

Institut Tadbiran Awam Negara (INTAN) Economic & Public Finance Conference

Panel discussion

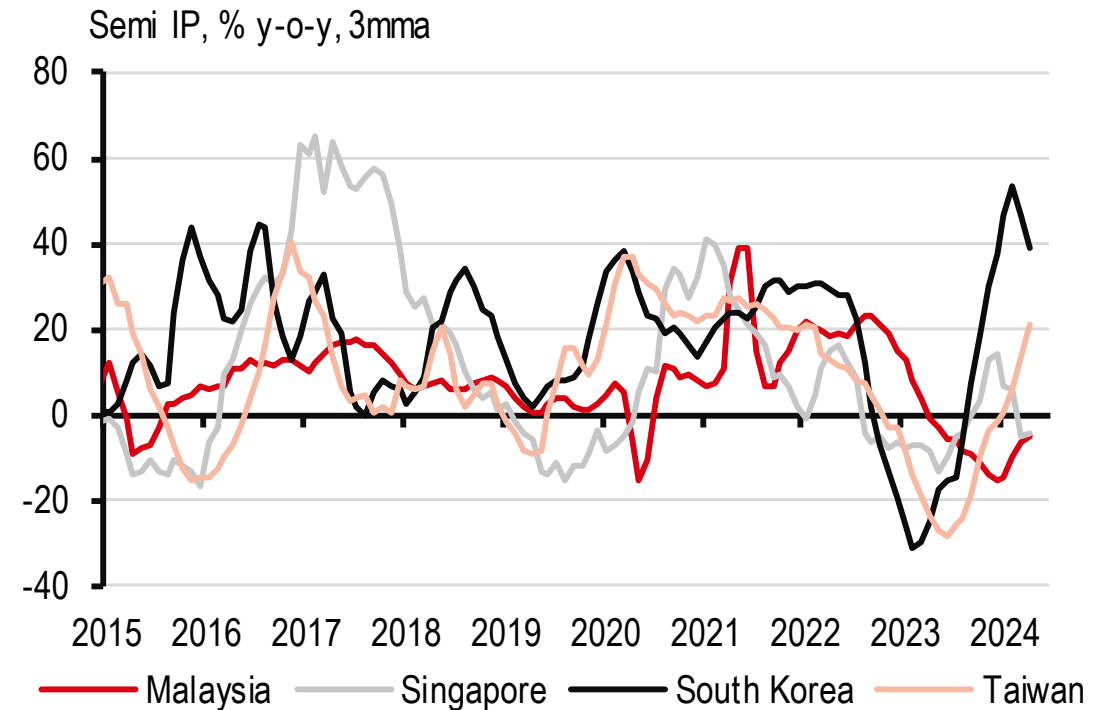
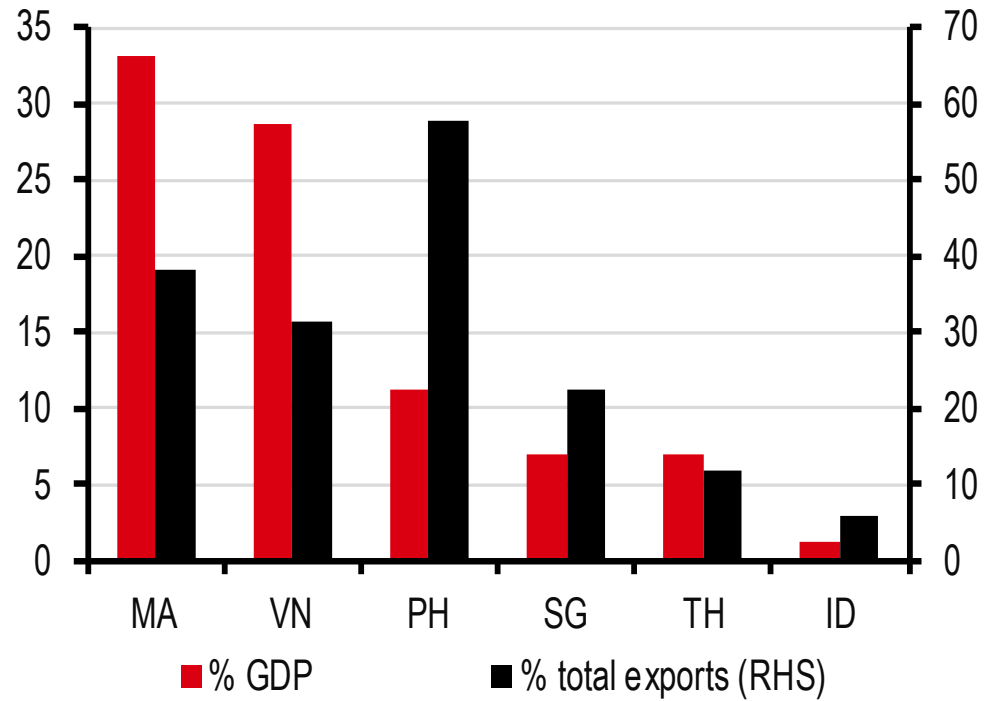
Navigating Global Economic Challenges: Ideally vs Reality

