

2010

MALAYSIA IN THE IMD WORLD COMPETITIVENESS YEARBOOK



MALAYSIA IS AMONG THE TOP 10 MOST COMPETITIVE ECONOMIES IN THE WCY 2010, BENEFITING FROM STRONG DEMAND IN ASIA, AS WELL AS IMPLEMENTATION OF EFFICIENT POLICIES.





MEDIA STATEMENT

STATEMENT FROM Dato' Sri Mustapa Mohamed Minister of International Trade and Industry

Malaysia enters list of top 10 most competitive countries in the world

For the first time, Malaysia has earned a position among the 10 most competitive countries in the world, according to the 2010 World Competitiveness Yearbook (WCY), published today by the Swiss-based Institute for Management Development (IMD).

Malaysia has steadily improved its rating since we were first included in IMD's well-respected World Competitiveness Yearbook in 1999. We achieved especially impressive gains in our competitiveness ranking this year, moving up eight positions to break into the top ten.

With an index score of 87.228, Malaysia has joined the ranks of the most competitive countries in the world, sharing the top 10 ranking with Singapore, Hong Kong, the United States, Switzerland, Australia, Sweden, Canada, Taiwan and Norway.

This unprecedented result is clearly rooted in the innovative and bold initiatives the government has undertaken this past year to drive development and economic growth and create a resilient private sector, despite the recent slowdown of the global economy. This is a result that demonstrates how public/private collaboration works and serves as a foundation for strong, stable and inclusive growth.

The remarkable advancement in our Government Efficiency rating, where Malaysia moved up 10 positions from 2009, from 19th to 9th, demonstrates that our Government Transformation Program (GTP) is beginning to deliver results. The GTP, launched last year, has focused government efforts in key areas, such as enhancing the business climate, fighting corruption, improving the infrastructure, streamlining government procedures and strengthening our education system.

While the government has implemented the right policies to improve competitiveness, Malaysian entrepreneurs have played a vital role in leveraging this business climate to create change and drive growth. This Yearbook is a testament to their efforts showing a Business Efficiency rating that increased by nine positions to a ranking of 4th from 13th.

In both the Government and Business Efficiency ratings, Malaysia's performance is now ahead of developed countries such as Luxembourg, Switzerland, Canada, Denmark and Sweden.

This is a result that everybody in Malaysia should be very proud of.

As the Prime Minister highlighted in the announcement of the New Economic Model, it is this 'new way of doing things' that is driving Malaysia to our ambitious goal of becoming a fully developed nation by 2020. Improving our physical and soft infrastructure is the foundation of our strong performance. We will continue to seek inputs from the private sector to create synergies and strong partnerships with all Malaysian businesses, ranging from GLCs to SMEs.

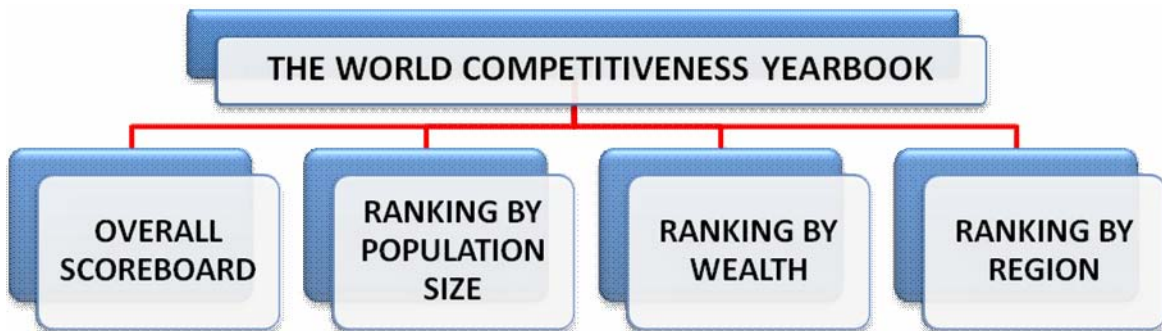
The marked improvement in rankings is a result of the implementation of the economic dimension of the 1 Malaysia concept, where 'People First, Performance Now' means working together to demonstrate the growing confidence that the global markets are giving to Malaysia.

We recognize that there are still areas where more work is needed: the Government has to continue to improve its service delivery system, to strengthen high quality investments, to groom SMEs for global competition and, very importantly, to keep nurturing the innovative and creative mindset of our people.

Dato' Sri Mustapa Mohamed
Minister of International Trade and Industry
Kuala Lumpur, Malaysia
19 May 2010

OVERVIEW

1. The Institute for Management Development (IMD) is based in Lausanne, Switzerland. Since 1989, it has been publishing annually the IMD World Competitiveness Yearbook, which ranks nations according to its competitiveness index. The recent report featured the rankings of 58 economies with Iceland as the latest inclusion to the list. The World Competitiveness Yearbook 2010 (WCY 2010) presents competitiveness ranking in four categories:

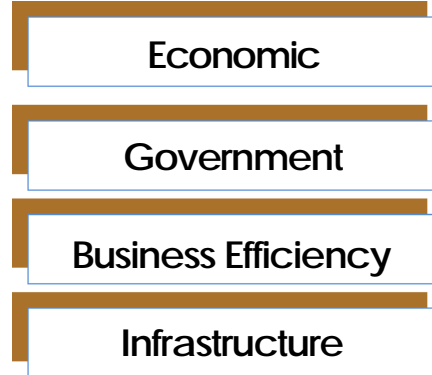


- i) Global (overall);
- ii) By size (Population exceeding 20 million; and population less than 20 million);
- iii) By wealth (GDP per capita greater than US\$20,000 and GDP per capita less than US\$20,000);

and,

- iv) By regions (Europe-Middle East-Africa, Asia-Pacific, and The Americas)

Each of the categories is assessed based on 4 Competitiveness Input Factors:



HIGHLIGHTS

2. The IMD World Competitiveness Yearbook 2010 ranked Malaysia at 10th position in overall performance out of 58 economies (2009:18th out of 57 economies). The overall index score for Malaysia improved to 87.228 as compared to 77.162 in the previous year. This is the highest index score recorded as Malaysia benefits from strong demand in Asia, as well as the implementation of efficient policies.
3. Malaysia's overall competitiveness performance and the performance of the 4 factors show an improving trend in terms of both index scores and rankings over a 5 year period (Table 1). The improvements reflect the strong fundamentals in the Malaysian economy as well as a positive change in perception among respondents. The higher confidence level of the rakyat towards the government is a testimony that the people-friendly initiatives as depicted in the "One Malaysia, People First, Performance Now" had been successful.

Table 1: Malaysia's Competitiveness Ranking

		WCY2010 (n=58 economies)	WCY 2009 (n=57 economies)	WCY 2008 (n=55 economies)	WCY 2007 (n=55 economies)	WCY 2006 (n=53 economies)
Overall Scoreboard	Rank	10	18	19	23	22
	Index	87.228	77.162	73.199	74.091	70.080
Economic Performance	Rank	8	9	8	12	10
Government Efficiency	Rank	9	19	19	21	19
Business Efficiency	Rank	4	13	14	15	19
Infrastructure	Rank	25	26	25	26	27

4. Malaysia has overtaken several developed countries such as Denmark, 13th (2009:5th), Netherlands, 12th (2009:10th) and Luxembourg which was ranked 11th (2009:12th). Malaysia continues to be ahead of the United Kingdom ranked 22nd position (2009:21st), Korea ranked 23rd position (2009:27th) and Thailand 26th (2009:26th). Singapore, Hong Kong, United States, Switzerland, Australia, Sweden, Canada, Taiwan, Norway and Malaysia are the top ten most competitive nations among the 58 economies. Countries who had performed exceptionally well and those who had declined steeply in the rankings are as shown in Table 2.

