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MoF: Efforts underway to strengthen the nation towards reform stage

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KUALA LUMPUR, Aug 13 – Efforts are underway to strengthen the strategic levers of the nation in moving towards the Reform stage and this includes the new approach adopted by the Ministry of Finance in improving the country's annual budgeting process to make it more transparent and inclusive, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said.

He said that among others, the ministry will release a Pre-Budget Statement which sets out the Budget 2022 themes and focus areas, namely to drive economic recovery, rebuild the country's resilience and catalyse reforms.

"Moving forward, with the launch of the National Fourth Industrial Revolution Policy (4IR), digitalisation and technological adoption will be a national priority for boosting Malaysia's longer-term economic prospects and resilience, in accordance with the Malaysian Digital Economy Blueprint," he said in a statement in conjunction with the release of second quarter gross domestic product data by Bank Negara Malaysia (BNM).

Tengku Zafrul said this is also in tandem with the government's ongoing structural reforms over the medium term

through the implementation of, among others, the National Investment Aspirations (NIA) framework, as well as the PERKUKUH Pelaburan Rakyat initiative.

Additionally, the 12th Malaysia Plan (2021-2025) will provide a blueprint for sustainable growth, aimed at strengthening socio-economic inclusivity and environmental sustainability.

"All these policy initiatives are also aligned with the country's longer-term development policy, the Shared Prosperity Vision 2030".

The Finance Minister noted that the outlook for the third quarter 2021 is expected to be quite challenging, given the imposition of the Enhanced MCO for two weeks in most parts of the Klang Valley in July as well as the prolonged Phase 1 of the National Recovery Plan (NRP) in several states which are significant contributors to the nation's gross domestic product.

Nevertheless, the impact would be cushioned by the ease of restrictions for fully vaccinated people as well as for states which have successfully transitioned to Phases 2 and 3.

"The outlook for the fourth quarter (Q4 2021) is expected to improve, underscored by a gradual recovery from the reopening of more economic and social sectors as more people are vaccinated.

"This will also reduce the burden of the healthcare system through lower hospital and ICU admissions," he said.

Elaborating further, he said that the other factors that would drive Malaysia's economic recovery include improving external demand from major trading partners, recovery in commodity prices as well as the implementation of infrastructure projects with high multiplier impact.

These factors will support Malaysia's economic fundamentals, which remain resilient even during these difficult times, underpinned by the increasing sophistication, depth and diversity of the Malaysian economy where services and manufacturing sectors account for more than 80% of the economy.

The manufacturing sector and exports are expected to benefit from the current thriving global demand for electrical and electronics (E&E) products, hydrocarbons such as crude oil and natural gas as well as personal protective equipment.

"With all these factors combined, the GDP growth for 2021 is expected to be between 3.0 per cent and 4.0 per cent as announced by BNM earlier today."

In conclusion, he said the government's current priority is to protect lives from the threat of COVID-19 and ensure the country's economic growth prospects remain strong in the medium to longer term, guided by the NRP and underpinned by the principles of prudent financial management.

"The government will continue to respond strategically, proactively and decisively under this challenging COVID-19 environment, while also minimising permanent economic repercussions from the crisis."

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