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# Malaysia slips in competitiveness

*But scores highest in Legal Rights Index*

**Rupa Damodaran**

MALAYSIA has slipped two spots to 26th in a ranking of the world's most competitive countries, on concerns of higher education and training, technological readiness and labour market efficiency.

The 2010-2011 Global Competitiveness Report placed Malaysia 26th among 139 economies, from 24th out of 133 countries in the previous report. The report was released by the World Economic Forum (WEF) yesterday.

Malaysia, however, maintained its score, recording 4.88 out of a maximum score of seven, in comparison to a score of 4.87 previously.

According to the report, Malaysia's position has been on a declining trend in the past three years since its 21st position in 2008-2009.

"The areas affecting Malaysia's performance are in the four main pillars of higher education and training, institutions, technological readiness and labour market efficiency," said the report.

Another area of concern for Malaysia's competitiveness is the business impact of health concerns

such as malaria, HIV/AIDS and other re-emerging diseases like tuberculosis.

The WEF recommended that Malaysia improve its higher education system, especially increasing enrolment rates at the secondary and tertiary levels.

"Malaysia has to prepare its conversion into an innovation-driven country where companies compete through innovation, producing new value-added and different goods using the most sophisticated production processes," it said.

Still, Malaysia scored highest in the Legal Rights Index, together with Hong Kong and Singapore.

It also scored high on the Strength of Investor Protection, where it was ranked fourth after New Zealand, Singapore and Hong Kong.

However, Malaysia was assessed unfavourably in terms of technological readiness, with Internet users at 57.6 per 100 population and broadband Internet subscribers at 6.1 per 100 population.

Meanwhile, among the 22 Asia-Pacific countries, Malaysia was ranked at eighth position ahead of China, Thailand, India, Indonesia, the Philippines and Pakistan.

The WEF also acknowledged Malaysia's proactive measures to enhance its competitiveness such as the New Economic Model, the Government Transformation Programme and initiatives under the 10th Malaysia Plan.

It said Entry Point Projects in the areas of healthcare and education would augur well for the Malaysian healthcare and education services.

Another notable initiative, it noted, is that the police had stepped up measures by deploying more personnel in crime prone areas to create police visibility and make their presence felt to deter crime and violence.

The Geneva-based WEF had used 30 per cent statistical data and 70 per cent from survey data gleaned from 110 company executives in Malaysia between February and April this year.

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## THE GLOBAL COMPETITIVENESS INDEX 2010/11 RANKINGS TOP 10 ASIA-PACIFIC COUNTRIES

Country/economy	Rank	GCI 2010-2011 Score
Singapore	1	5.48
Japan	2	5.37
Hong Kong	3	5.27
Taiwan	4	5.21
Australia	5	5.11
South Korea	6	4.93
New Zealand	7	4.92
Malaysia	8	4.88
China	9	4.84
Brunei	10	4.75

## Mustapa pleased with market assessment

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### **Rupa Damodaran**

MALAYSIA may have slipped in the perception survey under the 2010-2011 Global Competitiveness Report, but its financial market development has received strong recognition, International Trade and Industry Minister Datuk Seri Mustapa Mohamed said.

“While we acknowledge that there are a number of areas for improvement, we are happy to see that Malaysia was assessed to have a well-developed financial market with ease of financing through local equity (ranked 11th, from 15th in the previous report) and ease of access to loans (ranked 10th, from 13th previously),” he said in a statement yesterday.

He was commenting on the 2010-2011 Global Competitiveness Report from the World Economic Forum (WEF), which saw Malaysia’s competitiveness in the world drop to 26 from 24.

Venture capital availability, soundness of banks and transparent regulation of security exchanges have also contributed to the country’s financial market development, said Mustapa.

The report noted that while Malaysia was ranked 26th, the country has a well-developed financial market and an efficient goods market.

“(Still,) there were some good suggestions coming from the report on areas where we have to improve,” said Mustapa.

The report had identified higher education and training, technological readiness and labour market efficiency as major concerns that need to be addressed by Malaysia.

Mustapa said the government has already launched nationwide initiatives on tackling these issues. They include the New Economic Model, which emphasises achieving high income, the Government Transformation Programme to enhance government efficiency, and the implementation of initiatives under the 10th Malaysia Plan.

“As these initiatives begin to take effect, we can expect to see improvements in Malaysia’s overall competitiveness in the near future,” he added.

RAM Holdings Bhd group chief economist Dr Yeah Kim Leng said

the slip in rankings reiterated the need for Malaysia not to be complacent in a globalised environment in which other countries are improving their competitiveness.

“What was disconcerting was that despite various initiatives to improve the economic efficiency and business climate, we continued to fall in ranking,” he told Business Times.

“We take comfort that with the two major transformation programmes, the Economic Transformation Programme and the Government Transformation Programme, the results will show an improvement in ranking, especially as they have been just put together,” he added.

Yeah also said it was important to have the right policies in place as well as the implementation to follow through to arrest any further slippage.

“Since we are in the midst of putting together the policy package, the key is the result and outcome we will see in 2011 readings,” he said.