



# MEDIA RELEASE

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## SMEs Registered Higher Contribution to Overall GDP in 2018

**Kuala Lumpur, 31 July 2019** – Overall performance of Small and Medium Enterprises (SMEs) in Malaysia is on track to achieve the target of 41% to GDP by 2020 as envisaged under the *Dasar Keusahawanan Nasional 2030* (DKN 2030) recently launched by the Ministry of Entrepreneur Development (MED). SMEs recorded a higher contribution of 38.3% to GDP in 2018 amounting to RM521.7 billion as compared to 37.8% (RM491.2 billion) in 2017. Based on the data released by the Department of Statistics Malaysia (DOSM) today, SMEs registered a growth of 6.2% in 2018 (2017: 7.1%), slightly above the long-term average growth of 6.0% (2001 - 2017). SME GDP growth also continued to outperform the overall GDP growth of 4.7% in 2018 (2017: 5.7%). In terms of sectoral contribution, the services and manufacturing sectors continued to be the major sectoral contributors with a combined share of 82.4% in 2018.

SME value-added in services sector registered a strong growth of 8.1% in 2018 (2017: 7.2%), the highest pace since 2014. The growth was driven primarily by the wholesale & retail trade, food & beverages and accommodation sub-sectors as consumer spending improved in particular during the three-month (1 June – 31 August 2018) zeroisation of the Goods and Services Tax (GST) rate period. The higher value-added growth of SMEs in the services sector was also supported by the finance, insurance, real estate and business services sub-sectors which increased by 7.6% (2017: 7.4%), as well as the transportation & storage and information & communication sub-sectors which expanded by 6.9% (2017: 6.8%). In manufacturing sector, value-added of SMEs expanded by 5.5% (2017: 6.8%), led by non-metallic mineral products, basic metal & fabricated metal products as well as petroleum, chemical, rubber and plastic products.

In terms of exports, SMEs showed a strong resilience by recording a growth of 3.4% in 2018 (2017: 7.2%), despite a significant slow-down in growth of large firms at 3.6% in 2018 (2017: 17.0%). In value terms, SME exports increased to RM171.9 billion in 2018 from RM166.2 billion in 2017, while the share to overall exports remained at 17.3% (2017: 17.3%). The export growth momentum was supported by SMEs in the manufacturing

sector, particularly in manufactured goods and chemicals products. Enhancing exports by SMEs will be given a special focus going forward and key strategies will be formulated towards strengthening the export capacity and capability of SMEs.

Towards this end, eight broad measures have been endorsed by the National Entrepreneur and SME Development Council (NESDC) chaired by YAB Prime Minister in April 2019 to further boost SME contribution to the economy; namely (i) intensifying digitalisation, connectivity and cybersecurity among SMEs; (ii) enhancing SMEs integration in the supply chain; (iii) supporting more high growth SMEs with relevant incentives; (iv) boosting SMEs' readiness and competitiveness to adopt innovative-disruptive-compelling technology & business model; (v) facilitating alternative financing mechanism; (vi) featuring and promoting exclusive 'hidden gems' industry; (vii) promoting exports of homegrown payment gateway and fintech by Malaysian SMEs; and (viii) enhancing SMEs participation in the tourism industry. These measures will serve as an added boost to help achieve the new SME targets under DKN 2030, i.e. 50% to overall GDP and 30% to total exports by year 2030.

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