



KEMENTERIAN
PERDAGANGAN ANTARABANGSA DAN INDUSTRI

KEYNOTE ADDRESS

BY

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ON

**MALAYSIA AND TRADE REFORMS IN
UNCERTAIN TIMES**

**IN CONJUNCTION WITH
THE 27TH PACIFIC ECONOMIC COOPERATION
COUNCIL (PECC) GENERAL MEETING AND
PUBLIC FORUM**

**15 DECEMBER 2020 (TUESDAY)
KUALA LUMPUR**

*[Recording session on 10 December 2020 (Thursday),
4.00 pm at YBMK's office]*

Distinguished guests,

Ladies and gentlemen.

Good morning, good afternoon and good evening to all participants.

1. First and foremost, I would like to congratulate the Malaysia National Committee for Pacific Economic Cooperation (MANCPEC), as well as the Institute of Strategic and International Studies (ISIS) Malaysia for hosting today's PECC Standing Committee Meeting and Public Forum.
2. On behalf of Malaysia, I would like to extend a very warm welcome to the distinguished members of the PECC, honoured speakers, youth delegates and participants from all over the world. I thank you all for joining us today.
3. With COVID-19 still hovering over us with its menacing presence, and gnawing at our sides, there is no gainsaying that this forum acquires added significance as well as urgency. Since the WHO first declared it as a pandemic in March 2020, innumerable stakeholder engagements have been convened, underscoring the severity and gravity of the impact of the pandemic across all strata of society.

4. In our efforts to combat this crisis and to flatten the curve, a tsunami of unintended economic consequences was unleashed setting forth a massive global economic downturn. For the APEC region, economic growth is now expected to decline by 2.5 per cent for 2020, bringing total output losses to a staggering USD1.8 trillion. In the first six months of 2020, the region's growth declined by 3.7 per cent due to travel restrictions and widespread lockdown measures.

Ladies and gentlemen,

5. The fundamental question remains: do we raise our arms in despair and set ourselves up for a self-fulfilling prophecy of doom and gloom? Or do we instead steel our resolve, and by a series of integrated measures and structural reforms, overcome this crisis? If indeed, we take the latter course, and if Schumpeter's doctrine of creative destruction holds true, then I do believe that post-COVID 19, this region will emerge even stronger and more vibrant not just on trade and commerce but with positive geo-strategic and geo-economic dimensions.

6. While the economic fallout from COVID-19 has caused major disruptions in global supply chains, movement of people, and sent unemployment rates to all-time highs, it has also ushered in the much-needed structural and progressive reforms, as well as the fortitude for continuous improvements in the APEC region. This, no doubt, includes comprehensive and massive economic stimulus measures calculated not only to boost activity

and stir economic recovery but also to remedy the structural weaknesses inherent in our systems.

7. Particularly in times of uncertainty like these, reforms would include removing structural barriers to improve access to economic opportunity that would bolster recovery and help economies reach a higher growth trajectory. In this regard, it bears stressing APEC's three-pillar structural reform agenda of developing more open, well-functioning, transparent and competitive markets; deepening the participation of all segments of society; and establishing sustainable social policies.
8. On the part of Malaysia, our structural reform efforts are targeted towards elimination of non-tariff barriers, by way of streamlining processes, reducing costs and time, with regard to carrying out trade activities. These measures will further enhance the ease of doing business. Other structural reforms include efforts to accelerate automation, digitalisation and labour reskilling within the domestic industry.
9. From a broader perspective, the region will require a long-term strategic blueprint that would pave the way for sustained and vibrant growth built on the edifice of a rules-based multilateral trading system that is free, fair and open. In this regard, I daresay that we have reason to be optimistic in view of the remarkable achievements on the two documents that have significant bearing towards the region's recovery and future growth trajectory.

- i. Firstly, the APEC Putrajaya Vision 2040 that was launched at the APEC Economic Leaders' Meeting (AELM) 2020; and
 - ii. Secondly, the Regional Comprehensive Economic Partnership (RCEP) Agreement that was signed at the margins of the recent ASEAN Summit.
10. As the host of the recently concluded APEC 2020, Malaysia takes pride in our key deliverables for the year. Specifically, the APEC Putrajaya Vision 2040 now serves as the primary APEC reference for the next two decades.
11. Encapsulating our geo-strategic aspirations, the Putrajaya Vision calls for an open, dynamic, resilient and peaceful Asia-Pacific community by 2040, for the prosperity of all our people and future generations. The geo-economic dimensions are equally significant as the Vision identifies three key economic drivers to achieve our long-term goals, namely Trade and Investment; Innovation and Digitalisation; as well as Strong, Balanced, Secure, Sustainable and Inclusive Growth.
12. The RCEP Agreement has brought into existence the world's largest FTA and is of immense significance to us as free trading nations, strengthened by the bonds of enhanced regional economic cooperation. RCEP will also pave the critical pathway for the eventual realisation of the Free Trade Area of the Asia-Pacific (FTAAP). To my mind, FTAAP has vast potential for uplifting the living standards and welfare of participating

APEC Economies as it provides that turbo charge to economic growth in the region.

13. Be that as it may, I firmly believe that APEC Putrajaya Vision 2040, coupled with the RCEP Agreement, would be able to deepen regional economic integration, bringing forth a vast array of multiplier effects. Both will be game-changers, tools to invigorate growth and will holistically serve to facilitate trade as well as attract even greater investments that is set to benefit the region as a whole.
14. In this regard, the mantra of “*no one left behind*” is very much in line with Malaysia’s aspiration of seeing the concept of Shared Prosperity embedded in APEC work, particularly in ensuring participation of all segments of society in economic activities, thereby creating new growth areas.
15. As we pursue regional solutions that strike a balance between economic prosperity and sustainable growth, APEC Economies need to act together in solidarity, to continue reaffirming our support and commitment to the rules-based multilateral trading system that is free, fair and open. The 21 APEC Economies have done just that this year, through a series of commitments in facilitating the movement of essential goods and services in the region, including our pledge via the Kuala Lumpur Declaration issued by the Economic Leaders on 20 November 2020.

16. Commitment to structural reforms will ring hollow unless we recognise the imperative of ensuring fiscal sustainability and transparency for long-term economic growth and resilience. In order to ensure that more layers of society can benefit from such growth, APEC should accord its priority to promoting digital inclusion, especially for the marginalised and vulnerable communities. I also call for APEC regional initiatives and policies to consider outright support that ensures recovery and growth for the MSMEs, and to bring direct benefit to the self-employed, those in the informal sectors, women, youth and others with untapped economic potential.

17. In closing, I believe that the way ahead lies not in stronger barriers and higher walls of protectionism. On the contrary, the way forward is none other than the rules-based multilateral trading system supported firmly by the implementation of the crucial structural reforms. For the fruits of free, fair and open trade to be felt more broadly and equitably, what is needed is not a retreat into the insular, but rather the reaching out to the collective.

Thank you.