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Digital and green vision

ECONOMY

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KUALALUMPUR: The country's economic restructuring should embark on the direction of high-value gross domestic product growth, which is anchored by increased innovation and productivity, says Economy Minister Rafizi Ramli.

The economic expansion should also be inclusive to benefit a wide-base of society as well as being climate-friendly, he added.

"A revamp of the economy would mean looking at where and how growth should be focused on," Rafizi said at the National Economic Forum 2023 organised by the National Chamber of Commerce and Industry of Malaysia yesterday.

Therefore, such a task does not happen overnight, but would require meticulous planning and execution over a much longer trajectory.

Rafizi pointed out, "It is becoming increasingly obvious that investing heavily in the digital and green economy is the right path forward.

"There is growing evidence around the world that digital technologies contribute

Digital and green vision

Country's progress towards high-value GDP growth on track

to growth, productivity, employment and poverty reduction, and this is especially important for a country like Malaysia, where productivity growth has lagged our peers even before the lockdowns.

"In addition, it is essential that businesses work with the government to create a cohesive ecosystem, encompassing various aspects such as talent creation and technology, to chart Malaysia's path away from a low base that is heavily reliant on foreign labour to a digital and automation-focused

economy," he said.

Rafizi opined that this direction would assist the country's transformation to a high-income economy within the next 40 years, while adding that the current government will continue to create an enabling-digital ecosystem by preparing the infrastructure, platforms and frameworks to protect consumers and uplift digital businesses.

Aside from being digital focused, he noted a green economy should also be

founded on a new philosophy that economic growth and environmental sustainability are no longer opposing goals, but complementary ones, because of the climate factor and also, due to a financial purpose.

Suggesting that Malaysians see where the money is headed, Rafizi stated that: "Last year, up to US\$1.1 trillion (RM4.99 trillion) was invested globally into energy transition, with storage, mobility, food and

> TURN TO PAGE 2

Concerted effort needed to reskill and upskill workers

> FROM PAGE 1

agriculture and renewables taking up the lion's share.

"Many of the most exciting investments are a combination of public and private funding, showing once again that the role of government in directing money flows is critical for market creation."

Rafizi (*pic*) highlighted that the government's lifting of the renewable energy (RE) export ban last week and the upcoming launch of the energy transition roadmap in June are essential starting points for making Malaysia a serious player in the RE space.

By significantly increasing Malaysia's RE capacity, to 70% by 2050 and introducing a cross-border electricity exchange system, Rafizi said, "We will be able to attract high-quality global investments, especially from RE100 multinational companies, into Malaysia, besides creating high-quality jobs for Malaysians in the country."

In summary, RE100 is a global corporate RE initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity.

Meanwhile, the next chapter in the digital, high-value growth direction would be to ensure Malaysia has the right talents and skills to maximise the potential of this new frontier, Rafizi said.

Perhaps already common knowledge, he noted that labour shortage and skills mismatch are dominant narratives since the post-lockdown recovery began in late 2021, and the same problems will persist if there is no concerted effort in a scaled reskilling and upskilling of Malaysian workers.



"Half of our workers today are mid-skilled, and only about 30% are considered high-skilled.

"While this is slightly better than our regional partners, they are far behind our aspirational peers, where high-skilled workers in Organisation for Economic Co-operation and Development (OECD) countries is around 40%," Rafizi revealed.

Citing a World Bank report, he said Malaysia would need to create an additional two million high-skilled jobs to reach the same level as other OECD countries.

Responding to a question on the definition of high-skilled jobs during a question and answer session at the forum, Rafizi quoted the examples of data scientists, software engineers, creative content creators as well as battery solution providers in the green energy sector, before adding that "such positions are in shortage in Malaysia."

For example, he said the number of software engineers are not sufficient to fulfill the present demand, as the amount of software engineering faculties were scarce in

the past and even data-science-related courses are still limited currently.

"However, as a road map, if the government were to invest in upskilling initiatives on a national scale, this could allow Malaysians to continuously improve their skills even on an on-the-job basis, maybe over a short-term of three or four months," explained Rafizi.

At the same time, Rafizi told industry leaders who were present at the forum to keep a close eye on his ministry's announcements from time to time, as it would be rolling out targeted plans to handle specific pain points of respective industries.

"We would not be coming up with huge economic frameworks, but we are focused on resolving problems industry by industry, ecosystem by ecosystem," he said.

On a separate note, he said given that Malaysia is at an inflection point in its economic history, it is therefore crucial that the country seizes this window of opportunity to turn it into a high-income economy to ensure the well-being of present and future generations.

With the country being in a tight fiscal position, Rafizi said it is not advisable for it to continue on a credit trajectory, and therefore certain structural reforms are necessary despite being "painful".

"For instance, energy transition is critical for the country's financial sustainability, because we now rely very heavily on subsidised gas, but it could run out. So we need to look at alternatives such as solar, but it does not happen overnight, but instead needs to be scaled up over 10 to 15 years. It is important that we do not again miss these opportunities," he noted.