



MEDIA STATEMENT

MALAYSIA'S LABOUR PRODUCTIVITY RESILIENT AT 2.1% IN 2019

1. YB Dato' Seri Mohamed Azmin Ali, Senior Minister, Ministry of International Trade and Industry launched The National Productivity Report 2020, an annual report by the Malaysia Productivity Corporation (MPC). The 27th Edition carries a strong and relevant theme "Resilience Through Productivity", particularly apt as it resonates across areas of economy that have been affected as a result brought about by the impact of the Covid-19 outbreak.
2. Malaysia recorded labour productivity growth of 2.1 percent at RM93,973 in 2019 compared to RM92,018 in 2018. The growth in productivity contributed to the country's Gross Domestic Product (GDP) of 4.3 percent in 2019. In terms of labour productivity by value added per hour, growth was 2.2 percent in 2019 compared to 3.4 percent in 2018. In the first quarter of 2020, Malaysia posted GDP growth of 0.7 percent. Further decline can be expected in the second quarter of 2020 in light of the unintended economic consequences due to Covid-19 pandemic.
3. Malaysia's labour force increased 2 percent to 15.6 million persons in 2019 (2018: 15.3 million) while unemployment rate remained steady at 3.3 percent. In First Quarter 2020, the unemployment rate increased to 3.5 percent reflecting the impact caused by the Covid-19 pandemic as the Government enforced the Movement Control Order (MCO), and shutdown of businesses to contain the outbreak.

4. Internationally, Malaysia recorded productivity level of USD68,473 ahead of selected Asian countries such as Thailand (USD35,556), Indonesia (USD28,694), China (USD35,604) and Vietnam (USD13,768). However, amongst developed countries, Singapore continues to hold the highest labour productivity per person employed at USD153,124 with United States coming in second at USD131,783.
5. Malaysia has improved its rank to 12th from 15th amongst 190 economies in the World Bank's Doing Business 2020 Report. The Doing Business Report advocates quality regulations and the implementation of reforms to improve efficiency. With strong support of the recently restructured Special Task Force to Facilitate Business (PEMUDAH), there are plans to address more issues affecting business community and implement initiatives to resolve regulatory burdens thus enhancing the nation's competitiveness and productivity.
6. The Ministry of International Trade and Industry (MITI) is in the forefront driving Industry4WRD plan for the manufacturing sector. In addition, the World Economic Forum ranks Malaysia as one of the 25 leading countries to benefit from the changing nature of production. Malaysia must therefore, rise to the challenge to sustain its performance and ensure optimal synergies for the long-term and well-being of the country.
7. The five main sectors generally improved labour productivity through 2019 with Construction sector's labour productivity by value per employment grew 3.3 percent to RM45,293, followed by the Services sector where labour productivity by value added per employment grew 2.9 percent to RM89,513. Agriculture's labour productivity by value added per employment posted growth of 0.4 percent to RM54,212. The manufacturing sector saw labour productivity by value added per employment increased by 1.7 percent to RM123,896 while the mining and quarrying sector recording a slight decline in labour productivity by value added per employment at 1.6 percent to RM1.34 million.
8. Reporting on the nine priority subsectors identified in Malaysia Productivity Blueprint, the National Productivity Report 2020, reiterates that Reducing Unnecessary Regulatory

Burden (RURB), optimising talent capabilities and advancing technological investments are the three key areas that truly unlock significant productivity gains.

9. Every approach taken by each Productivity Nexus subsector is unique but with a singular goal in mind in supporting the Government's agenda to accelerate the productivity growth. It is clear that the productivity performance of these subsectors are intimately linked to the productivity of the public sector. In efforts to provide conducive business environments, implementation of various activities through Good Regulatory Practices (GRP) by the public sector is paramount. The following programmes were completed in 2019.

