KEMENTERIAN KEWANGAN

Belanjawan 2025
MALAYSIA MADANI

ECONOMIC OUTLOOK

EKONOMI MADANI: MEMPERKASA RAKYAT

Economic Outlook 2025

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The Economic Outlook is an annual publication released on the same day as the Annual Budget.

The 2025 edition is released on 18 October 2024.

The data and analysis appearing in the Economic Outlook 2025 are compiled by the Ministry of Finance staff at the time of publication. Every effort is made to ensure their timeliness, accuracy and completeness. When errors are discovered, correction and revisions are incorporated into the digital editions available from the Ministry of Finance website.

This publication is also available for download at:
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PREFACE

MINISTER OF FINANCE MALAYSIA

As we approach 2025, the global economy remains engulfed in a complex and challenging environment. While inflation is gradually receding and monetary policy begins to loosen, significant uncertainties persist. The recovery, while progressing, is fraught with risks from global instabilities and external shocks, raising concerns that underlying economic vulnerabilities may deepen, despite the emerging signs of temporary relief. Meanwhile, the world is watching with bated breath the unfolding of geopolitical uncertainties in Europe and the Middle East, which could very well threaten economic equilibrium.

Amid these global dynamics, Malaysia stands out as a beacon of stability and progress in Southeast Asia. Our nation's robust economic fundamentals and strategic reforms have not only enabled us to navigate the turbulent waters of 2024, but also showcased our resilience in the face of global challenges. The Ekonomi MADANI framework has been instrumental in guiding our journey, fostering higher value-added activities and enhancing our economic competitiveness.

In the first half of 2024, Malaysia demonstrated economic resilience with a sterling growth rate of 5.1%. This was driven by robust domestic demand, a strong recovery in exports, and a thriving tourism sector. These achievements underscore our economic dynamism and strength, with a projected steady growth rate of 4.8% to 5.3% in 2024, reaffirming the nation's resilience and potential for sustained prosperity. Looking ahead, the economy is projected to grow within the range of 4.5% to 5.5% in 2025.

We have also made significant strides in fiscal consolidation, as the fiscal deficit is anticipated to narrow to 4.3% of GDP this year and will further improve to 3% in the medium term. Our commitment to prudent debt management and the transition to targeted subsidies are central to fiscal reform, ensuring a sustainable and strong financial position for Malaysia. This provides a secure foundation for our future economic growth.

Full employment, coupled with job availabilities and opportunities, are reflective of improved labour market conditions, which instil a sense of hope and optimism in the economy. Furthermore, the Government's dedication in implementing policies that continue to support wage growth and ensure the economic pie is shared equitably among the rakyat, is testament to our commitment to a brighter future.

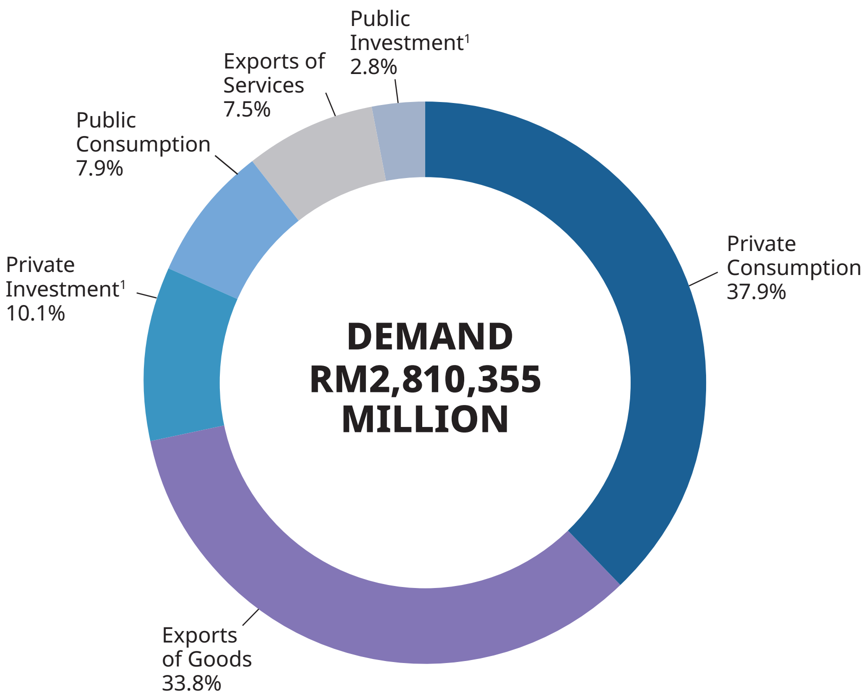
Henceforth, we remain resolute in fulfilling our long-term vision of sustainable and inclusive growth. The Ekonomi MADANI framework will continue to serve as our guiding blueprint for economic policies and reforms. By fostering a competitive and innovative economy, improving public sector efficiency and promoting social equity, we aim to create a prosperous future for all Malaysians. The collective efforts of the Government, private sector and rakyat are paramount towards realising this vision. With all our inherent advantages and value propositions, we welcome all investors to participate in the growth of our nation. The Government is optimistic that Budget 2025 will bring Malaysia one step closer to realising the vision of Ekonomi MADANI, anchored by a whole-of-Malaysia approach.

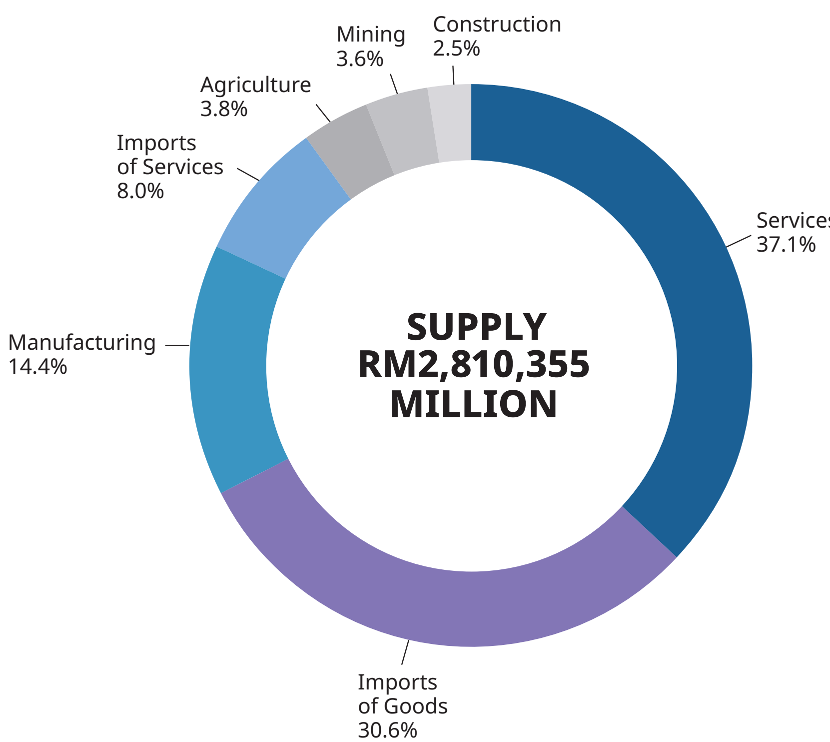
The year 2025 holds great promise for Malaysia as we continue to build on the foundations laid over the years. With the implementation of the Ekonomi MADANI framework, along with its policy levers, we are poised to strengthen our position as a leading economy in the region. Although challenges still abound, our collective resilience will bind us together in the spirit of unity to embrace the necessary changes, while remaining committed to sustainable and inclusive growth. Together, we will pave the way for a prosperous future, ensuring the benefits of our progress are equitably shared among all, securing a brighter tomorrow for our nation, *Insya-Allah*.

ANWAR IBRAHIM
18 October 2024

THE ECONOMY 2025

in constant 2015 prices
(share to total in %)





[1]Includes change in stocks
Source: Ministry of Finance, Malaysia

MALAYSIA: KEY DATA AND FORECAST

AREA 2020 (square kilometres)				
Malaysia	**Peninsular Malaysia**	**Sarawak**	**Sabah**	**Federal Territories[1]**
330,241	**131,786**	**124,450**	**73,621**	**384**

	2023[9]	2024[10]	2025[11]
POPULATION[2] (million)	**33.4**	**34.1**	**34.3**

DOMESTIC PRODUCTION	RM million	change (%)	RM million	change (%)	RM million	change (%)
Gross Domestic Product (constant 2015 prices)	**1,567,974**	***3.6***	**1,645,080**	***4.8 – 5.3***	**1,724,041**	***4.5 – 5.5***
Agriculture	100,812	*0.7*	102,780	*2.0*	104,769	*1.9*
Mining and quarrying	97,513	*0.5*	99,706	*2.2*	98,671	*-1.0*
Manufacturing	366,694	*0.7*	381,881	*4.1*	399,089	*4.5*
Construction	56,659	*6.1*	64,672	*14.1*	70,770	*9.4*
Services	927,904	*5.1*	976,966	*5.3*	1,030,826	*5.5*
Import duties	18,392	*9.6*	19,076	*3.7*	19,916	*4.4*
Gross Domestic Product (current prices)	**1,822,904**	***1.6***	**1,946,636**	***6.7 – 7.2***	**2,082,431**	***6.7 – 7.7***
Final consumption expenditure: Public	217,824	*4.8*	228,671	*5.0*	243,238	*6.4*
Private	1,102,511	*6.7*	1,184,843	*7.5*	1,293,070	*9.1*
Gross fixed capital formation: Public[3]	80,022	*10.5*	89,256	*11.5*	96,151	*7.7*
Private	270,711	*6.5*	306,267	*13.1*	343,418	*12.1*
Changes in inventories and valuables	58,878	–	42,864	–	-2,205	–
Exports of goods and services	1,250,183	*-9.3*	1,383,792	*10.7*	1,454,847	*5.1*
Imports of goods and services	1,157,224	*-7.4*	1,289,057	*11.4*	1,346,087	*4.4*
NATIONAL INCOME AND EXPENDITURE						
Gross National Income (constant 2015 prices)	**1,543,076**	***4.0***	**1,622,546**	***5.2***	**1,698,450**	***4.7***
Gross National Income (current prices)	**1,769,983**	***1.9***	**1,897,886**	***7.2***	**2,025,919**	***6.7***
Gross National Savings (current prices)	**437,814**	***-8.9***	**481,766**	***10.0***	**486,463**	***1.0***
Per Capita Income (current prices, RM)	**52,991**	***-0.2***	**55,724**	***5.2***	**59,011**	***5.9***

FEDERAL GOVERNMENT FINANCE	2023		2024[12]		2025[13]	
Revenue	314,959	*7.0*	322,050	*2.3*	339,706	*5.5*
Operating expenditure	311,267	*6.3*	321,500	*3.3*	335,000	*4.2*
Current balance	3,692		550		4,706	
Development expenditure (net)	95,084	*35.5*	84,846	*-10.8*	84,679	*-0.2*
Overall balance	**-91,392**		**-84,296**		**-79,973**	
% of GDP	*-5.0*		*-4.3*		*-3.8*	
Domestic borrowings (net)	92,806		84,980		–	
Offshore borrowings (net)	-248		-300		–	
Change in assets[4]	-1,166		-384		–	

MALAYSIA: KEY DATA AND FORECAST (cont'd)

	2023		2024[12]		2025[13]	
	RM million	% GDP	RM million	% GDP	RM million	% GDP
Federal Government Debt[5]	**1,172,509**	***64.3***	**1,227,488**	***63.1***	**–**	**–**
Domestic debt	**1,142,658**	***62.7***	**1,198,158**	***61.6***	**–**	**–**
Treasury Bills	20,000	*1.1*	20,500	*1.1*	–	–
Malaysian Government Investment Issues	527,300	*28.9*	564,300	*29.0*	–	–
Malaysian Government Securities	589,858	*32.4*	613,358	*31.5*	–	–
Government Housing Sukuk	5,500	*0.3*	–	–	–	–
Offshore borrowings	**29,851**	***1.6***	**29,330**	***1.5***	**–**	**–**
Market loans	26,224	*1.4*	26,157	*1.3*	–	–
Project loans	3,627	*0.2*	3,173	*0.2*	–	–
	2023[9]		2024[10]		2025[11]	
BALANCE OF PAYMENTS (NET)	**RM million**		**RM million**		**RM million**	
Balance on current account	**28,203**		**43,378**		**49,098**	
Goods	136,157		115,105		125,604	
Services	-43,199		-20,370		-16,844	
Primary income	-52,921		-48,750		-56,512	
Secondary income	-11,835		-2,606		-3,149	
Balance on capital and financial accounts	**-15,722**		–		–	
Net errors and omissions	**-32,981**		–		–	
Overall balance	**-20,500**		–		–	
EXTERNAL TRADE	**RM million**	**change (%)**	**RM million**	**change (%)**	**RM million**	**change (%)**
Gross exports *of which:*	**1,426,199**	***-8.0***	**1,506,666**	***5.6***	**1,565,515**	***3.9***
Manufactured goods	1,216,283	*-6.8*	1,288,943	*6.0*	1,340,882	*4.0*
Agriculture goods	94,818	*-21.6*	98,624	*4.0*	101,875	*3.3*
Mining goods	106,078	*-9.6*	109,084	*2.8*	111,426	*2.1*
Gross imports *of which:*	**1,211,044**	***-6.4***	**1,377,675**	***13.8***	**1,434,526**	***4.1***
Intermediate goods	620,607	*-12.2*	764,547	*23.2*	791,734	*3.6*
Capital goods	128,743	*7.1*	160,435	*24.6*	166,570	*3.8*
Consumption goods	104,118	*0.1*	118,293	*13.6*	122,257	*3.4*
Total trade	**2,637,243**	***-7.3***	**2,884,341**	***9.4***	**3,000,041**	***4.0***
Trade balance	**215,155**	***-16.0***	**128,991**	***-40.0***	**130,989**	***1.5***
PRICES	**Index**	**change (%)**	**Index**	**change (%)**	**Index**	**change (%)**
Consumer Price Index (2010 = 100)	130.4	*2.5*	–	*1.5 – 2.5*	–	*2.0 – 3.5*
LABOUR	**Thousands**	**change (%)**	**Thousands**	**change (%)**	**Thousands**	**change (%)**
Labour force	16,366.8	*3.8*	16,837.7	*2.9*	17,180.0	*2.0*
Unemployment[6]	553.4	*(3.4)*	534.4	*(3.2)*	533.5	*(3.1)*

MALAYSIA: KEY DATA AND FORECAST (cont'd)

FINANCIAL AND CAPITAL MARKETS	2023 End-July RM million	2023 End-July change (%)	2024 End-July RM million	2024 End-July change (%)
Money supply				
M1	594,211	*-1.3*	636,762	*7.2*
M2	2,291,248	*3.5*	2,412,973	*5.3*
M3	2,300,317	*3.5*	2,423,037	*5.3*
Banking system (including Islamic banks)				
Fund[7]	2,312,953	*3.5*	2,434,499	*5.3*
Loans	1,897,777	*3.3*	2,020,815	*6.5*
Loan-to-fund ratio (%)	82.0		83.0	
Interest rates (average rates, %)	**July**		**July**	
3-month interbank	3.50		3.54	
Commercial banks				
Fixed deposits: 3-month	2.71		2.63	
12-month	2.89		2.79	
Savings deposit	0.96		0.87	
Weighted base rate (BR)	3.67		3.66	
Base lending rate (BLR)	6.68		6.68	
Treasury bills (3-month)	–		–	
Malaysian Government Securities[8]				
1-year	3.24		3.22	
5-year	3.60		3.53	
Movement of ringgit	**End-August** RM per unit of	**End-August** change[14] (%)	**End-August** RM per unit of	**End-August** change[14] (%)
Special Drawing Rights (SDR)	6.1499	*-5.1*	5.8166	*5.7*
US dollar	4.6380	*-3.3*	4.3155	*7.5*
Euro	5.0410	*-11.1*	4.7788	*5.5*
100 Japanese yen	3.1731	*2.0*	2.9804	*6.5*
Pound sterling	5.8580	*-10.4*	5.6811	*3.1*
Bursa Malaysia				
FBM KLCI	1,451.94		1,678.80	
Market capitalisation (RM billion)	1,776.33		2,035.63	

[1] Includes the Federal Territories of Kuala Lumpur, Labuan and Putrajaya
[2] Current Population Estimates based on the 2020 Population and Housing Census
[3] Includes investment of public corporations
[4] (+) indicates drawdown of assets; (-) indicates accumulation of assets
[5] For 2024, data is as at end-June 2024
[6] Figures in parentheses show the unemployment rate
[7] Funds comprise deposits (exclude deposits accepted from banking institutions and Bank Negara Malaysia) and all debt instruments issued (including subordinated debt, debt certificates/sukuk, commercial papers and structured notes)
[8] Market indicative yield
[9] Preliminary
[10] Estimate
[11] Forecast
[12] Revised estimate
[13] Budget estimate excluding Budget 2025 measures
[14] Annual rate of appreciation (+) or depreciation (-) of the ringgit

Note: Total may not add up due to rounding

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FIGURES

TABLES

ACRONYMS AND ABBREVIATIONS

4IR	National Fourth Industrial Revolution
5G	fifth-generation
ADO	ASEAN Development Outlook
AFTA	ASEAN Free Trade Area
AI	artificial intelligence
AKPK	Credit Counselling and Debt Management Agency
ALR	average lending rate
AMRO	ASEAN+3 Macroeconomic Research Office
APM	Automatic Pricing Mechanism
ASEAN	Association of Southeast Asian Nations
ASEAN-ISE	ASEAN-Interconnected Sustainability Ecosystem
AUM	assets under management
B2B	business-to-business
B2C	business-to-consumer
B40	bottom 40% of household income group
BAP	Bantuan Awal Persekolahan
BCR	Biochar Carbon Removal
BEC	broad economic categories
BIMP-EAGA	Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area
BKM	Bantuan Keluarga Malaysia
BLR	base lending rate
BNM	Bank Negara Malaysia
BPN	Bantuan Prihatin Nasional
bps	basis points
BR1M	Bantuan Rakyat 1Malaysia
BRI	Belt and Road Initiative
BSH	Bantuan Sara Hidup
CCUS	carbon capture, utilisation and storage
CE	compensation of employees
CET1	Common Equity Tier 1 Capital
CMIs	Capital Market Intermediaries
CO_2	carbon dioxide
COICOP	Classification of Individual Consumption According to Purpose
COVID-19	Coronavirus Disease of 2019
CPI	Consumer Price Index
CPI	Corruption Perception Index
CPO	crude palm oil
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CRESS	Corporate Renewable Energy Supply Scheme
CSI	Centralised Sustainability Intelligence
DDI	domestic direct investment
DFIs	development financial institutions
DKM	Malaysian Skills Diploma
DLKM	Malaysian Advanced Skills Diploma
DOSM	Department of Statistics Malaysia
DSR	debt service ratios
DTN	National Energy Policy 2022 – 2040
E&E	electrical and electronic

ECF	equity crowdfunding
ECRL	East Coast Rail Link
EFB	empty fruit bunches
EMDEs	emerging market and developing economies
EMS	electronic manufacturing services
EPF	Employees Provident Fund
ESG	environmental, social and governance
EU	European Union
EVs	electric vehicles
FBM KLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index
FDI	foreign direct investment
Fed	United States Federal Reserve
FFB	fresh fruit bunches
FiT	feed-in tariff
FOMC	Federal Open Market Committee
Forest City	Forest City SFZ
FTA	free trade agreement
GDP	gross domestic product
GEAR-uP	Government-linked Enterprises Activation and Reform Programme
GERD	Gross Domestic Expenditure on R&D
GFIEF	Global Forum on Islamic Economics and Finance
GHG	greenhouse gas
GII	Global Innovation Index
GLCs	government-linked companies
GLCT	Government-Linked Companies Transformation Programme
GLICs	government-linked investment companies
GMV	Gross Merchandise Value
GNI	gross national income
GNS	gross national savings
GOS	gross operating surplus
GovTech	Government Technology
GRP	Good Regulatory Practice
HDI	Human Development Index
HGHV	high growth high value
HIES	Household Income Expenditure Survey
ICE	internal combustion engine
ICM	Islamic Capital Market
ICT	Information and Communication Technology
IDR	import dependency ratio
i-ESG	National Industry, Environmental, Social and Governance
IFSB	Islamic Financial Services Board
IILM	International Islamic Liquidity Management Corporation
IMD	International Institute for Management Development
IMF	International Monetary Fund
IMFC	Invest Malaysia Facilitation Centre
IMT-GT	Indonesia-Malaysia-Thailand Growth Triangle
IO	input-output
IoT	Internet of Things

IPG	Rubber Production Incentive
IPL	Latex Production Incentive
IPOs	Initial Public Offerings
IPR	Inisiatif Pendapatan Rakyat
IRB	Inland Revenue Board
IsDB	Islamic Development Bank
ISES	International Sustainable Energy Summit
JCI	Joint Commission International
JKKTN	Special Cabinet Committee on National Governance
JS-SEZ	Johor-Singapore Special Economic Zone
KFL	Kulai Fast Lane
Khazanah	Khazanah Nasional Berhad
KIGIP	Kerian Integrated Green Industrial Park
KL20	KL20 Action Plan
KRI	Khazanah Research Institute
KWAP	Kumpulan Wang Persaraan (Diperbadankan)
LCR	Liquidity Coverage Ratio
LDR	loan-to-deposit ratio
LED	light-emitting diode
LFSA	Labuan Financial Services Authority
LMWs	Licensed Manufacturing Warehouses
LNG	liquefied natural gas
LPPSA	Public Sector Home Financing Board
LRT3	Light Rail Transit 3
LTAT	Armed Forces Fund Board
M40	middle 40% of household income group
MAVCAP	Malaysia Venture Capital Management Berhad
MEVnet	Malaysia Electric Vehicle Charging Network
MGII	Malaysian Government Investment Issues
MGS	Malaysian Government Securities
MHTC	Malaysia Healthcare Travel Council
MICE	meetings, incentives, conferences and exhibitions
MIFC	Malaysia International Islamic Financial Centre
MLC	MIFC Leadership Council
MM2H	Malaysia My Second Home
MNC	multinational corporations
MoC	Memorandum of Collaboration
MoF	Ministry of Finance Malaysia
MOF Inc.	Minister of Finance (Incorporated)
MPC	Monetary Policy Committee
MPC	Malaysia Productivity Corporation
MRI	Magnetic Resonance Imaging
MSMEs	micro, small, and medium enterprises
MTC	mid-tier companies
$MtCO_2eq.$	megatonne of carbon dioxide equivalent
MTUC	Malaysia Trade Union Council
MW	megawatt
MyCIF	Malaysia Co-Investment Fund
MyDIGITAL	Malaysia Digital Economy Blueprint
n.e.c.	not elsewhere classified
NACS	National Anti-Corruption Strategy

NACSA	National Cyber Security Agency
NETF	National Energy Transition Facility
NETR	National Energy Transition Roadmap
NFPCs	non-financial public corporations
NGO	Non-Governmental Organization
NIMP 2030	New Industrial Master Plan 2030
NPGRP	National Policy on Good Regulatory Practice
NPSTI	National Policy on Science, Technology and Innovation 2021 – 2030
NSFR	Net Stable Funding Ratio
NSS	National Semiconductor Strategy
OECD	Organisation for Economic Cooperation and Development
OKU	persons with disabilities
OPEC	Organization of Petroleum Exporting Countries
OPR	Overnight Policy Rate
P2P	peer-to-peer
PADU	Pangkalan Data Utama
PBMZI	PRIBUMI Bursa Malaysia Zakat Index
PDPA	Personal Data Protection Act
PDPS	Pangkalan Data Perlindungan Sosial
PE	Private Equity
PEMUDAH	Special Task Force to Facilitate Business
PERKESO	Social Security Organisation
PERKUKUH	Perkukuh Pelaburan Rakyat Programme
PETRA	Ministry of Energy Transition and Water Transformation
PIKAS 2030	Public-Private Partnership Master Plan 2030
PLCs	public-listed companies
PMR	Penilaian Menengah Rendah
PNB	Permodalan Nasional Berhad
PPI	Producer Price Index
PPP	public-private partnership
ppt	percentage point
PRIBUMI	Persatuan Remisier Bumiputera Malaysia
PSA	Parliamentary Services Act
PuTERA35	Bumiputera Economic Transformation Plan 2035
PV	solar photovoltaic
PyCCS	Pyrogenic Carbon Capture and Storage
R&D	research and development
R&D&C&I	research, development, commercialisation and innovation
RCEP	Regional Comprehensive Economic Partnership
RE	renewable energy
RM	Malaysian ringgit
RMOs	Recognised Market Operators
RTS Link	Rapid Transit System Link
SARA	Sumbangan Asas Rahmah
SC	Securities Commission Malaysia
SDGs	Sustainable Development Goals
SejaTi MADANI	Program Sejahtera Komuniti MADANI
SEZ	Special Economic Zone
SFZ	Special Financial Zone
SILK	Kajang Dispersal Link Expressway

SJKP	Syarikat Jaminan Kredit Perumahan Berhad
SJPP	Syarikat Jaminan Pembiayaan Perniagaan Berhad
SKM	Malaysian Skills Certificate
SMEs	small and medium enterprises
SPM	Sijil Pelajaran Malaysia
SRI	Sustainable and Responsible Investment
SRP	Sijil Rendah Pelajaran
SSM	Companies Commission of Malaysia
SSPA	Public Service Remuneration System
SSR	self-sufficiency rate
STAR	Special Task Force for Agency Reform
STI	science, technology and innovation
STR	Sumbangan Tunai Rahmah
T20	top 20% of household income group
TEUs	twenty-foot equivalent units
TH	Lembaga Tabung Haji
TNB	Tenaga Nasional Berhad
TPA	Third-Party Access
TVET	Technical and Vocational Education and Training
Twelfth Plan	Twelfth Malaysia Plan, 2021 – 2025
UK	United Kingdom
UNFCCC – COP28	28th Conference of the Parties to the United Nations Framework Convention on Climate Change
US	United States
USD	US Dollar
VBI	Value-based Intermediation
VC	Venture Capital
VM 2026	Visit Malaysia 2026
WBG	World Bank Group
WCE	West Coast Expressway
WCR	World Competitiveness Ranking

CHAPTER 1

Economic Management and Prospects

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Economic Management and Prospects

Ekonomi MADANI: Prosperous Nation for the Well-Being of the Rakyat

Serving as a catalyst for reform initiatives, the Ekonomi MADANI framework provides a policy direction, aimed at addressing structural economic issues, advancing economic and fiscal sustainability ultimately leading to improving the rakyat's well-being. The implementation of the Framework is supported by the rollout of strategies outlined in several policy documents, notably the Mid-Term Review of the Twelfth Malaysia Plan, 2021 – 2025, the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan 2030 (NIMP 2030). Together, these policies form a cohesive action plan to boost Malaysia's competitiveness and economic resilience to achieve sustainable and inclusive growth towards becoming a high-income nation.

The Budget 2024 strategically allocates resources towards achieving the seven key performance indicators of the Framework as shown in Figure 1.1, which have been divided into three main focus areas, namely 'Good Governance' for service agility; 'Raising the Ceiling' for boosting economic growth; and 'Raising the Floor' for lifting the rakyat's standard of living. Despite global challenges, the bold efforts under the Framework to restructure the economy, including measures announced in the Budget, have facilitated Malaysia's continued economic expansion. Overall, this has laid a strong foundation for continued growth and development, setting Malaysia on the path towards a more resilient and sustainable future.

FIGURE 1.1. *Seven Key Performance Indicators*

Source: Prime Minister's Office of Malaysia

Seven Key Performance Indicators

Top 30 Largest Economy

Presently, Malaysia is ranked as the 36th largest economy in the world with a nominal GDP of USD415.6 billion compared to United Arab Emirates (USD504.2 billion) at the 30th position (IMF, 2024). Malaysia aims to achieve substantial headway to be among the top 30 largest economies, focusing on meaningful regionalisation, prioritising economic complexities and moving up the value chain. Concurrently, economic structural reforms are also being actively implemented to speed up the transition towards achieving the country's goal of becoming a high-income economy.

In pursuit of this aim, Malaysia is investing in human capital, infrastructure and technology, while boosting competitiveness and modernising institutions. One of the main priorities will be continuing to promote investment in advanced technologies such as blockchain, artificial intelligence (AI) and big data analytics, aimed at advancing high-value industries and creating skilled and high-income jobs. To date, the country has successfully attracted large FDI focused on the global AI boom with foreign technology companies such as Microsoft, ByteDance and Google. At the same time, focus is given to strengthen the domestic direct investment (DDI) as per the Government-linked Enterprises Activation and Reform Programme (GEAR-uP) in which RM120 billion will be invested by government-linked investment companies (GLICs) and government-linked companies (GLCs).

Top 12 in Global Competitiveness

Malaysia was ranked 10th in 2010 by the World Competitiveness Ranking (WCR) of the International Institute for Management Development (IMD). Since then, the country has experienced gradual descent in its position, dropping to 34th in 2024. As Malaysia aims to be ranked among the top 12 in global competitiveness, it is vital for the country to reassess its strategies and focus on diversifying its economy as well as boosting innovation through investments in R&D. Recognising the importance of a favourable business environment, streamlining business regulations and enhancing digital infrastructure will also be crucial in facilitating businesses to benefit from a wider market access. In addition, continuous private sector engagements are crucial in shaping effective regulatory reforms, especially in providing constant feedback on policies that are practical and relevant to the needs of businesses and the public.

Top 25 on the Human Development Index

The Human Development Index (HDI) assesses and compares countries' overall development and well-being which provides a rounded view of human development. This incorporates key dimensions such as long and healthy life, being knowledgeable, and having decent standards of living. In the 2023/2024 HDI, with a score of 0.807, Malaysia ranked 63rd out of 191 countries and was categorised as 'Very High Human Development' (HDI of 0.800 and above), typically exhibiting high standards in life expectancy, education, and income. Even though Malaysia is within the same category as top-ranked nations such as Germany, Singapore, Australia, Republic of Korea and Japan, these countries scored higher than 0.920 and generally have advanced healthcare systems, high quality of life, and high-income economy. Hence, these countries serve as benchmarks for Malaysia in the effort to improve human development indicators, eventually reaching the top 25 of the HDI.

Increase Labour Income Share to 45%

The Ekonomi MADANI framework aspires to elevate the labour income share to 45% of GDP by 2033 in a bid for greater economic equity. In 2023, Malaysia's labour income share stood at 33.1%, which reflects a significant gap between the economic wealth generated and the equitable distribution to workers. To address this, Malaysia continues to implement various measures to enhance workers' income and welfare. These include promoting high-paying jobs and strengthening labour rights for fair compensation. Additionally, investing in education and skills development will help workers access better employment opportunities and advance their careers. By focusing on these initiatives, the Framework seeks to not only raise the labour income share but also drive a more inclusive economic growth trajectory.

Improve Malaysia's Position in the Corruption Perception Index to Top 25

Malaysia demonstrated significant performance in combatting corruption by an improvement in the Corruption Perception Index (CPI) ranking from 61st in 2022 to 57th in 2023, out of 180 countries. Towards achieving Malaysia's target to be among the top 25 nations in the CPI ranking, the Government launched the National Anti-Corruption Strategy (NACS) 2024 – 2028, in continuation of the National Anti-Corruption Plan 2019 – 2023. The NACS provides detailed framework and trajectory to combat corruption, aiming to strengthen integrity and accountability in the country. This effort also indicates the Government's commitment to tackle the detrimental impact of corruption, with the ultimate goal of promoting fairness and transparency in governance.

Towards Fiscal Sustainability, Targeting Deficit of 3%, or Better

In achieving fiscal sustainability, the Government needs to reassess the nation's priorities, especially by focusing on revenue enhancement mechanisms and improving spending efficiency. In 2023, Malaysia's budget deficit was 5% of GDP and is expected to be further reduced to 4.3% in 2024. This deficit level is expected to be improved to 3% or lower in the medium-term, by undertaking several key measures in line with the Public Finance and Fiscal Responsibility Act 2023 [Act 850] to enhance fiscal discipline and ensure sustainable public finances. This Act will ensure fiscal consolidation by enhancing revenue and balancing resource allocation efficiently, broadening the revenue base and the implementation of subsidy rationalisation to reduce leakages. The Government is also focusing on managing public debt by adhering to fiscal rules and targets.

Increase Female Labour Force Participation Rate to 60%

The Framework aims to boost the female labour force participation rate to 60% by 2033, which stood at 56.2% in 2023. The lower participation rate is due to several factors such as limited access to childcare, unattractive wages and insufficient support for work-life balance. To bridge this gap, comprehensive measures need to be further strengthened, including expanding affordable and high-quality childcare services, instituting flexible work arrangements, and enforcing policies that promote better wages. Additionally, initiatives to enhance women's access to professional development opportunities remain essential.

Outlook

Global Economy

The IMF projects global growth to be at 3.2% in 2024, despite the prolonged geopolitical tensions and a high interest rate environment. It is then expected to remain stable at 3.3% in 2025, driven by modest growth in trade and investment. Economic activities are more balanced across countries as cyclical factors dwindle and activities become better aligned with their economic potential. Global trade strengthened in the first half of 2024 and is expected to continue towards the end of the year and expand in 2025. Meanwhile, global inflation is projected to moderate, averaging 5.9% in 2024 and improve further to 4.4% in 2025. As inflationary pressures remain persistent, central banks will continue to adopt a careful stance on adjusting monetary policies.

Domestic Economy

In 2024, Malaysia's economy is forecast to expand between 4.8% and 5.3%. Growth will be propelled by robust domestic demand and recovery in exports. Consumer spending is expected to remain resilient, supported by improvements in labour market conditions and vibrant tourism-related activities. Investment will be driven by new and ongoing projects by both the private and public sectors, supported by the implementation of key national policies and initiatives, including the NETR and the NIMP 2030. From a sectoral perspective, the services and manufacturing sectors remain the primary engines of growth. Meanwhile, the construction sector is projected to achieve stellar performance, supported by a broad-based expansion across all subsectors.

The growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for E&E goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives. A pertinent initiative which is GEAR-uP, will synergise efforts across government-linked entities to catalyse growth in high growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of five years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy.

Monetary and Financial Developments

The monetary policy continues to support economic growth while ensuring price stability. Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3.00% since May 2023. The domestic financial market, backed by a strong banking system and vibrant capital market, will continue to play a significant role as a financial intermediary to support the growth momentum. Meanwhile, the ringgit regained its traction reflecting increased investor confidence in the domestic economy, stemming from the articulated policy path by the Government through the Ekonomi MADANI framework. Moving forward, concerted efforts by financial regulators and industry players to offer wide range of innovative products including blended financing, new platforms such as social impact exchange and voluntary carbon market, as well as enhanced regulation and supervision, will further contribute to the resiliency of Malaysia's financial market.

Updates on Budget 2024

Budget 2024, themed 'Economic Reforms, Empowering the People' is the second MADANI Budget presented as a continuation of the Ekonomi MADANI framework, launched on 23 July 2023. All efforts are aligned to the seven key performance indicators and the three main focus areas of the Framework. The Government allocated RM393.8 billion, of which RM303.8 billion is for operating expenditure and RM90 billion for development expenditure. The Ministry of Finance, through Unit Pantau MADANI, monitors the overall budget performance that includes 376 strategic initiatives with an estimated allocation of RM100.2 billion, of which RM30 billion represents financing guarantees. As of end-July 2024, RM20.1 billion was spent to implement 305 initiatives, of which a total of RM16.9 billion was for the implementation of 50 high-impact initiatives, benefitting the rakyat.

Focus 1: Good Governance for Service Agility

In assessing the impact of various initiatives, several studies such as public expenditure review and tax reforms, as well as addressing inequality in Malaysia have been conducted on the need of institutional reforms to address key challenges. These studies include enhancing revenue sustainability, strengthening social protection, improving governance of GLCs, and managing national debt. Ongoing efforts aim to curb revenue leakage by streamlining tax incentives and optimising stamp duty collection. In addition, tax administration is bolstered through the simplified tax return process and centralised collection. Efforts are also underway to expand the social protection system, thereby increasing coverage for informal sector workers and senior citizens. In the effort to increase the financing mobilisation and efficiency of development financial institutions (DFIs), Bank Pembangunan Malaysia Berhad, SME Bank and EXIM Bank are being merged to streamline their functions. Furthermore, the venture capital ecosystem is strengthened by consolidating Penjana Kapital and Malaysia Venture Capital Management Berhad (MAVCAP) under Khazanah Nasional Berhad.

In an effort to improve efficiency in spending, the Government implemented subsidy rationalisation in phases, which include the chicken, egg and electricity subsidies. Meanwhile, the subsidised diesel price has been replaced with the Automatic Pricing Mechanism (APM). At the same time, the Government introduced the BUDI MADANI programme, which is to channel diesel subsidies to eligible groups in Peninsular Malaysia. As of end-July, around 120,000 applications have been approved, providing RM200 monthly or RM2,400 annual cash assistance to citizens owning individual diesel vehicles, as well as farmers, breeders, and registered commodity smallholders. The targeting of subsidy diesel and electricity tariffs are expected to save Government's spending by RM8 billion in 2024.

The Government has been continuously reforming its governance efforts, which includes the improvement of procurement processes to expedite project implementation. For instance, the threshold for direct appointment and quotation has been increased to RM200,000 and RM1 million, respectively, for the procurement of maintenance and repair works to upgrade dilapidated government clinics and facilities. This improvement delegates the authority to ministries in managing procurement within the revised limit.

Furthermore, the Government is committed to reduce bureaucracy and accelerate project delivery. To this end, the Special Task Force for Agency Reform (STAR), led by the Chief Secretary to the Government, has expedited project implementation aimed at addressing the issue of overcrowding at hospitals and improving the condition of schools and clinics. In 2024, STAR's mandate was expanded to include the acceleration of lift maintenance projects and refurbishment of civil servant quarters.

Focus 2: Restructuring the Economy to Boost Growth

One of the key policies that drives the national economy is the NIMP 2030, which is intended to boost the manufacturing sector and manufacturing-related services industry. Aimed at increasing value-added in manufacturing sector by 6.5% annually or reaching RM587.5 billion by 2030, Budget 2024 allocated RM200 million as seed funding. This allocation is targeted to catalyse the inflow of investments amounting to RM95 billion by 2030. To date, high-value industries especially semiconductor, data centres and cloud computing, have been attracting significant investments.

Essentially, the NETR outlines Malaysia's path to accelerate energy transition efforts for the nation, focusing on six key areas and 10 flagship pilot projects such as Hybrid Hydro Floating Solar, Integrated Renewable Energy Zone, and Biomass Co-Firing. To catalyse these energy transition projects, the Government established the RM2 billion National Energy Transition Facility (NETF). This facility is targeted to draw in investments that will shift Malaysia's energy industry towards a high-value green economy, contributing to the creation of jobs and reduction in greenhouse gas (GHG) emissions.

FEATURE ARTICLE 1.1

National Energy Transition Roadmap (NETR): Energising the Nation, Powering the Future

(In collaboration with Ministry of Economy, Malaysia)

Introduction

YAB Prime Minister in January 2023 launched six core values under the MADANI aspiration, namely Sustainability (keMampanan); Prosperity (kesejAhteraan); Innovation (Daya cipta); Respect (hormAt); Trust (keyakiNan); Care and compassion (Ihsan). The aspiration is being supported by the rollout of the Ekonomi MADANI framework, the Mid-Term Review of the Twelfth Malaysia Plan, 2021 – 2025 the National Energy Transition Roadmap (NETR), and the New Industrial Master Plan 2030 (NIMP 2030). These policies and roadmaps are designed to transform Malaysia into a sustainable and thriving nation, where the rights of individuals, society, and the environment are well-balanced and respected.

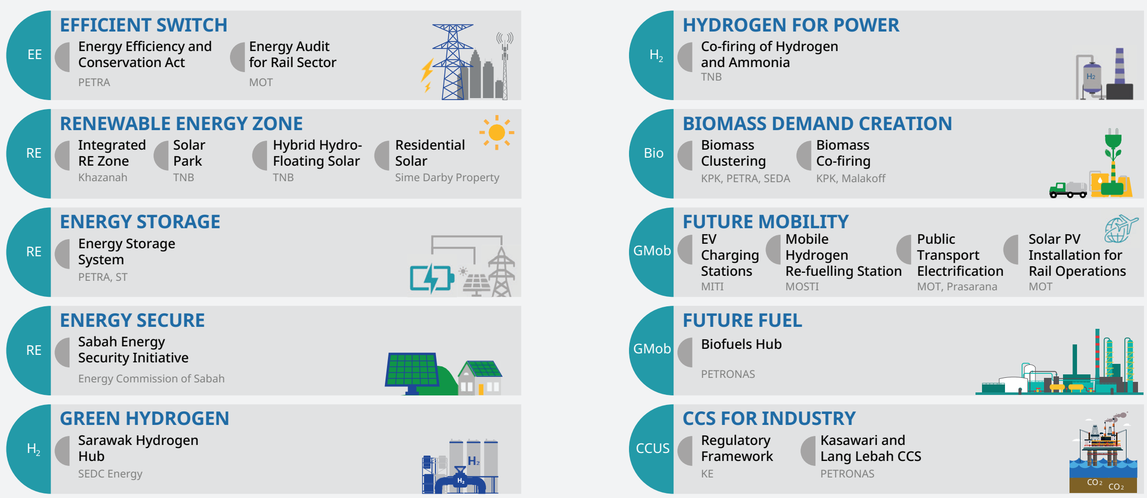
On the sustainable environmental front, Malaysia is committed to promoting low-carbon and climate-resilient policies, with energy transition serving as a crucial lever to accelerate these efforts. Energy transition is a structural shift in energy sector towards cleaner sources, increased use of renewable energy (RE), and a significant reduction in carbon emissions. The ongoing transition is expected to take place at an accelerated pace, driven by rapid technological progress and implementation of strong climate change policies. In response to the complexities of energy transition and the need to balance energy security, access to affordable energy, and environmental sustainability, the Government introduced the NETR in August 2023. The Roadmap, which works in parallel with the initiatives under the National Energy Policy (DTN) 2022 – 2040 and the NIMP 2030, aims to further amplify Malaysia's commitments to achieve the net-zero aspirations by 2050.

The NETR was developed to steer Malaysia's shift towards a high-value green economy. The Roadmap outlines 10 flagship catalyst projects and 50 key initiatives under six energy transition levers, namely energy efficiency (EE), RE, hydrogen, bioenergy, green mobility, as well as carbon capture, utilisation and storage (CCUS) to unlock economic opportunities and reduce carbon emissions. These flagship catalyst projects are championed by various entities, including PETRONAS, TNB, Khazanah, and SEDC Energy. The successful implementation of the NETR is expected to increase the GDP contribution from RM25 billion in 2023 to RM220 billion in 2050, with 310,000 job opportunities will be generated. It is also expected to reduce greenhouse gas (GHG) emissions by 32% in energy sector from 259 megatonne of carbon dioxide equivalent ($MtCO_2eq.$) in 2019. In addition, the Roadmap outlines the phasing out of coal as energy source by 2050, with natural gas being the primary contributor of the total primary energy supply mix at 56% while renewables, namely solar, hydro, and bioenergy contributing 23%.

Current Progress

The NETR flagship catalyst projects and initiatives, championed by different entities both in the public and private sectors, demonstrate the varying and unique approaches in advancing Malaysia's energy transition. The 10 flagship catalyst projects and initiatives serve as pathfinders to explore new economic opportunities in supporting the nation's green growth for climate resilience through energy transition. The projects and initiatives are illustrated in Figure 1.1.1.

FIGURE 1.1.1. *Flagship Catalyst Projects and Initiatives*



Source: Ministry of Economy, Malaysia

Most of the 10 flagship catalyst projects and initiatives implementation are on schedule. The Energy Efficiency and Conservation Act 2023 has been enacted, while the bill on CCUS is scheduled to be tabled by the end of 2024. Additionally, another notable progress is the completion in the construction and commision of 2% biomass co-firing system in Tanjung Bin Power Plant. The co-firing initiative with a target capacity of at least 15% biomass by 2027 is anticipated to substantially reduce CO_2 emissions, equivalent to planting approximately 141 million mature trees. The introduction of Corporate Renewable Energy Supply Scheme (CRESS) in July 2024 enabled the companies to supply or acquire green electricity through the national grid network system. The Scheme is an important enabler for several the NETR projects as an off-take mechanism.

Another significant progress is the development of the Large Scale Solar Photovoltaic (PV) Plant – Fifth Competitive Bidding Round offered by the Energy Commission in April 2024. These solar power plants with a total combined capacity of 2,000 megawatt (MW) are scheduled to commence operations in 2026. Likewise, TNB is advancing its RE initiatives with the commencement of the

Hybrid Hydro-Floating Solar PV project at its hydro dam lakes, with a total planned capacity of 2,500MW. This project, starting with an initial 30MW at the Chenderoh Hydro Dam in Perak, is set to expand to other locations, including the Temenggor Hydro Dam in Perak and Kenyir in Terengganu by 2027.

In addition, YAB Deputy Prime Minister Datuk Seri Fadillah Yusof during the 6th International Sustainable Energy Summit (ISES) in Kuala Lumpur in August 2024 has announced the allocation of up to 190MW of feed-in tariff (FiT) quota for biogas, biomass, and mini-hydro projects to diversify the RE generation sources.

Aligning with the NETR, the Government in Budget 2024 announced a few fiscal and non-fiscal initiatives. The announced initiatives and current progress are in Table 1.1.1.

TABLE 1.1.1. *The NETR Initiatives and Current Progress*

No.	Initiatives	Progress
1.	The Government will provide RM2 billion under the National Energy Transition Facility (NETF) through financial institutions to facilitate national energy transition initiatives.	Ministry of Economy in the midst of finalising the terms with strategic financial institution partners which will be concluded by the end of 2024.
2.	Improve the implementation of the Corporate Green Power Programme as one of the Third-Party Access (TPA) model implementation methods.	Ministry of Energy Transition and Water Transformation (PETRA) has announced the CRESS in July 2024 to enhance corporate companies' access to RE. Through the concept of open grid access, corporate companies can directly obtain RE from identified generators with TPA, and these RE generator can also supply renewable electricity to corporate users through TNB grid network with a set system access charge.
3.	The investment of more than RM170 million by leading companies such as TNB and Gentari to install 180 electric vehicles (EV) charging stations.	As of end-July 2024, 148 locations across the country are equipped with public EV charging stations. A total of 481 EV charging bays have been installed by TNB and Gentari.
4.	Introduced the Electric Motorcycle Usage Incentive Scheme to the rakyat with an annual income of below RM120,000 to encourage the use of electric motorcycles. This Scheme with an allocation of RM20 million provides up to RM2,400 rebate to buyers.	The scheme is open for online application since 8th December 2023 until 31st December 2024 or until all the RM20 million allocation for EV motorbikes rebates have been redeemed.
5.	Putrajaya will be modelled as Malaysia's low-carbon city. The installation of solar panels on the roof of Government buildings will begin through the collaboration with TNB and Gentari.	The solar installation and operation is expected to commence in fourth quarter of 2024. To date, 11 locations for the installation of solar PV systems have been identified.

Source: Ministry of Finance, Malaysia

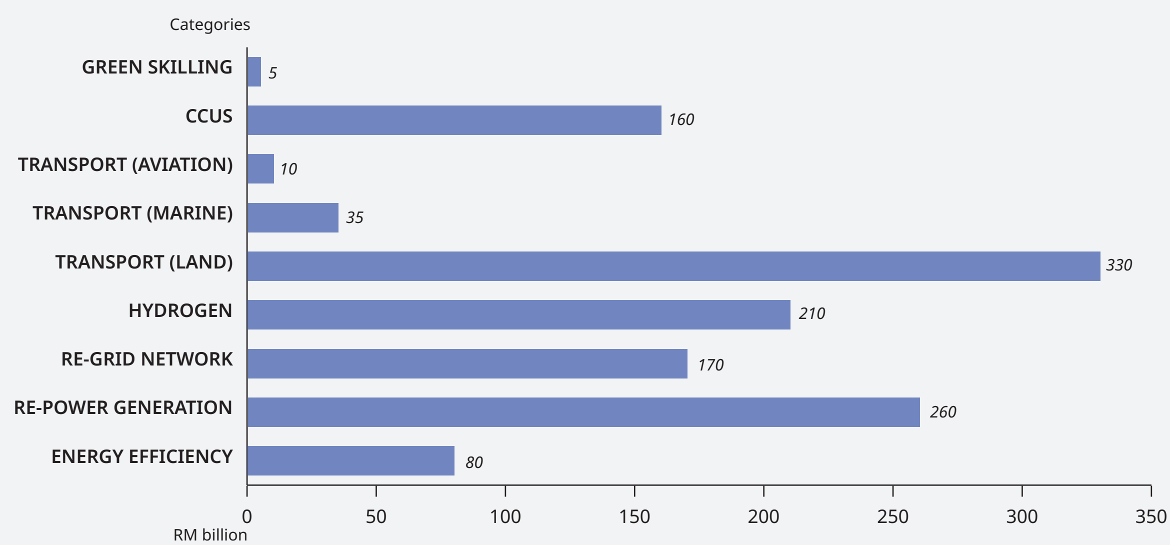
Moreover, several new policies and initiatives have been introduced to support the national energy transition agenda including the National Biomass Action Plan 2023 – 2030. The Plan focuses on biomass business models; financing mechanism and investment incentives; and commercialisation strategy, with the aim to harness abundant biomass resources to be converted into biofuel and bioenergy. Another initiative is the newly established Energy Exchange Malaysia that acts as a marketplace to enable the trading and exporting of green electricity to neighbouring countries through a bidding mechanism, which will further boost RE development and regional cooperation on cross-border energy trading. All in all, these initiatives underscore Malaysia's commitment to transition towards RE, benefitting both the environment and the economy.

Issues and Challenges

The NETR is envisioned as a catalyst to accelerate Malaysia's green and sustainable growth agenda. However, the realisation of this vision faces several key challenges, including the high cost of energy transition, lack of awareness and demand, technical and commercial feasibility issues, the undesirable consequences associated with fossil-fuel transitioning campaign on Malaysia's economy, as well as global uncertainties.

The high cost of energy transition, which requires total financing of at least RM1.2 trillion is one of the main challenges in achieving the targets outlined in the NETR by 2050. About 63% of this funding is primarily needed for RE and green mobility.[1] Investments in RE, which includes power generation and grid network will involve expanding solar PV and hydropower as well as enhancing grid infrastructure. Meanwhile, green mobility funding focuses on expanding public transportation, boosting domestic EV production, and increasing EV charging infrastructure. Significant investments are also necessary to scale up nascent hydrogen and CCUS technologies, alongside commitments to improve energy efficiency, advance sustainable aviation and marine transports, as well as establishing green skilling programmes. For a developing country like Malaysia, the required investment is simply too huge and taxing. Figure 1.1.2. below shows the energy transition financing needs:

FIGURE 1.1.2. *Malaysia's Energy Transition Financing Needs by Categories, 2023 – 2050*



Source: Ministry of Economy, Malaysia

[1] MoF classifies RE-Grid Network and RE-Power Generation as RE, whereas Transport (Aviation), Transport (Marine) and Transport (Land) as Green Mobility.

Another significant challenge is the lack of awareness and demand due to misconceptions on the benefits of transitioning to sustainable energy. It is often perceived that sustainable energy is costly and less reliable compared to conventional sources. This has resulted in the averseness of industries, businesses and households to invest and procure energy-efficient technology and products.

Both technical and commercial feasibility also pose significant challenges to the energy transition. Shortage of expertise, particularly in green technologies, and the high capital expenditure as well as scarcity of resources would further impede the pathway to net-zero. For example, in the production of hydrogen, the availability of electrolysers, as an essential component in splitting water, is limited in the global market. On another note, the development of the CCUS in Malaysia is yet to reach commercial scale, due to challenges arising from both the technology's nascent status and associated high cost.

Another inevitable challenge is the international commitment to move away from fossil fuels, as deliberated at the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC – COP28). This historic milestone has intensified the call to reduce investments in fossil fuel industries particularly in energy sector. While this supports the net-zero transition pathway, the challenges for Malaysia is to ensure the economic activities will not be affected with the call since energy is one of the key enablers for economic growth.

The successful implementation of the NETR could be further impeded by global uncertainties, including geopolitical conflicts, which may disrupt supply chains and slow down the transition effort. The uncertainties may also affect the appetite of investors for high-risk, capital-intensive investments in energy transition financing.

Way Forward

In response to the high cost of energy transition, Malaysia may need to consider a blended financing approach, which include equity crowdfunding, venture capital, philanthropic contributions, and multilateral development funds. The NETF, which was unveiled under Phase 2 of the NETR in August 2023, has been designed as a catalytic blended finance platform, aimed at expediting the mobilisation and deployment of capital. The Facility will enhance the accessibility of funds, streamline investment processes, and ensure a seamless financial flow to finance energy transition projects. The NETF also demonstrates the Government's commitment to support marginally-bankable projects or those yielding below-market returns due to varying barriers. This initiative could reduce investment risks and enhances its attractiveness.

The NETF establishes collaboration with strategic partners to support the following:

i. Improve project quality, reduce cost, and increase the likelihood of success of the projects or initiatives;

ii. Increase public-private partnership (PPP) and yield potential benefits such as efficient procurement, well-planned maintenance, and good service quality;

iii. Ease of access to private finance to reduce the total funding requirement for the project owners; and

iv. Expand opportunities for interested parties to participate in Malaysia's energy transition journey, including local lenders, investors, and new entrants.

Malaysia underscores the importance of substantial financial support and access to relevant technologies in its journey towards energy transition and economic transformation. Article 4.7 of the UNFCCC states that the ability of developing countries to fulfill their commitments is contingent on the obligations of developed countries to provide financial resources and technology transfers. Therefore, Malaysia remains consistent with the stance that developed nations have an obligation to provide funding and technology transfer to support Malaysia's transition.

As highlighted earlier, energy transition projects are still surrounded by apprehensions on the commercial viability, either due to being technologically immature or yet to reach commercial scale. However, acknowledging the potential for the projects to achieve commercial scale, government support is pertinent, both financial and non-financial, to accelerate the adoption and commercialisation of green technology, hence contributing to the nation's sustainable future.

Malaysia has taken a firm position that climate commitment should not entail reducing carbon emissions at the expense of economic growth, or vice versa. Instead, the country will take every opportunity to continue engaging all stakeholders and ensure every action, including the adoption of low-carbon technologies, contributes to sustainable development and supports a just transition.

Conclusion

The Government is committed towards ensuring energy transition that is fair, inclusive and equitable, while balancing the energy trilemma, namely energy security, affordability, and environmental sustainability. The NETR outlines the intended direction of the nation in exploring new energy sources, developing future capabilities and shaping market demand in a green economy. This further supports Malaysia's commitment to a just energy transition that benefits the rakyat, creates business opportunities and supports technological innovation through a whole-of-nation approach.

In line with the Putrajaya Low Carbon Green City initiative, 11 locations have been selected for solar roof installations through a collaboration between TNB and Gentari. These solar roofs help lower GHG emissions, decrease carbon footprint, support climate change mitigation efforts, thereby reducing operating costs. Moreover, the Government is also promoting the green economy through the development of a high-tech hub with the establishment of the Kerian Integrated Green Industrial Park (KIGIP). This park will provide opportunities to expand the E&E cluster by creating synergies in the northern region. Designed as a green and smart industrial model powered by renewable energy (RE), KIGIP will incorporate a 700 acre solar farm, contributing to Malaysia's 2050 net-zero aspiration.

Meanwhile, the Government provided over RM59 billion in grants, loans and financing guarantees for micro, small, and medium enterprises (MSMEs) to bolster business capacity and drive income growth. As of end-July 2024, a total of RM2.9 billion was approved for over 20,800 borrowers. In addition, the micro loan schemes under Bank Simpanan Nasional has provided RM245.7 million to over 6,500 borrowers, covering hawkers, traders, micro-entrepreneurs, gig workers and new graduates. Meanwhile, Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) has guaranteed 10,153 SMEs' loan financing with a total amount of RM10.9 billion. Syarikat Jaminan Kredit Perumahan Berhad (SJKP) has approved RM2.8 billion as a housing financing credit guarantee, benefitting 8,644 individuals.

Focus 3: Raising Rakyat's Standard of Living

In elevating the rakyat's standard of living to a more meaningful level, various measures have been laid out through cash assistances, financing facilities as well as the provision of seamless communication infrastructure and infostructure. The Government also enhanced the provision of cash transfers for the Sumbangan Tunai Rahmah (STR) programme, involving the allocation of RM8 billion, benefitting 8.5 million recipients in 2024. As of September 2024, RM5.3 billion has been disbursed in three phases. Additionally, the allocation for Sumbangan Asas Rahmah (SARA) rose to RM740 million from RM130 million, benefitting around 810,000 recipients. Concurrently, the Government expanded the Bantuan Awal Persekolahan (BAP) to all students, with an allocation of RM788.1 million, benefitting over 5 million students, covering a disbursement amount of RM775.6 million to ease school-related expenses.

Furthermore, to provide immediate flexibility for financial support, the Employees Provident Fund (EPF) introduced the Flexible Account in May 2024, allowing members to make withdrawals as needed. As of end-July 2024, the EPF has approved 3.28 million withdrawal applications totalling RM8 billion, representing 66.9% of the total Flexible Account balance. In addition, to ensure members' financial security after retirement, contribution to Account 1 was raised from 70% to 75%. Meanwhile, the Inisiatif Pendapatan Rakyat (IPR) received an additional RM500 million this year. As of end-July 2024, around 4,500 individuals have participated in the programme, with a total expenditure of RM337.3 million.

In bridging the rural-urban divide and expediting the implementation of essential projects in villages, the Government launched the Kampung Angkat MADANI initiative that covers provision of basic infrastructure and amenities. With a RM100 million allocation or up to RM2.5 million per village, the initiative aims to improve rural living conditions through a whole-of-nation approach. As of end-July 2024, RM86.3 million has been channelled to relevant ministries and agencies for project implementation in 43 villages. The Government has allocated RM1 billion for the Program Sejahtera Komuniti MADANI (SejaTi MADANI) for communities to generate income in the agriculture and food, sewing and handicrafts, herbal and health, tourism and hospitality, as well as green and recycling areas. Under this programme, grants ranging from RM50,000 to RM100,000 are provided to empower 10,000 communities through these areas.

Economic Management

Malaysia's economy will remain on a positive growth trajectory in 2024, driven by strong economic performance, despite ongoing uncertainties in the external environment. In response to these challenges, the Government is committed to support the economy towards becoming a prosperous nation through prudent fiscal policy, promoting value-based investments, and ensuring a resilient agricultural ecosystem. Similarly, the Government continues to enhance the country's competitiveness by promoting technology advancement, adopting circular economy principles for resource efficiency, and improving quality governance that drives innovation-led competitiveness. The Government also remains committed in ensuring the rakyat benefits from the nation's wealth and prosperity through sustainable and inclusive growth by addressing the low-wage structure, investing in quality infrastructure, and managing the rising cost of living, that supports economic growth and social stability. Together, these efforts create solid fundamentals for sustainable development and national prosperity.

Opportunities and Challenges

Prosperous Nation

Fiscal Sustainability

The Government continues to emphasise on prudent fiscal policy, while remain supportive of nations' development momentum towards realising the objectives of the Ekonomi MADANI framework. Nevertheless, the journey to rebuild fiscal buffer and ensure fiscal sustainability is even more challenging, with the global economy outlook clouded with geopolitical conflicts, heightened the risk to global trade and investment flows, as well as financial market and commodity prices volatilities. The Government has outlined comprehensive policy measures to enhance fiscal responsibility, particularly with the enforcement of Act 850 in managing public finances in a more accountable and transparent manner. Simultaneously, the stronger-than-expected economic growth coupled with stable inflation environment has enabled the Government to gradually intensify efforts to generate sustainable revenue stream and enhance spending efficiency, signifying commitment towards maintaining fiscal consolidation trajectory thus improving fiscal sustainability and debt management.

Value-based Investment

The country's diversified economy, vibrant manufacturing sector, seamless connectivity to global trade networks and supply chains, as well as strategic location within ASEAN present compelling investment opportunities. This is complemented by Malaysia's prominence in Islamic finance as well as the rising demand for green, social, and sustainability project-related financing in line with value-based investment, thus generating long-term financial returns while creating a positive impact on society and the environment.

Food Security

The agrofood subsector is still reliant on imports, as reflected by the two-fold increase in imports from RM38.8 billion in 2013 to RM78.7 billion in 2023. This poses a challenge which is crucial for Malaysia's food security. Consequently, Malaysia is exposed to global market risks, further complicating efforts towards self-sufficiency rate (SSR). For example, rice production fell from 1.6 million tonnes in 2022 to 1.4 million tonnes in 2023, while imports of rice rose to 1.3 million tonnes. In addition, mutton had the highest import dependency ratio (IDR) of 89.6% in 2023 with production of 4,368 tonnes and imports of 36,852 tonnes. The below target of SSR is further aggravated by, among others, poor irrigation, coupled with urbanisation and unsustainable farming practices that have led to land degradation. Economic challenges, including rising costs, market fluctuations, and limited access to technology have also hindered farming profitability. Against this backdrop, Malaysia can leverage the high growth high value (HGHV) initiatives to modernise the agriculture sector by adopting modern and low carbon agriculture as well as increasing the involvement of young agropreneurs.

Country's Competitiveness

Technological Enhancement

Technological enhancement brings challenges as it widens the digital divide across regions and socioeconomic groups. In bridging the inequalities, the Government rolled out fifth-generation (5G) infrastructure and internet connectivity and continued to further improve its coverage. With the rapidly evolving technological ecosystem, there is a need to strengthen governance and oversight to manage the risks, which include, data privacy, cybersecurity threats, and ethical issues. While technology impacting employment and displacing traditional jobs, it creates new opportunities in technology-centric jobs such as young technopreneur and digital nomad. Hence, continuous upskilling and retraining are pertinent to provide a balance ecosystem in ensuring competitiveness.

