

**WORLD BANK
LAUNCHING OF THE MALAYSIA ECONOMIC MONITOR:
NAVIGATING CHANGE**

**OPENING REMARKS BY
Y.B. DATO' SERI MOHAMED AZMIN BIN ALI
MINISTER OF ECONOMIC AFFAIRS**

**SASANA KIJANG
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Dr. Mara K. Warwick,

World Bank Country Director for Brunei, Malaysia, the Philippines and Thailand;

Dr. Firas Raad,

Incoming Country Manager for World Bank Malaysia Office;

Dr. Richard Record,

Lead Economist in the World Bank Group's Macroeconomics, Trade and Investment Global Practice;

YBhg. Dato' Nik Azman Nik Abdul Majid,

Director General of the Economic Planning Unit;

Distinguished Guests, Ladies and Gentlemen;

Assalamualaikum Warahmatullahi Wabarakatuh and good morning.

1. Welcome to the launch of the Malaysia Economic Monitor – Navigating Change by the World Bank. This is the 18th edition since the first publication in November 2009. This edition focuses on the current situation of the digital economy in Malaysia and its potential, a very important area that needs more emphasis in view of the fast changing requisites for future development.

Ladies and Gentlemen,

2. The 14th General Elections, held on 9th May 2018, saw a sea change at the helm of the Malaysian Government in more than 60 years and a remarkable and peaceful transition of power.
3. No doubt, this is a testament of the people's desire for a new era of good governance, transparency, and accountability, based on a firm moral foundation, strong and positive values.

4. This new Government, under Prime Minister Tun Dr. Mahathir Mohamad, has set new directions and priorities to be delivered in the next 100 days and beyond.
5. Top of the list is the implementation of institutional reforms in line with the people's aspirations for a better Malaysia. They want better living standards, stronger purchasing power and for the nation to prosper. The people want to experience and enjoy the wealth of the nation.
6. We must therefore ensure robust and sustainable economic growth with equitable distribution, towards creating a harmonious nation.
7. The Malaysian economy is fundamentally resilient, supported by a stable and strong banking and financial sector. Sustaining growth will be a priority with greater focus on citizen-centric programs to ensure a better quality of life for the people.

8. This will be carried out simultaneously with efforts to strengthen the Government's fiscal position. Operating expenditure will be optimised while development projects that are unsustainable will be reviewed. High-impact projects that can directly enhance the well-being socio-economic of the people will be continued.
9. The Ministry of Economic Affairs is in the midst of preparing the mid-term review of the Eleventh Malaysia Plan scheduled to be tabled on 18th October 2018. Issues and development challenges will be identified and steps to tackle them will be proposed. Progressive socio-economic policies will be introduced to complement current institutional reforms.
10. While the current macroeconomic indicators show strong performance on the back of robust GDP growth, stable and low inflation as well as full employment, the situation behind the headline indicators tells a different story.

11. In this regard, the mid-term review will seek to address the disparity of growth across the states and income inequities, particularly the B40 income group, high youth unemployment rate and the rising cost of living.
12. We will also address outstanding structural challenges, such as raising labour productivity, ensuring quality investment and innovation, and pushing industries to move up the value chain.

Ladies and gentlemen,

13. The Government is looking into increasing the adoption of digital economy because it is an essential component of the nation's growth story.

14. This report highlights the potential of the digital economy in ensuring Malaysia's successful transition to a high income and developed economy. The adoption of digital technologies across both public and private sectors is essential in enabling growth in labour productivity and creating a conducive business environment for quality investments and innovations.

15. Malaysians are among the most digitally-connected citizenry in the world. The proportion of its population with digital access increased from around 51 percent in 2006 to more than 80 percent at present.

Ladies and Gentlemen,

16. We are aware that the digital economy is developing rapidly worldwide. It is the single most important driver of innovation, competitiveness and growth. It holds huge potential for SMEs.

17. However, only 62 percent of businesses are connected to the internet and only 28 percent have a web presence. Therefore, various efforts are being undertaken to encourage the utilisation of digital platforms.

18. We must remember that the Multimedia Super Corridor was inaugurated by Tun Dr. Mahathir back in 1996, which envisaged the creation of a Special Economic Zone and hi-tech business district. It was intended to leapfrog Malaysia into the 21st century and become the global hub at the forefront of digital economy.

19. With Tun Dr. Mahathir back at the helm today, Malaysia has a second chance to achieve this.

20. Thus, the recent opening of Jack Ma's Alibaba Group first country office in Southeast Asia is significant and a strategic step to take us to the next level.

21. This will be a boost to the Digital Free Trade Zone and with nearly 2,000 entrepreneurs registered, export value of SMEs can potentially increase to USD38 billion with the creation of 60,000 jobs by 2025.

Ladies and Gentlemen,

22. The Malaysia Economic Monitor on Navigating Change is timely as it provides relevant information and analysis on the current situation of the digital economy in Malaysia. We will digest and analyse the report and where appropriate, undertake measures to address the issues highlighted.

23. Finally, I would like to take this opportunity to thank the World Bank Team, led by Dr Richard Record in the preparation and publication of this report. I would also like to thank the Ministry of Communications and Multimedia, the Ministry of Finance, Bank Negara Malaysia and other relevant ministries and agencies for contributing invaluable input and feedback towards the completion of the report.

24. With this, it gives me great pleasure to officially launch the “Malaysia Economic Monitor June 2018 – Navigating Change”.

Thank You.