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Bernama - Restarting From Ground Zero For An Inclusive, Resilient
Economy

☐ Thursday, Jun 04 2020☐ ☐

KUALA LUMPUR, June 4 -- The first step to solving a problem is to recognise that it does exist - the pandemic, its adverse economic impact, and the need for the government to take the lead by tackling from every avenue possible to rebuild an economy that is inclusive and resilient.

Tomorrow, Prime Minister Tan Sri Muhyiddin Yassin is set to announce a short-term Economy Recovery Plan (ERP) focusing on three main goals: empowering the people, propelling businesses and stimulating the economy, which would ensure the road to recovery and growth.

Previously, the government has done what it takes to curb the spread of the deadly virus and provided some cushion for the economy through the RM260 billion Prihatin Rakyat Economic Stimulus Package.

It resolved the spread as cases mostly remain in double-digit now, built resilience through the stimulus package and restart the economy under the Conditional Movement Control Order with 70 per cent of workforce returning to work.

Under the stimulus package, through Bantuan Prihatin Nasional, loan moratorium, wage subsidies, as well as food security, a total of RM45.1 billion have been disbursed and RM14 billion spent for the people.

However, sectors such as tourism, Small and Medium Enterprises (SMEs) and transportation remain effected, and needing continuous assistance from the government in the process of recovery.

The government is well aware that cutting down the number of cases and short-term handouts alone would not be enough; job security and operating safely in the new norm are among the assurances that people would be looking forward to from the government now.


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Ministry of Finance Malaysia
No. 5 Persiaran Perdana Presint 2,

In a nutshell - unemployment is the key issue in any crisis, and according to industry sources that had attended the various engagements with the Ministry of Finance (MoF), the government is giving its utmost priority in keeping people employed, especially in training and re-training workers.

Lest we forget, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz has been engaging with almost all sectors in the past few weeks, including the arts and culture, as well as education in gauging the need of the hour and efforts that are expected from the government under the short-term ERP.

"Among the topics discussed were employee protection and unemployment, matters involving wages and upskilling and reskilling. The government will continue our efforts in ensuring the welfare of the workforce in framing the ERP," he had said via his twitter handle @tzafrul_aziz.

Unemployment in Malaysia stood at 3.5 per cent in the first quarter of 2020, still lower as compared with 5.3 per cent in the Philippines, New Zealand (4.2 per cent) and Spain at 14.41 per cent.

Malaysia's unemployment stood at 3.3 per cent in the fourth quarter of 2019.

In the announcement tomorrow that would be aired live on Bernama TV, the government is also expected to dish out a number of initiatives to attract foreign direct investment into Malaysia, ease of doing business and most importantly, to further streamline processes.

Many businesses are also facing the issue of cash flow - another area of concern that the government is expected to give priority in the ERP - especially for the SMEs.

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The construction, property, as well as automotive industry would also be given priority considering their importance in building consumer and investors confidence in putting the economy back on track.

Digitalisation is an area that has got a lot of attention recently as it is very much needed for businesses to operate and prosper in the post COVID-19 era, hence, some initiatives on it is expected as well - perhaps in hastening the adaptation, especially by SMEs.

Besides catering for the macro level, the government would also have initiatives that would assist women, families and persons with disabilities in the new norm, as well as child care.

It is expected that in most of the initiatives, Public-Private Partnership would have a major role in building the country's resilience and sustaining growth.

Although government's allocation to be announced tomorrow and its impact on budget deficit is unknown, it is nevertheless a time for expansionary budget amidst the global economic scenario.

The country, which posted its first trade deficit since October 1997 as exports contracted faster than imports, is a clear indication of the grim situation and that the coronavirus has brought the economy to ground zero.

A trading nation, Malaysia held the record for trade surplus for 269 consecutive months.

The downturn is not isolated to Malaysia or the region, but the global economy which according to the International Monetary Fund (IMF) would contract as much 3.3 per cent this year.



Bank Negara Malaysia (BNM) had forecast the economy to either shrink by up to 2.0 per cent or grow marginally by 0.5 per cent this year, while some economists predict it could contract by as much as 4.0 per cent.

A partial recovery is sighted in 2021, with global growth to touch 5.8 per cent, said IMF, but for Malaysia to be a part of the growth story, it has to take all the necessary steps now and stay on course to see it through.

The short-term ERP will be the fourth of six phases in Malaysia's recovery efforts, namely Resolve, Resilience, Restart, Recovery, Revitalise and Reform to address the health and economic issues arising from the COVID-19 pandemic.

The next phase, which is to Revitalise, is expected to fall under Budget 2021.

-- BERNAMA

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