Table 2: Competitiveness Strengths and Weaknesses of Selected Countries

Countries with improved rankings of more than 5 positions			
Country	Overall Rank		Strengths
	2010	2009	
Taiwan	8	23	<ul style="list-style-type: none"> • Consumer Price Inflation (%) • Current Account Balance (% of GDP) • Shareholder rights are sufficiently implemented • Adaptability of companies to market changes is high • Resilience of the economy to economic cycles is strong • Bureaucracy does not hinder business activity • Exchange rates support the competitiveness of enterprise • Government decisions are effectively implemented • The risk of political instability is low
Malaysia	10	18	
Poland	32	44	
Indonesia	35	42	
Countries with declined rankings of more than 5 positions			
Country	Overall Rank		Weaknesses
	2010	2009	
Finland	19	9	<ul style="list-style-type: none"> • Real GDP growth per capita (%) • Real GDP growth (%) • Government budget deficit (% of GDP) • Direct investment flows inward (US\$ billions) • Direct investment flows inward (% of GDP) • Long-term unemployment • Youth unemployment • Stock market capitalisation
Japan	27	17	
Denmark	13	5	
New Zealand	20	15	

8. For the population greater than 20 million category, Malaysia improved its competitiveness ranking to 5th position among 29 economies (2009:6th). Among others, Malaysia is more competitive than Germany (6th) , China Mainland (7th) , the United Kingdom (8th) and Korea (9th).
9. In the GDP per capita less than US\$20,000 category, Malaysia is ranked second after Taiwan amongst 30 economies. Malaysia is ahead of China Mainland (3rd) , Korea (4th) , Thailand (5th) , Chile (6th) , and Czech Republic (7th) , amongst others.
10. Malaysia's performance according to the four competitiveness input factors, among the 58 economies, showed that Malaysia recorded remarkable improvement in rankings for Government Efficiency at 9th position (2009:19th) and Business Efficiency at 4th (2009:13th). The Economic Performance and the Infrastructure factors improved to 8th (2009:9th) and 25th (2009:26th) position respectively.
11. It is heartening to note that since the last quarter of 2009, the economy had been growing at a faster pace than expected as a combination of government spending, a lower inflation rate and accommodative monetary policy that helped boost domestic demand. GDP expanded by 4.5% in the fourth quarter, higher than the expected 3.2%. The growth momentum continued into the first quarter of 2010 with gross exports rising by 30.7% contributing to GDP growth of 10.1%. Malaysia's export recorded a new high for the month of March 2010 registering a significant growth of 36.4% year-on-year. Given this robust performance and the introduction of

economic transformation initiatives by the government, Malaysia is expected to achieve the target of 6% growth this year.

12. Besides the surge in exports there was a marked improvement in private spending which is indicative of positive sentiments due to improving economic performance. Automotive sales surged 25% year-on-year in March to 56,139 units up from 44,896 units in the same month last year. Recent high value investments by foreign companies such as the Coca-Cola investing in a bottling plant amounting to RM1 billion and the RM5.2 billion investment by Hong Kong-based Sun Bear Solar Ltd in a solar glass manufacturing plant is indicative of investors confidence in Malaysia. Selected criteria which showed improvements in ranking in Economic Performance are as follows:

- (i) Export of goods (% of GDP): Malaysia is ranked 3rd (2009: 4th);
- (ii) Direct investment stocks abroad (US\$ billion): Ranked 26th (2009: 27th);
- (iii) Unemployment rate (% of labour force): Malaysia is ranked 7th (2009: 9th);
- (iv) Long-term unemployment (% of labour force): Ranked 4th (2009: 7th);
- (v) Inflation rate (average annual rate): Ranked 23rd (2009: 31st);
and
- (vi) Relocation threats of R&D facilities is not a threat to the future of the economy: Ranked 3rd (2009: 25th).

13. For the first time since Malaysia participated in the WCY, both the Government Efficiency and Business Efficiency input factors achieved remarkable top ten rankings. This indicates a clear link between these two input factors. The robust and inclusive private and public sector engagement has resulted in a change in the way both sectors regard and work with each other to effect this achievement in competitiveness.
14. Since the establishment of PEMUDAH in February 2007, aimed at enhancing transparency and streamlining processes and procedures, tangible results in terms of simplified processes and reduction in procedures are evident. These had contributed to improving the environment for ease of doing business in Malaysia which has impacted positively on the rankings for Government Efficiency and Business Efficiency input factors. For instance, the number of start-up days in Malaysia which is an indicator of the ease of doing business had been improving. Currently the number of start-up day is 3 days from 11 days previously and is targeted to improve further to 1 day. Selected criteria which showed improvements in ranking for Business Efficiency are as follows:
- (i) Total hourly compensation for manufacturing workers (US\$):
Malaysia was ranked 9th (2009: 11th);
 - (ii) Working hours (Average number of working hours per year):
Ranked 14th (2009: 15th);
 - (iii) Stock market capitalisation (% of GDP): Ranked 8th (2009: 9th);

- (iv) Corporate boards do supervise the management of companies effectively: Malaysia was ranked 1st (2009: 13th);
- (v) Financial risk factor (new financial instruments, non-performing loans, etc) is adequately addressed: Ranked 1st (2009: 10th);
- (vi) Auditing & accounting practices are adequately implemented in business: Ranked 11th (2009: 18th);
- (vii) National culture is open to foreign ideas: Ranked 15th (2009:19th); and
- (viii) Stock markets provide adequate financing to companies: Malaysia was ranked 2nd (2009: 4th).

15. Continuous innovative reforms by the Government such as the Government Transformation Programme had resulted in the improved performance of the Government Efficiency input factor. The implementation of programmes as identified through the lab methodology had resulted in achievements of the six National Key Results Areas such as the reduction in street crime rate by 32% for the first quarter of 2010. The hardcore families listed in the eKasih system had reduced to 32,271 from 44,643 hardcore poor families. The perception on bribing and corruption had improved to a rank of 26 from 31 last year while there is less bureaucracy in business activity as reflected in the improved ranking to 4th position from 16th. The New Key Economic Activities outlined in the New Economic Model is expected to further accelerate Malaysia's economic transformation. Selected criteria which showed improvements in ranking for Government Efficiency are as follows:

- (i) Employee's social security contribution rate (compulsory contribution as a percentage of an income equal to GDP per capita): Malaysia was ranked 28th (2009: 34th);
- (ii) Effective personal income tax rate (percentage of an income equal to GDP per capita): Ranked 14th (2009: 18th);
- (iii) Ease of doing business is supported by regulations: Malaysia was ranked 2nd (2009: 10th);
- (iv) Adaptability of government policy to changes in the economy is high: Malaysia was ranked 2nd (2009: 10th);
- (v) Personal security and private property are adequately protected: Malaysia was ranked 28th (2009: 33rd);
- (vi) Cost of capital encourages business development: Ranked 2nd (2009:4th); and
- (vii) Unemployment legislation provides incentives to look for work: Ranked 2nd (2009: 4th).

16. The ranking for Infrastructure was at 25th placing (2009:26th). Infrastructure, being a long-term investment will only show results over a period of time. In 2001, Malaysia's Infrastructure was ranked at 38th position and had been improving over the years to attain 25th position this year. Notwithstanding this scenario, the report indicated that innovative capacity of firms in generating new products and processes is high with a ranking of 12, despite this being a new criteria. This is in line with the emphasis on innovation and creativity to achieve quantum leap growth. The

declaration of 2010 as the Innovation Year had created the impetus towards an innovative and creative mindset. In addition, the National Broadband Initiative is also expected to further narrow the digital divide between the rural and urban areas. Selected criteria which showed improvements in ranking for Infrastructure are as follows:

- (i) Mobile telephone subscribers per 1000 inhabitants: Malaysia was ranked 36th (2009: 40th);
- (ii) Total expenditure on R&D (US\$ million): Malaysia was ranked 34th (2009: 39th);
- (iii) Communications technology (voice and data) meets business requirements: Ranked 23rd (2009: 34th);
- (iv) Scientific research (public and private) is high by international standards: Malaysia was ranked 15th (2009: 19th);
- (v) Health problems (sicknesses, AIDS, alcohol, drug abuse, etc.) do not have a significant impact on companies: Malaysia was ranked 29th (2009: 32nd);
- (vi) Sustainable development is a priority in companies: Ranked 8th (2009: 13th); and
- (vii) Quality of life is high: Malaysia was ranked 17th (2009: 21st).

17. Though Malaysia is now among the top ten competitive nations, Malaysia needs to continuously strive to sustain this competitiveness achievement. This is particularly important in the context of achieving high income

economy status by 2020. In this regard Malaysia needs to address the following challenges:

- Continuously improve government delivery system to facilitate business;
- Strengthening the economy through high quality investment;
- Grooming small and medium-sized enterprises for global competition;
- Continuing to intensify life-long learning and nurture talented workforce; and
- Driving productivity and competitiveness through creative and innovative mindset.

18. In the context of the challenges, MPC had begun restructuring its programmes and activities based on “Transformation, Innovation and Partnership”. This is to ensure that businesses are transformed to be more productive through productivity and innovative tools, processes and systems as well as to create the multiplier effect to reach out to the masses through partnerships with both local and global partners. MPC is currently emphasizing on process and social innovation to strengthen an innovation culture that will contribute to quantum leap in productivity and efficiency. In terms of partnerships, MPC will expand its connectivity and linkages to include more local and international partners for wider outreach.

