



KEMENTERIAN
PERDAGANGAN ANTARABANGSA DAN INDUSTRI

OPENING REMARKS

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MINISTER OF INTERNATIONAL TRADE
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**LAUNCH OF
NATIONAL PRODUCTIVITY REPORT 2020**

30 JUNE 2020 (TUESDAY)

10.00 – 11.00 AM

*[Recording session on 24 June 2020 (Wednesday),
4.00 pm at YBMK's office]*

1. I am honoured to welcome all of you to the launch of National Productivity Report 2020. The theme “Resilience Through Productivity” is most apt in view of the situation that we are facing today - a pandemic of global proportions that demands rigorous and collective action of the whole world.
2. In light of this, the sharing of best practices and promoting Good Regulatory Practices becomes even more imperative. In this regard, I would like to commend MPC for the implementation of best practices undertaken by the nine Sectoral Productivity Nexus under the Malaysia Productivity Blueprint (MPB). This will enable Malaysia to unlock its productivity potential and make the productivity leap as well as realign the economy based on the New Normal arising from the unprecedented challenges of the COVID-19 pandemic.
3. Internationally, Malaysia has improved its ranking in the World Bank Doing Business 2020 Report to 12th position from 15th amongst 190 economies. With

strong support from the recently restructured Special Task Force to Facilitate Business or PEMUDAH as well as public and private sector collaboration, there is an avenue for more initiatives to enhance competitiveness, improve productivity and resolve regulatory burdens and issues.

4. It is also significant that the MITI is driving the momentum of the Fourth Industrial Revolution through our Industry4WRD plan on manufacturing. The World Economic Forum ranks Malaysia as one of the 25 leading countries to benefit from the changing nature of production. We must, therefore, rise to the challenge to sustain Malaysia's performance and ensure optimal synergies for the long-term and well-being of the country.

Ladies and gentlemen,

5. Malaysia's economy grew steadily at 4.3% in 2019 in spite of lower commodity outputs and declines in exports, largely attributed to the trade war between

China and the United States. However, in the first quarter of 2020, against all odds, Malaysia narrowly escaped contraction to achieve a growth of 0.7%. Further contraction can be expected in the second quarter – no thanks, of course to COVID-19 and the unintended economic consequences of the measures to counter the outbreak.

6. Meanwhile, Malaysia's labour productivity performance was on a steady growth path in recent years although at a slightly moderated pace at 2.2% for 2019 as compared to 3.4% for 2018.
7. In terms of labour productivity per person, Malaysia recorded productivity of USD68,473 ahead of Thailand, Indonesia, China and Vietnam. Nevertheless, we should not be complacent as we are still behind South Korea and Japan while China and Vietnam have constantly recorded rapid and consistent productivity growth. We, therefore, need to intensify efforts to sustain our competitive edge and to continuously enhance our productivity.

Ladies and gentlemen,

8. As highlighted in the MPB, significant productivity growth was recorded in professional services at 6.0% and tourism at 5.3% whereas chemical and chemical products and machinery and equipment (M&E) recorded declines of -2.1% and -2.0% respectively in 2019. Although, other subsectors of agro-food, electrical and electronics (E&E), retail and food and beverages (F&B), information and communication technology (ICT) and private healthcare continued to register growth.

Ladies and gentlemen,

9. Malaysia's labour force increased 2.0% to nearly 15.6 million persons in 2019 (2018: 15.3 million) while unemployment remained steady at 3.3% in 2019. However, in Quarter 1, 2020, unemployment increased to 3.5% reflecting the severity of the COVID-19 pandemic which caused disruption in businesses, forced closure of business premises,

cutting-off the supply chain and financial losses as a result of the Movement Control Order (MCO).

10. In this regard, I would reiterate that our incremental measures in dealing with the pandemic leading to the latest stage, namely the Recovery MCO, have borne productive results. We must not lose sight of the imperatives of protecting lives as well as livelihoods.
11. As businesses must remain sustainable, MITI will continue to do its best to bolster the industries particularly the SMEs and to boost and protect employment and productivity of our workers.
12. The 6-phase plan, called 6R for Resolve, Resilience, Restart, Recovery, Revitalise and Reform introduced by the Government has been well received and we must to put our best foot forward to achieve the medium and long-term goals. In our battle against COVID-19, we record our appreciation for the hard work and sacrifices of our frontliners

and the unwavering support of the *rakyat* and industry stakeholders to take us to where we are today.

13. On the theme of resilience, it is most fitting that it was the mainspring of the RM250 billion PRIHATIN economic stimulus package launched by Prime Minister Tan Sri Muhyiddin Yassin on 27 March 2020. Additionally, the Government on 5 June announced a further economic stimulus worth RM35 billion known as the National Economic Revitalisation Plan (PENJANA). This encompasses 40 initiatives and focuses on three key thrusts. Besides addressing unemployment, other initiatives in this package include focusing on boosting investors' confidence. In this context, a fund worth RM1.2 billion has been established out of which RM600 million will be injected by the Government while the other RM600 million will come from domestic or international investors to intensify the adoption of innovation and expand domestic venture capital.

14. This systematic and well-conceived course of action taken by the Government has proven to be timely and expeditious in giving a positive impact on Malaysia's economic growth, the protection of incomes and the sustainability of employment.
15. Having said that, we must not lose sight of the need for a rapid transformation of the Malaysian economy as much as other economies in the region are undergoing the same process, some at an accelerated pace.
16. As there is a silver lining in every cloud, we should turn crisis into opportunity by seizing the emerging trends to mitigate the pandemic and find enablers for quality investment and fast-track our digitalisation agenda across the board.
17. Meantime, the government is in the process of drafting a "Temporary Measures Bill" to mitigate the social and economic impact of COVID-19. As engagement with the public is crucial, an online

consultation platform is being managed and administered by MPC.

Ladies and gentlemen,

18. In closing, let me stress that while business concerns should leverage on technology and innovation, automation and digitalisation must forge ahead. At the same time, employability of the workforce should be enhanced while reskilling and upskilling initiatives should be urgently initiated to reduce the dependency on foreign labour.
19. Finally, a culture of excellence and productivity mindset should be inculcated to provide the impetus for greater productivity gains and enable Malaysia to attain its high income economy aspirations.
20. I, therefore, urge all industries in Malaysia to rise together and pool their human capital resources to devise a high impact strategy for more innovative

approaches across all sectors in revitalizing the economy.

Thank you.