



Message from YAB Prime Minister

Micro, small and medium enterprises (MSMEs) are the catalysts to spur Malaysia's strong and sustainable post-COVID-19 economic recovery. The importance of MSMEs as the backbone of the Malaysian economy is irrefutable. Representing more than 1.2 million or 97.4% of the total business establishments in the country, MSMEs contributed significantly to the economy in 2021, 37.4% of Gross Domestic Products (GDP), 11.7% of total exports and 47.8% of total employment.

The COVID-19 pandemic triggered the largest global economic crisis in more than a century, emanating unprecedented shock worldwide over the last two years. In tandem with the global economy's recovery, Malaysia's economy regained its momentum in 2021 registering positive growth in GDP, investments and trade. Strategic measures, in terms of policies, strategies and aids, undertaken by the Government in managing the crisis since May 2020, have proven to be effective in mitigating the impact on the MSME sector, as MSMEs rallied to positive growth in 2021. Despite the lower contribution to the Malaysian economy, it is a triumphant feat for MSMEs nonetheless, considering the unparalleled domestic and global challenges that prevailed.

In meeting the needs and ensuring the survival of businesses, the Government has given special emphasis to MSMEs through various stimulus packages. Since the start of the pandemic, a total of RM196 billion has been allocated to help MSMEs deal with critical issues specifically in financing, cash flow, job retention, human capital development, as well as the adoption of technology and digitisation. In 2021, 210 MSME development programmes were implemented by 15 Ministries, six sole agencies and 53 agencies with a total allocation of RM11.7 billion that benefited 774,694 MSMEs.

Apart from the looming economic uncertainties within and beyond our domestic shores, including significant increases in food costs, as well as the war in Ukraine, which may hinder global growth and aggravate inflationary pressures, the Government is also cognisant of the tremendous issues and challenges confronting MSMEs in their post-COVID recovery path, which are digitalisation gap; low productivity among workers; lack of adequate financial access; insufficient supply chain linkages; and increased economic vulnerability.

Hence, it is imperative for the recovery and continuous development of the MSME sector to evolve, by taking into account long-term strategies that would help to limit the impact of future crises and develop dynamic MSMEs that are resilient, proactive, adept and better able to withstand future shocks as well as increase MSME economic contribution. Emphasis must be given to three focus areas to ensure the sustainable growth of MSMEs, namely participation of MSMEs in the value chain of high impact industries, internationalisation of MSMEs, as well as digitalisation and automation of MSMEs.

The pandemic has reinforced the need for climate action in consumerism. Compliance with environmental, social and governance (ESG) practices has become increasingly important globally among investors, policymakers and other key stakeholders to safeguard businesses from future risks. Hence, in moving forward, it is critical for MSMEs to be ESG compliant in order to thrive in the present and future-proof their businesses. In achieving this goal, the Government is committed to introducing initiatives that will encourage MSMEs towards embracing ESG principles in their operations, to enable them to participate in global markets and secure financing in the future.

The progressive development of MSMEs is now more than ever, a primary agenda of the Government towards revitalising and rebuilding the overall economy and essentially, realising its visions of achieving a high-income nation status by 2025 and transforming Malaysia into an entrepreneurial nation by the year 2030. Rancangan Malaysia Kedua Belas (RMKe-12) signifies the Government's pledge to ensure Malaysia's economic prosperity, inclusivity and sustainability, which includes establishing a conducive and holistic MSME ecosystem that is ESG-friendly to enhance the entrepreneurial capabilities of MSMEs and strengthening the business landscape in order to create resilient, sustainable and globally competitive players.

The Government is intensifying its efforts with a whole-of-Government approach to ensure that the MSME economic recovery momentum will continue steadfastly, propelling MSME economic contributions to steadily surpass the pre-pandemic levels. Financing packages under the Semarak Niaga Keluarga Malaysia (SemarakNiaga) programme worth RM40 billion to restore business capabilities will further rejuvenate the MSME sector in 2022. I am optimistic that through strategic and concerted efforts by the Government and the private sector, we will prevail in our endeavor to empower our MSMEs to successfully navigate the future.

Backed by our strong economic fundamentals, we shall persistently continue to overcome trials and tribulations to bolster Malaysia's progressive economic recovery to emerge as a robust and resilient nation that is prosperous, inclusive and sustainable. In the true spirit and aspirations of Keluarga Malaysia, let us all take this opportunity to work cohesively together in rebuilding our economy towards establishing a better and stronger nation.



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