31 July 2024



Trade

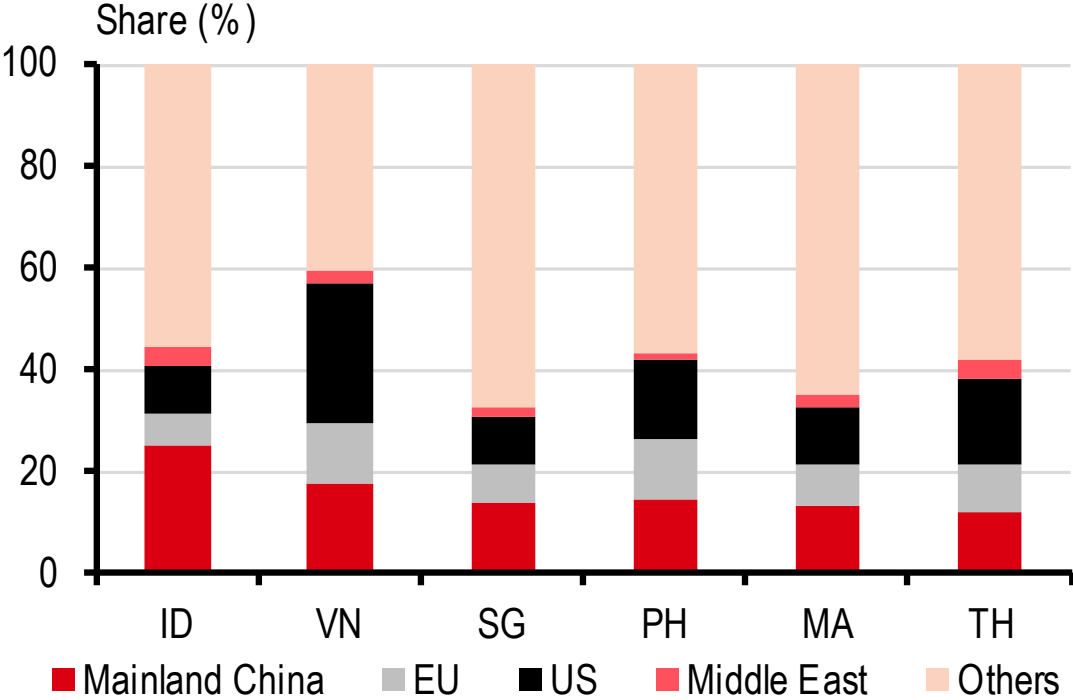
The significance of electronics exports in ASEAN



