



An Overview of Malaysian Experience in Regulatory Reform



Presentation Agenda

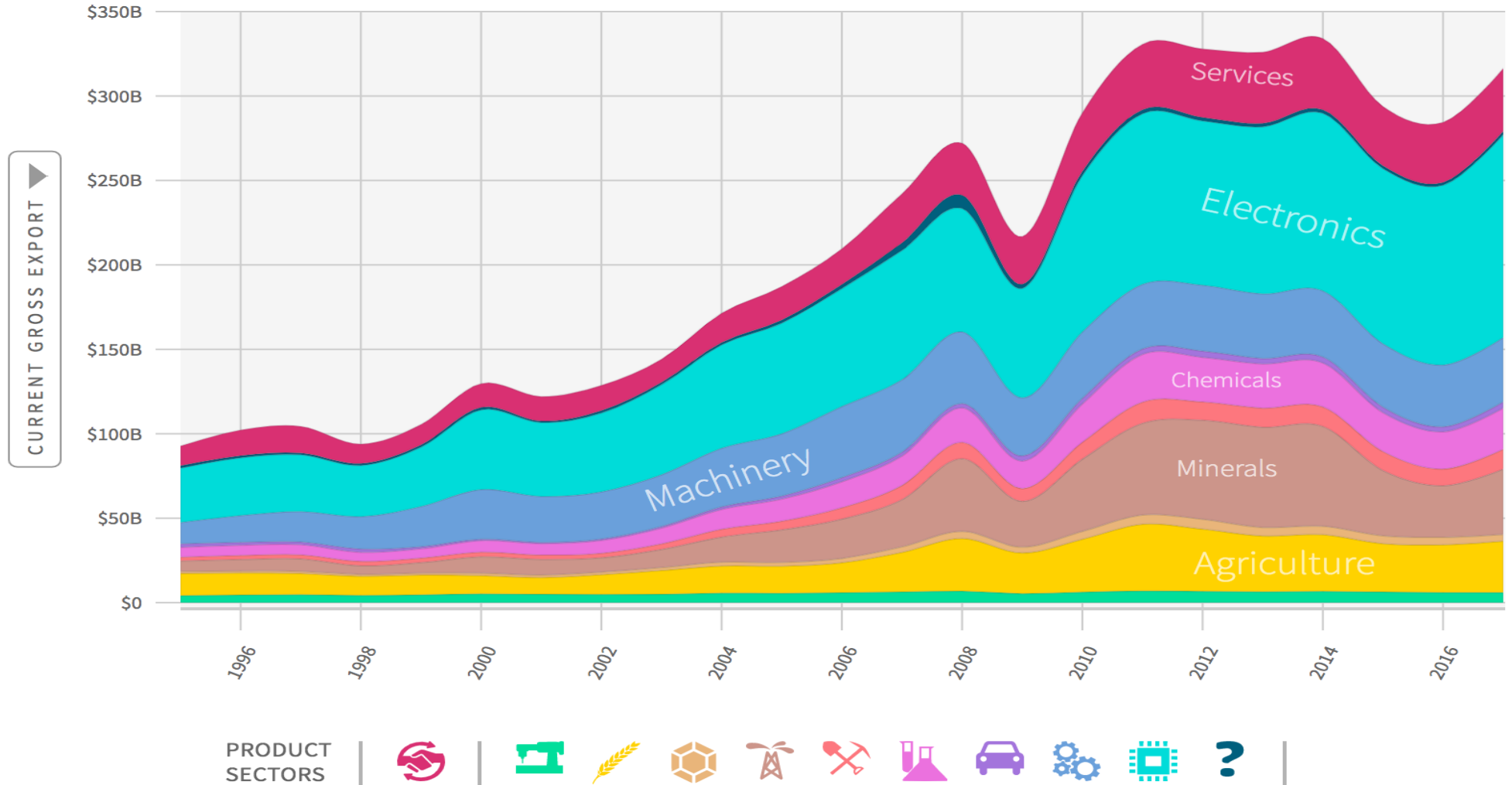
- **Malaysia Economic Performance**
- Malaysia Development Agenda & Regulatory Reform Framework
- Malaysia's Ease of Doing Business
- Malaysia Productivity Improvement Agenda

Key Economic Indicators

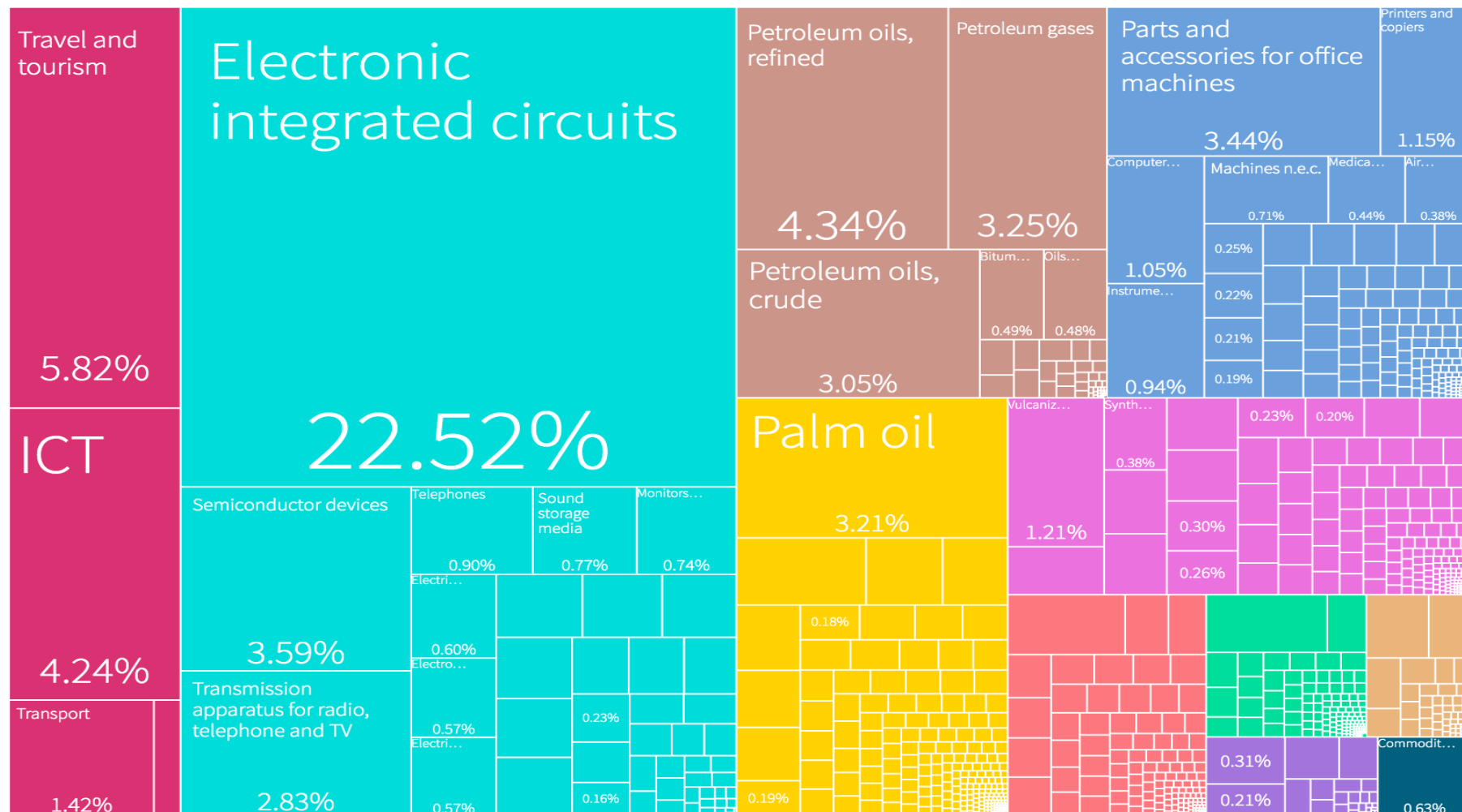
	2018	2019 ^f
<i>Population</i>	32.4 Million	33.3 Million
<i>GDP</i>	RM1,431.4 billion	RM1,530.3 billion
<i>GDP Growth</i>	5.8%	6.9%
<i>Per Capita Income</i>	RM42,937 (USD10,321)	RM44,686 (USD10,741)
<i>Inflation Rate (CPI)</i>	1.5 - 2.5%	2.5 - 3.5%
<i>Labour Force</i>	15.3 million	15.6 million
<i>Unemployment</i>	3.3 %	3.3 %

Malaysia Exports (1995 – 2017)

USD 350 bil.



Malaysia Exports by Category in 2017 (USD 316 bil.)