19. In line with the international collaboration, MPC had undertaken joint state competitiveness studies with IMD. To date, 5 state studies for Selangor, Sabah, Terengganu, Lembah Klang and Kuala Lumpur had been completed with IMD. These state studies had provided competitiveness

benchmarks, identified state level strengths and weaknesses as well as areas for improvement. For these state studies to be meaningful, the studies had to be conducted on a regular basis so that state level competitiveness patterns and trends can be monitored. All states in Malaysia should participate in the study so that ultimately a national competitiveness report will be published.

20. It is therefore crucial that MPC continues to monitor the competitiveness performance and maintain close relationship through continuous engagement with IMD and other international ranking agencies to further advance Malaysia's competitiveness position globally.

THE WORLD COMPETITIVENESS SCOREBOARD 2010
OVERALL RANKING

COUNTRIES	2010		2009		2008	
	INDEX	RANK	INDEX	RANK	INDEX	RANK
Singapore	100	1	95.74	3	99.33	2
Hong Kong	99.357	2	98.146	2	94.964	3
USA	99.091	3	100	1	100	1
Switzerland	96.126	4	94.163	4	89.656	4
Australia	92.172	5	88.934	7	83.5	7
Sweden	90.893	6	90.52	6	82.464	9
Canada	90.459	7	88.708	8	82.852	8
Taiwan	90.441	8	75.39	23	77.359	13
Norway	89.987	9	86.604	11	79.516	11
Malaysia	87.228	10	77.162	18	73.199	19
Luxembourg	86.867	11	86.274	12	84.405	5
Netherlands	85.65	12	87.758	10	80.476	10
Denmark	85.587	13	91.741	5	83.852	6
Austria	84.085	14	79.294	16	75.028	14
Qatar	83.828	15	81.995	14	0	-
Germany	82.73	16	83.508	13	74.735	16
Israel	80.327	17	73.425	24	72.408	20
China Mainland	80.182	18	76.595	20	73.758	17
Finland	80.002	19	88.373	9	75.025	15
New Zealand	78.531	20	79.621	15	73.374	18
Ireland	78.144	21	76.956	19	77.638	12
United Kingdom	76.808	22	76.069	21	71.904	21
Korea	76.249	23	68.408	27	58.884	31
France	74.372	24	68.071	28	66.012	25
Belgium	73.586	25	75.965	22	68.746	24
Thailand	73.233	26	70.762	26	63.096	27
Japan	72.093	27	78.242	17	70.028	22
Chile	69.669	28	70.933	25	64.173	26

THE WORLD COMPETITIVENESS SCOREBOARD 2010
OVERALL RANKING (CONT'D)

COUNTRIES	2010		2009		2008	
	INDEX	RANK	INDEX	RANK	INDEX	RANK
Czech Republic	65.443	29	66.755	29	62.247	28
Iceland	65.067	30	-	-	-	-
India	64.567	31	66.454	30	60.625	29
Poland	64.482	32	53.93	44	47.986	44
Kazakhstan	63.418	33	61.047	36	0	-
Estonia	62.641	34	62.573	35	69.648	23
Indonesia	60.745	35	55.479	42	41.52	51
Spain	58.752	36	57.849	39	57.515	33
Portugal	57.096	37	62.588	34	54.657	37
Brazil	56.531	38	56.865	40	48.576	43
Philippines	56.526	39	54.49	43	50.478	40
Italy	56.32	40	52.059	50	46.921	46
Peru	54.178	41	59.274	37	56.284	35
Hungary	54.124	42	53.917	45	52.932	38
Lithuania	54.098	43	64.882	31	56.234	36
South Africa	54.092	44	52.85	48	39.054	53
Colombia	53.89	45	51.538	51	50.396	41
Greece	52.304	46	50.781	52	48.761	42
Mexico	51.481	47	53.903	46	43.825	50
Turkey	51.119	48	53.39	47	45.535	48
Slovak Republic	51.092	49	63.913	33	59.365	30
Jordan	49.642	50	56.04	41	56.725	34
Russia	49.318	51	52.77	49	45.736	47
Slovenia	48.689	52	64.637	32	57.904	32
Bulgaria	47.756	53	58.985	38	51.392	39
Romania	47.481	54	46.945	54	47.549	45
Argentina	46.935	55	43.084	55	40.205	52
Croatia	40.056	56	48.587	53	45.203	49
Ukraine	39.948	57	40.421	56	38.17	54
Venezuela	27.97	58	39.06	57	31.143	55

THE WORLD COMPETITIVENESS SCOREBOARD 2010
POPULATION GREATER THAN 20 MILLION

COUNTRIES	2010		2009		2008	
	INDEX	RANK	INDEX	RANK	INDEX	RANK
USA	99.091	1	100.000	1	100.000	1
Australia	92.172	2	88.934	2	83.500	2
Canada	90.459	3	88.708	3	82.852	3
Taiwan	90.441	4	75.390	9	77.359	4
Malaysia	87.228	5	77.162	6	73.199	7
Germany	82.730	6	83.508	4	74.735	5
China Mainland	80.182	7	76.595	7	73.758	6
United Kingdom	76.808	8	76.069	8	71.904	8
Korea	76.249	9	68.408	11	58.884	13
France	74.372	10	68.071	12	66.012	10
Thailand	73.233	11	70.762	10	63.096	11
Japan	72.093	12	78.242	5	70.028	9
India	64.567	13	66.454	13	60.625	12
Poland	64.482	14	53.930	19	47.986	19
Indonesia	60.745	15	55.479	17	41.520	25
Spain	58.752	16	57.849	15	57.515	14
Brazil	56.531	17	56.865	16	48.576	18
Philippines	56.526	18	54.490	18	50.478	16
Italy	56.320	19	52.059	24	46.921	21
Peru	54.178	20	59.274	14	56.284	15
South Africa	54.092	21	52.850	22	39.054	27
Colombia	53.890	22	51.538	25	50.396	17
Mexico	51.481	23	53.903	20	43.825	24
Turkey	51.119	24	53.390	21	45.535	23
Russia	49.318	25	52.770	23	45.736	22
Romania	47.481	26	46.945	26	47.549	20
Argentina	46.935	27	43.084	27	40.205	26
Ukraine	39.948	28	40.421	28	38.170	28
Venezuela	27.970	29	39.060	29	31.143	29

THE WORLD COMPETITIVENESS SCOREBOARD 2010
GDP PER CAPITA LESS THAN US\$20,000

COUNTRIES	2010		2009		2008*	
	INDEX	RANK	INDEX	RANK	INDEX	RANK
Taiwan	90.441	1	75.390	3	-	-
Malaysia	87.228	2	77.162	1	73.199	2
China Mainland	80.182	3	76.595	2	73.758	1
Korea	76.249	4	68.408	6	-	-
Thailand	73.233	5	70.762	5	63.096	4
Chile	69.669	6	70.933	4	64.173	3
Czech Republic	65.443	7	-	-	-	-
India	64.567	8	66.454	7	60.625	5
Poland	64.482	9	53.930	18	-	-
Kazakhstan	63.418	10	61.047	11	-	-
Estonia	62.641	11	62.573	10	-	-
Indonesia	60.745	12	55.479	16	41.520	16
Brazil	56.531	13	56.865	14	48.576	11
Philippines	56.526	14	54.490	17	50.478	9
Peru	54.178	15	59.274	12	56.284	7
Hungary	54.124	16	53.917	19	-	-
Lithuania	54.098	17	64.882	8	-	-
South Africa	54.092	18	52.850	22	39.054	18
Colombia	53.890	19	51.538	24	50.396	10
Mexico	51.481	20	53.903	20	43.825	15
Turkey	51.119	21	53.390	21	45.535	14
Slovak Republic	51.092	22	63.913	9	-	-
Jordan	49.642	23	56.040	15	56.725	6
Russia	49.318	24	52.770	23	45.736	13
Bulgaria	47.756	25	58.985	13	51.392	8
Romania	47.481	26	46.945	26	47.549	12
Argentina	46.935	27	43.084	27	40.205	17
Croatia	40.056	28	48.587	25	-	-
Ukraine	39.948	29	40.421	28	38.170	19
Venezuela	27.970	30	39.060	29	31.143	20

