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Office of the Resident Coordinator Of The United Nations System's
Operational Activities For Development in Malaysia

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**2012 UN Day Celebration to mark the 67th Anniversary
of the United Nations**

Opening Address

by

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**24 October 2012
Kuala Lumpur**

Yg Berhormat Deputy Minister of Foreign Affairs, Malaysia, the Honourable
Senator A. Kohilan Pillay

Excellencies, Ambassadors and High Commissioners, members of the
Diplomatic Corps

Tan Sri Tan Sri, Puan Sri Puan Sri, Datuk-Datuk, Datin-Datin

Members of the UN Country Team and other UN Colleagues

Distinguished Guests

Members of the Media

A very good afternoon to all of you.

On behalf of the United Nations Country Team in Malaysia, it is my great pleasure and privilege to welcome all of you to this year's commemoration of United Nations Day. I would especially like to thank Yg Berhormat Deputy Minister of Foreign Affairs, the Honourable Senator Mr. A. Kohilan Pillay, for taking the time from his busy schedule to grace this event with his presence.

Distinguished guests,

Today, in Kuala Lumpur, we join Malaysia and other UN member states in commemorating and celebrating the 67th anniversary of the founding of the United Nations. On 24 October 1945, the global community pledged, through the United Nations Charter, to work together to foster unity and maintain peace and security among all nations. Security, development, and human rights are the three main pillars of the work of the United Nations. Because

the world is clearly much more complex and interdependent today than in 1945, the values of the United Nations Charter and the Organization itself are even more relevant today than they were 67 years ago. The global challenges of today respect no borders, and no country, rich or poor, weak or powerful, can resolve these challenges in isolation. If the UN did not exist, it would have to be invented, and it is far from clear that a UN created in the geopolitical reality of 2012 would be more perfect than the vital but imperfect institution created in 1945 which my colleagues and I represent!

Ladies and Gentlemen,

As you know, the United Nations Conference on Sustainable Development (UNCSD) known as Rio+20, was held in Brazil in June 2012. It was attended by more than 40,000 people – including Heads of State and Government, parliamentarians, mayors, UN officials, private sector and civil society leaders – to secure renewed commitment at the highest political level for sustainable development and to address new and emerging challenges in this area.

UN Secretary General BAN Ki-Moon has stated that the Rio+20 outcome document, entitled ‘The Future We Want,’ is “an important victory for multilateralism after months of difficult negotiations.” Through this document, countries renewed their political commitment to sustainable development, agreed to establish a set of sustainable development goals (SDGs), and established a high-level UN political forum on sustainable development. More than 700 commitments were registered during the Conference, a remarkable testament to bottom-up, grassroots commitment.

Mr. BAN also said. “The world is watching and will hold us all accountable to the commitments made in Rio. Implementation is imperative if we are to attain the future we want.”

Looking beyond 2015 and Rio+20, the UN is in the process of crafting “sustainable development goals” – which should build on the significant success of the MDGs in focusing development efforts and mobilizing diverse actors around a common cause. These will fully reflect all three strands of sustainable development, i.e. economic, social and environmental; and serve to raise the level of global ambition to eradicate extreme poverty in a long-term sustainable manner.

The post-2015 Development Agenda discussion is already underway globally and the UN in Malaysia has decided to convene national level consultations early in 2013 to brainstorm and come up with proposals that will serve as inputs into the ongoing regional and global discussions to ensure that Malaysian ideas and voices can influence the global process. The National Consultation will include representatives from all stakeholder groups in the country.

Distinguished Guests,

The world is still grappling with both the short-term effects and the long-term implications of the financial and economic crises - namely, the Eurozone crisis, the sluggish US economy and China and India’s slowing growth. The economic, financial and social implications for the Asia-Pacific region, and especially for trade and investment dependent economies such as Malaysia, are profound. Both the world community and Malaysia stand today at

multiple, simultaneous crossroads. The extent to which leaders will provide courageous, bold, positive, and reform-oriented political leadership to navigate the economic, political and socio-cultural crossroads that we collectively face, will determine the quality of the future.

Here I would like to say a few words on the implications for Malaysia, especially in light of Budget 2013. While the combination of its rich natural resource endowments of oil and palm oil and the government or government linked company (GLC) stimulus for the Economic Transformation Programme (ETP), will ensure respectable GDP growth for Malaysia in 2012, this is unlikely to be sustained in the medium-term or even in 2013, when GDP growth is likely to be far more somber than what the government has projected in its Budget 2013, unless there are early and significant reforms.