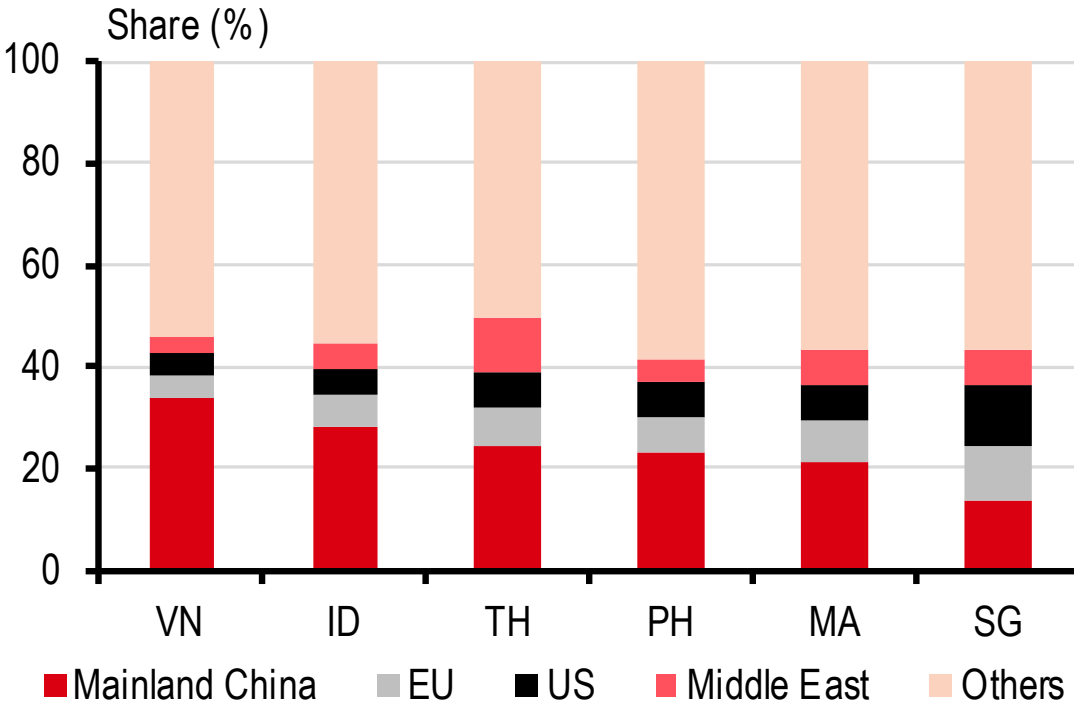
Source for both charts: CEIC, HSBC

The role of mainland China as an increasingly key trading partner for ASEAN

Export exposure



Import exposure

