Malaysia in the Global Competitiveness Report 2016-2017

Media Briefing
27th September 2016 (Tuesday)
Council Room, MPC
11.00am – 1.00pm
“Malaysia ranks 25th out of 138 economies, remains among the world’s top 20 percent of most competitive economies and the highest ranked among the developing Asian countries”

“Among emerging economies, Malaysia continues to lead the region, despite losing some ground this year following six years of improvement”

“Digital Infrastructure and ICT uptake are showing significant progress, but becoming more innovative is also a pressing imperative – especially for Malaysia, China and Thailand – if they are to avoid the middle-income trap.”
Global Competitiveness Report
2016-2017 | Key Highlights

- Since 1979
- 138 Countries
- 114 Indicators
- 12 Pillars of Competitiveness
- 70% Survey Data, 30% Hard Data

- Quantitative data sourced from international organizations.
- Qualitative data sourced from the annual Executive Opinion Survey carried out by the network of the World Economic Forum’s Partner Institutes.

New Entrance:
- Republic Democratic of Congo

Reinstated:
- Barbados
- Brunei
- Yemen

Not included:
- Guinea
- Guyana
- Haiti
- Seychelles
- Myanmar
- Swaziland
Global Competitiveness Report
2016-2017 | The GCI Framework

GLOBAL COMPETITIVENESS INDEX

Basic requirements subindex
- Pillar 1. Institutions
- Pillar 2. Infrastructure
- Pillar 3. Macroeconomic environment
- Pillar 4. Health and primary education

Efficiency enhancers subindex
- Pillar 5. Higher education and training
- Pillar 6. Goods market efficiency
- Pillar 7. Labor market efficiency
- Pillar 8. Financial market development
- Pillar 9. Technological readiness
- Pillar 10. Market size

Innovation and sophistication factors subindex
- Pillar 11. Business sophistication
- Pillar 12. Innovation

Key for factor-driven economies
Key for efficiency-driven economies
Key for innovation-driven economies
Global Competitiveness Report 2016-2017 | Stage of Development

Populations (millions): 31.0
GDP (US$ billions): 296.2
GDP per capita (US$): 9,556
GDP (PPP) as share (% of world total): 0.72

### Stage of Development

<table>
<thead>
<tr>
<th>GDP per capita (US$) thresholds*</th>
<th>Stage 1: Factor-driven</th>
<th>Transition from stage 1 to stage 2</th>
<th>Stage 2: Efficiency-driven</th>
<th>Transition from stage 2 to stage 3</th>
<th>Stage 3: Innovation-driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;2,000</td>
<td>2,000–2,999</td>
<td>3,000–8,999</td>
<td>9,000–17,000</td>
<td>&gt;17,000</td>
<td></td>
</tr>
</tbody>
</table>

- Weight for basic requirements:
  - 60% (Stage 1)
  - 40%–60% (Transition)
  - 40% (Stage 2)
  - 20%–40% (Transition)
  - 20% (Stage 3)

- Weight for efficiency enhancers:
  - 35% (Stage 1)
  - 35%–50% (Transition)
  - 50% (Stage 2)
  - 50% (Stage 3)

- Weight for innovation and sophistication factors:
  - 5% (Stage 1)
  - 5%–10% (Transition)
  - 10% (Stage 2)
  - 10%–30% (Transition)
  - 30% (Stage 3)

* For economies with a high dependency on mineral resources, GDP per capita is not the sole criterion for the determination of the stage of development. See text for details.
Global Competitiveness Report
2016-2017 | Strengths & Areas for Improvement Indicators
Pillar 1: Institution

CONTRIBUTING FACTORS

- Wastefulness of government spending
  - 2016-2017: 8th (4.9)
  - 2015-2016: 8th (4.9)

- Burden of government regulation
  - 2016-2017: 6th (4.9)
  - 2015-2016: 6th (5.0)

- Efficiency of legal framework in settling disputes
  - 2016-2017: 19th (5.1)
  - 2015-2016: 15th (5.3)

- Efficiency of legal framework in challenging regulations
  - 2016-2017: 17th (4.9)
  - 2015-2016: 15th (5.0)

AREAS FOR IMPROVEMENT

- Judicial independence
  - 2016-2017: 45th (4.6)
  - 2015-2016: 33rd (5.0)

