

## Malaysia's Global Competitiveness Ranking Up A Notch In 2018



Malaysia has improved its ranking by one notch in terms of global competitiveness, according to the World Economic Forum's Global Competitiveness Report 2018.

The report, which was released on October 17, 2018, sees Malaysia placed 25 out of 140 countries.

Malaysia once again took the second spot among nine South-east Asian countries.

The most competitive country in the world went to the United States with a competitiveness score of 85.6.

In second place was Singapore (83.5) followed by Germany (82.8), Switzerland (82.6), Japan (82.5), Netherlands (82.4), Hong Kong (82.3), the United Kingdom (82.0), Sweden (81.7) and Denmark (80.6), which round up the top 10.

Malaysia was one of the three non-high-income countries that were featured in the top 40 of the list.

The other two countries were China and Thailand in 28th and 38th place, respectively. Thailand being the next highest ranked Southeast Asian country improved 2 positions in 2018.

It is interesting to note that China is only 2 positions below Malaysia at 28th position. As a fast developing country with strong political will, it may be inevitable if China overtakes Malaysia in the Global Competitiveness Ranking before 2020.

The World Economic Forum's report this time around introduces the new Global Competitiveness Index 4.0, by integrating the element of the Fourth Industrial Revolution (4IR) into the definition of competitiveness. It is timely that Malaysia launched its national policy on Industrial 4.0 setting out the strategies and policies to move the industry towards a more competitive platform through Industrial Revolution 4.0 initiatives and programmes.

## Global Competitiveness Ranking 2018

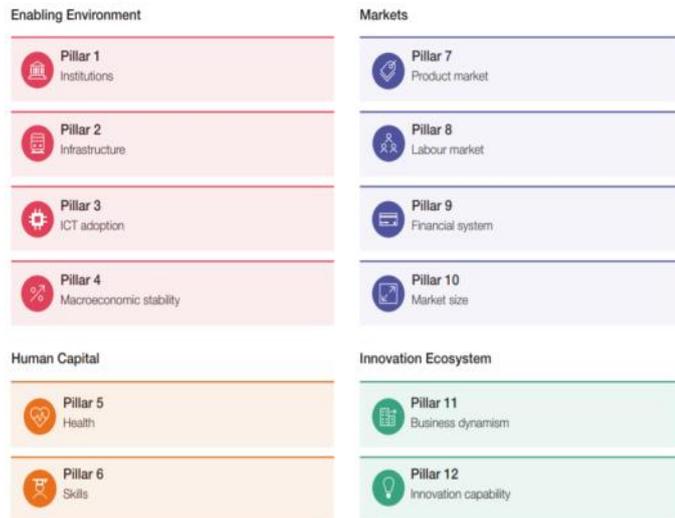
Rank	Economy	Score <sup>1</sup>	Diff. from 2017	
			Rank	Score
1	United States	85.6	—	+0.8
2	Singapore	83.5	—	+0.5
3	Germany	82.8	—	+0.2
4	Switzerland	82.6	—	+0.2
5	Japan	82.5	+3	+0.9
6	Netherlands	82.4	-1	+0.2
7	Hong Kong SAR	82.3	—	+0.3
8	United Kingdom	82.0	-2	-0.1
9	Sweden	81.7	—	+0.1
10	Denmark	80.6	+1	+0.7
11	Finland	80.3	+1	+0.5
12	Canada	79.9	-2	-0.1
13	Taiwan, China	79.3	—	+0.1
14	Australia	78.9	+1	+0.7
15	Korea, Rep.	78.8	+2	+0.8
16	Norway	78.2	-2	-0.8
17	France	78.0	+1	+0.6
18	New Zealand	77.5	-2	-0.6
19	Luxembourg	76.6	+3	+0.6
20	Israel	76.6	—	+0.4
21	Belgium	76.6	-2	—
22	Austria	76.3	-1	+0.2
23	Ireland	75.7	—	-0.3
24	Iceland	74.5	—	-0.1
25	Malaysia	74.4	+1	+1.1
26	Spain	74.2	-1	+0.4
27	United Arab Emirates	73.4	—	+1.1
28	China	72.6	—	+0.9
29	Czech Republic	71.2	—	+0.3
30	Qatar	71.0	+2	+0.6
31	Italy	70.8	—	+0.3
32	Estonia	70.8	-2	—
33	Chile	70.3	+1	+0.9
34	Portugal	70.2	-1	+0.5
35	Slovenia	69.6	—	+1.1
36	Malta	68.8	—	+0.3
37	Poland	68.2	—	+0.2
38	Thailand	67.5	+2	+1.3
39	Saudi Arabia	67.5	+2	+1.6
40	Lithuania	67.1	-2	+0.7

