

# Malaysia's Economy to Recover from End-2020, World Bank

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**World Bank expects Malaysia's economy to recover from end-2020, before returning to growth next year and to bring the economy back to its pre-pandemic level, Malaysia needs to continue its encouraging and effective public health measures, said Dr Firas Raad, World Bank's Country Manager for Malaysia.**

"The country first needs to continue its effective public health measures to ensure no second wave or the return of the (Covid-19) virus," he said on Bernama TV.

"Aside from that, (it must) continue supporting vulnerable households and focus on the firms that need support and recovery, especially the small and medium enterprises (SMEs), and then start to think about the medium-term reform agendas."

This comes as pro-growth policies and incentives aimed at pushing the private sector are important factors in helping the economy recover.

To achieve the high-income status, the country should continue its efforts on the reform agendas like those involving regulatory environment, governance, competition of economic sectors and education, said Firas.

"For Malaysia to cross into high-income country status, it will have to boost productivity growth, and that will only come with great investment in human capital."

He revealed that the World Bank is currently reviewing Covid-19's impact on Malaysia's economy before deciding on whether it will revise its 2020 gross domestic product (GDP) growth forecast for the country sometime this June.

The bank slashed its 2020 GDP growth forecast for Malaysia in April to a negative 0.1% from 4.5%, on the back of the Covid-19 outbreak.

Thereafter, the government unveiled its movement control order (MCO) which saw economic activities grind to a halt for almost two months.

But with Covid-19 infections in the country on the downtrend, Malaysia eased its movement control measures by allowing majority of business activities to resume under its conditional MCO, which is set to be replaced by a recovery MCO starting from 10 June to 31 August.