

## **MALAYSIAN INSTITUTE OF ECONOMIC RESEARCH**

**National Economic Outlook Conference (NEOC) 2014-2015  
26-27 November 2013, Parkroyal Hotel Kuala Lumpur**

**Theme: Value Creation & Economic Growth -Plugging into the Global Grid**

In the current economic scenario, world trade and production is increasingly being structured around “global value chains” (GVCs). A value chain identifies the full range of activities that firms undertake to bring a product or a service from its conception to its end use by final consumers. Technological progress, cost, access to resources and markets and trade policy reforms have facilitated the geographical fragmentation of production processes across the globe according to the comparative advantage of the locations. This international fragmentation of production greatly increases efficiency and firm competitiveness. Currently, more than half of world-manufactured imports are intermediate goods (primary goods, parts and components, and semi-finished products), and more than 70 percent of world services imports are intermediate services.

The emergence of GVCs during the last two decades has implications for the impact of trade and investment barriers both on the country implementing the measures and on the global economy. Although, these implications may not yet be fully understood given the fact that the empirical evidence on GVCs remains limited, there are a growing number of case studies on the globally integrated value chain at the product level. Likewise, more aggregate evidence has also been developed in order to get a more comprehensive picture of GVCs. The WTO has developed estimates of trade flows in value-added terms. Inter-country input-output tables and a full matrix of bilateral trade flows are used to derive data on the value added by each country in the value chain. Therefore giving a better picture of trade flows related to activities of firms in GVCs.

In the recently released World Investment Report (WIR) 2013, by United Nations Conference on Trade and Development (UNCTAD), it was noted that the Malaysian manufacturing sector is indeed making a transition from labor-intensive investments to high-technology investments. While other ASEAN countries had investments in the infrastructure, services and primary sectors, Malaysia’s inbound FDI were largely in the manufacturing sector. Where we are now actually?

Are we moving from low value added economy with high participation to a high value added economy? Is Malaysia still a low cost manufacturing center and a parking space for capital & technology? Is our investment-driven growth strategy, sustainable & inclusive? Is there a trade-off between the environment and economic growth? Do we have the absorptive capacity to create our own value generation in terms of indigenous technological capabilities, that is to say, are we capable of reverse-engineering? Finally do we have a skill shortage that will impede us from becoming be a significant value enhancer?

It is no surprise that policy makers everywhere are looking for more and better policy evidence to examine the position of countries within international production networks. A number of indicators have been developed to help policy makers assess the role of their country in these GVCs. For example, trade policy instruments such as import tariffs, rules of origin and anti-dumping may directly hurt the competitiveness of domestic industries. A better understanding of whether countries are positioned upstream or downstream in the GVC will definitely help determine the actual costs of specific trade policies as well as assess the sensitivity of national economies to protectionist measures.

Another issue is that of national competitiveness and growth, because of the growing interdependencies within GVCs, countries no longer rely exclusively on domestic resources to produce goods and services. National competitiveness not only reflect the technological capabilities and relative endowments that constitute a country's domestic production activities, but also the technological and factor endowments of countries from which the country in question imports intermediate goods. This would inevitably lead to moving up the value chain and innovation. Most of the value is thought to be created in activities upstream (examples include innovation, R&D, design) and downstream (examples include marketing, branding, logistics). On the other hand, it is hypothesized that only limited value is created in the pure manufacturing/assembly stages.

Finally there is the issue of global systemic risks: the earthquake/tsunami that hit Japan in March 2011 has highlighted the potential disruption/risks of value chains when key and upstream producers of inputs stop producing. As were the flooding in Thailand that also resulted in major disruptions in the automotive and electronics industries. Mapping GVCs clearly illustrates the interconnectedness between economies and highlights the transmission of macro-economic shocks along global value chains. The vulnerability of individual countries to global shocks is directly determined by their participation and position in GVCs.

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**Registration Fees:**

**RM1,250.00** each for early bird registration (by 1 November 2013)

**RM1,440.00** each for MIER Members

**RM1,800.00** each for Others

The fees include presentation material, refreshment and lunch.

## PROGRAMME (tentative)

**Tuesday, 26 November 2013**

- 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**  
**YAB Tan Sri Dato' Haji Muhyiddin Haji Yassin**  
Deputy Prime Minister, Malaysia
- 10:00-10:30 a.m. Tea Reception
- 10:30-12:30 p.m. **SESSION I: Economic Outlook, 2014-2015**
- Chairman**  
**YBhg Dato' Hamzah Bakar**  
Chairman  
CIMB Investment Bank Berhad
- 10:30-11:00 a.m. **World Economic Outlook**  
**Dr Shanaka Jayanth**  
International Monetary Fund (IMF), The Philippines
- 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, The Philippines
- 11:30-12:00 p.m. **Malaysian Economic Outlook**  
**Dr Zakariah Abdul Rashid**, Executive Director, MIER
- 12:00-12:30 p.m. Q&A
- 12:30-02:00 p.m. Lunch

