



MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

GROSS DOMESTIC PRODUCT INCOME APPROACH 2020

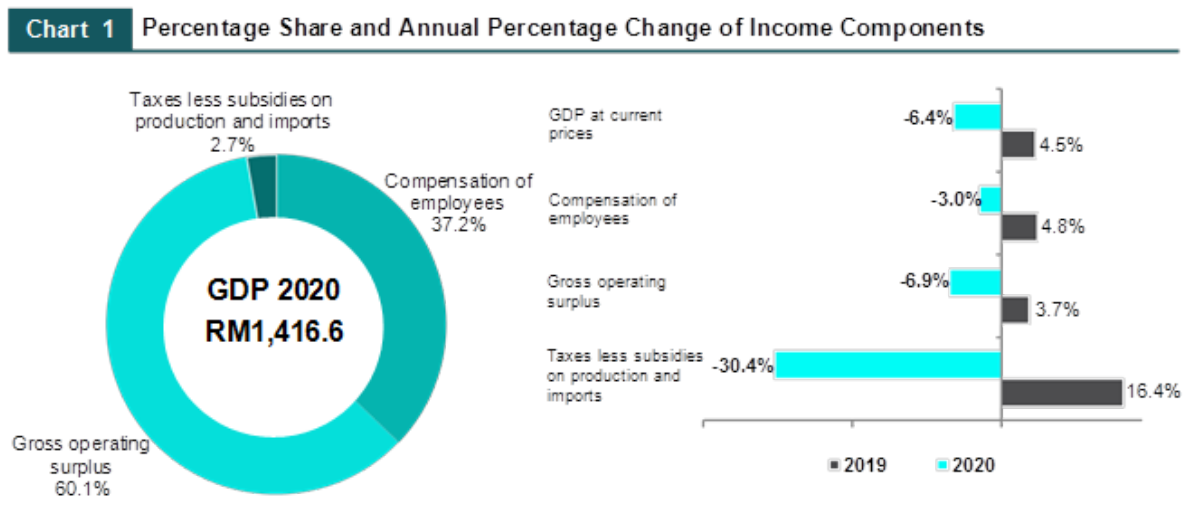


OVERALL PERFORMANCE 2020

Most countries in the world experienced the sharpest economic downturn in 2020 following the health impact of the COVID-19 pandemic. The surge of the COVID-19 pandemic cases and the enforcement of the various phases of Movement Control Order (MCO) for containment measures in Malaysia has resulted in an unprecedented slump in economic activity.

Malaysia's economy in current prices recorded a decrease of 6.4 per cent (2019: 4.5%) which has resulted all income components declined in 2020. The decrease of income components was driven by the largest decline in GOS followed by Taxes less Subsidies on Production and Imports and CE. The GOS fell 6.9 per cent (2019: 3.7%) attributed to lower production particularly during the MCO period. This subsequently decreased the CE by 3.0 per cent (2019: 4.8%). Furthermore, component of Taxes less Subsidies on Production and Imports recorded a huge decline of 30.4 per cent (2019: 16.4%) attributed to the higher Subsidies on Production and lower Taxes on Production and Imports.

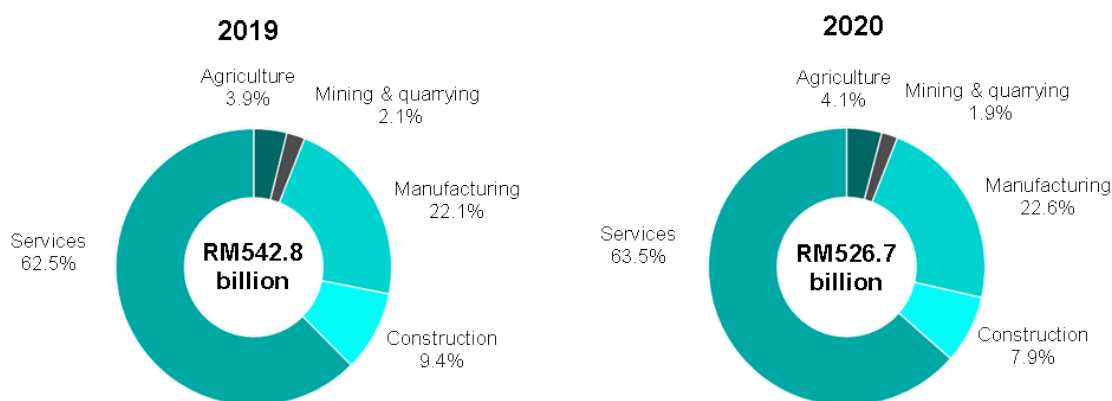
In terms of share to GDP, the GOS contributed 60.1 per cent (RM851.1 billion) followed by CE which accounted 37.2 per cent (RM526.7 billion) and Taxes less Subsidies on Production and Imports which formed 2.7 per cent (RM38.8 billion). The CE outperformed the GOS and Taxes less Subsidies on Production and Imports in terms of share to GDP in line with the largest decrease in GOS and Taxes less Subsidies on Production and Imports as illustrated in **Chart 1**.