## Malaysia's Global Competitiveness Ranking Up A Notch In 2018 (cont.)

The report benchmarks countries according to its 12 pillars of competitiveness.

The 12 pillars are listed as per below:

The Global Competitiveness Index 4.0 2018



Malaysia's best performing index was its macroeconomic stability where it achieved a perfect score of 100. There are 30 other countries which achieved 100 in this area which include Botswana, Latvia, Chile and Peru.

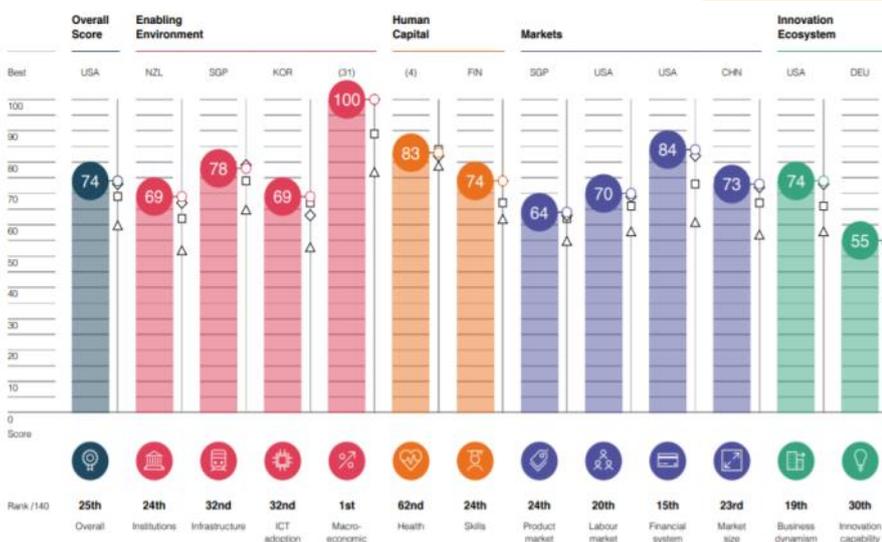
The other high performing pillars which helped boost up our ratings are infrastructure, skills, product market, labour market, financial system, market size and business dynamism, all of which scored better than 25th.

However, Malaysia scored low in the health component where it achieved a ranking of only 62 out of 140 countries.

The report also cited that Singapore was most "future ready" for the 4IR followed by Luxembourg and the United States. The United Arab Emirates (76.7) and four other Gulf countries appear in the top 10

Malaysia was listed as ninth on the list as being most "future ready".

### Malaysia - Performance Overview



### BizWatch

Malaysia moved up one notch to the 25th spot out of 140 countries in the World Economic Forum's (WEF) 2018 Global Competitiveness Report.

This came after the nation gained 1.1 points to achieve an overall score of 74.4 points in the survey that rates economies based on the 12 pillars.

Within ASEAN and Asia-Pacific, Malaysia was ranked second and eighth most competitive, behind Singapore, Japan, Hong Kong, Taiwan, Australia, South Korea and New Zealand.

"Malaysia's competitiveness, if maintained, would promote higher and sustained levels of income in the future," according to the report.

Notably, Malaysia was top (together with 30 other countries) in terms of macro-economic stability, with a perfect score of 100 points.

