



“ Malaysia on the right track “

World Competitiveness Yearbook (WCY) published by World Competitiveness Center (WCC) of the Institute for Management Development (IMD) Lausanne, Switzerland ranked Malaysia as the 12th most competitive nation among 60 economies.

- 1) Malaysia has improved her rankings as the 12th most competitive nation from 15th last year among 60 economies. We have to acknowledge that this was not easy to achieve. This was a collective effort from all government departments and agencies that have worked so hard in realizing the government’s transformation efforts. The improvement in rankings is a testament to the leadership of YAB Prime Minister Dato’ Seri Mohd Najib in transforming the Malaysian economy despite the global challenges.
- 2) This report measures four important areas of a country’s competitive environment: Economic Performance, Government Efficiency, Business Efficiency, and Infrastructure.
- 3) In the sub-factor of Domestic Economy under the Factor of Economic Performance, **Malaysia’s strong resilience in withstanding economic cycles**, surged to **2nd position in 2014** indicating that **the right policies are in place to face any adversity**. Investors’ confidence remained high as the increase of foreign direct investment saw Malaysia climb **10 spots** to number 11 from 21 last year. **This achievement is more meaningful against the backdrop of global economic uncertainties.**

Indicators with the most improvement: Economic Performance

INPUT FACTORS	WCY		CHANGES
	2014 (n=60)	2013 (n=60)	
· <i>Resilience of the economy to economic cycles is strong</i>	2	8	+6



· Direct Investment flows inward (% of GDP)	11	21	+10
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- 4) The government is aware of the challenges facing the rakyat due to subsidy rationalization and efforts undertaken to manage our fiscal deficit. But the IMD report suggested that compared to 60 other nations, Malaysia recorded an improvement, climbing 6 spots in the Cost of Living index. The fuel price (gasoline-RON 95) maintained its rank at number 4 among 60 other economies suggesting our fuel prices are very competitive. The average rate for rental for offices and homes in Malaysia continues to be competitive as well. Malaysia is still the 3rd most competitive nation in the Price Sub-Factor compared to 60 other nations. This is a commendable achievement.

INPUT FACTORS	WCY		CHANGES
	2014 (n=60)	2013 (n=60)	
· Cost of Living Index	16	22	+6
· Apartment Rent	6	6	-
· Office Rent	7	6	-1
· Gasoline Prices	4	4	-

- 5) In the Government Efficiency factor, Malaysia maintains her ranking at number 15. Malaysia was ranked 1st in Pension Funding indicating that **“Pension Funding is adequately addressed for the future”**. This is a testament to the government’s commitment to cater for Malaysia’s growing affluent segment and maturing population, where emphasis has been placed on enhancing the provision of financial services for wealth management, retirement and long-term healthcare. Malaysia also showed a remarkable improvement in exchange rate stability from number 36 to number 6.



Government Efficiency

INPUT FACTORS	WCY		CHANGES
	2014 (n=60)	2013 (n=60)	
· Pension Funding is adequately addressed for the future	1	3	+2
· Exchange rate stability	6	36	+30

- 6) Malaysia is also ranked 1st in the Investment in telecommunications Infrastructure. This also means that the nation remains competitive in providing telecommunication infrastructure for the rakyat.

Improved Indicators Infrastructure

INPUT FACTORS	WCY		CHANGES
	2014 (n=60)	2013 (n=60)	
· Investment in telecommunications (% of GDP)	1	3	+2

- 7) The World Competitiveness Yearbook (WCY) is published by World Competitiveness Center of the Institute for Management Development (IMD) based in Lausanne, Switzerland. For over 20 years, the IMD World Competitiveness has benchmarked the performance of the world's most competitive economies. The WCY contains detailed profile for 60 economies as well as an extensive section of data and tables with global rankings covering over 300 indicators. The data are primarily hard data and measurable statistics to provide the most objective assessment of countries' competitiveness in today's global environment. The hard data



is complemented by perceptions of competitiveness by the business community from the Executive Opinion Survey (EOS). Malaysia Productivity Corporation (MPC), an agency under MITI is tasked to provide and validate data required by IMD to ensure that Malaysia's competitiveness data is well represented.

- 8) The data-gathering methodology is robust and **Malaysia's performance which is better than some developed countries is commendable. The global perception for Malaysia remains strong.** This report acknowledges our success in managing the economy and finances, as well as the successful implementation of the government and economic transformation programs. This confirms our view that we are on track to achieve developed country status by 2020.

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