COMPENSATION OF EMPLOYEES 2020

Services sector was the largest contributor to the total of Malaysia's CE, generated 63.5 per cent (2019: 62.5%). Meanwhile, the share of Manufacturing sector accounted for 22.6 per cent as compared to 22.1 per cent in the previous year. Construction contributed 7.9 per cent, followed by Agriculture and Mining & quarrying which accounted for 4.1 per cent and 1.9 per cent of share respectively (**Chart 2**).

Chart 2 Percentage Share of Compensation of Employees

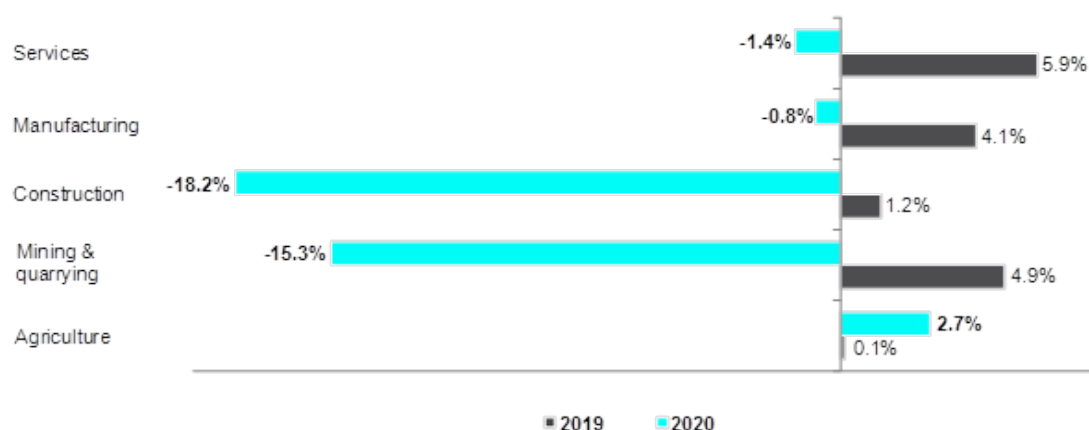


CE includes remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done during the accounting period. Following the weakened in domestic economic activities in 2020, CE contracted by 3.0 per cent from a growth of 4.8 per cent in the preceding year.

All economic sectors showed a decline in CE except for Agriculture sector in 2020. The CE in **Services** sector registered a decrease of 1.4 per cent compared to 5.9 per cent recorded in 2019. The decrease was attributed to decline in Wholesale & retail trade, food & beverage and accommodation sub-sector with a negative 1.1 per cent (2019: 9.0%) and Finance, insurance, real estate and business services fell 3.4 per cent (2019: 7.6%). Transportation & storage and information & communication sub-sector declined 7.0 per cent (2019: 7.8%). Meanwhile, Other services posted a growth of 1.1 per cent (2019: 2.5%) mainly attributed to the government services.

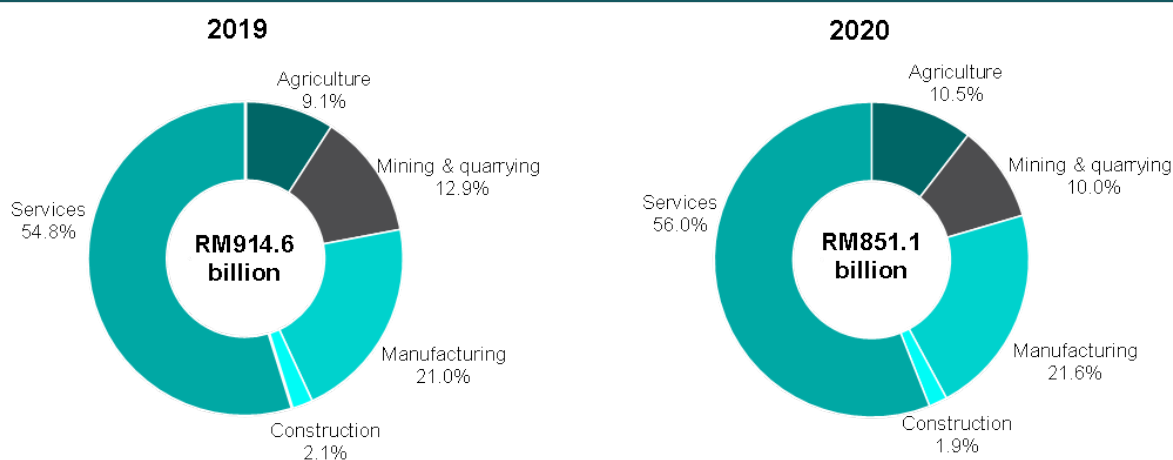
The CE in **Manufacturing** sector posted a marginal negative 0.8 per cent as against 4.1 per cent recorded in the previous year. The decrease was influenced by Electrical, electronic & optical products which declined 0.2 per cent (2019: 2.4%). Meanwhile, Petroleum, chemical, rubber & plastic products grew at 4.6 per cent mainly supported by rubber products. Furthermore, Non-metallic mineral products, basic metal and fabricated metal products contracted by 4.3 per cent (2019: 5.2%).