- 02:00-04:45 p.m.      **SESSION II: The Macro Perspective**
- Chairman**  
**YBhg Datuk Dr Paul Chan Tuck Hoong**  
 Co-Founder, Vice Chancellor & President  
 HELP University
- 02:00-02:30 p.m.      **Global Value Chains/Global Production Networks:  
 Organizing the Global Economy**  
**Dr Neil Martin Coe**, Professor of Economic Geography,  
 National University of Singapore
- 02:30-03:00 p.m.      **ASEAN and Global Participation in Production Networks**  
**Mr Ikumo Isono**, Economist, Economic Research  
 Institute for ASEAN and East Asia (ERIA) Jakarta
- 03:00-03:15 p.m.      Tea/Coffee
- 03:15-03:45 p.m.      **Locational Advantages and Value Creation**  
**Mr Satoru Kumagai**, Deputy Director, Economic Integration  
 Studies Group, Inter-disciplinary Studies Centre, IDE-JETRO,  
 Japan and Visiting Fellow, MIER
- 03:45-04:15 p.m.      **Malaysia as hub in the global value chain: The Case of the  
 Iskandar Project**  
**Dr Hj Ahmad Fauzi B Hj Puasa**, Deputy Director, MIER
- 04:15-04:45 p.m.      Q&A

**Wednesday, 27 November 2013**

- 09:00-11:30 a.m.      **SESSION III: Driving growth through value creation**
- Chairman**  
**Dr Mohamed Thalha**  
 Associate Research Fellow, MIER
- 09:00-09:30 a.m.      **NKEAs and SRIs as catalysts for domestic capabilities**  
**Dr Khalid Abdul Hamid**, Head of Section (Econometrics),  
 Ministry of Finance
- 09:30-10:00 a.m.      **Value creation and trade enhancement**  
**Professor Dr Rokiah Alavi**, Department of Economics,  
 International Islamic University
- 10:00-10:30 a.m.      **Institutional reform to drive domestic capabilities**  
**Dr Frederico Gil Sander**, Senior Country Economist for  
 Malaysia, World Bank

- 10:30-11:00 a.m. **Labour market reform to enhance domestic value creation**  
**Dr Lee Hwok Aun**, Head of Department (Development Studies), Faculty of Economics & Administration, University of Malaya
- 11:00-11:30 a.m. Q&A
- 11:30-11:45 a.m. Refreshment
- 11:45-01:00 p.m. **SESSION IV: Panel Discussion on the Theme**
- Chairman**  
**YBhg Tan Sri Sulaiman Mahbob**  
Chairman, Board of Trustees, MIER
- Panel Members:**
- YBhg Professor Datuk Dr Noor Azlan Ghazali**  
Deputy Vice Chancellor (Academic & International Affairs),  
University Kebangsaan Malaysia
- Mr Anthonie F. Versluis**  
Partner, Roland Berger Strategy Consultant
- YBhg Datuk Dr Pang Teck Wai**  
Chief Executive Officer  
POIC Sabah Sendirian Berhad
- Dr Nungsari Ahmad Radhi**  
Managing Director  
Prokhas Sdn Bhd
- 01:00-01:10 p.m. **Closing Ceremony**  
**Dr Zakariah Abdul Rashid**  
Executive Director, MIER
- 01:15-02:30 p.m. Lunch

**NATIONAL ECONOMIC OUTLOOK CONFERENCE 2014-2015**  
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**REGISTRATION FORM**

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  - \* RM 1,440.00 each for MIER Members
  - \* RM 1,800.00 each for Other
- The fees include presentation material, refreshment and lunch.

All registration must be received by MIER not later than **20 November 2013**. Cancellations and refunds will not be made after that date. However, substitution will be allowed if made at least 72 hours before the Conference.

Name: Mr/Ms \_\_\_\_\_ Designation \_\_\_\_\_

Organisation: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

Contact Person: \_\_\_\_\_ Tel No: \_\_\_\_\_

Fax No : \_\_\_\_\_ Email: \_\_\_\_\_

(If there are more than one participant from the same organisation, please attach a separate list).

Please tick (✓) at the appropriate box:

Early bird

Member

Others

Payment details:

Please invoice accordingly

Enclosed is a crossed-cheque (No.) \_\_\_\_\_ for the amount of MYR \_\_\_\_\_ made payable to the **MALAYSIAN INSTITUTE OF ECONOMIC RESEARCH**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of contact person  
and company stamp

(RSVP (603) 2272 5897, 2272 5895, 2273 0091  
Fax: (603) 2273 0197, e-mail: isnani@mier.po.my  
(Attn: Puan Isnani Ismail by 20 November 2013)

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