

# Delay affected our ranking

## PM: Subsidy issue among factors causing competitiveness to slip

THE delay in implementing the subsidy rationalisation exercise was a factor in Malaysia slipping in the World Competitiveness Ranking (WCR) 2024, says Prime Minister Datuk Seri Anwar Ibrahim.

"If you look at the finer details of the report, among the strong cautions why we slipped in the ranking was because of delays and being not stem in implementing targeted subsidies," he said when replying to a question from Alor Setar MP Datuk Afnan Hamimi Taib Azamudden of Perikatan Nasional yesterday.

Anwar cited Indonesia and Thailand as examples of faring better than Malaysia in the ranking.

Both countries had taken drastic steps to address the cost of

subsidised items such as flour, rice and sugar.

"Our subsidies were deemed an unrealistic economic prescription because prices of goods were lower compared with market prices," he said.

The situation was compounded by the fact that the government had to incur additional expenditure to provide several aid packages to the rakyat owing to the economic state, he said.

Anwar added that it was done despite increased government expenditure and a ballooning deficit.

"We had to think of the interests of the rakyat and were forced to provide for them, which led to a weaker performance," he said.

The WCR report, he said, was

based on analysis by the Institute for Management Development according to quantitative data in 2023 and 2022 while the perception data was gathered between February and April this year.

He said this was because the nation's post-pandemic economic growth was at 8.9% of the GDP in 2022 compared with a gradual increase of 3.7% in 2023 while the ringgit had also weakened.

However, there have been signs of improvement in economic growth and the strengthening of the ringgit in the first quarter of this year, Anwar said.

"Based on estimations of the first quarter of 2024, we will be able to fare much better on the report," he said.

However, he acknowledged that there is still room for

improvement, adding that he would bring up the WCR report for discussion with the Cabinet.

"We take an open approach and if there is constructive criticism for us to improve, we will do it.

"We will not take an overly defensive stand if there are weaknesses that could be improved on," he said.

Overall, Anwar said the WCR still maintains Malaysia as a stable economy.

In the recent release, Malaysia slipped seven places to 34th out of 67 countries in the competitiveness ranking.

The nation also dropped four places to 10th out of 14 countries in the Asia Pacific region, marking the first time Malaysia has ranked lower than Indonesia and Thailand.