journey. So we seek not just capital, but also technology, expertise, ideas and shared purpose to a brighter common future for all.

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We recognize that no nation can succeed in isolation. In today's fractured world, collaboration is the only true safeguard against economic risk, especially geoeconomic risk. And, as I state at the start, the world faces a bifurcation that could undermine growth everywhere. Right for Malaysia, the answer is not retreat, nor retaliation, but partnership. We will anchor ASEAN unity as well as strengthen and diversify our relationships with nations that share the same aspirations, bilaterally or through multilateral platforms such as APEC, RCEP, CPTPP, BRICS, and in an age of fragmentation, collaboration is not a luxury, but insurance against instability and a pathway to multilaterally beneficial opportunities. So Malaysia's story mirrors ASEAN. You look at diversity and complexity have always been both a reality and strength for us and under Malaysia's chairmanship, this year, ASEAN is on track to deliver most of our 18 priorities economic deliverables, various FTA upgrades will reduce costs, cut red tape, as well as create a stronger focus on sustainability and increasingly digitalized economy. And deliverables such as the ASEAN Framework for Integrated Semiconductor Supply Chains and the EV Battery Passport Road Map, we propel our region towards the industries of the future. We are also mobilizing financing for the ASEAN Power Grid, advancing regional carbon markets and supporting SMEs in their sustainability transitions. These make up the scaffolding of a future-ready ASEAN. So where others retreat, ASEAN responds and when others collide,

ASEAN connects, and where others stall, ASEAN springs forward, so, but critics say ASEAN sometimes move too slowly. Sure, consensus building is time-consuming, but once ASEAN decides, it is the voice of 10, not the will of one. So that is why ASEAN has endured more than five decades, and why it remains respected and relevant in a fractured world. Notably, ASEAN continues to shine. There's a rare bright spot in the darkness of global headwinds. So, in 2025, ASEAN's growth is projected at 4.2 percent compared to 2.8 percent globally. And last year, trading goods grew by nearly 9 percent to USD 3.8 trillion and services trade expanded by 12 percent and FDI rose by 8.5 percent last year, compared to global FDI, which was down 11 percent.

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So these figures are not abstractions, but represent real factories rising in Penang and Bangkok, digital startup scaling in Singapore, Jakarta, Manila, and solar firms powering homes in Vietnam. So they tell a story of resilience and opportunity. Born of decades of connections, centrality and commitment. ASEAN's role as a bridge is safe in a strife-ridden world. This one cannot be overstated. ASEAN remains one of few middle power platforms, where the US, China, India, the GCC, and Europe can still sit together. Under Malaysia's chairmanship, we make no apologies for our fierce neutrality or prioritizing "the ASEAN way." We are determined to keep ASEAN open, inclusive and central, not only because we want our region to remain the master of its own house, but because it is the best way towards peace and prosperity for all. And the best entry point into ASEAN opportunities, and I'm being biased here, is Malaysia itself. A nation born of diversity, sustained by resilience, and guided by purpose. And Malaysia is, of course, proud to chair ASEAN at this pivotal moment. And our message is simple: diversity, consensus, and pragmatism. These are the values that strengthen Malaysia and, at the same time, values that make ASEAN resilient. So I invite you to be part of this growth journey into the future with us. So, ladies and gentlemen, today, Malaysia is clearly stronger and more resilient. Our reentry into the radar of global investors is the result of deliberate curation. It's not a coincidence, but Malaysia will not rest on what we have today, but we will continue to reform, innovate and strive to make our economy stronger, more sophisticated, as well as more inclusive. For me, this is a personal commitment. My door will always remain open to those who like to partner with us in Malaysia's journey of progress with purpose. We will be a nation that not only grows, but also uplifts, that not only competes, but also collaborates amid complexity, that adapts to change and shape its future with confidence and conviction. So with your capital innovation and ideas as well, and with Malaysia's talent and resources, may our collaborative spirit be like the rising sun, so it's steady, it's radiant and full of vitality. And may our collective progress always be with purpose, so that no challenge is too complex and no dream too distant for us to create a more prosperous, sustainable and enduring tomorrow. So, thank you.

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