

PM: NATION NEEDS TO TRANSFORM ITSELF

Malaysia can escape middle-income trap by becoming a global export player, says Muhyiddin

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MALAYSIA needs to transform itself into a global export player, further boost its manufacturing capabilities and develop homegrown multinational companies (MNCs) if it plans to break out of the middle-income trap, says Prime Minister Tan Sri Muhyiddin Yassin.

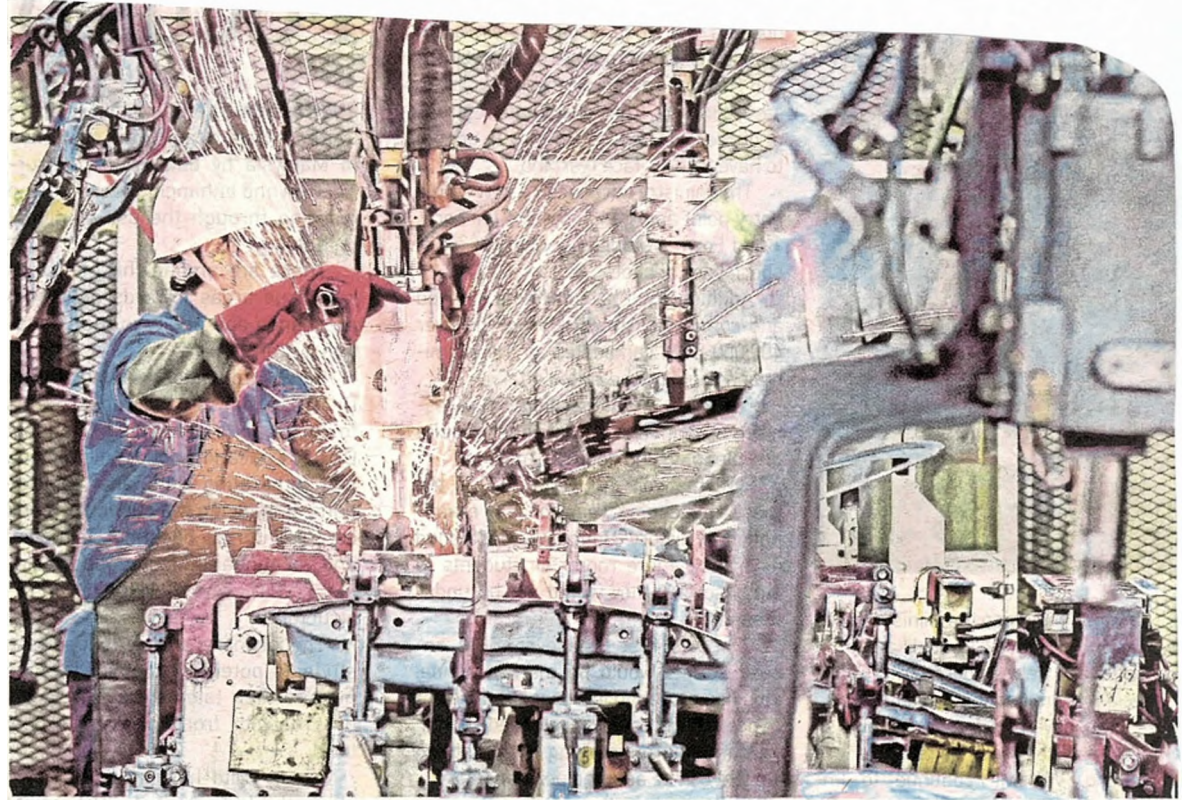
He said that a decade before the

1998 Asian Financial Crisis, the nation's cumulative annual gross domestic product (GDP) growth was 8.4 per cent annually. However, this fell to 4.6 per cent in the following two decades.

He said with the currently stagnant productivity growth, the country's annual per-capita income had stalled at about US\$10,000 for almost a decade, which suggests that Malaysia is snared in the middle-income trap.

Muhyiddin said to escape the middle-income trap, Malaysia must transform into a global exporting player.

"Historically, countries grew rich by learning to produce new, higher-value products to export. Hence entrepreneurs with global ambitions will be critical in driving growth," he said at the Youth Economic Forum 2021, organised



According to Prime Minister Tan Sri Muhyiddin Yassin, Malaysia needs to improve its manufacturing capabilities to make increasingly complex and sophisticated products. FILE PIC

by the Perdana Fellows Alumni Association, yesterday.

The second litmus test needed, he said, was for Malaysia to have better manufacturing capabilities to make increasingly complex and sophisticated products.

"Based on the Economic Complexity Index, even a standard deviation increase can elevate Malaysia's GDP growth by between 0.7 and 1.6 per cent a year."

As for the third test, he said Malaysia needed to create home-

bred MNCs as the pay-off for economic growth was high.

"For example, it is reported that global giants Samsung and Hyundai collectively at one point drove 30 per cent of South Korea's GDP.

"In a nutshell, Malaysia needs to pursue a 'moon-shot' approach in which the objective is to create competitive domestic firms in frontier technologies.

"This is where the young intelligent participants of this forum play a critical role."

Muhyiddin called on the younger generation to be bold and build the next generation of innovative enterprises so that Malaysia could stand tall with the rest of the world.

"The start-ups you build today could and should be the next Amazon, Apple or Tesla.

"As the Malaysians founders behind existing and potential unicorns like Grab and Aerodyne will testify, it is really up to you to show the world what Malaysians can achieve."