Circular Economy

Circular economy offers not only significant opportunities but also presents notable challenges. Malaysia can reduce waste generation by embracing circular practices such as recycling, reusing, and remanufacturing. The Government has launched the circular economy policies regarding waste management and manufacturing sector with the aim to address waste management challenges and promote green industrial practices across the value chain. Adopting circular business models encourages innovation for businesses to stay competitive in the global market by lowering production costs and offering sustainable products that meet international demand for eco-friendly solutions which align with the Sustainable Development Goals (SDGs) 2030 agenda. However, a comprehensive regulatory framework needs to be established to support the circular economy ecosystem. Therefore, concerted effort from various government agencies, industry players, and civil society is crucial to create a cohesive strategy.

INFORMATION BOX 1.1

Biochar: The Ripple Effect for Sustainability

(In collaboration with EXIM Bank)

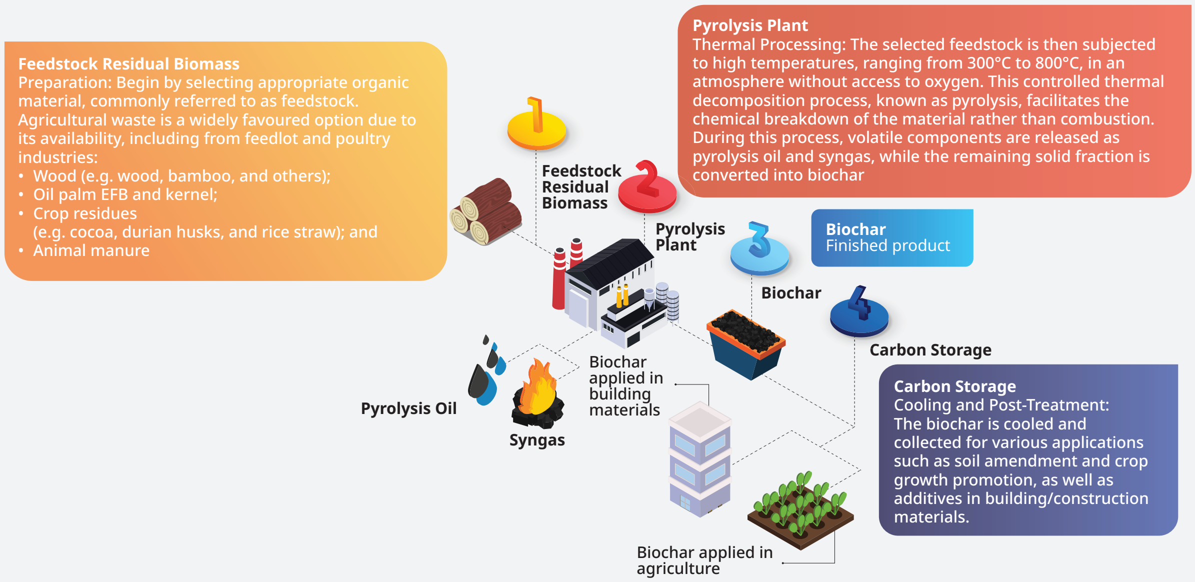
Malaysia is committed to achieving net-zero greenhouse gas (GHG) emissions by 2050 through various mitigation efforts to reduce carbon concentration from the atmosphere. Biochar has emerged as one of the solutions to address climate change and promote sustainable development particularly in managing organic agricultural waste disposal which is often disposed through environmentally harmful methods. International Biochar Initiative states that 2.6 gigatonnes of biochar could potentially store up to 6% of global emissions annually. This amount is equivalent to approximately three billion tonnes of carbon dioxide (CO_2), or the total annual emissions of 803 coal-fired power plants.

In addition, the National Biomass Action Plan 2023 – 2030 has identified the potential to optimise agricultural by-products such as oil palm empty fruit bunches (EFB), kernels, cocoa pod husk and pulp, rice straw, durian husks, as well as animal manure, to be converted into biochar. The utilisation of agricultural by-products, which help promote resource efficiency and reduce waste, is also generating additional revenue streams for farmers. Therefore, it could be worthwhile exploring the potential of the biochar industry in pivoting towards a bio-based economy and at the same time working towards achieving the net-zero emission target.

Biochar and Its Potential

Biochar is a charcoal produced by heating organic biomass such as wood, crop residues, or animal manure in an atmosphere without access to oxygen through a process called pyrolysis. This is also known as the Biochar Carbon Removal (BCR) process, scientifically termed Pyrogenic Carbon Capture and Storage (PyCCS), as illustrated in Figure 1.1.1.

FIGURE 1.1.1. *Biochar Carbon Removal Process*



Source: World Economic Forum

Biochar has been acknowledged for its role in emissions avoidance through multiple functions. In Malaysia, biochar's applications could potentially seize the following environmental opportunities:

Land Regeneration: Degraded lands, including those affected by deforestation, stand to gain considerably from the application of biochar. This versatile material boosts water retention, fosters the growth of beneficial microbes, and enhances soil structure, thereby facilitating the restoration of native vegetation and promoting biodiversity. The application of biochar offers a promising solution by improving soil health, which can lead to increased crop yields and contribute to a more sustainable and resilient industry. As Malaysia produces significant amounts of agricultural waste, such as EFB, instead of burning this waste, which leads to air pollution, it can be productively turned into biochar as part of the circular economy.

Repurpose Old Mining Sites: Abandoned mining sites often leave behind barren landscapes and contaminated soil. When applied as compost during forest restoration, biochar can promote the growth of plants and the remediation of contaminated soil. The increased vegetation cover can further reduce soil erosion and improve air quality.

Increase Biodiversity: Improved soil health fostered by biochar application can promote the growth of a wider variety of plant life. This increased biodiversity will further attract a wider array of pollinators, leading to a healthier ecosystem.

Reduce Water Pollution: The ability of biochar to absorb and retain nutrients can reduce agricultural runoff, which often carries pollutants into waterways. This has a positive impact on water quality and the health of aquatic ecosystems.

Enhance Climate Resilience: Biochar-amended soils can retain water more effectively, making them more drought-resistant. This is crucial in the face of climate change, where extreme weather events, such as drought, are expected to occur more frequently.

Global Biochar Development

Several countries have explored the potential of biochar in achieving net-zero GHG emissions. Some achievements and progress from selected countries are shown in table 1.1.1.

TABLE 1.1.1. *Selected Global Biochar Development Progress*

No	Region/Country	Progress
1.	**European Union**	Developed the European Biochar Certificate as the leading certificate standard for biochar production.
2.	**United States**	The Government has been funding biochar research, while private sector investments are pioneering large-scale biochar production and application projects.
3.	**Australia**	The Government has been supporting biochar research through various funding initiatives and policy frameworks aimed at promoting sustainable agriculture. Australia's Rural Research and Development Corporations provide financial support for biochar projects addressing key agricultural challenges.
4.	**Japan**	Integrates biochar into its waste management and climate change strategies.
5.	**South Korea**	Implements finance and policy-based actions to create infrastructure for a sustainable livestock manure-based biochar market.
6.	**Thailand**	Promotes the cultivation of biochar for small-scale farmers in Chiang Mai and has been able to turn food waste into biochar.

Source: Multiple sources

Biochar Opportunity in Malaysia

Malaysia could leverage the benefits of biochar by establishing a certified biochar plant to attract investment in promoting a biochar ecosystem that could create demand from potential local and international off-takers. In order to capitalise on biochar's potential in the country, among the practices that can be considered are:

1. Introduce a comprehensive framework for biochar industry, which outlines the policy, regulatory practices, and industry standards, to promote a sustainable biochar industry that aligns with the country's environmental and economic goals;

2. Develop certification programmes for biochar products and facilities to ensure quality control, assess the environmental impacts, and comply with safety regulations;

3. Foster strong partnerships in collaboration with leaders in biochar technology which can significantly advance the country's biochar sector. These partnerships can provide access to advanced technologies, best practices, and expertise to ensure high standards and effectiveness in biochar production; and

4. Strengthen public-private partnerships by forming strategic collaboration with prominent domestic and international players, including research institutions and industry experts to leverage their expertise, resources and technological advancement.

By leveraging opportunities and learning from the experiences of others, Malaysia can provide the platform to attract both investors and key ecosystem participants in the biochar sectors. This will demonstrate Malaysia's commitment to advancing sustainability and innovation.

Conclusion

Biochar offers a unique opportunity to advance Malaysia's green economy agenda and contribute to the nation's commitment to sustainable development. The potential of biochar as a new source of sustainable investment in Malaysia requires further understanding, highlighting the dual benefits of GHG storage and land rehabilitation. It is imperative that stakeholders across government, industry, and research institution to collaborate in driving this transformative agenda as a whole-of-nation effort. In this regard, Malaysia can create a ripple effect that not only enhances the nation's environmental resilience but also sets a global example of how integrated efforts can lead to substantial progress in combating climate change.

Quality Governance

The quality of governance depends on visionary leadership, effective policy implementation, efficient bureaucracy, and transparency. As the Government seeks to achieve a high-income nation status, quality governance is paramount to ensure economic stability and development progress. In this endeavour, Special Cabinet Committee on National Governance (JKKTN) is established to curb corruption, law reforms to modernise outdated regulations and institutional improvement. Corruption and lack of accountability could lead to inefficiencies and inequities enforcement of laws, compromised public trust, and hindered economic progress. Hence, the Government must strengthen institutional integrity, enhance public sector accountability, and promote wider engagement in governance processes.

Innovation-led Competitiveness

Innovation-led competitiveness requires businesses and economies to adapt to the rapidly evolving global market development. Malaysia has emerged 33rd out of 133 countries on Global Innovation Index (GII) 2024, its highest ranking since 2016. Malaysia remains second among the most innovative countries in the Upper Middle-Income Countries category and ranked first in three critical sub-indicators, namely graduates in sciences and engineering, high technology and creative product exports. Malaysia needs to continue boosting investment in R&D, which currently was 1% of GDP for Gross Domestic Expenditure on R&D (GERD). However, investing in innovation requires substantial financial resources, particularly in R&D due to the fast pace of technological advancements, necessitating continuous investment and adaptation to maintain a competitive edge.

Rakyat's Well-being

Wage Structure

On average, Malaysia has achieved significant economic growth over several decades. In line with this achievement, the Government has continuously implemented upskilling and retraining initiatives to meet industry demand and encourage wage increment. Furthermore, a pilot project on progressive wage policy has been introduced, which is also intended to increase wages in line with workers' performance. Despite these efforts, the labour market continues to face low wage levels, with median and mean wages rising by only around 4% annually[1]. The benefits of growth have not been equitably distributed among workers, as evidenced by stagnant labour income share. While the tripartite social consultation mechanism has effectively supported low-paid workers, certain segments of workers, particularly workers who are not represented by union, have not benefitted from structured wage increment[2] over the years. Therefore, institutional reform is essential to establish a more supportive mechanism, which can significantly improve the wage structure.

Cost of Living

Rising costs of food, housing, transportation, healthcare and education have contributed to the financial strain of households. These costs can be particularly burdensome for vulnerable families, making it harder for low- and middle-income households to save and invest as they spend a large proportion of their income on necessities. These situations have exacerbated socioeconomic disparities, impacting overall quality of life. The effect of rising cost has highlighted the need for comprehensive policy measures to improve living standards. Hence, initiatives by the Government, among others, the Payung RAHMAH initiative, STR, and targeted social assistance programmes, will cushion the impact of rising cost of living among the vulnerable groups.

Quality Infrastructure

Being the backbone of the country's development, the Government continuously prioritises upgrading infrastructure and expanding its network, particularly for federal and state roads as well as key infrastructure projects. However, quality infrastructure remains a challenge in the rural and underserved areas, contributing to regional disparities across regions in Malaysia. In addition, balanced development across the country is pertinent to ensure the rakyat has quality and reliable access to fundamental amenities such as treated water, electricity, internet connectivity, and transportation networks.

The Government is also steadfast in improving healthcare facilities and services whereby the healthcare sector was given high priority with an average share of 9.9% of total allocation over the last five years. While Malaysia's healthcare system is affordable and universally accessible, rising healthcare costs, emerging and re-emerging diseases, illnesses as well as sedentary lifestyles have posed a challenge in providing affordable and efficient public healthcare service. This highlights the need for comprehensive reforms to improve service quality and access, health insurance policy as well as public awareness towards healthy lifestyle.

The education sector faces issues, among others, dilapidated school facilities and the digital divide, particularly in remote areas. These issues have hampered effective teaching and learning and contribute to low student

[1] Median and mean wage growth for citizens during the period from 2010 to 2022 is 4.1% and 4.3%, respectively.
[2] Malaysia Trade Union Council (MTUC) on 17 August 2024 demanded employers in the private sector for compulsory annual wage increment for workers.

outcome, especially in Sabah and Sarawak. In this regard, focus has been given in Budget 2024 to improve school infrastructure and ensure sufficient access to education at all levels, including TVET programmes.

Strategic Initiatives – Budget 2025

Towards achieving sustainability and inclusivity, the Government will continue to implement strategies and programmes to sustain the momentum of economic growth and safeguard the well-being of the rakyat. In this regard, Budget 2025 will continue to emphasise 'Raising the Ceiling' by transforming the economy, 'Raising the Floor' by improving quality of life as well as reforming the public sector.

Raising the Ceiling: Transforming the Economy

Budget 2025 aims to transform Malaysia into a competitive and world-class investment destination to drive sustainable economic growth. By prioritising digital economy and innovation-led industries, the nation will be able to enhance productivity, foster technological advancement, and attract high-quality investments. As a global leader in Islamic finance, Malaysia continues to reinforce its position by expanding the financial ecosystem and creating new opportunities and renewed emphasis including in halal, low-carbon and green economies. Additionally, empowering MSMEs to become regional champions will further stimulate economic growth and resilience. Ensuring the sustainability of the economy remains central to this transformation, enabling Malaysia to thrive in a rapidly evolving global landscape.

Competitiveness and World-Class Investment Destination

In line with the Government's aspiration to shift towards greater economic complexity and ascend the value chain, the Government will provide specific incentives and financing to accelerate the implementation of strategies in the NETR and the NIMP 2030. These policies align with global market demand in attracting potential HGHV investments, creating high-paying jobs and strengthening Malaysia's position in the global supply chain. By leveraging these policies, Malaysia can provide a conducive environment for value-based investments that not only ensure economic prosperity but also promote environmental sustainability and social equity.

Through Budget 2025, GLICs and GLCs will complement the Government's efforts to drive the growth of HGHV industries by accelerating DDI, including venture capital. In this regard, the collective strength of GLICs and GLCs will be mobilised through GEAR-uP, thereby attaining synergies in driving high-impact investments, fostering innovation, and enhancing governance while contributing to national development goals. At the same time, the GLICs and GLCs will be encouraged to intensify commitments towards community engagement, focusing on community-based activities and improving the well-being of stakeholders.

The Government is committed to enhance Malaysia's global competitiveness in attracting high quality investment. Towards this, Budget 2025 proposes several measures aimed at promoting technology and digital adoption among industries, while strengthening research, development, commercialisation and innovation (R&D&C&I). Against this backdrop, the Government will prioritise measures towards improving the ease of doing business, particularly expediting approvals for the establishment of new businesses and expansion of existing investments.
To achieve this goal, the Joint Committee on National Competitiveness will develop a comprehensive plan to foster innovation, streamline regulatory frameworks, and enhance public-private collaborations to position Malaysia as a competitive and attractive destination.

INFORMATION BOX 1.2

Enhancing Competitiveness for a Favourable Business Environment

(In collaboration with the Malaysia Productivity Corporation)

Introduction

A nation's global competitiveness hinges on its ability to create an environment where businesses can thrive, innovate, and contribute to sustainable economic growth. In today's rapidly evolving global economy, ease of doing business is among the critical determinants of a nation's economic success. A favourable business environment, where regulatory processes are streamlined and transparent, significantly enhances a country's ability to attract investment, foster innovation and drive productivity growth. In addition, the World Bank (2021) highlights that complex regulations and bureaucratic inefficiencies can stifle entrepreneurship, deter investment and slow economic progress.

Importance of Ease of Doing Business

A stable political environment, coupled with supportive and proactive policies, plays a crucial role in creating a business-friendly ecosystem. Generally, a country's ease of doing business is influenced by several factors, including availability of infrastructure, ease of access to finance, efficiency and transparency of regulatory processe as well as the speed of obtaining necessary permits and licences. Meanwhile, technological advancements contribute significantly to drive ease of doing business. The digitalisation of regulatory processes allows for more efficient interactions between businesses and government agencies, leading to faster processing time and lower cost associated with compliance. These aspects are directly linked to ease of doing business which foster productivity growth, a cornerstone for a nation's long-term economic development. In essence, productivity growth is integral in the development process as it amplifies economic output, raises living standards, and enhances global competitiveness.

Malaysia Through the Global Lens

Globally, the business environment is shaped by a range of challenges and opportunities. Trade barriers, protectionist policies, and the shifting dynamics of global supply chains can create obstacles for businesses. However, these challenges also present opportunities for countries to position themselves as attractive destinations for investment and trade.

Meanwhile, the 2024 World Competitiveness Ranking (WCR) by the International Institute for Management Development (IMD) states that emerging markets such as Brazil, China, India, Indonesia and Türkiye have experienced rapid growth and development in recent decades after undertaking improvements at various levels. Subsequently, these countries are now global key players in investment, trade, and innovation, adhering to international quality and sustainability standards, while preserving their distinct cultural, institutional, and regulatory environments.

The World Bank's Doing Business in Malaysia 2020 report has identified obstacles in several areas and highlighted opportunities for improvement drawing on local and international best practices. Among the proposed strategies include addressing cross-cutting issues which require strong and decisive leadership from both federal and state policymakers. This involves the need for greater coordination among agencies; consistent application of laws and regulations; and expanded focus to secondary cities[1] to implement reform initiatives.

Recognising these obstacles, Malaysia has been proactively improving its ease of doing business as part of the overarching strategy to boost competitiveness. The country's strategic location in Southeast Asia, coupled with its robust infrastructure and skilled workforce, positions Malaysia as an attractive destination for businesses seeking to expand in the region. Hence, the country needs to continue focusing on regulatory reforms which can reduce the cost of doing business and enhance productivity in order to maintain and strengthen this position.

As a trading nation, Malaysia has a significant role in the global economy, owing to its openness in trade and investment. The country is signatory to several bilateral and regional trade agreements thus facilitating a wider market access. This will support Malaysia's continuous efforts to enhance its business environment, hence improve global competitiveness. Recognising the importance of a favourable business environment, the Government has implemented initiatives to simplify business regulations, shorten the processing time, and reduce compliance costs towards enhancing overall efficiency. The objective of these initiatives is not only to improve global rankings, but also to establish an environment where businesses can operate smoothly and competitively. By consistently facilitating businesses, Malaysia aims to create a more dynamic and competitive economy that can adapt to challenges and opportunities of the global marketplace. Malaysia aspires to regain its position to be among the top 12 most competitive economies globally over the next decade. Therefore, the Government has placed emphasis on regulatory reforms to ensure Malaysia will be more appealing to foreign and local investors.

Initiatives towards Global Competitiveness

Malaysia's Position in Global Competitiveness Ranking

The 2024 WCR report evaluates and ranks the competitiveness of global economies based on factors related to economic performance, government efficiency, business efficiency and infrastructure. Over the past two decades, Malaysia's best performance in terms of competitiveness ranking was when the country improved from the 26th position in 2005 to the 10th position in 2010. This was driven mainly by the country's efforts in strengthening its business-friendly policies, streamlining regulatory processes, reducing bureaucratic hurdles, and enhancing public-private sector collaboration. The initiative was facilitated by the Special Task Force to Facilitate Business (PEMUDAH), which was established to improve the ease of doing business.

Malaysia's ranking in the WCR Report has gradually slipped, reaching 34th in 2024, as shown in Figure 1.2.1. This downward trend was contributed by declining in subfactor ranking such as productivity and efficiency, technological infrastructure as well as business legislation. The deterioration is mainly related to the unoptimised reallocation of economic resources, low productivity growth, limited technology creation and the weak regulatory framework. Labour market issues such as skill gaps and low wages have also contributed to the state of competitiveness of the country. This decline underscores the need for Malaysia to reassess its competitiveness strategies to meet the targets set out in the Ekonomi MADANI framework.

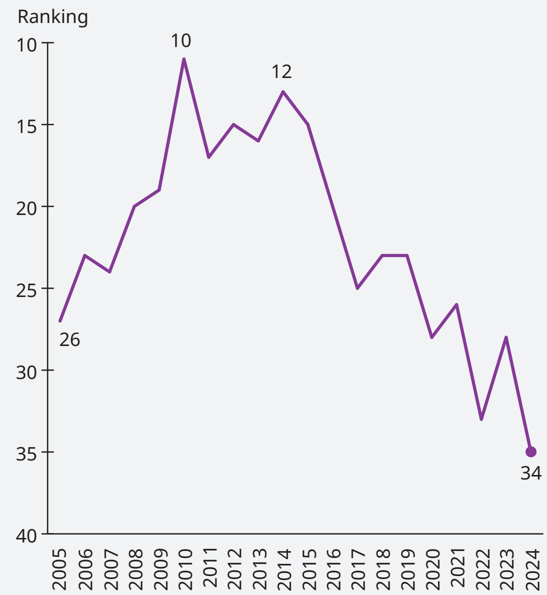
[1] Refer to other cities in Malaysia besides the major cities consist of Georgetown, Johor Bahru, Kota Kinabalu, Kuantan dan Kuching.

Initiatives to Improve Business Regulatory

Following the 2024 WCR report, the Malaysia Productivity Corporation (MPC) has identified five measures that Malaysia must pursue to improve competitiveness as follows:

- Update policies and regulations to improve global competitiveness;
- Increase investment in R&D to boost business resilience;
- Optimise the labour market to maximise workforce productivity;
- Leverage advanced technologies to accelerate productivity growth; and
- Mitigate increasing costs through strategic productivity enhancements.

FIGURE 1.2.1. *Malaysia's Competitiveness Ranking*



Source: The International Institute for Management Development (2005-2024)

To facilitate Malaysia's continuous regulatory improvement, the MPC collaborates with various government agencies and the private sector to ensure regulations remain supportive to business growth. In this regard, the National Policy on Good Regulatory Practice (NPGRP)[2] was designed to promote transparent and efficient regulatory processes that are aligned with business needs. This process involves continuous review and improvement by organisations such as local authorities, in which regulations are assessed and revised accordingly, to prevent it from becoming a barrier to productivity and growth, ultimately promoting competitiveness.

Malaysia has implemented key initiatives to enhance its ease of doing business aimed at intensifying trade and investment, particularly through targeted regulatory reforms, which include:

- The Kulai Fast Lane (KFL) initiative, which has significantly shortened the processing time for construction permits from 24 – 36 months to 14 months. The duration covers regulatory processes from submission of development plans until starting of operation. This initiative resulted in attracting investments amounting RM40.7 billion, and the creation of 7,000 highly skilled job opportunities. This improvement is part of efforts towards positioning Kulai as a preferred investment hub in Johor.

- The streamlining of export[3] licensing regulations for limestone products has reduced the approval process from six months to only two months. The validity of licences has also been extended from six to 12 months. These improvements have led to a 50% increase in limestone exports, with a value reaching RM6 billion in 2023.

[2] NPGRP acts as an instrument to formalise the development processes of quality regulations, which provides guidance on the implementation of Good Regulatory Practice (GRP) for government institutions in developing policies and regulations.
[3] Permits for limestone exports require approval from various agencies including the Land and Mines Office, Department of Minerals and Geosciences, Royal Malaysian Customs Department and state governments.

- The SMARTGPB system has modernised customs clearance at Licensed Manufacturing Warehouses (LMWs). Previously, the manual approval process required three to seven days. Since the introduction of digitalisation and the application of a risk-based approach in 2022, 80% of applications are now automatically approved within a minute. This initiative, initially piloted in Penang and now being expanded nationwide, has resulted in annual compliance cost savings of RM200 million for LMW companies.

- The Xpats Gateway has transformed the expatriate application approval process by integrating processes of 25 regulatory agencies into a 'single-window' platform. As a result, the approval time has been shortened from six months to only five days for the fast-track process or 15 days for the normal track. This expedited process has enabled 18,000 companies to meet their demand for skilled talents, with over 120,000 local jobs expected to be created, particularly in the high growth high value (HGHV) sectors.

- Guidelines for advertising on digital platforms by private hospitals have been significantly improved. They are now allowed to publicly share comprehensive and evidence-based content, including patient testimonials, evidence-supported superlative statements, and detailed professional profiles. Professional images can occupy up to one-third of the advertisement space. These changes have resulted in a 51% increase in health tourism and generating an additional revenue of RM700 million between 2021 and 2022.

These success regulatory reforms demonstrate Malaysia's commitment to creating a more business-friendly environment, facilitating the smooth operation of businesses, and promoting both domestic and foreign investments across key sectors.

Way Forward

As the WCR provides a comprehensive analysis of how various economies optimise their resources and strive towards efficiency, Malaysia stands to gain valuable insights from the best practices of other nations. Among the top performers in the WCR report including Singapore, Switzerland and Ireland have set exemplary benchmarks in regulatory efficiency, transparency and the use of digital tools to facilitate business operations. By adopting similar strategies and with continuous commitment to adapt and innovate, Malaysia can enhance its regulatory framework, hence boost its global competitiveness.

Collaboration with the private sector is crucial in shaping effective regulatory reforms, especially in providing feedbacks on policies that are practical and relevant to business and public needs. Industry leaders have consistently emphasised the need for a more transparent, predictable, and efficient regulatory environment, as well as increased utilisation of digital platforms to reduce complexity in regulatory submissions and approvals. These efforts will improve compliance and reduce costs while ensuring regulations are transparent and enforced.

Regulatory bodies play an important role in ensuring economic activities are functioning efficiently. In this regard, a whole-of-nation approach across regulatory practices is pertinent in streamlining procedures and harmonising regulatory reforms to ensure smooth and effective business processes. In addition, a high-level task force is required to review strategies based on the competitiveness factors and monitor the implementation of the revised strategies to enhance national competitiveness. Furthermore, MPC will continue the micro-level analyses of competitiveness indicators to assess and refine Malaysia's regulatory practices. These analyses will help to address the gap and ensure the regulatory reforms effectively address challenges faced by businesses.

Conclusion

As Malaysia continues to pursue its goals to be among the top 12 most competitive economies globally under the Ekonomi MADANI framework, a holistic approach is crucial to uplift the rank of the competitiveness factors which covers economic performance, government efficiency, business efficiency and infrastructure. The journey towards a more competitive economy requires continuous efforts to streamline regulations and reduce bureaucratic barriers through proactive collaboration with the private sector, improve productivity growth, enhance technology innovation and empower local talent. Through these comprehensive efforts, Malaysia will strengthen its global competitiveness and secure its position as a leading destination for investment and trade in ASEAN region.

With the full recovery of the travel and tourism industry globally, Malaysia is poised to benefit from the anticipated influx of tourists. Budget 2025 will focus on upgrading facilities and systems at all entry ports in enhancing Malaysia's readiness to leverage the hosting numerous nationwide meetings, incentives, conferences and exhibitions (MICE) at both international and regional scales including the Malaysia's 2025 ASEAN Chairmanship and various 2025 visit state year programmes. The Government will also intensify efforts to promote Visit Malaysia Year 2026 through strategic advertising and promotional activities, as well as increase Malaysia's visibility at the World Expo. This will restore international tourist arrivals to the pre-pandemic period and reaffirm Malaysia's status as one of the top tourism destinations globally.

In diversifying the tourism industry further, the Government will capitalise on the Malaysia My Second Home (MM2H) programme to attract high-net worth foreign nationals to reside in Malaysia on a long-term basis. Enrolment will be facilitated through favourable conditions to encourage higher participation in this programme, targeting retirees, expatriates, medical tourists and foreign investors. The focus on MM2H will generate spillover effects to the domestic economy, particularly in the real estate, healthcare, and education, further strengthening Malaysia's standing as a preferred second home destination.

In increasing the productivity and efficiency of business operations, Budget 2025 will strengthen the implementation of good management practices, thus promoting environmental, social and governance (ESG) and adopting advanced technologies among companies and industries. In addition, existing regulations will be reviewed to increase the country's overall competitiveness. In this regard, bureaucratic processes will be streamlined further to expedite the implementation of projects. Moreover, measures such as the enhancement of the administrative system, digitalisation of public services and implementation of flexible regulations will be continued to improve governance towards strengthening the country's competitiveness.

Malaysia's logistics industry will be further improved with the enhancements in transportation infrastructure, towards efficient connectivity and accessibility. Budget 2025 will continue to promote investment in improving infrastructure, leveraging on advanced technologies while developing skilled talents in relevant fields who are competent to support the modern logistics industry, thus positioning Malaysia as a competitive logistics hub in the region.

Digital and Innovation-Led Industry

Budget 2025 will also lay the foundation for a digital and innovation driven economy positioning the country towards achieving a high-income nation. In this regard, the Malaysia Digital Economy Blueprint (MyDIGITAL) will support the Government's effort to become a regional leader in digital economy by 2030. The Blueprint will significantly benefit Malaysia's MSMEs through enhanced digital adoption, improved infrastructure, expanded market access, empowered upskilling and retraining, and strengthened cybersecurity as well as increased productivity and competitiveness. Accordingly, GEAR-uP will focus on encouraging connections between HGHV industries and MSMEs along the supply chain through digital platforms.

The Government will prioritise cyber security throughout the digital infrastructure network which connects all users, towards a safe and secure ecosystem that will contribute to increased investor and business confidence. Furthermore, through the National Cyber Security Agency (NACSA), the Government will cooperate with stakeholders to address cyber security threats by ensuring compliance to the Cyber Security Act 2024 [Act 854]. This will include building the capacity of the entire government machinery by undertaking a cyber risk assessment and audit exercise to enhance the resilience of digital infrastructures.

It is paramount to provide continuous and uninterrupted connectivity across the nation by expanding the communication network to cover all blind spots, particularly in promoting investments in data centres, cloud computing, and other technology-driven services. This encompasses having comprehensive and reliable internet infrastructure that facilitates innovation and adopting advanced technologies such as robotics, AI and the Internet of Things (IoT), which are appealing to investors looking for cutting-edge environment.

In addition, Budget 2025 will entail efforts to position Kuala Lumpur as a top 20 global startup hub by 2030 through the KL20 initiative. This initiative aims to create a conducive environment, fostering investment and deal-sourcing opportunities for venture capitalists as well as encouraging more funding for startups to drive innovation in Malaysia.

Overall, the Government will emphasise continuously improving regulations to keep pace with technological advancements and ensuring a supportive business environment in addressing disparities in digital access and literacy.

Global Leader in Islamic Economy

Bolstering Malaysia as a global leader in Islamic economy is one of the key initiatives under the Ekonomi MADANI framework. This includes positioning Malaysia as a regional hub that promotes the expansion of Islamic finance. Therefore, the Government is committed to continue advancing innovation, focusing on value-based reforms and attracting private sector and international funding. Towards this, Budget 2025 will support efforts by key players which include financial institutions, investors and scholars in Islamic finance to strengthen Malaysia's credentials as an innovator and leader in sustainable finance and development.

In addition, the Government will leverage Islamic social finance instruments and other Islamic risk-sharing and innovative financial instruments, such as waqf and *sadaqah* as well as Islamic venture capital to address the funding gap in developing Islamic businesses and enhancing the well-being of the rakyat. To scale up financial intermediation, guidelines such as Value-based Intermediation (VBI) and

Sustainable Responsible Investment (SRI) will be constantly improved. This initiative will support the national agenda in achieving the SDGs while promoting high-potential ventures.

Being the leader in the halal industry, the Government will continue simplifying the halal certification process by standardising procedures among states, leveraging digital applications in streamlining documentation, conducting efficient audits and leveraging technologies to increase security and traceability along the supply chain. In addition, the Government will push for the greening of the halal industry by integrating sustainable practices to adhere to the *toyyib* concept. Clear guidelines and training support will be provided through collaboration with industry partners to further strengthen the ecosystem.

MSMEs as Regional Champions

The MSMEs are crucial to the economy in creating jobs, fostering innovation, and contributing to economic growth. As such, the Government, through Budget 2025, will continue providing financing schemes through DFIs. In addition, co-funding, equity crowdfunding (ECF), peer-to-peer (P2P) lending, and guarantee schemes will be continued in partnership with private financial institutions to strengthen the funding ecosystem and ease of access to financing at each stage of the business growth cycle. This will unleash the potential of MSMEs to participate in the global supply chain, comply with the ESG requirements, capitalise technologies and digitalisation as well as retain critical talent.

To enhance entrepreneurship among the Bumiputera, Budget 2025 will provide microfinancing for Bumiputera MSMEs through DFIs and relevant agencies to spearhead transformative initiatives as provided in the Bumiputera Economic Transformation Plan 2035 (PuTERA35). The Government will also promote alternative sources of funding, especially through venture capital and angel investors, to facilitate business incubators and platforms to connect with other businesses and potential customers. In developing Bumiputera MSMEs further, the Government will encourage anchor companies that are undertaking public projects to source supplies and raw materials from qualified and competent Bumiputera companies. This initiative can also be further enhanced by strengthening vendor development programmes to develop and train more Bumiputera entrepreneurs.

Economics of Sustainability

Budget 2025 will support commitments to expand RE sources, energy efficiency initiatives as well as the conservation and sustainable management of natural resources. These measures are designed to lower operational costs, enhance energy consumption efficiency, increase competitiveness and reduce the environmental footprint of Malaysia's growing economy. A core component of sustainability will be the principle of circular economy, moving away from traditional, linear 'take-make-use-dispose' models, towards more innovative and efficient practices. Through the Circular Economy Blueprint for Solid Waste (2025 – 2035) and Circular Economy Policy Framework for Manufacturing Sector, efforts will be intensified to increase the national recycling rate.

The agriculture sector will also be strengthened through innovation and re-engineering along the agrofood value chain, maximising resource efficiency and minimising waste, thereby contributing to the nation's food security. The Government will enhance water irrigation infrastructure as well as encourage the adoption of technology and sustainable agriculture practices to increase crop yield and resilience. Continuous efforts to increase preparedness in facing natural disasters will be undertaken to reduce the risk on farmers. Furthermore, improved infrastructure and supply chains, such as better roads and storage facilities, will enhance the distribution and marketing of agricultural products. In addition, regional and international cooperation will be leveraged to intensify the sharing of knowledge, resources, and technologies, making the agriculture sector more robust and less vulnerable to global market fluctuations. These combined efforts will help Malaysia achieve greater food security and self-sufficiency.

Raising the Floor: Improving Quality of Life

A prosperous nation provides the opportunity for citizens to thrive, by realising the unique potential and contributing to the strength of communities. Thus, initiatives under Budget 2025 will concentrate on undertaking a holistic and inclusive approach to governance, focusing on the social, economic and political stability. This approach supports the national strategy to 'Raising the Floor', which aims to create a more equitable society by uplifting those at the bottom of the economic spectrum, ensuring everyone possesses adequate levels of dignity and economic security. In ensuring that Malaysia is on its development trajectory to continuously prosper, the Budget emphasises providing respectable jobs and decent standard of living; ensuring equality and inclusivity; enhancing universal access to quality education and healthcare services; advancing world class rakyat-centric infrastructure; improving social protection; preserving national heritage and *muafakat*; as well as safeguarding national sovereignty and *maslahah*.

Respectable Jobs and Decent Standards of Living

In creating more skilled job opportunities in the country, attracting quality investment in high-tech and innovative industries is fundamental. Strategies will be rolled out under Budget 2025 to improve the business environment by streamlining regulatory processes and targeted incentives to drive economic growth through a more competent and adaptable workforce.

The Government will also continue to intensify efforts to enhance standards of living by promoting decent wages. In expediting efforts to provide a more holistic wage ecosystem and lessen wage disparities, the current role of the National Wages Consultative Council will be further strengthened, including benchmarking against similar organisations such as the Fair Work Commission, Australia and the National Wage Council, Singapore.

Additionally, the Government will improve collective bargaining coverage through better tripartite collaboration to enhance wage structure and non-wage benefits. The Government is exploring the provision of starting salary guidelines, taking into consideration various aspects, including workers' educational qualification, experience, skills category, and location for better compensation. Under the GEAR-uP, GLICs and GLCs are also committed to set an example for the corporate sector in ensuring all employees within their organisations and ecosystems receive a decent monthly living wage, with future adjustments aligned with productivity improvement. Collectively, these measures will help build a more balanced wage-setting mechanism that can significantly boost productivity and business expansion, ultimately leading to higher compensation of employees and foster inclusive economic development.

INFORMATION BOX 1.3

Raising the Floor: The Need for More Meaningful Wages

Introduction

Every worker deserves a meaningful life by earning decent wages, which is sufficient to cover expenses and improve livelihood. Decent wages refer to a level of compensation that allows workers and their families to maintain reasonable standards of living. It is a fundamental aspect to achieve decent living, which is central to economic and social development as well as to advance social justice. Wages also play an essential role in reducing poverty and inequality as well as ensuring a decent and dignified life (International Labour Organisation, 2024).

Wage is an important source of growth and has been identified as a fundamental lever in addressing certain structural economic issues. More than 70% of compensation of employees (CE)[1] comprise wage components. Analyses by the Centre for Future Labour Market Studies in 2022 and Khazanah Research Institute (KRI) in 2023 shows that a higher CE has positive spillover effects in enhancing productivity, female labour force participation, technology adoption as well as reducing informality, inequality, brain drain, and reliance on low-skilled foreign workers in the economy.

The Twelfth Malaysia Plan, 2021 – 2025 and the Ekonomi MADANI framework have set the CE of GDP targets at 40% by 2025 and 45% by 2033. Hence, numerous strategies have been implemented to strengthen institutional reforms and restructure the economy to uplift the well-being and dignity of the rakyat through more meaningful wage levels. Initiatives to upskill and reskill workers as well as improve productivity have been enhanced to transform the wage ecosystem to be more supportive, thereby enabling workers to receive a more progressive and competitive wage.

This article provides a brief overview of Malaysia's current wage policies, wage-setting mechanisms and the narrative of wage structures across various aspects of the economy.

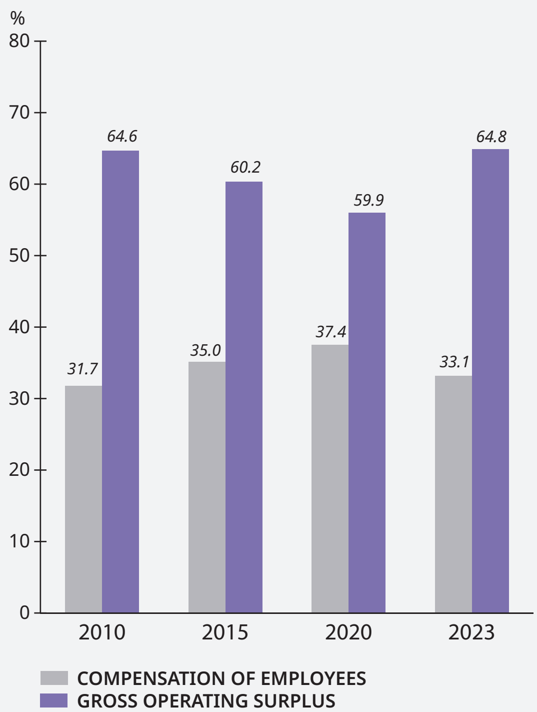
Synthesis and Summary

In Malaysia, employees are compensated based on wage payment setting mechanisms with their respective employers. These mechanisms have become increasingly diverse and governed by various acts and guidelines. The most common mechanism is based on mutual contract of service under the Employment Act 1955 [Act 265] or through collective bargaining between employers and trade unions. Strong unions would be able to represent workers to negotiate for improved wages and benefits, leading to higher compensation and better employment outcomes. The study by KRI estimated that the collective bargaining coverage in Malaysia was around 0.4% in 2018, much lower than the OECD average of 32.1%.

Another mechanism is performance-based such as the productivity-linked wage system that was introduced in the 1990s aimed to align workers' compensation more closely with their productivity levels. Meanwhile, the statutory minimum wage policy, implemented on January 2013, was designed to provide fair compensation among the low-wage earners.

[1] Includes remuneration, in cash or in-kind as well as employers' social contribution payable for employees.

FIGURE 1.3.1. *Compensation of Employees and Gross Operating Surplus*



Source: Department of Statistics, Malaysia

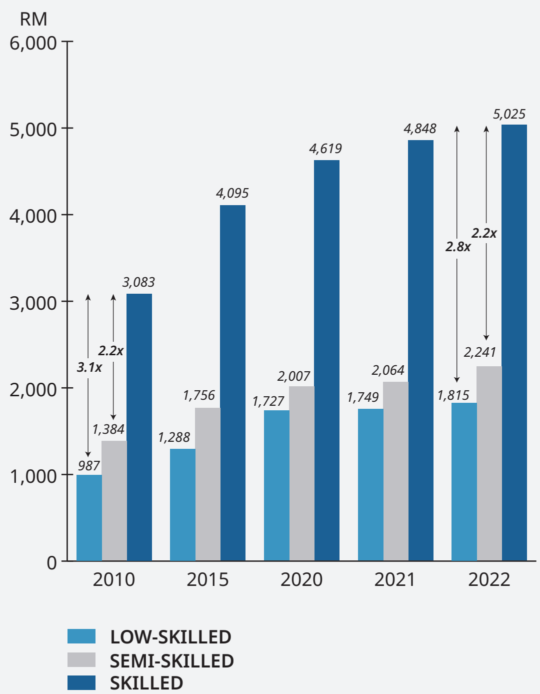
TABLE 1.3.1. *Compensation of Employees by Selected Countries*

	2020	2021	2022	2023
Malaysia	*37.4*	*35.1*	*32.3*	*33.1*
Philippines	*34.8*	*36.7*	*36.4*	*35.5*
Singapore	*42.8*	*37.6*	*35.1*	*38.5*
Republic of Korea	*48.2*	*46.7*	*47.5*	*47.9*
Australia	*48.2*	*47.7*	*45.8*	*45.9*
Netherlands	*50.6*	*48.2*	*47.1*	*47.0*
Canada	*52.3*	*50.4*	*49.2*	*51.1*
United Kingdom	*52.0*	*50.6*	*49.2*	*49.5*
Germany	*54.4*	*53.0*	*52.2*	*52.4*
United States	*54.6*	*53.2*	*52.2*	*53.1*

Source: Department of Statistics, Malaysia

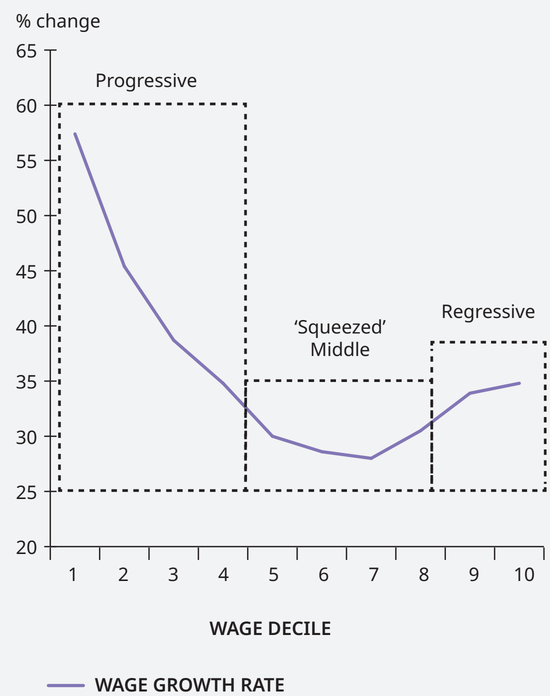
Nonetheless, the average wage growth has remained low over the past decade. The benefits of growth, measured by CE, also remained stagnant and to some extent was much lower in comparison with other countries. The wage gap and significant disparities are still prevalent among workers across skills category, location, sectors, occupation, and educational attainment. These situations continue to pose a challenge in 'Raising the Floor' as envisaged in the Ekonomi MADANI framework.

FIGURE 1.3.2. *Mean Monthly Wage by Skills Category*



Source: Department of Statistics, Malaysia

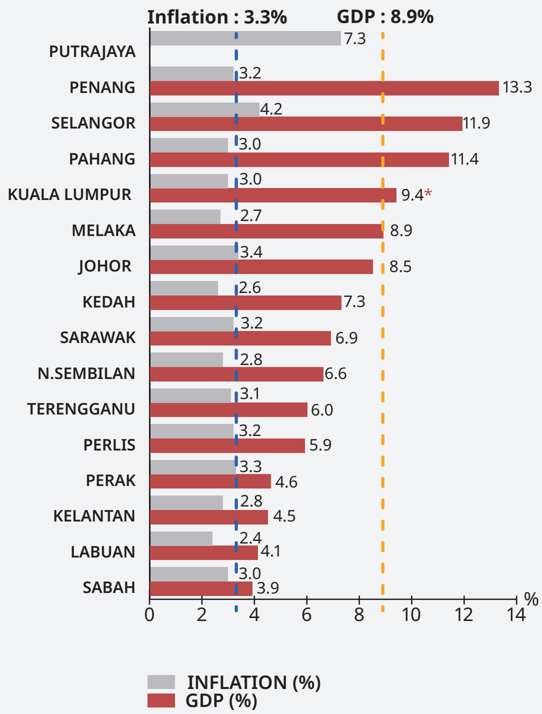
FIGURE 1.3.3. *Percentage Change in Real Monthly Individual Wage Growth by Decile, 2010 – 2019*



Source: Khazanah Research Institute and Department of Statistics, Malaysia

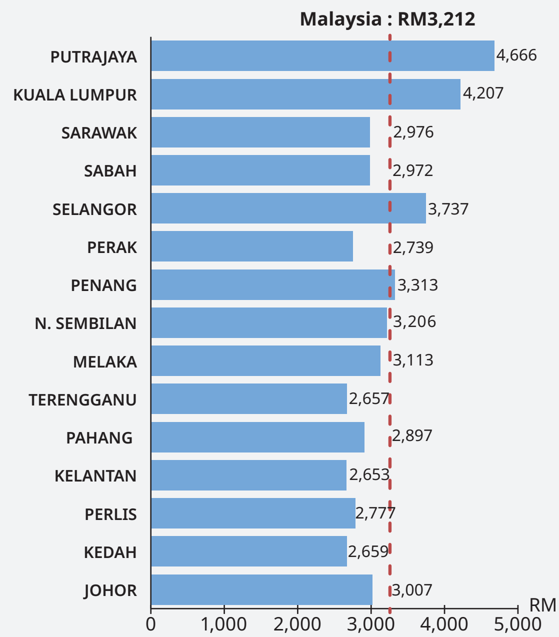
… skilled-workers have benefitted more from economic advancements, while the minimum wage policy has raised the wage level among low-paid workers, but certain segments of workers are still receiving lower share of benefits from economic growth, particularly among the 'squeezed middle-wage earners' …

FIGURE 1.3.4. *Gross Domestic Product and Inflation, 2022*



Note: *includes Putrajaya
Source: Department of Statistics, Malaysia

FIGURE 1.3.5. *Mean Monthly Wage, 2022*

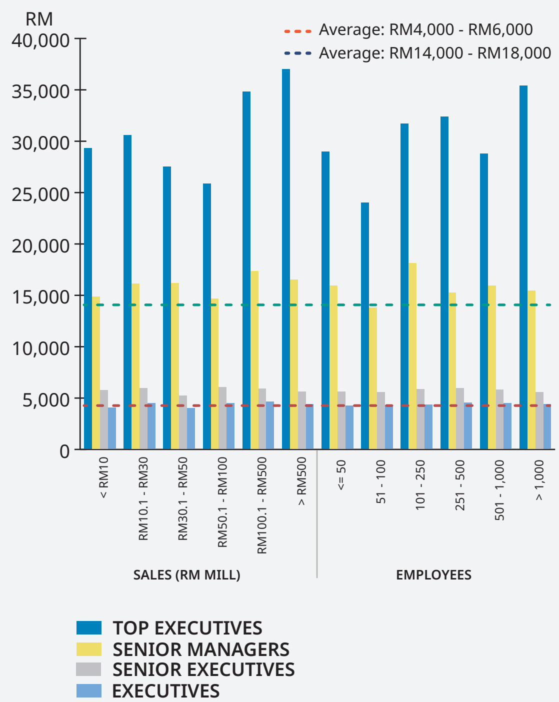


Source: Department of Statistics, Malaysia

… theoretically, higher economic activities should be reflected through higher wages that directly influence the purchasing power and aggregate demand. Nevertheless, increased demand for goods and services may also increase prices[2]. This is mirrored in states such as Kuala Lumpur, Putrajaya and Selangor. On the other hand, lower economic activities in less developed states[3], coupled with low cost of living may result in workers receiving lower wages, thus hindering the realisation of a more inclusive development and better quality of life …

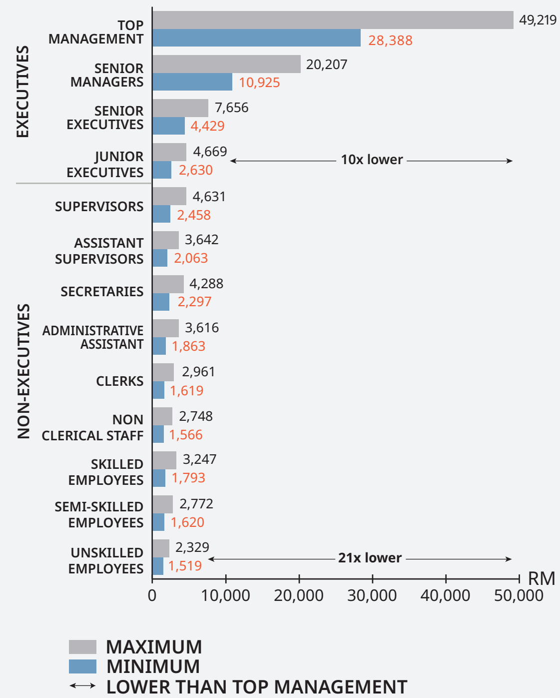
[2] Wage-price spiral is a macroeconomic theory explaining the cause-and-effect relationship between rising wages and prices, or inflation. As rising wages increase disposable income, demand for goods rises, thus triggering prices for goods to move higher.
[3] For this analysis, less developed states refer to states with GDP growth of less than Malaysia's real GDP (8.9%).

FIGURE 1.3.6. *Average Monthly Basic Salary by Size of Companies, 2022*



Source: Calculation by Ministry of Finance based on Malaysian Employers Federation survey

FIGURE 1.3.7. *Average Monthly Salary Range for Executives and Non-Executives, 2022*

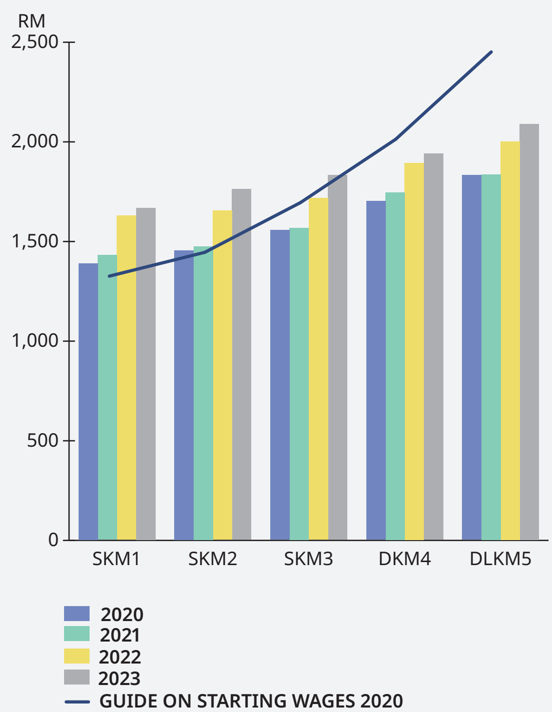


Source: Calculation by Ministry of Finance based on Malaysian Employers Federation survey

… by size of companies, on average, there is no significant wage difference among the workers, particularly executives and senior executives. This reflects that larger corporations[4] also may not necessarily translate their higher earnings into higher wages. In terms of level of occupation, top management received wages 20 times more than non-executives and 10 times more than junior executives. If these wage gap issues are not addressed, the aspiration of 'Raising the Floor' under the Ekonomi MADANI framework will be difficult to achieve within the intended period.

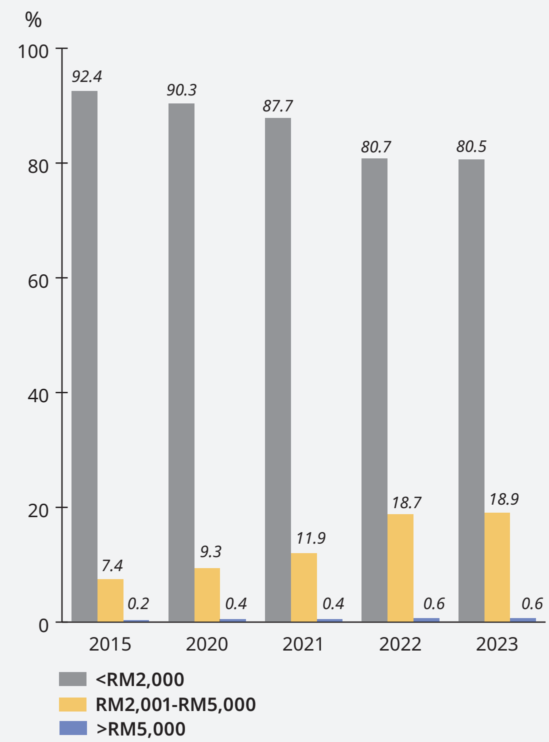
[4] SME Corp. defines SMEs as companies with sales turnover not exceeding RM50 million or full-time employees not exceeding 200 workers (manufacturing); or sales turnover not exceeding RM20 million or full-time employees not exceeding 75 workers (services and others). Therefore, companies beyond these thresholds are considered large corporations.

FIGURE 1.3.8. *Monthly Basic Salary by Sijil Kemahiran Malaysia*



Source: Ministry of Human Resources and calculation by Ministry of Finance based on Malaysian Employers Federation survey

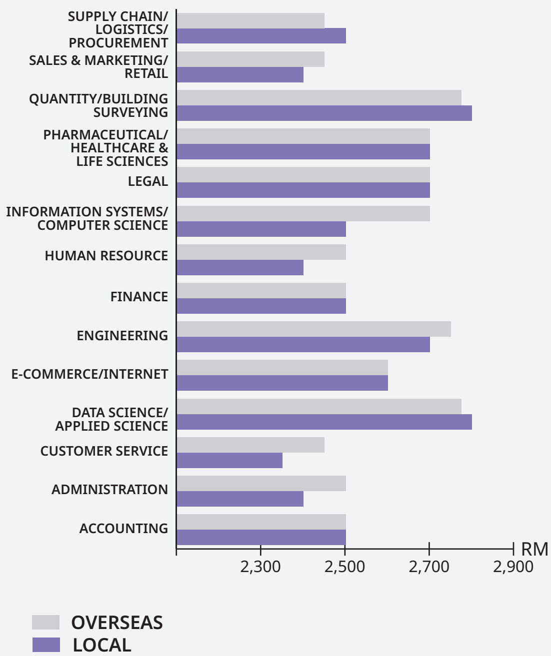
FIGURE 1.3.9. *Share of TVET Graduates by Starting Salary*



Source: Calculation by Ministry of Finance based on Ministry of Higher Education graduates tracer study

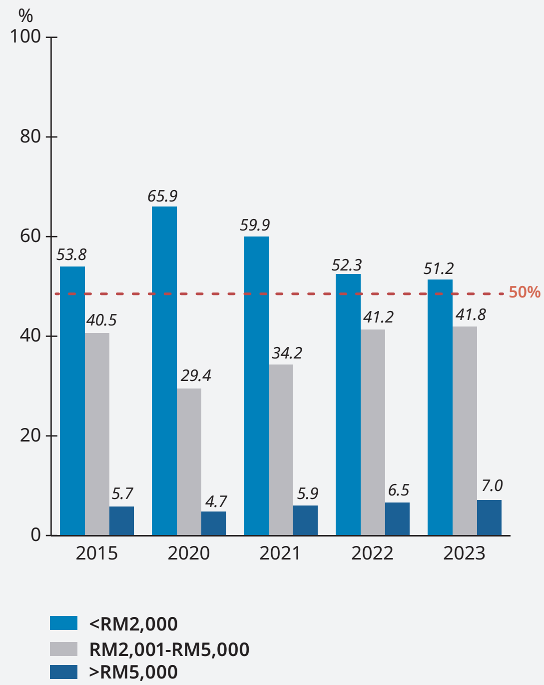
Government policies in promoting technical and vocational education and training (TVET) related occupations as a career of choice among youth is also a continual challenge as graduates with TVET or skills qualification are earning relatively unattractive wages. Even though there has been an increase in the share of TVET graduates receiving wages of more than RM2,000, the proportion of those receiving below RM2,000 is still substantial …

FIGURE 1.3.10. *Monthly Basic Salary for Newly Recruited Local and Overseas Graduates, 2021*



Source: Calculation by Ministry of Finance based on Malaysian Employers Federation survey

FIGURE 1.3.11. *Share of Graduates by Starting Salary*



Source: Calculation by Ministry of Finance based on Ministry of Higher Education graduates tracer study

… on another note, newly recruited graduates receive relatively similar wage level, irrespective of whether they are local or overseas graduates. Nevertheless, over the past decade, more than 50% of fresh graduates have been drawing a starting salary of below RM2,000 a month …

TABLE 1.3.2. *Minimum Monthly Expenses in Major Cities, 2022/2023*

CITIES	SINGLE		MARRIED COUPLE			SINGLE PARENT		SENIOR CITIZEN	
	PUBLIC TRANSPORT	OWN CAR	0 CHILD	1 CHILD	2 CHILD	1 CHILD	2 CHILD	COUPLE	SINGLE
Klang Valley	1,930	2,600	4,630	5,980	6,890	4,740	5,650	3,210	2,520
Georgetown	1,830	2,430	4,360	5,640	6,370	4,460	5,190	3,140	2,450
Johor Bahru	1,760	2,290	4,110	5,360	6,100	4,200	4,940	3,020	2,330
Malacca City	1,730	2,270	4,010	5,140	5,850	4,020	4,720	2,830	2,180
Seremban	1,720	2,300	4,170	5,400	6,130	4,250	4,980	2,910	2,250
Kota Kinabalu	1,710	2,230	4,000	5,130	5,840	4,000	4,710	2,930	2,290
Kuantan	1,710	2,230	3,910	5,030	5,740	3,900	4,610	2,780	2,130
Ipoh	1,680	2,270	3,970	5,140	5,850	4,020	4,730	2,840	2,190
Kuching	1,680	2,210	3,920	5,020	5,720	3,890	4,590	2,790	2,160
Kuala Terengganu	1,630	2,160	3,820	4,920	5,610	3,820	4,510	2,730	2,090
Kota Bharu	1,540	2,110	3,750	4,830	5,520	3,720	4,400	2,690	2,050
Alor Setar	1,530	2,060	3,680	4,760	5,430	3,660	4,340	2,630	2,020

Source: Employees Provident Fund, Malaysia

... it is evident that the majority of fresh graduates entered the job market with insufficient earnings to cover minimum monthly expenses[5] to have a decent standard of living or meaningful life, as proposed in Belanjawanku 2022/2023. According to KRI (2023), as an individual's starting salary plays an important role in determining their overall wage and career progression, low starting pay would not only lead to low wage increments, but also take much longer for working individuals to reach a sufficient level of earnings.

Conclusion

In conclusion, despite the existence of diverse wage-setting mechanisms, Malaysia's current wage structure still exhibits significant disparities across various aspects. Certain segments of workers, particularly among tertiary graduates, continue to receive less competitive wages, which poses challenges for individuals striving to lead more meaningful lives. If the goal of 'Raising the Floor' as envisaged under the Ekonomi MADANI framework through higher wages is to be successfully realised, policy and institutional reforms are essential to enable efficient wage governance in an integrated manner and whole-of-nation approach. Therefore, there is a need for standard wage-setting guidelines to improve the wage structure in Malaysia.

[5] The Belanjawanku 2022/2023 report by Employees Provident Fund (EPF) estimated that minimum monthly expenses for single adult owning a car and residing in major cities in Malaysia is more than RM2,000.

Equality and Inclusivity

Budget 2025 will give due focus to the Orang Asli community, persons with disabilities (OKU) and other vulnerable groups to reduce inequality and enhance inclusivity. The Government will continue to provide a specialised education system and infrastructure to enhance the economic participation of these targeted communities, through job and entrepreneurship opportunities as well as wage equality. The Budget will provide various support to encourage participation of women in the labour market. Among others, the Government will incentivise employers hiring women returning from career breaks, employment matching services, enhance affordable facilities for care services as well as flexible work arrangements to attract and retain talent. Widening civil society engagement and supporting grassroots initiatives that advocate for the needs and rights of these communities can also help build a more inclusive and equitable society.

Universal Access to Quality Education and Healthcare Services

In enhancing education learning outcomes, the teaching and learning delivery ecosystem will be transformed to ensure all students gain the critical knowledge and skills necessary for future development and employment. Hence, the Government will continue allocating sufficient resources through Budget 2025 to guarantee access to quality education for all. Compulsory education will be expanded to mandate all children to complete at least 11 years of formal education. To further strengthen the quality of teaching, the Government will enhance teacher training programmes. Emphasis will also be placed on improving basic literacy and numeracy skills, upgrading facilities and infrastructure particularly in dilapidated schools, providing stable internet connectivity to all schools, as well as expediting the development of new school projects.

In producing competitive skilled talents that meet industry demands, curriculum for tertiary programmes will be better aligned with evolving market needs through strong industry collaboration. Budget 2025 will continue prioritising upskilling and retraining initiatives to equip workers with the latest skill sets necessary for today's job market. Additionally, efforts will be intensified to foster strategic cooperation between industry and academia, ensuring industry-driven TVET programme. As part of a continuous strategy to acknowledge these improvements and elevate TVET reputation as a career of choice, the review of the Guide on Starting Wages[3] should be appropriately considered, taking into account economic progress and rising living costs. The Guide can serve as among the reference points for industries in determining the starting salaries of TVET graduates. The Government will also continue to engage the religious schools, such as *tahfiz*, to offer opportunities to study in TVET institutions while undergoing or after completing the *tahfiz* programme, to enter into professional occupation.

