Confederation of International Contractors' Associations (CICA)
Strategic Watch: COVID-19 Overview by country and region (situation at April 21, 2021)
Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data
For more information go to the CICA Website: http://www.cica.net/cica-covid-19-overview/ and Dropbox: https://www.dropbox.com/home/Observatory%20COVID-19

Malaysia

Country/Region	General measures	Measures for construction
MALAYSIA		
Economic outlook	The International Monetary Fund (IMF), in its latest Country Report, said Malaysia's growth is projected to rebound to 6.5% in 2021, driven by a strong recovery in the manufacturing and construction sectors, and the impact of the vaccination rollout in February 2021. **GDP**: The current account surplus would decline to 3% of GDP as demand for pandemic-related equipment recedes and the rebound in domestic demand raises imports. It also said the travel balance deficit would persist as international travel restrictions continue through the first half of 2021. Over the medium term, growth will converge to 5%, inflation will stabilize at 2% and the current account surplus will return to its downward pre-pandemic path. Meanwhile, the IMF said an intensification of the pandemic or realisation of other risks could derail the recovery. **Fiscal risk**: Domestically, fiscal risks from contingent liabilities could materialize while domestic policy uncertainty could dampen business confidence and investment. Although the current account surplus helps reassure investors, it nevertheless represents a gap of 3.6% of GDP that cannot be fully explained by Malaysia's fundamentals and desired policies and is partly driven by relatively lower spending on social safety nets in Malaysia. Going forward, the IMF said policies that strengthen social safety nets and continue to	The Malaysian construction industry has been severely affected due to the disruption caused by the Covid-19 pandemic. GlobalData estimates that the industry's output shrank by 17.2% in 2020, as construction activity was brought to a standstill across many parts of the country, owing to the impact of Covid-19 related containment measures. According to the Department of Statistics Malaysia (DOSM), the country's value-add at 2015 constant prices fell by 21.3% year on year (YoY) in the first three quarters of 2020. During this period, civil engineering works were the most affected, followed by non-residential and residential activities (cf. GlobalData) (January 2021).

	encourage private investment can help facilitate external rebalancing. **External debt**: The IMF said that Malaysia's external debt remains high but manageable. External debt increased to 67.5% of GDP by end-September 2020 (63.4% in 2019), partly driven by higher non-resident holdings of ringgit-denominated debt instruments (cf. IMF / FMT) (18 March 2021). According to data from the World Bank, when focusing on South and Southeast Asia the economic activity is forecast to contract by 1.2% in 2020 before rebounding to 5.4% growth in 2021. Among the major economies of the region, Malaysia, the Philippines, and Thailand are forecast to experience the biggest contractions in 2020 (June 2020). According to MEDEF, economic safety packages were put in place in the Southeast Asia region, with Malaysia implementing one of the most important rescue packages in the region amounting 16% of GDP.	
Recovery	The industry is expected to post a sharp recovery in 2021, assuming that there is no repeat of the containment measures that were in place in 2020, with growth supported by investments in transportation and energy projects. The industry is expected to grow by 9.8% in 2021 and register annual growth in the range of 6.0-6.6% between 2022 and 2025. In mid-December 2020, the government approved a 2021 budget worth MYR322.5 billion (US$73.3 billion), which is the largest in the country's history, and is 2.4% higher than last year's budget of MYR314.7 billion (US$76 billion). Of the total budget, 73.3% is allocated towards operational expenditure, 21.4% towards development expenditure and the remaining 5.3% towards dealing with Covid-19. The industry's growth will be supported by a recovery in economic conditions, coupled with investments in infrastructure, renewable energy, and residential, telecommunications and water infrastructure projects. As a part of the 2021 budget, the government allocated a total of MYR9.6 billion (US$2.2 billion) to the state governments of Sabah and Sarawak to upgrade road, power, and water infrastructure projects, as well as to improve health and education facilities. Forecast-period growth will also be driven by the government's target to produce 20% of its energy from renewable energy sources by 2025, and its target of building one million housing units for low-income earners by the end of 2029 (cf. GlobalData) (January 2021).	

Since March 25, 2020

Other Overviews

- Download the report from the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA): **IFAWPCA COVID-19 Pandemic | Construction Industry Country Reports** **(April 2020)**