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**Media Statement**

**By**

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**Malaysia makes gains in the latest World Competitiveness Yearbook 2014**

**by the Institute for Management Development (IMD)**

The Institute for Management Development (IMD), World Competitiveness Centre, Lausanne, Switzerland in its latest report **World Competitiveness Yearbook 2014** ranked Malaysia at 12<sup>th</sup> position among 60 economies. This was an improvement as Malaysia was ranked 15<sup>th</sup> in 2013. This means that Malaysia remains among the top 15 most competitive nations that include USA, Switzerland, Singapore, Hong Kong, Sweden, Germany, Canada, UAE, Denmark, Norway, Luxembourg, Malaysia, Taiwan, Netherlands and Ireland. This is our best performance in the last 4 years (2011, 16<sup>th</sup>)

Malaysia continues to be ahead of United Kingdom (16<sup>th</sup>), Australia (17<sup>th</sup>), Finland (18<sup>th</sup>), New Zealand (20<sup>th</sup>), Japan (21<sup>st</sup>) and Korea (26<sup>th</sup>). A summary of Malaysia's achievements are listed as follows:

- In the category of countries with GDP per capita less than US\$20,000, Malaysia remained at the top among 29 economies (1<sup>st</sup>);
- Among 29 countries with populations above 20 million, Malaysia improved to the 4<sup>th</sup> position from 5<sup>th</sup> last year;
- In ASEAN, Malaysia remains at number 2 ;
- In the Asia-Pacific region, Malaysia is ranked 3<sup>rd</sup> among 13 countries after Singapore and Hong Kong. This was an improvement from 2013 (4<sup>th</sup>).

The WCY 2014 assessed countries based on four competitiveness factors: Economic Performance, Government Efficiency, Business Efficiency and Infrastructure. In Government Efficiency (15<sup>th</sup>) and Infrastructure (25<sup>th</sup>), Malaysia maintained its position. For the Economic Performance and Business Efficiency factors Malaysia continue to be in the top 10 among 60 economies with a marked improvement in International Investments and ranked 7<sup>th</sup> instead of 14<sup>th</sup> last year ( WCY 2013 :14<sup>th</sup> )

Though Malaysia maintained her 15<sup>th</sup> position in the Government Efficiency factor, the Government is committed to further strengthen Malaysia's public finances, ensure fiscal sustainability and promote long-term macroeconomic stability of the country. The setting up of the Fiscal Policy Committee (FPC) chaired by the Prime Minister reflects Malaysia's commitment to achieve a fiscal deficit of 3 per cent of GDP by 2015 and work towards a balanced budget by 2020. Among the initiatives undertaken by the Government is the implementation of phased rationalization of subsidies and ensure a more targeted approach in providing financial assistance to those in need. The government remained committed in achieving the targets outlined in the Government Transformation Programme (GTP).

In these factors - Business Efficiency, Productivity and Efficiency, Labour Market and Management Practices sub-factors; Malaysia recorded improvements while the Finance sub-factor moderately affected Malaysia's performance which sees our position drop to 5<sup>th</sup> from 4<sup>th</sup> previously. In the Infrastructure factor significant improvements were recorded in the Technological Infrastructure and the Health and Environment sub-factors which contributed to Malaysia maintaining its position at 25<sup>th</sup>. We also believe that the improvements of rankings are directly linked to the upward trend of Malaysia's Global rankings in the Global Competitiveness Report 2013-2014 to 24<sup>th</sup> position and World Bank Ease of Doing Business report 2014 where Malaysia is ranked number 6 worldwide.

The WCY results reflects the measures that we have been undertaking under the Government Transformation Programme (GTP) and Economic Transformation Programme (ETP). We will continue to strengthen our global competitiveness through efforts targeted at enhancing Malaysia's investment environment and promoting policies that would increase trade, harness talents to achieve higher productivity growth, intensify efforts to reduce regulatory burdens, as well as strengthen Malaysia's technological capabilities.

The government is committed in implementing and executing a sustainable economic policy in ensuring a more prosperous and developed Malaysia as opposed to short-term, populist shortcuts that will have negative consequences in the long run. The right decisions are not necessarily popular. We expect to see a much better performance in the next 3 to 5 years as more of our initiatives began to bear fruit. Policies such as the economic transformation plan,

government transformation plan, subsidy rationalization and the push for productivity will continue to be the key guiding initiatives in achieving the status of a high income nation. Despite improvements in some of the sub-factors in the ranking, the government admits that more work needs to be done. We call upon all stakeholders to join us in improving our performance.

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