For healthcare, the Government is committed to provide expeditious services to the rakyat, and will significantly enhance the delivery system to achieve universal access to quality services. This includes expanding mobile community services, upgrading equipment and facilities in hospitals and clinics, while ensuring adequate number of healthcare personnel to create a more conducive environment across all centres. At the same time, efforts will also be given to transform the healthcare system from focusing on treating illnesses to

[3] The Guide on Starting Wages 2020 established by the Ministry of Human Resources. It provides information on starting basic wages for a list of 200 selected skills-based jobs that are highly demanded in the labour market by skill level (SKM 1 to SKM 5).

disease prevention. Budget 2025 will ensure the sustainability of public healthcare system through innovative financing in acquiring medical equipment, to address the issue of high cost in procuring and replacing equipment due to rapid advancement of technology.

Quality Basic Infrastructure

The Government is steadfast in improving Malaysia's rakyat-centric basic infrastructure by enhancing urban planning, road access, treated water, and electricity supply in urban and rural areas, with a focus on underserved areas. Under Budget 2025, infrastructure investment, focusing on innovative and cost-effective technologies, will continue to be rolled-out, particularly in remote areas. In this regard, rural development allocation will continue to be provided to address development disparities and improve dilapidated infrastructure. The Government will also provide stable and affordable internet connectivity to enable the rakyat to benefit from digital technology, thereby widening access to socioeconomic activities, ensuring that no one is left behind.

In developing affordable quality housing for the rakyat, Budget 2025 will continue providing safe neighbourhoods with healthy living environments, ultimately contributing to a prosperous society. Attention will also be given to ensure inclusive housing solutions that benefit the elderly as well as marginalised and vulnerable groups. This includes credit guarantee facilities offered for the purchase of houses built on waqf land. In addition, the Government will continue prioritising to provide well-integrated, sustainable, and liveable housing for the low-income group. The Budget will also make home ownership more accessible for the young civil servants.

The Government will also focus on enhancing inter-state mobility, through projects such as the East Coast Rail Link (ECRL), Central Spine Road (CSR) and the Pan Borneo Highway, to boost economic activities. Existing highways will continue to be maintained and upgraded to ensure smooth and efficient transportation, thus improving connectivity as well as facilitating trade, promoting tourism, and overall economic vibrancy. For urban communities, the Government plans to leverage and expand the existing transit system, which includes railways and feeder buses. This expansion aims to provide a more efficient and reliable public transportation network, reduce congestion, and improve accessibility within cities. By enhancing urban transit systems, the Government seeks to promote sustainable urban development, reduce carbon emissions, and improve the quality of life for urban residents, by reducing travel time as well as improving safety and reliability. These efforts are part of a broader strategy to create a well-connected, sustainable, and economically vibrant nation that benefits businesses and the rakyat.

Social Protection and Cost of Living

Improving the well-being of the rakyat is one of the main deliverables set out under the Ekonomi MADANI framework. Budget 2025 will continue to improve the social protection system of the country, particularly to enhance the social safety net and social insurance. Furthermore, the Government will continue enhancing the STR, SARA and BAP as well as expanding Payung RAHMAH Programme to assist the rakyat to reduce the burden of cost of living. In alleviating poverty, the IPR and SejaTi MADANI programmes will be expanded to promote community empowerment in implementing projects that can provide additional income.

In addition, as Malaysia is now an ageing[4] nation, Budget 2025 will further improve the social protection system for the elderly, by enhancing healthcare services and promoting active social activities. The Government will also facilitate senior communities to enhance lifelong learning opportunities and financial literacy. These measures aim to ensure the elderly have access to quality care, remain socially engaged, and lead fulfilling lives.

In ensuring the welfare of the vulnerability of self-employed individuals and gig workers are safeguarded, the Government aims to expand the Self-Employed Social Security Scheme under the Social Security Organisation (PERKESO) by strengthening related policies and laws. Additionally, the Government has taken steps to support low-income groups to be able to access health services through the microinsurance scheme and encourage the wider population to have private healthcare insurance.

[4] According to Department of Statistics, Malaysia, 7.7% of Malaysia's total population aged 65 years and above in 2024.

FEATURE ARTICLE 1.2

Revitalising Malaysia's Social Assistance Initiative: Case Study on Sumbangan Tunai Rahmah Recipients 2024

Introduction

A comprehensive and effective social protection framework is imperative in an emerging economy like Malaysia. The social protection system consists of three broad thrusts, namely social assistance, social insurance and labour market intervention. Based on Household Income Estimates and Incidence of Poverty 2020, the repercussions of the COVID-19 pandemic on households and businesses, witnessed about 20% of households in the middle 40% of income group (M40) falling into households in the bottom 40% of income group (B40) category, which also led to the huge rise in Government spending to cushion the impact of the crisis (World Bank, 2020). Additionally, strict zero COVID-19 measures in China, the effects of the prolonged Russia-Ukraine conflicts, high world commodity prices as well as other global and regional issues are also resulting in supply chain disruptions. This scenario is also led to a significant impact on the increased in the cost of living, including to the M40 group as well as the top 20% (T20) of the households, underscore the crucial need for a more comprehensive social protection system.

The Government dedicates a significant share of the country's fiscal resources towards providing social assistance, aimed at enhancing the well-being of the rakyat. The assistance is distributed in the form of cash and in-kind transfers as well as subsidies. Between 2000 and 2023, the Government spent over RM725 billion on these assistances, with an annual average of RM30 billion. This involves an average expenditure of 13.5% of the total Government expenditure for that period. However, there is still an improvement that need to be undertaken in enhancing programme's effectiveness mainly in addressing rakyat's resilience particularly the vulnerable and people in need[1]. In this regard, revitilising the country's social assistance policy is crucial primarily cash assistance, to safeguard the well-being of the rakyat. This includes the need to look into more inclusive coverage considering those in the "missing middle" that may not even benefit from the social assistence schemes. This article aims to assessing policy insight to strengthen the effectiveness of the programmes towards achieving fiscal sustainability based on study done on the cash transfer programmes specifically the Sumbangan Tunai Rahmah (STR)[2].

Case Study on Social Assistance Programme

Prior to this, an earlier study on Bantuan Sara Hidup (BSH)[3] was conducted from March 2020 to June 2021 by the Ministry of Finance (MoF). The study was to evaluate the effectiveness of the BSH programme, focusing on operational efficiency, delivery methods, and the impact on recipients. The study revealed that the operating costs for BSH were significantly lower than international standards (6%), with only 0.94% of the total allocation being spent on operational expenses in 2020. This low cost was attributed to the efficient method of crediting cash transfers directly into recipients' accounts, which enabled swift and extensive payments across the country. However, the study found minor delays in disbursements and acknowledged challenges faced by rural applicants including difficulties in accessing online information, which potentially exclude eligible

[1] A perspective along with policy recommendations on this topic can be found in the Economic Outlook 2024 Box Article: 'Towards Equitable Development Targeted Social Assistance'. (MoF, 2023).
[2] Previously known as Bantuan Rakyat 1Malaysia, Bantuan Sara Hidup, Bantuan Prihatin Nasional and Bantuan Keluarga Malaysia.
[3] The Study on the Effectiveness of Bantuan Sara Hidup was conducted by the Ministry of Finance, Malaysia in collaboration with the Inland Revenue Board and Universiti Putra Malaysia.

recipients. Additionally, the lack of data integration and interoperability of system were highlighted as significant issues, as these have led to outdated applicant information. In 2023, the operational costs of STR further decreased, with only 0.88% spent from the total allocated amount, and 95% of recipients receiving cash transfers through online platforms.

Despite these challenges, the study found that the BSH programme was well-received and played an important role in Malaysia's poverty eradication strategy without stigmatising the recipients. The financial assistance helped to alleviate the cost of living, including expenses for basic necessities, especially food, utility bills, and other household expenditures. From a health perspective, this assistance programmes contributed to physical well-being, mental health, and emotional state, thus enabling recipients to make sound decisions. Furthermore, this programme had a positive impact on family and community relationships, as well as involvement in community activities.

Following the phase 1 study[4], MoF subsequently conducted this phase 2 study[5] in 2024, which is a STR case study with the purpose of:

i identifying the expenditure pattern among the STR recipients;
ii assessing the effectiveness of the STR as well as other cash assistances; and
iii recommending measures to strengthen the overall effectiveness of social cash assistance programmes through macro-level interventions towards achieving fiscal sustainability.

Methodology

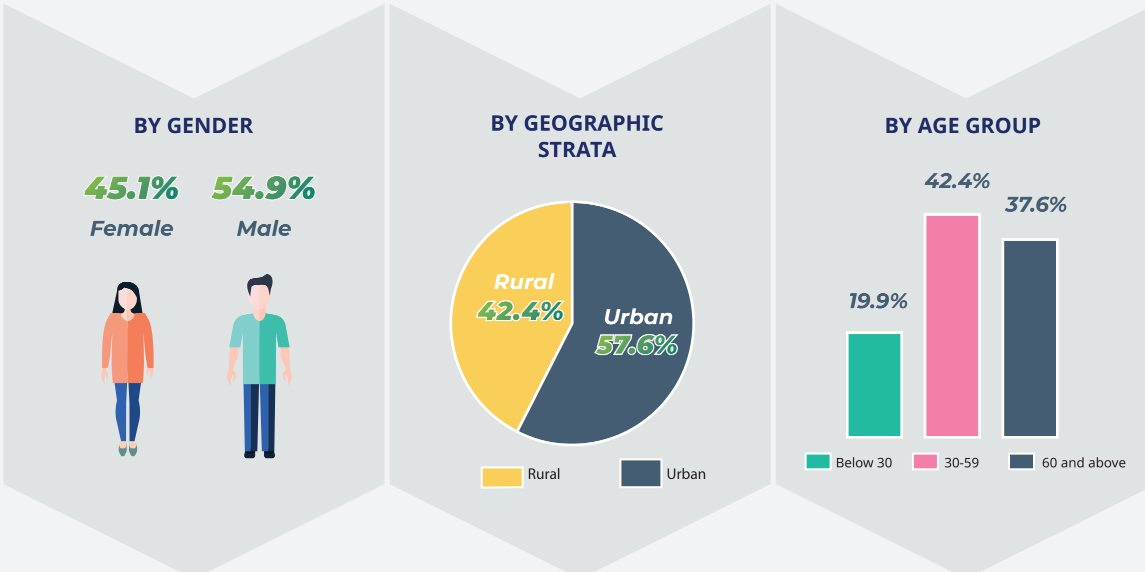
The case study was conducted from February to April 2024 where a total of 417 respondents participated in the study. They were selected across gender, geographical strata, and age groups based on the STR recipients among households from the Household Income and Expenditure Survey (HIES) 2022. The data was collected through surveys conducted via email and telephone interviews as well as secondary data from the HIES 2022. To ensure the accuracy and relevancy of the data, the sample was cross-referenced with the STR records from the Inland Revenue Board (IRB). The survey was divided into three key sections, namely, demographics, expenditure patterns and additional assistance received.

Key Findings

The study found that the respondents consist of 54.9% males and 45.1% females, with a larger portion (57.6%) living in urban compared to 42.4% in rural areas. The age distribution indicates that the majority are within the 30 – 59 age group (42.4%), followed by those who aged 60 and above (37.6%), and a smaller proportion of individuals who aged below 30 years old (19.9%). The demographics of the respondents are shown in Figure 1.2.1.

[4] The Study on Social Assistance Programme to Improve Fiscal Sustainability was implemented in March 2023 consisting of 2 phases. Phase 1 involved literature review and desktop analysis. The findings of the phase-1 study have been published in the Economic Outlook 2024 Box Article: "Towards Equitable Development Targeted Social Assistance". (MoF, 2023).
[5] Study on Social Assistance Programme to Improve Fiscal Sustainability (phase-2) was implemented in collaboration with Department of Statistics, Malaysia and Social Wellbeing Research Centre.

FIGURE 1.2.1. *Demographic Distribution of Respondents*



Source: Ministry of Finance, Malaysia

The study revealed that most income earners who aged 59 years old and below, are either private employees or self-employed (not registered[6]) as shown in Figure 1.1.2. Notably, respondents aged 60 and above continue to participate actively in the economy, with 43.3% still employed, while 36.9% rely on the STR. Further analysis reveals that the average savings for this group is very low (Abd Samad and Mansor, 2013), and many are burdened with financial commitments, such as housing rental expenses.

In addition, the majority only hold Sijil Pelajaran Malaysia (SPM) qualifications or lower. This suggests that a significant portion of respondents entered the labour market with limited educational attainment, which may have constrained their upward mobility and earning potentials. As a result, there is a notable relationship between low educational levels and the prevalence of low-skilled, low-wage employment among these groups. Furthermore, the study found that most respondents with tertiary education are employed in the private sector, often in positions that require minimal qualifications.

[6] Refers to the self-employed in the informal sector that is not registered with the Malaysian Companies Commission, Local Authorities or any professional body.

FIGURE 1.2.2. *Distribution of Respondent's by Age Groups, Type of Employment and Education*

Age group	Occupation	Share (%)
Below 30 years old	Private	73.5
	Self-employed (Not registered)	14.5
	Self-employed (Registered)	4.8
	Government	3.6
	Others	3.6
30 - 59 years old	Private	52.0
	Self-employed (Not registered)	20.3
	Self-employed (Registered)	6.8
	Government	10.7
	Private/ Government pensioner	1.7
	Others	8.5
60 years old and above	Private	18.5
	Self-employed (Not registered)	15.3
	Self-employed (Registered)	7.6
	Government	1.9
	Private/ Government pensioner	16.6
	Elderly	36.9
	Others	3.2

Age group	Highest Certificate	Share (%)
Below 30 years old	Tertiary[1]	33.7
	SPM and equivalence	**47.0**
	PMR/SRP and below	19.3
30 - 59 years old	Tertiary[1]	16.9
	SPM and equivalence	**45.8**
	PMR/SRP and below	37.3
60 years old and above	Tertiary[1]	10.8
	SPM and equivalence	16.6
	PMR/SRP and below	**72.6**

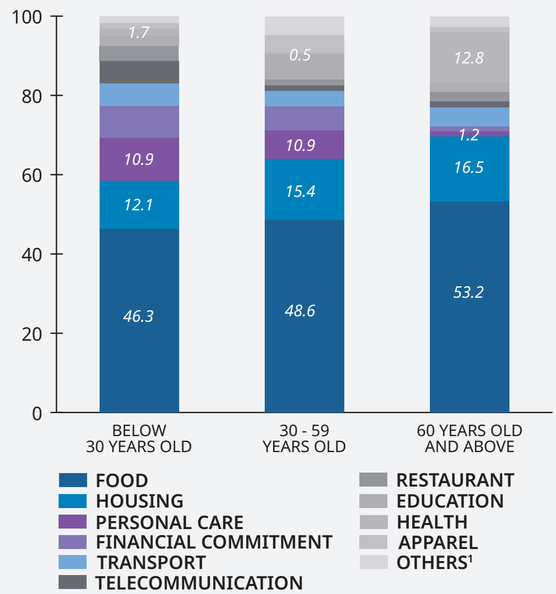
[1] Refers to all-post secondary formal education including public and private universities, colleges and technical training institute
Source: Department of Statistics and Ministry of Finance, Malaysia

The study further analysed the utilisation of the STR and found that it is predominantly allocated towards essential needs. Across all age groups, the main expenditure includes food and beverages (notably rice and fresh chicken), as well as housing and utilities (mainly rental and utility payments). These findings underscore the challenges posed by the rising prices of essential items, with cost of living pressures to households. An analysis of expenditure patterns by age group reveals that respondents under 30 years old tend to allocate their spending primarily to communication-related items. Meanwhile, those aged between 30 and 59 years old focus their expenditures on education and apparel. Notably, for individuals aged 60 and above, healthcare expenses become increasingly significant compared to other age groups, as illustrated in Figure 1.2.3. This demonstrates that the expenditure patterns of recipients vary across age groups, reflecting that STR is primarily allocated to essential needs, tailored to the recipients' current lifestyle.

Furthermore, the study highlights that total expenditure, combined with financial commitments[7] exceed income, resulting in an income deficit across all age groups, as shown in Figure 1.2.4. The most significant deficit is observed in the 30-59 age group, with a shortfall of RM245, followed by the below 30 age group at RM235. The age group above 60 experiences the lowest deficit at RM157. These figures underscore that all age groups face financial strain when encountering expenses such as loans and debts. These findings indicate that households are struggling to balance their income due to the financial commitments, worsened by the rising cost of living. In this context, cash assistance plays a crucial role in alleviating the burden of household expenditure, particularly in acquiring basic needs and mitigating the impact of price increases.

[7] Refers to non-expenditure of consumption such as housing, motor vehicle and personal loans as well as outstanding bills.

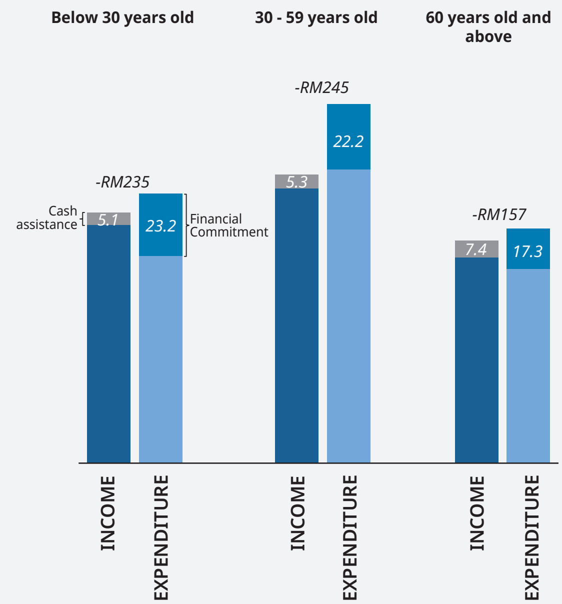
FIGURE 1.2.3. *Expenditure Pattern of the STR Assistance by Age Groups (% Share)*



[1] Others refers to among others, includes housing maintenance, recreation and insurance

Source: Ministry of Finance, Malaysia

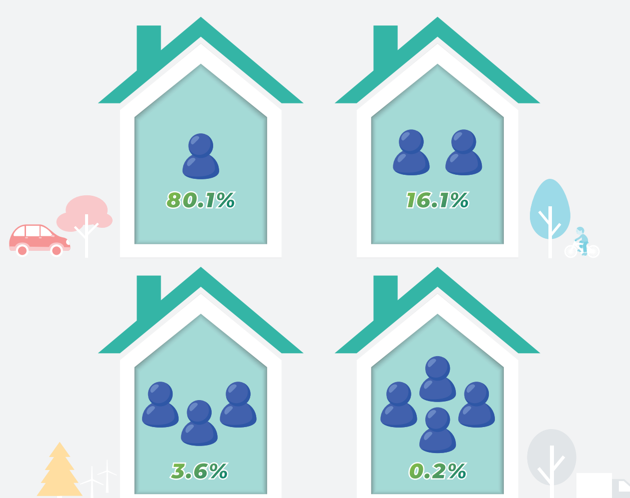
FIGURE 1.2.4. *Income and Expenditure by Age Groups*



Source: Department of Statistics and Ministry of Finance, Malaysia

In the meantime, the analysis indicates that almost 20% of respondents with two or more household members also received the STR, as shown in Figure 1.2.5. Apart from the head of the household, this STR assistance is received by the elderly and single individuals.

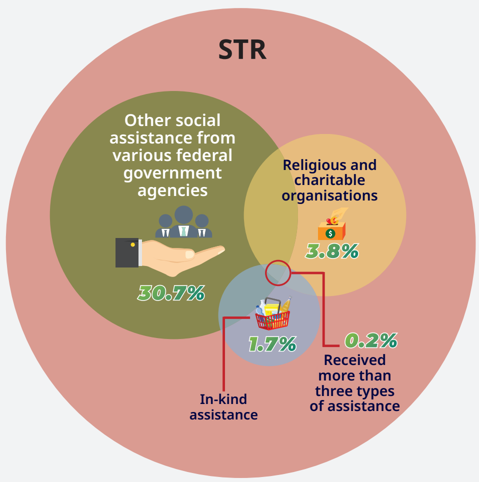
FIGURE 1.2.5. *STR Recipient in a Household (% Share)*



Source: Ministry of Finance, Malaysia

Additionally, the analysis found that 36.2% of households are benefitting from multiple forms of assistance other than the STR. Specifically, 30.7% of households receive social assistance from various federal government agencies[8], followed by religious and charitable organisations[9] (3.8%) and community support programmes[10] (1.7%), as shown in Figure 1.2.6. This illustrates the existence of a layered social safety net to meet different household needs. On the other hand, the analysis also revealed that 1.7% of hardcore poor households only received STR assistance, highlighting the need to ensure inclusive coverage that no eligible individuals are overlooked in the distribution of assistance.

FIGURE 1.2.6. *Assistances Received other than the STR*



Source: Ministry of Finance, Malaysia

Recommendations

Based on the findings, policy recommendations for social assistance programmes in Malaysia are as follows:

- **Strengthening skill**: In addressing the low-wage employment with SPM or lower qualifications, the skill development pathways need to be enhanced, enabling these workers to upgrade their qualifications and improve earning potentials. Moreover, for the self-employed, access to entrepreneurship development programmes, financial support and social protection coverage should be strengthened, aimed at boosting income generation. These initiatives could potentially increase income and reduce long-term reliance on cash assistance. For those aged 60 and above who remain employed, targeted programmes including flexible employment options and more healthcare benefits, will be essential in ensuring their economic stability and well-being.

[8] Includes Bantuan Awal Persekolahan and assistances from Jabatan Kebajikan Masyarakat.
[9] Includes Bantuan Baitulmal and Zakat.
[10] Includes assistances from non-government oganisation such as food basket and other contribution.

- **Quality of life**: Collective action is needed in the effort to address issues regarding high cost of living. These include advocating policies that promote decent living wages, affordable housing and healthy lifestyle. In addition, initiatives aimed at improving financial literacy to empower individuals to manage their finances better are also crucial. Furthermore, a policy review focused on strengthening savings mechanisms for low-income groups, especially among self-employed individuals, can cultivate a savings culture and enhance financial resilience in the long term.

- **Rationalising of the assistance programmes**: A comprehensive review of existing social assistance programmes is imperative for fiscal sustainability. Harmonising policies through a centralised regulatory framework can reduce overlaps as well as enhance inter-agency coordination and efficiency. Introducing an overarching legislation to govern social protection, administered by a single agency, could streamline overlapping programmes and improve take-up rates. A periodic review of current assistance is pertinent to ensure efficient resource allocation, while identifying areas for improvement. Meanwhile, establishing a one-stop centre for social assistance information and registration can further facilitate access to eligible recipients.

- **Database integration**: Adopt an integrated data management system that automates and consolidates all data information to reduce inadvertent errors that led to incidents of inclusion and exclusion errors. Currently, Pangkalan Data Utama (PADU) has been designed to create a centralised and accurate database that can integrate data through the interoperability of existing platforms, under various agencies, such as PDPS, eBantuan and eKasih. This will ensure that the Government can deliver better services to the rakyat through a cohesive digital ecosystem.

- **Alternative funding**: The Government should explore alternative funding for social assistance such as waqf, *sadaqah* and philanthropic financing that could be integrated into the ecosystem. This alternative funding encourages the society to participate in social fund raising.

The findings of this case study are still at a preliminary stage and necessitate further a more comprehensive research to be conducted in the future. To ensure that these findings contribute meaningfully to the formulation of government policy, a more in-depth analysis of the behavioural profiles of STR recipients is essential.

Conclusion

The Government has demonstrated a strong commitment to ensure well-being of the rakyat including through provision of cash assistance. While the Government allocates significant fiscal resources to cash assistance, reforms are essential to enhance programme effectiveness. Looking ahead, Malaysia will continue striving for a more equitable and efficient allocation of resources to uplift quality of life to those in need. Against this backdrop, the focus must shift towards empowering low-wage workers and targeted support for vulnerable groups, while upholding fiscal sustainability.

Preserving National Heritage and Muafakat

The core values of MADANI closely align with the five pillars of the National Principles, fostering a spirit of mannerism, volunteerism, unity, an active and healthy lifestyle as well as embracing Malaysia's rich heritage. Additionally, the agenda of promoting unity in a multicultural society should be emphasised through programmes aimed at strengthening cohesion among Malaysia's diverse communities. This is also consistent with the principles of Syiar Islam, which encourage the practice of *tasamuh* (tolerance) and discourage extremism, preserving *muafakat* and harmony among the rakyat. Budget 2025 will continue to promote these values among the young generation through the education system and sport activities while empowering the communities to preserve and promote Malaysia's diverse cultural heritage, languages, and arts. This multi-faceted approach ensures that the nation's rich traditions are passed on to future generations while simultaneously fostering unity in diversity.

Safeguarding National Sovereignty and Maslahat

Safeguarding national sovereignty and upholding the *maslahat* (public interest) of the rakyat are central to ensuring the security and stability of the nation. The Government's commitment to homeland security and national defence is critical in addressing both internal and external threats, thereby maintaining peace and order. In this regard, Budget 2025 will continue enhancing the capabilities of the defence forces and security agencies to protect its sovereignty, while ensuring the safety and security of the rakyat. Strengthening national borders also remains a priority, particularly in managing cross-border activities through strategic inter-agency cooperation and safeguarding territorial integrity amidst regional and global challenges. In addition, the Government will ensure Malaysia is resilient against impending catastrophes by undertaking emergency control and mitigation efforts in disaster-prone areas to protect lives and minimise disruptions to national development.

Public Sector Reform

Public sector reform is essential in strengthening governance and accountability as well as improving competency and public service delivery. As Malaysia weathers through economic challenges, comprehensive fiscal reforms are necessary to enhance transparency, optimise resource allocation, and maintain fiscal discipline. Strengthening governance frameworks is key to fostering trust in public institutions. Moreover, improving the effectiveness of public service delivery ensures government services are accessible, efficient, and responsive to the needs of the rakyat. In parallel, parliamentary reforms are crucial in enhancing legislative oversight and accountability, reinforcing governance, and fostering greater public engagement in policymaking.

Fiscal Reforms

Amid ongoing global uncertainties, trade tensions, and volatile financial markets, Budget 2025 is formulated to reinforce Malaysia's fiscal sustainability, hence supporting a balanced and an inclusive economic growth. In this context, Act 850 provides clarity in fiscal policy management to enhance fiscal discipline and responsibility. The Act necessitates the Government to diversify its revenue streams, optimise public expenditure, and effectively manage debt levels, with an emphasis on sound fiscal risk management. Therefore, the implementation of fiscal reform initiatives is crucial in ensuring fiscal sustainability, rebuilding fiscal capacity, and fostering resilient long-term economic growth, while safeguarding the well-being of the rakyat.

The path towards fiscal consolidation will be supported by enhancing revenue generation and optimising spending to achieve long-term fiscal sustainability. Hence, the Government will continue to broaden the tax base, establish a fair and equitable tax system, minimise tax leakages, and improve tax compliance.

Measures to enhance tax administration will entail simplifying procedures, enhancing collection mechanisms, as well as leveraging advanced technologies and data analytics. The introduction of e-Invoice will improve transparency and compliance, enabling tax authorities to effectively monitor and verify transactions, while helping businesses reduce administrative burden and enhance overall efficiency.

In addition, the Government consistently reviews the expenditure policy to ensure efficiency, effectiveness and value for money. In terms of resource allocation, policy continuation to shift towards targeted subsidies will enable the Government to reduce wastages and leakages, while providing fiscal space to improve assistance to vulnerable groups. Furthermore, the establishment of a special committee to rationalise the roles and functions of federal statutory bodies will help eliminate redundancies, hence enhancing the quality of public service delivery.

Governance

The Government will further emphasise good governance principles such as accountability, transparency and inclusivity to deliver public services with integrity. Focus will be given on strengthening institutional integrity, enhancing public sector accountability, promoting wider public involvement in governance processes, and addressing issues related to bureaucracy and inefficiencies. In strengthening public service accessibility, efficiency and effectiveness, Budget 2025 will review outdated regulatory and circular processes, strengthen the Good Regulatory Practice (GRP) approach, and expedite business approval processes. Furthermore, the digitalisation of public services through technology adoption in the work process will be further enhanced to accelerate the Government's decision-making process.

The Government will further encourage private investments to fund development of key public infrastructure through the Public-Private Partnership Master Plan 2030 (PIKAS 2030), which intends to achieve a more effective sharing of returns and risks with the private sector towards achieving better outcomes for public services. This will accelerate national development efforts by improving the public-private partnership ecosystem, centralising coordination, developing project diversification, and expediting implementation.

Public Service Delivery

The Government aims to elevate public service delivery in improving the nation's productivity, efficiency and competitiveness such as the STAR initiative. The Public Service Remuneration System (SSPA), effective 1 December 2024, intends to create a more dynamic, professional and efficient civil service. Budget 2025 will support the implementation of the SSPA by providing resources for the new remuneration structure, emphasising performance-based and competency development. This development will not only motivate higher productivity but also enhance the attractiveness of career development in the public sector.

At the same time, the Government is taking measures to strengthen inter-agency cooperation in avoiding duplication and waste of resources. In the course of identifying other cost-saving potentials, the Government will rationalise programmes locally and abroad as well as streamline overseas missions, while implementing job rotation across different ministries and departments for civil servants.

Specifically, all stakeholders will be required to participate in the ongoing Government Technology (GovTech) initiative, to holistically improve the quality of public data and public services. The seamless digital platform will create an interconnected digital ecosystem, enabling the interoperability of various government services in an integrated and secure manner. Pangkalan Data Utama (PADU) will continue to serve as the data backbone for Malaysia, centralising socioeconomic data from all government agencies. GovTech will then leverage this centralised data to create a seamless digital platform for widely accessible, efficient and transparent public services.

Parliamentary Reforms

Parliamentary reforms is currently taking place to strengthen its role as a check and balance on the executive power of the Government in increasing governance transparency and accountability. These reforms are driven by the need to enhance democratic practices, modernise parliamentary processes, and increase public trust in the Government. The reform agenda will develop integrity instruments to ensure better governance and conduct at all levels of government.

Conclusion

The country's steady domestic demand and favourable external sector, coupled with the implementation of measures outlined in Budget 2025, will drive economic growth between 4.5% and 5.5% in 2025. Malaysia aspires to enhance its global competitiveness, improve the rakyat's quality of life, and ensure economic benefits are distributed across all segments of society. In achieving this, the Government will expand a green economy, develop quality infrastructure, enhance border security, promote regional trade and strengthen fiscal sustainability, while fortifying domestic industries through the promotion of broad-based technological advancements, productivity and competitiveness.

Budget 2025 will focus on restructuring the economic foundation to continue driving growth, attracting quality investments, as well as advancing innovation and sustainability across all sectors. In parallel, the Government will prioritise efforts to enhance the rakyat's well-being by improving the social protection system, providing employment with meaningful wages and strengthening policies to facilitate equitable distribution of the nation's wealth. The Government remains optimistic that Budget 2025 will bring Malaysia closer to realising the vision of Ekonomi MADANI framework, supported by a whole-of-nation approach.

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CHAPTER 2

Macroeconomic Outlook

CHAPTER 2

Macroeconomic Outlook

Overview

Ekonomi MADANI framework propels Malaysia's growth

The global economy is projected to remain steady in 2024 and 2025 as growth in most major economies stabilises. Inflation continues to track downwards as energy prices moderate and the labour market softens. International trade is expected to strengthen despite an increase in trade tensions and policy uncertainties.

Malaysia's economy continued its growth momentum, supported by favourable economic performance, amid persistent challenges in the external environment. This signifies the country's strong fundamentals and diversified economic activities as well as investor confidence in the domestic market, anchored by sound Government policies. Furthermore, the Ekonomi MADANI framework, which focuses on restructuring and reforming Malaysia's economic agenda, coupled with the implementation of key policy plans such as the National Energy Transition Roadmap (NETR) and New Industrial Master Plan 2030 (NIMP 2030), have started to yield positive results. During the first half of 2024, the economy posted a commendable growth of 5.1% driven by robust domestic demand, combined with further expansion in exports as well as positive growth in all economic sectors. Growth is forecast to continue its momentum in the second half of the year, albeit at a moderate pace. Overall, real GDP in 2024 is revised upward, ranging between 4.8% and 5.3%, surpassing the initial target of 4% to 5%.

For 2025, the economy is projected to grow between 4.5% and 5.5%. On the supply side, the services sector continues to uphold its position as the main driver of growth contributed by tourism activities, sustained exports and acceleration of ICT-related activities. Tourism-related industries, particularly food & beverages, accommodation and retail trade segments, are expected to increase further, while the wholesale trade as well as air and water transportations segments will benefit from sustained trade-related activities. Industries such as the utilities and professional services are anticipated to rise in tandem with the acceleration of ICT development, particularly in data centres. The manufacturing sector is projected to expand further attributed to better performance in export-oriented industries, primarily the E&E segment, as external demand for semiconductors continues to increase. Additionally, the domestic-oriented industries is anticipated to remain favourable in line with higher domestic consumption and investment. The construction sector is expected to rise attributed to growth in all subsectors. Prospects for the agriculture sector remain positive supported by higher production of crude palm oil (CPO) and demand from food-related industries. On the contrary, the mining sector is forecast to decline marginally due to scheduled plants shutdown for maintenance purposes.

On the demand side, growth will be buoyed by strong private sector expenditure and stable global trade. Accounting for about 60% of the economy, private consumption is projected to continue spearheading growth, backed by firm labour market conditions and income growth amid manageable inflation. Gross fixed capital formation or total investment remains high, underpinned by the realisation of private investment, acceleration of public sector strategic projects and initiatives under the Government-linked Enterprises Activation and Reform Programme (GEAR-uP) as well as new and ongoing multi-year projects in the services and manufacturing sectors.

The external sector is expected to continue expanding in 2025, supported by steady global demand. Robust trade activities are projected to contribute to a surplus in the goods account, while the services account is anticipated to post a narrowing deficit attributed to vigorous tourism activities. The income accounts are forecast to continue recording net outflows resulting from a ramp-up in investment activities. Hence, the current account is projected to register a healthier surplus of RM49.1 billion or 2.4% of gross national income (GNI).

On the income side, the compensation of employees (CE) is anticipated to grow supported by, among others, the implementation of the new minimum wage rate and upward salary revision for civil servants. This is also backed by sustained economic growth which will provide better employment opportunities for the rakyat.

However, as an open economy, Malaysia remains susceptible to global vulnerabilities which may pose risks to the nation's economic growth. These include the escalation of geopolitical tensions, supply chain disruptions, volatility in financial market conditions and varying growth prospects across economies. Therefore, the Government remains resolute in ensuring the continuous implementation of pragmatic measures and initiatives to further strengthen the economy.

Economy in 2024

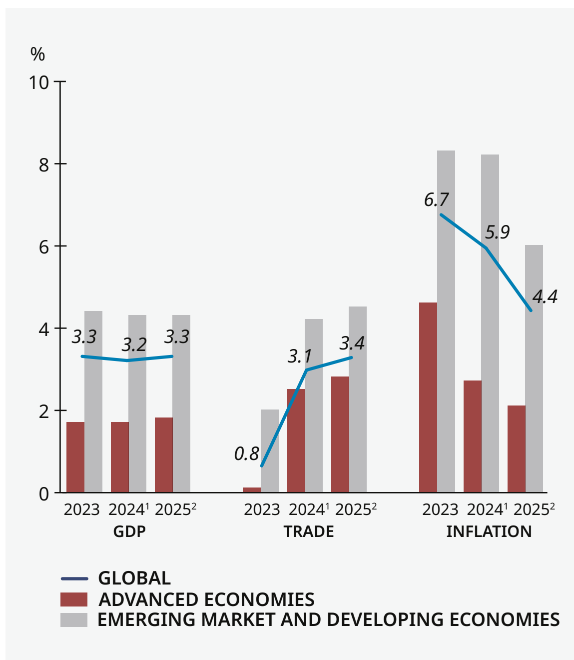
Global Economy

Resilient growth amid uncertainties

The **global economy** is projected to stabilise at 3.2% in 2024 as growth in major economies become more aligned. Growth in the advanced economies is expected to remain at 1.7%. The US economy is forecast to increase by 2.6% owing to continued consumer spending, while the euro area is projected to expand, albeit marginally by 0.9%, with the services sector and higher exports leading the growth. In contrast, Japan is expected to register a slower growth of 0.7% as a result of supply chain disruptions and subdued private investments. Meanwhile, expansion in the emerging market and developing economies (EMDEs) is estimated to register 4.3% on the back of sustained private consumption and exports in Asia. China is anticipated to expand at 5%, bolstered by consumer spending and exports, while India is forecast to record a favourable growth of 7% as domestic demand remains strong. Growth among the ASEAN-5 is expected to strengthen further at 4.5%.

World trade is expected to gain momentum in line with steady economic growth, registering 3.1% in 2024, backed by strong trade activities, particularly in technology-related sectors. **Global inflation** continues to show signs of abating and is expected to soften to 5.9% as energy prices and the labour market moderate. Nevertheless, inflation is expected to remain higher in EMDEs compared to advanced economies.

FIGURE 2.1. *Global Gross Domestic Product, Trade and Inflation Growth 2023 – 2025 (% change)*



[1] Estimate
[2] Forecast
Note: Trade for Advanced Economies and Emerging Market and Developing Economies refers to the average volume of exports and imports of goods and services
Source: International Monetary Fund, World Economic Outlook Update (July 2024)

FEATURE ARTICLE 2.1

Malaysia as a Gateway to a Prosperous ASEAN

Introduction

ASEAN is an influential regional cooperation and integration model that promotes economic growth, social progress and cultural development in Southeast Asia. Since its establishment in 1967, ASEAN has expanded to include 10 member states, each playing a crucial role in ensuring the stability and prosperity of the region. The organisation's vision is captured in its motto, "One Vision, One Identity, One Community," which drives ASEAN's efforts to create a unified and resilient community, capable of competing on the global stage. ASEAN is going through a transformative phase, promising inclusive growth and prosperity for its member states. This regional intergovernmental organisation, which has been a cornerstone of economic cooperation and integration in Southeast Asia, is now poised to ascend towards greater heights of economic development.

ASEAN is expected to remain one of the fastest growing regions of the global economy over the next decade. ASEAN+3 Macroeconomic Research Office (AMRO) has forecast an increase in ASEAN's growth by 4.7% in 2024 from 4.2% in 2023. Similarly, the Asian Development Bank projects the region to become the world's fourth-largest economy by 2030. Between 2013 and 2023, ASEAN total trade in goods, with both internal and external partners, experienced a steady annual average growth of 3.5%, rising from USD2,533.1 billion in 2013 to USD3,560.1 billion in 2023. Meanwhile, ASEAN demonstrated solid foreign direct investment (FDI) inflows, valued at USD165.1 billion during the pre-COVID-19 period, of which Malaysia received investments worth USD7.8 billion. Post-pandemic, FDI surged substantially, reaching USD223.5 billion in 2022, with Malaysia's share increasing more than two-fold to USD16.9 billion. These trends highlight not only ASEAN's resilience as a prime investment destination but also its strategic significance in global value chains.

Malaysia's Competitive Edge: Leveraging Malaysia's 2025 ASEAN Chairmanship

As a founding member of ASEAN, Malaysia offers numerous opportunities across various sectors. Coupled with its strategic position and strong fundamentals, Malaysia is viewed by investors as the gateway to ASEAN, offering unique advantages in strategic areas, such as electrical and electronic (E&E), artificial intelligence (AI), medical tourism as well as environmental, social and governance (ESG) initiatives. Leveraging Malaysia's chairmanship of ASEAN in 2025, the Government will focus on strengthening regional collaboration in these areas. This will involve significant participation from the private sector and local entrepreneurs, in showcasing their products and services, thus highlighting Malaysia's commitment to foster innovation and economic growth.

As the Chair, Malaysia will introduce the ASEAN Community Concept 2045 to enhance cooperation among member states, rally ASEAN solidarity, bridge divergences and promote greater harmony, ultimately promising economic prosperity for the region. In addition, this Concept will further expand ASEAN a large community not only economically, but also in terms of connectivity, energy distribution and infrastructure. Furthermore, the upcoming Chairmanship reflects Malaysia's journey towards realising the Ekonomi MADANI aspirations of becoming a leading Asian economy.

Electrical and Electronics

The E&E industry in Malaysia serves as one of the major contributors to the nation's GDP, investments and employment. With its strategic location and comprehensive infrastructure, Malaysia offers access to a global market of over four billion people through various FTAs. Positioned as the heart of Asia's semiconductor supply chain, Malaysia has attracted substantial and quality investments which generated significant job opportunities in the industry.

At present, Malaysia accounts for 13% of the global semiconductor testing and packaging market and ranks as the world's sixth-largest exporter of semiconductors, constituting 60% of the country's total E&E exports. Under the Twelfth Malaysia Plan, 2021 – 2025, the Government has set a target for the E&E industry to contribute RM120 billion to the nation's GDP by 2025. In 2023, the E&E industry contributed 7.5% of total GDP amounted to RM117.7 billion. Furthermore, Malaysia introduced the National Semiconductor Strategy, aimed at reinforcing the country's role in the global semiconductor supply chain. This Strategy is supported by a growing demand for E&E products, spurred by the expansion of sectors such as electric vehicles (EVs), renewable energy (RE), aerospace and the digital economy.

Artificial Intelligence

According to international experts, AI has the potential to contribute approximately USD1 trillion to Southeast Asia's GDP by 2030, with Malaysia anticipated to capture USD115 billion of this total. Driven by increasing interest from major global technology players, Malaysia is gaining momentum to emerge as the next AI hub in the region. Microsoft has pledged to invest USD2.2 billion over four years to accelerate Malaysia's digital transformation, including building cloud and AI infrastructure, creating AI skilling opportunities for 200,000 people and establishing and AI Centre of Excellence. In addition, Oracle has expressed interest in investing USD6.5 billion to establish a public cloud region in Malaysia.

As envisaged in the National Artificial Intelligence Roadmap 2021 – 2025, AI will be capitalised on creating a thriving and sustainable innovation ecosystem, enabling Malaysia to become a high-technology and high-income nation. In preparation for Malaysia's 2025 ASEAN Chairmanship, the Government is eager to promote collaboration with global partners and advance the digital economy in alignment with the ASEAN Digital Masterplan 2025 and ASEAN Digital Economy Framework Agreement.

Medical Tourism

Medical tourism has been identified as one of the niche industries in Malaysia, offering compelling opportunities for ASEAN countries looking to expand their healthcare options and explore new avenues for economic growth. Equipped with one of the best healthcare systems, with extensive medical expertise as well as Muslim-friendly medical facilities and treatments, Malaysia has become a global hub for medical tourists seeking high-quality healthcare services at competitive prices. In 2023, revenue generated from medical tourism in Malaysia reached RM2.25 billion, nearly a four-fold increase compared to 2021. The Government has been instrumental in promoting medical tourism through strategic policies aimed at easing visa restrictions, investing in healthcare infrastructure and actively promoting the country as a medical tourism hub.

Environmental, Social and Governance

Malaysia's integration of ESG principles reflects a commitment to sustainable development, aligning with Sustainable Development Goals (SDG). The nation's focus on ESG practices is further bolstered by collaborations such as the ASEAN Taxonomy and the ASEAN-Interconnected Sustainability Ecosystem, which aim to promote sustainable development by implementing a common framework for ESG among ASEAN member states. Additionally, the National Industry Environmental, Social and Governance Framework has been formulated to support Malaysian firms in complying with international ESG standards in the manufacturing sector.

Conclusion

Malaysia can contribute to a more resilient, inclusive and prosperous ASEAN by addressing challenges and capitalising on opportunities. Leveraging its resources and digital infrastructure, backed by a stable Government and sound policies, Malaysia can propel ASEAN towards greater economic prosperity and regional integration. To this end, Malaysia will foster greater collaboration among ASEAN members to harmonise policies, standardise regulations and improve cross-border trade, ultimately creating a stronger ASEAN.

Domestic Economy

Sectoral

Services Sector

Sustaining growth trajectory

The **services** sector grew by 5.4% in the first half of 2024 and is poised to remain stable in the second half, driven by robust household spending coupled with vibrant tourism- and travel-related activities. Overall, the sector is projected to expand by 5.3% in 2024, with all subsectors recording positive growth.

TABLE 2.1. *Gross Domestic Product by Sector, 2023 – 2025 (at constant 2015 prices)*

	SHARE (%)	CHANGE (%)		
	2024[1]	2023	2024[1]	2025[2]
Services	59.4	5.1	5.3	5.5
Manufacturing	23.2	0.7	4.1	4.5
Agriculture	6.2	0.7	2.0	1.9
Mining	6.1	0.5	2.2	-1.0
Construction	3.9	6.1	14.1	9.4
GDP	**100.0**	**3.6**	**4.8 – 5.3**	**4.5 – 5.5**

[1] Estimate
[2] Forecast
Note: Total may not add up due to rounding and exclusion of import duties component
Source: Department of Statistics and Ministry of Finance, Malaysia

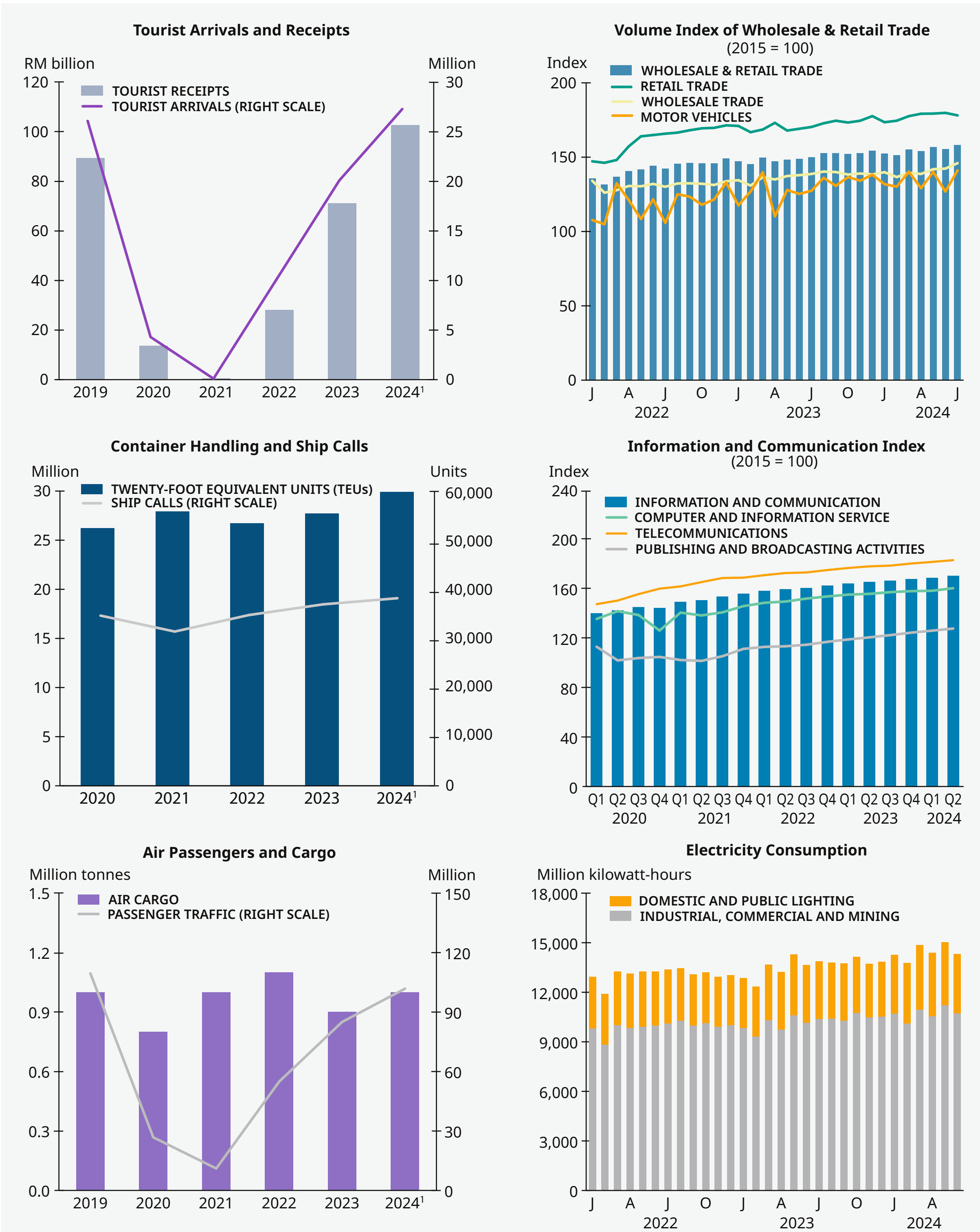
The wholesale and retail trade subsector grew by 4.3% in the first half of 2024, with sustained performance, mainly in retail trade and motor vehicle segments driven by improved consumer spending. The subsector is expected to expand by 4% in the second half of the year supported by positive growth in all segments, particularly retail trade with anticipation of higher tourist arrivals and expenses, while household expenditure is expected to remain resilient, backed by steady income growth and various financial assistance programmes. The motor vehicles segment is also anticipated to remain strong following high demand for new vehicles, notably hybrid and electric vehicles (EVs) exhibiting rapid sales growth, whereas orders for small and compact cars remain high. This has led the industry to revise the target for sales of new vehicles from 740,000 to 765,000 units in 2024. Subsequently, the subsector is projected to grow by 4.1% in 2024.

TABLE 2.2. *Performance of the Services Sector, 2023 – 2025 (at constant 2015 prices)*

	SHARE (%)	CHANGE (%)		
	2024[1]	2023	2024[1]	2025[2]
Wholesale and retail trade	30.0	5.9	4.1	4.7
Finance and insurance	11.3	-2.3	5.7	4.7
Information and communication	10.8	3.6	3.1	2.6
Real estate and business services	7.9	8.7	8.6	6.3
Transportation and storage	7.1	13.8	10.6	10.4
Food & beverages and accommodation	5.1	7.7	5.8	6.2
Utilities	4.4	2.6	4.3	5.9
Other services	7.9	6.3	5.4	5.4
Government services	15.5	4.7	5.0	6.7
Services	**100.0**	**5.1**	**5.3**	**5.5**

[1] Estimate
[2] Forecast
Note: Total may not add up due to rounding
Source: Department of Statistics and Ministry of Finance, Malaysia

FIGURE 2.2. *Selected Indicators for the Services Sector*



¹ Estimate

Source: Department of Statistics, Malaysia; Malaysia Airports Holdings Berhad; Malaysia Tourism Promotion Board; Senai International Airport; and seven major ports (Bintulu, Johor, Klang, Kuantan, Kuching, Penang and Tanjung Pelepas)

The transportation and storage subsector registered a double digit growth of 10.7% in the first half of 2024, led by land and air transport segments. This commendable performance was boosted by an expansion of 15.3% to 46.6 million in air passenger traffic and 6.5% to one billion vehicles in toll highways. This stellar performance is projected to continue into the second half of 2024 at 10.4%. The land transport segment is expected to increase driven by higher ridership of urban rail and bus services in the Klang Valley. Meanwhile, the air transport segment is expected to record a steady growth in tandem with higher air passenger traffic amid the reintroduction of international routes and deliveries of new aircrafts as well as the visa exemption programme for tourists from China and India. The water transport segment is anticipated to grow, supported by steady trade performance, particularly export of manufactured and agriculture goods. Overall, the subsector is estimated to expand by 10.6% in 2024.

The real estate and business services subsector expanded by 9.1% in the first half of 2024 supported by higher demand for professional services, particularly in engineering-related activities. The subsector is expected to grow by 8.1% in the second half of the year supported by the increase of sales transactions from developers to buyers in the real estate segment and higher demand for professional, scientific & technical services. Furthermore, the enhancement of the Malaysia My Second Home visa scheme in June 2024, will help boost sales of the high-end segment of local property. For the year, the subsector is expected to grow by 8.6%.

For the first half of 2024, the finance and insurance subsector grew by 5.2%. This was attributed to higher credit growth and financial intermediation services income within the banking segment, whereas a substantial premium earnings has uplifted the insurance segment to register a positive growth. In the second half of the year, the finance and insurance subsector is poised to expand by 6.1% in line with expansion in both segments. The banking segment is anticipated to record a steady growth following continuous demand for credit facilities, while the insurance segment is expected to gain from higher premium earnings. Overall, the subsector is estimated to rebound by 5.7% in 2024.

The information and communication subsector expanded by 3% in the first half of 2024, attributed to the telecommunication segment. The subsector is expected to grow by 3.2% in the second half of the year supported by the uptick in digital-based services, social commerce activities[1] as well as streaming of entertainment contents and major sporting events. Likewise, the adoption of digital services, particularly artificial intelligence (AI), cloud computing and cybersecurity programming is anticipated to spur the subsector’s growth. Moreover, mobile internet packages for civil servants, students and media practitioners are expected to further increase the internet subscription rate. Hence, the subsector is anticipated to record a growth of 3.1% in 2024.

[1] Social commerce activities refers to buying and selling products or services through social media platforms.

INFORMATION BOX 2.1

KL20 Action Plan: Elevating Kuala Lumpur as a Global Startup Hub

Introduction

The Global Startup Ecosystem Report 2024 ranks Kuala Lumpur among the top 21–30 emerging ecosystems, with a value of USD47 billion. With a goal to position Kuala Lumpur as the leading strategic hub for startups in Southeast Asia and top 20 globally by 2030, Government will focus on prioritising digital- and technology-based industries under the high growth high value (HGHV) initiative framework. These initiatives will support Ekonomi MADANI's aspiration in positioning Malaysia as one of the top 30 economies globally.

KL20 Action Plan

The KL20 Action Plan (KL20) has been strategically formulated to strengthen national startup ecosystem and outlined specific goals to be delivered by 2030, as shown in Figure 2.1.1.

FIGURE 2.1.1. *KL20 Targets Towards 2030*

Source: Ministry of Economy, Malaysia

The Action Plan underlines five key priorities and several initiatives to transform the ecosystem comprehensively, as depicted in Figure 2.1.2. The KL20 lays out tangible reforms to converge key stakeholders, consisting of founders, venture capitalists, talents, incubators and accelerators, with the national agenda of spurring new opportunities, including job creation in high-growth potential fields and enhancing socioeconomic values. In addition, these initiatives will benefit SMEs and entrepreneurs by providing funding and business support as well as facilitating prospects for investment and collaboration. These will enable entrepreneurs to scale up their ventures and innovate more effectively.

FIGURE 2.1.2. *KL20 Key Priorities and Initiatives*

Key Priorities	Initiatives	Status
Vibrant startup community	**KL Innovation Belt** An innovation hub (co-working space) that brings together ecosystem players in a single location to facilitate networking and collaboration.	
	Unicorn Golden Pass An initiative for high-potential global startups to establish offices in Malaysia, acting as a gravity centre for innovation hubs and creating a tech talent pool.	
Large addressable market	**Startup City Connect** Collaboration and integration between Malaysia and other countries play a crucial role in facilitating startups' smooth operations across international markets.	
Available funding at all stages	**VC Golden Pass** An initiative for regional venture capitals with a strong track record to establish offices in Malaysia to invest in the local startups ecosystem.	
	VC Launch Fund Development of new local venture capital fund managers to expand financing and investment options for startups in Malaysia, particularly at the early business stage.	
	VC Academy A programme to enhance professional skills for venture capitals interested in the venture capital industry.	
	Startup Seed Grants Initiatives for early-stage startups to access government-provided financing.	
Access to high-caliber talent	**Innovation Pass** A holistic visa programme for founders and talent to work in Malaysia.	
	Founder & Talent Relocation Service (Swiftshift) One-stop services to facilitate the migration of foreign talent to Malaysia.	
	Executive Digital Leadership A three-months programme designed to equip leaders with critical digital skills and knowledge to enhance Malaysia's digital economy through the transformation of their organisations.	
	Skills@Scale A centralised tech skills marketplace to upskill trainees by matching them with experienced trainers from a variety of different backgrounds.	
Seamless business environment	**Startup Concierge** A one-stop centre for high-potential startups that provides comprehensive support for business and operational setup.	
	MyStartup Single Window One-stop services and information for startups, investors and high-potential technology talent.	
	KL20 General Processing Unit Scheme The provision of world-class artificial intelligence (AI) infrastructure to startups in Malaysia lays the foundation for Malaysia to become a regional leader in AI.	

Pre-implementation In implementation

Source: Ministry of Economy, Malaysia

Khazanah Nasional Berhad (Khazanah), Kumpulan Wang Persaraan (Diperbadankan) (KWAP) and BlueChip Venture Capital will create a fund of RM3 billion (RM1 billion each) to attract more venture capitals to invest in Malaysia. To date, Khazanah has provided RM1 billion to the fund. Collectively, the proceeds are earmarked to invest in promising early-stage startups, including via equity financing, knowledge-sharing as well as opportunities to collaborate with industry players, incubators and accelerators. This support is instrumental in fostering innovation and growth across various sectors, particularly in digital- and technology-based industries.

Way Forward

In ensuring the successful execution of KL20, it is essential that all initiatives outlined are implemented with urgency and backed by effective collaboration among all relevant stakeholders. The Government will speed up initiatives under the pre-implementation stages with an effective tracking and monitoring as well as addressing any shortcoming during the implementation process. Nurturing the growth of promising startups in Malaysia will not only drive domestic innovation but also pave the way for the emergence of homegrown unicorns[1] capable of thriving on the global stage. In addition, targeted training and educational programmes are essential for nurturing creative minds and empowering them to explore untapped areas within high-growth industries such as financial technology, renewable energy and biotechnology. These programmes will equip individuals and technopreneurs with relevant skills needed to survive 'the valley of death' of the startup's lifecycle.

Conclusion

KL20 is designed as a game-changer for Kuala Lumpur to be at the top 20 global startup ecosystem by 2030. In order to achieve this target, a whole-of-nation approach involving government, industry and civil society is crucial in providing a comprehensive ecosystem for startups to thrive, thus creating new growth and transform our futures.

[1] A unicorn refers to a startup valued at USD1 billion.

The food & beverages and accommodation subsector grew by 5.6% in the first half of 2024 supported by high hotel occupancy rates and patronage at eateries, in tandem with the increase in tourist arrivals to 14.1 million. The subsector is expected to expand by 5.9% in the second half of the year on the back of higher tourist arrivals and vibrant tourism-related activities. This is also supported by vigorous promotion efforts targeting niche segments, particularly business and leisure, gastronomy and Muslim-friendly tourism. Furthermore, the Global Muslim Travel Index 2024 reaffirms Malaysia's position as the most preferred Muslim travel destination for six consecutive years. Overall, the subsector is projected to register a growth of 5.8% in 2024.

The utilities subsector recorded an increase of 5.2% in the first half of 2024 and is projected to expand by 3.6% in the second half of the year. For the whole year, the subsector is anticipated to record a growth of 4.3% following higher electricity consumption with the development of data centres and rising demand for EV charging.

The other services subsector grew by 5.7% in the first half of 2024, mainly contributed by the increase in demand for private healthcare and enrolment of international students in private learning institutions. The subsector is projected to grow by 5% in the second half of the year supported by positive growth in all segments, in line with robust recreational and entertainment as well as tourism activities. Overall, the subsector is anticipated to expand by 5.4% in 2024. Meanwhile, the government services subsector is expected to increase by 5.2% in the second half of 2024 from the 4.7% growth recorded during the first half of the year due to increase in payment for emoluments as well as expenditure for purchase of supplies and services. Subsequently, the subsector is expected to expand by 5% for the whole year.

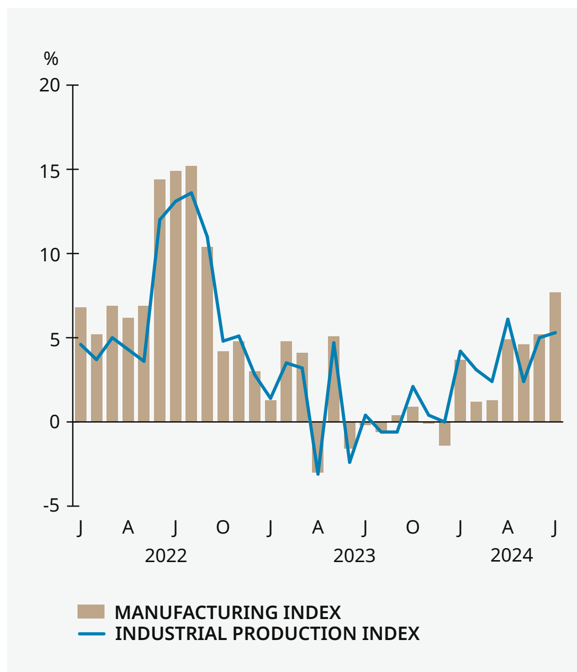
Manufacturing Sector

Upswing in export-oriented industries supports growth

The **manufacturing** sector expanded by 3.3% during the first half of 2024 on the back of higher growth of domestic-oriented industries and a stronger performance of export-oriented industries. The domestic-oriented industries saw a steady growth of 5.9%, fuelled by rising demand, mainly in non-metallic mineral products, basic metal and fabricated products subsector, backed by robust performance in construction activities. Meanwhile, export-oriented industries recorded a growth of 2.1%, supported by an upturn in demand of the E&E segment, attributed to positive market momentum in the global semiconductor industry.

The sector is projected to grow by 4.9% in the second half of 2024, owing to strengthening domestic demand and improving performance of the external sector. Within the domestic-oriented industries, growth is expected to remain resilient propelled by consumer-related activities, particularly in food and beverages as well as transportation segments resulting from flourishing tourism activities. In addition, output for construction-related materials such as metals and cement is anticipated to rise, following acceleration of ongoing infrastructure projects and upcoming development activities. Meanwhile, within the export-oriented industries, the E&E segment is expected to further improve in line with the uptrend in global electronics demand, supported by evolving innovation as well as improvement in the consumer electronics market. In addition, increasing demand for AI chips, data centres, next-generation computing and high-performance computing application will further boost Malaysia's semiconductor industry. Overall, the manufacturing sector is forecast to register a strong growth of 4.1% in 2024.