- Business cost of terrorism
  - 2016-2017: 78th (5.1)
  - 2015-2016: 72nd (5.3)

- Business cost of crime and violence
  - 2016-2017: 60th (4.8)
  - 2015-2016: 49th (5.0)

- Organized crime
  - 2016-2017: 59th (5.1)
  - 2015-2016: 54th (5.2)

Pillar 2: Infrastructure

CONTRIBUTING FACTORS

- Quality of overall infrastructure
  - 2016-2017: 19th (5.5)
  - 2015-2016: 16th (5.6)

- Quality of railroad infrastructure
  - 2016-2017: 15th (5.1)
  - 2015-2016: 13th (5.1)

- Quality of port infrastructure
  - 2016-2017: 17th (5.4)
  - 2015-2016: 16th (5.6)

- Quality of air transport infrastructure
  - 2016-2017: 20th (5.7)
  - 2015-2016: 21st (5.7)
Pillar 3: Macroeconomic Environment

CONTRIBUTING FACTORS

1st: Inflation
- 2016-2017: 2.1
- 2015-2016: 3.1

AREAS FOR IMPROVEMENT

69th: Government budget balance
- 2016-2017: -3.0
- 2015-2016: -3.7

84th: Government debt
- 2016-2017: 57.4
- 2015-2016: 57.0

Pillar 4: Health & Primary Education

CONTRIBUTING FACTORS

21st: Malaria incidence cases/100,000 pop.
- 2016-2017: 11.0
- 2015-2016: 33.5

21st: Business impact of malaria
- 2016-2017: 5.5
- 2015-2016: 5.5

23rd: Quality of primary education
- 2016-2017: 5.1
- 2015-2016: 5.3

AREAS FOR IMPROVEMENT

85th: HIV prevalence
- 2016-2017: 0.5
- 2015-2016: 0.4

93rd: Tuberculosis incidence
- 2016-2017: 103.00
- 2015-2016: 99.0

67th: Life expectancy
- 2016-2017: 74.7
- 2015-2016: 75.0

77th: Primary education enrolment
- 2016-2017: 94.6
- 2015-2016: 97.0
## Pillar 5: Higher Education & Training

### Contributing Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of the education system</td>
<td>12&lt;sup&gt;th&lt;/sup&gt; (5.3)</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; (5.4)</td>
</tr>
<tr>
<td>Quality of math and science education</td>
<td>19&lt;sup&gt;th&lt;/sup&gt; (5.2)</td>
<td>12&lt;sup&gt;th&lt;/sup&gt; (5.3)</td>
</tr>
<tr>
<td>Local availability of specialized training services</td>
<td>17&lt;sup&gt;th&lt;/sup&gt; (5.6)</td>
<td>12&lt;sup&gt;th&lt;/sup&gt; (5.6)</td>
</tr>
<tr>
<td>Extent of staff training</td>
<td>9&lt;sup&gt;th&lt;/sup&gt; (5.3)</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; (5.5)</td>
</tr>
</tbody>
</table>

## Pillar 6: Goods Market Efficiency

### Contributing Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of taxation on incentives to invest</td>
<td>14&lt;sup&gt;th&lt;/sup&gt; (4.9)</td>
<td>10&lt;sup&gt;th&lt;/sup&gt; (5.2)</td>
</tr>
<tr>
<td>Time to start a business</td>
<td>15&lt;sup&gt;th&lt;/sup&gt; (4.0)</td>
<td>24&lt;sup&gt;th&lt;/sup&gt; (5.5)</td>
</tr>
<tr>
<td>Agricultural policy cost</td>
<td>8&lt;sup&gt;th&lt;/sup&gt; (5.0)</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; (5.1)</td>
</tr>
</tbody>
</table>

## Areas for Improvement

### Secondary Education Enrollment Rate

<table>
<thead>
<tr>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>95&lt;sup&gt;th&lt;/sup&gt; (79.0)</td>
<td>100&lt;sup&gt;th&lt;/sup&gt; (70.8)</td>
</tr>
</tbody>
</table>