Given the downgraded economic growth forecasts at the IMF-World Bank Annual meetings in Tokyo earlier this month, Budget 2013 needs greater and renewed critical scrutiny. Sadly, most Malaysian economists and commentators have so far failed to provide this. When I was asked to comment on Budget 2013 by Bernama last week, I started by saying that this year's budget cannot be viewed on a stand-alone basis. It must be placed in the cumulative context of the last 3 budgets and their probable medium to long-term impact on the future competitiveness of the Malaysian economy. The national political context over this period has, unfortunately, significantly constrained what has been announced in each budget in the last 3 years, and serious structural reform initiatives that the UN in Malaysia feels are necessary have fallen casualty to this.

While acknowledging the difficult political context for such structural reforms, particularly in a period with elections around the corner, three successive budgets of a similar nature in an increasingly competitive regional and global environment have meant three lost opportunities for Malaysia to make serious fiscal and subsidy reforms to enable a widening of the revenue base and a reduction of an unusually high dependence of the national budget on oil revenue. This puts Malaysia at an increasing disadvantage with her neighbours in an emerging regional context of greater fiscal space and growing competitiveness of many other ASEAN member states.

Budget 2013 has also been the smallest budget, as a percentage of GDP, since the global economic crisis in 2009 - it has reduced to 24.9% of GDP from 27% of GDP for 2012. Development expenditure has further reduced to less than 20% while operating expenditure is now almost 81% to maintain civil service emoluments and government operations. A smaller development budget means a reduced ability for Malaysia to develop new capacities, new initiatives and new potential. Moreover, the projected lower fiscal deficit is not due to increasing revenue or new fiscal strategies including subsidy reforms, but partly because the size of the overall budget is smaller while GDP growth projections are more optimistic than current global and regional economic growth forecasts suggest. Equally important, the budget deficit projections for 2013 are lower because social services, which include education, training, health and housing, had very large cuts - an 18.5% decrease from the previous budget, with socially vulnerable groups likely to be the most negatively impacted.

To sustainably reduce and indeed eliminate 15 consecutive years of fiscal deficits since 1998, the government will need to urgently look into matching the cyclical and structural components of its revenue with its expenditures by developing a more comprehensive and coherent counter-cyclical fiscal strategy, going forward. The urgency of this cannot be overstated. As the Institute of Strategic and International Studies (ISIS) and others have recently noted, Malaysia's public sector-wide budget deficit stands at a much larger 10.5% of GDP for 2011. This includes the federal government's budget deficit of 4.5% but also the debts accumulated by non-financial public enterprises (NFPEs). The cash handouts in the last three budgets are not sustainable in this context, nor do they build productive capacity. Their beneficial effects are also not a substitute for a broader, more comprehensive and coherent social protection strategy which the UN, through the ILO and UNDP would be very willing to help the government develop and design, especially in the context of greater fiscal decentralization which will require significantly greater grants to state governments than the minimal 3% in Budget 2013.

Another challenge for future economic policy and national budgets in Malaysia lies in the effectiveness of the innovation incentives that the government provides for higher value added manufacturing in electronics and other products. Such incentives are largely absent in Budget 2013. Malaysia will not be able to achieve its 2020 developed country aspiration without a vibrant and dynamic high value added manufacturing sector. UNDP Malaysia has repeatedly advocated for fiscal incentives for knowledge creation, innovation, technological upgrading, and R&D in the manufacturing sector.

In collaboration with the government, UNDP has begun preparing Malaysia's first ever National Human Development Report (NHDR) which will focus on Inclusive Growth in which all these and other key issues will be explored and elaborated with policy recommendations in 2013 when it is published.

Despite the likely grim global and regional economic outlook for 2013, the UN will continue to advocate measures which will help Malaysia accelerate the achievement of the UN's Millennium Development Goals, especially those it is not likely to achieve by 2015, such as MDG5 on maternal mortality and sexual and reproductive health, and possibly MDG 6 on HIV and AIDS.

Ladies and Gentlemen,

Moving on to Malaysia's democratization process, I must begin by applauding the Government and Election Commission for their recent decision to implement 26 out of the 32 recommendations made by the Parliamentary Select Committee (PSC) on Electoral Reform before the next General Election. The UN Secretary General, in his public lecture at IDFR in March this year when he visited Malaysia, indicated that the UN is prepared to share its vast experience and technical expertise in this area. I have also indicated this to the Government, the Opposition and the Election Commission. The UN has long established a reputation for being globally the most experienced neutral and credible organization on such issues worldwide. Indeed, since 1991, we have provided electoral assistance to more than 100 UN Member States and 4 territories, including Indonesia, the Philippines, Mexico, Brazil, Afghanistan, Iraq, and most recently Tunisia, Egypt and

Libya, in addition to our longer-term ongoing support for electoral institution capacity building as well as the revision of electoral laws.

