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Economic growth, strengthening of ringgit can push Malaysia to high-income status by 2027, says Rafizi



Photo by Patrick Goh/The Edge

PUTRAJAYA (July 29): Malaysia will become a high-income country from 2027 onwards if the national economy grows 4% to 5% every year and the ringgit strengthens to around 4.20 against the US dollar, Economy Minister Mohd Rafizi Ramli said.

He said if these targets can be achieved, Malaysia will be seen as a country with potential, which will indirectly allow it to become an 'Asian Tiger' again.

"This standard is a simpler standard (to qualify Malaysia for that status). It also depends on our ability to become an international financial hub, in addition to the positive performance of Bursa Malaysia," he told the media after the launch of the 2024 Economic Census Findings by the Department of Statistics Malaysia.

Previously, Finance Minister II Datuk Seri Amir Hamzah Azizan was reported to have said that Malaysia is making significant progress to regain its Asian Tiger status.

This is based on a positive outlook from analysts and rating agencies, supported by encouraging national economic figures.

When asked about the timeline for Malaysia to reach the target, Rafizi said it would be detailed in the 13th Malaysia Plan.

Rafizi said Malaysia's prospects as an Asian Tiger are also based on the country's availability in future economic sectors, including in terms of the sustainability of the country's energy sector as well as data centre growth.

"To be a 'Tiger', we need to focus on high-value sectors such as chip creation and design...but if you look at the company census, companies that design chips can still be counted on the fingers.

"So that allows us as the government to ensure that the policies and programmes for the next five years focus on these sectors, but the development from the private sector does not match the plans of our (the then) government," he said.

Rafizi also stressed that the function of the census is important, and it is a yardstick for the government to formulate targets to be included in the 13th Malaysia Plan.

Commenting on the 2023 Economic Census report, chief statistician Datuk Seri Dr Mohd Uzir Mahidin said based on the report, the number of establishments in Malaysia increased by 2.5%, with a gross output value of RM3.85 trillion in 2022.

A total of 951,862 establishments or 87.2% were concentrated in the service sector, followed by the construction sector (71,062 establishments; 6.5%) and the manufacturing sector (54,505 establishments; 5.0%).

Meanwhile, the agriculture and mining and quarrying sectors contributed the rest, with 12,998 establishments (contribution: 1.2%) from agriculture, and 1,440 (contribution: 0.1%) from mining and quarrying.

The value of gross output for the entire economic sector amounted to RM3.85 trillion in 2022, increasing 6.4% every year.

Mohd Uzir also said the 2023 Economic Census had revealed some important findings, showing a dynamic economic transition in seven years.

This is in line with Malaysia's trade performance, which showed strong export growth during this period, with an annual growth rate of 10.4% to RM1.55 trillion in 2022 (2015: RM777.5 billion).

The economic census is held every five years, and the last census was done in 2015. It could not be done in 2020 due to Covid-19, and could only be done in 2023.