### Tertiary Education Enrollment Rate

<table>
<thead>
<tr>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>85&lt;sup&gt;th&lt;/sup&gt; (29.7)</td>
<td>69&lt;sup&gt;th&lt;/sup&gt; (37.2)</td>
</tr>
</tbody>
</table>

### Total Tax Rate % Profits

<table>
<thead>
<tr>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>79&lt;sup&gt;th&lt;/sup&gt; (40.0)</td>
<td>76&lt;sup&gt;th&lt;/sup&gt; (39.2)</td>
</tr>
</tbody>
</table>

### Trade Tariff % Duty

<table>
<thead>
<tr>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>63&lt;sup&gt;rd&lt;/sup&gt; (4.5)</td>
<td>63&lt;sup&gt;rd&lt;/sup&gt; (4.6)</td>
</tr>
</tbody>
</table>

### Business Impact of Rules on FDI

<table>
<thead>
<tr>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>41&lt;sup&gt;st&lt;/sup&gt; (5.0)</td>
<td>18&lt;sup&gt;th&lt;/sup&gt; (5.3)</td>
</tr>
</tbody>
</table>
Pillar 7: Labour Market Efficiency

**CONTRIBUTING FACTORS**

- Hiring and firing practices
  - 2016-2017: 10th (5.1)
  - 2015-2016: 6th (5.3)

- Pay and productivity
  - 2016-2017: 6th (5.3)
  - 2015-2016: 5th (5.4)

- Country capacity to retain talent
  - 2016-2017: 8th (5.3)
  - 2015-2016: 8th (5.3)

- Country capacity to attract talent
  - 2016-2017: 11th (5.1)
  - 2015-2016: 11th (5.3)

**AREAS FOR IMPROVEMENT**

- Redundancy costs
  - 2016-2017: 120th (29.4)
  - 2015-2016: 107th (23.9)

- Female participation in the labour force
  - 2016-2017: 104th (0.65)
  - 2015-2016: 118th (0.59)

Pillar 8: Financial Market Development

**CONTRIBUTING FACTORS**

- Financial services meeting business needs
  - 2016-2017: 15th (5.4)
  - 2015-2016: 17th (5.6)

- Affordability of financial services
  - 2016-2017: 17th (4.9)
  - 2015-2016: 12th (5.6)

- Venture capital availability
  - 2016-2017: 6th (4.6)
  - 2015-2016: 2nd (4.8)

**AREAS FOR IMPROVEMENT**

- Ease of access to loans
  - 2016-2017: 25th (4.7)
  - 2015-2016: 2nd (4.8)

- Regulation of securities exchanges
  - 2016-2017: 30th (5.3)
  - 2015-2016: 20th (5.4)
Pillar 9: Technological Readiness

**CONTRIBUTING FACTORS**

<table>
<thead>
<tr>
<th>Factor</th>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm-level technology absorption</td>
<td>19th (5.5)</td>
<td>23rd (5.6)</td>
</tr>
<tr>
<td>FDI and technology transfer</td>
<td>8th (5.4)</td>
<td>5th (5.5)</td>
</tr>
<tr>
<td>Mobile-broadband subscriptions</td>
<td>21st (89.9)</td>
<td>48th (58.3)</td>
</tr>
</tbody>
</table>

**AREAS FOR IMPROVEMENT**

<table>
<thead>
<tr>
<th>Factor</th>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed-broadband Internet subscription</td>
<td>73rd (9.0)</td>
<td>68th (10.1)</td>
</tr>
<tr>
<td>Internet bandwidth</td>
<td>75th (34.1)</td>
<td>77th (27.2)</td>
</tr>
</tbody>
</table>

Pillar 10: Market Size

**CONTRIBUTING FACTORS**

<table>
<thead>
<tr>
<th>Factor</th>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign market size index</td>
<td>17th (5.9)</td>
<td>18th (5.9)</td>
</tr>
<tr>
<td>Exports</td>
<td>16th (79.2)</td>
<td>16th (83.7)</td>
</tr>
</tbody>
</table>
### Pillar 11: Business Sophistication