* GDP per capita less than US\$10,000

THE WORLD COMPETITIVENESS SCOREBOARD 2010

ASIA – PACIFIC

COUNTRIES	2010		2009		2008	
	INDEX	RANK	INDEX	RANK	INDEX	RANK
Singapore	100.000	1	95.740	2	99.330	1
Hong Kong	99.357	2	98.146	1	94.964	2
Australia	92.172	3	88.934	3	83.500	3
Taiwan	90.441	4	75.390	8	77.359	4
Malaysia	87.228	5	77.162	6	73.199	7
China Mainland	80.182	6	76.595	7	73.758	5
New Zealand	78.531	7	79.621	4	73.374	6
Korea	76.249	8	68.408	10	58.884	11
Thailand	73.233	9	70.762	9	63.096	9
Japan	72.093	10	78.242	5	70.028	8
India	64.567	11	66.454	11	60.625	10
Indonesia	60.745	12	55.479	12	41.520	13
Philippines	56.526	13	54.490	13	50.478	12

ASEAN

COUNTRIES	2010		2009		2008	
	INDEX	RANK	INDEX	RANK	INDEX	RANK
Singapore	100.000	1	95.740	1	99.330	1
Malaysia	87.228	2	77.162	2	73.199	2
Thailand	73.233	3	70.762	3	63.096	3
Indonesia	60.745	4	55.479	4	41.520	5
Philippines	56.526	5	54.490	5	50.478	4

SUMMARY OF PERFORMANCE RANKING OF MALAYSIA

CATEGORY	WCY 2010	WCY 2009	WCY 2008
Overall Scoreboard	10 (n=58 economies)	18 (n=57 economies)	19 (n=55 economies)
Population greater than 20 million	5 (n=29)	6 (n=29)	7 (n=29)
GDP per capita less than US\$20,000	2 (n=30)	1 (n=29)	2* (n=20)
Asia-Pacific	5 (n=13)	6 (n=13)	7 (n=13)

* GDP per capita less than US\$10,000

**For further information on the World
Competitiveness Yearbook 2010 (WCY 2010),
please contact:**

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NOTES

NOTES

Malaysia Antara 10 Negara Paling Berdaya Saing
WORLD COMPETITIVENESS YEARBOOK 2010
Soalan-soalan Lazim

1. Apakah yang dimaksudkan dengan World Competiveness Yearbook (WCY)?

WCY merupakan sebuah laporan tahunan mengenai daya saing sesebuah Negara yang diterbitkan oleh Institute for Management Development (IMD) yang berpangkalan di Lausanne, Switzerland, sejak 1989. Laporan ini membuat analisa dan keupayaan sesebuah Negara dalam mewujudkan dan mengekalkan persekitaran yang berdaya saing.

Sehingga kini, sebanyak 58 negara mengambil bahagian didalam WCY 2010.

2. Apakah prestasi kedudukan Malaysia pada tahun-tahun yang lepas?

Pada keseluruhannya, pencapaian Malaysia adalah di sekitar kedudukan ke 20 dalam tempoh 5 tahun yang lepas; pada tahun 2006, Malaysia berada pada kedudukan yang ke-22, dan terus meningkat kepada kedudukan ke-19 pada tahun 2008. Kedudukan ini terus meningkat ke tangga 18 pada tahun lepas. Buat pertama kalinya dalam sejarah, Malaysia mencatatkan pencapaian yang memberangsangkan dalam kedudukan daya saing pada tahun ini, meningkat lapan kedudukan untuk berada di kedudukan 10 teratas. Kita juga telah berjaya mencatatkan indeks yang tertinggi sehingga 87.228 daripada 77.162 pada tahun sebelumnya.

3. Bagaimana Malaysia berbanding dengan Negara-negara lain?

Malaysia telah mengatasi beberapa Negara maju yang lain seperti Denmark, ke-13 (2009: ke-5), Netherland, ke-12 (2009: ke-10) dan Luxembourg di kedudukan ke-11 (2009: ke-12). Malaysia terus berada di tahap yang lebih tinggi daripada UK di kedudukan ke-22 (2009: ke-21), Korea di kedudukan ke-23 (2009:ke-27) dan Thailand ke-26 (2009:ke-26). Singapura, Hong Kong, US, Switzerland, Australia, Sweden, Kanada, Taiwan, Norway dan Malaysia adalah merupakan 10 negara teratas paling berdayasaing di antara 58 negara yang menyertai WCY.

4. Kedudukan semasa yang ke-10 menandakan Malaysia telah bersedia untuk menjadi sebuah negara berpendapatan tinggi. Apakah faktor- faktor yang meningkatkan kedudukan tersebut?

4.1 Peningkatan ini menunjukkan ekonomi Malaysia mempunyai asas yang kukuh dan perubahan tanggapan yang positif di kalangan rakyat. Tahap keyakinan rakyat yang tinggi terhadap kerajaan menggambarkan inisiatif mesra rakyat melalui "1Malaysia, Rakyat Didahulukan, Pencapaian diutamakan" telah berjaya.

4.2 Laporan WCY mengukur daya saing Negara berdasarkan empat Faktor Input Daya saing, dikalangan 58 negara, menunjukkan bahawa Malaysia mencatatkan peningkatan yang memberangsangkan dalam kedudukan bagi faktor Kecekapan Kerajaan pada kedudukan ke-9 (2009:ke-19) dan Kecekapan Perniagaan pada kedudukan ke-4 (2009:ke-13). Faktor Prestasi Ekonomi dan Infrastruktur meningkat kepada kedudukan ke-8 (2009:ke-9) dan kedudukan ke-25 (2009:ke-26).

5. Faktor Kecekapan Kerajaan dan Kecekapan Perniagaan telah menunjukkan peningkatan yang memberangsangkan. Apakah faktor yang menyumbang kepada peningkatan ini?

5.1 Prestasi cemerlang dalam Kecekapan Kerajaan dan Kecekapan Perniagaan boleh menyumbang kepada hubungan erat dan menjalin kerjasama dinamik dan menyeluruh di antara sektor awam dan swasta. Semenjak penubuhan Pasukan Petugas Khas (PEMUDAH) pada Februari, 2007 yang bermatlamat untuk meningkatkan sistem perkhidmatan yang lebih telus, mengurangkan dan memudahkan proses dan prosedur. Ini telah menyumbang kepada penambahbaikan untuk menjalankan perniagaan di Malaysia yang memberi kesan positif kepada kedudukan Faktor Input Kecekapan Kerajaan dan Kecekapan Perniagaan. Sebagai contoh, tempoh selama 3 hari yang diperlukan untuk memulakan perniagaan di Malaysia berbanding 11 hari sebelumnya dan kini kerajaan menyasarkan untuk mengurangkannya kepada 1 hari.

Beberapa kriteria yang menunjukkan peningkatan dalam Kecekapan Perniagaan adalah seperti berikut;

- (i) Kadar Upah Pekerja sektor pembuatan (US\$): Malaysia pada kedudukan ke-9 (2009:ke-11);
- (ii) Jumlah jam bekerja (Purata Jam Bekerja Setahun): Kedudukan ke-14 (2009: ke-15);
- (iii) Permodalan Pasaran Saham (% KDNK): Kedudukan ke-8 (2009: ke-9);
- (iv) Lembaga Korporat menyelia pengurusan syarikat secara berkesan di kedudukan pertama (2009: ke-13);
- (v) Faktor Risiko Kewangan (instrumen baru kewangan, pinjaman tidak berbayar dan lain-lain) adalah ditangani sewajarnya: Kedudukan pertama (2009: ke-10);
- (vi) Amalan perakaunan dan pengauditan dilaksanakan dengan sewajarnya di dalam syarikat: Kedudukan ke-11 (2009: ke-18);
- (vii) Budaya nasional adalah terbuka terhadap idea luar: Kedudukan ke-15 (2009:ke-19); dan
- (viii) Pasaran saham menyediakan kemudahan kewangan yang mencukupi: Kedudukan ke-2 (2009: ke-4).

5.2 Usaha berterusan melalui Program Transformasi Kerajaan telah meningkatkan faktor input Kecekapan Kerajaan. Pelaksanaan program-program makmal telah berjaya menunjukkan hasil dalam enam NKRA seperti pengurangan kadar jenayah jalanan iaitu sebanyak 32 peratus bagi suku pertama 2010. Selain itu, jumlah keluarga miskin tegar yang tersenarai dalam sistem eKasih telah berkurangan kepada 32,271 daripada 44,643. **Persepsi terhadap korupsi dan rasuah** telah bertambah baik di kedudukan **ke-26** dari **31** tahun lepas manakala birokrasi dalam aktiviti perniagaan telah berkurangan dikedudukan **ke-4** ke kedudukan **ke-16**.

6 Bagaimana Aktiviti Utama Ekonomi Nasional (NKEA) yang digariskan dalam Model Ekonomi Baru boleh memacu daya saing negara?