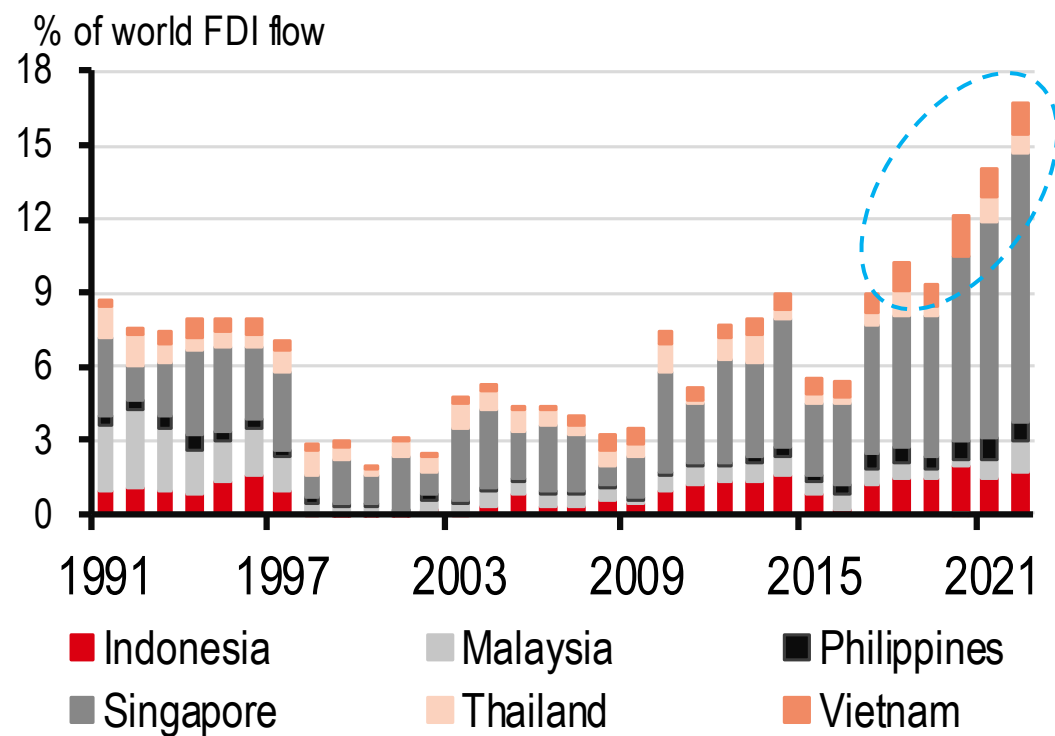


Source for both charts: CEIC, HSBC

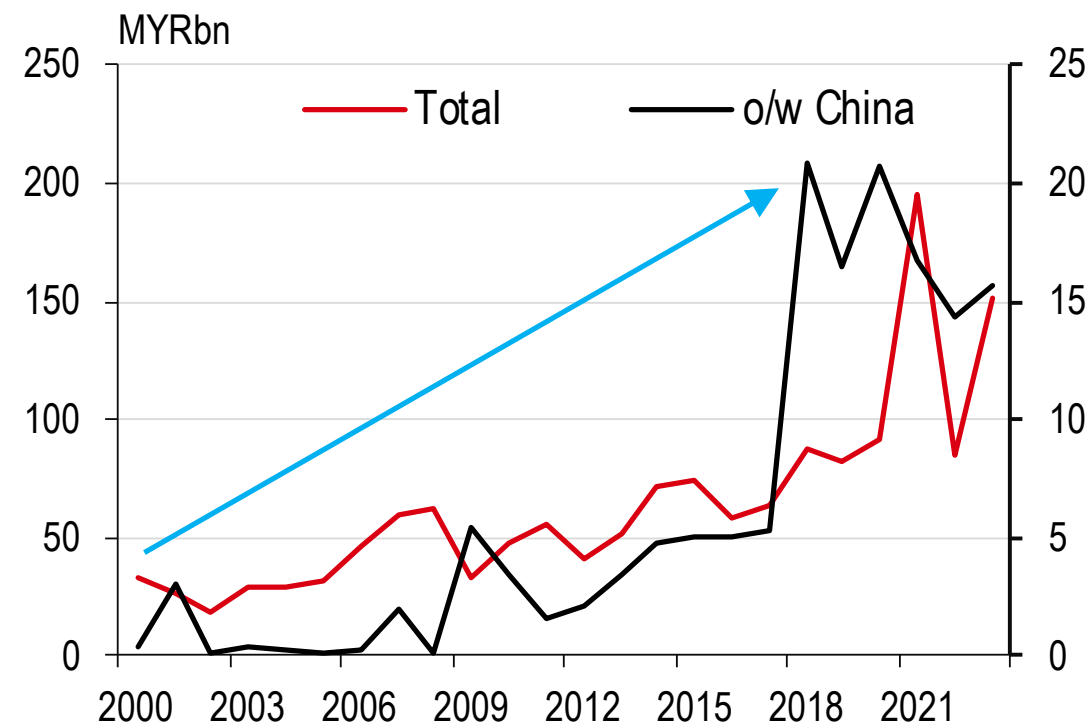
FDI

ASEAN's global export share has gained, thanks to consistent FDI inflows