**CONTRIBUTING FACTORS**

<table>
<thead>
<tr>
<th>Factor</th>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local supplier quantity</td>
<td>12th</td>
<td>6th</td>
</tr>
<tr>
<td>Extent of marketing</td>
<td>9th</td>
<td>6th</td>
</tr>
<tr>
<td>State of cluster development</td>
<td>13th</td>
<td>6th</td>
</tr>
<tr>
<td>Willingness to delegate authority</td>
<td>10th</td>
<td>10th</td>
</tr>
</tbody>
</table>

**AREAS FOR IMPROVEMENT**

<table>
<thead>
<tr>
<th>Area</th>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control of international distribution</td>
<td>15th</td>
<td>7th</td>
</tr>
</tbody>
</table>

### Pillar 12: Innovation

**CONTRIBUTING FACTORS**

<table>
<thead>
<tr>
<th>Factor</th>
<th>2016-2017</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company spending on R&amp;D</td>
<td>8th</td>
<td>8th</td>
</tr>
<tr>
<td>University-industry collaboration in R&amp;D</td>
<td>11th</td>
<td>12th</td>
</tr>
<tr>
<td>Government procurement of advanced technology products</td>
<td>3rd</td>
<td>3rd</td>
</tr>
<tr>
<td>Availability of scientists and engineers</td>
<td>7th</td>
<td>5th</td>
</tr>
</tbody>
</table>
## Global Competitiveness Report 2016-2017 | Performance of Pillars

<table>
<thead>
<tr>
<th>Pillar</th>
<th>2016-2017</th>
<th>2015-2016</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pillar 1</td>
<td>26</td>
<td>23</td>
<td>↓</td>
</tr>
<tr>
<td>Pillar 2</td>
<td>24</td>
<td>24</td>
<td>=</td>
</tr>
<tr>
<td>Pillar 3</td>
<td>35</td>
<td>35</td>
<td>=</td>
</tr>
<tr>
<td>Pillar 4</td>
<td>44</td>
<td>24</td>
<td>↓</td>
</tr>
<tr>
<td>Pillar 5</td>
<td>41</td>
<td>36</td>
<td>↓</td>
</tr>
<tr>
<td>Pillar 6</td>
<td>12</td>
<td>6</td>
<td>↓</td>
</tr>
<tr>
<td>Pillar 7</td>
<td>24</td>
<td>19</td>
<td>↓</td>
</tr>
<tr>
<td>Pillar 8</td>
<td>13</td>
<td>9</td>
<td>↓</td>
</tr>
<tr>
<td>Pillar 9</td>
<td>43</td>
<td>47</td>
<td>↑</td>
</tr>
<tr>
<td>Pillar 10</td>
<td>24</td>
<td>26</td>
<td>↑</td>
</tr>
<tr>
<td>Pillar 11</td>
<td>20</td>
<td>13</td>
<td>↓</td>
</tr>
<tr>
<td>Pillar 12</td>
<td>22</td>
<td>20</td>
<td>↓</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------------</td>
<td>-------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td><strong>2016-2017 (n=138)</strong></td>
<td></td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td><strong>2015-2016 (n=140)</strong></td>
<td></td>
<td>22</td>
<td>23</td>
</tr>
<tr>
<td><strong>2014-2015 (n=144)</strong></td>
<td></td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td><strong>2013-2014 (n=148)</strong></td>
<td></td>
<td>27</td>
<td>29</td>
</tr>
<tr>
<td><strong>2012-2013 (n=144)</strong></td>
<td></td>
<td>27</td>
<td>29</td>
</tr>
<tr>
<td><strong>2011-2012 (n=142)</strong></td>
<td></td>
<td>25</td>
<td>30</td>
</tr>
</tbody>
</table>
Global Competitiveness Report
2016-2017 | Overall Performance

1. SWITZERLAND Score 5.81
2. SINGAPORE Score 5.72
3. UNITED STATES Score 5.70
4. NETHERLANDS Score 5.57
5. GERMANY Score 5.57
6. SWEDEN Score 5.53
7. UNITED KINGDOM Score 5.49
8. JAPAN Score 5.48
9. HONG KONG SAR Score 5.48
10. FINLAND Score 5.44
25. MALAYSIA Score 5.16
Global Competitiveness Report
2016-2017 | Malaysia’s Trend – 6 years of Improvements

2010-2011: 26 (4.88)
2011-2012: 21 (5.08)
2012-2013: 25 (5.06)
2013-2014: 24 (5.03)
2014-2015: 20 (5.16)
2015-2016: 18 (5.23)
2016-2017: 25 (5.16)