The need for integrity and transparency in the electoral process has been recently emphasized by former UN Secretary General, Kofi Annan, as Chair of the Global Commission on Elections, Democracy and Security. In the foreword to the Commission's ground breaking report, issued last month, he says, "The report presents a strategy to increase the likelihood that incumbent politicians and governments will deepen democracy and improve the integrity of national elections. In doing so, we hope that our Report will help to widen understanding of the requirements for strong, democratic and cohesive societies. From my experience, I have learned that healthy societies are built on three pillars: peace and security; economic development; and the rule of law and respect for human rights. For too long, we have given priority to the first two pillars and neglected the third. In looking ahead to the challenges facing the international community, I believe the time is ripe to underscore the rule of law, democratic governance and citizen empowerment as integral elements to achieving sustainable development, security and a durable peace."

The UN in Malaysia urges the Government and the Election Commission to use the recommendations of this recent, state- of-the- art, ground breaking report to enhance Malaysia's electoral reform efforts before the 13th General Election.

We also welcome the Prime Minister's announcement repealing the Internal Security Act (1960) in April 2012 in addition to the repeal of other outdated laws which include the Restricted Residence Act (1933) and the Banishment

Act (1959) in line with the recommendations of the 2010 report of the UN Working Group on Arbitrary Detention.

Nevertheless, the Security Offences (Special Measures) Bill, 2012 which replaced the ISA in April this year continues to have undesirable preventive detention elements in addition to another key preventive detention legislation that needs amendment so as to rid Malaysia's statute books of all arbitrary detention laws. I speak of the Dangerous Drugs (Special Preventive Measures) Act 1985. In this context, I was heartened by newspaper reports last weekend that the Attorney General's Chambers was considering amendments to this Act, most notably removing the mandatory death penalty clause for drug related offenses, following recent moves in Singapore.

We would also urge that the recently-introduced section 114A of the Evidence Act of 1950 which came into force on 31 July 2012 be amended or scrapped together with the Printing Presses and Publications Act. Section 114A creates a presumption that any registered user of network services is the publisher of a publication sent from a computer which is linked to that network service, unless the contrary is proved.

Overall, however, the UN commends and supports the Prime Minister in continuing on a path of law reform through the Political Transformation Programme which is consonant with international human rights norms and standards. We know that the government and people of Malaysia are committed to nation building and democratic consolidation. As a result, the UN in Malaysia would like to present this year's UN award to an organization that through its cumulative work over three and a half decades best

exemplifies a longstanding and consistent commitment to democracy in the country. We would also like to present a posthumous award to an exceptional Malaysian citizen in appreciation of his lifetime of outstanding achievement. We will formally recognize the awardees later in the programme.

Ladies and Gentlemen,

Before I conclude today, allow me to highlight a few of the many relevant responses of the UN in Malaysia to the challenges I have just outlined:

UNDP's new country programme (2013-2015) approved by its Executive Board last month will prioritize support for Malaysia's efforts to escape its "middle income trap", as well as support national efforts to eliminate the remaining deep rooted pockets of poverty and address inequalities as well as the key climate change, energy security and governance challenges facing the country. A highlight will be a historic first National Human Development Report on Inclusive Growth to be launched in 2013. Together with the Government of Sabah, **UNICEF** recently embarked on a comprehensive Situation Analysis of Children in the State which has some of the most deprived children in the country. In a quintessentially effective way of ensuring their right to authentic participation, UNICEF is supporting the preparation of an alternative report by children to the Convention on the Rights of the Child (CRC) this year. **The UN Populaton Fund's** new Country Programme Action Plan (2013-2017) will prioritize the difficult and sensitive issues surrounding the interface between religion, culture and sexual and reproductive health. The **ILO** established a physical presence in Malaysia in 2012 to protect migrants from labour exploitation. It is also working with

designing a possible unemployment insurance scheme for social protection and developing policies for a transition to green jobs. **UNHCR** will continue to assume primary responsibility for promoting solutions for the situation of more than 100,000 refugees in Malaysia; also providing support and protection, including from arrest, and engaging in advocacy with the Government for their access to education and the right to work as well as for a national legal and administrative framework for refugee management.

In conclusion, Ladies and Gentlemen, I would like to say that

UN Day is an occasion for us to reflect on how far we, as an international community, have succeeded in our efforts to achieve lasting peace and security and in providing the poor and vulnerable with a more secure foundation for a better future. It is also an occasion to focus attention on the crucial relationship between democracy, human rights and development, which are inexorably linked. I would like to emphasize that ratification of and adherence to all of the UN's core human rights covenants and conventions, and good governance that leads to peace and security are important pre-requisites both for sustainable development and for achieving developed country status.

In this context I would like to assure you that the United Nations Country Team and approximately 700 UN staff in Malaysia remain committed to further strengthening our long-standing partnership with the Government of Malaysia and also with civil society and our other partners for the achievement of the development aspirations of Malaysia and its people.

I thank you.