The return of FDI flows



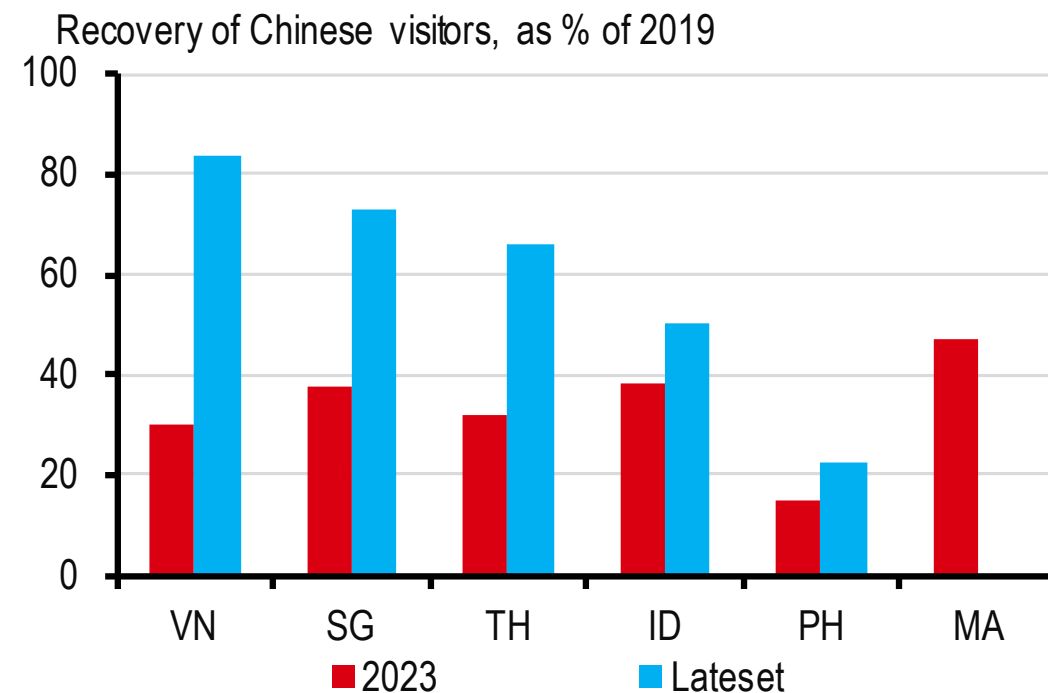
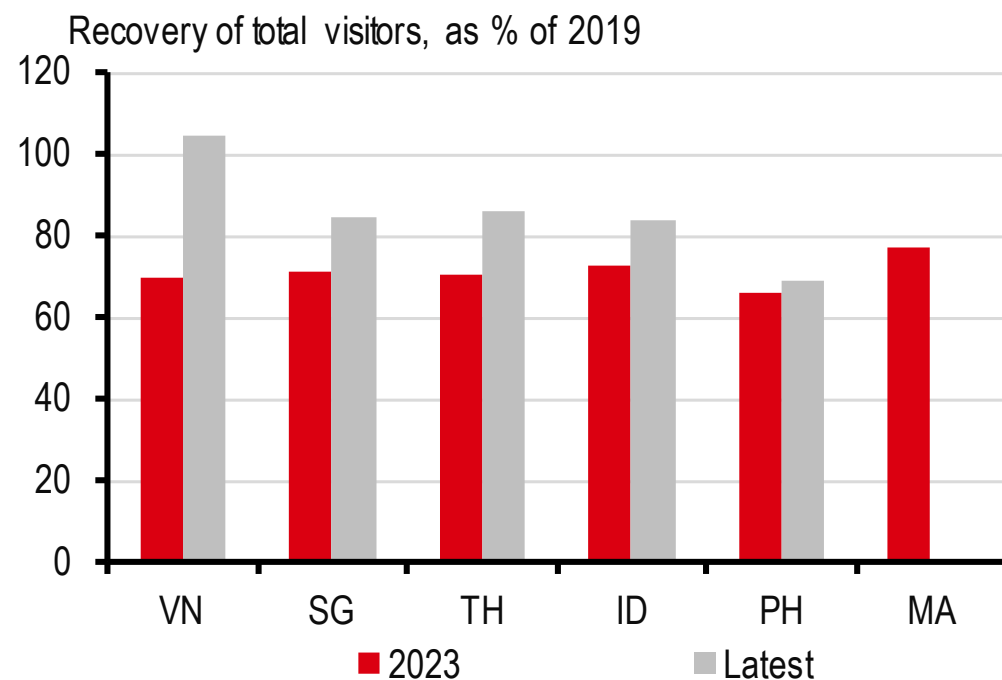
Malaysia's approved investment in manufacturing



