

**SPEECH BY:
YB DATUK DARELL LEIKING
MINISTER OF INTERNATIONAL TRADE AND INDUSTRY**

***LAUNCHING OF
MITI REPORT 2018
AND
PRODUCTIVITY REPORT 2018/2019***

**25 JUNE 2019 (TUESDAY)
10.00 AM
PERDANA HALL, MITI TOWER**

Good Morning,

YB. DR ONG KIAN MING

Deputy Minister of International Trade and Industry

YBHG. DATO' LOKMAN HAKIM ALI

Secretary General of Ministry of International Trade and Industry

YANG BERUSAHA MR. TIAN CHUA

Chairman of Malaysia Productivity Corporation (MPC)

YBHG. DATO' MOHD RAZALI HUSSAIN

Director-General of Malaysia Productivity Corporation (MPC)

YOUR EXCELLENCIES

Distinguished guests,

Ladies and Gentlemen.

1. Welcome to the launch of the MITI Report 2018 and the Productivity Report 2018/2019. It has been more than a year since a new Malaysia emerged after the 14th General Election in May 2018. The Government immediately initiated significant reform work in spearheading the nation's economic development while overcoming external challenges. Today, we will look back at significant achievements that have been made in 2018, outline key initiatives to support economic growth, as well as improve national productivity.
2. In 2018, despite the challenging external environment, Malaysian economy managed to grow at 4.7 percent, largely underpinned by strong domestic demand. Growth has remained robust, supported by a diversified economy, resilient external position and a stable financial system. Domestic demand continued to stimulate growth primarily as a result of private sector expenditure and consumption. Last year, the manufacturing sector achieved 5 percent growth, whereas services sector grew by 6.8 percent.
3. Malaysia leveraged on improved trend of private investments, supported by business-friendly policies and clear economic direction. In 2018, total approved investments in the manufacturing, services and primary sectors were RM201.7 billion. Investments in the manufacturing sector recorded a significantly higher rate mainly due to the doubling of foreign direct investments at RM58 billion against RM21.5 billion in 2017.
4. Total trade in 2018 continued to be resilient; expanding by 5.9 percent to RM1.88 trillion. Malaysia witnessed the greatest

achievements in terms of trade surplus in 2018, registering the fastest growth rate in 10 years, as well as the largest trade surplus since 2012. This was the 21st consecutive year of trade surplus since 1998, driven by total exports almost reaching the RM1 trillion mark. Despite external challenges, exports rose by 6.8 percent to reach a value of RM998.28 billion, whereas imports increased by 4.9 percent to RM877.76 billion.

Ladies and Gentlemen,

5. Moving forward, Malaysia aims to achieve steady economic growth of between 4.3 and 4.8 percent for 2019, supported by private sector activity, stable income and employment growth, coupled with sustained business capacity expansion. This year, the manufacturing sector is projected to grow at 4.8 percent per annum, underpinned by the shift towards high value-added, diverse and complex products. Meanwhile, the services sector is expected to sustain its growth momentum at a lower rate of 5.7 percent in 2019.
6. In terms of **investments**, the first quarter of 2019 showed encouraging signs whereby **investment approvals** increased by 3.1 percent to RM53.9 billion, driven primarily by the robust performance of the manufacturing sector. Concurrently, **realised investments** for FDI in the first quarter of 2019 increased to RM21.7 billion as compared to RM12.9 billion in the last quarter of 2018. In terms of **trade**, I am also pleased to note that trade rebounded in April 2019, whereby total trade expanded by 2.6 percent to RM159.55 billion.