Year

133 countries
139 countries
142 countries
144 countries
144 countries
148 countries
148 countries
140 countries
138 countries
Global Competitiveness Report
2016-2017 | Asia Pacific & ASEAN

Malaysia’s Performance Among Asia Pacific Countries & ASEAN Community

<table>
<thead>
<tr>
<th>RANK</th>
<th>COUNTRY/ECONOMY</th>
<th>GCI 2016-2017</th>
<th>GCI 2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OVERALL RANK</td>
<td>SCORE</td>
<td>RANK</td>
</tr>
<tr>
<td>1</td>
<td>Singapore</td>
<td>2</td>
<td>5.72</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>8</td>
<td>5.48</td>
</tr>
<tr>
<td>3</td>
<td>Hong Kong SAR</td>
<td>9</td>
<td>5.48</td>
</tr>
<tr>
<td>4</td>
<td>New Zealand</td>
<td>13</td>
<td>5.32</td>
</tr>
<tr>
<td>5</td>
<td>Taiwan, China</td>
<td>14</td>
<td>5.28</td>
</tr>
<tr>
<td>6</td>
<td>Australia</td>
<td>22</td>
<td>5.19</td>
</tr>
<tr>
<td>7</td>
<td>Malaysia</td>
<td>25</td>
<td>5.16</td>
</tr>
<tr>
<td>8</td>
<td>Korea, Rep.</td>
<td>26</td>
<td>5.03</td>
</tr>
<tr>
<td>9</td>
<td>China</td>
<td>28</td>
<td>4.95</td>
</tr>
<tr>
<td>10</td>
<td>Thailand</td>
<td>34</td>
<td>4.64</td>
</tr>
<tr>
<td>11</td>
<td>Azerbaijan</td>
<td>37</td>
<td>4.55</td>
</tr>
<tr>
<td>12</td>
<td>India</td>
<td>39</td>
<td>4.52</td>
</tr>
<tr>
<td>13</td>
<td>Indonesia</td>
<td>41</td>
<td>4.52</td>
</tr>
<tr>
<td>14</td>
<td>Kazakhstan</td>
<td>53</td>
<td>4.41</td>
</tr>
<tr>
<td>15</td>
<td>Philippines</td>
<td>57</td>
<td>4.36</td>
</tr>
<tr>
<td>16</td>
<td>Brunei</td>
<td>58</td>
<td>4.35</td>
</tr>
<tr>
<td>17</td>
<td>Darussalam</td>
<td>60</td>
<td>4.31</td>
</tr>
<tr>
<td>18</td>
<td>Vietnam</td>
<td>71</td>
<td>4.19</td>
</tr>
<tr>
<td>19</td>
<td>Tajikistan</td>
<td>77</td>
<td>4.12</td>
</tr>
<tr>
<td>20</td>
<td>Cambodia</td>
<td>89</td>
<td>3.98</td>
</tr>
<tr>
<td>21</td>
<td>Lao PDR</td>
<td>93</td>
<td>3.93</td>
</tr>
<tr>
<td>22</td>
<td>Bhutan</td>
<td>97</td>
<td>3.87</td>
</tr>
<tr>
<td>23</td>
<td>Nepal</td>
<td>98</td>
<td>3.87</td>
</tr>
<tr>
<td>24</td>
<td>Mongolia</td>
<td>102</td>
<td>3.84</td>
</tr>
<tr>
<td>25</td>
<td>Bangladesh</td>
<td>106</td>
<td>3.8</td>
</tr>
<tr>
<td>26</td>
<td>Kyrgyz Republic</td>
<td>111</td>
<td>3.75</td>
</tr>
<tr>
<td>27</td>
<td>Pakistan</td>
<td>122</td>
<td>3.49</td>
</tr>
</tbody>
</table>
Global Competitiveness Report
2016-2017 | The Way Forward

- 11th Malaysia Plan
  - Malaysia Productivity Blueprint

- Good Regulatory Practices
  - Streamlining & simplifying business processes by PEMUDAH

- Government & Economic Transformation Plan

- Transformation through the National Blue Ocean Strategy (NBOS)