Source for both charts: UNCTAD, CEIC, HSBC. Note: China refers to mainland China.

Tourism

The significance of mainland Chinese visitors



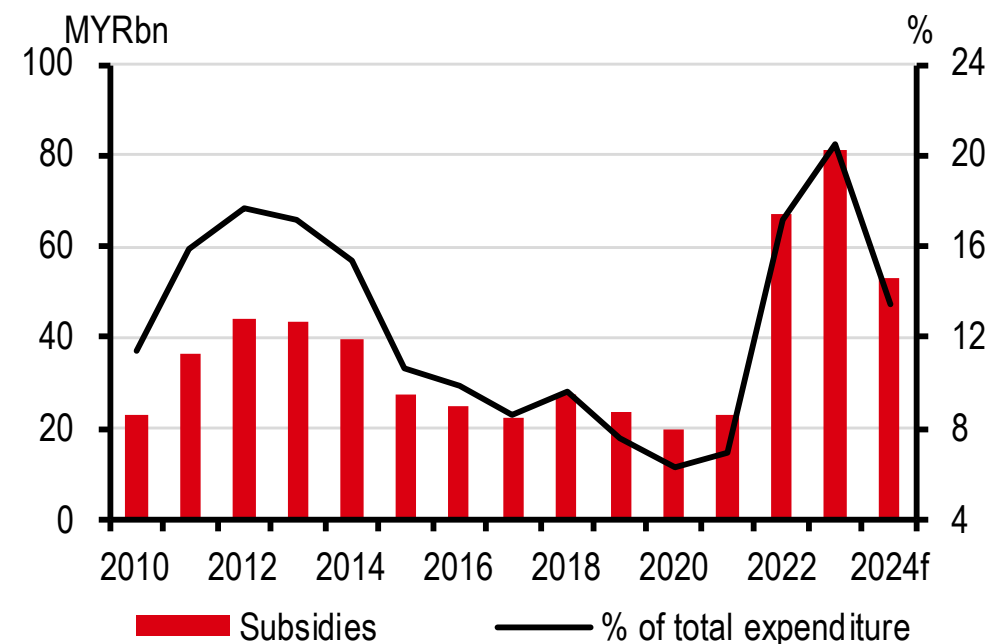
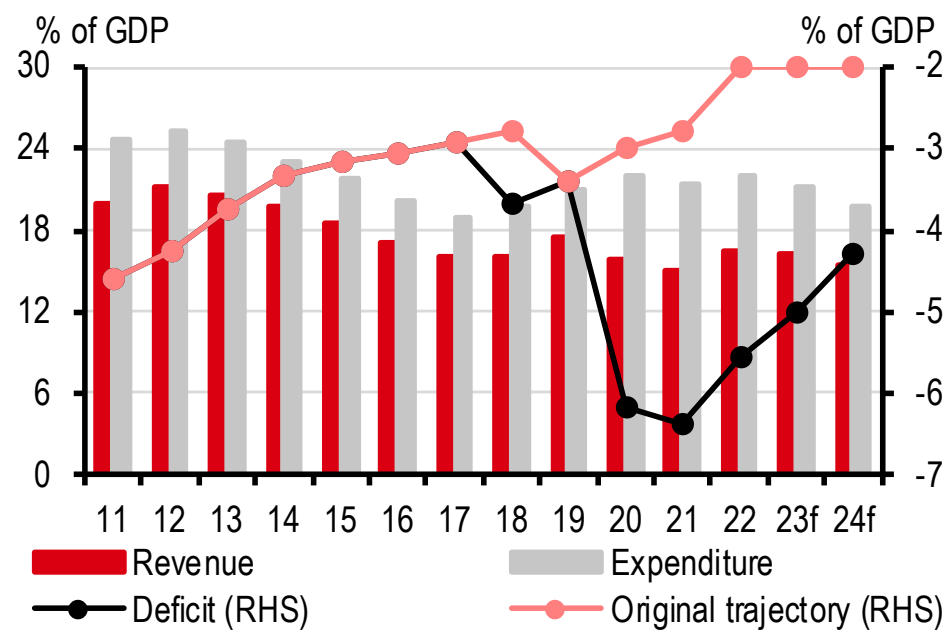
Note: Latest data as of June for SG, VN and PH, as of May for TH and ID, and MA (no 2024 data available yet).