FIGURE 2.3. *Output of Manufacturing Sector (% change)*



Source: Department of Statistics, Malaysia

TABLE 2.3. *Manufacturing Indices by Export- and Domestic-Oriented Industries, January – July 2023 and 2024*
(2015 = 100)

	INDEX		CHANGE (%)		SHARE (%)	
	2023	2024	2023	2024	2023	2024
Export-oriented industries	**137.9**	**142.1**	***0.0***	***3.1***	***67.9***	***67.2***
Manufacture of vegetable and animal oils and fats	93.4	94.9	*5.5*	*1.6*	*3.7*	*3.6*
Manufacture of textiles	113.7	118.1	*-3.8*	*3.9*	*0.7*	*0.7*
Manufacture of wearing apparel	123.2	125.9	*5.8*	*2.2*	*0.8*	*0.8*
Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	114.6	117.7	*-6.5*	*2.7*	*1.8*	*1.7*
Manufacture of coke and refined petroleum products	118.1	122.2	*1.1*	*3.5*	*11.9*	*11.8*
Manufacture of chemicals and chemical products	127.7	130.4	*4.3*	*2.1*	*8.7*	*8.6*
Manufacture of rubber products	177.2	189.2	*-9.6*	*6.8*	*4.2*	*4.3*
Manufacture of plastics products	124.3	130.2	*-5.5*	*4.8*	*3.0*	*3.0*
Manufacture of computer, electronics and optical products	165.7	170.6	*0.6*	*2.9*	*24.7*	*24.5*
Manufacture of electrical equipment	147.3	145.8	*0.2*	*-1.0*	*3.5*	*3.3*
Manufacture of machinery and equipment n.e.c.[1]	147.4	152.9	*0.8*	*3.8*	*3.4*	*3.4*
Manufacture of furniture	125.0	135.2	*-8.7*	*8.2*	*1.4*	*1.5*
Domestic-oriented industries	**133.3**	**141.5**	***4.6***	***6.2***	***32.0***	***32.8***
Manufacture of food processing products	163.2	170.8	*4.1*	*4.7*	*6.4*	*6.5*
Manufacture of beverages	132.3	140.3	*0.5*	*6.0*	*0.9*	*0.9*
Manufacture of tobacco products	128.2	141.8	*17.6*	*10.6*	*0.7*	*0.8*
Manufacture of leather and related products	158.2	165.5	*8.5*	*4.6*	*0.3*	*0.3*
Manufacture of paper and paper products	142.1	147.8	*3.3*	*4.0*	*1.8*	*1.8*
Printing and reproduction of recorded media	125.6	135.5	*5.5*	*7.9*	*1.3*	*1.3*
Manufacture of basic pharmaceuticals, medicinal chemical and botanical products	165.6	176.1	*1.9*	*6.3*	*0.7*	*0.7*
Manufacture of other non-metalic mineral products	112.5	122.1	*3.2*	*8.5*	*3.6*	*3.7*
Manufacture of basic metals	122.1	128.5	*3.1*	*5.2*	*3.1*	*3.1*
Manufacture of fabricated metal products, except machinery and equipment	118.3	130.6	*6.2*	*10.4*	*4.8*	*5.1*
Manufacture of motor vehicles, trailers and semi-trailers	153.5	159.3	*5.8*	*3.8*	*5.2*	*5.2*
Manufacture of other transport equipment	101.3	105.8	*3.6*	*4.4*	*1.3*	*1.3*
Other manufacturing	119.8	124.4	*2.6*	*3.9*	*1.0*	*1.0*
Repair and installation of machinery and equipment	136.8	144.9	*5.4*	*5.9*	*1.1*	*1.1*
Manufacturing	**136.3**	**141.9**	***1.4***	***4.1***	***100.0***	***100.0***

[1] Not elsewhere classified
Note: Total may not add up due to rounding
Source: Department of Statistics and Ministry of Finance, Malaysia

INFORMATION BOX 2.2

Strengthening the Semiconductor Industry through the New Industrial Master Plan 2030

Introduction

The dynamic global economic landscape and rapid technological advancements require Malaysia to keep abreast of industrial developments, necessitating the formulation of the New Industrial Master Plan 2030 (NIMP 2030). The NIMP 2030 sets strategic initiatives designed to position Malaysia as a global leader in industrial development to elevate the manufacturing and manufacturing-related services sectors to greater heights towards capitalising emerging global trends such as artificial intelligence (AI), advanced robotics and electric vehicles (EVs). The NIMP 2030 identifies electrical and electronic (E&E) as one of the priority subsectors that can generate high economic and innovation knowledge spillovers. The E&E subsector forms approximately 40% of Malaysia's exports of manufactured goods, particularly to Singapore, the US and China. Semiconductor industry constitute 60% of total E&E exports, mostly from back-end activities. With strong capabilities and rising global market trends on technological changes, Malaysia aims to move up to higher value-add segments and strengthen both the front- and back-end semiconductor ecosystem. This article highlights updates on the semiconductor industry, including the industry's performance, challenges as well as strategies as outlined in the NIMP 2030. Figure 2.2.1. reflects the current geographical distribution of E&E industry players in Malaysia.

FIGURE 2.2.1. *Geographical Distribution of Electrical and Electronic Industry Players in Malaysia*

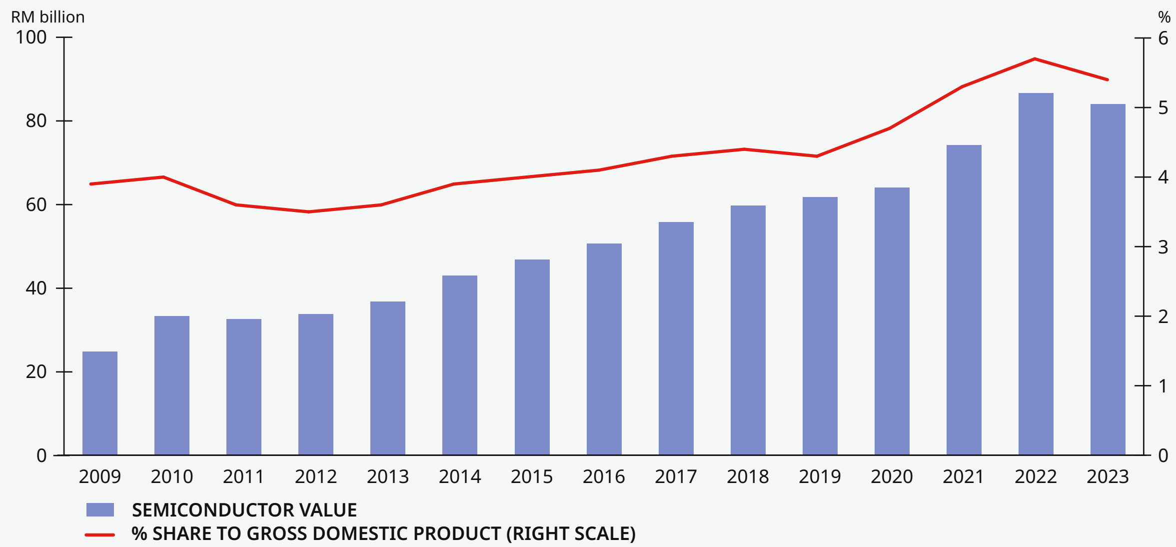
Source: Ministry of Investment, Trade and Industry, Malaysia

The Performance of the Semiconductor Industry

Over the past five decades, Malaysia's semiconductor industry has grown rapidly to become among a prominent player in the global supply chain. Beginning 1971, with the operations of National Semiconductor, an American firm, Malaysia has now become home to global semiconductor manufacturing giants, which include Infineon Technologies, Texas Instruments, Intel and TF-AMD, thus bolstering the country's semiconductor manufacturing capabilities. In addition, Malaysia has successfully developed its homegrown champions such as Inari, Vitrox, Oppstar, Pentamaster and SkyeChip, as part of the semiconductor global value chain.

Between 2009 and 2023, the semiconductor industry continued to play a vital role in driving Malaysia's economic growth, with expansion averaging at 7.7% and recording an average share of 19.5% from total exports. The industry also contributed to Malaysia's GDP with an annual average share of 4.3% over the same period (Figure 2.2.2.). Although this contribution is relatively small, Malaysia aims to elevate the semiconductor industry through quality investments, which entail the transfer of high-value technology, talent development and high-impact spillover activities for the nation as prioritised under the NIMP 2030.

FIGURE 2.2.2. *Performance of Malaysia's Semiconductor Industry, 2009 – 2023 (Value-added and % share to Gross Domestic Product at constant prices)*



Source: Department of Statistics, Malaysia

FIGURE 2.2.3. *Presence of Semiconductor Industry Players along the Electrical and Electronic Value Chain*

		Front-End			Back-End
		Research and Development (R&D)	Design	Manufacture (of components)	Assembly, Packaging and Testing
Electronic Components		Low Presence	Medium Presence	Medium Presence	High Presence
Consumer Electronics		Low Presence	Low Presence	Medium Presence	High Presence
Industrial	Computer Equipment	No Presence	Low Presence	Medium Presence	High Presence
Industrial	Communications Equipment	No Presence	No Presence	High Presence	Medium Presence
Electrical		Low Presence	Medium Presence	High Presence	High Presence
			Higher Value-Add		Lowest Value-Add

Source: Ministry of Investment, Trade and Industry, Malaysia

Figure 2.2.3. summarises the presence of Malaysia's semiconductor industry players along the E&E value chain. Malaysia's strength in the semiconductor industry is concentrated in the back-end segment, particularly the assembly, packaging and testing activities, with lower participation in the front-end segment. Hence, in expanding the semiconductor value chain, the NIMP 2030 aims towards achieving higher value-add front-end segment and modernising the back-end segment.

The National Semiconductor Strategy

The National Semiconductor Strategy (NSS) was announced in May 2024 as part of the NIMP 2030 with the aim of enhancing Malaysia's role in the global semiconductor supply chain from design to production of high-value semiconductor products. Measures taken include prioritising new investments in advanced wafer fabrication and integrated circuit design activities. The extensive initiative of the NSS highlights the nation's strong commitment towards elevating the entire high-tech industry and enhancing workforce to greater heights. The Strategy sets forth five headline targets as reflected in Figure 2.2.4.

FIGURE 2.2.4. *National Semiconductor Strategy – Five Headline Targets*

Source: Ministry of Investment, Trade and Industry, Malaysia

Challenges in Strengthening the Industry

Challenges faced by the semiconductor industry include:

Global Competition and Supply Chain Disruption

Intense competition from market players such as Taiwan, Republic of Korea and China, coupled with global supply chain disruptions, will affect production and increase costs. It is crucial for Malaysia to rigorously invest and engage in research and development (R&D) activities to keep up with industry-wide developments by locally producing the required materials, which will eventually strengthen Malaysia's position in the global supply chain. Nevertheless, this may pose a challenge to companies.

Shortages of Skilled Talent

NSS targets approximately 60,000 engineers, competent in integrated circuit design, to be trained and upskilled in the industry by 2030. Currently, the industry is facing skilled talent shortage as the domestic talent pool remains insufficient to meet the industry's demands caused by brain drain, as talents are drawn abroad with the offer of higher salaries and better opportunities.

Keeping Pace with Rapid Technological Advancement

The rapid adoption of advanced technologies and the increasing complexity of semiconductor devices are driving demand for custom-designed services. Keeping abreast with these rapid technological advancements will be a continuous challenge for the country. Thus, Malaysia will need to seize opportunities to move up the semiconductor value chain as global competition intensifies.

Strategies to Further Strengthen the Industry

The Government and industry require strategic actions to advance Malaysia's semiconductor industry, including:

Foster R&D Collaboration
Focuses on boosting R&D activities by encouraging partnerships between industries, academic institutions and research organisations, to drive innovation and advance semiconductor technologies.

Continuous Technical Skill Learning Programme
The continuous Technical Skill Learning Programme emphasises on building a high-skilled, resilient and sustainable workforce within the industry by providing essential skills and knowledge to drive innovation.

Establishment of an Advanced Packaging Technology Centre
The creation of an Advanced Packaging Technology Centre to enhance semiconductor packaging technologies, which will focus on research and innovation, thereby improving the efficiency and performance of semiconductor products.

Sustainable Development
To embrace a balanced industrial growth model that includes social, economic and sustainable practices to drive future investments. The development of the Kerian Integrated Green Industrial Park (KIGIP) as a green and smart industrial park, powered by renewable energy, which will serve as a catalyst to attract high quality investment.

Conclusion

Malaysia's semiconductor industry is at a transformative juncture, buoyed by strategic national initiatives and a forward-looking vision. Supportive national policies, such as the Ekonomi MADANI framework, which includes the implementation of the NIMP 2030 and NSS, underscoring the Government's commitment to fortify the industry's global competitiveness and sustainability. With all these policies and action plans in place, Malaysia is well-positioned to navigate through the complexities of the global semiconductor market, drive growth and set new benchmarks of excellence in the coming years.

Agriculture Sector

Mixed prospects ahead

The **agriculture** sector accelerated to record a growth of 4.5% during the first half of 2024, mainly attributed to robust performance of oil palm subsector. The subsector registered a significant rebound of 10.7%, following higher production of fresh fruit bunches (FFB) and better CPO yield. The rubber subsector also gained 1.3%, as the subsector recovered from the impact of the Pestalotiopsis leaf fall disease as well as benefitting from a favourable weather condition. In addition, the livestock subsector turned around by 5.2%, particularly supported by stable production in the poultry and egg segments, while the fishing subsector expanded further by 4.3%, buoyed by the marine fishing segment.

The sector is expected to decline marginally, by 0.2% in the second half of the year, mainly due to subdued performance in the oil palm subsector. The low FFB yield, anticipated to be noticeable as early as the fourth quarter of 2024, is forecast to affect CPO production in the second half. This is due to dry weather condition, which began in the second half of 2023 and intensified further in the beginning of 2024, which will adversely impact the quality of fruitlets. Meanwhile, the rubber subsector is expected to contract, while the forestry and logging subsector is projected to continue recording a significant decline. Conversely, other subsectors namely livestock, other agriculture and fishing are anticipated to grow, underpinned by better production and rising domestic demand.

Overall, the agriculture sector is projected to increase by 2% in 2024, as all subsectors are poised to record positive growths except for forestry and logging. The oil palm subsector, which contributes more than 36% of the agriculture sector, is estimated to expand, largely supported by improvements in labour supply and better fertiliser application as well as strong performance recorded during the first half. Despite the expected increase in the CPO production, it remains below potential level due to the impact of dry weather and increase in percentage of ageing oil palm areas following low replanting rates. In terms of prices, the CPO is projected to record an average of between RM3,800 and RM4,300 per tonne due to constraints in global palm oil supply. The rubber subsector is anticipated to record marginal growth supported by stable natural rubber production as recovery in rubber prices encourages tapping activities by smallholders. Moreover, initiatives undertaken by the Government, such as the improvement of the Latex Production Incentive (IPL) and Rubber Production Incentive (IPG), will provide additional support to the subsector's growth.

Similarly, the livestock, other agriculture and fishing subsectors are anticipated to grow through concerted efforts undertaken to enhance national food security, among others, by expanding the Large Scale Smart Paddy Field Programme which covers 79 areas spanning across 35,348 hectares nationwide. In addition, sustained consumer spending and improved tourism activities are expected to provide further impetus to the subsectors' growth.

TABLE 2.4. *Performance of the Agriculture Sector, 2023 – 2025 (at constant 2015 prices)*

	SHARE (%)	CHANGE (%)		
	2024[2]	2023	2024[2]	2025[3]
Oil palm	*36.3*	*0.2*	*2.9*	*0.6*
Other agriculture[1]	*29.3*	*3.7*	*1.0*	*3.8*
Livestock	*17.0*	*0.7*	*4.8*	*3.6*
Fishing	*11.7*	*0.5*	*3.6*	*2.7*
Forestry and logging	*4.1*	*-8.9*	*-13.0*	*-8.4*
Rubber	*1.6*	*-6.6*	*0.2*	*0.9*
Agriculture	***100.0***	***0.7***	***2.0***	***1.9***

[1] Including paddy, fruits, vegetables, coconut, tobacco, tea, flowers, pepper, cocoa and pineapple
[2] Estimate
[3] Forecast
Note: Total may not add up due to rounding
Source: Department of Statistics and Ministry of Finance, Malaysia

Mining Sector

Natural gas subsector drives growth

The **mining** sector rebounded by 4.3% in the first half of 2024 with broad-based expansion recorded across all subsectors. The natural gas subsector posted a growth of 6%, underpinned by higher production from all regions. The crude oil and condensate subsector increased by 1.4% attributed to stable condensate production during the period. Meanwhile, the other mining & quarrying and supporting services subsector posted a steady growth of 5.9%. For the second half of the year, the sector is forecast to grow marginally by 0.3%. Despite the anticipated strong performance in the natural gas subsector owing to the operational commencement of new gas fields, overall growth of the mining sector is expected to moderate due to subdued performance in the crude oil and condensate subsector.

For the year, the mining sector is projected to grow by 2.2%, driven mainly by strong performance in the natural gas subsector. Steady output from existing fields, coupled with commencement of production from new gas blocks in the Kasawari, Jerun and Gansar gas developments as well as the Kayu Manis South East gas development, are expected to contribute significantly to the growth of the subsector. Furthermore, higher demand from major trading partners, in particular Japan and China, as well as increased domestic consumption, primarily from industrial and power sector players, are anticipated to contribute positively to the growth. In contrast, the crude oil and condensate subsector is expected to decline due to reduction in crude oil production, particularly in Sabah. In terms of prices, the Brent crude oil price is expected to remain stable between USD80 and USD85 per barrel, amid uncertainties in the global environment and the Organization of Petroleum Exporting Countries' (OPEC) decision on the production levels.

Construction Sector

Remarkable broad-based expansion

The **construction** sector posted a significant growth of 14.6% in the first half of 2024, driven by expansion in all subsectors. The civil engineering subsector continues its stellar performance, benefitting from the acceleration of ongoing infrastructure projects including the East Coast Rail Link (ECRL), Rapid Transit System Link (RTS Link) between Johor Bahru and Singapore as well as Pan Borneo Highway Sabah. Moreover, residential buildings and non-residential buildings subsectors also contributed to the performance on the back of increasing demand for affordable houses as well as vibrant economic activities, respectively. Meanwhile, the Penang South Reclamation project and the installation of electrical and piping systems supported the specialised construction activities subsector.

The sector is expected to continue its positive momentum in the second half of 2024, with projected double-digit growth of 13.7%. The acceleration of public infrastructure projects towards the final year of the Twelfth Malaysia Plan, 2021 – 2025 (Twelfth Plan) will further support the civil engineering subsector. In addition, the construction of data centres mainly in Johor and Selangor as well as industrial buildings is anticipated to further strengthen the non-residential buildings subsector. The residential buildings subsector is projected to grow, supported by increasing demand for affordable houses in line with the Government's initiatives under Budget 2024. This encompases, among others, the implementation of 36 Program Perumahan Rakyat, including 15 existing projects, which will benefit 5,100 residents, 14 Program Rumah Mesra Rakyat to construct 3,500 housing units and new housing MADANI projects. Furthermore, private sector led projects continue to provide additional support to the residential buildings subsector. Overall, the sector is anticipated to grow further by 14.1% in 2024.

Domestic Demand

Resilient domestic demand to spearhead growth

Domestic demand, led by the private sector, remains sturdy and contributes significantly to the overall economic growth. The growth in the first half of 2024 was recorded at 6.5% and is expected to continue the momentum in the second half of the year. Thus, domestic demand is estimated to expand by 6.3% for the whole year with private sector expenditure envisaged to increase by 6.7%. The role of private sector as the key engine of growth is reflected by its high contribution of 5.1 percentage points to GDP growth. Meanwhile, the public sector expenditure is anticipated to increase by 5%, contributing 0.9 percentage point to GDP growth.

TABLE 2.5. *Gross Domestic Product by Aggregate Demand, 2023 – 2025 (at constant 2015 prices)*

	SHARE (%)	CHANGE (%)		
	2024[2]	2023	2024[2]	2025[3]
Domestic demand	***95.2***	***4.6***	***6.3***	***6.1***
Private expenditure	***77.5***	***4.6***	***6.7***	***6.6***
Consumption	*61.1*	*4.7*	*5.5*	*5.9*
Investment	*16.4*	*4.6*	*11.1*	*8.9*
Public expenditure	***17.8***	***4.6***	***5.0***	***4.1***
Consumption	*13.0*	*3.3*	*3.5*	*3.8*
Investment	*4.8*	*8.6*	*9.3*	*4.9*
External sector[1]	***4.2***	***-16.2***	***0.6***	***5.7***
Exports	*67.9*	*-8.1*	*7.8*	*3.8*
Imports	*63.7*	*-7.4*	*8.4*	*3.7*
GDP	***100.0***	***3.6***	***4.8 – 5.3***	***4.5 – 5.5***

[1] Goods and non-factor services
[2] Estimate
[3] Forecast
Note: Total may not add up due to rounding and excluding change in stocks component
Source: Department of Statistics and Ministry of Finance, Malaysia

Private consumption, which recorded a growth of 5.3% in the first half of 2024, is expected to increase by 5.5% for the whole year. This is on account of higher disposable income arising from favourable domestic economic activities and continued improvements in labour market conditions. In addition, the disbursement of the Early Incentive Payment of the Public Service Remuneration System 2024 for civil servants and pensioners in February 2024 contributed to the positive growth. The expected higher growth in household spending is also contributed by the withdrawal from the Flexible Account of Employees Provident Fund (EPF) as announced in April 2024. The Government has also provided cash assistance programmes to cushion the impact of the targeted diesel subsidy. The spillover impact of an upward salary revision in the civil service, with the first phase to be implemented in December 2024, is expected to further propel household consumption. These favourable conditions are anticipated to generate a higher propensity to consume, thus providing an additional boost in consumer spending.

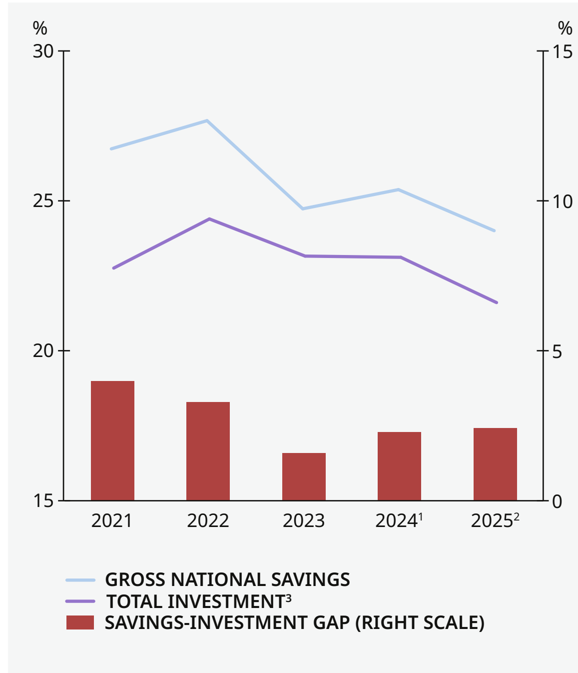
Private investment growth, which surged to 10.6% in the first half of the year, is projected to sustain the double-digit momentum to grow by 11.1% in 2024, mainly driven by firms' higher capital outlays in structure as well as machinery and equipment. This is in line with increasing domestic and external demand as well as the continuous adoption of automation and digitalisation amid the global technology upcycle. Furthermore, the growing trend of approved investments in recent years compared to the pre-pandemic period is expected to translate into higher realised investments in multi-year projects, mainly in the E&E, transport equipment and ICT subsectors. The establishment of Invest Malaysia Facilitation Centre (IMFC) by the Government will enhance the ease of doing business and expedite approval processes for investors. Investment activities promoted under major policies such as the NETR and NIMP 2030, spanning across several years, will also lend support to private investment.

Public consumption expanded by 5.5% in the first half of 2024 and is estimated to register 3.5% for the entire year. In the second half of the year, the growth is expected to moderate following the high base effect in the second half of 2023. However, the moderate growth is offset by the higher spending on emoluments, which includes the salary increment for civil servants under the Public Service Remuneration System (SSPA), as well as supplies and services. The Government's ongoing efforts to optimise value for money in procurement processes for supplies and services reflect its commitment towards efficient and prudent spending.

Public investment demonstrated a strong performance, recording a double-digit growth of 10.3% in the first half of 2024, mainly driven by higher capital outlays from non-financial public corporations (NFPCs). For the full year, public investment is forecast to expand by 9.3%, underpinned by higher capital spending from both the Federal Government development expenditure (DE) and NFPCs, particularly in ongoing key infrastructure projects such as flood mitigation projects, ECRL, Pan Borneo Highway Sabah, Light Rail Transit 3 (LRT3) and RTS Link. Likewise, NFPCs are expected to continue their capital spending in the oil and gas as well as utilities industries. PETRONAS remains an essential player in the oil and gas industry, focusing on strategic projects such as Rosmari-Marjoram Gas Field and Kasawari Carbon Capture Storage. Additionally, TNB is advancing the installation of a Hybrid Hydro-Floating Solar (HHFS) Photovoltaic system for the Nenggiri Dam, which is projected to enhance electricity generation significantly. These initiatives are set to bolster public investment activities further.

The gross national income (GNI) at current prices is estimated to accelerate by 7.2% in 2024 compared to a 1.9% growth in 2023. This is in line with stronger expansion in domestic activities. Similarly, the growth of the gross national savings (GNS) is anticipated to increase at a faster pace of 10%, constituting 25.4% of GNI. After taking into account the total investment at RM438.4 billion or 23.1% of GNI, the **savings-investment gap** in 2024 is forecast to record a surplus of RM43.4 billion or 2.3% of GNI, which could be mobilised for long-term productive investment without recourse to external financing.

FIGURE 2.4. *Savings – Investment Gap (% of GNI)*



[1] Estimate
[2] Forecast
[3] Including change in stocks
Source: Department of Statistics and Ministry of Finance, Malaysia

Income

Achieving equitable wealth distribution remains challenging

Malaysia's GDP in current prices moderated by 1.6% to RM1.8 trillion in 2023. Robust business and economic activities have significantly boosted job creation and income opportunities for the workforce. Consequently, labour income improved by 4.2% to RM603.3 billion. Although the share of **CE**[2] increased to 33.1%, this improvement is still lower compared to the national target of 40% by 2025, indicating workers have yet to fully benefit from economic progress through higher wages. The share of CE is forecast to enhance slightly to 33.2% in 2024, supported by better growth prospects, driven by income from services (62.4%) and manufacturing (23.5%) sectors, in particular from tourism-related industries as well as electrical, electronic and optical products.

[2] Includes remuneration, in cash or in-kind as well as employer's social contribution payable for employees.

TABLE 2.6. *Gross Domestic Product by Income Components, 2022 – 2025*

	SHARE (%)				CHANGE (%)			
	2022	2023	2024[1]	2025[2]	2022	2023	2024[1]	2025[2]
Compensation of employees	*32.3*	*33.1*	*33.2*	*33.5*	*6.5*	*4.2*	*7.2*	*7.8*
Gross operating surplus	*67.1*	*64.8*	*63.6*	*63.2*	*24.3*	*-1.8*	*4.8*	*6.2*
Operating surplus	*53.2*	*49.8*	*48.0*	*47.4*	*35.6*	*-5.0*	*3.0*	*5.5*
Mixed income	*13.9*	*15.0*	*15.6*	*15.8*	*-5.9*	*10.1*	*10.6*	*8.4*
Taxes less subsidies	*0.6*	*2.1*	*3.2*	*3.3*	*-69.7*	*242.0*	*63.1*	*13.5*
GDP at purchasers' prices	***100.0***	***100.0***	***100.0***	***100.0***	***15.8***	***1.6***	***6.8***	***7.0***

[1] Estimates
[2] Forecast
Source: Department of Statistics and Ministry of Finance, Malaysia

TABLE 2.7. *Gross Domestic Product by Income in Selected Countries, 2021 – 2023*

	COMPENSATION OF EMPLOYEES			GROSS OPERATING SURPLUS			TAXES LESS SUBSIDIES		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
	SHARE OF GDP (%)								
Malaysia	***35.1***	***32.3***	***33.1***	***62.6***	***67.1***	***64.8***	***2.3***	***0.6***	***2.1***
Philippines	*36.7*	*36.4*	*35.5*	*55.6*	*55.9*	*57.3*	*7.7*	*7.7*	*7.2*
Singapore	*37.6*	*35.1*	*38.5*	*57.8*	*59.5*	*55.1*	*4.6*	*5.4*	*6.4*
Republic of Korea	*46.7*	*47.5*	*47.9*	*43.6*	*43.0*	*43.6*	*9.6*	*9.5*	*8.5*
Australia	*47.7*	*45.8*	*45.9*	*46.2*	*45.4*	*44.8*	*6.1*	*8.8*	*9.3*
Netherlands	*48.2*	*47.1*	*47.0*	*43.0*	*43.3*	*43.4*	*8.9*	*9.5*	*9.6*
Canada	*50.4*	*49.2*	*51.1*	*40.6*	*40.6*	*38.5*	*9.0*	*10.1*	*10.4*
United Kingdom	*50.6*	*49.2*	*49.5*	*40.1*	*39.7*	*40.1*	*9.2*	*11.2*	*10.4*
Germany	*53.0*	*52.2*	*52.4*	*39.2*	*38.8*	*38.9*	*7.8*	*9.0*	*8.7*
United States	*53.2*	*52.2*	*53.1*	*41.8*	*41.3*	*40.4*	*5.0*	*6.5*	*6.4*

Source: Department of Statistics, Malaysia

Meanwhile, the **gross operating surplus**[3] (GOS) remained the largest component of income amounting to RM1.2 trillion, even though its share of GDP decreased to 64.8% in 2023. Capital owners of commodity-related industries in agriculture, mining and quarrying as well as manufacturing sectors faced challenges due to lower global commodity prices and slower external demand. On the other hand, mixed-income for the self-employed group rebounded 10.1%, with more individuals pursuing self-employment as their main source of earnings. For 2024, mixed-income is expected to surge 10.6%, driven by vibrant economic activities and rising domestic demand, which will enhance income prospect for the self-employed. Overall, the share of GOS to GDP is projected to record 63.6% in 2024, with capital owners retaining significant share of growth benefits.

The share of **net taxes on production and imports**[4] to GDP rose moderately to 2.1% in 2023, due to an increase in tax revenues (3.1%) and significant reduction in subsidy and incentive expenditures (-34.2%). A considerable portion of petroleum subsidies was retained to enable low-income households to cope with the rising living costs. In 2024, income from net taxes is expected to grow by 63.1%,

[3] Consists of operating surplus for capital owners and mixed-income.
[4] Consists of taxes on products and other taxes on production less subsidies on products and other subsidies on production.

supported by ongoing efforts to enhance tax management efficiency and increase in sales tax and service tax. Additionally, the expenditure on subsidies and incentives is expected to decline due to subsidy rationalisation programmes. As a result, the overall share of net taxes on production and imports is expected to expand to 3.2% of GDP.

External Sector

Steady recovery in the external sector

Trade Performance

Total trade is expected to expand by 9.4% to RM2,884.3 billion in 2024, underpinned by a resurgence in the global technology cycle, resilient economic growth in major economies and steady commodity prices. Nevertheless, growth in gross imports are expected to outpace gross exports.

Gross exports are projected to record a turnaround to 5.6% in 2024, attributed to strengthening external demand and an anticipated rebound in global semiconductor sales. Exports of manufactured goods are estimated to grow by 6% following stronger demand in E&E, coupled with robust demand for non-E&E products. The growth of 3.4% for E&E products is on account of rapid advancements in AI, Internet of Things (IoT) and growing demand for EVs that drive the demand for sophisticated semiconductors and advanced chips. The E&E components with the highest share of exports are semiconductor, automatic data processing equipment and telecommunication equipment parts. Meanwhile, exports of non-E&E products is estimated to expand by 8.3%, particularly machinery, equipment and parts; manufactures of metal; as well as chemicals and chemical products, following steady growth among major trading partners.

Similarly, exports of agriculture goods are estimated to grow by 4%, buoyed by higher exports of palm oil and palm oil based agriculture products as well as natural rubber at 2.9% and 15.9%, respectively. Increasing demand, particularly from India, Bangladesh, Germany, Iran and the Philippines, is expected to raise exports of palm oil by 2.3%. Furthermore, exports of mining goods are projected to edge up by 2.8%, attributed to higher global demand for crude petroleum and LNG by 10.1% and 2.4%, respectively.

TABLE 2.8. *External Trade, 2023 – 2025*

	RM MILLION			CHANGE (%)		
	2023	2024[1]	2025[2]	2023	2024[1]	2025[2]
Total trade	**2,637,243**	**2,884,341**	**3,000,041**	***-7.3***	***9.4***	***4.0***
Gross exports	**1,426,199**	**1,506,666**	**1,565,515**	***-8.0***	***5.6***	***3.9***
of which:						
Manufactured goods	1,216,283	1,288,943	1,340,882	*-6.8*	*6.0*	*4.0*
Agriculture goods	94,818	98,624	101,875	*-21.6*	*4.0*	*3.3*
Mining goods	106,078	109,084	111,426	*-9.6*	*2.8*	*2.1*
Gross imports	**1,211,044**	**1,377,675**	**1,434,526**	***-6.4***	***13.8***	***4.1***
of which:						
Intermediate goods	620,607	764,547	791,734	*-12.2*	*23.2*	*3.6*
Capital goods	128,743	160,435	166,570	*7.1*	*24.6*	*3.8*
Consumption goods	104,118	118,293	122,257	*0.1*	*13.6*	*3.4*
Trade balance	**215,155**	**128,991**	**130,989**	***-16.0***	***-40.0***	***1.5***

[1] Estimate
[2] Forecast
Note: Total may not add up due to rounding
Source: Department of Statistics, Malaysia External Trade Development Corporation and Ministry of Finance, Malaysia

TABLE 2.9. *Gross Exports, January – August 2023 and 2024*

	RM MILLION		CHANGE (%)		SHARE (%)	
	2023	2024	2023	2024	2023	2024
Manufactured goods	800,142	847,833	*-6.0*	*6.0*	*85.5*	*85.5*
Agriculture goods	61,158	66,867	*-25.4*	*9.3*	*6.5*	*6.7*
Mining goods	68,866	70,057	*-8.4*	*1.7*	*7.4*	*7.1*
Others[1]	5,495	6,599	*21.7*	*20.1*	*0.6*	*0.7*
Gross exports	**935,662**	**991,357**	***-7.6***	***6.0***	***100.0***	***100.0***

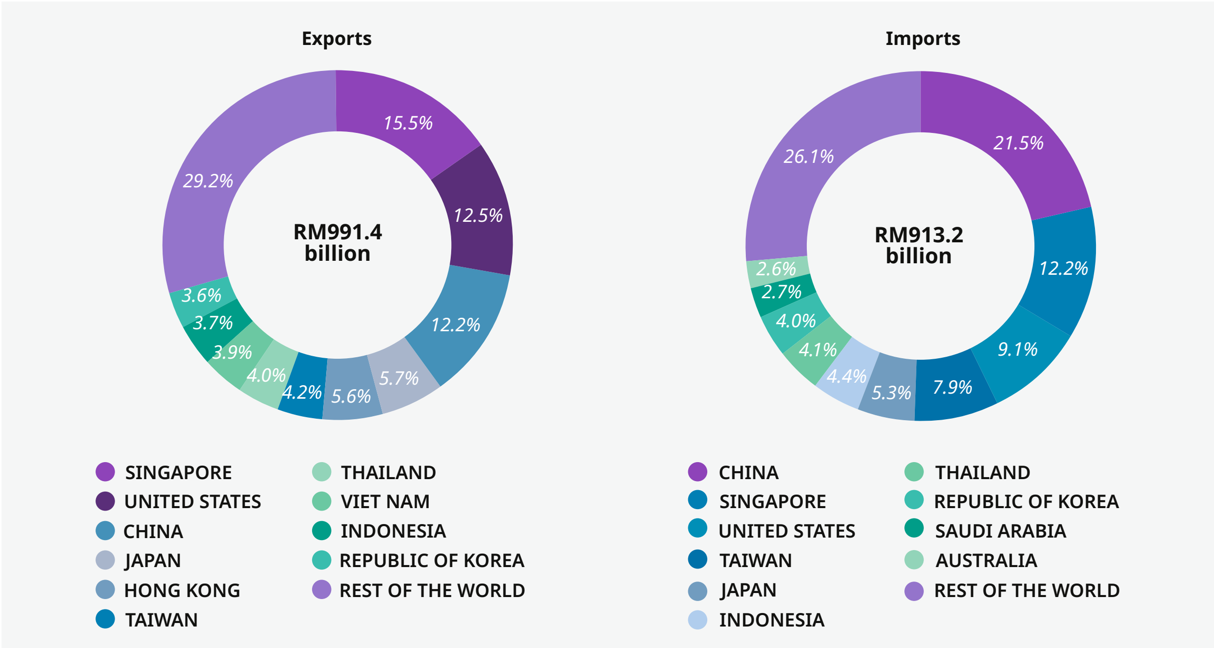
[1] Including gold scrap and waste; worn clothing; and special transaction not classified
Note: Total may not add up due to rounding
Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

TABLE 2.10. *Exports of Manufactured Goods, January – August 2023 and 2024*

	RM MILLION		CHANGE (%)		SHARE (%)	
	2023	2024	2023	2024	2023	2024
E&E	**380,585**	**383,764**	***0.1***	***0.8***	***47.6***	***45.3***
Non-E&E	**419,557**	**464,070**	***-10.9***	***10.6***	***52.4***	***54.7***
Petroleum products	96,492	90,938	*-5.2*	*-5.8*	*12.1*	*10.7*
Chemicals and chemical products	46,966	49,218	*-11.5*	*4.8*	*5.9*	*5.8*
Manufactures of metal	37,583	41,605	*-16.1*	*10.7*	*4.7*	*4.9*
Machinery, equipment and parts	36,372	45,127	*-9.1*	*24.1*	*4.5*	*5.3*
Optical and scientific equipment	35,554	39,521	*-1.8*	*11.2*	*4.4*	*4.7*
Palm oil-based manufactured products	20,490	23,351	*-29.2*	*14.0*	*2.6*	*2.8*
Rubber products	13,983	16,974	*-33.7*	*21.4*	*1.7*	*2.0*
Processed food	19,064	22,717	*3.9*	*19.2*	*2.4*	*2.7*
Iron and steel products	20,121	23,447	*-13.4*	*16.5*	*2.5*	*2.8*
Transport equipment	11,266	12,471	*1.8*	*10.7*	*1.4*	*1.5*
Textiles, apparels and footwear	10,548	11,779	*-10.4*	*11.7*	*1.3*	*1.4*
Manufactures of plastics	10,459	11,588	*-10.1*	*10.8*	*1.3*	*1.4*
Wood products	9,450	10,257	*-25.5*	*8.5*	*1.2*	*1.2*
Non-metallic mineral products	8,105	8,403	*3.2*	*3.7*	*1.0*	*1.0*
Jewellery	4,994	5,993	*6.7*	*20.0*	*0.6*	*0.7*
Paper and pulp products	7,239	9,451	*14.4*	*30.6*	*0.9*	*1.1*
Beverages and tobacco	2,025	2,008	*18.4*	*-0.8*	*0.3*	*0.2*
Other manufactures	28,848	39,222	*-18.9*	*36.0*	*3.6*	*4.6*
Exports of manufactured goods	**800,142**	**847,833**	***-6.0***	***6.0***	***100.0***	***100.0***

Note: Total may not add up due to rounding
Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

FIGURE 2.5. *Top 10 Trading Partners, January – August 2024 (% share)*



Note: Total may not add up due to rounding
Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

Gross imports are projected to expand by 13.8% in 2024, supported mainly by intermediate and capital goods, on the back of continued improvement in domestic economic activities as well as growing investment in data centres amid the rising trend for cloud computing and AI services. Imports of intermediate goods, which constitute the largest share at 55.5%, are expected to accelerate by 23.2%, in tandem with the growth in manufactured exports. Similarly, capital goods, which account for 11.6%, are estimated to surge by 24.6%, benefitting from robust investment activities. Likewise, imports of consumption goods, representing 8.6% of total imports, are anticipated to increase by 13.6% with the improvement in household spending.

TABLE 2.11. *Gross Imports by End Use, January – August 2023 and 2024*

	RM MILLION		CHANGE (%)		SHARE (%)	
	2023	2024	2023	2024	2023	2024
Capital goods	**78,164**	**106,995**	***1.2***	***36.9***	***10.0***	***11.7***
Capital good (except transport equipment)	70,582	101,702	*2.5*	*44.1*	*9.0*	*11.1*
Transport equipment (industrial)	7,583	5,294	*-9.9*	*-30.2*	*1.0*	*0.6*
Intermediate goods	**398,991**	**503,152**	***-15.7***	***26.1***	***51.0***	***55.1***
Food and beverages, primary and processed, mainly for industries	20,135	21,887	*-14.4*	*8.7*	*2.6*	*2.4*
Fuel and lubricants, primary, processed and others	68,419	80,546	*-5.9*	*17.7*	*8.8*	*8.8*
Industrial supplies, primary, processed and n.e.s.[1]	183,174	209,679	*-14.1*	*14.5*	*23.4*	*23.0*
Parts and accessories of capital goods and transport equipment	127,263	191,041	*-22.3*	*50.1*	*16.3*	*20.9*
Consumption goods	**67,034**	**78,643**	***-1.3***	***17.3***	***8.6***	***8.6***
Food and beverages, primary and processed, mainly for household	31,050	36,635	*4.3*	*18.0*	*4.0*	*4.0*
Transport equipment (non-industrial)	997	1,127	*-14.1*	*13.1*	*0.1*	*0.1*
Other consumer goods	34,988	40,881	*-5.3*	*16.8*	*4.5*	*4.5*
Durables	8,877	11,726	*-3.5*	*32.1*	*1.1*	*1.3*
Semi-durables	11,253	12,838	*-1.7*	*14.1*	*1.4*	*1.4*
Non-durables	14,858	16,318	*-8.9*	*9.8*	*1.9*	*1.8*
Others	**27,082**	**32,741**	***1.2***	***20.9***	***3.5***	***3.6***
Re-exports	**210,517**	**191,651**	***-0.2***	***-9.0***	***26.9***	***21.0***
Gross imports	**781,789**	**913,183**	***-8.7***	***16.8***	***100.0***	***100.0***

[1] Not elsewhere stated
Note: Total may not add up due to rounding
Source: Department of Statistics, Malaysia

Balance of Payments

In the first half of 2024, the current account surplus of the **balance of payments** recorded RM19.2 billion or 2.1% of GNI. The surplus was attributed to the goods account, albeit narrowed, as well as smaller deficits in both the services and income accounts. The momentum is expected to continue into the second half of 2024 with the current account surplus expanding to RM24.2 billion or 2.4% of GNI. This improvement is attributed to the narrowing deficit in the services and income accounts, despite a smaller surplus in the goods account. In total, the current account surplus is anticipated to widen to RM43.4 billion or 2.3% of GNI in 2024.

The goods account is expected to register a moderate surplus of RM115.1 billion in 2024, weighed down by surging imports of intermediate, capital and consumption goods, which more than offset the increasing exports of manufactured, agriculture and mining goods. Accelerating imports of goods will be mainly driven by a buoyant manufacturing sector as well as robust performance in the construction sector following the development of data centres and ramping up of ongoing projects.

Nonetheless, the services account is forecast to record a smaller deficit of RM20.4 billion, following stellar performance in the travel account as well as narrowing deficit in the transport account and other services account. In this regard, the travel account is expected to register a healthier surplus of RM32.6 billion, resulting from a vibrant tourism sector with increasing tourist arrivals. Likewise, the transport account is anticipated to record a smaller deficit of RM30.4 billion attributed to higher trade and travel activities, thus contributing to an increase in earnings by domestic companies following competitive airfares and freight charges as well as higher fees generated from airport and port activities. In addition, more flight frequencies and resumption of direct flight operations may contribute to the shrinking deficit. Similarly, the other services account is expected to register a narrowing deficit of RM22.6 billion in 2024, following higher earnings from maintenance and repair services, construction as well as insurance and pension services.

The primary income account is projected to register a narrower deficit of RM48.8 billion in 2024, owing to a smaller deficit in the investment income account, albeit with a higher deficit in compensation of employees. The deficit in the investment income account is expected to improve to RM38.9 billion, attributed to higher investment income earnings, following high inflows of profits from abroad. Correspondingly, the compensation of employees is anticipated to register a broader deficit of RM9.9 billion, attributed to higher outflows.

TABLE 2.12. *Current Account of the Balance of Payments, 2023 – 2025*
(RM million)

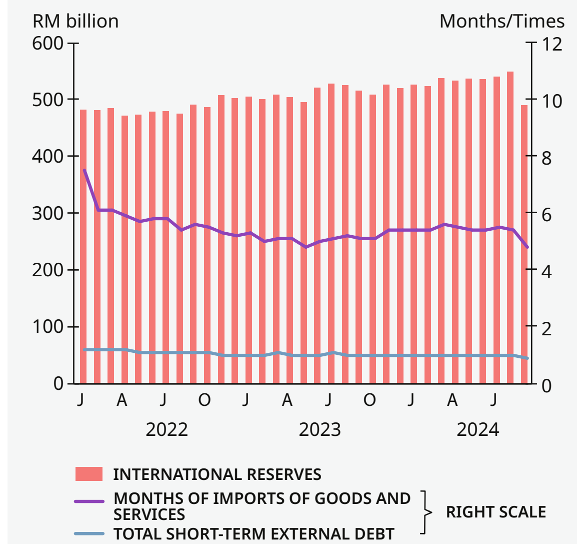
	2023			2024[1]			2025[2]		
	RECEIPTS	PAYMENTS	NET	RECEIPTS	PAYMENTS	NET	RECEIPTS	PAYMENTS	NET
Balance on goods and services	**1,250,183**	**1,157,224**	**92,959**	**1,383,792**	**1,289,057**	**94,734**	**1,454,847**	**1,346,087**	**108,759**
Goods	1,055,187	919,030	136,157	1,142,757	1,027,652	115,105	1,192,873	1,067,270	125,604
Services	194,995	238,194	-43,199	241,034	261,405	-20,370	261,973	278,818	-16,844
Transport	30,826	62,256	-31,430	36,345	66,697	-30,353	39,796	71,393	-31,598
Travel	68,037	50,903	17,134	91,844	59,263	32,581	101,938	65,247	36,691
Other services	96,132	125,035	-28,903	112,846	135,445	-22,599	120,240	142,177	-21,937
Primary income	**90,074**	**142,996**	**-52,921**	**104,547**	**153,298**	**-48,750**	**108,246**	**164,758**	**-56,512**
Compensation of employees	7,766	15,903	-8,136	7,691	17,590	-9,898	8,652	19,055	-10,403
Investment income	82,308	127,093	-44,785	96,856	135,708	-38,852	99,594	145,703	-46,109
Secondary income	**33,279**	**45,113**	**-11,835**	**43,516**	**46,122**	**-2,606**	**46,209**	**49,358**	**-3,149**
Balance on current account	**1,373,535**	**1,345,333**	**28,203**	**1,531,855**	**1,488,477**	**43,378**	**1,609,302**	**1,560,203**	**49,098**
% of GNI			***1.6***			***2.3***			***2.4***

[1] Estimate
[2] Forecast
Note: Total may not add up due to rounding
Source: Department of Statistics and Ministry of Finance, Malaysia

Earnings in the secondary income account for the whole year are anticipated to increase to RM43.5 billion, despite the increasing payments of RM46.1 billion, leading to a smaller deficit of RM2.6 billion. The higher receipts in the secondary income account are the result of an increase in remittances by Malaysians working abroad and the one-off receipt. Meanwhile, the increase in payments is due to larger remittances by foreign workers from Bangladesh, India, Indonesia, Nepal and the Philippines.

In the first half of 2024, the financial account registered a net outflow of RM1.6 billion, following wider net outflows in the direct investment and portfolio investment accounts of RM2.3 billion and RM45.4 billion, respectively. Nevertheless, the outflows were cushioned by the significant increase of net inflows in the other investment and financial derivatives accounts. Malaysia's FDI registered a higher net inflow of RM14.5 billion, mainly channelled into the information and communication; manufacturing; as well as mining and quarrying sectors. Net outflows of direct investment abroad by Malaysian companies widened to RM16.8 billion, primarily directed into the financial and insurance/takaful activities; mining and quarrying; as well as electricity, gas, steam and air conditioning supply sectors.

FIGURE 2.6. *International Reserves*



As at 30 September 2024, Malaysia's international reserves amounted to RM491.6 billion or USD119.7 billion adequate to finance 4.8 months of imports of goods and services and 0.9 times of the total short-term external debt (end-December 2023: RM520.9 billion; USD113.5 billion; 5.4 months; 1.0 times)

Source: Bank Negara Malaysia

FEATURE ARTICLE 2.2

Sensitivity Analysis of Malaysia's Trade on Gross Domestic Product and Impacts of Economic Scenarios in China and the US on Malaysia's Gross Exports

Introduction

Underpinned by the economic dynamism, resilience and openness to international trade, Malaysia has established extensive trade agreements with major trading partners and strategic countries around the world. Malaysia's strong dependency on trade is reflected in its trade-to-GDP ratio, which has consistently been more than 100% over the years, highlighting its strategic position as among the major economic players in the global market. One of Malaysia's key strengths lies in its diversified export portfolio, encompassing a wide range of products and industries. Among the main exports are E&E products; petroleum products; chemicals and chemical products; palm oil and palm oil-based agriculture products; and liquefied natural gas (LNG). This diversification enables Malaysia to mitigate risks associated with fluctuations in global demand and commodity prices, thereby contributing to its economic resilience.

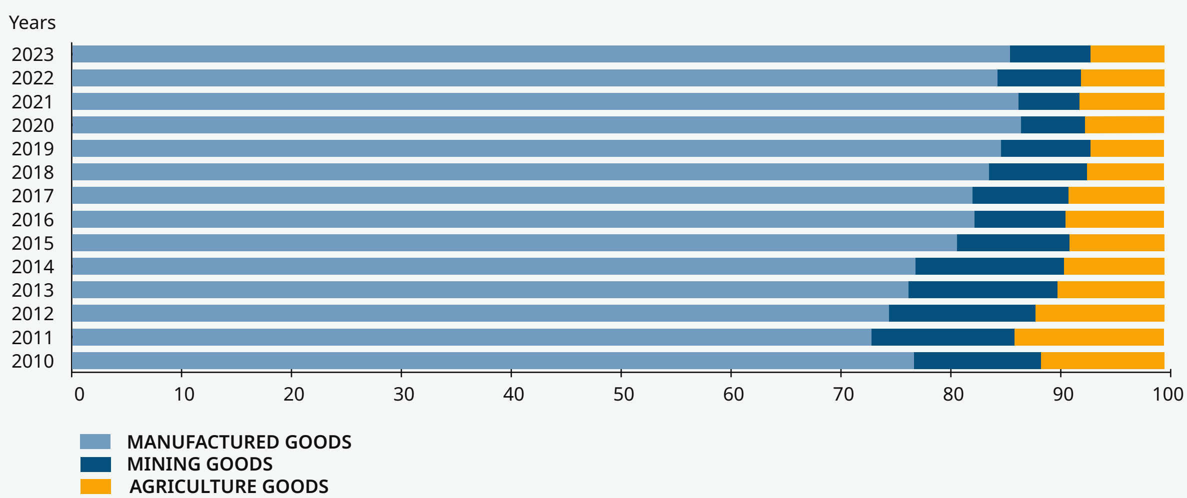
Malaysia's strategic trade relations with major economies, including China, the US, the EU and Japan further underscore its importance in global supply chains. These partnerships boost export earnings, attract foreign direct investments (FDIs), foster technological transfer and enhance industrial linkages. Over the years, Malaysia's external trade policies have been focused on strengthening trade partnerships, enhancing competitiveness and cultivating innovation. Bilateral and regional trade agreements such as the ASEAN Free Trade Area (AFTA), Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have been instrumental in expanding market access and promoting economic integration.

Malaysia's Trade Structure

Malaysia has experienced significant economic transformation, evolving from an economy primarily based on commodities to one driven by robust manufacturing and services sectors. Nonetheless, Malaysia's export is predominantly contributed by trade in goods, which consist mainly of manufactured goods, mining goods and agriculture goods. The share of manufactured goods to total exports increased from 76.6% in 2010 to 85.3% in 2023, reflecting the evolution of the manufacturing sector in Malaysia. Meanwhile, the proportion of mining goods declined from 11.6% to 7.4% and agriculture goods from 11.2% to 6.6% over the same period.

The main export of manufactured goods is E&E products, which constituted over 40% of total exports in 2023. Malaysia plays a vital role in the global E&E supply chain, in tandem with its position as the world's sixth largest exporter of electronics and semiconductors. In this regard, the country accounts for 7% of semiconductor trade flows as well as 13% of back-end operations globally, including chip testing and packaging. Meanwhile, major exports for commodity products include LNG; crude petroleum; palm oil and palm oil based agriculture products; and natural rubber.

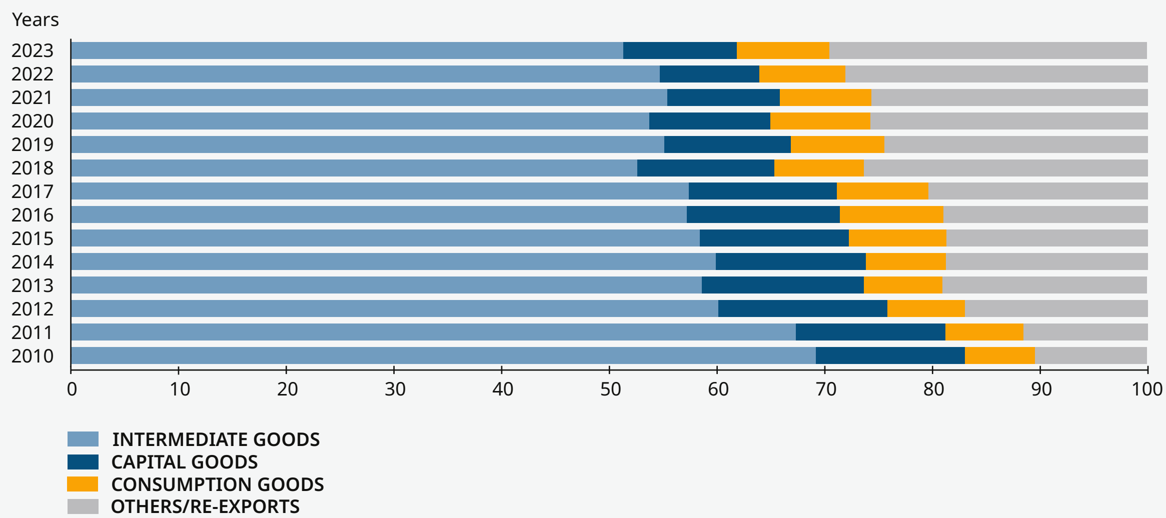
FIGURE 2.2.1. *Composition of Gross Exports by Major Sectors (% share), 2010 – 2023*



Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

On the other hand, gross imports are commonly grouped by broad economic categories (BEC). Malaysia's gross imports by BEC are mainly intermediate goods, capital goods and consumption goods. Intermediate goods are products used in the production process to produce other goods before being sold to final consumers. Intermediate goods still made up the largest share of Malaysia's imports, despite recording a downtrend from 69.1% in 2010 to 51.2% in 2023. This reflected the evolving local manufacturing industry benefitting from high value-added productions, which increased domestic capabilities. Capital goods constituted 10.6% of total imports in 2023, a reduction from about 14% in 2010. Nonetheless, the share of imports for consumption goods increased from 6.5% in 2010 to 8.6% in 2023.

FIGURE 2.2.2. *Composition of Gross Imports by the Broad Economic Categories (% share), 2010 – 2023*



Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

Trade Sensitivity Analysis

Theoretically, an increase in gross exports directly contributes to improving the country's net exports and GDP growth, while a corresponding rise in gross imports could widen trade deficit and reduce the GDP, *ceteris paribus*. Therefore, an econometric analysis was performed to analyse the sensitivity of major components in gross exports and imports to GDP as well as to net exports and imports.

FIGURE 2.2.3. *Sensitivity Analysis Towards Net Exports, Net Imports and Gross Domestic Product (percentage point, ppt)*

COMPONENTS	NET EXPORTS	GDP
Gross exports		
Manufactured goods	↑ 0.854	↑ 0.586
Mining goods	↑ 0.068	↑ 0.047
Agriculture goods	↑ 0.067	↑ 0.046
COMPONENTS	**NET IMPORTS**	**GDP**
Gross imports		
Intermediate goods	↑ 0.568	↓ 0.349
Consumption goods	↑ 0.131	↓ 0.082
Capital goods	↑ 0.054	↓ 0.034

Source: Ministry of Finance, Malaysia (estimates)

From Figure 2.2.3., it can be deduced that changes in the exports of manufactured goods are more sensitive towards net exports and GDP in comparison with exports of mining goods and agriculture goods. A one percentage point (ppt) increase in the exports of manufactured goods will increase net exports by 0.854 ppt and increase the GDP by 0.586 ppt. Meanwhile, exports of mining goods and agriculture goods demonstrate similar results but with minimal impact on net exports and GDP.

On the other hand, a one ppt increase in the import of intermediate goods will increase net imports by 0.568 ppt and reduce the GDP by 0.349 ppt as intermediate goods account for the largest share of imports at an annual average of over 50% from 2010 to 2023. Nonetheless, consumption goods have a higher impact to net imports and GDP than capital goods. This relationship is explained by the shorter economic cycle of consumption goods, as these goods are purchased and consumed directly by households, which immediately influences domestic consumption that also accounts for a large portion of GDP. Conversely, capital goods are used for production and contribute to GDP over a longer period and may not immediately result in an increase in consumption and production output.

Following the higher sensitivity of the manufacturing sector, the findings echo the focus given to the sector, which represents about 23% of GDP and Malaysia is well positioned to diversify and move up the value chain. Meanwhile, mining goods and agriculture goods indicate less sensitivity to GDP due to the fluctuating income that could be derived from the sectors resulting from volatile commodity prices and weather uncertainties. In addition, the growth of resource-based industries in Malaysia is hindered by the shortage of labour, particularly in the agriculture sector that is labour-intensive, as the transition towards a capital-intensive is costly. This has further impeded productivity and growth, despite wide opportunities of the sector (World Bank, 2018). The agriculture sector is also reliant on government assistance and any change in public policies may have a direct impact on development. In the same vein, productivity and competitiveness in the mining sector may be hindered by a shortage of skilled workforce and specialised expertise as well as slow adoption to high technology. Furthermore, the high investment cost in exploring new minerals and areas remain a challenge despite Malaysia being endowed with an abundance of diverse minerals and natural resources.

The findings are in line with the strategies outlined for the manufacturing sector. Through the implementation of the New Industrial Master Plan 2030 (NIMP 2030), National Semiconductor Strategy (NSS) as well as National Energy Transition Roadmap (NETR) and supported by the agriculture and mining sectors, a strong symbiotic synergy can be established between the upstream and downstream industries in Malaysia’s economic ecosystem. With the advancement of the manufacturing sector, Malaysia has the potential to move up the value chain and increase export of products with complexity and higher value-added across all sectors. Apart from emphasising on the domestic economic sectors, leveraging trade engagement is equally vital to ensure Malaysia’s exports sustainability.

Major Trading Partners

Malaysia is a vibrant Southeast Asian nation with dynamic trade engagements between two of the world’s largest economies, China and the US, which are paramount for the country’s economic landscape. As Malaysia’s largest trading partner, China plays a significant role in the industrial and export activities, while the US, ranked third only after Singapore, contributes to high-value goods and technological innovations. Balancing these relationships enables Malaysia to enhance its global trade competitiveness and sustain robust economic growth.

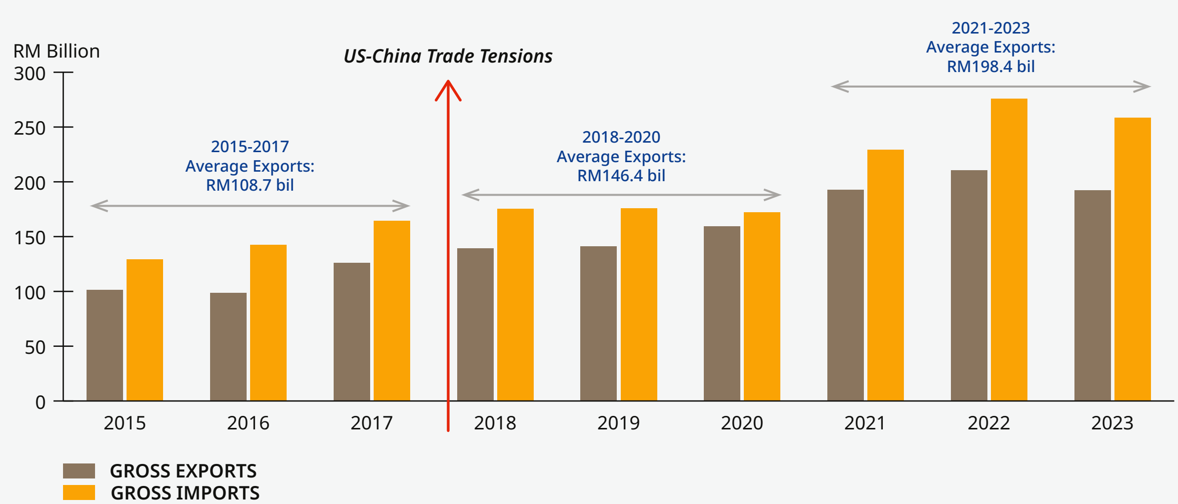
The trade tensions between the US and China, which began in 2018 with the imposition of high tariffs and non-tariff barriers have had significant impacts through inhibiting global trade and investment, disrupting supply chains as well as impacting businesses, jobs and consumers. As Malaysia is an open economy and deeply integrated into the global supply chain, the geopolitical tensions between the two countries have posed both challenges and opportunities. Malaysia benefitted from the trade diversion arising from relocation of industries from China and the US to the Southeast Asian region as ways to avoid future risks out of the increased US-China tensions. The semiconductor, telecommunications and technology-related industries are Malaysia's key beneficiaries of the investment diversion. In this regard, Malaysia continues to enhance competitiveness and streamline policy direction to remain as an attractive investment destination in the region.

Trade with China

Malaysia's trade partnership with China has grown substantially over the past few decades, built on mutual economic interests, geographical proximity and complementary industrial strengths. Malaysia exports a wide range of goods to China, including E&E products; chemicals and chemical products; LNG; manufactures of metal; other manufactures; as well as palm oil and palm oil based agriculture products. Meanwhile, Malaysia's major imports from China include E&E products; machinery, equipment and parts; chemicals and chemical products; manufactures of metal; and petroleum products. The imports of these goods support Malaysia's own manufacturing industries and consumer markets.

