



MEDIA RELEASE

MINISTER OF FINANCE MALAYSIA

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IMPROVEMENTS IN MALAYSIA'S RANKINGS IN THE WORLD BANK'S EASE OF DOING BUSINESS INDEX TO 12TH IN THE WORLD IN 2020 FROM 15TH IN 2019, WHILE BECOMING AMONG THE BEST IMPROVED COUNTRIES IN THE LATEST WORLDWIDE GOVERNANCE INDICATORS POSITIVE TO REAFFIRM MALAYSIA'S SOVEREIGN CREDIT RATINGS

Successful institutional reforms have resulted in Malaysia improving its ranking in the World Bank's Ease of Doing Business to 12th best in the world in 2020 from 15th in 2019. Malaysia is also among the best improved economies in the World Bank's 2018 Worldwide Governance Indicators (WGI) published earlier this month, which is a strong credit positive in the evaluation of sovereign credit ratings.

The 2020 Ease of Doing Business Index

The World Bank's Ease of Doing Business is a measure of business regulations and its implementation in 190 countries. The easier it is to do business, the higher will the scores and the ranking be.

Malaysia's scores in the 2020 Ease of Doing Business Index rose by 0.2 points, allowing the country to climb 3 places to 12th in 2020 from 15th in 2019 (**Table 1**). This is Malaysia's best ranking since 2015. The rise was contributed by regulatory reforms that made starting a business and dealing with construction permits easier.

Table 1: Malaysia's Ease of Doing Business ranking from 2016 until 2020

Year	Ranking
2016	18
2017	23
2018	24
2019	15
2020	12

Malaysia also became the 4th easiest place to do business in Asia after Singapore, Hong Kong and South Korea. This is an improvement from the previous year when Malaysia was ranked 5th.

The latest World Bank Worldwide Governance Indicators

Malaysia is also among the best improved country in the latest World Bank's Worldwide Governance Indicators (WGI) which is for year 2018, thanks to wide-ranging institutional reforms carried out by this Government.

The WGI measures institutional quality across 214 countries by accounting for 6 dimensions: accountability, political stability, government effectiveness, regulatory quality, rule of law and corruption. Malaysia improved in 5 out of the 6 dimensions (Table 2).

Table 2: Malaysia's scores in all WGI dimensions in 2017 and 2018

Dimensions	2017 scores	2018 scores	Change
Voice and accountability	-0.40	-0.08	+0.32
Political stability and absence of violence/terrorism	0.12	0.24	+0.12
Government effectiveness	0.83	.08	+0.25
Regulatory quality	0.68	0.68	0.00
Rule of law	0.41	0.62	+0.21
Control of corruption	0.03	0.31	+0.28

Note: Scores range from -2.5 and 2.5, with higher number indicating better score.

Positive impacts on the Government's credit ratings

In determining sovereign credit ratings, international credit rating agencies take into account various factors including fiscal conditions, economic conditions and institutional quality of a country. Indeed, credit rating agencies use both the Ease of Doing Business and the WGI in ascertaining a country's institutional quality, and therefore credit ratings. Malaysia's positive performance in both indices will play a critical role in keeping Malaysia's sovereign credit ratings high at A3 or A-.

Malaysia's reaffirmation of its sovereign credit ratings is the best answer to critics that the present government does not know how to manage the economy or has increased government debts excessively

Meanwhile, the domestic economy continues to exhibit resilience. The Industrial Production Index growth accelerated to 1.9% year-on-year in August 2019, from 1.2% in July 2019. This was due to sustained manufacturing growth and recovery in mining output.

September inflation rate was at 1.1%. The low and stable inflation is conducive for private consumption expansion. Sales of wholesale and retail trade grew 5.8% year-on-year in August 2019, faster than the 5.7% growth recorded in July. Unemployment rate in August 2019 also remained low and stable at 3.3%.

The Government remains committed to implementing its institutional reforms, while supporting economic growth in line with the overall Shared Prosperity Vision 2030. Successes on these fronts will assist Malaysia in reaffirming its sovereign credit ratings at A3 or A-, which is the best rebuttal to critics who claim that the present government does not know to manage the economy or has increased government's debts excessively.

Sayangi Malaysiaku!

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28 October 2019