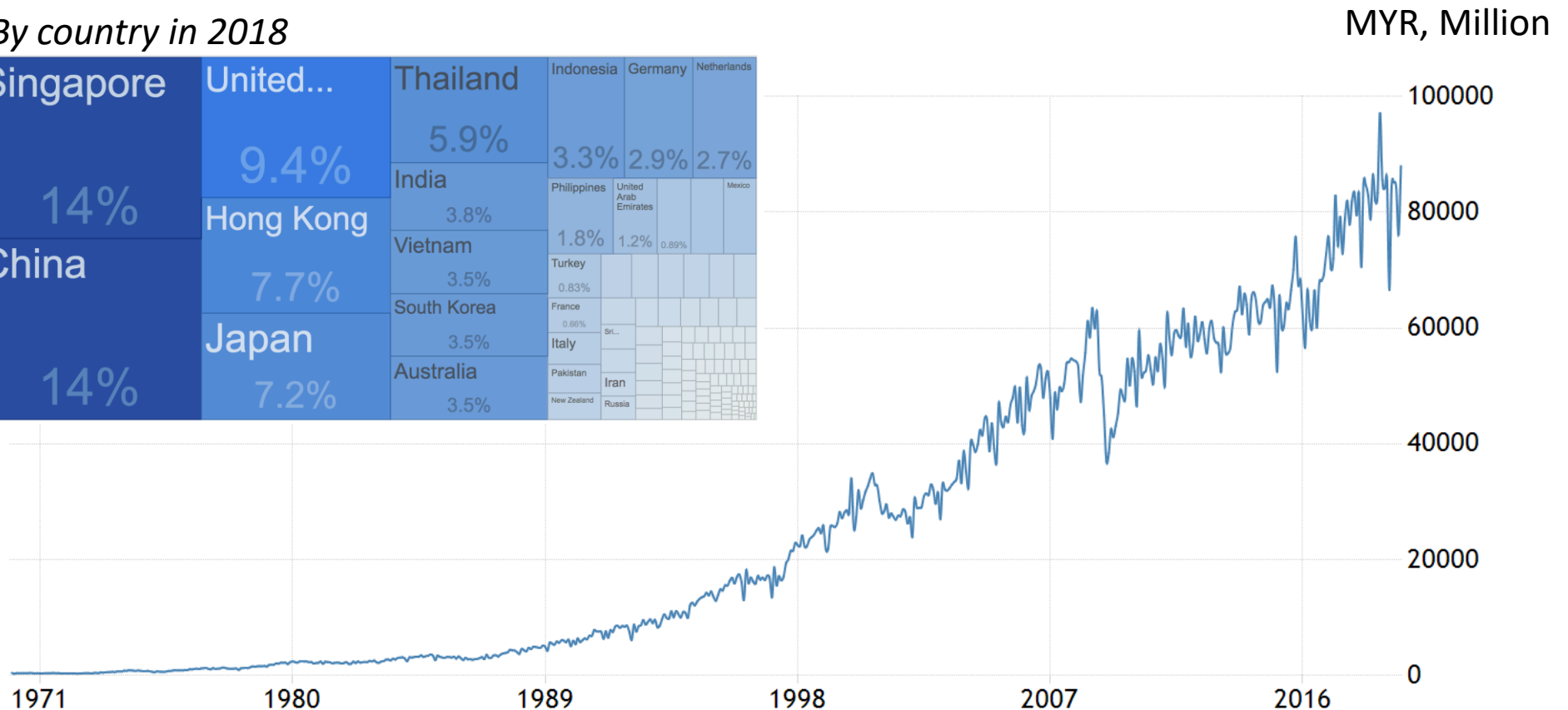
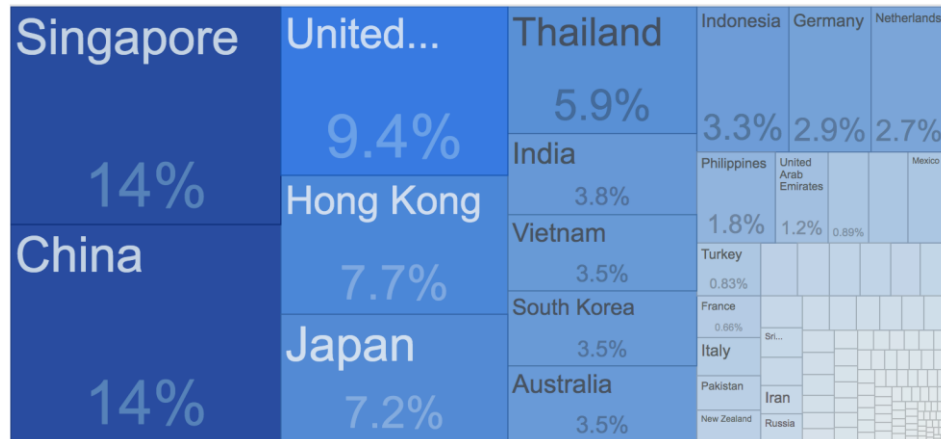
PRODUCT
SECTORS



Malaysia Exports (monthly)

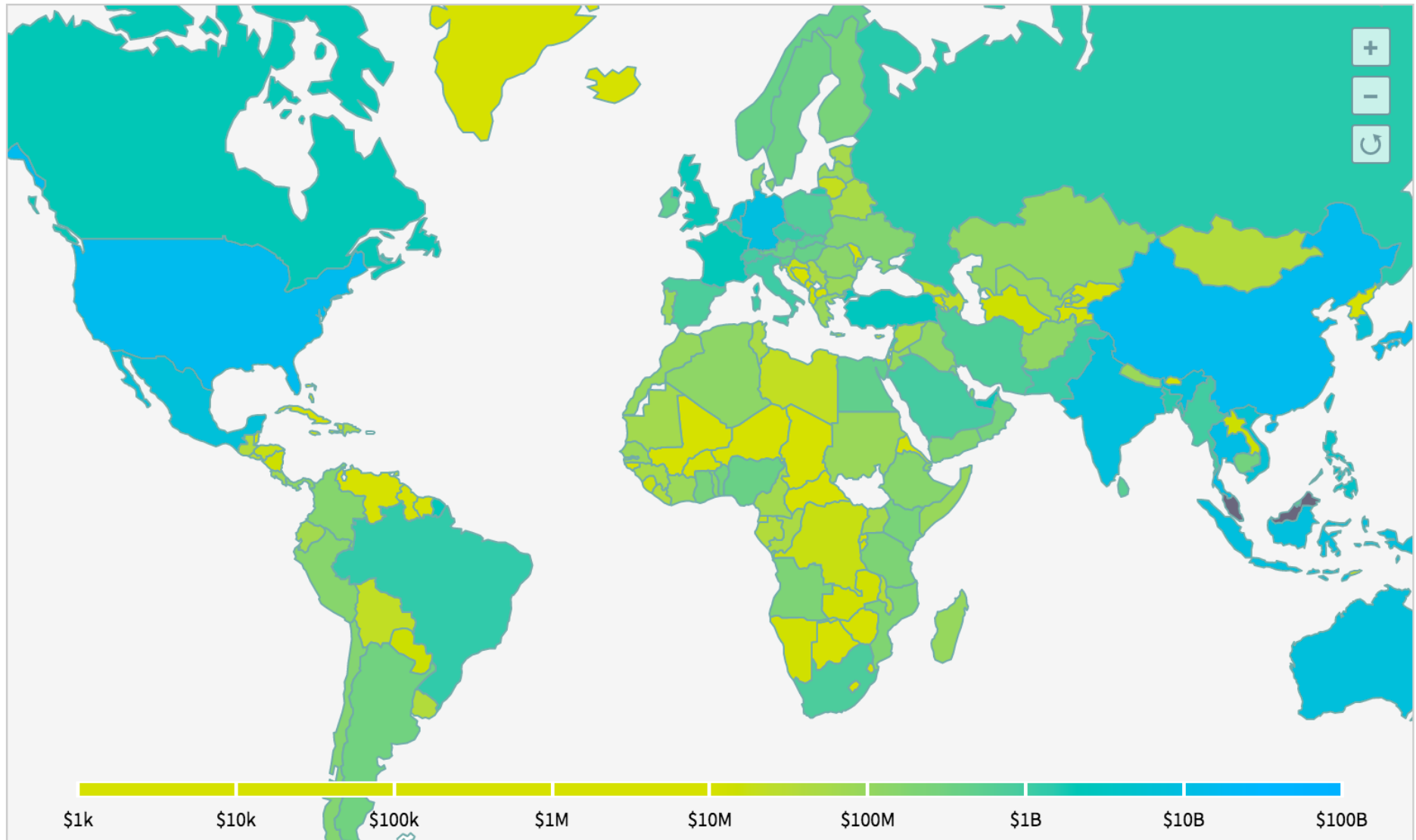
Reaching an all time high of 97122 MYR Million in October of 2018

By country in 2018



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | DEPARTMENT OF STATISTICS, MALAYSIA

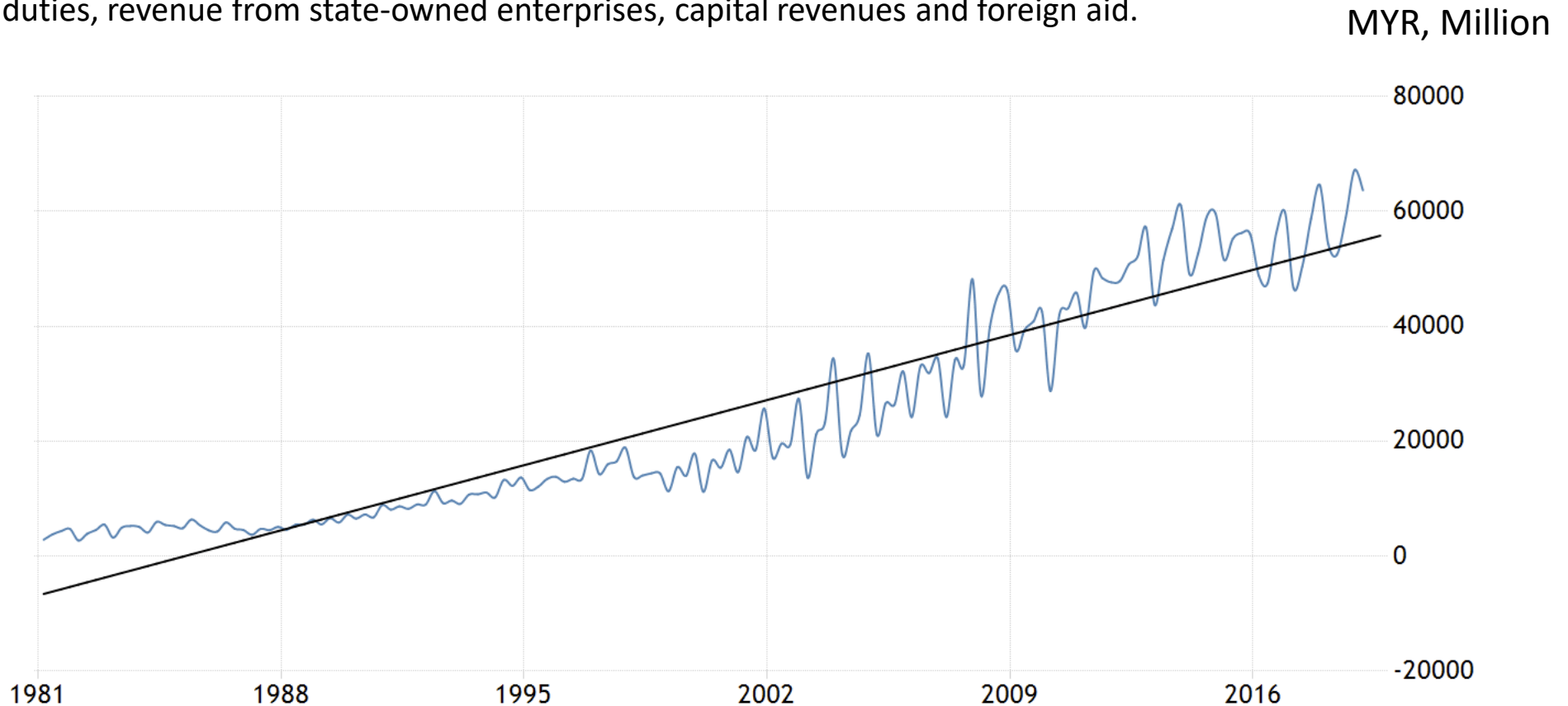
Where did Malaysia Export in 2017 (USD 316 bil.)



