



## **MEDIA STATEMENT**

### **MALAYSIA MAINTAINS 22<sup>ND</sup> POSITION IN THE IMD WORLD COMPETITIVENESS YEARBOOK 2019**

1. Malaysia maintains its ranking at the 22<sup>nd</sup> position among 63 countries, with a score of 82.54 out of 100 points in the World Competitiveness Yearbook (WCY) 2019 published by IMD World Competitiveness Centre, based in Lausanne, Switzerland.
2. The 31<sup>st</sup> edition of the (WCY 2019) came a year after the new coalition Government came into power. After experiencing declines in performance since 2016 (2016: 19<sup>th</sup>, 2017: 24<sup>th</sup>), Malaysia sustained its 22<sup>nd</sup> position for the second year, reflecting positive sentiments of the business community towards the new Government. Interesting to note that the Report showed improvements in institutional related indicators such as bribery and corruption, transparency, bureaucracy, justice, social cohesion and public finance in terms of rankings and value scored compared to the previous year. All these indicators increased in value score more than 10% (ranging between 10.8% in public finances to 31.1% in bribery and corruption).
3. Malaysia continues to be ahead of Belgium (27<sup>th</sup>), Republic of Korea (28<sup>th</sup>) and Japan (30<sup>th</sup>). Malaysia was overtaken by New Zealand by one spot to be ranked 7<sup>th</sup> among the 14 Asia-Pacific economies and is second only to Singapore in ASEAN, outpacing other nations in the region. Malaysia emerged second among the 28 economies with GDP per capita less than USD20,000.
4. The Report compiles 235 indicators comprising 143 hard data (60%) and 92 perception data (40%) derived from an Executive Opinion Survey, while 98 indicators are

presented as background information. The WCY 2019 assesses economies based on four competitiveness input factors; Economic Performance, Government Efficiency, Business Efficiency and Infrastructure where each encompasses 5 sub-factors.

5. **Economic Performance** takes into account the macro-economic evaluation of the domestic economy where Malaysia ranks at 11<sup>th</sup> position. The Prices sub-factor places Malaysia at the top of the chart among the 63 nations. While marginal declines were recorded in International Trade 14<sup>th</sup> (2018: 9<sup>th</sup>), Employment 16<sup>th</sup> (2018: 11<sup>th</sup>) and International Investment 22<sup>nd</sup> (2018: 16<sup>th</sup>), the Domestic Economy subfactor declined to 31<sup>st</sup> this year (2018: 16<sup>th</sup>). Our strengths are current account balance (6<sup>th</sup>), long-term unemployment (6<sup>th</sup>), gasoline prices (7<sup>th</sup>) and unemployment rate (9<sup>th</sup>).

6. In the **Government Efficiency** factor which measures the extent to which government policies are conducive to competitiveness, Malaysia is ranked at 24<sup>th</sup> (2018: 23<sup>rd</sup>). Our strengths are in exchange rate stability (3<sup>rd</sup>), consumption tax rate (7<sup>th</sup>) and adaptability of government policy (9<sup>th</sup>) indicators. In contrast, there is a need to improve in the start-up procedures indicator as we are placed at the 56<sup>th</sup> position among 63 economies.

7. Malaysia ranks 18<sup>th</sup> (2018: 17<sup>th</sup>) in the **Business Efficiency** factor that measures the extent to which enterprises are performing in an innovative, profitable and responsible manner. Improvement was seen in the Finance sub-factor (23<sup>rd</sup>) position. Our strengths were built on the average number of working hours per year (4<sup>th</sup>), skilled labor (5<sup>th</sup>) followed by the use of big data (9<sup>th</sup>) position. Despite the increase in women with degrees (4<sup>th</sup>), Malaysia is ranked at 52<sup>nd</sup> position for female participation in the labour force. Currently, there are measures being put in place to address this issue.

8. Malaysia advances five spots to be ranked at 28<sup>th</sup> position (2018: 33<sup>rd</sup>) in the **Infrastructure** factor, the best position for Malaysia over the last four years period. The factor measures the extent to which basic, technological, scientific and human resources meet the needs of business. Technological Infrastructure, 15<sup>th</sup> (2018: 24<sup>th</sup>) and Basic Infrastructure, 14<sup>th</sup> (2018: 18<sup>th</sup>) made compelling improvements by nine and four spots respectively. Our strengths are largely in science degrees and high-tech exports both at

4<sup>th</sup> position, while investment in telecommunications ranks 6<sup>th</sup>. We are still behind in total health expenditure (56<sup>th</sup>), energy intensity (55<sup>th</sup>) and medical assistance (54<sup>th</sup>).

9. The challenging external environment in 2018 has somewhat affected the competitiveness of smaller economies where Malaysia was not spared. Incidents which includes the shutdown in the United States federal government as well as the uncertainties in its monetary policies, the slowdown in China's economic growth and the ongoing trade tension between the US and China also affected global economy and thus the nation's economy. However, in comparing the top 15 competitive economies on the chart to Malaysia's overall performance, it is recorded that Malaysia's Economic Performance at 11<sup>th</sup> position is comparable with the second most competitive economy Hong Kong SAR (10<sup>th</sup>) and has surpassed other competing economies alike Canada (12<sup>th</sup>), Switzerland (23<sup>rd</sup>) and Finland (35<sup>th</sup>). Malaysia's Government Efficiency at 24<sup>th</sup> position is at par with the United States (23<sup>rd</sup>) and surpassed China's 35<sup>th</sup> position. Whereas, the Malaysia's Business Efficiency which attained 18<sup>th</sup> position is closely comparable with Business Efficiency of China (15<sup>th</sup>) and Canada (16<sup>th</sup>). Malaysia's Infrastructure at 28<sup>th</sup> position can be closely compared with Luxembourg's (25<sup>th</sup>) and has surpassed competing economies such as UAE (32<sup>nd</sup>) and Qatar (40<sup>th</sup>).

10. The Fourth Industrial Revolution (4IR) represents new ways in which disruptive technologies are embedded in our daily experience making a change on how we live, work, and communicate. Changes are seen in the business models and employment trends emphasizing the need to redesign the education system and transform learning and teaching delivery as well as demanding the industry sectors to enhance, reskill and upscale talents. In this regard, Industry4WRD , the national policy on Industry 4.0 aiming to transform the Malaysian manufacturing industry and its related services to be smart, systematic and resilient.

11. Malaysia needs to move from an input-driven to productivity-driven growth to achieve sustainable economic expansion in line with the initiatives outlined in the Malaysia Productivity Blueprint (MPB). The MPB focuses on five thrusts namely building workforce of the future, driving digitalisation and innovation, making industry accountable

for productivity, forging a robust ecosystem and securing a strong implementation mechanism.

12. I believe Malaysia's economic indicators are improving and through the implementation of key reforms Malaysia will prosper in this competitive race.

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