6.1 Aktiviti Utama Ekonomi Nasional dijangka akan memacu transformasi ekonomi Negara. Beberapa kriteria terpilih menunjukkan peningkatan kedudukan dalam factor Kecekapan Kerajaan adalah seperti berikut:

- (i) Kadar caruman pekerja dalam keselamatan sosial (caruman wajib berdasarkan peratus pendapatan persamaan KDNK per kapita) Malaysia berada di kedudukan ke-28 (2009:ke-34);**
- (ii) Kadar cukai pendapatan individu (% pendapatan bersamaan dengan KDNK per kapita) di kedudukan ke-14 (2009:ke-18)**
- (iii) Kemudahan menjalankan perniagaan disokong oleh perundangan di kedudukan ke-2 (2009:ke-10)**
- (iv) Pengubahsuaian polisi kerajaan terhadap perubahan ekonomi adalah tinggi di kedudukan ke-2 (2009: ke-10).**
- (v) Keselamatan peribadi dan harta benda persendirian adalah dilindungi sepenuhnya. Malaysia di kedudukan ke-28 (2009:ke-33).**
- (vi) Kos modal menggalakkan pembangunan perniagaan dikedudukan ke-2 (2009:ke-4); dan**
- (vii) Perundangan pengangguran menyediakan isentif untuk mencari pekerjaan di kedudukan ke-2 (2009:ke-4).**

6.2 Dari segi bagaimana kita dinilai dalam Prestasi Ekonomi, sejak akhir suku tahun 2009, ekonomi telah meningkat dengan pesat daripada yang dijangkakan akibat daripada perbelanjaan kerajaan, kadar inflasi yang rendah dan polisi kerajaan yang bersesuaian telah membantu merangsang permintaan domestik. KDNK telah berkembang sebanyak 4.5 peratus dalam suku tahun keempat, berbanding jangkaan 3.2 peratus. Kadar pertumbuhan berterusan dalam suku tahun pertama 2010 dengan pertumbuhan eksport kasar 30.7 peratus menyumbang kepada pertumbuhan KDNK sebanyak 10.1 peratus. Eksport Malaysia meningkat tinggi bagi bulan Mac 2010 mencatatkan pertumbuhan yang signifikan sebanyak 36.4%. dari tahun ke tahun. Prestasi cemerlang dan pengenalan usaha-usaha tranformasi ekonomi oleh kerajaan Malaysia dijangka akan mencapai sebanyak 6% pertumbuhan ini.

6.3 Disamping pertambahan eksport, terdapat petanda peningkatan perbelanjaan swasta. Ini menandakan sentimen positif peningkatan prestasi ekonomi. Jualan automotif meningkat 25% pada Mac 2010 dengan 56,139 unit berbanding 44,896 unit pada bulan yang sama tahun lepas. Pelaburan Nilai Tinggi bagi syarikat antarabangsa seperti Coca-cola dengan pelaburan berjumlah RM1 billion dan RM5.2 billion oleh pelabur Sun Bear Solar Ltd yang berpangkalan di Hong Kong membuktikan keyakinan pelabur-pelabur asing terhadap Malaysia. Beberapa kriteria yang menunjukkan peningkatan factor-faktor prestasi ekonomi adalah seperti berikut:

- (i) Eksport Barangan (% KDNK): Kedudukan ke-3 (2009: ke-4);
- (ii) Aliran Keluar stok langsung (US\$ billion): kedudukan ke-26 (2009: ke-27);
- (iii) Kadar Pengangguran (% tenaga buruh): kedudukan ke-7 (2009: ke-9);
- (iv) Kadar Pengangguran Jangka Panjang (%tenaga buruh): Kedudukan (2009: ke-7);
- (v) Kadar Inflasi (kadar purata tahunan): Kedudukan ke-23 (2009: ke-31); dan
- (vi) Penempatan Semula Kemudahan R&D tidak menggugat ekonomi negara di masa hadapan di kedudukan ke-3 (2009: ke-25).

7. Dalam laporan, kedudukan Infrastruktur tidak menggambarkan kedudukan yang baik berbanding faktor-faktor lain. Apakah faktor-faktor yang mungkin?

Faktor Infrastruktur adalah pelaburan jangka panjang. Oleh itu hasil hanya boleh dilihat dalam tempoh masa tertentu. Sebagai contoh, dalam tahun 2001, faktor Infrastruktur berada di kedudukan ke-38, dan telah meningkat dari tahun ke tahun sehingga berada di kedudukan ke-25 tahun ini (2009: ke-26). Disebalik senario ini, laporan ini menyatakan bahawa kapasiti inovatif di kalangan firma dalam menghasilkan proses dan produk baru berada pada kedudukan ke-12, walaupun ianya adalah satu kriteria baru. Ini adalah selari dengan penekanan kerajaan ke atas inovasi dan kreativiti untuk mencapai pertumbuhan secara *quantum-leap*.

Pengistiharan tahun 2010 sebagai Tahun Inovasi telah menjadi pencetus kepada minda yang inovatif dan kreatif. Selain daripada itu, inisiatif Jalur Lebar Kebangsaan mampu merapatkan jurang digital antara kawasan bandar dan luar bandar. Beberapa kriteria yang menunjukkan peningkatan bagi Faktor Infrastruktur adalah seperti berikut:

- (i) Bilangan pelanggan telefon mudah-alih (bilangan pelanggan bagi setiap 1000 penduduk) di kedudukan ke-36 (2009: ke-40);
- (ii) Jumlah Perbelanjaan Ke atas R&D (AS\$ million): Kedudukan ke-34 (2009: ke-39)
- (iii) Teknologi Komunikasi (suara dan data) memenuhi keperluan perniagaan: Kedudukan ke-23 (2009: ke-34);
- (iv) Penyelidikan Saintifik (awam dan swasta) adalah tinggi mengikut piawaian antarabangsa: Kedudukan ke-15 (2009: ke-19);
- (v) Masalah Kesihatan (penyakit, AIDS, alkohol, penyalahgunaan dadah dsb) tidak member kesan yang ketara ke atas syarikat: Kedudukan ke-29 (2009: ke-32);
- (vi) Pembangunan Mampan adalah menjadi keutamaan syarikat: Kedudukan ke-8 (2009: ke-13); dan
- (vii) Kualiti hidup adalah tinggi: Kedudukan ke-17 (2009: ke-21).

8. Apakah metodologi yang digunakan oleh World Competitiveness Yearbook?

8.1 Laporan ini adalah berdasarkan data statistik atau kuantitatif dan data persepsi atau kualitatif, yang dikumpul daripada maklumbalas sektor swasta melalui Kajian Pendapat Eksekutif. Di Malaysia, borang kajian IMD diedarkan oleh MPC sebagai rakan kongsi institut dan ia juga diedarkan terus kepada responden oleh IMD. Responden juga boleh menyertai kajian secara *on-line*. MPC akan menerima hasil kajian dalam tempoh seminggu dan IMD membenarkan hebahan laporan ini hanya selepas tarikh *embargo*.

8.2 Data persepsi digunakan untuk menyokong data statistik bagi menentukan isu-isu kualitatif seperti Amalan-amalan Pengurusan dan Hubungan Buruh. Maklumbalas kajian menunjukkan pendapat-pendapat daripada komuniti perniagaan kearah dayasaing ekonomi.

8.3 Keseluruhannya, 327 kriteria digunakan di dalam WCY 2010. Daripada jumlah ini, 253 kriteria (data statistik: 138 dan data persepsi: 115) digunakan untuk menentukan kedudukan keseluruhan. Baki 74 kriteria adalah maklumat latar belakang.

9. Siapa yang menggunakan laporan ini?

Laporan WCY ini banyak dirujuk oleh ahli perniagaan, agensi kerajaan, ahli akademik sebagai salah satu alat untuk menentukan pelan pelaburan dan mengukur lokasi untuk operasi-operasi baru. Agensi-agensi kerajaan mendapati indicator-indikator penting untuk menandaaras polisi dengan lain-lain negara dan menilai prestasi secara berterusan. Ahli akademik merujuk laporan WCY untuk mendapatkan pemahaman yang lebih baik dan menganalisa bagaimana negara-negara bersaing di dalam pasaran dunia.

10. Untuk memastikan Malaysia terus berdayasaing, apakah bidang-bidang yang perlu diberi penekanan oleh Malaysia?

Walaupun Malaysia berada di kedudukan ke-10, kita perlu terus berusaha untuk mengekalkan pencapaian ini. Ini adalah penting kearah menjadikan Malaysia sebuah negara berpendapatan tinggi pada tahun 2020. Untuk tujuan tersebut, Malaysia perlu menangani cabaran-cabaran berikut:

- Meningkatkan sistem penyampaian perkhidmatan secara berterusan untuk memudahkan menjalankan perniagaan;**
- Mengukuhkan ekonomi melalui pelaburan berkualiti tinggi;**
- Membentuk dan menyediakan perniagaan bersaiz kecil dan sederhana untuk bersaing di peringkat global;**

- Sentiasa menggalakkan proses pembelajaran sepanjang hayat dan membentuk pekerja yang berbakat; dan
- Memacu produktiviti dan daya saing melalui pemikiran kreatif dan inovatif.