Malaysia Government Revenues (quarterly)

Reaching an all time high of 67168.60 MYR Million in the fourth quarter of 2018.

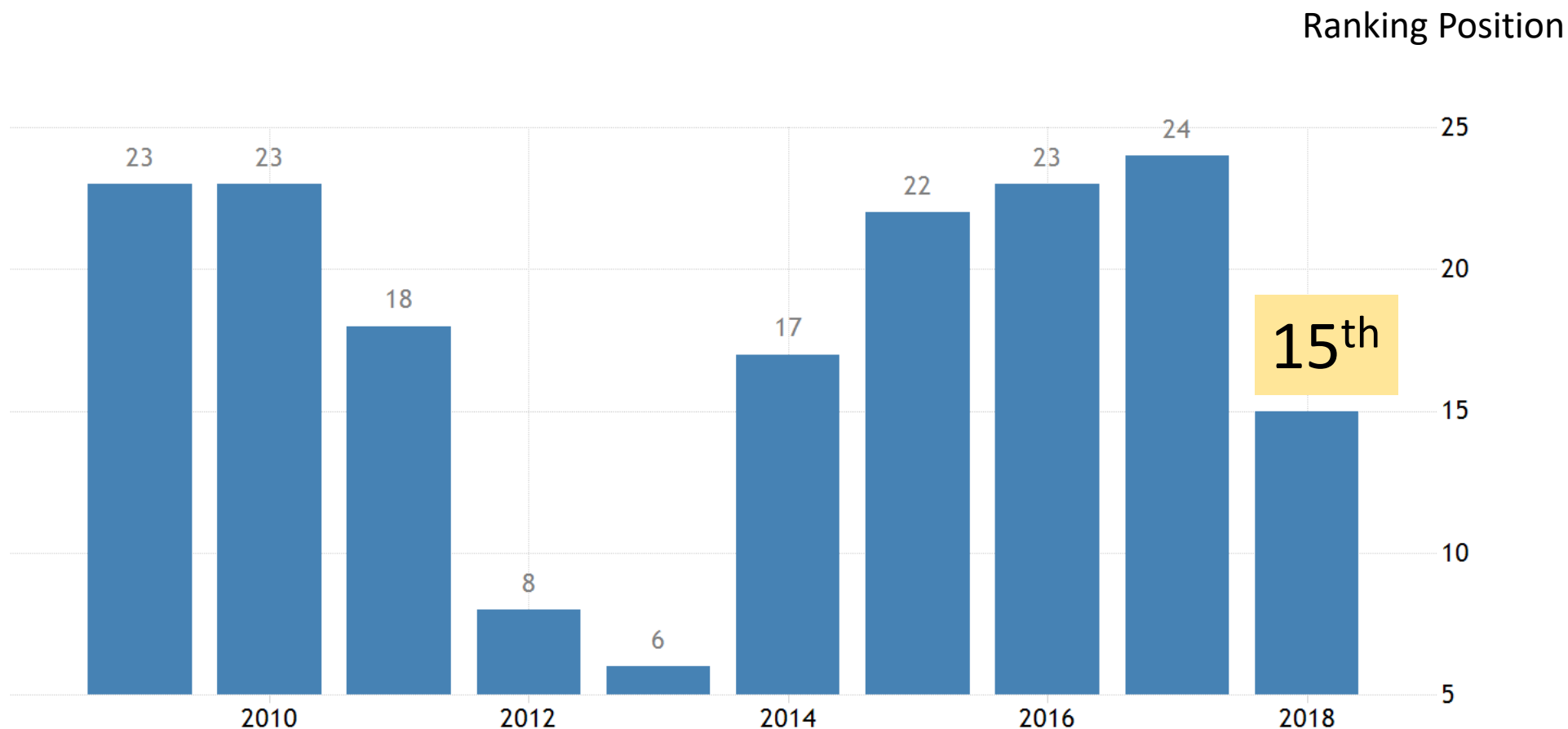
Government Revenues refer to all receipts the government gets, including taxes, custom duties, revenue from state-owned enterprises, capital revenues and foreign aid.



SOURCE: TRADINGECONOMICS.COM | CENTRAL BANK OF MALAYSIA

Ease of Doing Business in Malaysia

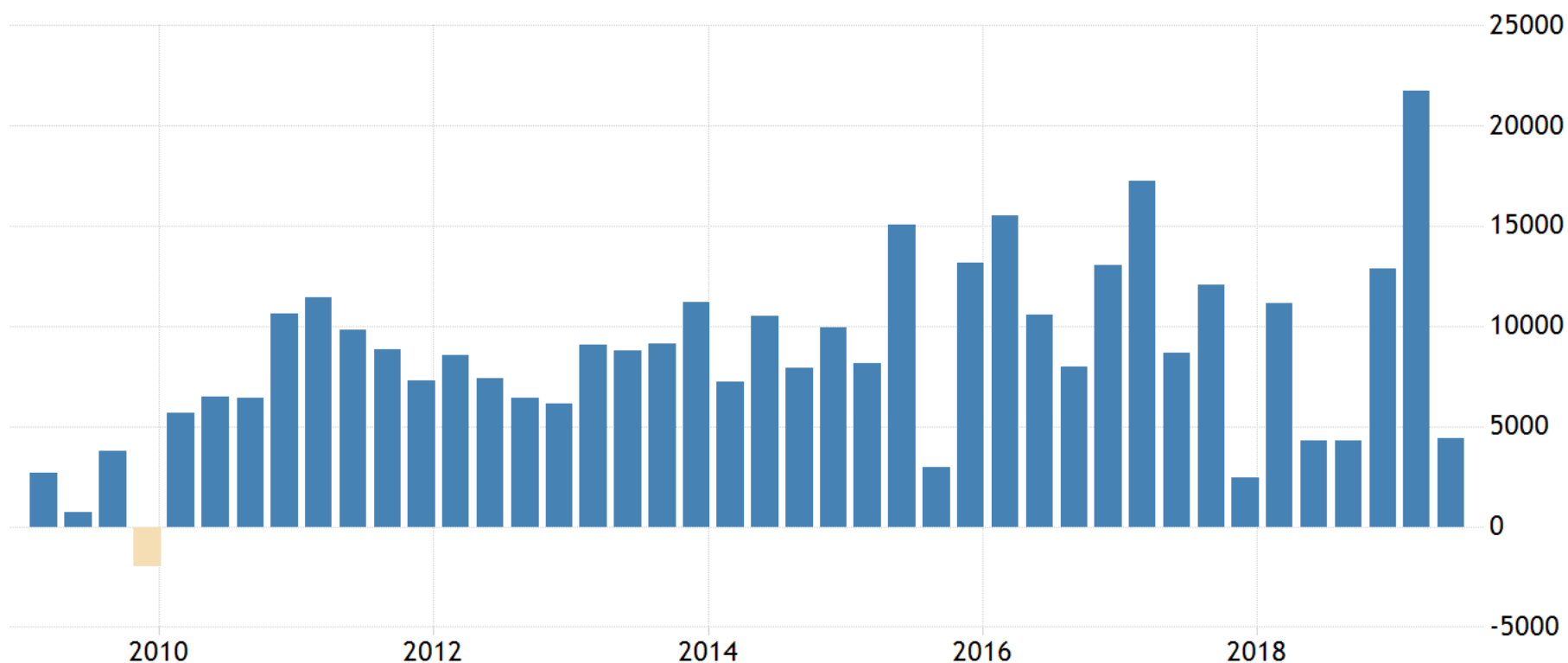
Malaysia is ranked 15 among 190 economies



SOURCE: TRADINGECONOMICS.COM | WORLD BANK

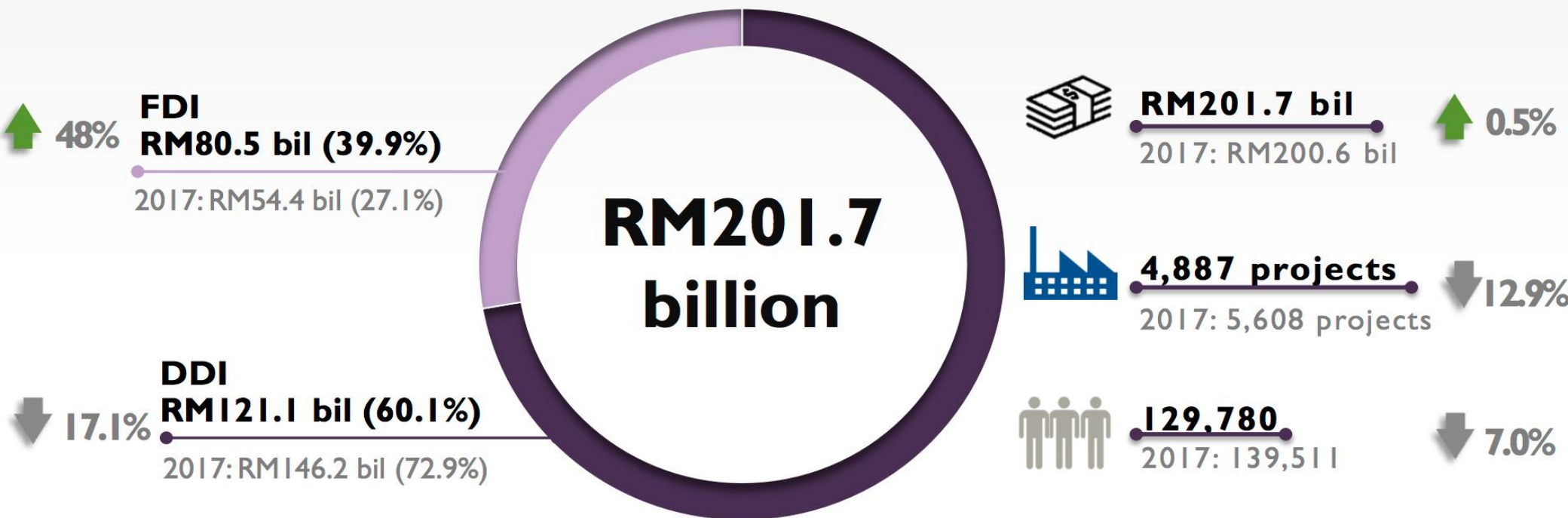
Malaysia Foreign Direct Investment (quarterly)

Foreign Direct Investment in Malaysia averaged 7769.40 MYR Million from 2005 until 2019, reaching an all time high of 21725.64 MYR Million in the first quarter of 2019.