The dynamic and evolving economic ties with China bolsters Malaysia's economic growth and enhances regional economic integration, particularly within the framework of initiatives like the Belt and Road Initiative (BRI) and the RCEP. As Malaysia continues to navigate the complexities of global trade, the partnership with China remains a cornerstone of economic strategy, reflecting the strategic importance of China in Malaysia's trade policies and economic development. As illustrated in Figure 2.2.4., Malaysia's exports to China recorded an upward trend from 2015 to 2022, despite trade tensions between the US and China. Nonetheless, exports to China moderated in 2023 due to slower economic growth.

FIGURE 2.2.4. *Malaysia's Trade with China, 2015 – 2023*



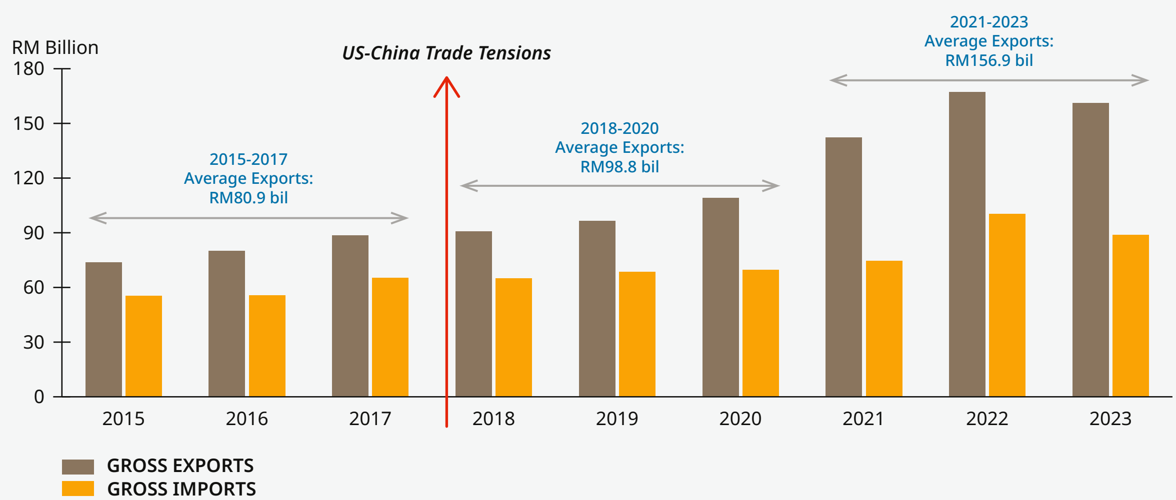
Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

Trade with the US

Malaysia's trade with the US is a critical component of its international economic strategy, reflecting decades of robust commercial and investment linkages. The US plays a pivotal role in Malaysia's export-driven economy, particularly for the E&E products; optical and scientific equipment; rubber products; and palm oil, which underscores the diversity and strength of Malaysia's manufacturing and agriculture sectors. Meanwhile, Malaysia imports high-tech machinery, aircraft parts, optical and scientific equipment and agriculture products from the US, facilitating technological advancement and industrial growth within the country.

The trade engagement is characterised by high-value and technologically advanced exchanges, further augmented by strong FDI flows. This partnership enhances Malaysia's economic resilience and supports its aspirations to be a key player in the global supply chain, fostering innovation and competitiveness in industries. Malaysia's exports to the US grew significantly post COVID-19 pandemic, as depicted in Figure 2.2.5. Average exports to the US surged from RM98.8 billion for the period of 2018 – 2020 to RM156.9 billion in 2021 – 2023. Increasing demand in the recent years by the US was recorded for E&E products; other manufactures; petroleum products; machinery, equipment and parts; optical and scientific equipment; and rubber products.

FIGURE 2.2.5. *Malaysia's Trade with the US, 2015 – 2023*



Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

Gravity Model Analysis

Generally, any disruption in international trade can reduce export earnings, increase market instability and challenge economic growth. High dependency on traditional trading partners limits diversification efforts, hence positioning the country to be more vulnerable to global shocks and policy changes.

FIGURE 2.2.6. *Trade Sensitivity Analysis between Malaysia's Exports with China and the US by Using Gravity Model*

Malaysia's Gross Exports to China: Findings (%)	Any 1% Change in Independent Variables	Malaysia's Gross Exports to the US: Findings (%)
1.13	China's / US' GDP	1.71
-0.04	Malaysia's GDP	0.30
3.99	China's / US' Population	17.27
-4.13	Malaysia's Population	-13.27
0.17	Exchange Rate	0.75

Source: Ministry of Finance, Malaysia (estimates)

A gravity model[1] is applied to analyse the sensitivity of Malaysia's gross exports when trading with China and the US. The variables adopted for the analysis are exporter's and importer's GDP as well as exporter's and importer's population apart from the exchange rate as an added variable to gauge more findings. As depicted in Figure 2.2.6., the findings indicate that a 1% change in China's GDP will influence Malaysia's exports by 1.13%. Meanwhile, a 1% change in the US' GDP will have a bigger impact to Malaysia's gross exports at 1.71%. This is reflective of the fact that Malaysia is a net exporter to the US and a net importer with China.

More exports will result in a trade surplus that contributes to a country's economic growth as export expansion drives the adoption of efficient production of goods and services to achieve economies of scale, particularly in sectors that a country has comparative advantage. The flow of funds into Malaysia will increase when exporting more to the US, which then leads to an increase in consumer spending and aggregate demand that subsequently drives Malaysia's GDP. This is reflected by a positive relationship, where a 1% change in Malaysia's GDP will bring about 0.3% impacts to Malaysia's gross exports to the US. This positive finding bodes well with Malaysia's position as a net exporter to the US where a 1% change in the US' GDP will have bigger impacts to Malaysia's gross exports.

In hindsight, Malaysia is a net importer with China and the analysis concludes a negative relationship on impacts to Malaysia's gross exports to China at 0.04% for any 1% change in Malaysia's GDP. As Malaysia imports more from China, this further explains the lesser impacts of Malaysia's gross exports to the country when comparing with the US, for any 1% change in China's GDP. Higher imports signal a country experiences a trade deficit that could be damaging to the economy if not balanced with strong exports. In essence, a high level of gross imports indicates robust domestic demand and a growing economy especially if the gross imports are mainly intermediate and capital goods used in the production process and investment. As the analysis

[1] The gravity model is a theoretical approach that may explain and predict trade flows based on two main components, namely the GDP and the distance between countries as well as population and exchange rate as control variables.

shows an inverse relationship on the impact of Malaysia's gross exports to China, the imports are mainly supportive of Malaysia's own manufacturing industries and consumer markets that in turn will be favourable to the country's economic productivity in the long run.

The findings imply a positive relationship between Malaysia's gross exports and the respective countries' population. The analysis shows that Malaysia is more sensitive to the population of the US compared to China. A 1% change in the US will affect Malaysia's gross exports to the country by 17.27%, while a 1% change in China will influence Malaysia's gross exports by 3.99%. This is attributed to the fact that an increase in population in these countries will result in higher demand for Malaysia's gross exports. On the other hand, any 1% change in Malaysia's population is inversely related to an increase in the demands from China and the US. The population growth leads to a significant impact on gross exports due to an increase in local consumption needs. Hence, population growth increases local demand for goods and services, thereby reducing exports (Fohoue, et al., 2024). In this regard, local production will be utilised to meet an increase in domestic demand resulting from an increase in Malaysia's population, before entering into the export market.

Furthermore, the findings indicate a positive relationship between Malaysia's gross exports and the exchange rate, where a depreciation in the ringgit will result in an increase in Malaysia's gross exports to the corresponding countries. The analysis shows that Malaysia is more sensitive to the US dollar than the renminbi. In lieu of this, a 1% change in the US dollar will affect Malaysia's gross exports to the US by 0.75%, while a 1% change in the renminbi will influence Malaysia's gross exports to China by 0.17%. This is based on the fact that the US dollar is the most widely traded currency in international trade and transactions, hence any fluctuations in the value of the greenback will have a significant global impact including Malaysia.

In essence, Malaysia's trade volume with China is significantly higher compared to the US, making China the country's largest trading partner. The balance of trade, however, is in favour of China as Malaysia's manufacturing industry is heavily dependent on the gross import of intermediate goods from China, resulting in a trade deficit for Malaysia. Among other reasons include infrastructural development of large-scale projects through Chinese investments, where most of the materials and equipment are sourced from China. Notwithstanding that Malaysia's total trade with the US is lesser than with China, trade with the US is crucial for strategic economic sectors such as technology and healthcare. As the analysis indicates that Malaysia's gross exports are more sensitive to the economic scenario in the US than in China, any policy shift towards protectionism, such as higher tariffs and new non-tariff measures in these countries, could bring repercussions to Malaysia's external sector.

Conclusion

Moving forward, Malaysia's trade with both China and the US is expected to strengthen driven by global economic dynamism and evolving trade policies, despite geopolitical uncertainties. As the country navigates the complexities of global trade, it continues to adapt to shifting economic landscapes and utilising emerging opportunities. Malaysia's commitment to open trade, together with its strategic and far-sighted economic policies, will position it well to sustain growth, enhance economic resilience and remain competitive in the global market. While each engagement has its unique characteristics and benefits, together the ties help Malaysia maintain a balanced and diversified trade portfolio and sustainable economic diversification, in line with the aspirations outlined in the Ekonomi MADANI framework.

Prices

Inflation remains moderate amid the rationalisation of diesel subsidy

Headline inflation, as measured by the **Consumer Price Index (CPI)**, eased to an average of 1.8% in the first eight months of the year, down from 2.8% over the same period in 2023, following favourable cost environment and sustained demand. Notably, the moderation in headline inflation was primarily driven by slower price increases in food & beverages (1.8%), as well as restaurants & accommodation services (3.2%), albeit the increase in housing, water, electricity, gas & other fuels (2.9%), which was driven by upward adjustments in water tariffs and rising prices for sewage collection services. Other main groups recorded price increases surpassing the headline inflation were personal care, social protection & miscellaneous goods & services (2.9%); and health (2%). The targeted diesel subsidy, implemented in June 2024, has a relatively manageable impact on inflation attributed to its small weightage in the CPI basket (0.2%) as well as stricter enforcement actions against profiteering, continuation of diesel subsidies for selected business sectors, and targeted cash assistance.

Headline inflation is projected to remain manageable for the whole year and is expected to range between 1.5% and 2.5%, with inflation projected close to its long-term average of approximately 2%. The risk of inflation would be dependent on the degree of knock-on effects on other items from any implementation of policy measures on subsidies and price controls, as well as fluctuations in global commodity prices.

In the first eight months of 2024, the **Producer Price Index (PPI)** for local production rebounded 0.9% from contraction of 2.4% during the same period in 2023. All key sectors experienced increases, led by water supply (6.4%), agriculture, forestry and fishing (3.8%) and mining (3.3%). In addition, modest growth were recorded in electricity and gas supply (0.5%) and manufacturing (0.4%) sectors. The PPI for the stage of processing

TABLE 2.13. *Consumer Price Index, January – August 2023 and 2024 (2010 = 100)*

	WEIGHT[1]	CHANGE (%)		CONTRIBUTION TO CPI GROWTH (PERCENTAGE POINTS)	
		2023	2024	2023	2024
Consumer Price Index	**100.0**	***2.9***	***1.8***	***2.90***	***1.80***
Food & beverages	29.8	*5.7*	*1.8*	*1.71*	*0.54*
Alcoholic beverages & tobacco	1.9	*0.6*	*0.6*	*0.01*	*0.01*
Clothing & footwear	2.7	*0.3*	*-0.2*	*0.01*	*-0.01*
Housing, water, electricity, gas & other fuels	23.2	*1.7*	*2.9*	*0.39*	*0.67*
Furnishings, household equipment & routine household maintenance	4.3	*2.7*	*0.9*	*0.12*	*0.04*
Health	2.7	*2.0*	*2.0*	*0.05*	*0.05*
Transport	11.3	*1.6*	*1.1*	*0.18*	*0.12*
Information & communication	6.6	*-2.6*	*-0.9*	*-0.17*	*-0.06*
Recreation, sport & culture	3.0	*1.7*	*1.7*	*0.05*	*0.05*
Education	1.3	*1.8*	*1.5*	*0.02*	*0.02*
Restaurants & accomodation services	3.4	*6.2*	*3.2*	*0.21*	*0.11*
Insurance & financial services	4.0	*0.2*	*0.1*	*0.01*	*0.00*
Personal care, social protection & miscellaneous goods & services	5.8	*2.5*	*2.9*	*0.14*	*0.17*

[1] Based on Household Expenditure Survey 2022
Note: Total may not add up due to rounding
Source: Department of Statistics, Malaysia

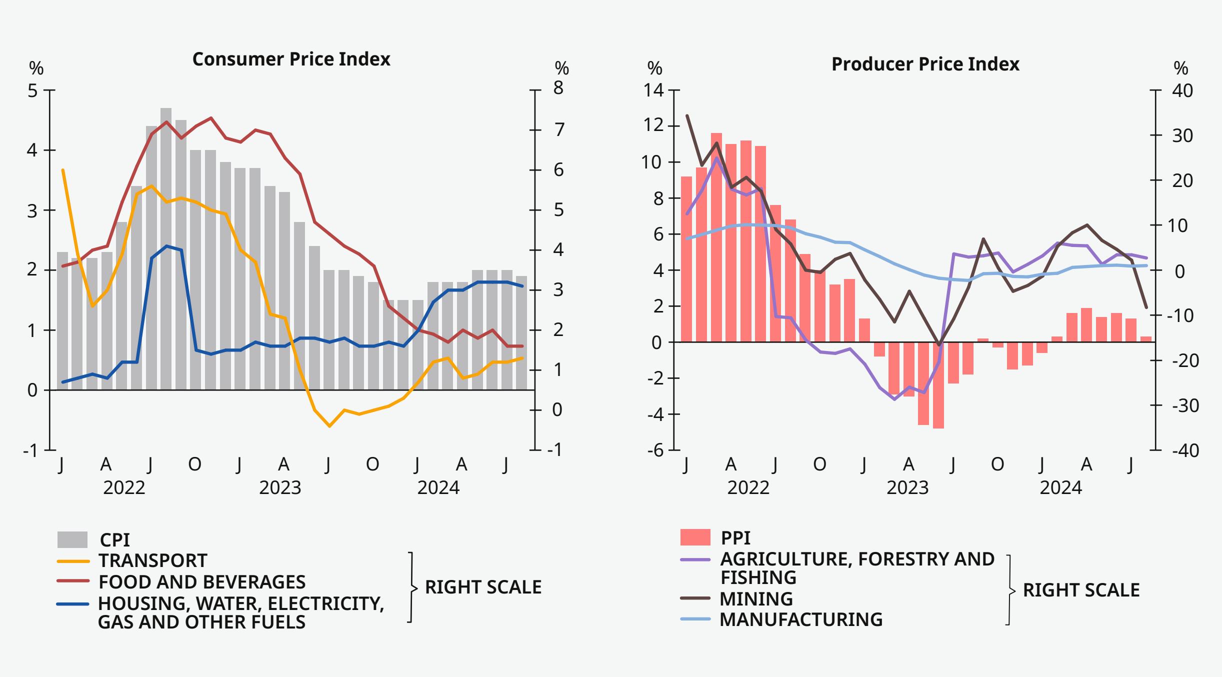
category recorded a turn around of 3.4% for crude materials for further processing while finished goods grew by 2.3%. However, the price of intermediate materials, supplies and components declined by 0.4%. PPI is projected to remain stable throughout the year due to stability in commodity prices and sustained demand across key sectors. Meanwhile, the risk of further cost-push inflation remains, weighing on fluctuation in global commodity prices and supply chain disruptions.

TABLE 2.14. *Producer Price Index, January – August 2023 and 2024 (2010 = 100)*

	WEIGHT[1]	CHANGE (%)		CONTRIBUTION TO PPI GROWTH (PERCENTAGE POINTS)	
		2023	2024	2023	2024
Producer Price Index by sector	**100.000**	***-2.4***	***0.9***	***-2.400***	***0.900***
Agriculture, forestry and fishing	6.730	*-19.4*	*3.8*	*-1.306*	*0.256*
Mining	7.927	*-8.4*	*3.3*	*-0.666*	*0.262*
Manufacturing	81.571	*0.2*	*0.4*	*0.163*	*0.326*
Electricity and gas supply	3.442	*0.8*	*0.5*	*0.028*	*0.017*
Water supply	0.330	*3.2*	*6.4*	*0.011*	*0.021*
Producer Price Index by stage of processing	**100.000**	***-2.4***	***0.9***	***-2.400***	***0.900***
Crude materials for further processing	16.410	*-14.8*	*3.4*	*-2.429*	*0.558*
Intermediate materials, supplies and components	56.119	*-0.2*	*-0.4*	*-0.112*	*-0.224*
Finished goods	27.471	*3.6*	*2.3*	*0.989*	*0.632*

[1] Based on Economic Census 2016
Note: Total may not add up due to rounding
Source: Department of Statistics, Malaysia

FIGURE 2.7. *Consumer Price Index and Producer Price Index Trends (% change)*



Source: Department of Statistics, Malaysia

Labour Market

Stable labour market conditions

The labour market demonstrated consistent improvement in the first half of 2024, driven by robust economic growth. Strong domestic demand and recovery in external sector spurred more job opportunities in the market. The labour force participation rate rose significantly to 70.5%. The total **employment** grew higher by 3.9% to record 16.2 million persons compared to labour force which recorded a growth of 3.5% to 16.8 million persons. The faster pace of employment led to a significant decline in the **unemployment rate** to 3.2% or 534,500 unemployed persons. The services sector remained as the major source of employment during the period at 65.6%, followed by the manufacturing (16.4%) and agriculture (9.2%) sectors.

The improvement in the labour market was also depicted in the number of **retrenchments**, which remained low at 25,796 persons as at end-June 2024, as industries continued retaining talents to accommodate ongoing business activities. Job **vacancies** registered over 748,900 positions, with over 50% accounting for the semi- and low-skilled occupations. Additionally, job **placements** remained positive with over 78,100 persons obtained placements throughout the first half of 2024, signifying that around 10% of vacant positions were filled.

Labour market stability is anticipated to persist in the second half of the year backed by encouraging hiring activities as businesses continue to expand in response to domestic economic growth. Hiring activities will be primarily driven by the services and manufacturing sectors, mainly within the wholesale and retail trade subsector, accommodation and food and beverages services, as well as export-oriented industries. As a result, the unemployment rate is expected to remain at 3.2% for the whole of 2024.

TABLE 2.15. *Labour Market Indicators*

	('000)			CHANGE (%)		
	H1[1]	2024[2]	2025[3]	H1[1]	2024[2]	2025[3]
Labour force	16,773.4	16,837.7	17,180.0	*3.5*	*2.9*	*2.0*
Employment	16,238.9	16,303.3	16,646.5	*3.9*	*3.1*	*2.1*
Unemployment	534.5	534.4	533.5	*(3.2)*	*(3.2)*	*(3.1)*

[1] January to June 2024
[2] Estimate
[3] Forecast
Note: Figures in parentheses refer to unemployment rate
Source: Department of Statistics and Ministry of Finance, Malaysia

TABLE 2.16. *Employed Persons by Sector*

	('000)			SHARE (%)		
	H1[2]	2024[3]	2025[4]	H1[2]	2024[3]	2025[4]
Agriculture, forestry and fishing	1,491.8	1,494.9	1,517.4	*9.2*	*9.2*	*9.1*
Mining and quarrying	90.6	90.4	91.3	*0.6*	*0.6*	*0.5*
Manufacturing	2,668.1	2,670.6	2,748.0	*16.4*	*16.4*	*16.5*
Construction	1,336.6	1,337.2	1,370.6	*8.2*	*8.2*	*8.2*
Services	10,651.8	10,710.1	10,919.1	*65.6*	*65.7*	*65.6*
Total[1]	**16,238.9**	**16,303.3**	**16,646.5**	***100.0***	***100.0***	***100.0***

[1] Total includes 'Activities of extraterritorial organisations and bodies'
[2] January to June 2024
[3] Estimate
[4] Forecast
Source: Department of Statistics and Ministry of Finance, Malaysia

The ongoing commitment to address shortages of workers in the economy coupled with the extension of foreign workers legalisation process under the Workforce Recalibration Programme has eased the recruitment and mobility of migrant workers. Hence, the number of registered low-skilled **foreign workers** indicated a growth of 41.1% to record around 2.5 million persons as at end-August 2024 compared to 1.8 million persons during the same period last year. Foreign workers were sourced mainly from Bangladesh with a share of 37.8%, followed by Indonesia (23.7%) and Nepal (16.7%). In terms of employment, 31.5% of these foreign workers were employed in the manufacturing, followed by construction (28.4%) and services (18.2%) sectors. Currently, low-skilled foreign workers stand at 14.8% of total employment, approaching the allowable threshold of 15%. Meanwhile, the number of **expatriates** increased by 6.3% to 113,493 persons as at end-August 2024. The majority of the expatriates was from China (24.1%), followed by India (18.3%) and the Philippines (8%), mainly hired in the information technology (38.7%), services (26.8%) and construction (10.5%) sectors.

Labour productivity, measured by value-added per worker, improved by 2.6% to RM48,387 in the first half of 2024 attributed to productivity gains across all economic sectors, particularly in construction (13.5%) and mining and quarrying (4.1%). The productivity improvements in these two sectors were also supported by robust expansion in civil engineering; and specialised construction activities; as well as crude oil and natural gas; and mining support service activities. Overall, labour productivity is expected to expand by 2.3% to RM100,000 in 2024, underpinned by continued efforts to support industries accelerating greater technology adoption, automation, research and development (R&D) and innovation as well as talent skills development to meet the needs of industry. The construction sector is projected to record the highest increase of 12.8%, followed by manufacturing (2.6%) as well as mining and quarrying (2.4%) sectors.

Outlook For 2025

Global Outlook

Stable and resilient growth

The **global growth** is projected to register 3.3% in 2025 owing to a convergence of growth among developed economies and steady growth in EMDEs. Advanced economies are expected to expand at 1.8%, with the US GDP is forecast to grow at moderate pace of 1.9% as consumption and the labour market slows down. Meanwhile, growth in the euro area is estimated to increase by 1.5% in 2025 as a result of better consumption and investment activities. Growth in EMDEs are anticipated to remain stable at 4.3%, with China is forecast to register a growth of 4.5% mainly due to sluggish productivity growth. Likewise, the economy of India is projected to increase to 6.5% supported by sustained domestic demand.

Global trade growth is forecast at 3.4% due to upswing in trade activities among advanced economies and EMDEs. Trade in advanced economies is expected to grow by 2.8% while EMDEs are expected to register 4.5% in growth. **Global inflation** is expected to continue its downward trend to 4.4% with advanced economies and EMDEs forecast at 2.1% and 6%, respectively. This is on account of lower energy prices and the gradual cooling effects of labour market.

Domestic Outlook

Sectoral

Services Sector

Consumer spending bolsters growth

The **services** sector is projected to grow by 5.5% in 2025, bouyed by expansion in all subsectors. The growth will mainly emanate from continuous consumer spending as well as robust business- and tourism-related activities.

The wholesale and retail trade subsector will remain as the key contributor to the services sector, with a projected growth of 4.7%. The increase is anticipated to be mainly driven by the retail segment through higher adoption of technologies by traditional and large-scale traders, particularly in AI and big data analytics, as well as utilisation of social media and online shopping platforms. The motor vehicles segment is also expected to remain robust pursuant to the introduction of new models equipped with innovative and advanced features, specifically in EVs and hybrid vehicles.

The transportation and storage subsector is anticipated to grow by 10.4%, buoyed by all segments following the expansion in rail, highway, port and airport activities. The land transport segment is projected to increase attributed to the additional 27 new train sets for the LRT Kelana Jaya Line and is expected to increase daily ridership and reduce waiting time. The expected launching of new and upgraded highways such as the West Coast Expressway (WCE) and Kajang Dispersal Link Expressway (SILK) are anticipated to reduce travel time and ease traffic congestion in the Klang Valley area. Likewise, the air transport segment is projected to increase supported by resumption of direct flights to key destinations as well as thriving air cargo activities due to traders' preference over maritime shipment, following continuous disruptions caused by the Red Sea crisis. Meanwhile, the water transport segment is expected to record a steady growth amid expansion in port's cargo and container handling capacity.

FEATURE ARTICLE 2.3

Promoting Green Mobility in Driving the Nation Forward

Introduction

Malaysia is committed to achieving net-zero greenhouse gas (GHG) emissions by 2050, in line with global goals on climate change. The country also intends to reduce its economy-wide carbon emission intensity against GDP by 45% in 2030.[1] Towards realising this commitment, the Ekonomi MADANI framework has set priorities to elevate and restructure the economy by implementing energy transition initiatives in new industries within green growth areas, including green mobility, renewable energy (RE) and alternative sustainable fuels in the transportation sector. The framework is further strengthened with the formulation of national strategic plans such as the National Energy Transition Roadmap (NETR), New Industrial Master Plan 2030 (NIMP 2030) and Hydrogen Economy and Technology Roadmap, paving the way for investment opportunities and the empowerment of human capital in green growth areas.

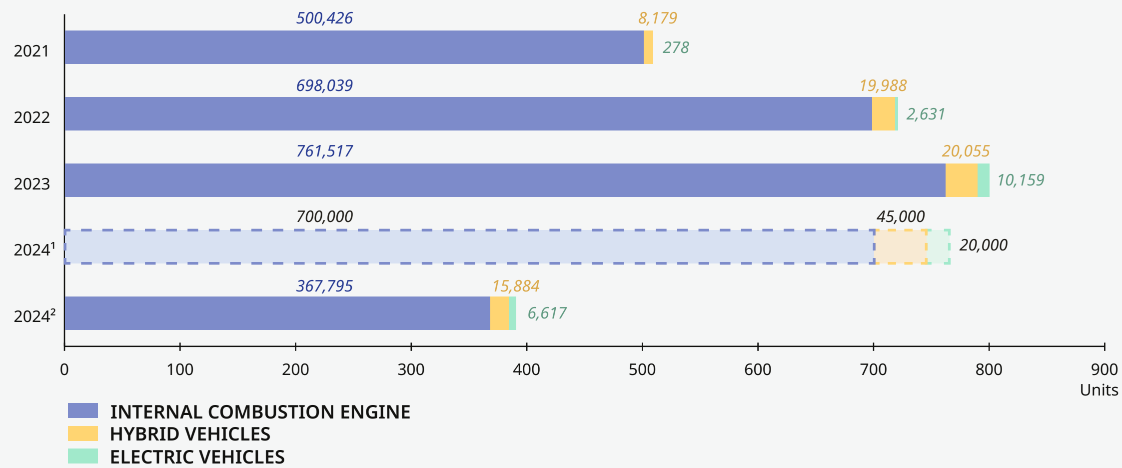
Transportation Sector Performance at a Glance

The transportation sector plays a vital role as the enabler for socioeconomic activities, comprising the mobilisation of goods, people and resources in the economy. However, this sector continues to be a significant contributor to GHG emissions, accounting for 64,973 kilo tonnes or 20% of total CO_2 equivalent in 2019, of which 86.4% was from road transportation (Ministry of Natural Resources and Environmental Sustainability, Malaysia, 2024a).

Total sales volume in the automotive industry grew at an average annual growth rate of 26.3% to 799,731 units during 2021 – 2023, as shown in Figure 2.3.1. A similar trend was also visible in the electric vehicles (EVs) segment, with an increase of 566.3% over the same period, indicating rising

[1] Based on Malaysia's Nationally Determined Contribution to the Paris Agreement of the United Nations Framework Convention on Climate Change compared to emissions intensity in 2005.

FIGURE 2.3.1. *Total Sales Volume in the Automotive Industry, 2021 – 2024*



[1] Estimate
[2] January – June 2024
Source: Malaysia Automotive Association

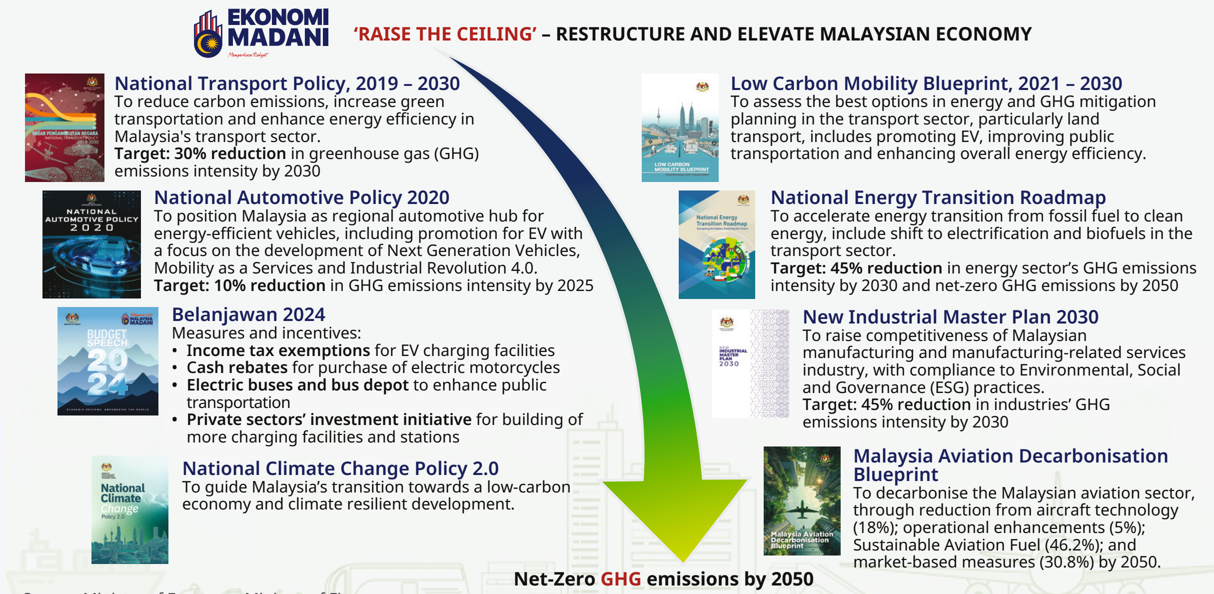
consumer demand for green mobility, supported by attractive incentives offered for EV ownership under the annual budget measures. However, the share of the EV segment was only 1.3% (10,159 units) of the total sales volume in 2023, highlighting that brown mobility remains prevalent in the land transportation segment.

Malaysia's automotive industry has notably transitioned from internal combustion engine (ICE) vehicles to green mobility via energy-efficient and low carbon-emission vehicles. The transition is supported by a surge in EV ownership and increased EV-related investments, including assembly plants, charging facilities and battery components production. In addition, the Government has set targets that will result in 80% of motor vehicle sales being EV by 2050 and 40% RE in the country's fuel mix by 2035 (Ministry of Economy, Malaysia, 2023). The Government also aims to install 10,000 charging points by 2025 (Ministry of Natural Resources and Environmental Sustainability, Malaysia, 2021). As of 30 June 2024, the Malaysia Electric Vehicle Charging Network (MEVnet) dashboard reported the installation of 2,606 EV charging bays across 920 locations nationwide. The recent progress, reaching 26.1% of the target, highlights the need to intensify efforts to accelerate the development of the charging infrastructure within the remaining timeframe.

Green Mobility and Its Economic Potential

Green mobility has gained global attention following rising concerns on climate change, increasing urban pollution and the push towards net-zero carbon emission for sustainable development. Advancements in clean technology, growing consumer preference for environmental-friendly transportation solutions and supportive government policies have also contributed to the rise in public awareness. Cities are striving to reduce their carbon footprint through green mobility, encompassing public transportation, EV, cycling and walking, with cities such as Copenhagen, Oslo and Sydney aspiring to be carbon-neutral cities as early as 2025. Likewise, Malaysia is also joining the global race to net-zero carbon emissions by formulating strategic roadmaps and initiatives, as evidenced by the Putrajaya Smart City Blueprint, an initiative paralleled with the NETR's aspirations. A snapshot of the national green mobility-related strategic plans and initiatives is outlined in Figure 2.3.2.

FIGURE 2.3.2. *Green Mobility-Related Strategic Plans and Initiatives*



Source: Ministry of Economy; Ministry of Finance;
Ministry of Investment, Trade and Industry; Ministry of Natural Resources and Environmental Sustainability; and Ministry of Transport, Malaysia

The transition to green mobility has the potential to generate a substantial multiplier effect across economic sectors, thereby fostering new sources of growth. The Ministry of Finance, Malaysia has identified 15 out of 124 industries in the 2021 Input-Output (IO) Table as proxies for the analysis of green mobility sector to determine the multiplier effect. These industries include wholesale & retail trade, repair of motor vehicles and motorcycles; electronic components and boards; as well as electricity and gas. The IO analysis shows that for every RM1.00 change in demand for green mobility, there will be a RM1.76 change in output from interrelated activities along the supply chain in the economy, as tabulated in Table 2.3.1.

TABLE 2.3.1. *Estimated Value for Intersectoral Linkages*

SECTOR	ESTIMATED VALUE (RM)
Construction	2.00
Manufacturing	1.98
Green Mobility[2]	1.76
Utilities	1.67
Services	1.58
Agriculture	1.30
Mining	1.25

Source: Ministry of Finance, Malaysia (estimates)

[2] Proxy industries to green mobility are wholesale & retail trade, repair of motor vehicles and motorcycles; electronic components and boards; electricity and gas; motor vehicles, trailers and semi-trailers; warehousing and support activities for transportation; ships, boats, bicycles and invalid carriages; electricity distribution & control apparatus, batteries and accumulators; services incidental to water and air transportation; repair & installation of machinery and equipment; rubber tyres and tubes; other transport equipment; and motorcycles as well as land, water and air transports.

Challenges to Green Mobility

In Malaysia, the pace of transition from ICE vehicles to EVs is yet to reach the desired potential due to public perception and infrastructure challenges. These include limited charging stations and public transport networks as well as issues related to affordability and accessibility such as high costs, slow expansion of charging infrastructure and low resale values (Malaysian Investment Development Authority, 2022). Currently, all EVs available in the market are imported, thus causing the retail prices to be comparatively higher than conventional ICE vehicles and less affordable to the masses.

Moreover, the limited availability and utilisation of alternative fuels, such as synthetic fuels and biomass, has caused the transportation sector to continue relying on fossil fuels. Recent efforts have been undertaken to produce sustainable fuels that combine fossil fuels with ethanol derived from renewable sources such as biomass generated from oil palm, agriculture by-products, wood and domestic waste. However, the development of sustainable fuels is still in the nascent stages and limited market production has made it a comparatively more expensive alternative. For instance, the early adoption of sustainable aviation fuel may lead to higher operational costs for airlines and could be potentially passed on to consumers.

Current Efforts and Way Forward

Malaysia possesses the competitive advantage to emerge as a regional automotive manufacturing hub for next-generation vehicles, including EVs and energy-efficient vehicles, as envisioned in the National Automotive Policy 2020. As the sixth-largest semiconductor exporter in the global E&E supply chain, Malaysia can leverage on the local semiconductor ecosystem to move up the value chain by shifting from back-end segment, particularly assembly, packaging and testing activities to higher value-added front-end segment such as advanced packaging, integrated circuit design and smart manufacturing activities. In addition, green mobility will boost industries such as batteries and electric motors activities. Furthermore, the utilisation of local raw materials for the production and development in recycling capabilities for EV batteries have great potential to further enhance the value chain within the manufacturing sector.

The growing demand for green mobility will stimulate growth of the services and construction sectors. The transportation and storage subsector will benefit from fleet electrification, which reduces operational costs and drives logistics companies' efficiency while contributing to lower carbon emissions. Meanwhile, the utilities subsector will benefit from the integration of RE sources to power EV charging stations and support the grid's transition to cleaner energy. The availability of charging infrastructure is essential to accommodate rising EV users, particularly in urban areas. Integrating EV infrastructure into future urban planning and development will also support green city initiatives, mainly energy-efficient buildings and smart cities and further enhancing property values and attractiveness.

Under the National Energy Policy, 2022 – 2040, the national grid is being upgraded to accommodate rising demand from household, commercial and industrial users, while also facilitating the implementation of a smart grid network. Similarly, through the NETR, the Government has set out the commitment to expand investments in RE, focusing on hydro, solar and bio energy to increase the nation's installed capacity. Meanwhile, the development of large-scale battery storage solutions to manage energy supply from renewable sources will contribute to greater energy resilience. These initiatives are expected to significantly increase the output in the energy segment, thus supporting the green mobility infrastructure needs.

Green hydrogen is an emerging source being explored as a potential fuel for the future. At present, development is still in the observation phase, with collaborative efforts among industry players are focused on leveraging hydropower advantages to produce green hydrogen. Efforts are also underway to develop a comprehensive regulatory framework to support and encourage growth across the entire hydrogen energy value chain.

The need to comply with ASEAN fuel economy standards has accelerated the development of sustainable fuels. Efforts to expand local sustainable fuel production will capitalise on the nation's abundant RE resources to meet rising domestic and international demand. In this respect, Malaysia is well-positioned to lead sustainable fuel production, given the abundant availability of biomass from palm oil mill effluent and empty fruit bunches. The sustainable fuel will also contribute to decarbonisation efforts in the aviation and marine sectors, ensuring compliance with international requirements and standards. Therefore, rapid scaling of industrial production volumes is crucial to lowering sustainable fuel production costs, promoting logistic industry decarbonisation and reducing dependency on fossil fuels.

The formulation of coherent policies and provision of necessary support remain critical in expediting the adoption of green mobility. Concerted efforts need to be intensified, including attracting investment from leading automakers to establish production facilities in Malaysia. The Government will also actively promote international cooperation, foster strategic collaboration and encourage partnership for technology transfers to drive innovation and position Malaysia as a key player in green technology for the transportation industry. Consequently, these efforts will spur the industry's growth and help achieve the national emissions target as outlined in strategic policy documents.

Conclusion

Green mobility offers both economic and environmental benefits to propel the nation towards a sustainable future, supported by strategic initiatives and a forward-looking vision under the Ekonomi MADANI framework. It also creates substantial multiplier effects across various economic sectors and promotes new green growth areas, including EVs, hydrogen and sustainable fuels. Additionally, integrating green mobility infrastructure into urban planning can increase future property values and attract investment in low-carbon city initiatives. Therefore, embracing green mobility will transform the economy, enhance national competitiveness and ensure the nation attains net-zero carbon emissions by 2050.

The finance and insurance subsector is projected to expand by 4.7% with positive growth in all segments, in tandem with rising economic and investment activities. The expansion of financial inclusion through the adoption of digital financial services is expected to significantly boost the demand for credit facilities, thus strengthening the banking segment. Meanwhile, the insurance segment is expected to be driven by rising demand for insurance and takaful products on the back of better awareness of financial protection, improvement in premium earnings and implementation of co-payment option.

The real estate and business services subsector is forecast to increase by 6.3% driven by sustained demand for professional services, particularly engineering-related services in construction activities, including new data centre facilities. In addition, the expansion of the subsector will be supported by the improvement in sales of residential houses in the real estate segment. Meanwhile, the information and communication subsector is expected to grow by 2.6%, mainly attributed to the completion of fifth-generation (5G) network that will enhance the coverage and network quality. Furthermore, a surge in investment for digital infrastructure including data centres will be crucial in improving the subsector's growth.

The food & beverages and accommodation subsector is poised to grow by 6.2%, in anticipation of higher tourist arrivals for business and leisure as well as meetings, incentives, conferences and exhibitions (MICE) activities. The tourism industry will benefit from Malaysia’s 2025 ASEAN Chairmanship, as well as nationwide hosting of numerous MICE events at international and regional scales. In addition, the visit state campaign by Kedah, Perlis and Selangor as well as intensive promotion for the Visit Malaysia 2026 (VM 2026) are expected to contribute to the growth of the subsector.

The utilities subsector is anticipated to increase by 5.9%, attributed by strong demand for electricity and water in the industrial, commercial and residential segments. This growth is expected to be driven by higher demand from EV charging infrastructures and data centre operations as well as the development of new and expansion of existing industrial parks.

The other services subsector is projected to rise by 5.4%, driven by private health and education segments. The Malaysia Healthcare Travel Council (MHTC) will engage in reinvigorating the healthcare tourism industry in an effort to establish a larger market base, especially in targeted markets such as China, India and Indonesia. In 2025, the MHTC estimates the industry’s revenue at RM2.9 billion, supported by more focused and segmentised campaigns. Meanwhile, the Education Malaysia offices and the Education Malaysia Global Services, along with local universities, will continue to attract students from abroad through continuous promotional efforts, particularly mobility and edutourism programmes. This include facilitating the issuance of social visit pass (graduate pass) for international students graduating from local universities. In addition, the government services subsector is forecast to record a growth of 6.7% in 2025 due to higher expenditure for salaries and wages, corresponding to the civil servants’ salary revision starting December 2024.

Manufacturing Sector

Firmer footing across industries

Amid stable global economic growth, the **manufacturing** sector is expected to strengthen by 4.5% in 2025 mainly driven by implementation of major policies such as the NIMP 2030 and National Semiconductor Strategy (NSS). Both domestic- and export-oriented industries continue to uphold the sector's performance in line with resilient domestic demand and favourable external environment. On the domestic front, production in household and consumer goods related industries such as food, beverages and textiles is expected to sustain. This is in line with supportive policy measures such as salary adjustment for civil servants and the EPF Flexible Account withdrawal which will stimulate consumer spending. In addition, favourable tourist arrivals in conjunction with major international events will also spur the demand for consumer goods. On the other hand, increasing approved and realised investments signifies a positive outlook for construction activities, thereby propelling the growth in the manufacturing of construction related materials.

The export-oriented industries is also expected to continue its growth trajectory in line with higher global demand for electronics components. The electrical, electronic and optical products subsector is expected to accelerate further, mainly underpinned by sustained demand for intermediate products, including advanced chips, which are used in next-generation smartphones and other consumer devices. Furthermore, rising realisation of approved investment in semiconductor industry, coupled with concerted efforts by the Government to elevate entire high-tech ecosystem under the NSS, will provide additional support to the growth of the subsector.

Agriculture Sector

Outlook remains favourable

The performance of the **agriculture** sector is expected to remain stable in 2025 with a growth of 1.9% supported by all subsectors, except forestry and logging. The oil palm subsector is poised to increase at a modest pace, underpinned by high FFB production and yield, following larger oil palm harvestable areas, favourable weather condition and better labour market. The CPO price is forecast to stabilise within the range of RM3,500 and RM4,000 per tonne in view of better global production. In addition, higher global output of soybean oil and steady demand for CPO from major importing countries are anticipated to contribute to the price stabilisation. The rubber subsector is projected to grow, underpinned by an increase in natural rubber output, particularly from the smallholder segment, which remains the largest contributor to total production. Other factors catalysing growth of the subsector include stable rubber prices, proactive Government support and expansion of mature rubber areas. These factors are expected to bolster production and improve profitability for rubber producers, especially the smallholders.

In addition, efforts to strengthen the food supply chain and improve resilience in the agrofood industry are expected to further propel the performance of other agriculture, livestock and fishing subsectors. These efforts include intensified R&D, commercialisation and innovation activities as well as measures to manage post-harvest losses. Improved domestic spending and higher tourist arrivals will also stimulate growth of these subsectors to cater to the growing demand for food items. Furthermore, the National Agrofood Policy 2021 – 2030, which aims to develop sustainable, resilient and high-technology agrofood industry, will provide further support to the subsectors' growth.

Mining Sector

Subdued outlook ahead

The **mining** sector is forecast to contract by 1% in 2025, following sluggish performance in key subsectors. The natural gas subsector is projected to decline as output decreases mainly due to the planned shutdown of two facilities in Sarawak for maintenance purposes as well as moderating demand from major importing countries such as Japan, China and the Republic of Korea. The overall production of natural gas is expected to remain below the 2024 capacity, despite several new plants being scheduled to commence operations, among others, the Bindu field in Terengganu, Gumusut-Kakap-Geronggong-Jagus East in Sabah and FaS Development in Sarawak. Similarly, the crude oil and condensate subsector is expected to contract due to lower production in Peninsular Malaysia, following the scheduled maintenance in the second half of 2025. In terms of prices, Brent crude oil is projected to average between USD75 and USD80 per barrel in 2025.

Construction Sector

Construction sector remains resilient

The **construction** sector is forecast to register a growth of 9.4% in 2025, largely driven by the acceleration of strategic infrastructure projects. The sector is expected to benefit particularly from civil engineering activities such as LRT3 Phase 2 and Sarawak-Sabah Link Road Phase 2. Similarly, the non-residential buildings subsector is projected to expand further, supported by strong demand for industrial facilities from the realisation of approved investments, coupled with the development of new industrial areas such as the Kerian Integrated Green Industrial Park (KIGIP) and Johor-Singapore Special Economic Zone (JS-SEZ). Furthermore, the residential buildings subsector is anticipated to expand, driven by sustained demand for affordable housing as underlined by the Ekonomi MADANI framework, alongside new development projects by the private sector.

Domestic Demand

Private sector to remain the driver of growth

Domestic demand is expected to expand by 6.1% in 2025, buoyed by private sector expenditure, growing at 6.6%. With strong consumption and investment spendings, the private sector contribution to GDP growth will remain high at 5.1 percentage points. Meanwhile, public expenditure is expected to grow by 4.1% and contribute 0.7 percentage points to GDP growth.

Private consumption is expected to increase by 5.9% mainly attributed to the improvement in disposable income. This will be supported by sustained domestic economic activities and robust labour market conditions, as well as the implementation of the SSPA. Other contributory factors include continued targeted cash assistance programmes, which will further support household spending in 2025.

Private investment is forecast to grow further by 8.9% supported by the progress of new and ongoing multi-year projects mainly in the manufacturing and services sectors, following the Government's efforts to strengthen the investment ecosystem. With a historically high total approved investments recorded in 2023, private investment is projected to remain robust with the realisation of projects, especially related to semiconductors and data centres such as in Bayan Lepas, Pulau Pinang; Kulim, Kedah; and Sedenak, Johor. Government initiatives such as GEAR-uP is expected to spur domestic investments by government-linked investment companies (GLICs) investing in high growth high value (HGHV) industries, which will subsequently provide opportunities for the industries to grow and increase firms' capital spending. Furthermore, the establishment of the JS-SEZ will stimulate investment activities in various industries in southern Johor, particularly financial services, digital economy and logistics. These initiatives will further boost private investment alongside the implementation of investment activities under the major national policies.

INFORMATION BOX 2.3

Johor-Singapore Special Economic Zone: Strengthening Bilateral Cooperation Towards Uplifting Growth Potentials

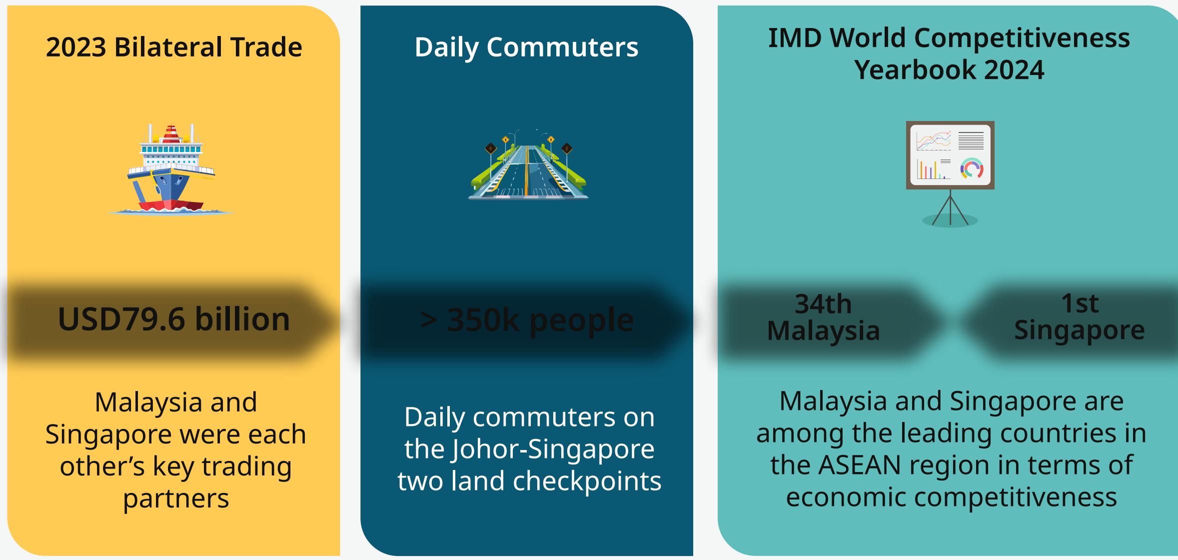
Introduction

Efforts to establish the Johor-Singapore Special Economic Zone (JS-SEZ) were officially initiated through a Memorandum of Understanding signed in January 2024. The development of JS-SEZ aims to enhance economic cooperation and prosperity, facilitate the mobility of people and movement of goods as well as strengthen the entire business ecosystem between Malaysia and Singapore. It is envisioned to be dynamic and competitive, with a vibrant and empowered private sector, thereby elevating the economic potential of both nations as a global hub along one of the world's busiest shipping routes. The Special Economic Zone (SEZ) is modelled after other similar initiatives in other countries, such as the Shenzen SEZ and Dubai International Financial Centre.

Leveraging Existing Strengths and Similarities

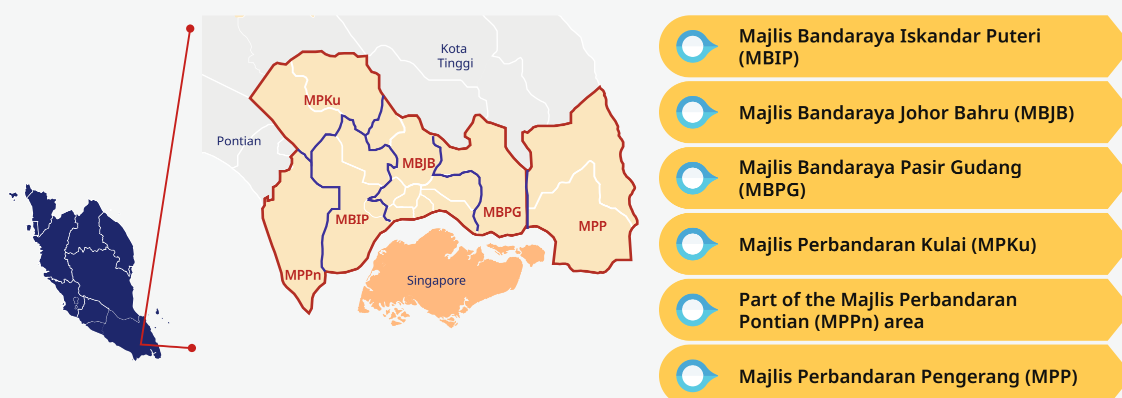
The JS-SEZ initiative reflects significant collaboration in the ongoing economic cooperation between Malaysia and Singapore. The initiative leverages the unique strengths and similarities of both countries to ensure successful implementation that benefits the nations. Figure 2.3.1. illustrates the main economic activities involving the two countries, which will further support the JS-SEZ in becoming a prominent economic corridor in the region.

FIGURE 2.3.1. *Main Economic Activities involving Malaysia and Singapore*



Source: Ministry of Economy, Malaysia

FIGURE 2.3.2. *Johor-Singapore Special Economic Zone Locations*



Source: Ministry of Economy, Malaysia

The establishment of the JS-SEZ will leverage the strategic geographical proximity of Johor and Singapore. The Johor State Government has finalised the locations of the JS-SEZ in Iskandar Malaysia[1] and Pengerang, involving six Local Authorities, as shown in Figure 2.3.2. These locations will cover an estimated total area of 3,505.3 km^2 in southern Johor, or approximately five times larger than Singapore. The development priority of the JS-SEZ in these areas will be guided, among others by the availability of land and infrastructure.

[1] Iskandar Malaysia includes five Local Authority areas namely MBIP, MBJB, MBPG, MPKu and MPPn.

FIGURE 2.3.3. *Development Plans in Johor State, Malaysia and Singapore*

Johor	Malaysia	Singapore
Maju Johor 2030	Ekonomi MADANI Framework	Singapore Economy 2030
Johor Budget 2024	Malaysia Five-Year Plans; Annual Budget	Singapore Budget 2024
Johor Sustainable Development Plan 2030	New Industrial Master Plan 2030	Singapore Industry Transformation Maps
Johor Green Deal	National Energy Transition Roadmap	Singapore Green Plan
Forest City Special Financial Zone	National Semiconductor Strategy	Singapore's National Hydrogen Strategy

Source: Ministry of Economy, Malaysia

The proposed JS-SEZ aligns with the goals outlined in the development plans in Johor state, Malaysia and Singapore, as shown in Figure 2.3.3. These plans share similar goals, which include promoting high-value economic investment, focusing on inclusive development and increasing sustainable growth. Hence, the JS-SEZ will enhance trade and connectivity between Malaysia and Singapore, encourage technological transfer and stimulate growth in various industries. The focus industries for the JS-SEZ will include, among others, logistics, financial and business services, tourism, food security, education, healthcare, digital economy, energy and manufacturing.

Forest City Special Financial Zone

On 25 August 2023, Forest City in Iskandar Puteri was designated as a Special Financial Zone (SFZ) to enhance foreign investment and further support the development of the JS-SEZ, particularly in the financial sector. The Forest City SFZ (Forest City) is expected to attract global companies by offering attractive tax incentive packages, including exemptions and special rates on corporate tax for firms; special rates on income taxes for skilled workers; as well as exemptions and special rates on stamp duty for properties. A dedicated one-stop business centre within the JS-SEZ will further expedite the approval process for global companies to invest in Forest City. Increased investment in Forest City will create new job opportunities for the rakyat, stimulate businesses and boost both state and national growth. Additionally, in July 2024, the Parliament passed the amendments of five Bills to designate Pulau Satu as a duty-free island, which will promote economic activities in Iskandar Malaysia including financial, tourism and retail activities, benefitting both countries.

Way Forward

The JS-SEZ is anticipated to bring mutual benefits by leveraging the existing strengths and similarities between both countries, as shown in Figure 2.3.4.

FIGURE 2.3.4. *Mutual Benefits of the JS-SEZ*

Cross-border business interactions	Flow of labour between countries	Business ecosystem and ease of doing business	Connectivity and trade	Economic development
Increased cross-border business interactions through improved mobility and integration	Increased mobility, talent exchange and collaboration driven by dynamic and integrated labour market	Enhanced ease of doing business supported by a seamless and conducive business environment	Leverage synergies to improve transportation infrastructure, streamline customs procedures and foster closer economic integration	Establishment of high-value added services and advanced manufacturing within Johor-Singapore Special Economic Zone to enhance economic complexity

Source: Ministry of Economy, Malaysia

Conclusion

Overall, the JS-SEZ will serve as a catalyst to boost bilateral economic cooperation and unlock growth potentials in both Malaysia and Singapore.

Public consumption is projected to rise by 3.8%, driven primarily by increased spending on emoluments following the implementation of SSPA. Meanwhile, **public investment** is forecast to grow by 4.9% in 2025, mainly supported by higher spending on capital outlays by NFPCs, constituting approximately 70% of total public investment. Key developments in utilities and transportation-related industries are expected to stimulate investment activities further. These include energy transition projects to accommodate rising demand for electricity as well as efforts to upgrade railway infrastructure and transportation system. Additionally, the public investment is anticipated to increase following the acceleration of key projects in the final year of the Twelfth Plan. Furthermore, investments by GLICs through GEAR-uP initiatives will catalyse economic priorities under the Ekonomi MADANI framework in strategic sectors such as energy, infrastructure, healthcare, education and technology.

The GNI at current prices is expected to grow at 6.7% in 2025, in line with the expansion in domestic economic activities. Meanwhile, the GNS and total investment are anticipated to record 24% and 21.6% of GNI, respectively. The **savings-investment gap** is expected to remain in surplus at RM49.1 billion or 2.4% of GNI, allowing the country to finance investment primarily from domestic sources.

FEATURE ARTICLE 2.4

Empowering Malaysia's Government-Linked Investment Companies: Unlocking Investments to Propel Growth and Societal Development

Introduction

Government-linked investment companies (GLICs) encompass pension, savings and sovereign wealth funds, namely the Employees Provident Fund (EPF), the Retirement Fund (Incorporated) (KWAP), the Armed Forces Fund Board (LTAT), Lembaga Tabung Haji (TH), Permodalan Nasional Berhad (PNB) and Khazanah Nasional Berhad (Khazanah). Each entity functions under a distinct mandate, focusing on investment, which generate sustainable and risk-adjusted returns that are aligned with specific fund objectives and socioeconomic development roles, as depicted in Figure 2.4.1. GLICs have played a pivotal role in supporting the nation's economic development agenda since their inception, while enhancing the financial wealth and savings of Malaysians.

FIGURE 2.4.1. *Overview of Investment-Related GLICs*

Entity	EPF	KWAP	LTAT	TH	PNB	KHAZANAH
Year of Inception	1951	2007	1972	1963	1978	1993
Mandate	• Helps Malaysian workforce to save for their retirement, as stipulated in the Employees Provident Fund Act 1991 • Supports Malaysia's economic development by investing in diverse sectors	• Manages government funds with the objective of achieving maximum sustainable returns • Oversees operations related to civil service pensions • Administers & invests across a range of diversified market instruments	• Manages & invests funds for financial growth & security, benefiting members of the Malaysian Armed Forces • Improves welfare & financial well-being of Armed Forces personnel & their families	• Manages & invests depositors' funds in Shariah-compliant investments for sustainable returns • Facilitates the Hajj pilgrimage for Malaysians with subsidised assistance & logistical support	• Offers diverse financial products to meet client & investor needs • Grows Bumiputera & Malaysian savings through competitive income distribution & investments in diverse assets & key sectors • Increases Bumiputera equity ownership through targeted investment opportunities	• Contributes to the nation's economic progress through strategic investments as Malaysia's sovereign wealth fund • Grows Malaysia's long-term wealth by balancing financial returns and responsible investment strategies
Total Assets or AUM[1] (RM billion)	1,219	184	11	95	339	148

[1]As at end-June 2024
Source: Annual reports and data from government-linked investment companies

Over the decades, these GLICs collectively contributed to Malaysia's transformation from a predominantly agrarian economy to a more diversified and industrialised nation, in line with the country's long-term development plans. Furthermore, the strategic investments of these GLICs have accelerated privatisation initiatives and spurred growth in strategic sectors such as energy, infrastructure, healthcare, education and technology. In this regard, the growth of GLICs reflects Malaysia's dynamic approach to economic management, ensuring resilience and sustained progress in the face of global challenges.

Evolving Through Decades of Growth

The evolution of GLICs in Malaysia can be traced back to the 1980s, marking a significant era of economic restructuring initiated by the Government. During this period, Malaysia pursued a privatisation strategy aimed at transforming government agencies into commercially-driven corporations, with the primary objective of enhancing efficiency and productivity. This move laid the foundation for subsequent privatisation efforts, which were also prominent in the 1990s, thereby reducing the fiscal burden, improving service delivery and fostering a competitive business environment.

Since the 2000s, both GLICs and government-linked companies (GLCs) have embarked on a more proactive transformation plan, with the introduction of the Government-Linked Companies Transformation (GLCT) Programme in 2005. This 10-year Programme set ambitious targets, aimed at transforming GLICs and GLCs into high-performing entities, thereby accelerating the country's social and economic development. Under this initiative, selected GLICs and GLCs underwent comprehensive restructuring to improve governance, performance and accountability, resulting in the enhanced competitiveness and financial performance of the entities.

Building on the foundations established by previous programmes, the Government launched the Perkukuh Pelaburan Rakyat (PERKUKUH) Programme in 2021. The Programme was aimed to strengthen the role of GLICs in national development by further improving the entities' governance, accountability and strategic impact. By aligning GLICs more closely with Malaysia's socioeconomic priorities, PERKUKUH strive to ensure these entities could effectively support the nation's aspirations for sustainable and inclusive growth.

Growth driven by GLICs has proven to be an effective strategy across the world, with these entities contributing towards the needs of their respective countries. A notable example is the Public Investment Fund (PIF) of Saudi Arabia, which plays a crucial role in advancing the nation's Vision 2030 aspiration by diversifying its economy away from oil-related income dependency. Likewise, Norway's Government Pension Fund Global has been instrumental in managing the country's substantial oil and gas revenues, thereby contributing to Norway's economy by investing globally to ensure long-term financial stability and supporting domestic welfare initiatives. Regionally, Singapore's Temasek Holdings has been pivotal in shaping the economy through strategic investments in sectors such as technology, financial services and healthcare. Similarly, GLICs in Malaysia are well-positioned to realign their portfolios towards high growth high value (HGHV) sectors, including energy transition and advanced manufacturing, thereby driving continued economic growth and innovation. Against this backdrop, the Ministry of Finance (MoF) initiated the Government-Linked Enterprises Activation and Reform Programme (GEAR-uP) to strengthen GLICs' roles as key drivers of sustainable and inclusive growth.

Foundation and Purpose of GEAR-uP

The Ekonomi MADANI framework sets aspiring goals that require coordinated efforts across various sectors, including GLICs and GLCs, emphasising the importance of strategic investments, innovation and social inclusion as pillars of national progress. Through GEAR-uP, the role of GLICs will be strengthened in driving high-impact investments, fostering innovation and enhancing governance. GEAR-uP is designed to ensure that GLICs not only continue to generate financial returns, but also reinforce their contribution to Malaysia's long-term economic and social development. GEAR-uP is anchored by four key objectives:

(a) Catalyse economic priorities under the Ekonomi MADANI framework;

(b) Elevate the performance of GLICs and GLCs;

(c) Mobilise and coordinate efforts to promote upward social mobility, equality of opportunity, and improve the quality of life for workers and the communities in which they operate; and

(d) Institutionalise reforms to clarify the Government's ownership philosophy and enhance governance.

