



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



MEDIA RELEASE: MALAYSIA'S PRODUCTIVITY GROWTH INCREASED BY 3.5% IN 2016

1. According to the Productivity Report 2016/17 published by the Malaysia Productivity Corporation (MPC), Malaysia registered a labour productivity growth of 3.5% at RM78,218 in 2016 from RM75,548 in 2015 – an improvement given that our productivity grew by an average of 2% annually between the period of 2010-2015. With this performance, Malaysia is currently on track to achieve the 3.7% labour productivity growth targeted under the 11th Malaysia Plan (2016-2020). To date, Malaysia has achieved 84.7% of the 11MP's targeted level of RM92,300 by 2020.
2. Over the years, the growth in Malaysia's Gross Domestic Product (GDP) has been increasingly driven by the growth in labour productivity rather than the increase in number of people employed.
3. Moving forward, Malaysia has to keep abreast of latest developments and embrace the Fourth Industrial Revolution, which will transform the design, manufacture, operation and service of products, and production systems worldwide. We need to undertake more productivity initiatives to prepare our workforce to face this new era of industrialization.
4. According to the report, the manufacturing sector contributed the most to the productivity level at RM106, 647 with the growth of 1.4%, followed by services sector of RM68, 166 with growth of 2.8% and agriculture sector at a level of RM55,485 with growth of 3.4%, recovering from -2.3% in the previous year. The construction sector had a double-digit productivity growth of 12.4% despite the relatively lower productivity level of RM40, 018.
5. Among selected Asian countries, in terms of labour productivity per person employed in USD, Malaysia at USD21,564 is ahead of Thailand (USD10,398), China (USD14,030), Indonesia (USD7,507) and the Philippines (USD7,536). However, Malaysia's productivity growth is behind

China's 6.6%, Indonesia's 4.6% and the Philippines' 4.4%, although it is important to note that Malaysia started from a relatively higher base.

6. Minister of International Trade and Industry, Dato' Sri Mustapa Mohamed said "More rigorous efforts are needed to propel productivity growth towards the 3.7% annual productivity growth target under the 11MP. The Malaysia Productivity Blueprint (MPB) launched by YAB Prime Minister on 8 May 2017 will see the private sector playing a leading role with the support of the public sector in raising labour productivity towards achieving this target. Nine key sectors have been identified as the productivity nexus, with electronic & electronic, chemical products and food & beverage will be the immediate priorities in the first wave of its implementation.

7. The National Productivity Council chaired by YAB Prime Minister will oversee the implementation of the Blueprint that serves as a more focused, holistic measure to target initiatives to open up potential productivity at national, sectoral and industrial level.

8. Boosting productivity is key for Malaysia to attain high income economy status by 2020. It will be the main engine of economic and income growth in Malaysia moving forward, as traditional drivers of growth are expected to moderate. Among key initiatives which need to be undertaken as outlined in the Productivity Report 2016/2017 are:

- i. bridging the talent gap by developing creative thinking skills among students and upgrading workforce skills for innovation;
- ii. leveraging technology through smart collaboration, strengthening research and science-industry strategic partnership;
- iii. enhancing the public service delivery and the establishment of Productivity Nexus.

9. The Productivity Report 2016/2017, can be accessed through www.mpc.gov.my and Malaysia Productivity Blueprint can access via www.wayup.my.

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