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | DEPARTMENT OF STATISTICS, MALAYSIA

TOTAL APPROVED INVESTMENTS IN 2018

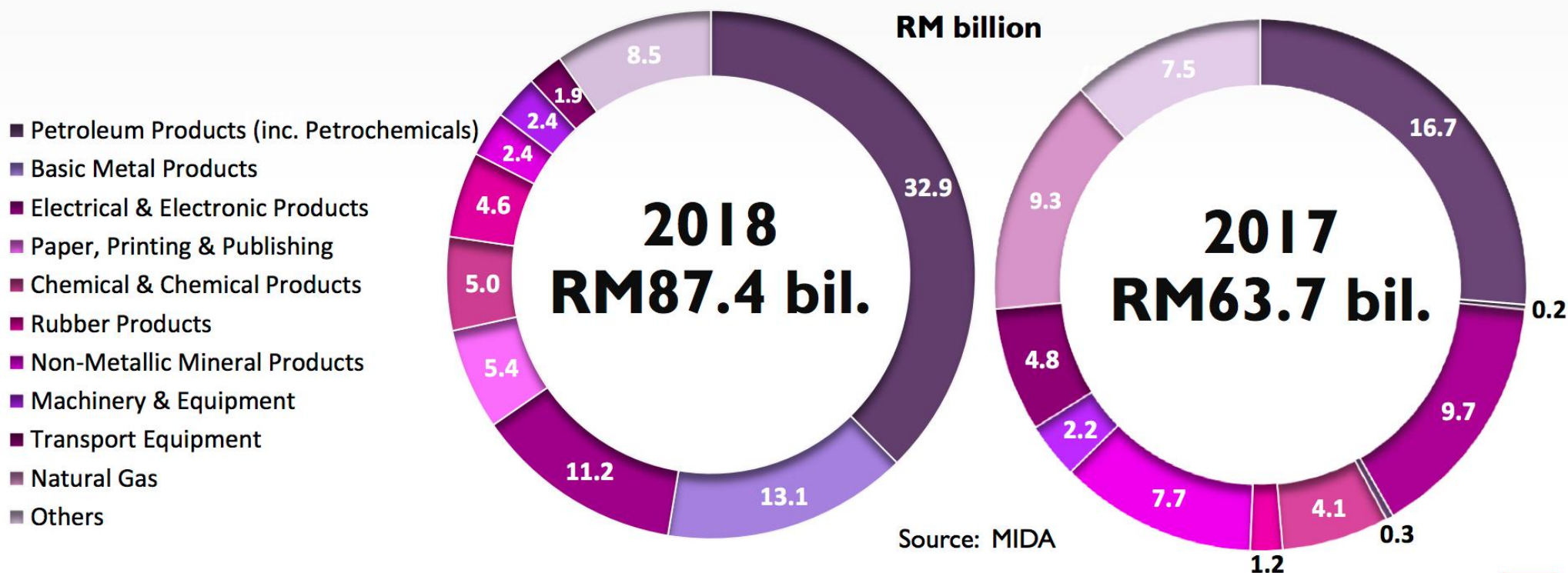


Source: MIDA

Jan – June : RM86.1 bil
July – Dec : RM115.6 bil

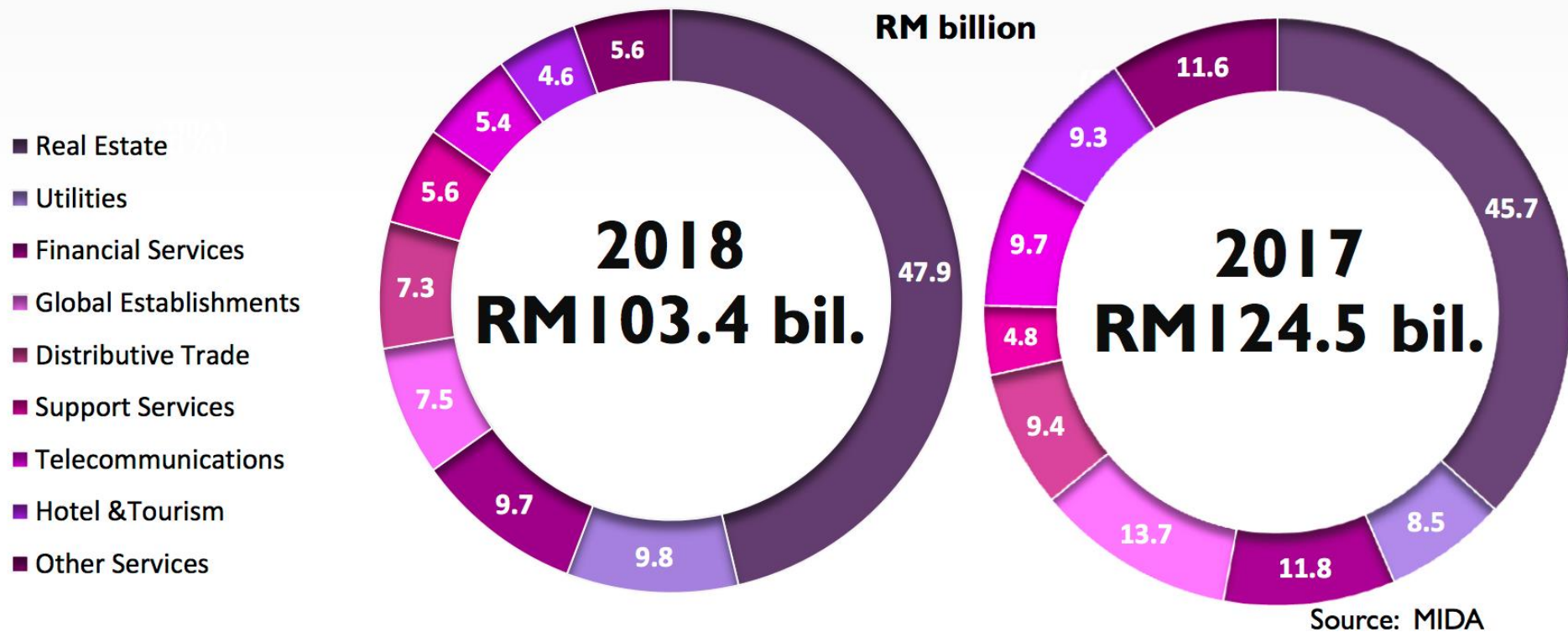
INVESTMENTS BY INDUSTRY

The lion's share came from the petroleum products (including petrochemicals) industry.



INVESTMENTS BY SUBSECTOR

Real estate, global establishments, financial services, distributive trade, hotel & tourism and utilities continued to be the major subsectors in 2018.



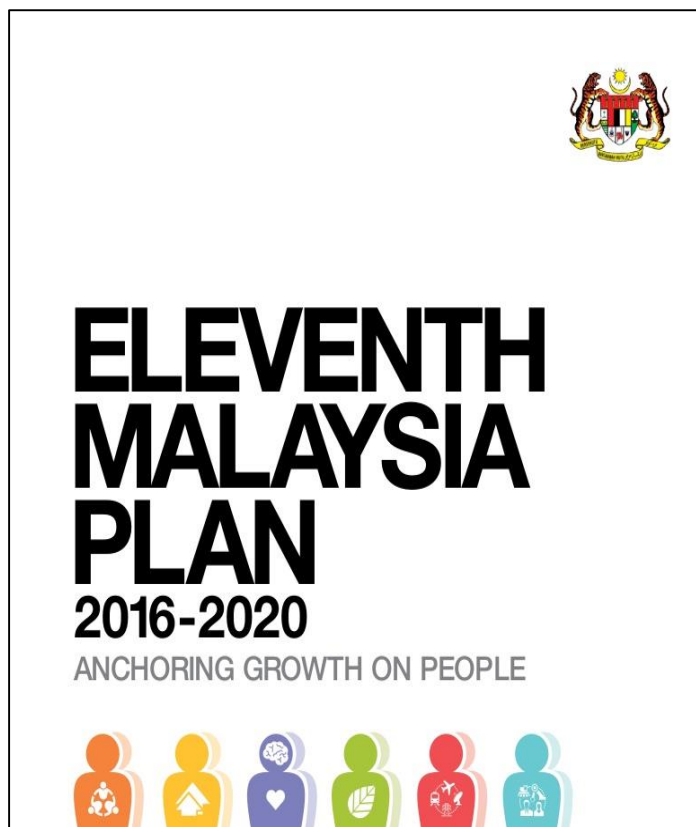
Investment by Country (USD)

	Jan-June 2019		2018	
Country	No.	Foreign Investment* (USD million)	No.	Foreign Investment* (USD million)
USA	19	2,823.1	18	762.1
China	30	1,156.2	40	4,752.0
Singapore	43	762.9	82	443.0
Japan	12	514.8	63	998.4
British Virgin Islands	2	334.0	5	668.7
Netherlands	4	85.8	10	2,013.7
Korea, Rep.	7	67.8	10	602.7

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11th Malaysia Plan (2016-2020)



SIX STRATEGIC THRUSTS



1 Enhancing
Inclusiveness
towards an
equitable
society



2 Improving
wellbeing
for all



3 Accelerating
human capital
development
for an advanced
nation



4 Pursuing
green
growth for
sustainability
and resilience



5 Strengthening
Infrastructure
to support
economic
expansion











6 Re-engineering
economic
growth for
greater
prosperity

Transforming Services Sector, 2016-2020

- Strategy A1: Fostering a dynamic environment for knowledge- intensive services** by accelerating human capital development as well as enhancing access to technology and R&D;
- Strategy A2: Implementing comprehensive and integrated governance reforms** by strengthening coordination and collaboration between various stakeholders as well as modernising the current regulatory regime;
- Strategy A3: Stepping up internationalisation** by assisting firms to export services through better access to funding, upskilling, and market intelligence;
- Strategy A4: Enhancing the management of investment incentives** with a more effective, transparent, and performance- based incentives programme; and
- Strategy A5: Expanding modern services** towards higher value-added subsectors, including the halal industry, ecotourism, and ICT.