Key: CH – Mainland China, ID – Indonesia, KR – South Korea, JP – Japan, MA – Malaysia, PH – Philippines SG – Singapore, TH – Thailand, VN – Vietnam.

Source for both charts: CEIC, HSBC

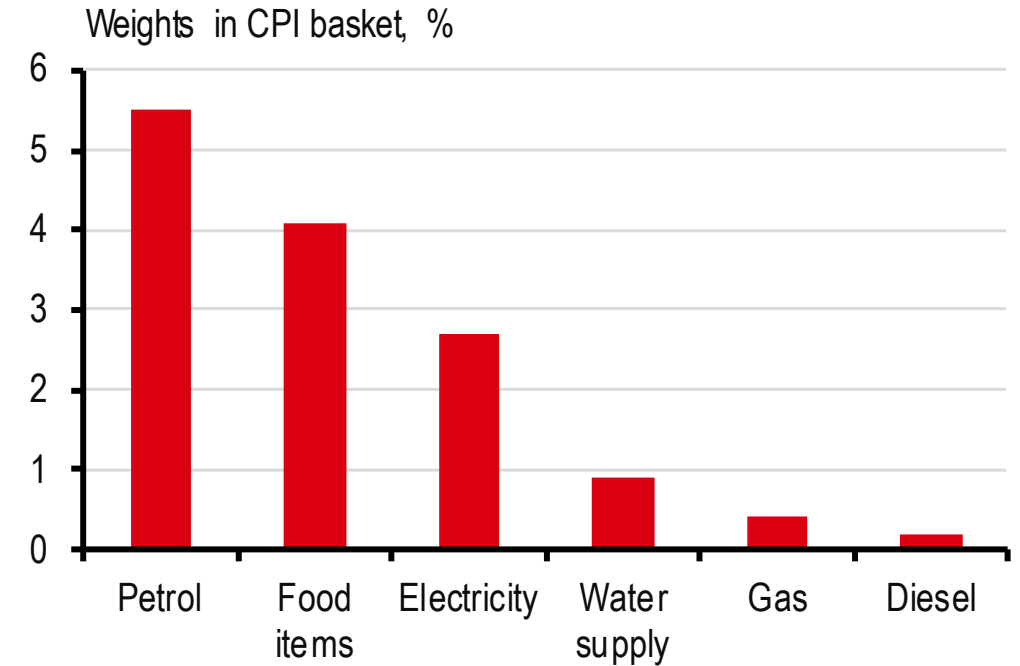
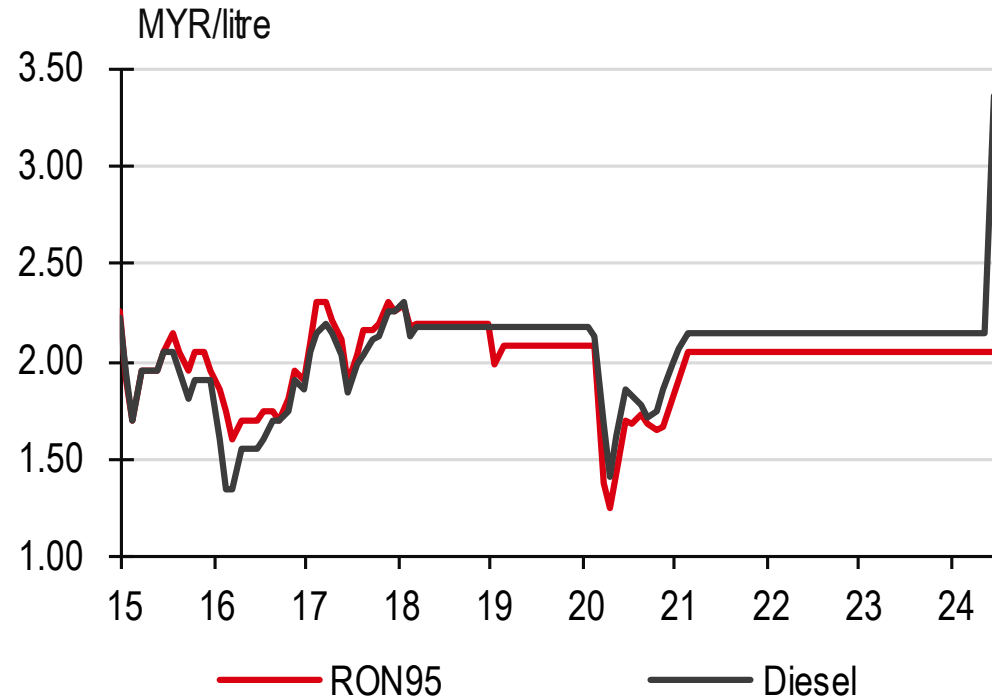
Subsidy rationalisation