7. Despite the challenging external environment ahead and some cautious forecasts, MITI and Agencies remain committed to our mandate to attract quality investments, increase trade, and create employment opportunities for the *rakyat*. We will accelerate our efforts to create a conducive environment for Malaysia's industry and trade agenda. In this regard, we will double our efforts to promote more high-value, diverse and complex products driven by the catalytic sub-sectors namely chemicals, E&E and machinery & equipment and also industries with high potential growth particularly aerospace and medical devices. In addition, high-tech industries such as the automotive sector and high-value knowledge-intensive services will also be promoted.
8. While the services sector will continue to drive growth, we will uplift efforts to re-industrialise Malaysia and increase the contribution of the manufacturing sector to growth, namely via the implementation of Industry4WRD policy. Towards this end, MITI will continue to push for digitalisation of manufacturers by conducting readiness assessment and intervention programmes that will transform companies to embrace Industry 4.0 systematically. We are confident that Malaysia's fundamentals remain strong, and our concerted efforts will enable us to overcome global challenges and negative external scenarios.

Ladies and Gentlemen,

9. In order to achieve sustainable economic growth, Malaysia must move towards productivity-driven growth. Therefore, driving productivity of the nation is one of our main priorities moving

forward. This year's Productivity Report 2018/2019 introduced a sub-theme "*Driving Innovation for Future Workforce.*" This underscores the importance of productivity and innovation as game changers that will spur Malaysia's economy to greater heights. Innovation will be able to create new economic opportunities that will enhance competitiveness, elevate productivity performance, and contribute to overall well-being of the *rakyat*.

10. It is encouraging to note that Malaysia recorded an overall productivity growth of 2.2 percent in 2018, attaining productivity level at RM91,971. Among the main economic sectors, services recorded the highest productivity growth of 3.5 percent, manufacturing 2.4 percent, while agriculture registered a contraction of 0.2 percent. Notable productivity growth among the 9 priority subsectors are professional services at 6.3 percent; followed by tourism and ICT both at 4.5 percent; retail and F&B at 4.3 percent; and E&E at 3.3 percent. In terms of productivity levels, the manufacturing sector remained the highest at RM121,841; services sector at RM86,921; and agriculture sector at RM53,943.

Ladies and Gentlemen,

11. Malaysia's productivity growth in 2018 surpassed many developed countries including Japan, Korea, Australia and the US. Nevertheless, we need to redouble our efforts to remove barriers to productivity growth at both macro and micro economic levels, as outlined in the Malaysia Productivity Blueprint (MPB). The five thrusts of the MPB 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; are all important to propel Malaysian businesses to be at par with global best practices for productivity.

12. MPC, through the Delivery Management Office, has been spearheading productivity improvements of the 9 Productivity Nexus that are industry driven. Productivity improvements in these priority subsectors are crucial and will be a major contributing factor to accelerate national labour productivity growth.
13. On the international front, Malaysia maintained its 22nd position among 63 countries, with a score of 82.54 out of 100 points in the World Competitiveness Yearbook 2019 published by IMD World Competitiveness Centre. Malaysia also emerged second among the 28 economies with GDP per capita less than USD20,000. Meanwhile, Malaysia continues to undertake reforms to enhance competitiveness and productivity of the country, despite achieving 15th place in the World Bank Doing Business Report 2019.

Ladies and Gentlemen,

14. The National Productivity Council has agreed to recognise companies that have demonstrated high productivity performance and employ local talent, as High Productivity Enterprises. The objectives of this recognition are to strengthen awareness on the importance of improvement for high productivity growth; and to encourage companies to reduce dependency on low-skilled foreign workers.

15. Today, 16 companies have been selected to receive Certificates of recognition for their contribution towards enhancing productivity. I would like to take this opportunity to congratulate all the recipients and hope that this recognition will inspire you to excel further. At the same time, I urge other industry players to emulate your successful initiatives, and thus, create ripple effects throughout the economy. Your continuous commitment in enhancing initiatives through productivity and innovation will help build a more dynamic, competitive and productive Malaysia.

Ladies and Gentlemen,

16. In conclusion, I would like to underscore the Government's commitment to focus on strengthening the fundamentals of the economy based on innovation, creativity and high-value added activities. At the same time, we will uplift efforts to enhance productivity and industry competitiveness. With that, I would like to take this opportunity to launch the MITI Report 2018 and the Productivity Report 2018/2019, as well as present Certificates of recognition to the High Productivity Enterprises.

Thank you.