Expanding Modern Services

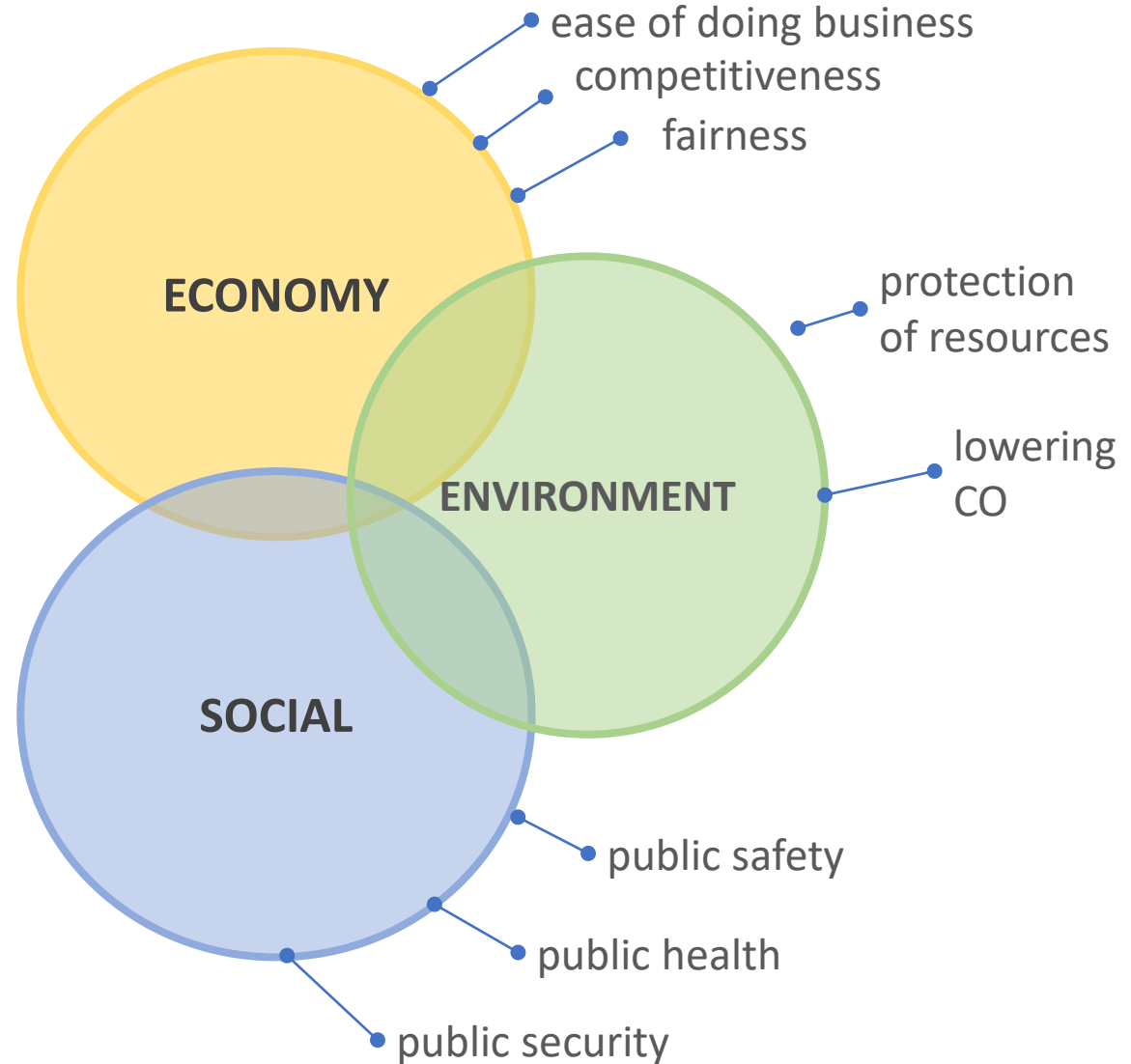
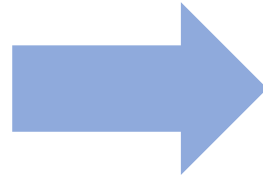
Sub-sector	Description
 Halal industry	Develop halal industry by linking Malaysian halal standards to international standards and promote the alternative ingredients industry
 Islamic finance	Reinforce Malaysia's position as a global Islamic finance marketplace through innovative Islamic financial products and services
 Information and communications technology	Improve exports of ICT products and services by developing ICT technology focus areas, infusing ICT in other sectors and strengthening ICT industry support ecosystem
 Oil and gas services	Develop Malaysia as an oil and gas hub in the Asia Pacific region through strengthening upstream capability, and improve collaboration between industry and higher learning institutions
 Private healthcare	Grow healthcare travel through international accreditation, increased insurance coverage, and leverage regional referral network
 Private higher education	Continue to develop reputable and high-quality private higher education institutions through ratings and quality assessments and self-regulation incentives
 Ecotourism	Position Malaysia as a premier ecotourism destination by leveraging biodiversity assets and increased branding and promotion
 Professional services	Promote Malaysia as an outsourcing centre for professional services to increase exports through capacity building

Outcomes of Regulations

SUSTAINABLE GROWTH

REGULATIONS

- Legislations (Acts)
- Sub-Legislations (Regulations)
- Standards
- Guidelines
- Etc.



Outcomes of Economic Regulations

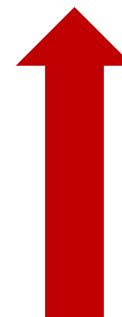
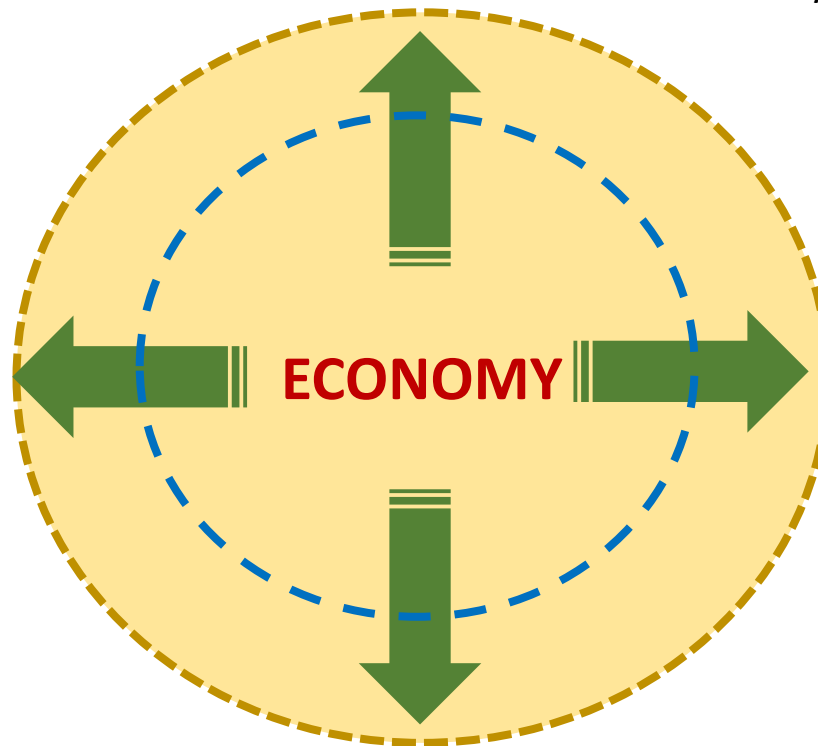
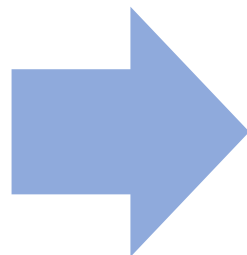
SUSTAINABLE GROWTH OF ECONOMY

Easy for Business to Enter the Market

Easy to Conduct Business Activities

- Efficient public service
- Transparency of regulations
- Predictability of regulation enforcement

ECONOMIC
REGULATIONS



OUTCOMES

- Investments
- Employment
- Business Profitability
- Business Innovations
- Government Revenue
- Productivity