As a guiding principle, GEAR-uP aims to align and mobilise GLICs and GLCs to support the implementation of policies, priorities and plans under the Ekonomi MADANI framework. GEAR-uP will involve the six GLICs and their GLCs, as well as Minister of Finance (Incorporated) (MOF Inc.) companies, through a phased approach. At the same time, high-priority operating companies will be shortlisted for focused efforts to drive sustainable performance improvement.

Historically, Malaysia has seen a robust share of private investment relative to GDP. However, this share has diminished, decreasing from an average of 17.1% during the pre-COVID-19 period (2017 – 2019) to 15.5% in the post-pandemic era (2021 – 2023), indicating a reduced role of private investment in the economy. This downward trend highlights the need for renewed efforts to enhance private sector participation. In response, the GEAR-uP initiative involves each GLIC partnering with the private sector towards strengthening economic development.

Collectively, Malaysia's GLICs manage over RM1.9 trillion in assets under management (AUM), which is approximately equivalent to the country's nominal GDP, and represent over a quarter of the market capitalisation of Bursa Malaysia. Along with their GLCs, these entities contribute nearly 10%[1] of GDP, provide around 240,000[2] employment, and support a vendor network of approximately 1,800 companies.

GEAR-uP's Targeted Focus Areas for Growth

The GEAR-uP initiative is designed with three distinct focus areas, each developed across three phases. The first focus area involves realigning the mandates of GLICs to support the Ekonomi MADANI framework. The second focus area centres on driving investments, performance, and impact by catalysing efforts to 'Raise the Ceiling', partnering with the Government to 'Raise the Floor', and transforming firms to become globally competitive. The final focus area is dedicated to future-proofing governance and institutionalising reforms. This involves clearly defining the Government's ownership philosophy, strengthening stewardship capabilities for effective oversight, and implementing necessary legislative reforms.

These targets will be accomplished through a phased approach, with the first phase focusing on GLICs, the second on selected GLCs, and the third encompassing MOF Inc. companies. In the initial phase in 2024, the emphasis will be on building momentum by realigning mandates and harmonising GLICs' support with the Ekonomi MADANI framework. This phase includes the establishment of a performance monitoring framework and the development of a stewardship plan for key GLCs. The second phase, scheduled for 2025 – 2026, will broaden the scope to include MOF Inc., continuing the support for GLIC and GLC efforts as well as reviewing MOF Inc. companies. This phase will also implement a performance improvement programme for selected MOF Inc. companies and introduce an ownership philosophy and stewardship framework. Finally, the third phase, set to commence in 2026, will focus on transitioning the identified entities to a steady state, ensuring long-term sustainability and continuous renewal through robust monitoring and programme processes.

[1] Derived by aggregating the revenue of six GLICs and their GLCs, then dividing the total by the GDP.
[2] As at end-December 2023.

FIGURE 2.4.2. *GEAR-uP Initiatives*

Source: Annual reports and data from government-linked investment companies

GEAR-uP has delineated seven 'Raise the Ceiling' and seven 'Raise the Floor' initiatives that these GLICs can support under the Ekonomi MADANI Framework, as shown in Figure 2.4.2. In August 2024, the six GLICs collectively committed to a coordinated effort and renewed focus on the nation's development by pledging investments totalling RM120 billion over the span of five years. In addition, each GLIC has agreed to champion specific economic sectors to elevate Malaysia's aspirations of becoming a leading Asian economy, while collectively focusing on enhancing the quality of life and social well-being of workers and communities. These investments are primarily directed towards HGHV industries, including the energy transition industry and advanced manufacturing, particularly in the semiconductor segment.

GLICs are well positioned to play a pivotal role in ensuring the successful implementation of GEAR-uP. Accordingly, Khazanah has embarked on an ambitious investment strategy under the 'A Nation That Creates' framework to boost national productivity and competitiveness. The strategy focuses on transforming firms for value enhancement, driving the energy transition and accelerating digitalisation. Khazanah is also committed to building capacity and advancing workforce upskilling, while spearheading efforts to strengthen Malaysia's connectivity through its aviation portfolio. Furthermore, Khazanah will work to ensure the resilience of the semiconductor segment, foster the growth of mid-tier companies and invest in the venture capital ecosystem to support GEAR-uP. Meanwhile, strategic acquisitions of Malaysia Venture Capital Management Bhd (MAVCAP) and Penjana Kapital Sdn Bhd in July 2024, are integral to establishing the National Fund-of-Funds, which is aimed at expanding capital access for startups, thus driving economic growth and innovation.

KWAP has shown a strong commitment to empowering domestic markets, particularly in the areas of private equity, infrastructure and real estate. Through catalyst funds, including Dana Perintis and Dana Pemacu, KWAP aims to support venture capital and growth-stage firms, focusing on eight key sectors, including food security, the digital economy, energy transition and advanced manufacturing. Likewise, PNB will drive investments in high value-added and sustainable activities to modernise domestic industries and corporations. This includes a specific focus on developing new industrial parks, promoting automation, advancing smart farming in oil palm industry and acquiring green energy transition assets. Additionally, PNB remains committed to empowering the Bumiputera community by nurturing future entrepreneurs and corporate leaders, while also improving financial literacy and security among Malaysian youth.

The EPF is committed to promoting a dignified and prosperous ageing society by investing in commercially viable and sustainable healthcare solutions, in partnership with the Government. The EPF will also continue enhancing social protection and pension reforms to ensure income security for the rakyat. Meanwhile, in the Islamic finance sector, the TH aims to strengthen sustainable social impact through Islamic finance instruments, streamline disbursements to the poor, and enhance the Islamic financial system through strategic collaborations with key financial institutions and market players. Finally, LTAT is focused on boosting Malaysia's pharmaceutical value creation by strengthening local biopharmaceutical production capabilities, while also remaining committed to safeguarding and improving the social well-being of veterans by supporting the ecosystem for a smoother transition to second careers.

To 'Raise the Floor', GLICs are committed to leading the corporate sector in initiatives to improve the well-being of employees. The initial step involves ensuring all employees within their organisations and ecosystems, including those in investee companies, receive a decent monthly living wage, aligned with productivity-driven wage standards. GLICs have also committed to continuous efforts, aimed at promoting equal opportunities through fairer gender representation in the workplace. Furthermore, GLICs will enhance talent pools through targeted reskilling and upskilling programmes, particularly in technical and vocational education and training (TVET). Similarly, GLICs will provide socioeconomic interventions that complement the Government's efforts in supporting basic infrastructure, through coordinated and streamlined corporate responsibility initiatives, such as the Santuni MADANI programme.

Conclusion

Since their inception, GLICs and GLCs have evolved from being government-owned entities to becoming key drivers of Malaysia's economic development, while pursuing commercially viable investments. This evolution reflects the steadfast commitment to enhancing efficiency, competitiveness and governance, significantly contributing to the nation's prosperity and resilience. By realigning mandates, driving strategic investments, and institutionalising governance reforms, GEAR-uP are poised to support the objectives of the Ekonomi MADANI framework and reinforce Malaysia's economic resilience. Similar reforms have garnered global recognition, particularly from esteemed organisations like the World Economic Forum (2020), which highlights the crucial role of sovereign wealth funds in fostering economic equality in the post-pandemic era. Such recognition underscores the significance of GEAR-uP's efforts, and further exemplifies the transformative path that strategically realigns and strengthens Malaysia's economic sustainability.

Income

Institutional reforms to boost income growth

The robust economic growth anticipated in 2025 is likely to generate increased income opportunities for the workforce. The implementation of the new minimum wage rate and adjustments to civil servants' salaries will further contribute to the rise in workers' income. Moreover, ongoing efforts to restructure the economy by promoting automation and advanced technologies, improving productivity through retraining and upskilling, and reducing reliance on low-skilled foreign labour are poised to drive additional income growth. Consequently, the **CE** share of GDP is projected to increase to 33.5%. However, this remains relatively low compared to advanced economies and falls short of the 40% CE target. In this regard, accelerating labour market reforms, encompassing institutions and legislations, is pertinent to enhance the wage structure, thus ensuring workers attain more equitable benefits from better earning prospect and economic progress. Additionally, employers should also recognise that higher wages can serve as a catalyst for business expansion following the enhanced productivity among workers.

The **GOS** is projected to grow by 6.2%, contributing 63.2% of GDP in 2025, mainly supported by robust domestic economic activities and strong external demand. Meanwhile, mixed-income for the self-employed or independent entrepreneurs is expected to improve by 8.4% and contribute 15.8% to GDP, bolstered by the growing demand for gig work, which will provide more earning opportunities for this group. Initiatives to establish a more structured mechanism in enhancing social protection for the self-employed, including those in the informal sector, may encourage more participation in self-employment as a viable income source.

Income from indirect tax and non-tax revenue on production and imports is anticipated to expand by 7.8% in 2025, attributed to ongoing efforts to enhance revenue collection and form a broader tax base. On the other hand, expenditure on subsidies and incentives is expected to decline by 3.4% as the Government continues to implement more targeted assistance and subsidy programmes to improve inclusion and minimise exclusion. Thus, income from **net taxes on production and imports** is projected to contribute 3.3% to GDP in 2025.

External Sector

External sector remains favourable

In 2025, **gross exports** are anticipated to expand by 3.9% across all sectors, supported by improved performance in global trade as well as acceleration in the demand for E&E products driven by the global technology upcycle. The growth is also attributed to Malaysia's position as among the major players in the global semiconductor supply chain as well as higher exports for non-E&E products.

Exports of manufactured goods are projected to increase by 4%, resulting from rising demand for both E&E and non-E&E products, constituting shares of 46.3% and 53.7%, respectively. The E&E products are poised to increase by 4.4% contributed by a steady demand for semiconductor, in tandem with the anticipated growth of 12.5% in the global semiconductor market. This projected expansion also aligns with the aspirations under the NSS, which aims to position Malaysia as a leading international hub for semiconductor manufacturing and innovation, with a particular focus on chip design. Concurrently, exports of non-E&E products are estimated to grow by 3.7% contributed by higher demand, particularly for petroleum products; other manufactures; chemicals and chemical products as well as machinery, equipment and parts.

Exports of agriculture goods are forecast to expand by 3.3%, led by steady global demand for palm oil and palm oil based agriculture products; as well as natural rubber. Likewise, exports of mining goods are projected to moderate by 2.1%, following softer demand for LNG and crude petroleum from major markets.

Gross imports are envisaged to increase by 4.1% in 2025, supported by expansion in all components, including a rebound in re-export activity. Imports of intermediate goods are anticipated to grow by 3.6%, particularly in industrial supplies for manufacturing activities. In addition, imports of capital goods are projected to expand by 3.8%, in line with private investment activities driven by data centre development. Subsequently, imports of consumption goods are estimated to rise by 3.4%, in tandem with increasing demand from households, following optimistic consumer sentiments.

The **current account of the balance of payments** is forecast to register a higher surplus of RM49.1 billion or 2.4% of GNI in 2025, on the back of continuous improvement across all economic sectors. The goods account is projected to record a larger surplus of RM125.6 billion, following better growth prospects among major trading partners. Furthermore, the services account is expected to post a smaller net outflow of RM16.8 billion, attributed to higher earnings in the travel, transport and other services accounts. Receipts in the travel account are expected to expand to RM101.9 billion, supported by vigorous tourism activities following higher tourist arrivals, particularly from Malaysia's 2025 ASEAN Chairmanship and preparations for the VM 2026. Nonetheless, payments in the travel account are anticipated to increase to RM65.2 billion, owing to residents spending abroad for business, education and pilgrimage travelling activities.

Incomes from the transport account are projected to reach RM39.8 billion, bolstered by higher earnings from air travel and cargo handling services provided by domestic companies. However, continuous dependency on foreign transport services is expected to increase payments in the transport account to RM71.4 billion, amid robust trade activities. Meanwhile, under the other services account, steady investment and the ongoing implementation of strategic projects abroad are expected to further increase earnings, leading to a narrowing deficit of RM21.9 billion.

The primary income account is expected to record a wider net outflow of RM56.5 billion, owing to higher payments by foreign investors, which include profits repatriation in tandem with the ramping up of investment activities. Additionally, compensation for foreign professionals is anticipated to edge up following the uptick of technological advancements and continuous adoption of industrial revolution, including AI, cloud computing, digitalisation and automation, leading to a higher deficit in the account. Similarly, the secondary income account is anticipated to register a wider deficit of RM3.1 billion, mainly due to higher remittances by foreign workers.

Prices

Expected to remain manageable

Headline inflation is projected to remain manageable with the easing of global supply constraints and the moderation of global commodity prices. However, some upward inflation pressure could emerge from anticipated domestic policy measures. Headline inflation is expected to range between 2% to 3.5% in 2025. Meanwhile, the **PPI** is expected to moderate following the stable production activities.

Labour Market

The labour market remains resilient

The labour market is projected to remain stable in 2025, in tandem with better economic growth prospects anticipated in both domestic and external fronts. Strategies to address structural issues in the labour market, particularly related to wages and productivity, are expected to enhance business efficiency and boost labour demand. Hence, the **unemployment rate** is forecast to improve further to 3.1% in 2025. Total **employment** is projected to record a growth of 2.1% to 16.6 million persons, with more than 80% of employment opportunities concentrated in the services and manufacturing sectors.

The number of low-skilled **foreign workers** is expected to hover around 2.5 million persons to accommodate the needs of economic activities, particularly in labour-intensive industries. Nevertheless, the Government will continue to monitor the approval of new hiring of low-skilled foreign workers to align with the threshold of 15% from total employment. Furthermore, the implementation of the multi-tiered levy system as well as the adoption of automation and advanced technology are also anticipated to support policies towards reducing reliance on low-skilled foreign workers. Meanwhile, **expatriates** hiring is expected to increase marginally to fit the demand of skilled talent in critical jobs. As outlined in the NIMP 2030, the Government will also facilitate the hiring process for skilled talent by introducing a green lane for the highest tier of Employment Pass applications to support growth in strategic industries.

Labour productivity is projected to rise by 2.7% to RM101,700 in 2025, spearheaded by wider adoption of advanced technologies, digitalisation and modern management practices across enterprises to enhance value chains, particularly in HGHV industries. The ongoing implementation of upskilling initiatives such as the Academy in Industry programme reflects the Government's continuous efforts to address talent supply-demand mismatches. Likewise, programmes such as the e-shared prosperity organisation, productivity grants and good regulatory practices, will further enhance business efficiency and productivity across sectors.

Conclusion

The recent implementation of strategic policies has significantly contributed to Malaysia's economic growth, surpassing market expectations for the first half of 2024. This upward trajectory is expected to continue for the rest of the year, reflecting the effectiveness of the measures adopted and underscores the resilience of economic fundamentals. Looking ahead, the targeted growth rate between 4.8% and 5.3% for 2024 is achievable, anchored by the Ekonomi MADANI framework and strategies under the Budget 2024. By maintaining focus on sustainable development and continuous improvement, the economy will remain resilient amid global challenges, ultimately strengthening economic growth and elevating the rakyat's standards of living.

The global economy is expected to grow steadily in 2025. This positive outlook is also anticipated to indirectly help boost trade and local demand for goods and services. Malaysia's inbound tourists are expected to surpass pre-COVID-19 levels, supported by various regional and international programmes as well as in preparation for Visit Malaysia 2026. Additionally, domestic economic development is expected to be more vigorous with robust domestic private investment, particularly the implementation of GEAR-uP, to support ongoing projects and programmes under the NETR, NIMP 2030 and NSS. Therefore, Malaysia's economy is poised to expand between 4.5% and 5.5% in 2025, anchored by the implementation of the outlined strategic initiatives.

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CHAPTER 3

Monetary and Financial Developments

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Overview

Financial market remains robust

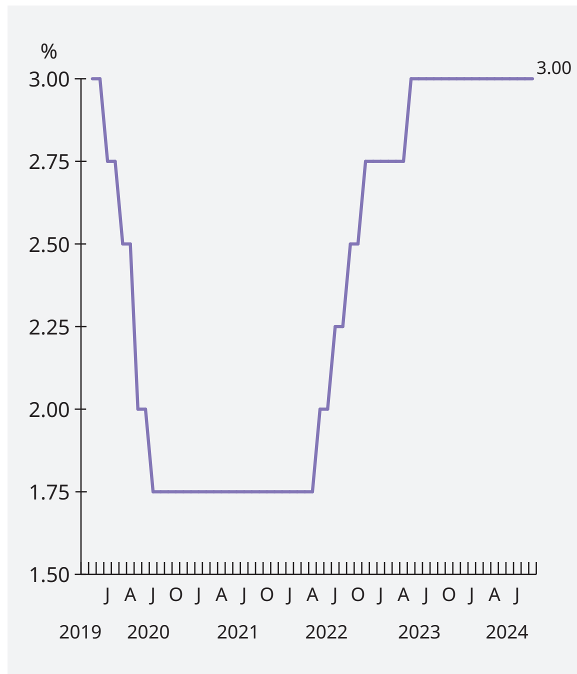
Malaysia's financial market remains resilient and orderly. Anchored by the Ekonomi MADANI framework, the domestic financial market continues to play a significant role in supporting economic growth, supported by well-capitalised financial institutions and a well-functioning capital market. Meanwhile, the monetary policy stance remains unchanged with the Overnight Policy Rate (OPR) at 3.00% in tandem with inflation prospects and the overall health of the economy. However, market volatilities arising from external headwinds, including heightened geopolitical tensions, extended periods of high global interest rates, slow growth in China, and the outcomes of the US presidential election will pose challenges to the domestic financial market.

Monetary Developments

Overnight Policy Rate sustained amid stable growth

The OPR was maintained at 3.00% in the first nine months of 2024. The OPR remained unchanged following the Monetary Policy Committee's (MPC) thorough assessment of the overall economic conditions. This decision is consistent with the manageable inflation and current outlook of sustained strength in domestic economic activity amid the implementation of diesel subsidy rationalisation. Bank Negara Malaysia's (BNM) policy direction is expected to continue to be forward-looking, with a focus on maintaining price stability to facilitate sustainable domestic economic growth going into 2025.

FIGURE 3.1. *Overnight Policy Rate Level (%)*

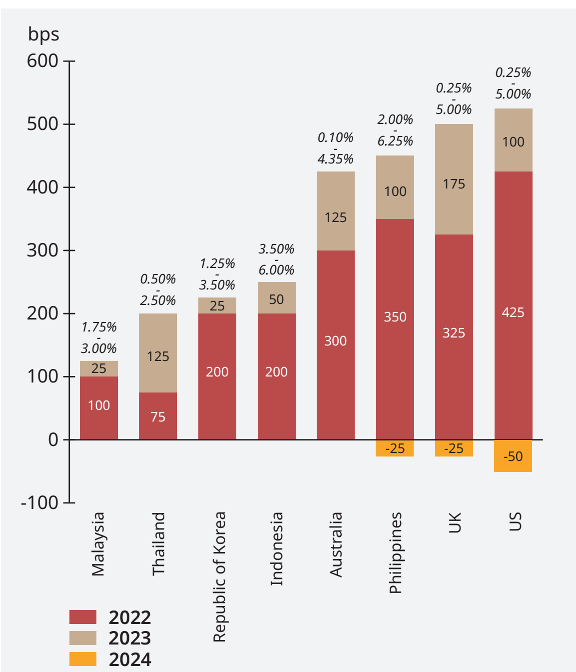


Source: Bank Negara Malaysia

The lending of commercial banks remained steady in tandem with the unchanged OPR level. As at end-July 2024, the lending rates, particularly the base lending rate (BLR) remained unchanged at 6.68%, while the weighted average lending rate (ALR) on outstanding loans remained broadly stable at 5.12%. The deposit rates eased as commercial banks adjusted their funding strategy to manage the cost of funds, with the average savings deposit rate moderating to 0.87%. Similarly, the fixed deposit rates across tenures of 1- to 12-month also edged down to the range of 2.52% to 2.79%.

From the global perspective, the policy rates of most central banks reached their peak of normalisation trend in 2023, before remaining steady in the first nine months of 2024. During this period, the central banks of the Philippines and the UK started to loosen their restrictive monetary policies in August 2024, while the central bank of Indonesia took their first cut in September 2024 after increasing their interest rate in April 2024. Similarly, the US Federal Reserve (Fed) also delivered its first rate cut in September 2024, with a projection of additional reductions by year-end. Despite the global shift towards monetary easing, Malaysia's monetary policy remains unaffected by the timing and policy path of other central banks, and continues to be guided by domestic considerations.

FIGURE 3.2. *Comparison of Policy Rates for Selected Central Banks, January 2022 – September 2024 (basis points, bps)*



Source: Bank Negara Malaysia and Bloomberg

Performance of Ringgit

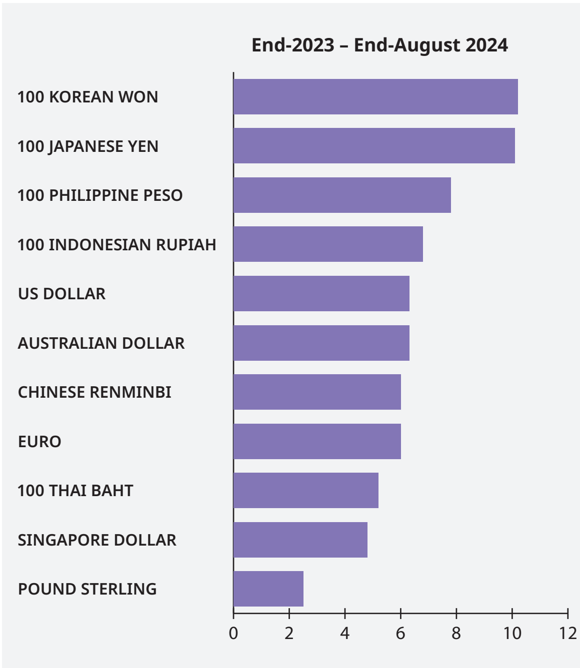
Ringgit rebounded after a prolonged period of weakness

The Malaysian ringgit recovered from its three years of losses stemming from the strength of the US dollar and rebounded to its 18-month record high at RM4.3205 against the US dollar, appreciating by 6.4% (year-to-date) as at end-August 2024. The key drivers for the ringgit's appreciation were attributed to the strong domestic economy, including a recovery in exports and positive impacts from the coordinated efforts by the authorities to encourage repatriation and conversion of foreign income proceeds by government-linked companies (GLCs), government-linked investment companies (GLICs) and corporates.

In addition, the ringgit strengthened post July's Federal Open Market Committee (FOMC) meeting, which provided better clarity surrounding the Fed's easing interest rate trajectory. These factors have helped the ringgit to gradually recover from its lowest value recorded this year on 17 April 2024 at RM4.7935, when the US dollar strengthened amid a hawkish narrative surrounding the US monetary policy stance in the earlier part of the year. This development led to risk-on sentiment attributed to narrowing interest rate differential, thereby increasing global investors' risk appetite towards emerging market currencies, including the ringgit.

Additionally, the confluence of positive factors such as favourable economic outlook, ongoing structural reforms and positive assessment from international rating agencies and analysts have restored investors' confidence in Malaysia as a viable investment destination. All in all, these factors have pushed the ringgit to become one of the strongest currencies in Asia. Other than the bilateral exchange rate valuation against the US dollar, the ringgit has appreciated against most major and regional currencies within the range of 2.5% to 10.2% as at end-August 2024. Looking ahead, the whole-of-nation approach including measures to further strengthen the economy through the Ekonomi MADANI framework and its policy levers are expected to support and increase the value of the ringgit.

FIGURE 3.3. *Performance of Ringgit against Selected Currencies*
(% change)



Source: Bloomberg

Banking Sector Performance

Banking sector well-positioned to support economic activities

The banking sector remained well-capitalised, coupled with ample liquidity buffers to support financial intermediation in the economy. As at end-July 2024, the Common Equity Tier 1 Capital (CET1), Tier 1 Capital, and Total Capital ratios remained steady at 14.8%, 15.4%, and 18.5%, respectively. The banking sector continued to provide sustainable funding amid strong growth in deposits with a stable loan-to-deposit ratio (LDR) of 87.6% while maintaining sufficient liquidity to meet the short-term and long-term financial obligations with an aggregate Liquidity Coverage Ratio (LCR) of 150.8% and the Net Stable Funding Ratio (NSFR) of 115.5%. These indicators remained well above the Basel III standards[1] to provide banks with a solid buffer against potential liquidity shocks while simultaneously sustaining credit flows in the economy.

On the asset quality front, the loan impairments remained manageable given the low level of the gross impaired loan ratio at 1.6%, coupled with low uptake of the restructuring and rescheduling programme by borrowers facing financial constraints, indicating most borrowers could promptly repay their loans. Additionally, the banking sector continues to be watchful of emerging risks that could impact loan performance. The total provisions, including regulatory reserves, remained adequate at RM43 billion (equivalent to 124.5% of impaired loans as at end-July 2024) to serve as a buffer for potential credit losses.

FIGURE 3.4. *Banking System: Impaired Loans and Gross Impaired Loans Ratio*
(End-period)

[1] End-July 2024
Source: Bank Negara Malaysia

[1] The Basel III minimum regulatory levels of CET1 Capital (4.5%), Tier 1 Capital (6%), and Total Capital ratios (8%), respectively, of risk-weighted assets (RWA). Meanwhile, for LCR and NSFR, the minimum requirement is 100%.

During the first seven months of 2024, lending activities in the banking system were sustained by continued growth in both business and household segments by 5.7% and 6.5%, respectively, contributing to total loan outstanding growth of 6.4% to RM2,188.5 billion. In contrast, the banking system's repayment activities contracted by 2.7% to RM1,363.6 billion in line with moderating loan disbursements of 0.1% to RM1,386 billion, weighed down by the business segment.

Of this total loan outstanding, the household segment constitutes the largest share in the banking sector as loan applications expanded by 4.9% to RM488.7 billion amid steady demand for the purchase of passenger cars and houses as at July 2024. Similarly, other key lending indicators, such as loan approvals and disbursements, increased by 4.1% and 10.5% to RM218.3 billion and RM294.3 billion, respectively. The credit conditions continue to be favourable, with repayment activities remaining strong at 7.4%, in line with favourable labour market conditions. The revised civil service salary scheme to be rolled out by the end of the year is also expected to further contribute to the resilience of this segment.

For the business segment, overall loan activities remained supportive, driven by higher growth in working capital and investment activities, as reflected by higher loan applications, which stood at 7.7% to RM333.8 billion as at July 2024. Nevertheless, the loan repayments declined by 3.2% to RM918 billion

TABLE 3.1. *Banking System: Loan Indicators[1], January – July 2023 and 2024*

	RM BILLION		CHANGE (%)	
	2023	**2024**	**2023**	**2024**
Total[2]				
Loans applications	797.6	842.9	*3.7*	*5.7*
Loans approvals	413.5	432.8	*8.3*	*4.7*
Loans disbursements	1,388.1	1,386.0	*5.2*	*-0.1*
Loans repayments	1,401.0	1,363.6	*6.8*	*-2.7*
Loans outstanding[2,3]	2,056.4	2,188.5	*4.2*	*6.4*
of which:				
Business Sector				
Loans applications	310.0	333.8	*6.7*	*7.7*
Loans approvals	185.8	200.3	*15.9*	*7.8*
Loans disbursements	931.4	924.8	*0.4*	*-0.7*
Loans repayments	947.9	918.0	*2.0*	*-3.2*
Loans outstanding[3]	700.2	740.1	*0.3*	*5.7*
of which:				
SMEs				
Loans applications	180.7	190.9	*15.3*	*5.6*
Loans approvals	94.9	102.2	*19.9*	*7.7*
Loans disbursements	291.6	325.1	*5.0*	*11.5*
Loans repayments	286.2	315.3	*4.6*	*10.2*
Loans outstanding[3]	347.2	378.5	*6.6*	*9.0*
Households				
Loans applications	466.0	488.7	*2.6*	*4.9*
Loans approvals	209.6	218.3	*4.7*	*4.1*
Loans disbursements	266.4	294.3	*12.4*	*10.5*
Loans repayments	265.8	285.6	*15.0*	*7.4*
Loans outstanding[3]	1,226.0	1,305.3	*5.4*	*6.5*

[1] Loans for all segments include data from the banking system and development financial institutions (DFIs)
[2] Refer to the sum of outstanding business and household loans, and excludes loans to Government, financial institutions, non-bank financial institutions and other entities
[3] As at end-period
Note: Total may not add up due to rounding
Source: Bank Negara Malaysia

TABLE 3.2. *Banking System: Loans Outstanding by Sector, End-July 2023 and 2024*

	RM BILLION		SHARE (%)	
	2023	2024	2023	2024
Businesses	**700.2**	**740.1**	***34.1***	***33.8***
Non-SMEs[1]	350.6	359.1	*17.1*	*16.4*
SMEs	347.2	378.5	*16.9*	*17.3*
Selected sectors				
Primary agriculture	31.7	32.9	*4.5*	*4.4*
Mining and quarrying	9.1	9.0	*1.3*	*1.2*
Manufacturing	126.7	133.7	*18.1*	*18.1*
Construction	89.6	90.9	*12.8*	*12.3*
Electricity, gas and water supply	21.3	18.7	*3.0*	*2.5*
Wholesale and retail trade	145.0	160.4	*20.7*	*21.7*
Hotels and restaurants	19.4	20.9	*2.8*	*2.8*
Transport and storage	30.7	31.2	*4.4*	*4.2*
Information and communication	22.0	22.5	*3.1*	*3.0*
Finance, insurance and business activities	171.1	188.3	*24.4*	*25.4*
Households	**1,226.0**	**1,305.3**	***59.6***	***59.6***
of which:				
Purchase of residential properties	755.2	812.8	*61.6*	*62.3*
Purchase of non-residential properties	80.8	82.8	*6.6*	*6.3*
Purchase of passenger cars	175.4	192.8	*14.3*	*14.8*
Credit cards	40.3	43.5	*3.3*	*3.3*
Personal use	110.6	115.6	*9.0*	*8.9*
Purchase of securities	63.3	57.5	*5.2*	*4.4*
Others	0.3	0.3	*0.0*	*0.0*
Other sectors	**130.2**	**143.1**	***6.3***	***6.5***
Total[2]	**2,056.4**	**2,188.5**	***100.0***	***100.0***

[1] Non-SMEs refer to large corporations, including foreign entities, other domestic entities, Government and others
[2] Refer to the sum of outstanding business and household loans, and excludes loans to Government, financial institutions, non-bank financial institutions and other entities
Note: Total may not add up due to rounding
Source: Bank Negara Malaysia

mainly in the services subsector. The decline, however, was not widespread, with wholesale and retail trade recording an increase in repayments. Likewise, loan disbursements for businesses slowed by 0.7% to RM924.8 billion. Meanwhile, access to funding for SMEs remained higher to support developmental needs across various sectors, such as agro takaful, green finance and tourism financing, which constitute more than half of business financing (51.1%).

As at June 2024, household debt in Malaysia reached RM1,573.6 billion, with the aggregate household debt-to-GDP ratio remaining broadly stable at 83.8%. This was primarily attributed to a 6.2% increase in household borrowing, underpinned by sustained improvements in the labour market and robust economic growth. Housing and car loans were the main contributors, accounting for 74.5% of total household debt. Housing loans grew by 7.4%, supported by measures to promote homeownership, particularly for first-time buyers. Meanwhile, car loans saw a significant increase of 10.4%, reflecting higher vehicle sales in the first half of 2024 compared to the same period last year. In contrast, the growth rates for credit card usage and personal financing recorded 8.9% and 3.3%, respectively.

Household credit growth closely tracked income levels, with the segment's resilience supported by healthy debt servicing capacity and substantial financial buffers. Lending to households continued to be underpinned by sound underwriting standards and loan affordability assessments. As at June 2024, the median debt service ratios (DSR) for outstanding and newly approved loans were

34.6% and 40.7%, respectively, signifying that households are less susceptible to financial distress. Additionally, the household's aggregate financial buffers remained robust at 2.1 times the aggregate debt level.

The proportion of household borrowings under bank repayment assistance from the total banking system, including Development Financial Institutions (DFIs), has declined to 1.4% in June 2024 (December 2023: 1.6%). Financial stress among households is minimal, with repayment difficulties primarily confined to a small segment of borrowers with pre-existing vulnerabilities. These include lower-income borrowers, those previously under repayment assistance programmes, and individuals whose income levels have not fully recovered since the pandemic. Nevertheless, financial and debt management assistance remains accessible through the Credit Counselling and Debt Management Agency (AKPK), underscoring the ongoing commitment to the financial well-being of the rakyat.

Looking ahead, household debt growth is expected to remain manageable, supported by continued improvements in the labour market and economic activities, coupled with stringent risk assessment by banks. Meanwhile, the anticipated enactment of the Consumer Credit Act will further strengthen the regulatory framework for non-bank credit providers and credit service providers. This legislation will promote a prudent and responsible lending culture among credit providers, including those providing the Buy Now Pay Later facilities as well as to promote responsible consumer borrowing, thus ensuring protection against financial hardship due to excessive debt burdens.

Capital Market Performance

Fundraising activities remain vibrant

The domestic capital market remained steady, continuing its role to support domestic economic activity and effectively mobilising investments. In the first seven months of 2024, private sector fundraising edged up by 0.2% to RM70.2 billion, with gross funds raised in the domestic equity market expanding by 13.9% to RM3.3 billion. However, fundraising activities in the public sector declined by 2.7% to RM110.9 billion in line with the Government's commitment towards fiscal reforms. Overall, gross funds raised in the capital market decreased slightly by 1.6% to RM181.1 billion.

Funds raised through new corporate issuances decreased marginally by 0.4% to RM66.8 billion, mainly comprising medium-term notes accounting for 92.2% of total corporate bonds issuance. On a sectoral basis, new corporate bond issuances were dominated by the finance, insurance, real estate and business services sectors, which comprised 76.5%. These funds were predominantly allocated for working capital, new ventures, refinancing and other corporate needs. Despite the reduction, financial support for businesses remains intact, attributed to anticipated growth in bank financing, particularly for SMEs.

Despite global economic uncertainties and rising geopolitical risks, the domestic capital market remains promising, buoyed by new and ongoing strategic projects. Funds raised via IPOs in the domestic equity market totalled RM3.3 billion, with Bursa Malaysia successfully securing 28 IPOs in the first seven months of 2024. These IPOs encompass diverse sectors such as industrial products and services, consumer products and services, property, technology and financial services as listed on the Main, ACE or LEAP Markets. The increase in IPOs was supported by recent market enhancements, including a policy introduced in March 2024, which expedited IPO approvals within three months, attracting quality companies to list without compromising investor protection and public interest.

TABLE 3.3. *Funds Raised in the Capital Market, January – July 2023 and 2024*

	RM MILLION	
	2023	**2024**
Public Sector		
Government securities		
Malaysian Government Securities	57,402.9	55,174.5
Malaysian Government Investment Issues	56,633.9	55,765.9
New issues of debt securities	**114,036.8**	**110,940.4**
Less: Redemptions	55,420.0	50,520.0
Net funds raised by the public sector	**58,616.8**	**60,420.4**
Private Sector		
Shares[1]/Warrants		
Initial Public Offers	2,912.3	3,316.3
Rights Issues	-	-
Warrants	-	-
New issues of shares/warrants	**2,912.3**	**3,316.3**
Debt securities[2]		
Straight bonds	1,005.8	2,579.9
Convertible bonds	-	-
Islamic bonds	865.6	2,666.8
Medium-term notes	65,267.3	61,599.3
New issues of debt securities	**67,138.7**	**66,846.0**
Less: Redemptions	45,894.4	51,960.2
Net issues of debt securities	**21,244.3**	**14,885.8**
Net funds raised by the private sector	**24,156.6**	**18,202.1**
Total net funds raised	**82,773.4**	**78,622.5**

[1] Excludes funds raised by the exercise of Employee Share Option Scheme, Transferable Subscription Rights, Warrants and Irredeemable Convertible Unsecured Loan Stocks
[2] Excludes short-term papers in conventional and Islamic principles
Note: Total may not add up due to rounding
Source: Bank Negara Malaysia

TABLE 3.4. *New Issuance of Corporate Bonds by Sector, January – July 2023 and 2024*

	RM MILLION		SHARE (%)	
	2023	**2024**	**2023**	**2024**
Agriculture, forestry and fishing	348.0	0.0	*0.5*	*0.0*
Manufacturing	836.0	1,163.9	*1.2*	*1.7*
Construction	6,250.4	3,208.0	*9.3*	*4.8*
Electricity, gas and water	14,632.2	5,875.0	*21.8*	*8.8*
Transport, storage and communication	2,785.5	1,931.0	*4.1*	*2.9*
Finance, insurance, real estate and business services	37,358.2	51,169.9	*55.6*	*76.5*
Government and other services	4,535.8	2,500.0	*6.8*	*3.7*
Wholesale and retail trade, restaurant and hotels	392.5	998.1	*0.6*	*1.5*
Mining and quarrying	0.0	0.0	*0.0*	*0.0*
Total	**67,138.7**	**66,845.9**	***100.0***	***100.0***

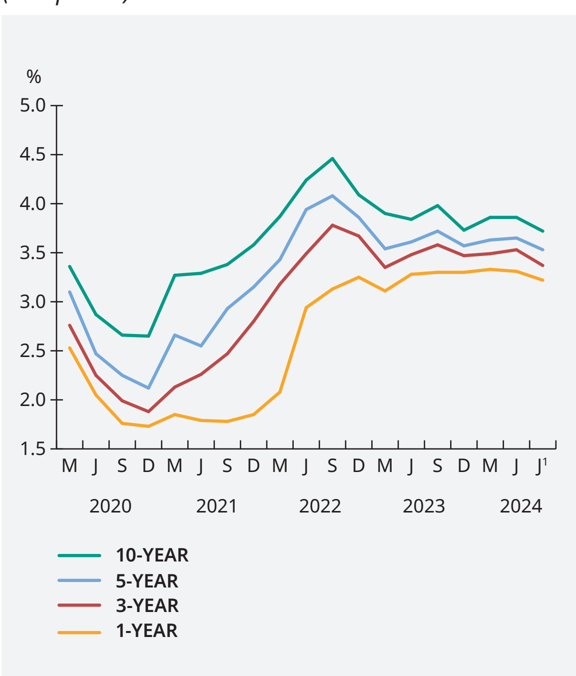
Note: Includes corporate bonds issued by Cagamas and non-resident corporations
Total may not add up due to rounding
Source: Bank Negara Malaysia

During the first seven months of 2024, gross funds raised by the public sector decreased by 2.7% to RM110.9 billion, with the issuances of Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII) contracting by 3.9% to RM55.2 billion and 1.5% to RM55.8 billion, respectively. These reductions indicate the Government's strategic efforts to lower the fiscal deficit, with issuances carefully aligned with the Government's financial requirements and maturity profile. As at July 2024, foreign holdings of MGS and MGII stood at 34.2% and 9.3%, respectively.

Overall, Malaysia's debt market remains robust, underpinned by a diverse range of institutional and foreign investors, coupled with high liquidity in the secondary bond market. This continues to reinforce the stability and attractiveness of Malaysia's debt instruments. With the Fed rate cuts anticipated to materialise, foreign investors' demand for domestic papers, particularly MGS, is expected to improve further, given their familiarity with the structure and liquidity of these instruments.

During the first seven months of 2024, emerging market bond yields experienced fluctuations, primarily influenced by global developments, particularly the shifts in the US Treasury bond yields following the delay in the Fed rate cut. Despite these challenges, MGS yields remained relatively stable, reflecting investor confidence in the Government's commitment to fiscal reforms. Yields declined across all tenures, with the 1-year, 3-year, 5-year and 10-year MGS yields decreasing by 8, 10, 5 and 1 basis points (bps), respectively, following a low-interest rate environment.

FIGURE 3.5. *Malaysian Government Securities Indicative Yields (End-period)*



[1] End-July 2024
Source: Bank Negara Malaysia

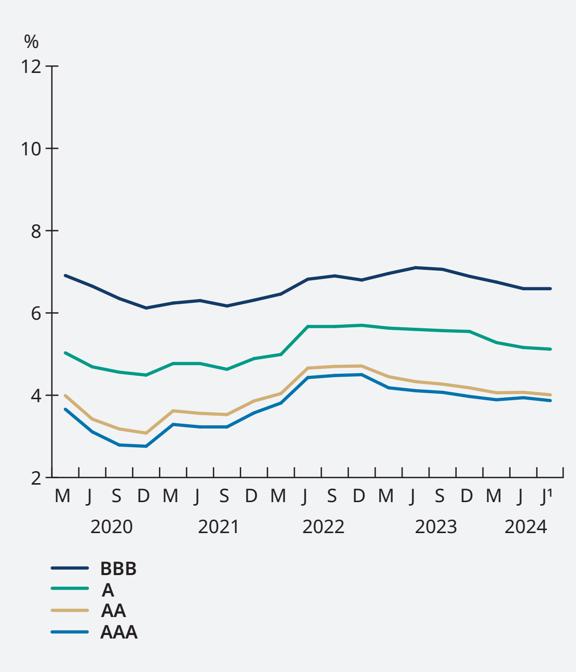
FIGURE 3.6. *Share of Foreign Holdings in Total Malaysian Government Securities Outstanding (End-period)*

[1] End-July 2024
Source: Bank Negara Malaysia

In the corporate bond market, yields in Malaysia saw significant declines during the first seven months of 2024, with yields on the 5-year AAA-rated, AA-rated and A-rated securities decreasing by 10, 17 and 43 bps, respectively, in line with the expectation of an impending rate cut by the Fed. This development has made Malaysian bonds more attractive to investors, resulting in higher demand and subsequently lower yields.

In 2024, Malaysian bond yields have been shaped by moderate inflation, stable monetary policy and a mixed global economic outlook. Overall, the downward trend in corporate bond yields reflects market expectations of lower interest rates, signalling reduced borrowing costs. This environment benefits businesses, offering creditworthy borrowers opportunities to finance projects at lower costs and ultimately fostering economic growth in Malaysia going forward.

FIGURE 3.7. *5-Year Corporate Bond Yields (End-period)*



¹ End-July 2024
Source: Bank Negara Malaysia

Performance of FBM KLCI

FBM KLCI outshines most regional stock markets

The FBM KLCI demonstrated a solid upward trend during the first eight months of 2024. In January, the index swiftly surpassed the 1,500-point level, outperforming most regional peers despite global financial uncertainties. This recovery was spurred by strong investor confidence, anticipating for stable returns as the Fed's decision to maintain high interest rates, signalled that the US economy is robust. By the end of February, the index climbed to 1,551.44 points, growing by 6.7%. The positive momentum was driven by high foreign equity net inflows, particularly in the first two months of 2024, buoyed by China's gradual economic stabilisation, which benefited emerging markets, including Malaysia.

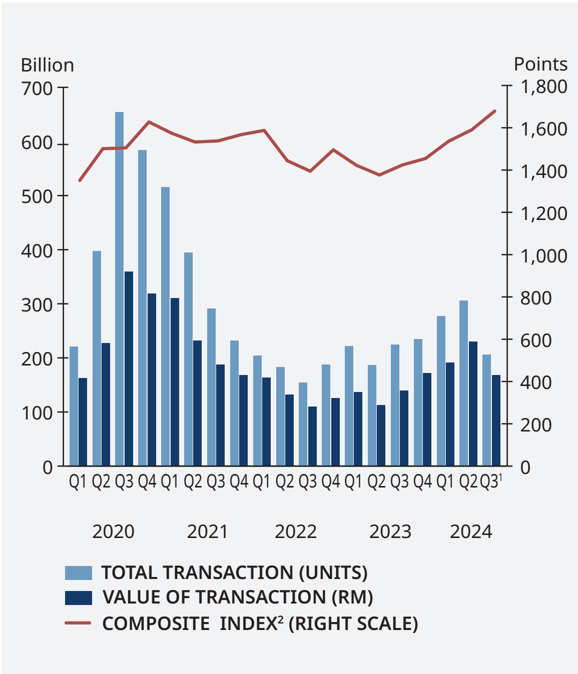
TABLE 3.5. *Bursa Malaysia: Selected Indicators, End-August 2023 and 2024*

	2023	2024
Indices		
FBM KLCI	1,451.94	1,678.80
FBM EMAS	10,740.70	12,484.26
FBM 100	10,412.03	12,187.62
FBM SCAP	16,072.89	17,457.02
FBM ACE	5,217.97	5,116.09
Total trading[1]		
Volume (million units)	559,605.08	788,250.91
Value (RM million)	340,020.02	588,434.11
Average daily trading[1]		
Volume (million units)	3,475.81	4,835.90
Value (RM million)	2,111.93	3,610.03
Market capitalisation (RM billion)	**1,776.33**	**2,035.63**
Total number of listed companies		
Main Market	773	783
ACE Market	167	189
LEAP Market	48	49
Market liquidity		
Turnover value/market capitalisation (%)	*19.1*	*28.9*
Market concentration		
10 highest capitalised stocks/market capitalisation (%)	*33.0*	*32.8*

¹ Based on market transactions and direct business transactions between January and August
Source: Bursa Malaysia

On 7 May 2024, the FBM KLCI achieved a historic high with the market capitalisation exceeding RM2 trillion, while the benchmark index surpassed 1,600 points for the first time in two years to close at 1,605.68 points. This

FIGURE 3.8. *Performance of Bursa Malaysia*



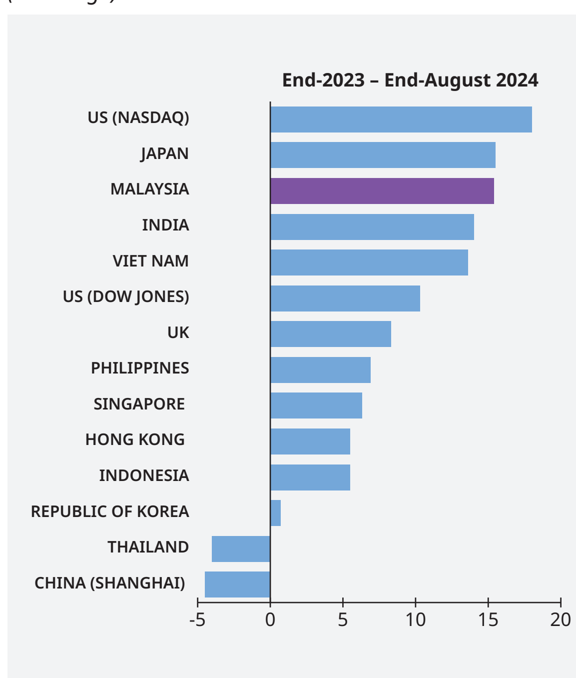
[1] End-August 2024
[2] As at end-period
Source: Bursa Malaysia

encouraging performance is attributed to the implementation of programmes and initiatives under the Ekonomi MADANI framework, which provided clearer direction to investors on the country's future development. Increased investor confidence, optimism about potential interest rate cuts by major central banks, and Malaysia's solid economic performance also boosted the market performance.

The FBM KLCI continued to progress to close at 1,678.80 points as at end-August 2024, increasing by 15.4% in the first eight months of the year. This is the highest level registered since 16 December 2020 owing to a positive economic outlook and solid quarterly earnings. Additionally, the increased risk appetite among foreign investors contributed to the positive market environment, as reflected in foreign equity net inflows of RM3 billion accumulated by the end of August, signifying the resilience of Malaysia's equity market.

As at end-August 2024, market capitalisation increased by 14.6% to RM2,035.6 billion, while average daily volume surged by 39.1% to 4.8 billion units from 3.5 billion units. Similarly, the average daily trading value rose significantly by 70.9% to RM3.6 billion from RM2.1 billion. The market velocity of 42.5% highlighted the active trading environment, with market volatility remaining manageable at 8.4%. Meanwhile, foreign investors holding 19.8% of market capitalisation reflects continued foreign investor interest. Looking ahead to 2025, the domestic equity market is expected to remain resilient, supported by strong macroeconomic fundamentals, ample domestic liquidity and well-developed capital market instruments.

FIGURE 3.9. *Performance of Selected Stock Markets (% change)*



Source: Bloomberg

INFORMATION BOX 3.1

Key Capital Market Measures

Several key measures were undertaken by the Securities Commission Malaysia (SC) and Bursa Malaysia in the first eight months of 2024 to enhance the liquidity and efficiency of Malaysia's capital market as follows:

5-Feb

Expanding Sophisticated Investor Categories to Enhance Market Accessibility

A new "Knowledge and Experience" category has been introduced under the Guidelines on Categories of Sophisticated Investors. This category benefits individuals who may not meet the financial test but can demonstrate financial sophistication through education, association membership and relevant sector experience. Another key change is the inclusion of an investor's primary residence value, up to a cap of RM1 million, in assessing their qualification as a sophisticated investor. These initiatives enhance market accessibility and investor participation, aiming to accommodate evolving market needs, foster greater capital flow, and diversify the investor base.

6-Feb

New Gatekeeping Approach to Advance Capital Market Intermediaries and Recognised Market Operators

A Focused Scope Assessment for new eligible Capital Market Intermediaries (CMIs) and Recognised Market Operators (RMOs) has been introduced to streamline regulatory processes and shorten the time-to-market from more than six months to three months. Amendments were also made to the Guidelines on Recognised Markets with the aim of ensuring equal access for all RMOs, particularly in ensuring the adequacy of financial resources to commence operations in a fair and orderly manner. The amendments also included areas of strengthening practices against financial crimes, such as money laundering and terrorist financing. These initiatives are expected to facilitate access to funding for micro, small, and medium enterprises (MSMEs).

26-Feb

Expedited Initial Public Offerings Approvals for Main and ACE Markets

Beginning 1 March 2024, new Initial Public Offerings (IPO) applications will be approved within three months with the aim to leverage a stronger collaboration between the regulators and industry players to offer a clearer timeline to attract quality companies to list without compromising investor protection and public interests. This move also underscores efforts to remain competitive and foster a conducive environment for issuers, emphasising seamless collaboration between regulators and advisers to ensure high due diligence and compliance standards.

29-Mar

Higher Standards of Conduct for Capital Market Intermediaries

Revised Guidelines on Conduct for Capital Market Intermediaries will come into effect on 1 October 2024. The Revised Guidelines aim to elevate professionalism, integrity and client-centricity standards in the capital market. The Guidelines reinforce the role of CMIs' board and senior management in inculcating a corporate culture where clients' interests are prioritised. The Guidelines also clarify expectations on CMIs' duty to act honestly and fairly as well as avoid misleading and deceiving their clients.

20-May

Additional Measures to Encourage Informed Investing

Trading Reminders were introduced to safeguard investors against listed companies with unusual trading activity. The Reminders complement the Unusual Market Activity queries, which prompt public disclosures from listed companies experiencing significant and unexplained price or volume movements.

23-May

Catalysing Micro, Small, and Medium Enterprises and Mid-tier Companies Access to the Capital Market: 5-Year Roadmap (2024 – 2028)

The Roadmap has been unveiled to better position the capital market as an attractive and robust source of financing for MSMEs and mid-tier companies (MTCs[1]). It features nine cross-cutting strategies and 36 key initiatives focused on regulatory and product innovation, market infrastructure and capacity building. This Roadmap aims to provide MSMEs and MTCs with financing needs of up to RM40 billion by 2028.

28-May

Malaysia's First Social Exchange and New Platforms for Waqf Developments Fundraising

YAB Prime Minister unveiled two new capital market initiatives at the Global Forum of Islamic Economics and Finance. Firstly, the establishment of Malaysia's Social Exchange is expected to attract private capital for projects with positive social outcomes. Secondly, the introduction of fundraising for waqf developments through peer-to-peer (P2P) financing and equity crowdfunding platforms with matching funds from the Malaysia Co-Investment Fund (MyCIF) at a 0% financing rate will benefit MSMEs involved in waqf-related projects.

13-June

Practical Guide on Venture Capital and Private Equity in Malaysia

The Practical Guide on Venture Capital (VC) and Private Equity (PE) in Malaysia has been issued to help fund managers, service providers and investors understand policies governing VC and PE operations. The Guide covers regulations, foreign exchange policy, tax matters and fund structuring towards enhancing investment and innovation in startups and high-growth enterprises. It also aligns with the KL20 agenda to position Malaysia as a leading global startup ecosystem.

21-June

Centralised Sustainability Intelligence Solution to Elevate Malaysian Companies' Environmental, Social and Governance Excellence for Global Competitiveness

The Centralised Sustainability Intelligence (CSI) Solution has been launched to help companies integrate environmental, social and governance (ESG) into their business strategies and operations, thus enhancing competitiveness. The CSI Solution supports the New Industrial Master Plan 2030 (NIMP 2030) and the National Semiconductor Strategy in facilitating access to sustainable financing.

15-July

World's First Zakat Index Launched to Pioneer Islamic Finance Innovation

Persatuan Remisier Bumiputera Malaysia (PRIBUMI) and Bursa Malaysia launched the PRIBUMI Bursa Malaysia Zakat Index (PBMZI), a new customised index designed to promote greater recognition of public-listed companies (PLCs) that adopt corporate zakat practices. The PBMZI tracks the top 200 Main Market companies and promotes Corporate Zakat practices among PLCs. It also encourages their integration into ESG and Sustainable and Responsible Investment (SRI) initiatives, thus enhancing PLCs' appeal to socially conscious investors and customers.

18-July

New Guidance for Financial Influencers

The Guidance Note on the Provision of Investment Advice has been updated to include financial influencers (finfluencers) who promote capital market products and services on social media. The updated Guidance Note clarifies that promoting such products on social media platforms may require an SC license in certain circumstances. Engaging in unlicensed regulated activities is an offence punishable under the Capital Markets and Services Act 2007, with a fine of up to RM10 million or imprisonment not exceeding 10 years, or both.

19-Aug

Revised Guidelines on Technology Risk Management

The Guidelines on Technology Risk Management have been revised to expand beyond cyber security to include broader technology risks, focusing on operational reliability, security and resilience. Key areas covered include the 'change management' process, third-party service providers, reporting requirements, technology audit, board oversight and accountability over technology risks. The CrowdStrike outage underscores the importance of these regulations in strengthening operational resilience and maintaining investor confidence.

[1] MTC is defined as companies with annual revenues between RM50 million to RM500 million in the manufacturing sector, and between RM20 million to RM500 million in the services and other sectors.

Islamic Banking and Capital Market Performance

Islamic financial market continues to thrive

The Islamic banking system demonstrated continued resilience and sustained growth during the first seven months of 2024 to meet the growing demand for Shariah-compliant financial products and services, given its intrinsic underlying values and principles. As at July 2024, Islamic banking assets[2] holds 37% of the market share, growing by 7.8% to RM1,451.5 billion. This is aligned with the growth in total financing of 9.1%, in which accounts for 46.1% of the total banking sector loans and financing. Financing for the household segment, which constituted 63.2% of total financing, expanded by 9.6% to reach RM583.7 billion, particularly for the purchase of residential properties and passenger cars.

Being the major component in the Islamic financial market, Islamic banking not only plays a significant role as a financial intermediary in the economy, but it also fosters a just and progressive society through the implementation of Value-based Intermediation (VBI) by Islamic financial institutions. As part of the efforts to enhance access to financial services, aligning with VBI's focus on promoting social welfare and fostering inclusive financial system, two of the five approved digital banks are Islamic digital banks. This marks a significant milestone in showcasing Malaysia's commitment to continuously innovate the Islamic financial sector by leveraging digital technology to achieve financial inclusion. As the Islamic finance industry continues to evolve, existing programmes and initiatives that align with VBI and adopt the mechanisms of blended finance, such as the i-TEKAD initiative, will continue to advance financial inclusion and foster sustainable socioeconomic growth of the community. Furthermore, new strategic initiatives and programmes launched at the Global Forum on Islamic Economics and Finance held in May 2024 are expected to propel Malaysia's position in charting a new wave in Islamic finance globally.

TABLE 3.6. *Islamic Banking: Key Indicators[1], End-July 2023 and 2024*

	RM BILLION		CHANGE (%)	
	2023	2024	2023	2024
Assets	**1,081.4**	**1,161.1**	***8.7***	***7.4***
Financing	**844.1**	**924.1**	***9.1***	***9.5***
Primary agriculture	21.0	20.4	*21.6*	*-3.0*
Mining and quarrying	3.2	3.0	*-27.4*	*-5.3*
Manufacturing	33.9	37.5	*-2.6*	*10.8*
Electricity, gas and water supply	10.0	6.8	*-6.8*	*-31.7*
Wholesale and retail trade, restaurants and hotels	53.9	62.4	*17.2*	*15.8*
Construction	44.6	47.8	*-3.5*	*7.2*
Real estate	33.5	38.7	*9.0*	*15.4*
Transport, storage and communication	27.5	25.3	*20.5*	*-8.1*
Finance, insurance and business activities	37.8	51.9	*13.7*	*37.2*
Education, health and others	8.3	8.5	*19.8*	*3.3*
Households	532.7	583.7	*9.0*	*9.6*
Others	37.7	38.1	*19.6*	*0.9*
Liabilities	**1,001.0**	**1,073.9**	***8.4***	***7.3***
Deposits and Investment Account	**934.8**	**997.4**	***7.5***	***6.7***
Investment	0.3	0.2	*-11.7*	*-28.7*
Savings	71.6	77.0	*-4.6*	*7.5*
Demand	132.7	149.3	*-1.6*	*12.5*
Others	587.3	613.4	*11.8*	*4.5*
Investment account	142.9	157.5	*7.1*	*10.2*

[1] Excluding DFIs
Note: Total may not add up due to rounding
Source: Bank Negara Malaysia

[2] Including Development Financial Institutions (DFIs).

INFORMATION BOX 3.2

Updates on Islamic Finance: Global Forum on Islamic Economics and Finance

In collaboration with Bank Negara Malaysia

The Ekonomi MADANI framework aspires to strengthen Malaysia's position as a global leader in the Islamic economy, with continued emphasis on initiatives that will strengthen the nation's value proposition as an international gateway for Islamic finance, building upon the country's strength as the global thought leader in this field. Pursuant to this, the Global Forum on Islamic Economics and Finance (GFIEF), held in Kuala Lumpur from 28 to 29 May 2024, has highlighted various initiatives and collaborations in Islamic economics and finance by harnessing its transformative potential to foster shared prosperity and equity.

The GFIEF was organised by Bank Negara Malaysia (BNM), under the patronage of the Ministry of Finance, Malaysia (MoF), in collaboration with the Securities Commission Malaysia (SC), Labuan Financial Services Authority (LFSA), International Islamic Liquidity Management Corporation (IILM), Islamic Development Bank (IsDB), Islamic Financial Services Board (IFSB) and World Bank Group (WBG). The GFIEF saw the participation of over 2,300 policymakers, industry leaders, Shariah scholars, and practitioners from 75 countries.

Impactful initiatives launched and announced at the GFIEF encompassing two broad themes are as shown in Figure 3.2.1.

FIGURE 3.2.1. *Initiatives launched and announced at the Global Forum on Islamic Economics and Finance*

Strengthening domestic and international cooperation

Launching of the MIFC Leadership Council Position Paper entitled 'Establishing *Islah* through Islamic Finance'
- This Paper outlines 18 MIFC Leadership Council (MLC) Impact Projects with domestic and foreign industry players to foster inclusivity, sustainability, and industry innovation to develop stronger Islamic financial linkages at the global and domestic levels.

Exchanging of Memorandums of Collaboration between MIFC Leadership Council and its counterparts
- The Memorandums of Collaboration (MoCs) between MLC and its counterparts from Hong Kong, Indonesia, the Republic of Türkiye, and the UK emphasise Islamic finance product innovation, promotion of cross-border trade and financial activities as well as enhancement of capacity building and education.

Signing of the Murabahah Master Agreement between the Islamic Development Bank and Malaysian Islamic financial institutions
- This Agreement aims to facilitate the placement of funds between the IsDB and domestic Islamic financial institutions towards fostering a robust investment network.

Developing a global programme for Islamic economists
- Spearheaded by Malaysia, this programme aims to cultivate dynamic and highly skilled economists equipped with apt knowledge and expertise in Islamic economics to ideate solutions and address contemporary global challenges.

Advancing innovation in value-based finance and strengthening financial offerings

A new sukuk structure under the Malaysian Government Investment Issues programme
- This new dimension of sukuk issuance, which utilises the *wakalah bi al-khadamat* structure is scheduled to be issued by 2025 and will further strengthen the resilience and flexibility of Malaysia's financial system.

Shariah-compliant investment of RM3 billion by the Retirement Fund (Incorporated) through Dana Pemacu
- This private equity investment aims to catalyse key economic areas, including food security, education, silver economy and healthcare, energy transition, digital economy, and financial inclusion.

Establishment of Malaysia's First Social Exchange
- This new fundraising platform will be unveiled by the end of 2024 to provide a structured approach for the participation of private capital in projects that yield positive social outcomes.

Pilot Programme on Greening Halal Businesses
- This programme aimed at assisting domestic halal businesses in transitioning to greener and more sustainable practices, which include technical capacity building and transition financing. The programme will be implemented in collaboration with the MoF, BNM, IsDB, and the World Bank Hub in Malaysia and selected implementation partners.

[1] The Malaysia International Islamic Financial Centre (MIFC) initiative was launched in 2006 to develop Malaysia as an International marketplace for Islamic finance.

The Government will continue to support initiatives and programmes in Islamic finance to solidify the country's position as the global leader in Islamic economy. In line with the national aspirations, the Government, with the collaboration of various stakeholders at the domestic and international levels, will focus on empowering the role and contribution of Islamic finance towards transforming the economy and cultivating a more just and progressive society.