Malaysia plans to narrow its fiscal deficit to 4.3% of GDP in 2024, aiming to shift from blanket to targeted subsidies



Source for both charts: CEIC, Malaysia MoF, HSBC

All eyes are on the subsidy rationalisation, but upside risks to inflation should be manageable



Source for both charts: CEIC, HSBC

HSBC forecasts

GDP % y-o-y			
	2023	2024f	2025f
World	2.7	2.6	2.6
US	2.5	2.4	1.6
Eurozone	0.6	0.6	1.3
Mainland China	5.2	4.9	4.5
Vietnam	5.1	6.0	6.5
Philippines	5.6	5.8	6.4
Indonesia	5.0	5.2	5.3
Malaysia	3.6	4.5	4.6
Thailand	1.9	2.5	3.2
Singapore	1.1	3.0	2.6

CPI % y-o-y			
	2023	2024f	2025f
World	6.4	5.5	3.7
US	4.1	3.1	2.9
Eurozone	5.4	2.5	2.1
Mainland China	0.2	0.6	1.5
Vietnam	3.3	3.6	3.0
Philippines	6.0	3.3	2.3
Indonesia	3.7	2.9	3.0
Malaysia	2.5	2.7	3.0
Thailand	1.2	1.0	1.6
Singapore	4.8	2.8	2.1

Source for both charts: CEIC, HSBC forecasts

How Malaysia can remain competitive

- Continuation of subsidy rationalisation is key
 - will reallocate fiscal space for future investment in strategic areas, allowing Malaysia to grow sustainably without sizeable debt burdens
- Prioritise trade and investment
 - focus on the development of high impact industries or economic activity that can push the country across the high-income threshold
- Strengthening digital and innovation capabilities
 - invest in the development of new industries and high value-added technology related activities such as AI, Big Data Analytics, robotics and more
 - reinvent the workforce - includes allocating resources to develop skills for the jobs of today and tomorrow
- Balance growth with sustainable development
 - continue to invest in the frameworks and put aside the capital needed to make the low carbon transition possible

Disclosure appendix

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