Regulatory Compliance

BUSINESSES



License

Permit

Registration

Notification

Inspection

Payment

Self Regulation



REGULATORS



REGULATORY BURDENS

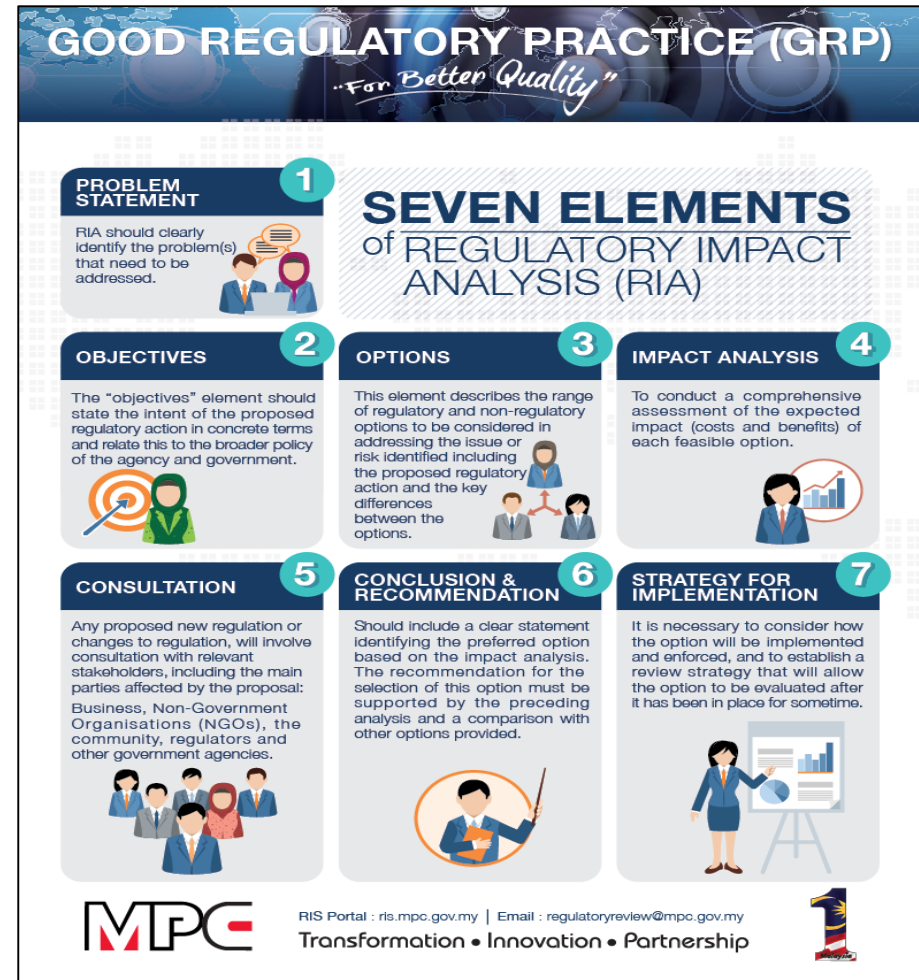
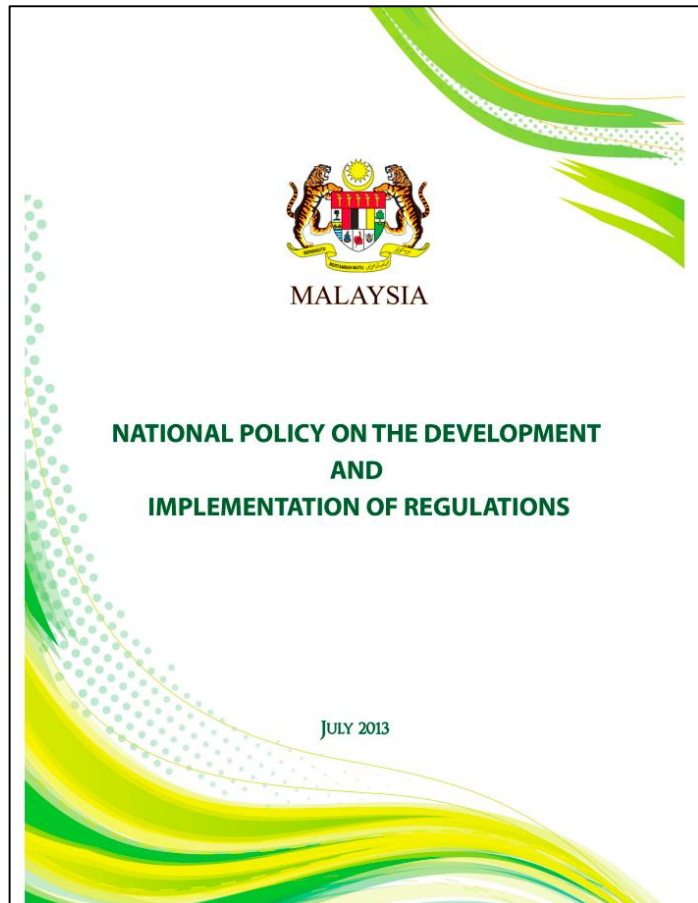
Estimated Cost of Regulatory Burdens

2.5%
of GDP

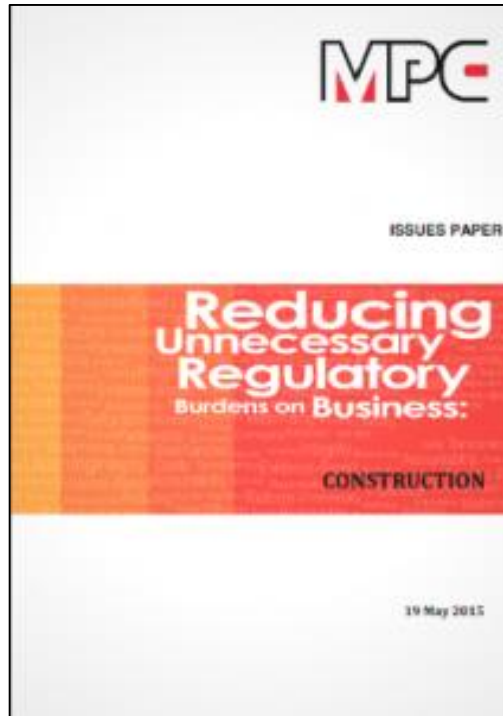
Country	Definition and Methodology	Estimated Burden
Netherlands (2004)	Measured administrative burdens using the Standard Cost Model (SCM)	3.6% of GDP
Denmark (2006)	Measured administrative burdens using the SCM	2.2% of GDP
Czech Republic (2006)	Measured administrative burdens using the SCM	3.0% of GDP
United Kingdom (2007)	Measured administrative burdens using the SCM (excluding business as usual costs)	1.6% of GDP
Australia	Measured internal and external compliance costs using survey data (Productivity Commissioner)	1.6% of GDP
Canada (2013)	Measured administrative burdens using survey data	1.7% of GDP
United States (2010)	Estimate the cost of economic, environmental, tax compliance, OH&S and homeland security regulation using statistical regressions	11.7% of GDP

Source: Hilmer (2013)

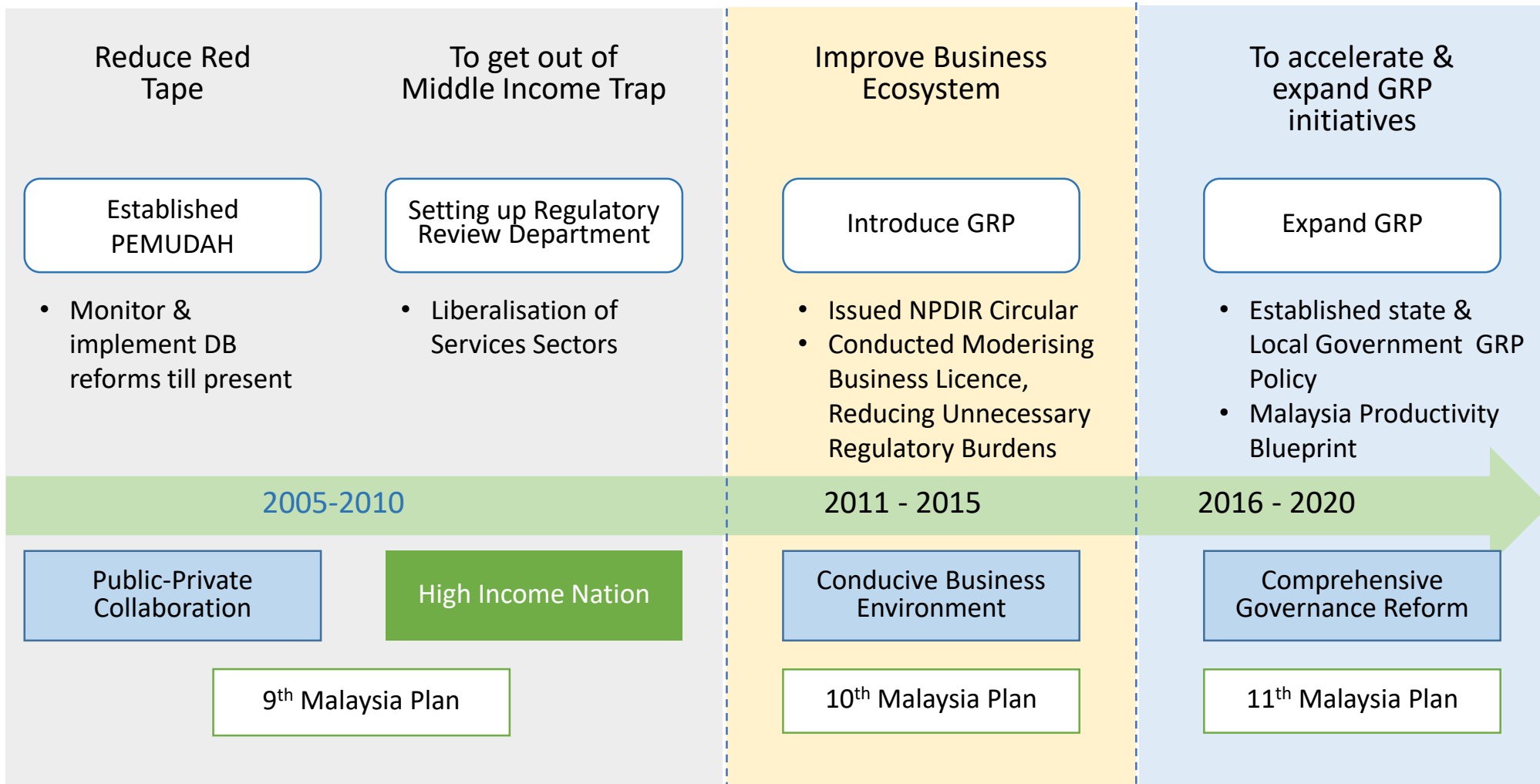
National Policy on The Development And Implementation of Regulations - New Regulations