Reducing Unnecessary Regulatory Burden (RURB) implementation:

- Agrofood - Development of Malaysia NEST (Nexus Export Strategic Team) approach in identifying opportunities for strategic partnership between foreign companies and local producers;
- Machinery and Equipment - streamlining process in Temporary Import Permit for Mobile Crane, Safety Passport Issued by Regulators and Certificate of Approval for Imported Steel Products;
- Private Healthcare - renewal of license to operate, setting up a new private hospital and develop a guideline for hospital facility extension/renovation through:

Development of:

- i. Handbook on Setting Up of Private Hospitals in Malaysia: Submission Process & Harmonisation of Technical Requirements;
 - ii. Handbook on Requirements and Procedures Under Act 586;
 - iii. "Prosedur Permohonan Pembaharuan Lesen bagi Hospital Swasta"
 - iv. "Garis Panduan Keperluan Mengemukakan Permohonan Borang 1 bagi Peluasan/Pengubahan yang Extensive Hospital Swasta"
- Tourism - Regulatory Impact Analysis (RIA) to review Tourism User Fee (TUF) of tourism sites in selected states and develop regulatory framework for short-term accommodation (STA).
 - Retail and F&B – providing assistance for Malaysian brand to be established in the international markets

10. Incremental measures in dealing with the Covid-19 pandemic through the Recovery Movement Control Order (R-MCO) showed improvements. MITI shall continue efforts to bolster industries to boost and protect employment and productivity of workers through Government initiated 6-phase plan; 6R – Resolve, Resilience, Restart, Recovery, Revitalise and Reform.
11. Resilience was the mainspring of the RM250 billion PRIHATIN economic stimulus package launched by Prime Minister Tan Sri Muhyiddin Yassin on 27 March 2020. The National Economic Revitalisation Plan (PENJANA) introduced on 5 June 2020, a further stimulus package, added an additional RM35 billion across all sectors and is more targeted at supporting a recovery in the economy.
12. Aside from employment, PENJANA also focuses to boost investors' confidence. RM1.2 billion funds have been established out of which RM600 million will be injected by the Government while the other RM600 million will come from domestic or international investments aimed to intensify the adoption of innovation and expand domestic venture capital.
13. To further supplement mitigation of social and economic impact of Covid-19 pandemic, the Government is in the process of drafting a "Temporary Measures Bill". An online consultation platform called Unified Public Consultation (UPC) to engage the public is being managed by the Malaysia Productivity Corporation (MPC).
14. These systematic, concerted and well-conceived course of action by the Government has proven to be timely and expeditious to a positive impact on the country's growth, the protection of income and the sustainability of employment.
15. YB Senior Minister reiterates that Malaysia shall not lose sight of the need for a rapid transformation of the Malaysian economy, turning crisis into opportunities by seizing emerging trends to mitigate the impact of the pandemic and find enablers for quality investment and fast-track Malaysia's digitalisation agenda across the board.
16. While business concerns should leverage on technology and innovation, automation and digitalisation must forge ahead. Employability of the workforce should be enforced while

reskilling and upskilling initiatives should be urgently initiated to reduce dependency on foreign labour. For Malaysia to reap greater productivity gains and attain its high income economy aspirations, Malaysia must inculcate a culture of excellence and productivity mindset.

17. In closing, YB Senior Minister urges all industries in Malaysia to rise together and pool its human capital resources to devise a high-impact strategy for more innovative approaches across all sectors in revitalising the economy.
18. MPC being a body mandated by the Government is committed to facilitates productivity growth by promoting close collaboration between public and private sectors, harness human capital and organisational capabilities, nurture innovation, creativity and competitiveness of the country.
19. As the Delivery Management Office (DMO) that coordinates and monitors efforts to drive productivity growth in nine priority subsectors, or Nexus, identified by the Malaysia Productivity Blueprint (MPB), MPC and MITI continue to work with the Economic Planning Unit of Prime Minister's Department as well as other ministries, agencies and other stakeholders in monitoring the progress of productivity efforts, initiatives and strategies that are implemented under the Malaysia Productivity Blueprint (MPB).
20. The Productivity Report 2020, can be accessed through www.mpc.gov.my and Nexus Productivity Portal www.wayup.my.

Ministry of International Trade and Industry

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