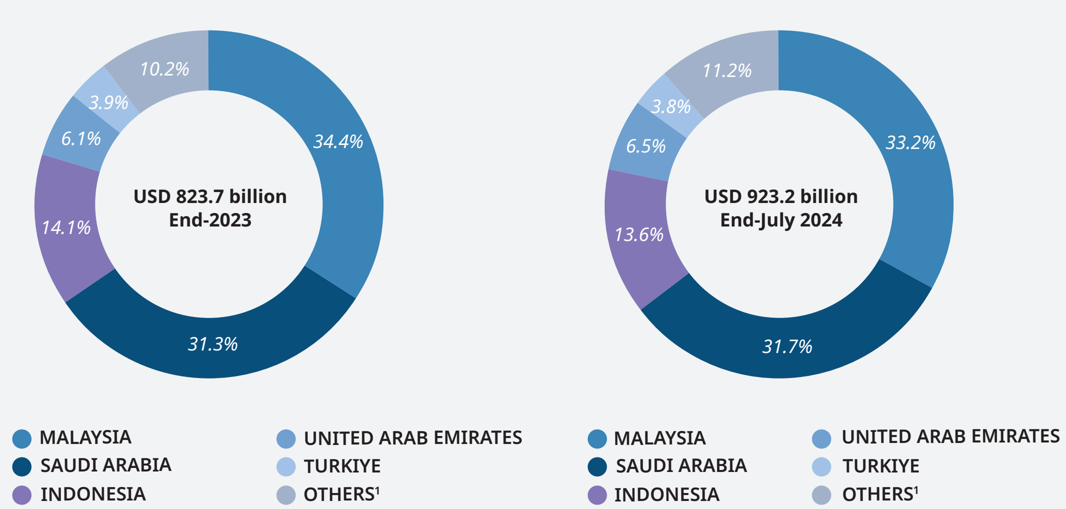
Malaysia continues to solidify its position as a global leader in the Islamic Capital Market (ICM). As at July 2024, the ICM recorded a strong growth of 9.7%. The ICM, with a market size of RM2,636 billion, accounts for 63.7% of the country's overall capital market. This is supported by the increase in market capitalisation of Shariah-compliant public-listed companies (PLCs) and higher issuances of sukuk. With the implementation of national-level strategic plans including the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan 2030 (NIMP 2030), the significant potential investment needs can help further bolster the growth of the ICM.

Malaysia continues to lead the sukuk market with a 33.2% market share in global sukuk outstanding. In the first seven months of 2024, sukuk constituted RM1.3 trillion, or 63.5% of total Malaysian bonds and sukuk outstanding. In terms of issuance, sukuk issued to date totalled RM175.2 billion as at July 2024, or 60.9% of total bond and sukuk issued. Of this, corporate sukuk issuances account for RM48.8 billion, or 71.6% of total corporate bonds and sukuk issued.

In the equity market, Shariah-compliant PLCs continue to dominate the local stock market, making up 80.9% or 824 companies listed on Bursa Malaysia. As at July 2024, Shariah-compliant PLCs accounted for 64% or RM1.3 trillion of the total market capitalisation of listed securities.

The ICM continues to play a pivotal role in the nation's capital market and financial sector and is projected to continue expanding, driven by efforts and collaborations across both public and private sectors and supported by growing demand from investors. As part of efforts to advance and facilitate the development of the ICM, the Securities Commission Malaysia issued the Maqasid al-Shariah Guidance Islamic Capital Market Malaysia in November 2023. The Guidance outlines six aspirations and 15 principles based on the objectives of

FIGURE 3.10. *Global Sukuk Outstanding by Country (% share)*



[1] Others include Bahrain, Bangladesh, Brunei, Egypt, France, Gambia, Hong Kong, Ireland, Ivory Coast, Jordan, Kuwait, Luxembourg, Maldives, Morocco, Nigeria, Oman, Qatar, Senegal, Singapore, South Africa, UK and US

Note: Total may not add up due to rounding

Source: Bank Negara Malaysia

Shariah for the ICM and aims to align the ICM with the true spirit of Islamic finance. The adoption of the *Maqasid al-Shariah* principles and aspirations such as humanity, flexibility and innovation as well as accessibility and inclusivity by the industry will further enhance the positive impact of the ICM to the broader stakeholder and overall economy.

Moving forward, efforts will also be focused on expanding ICM offerings to support critical areas, including micro, small, and medium enterprises (MSMEs) in the halal industry as well as Shariah-compliant Sustainable and Responsible Investment (SRI) ecosystem. Strategic plans, such as the Capital Market Masterplan, will continue to incorporate targeted initiatives to foster a competitive, efficient and inclusive ICM. These initiatives not only reflect Malaysia's commitment to achieving the SDGs but also ensure that the nation remains at the forefront of both Islamic finance and sustainable finance.

Conclusion

The steady monetary policy continues to foster sustainable economic growth while maintaining price stability. Similarly, the domestic financial market remains vibrant, effectively supporting financing requirements following stronger economic activities. Meanwhile, the improved performance in the local stock market and the rebound in the value of ringgit underscore the Government's unwavering commitment to uplift the nation's economic status in line with the aspirations of the Ekonomi MADANI framework. Moving forward, Malaysia's strong economic fundamentals and favourable growth prospects, fortified by ongoing reforms and a robust domestic financial market will enable the country to attract high-quality investments and position Malaysia as a preferred destination for investors.

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Statistical Tables

LIST OF STATISTICAL TABLES

Acronyms and Abbreviations

NPISHs	Non-profit institutions serving households
US	United States
ASEAN	Association of Southeast Asian Nations
EMDEs	Emerging Market and Developing Economies
IMF	International Monetary Fund
GDP	Gross Domestic Product
FBM-KLCI	Financial Times Stock Exchange (FTSE) Bursa Malaysia Kuala Lumpur Composite Index
MSIC	Malaysia Standard Industrial Classification
SITC	Standard International Trade Classification
PT3	Pentaksiran Tingkatan 3
PMR	Penilaian Menengah Rendah
SRP	Sijil Rendah Pelajaran
LCE	Lower Certificate of Education
SPM	Sijil Pelajaran Malaysia
MCE	Malaysian Certificate of Education
STPM	Sijil Tinggi Pelajaran Malaysia
MHSC	Malaysian Higher School Certificate
n.a.	Not available
cont'd	Continued
n.e.c.	Not elsewhere classified
etc.	et cetera

1.1. SELECTED SOCIOECONOMIC STATISTICS
Malaysia

Indicator	2020	2021	2022	2023[10]	2024[11]
Demographic Statistics					
Population[1] ('000)					
Total	32,447	32,576	32,698	33,402	34,059
Male	16,966	17,001	17,040	17,472	17,883
Female	15,481	15,576	15,658	15,930	16,176
Sex ratio[2]	110	109	109	110	111
Population density (per square kilometre)	98	99	99	101	103
Dependency ratio (%)					
Total[3]	44.3	44.1	43.7	43.1	42.5
Young age[4]	34.6	34.0	33.3	32.4	31.6
Old age[5]	9.7	10.1	10.4	10.6	10.9
Life expectancy at birth[1]					
Total	74.7	74.0	73.8[10]	74.8[11]	n.a.
Male	72.5	71.8	71.5[10]	72.5[11]	n.a.
Female	77.2	76.5	76.4[10]	77.4[11]	n.a.
	2019	**2020**	**2021**	**2022**	**2023**
Education					
Primary school enrolment rate[6] (%)	98.1	98.2	98.3	98.7	99.1
Secondary school enrolment rate[7] (%)	92.5	92.4	92.5	93.5	93.6
Higher education institutions enrolment[8]	1,323,449	1,224,098	1,207,593	1,202,202	n.a.
Pupil-teacher ratio					
Primary schools	12.1	12.0	12.3	12.3	12.4
Secondary schools	11.2	11.0	11.5	11.3	11.5
Literacy rate[9] (%)	96.0	96.3	97.0	97.1	97.5

[1] Year 2020 to 2023: Current Population Estimates based on the 2020 Population and Housing Census
[2] The number of males per 100 females
[3] The ratio of the number of persons aged 0–14 years and 65 years and above to the number of persons aged 15–64 years
[4] The ratio of the number of persons aged 0–14 years to the number of persons aged 15–64 years
[5] The ratio of the number of persons aged 65 years and above to the number of persons aged 15–64 years
[6] Percentage of school aged children between 6+ and 11+ years at primary level in Government and private schools
[7] Percentage of school aged children between 12+ and 16+ years at secondary level in Government and private schools
[8] Includes public university, private higher education institutions, polytechnic and community college
[9] Aged 15 years and above with formal education, excluding non-Malaysian citizens
[10] Preliminary
[11] Estimate

1.1. SELECTED SOCIOECONOMIC STATISTICS (cont'd)
Malaysia

Indicator	2019	2020	2021	2022	2023
Health					
Population per doctor	482	441	420	412	406
Official beds strength in public sector[12]	46,988	48,305	49,781	49,981	51,100
Information Technology					
Mobile-cellular penetration rate per 100 inhabitants (%)	135.4	133.6	144.0	145.3	148.7
Mobile-broadband penetration rate per 100 inhabitants (%)	123.7	118.7	126.4	131.0	134.5
Infrastructure					
Rural electricity coverage (% of housing unit)	97.0	97.4	97.5	97.8	98.3
Electricity index	119.2	114.8	117.5	124.0	126.4
	2012	**2014**	**2016**	**2019**	**2022**
Poverty Structure[13]					
Incidence of absolute poverty (% of households)					
Total	1.7	0.6	0.4	5.6	6.2
Urban	1.0	0.3	0.2	3.8	4.5
Rural	3.4	1.6	1.0	12.4	12.0
Incidence of relative poverty (% of households)					
Total	19.2	15.6	15.9	16.9	16.6
Urban	17.9	13.7	11.1	12.8	11.9
Rural	15.1	14.4	33.0	33.2	33.3

[12] Comprising Ministry of Health (MOH) hospitals (includes special medical institutions) and non-MOH hospitals (university hospitals and military hospitals)

[13] Based on Household Income and Basic Aminities Survey year
Starting 2019, data is based on 2019 methodology Poverty Line Income (PLI)

Source: Department of Statistics; Malaysian Communications and Multimedia Commission; Ministry of Education; Ministry of Higher Education; Ministry of Health and Ministry of Rural and Regional Development, Malaysia

2.1. KEY ECONOMIC DATA OF SELECTED COUNTRIES

	Real GDP (% Growth)	GDP Per Capita[1] (USD)	Consumer Price Index (%)	Unemployment Rate[2] (%)	Current Account Balance (USD billion)	Gross International Reserves (USD billion)	Exports[3] (USD billion)	Imports[4] (USD billion)
Advanced Economies								
2021	*5.7*	57,909.9	*3.1*	*5.6*	546.3	–	17,369.5	16,935.8
2022	*2.6*	63,336.4	*7.3*	*4.5*	-193.9	–	19,069.8	19,231.3
2023	*1.7*	66,358.9	*4.6*	*4.4*	286.8	–	19,063.5	18,721.5
2024[5]	*1.7*	68,850.9	*2.7*	*4.6*	439.9	–	19,714.6	19,253.6
2025[6]	***1.8***	**71,055.1**	***2.1***	***4.7***	**449.5**	–	**20,499.0**	**20,000.0**
United States								
2021	*5.8*	70,995.8	*4.7*	*5.4*	-831.4	251.6	1,754.3	2,935.3
2022	*1.9*	77,191.9	*8.0*	*3.6*	-971.6	242.7	2,064.3	3,371.8
2023	*2.5*	81,632.3	*4.1*	*3.6*	-812.7	245.2	2,019.5	3,172.5
2024[5]	*2.6*	85,372.7	*2.9*	*4.0*	-732.6	–	–	–
2025[6]	***1.9***	**87,978.5**	***2.0***	***4.2***	**-758.4**	–	–	–
Euro Area								
2021	*5.9*	–	*2.6*	*7.7*	416.8	1,220.8	5,494.5	5,342.0
2022	*3.4*	–	*8.4*	*6.7*	-77.6	1,208.6	5,946.4	6,187.6
2023	*0.5*	–	*5.4*	*6.5*	289.2	1,281.7	5,913.5	5,777.6
2024[5]	*0.9*	–	*2.4*	*6.6*	368.2	–	–	–
2025[6]	***1.5***	–	***2.1***	***6.4***	**384.4**	–	–	–
Singapore								
2021	*9.7*	79,601.4	*2.3*	*2.7*	86.1	417.9	457.4	406.2
2022	*3.8*	88,428.7	*6.1*	*2.1*	89.7	289.5	515.8	514.9
2023	*1.1*	84,734.3	*4.8*	*1.9*	99.1	351.0	476.3	423.4
2024[5]	*2.1*	88,446.9	*3.0*	*1.9*	94.8	–	–	–
2025[6]	***2.3***	**91,685.2**	***2.5***	***1.9***	**97.7**	–	–	–
Republic of Korea								
2021	*4.3*	35,125.5	*2.5*	*3.7*	85.2	463.1	644.4	615.1
2022	*2.6*	32,394.7	*5.1*	*2.9*	25.8	423.2	683.6	731.4
2023	*1.4*	33,192.1	*3.6*	*2.7*	35.5	420.1	632.2	642.6
2024[5]	*2.5*	34,165.0	*2.5*	*3.0*	50.4	–	–	–
2025[6]	***2.2***	**35,785.1**	***2.0***	***3.1***	**62.9**	–	–	–
Japan								
2021	*2.6*	40,114.3	*-0.2*	*2.8*	196.4	1,448.1	756.0	769.0
2022	*1.0*	34,004.7	*2.5*	*2.6*	84.5	1,272.7	746.8	897.2
2023	*1.9*	33,805.9	*3.3*	*2.6*	144.7	1,336.3	717.3	785.6
2024[5]	*0.7*	33,138.2	*2.2*	*2.5*	142.6	–	–	–
2025[6]	***1.0***	**34,921.6**	***2.1***	***2.5***	**149.7**	–	–	–
EMDEs								
2021	*7.0*	12,924.4	*5.9*	–	372.3	–	10,717.8	10,111.5
2022	*4.1*	14,246.7	*9.8*	–	648.6	–	12,369.9	11,437.6
2023	*4.4*	15,310.6	*8.3*	–	277.1	–	11,809.6	11,312.0
2024[5]	*4.3*	16,165.7	*8.2*	–	128.5	–	12,319.4	11,913.9
2025[6]	***4.3***	**16,960.7**	***6.0***	–	**104.5**	–	12,847.0	12,447.3

2.1. KEY ECONOMIC DATA OF SELECTED COUNTRIES (cont'd)

	Real GDP (% Growth)	GDP Per Capita[1] (USD)	Consumer Price Index (%)	Unemployment Rate[2] (%)	Current Account Balance (USD billion)	Gross International Reserves (USD billion)	Exports[3] (USD billion)	Imports[4] (USD billion)
China								
2021	*8.4*	12,572.1	*0.9*	*5.1*	352.9	3,606.2	3,316.0	2,679.4
2022	*3.0*	12,642.9	*2.0*	*5.5*	401.9	3,466.8	3,544.4	2,706.5
2023	*5.2*	12,513.9	*0.2*	*5.2*	264.2	3,610.0	3,380.0	2,556.8
2024[5]	*5.0*	13,136.5	*1.0*	*5.1*	235.7	–	–	–
2025[6]	***4.5***	**14,037.3**	***2.0***	***5.1***	**275.5**	–	–	–
India								
2021	*9.7*	2,250.2	*5.5*	–	-38.7	635.3	395.4	573.1
2022	*7.0*	2,366.3	*6.7*	–	-67.0	564.7	453.4	720.4
2023	*8.2*	2,500.4	*5.4*	–	-43.1	626.3	432.0	672.7
2024[5]	*7.0*	2,730.8	*4.6*	–	-55.1	–	–	–
2025[6]	**6.5**	**2,983.5**	***4.2***	–	**-69.2**	–	–	–
ASEAN-5[7]								
2021	*4.1*	15,441.7	*2.0*	–	88.0	–	–	–
2022	*5.5*	17,270.6	*4.8*	–	81.4	–	–	–
2023	*4.1*	18,450.3	*3.5*	–	97.9	–	–	–
2024[5]	*4.5*	19,565.2	*2.5*	–	91.1	–	–	–
2025[6]	***4.6***	**20,643.2**	***2.4***	–	**93.3**	–	–	–
Indonesia								
2021	*3.7*	4,358.2	*1.6*	*6.5*	3.5	144.9	231.5	196.2
2022	*5.3*	4,799.1	*4.1*	*5.9*	13.2	137.2	292.0	237.4
2023	*5.0*	4,942.4	*3.7*	*5.3*	-1.6	146.4	258.9	221.9
2024[5]	*5.0*	5,271.0	*2.6*	*5.2*	-13.2	–	–	–
2025[6]	***5.1***	**5,713.9**	***2.6***	***5.1***	**-20.5**	–	–	–
Malaysia								
2021	*3.3*	11,474.1	*2.5*	*4.6*	14.5	116.9	299.3	238.2
2022	*8.9*	12,465.7	*3.3*	*3.9*	13.0	114.6	351.9	293.7
2023	*3.6*	11,966.6	*2.5*	*3.4*	6.2	113.5	312.7	265.4
2024[5]	*4.8 – 5.3*	12,205.1[11]	*1.5 – 2.5*	*3.2*	4.1[10]	119.7[9]	211.9[8]	195.3[8]
2025[6]	***4.5 – 5.5***	**12,952.8[11]**	***2.0 – 3.5***	***3.1***	**10.5**	–	**334.3**	**306.3**

[1] Expressed in current USD price except for Advanced Economies, EMDEs and ASEAN-5 (Purchasing Power Parity (PPP) dollars per person)
[2] Composites for the country groups are averages of national unemployment rates weighted by labour force in the respective countries
[3] Expressed in Exports of Merchandise only except for Advanced Economies, EMDEs and ASEAN-5 (Exports of Merchandise and Services)
[4] Expressed in Imports of Merchandise only except for Advanced Economies, EMDEs and ASEAN-5 (Exports of Merchandise and Services)
[5] Estimate
[6] Forecast
[7] Indonesia, Malaysia, the Philippines, Thailand and Viet Nam
[8] January to August 2024
[9] As at 30 September 2024
[10] January to June 2024
[11] USD rate is the average for period of January to August 2024 at RM4.6829/USD. Data is sourced from BNM Monthly Statistical Bulletin (August 2024)

Sources: International Monetary Fund (IMF), World Economic Outlook (April and July 2024); IMF Database; World Trade Organization Trade Statistics; Department of Statistics; Bank Negara Malaysia and Ministry of Finance, Malaysia

3.1. GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY
at constant 2015 prices, Malaysia
RM million

Kind of Economic Activity	2021	2022	2023[2]	2024[3]	2025[4]
Agriculture	98,843 *(-0.3)*	100,082 *(1.3)*	100,812 *(0.7)*	102,780 *(2.0)*	104,769 *(1.9)*
Mining and quarrying	93,717 *(0.9)*	97,001 *(3.5)*	97,513 *(0.5)*	99,706 *(2.2)*	98,671 *(-1.0)*
Manufacturing	336,724 *(9.5)*	364,124 *(8.1)*	366,694 *(0.7)*	381,881 *(4.1)*	399,089 *(4.5)*
Construction	50,839 *(-5.2)*	53,426 *(5.1)*	56,659 *(6.1)*	64,672 *(14.1)*	70,770 *(9.4)*
Services	795,116 *(2.2)*	882,723 *(11.0)*	927,904 *(5.1)*	976,966 *(5.3)*	1,030,826 *(5.5)*
Utilities	39,021 *(2.8)*	40,358 *(3.4)*	41,411 *(2.6)*	43,209 *(4.3)*	45,772 *(5.9)*
Wholesale and retail trade	233,686 *(2.2)*	265,813 *(13.7)*	281,372 *(5.9)*	293,007 *(4.1)*	306,872 *(4.7)*
Food & beverages and accommodation	32,622 *(-10.7)*	43,927 *(34.7)*	47,305 *(7.7)*	50,042 *(5.8)*	53,155 *(6.2)*
Transportation and storage	42,603 *(1.2)*	55,148 *(29.4)*	62,782 *(13.8)*	69,426 *(10.6)*	76,626 *(10.4)*
Information and communication	94,600 *(6.1)*	99,283 *(5.0)*	102,828 *(3.6)*	105,988 *(3.1)*	108,775 *(2.6)*
Finance and insurance	105,772 *(10.1)*	106,631 *(0.8)*	104,188 *(-2.3)*	110,078 *(5.7)*	115,271 *(4.7)*
Real estate and business services	53,420 *(-9.1)*	65,558 *(22.7)*	71,264 *(8.7)*	77,367 *(8.6)*	82,251 *(6.3)*
Other services[1]	61,910 *(-3.0)*	68,570 *(10.8)*	72,886 *(6.3)*	76,807 *(5.4)*	80,972 *(5.4)*
Government services	131,482 *(5.4)*	137,435 *(4.5)*	143,868 *(4.7)*	151,042 *(5.0)*	161,132 *(6.7)*
(+) Import duties	15,642 *(1.9)*	16,784 *(7.3)*	18,392 *(9.6)*	19,076 *(3.7)*	19,916 *(4.4)*
GDP at purchasers' prices	**1,390,882** ***(3.3)***	**1,514,139** ***(8.9)***	**1,567,974** ***(3.6)***	**1,645,080** ***(4.8 – 5.3)***	**1,724,041** ***(4.5 – 5.5)***

[1] Owner occupied dwellings, community, social and personal services, private non-profit services to households and domestic services of households
[2] Preliminary
[3] Estimate
[4] Forecast
Note: Figures in parentheses are annual percentage changes
Source: Department of Statistics and Ministry of Finance, Malaysia

3.2. INDEX OF SERVICES
2015 = 100, Malaysia

	Weights (%)	2020	2021	2022	2023	2024[1]
		Annual Change (%)				
Services	**100.0**	***-7.9***	***1.6***	***14.4***	***5.6***	***5.6***
Wholesale & retail trade, food & beverages and accommodation	**45.2**	***-9.6***	***0.5***	***17.2***	***5.9***	***4.5***
Wholesale and retail trade	37.9	*-6.1*	*2.3*	*14.3*	*5.6*	*4.3*
Food and beverages	5.7	*-20.4*	*-8.3*	*24.3*	*2.5*	*3.9*
Accommodation	1.6	*-49.8*	*-25.2*	*140.7*	*26.2*	*12.2*
Business services and finance	**26.8**	***-4.0***	***2.6***	***9.3***	***2.9***	***6.9***
Finance and insurance	16.0	*2.6*	*9.9*	*1.0*	*-1.7*	*5.4*
Professional, scientific & technical and administrative & support services	7.2	*-10.3*	*-6.7*	*22.2*	*11.1*	*8.5*
Real estate	3.6	*-17.9*	*-12.8*	*31.1*	*6.5*	*10.3*
Information & communication and transportation & storage	**21.9**	***-5.4***	***5.0***	***14.1***	***7.2***	***6.0***
Information and communication	12.9	*5.7*	*6.5*	*5.1*	*3.6*	*3.0*
Transportation and storage	9.0	*-22.5*	*1.8*	*33.7*	*13.6*	*10.8*
Other services	**6.1**	***-21.8***	***-8.7***	***19.7***	***9.7***	***7.1***
Arts, entertainment & recreation and personal services & other activities	2.6	*-41.3*	*-28.1*	*52.9*	*10.9*	*4.7*
Private education	1.9	*-7.5*	*-5.6*	*7.3*	*7.5*	*7.6*
Private health	1.6	*-6.7*	*7.6*	*9.5*	*10.8*	*8.9*

[1] January to June 2024

Source: Department of Statistics, Malaysia

3.3. INDUSTRIAL PRODUCTION INDEX
2015 = 100, Malaysia

Subsector	Weights (%)	2020	2021	2022	2023	2024[1]
		Annual Change (%)				
Total Industrial Production	**100.00**	***-4.1***	***7.4***	***6.9***	***0.7***	***4.1***
Mining	25.14	*-8.9*	*1.5*	*2.9*	*0.2*	*2.9*
Electricity	6.61	*-3.5*	*2.5*	*4.5*	*2.0*	*7.1*
Manufacturing	68.25	*-2.7*	*9.5*	*8.2*	*0.7*	*4.1*
Export-oriented industries	**45.82**	***-0.7***	***11.6***	***7.0***	***-1.1***	***3.1***
Manufacture of vegetable and animal oils and fats	3.71	*-3.9*	*-8.4*	*-1.8*	*4.4*	*1.6*
Manufacture of textiles	0.58	*-13.2*	*13.3*	*4.3*	*-4.7*	*3.9*
Manufacture of wearing apparel	0.60	*-11.4*	*1.6*	*2.1*	*4.6*	*2.2*
Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	1.44	*-12.1*	*9.2*	*6.7*	*-4.5*	*2.7*
Manufacture of coke and refined petroleum products	9.36	*-10.6*	*11.6*	*6.3*	*-1.6*	*3.5*
Manufacture of chemicals and chemical products	6.37	*-7.1*	*9.4*	*4.1*	*4.2*	*2.1*
Manufacture of rubber products	2.22	*48.9*	*23.2*	*-16.9*	*-7.1*	*6.8*
Manufacture of plastics products	2.26	*2.1*	*12.1*	*2.8*	*-2.9*	*4.8*
Manufacture of computer, electronics and optical products	13.89	*2.5*	*15.6*	*16.0*	*-2.0*	*2.9*
Manufacture of electrical equipment	2.20	*0.9*	*12.2*	*9.7*	*-0.8*	*-1.0*
Manufacture of machinery and equipment n.e.c.	2.14	*1.1*	*11.6*	*7.0*	*-0.4*	*3.8*
Manufacture of furniture	1.04	*-7.0*	*-3.7*	*9.5*	*-4.6*	*8.2*
Domestic-oriented industries	**22.44**	***-6.6***	***5.0***	***10.9***	***4.9***	***6.2***
Manufacture of food processing products	3.68	*4.9*	*10.1*	*8.7*	*5.8*	*4.7*
Manufacture of beverages	0.65	*-14.5*	*9.9*	*13.3*	*1.8*	*6.0*
Manufacture of tobacco products	0.52	*-16.0*	*-12.4*	*22.1*	*13.9*	*10.6*
Manufacture of leather and related products	0.15	*-17.9*	*11.5*	*25.6*	*7.7*	*4.6*
Manufacture of paper and paper products	1.15	*-2.9*	*14.9*	*7.5*	*4.1*	*4.0*
Printing and reproduction of recorded media	0.93	*-5.1*	*3.1*	*6.8*	*6.1*	*7.9*
Manufacture of basic pharmaceuticals, medicinal chemical and botanical products	0.38	*14.5*	*15.7*	*6.1*	*-0.7*	*6.3*
Manufacture of other non-metallic mineral products	2.97	*-14.3*	*1.0*	*9.1*	*4.5*	*8.5*
Manufacture of basic metals	2.35	*-4.8*	*2.8*	*6.8*	*3.0*	*5.2*
Manufacture of fabricated metal products, except machinery and equipment	3.79	*-15.5*	*6.3*	*7.1*	*7.1*	*10.4*
Manufacture of motor vehicles, trailers and semi-trailers	3.17	*-1.7*	*0.8*	*25.6*	*4.5*	*3.8*
Manufacture of other transport equipment	1.19	*-13.2*	*2.8*	*7.0*	*2.7*	*4.4*
Other manufacturing	0.74	*-7.6*	*2.6*	*9.9*	*2.7*	*3.9*
Repair and installation of machinery and equipment	0.76	*-8.5*	*-0.1*	*10.2*	*4.9*	*5.9*

[1] January to July 2024

Source: Department of Statistics, Malaysia

3.4. GROSS NATIONAL INCOME BY DEMAND AGGREGATES
Malaysia
RM million

Type of Expenditure	2021	2022	2023[3]	2024[4]	2025[5]
Current Prices					
A. Final consumption expenditure					
Public	195,707	207,872	217,824	228,671	243,238
Private	898,359	1,033,418	1,102,511	1,184,843	1,293,070
B. Gross fixed capital formation					
Public[1]	67,186	72,437	80,022	89,256	96,151
Private	231,517	254,237	270,711	306,267	343,418
C. Changes in inventories and valuables[2]	43,958	96,868	58,878	42,864	-2,205
D. Exports of goods and services	1,093,895	1,378,618	1,250,183	1,383,792	1,454,847
E. Imports of goods and services	981,922	1,249,547	1,157,224	1,289,057	1,346,087
F. Gross Domestic Product at purchasers' prices (A+B+C+D-E)	1,548,701	1,793,903	1,822,904	1,946,636	2,082,431
G. Balance of primary income	-42,153	-56,943	-52,921	-48,750	-56,512
H. Gross National Income (F+G)	**1,506,548**	**1,736,960**	**1,769,983**	**1,897,886**	**2,025,919**
Constant 2015 Prices					
A. Final consumption expenditure					
Public	190,210	199,922	206,556	213,739	221,895
Private	817,103	909,562	951,892	1,004,653	1,064,095
B. Gross fixed capital formation					
Public[1]	62,740	66,096	71,773	78,474	82,349
Private	216,502	232,110	242,734	269,580	293,651
C. Changes in inventories and valuables[2]	20,749	24,106	25,991	9,188	-11,335
D. Exports of goods and services	984,094	1,126,873	1,035,882	1,117,091	1,159,701
E. Imports of goods and services	900,516	1,044,529	966,855	1,047,645	1,086,314
F. Gross Domestic Product at purchasers' prices (A+B+C+D-E)	1,390,882	1,514,139	1,567,974	1,645,080	1,724,041
G. Balance of primary income	-20,867	-30,105	-24,899	-22,535	-25,592
H. Gross National Income (F+G)	**1,370,015**	**1,484,034**	**1,543,076**	**1,622,546**	**1,698,450**

[1] Includes investment of public corporations
[2] Includes statistical discrepancy arising from balancing
[3] Preliminary
[4] Estimate
[5] Forecast
Source: Department of Statistics and Ministry of Finance, Malaysia

3.5. PRIVATE CONSUMPTION INDICATORS
Malaysia

Indicator	2020	2021	2022	2023	2024
Imports of consumption goods[1] (RM million)	74,134	83,893	104,017	104,118	78,643[2]
Bursa Malaysia (end-period)					
FBM–KLCI	1,627.21	1,567.53	1,495.49	1,454.66	1,678.80[3]
Market capitalisation (RM billion)	1,817.29	1,789.20	1,736.21	1,796.41	2,035.63[3]
Sales number (units)					
Passenger cars	479,647	452,486	641,773	719,160	488,277[2]
Motorcycles	498,327	497,262	680,749	541,703	371,448[2]
Production of televisions ('000 units)	12,229	15,072	15,978	13,583	7,862[4]
Outstanding balance of credit card (RM million, end-period)	36,056	35,982	41,310	45,785	46,389[3]
Banking system's consumption credit (RM million, end-period)	305,039	311,319	332,123	360,688	376,211[3]

[1] Refers to imports by broad economic categories published by the Department of Statistics, Malaysia
[2] January to August 2024
[3] End-August 2024
[4] January to July 2024
Source: Bank Negara Malaysia, Bursa Malaysia, Department of Statistics Malaysia, Malaysian Automotive Association and Motorcycle & Scooter Assemblers and Distributors Association of Malaysia

3.6. PRIVATE INVESTMENT INDICATORS
Malaysia

Indicator	2020	2021	2022	2023	2024
Imports (RM million)					
Capital goods[1]	90,733	103,823	120,231	128,743	106,995[3]
Intermediate goods[1]	429,190	545,801	706,551	620,607	503,152[3]
Loan disbursements by banking system (RM million)					
Manufacturing	253,200	378,570	490,590	439,727	301,426[3]
Construction	77,782	110,379	149,330	175,867	107,802[3]
Housing loans (RM million, end-period)					
Government[2]	89,980	96,602	102,871	109,064	112,759[4]
Banking system	647,883	689,234	736,928	790,694	827,567[5]
Production of construction materials					
Cement roofing tiles ('000 units)	47,874	37,054	39,760	42,152	23,967[6]
Ready-mixed concrete ('000 cubic metres)	34,841	35,425	37,696	39,836	23,569[6]
Iron and steel bars and rods ('000 metric tonnes)	1,296	708	931	1,159	731[6]
Sales of commercial vehicles (units)	48,543	56,397	78,885	80,571	45,024[3]

[1] Refers to imports by broad economic categories published by the Department of Statistics, Malaysia
[2] Based on principal amount
[3] January to August 2024
[4] End- July 2024
[5] End-August 2024
[6] January to July 2024
Source: Bank Negara Malaysia, Department of Statistics Malaysia, Malaysian Automotive Association and Public Sector Home Financing Board

3.7. MALAYSIA'S TRADE WITH MAJOR TRADING PARTNERS
RM million

		2020	2021	2022	2023		2024[1]	
		RM million	RM million	RM million	RM million	share (%)	RM million	share (%)
Total	**Total Trade**	**1,784,308**	**2,228,366**	**2,843,821**	**2,637,243**	***100.0***	**1,904,540**	***100.0***
	Exports	**983,827**	**1,241,022**	**1,550,009**	**1,426,199**	***54.1***	**991,357**	***52.1***
	Imports	**800,481**	**987,344**	**1,293,811**	**1,211,044**	***45.9***	**913,183**	***47.9***
	Net	**183,345**	**253,678**	**256,198**	**215,155**	**–**	**78,174**	**–**
China	Total Trade	331,440	421,491	486,381	450,012	*100.0*	317,744	*100.0*
	Exports	159,223	192,475	210,554	191,885	*42.6*	120,976	*38.1*
	Imports	172,217	229,016	275,826	258,127	*57.4*	196,768	*61.9*
	Net	-12,994	-36,541	-65,272	-66,241	–	-75,792	–
Singapore	Total Trade	215,824	267,607	367,524	363,021	*100.0*	264,774	*100.0*
	Exports	142,146	173,974	232,484	219,295	*60.4*	153,211	*57.9*
	Imports	73,678	93,633	135,040	143,726	*39.6*	111,562	*42.1*
	Net	68,467	80,341	97,444	75,569	–	41,649	–
United States	Total Trade	178,785	216,971	267,629	250,123	*100.0*	207,377	*100.0*
	Exports	109,080	142,244	167,208	161,272	*64.5*	124,345	*60.0*
	Imports	69,705	74,727	100,421	88,850	*35.5*	83,033	*40.0*
	Net	39,376	67,517	66,788	72,422	–	41,312	–
Japan	Total Trade	124,142	149,759	181,734	156,747	*100.0*	104,554	*100.0*
	Exports	62,561	75,816	98,658	85,830	*54.8*	56,071	*53.6*
	Imports	61,581	73,942	83,076	70,917	*45.2*	48,483	*46.4*
	Net	981	1,874	15,582	14,913	–	7,588	–
Taiwan	Total Trade	91,907	115,828	157,748	127,173	*100.0*	113,795	*100.0*
	Exports	33,874	40,625	51,745	43,377	*34.1*	41,632	*36.6*
	Imports	58,033	75,203	106,003	83,795	*65.9*	72,163	*63.4*
	Net	-24,160	-34,579	-54,258	-40,418	–	-30,531	–
Indonesia	Total Trade	66,283	95,307	129,704	111,211	*100.0*	77,201	*100.0*
	Exports	29,589	39,180	55,736	50,910	*45.8*	36,747	*47.6*
	Imports	36,694	56,127	73,968	60,301	*54.2*	40,454	*52.4*
	Net	-7,106	-16,947	-18,232	-9,391	–	-3,707	–
Thailand	Total Trade	79,640	97,546	121,959	113,370	*100.0*	77,045	*100.0*
	Exports	45,339	52,162	65,774	58,913	*52.0*	39,497	*51.3*
	Imports	34,300	45,383	56,186	54,457	*48.0*	37,548	*48.7*
	Net	11,039	6,779	9,588	4,455	–	1,950	–
Republic of Korea	Total Trade	80,826	88,308	114,093	111,684	*100.0*	72,495	*100.0*
	Exports	34,714	38,224	54,906	56,387	*50.5*	35,623	*49.1*
	Imports	46,113	50,084	59,187	55,298	*49.5*	36,871	*50.9*
	Net	-11,399	-11,860	-4,280	1,089	–	-1,248	–
Hong Kong	Total Trade	82,363	94,343	113,271	105,086	*100.0*	66,191	*100.0*
	Exports	68,167	76,706	95,671	89,836	*85.5*	55,087	*83.2*
	Imports	14,196	17,637	17,601	15,250	*14.5*	11,104	*16.8*
	Net	53,971	59,069	78,070	74,586	–	43,982	–
Australia	Total Trade	44,046	57,041	88,728	84,638	*100.0*	56,737	*100.0*
	Exports	24,359	34,479	48,091	49,899	*59.0*	33,131	*58.4*
	Imports	19,687	22,562	40,637	34,739	*41.0*	23,606	*41.6*
	Net	4,672	11,917	7,453	15,160	–	9,525	–

[1] January to August 2024

Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

3.8. EXTERNAL TRADE INDICES
2010 = 100, Malaysia

Commodity Section	Weights[1] (%)	2020	2021	2022	2023	2024[2]
		Annual Change (%)				
Export Unit Value Indices						
Total	**100.0**	***-2.5***	***10.2***	***17.2***	***-1.1***	***5.3***
Food	3.5	*3.4*	*3.8*	*4.3*	*6.2*	*9.7*
Beverages and tobacco	0.6	*3.5*	*3.5*	*4.4*	*4.2*	*5.4*
Crude materials, inedible	2.7	*-0.6*	*7.2*	*2.9*	*0.6*	*5.8*
Mineral fuels, lubricants, etc.	16.1	*-24.9*	*34.2*	*60.0*	*-8.8*	*14.6*
Animal and vegetable oils and fats	6.0	*22.5*	*48.1*	*18.6*	*-29.6*	*-5.7*
Chemicals	7.8	*0.5*	*6.3*	*7.7*	*0.6*	*2.2*
Manufactured goods	9.7	*-1.1*	*5.1*	*4.5*	*-0.3*	*-0.3*
Machinery and transport equipment	42.3	*1.1*	*1.8*	*10.3*	*7.5*	*2.6*
Miscellaneous manufactured articles	10.9	*0.7*	*1.8*	*1.0*	*1.0*	*3.7*
Miscellaneous transactions and commodities	0.4	*-8.2*	*11.4*	*78.4*	*60.0*	*58.8*
Import Unit Value Indices						
Total	**100.0**	***-3.0***	***3.9***	***10.0***	***-0.9***	***1.3***
Food	6.8	*2.3*	*2.3*	*2.8*	*3.0*	*1.8*
Beverages and tobacco	0.6	*1.7*	*1.6*	*1.1*	*1.3*	*1.7*
Crude materials, inedible	3.3	*0.4*	*10.7*	*1.3*	*-2.3*	*-1.1*
Mineral fuels, lubricants, etc.	12.9	*-27.0*	*25.8*	*56.3*	*-7.0*	*6.0*
Animal and vegetable oils and fats	1.1	*15.1*	*48.5*	*44.6*	*-5.4*	*8.6*
Chemicals	10.5	*-0.6*	*2.6*	*0.5*	*-2.6*	*-1.8*
Manufactured goods	13.4	*-0.3*	*4.6*	*1.9*	*-1.1*	*-0.8*
Machinery and transport equipment	41.8	*-0.9*	*-1.3*	*4.8*	*1.0*	*0.9*
Miscellaneous manufactured articles	7.6	*-0.1*	*0.2*	*2.4*	*1.8*	*1.5*
Miscellaneous transactions and commodities	2.0	*23.6*	*2.6*	*4.8*	*3.6*	*12.7*

[1] Weights based on values of Malaysia imports and exports of merchandise during 2015
[2] Annual changes was calculated based on monthly unit value indices of January to August 2024
Source: Department of Statistics, Malaysia

3.9. PRODUCTION, EXPORTS VOLUME AND VALUE OF MAJOR PRIMARY COMMODITIES
Malaysia

Major Commodities	2020	2021	2022	2023	2024[1]
Palm oil					
Production ('000 tonnes)	19,141	18,116	18,453	18,552	12,611
Volume ('000 tonnes)	16,214	14,835	14,905	14,260	9,710
Value (RM million)	45,647	64,615	82,480	59,450	41,100
Natural rubber					
Production ('000 tonnes)	515	470	377	348	202[2]
Volume ('000 tonnes)	565	653	621	579	401
Value (RM million)	3,286	4,568	4,592	3,714	3,036
Crude petroleum					
Volume ('000 tonnes)	13,095	8,901	8,921	9,309	5,966
Value (RM million)	18,843	18,372	31,847	28,733	19,178
Liquefied natural gas (LNG)					
Volume ('000 tonnes)	24,083	24,697	27,316	26,863	17,927
Value (RM million)	29,868	38,193	68,002	60,231	39,962

[1] January to August 2024
[2] January to July 2024
Source: Bank Negara Malaysia, Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

3.10. DIRECTION OF MAJOR EXPORTS
Malaysia

Exports	2020			2021		
	'000 tonnes	RM million	share (%)	'000 tonnes	RM million	share (%)
Electrical and electronic (E&E)						
Total		**386,292**	***100.0***		**455,953**	***100.0***
Singapore		69,832	*18.1*		85,869	*18.8*
United States		52,857	*13.7*		66,494	*14.6*
China		53,901	*14.0*		59,671	*13.1*
Hong Kong		57,537	*14.9*		65,774	*14.4*
European Union		38,324	*9.9*		41,882	*9.2*
Non-E&E						
Total		**463,206**	***100.0***		**612,478**	***100.0***
Singapore		64,350	*13.9*		79,258	*12.9*
China		82,859	*17.9*		101,825	*16.6*
United States		53,562	*11.6*		72,825	*11.9*
European Union		36,752	*7.9*		49,598	*8.1*
Indonesia		25,015	*5.4*		34,722	*5.7*
Palm oil						
Total	**16,214**	**45,647**	***100.0***	**14,835**	**64,615**	***100.0***
India	2,602	7,149	*15.7*	3,440	15,285	*23.7*
China	2,600	6,961	*15.2*	1,769	7,029	*10.9*
European Union	1,827	5,224	*11.4*	1,421	6,181	*9.6*
Turkiye	619	1,779	*3.9*	688	3,048	*4.7*
Kenya	514	1,448	*3.2*	835	3,450	*5.3*
Natural rubber						
Total	**565**	**3,286**	***100.0***	**653**	**4,568**	***100.0***
China	293	1,640	*49.9*	316	2,132	*46.7*
European Union	108	655	*19.9*	124	919	*20.1*
United Arab Emirates	27	156	*4.7*	37	247	*5.4*
United States	19	113	*3.4*	39	284	*6.2*
India	13	73	*2.2*	23	156	*3.4*
Crude petroleum						
Total	**13,095**	**18,843**	***100.0***	**8,901**	**18,372**	***100.0***
Australia	3,219	5,060	*26.9*	2,823	5,796	*31.5*
Thailand	2,030	2,911	*15.4*	1,725	3,572	*19.4*
India	2,780	3,832	*20.3*	1,369	2,723	*14.8*
Japan	1,318	1,981	*10.5*	1,158	2,494	*13.6*
Brunei	282	334	*1.8*	744	1,629	*8.6*
Liquefied natural gas (LNG)						
Total	**24,083**	**29,868**	***100.0***	**24,697**	**38,193**	***100.0***
Japan	10,638	14,070	*47.1*	10,277	16,413	*43.0*
China	6,003	6,812	*22.8*	8,433	12,929	*33.9*
Republic of Korea	5,107	6,207	*20.8*	4,186	6,150	*16.1*
Thailand	1,130	1,434	*4.8*	1,086	1,648	*4.3*
Taiwan	664	932	*3.1*	372	529	*1.4*

[1] January to August 2024
Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

2022			2023			2024[1]		
‘000 tonnes	RM million	share (%)	‘000 tonnes	RM million	share (%)	‘000 tonnes	RM million	share (%)
	592,956	***100.0***		**575,455**	***100.0***		**383,764**	***100.0***
	115,275	*19.4*		106,523	*18.5*		73,327	*19.1*
	96,023	*16.2*		101,286	*17.6*		73,420	*19.1*
	81,097	*13.7*		76,675	*13.3*		42,094	*11.0*
	79,087	*13.3*		74,010	*12.9*		44,966	*11.7*
	52,021	*8.8*		52,578	*9.1*		33,763	*8.8*
	711,713	***100.0***		**640,828**	***100.0***		**464,070**	***100.0***
	105,751	*14.9*		100,374	*15.7*		71,052	*15.3*
	89,647	*12.6*		81,267	*12.7*		57,054	*12.3*
	68,453	*9.6*		57,803	*9.0*		48,531	*10.5*
	59,850	*8.4*		50,425	*7.9*		35,475	*7.6*
	49,975	*7.0*		43,759	*6.8*		32,144	*6.9*
14,905	**82,480**	***100.0***	**9,426**	**38,455**	***100.0***	**9,710**	**41,100**	***100.0***
2,913	15,382	*18.6*	2,767	10,767	*28.0*	1,938	7,773	*18.9*
1,694	8,447	*10.2*	1,297	5,043	*13.1*	786	3,185	*7.7*
1,229	6,978	*8.5*	933	4,270	*11.1*	713	3,382	*8.2*
767	4,309	*5.2*	838	3,459	*9.0*	449	1,919	*4.7*
762	4,042	*4.9*	860	3,384	*8.8*	642	2,586	*6.3*
621	**4,592**	***100.0***	**579**	**3,714**	***100.0***	**401**	**3,036**	***100.0***
286	2,076	*45.2*	279	1,749	*47.1*	156	1,131	*37.3*
112	862	*18.8*	94	637	*17.1*	69	564	*18.6*
52	372	*8.1*	57	366	*9.9*	40	298	*9.8*
34	251	*5.5*	16	102	*2.7*	23	175	*5.8*
25	177	*3.9*	29	178	*4.8*	34	252	*8.3*
8,921	**31,847**	***100.0***	**9,309**	**28,733**	***100.0***	**5,966**	**19,178**	***100.0***
2,343	8,431	*26.5*	2,022	6,242	*21.7*	1,165	3,881	*20.2*
2,089	7,307	*22.9*	2,615	8,089	*28.2*	1,777	5,770	*30.1*
1,507	5,291	*16.6*	702	2,078	*7.2*	688	2,173	*11.3*
1,341	4,622	*14.5*	2,012	6,177	*21.5*	1,226	3,818	*19.9*
1,035	3,891	*12.2*	1,203	3,775	*13.1*	703	2,232	*11.6*
27,316	**68,002**	***100.0***	**26,863**	**60,231**	***100.0***	**17,927**	**39,962**	***100.0***
11,777	30,566	*44.9*	10,433	25,830	*42.9*	6,980	17,088	*42.8*
7,489	18,053	*26.5*	7,437	15,126	*25.1*	5,541	10,870	*27.2*
5,361	12,480	*18.4*	6,322	13,838	*23.0*	3,451	7,814	*19.6*
1,893	4,461	*6.6*	1,785	3,585	*6.0*	1,330	2,796	*7.0*
374	1,214	*1.8*	616	1,266	*2.1*	607	1,344	*3.4*

3.11. EXPORTS OF MANUFACTURED GOODS
Malaysia
RM million

	2020	2021	2022	2023	2024[2]	
						share (%)
Electrical and electronic (E&E) products	386,292	455,953	592,956	575,455	383,764	*45.3*
Petroleum products	61,889	96,206	161,205	143,494	90,938	*10.7*
Chemicals and chemical products	50,736	70,683	80,579	71,454	49,218	*5.8*
Manufactures of metal	36,830	61,557	63,551	56,323	41,605	*4.9*
Machinery, equipment and parts	39,446	49,922	60,409	57,250	45,127	*5.3*
Optical and scientific equipment	42,220	46,928	56,632	54,575	39,521	*4.7*
Palm oil-based manufactured products	21,006	32,704	41,385	31,212	23,351	*2.8*
Iron and steel products	23,552	29,409	33,827	30,478	23,447	*2.8*
Rubber products	44,302	64,615	28,790	21,337	16,974	*2.0*
Processed food	21,283	24,600	28,414	30,304	22,717	*2.7*
Transport equipment	18,460	15,914	18,988	17,500	12,471	*1.5*
Wood products	16,084	16,555	18,096	14,866	10,257	*1.2*
Textiles, apparels and footwear	13,951	15,827	17,341	16,019	11,779	*1.4*
Manufactures of plastics	13,187	15,971	17,262	16,041	11,588	*1.4*
Non-metallic mineral products	8,346	10,572	11,945	12,469	8,403	*1.0*
Paper and pulp products	6,363	8,516	9,948	11,594	9,451	*1.1*
Jewellery	4,157	5,804	7,395	7,708	5,993	*0.7*
Beverages and tobacco	2,593	2,495	2,757	3,105	2,008	*0.2*
Other manufactures[1]	38,801	44,201	53,190	45,101	39,222	*4.6*
Total	**849,498**	**1,068,431**	**1,304,668**	**1,216,283**	**847,833**	**100.0**

[1] Includes animal feed, printed matter, miscellaneous manufactured articles, etc
[2] January to August 2024
Note: Total may not add up due to rounding
Source: Department of Statistics, Malaysia

3.12. SOURCE OF MAJOR IMPORTS
Malaysia
RM million

Imports	2020	share (%)	2021	share (%)	2022	share (%)	2023	share (%)	2024[1]	share (%)
Electrical and electronic (E&E) products										
Total	**253,000**	***100.0***	**314,546**	***100.0***	**393,474**	***100.0***	**355,945**	***100.0***	**291,669**	***100.0***
China	68,025	*26.9*	91,244	*29.0*	110,095	*28.0*	100,589	*28.3*	78,323	*26.9*
Taiwan	42,649	*16.9*	51,815	*16.5*	76,704	*19.5*	62,710	*17.6*	57,032	*19.6*
Singapore	27,000	*12.0*	27,224	*10.4*	38,372	*9.8*	47,336	*13.3*	40,413	*13.9*
Chemicals and chemical products										
Total	**74,296**	***100.0***	**96,551**	***100.0***	**115,514**	***100.0***	**104,426**	***100.0***	**71,486**	***100.0***
China	13,882	*18.7*	21,718	*22.5*	28,611	*24.8*	24,940	*23.9*	16,631	*23.3*
European Union	9,540	*12.8*	12,175	*12.6*	12,982	*11.2*	12,513	*12.0*	8,738	*12.2*
Singapore	6,705	*9.0*	8,971	*9.3*	9,704	*8.4*	10,972	*10.5*	9,081	*12.7*
Petroleum products										
Total	**60,007**	***100.0***	**89,546**	***100.0***	**145,639**	***100.0***	**137,935**	***100.0***	**90,859**	***100.0***
Singapore	17,453	*29.1*	26,759	*29.9*	51,051	*35.1*	44,257	*32.1*	30,182	*33.2*
China	7,643	*12.7*	12,400	*13.8*	18,356	*12.6*	19,731	*14.3*	10,162	*11.2*
Republic of Korea	6,157	*10.3*	11,181	*12.5*	16,693	*11.5*	15,646	*11.3*	10,426	*11.5*
Machinery, equipment and parts										
Total	**60,129**	***100.0***	**68,638**	***100.0***	**89,381**	***100.0***	**89,210**	***100.0***	**74,870**	***100.0***
China	19,126	*31.8*	23,944	*34.9*	30,546	*34.2*	27,855	*31.2*	23,805	*31.8*
European Union	9,435	*15.7*	9,102	*13.3*	10,949	*12.2*	12,346	*13.8*	8,881	*11.9*
Japan	7,031	*11.7*	7,972	*11.6*	10,248	*11.5*	10,381	*11.6*	7,887	*10.5*
Manufactures of metal										
Total	**47,024**	***100.0***	**54,216**	***100.0***	**63,853**	***100.0***	**64,817**	***100.0***	**48,672**	***100.0***
China	9,881	*21.0*	14,271	*26.3*	16,151	*25.3*	15,632	*24.1*	12,174	*25.0*
United States	4,491	*9.5*	6,177	*11.4*	7,678	*12.0*	8,714	*13.4*	6,780	*13.9*
India	7,020	*14.9*	2,075	*3.8*	3,049	*4.8*	5,375	*8.3*	2,255	*4.6*

[1] January to August 2024
Source: Department of Statistics, Malaysia and Malaysia External Trade Development Corporation

3.13. BALANCE OF PAYMENTS
Malaysia
RM million

Components	2020			2021		
	Credits (+)	Debits (-)	Net	Credits (+)	Debits (-)	Net
Balance on goods and services	**873,477**	**783,152**	**90,325**	**1,093,895**	**981,922**	**111,973**
Goods	**780,511**	**643,024**	**137,486**	**1,005,841**	**828,206**	**177,634**
Services	**92,967**	**140,128**	**-47,161**	**88,054**	**153,716**	**-65,661**
Transport	13,786	41,213	-27,427	16,474	48,337	-31,863
Travel	12,503	20,071	-7,569	323	15,180	-14,857
Other services	66,678	78,844	-12,165	71,258	90,199	-18,941
Primary income	**53,124**	**81,645**	**-28,520**	**97,698**	**139,851**	**-42,153**
Compensation of employees	5,991	14,052	-8,061	6,433	13,092	-6,659
Investment income	47,133	67,592	-20,459	91,265	126,759	-35,494
Secondary income	**27,185**	**29,899**	**-2,714**	**20,504**	**30,146**	**-9,642**
Balance on current account	**953,787**	**894,696**	**59,091**	**1,212,097**	**1,151,919**	**60,178**
% of Gross National Income			***4.3***			***4.0***
Capital account			**-419**			**-469**
Financial account			**-77,396**			**16,242**
Direct investment			3,111			31,065
Assets			-13,808			-53,200
Liabilities			16,919			84,265
Portfolio investment			-49,584			18,802
Financial derivatives			407			-2,250
Other investment			-31,330			-31,375
Balance on capital and financial accounts			**-77,816**			**15,774**
Net errors and omissions			**-572**			**-30,266**
Overall balance			**-19,297**			**45,686**

[1] January to June 2024
Note: Total may not add up due to rounding
Source: Department of Statistics, Malaysia

2022			2023			2024[1]		
Credits (+)	Debits (-)	Net	Credits (+)	Debits (-)	Net	Credits (+)	Debits (-)	Net
1,378,618	**1,249,547**	**129,071**	**1,250,183**	**1,157,224**	**92,959**	**664,837**	**620,453**	**44,384**
1,237,226	**1,049,951**	**187,275**	**1,055,187**	**919,030**	**136,157**	**550,288**	**493,710**	**56,578**
141,392	**199,596**	**-58,204**	**194,995**	**238,194**	**-43,199**	**114,549**	**126,744**	**-12,195**
26,569	60,763	-34,194	30,826	62,256	-31,430	16,997	32,256	-15,259
28,696	29,884	-1,188	68,037	50,903	17,134	43,754	28,930	14,824
86,127	108,949	-22,822	96,132	125,035	-28,903	53,799	65,558	-11,759
93,156	**150,099**	**-56,943**	**90,074**	**142,996**	**-52,921**	**52,435**	**76,788**	**-24,352**
7,116	14,455	-7,339	7,766	15,903	-8,136	3,803	8,674	-4,870
86,040	135,644	-49,603	82,308	127,093	-44,785	48,632	68,114	-19,482
22,958	**37,863**	**-14,905**	**33,279**	**45,113**	**-11,835**	**21,794**	**22,627**	**-833**
1,494,731	**1,437,509**	**57,223**	**1,373,535**	**1,345,333**	**28,203**	**739,067**	**719,868**	**19,198**
		3.3			***1.6***			***2.1***
		-454			**-262**			**22**
		8,533			**-15,460**			**-1,590**
		12,593			-180			-2,267
		-53,603			-36,287			-31,992
		66,196			36,108			29,725
		-50,114			-36,355			-45,391
		-2,212			-3,879			658
		48,267			24,953			45,410
		8,079			**-15,722**			**-1,567**
		-11,943			**-32,981**			**-10,263**
		53,359			**-20,500**			**7,367**

3.14. CONSUMER PRICE INDEX BY REGION
2010 = 100, Malaysia

Groups	2020	2021	2022	2023	2024[1]
	Annual Change (%)				
Malaysia					
Total	***-1.2***	***2.5***	***3.3***	***2.5***	***1.8***
Food and beverages	*1.3*	*1.7*	*5.8*	*4.8*	*1.8*
Alcoholic beverages and tobacco	*0.3*	*0.5*	*0.5*	*0.6*	*0.6*
Clothing and footwear	*-0.8*	*-0.4*	*0.1*	*0.3*	*-0.2*
Housing, water, electricity, gas and other fuels	*-1.7*	*1.5*	*1.8*	*1.7*	*2.9*
Furnishings, household equipment and routine household maintenance	*0.3*	*1.6*	*3.5*	*2.3*	*0.9*
Health	*1.1*	*0.4*	*0.7*	*2.2*	*2.0*
Transport	*-10.0*	*11.0*	*4.7*	*1.1*	*1.1*
Information and communication	*1.1*	*0.0*	*0.0*	*-3.0*	*-0.9*
Recreation, sport and culture	*0.4*	*0.4*	*2.3*	*1.5*	*1.7*
Education	*1.0*	*0.2*	*1.1*	*1.9*	*1.5*
Restaurant and accommodation services	*0.5*	*0.4*	*5.0*	*5.6*	*3.2*
Insurance and financial services	*0.0*	*0.0*	*0.2*	*0.1*	*0.1*
Personal care, social protection and miscellaneous goods and services	*2.7*	*0.5*	*2.0*	*2.4*	*2.9*
Peninsular Malaysia					
Total	***-1.1***	***2.6***	***3.5***	***2.5***	***1.8***
Food and beverages	*1.4*	*1.9*	*5.8*	*4.8*	*1.8*
Alcoholic beverages and tobacco	*0.4*	*0.5*	*0.6*	*0.6*	*0.6*
Clothing and footwear	*-0.7*	*-0.5*	*0.2*	*0.2*	*-0.2*
Housing, water, electricity, gas and other fuels	*-1.7*	*1.9*	*1.9*	*1.5*	*2.9*
Furnishings, household equipment and routine household maintenance	*0.3*	*1.7*	*3.8*	*2.3*	*0.9*
Health	*1.1*	*0.4*	*0.8*	*2.2*	*2.2*
Transport	*-9.6*	*10.6*	*4.7*	*1.2*	*1.0*
Information and communication	*1.2*	*0.0*	*0.0*	*-3.2*	*-0.9*
Recreation, sport and culture	*0.6*	*0.4*	*2.2*	*1.6*	*1.8*
Education	*0.9*	*0.2*	*1.1*	*1.8*	*1.6*
Restaurant and accommodation services	*0.5*	*0.4*	*4.9*	*5.6*	*3.3*
Insurance and financial services	*-0.1*	*0.1*	*0.2*	*0.1*	*0.1*
Personal care, social protection and miscellaneous goods and services	*2.7*	*0.5*	*2.1*	*2.5*	*3.0*

[1] January to August 2024
Source: Department of Statistics, Malaysia

3.14. CONSUMER PRICE INDEX BY REGION (cont'd)
2010 = 100, Malaysia

Groups	2020	2021	2022	2023	2024[1]
	Annual Change (%)				
Sarawak					
Total	***-1.8***	***2.1***	***3.2***	***3.1***	***2.5***
Food and beverages	*0.6*	*1.1*	*5.5*	*6.1*	*2.1*
Alcoholic beverages and tobacco	*0.2*	*0.3*	*0.2*	*0.9*	*0.9*
Clothing and footwear	*-0.9*	*-0.4*	*0.0*	*0.2*	*0.1*
Housing, water, electricity, gas and other fuels	*-1.8*	*-0.5*	*0.9*	*1.8*	*5.8*
Furnishings, household equipment and routine household maintenance	*-0.2*	*0.9*	*2.3*	*2.3*	*1.0*
Health	*1.4*	*0.2*	*-0.8*	*1.6*	*1.5*
Transport	*-13.6*	*15.7*	*3.9*	*0.7*	*0.9*
Information and communication	*0.6*	*0.0*	*0.0*	*-1.6*	*-0.4*
Recreation, sport and culture	*-0.5*	*-1.5*	*4.9*	*0.6*	*2.0*
Education	*2.8*	*-0.7*	*1.5*	*2.4*	*1.3*
Restaurant and accommodation services	*0.5*	*0.6*	*5.2*	*5.3*	*3.3*
Insurance and financial services	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Personal care, social protection and miscellaneous goods and services	*2.5*	*0.5*	*1.2*	*2.6*	*2.1*
Sabah					
Total	***-1.9***	***1.6***	***3.0***	***2.4***	***1.3***
Food and beverages	*0.2*	*0.6*	*5.1*	*4.1*	*1.4*
Alcoholic beverages and tobacco	*0.1*	*0.2*	*0.2*	*0.2*	*0.8*
Clothing and footwear	*-0.9*	*-0.4*	*0.1*	*-0.1*	*-0.3*
Housing, water, electricity, gas and other fuels	*-2.1*	*-1.1*	*1.9*	*2.6*	*1.9*
Furnishings, household equipment and routine household maintenance	*-0.4*	*1.0*	*2.3*	*1.6*	*0.7*
Health	*1.1*	*0.3*	*1.5*	*1.4*	*1.2*
Transport	*-10.7*	*12.6*	*3.5*	*0.0*	*0.4*
Information and communication	*0.4*	*0.0*	*-0.1*	*-1.1*	*-0.1*
Recreation, sport and culture	*-0.1*	*2.4*	*0.2*	*1.0*	*-0.3*
Education	*0.3*	*-0.4*	*1.4*	*2.3*	*2.1*
Restaurant and accommodation services	*0.7*	*0.4*	*7.3*	*5.4*	*2.5*
Insurance and financial services	*0.0*	*0.0*	*0.0*	*-0.1*	*0.5*
Personal care, social protection and miscellaneous goods and services	*1.5*	*0.7*	*1.6*	*2.3*	*3.2*

[1] January to August 2024
Source: Department of Statistics, Malaysia

3.14. CONSUMER PRICE INDEX BY REGION (cont'd)
2010 = 100, Malaysia

Groups	2020	2021	2022	2023	2024[1]
	Annual Change (%)				
Federal Territory of Labuan					
Total	***-1.9***	***1.6***	***2.4***	***1.6***	***0.8***
Food and beverages	*0.7*	*1.3*	*3.5*	*3.6*	*1.8*
Alcoholic beverages and tobacco	*0.0*	*0.0*	*0.0*	*0.2*	*0.5*
Clothing and footwear	*-2.4*	*-0.2*	*-0.3*	*0.0*	*-1.7*
Housing, water, electricity, gas and other fuels	*-2.7*	*-1.5*	*1.1*	*1.5*	*0.7*
Furnishings, household equipment and routine household maintenance	*-0.2*	*-0.3*	*0.7*	*1.4*	*-3.1*
Health	*1.3*	*0.4*	*0.9*	*3.9*	*2.7*
Transport	*-13.0*	*14.8*	*7.6*	*-2.3*	*-0.7*
Information and communication	*0.7*	*0.0*	*-0.6*	*-2.5*	*-0.8*
Recreation, sport and culture	*0.0*	*2.9*	*0.2*	*0.2*	*1.7*
Education	*0.2*	*0.0*	*0.0*	*1.7*	*0.9*
Restaurant and accommodation services	*-2.0*	*-0.5*	*2.2*	*5.9*	*6.3*
Insurance and financial services	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Personal care, social protection and miscellaneous goods and services	*2.3*	*1.3*	*0.3*	*1.9*	*2.4*