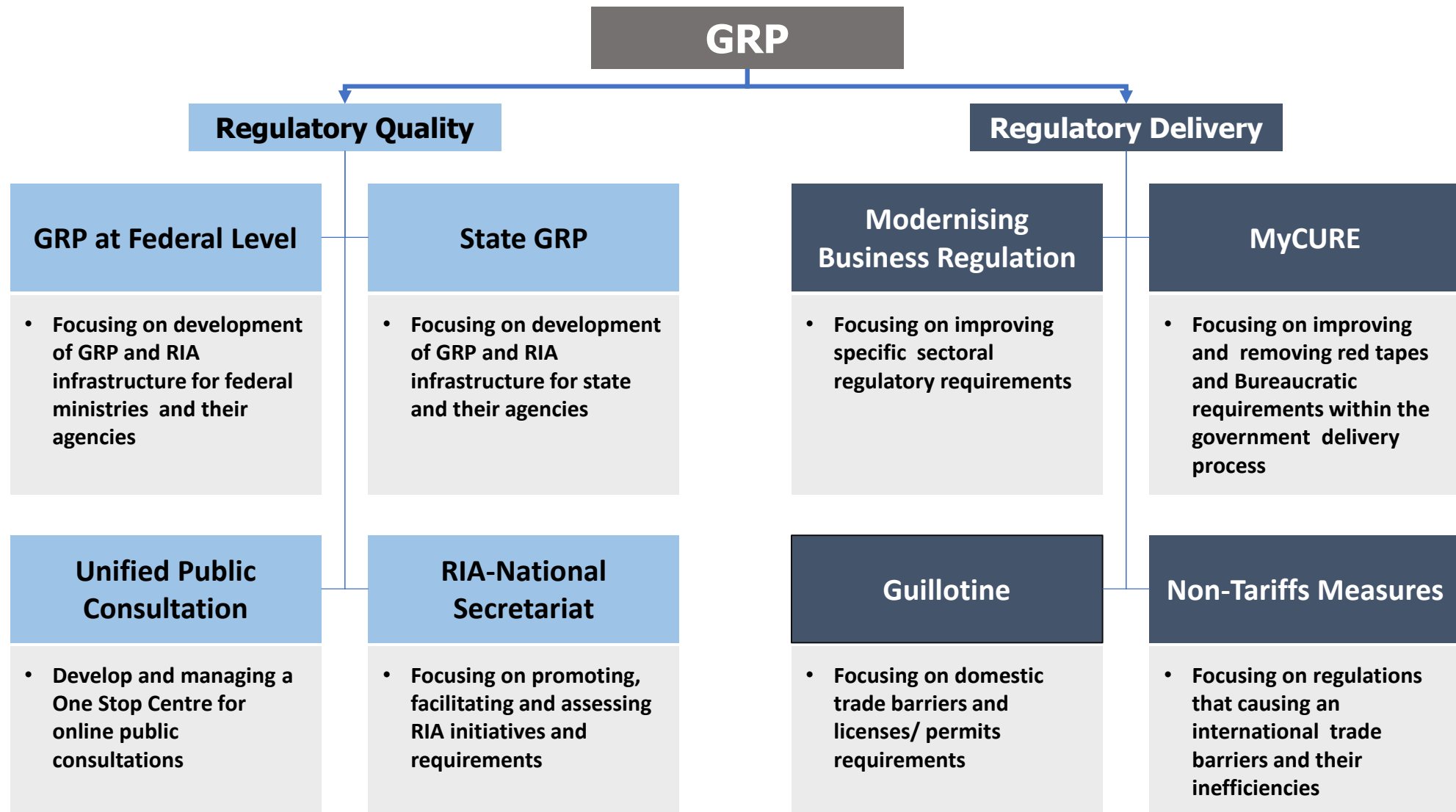
Reducing Unnecessary Regulatory Burdens (RURB) Methodology – Existing Regulations



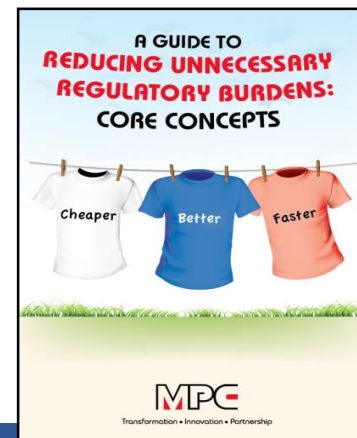
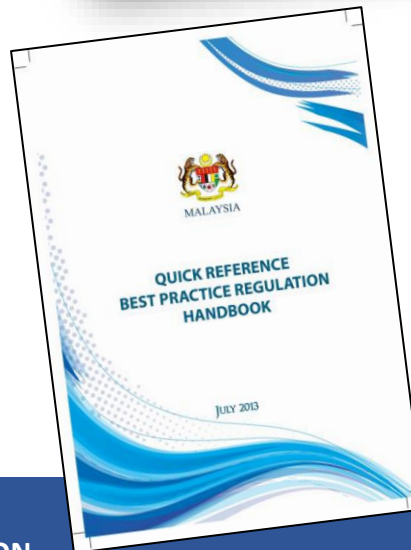
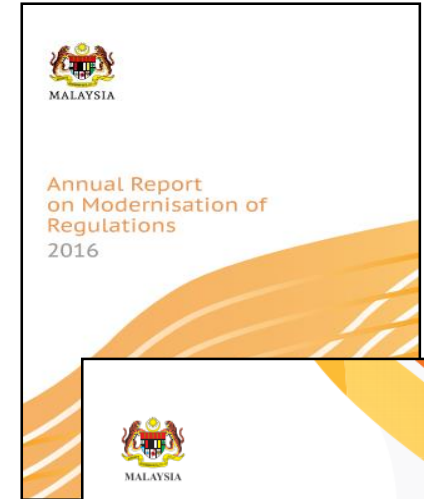
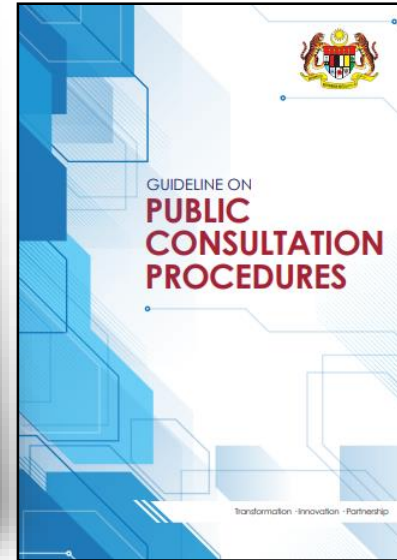
Malaysia Regulatory Reform Journey



Malaysia's GRP initiatives



Publications on GRP



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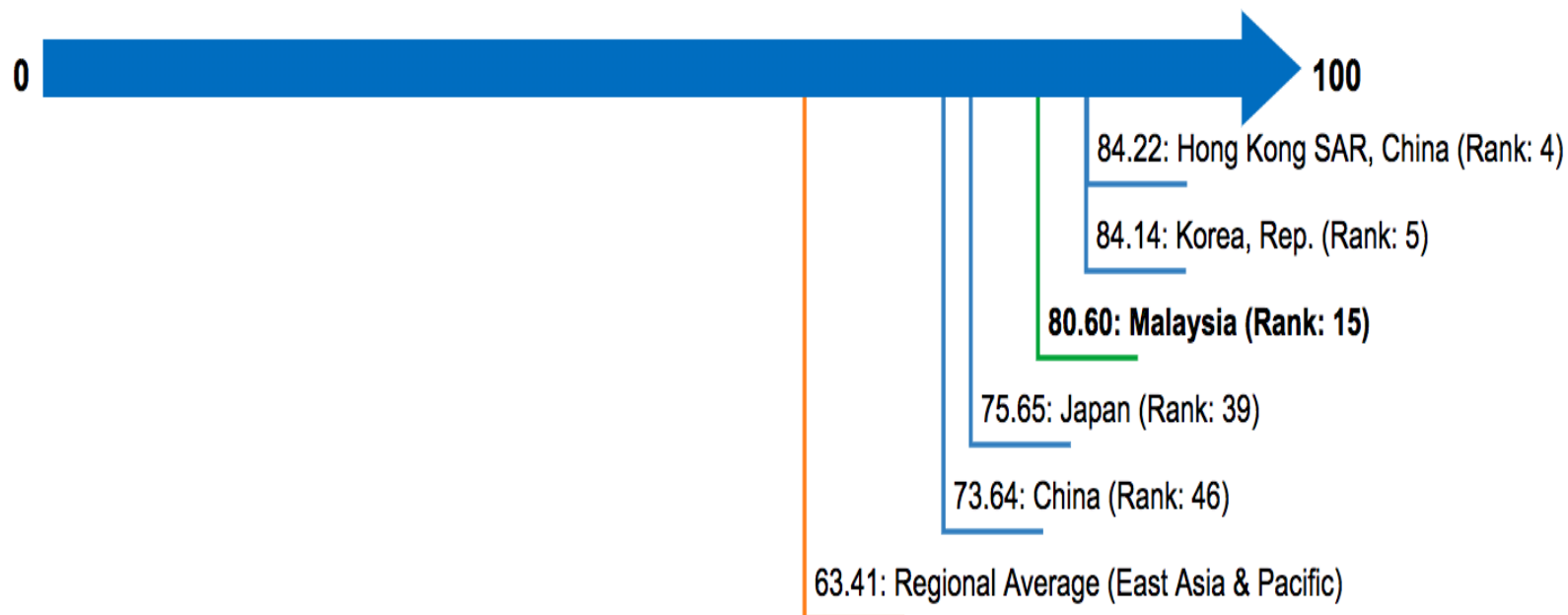
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EASE OF DOING BUSINESS IN

Malaysia

DB 2019 Ease of Doing Business Score



Note: The ease of doing business score captures the gap of each economy from the best regulatory performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005. An economy's ease of doing business score is reflected on a scale from 0 to 100, where 0 represents the lowest and 100 represents the best performance. The ease of doing business ranking ranges from 1 to 190.

Why the World Bank's Ease of Doing Business Ranking is important?

