

EMBARGO: Only to be published or disseminated at **12:00 hour, Wednesday, 26 July 2023**



GROSS DOMESTIC PRODUCT INCOME APPROACH 2022



OVERALL PERFORMANCE 2022

Malaysia's GDP in current terms strengthened with a growth of 15.7 per cent in 2022 from 9.2 per cent in the previous year which is the highest annual growth recorded within the period of 14 years (2008: 15.7%). The favourable performance was recorded in all sectors, where the Services and Manufacturing sectors accounted for 76.8 per cent of the GDP. The expansion in GDP was propelled by the higher performance of GOS, followed by CE. The GOS remained the largest income component with a share of 67.0 per cent (2021: 62.6%) which was backed by the Services and Manufacturing sectors. Hence, GOS registered a growth of 23.9 per cent (2021: 14.0%) with a value of RM1,200.6 billion in 2022 as compared to RM969.0 billion in the previous year. The contribution of CE to Malaysia's GDP was 32.4 per cent, as against 35.1 per cent in the preceding year. CE grew 6.5 per cent (2021: 2.7%) and amounted RM579.7 billion (2021: RM544.2 billion), which was driven by the Services and Manufacturing sectors. Nevertheless, Net taxes contributed 0.6 per cent (2021: 2.3%) to Malaysia's economy which further declined 69.2 per cent from a decrease of 7.4 per cent in 2021. The contraction was attributed to higher increase in subsidies than taxes on production and imports in 2022. Taxes on production and imports increased 23.8 per cent, while subsidies recorded a remarkable growth of 134.4 per cent in response to the hike in inflation and ongoing economic recovery efforts. Net taxes registered a value of RM11.0 billion in 2022 as compared to RM35.7 billion in the previous year.

COMPENSATION OF EMPLOYEES 2022

Services sector was the largest contributor to the total of Malaysia's CE in 2022, accounting for 62.2 per cent (2021: 62.7%) followed by the Manufacturing sector with a share of 24.1 per cent, from 23.6 per cent in 2021. Besides, the Construction sector contributed 8.1 per cent (2021: 7.9%) while Agriculture and Mining & quarrying sectors accounted for 3.6 per cent (2021: 3.7%) and 2.1 per cent (2021: 2.0%) of CE respectively.

The CE component, which encompasses the remuneration received by employees for their labour services provided in the production of goods and services. Following the economic recovery in 2022, CE posted a growth of 6.5 per cent as compared to 2.7 per cent in the preceding year dominated by the Services and Manufacturing sectors. CE in Services sector grew 5.6 per cent as compared to 1.7 per cent in the preceding year, attributed by Wholesale & retail trade, food & beverage and accommodation sub-sector which increased to 7.4 per cent (2021: 1.0%). Transportation & storage and information & communication sub-sector expanded 9.7 per cent (2021: 1.3%). Stronger growth was registered by Finance, insurance, real estate and business services sub-sector in 2022 at 6.0 per cent (2021: 1.2%). CE in the Manufacturing sector increased 8.6 per cent as compared to 8.1 per cent in 2021. The growth was mainly supported by Electrical, electronic & optical products, which registered a growth of 12.4 per cent (2021: 11.4%). Furthermore, Non-metallic mineral products, basic metal & fabricated metal products and Wood products, furniture, paper product and printing also contributed in this sector by registering a growth of 6.9 per cent and 6.7 per cent, respectively. Meanwhile, CE in Construction and Mining & quarrying sectors accelerated with a growth of 9.0 per cent (2021: -3.4%) and 10.3 per cent (2021: 5.1%), respectively. In addition, CE in the Agriculture sector recovered to 2.3 per cent from a contraction of 1.4 per cent in 2021.

GROSS OPERATING SURPLUS 2022

GOS of Services sector made a substantial contribution to the overall GOS, which amounted 50.0 per cent in 2022. This was followed by the Manufacturing sector, with a share of 23.5 per cent. The Mining & quarrying and Agriculture sectors accounted for 13.3 per cent and 11.6 per cent, respectively. Meanwhile, Construction sector formed 1.6 per cent of GOS in 2022.

GOS formed a substantial share to GDP and the growth of this component was in line with the economic performance. Thus, GOS surged to 23.9 per cent surpassing the economic growth of 15.7 per cent, supported by the expansion in all sectors. GOS in the Services sector grew at the fastest rate of 20.7 per cent (2021: 4.0%), driven by the Wholesale and retail trade, food & beverage and accommodation sub-sector which grew 28.7 per cent (2021: 3.3%). Meanwhile, Transportation & storage and information & communication; and Finance,

insurance, real estate & business services sub-sectors increased to 23.8 per cent (2021: 6.9%) and 11.5 per cent (2021: 4.1%), respectively. GOS of the Manufacturing sector strengthened to 26.2 per cent, from 22.0 per cent in the previous year. The growth was propelled by Petroleum, chemical, rubber and plastic products with double-digit growth of 25.6 per cent. Meanwhile, Electrical, electronic and optical products remained its double-digit growth of 27.8 per cent (2021: 11.2%). Furthermore, Food, beverages & tobacco expanded 23.6 per cent as against 19.0 per cent in 2021. Mining & quarrying sector increased by 47.9 per cent (2021: 28.8%). GOS of Agriculture sector, which grew by 10.2 per cent spearheaded by Rubber, oil palm, livestock and other agriculture sub-sector. GOS of Construction recorded a strong double-digit growth of 37.8 per cent (2021: 0.6%) attributed by Civil engineering and Non-residential buildings activities.

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