11. Bagaimana kita mengekalkan prestasi kita di kedudukan 10 yang teratas di masa hadapan?

Kejayaan kita sebagai sebuah negara yang berdayasaing adalah hasil daripada usaha dari setiap rakyat di negara ini. Ini bukanlah usaha kerajaan sahaja untuk menggerakkan pembentukan inovatif dalam memastikan peningkatan dalam sistem penyampaian kerajaan. Sektor swasta juga memainkan peranan yang besar sebagai enjin pertumbuhan, juga secara agresif melengkapkan usaha-usaha kerajaan dalam transformasi perniagaan selari dengan aspirasi kerajaan untuk menggerakkan ekonomi ke arah ekonomi berpendapatan tinggi. Kolaborasi di antara sektor awam dan swasta yang wujud adalah merupakan satu langkah yang bijak – kita perlu memastikan usaha ini ditingkatkan supaya daya saing Malaysia dikekalkan.

**Malaysia Among 10 Most Competitive Nations
WORLD COMPETITIVENESS YEARBOOK 2010
FREQUENTLY ASKED QUESTIONS**

6. What is the World Competitiveness Yearbook (WCY)?

The WCY is an annual report on the competitiveness of nations, published by the Institute for Management Development (IMD), Lausanne, Switzerland, since 1989. The WCY analyses and ranks the ability of nations to create and maintain an environment that sustains the competitiveness of enterprises.

Presently a total of 58 economies are covered in the Yearbook.

7. What has been Malaysia's performance in the rankings for the past few years?

On the overall scoreboard, Malaysia's performance has been hovering around the 20th position in the last 5 years; we were at 22nd placing in 2006, and this improved to 19th position in 2008. There was a further improvement to 18th position last year, and, this year marks a historic occasion for Malaysia as we climbed up to the top 10th position.

We have also recorded the highest index score, up to 87.228 from 77.162 in the previous year.

8. How does Malaysia compare with other countries?

Malaysia has overtaken several developed countries such as Denmark, 13th (2009:5th), Netherland, 12th (2009:10th) and Luxembourg which was ranked 11th (2009:12th). Malaysia continues to be ahead of the United Kingdom ranked 22nd position (2009:21st), Korea ranked 23rd position (2009:27th) and Thailand 26th (2009:26th). Singapore, Hong Kong, United States, Switzerland, Australia, Sweden, Canada, Taiwan, Norway and Malaysia are the top ten most competitiveness nations among the 58 economies.

9. The current position at 10th placing augurs well for Malaysia, as it shows that Malaysia is now ready to take on higher income economies in terms of competitiveness. What are the reasons for the improved rankings for Malaysia?

4.1 The improvements reflect the strong fundamentals in the Malaysian economy as well as a positive change in perception among respondents. The higher confidence level of the rakyat towards the government is a testimony that the people-friendly initiatives as depicted in the “One Malaysia, People First, Performance Now” had been successful.

4.2 The WCY assesses a nation’s competitiveness according to 4 competitiveness input factors. Malaysia’s performance according to the four competitiveness input factors, among the 58 economies, showed that Malaysia recorded remarkable improvement in rankings for Government Efficiency at 9th position (2009:19th) and Business Efficiency at 4th (2009:13th). The Economic Performance and the Infrastructure factors improved to 8th (2009:9th) and 25th (2009:26th) position respectively.

10. Government Efficiency and Business Efficiency have shown remarkable improvements. What are the contributory factors?

6.1 The stellar performance in Government Efficiency and Business Efficiency can be attributed to the healthy and robust engagement between the private and public sectors in Malaysia. Since the establishment of PEMUDAH in February 2007, aimed at enhancing transparency and streamlining processes and procedures, tangible results in terms of simplified processes and reduction in procedures are evident. These had contributed to improving the environment for ease of doing business in Malaysia which has impacted positively on the rankings for Government Efficiency and Business Efficiency input factors. For instance, the number of start-up days in Malaysia which is an indicator of the ease of doing business had been improving. Currently the number of start-up days is 3 days compared to 11 days previously and is targeted to improve further to 1 day. Selected criteria which showed improvements in ranking for Business Efficiency are as follows:

- (ix) Total hourly compensation for manufacturing workers (US\$): Malaysia was ranked 9th (2009: 11th);**
- (x) Working hours (Average number of working hours per year): Ranked 14th (2009: 15th);**
- (xi) Stock market capitalisation (% of GDP): Ranked 8th (2009: 9th);**
- (xii) Corporate boards do supervise the management of companies effectively: Malaysia was ranked 1st (2009: 13th);**
- (xiii) Financial risk factor (new financial instruments, non-performing loans, etc) is adequately addressed: Ranked 1st (2009: 10th);**
- (xiv) Auditing & accounting practices are adequately implemented in business: Ranked 11th (2009: 18th);**
- (xv) National culture is open to foreign ideas: Ranked 15th (2009:19th); and**
- (xvi) Stock markets provide adequate financing to companies: Malaysia was ranked 2nd (2009: 4th).**

6.2 Continuous innovative reforms by the Government such as the Government Transformation Programme had resulted in the improved

performance of the Government Efficiency input factor. The implementation of programmes as identified through the lab methodology had resulted in achievements of the six National Key Results Areas such as the reduction in street crime rate by 32% for the first quarter of 2010. The hardcore families listed in the eKasih system had reduced to 32,271 from 44,643 hardcore poor families. The perception on bribing and corruption had improved to a rank of 26 from 31 last year while there is less bureaucracy in business activity as reflected in the improved ranking to 4th position from 16th.

7 How can the New Key Economic Activities (NKEA) in the New Economic Model further accelerate Malaysia's competitiveness?

6.4 The New Key Economic Activities outlined in the New Economic Model is expected to further accelerate Malaysia's economic transformation. Selected criteria which showed improvements in ranking for Government Efficiency are as follows:

- (viii) Employee's social security contribution rate (compulsory contribution as a percentage of an income equal to GDP per capita): Malaysia was ranked 28th (2009: 34th);**
- (ix) Effective personal income tax rate (percentage of an income equal to GDP per capita): Ranked 14th (2009: 18th);**
- (x) Ease of doing business is supported by regulations: Malaysia was ranked 2nd (2009: 10th);**
- (xi) Adaptability of government policy to changes in the economy is high: Malaysia was ranked 2nd (2009: 10th);**
- (xii) Personal security and private property are adequately protected: Malaysia was ranked 28th (2009: 33rd);**
- (xiii) Cost of capital encourages business development: Ranked 2nd (2009: 4th); and**
- (xiv) Unemployment legislation provides incentives to look for work: Ranked 2nd (2009: 4th).**

6.5 In terms of how we fared in Economic Performance, since the last quarter of 2009, the economy had been growing at a faster pace than expected as a result of government spending, a lower inflation rate and accommodative monetary policy that helped boost domestic demand. GDP expanded by 4.5% in the fourth quarter, higher than the expected 3.2%. The growth momentum continued into the first quarter of 2010 with gross exports rising by 30.7% contributing to GDP growth of 10.1%. Malaysia's exports recorded a new high for the month of March 2010 registering a significant growth of 36.4% year-on-year. Given this robust performance and the introduction of economic transformation initiatives by the government, Malaysia is expected to achieve the target of 6% growth this year.

6.6 Besides the surge in exports there was a marked improvement in private spending which is indicative of positive sentiments due to improving economic performance. Automotive sales surged 25% year-on-year in March to 56,139 units up from 44,896 units in the same month last year. Recent high value investments by foreign companies such as the Coca-cola investing in a bottling plant amounting to RM1 billion and the RM5.2 billion investment by Hong Kong-based Sun Bear Solar Ltd in a solar glass manufacturing plant is indicative of investors confidence in Malaysia. Selected criteria which showed improvements in ranking in Economic Performance are as follows:

- (vii) Export of goods (% of GDP): Malaysia is ranked 3rd (2009: 4th);
- (viii) Direct investment stocks abroad (US\$ billion): Ranked 26th (2009: 27th);
- (ix) Unemployment rate (% of labour force): Malaysia is ranked 7th (2009: 9th);
- (x) Long-term unemployment (% of labour force): Ranked 4th (2009: 7th);
- (xi) Inflation rate(average annual rate): Ranked 23rd (2009: 31st); and
- (xii) Relocation threats of R&D facilities is not a threat to the future of the economy: Ranked 3rd (2009: 25th).

