

Putrajaya bullish on economic prospects, but rules out full recovery amid border closure

KUALA LUMPUR (Dec 13): The government said it is bullish about the country's economic prospects for next year and remains committed to improving ease of doing business to restore foreign investor confidence through the 12th Malaysia Plan (12MP).

Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed said there is growing evidence of the supply side picking up, with all indicators pointing to a good recovery in 2022 at this point in time, with no discovery of new Covid-19 variants.

Notwithstanding this, a full recovery is unlikely for as long as the international borders are closed, he stressed, adding however that he remains optimistic that the country can achieve an economic growth of 5.5% to 6.5% next year.

"For 2022, we are upbeat and bullish on the prospects of the country's economic growth. Trade and investment have done very well and are picking up," he said during a virtual briefing on the 12MP by the Economic Planning Unit (EPU).

"Overall, we see continued growth in the domestic economy, and domestic tourism is booming. We expect a rebound next year in manufacturing, services, agriculture picking up, and the oil and gas sector has done better in the last few months," the minister said.

"The borders are gradually opening with Singapore, as it is an important partner for Malaysia. We hope it will progress well and then, we are also talking to Indonesia and Thailand as well," he added.

According to the **Department of Statistics Malaysia** last month, Malaysia's October export value rose 25.5% year-on-year to a record high of RM114.4 billion, in line with global economic recovery from the impact of the pandemic-driven movement restrictions.

Last week, Prime Minister Datuk Seri Ismail Sabri Yaakob said Malaysia recorded a positive growth of RM12.8 billion worth of net foreign direct investment (FDI) in the third quarter of 2021, compared to RM8.2 billion in the second quarter, an increase of 56%.

This brought the total FDI for the first nine months of the year to more than RM30 billion, an increase of 300% compared with the same period of 2020.

Meanwhile, Mustapa also noted that talent is a key to making Malaysia a more attractive investment destination, having recognised the issue of talent shortage in some areas over the years, and as such, the government is addressing it in the 12MP by focusing on strengthening the country's Technical and Vocational Education and Training (TVET) system.

EPU's manufacturing industry, science and technology division director Datuk Valluvan Veloo said this is among ways of boosting Malaysia's attractiveness as an FDI destination.

"We really want Malaysia to be the hub and we want quality investment to come to Malaysia, and this is done through the National Investment Aspirations framework, which MITI is currently working on.

“On the policy side, there are six criteria that we are looking into and one of them is the impact that the investment will bring to Malaysia and the quality of the investment.

“For example, we want more technology that can bring a more diverse effect to Malaysia. We have our talent that can be used to develop technology but we need support from the investment to get them into place,” he said.

Valluvan dismissed the perception that the government is not friendly to investors.

“What we can say is give us a chance through the 12MP,’ he said. “The strategies are there to improve, as we have heard what the industry is saying and we acknowledge the issues.”

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