

## WORLD COMPETITIVENESS RANKING

# PM: Subsidies affected country's position

**KUALA LUMPUR:** The delay in rationalising subsidies is among the reasons cited for Malaysia's decline in the 2024 World Competitiveness Ranking (WCR), said Prime Minister Datuk Seri Anwar Ibrahim.

He said there were "tough" criticisms regarding subsidy rationalisation in that report, which saw Malaysia's position drop to 34th place.

"It was linked to our delay in implementing the rationalisation subsidies, on our lack of firmness in the matter.

"Malaysia is criticised for not being stern enough with its expenditure. Despite our increasing expenditure and a ballooning deficit, we continue to approve additional allocations, such as Sumbangan Tunai Rahmah and Sumbangan Asas Rahmah.

"I have to admit this, but given the economic situation, we have to consider the people, too," he said in Parliament.

Anwar, who is also finance minister, was replying to Datuk Taib Azamudden (PN-Alor Star), who inquired about the government's strategy following the drop in the

WCR, as well as significant declines in the sub-sectors of domestic economy, and business productivity and efficiency to 40th position compared with 24th during the pandemic.

The WCR report, released by the International Institute for Management Development, also ranked Malaysia fourth among Asian countries after Singapore, Thailand, and Indonesia.

Anwar also acknowledged other shortcomings listed in the WCR, particularly regarding the country's economic growth and the weakness of the ringgit.

"On economic growth, post-Covid 19, it soared above a very low threshold, hence the comparison was also affected.

"On the weakness of the ringgit, last year it was weak and challenging. However, there have been improvements this year."

In reply to an additional question from Datuk Rosol Wahid (PN-Hulu Terengganu), Anwar said the expenditure on subsidies was not included in previous assessments, which resulted in Malaysia's position not being affected.

"It was not within the assessment before. Indonesia took tough action two years ago by targeting of rice, flour and sugar subsidies, leading to a significant improvement in their performance.

"On the other hand, the report states that Malaysia's subsidies are an 'unrealistic economy prescription', with prices lower compared with the market," he said.

Nonetheless, Anwar said the report continued to affirm Malaysia's status as a stable economy.

He added that the government was not taking a defensive approach to issues raised in the report.

"We have scrutinised the WCR report, and I have requested the cabinet to take a more open approach with constructive criticisms so that we can improve.

"We will address the criticisms and improve. Yes, political stability helps, but a clear economic framework will further assist us to soar further, with all the improvements to be made.

"(And) our performance can improve significantly."