



DEGLOBALISATION AND SUSTAINING MALAYSIA'S COMPETITIVENESS

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NAVIGATING DEGLOBALISATION: STRATEGIC PRIORITIES FOR MALAYSIA



INTRODUCTION

GLOBAL ECONOMY SHIFTS

- **Global shift towards deglobalisation** driven by geopolitical tensions, disrupted supply chains and rising economic nationalism
- Malaysia, as a small, open economy, must **balance continued global engagement with building resilience** against deglobalisation's risks





STRATEGIC RESPONSE TO DEGLOBALISATION



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1. Leveraging Free Trade Agreements (FTAs):

- FTAs like CPTPP and RCEP are essential for maintaining market access
- These agreements help diversify trade relationships and reduce reliance on single markets

2. Active Participation in International Groupings

- Involvement in ASEAN, APEC, and WTO is vital for protecting economic interests
- Participation allows influence on global trade rules and collaboration on shared challenges



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STRATEGIC RESPONSE TO DEGLOBALISATION

3. Maintaining a Non-Aligned Stance

- A non-aligned policy allows Malaysia to remain neutral, avoiding conflicts while maintaining economic ties with major players

4. Building Resilient Supply Chains

- Focus on diversifying suppliers, investing in domestic production, and enhancing regional networks
- Developing a robust supply chain ecosystem that ensures industry continuity



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STRATEGIC RESPONSE TO DEGLOBALISATION

5. Positioning as an International Manufacturing Hub

- Malaysia's location, infrastructure and business environment ideal for international manufacturing
- Promotion as a regional center for industries like electronics, pharmaceuticals, and renewable energy can attract FDI and drive growth



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ENHANCING COMPETITIVENESS IN A GLOBAL ECONOMY



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Upgrading Talent and Skills

- ❖ Investment in human capital, especially in STEM education and digital literacy, is crucial
- ❖ Aligning education with industry needs to drive innovation and productivity

Acquiring Cutting-Edge Technology

- ❖ Prioritising technological advancements and fostering innovation ecosystems
- ❖ Support for R&D to maintain competitiveness in global markets





ENHANCING COMPETITIVENESS IN A GLOBAL ECONOMY

Reducing Regulatory Burdens

- ❖ Streamlining the regulatory framework to eliminate unnecessary constraints
- ❖ Simplifying licensing and reducing compliance costs to enhance the business environment

Fostering a Business-Friendly Environment

- ❖ Continuation of efforts to streamline regulatory processes and reduce bureaucratic hurdles
- ❖ Enhancing transparency to attract investment and encourage SME growth



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ENHANCING COMPETITIVENESS IN A GLOBAL ECONOMY

Adopting Competitive Practices

- ❖ Encourage the private sector to adopt practices that promote competition
- ❖ The government should support a competitive eco-system

Enhancing Capital Market Support Amidst Deglobalisation

- ❖ ESG is becoming more important for exporters, making it necessary for manufacturers to adopt these practices
- ❖ The Securities Commission has introduced measures like the Sustainable and Responsible Investment Roadmap to promote ESG adoption
- ❖ The private sector appreciates these efforts but needs more awareness and training, as FTAs may tie to ESG compliance
- ❖ Knowledge exchange platforms and supply chain resilience incentives are crucial for companies to succeed in a deglobalised environment





MALAYSIA'S STRATEGY FOR THE 13TH MALAYSIA PLAN



Embrace a Knowledge-Based Economy



Transition from "Made in Malaysia" to "Design and Develop in Malaysia"



Focus on Producing Technology, Not Just Using It



Enhance Education and Training to Develop Innovators and Thinkers



CONCLUSION

Malaysia can navigate deglobalisation challenges by strategically leveraging FTAs, engaging in international groupings, building resilient supply chains, positioning as a manufacturing hub, and maintaining a non-aligned stance.

Enhancing competitiveness through talent development, technological advancement, a business-friendly environment, and reduced regulatory burdens will ensure Malaysia remains resilient and attractive in the global economy.





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