

## **MALAYSIAN INSTITUTE OF ECONOMIC RESEARCH**

**National Economic Outlook Conference (NEOC) 2010-2011  
1-2 December 2009, Hilton Kuala Lumpur**

### **Theme: Agenda for Economic Recovery**

The financial crisis that started in the US has evolved to become a deep global economic crisis. In a highly integrated world, where there are strong commercial ties between the US and the rest of the world, the downturn in the US has swiftly spread worldwide. The latest forecasts by the World Bank and the IMF project the world economy to slide into recession in 2009, with recovery possibly emerging in 2010. To ensure a sustainable recovery, the US will have to revive and reform its ailing financial sector.

Unable to rely on exports that have plummeted, Asian countries have no choice but to boost domestic demand. To partly compensate for the collapse in exports, many countries have responded by injecting large fiscal stimulus and slashing interest rates to shore up domestic demand. The recovery from the present crisis will not be as rapid as the one in 1999. While the 1998 crisis was confined to the region, the current one is a globally synchronised recession, which could mean a deeper and longer slump. The fact that it is preceded by a financial meltdown makes it much more difficult to overcome. With the world slipping into recession, a brisk export-led recovery, as seen in 1999, is out of the question. Moreover, commodity prices have declined, reducing revenue from commodity exports, which was a significant buffer in 1998. Countries are running out of policy options with interest rates approaching zero and fiscal deficits mounting. This calls for greater efforts at the regional and global levels that could complement domestic measures and restore confidence. Regional cooperation can play a crucial role during times of crisis to help deeply troubled nations.

In relation to the persistent global imbalance, there are suggestions that Asian countries should rely less on export-driven growth, and instead, try to step up domestic consumption. This would lead to a reduction in savings rate and the flow of such savings to the US where it could fuel another round of over consumption. This view sounds feasible to some countries that have large domestic components and relatively lower export shares. Malaysia may not be able to pursue such policy due to its small market size, but it could be viable in bigger markets. Bringing down the savings rate may not be easy because there are other factors at play such as culture, the lack of unemployment assistance, and the state-enforced savings for old age. There are also pressures put on Asian currencies to be more flexible so that they would eventually appreciate and lead to greater consumption. Asia needs to figure out how it can utilise its savings without inadvertently planting the seeds for another crisis.

The National Economic Outlook Conference 2010-2011 will discuss and revisit some of the issues that are pertinent to Malaysia in surviving the on-going global crisis. The agenda for recovery needs further scrutiny, to judge if enough action has been taken or do we need to do more. The latest move to liberalise Malaysia's

services sector is a step in the right direction. Nonetheless, the risks of being an open economy that is highly dependent on foreign investment and trade may still need re-assessment. An appraisal of Malaysia's financial resilience in light of the crisis may reveal ways to strengthen the system further. To add to domestic policies, the role of regional groupings is critical in coming up with coordinated actions that could restore stability in the region.

## **PROGRAMME (tentative)**

**Tuesday, 1 December 2009**

- 08:30-09:00 a.m. Registration
- 09:00-09:30 a.m. **OPENING CEREMONY**
- Welcoming Remarks**  
**YBhg Tan Sri Dato' Mohd Sheriff Mohd Kassim**  
Chairman, Board of Trustees, MIER
- Address and Official Opening**  
**YB Dato' Seri Ahmad Husni Hanadzlah**  
Minister of Finance II Malaysia
- 09:30-10:00 a.m. Tea Reception
- 10:00-10:30 a.m. **KEYNOTE ADDRESS**
- YBhg Dato' Ooi Sang Kuang**  
Deputy Governor, Bank Negara Malaysia
- 10:30-10:45 a.m. **Conferment of "Distinguished Fellow" Award to YBhg Professor Emeritus Datuk Dr Mohamed Ariff**
- 10:45-12:00 p.m. **SESSION I: Economic Outlook, 2010-2011**
- Chairperson:**  
**Dr Zakariah Abdul Rashid**  
Deputy Director, MIER
- 10:45-11:15 a.m. **World Economic Outlook**  
**Dr Harm Zebregs**, IMF Resident Representative in Singapore, International Monetary Fund (IMF), Singapore
- 11:15-11:45 a.m. **Asian Economic Outlook**  
**Dr Joseph Ernest Zveglich, Jr.**, Assistant Chief Economist, Economics and Research Department, Asian Development Bank (ADB), Manila
- 11:45-12:00 p.m. Q&A
- 12:00-01:30 p.m. Lunch