10. In the report, the ranking for Infrastructure does not seem to be as good as the other factors. What are the possible reasons?

The Infrastructure factor is characterised by long-term investments, thus, results can only be seen over a period of time. For instance, in 2001, Malaysia's Infrastructure

factor was ranked at 38th position and we have been slowly improving over the years to attain 25th position this year (2009:26th). Notwithstanding this scenario, the report indicated that innovative capacity of firms in generating new products and processes is high with a ranking of 12, despite this being a new criteria. This is in line with the emphasis on innovation and creativity to achieve quantum leap growth. The declaration of 2010 as the Innovation Year had created the impetus towards an innovative and creative mindset. In addition, the National Broadband Initiative is also expected to further narrow the digital divide between the rural and urban areas. Selected criteria which showed improvements in ranking for Infrastructure are as follows:

- (viii) Mobile telephone subscribers per 1000 inhabitants: Malaysia was ranked 36th (2009: 40th);
- (ix) Total expenditure on R&D (US\$ million): Malaysia was ranked 34th (2009: 39th);
- (x) Communications technology (voice and data) meets business requirements: Ranked 23rd (2009: 34th);
- (xi) Scientific research (public and private) is high by international standards: Malaysia was ranked 15th (2009: 19th);
- (xii) Health problems (sicknesses, AIDS, alcohol, drug abuse, etc.) do not have a significant impact on companies: Malaysia was ranked 29th (2009: 32nd);
- (xiii) Sustainable development is a priority in companies: Ranked 8th (2009: 13th); and
- (xiv) Quality of life is high: Malaysia was ranked 17th (2009: 21st).

11. What is the methodology of the World Competitiveness Yearbook?

8.3 The report is based on quantitative or statistical data and qualitative or perception data, obtained from feedback of the private sector through the Executive Opinion Survey. In Malaysia, the IMD survey form is distributed by the Malaysia Productivity Corporation (MPC) as Partner Institute and is also sent directly to respondents by IMD. The respondents can also participate in the online survey. As partner institute, MPC receives the results a week in advance and IMD allows the release of the report after the embargo date.

8.4 The perception data is used to complement the statistical data to quantify issues that are not easily measured, for instance management practices and labour relations. The survey responses reflect opinions of the business community towards the competitiveness environment of an economy.

8.3 Overall, there are 327 criteria used in the WCY2010. Out of this, 253 criteria (statistical data: 138 and perception data:115) are used to rank and determine the overall scoreboard. The remaining 74 criteria are background information.

12. Who uses the Yearbook?

The WCY is the most referred to report by the business community, government agencies, academia as a tool in determining investment plan and assessing locations for new operations. Government agencies find important indicators to benchmark the policies against those of other countries and to evaluate performance over time. The academia uses the WCY report to better understand and analyse how nations compete in world markets.

12. To forge ahead in competitiveness, what are the areas that Malaysia needs to focus on?

Though Malaysia is now among the top ten competitive nations, Malaysia needs to continuously strive to sustain this competitiveness achievement. This is particularly important in the context of achieving high income economy status by 2020. In this regard Malaysia needs to address the following challenges:

- Continuously improve government delivery system to facilitate business;
- Strengthening the economy through high quality investment;
- Grooming small and medium-sized enterprises for global competition;
- Continuing to intensify life-long learning and nurture talented workforce; and

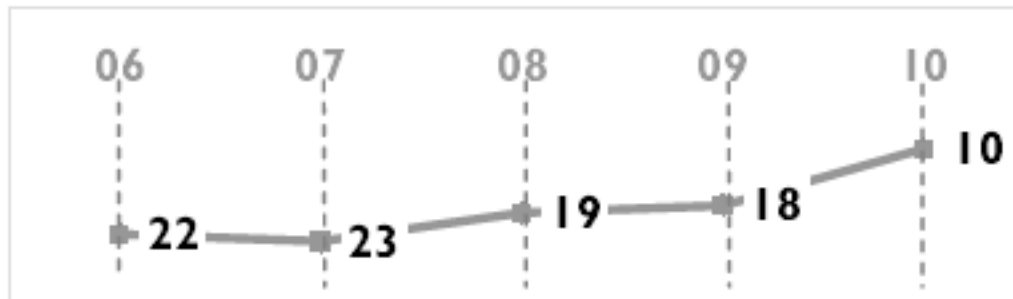
- **Driving productivity and competitiveness through creative and innovative mindset.**

13. How do we sustain our performance as the top 10 nation, in the future?

Our success as a competitive nation is the result of the efforts of everyone in the country. It is just not for the Government to push for innovative reforms to ensure improvement in the government delivery system. More than that, the private sector, being the engine for growth, has to aggressively complement the government's efforts in transforming their businesses in tandem with the aspirations of the Government to propel the economy towards a high income economy. The public-private partnership that exists between the Government and the private sector is the step in the right direction – we need to ensure that this is enhanced in order that our competitiveness is sustained.

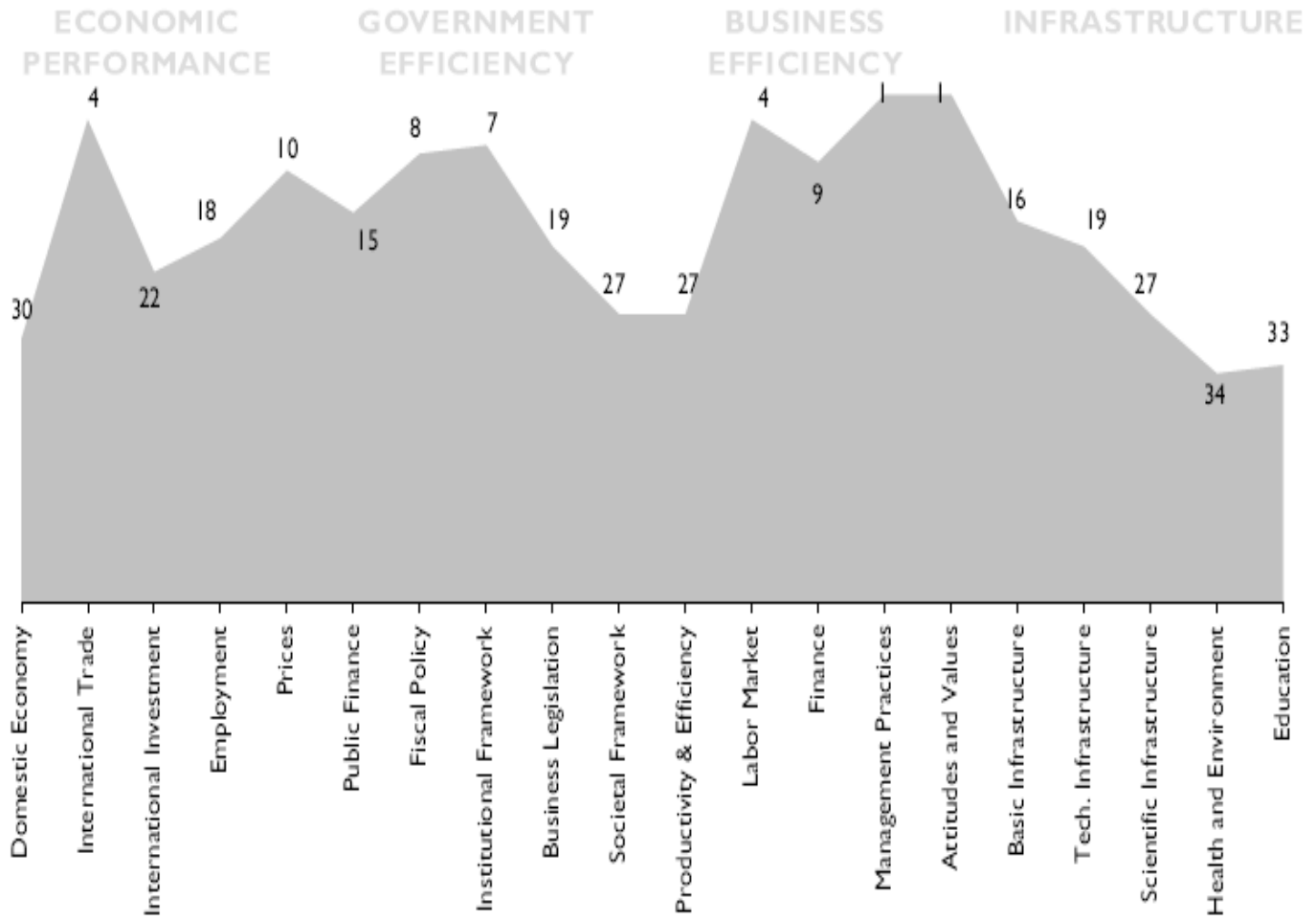
MALAYSIA'S PERFORMANCE IN WCY 2010 FACT SHEET