Construction sector shrank 18.2 per cent as compared to 1.2 per cent in 2019. The performance was affected by the decline in Civil engineering, Residential buildings, Non-residential buildings and Specialised construction activities sub-sectors. **Mining & quarrying** contracted by 15.3 per cent as compared to 4.9 per cent in the previous year. On the contrary, CE of **Agriculture** sector posted a positive growth of 2.7 per cent as compared to marginal growth of 0.1 per cent last year, mainly driven by oil palm and livestock activities (**Chart 3**).

Chart 3 Annual Percentage Change of Compensation of Employees

GROSS OPERATING SURPLUS 2020

Services sector continued as a major contributor to the total GOS with a share of 56.0 per cent. This was followed by the Manufacturing sector at 21.6 per cent, Agriculture at 10.5 per cent and Mining & quarrying at 10.0 per cent. Meanwhile, contribution of Construction sector was 1.9 per cent as showed in **Chart 4**.

Chart 4 Percentage Share of Gross Operating Surplus

The lackluster performance of Malaysia's economy in 2020, was reflected in the GOS performance. The GOS slumped 6.9 per cent (2019: 3.7%) the lowest since 2009 (-12.6%). All sectors posted a decline in GOS except for the Agriculture sector.

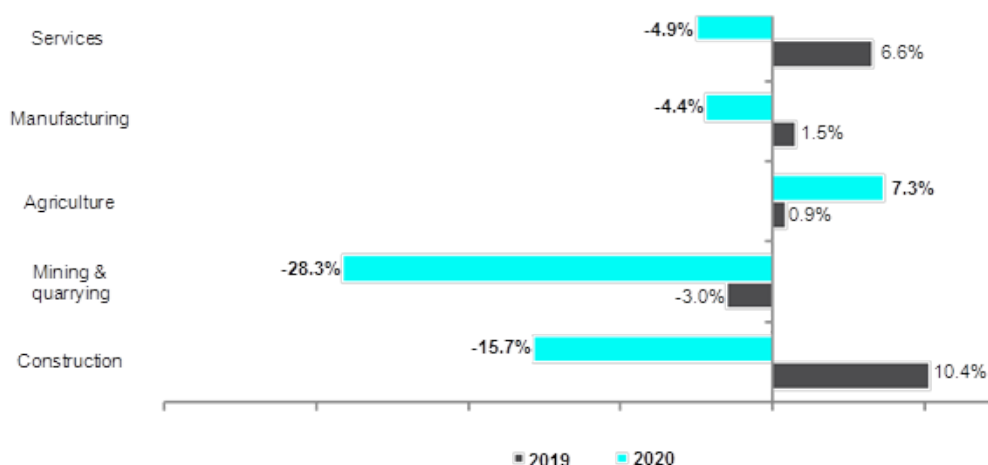
The GOS in the Services sector descended 4.9 per cent (2019: 6.6%) attributed by Wholesale & retail trade, food & beverage and accommodation activities which contracted by 10.3 per cent (2019: 7.9%). Furthermore, Finance, insurance, real estate & business services and Transportation & storage and information & communication decreased 4.2 per cent (2019: 4.3%) and 2.6 per cent (2019: 5.4%) respectively. Nonetheless, Other services moderated to 3.6 per cent (2019: 7.3%).

Meanwhile, GOS of Manufacturing sector shrank 4.4 per cent as compared to 1.5 per cent in 2019. The performance was influenced by a double-digit decline in Petroleum, chemical, rubber & plastic and Non-metallic mineral products, basic metal & fabricated metal products at 11.3 per cent (2019: 0.6%) and 23.6

per cent (2019: 1.5%) respectively. Moreover, Wood products, furniture, paper products and printing activities further decreased 13.1 per cent (2019: -2.2%). Nevertheless, GOS in Agriculture sector strengthened 7.3 per cent from a marginal growth of 0.9 per cent in 2019. The growth was supported by Rubber, oil palm, livestock and other agriculture which registered a double-digit growth of 14.3 per cent (2019: 1.9%) backed by a higher commodity prices especially oil palm prices.

The GOS in Mining & quarrying sector further declined 28.3 per cent as against decreased 3.0 per cent in the previous year attributed to a lower price of crude oil and natural gas. Likewise, GOS in Construction sector dropped by 15.7 per cent as against 10.4 per cent recorded in the preceding year largely affected by the poor performance in Civil engineering activities.

Chart 5 Annual Percentage Change of Gross Operating Surplus



The full publication of Gross Domestic Product Income Approach 2020 can be downloaded through [eStatistik](#) portal.

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