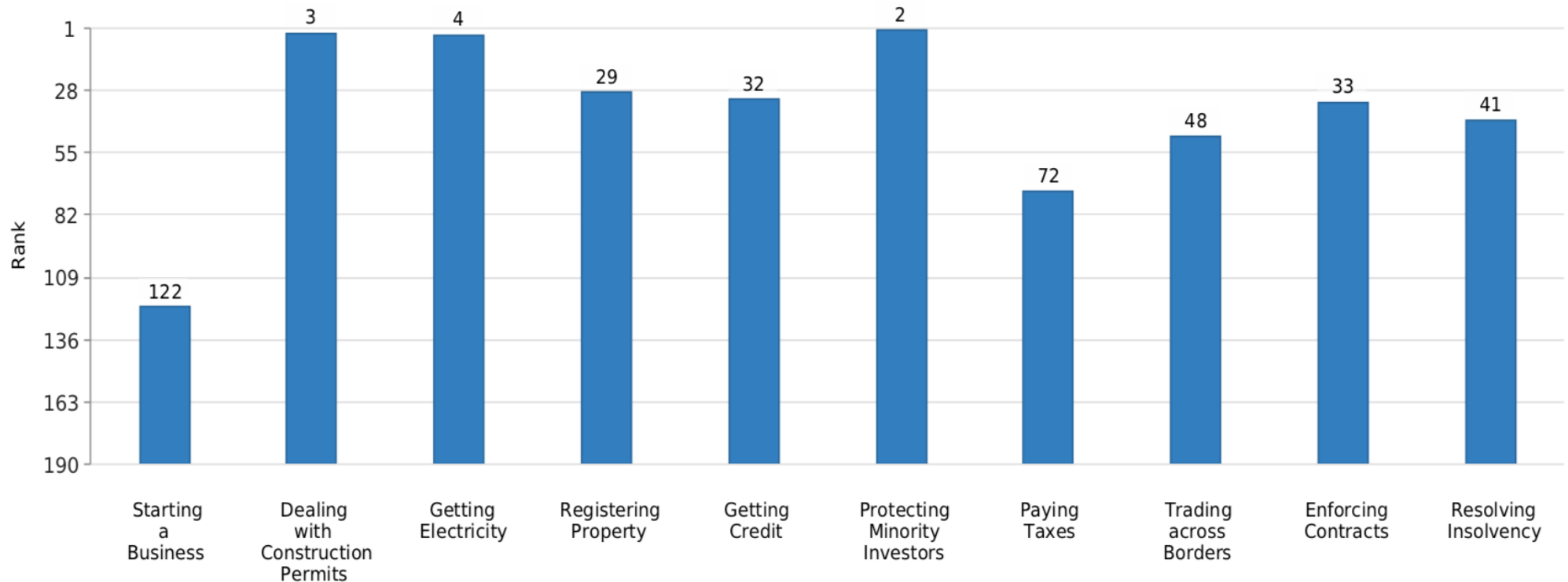
- Common reference to regulators – private.
- Clear and transparent methodology with case studies and apply over 190 economies. (frontier and laggard)
- Learning tool for greater improvement in regulatory delivery and minimising regulatory compliance cost to business.



EASE OF DOING BUSINESS IN

Malaysia

Rankings on Doing Business topics - Malaysia



LIFE-CYCLE OF A BUSINESS

EODB 2019 RANKING

ASEAN RANKING	WORLD RANKING (190 Economies)	COUNTRY	SCORE %
1	2	SINGAPORE	85.24
2	15	MALAYSIA	80.60
3	27	THAILAND	78.45
4	55	BRUNEI	72.03
5	69	VIETNAM	68.36
6	73	INDONESIA	67.98
7	124	PHILIPINES	57.68
8	138	CAMBODIA	54.80
9	154	LAO	51.26
10	171	MYANMAR	44.72
11	178	TIMOR-LESTE	41.60

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Malaysia Productivity Blueprint



Target to achieve National Labour Productivity Growth of **3.7%** per annum.

Malaysia Productivity Agenda

11MP has set the target to achieve national labour productivity growth of 3.7% per annum

To achieve this national target, each sector must raise labour productivity growth to target levels¹



The Malaysia Productivity Blueprint has paved the 'Drive to Productivity' to achieve these targets

5 KEY STRATEGIC THRUSTS TO ADDRESS PRODUCTIVITY CHALLENGES



Productivity efforts to be driven holistically at national, sector and enterprise levels

Productivity Improvement at National, Sector and Enterprise Levels

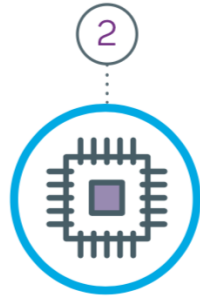
NATIONAL-LEVEL INITIATIVES	SECTOR-LEVEL INITIATIVES	ENTERPRISE-LEVEL INITIATIVES
<p>National-level initiatives outline policy priorities to uplift national productivity</p> <ul style="list-style-type: none">• To be led by core government ministries and agencies• Targets governance of productivity policies impacting all economic sectors	<p>Sector-level initiatives outline explicit sector strategies to address sector-level productivity barriers</p> <ul style="list-style-type: none">• To be led by key industry associations and anchor enterprises for each sector• Targets acceleration of productivity uplift, impacting large enterprises and SMEs at sector level	<p>Enterprise-level initiatives outline specific enterprise strategies to enhance operations related to productivity improvement</p> <ul style="list-style-type: none">• To be led by management at enterprises (including SMEs) with guidance from sector Productivity Nexus• Targets productivity improvement at enterprise level

Productivity Improvement Drivers



Building Workforce of the Future

Restructuring workforce by raising the number of high-skilled workers, tightening entry of low-skilled workers, and meeting demands of the future economy



Driving Digitalisation and Innovation

Strengthening the readiness of enterprises to effectively adopt and exploit technology and digital advantage (such as 4th Industry Revolution)



Making Industry Accountable for Productivity

Reducing reliance on non-critical subsidies, linking financial assistance and liberalisation efforts to productivity outcomes, and strengthening industry positioning in higher value add segments of the value chain



Forging a Robust Ecosystem

Addressing regulatory constraints and developing a robust accountability system to ensure effective implementation of regulatory reviews



Securing a Strong Implementation Mechanism

Embedding culture of productivity through nationwide movement, and driving accountability in productivity performance through effective governance mechanism

Productivity Improvement: National-Level Initiatives

	THRUST	NATIONAL-LEVEL INITIATIVE	STAKEHOLDER
1	Building Workforce of the Future	<div>N1</div> Enforce structural changes to the workforce by formulating a comprehensive labour market policy, including reducing reliance on low-wage and low-skilled workers <div>N2</div> Conduct national strategic workforce planning in anticipation of changing needs across the sectors	MOHA MITI Industry
2	Driving Digitalisation and Innovation	<div>N3</div> Strengthen readiness, knowledge and adoption of technology by enterprises across sectors <div>N4</div> Strengthen digitalisation among SMEs through e-commerce and adoption of innovative technology	MITI SME Corp MCMC Industry
3	Making Industry Accountable for Productivity	<div>N5</div> Gradually reduce the reliance on non-critical subsidies, and ensure liberalisation efforts are linked to productivity outcomes <div>N6</div> Realign key grants, incentives, soft loans and other funding mechanisms to productivity metrics and outcomes	MOF MITI MOA
4	Forging a Robust Ecosystem	<div>N7</div> Accelerate efforts to enhance whole-of-government approach towards addressing regulatory constraints <div>N8</div> Establish an accountability mechanism for the implementation of regulatory reviews by the government	MPC
5	Securing a Strong Implementation Mechanism	<div>N9</div> Institutionalise a strong coordination and governance model to secure implementation certainty across government, sector, and enterprise levels <div>N10</div> Launch nationwide productivity movement to inculcate a stronger culture of productivity across all segments of society	MITI

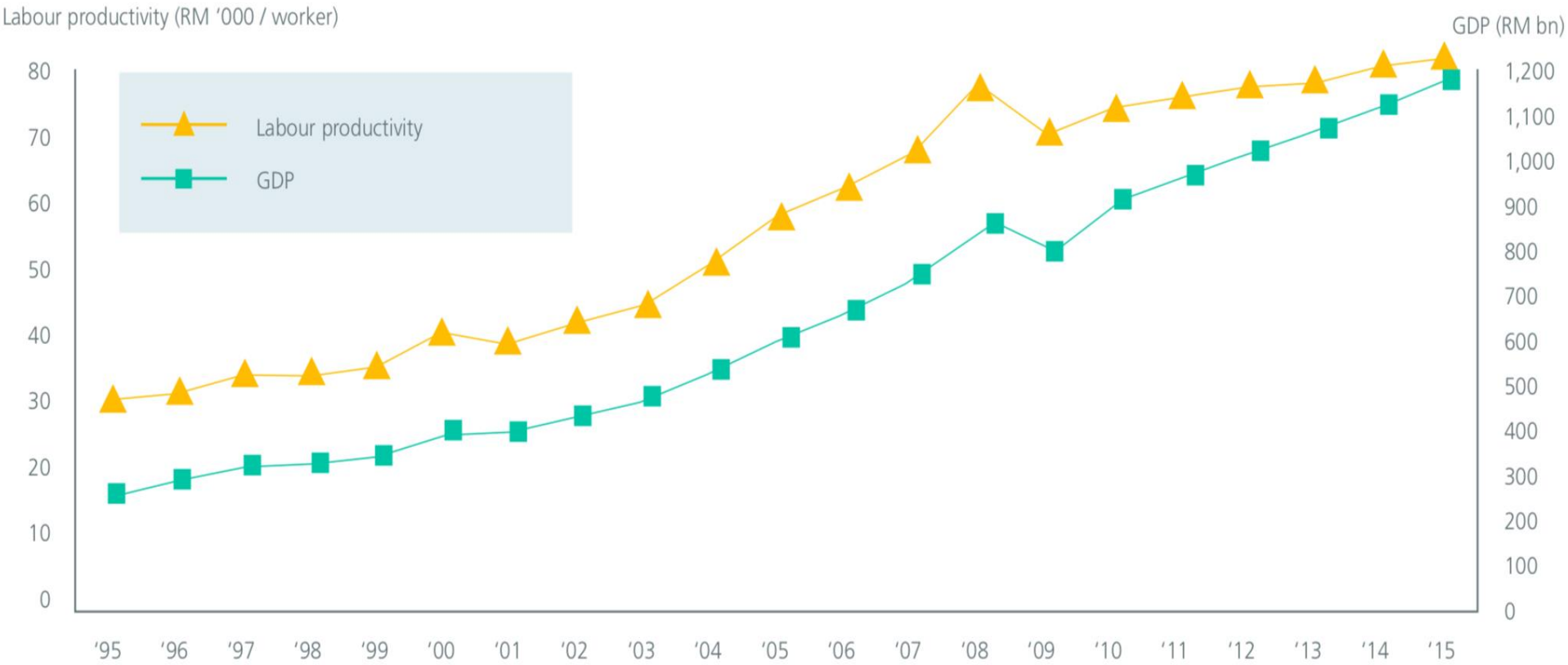
Productivity by Subsectors

Labour productivity (RM '000 / worker)



SUBSECTORS	Oil & Gas	ICT Services ¹	Chemicals	Finance & Insurance	Utilities	M&E	E&E	Private Healthcare	Retail & Wholesale	Logistics	Professional Services	Agriculture	Con-struction	Tourism ³
Best in Class	127	152	370	335	637	389	557	758	256	423	590	747	1,067	524
Comparable GDP per Capita ⁵		97	56	126	159	142	36	179	175	167	459	54	247	176

Malaysia GDP Growth vs Labour Productivity Growth (1995-2015)



Thank you, *“Terima kasih”*