OVERALL PERFORMANCE



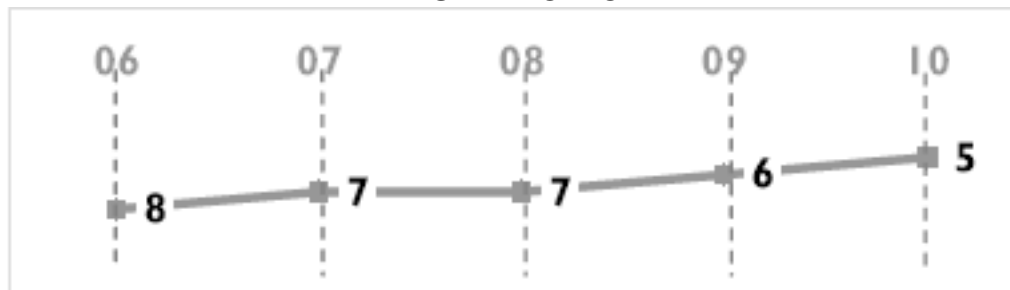
- Malaysia has joined the ranks of the most competitive countries in the world, sharing the Top 10 ranking with Singapore, Hong Kong, the United States, Switzerland, Australia, Sweden, Canada, Taiwan and Norway.
- Malaysia's overall competitiveness performance shows an improving trend in terms of both index scores and ranking over a 5 year period.
- The overall index score for Malaysia improved to 87.228 as compared to 77.162 in the previous year.
- This is the highest index score recorded as Malaysia benefits from strong demand in Asia, as well as the implementation of efficient policies.

COMPETITIVENESS LANDSCAPE

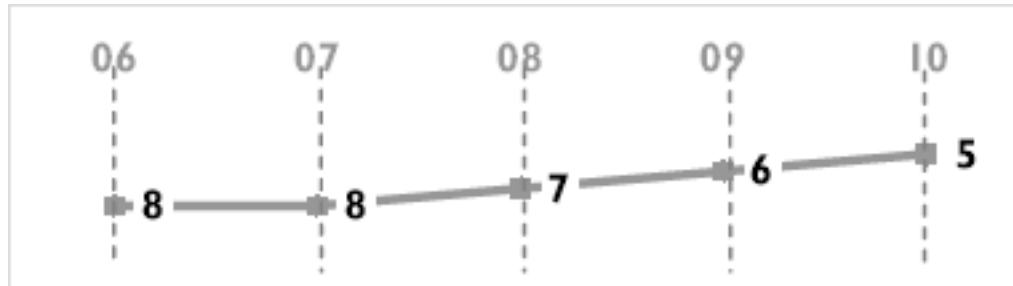


PEER GROUP RANKINGS

ASIA PACIFIC

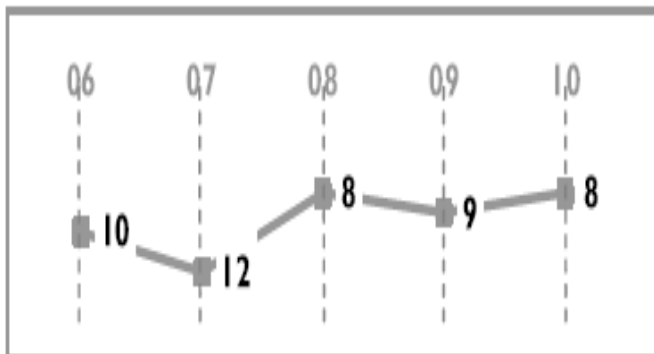


POPULATION > 20 MILLION



FOUR FACTOR PERFORMANCES

ECONOMIC PERFORMANCE

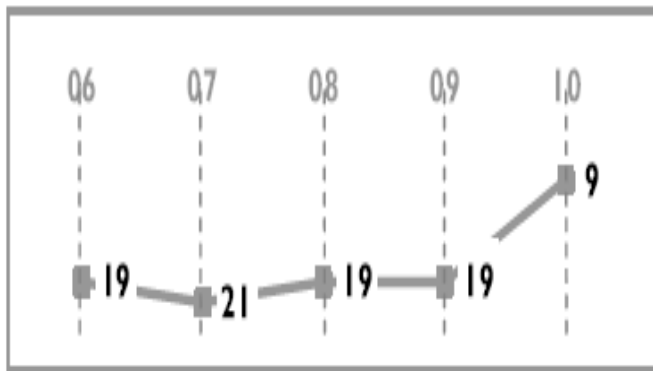


Sub-Factor Rankings :	2010
Domestic Economy	30
International Trade	4
International Investment	22
Employment	18
Prices	10

Strengths

1.1.13	Diversification of the economy is sufficient (Survey)	1
1.2.22	Exchange rates support the competitiveness of enterprises (Survey)	1
1.2.02	Current account balance Percentage of GDP	2
1.3.14	Relocation of R&D facilities is not a threat to the future of your economy (Survey)	3
1.2.09	Exports of goods Percentage of GDP	3

GOVERNMENT EFFICIENCY

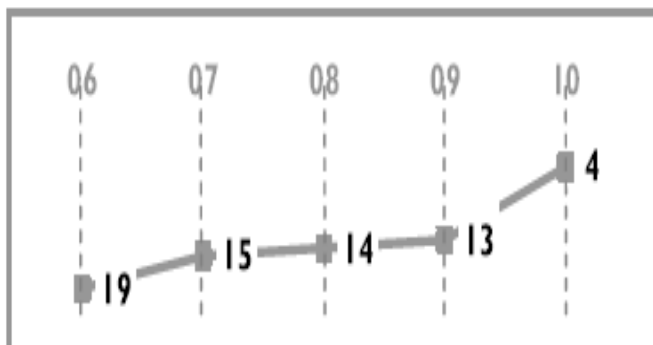


Sub-Factor Rankings :	2010
Public Finance	15
Fiscal Policy	8
Institutional Framework	7
Business Legislation	19
Societal Framework	27

Strengths

2.3.02	Cost of capital encourages business development (Survey)	2
2.5.03	Ageing of society is not a burden for economic development (Survey)	2
2.1.10	Tax evasion does not damage public finances (Survey)	2
2.3.09	Adaptability of government policy to changes in the economy is high (Survey)	2
2.4.18	Unemployment legislation provides an incentive to look for work (Survey)	2

BUSINESS EFFICIENCY

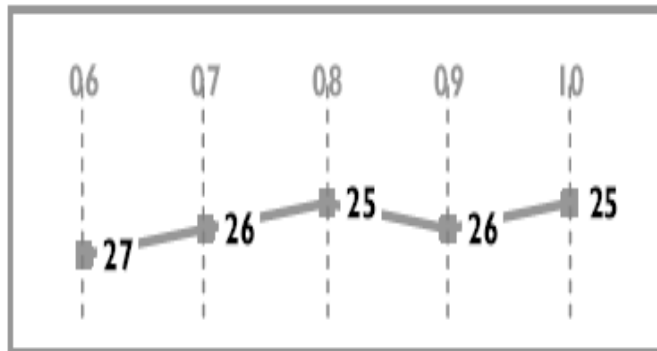


Sub-Factor Rankings :	2010
Productivity & Efficiency	27
Labor Market	4
Finance	9
Management Practices	1
Attitudes and Values	1

Strengths

3.3.06	Financial institutions' transparency is sufficiently implemented. (Survey)	1
3.3.08	The risk factor in the financial system (new financial instruments, non-performing loans...) is adequately addressed. (Survey)	1
3.2.22	Competent senior managers are readily available (Survey)	1
3.4.04	Corporate boards do supervise the management of companies effectively. (Survey)	1
3.4.07	Entrepreneurship of managers is widespread in business. (Survey)	1

INFRASTRUCTURE



Sub-Factor Rankings :	2010
Basic Infrastructure	16
Technological Infrastructure	19
Scientific Infrastructure	27
Health and Environment	34
Education	33

Strengths

4.2.17	Public and private sector ventures are supporting technological development. (Survey)	4
4.2.19	Funding for technological development is readily available. (Survey)	4
4.5.12	Science in schools is sufficiently emphasized. (Survey)	4
4.2.22	High-tech exports Percentage of manufactured exports	4
4.2.20	Technological regulation supports business development and innovation. (Survey)	5