As for other pillars, Malaysia ranked 24th for institutions; 32nd for infrastructure and ICT adoption; 62nd for health; 24th for skills and product market; 20th for labour market; 15th for financial system; 23rd for market size; 19th for business dynamism; and 30th for innovation capability. We must work towards improving and maintaining the good achievement made in the pillars which helped contribute to our improved ranking while identifying the root causes or gaps in the pillars that we did badly. Example: the healthcare pillar which Malaysia scored 62 among 140 countries but achieved 83 points, ahead of other pillars.

In terms of future-readiness, which the report said is one of the keys to success in a changing world, Malaysia was ranked ninth globally. We must continue the momentum of digital economy and embrace of 4IR to move forward.

Singapore's government is the most "future-ready", followed by Luxembourg and the United States.

Amid the transformations and disruptions brought about by the Fourth Industrial Revolution (4IR), adaptability and agility of all stakeholders – individuals, governments and businesses – will be key features in successful economies".

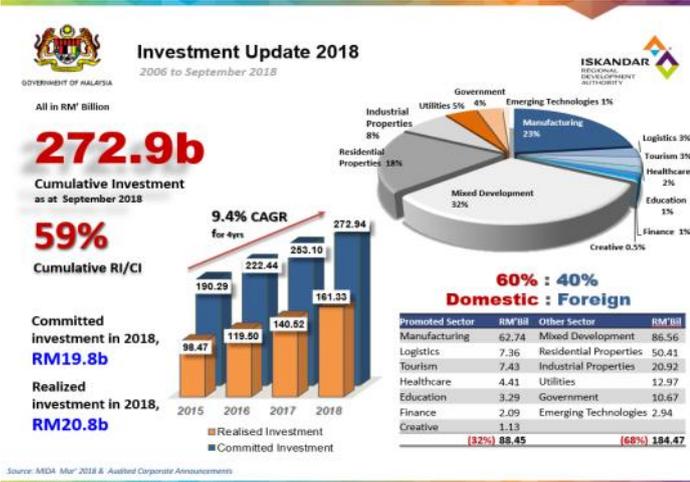
How well countries adapt to 4IR will determine whether they 'thrive' or 'stagnate' and could further divide workforces and increase social tensions".

## Iskandar Malaysia Investment Updates Moving Into The Right Trajectory

# BizWatch

### Investment Highlights (September 2018)

In the first nine months of 2018, Iskandar Malaysia had secured RM19.8 billion worth of committed investment.



This brings the total cumulative committed investment for Iskandar Malaysia for the period of 2006 until September 2018 to RM272.9 billion.

An additional RM20.8 billion worth of investments have been realized for the first nine months of 2018 and this contributed to the 59% total realized investments to-date.

#### Contribution by Sectors

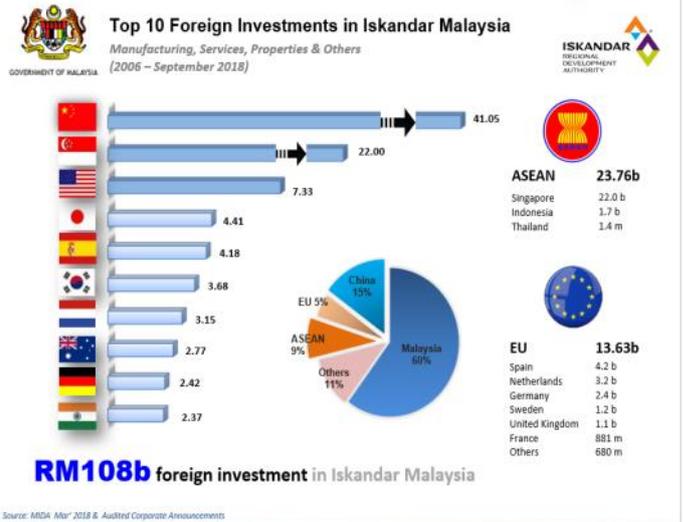
Property and manufacturing sectors remained the main contributors to the total cumulative committed investment of RM272.9 billion.

