

Speech YBM - Launching of the Malaysia Economic Monitor June 2021, Weathering the Surge

Ladies and gentlemen,

1. Global economic recovery has gained momentum after the marked contraction caused by the COVID-19 pandemic last year.
2. In its Global Economic Prospects, the World Bank projected world GDP to expand by 5.6% this year compared to 4%, as forecasted in January.
3. Fiscal support from Governments and a rapid rate of vaccination have supported economic activity in major advanced economies, most notably the United States and other Western nations.
4. Global manufacturing activity has also expanded, and industrial production has surpassed its pre-pandemic level.
5. There is optimism around the world for a strong global recovery this year. This optimism will have a positive impact on manufacturing and our external sector.
6. The recent pledge by the G7 leaders to contribute one billion Covid-19 vaccine doses within a year to poorer countries, is surely a welcome development.
7. This pledge is pertinent because the recent pickup in economic activity across the globe has been uneven. Emerging economies and lower-income countries are experiencing subdued pickups following a resurgence of COVID-19 cases.

Ladies and gentlemen,

8. The health and economic crisis arising from COVID-19 has presented an unprecedented challenge to policymakers around the globe.
9. In response to the crisis, as we all know, the Malaysian Government has implemented 6 economic stimulus packages worth RM380 billion, with a direct fiscal injection of RM70 billion. These stimulus packages have cushioned the impact of this pandemic on the rakyat and the economy.
10. For instance, the Geran Khas Prihatin benefited nearly 1 million micro enterprises, while the Bantuan Prihatin Nasional benefited more than 10 million of people in the M40 and B40 income categories.
11. Indeed, the pandemic has clearly highlighted the need to provide better social protection to vulnerable groups, especially for Malaysians in the informal sector.

Ladies and gentlemen,

12. Given the challenging circumstances, it is imperative for the government to have a clear pathway forward. The National Recovery Plan provides a systematic strategy for the country to emerge from the Covid-19 pandemic. It also provides certainty to Malaysian workers and businesses, as it outlines clear timelines regarding the gradual opening of the economy.

13. In recent days, we have done a lot better in ramping up our vaccination rollout. The rate of vaccination is critical in reducing the number of infections and in reviving our economy.

Ladies and gentlemen,

14. The government is also in the final stages of fine-tuning the 12th Malaysia Plan. The Plan will outline a number of fundamental reforms over the next five years to build back Malaysia from the pandemic, and to ensure we are on track to achieve a prosperous, inclusive and sustainable future.

Ladies and gentlemen,

15. We welcome the publication of the 24th edition of the Malaysia Economic Monitor, Weathering the Surge by the World Bank.

16. While the focus of the report launched today is on the immediate impact of the current pandemic, understanding the medium and long term economic trajectory remains vital to ensure Malaysia's growth is based on innovation and productivity.

17. In this regard, the Malaysian Government is committed to continue conducting public-private consultations. These consultations will help us in designning better policies and promoting better understanding of the impact Covid-19 on economic activity and post covid recovery.

18. We take note of the MEM report in which the World Bank has revised downwards our projected GDP growth to 4.5% this year, which is lower than the Government's official estimate of between 6.0 and 7.5%.

19. The Malaysian economy was on a solid recovery trajectory before May 2021, with a much-improved real GDP growth performance of negative 0.5% in the first quarter and a strong rebound in a number of economic indicators.

20. Unfortunately, the increase in Covid-19 cases and subsequent implementation of lockdown measures has had an impact on Malaysia's economic recovery.

21. At the moment, our officials are crunching the numbers to assess the impact of the lockdown that began in June 1st on the Malaysian economy.

22. If the Government's measures, including rapid vaccination and lockdowns accompanied by

strict observance of SOPs, are successful in reducing the number of cases, Malaysia can look forward to strong economic recovery in the fourth quarter.

23. Looking ahead, the Economic Planning Unit will continue working closely with the World Bank Group's Inclusive Growth and Sustainable Finance Hub in Kuala Lumpur.

Thank you.