- 01:30-02:30 p.m.      **SESSION I: Economic Outlook, 2010-2011 (continues)**
- Malaysian Economic Outlook**  
**YBhg Professor Emeritus Datuk Dr Mohamed Ariff,**  
Executive Director, MIER
- 02:30-03:15 p.m.      **SESSION II: Revisiting Economic Openness**
- Chairperson:**  
**Dr Zakariah Abdul Rashid**  
Deputy Director, MIER
- 02:30-03:00 p.m.      **Exports of Goods and Services: Is Malaysia Too Trade-dependent?**  
**Dr Zulkornain Yusop,** Associate Professor and Deputy Dean (Academic), Faculty of Economics and Management, Universiti Putra Malaysia
- 03:00-03:15 p.m.      Q&A
- 03:15-04:30 p.m.      **SESSION III: Financial Stability for Economic Growth**
- Chairperson:**  
**Encik Nasaruddin Arshad**  
Group Economist, Public Bank Berhad
- 03:15-03:45 p.m.      **Malaysian Exchange Rate Management**  
**Mr Manu Bhaskaran,** Partner and Member of the Board, Centennial Group Holdings, Singapore
- 03:45-04:15 p.m.      **Monetary Policy**  
**Encik Suhaimi bin Ilias,** Chief Economist, Maybank Investment Bank Berhad
- 04:15-04:45 p.m.      Q&A
- 04:45 p.m.              Refreshment

**Wednesday, 2 December 2009**

- 09:00-10:45 a.m.      **SESSION IV: Fiscal Response**
- Chairperson:**  
**YBhg Datuk Amar Wilson Baya Dandot**  
Chief Executive Officer, Regional Corridor Development Authority (RECODA), Sarawak

09:00-09:30 a.m.	<b>Pump Priming</b> <b>Mr Steven C M Wong</b> , Assistant Director-General, Institute of Strategic and International Studies (ISIS) Malaysia
09:30-10:00 a.m.	<b>Tax Reforms for the Malaysian Economy</b> <b>Dr Veerinderjeet Singh</b> , Managing Director, Taxand Malaysia Sdn Bhd
10:00-10:30 a.m.	<b>Deficit Financing</b> <b>YBhg Tan Sri Dr Sulaiman Mahbob</b> , Chairman, Malaysian Industrial Development Authority and <b>Dr</b> <b>Zakariah Abdul Rashid</b> , Deputy Director, MIER
10:30-10:45 a.m.	Q&A
10:45-11:00 a.m.	Refreshment
11:00-01:00 p.m.	<b>SESSION V: Labour Market Issues</b>  <b>Chairperson:</b> <b>Dr Mohamed Thalha</b> Associate Research Fellow, MIER
11:00-11:30 a.m.	<b>Reining in Unemployment</b> <b>YBhg Datuk Dr Zainal Aznam Yusof</b> , Member, Economic Council Malaysia
11:30-12:00 p.m.	<b>Role of Migrant Workers</b> <b>Puan Hajjah Azizah Talib</b> , Consultant, Malaysian Employers Federation (MEF), MEF Secretariat
12:00-12:30 p.m.	<b>Skills Shortages and Mismatch in Malaysia and Thailand: Evidence from Linked Employer-Employee Data</b> <b>Dr Albert G Zeufack</b> , Director, Khazanah Research and Investment Strategy, Khazanah Nasional Berhad
12:30-01:00 p.m.	Q&A
01:00-02:30 p.m.	Lunch
02:30-04:30 p.m.	<b>SESSION VI: Regional/Global Remedies</b>  <b>Chairperson:</b> <b>YBhg Professor Emeritus Datuk Dr Mohamed Ariff</b> Executive Director, MIER

02:30-03:00 p.m.	<b>Regional Financial Cooperation</b> <b>Dr Masahiro Kawai</b> , Dean and CEO, Asian Development Bank Institute (ADBI), Tokyo
03:00-03:30 p.m.	<b>Role of FTAs (Free Trade Agreements)</b> <b>Dr Sarinder Kumari</b> , Senior Director, Ministry of International Trade and Industry (MITI) Malaysia
03:30-04:00 p.m.	Q&A
04:00-04:15 p.m.	<b>Closing Remarks</b>
04:15 p.m -	Refreshment