Mixed development, with total investment of RM86.56 billion accounted for 32% of the total cumulative committed investment, followed by manufacturing of RM62.74 billion or 23%, residential properties of RM50.41 billion or 18% and industrial properties of RM20.92 billion or 8%.

The promoted sectors accounted for RM88.45 billion or 32% of the total cumulative committed investment of RM272.9 billion.

The services sector made up of RM25.71 billion or 9.42% to the total cumulative committed investment of RM272.9 billion. Moving forward, IRDA will focus to increase the contribution of the services sector to the cumulative committed investment especially in Tourism, Logistics (both of which have been identified as Big Move initiatives under the enhanced Comprehensive Development Plan CDPii for Iskandar Malaysia) and Financial & Business Services.

Local investments remained the main driver contributing to RM164.50 billion of the total cumulative committed investment of RM272.9 billion while foreign investments amounted to RM108.4 billion.



Some of the projects recognized as committed and/or realized investments in the first nine months of 2018 were MIDA's approved investment (manufacturing) for the period of January 2018 to March 2018, IKEA Tebrau TOPPEN Shopping Mall, expansion of Regency Specialist Hospital, Phoenix Hotel and Shattuck - St. Mary's School in Forest City. We have not captured MIDA's latest statistics on manufacturing sector (June 2018) which was recently released this month.

In Iskandar Malaysia, China remained top foreign investor with total investment of RM41.05 billion, followed by Singapore of RM22.00 billion and USA of RM7.33 billion. Japan and Spain ranked 4th and 5th followed closely by investments from Korea.

IRDA is confident in achieving its committed and realised investment stretch target for the year of RM30 billion and RM21 billion respectively despite the current unfavourable economic conditions.

It is worthy to note, investment in Iskandar Malaysia to-date is mostly private driven with minimal government funding.

As of September 2018, the government has dispersed RM10.67 billion for enablers and infrastructure developments within Iskandar Malaysia. Therefore, based on the total cumulative committed investment of RM263.95 billion and the government investment of RM10.67 billion, the ratio between government versus private sector would be 1:24. This means for every RM1 spent by the government on Iskandar Malaysia, would yield RM24 worth of investment from the private sectors.



Opening ceremony of Nutrition Technologies UK project by HE Vicky Treadell, British High Commissioner

**Invest Iskandar Malaysia in Japan and Republic of Korea (15<sup>th</sup> - 19<sup>th</sup> October 2018)**



IRDA participated in the recent MITI/MIDA led trade missions to Japan and Korea. This was the first major trade mission led by the new Minister of International Trade and Industry, YB Datuk Darrell Leiking and saw the participation of a strong delegation from Malaysia. The seminars in Japan (Tokyo and Osaka) attracted 601 and 374 participants while the seminar in Seoul attracted 371 participants.

Taking the opportunity of our presence in Japan and Republic of Korea ("ROK"), IRDA organised separate seminars/roundtable dialogues beside meetings key stakeholders.



Individual Business Meeting after Keynote Address by Minister in Tokyo



Seminar in Nagoya supported by JETRO and i2M



Meeting with NEC

**Japan**

Seminar on Investment Opportunities in Iskandar Malaysia - co-organized with JETRO Nagoya and in collaboration with I2M

Business meetings with Mitsui, NEC and other key stakeholders.

Site visit to NEC and Willers (trans Japan bus company)

**Korea**

Dialogue with Daejeon Metropolitan City on healthcare tourism

Dialogue with biotech/R&D companies in Daejeon organised by Daejeon Wellness Centre

Roundtable discussion with potential investors organised by Deloitte Malaysia and Deloitte Anjin LLC Korea

IRDA will continue to engage and follow up with the potential and new investors met during the engagements in Japan and Korea.

Besides Singapore and Indonesia, these two countries are our target countries for new investments and reinvestments and we want to ride on the current momentum generated by our Prime Minister Tun Mahathir in Asia especially in Japan.



Visit Daejeon City on medical tourism and exchange ideas



Dialogue with biotech/R&D companies in Daejeon



Roundtable discussion at Deloitte Anjin office

**Editorial**

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