[1] January to August 2024
Source: Department of Statistics, Malaysia

3.15. CONSUMER PRICE INDEX BY STRATUM
2010 = 100, Malaysia

Groups	2020	2021	2022	2023	2024[1]
	Annual Change (%)				
Rural					
Total	***-1.5***	***2.6***	***2.6***	***2.1***	***1.7***
Food and beverages	*0.9*	*1.6*	*4.3*	*3.6*	*1.6*
Alcoholic beverages and tobacco	*0.1*	*0.2*	*0.2*	*0.2*	*0.5*
Clothing and footwear	*-0.5*	*0.0*	*0.5*	*0.4*	*0.2*
Housing, water, electricity, gas and other fuels	*-2.5*	*1.3*	*1.7*	*1.5*	*3.2*
Furnishings, household equipment and routine household maintenance	*0.1*	*0.6*	*2.0*	*1.8*	*0.9*
Health	*1.7*	*0.5*	*0.6*	*1.6*	*1.1*
Transport	*-11.2*	*12.1*	*2.9*	*1.1*	*1.0*
Information and communication	*1.0*	*0.1*	*0.0*	*-1.4*	*-0.3*
Recreation, sport and culture	*0.8*	*0.3*	*1.6*	*1.0*	*1.1*
Education	*0.5*	*0.2*	*0.3*	*1.6*	*0.6*
Restaurant and accommodation services	*0.7*	*0.2*	*2.9*	*2.9*	*2.7*
Insurance and financial services	*0.1*	*0.0*	*0.0*	*0.0*	*0.2*
Personal care, social protection and miscellaneous goods and services	*2.2*	*0.6*	*1.5*	*2.2*	*3.0*
Urban					
Total	***-1.1***	***2.4***	***3.6***	***2.6***	***1.8***
Food and beverages	*1.4*	*1.8*	*6.1*	*5.1*	*1.9*
Alcoholic beverages and tobacco	*0.4*	*0.6*	*0.7*	*0.8*	*0.7*
Clothing and footwear	*-0.9*	*-0.5*	*0.1*	*0.1*	*-0.3*
Housing, water, electricity, gas and other fuels	*-1.6*	*1.6*	*1.8*	*1.6*	*2.9*
Furnishings, household equipment and routine household maintenance	*0.3*	*1.8*	*3.7*	*2.3*	*0.8*
Health	*1.1*	*0.4*	*0.8*	*2.1*	*2.3*
Transport	*-9.8*	*10.9*	*5.0*	*1.1*	*1.0*
Information and communication	*1.1*	*0.0*	*0.0*	*-3.2*	*-1.1*
Recreation, sport and culture	*0.4*	*0.5*	*2.3*	*1.6*	*1.8*
Education	*1.1*	*0.2*	*1.1*	*1.9*	*1.7*
Restaurant and accommodation services	*0.4*	*0.4*	*5.3*	*5.8*	*3.4*
Insurance and financial services	*-0.1*	*0.1*	*0.2*	*0.1*	*0.1*
Personal care, social protection and miscellaneous goods and services	*2.7*	*0.4*	*2.1*	*2.5*	*2.9*

[1] January to August 2024

Source: Department of Statistics, Malaysia

3.16. CONSUMER PRICE INDEX BY STATE
2010 = 100, Malaysia

States	2020	2021	2022	2023	2024[2]
	Annual Change (%)				
Total					
Malaysia	***-1.2***	***2.5***	***3.3***	***2.5***	***1.8***
Johor	*-1.4*	*2.4*	*3.4*	*2.5*	*1.7*
Kedah	*-1.8*	*2.6*	*2.6*	*1.7*	*1.4*
Kelantan	*-1.5*	*3.1*	*2.8*	*1.7*	*1.1*
Melaka	*-1.9*	*2.4*	*2.7*	*2.4*	*1.3*
Negeri Sembilan	*-1.6*	*2.6*	*2.8*	*2.0*	*1.2*
Pahang	*-1.2*	*3.0*	*3.0*	*2.6*	*2.4*
Pulau Pinang	*-0.8*	*2.1*	*3.2*	*2.2*	*3.0*
Perak	*-1.3*	*2.7*	*3.3*	*2.8*	*1.1*
Perlis	*-2.1*	*2.9*	*3.2*	*2.2*	*1.8*
Selangor	*-0.6*	*2.7*	*4.2*	*2.9*	*2.2*
Terengganu	*-1.3*	*3.4*	*3.1*	*1.8*	*1.5*
Sabah	*-1.9*	*1.6*	*3.0*	*2.4*	*1.3*
Sarawak	*-1.8*	*2.1*	*3.2*	*3.1*	*2.5*
Federal Territory of Kuala Lumpur	*-0.6*	*2.0*	*3.0*	*2.1*	*1.3*
Federal Territory of Labuan	*-1.9*	*1.6*	*2.4*	*1.6*	*0.8*
Federal Territory of Putrajaya	*-0.2*	*3.9*	*7.3*	*3.4*	*1.6*

[1] January to August 2024
Source: Department of Statistics, Malaysia

3.16. CONSUMER PRICE INDEX BY STATE (cont'd)
2010 = 100, Malaysia

States	2020	2021	2022	2023	2024[1]
	Annual Change (%)				
Food and Beverages					
Malaysia	**1.3**	**1.7**	**5.8**	**4.8**	***1.8***
Johor	*1.5*	*1.8*	*6.1*	*4.3*	*1.4*
Kedah	*0.7*	*1.2*	*3.7*	*2.9*	*0.6*
Kelantan	*0.9*	*2.1*	*4.5*	*3.2*	*0.9*
Melaka	*0.7*	*1.4*	*4.7*	*4.6*	*0.9*
Negeri Sembilan	*1.2*	*1.6*	*4.8*	*4.5*	*0.8*
Pahang	*1.4*	*2.3*	*4.9*	*4.9*	*1.9*
Pulau Pinang	*1.3*	*1.1*	*6.0*	*5.0*	*2.7*
Perak	*1.6*	*1.8*	*5.4*	*4.8*	*0.5*
Perlis	*0.6*	*1.4*	*4.9*	*3.5*	*1.8*
Selangor	*2.0*	*2.4*	*7.4*	*6.1*	*3.1*
Terengganu	*1.4*	*2.2*	*4.9*	*3.6*	*1.6*
Sabah	*0.2*	*0.6*	*5.1*	*4.1*	*1.4*
Sarawak	*0.6*	*1.1*	*5.5*	*6.1*	*2.1*
Federal Territory of Kuala Lumpur	*0.7*	*1.3*	*5.1*	*4.1*	*1.0*
Federal Territory of Labuan	*0.7*	*1.3*	*3.5*	*3.6*	*1.8*
Federal Territory of Putrajaya	*2.9*	*3.6*	*7.7*	*5.9*	*2.3*

[1] January to August 2024
Source: Department of Statistics, Malaysia

3.17. CORE INDEX
2010 = 100, Malaysia

Groups	2020	2021	2022	2023	2024[1]
	Annual Change (%)				
Total	***1.1***	***0.7***	***3.0***	***3.0***	***1.9***
Food and beverages	*1.2*	*1.3*	*5.8*	*5.8*	*2.9*
Alcoholic beverages and tobacco	–	–	–	–	–
Clothing and footwear	*-0.8*	*-0.4*	*0.1*	*0.3*	*-0.2*
Housing, water, electricity, gas and other fuels	*1.3*	*0.6*	*1.4*	*1.9*	*1.7*
Furnishings, household equipment and routine household maintenance	*0.3*	*1.6*	*3.5*	*2.3*	*0.9*
Health	*1.1*	*0.4*	*0.7*	*2.2*	*2.2*
Transport	*0.1*	*0.7*	*5.6*	*4.4*	*2.2*
Information and communication	*1.1*	*0.0*	*0.0*	*-3.0*	*-0.9*
Recreation, sport and culture	*0.4*	*0.4*	*2.3*	*1.5*	*1.7*
Education	*1.0*	*0.2*	*1.1*	*1.9*	*1.5*
Restaurant and accommodation services	*0.5*	*0.4*	*5.0*	*5.6*	*3.2*
Insurance and financial services	*0.0*	*0.0*	*0.2*	*0.1*	*0.1*
Personal care, social protection and miscellaneous goods and services	*2.7*	*0.5*	*2.0*	*2.4*	*2.9*

[1] January to August 2024

Source: Department of Statistics, Malaysia

3.18. PRODUCER PRICE INDEX - LOCAL PRODUCTION
2010 = 100, Malaysia

Sectors and Stage of Processing	2020	2021	2022	2023	2024[1]
	Annual Change (%)				
Sector (MSIC 2008)					
Total	***-2.7***	***9.5***	***7.8***	***-1.9***	***0.9***
Agriculture, forestry and fishing	*15.7*	*30.2*	*1.3*	*-13.8*	*3.8*
Mining	*-36.3*	*41.2*	*12.6*	*-5.9*	*3.3*
Manufacturing	*-0.4*	*5.5*	*8.4*	*-0.2*	*0.4*
Electricity and gas supply	*-0.4*	*-0.4*	*0.7*	*0.4*	*0.5*
Water supply	*-0.2*	*0.5*	*2.6*	*2.4*	*6.4*
Producer Price Index by Stage of Processing					
Total	***-2.7***	***9.5***	***7.8***	***-1.9***	***0.9***
Crude materials for further processing	*-12.3*	*30.3*	*6.2*	*-9.6*	*3.4*
Intermediate materials, supplies and components	*-0.5*	*7.7*	*10.9*	*-1.2*	*-0.4*
Finished goods	*-0.1*	*-0.2*	*1.8*	*3.1*	*2.3*

[1] January to August 2024

Source: Department of Statistics, Malaysia

3.19. LABOUR FORCE
Malaysia

	2020	2021	2022	2023	2024[4]
Labour force ('000)	**15,406.0**	**15,532.8**	**15,769.7**	**16,366.8**	**16,773.4**
Employment ('000)	14,719.4	14,825.2	15,155.2	15,813.4	16,238.9
Unemployment ('000)	686.6	707.6	614.5	553.4	534.5
Unemployment rate (%)	*4.5*	*4.6*	*3.9*	*3.4*	*3.2*
Labour force participation rate[1] (%)					
Total	*68.4*	*68.6*	*69.3*	*70.0*	*70.5*
Male	*80.3*	*80.5*	*81.5*	*82.3*	*83.1*
Female	*55.1*	*55.3*	*55.6*	*56.2*	*56.3*
Number of collective agreements signed in the current year[2]	**187**	**154**	**334**	**274**	**68**
Labour productivity[3]	***-5.3***	***2.0***	***5.6***	***0.7***	***2.6***
Agriculture	*-2.0*	*-0.7*	*1.9*	*0.1*	*3.9*
Mining and quarrying	*-7.6*	*-0.8*	*2.2*	*0.0*	*4.1*
Manufacturing	*-2.7*	*6.7*	*4.1*	*-2.1*	*1.6*
Construction	*-15.6*	*-4.2*	*5.3*	*4.9*	*13.5*
Services	*-5.7*	*0.8*	*6.6*	*1.6*	*2.1*
Foreign workers ('000)	**1,483.4**	**1,171.9**	**1,459.2**	**2,003.7**	**2,513.0** [5]

[1] The ratio of the labour force to the working age population (15-64 years), expressed as percentage

[2] Based on the information in the Collective Agreement and the feedback from the employer for which has been given cognisance by the Industrial Court for the year

[3] Annual change (%)

[4] For the first half of 2024

[5] As at end-August 2024

Source: Department of Statistics, Ministry of Home Affairs and Ministry of Human Resources, Malaysia

3.20. EMPLOYMENT BY INDUSTRY
'000 persons, Malaysia

Industry[1]	2020	2021	2022	2023		2024[4]	
					share (%)		share (%)
Total employment[2]	**14,719.4**	**14,825.2**	**15,155.2**	**15,813.4**	*100.0*	**16,238.9**	***100.0***
Agriculture, forestry and fishing	1,454.6	1,408.8	1,408.1	1,437.4	*9.1*	1,491.8	*9.2*
Mining and quarrying	82.1	82.8	84.1	88.8	*0.6*	90.6	*0.6*
Manufacturing	2,469.7	2,476.4	2,507.3	2,597.8	*16.4*	2,668.1	*16.4*
Construction	1,180.6	1,165.8	1,245.4	1,284.5	*8.1*	1,336.6	*8.2*
Services	9,532.4	9,691.5	9,910.3	10,404.7	*65.8*	10,649.3	*65.6*
Electricity, gas, steam and air conditioning supply	75.2	77.1	78.8	81.5	*0.5*	83.8	*0.6*
Water supply; sewerage, waste management and remediation activities	82.2	86.3	85.0	85.5	*0.5*	88.8	*0.5*
Wholesale and retail trade; repair of motor vehicles and motorcycles	2,662.5	2,732.7	2,840.6	2,991.5	*18.9*	3,042.3	*18.7*
Transportation and storage	692.1	693.6	707.2	735.3	*4.6*	761.6	*4.7*
Accommodation and food and beverage service activities	1,473.9	1,447.2	1,482.7	1,592.8	*10.1*	1,636.8	*10.1*
Information and communication	237.6	241.7	252.7	268.1	*1.7*	285.3	*1.8*
Financial and insurance/takaful activities	389.3	428.3	410.4	434.2	*2.7*	449.7	*2.8*
Real estate activities	87.1	90.6	90.5	92.8	*0.6*	95.9	*0.5*
Professional, scientific and technical activities	397.1	379.0	380.0	390.3	*2.5*	401.8	*2.5*
Administrative and support service activities	784.6	803.3	834.3	886.3	*5.6*	895.6	*5.6*
Public administration and defence; compulsory social security	773.2	782.9	783.6	797.1	*5.0*	817.6	*5.0*
Education	958.9	963.0	944.5	989.5	*6.3*	1,005.6	*6.2*
Human health and social work activities	562.1	601.1	596.1	626.4	*4.0*	633.3	*3.9*
Arts, entertainment and recreation	56.3	67.9	70.9	72.5	*0.5*	81.1	*0.5*
Others service activities	250.9	255.8	258.2	261.6	*1.7*	266.9	*1.6*
Activities of households as employers[3]	49.3	40.6	94.5	96.5	*0.6*	103.2	*0.6*

[1] Industry is classified according to the 'Malaysia Standard Industrial Classification (MSIC) 2008 Ver. 1.0'

[2] Total includes 'Activities of extraterritorial organisations and bodies

[3] Labour Force Survey does not classify the subsistence goods-and services-producing activities of households as persons who are economically active. Therefore, the classification of industry by MSIC 2008 for 'Activities of households as employers; undifferentiated goods-and services-producing activities of household for own use' only accounted for 'Activities of household as employers'

[4] For the first half of 2024

Source: Department of Statistics, Malaysia

3.21. ACTIVE REGISTRANTS
Malaysia

	2020	2021	2022	2023		2024[1]	
					share (%)		share (%)
Total Active Registrants (end-period)	**500,391**	**887,977**	**546,325**	**526,441**	***100.0***	**230,785**	***100.0***
Age							
19 and below	327	1,805	17,016	20,456	*3.9*	18,437	*8.0*
20 – 24	71,087	219,340	170,139	179,276	*34.1*	85,328	*37.0*
25 – 29	173,200	295,432	161,879	146,182	*27.8*	45,701	*19.8*
30 and above	255,716	371,306	197,212	180,506	*34.3*	81,312	*35.2*
Gender							
Male	240,250	422,685	264,974	250,630	*47.6*	110,781	*48.0*
Female	260,141	465,292	281,351	275,811	*52.4*	120,004	*52.0*
Educational Level							
Less than PT3/PMR/SRP/LCE	7,167	11,846	4,882	5,368	*1.0*	5,910	*2.6*
PT3/PMR/SRP/LCE	13,044	20,826	9,538	9,348	*1.8*	5,861	*2.5*
SPM/MCE	122,489	283,259	108,173	117,723	*22.4*	54,386	*23.6*
MHSC/STPM, Matriculation, Diploma and Degree	214,017	325,930	210,964	202,123	*38.4*	80,697	*35.0*
Employment Status							
Unemployed	179,367	351,459	188,099	198,746		157,353	

[1] January to June 2024

Note: Data are provided by Social Security Organisation obtained via MyFutureJobs portal. The figures for certain variables for Active Registrants may not add up to total actual active registrants. Active registrants are defined as jobseekers who have registered and active profile throughout the year. As of now, some variables are not mandatory to be filled-up by Job Seekers hence may not add up to the overall total

Source: Ministry of Human Resources and Social Security Organisation, Malaysia

3.22. VACANCIES AND PLACEMENTS
Malaysia

	2020	2021	2022	2023		2024[2]	
					share (%)		share (%)
Number of Vacancies by Occupational Category[1]	**745,304**	**2,480,577**	**4,753,418**	**2,002,920**	***100.0***	**748,930**	***100.0***
Managers	36,052	98,813	228,840	128,315	*6.4*	52,825	*7.1*
Professionals	109,260	462,024	373,444	315,462	*15.8*	136,820	*18.3*
Technician and associate professionals	87,311	301,750	326,714	282,214	*14.1*	140,342	*18.7*
Clerical support workers	55,372	182,056	211,790	156,284	*7.8*	89,442	*11.9*
Service and sales workers	134,488	398,567	510,071	249,471	*12.5*	82,177	*11.0*
Skilled agricultural, forestry and fishery workers	4,839	8,347	49,120	20,472	*1.0*	2,165	*0.3*
Craft and related trade workers	49,815	176,813	315,621	95,546	*4.8*	42,996	*5.7*
Plant and machine operators and assemblers	80,695	221,789	367,929	123,487	*6.2*	42,303	*5.6*
Elementary occupation	187,472	630,418	2,369,889	631,669	*31.5*	159,860	*21.3*
Number of Vacancies by Sector	**745,304**	**2,480,577**	**4,753,418**	**2,002,920**	***100.0***	**748,930**	***100.0***
Agriculture, forestry and fishing	18,547	75,676	244,694	125,613	*6.3*	51,783	*6.9*
Mining and quarrying	1,325	9,226	12,176	20,770	*1.0*	6,974	*0.9*
Manufacturing	190,278	603,216	1,600,230	342,791	*17.1*	122,503	*16.4*
Construction	55,590	164,651	761,870	240,194	*12.0*	75,865	*10.1*
Services	479,564	1,627,808	2,134,448	1,273,552	*63.6*	491,805	*65.7*
Number of Placements by Sector	**161,603**	**320,864**	**294,044**	**214,914**	***100.0***	**78,109**	***100.0***
Agriculture, forestry and fishing	2,857	3,815	2,650	2,033	*0.9*	607	*0.8*
Mining and quarrying	1,590	736	782	695	*0.3*	251	*0.3*
Manufacturing	29,375	57,388	63,966	42,470	*19.8*	15,061	*19.3*
Construction	7,662	16,510	8,544	11,042	*5.1*	3,157	*4.0*
Services	117,378	227,377	184,603	147,183	*68.5*	51,537	*66.0*

[1] Classification of occupational groups is based on the Malaysia Standard Classification of Occupations (MASCO) 2013

[2] January to June 2024

Note: Definition of vacancies refers to job vacancy listings by employers in public (selected only) and private sector on JobsMalaysia. The job listing includes non-substantive vacancies such as sales person, promoter, insurance agent and part-time workers as well as foreign workers. Prior 2020, data was obtained from Labour Department through JobsMalaysia portal. Data are provided by Social Security Organisation obtained via MyFutureJobs portal. The figures for certain variables for number of placements by sectors may not add up to total actual placements. As of now, some variables are not mandatory to be filled-up by employers, hence may not add up to the overall total

Source: Ministry of Human Resources and Social Security Organisation, Malaysia

4.1. INTEREST RATES
Malaysia

	Average rates during the period (%)				Average rates during the period in 2024 (%)						
	2020	2021	2022	2023	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.
Overnight interbank	2.10	1.74	2.14	2.91	3.00	3.00	3.01	3.01	3.00	3.01	3.00
1-week interbank	2.14	1.77	2.17	2.95	3.04	3.05	3.06	3.09	3.10	3.13	3.10
3-month interbank	2.39	1.92	2.56	3.57	3.59	3.55	3.56	3.57	3.56	3.59	3.54
Commercial banks											
Fixed deposits											
3-month	1.95	1.56	1.95	2.65	2.69	2.69	2.69	2.68	2.68	2.67	2.63
12-month	2.13	1.72	2.11	2.81	2.86	2.85	2.85	2.83	2.82	2.79	2.79
Savings deposit	0.61	0.54	0.68	0.91	0.93	0.93	0.94	0.94	0.94	0.88	0.87
Weighted Base Rate[1] (BR)	2.76	2.43	2.84	3.59	3.67	3.67	3.67	3.66	3.66	3.66	3.66
Base lending rate (BLR)	5.83	5.49	5.88	6.60	6.68	6.68	6.68	6.68	6.68	6.68	6.68

[1] Effective from 1 August 2022, the Standardised Base Rate (SBR) replaced the BR as the main reference rate for new retail floating rate loans and financing facilities

Source: Bank Negara Malaysia

4.2. KEY EXCHANGE RATES
Malaysia

	RM to one unit of foreign currency[1]					Change (%)				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024[2]
	End-December				End-August	End-December				End-August
Special Drawing Rights (SDR)	5.7798	5.8447	5.8730	6.1603	5.8166	*-2.1*	*-1.1*	*-0.5*	*-4.7*	*5.9*
US dollar	4.0130	4.1760	4.4130	4.5915	4.3155	*2.0*	*-3.9*	*-5.4*	*-3.9*	*6.4*
Singapore dollar	3.0354	3.0896	3.2819	3.4822	3.3117	*0.1*	*-1.8*	*-5.9*	*-5.8*	*5.1*
100 Japanese yen	3.8891	3.6286	3.3264	3.2452	2.9804	*-3.2*	*7.2*	*9.1*	*2.5*	*8.9*
Pound sterling	5.4653	5.6361	5.3159	5.8484	5.6811	*-1.7*	*-3.0*	*6.0*	*-9.1*	*2.9*
Euro	4.9324	4.7256	4.7038	5.0810	4.7788	*-7.0*	*4.4*	*0.5*	*-7.4*	*6.3*
100 Thai baht	13.3990	12.5011	12.7811	13.4353	12.6926	*2.1*	*7.2*	*-2.2*	*-4.9*	*5.9*
100 Indonesian rupiah	0.0286	0.0293	0.0283	0.0297	0.0279	*3.1*	*-2.4*	*3.5*	*-4.7*	*6.5*
100 Korean won	0.3698	0.3507	0.3494	0.3559	0.3232	*-4.3*	*5.4*	*0.4*	*-1.8*	*10.1*
100 Philippine peso	8.3569	8.1902	7.9214	8.2782	7.6788	*-3.4*	*2.0*	*3.4*	*-4.3*	*7.8*
Chinese renminbi	0.6143	0.6552	0.6342	0.6469	0.6084	*-4.5*	*-6.2*	*3.3*	*-2.0*	*6.3*

[1] US dollar (USD) rates are the average of buying and selling rates at noon in the Kuala Lumpur Interbank Foreign Exchange Market. Rates for foreign currencies other than USD are cross rates derived from rates of these currencies against the USD and the RM/USD rate

[2] End-December 2023 – End-August 2024

Source: Bank Negara Malaysia

4.3. COMMERCIAL BANKS: LOANS OUTSTANDING BY PURPOSE AND SECTOR
Malaysia

	2022		2023		2024[4]	
	December		December		July	
	RM million	share (%)	RM million	share (%)	RM million	share (%)
Purpose						
Purchase of securities	29,603	*2.4*	26,974	*2.1*	26,574	*2.1*
Purchase of fixed assets other than land and building	96,388	*7.9*	101,038	*8.1*	106,473	*8.3*
of which:						
Purchase of transport vehicles	87,574	*7.2*	92,495	*7.4*	97,189	*7.6*
Purchase of residential property	470,296	*38.7*	486,996	*38.8*	495,983	*38.8*
Purchase of non-residential property	172,610	*14.2*	176,844	*14.1*	182,341	*14.3*
Personal uses	35,621	*2.9*	37,371	*3.0*	37,600	*2.9*
Credit card	36,635	*3.0*	40,264	*3.2*	40,066	*3.1*
Construction	38,739	*3.2*	37,874	*3.0*	39,211	*3.1*
Working capital	287,675	*23.7*	298,432	*23.8*	299,186	*23.4*
Other purpose	48,492	*4.0*	49,148	*3.9*	49,455	*3.9*
Total Loans[1]	**1,216,059**	***100.0***	**1,254,941**	***100.0***	**1,276,888**	***100.0***
Sector[2]						
Agriculture, forestry and fishing	16,889	*1.4*	16,155	*1.3*	16,774	*1.3*
of which:						
Crops and animal production, hunting and related service activities	15,264	*1.3*	14,626	*1.2*	15,455	*1.2*
Mining and quarrying	6,847	*0.6*	7,030	*0.6*	6,231	*0.5*
of which:						
Mining of metal ores	124	*0.0*	78	*0.0*	57	*0.0*
Manufacturing	92,238	*7.6*	95,230	*7.6*	96,408	*7.6*
of which:						
Food products	17,409	*1.4*	17,781	*1.4*	17,758	*1.4*
Basic metals	8,422	*0.7*	9,207	*0.7*	9,832	*0.8*

4.3. COMMERCIAL BANKS: LOANS OUTSTANDING BY PURPOSE AND SECTOR (cont'd)
Malaysia

	2022		2023		2024[4]	
	December		December		July	
	RM million	share (%)	RM million	share (%)	RM million	share (%)
Electricity, gas, steam and air conditioning supply	11,626	*1.0*	9,116	*0.7*	8,951	*0.7*
Water supply, sewerage, waste management and remediation activities	1,978	*0.2*	1,928	*0.2*	2,024	*0.2*
Construction	58,380	*4.8*	58,869	*4.7*	59,413	*4.7*
of which:						
Construction of buildings	32,658	*2.7*	32,328	*2.6*	33,357	*2.6*
Wholesale and retail trade; repair of motor vehicles and motorcycles	99,369	*8.2*	105,417	*8.4*	107,475	*8.4*
Accommodation and food service activities	17,706	*1.5*	16,141	*1.3*	16,050	*1.3*
Transportation and storage	15,542	*1.3*	18,127	*1.4*	19,061	*1.5*
Information and communication	12,479	*1.0*	12,263	*1.0*	12,166	*1.0*
Finance, insurance, real estate and business activities	168,174	*13.8*	176,046	*14.0*	181,691	*14.2*
Education, health and others	26,454	*2.2*	26,498	*2.1*	25,172	*2.0*
Household sector	680,864	*56.0*	704,659	*56.2*	716,946	*56.1*
Other sector[3]	7,513	*0.6*	7,462	*0.6*	8,526	*0.7*

[1] Includes loans sold to Cagamas
[2] Definitions of economic sectors/industries are based on Malaysia Standard Industrial Classification 2000
[3] Includes loans to individual businesses
[4] Data for loans/financing from July 2024 onwards are the new set of loan/financing data, reflecting the latest requirements established in 1997, with several enhancements over the years to reflect developments in the financial sector

Note: Data based on BNM Monthly Statistical Bulletin (July 2024). Total may not add up due to rounding

Source: Bank Negara Malaysia

4.4. GOVERNMENT AND CORPORATE BOND YIELDS
Malaysia

	2022	2023	2024						
			Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.
Malaysian Government Securities market indicative yield (%)									
1-year	3.25	3.30	3.29	3.32	3.33	3.40	3.37	3.31	3.22
3-year	3.67	3.47	3.40	3.50	3.49	3.61	3.58	3.53	3.37
5-year	3.86	3.57	3.54	3.59	3.63	3.79	3.70	3.65	3.53
10-year	4.09	3.73	3.78	3.86	3.86	3.98	3.90	3.86	3.72
5-year corporate bond yields (%)									
AAA	4.50	3.97	3.94	3.94	3.89	3.97	3.94	3.94	3.87
AA	4.71	4.18	4.14	4.13	4.06	4.11	4.09	4.07	4.01
A	5.70	5.55	5.44	5.37	5.28	5.37	5.21	5.16	5.12
BBB	6.80	6.89	6.83	6.90	6.75	6.71	6.65	6.59	6.59

Source: Bank Negara Malaysia

4.5. BURSA MALAYSIA: SELECTED INDICATORS

	2020	2021	2022	2023	2024[3]
Indices[1]					
Composite	1,627.21	1,567.53	1,495.49	1,454.66	1,678.80
FBM EMAS	11,761.93	11,308.79	10,701.55	10,823.70	12,484.26
FBM ACE	10,734.69	6,419.60	5,308.33	5,322.03	5,116.09
Trading volume[2] (million units)	**1,855,808.5**	**1,433,358.5**	**729,295.8**	**867,401.9**	**788,250.9**
Main Market	1,072,204.6	902,137.2	480,595.2	579,819.3	477,135.8
ACE Market	638,349.2	446,341.2	165,900.2	190,587.0	149,927.1
LEAP Market	187.7	209.5	170.7	311.0	66.9
Average Daily	7,483.1	5,850.4	3,001.2	3,554.9	4,835.9
Trading value[2] (RM million)	**1,068,009.6**	**897,043.9**	**530,856.0**	**559,400.2**	**588,434.1**
Main Market	855,623.4	745,509.4	466,244.9	483,535.6	522,776.4
ACE Market	176,370.0	139,017.6	50,524.0	61,630.5	44,342.2
LEAP Market	37.8	44.5	35.6	86.7	19.1
Average Daily	4,306.5	3,661.4	2,184.6	2,292.6	3,610.0
Market capitalisation[1] (RM billion)	**1,817.3**	**1,789.2**	**1,736.2**	**1,796.4**	**2,035.6**
Market capitalisation/GDP (%)	***135.1***	***129.0***	***114.7***	***114.6***	**–**

[1] End-period
[2] Based on market transactions and direct business transactions
[3] End-August 2024
Source: Bursa Malaysia

4.6. ISLAMIC BANKS: LOANS OUTSTANDING BY PURPOSE AND SECTOR
Malaysia

	2022		2023		2024[4]	
	December		December		July	
	RM million	share (%)	RM million	share (%)	RM million	share (%)
Purpose						
Purchase of securities	57,362	*7.2*	47,743	*5.5*	43,672	*4.8*
Purchase of fixed assets other than land and building	110,877	*13.9*	125,276	*14.4*	131,506	*14.6*
of which:						
Purchase of transport vehicles	104,701	*13.1*	118,464	*13.6*	125,474	*13.9*
Purchase of residential property	266,551	*33.3*	303,617	*35.0*	325,865	*36.1*
Purchase of non-residential property	67,151	*8.4*	74,633	*8.6*	79,384	*8.8*
Personal uses	72,359	*9.0*	76,794	*8.8*	78,064	*8.7*
Credit card	4,675	*0.6*	5,521	*0.6*	5,682	*0.6*
Construction	18,804	*2.4*	21,484	*2.5*	20,377	*2.3*
Working capital	168,671	*21.1*	179,204	*20.6*	186,235	*20.6*
Other purpose	33,607	*4.2*	33,812	*3.9*	31,669	*3.5*
Total Loans[1]	**800,057**	***100.0***	**868,083**	***100.0***	**902,454**	***100.0***
Sector[2]						
Agriculture, forestry and fishing	19,731	*2.5*	18,994	*2.2*	19,434	*2.2*
of which:						
Crops and animal production, hunting and related service activities	19,372	*2.4*	18,610	*2.1*	19,030	*2.1*
Mining and quarrying	2,257	*0.3*	2,707	*0.3*	2,537	*0.3*
of which:						
Mining of metal ores	40	*0.0*	42	*0.0*	65	*0.0*
Manufacturing	34,515	*4.3*	36,115	*4.2*	38,003	*4.2*
of which:						
Food products	9,187	*1.1*	10,879	*1.3*	12,584	*1.4*
Basic metals	3,091	*0.4*	2,675	*0.3*	2,924	*0.3*

4.6. ISLAMIC BANKS: LOANS OUTSTANDING BY PURPOSE AND SECTOR (cont'd)
Malaysia

	2022		2023		2024[4]	
	December		December		July	
	RM million	share (%)	RM million	share (%)	RM million	share (%)
Electricity, gas, steam and air conditioning supply	10,953	*1.4*	10,432	*1.2*	5,752	*0.6*
Water supply, sewerage, waste management and remediation activities	1,588	*0.2*	1,864	*0.2*	1,972	*0.2*
Construction	44,754	*5.6*	43,479	*5.0*	42,956	*4.8*
of which:						
Construction of buildings	24,601	*3.1*	24,580	*2.8*	24,564	*2.7*
Wholesale and retail trade; repair of motor vehicles and motorcycles	42,799	*5.3*	49,286	*5.7*	53,013	*5.9*
Accommodation and food service activities	2,443	*0.3*	3,549	*0.4*	4,802	*0.5*
Transportation and storage	13,719	*1.7*	13,215	*1.5*	12,414	*1.4*
Information and communication	10,328	*1.3*	10,577	*1.2*	10,776	*1.2*
Finance, insurance, real estate and business activities	77,014	*9.6*	90,396	*10.4*	100,387	*11.1*
Education, health and others	19,058	*2.4*	20,609	*2.4*	20,245	*2.2*
Household sector	510,630	*63.8*	556,129	*64.1*	582,968	*64.6*
Other sector[3]	10,269	*1.3*	10,730	*1.2*	7,194	*0.8*

[1] Includes loans sold to Cagamas

[2] Definitions of economic sectors/industries are based on Malaysia Standard Industrial Classification 2000

[3] Includes loans to individual businesses

[4] Data for loans/financing from July 2022 onwards are the new set of loan/financing data, reflecting the latest requirements established in 1997, with several enhancements over the years to reflect developments in the financial sector

Note: Data based on BNM Monthly Statistical Bulletin (July 2024). Total may not add up due to rounding

Source: Bank Negara Malaysia

5.1. PROGRESS OF SUSTAINABLE DEVELOPMENT GOALS BY INDICATOR
Malaysia

No.	Description of Indicators	Unit	Year	Achievement
SDG 1: No Poverty				
1.	Households below the international poverty line	%	2019	*0.00*
			2020	*0.00*
2.	Households below the national poverty line	%	2019	*5.6*
			2022	*6.2*
3.	Multidimensional Poverty Index (MPI)	Index	2016	0.0152
			2019	0.0110
4.	Recipients of assistance	Number ('000)	2021	580.5
			2022	569.7
5.	Population using safely managed drinking water services	%	2021	*94.7*
			2022	*94.9*
	Households using safely managed sanitation services (%)	%	2019	99.7
			2022	99.9
6.	a. Number of deaths attributed to disasters per 100,000 population	Number	2021	48
			2022	35
	b. Number of missing person attributed to disasters per 100,000 population	Number	2021	....
			2022	....
	c. Number of affected people with damaged homes attributed to disasters per 100,000 population	Number	2021	247,997
			2022	199,244
7.	Direct agriculture loss attributed to disasters - Current United States dollars	Current USD	2021	27,841,610
			2022	154,515,000
	Direct economic loss attributed to disasters relative to GDP	%	2021	....
			2022	....
	Direct economic loss attributed to disasters	Current USD	2021	228,406,502
			2022	....
	Direct economic loss resulting from damaged or destroyed critical infrastructure attributed to disasters	Current USD	2021	200,564,892
			2022	232,700,000
8.	Total government spending on education	%	2020	21.6
			2021	20.5
	Total government spending on health	%	2020	9.6
			2021	11.3

No.	Description of Indicators	Unit	Year	Achievement
	SDG 2: Zero Hunger			
1.	Prevalence of undernourishment	%	2020	*3.2*
			2021	*2.7*
2.	Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES)	%	2020	*15.4*
			2021	*16.0*
	Prevalence of severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES)	%	2020	*6.3*
			2021	*6.0*
3.	Prevalence of stunting of children under 5 years of age	%	2019	*21.8*
			2022	*21.2*
4.	a. Prevalence of wasting of children under 5 years of age	%	2019	*9.1*
			2022	*11.0*
	b. Prevalence of overweight among children under 5 years of age	%	2019	*5.2*
			2022	*5.6*
5.	Prevalence of aneamia (women aged 15-49 years)	%	2015	34.8
			2019	29.9
6.	Annual labour productivity for agriculture sector, (Value added per employment)	RM	2021	52,840[e]
			2022	53,240[p]
7.	a. Semen (animal genetic resources)	Number	2021	25,578
			2022	27,175
	b. Number of local live purebred cattle (animal genetic resources)	Number	2021	414
			2022	635
	c. Type of plant genetic :Oryza, edible aroids, rare fruits, fruits, vegetables, industrial crops, coconut and herbs	Number of accessions	2022	19,441
			2023	20,634
8.	Proportion of local breeds classified as being at risk of extinction	%	2020	99.9[e]
			2021	99.9[e]
9.	a. Agriculture orientation index for government expenditures	Index	2020	0.19
			2021	0.15
	b. Agriculture share of Government Expenditure	%	2020	1.52
			2021	1.41
	c. Agriculture value added share of GDP	%	2020	8.19[r]
			2021	9.61

No.	Description of Indicators	Unit	Year	Achievement
10.	Total official flows (official development assistance plus other official flows) to the agriculture sector	Number	2020	1.5
			2021	1.7
SDG 3: Good Health and Well-Being				
1.	Maternal mortality ratio	per 100,000 live births	2021	68.2
			2022	26.0
2.	Births attended by skilled health personnel	%	2021	*99.6*
			2022	*99.8*
3.	Under-five mortality rate	Per 1,000 live births	2021	7.4
			2022	8.6
4.	Neonatal mortality rate	Per 1,000 live births	2021	4.1
			2022	4.2
5.	Number of new HIV infections	Per 1,000 uninfected population	2021	0.1[r]
			2022	0.1
6.	Tuberculosis incidence	Per 100,000 population	2021	64.0
			2022	77.8
7.	Malaria incidence	Per 1,000 population	2021	0.1
			2022	0.1
8.	Hepatitis B notification rate among children 5 years old and below	Per 100,000 population	2021	0.3
			2022	0.3
9.	People requiring Mass Drug Administration (MDA) in filarial endemic state	Number	2021	5,886
			2022	3,892
10.	a. Mortality rate attributed to cardiovascular,malignant neoplasms, diabetes mellitus or respiratory disease	Per 100,000 population aged 30-69	2020	17.9
			2021	19.4
	b. Mortality rate attributed to cardiovascular disease	Per 100,000 population aged 30-69	2020	10.8
			2021	11.9
	c. Mortality rate attributed to malignant neoplasms disease	Per 100,000 population aged 30-69	2020	5.8
			2021	5.7
	d. Mortality rate attributed to diabetes mellitus disease	Per 100,000 population aged 30-69	2020	1.1
			2021	1.5
	e. Mortality rate attributed to respiratory disease	Per 100,000 population aged 30-69	2020	1.2
			2021	1.4
11.	Suicide mortality rate	Per 100,000 population	2021	3.5
			2022	3.0

No.	Description of Indicators	Unit	Year	Achievement
12.	a. Coverage of treatment interventions for Opioids	%	2021	*90.8*
			2022	*80.4*
	b. Coverage of treatment interventions for Amfetamine Type Stimulant (ATS)	%	2021	*70.8*
			2022	*59.8*
13.	Prevalence of Heavy Episodic Drinking (HED) among 18 years old and above	%	2019	0.9
			2020	....
14.	Death rate of road traffic injuries	Per 100,000 population	2021	13.9
			2022	18.6
15.	Women of reproductive age who have their need for family planning satisfied with modern methods	%	2022	51.6
16.	a. Adolescent birth rate (aged 10-14 years)	Per 1,000 women	2021	0.1
			2022	0.1
	b. Adolescent birth rate (aged 15-19 years)	Per 1,000 women	2021	6.1
			2022	5.8
17.	Coverage of essential health service	Index	2019	78[e]
			2019	76[e]
18.	a. Household expenditures on health (10%)	%	2016	*2.0*
			2019	*1.5*[p]
	b. Household expenditures on health (25%)	%	2016	0.2
			2019	*0.1*[p]
19.	Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene	Per 100,000 population	2020	9.5
			2021	11.7
20.	Mortality rate attributed to unintentional poisoning	Per 100,000 population	2020	0.4
			2021	0.2
21.	Age-standardised prevalence of current tobacco use among persons aged 15 years and older	%	2019	21.3
22.	a. Proportion of the target population covered by DTP (3rd dose)	%	2021	*94.2*
			2022	*97.2*
	b. Proportion of the target population covered by MMR (2nd dose)	%	2021	*99.5*
			2022	*96.3*
	c. HPV female aged 13 years (2nd dose)	%	2021	*13.3*
			2022	*n.a*
	d. PCV given at the age of 6 month (2nd dose)	%	2021	*120.4*
			2022	*94.7*

No.	Description of Indicators	Unit	Year	Achievement
23.	Health facilities that have a core set of relevant essential medicines available and affordable on a sustainable basis	%	2020	*20.6*
			2022	*26.6*
24.	a. Density and distribution of doctors	Per 1,000 population	2021	2.4
			2022	2.4
	b. Density and distribution of dentist	Per 1,000 population	2021	0.4
			2022	0.4
	c. Density and distribution of pharmacist	Per 1,000 population	2021	0.6
			2022	0.6
	d. Density and distribution of registered nurse	Per 1,000 population	2021	3.5
			2022	3.6
	d. Density and distribution of midwifery personnel	Per 1,000 population	2021	1.0
			2022	1.0
25.	Capacity and health emergency preparedness	%	2021	*85.0*
			2022	*89.0*
26.	Prevalence of bloodstream infections due to selected antimicrobial-resistant organisms (Healthcare-Associated Methicillin-Resistant Staphylococcus Aureus (HA-MRSA) Bloodstream Infection)	Per 100,000 patient days in tertiary MOH hospital	2021	6.5
			2022	5.0
	Prevalence of bloodstream infections due to selected antimicrobial-resistant organisms (Healthcare-Associated ESBL E.Coli Bloodstream Infection)	Per 100,000 patient days in tertiary MOH hospital	2021	4.7
			2022	4.7
SDG 4: Quality Education				
1.	a. Children in grades 2/3 achieving at least a minimum proficiency level in reading	%	2017	*98.3*
			2018	*98.0*
	b. Children in grades 2/3 achieving at least a minimum proficiency level in mathematics	%	2017	*98.8*
			2018	*98.6*
	c. Children at the end of primary achieving at least a minimum proficiency level in reading	%	2018	*94.5*
			2019	*95.0*
	d. Children at the end of primary achieving at least a minimum proficiency level in mathematics	%	2018	*80.5*
			2019	*83.1*
	e. Young people at the end of lower secondary achieving at least a minimum proficiency level in reading	%	2018	*78.3*
			2019	*82.2*
	f. Young people at the end of lower secondary achieving at least a minimum proficiency level in mathematics	%	2018	*78.3*
			2019	*56.4*
2.	a. Completion rate for primary education	%	2021	*99.0*
			2022	*99.3*
	b. Completion rate for lower secondary education	%	2021	*99.8*
			2022	*99.2*

No.	Description of Indicators	Unit	Year	Achievement
	c. Completion rate for upper secondary education	%	2021	*97.8*
			2022	*99.2*
3.	Children aged 24-59 months who are developmentally on track in health	%	2016	*97.2*
			2022	*91.4*
4.	Participation rate in preschool		2021	86.1
			2022	87.0
5.	Participation rate of youth and adults in formal education and training in the previous 12 months		2021	10.5[r]
			2022	10.3
6.	a. Adults with information and communication technology (ICT) skills in copying or moving a file or folder	%	2021	*94.6*
			2022	*97.0*
	b. Adults with information and communication technology (ICT) skills in copy and paste tools to duplicate or move information within a document	%	2021	93.2
			2022	96.3
	c. Adults with information and communication technology (ICT) skills in sending an e-mail with attached file	%	2021	*78.7*
			2022	*89.4*
	d. Adults with information and communication technology (ICT) skills in basic arithmetic formulas in a spreadsheet	%	2021	52.6
			2022	67.1
	e. Adults with information and communication technology (ICT) skills in connecting and installing new devices	%	2021	*76.0*
			2022	*79.2*
	f. Adults with information and communication technology (ICT) skills in searching, downloading, installing and configuring software	%	2021	67.0
			2022	72.5
	g. Adults with information and communication technology (ICT) skills in creating electronic presentations using computer software	%	2021	*51.8*
			2022	*62.9*
	h. Adults with information and communication technology (ICT) skills in transferring files between a computer and other devices	%	2021	74.4
			2022	83.1
	i. Adults with information and communication technology (ICT) skills in writing a computer program using a specialised programming language	%	2021	*19.2*
			2022	*23.5*
7.	Gender parity index for indicator 4.1.2 (a) completion rate for primary education	Index	2021	1.03
			2022	1.01
	Gender parity index for indicator 4.1.2 (b) completion rate for lower secondary education	Index	2021	1.04
			2022	1.00
	Gender parity index for indicator 4.1.2 (c) completion rate for r upper secondary education	Index	2021	1.01
			2022	1.00
	Gender parity index for indicator 4.2.2 Participation rate in preschool	Index	2021	1.03
			2022	1.00
	Gender parity index for indicator 4.3.1 Participation rate of youth and adults in formal education and training in the previous 12 months	Index	2021	1.22
			2022	1.22

No.	Description of Indicators	Unit	Year	Achievement
	Gender parity index for indicator 4.6.1 Proficiency in literacy skill (15 years old and over)	Index	2021	0.98[r]
			2022	0.98
	Gender parity index for indicator 4.6.1 Proficiency in literacy skill (aged 15-24 years old)	Index	2021	1.00
			2022	0.99
8.	a. Population (15 years old and over) achieving proficiency in literacy skill	%	2021	*94.6*
			2022	*95.7*
	b. Population (15 -24 years old)achieving proficiency in literacy skill	%	2021	*97.3*
			2022	*98.6*
9.	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies	Index	2020	0.9
	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in b) curricula	Index	2020	0.9
	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (c) teacher education	Index	2020	0.9
	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (d) student assessment	Index	2020	0.8
10.	Proportion of schools offering basic services, by type of service a. Schools with electricity facilities	%	2021	*100.0*
			2022	*100.0*
	Proportion of schools offering basic services, by type of service b. Schools with Internet facilities	%	2021	*99.5*
			2022	*99.5*
	Proportion of schools offering basic services, by type of service c. Schools with computer facilities	%	2021	*84.6*
			2022	*92.2*
	Proportion of schools offering basic services, by type of service d. Schools with adapted infrastructure and materials facilities	%	2021	*32.0*
			2022	*51.4*
	Proportion of schools offering basic services, by type of service e. Schools with basic drinking water facilities	%	2021	*99.6*
			2022	*99.8*
	Proportion of schools offering basic services, by type of service f. Schools with single-sex washing facilities	%	2021	*99.6*
			2022	*99.3*
	Proportion of schools offering basic services, by type of service g. Schools with basic handwashing facilities	%	2021	*100.0*
			2022	*100.0*
11.	Number of foreign scholarships recipients	Number	2021	31
			2022	36

No.	Description of Indicators	Unit	Year	Achievement
12.	Proportion of teachers with the minimum required qualifications, by education level a. Teachers with minimum organised teacher training of pre-primary	%	2021 2022	*36.7* *54.4*
	Proportion of teachers with the minimum required qualifications, by education level b. Teachers with minimum organised teacher training of primary	%	2021 2022	*97.7* *98.2*
	Proportion of teachers with the minimum required qualifications, by education level c. Teachers with minimum organised teacher training of secondary	%	2021 2022	*98.3* *99.2*
	SDG 5: Gender Equality			
1.	Legal frameworks that promote, enforce and monitor gender equality a. Area 1: Overarching legal frameworks and public life	%	2020 2022	*33.3* *33.3*
	Legal frameworks that promote, enforce and monitor gender equality b. Area 2: Violence against women	%	2020 2022	*75.0* *66.7*
	Legal frameworks that promote, enforce and monitor gender equality c. Area 3: Employment and economic benefits	%	2020 2022	*30.0* *40.0*
	Legal frameworks that promote, enforce and monitor gender equality d. Area 4: Marriage and family	%	2020 2022	*63.6* *63.6*
2.	Ever-partnered women and girls aged 15 years and older subjected to physical, sexual or psychological violence by a current or former intimate partner in the previous 12 months	%	2022	*4.4*
3.	Proportion of women and girls aged 15 years and older subjected to sexual violence by persons other than an intimate partner in the previous 12 months, by age and place of occurrence	Number	2021 2022	2,703 2,826
4.	Proportion of women aged 20 years who were married before age 18	%	2021 2022	*0.6* *0.6*
	Proportion of women aged 21 years who were married before age 18	%	2021 2022	*0.6* *0.6*
	Proportion of women aged 22 years who were married before age 18	%	2021 2022	*0.4* *0.6*
	Proportion of women aged 23 years who were married before age 18	%	2021 2022	.... *0.4*
	Proportion of women aged 24 years who were married before age 18	%	2021 2022	....
5.	a. Seats held by women in Senate	%	2021 2022	*18.2* *14.8*
	b. Seats held by women in House of Representatives	%	2021 2022	*14.9* *13.5*

No.	Description of Indicators	Unit	Year	Achievement
6.	Women in managerial positions	%	2021	*24.0*
			2022	*24.6*
7.	Women a in the reproductive age who use contraceptive use	%	2014	*89.3*
8.	Individuals who own a mobile telephone	%	2021	*97.4*
			2022	*98.2*
	SDG 6: Clean Water Sanitation			
1	Population using safely managed drinking water services	%	2021	*94.7*
			2022	*94.9*
2.	Population using safely managed sanitation services	%	2019	*99.7*
			2022	*99.9*
3.	Domestic wastewater flows safely treated	%	2021	*1.1*
			2022	*1.6*
	Industrial wastewater flows safely treated	%	2021	*98.9*
			2022	*98.4*
4.	Proportion of bodies of water with good ambient water quality	%	2021	*95.1*
			2022	*95.8*
5.	Level of water stress: freshwater withdrawal as a proportion of available freshwater resources (a) Non Revenue Water (NRW) (Peninsular Malaysia)	%	2021	*33.4*
			2022	*34.4*
	Level of water stress: freshwater withdrawal as a proportion of available freshwater resources (b) Domestic Water Consumption (Peninsular Malaysia)	Litre/ capita/ day (lcd)	2021	*251*
			2022	*237*
6.	Degree of integrated water resources management	%	2017	*43.0*
			2020	*63.0*
7.	Proportion of transboundary basin area with an operational arrangement for water cooperation	%	2021	*2.0*
			2022	*2.0*
8.	Amount of water- and sanitation-related official development assistance that is part of a government-coordinated spending plan		2020	*0.6*
			2021	*0.6*
	SDG 7: Affordable and Clean Energy			
1.	Access to electricity	%	2019	*100.0*[r]
			2022	*99.7*
2.	Households by selected household gas/ electric stove equipment owned	%	2019	*97.6*
			2022	*98.8*
3.	Renewable energy share in the total final energy consumption	%	2020	*1.4*
			2021	*1.4*[p]

No.	Description of Indicators	Unit	Year	Achievement
4.	Energy intensity	(toe/ GDP at constant price 2015 (RM Million))	2020 2021	70.0 67.9p
5.	Installed renewable energy-generating capacity in developing countries	(Watts per capita)	2020 2021	251.7 259.6p
	SDG 8: Decent Work and Economic Growth			
1.	Annual growth rate of real GDP per capita	%	2021 2021	*2.9e* *8.2p*
2.	Annual growth rate of real GDP per employed person	%	2021 2022	*2.0e* *5.4p*
3.	Share of employment in the informal sector	%	2019 2021	*9.3* *9.6*
4.	Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP (a) Fossil fuel	Kilotonnes of oil equivalent (ktoe)	2020 2021	43,278 43,112
	Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP (b) Fossil fuel	Toe per capita	2020 2021	1.33 1.32
	Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP (c) Fossil fuel	Per GDP	2020 2021	*32.2* *31.0*
5.	Mean monthly salaries & wages of employees	RM	2021 2022	3,037 3,212
6.	Unemployment rate	%	2021 2022	*4.6* *3.9*
7.	Proportion of youth not in education, employment or training	%	2021 2022	*9.3* *10.2*
8.	Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status a. Occupational injury rate	Per 100,000 workers	2021 2022	143 222
	Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status b. Fatal injury rate	Per 100,000 workers	2021 2022	2.00 2.06
	Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status c. Non-fatal injury rate	Per 100,000 workers	2021 2022	141 220
9.	Level of national compliance of labour rights (freedom of association and collective bargaining) based on International Labour Organisation (ILO) textual sources and national legislation, by sex and migrant status	Score	2020 2021	7.0 7.0
10.	Tourism Direct Gross Domestic Product (TDGDP) as a proportion of total GDP and in growth rate	%	2021 2022	*0.7e* *2.7p*
	Tourism GVA as % of total GVA	%	2021 2022	0.8e 2.7p

No.	Description of Indicators	Unit	Year	Achievement
11.	a. Number of commercial bank branches	Per 100,000 adults	2021	8.7[r]
			2022	8.2[r]
	b. Number of automated teller machines (ATMs)	Per 100,000 adults	2021	52.8[r]
			2022	51.7[r]
12.	Adults with an account at a financial institution or mobile-money-service provider	%	2021	*95.7*
			2022	*96.9*
13.	Total official flows (commitments) of Aid for Trade		2020	3.2
			2021	6.3
SDG 9: Industry Innovation and Infrastructure				
1.	Rural population who live within 2 km of an all-season road, Peninsular Malaysia	%	2010	93.1
			2020	92.1
2.	a. Number of passengers by rails services	Million	2021	0.3
			2022	2.68
	b. Number of passengers at airport	Million	2021	11.02[r]
			2022	54.74
	c. Freight volumes and containers handled by KTMB	('000 tonnes)	2021	4,793
			2022	6,014
	d. Containers handled by KTMB	Teu	2021	224,444
			2022	324,764
	e. Cargo handled by airport	Tonnes	2021	1,008,074
			2022	1,060,527
	f. Cargo throughput by port	('000 tonnes)	2021	591,489
			2022	567,644
3.	Manufacturing value added per capita	Per capita (RM)	2021	10,340[e]
			2022	11,136[p]
4.	Manufacturing employment as a proportion of total employment	%	2021	*16.6*
			2022	*16.8*
5.	Share manufacturing value added of small-scale industries (SMEs) to GDP	%	2021	*34.2[e]*
			2022	*33.5[p]*
6.	Proportion of SMEs with a loan or line of credit	%	2015	53.8
7.	CO2 emission per unit of value added	Metric tons (million)	2018	320.9
			2019	330.4
8.	Research and development expenditure as a proportion of GDP	%	2018	*1.0*
			2020	*1.0*

No.	Description of Indicators	Unit	Year	Achievement
9.	Researchers per million inhabitants	Number	2018	2,127
			2020	704
10.	Official international support (official development assistance plus other official flows) to infrastructure	Number	2020	7.1
			2021	113.1
11.	Medium and high-tech industry value added ratio in total manufacturing value added (at constant prices)	Value added (RM million)	2021	47.9[e]
			2022	49.8[p]
12.	Population covered by a mobile network	%	2021	*98.5*
			2022	*98.6*
	SDG 10: Reduced Inequalities			
1.	Compounded annual growth rate among Bottom 40 per cent of the population and the total population	%	2019	*3.4*
			2022	*2.5*
2.	Households below 50 per cent of median income	%	2019	*16.9*
			2022	*16.6*
3.	Compensation of employees by kind of economic activity at current prices	%	2021	*35.1[e]*
			2022	*32.4[p]*
4.	Financial Soundness Indicators a. Tier 1 capital to assets	%	2021	*8.8*
			2022	*7.5*
	Financial Soundness Indicators b. Tier 1 capital to risk-weighted assets	%	2021	*16.0*
			2022	*15.8*
	Financial Soundness Indicators c. Nonperforming loans net of provisions to capital	%	2021	*6.1*
			2022	*6.3*
	Financial Soundness Indicators d. Nonperforming loans to total gross loans	%	2021	*1.7*
			2022	*1.7*
	Financial Soundness Indicators e. Return on assets	%	2021	*1.2*
			2022	*1.5*
	Financial Soundness Indicators f. Liquidity coverage ratio	%	2021	*153.4*
			2022	*153.9*
	Financial Soundness Indicators g. Net open position in foreign exchange to capital	%	2021	*4.2[r]*
			2022	*3.5*
5.	Proportion of members and voting rights of developing countries in international organisations: - United Nations General Assembly	%	2021	*0.5*
			2022	*0.5*
	Proportion of members and voting rights of developing countries in international organisations: - International Monetary Fund	%	2021	*0.5*
			2022	*0.5*
	Proportion of members and voting rights of developing countries in international organisations: - International Bank for Reconstruction and Development	%	2021	*0.5*
			2022	*0.5*

No.	Description of Indicators	Unit	Year	Achievement
	Proportion of members and voting rights of developing countries in international organisations: - International Finance Corporation	%	2021 2022	*0.5* *0.5*
	Proportion of members and voting rights of developing countries in international organisations: - Asian Development Bank	%	2021 2022	*1.5* ....
	Proportion of members and voting rights of developing countries in international organisations: - World Trade Organisation	%	2021 2022	*0.6* *0.6*
6.	Proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff	%	2021 2022	*56.7* *57.3*
7.	Remittance costs as a proportion of the amount remitted	%	2021 2022	*2.2* *2.7*
	SDG 11: Sustainable Cities and Communities			
1.	Urban population living in slums, informal settlements or inadequate housing	%	2020	0.2
2.	Population that has convenient access to public transport	%	2020	74.1
3.	Ratio of land consumption rate to population growth rate	%	2020/ 2021 2021/ 2022	1.2 3.5
4.	Cities with a direct participation structure of civil society in urban planning and management that operate regularly and democratically	%	2022	89.7
5.	a. Number of deaths attributed to disasters	Per 100,000 population	2021 2022	48 35
	b. Missing person attributed to disasters	Number	2021 2022	....
	c. Number of affected people with damaged homes attributed to disasters	Per 100,000 population	2021 2022	247,997 199,244
6.	Direct agriculture loss attributed to disasters - Current USD	Current USD	2021 2022	27,841,610 154,515,000
	Direct economic loss attributed to disasters relative to GDP	%	2021 2022	....
	Direct economic loss attributed to disaster	Current USD	2021 2022	228,406,502 ....
	Direct economic loss resulting from damaged or destroyed critical infrastructure attributed to disasters	Current USD	2021 2022	200,564,892 232,700,000
7.	a. Damaged critical infrastructure attributed to disasters	Number	2021 2022	....

No.	Description of Indicators	Unit	Year	Achievement
	b. Destroyed or damaged educational facilities attributed to disaster	Number	2021	....
			2022	503
	c. Destroyed or damaged health facilities attributed to disasters	Number	2021	....
			2022	78
	d. Disruptions to educational services attributed to disasters	Number	2021	....
			2022	503
	e. Disruptions to health services attributed to disasters	Number	2021	....
			2022	18
8.	Proportion of municipal solid waste collected and managed in controlled facilities out of total municipal waste generated, by cities - Solid wastes recycled	%	2021	18.5
			2022	20.0
9.	Annual average concentration based on the type of air pollutants (PM_{10})	(µg/ m^3)	2021	21
			2022	20
	Annual average concentration based on the type of air pollutants ($PM_{2.5}$)	(µg/ m^3)	2021	13
			2022	12
10.	Average share of the built-up area of cities that is open space for public use for all	%	2021	35.6ʳ
			2022	35.5
11.	Proportion of persons victim of physical or sexual harassment, by sex, age, disability status and place of occurrence, in the previous 12 months: - Sexual harassment victims	Number	2021	506
			2022	477

SDG 12: Responsible Consumption and Production

No.	Description of Indicators	Unit	Year	Achievement
1.	Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP - Fossil fuel	Kilotonnes of oil equivalent (ktoe)	2020	43,278
			2021	43,112
	Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP - Fossil fuel	Toe per capita	2020	1.33
			2021	1.32
	Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP - Fossil fuel	Per GDP	2020	32.2
			2021	31.0
2.	International multilateral environmental agreements	Number	2021	17
			2022	17
3.	a. Quantity of clinical wastes handled	Tonnes ‘000	2021	57.4
			2022	49.1
	b. Scheduled wastes managed	Tonnes ‘000	2021	7,505.2
			2022	5,915.1
4.	National recycling rate	%	2021	31.5
			2022	33.2

No.	Description of Indicators	Unit	Year	Achievement
	Total of material recycled	Tons	2021	4,385,386.4
			2022	4,626,333.0
5.	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies	%	2020	0.9
	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (b) curricula	%	2020	0.9
	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (c) teacher education	%	2020	0.9
	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (d) student assessment		2020	0.8
6.	Installed renewable energy-generating capacity in developing countries (in watts per capita)	Watts per capita	2020	251.7
			2021	259.6[p]
7.	Implementation of standard accounting tools to monitor the economic and environmental aspects of tourism		2021	7
			2021	7

SDG 13: Climate Action

1.	a. Number of deaths attributed to disasters per 100,000 population	Number	2021	48
			2022	35
	b. Number of missing person attributed to disasters per 100,000 population	Number	2021	....
			2022	....
	c. Number of affected people with damaged homes attributed to disasters per 100,000 population	Number	2021	247,997
			2022	199,244
2.	CO2 eq emissions	(tonnes (million))	2018	320.9
			2019	330.4
3.	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) Policy	Index	2020	0.9
	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (b) curricula	Index	2020	0.9
	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (c) teacher education	Index	2020	0.9
	Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (d) student assessment	Index	2020	0.8

SDG 14: Life Below Water

1.	a. Malaysia Marine Water Quality Index in coastal area with excellent status	Number of station	2021	85
			2022	88

No.	Description of Indicators	Unit	Year	Achievement
	b. Malaysia Marine Water Quality Index in estuary area with excellent status	Number of station	2021 2022	7 7
	c. Malaysia Marine Water Quality Index in island area with excellent status	Number of station	2021 2022	53 54
2.	Fish stocks within biologically sustainable levels	%	2018	*47.8*
3.	Coverage of protected areas in relation to marine areas	%	2021 2022	*5.40* *5.35*
4.	Progress by countries in the degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing (level of implementation: 1)	Bands	2018 2022	3 3
5.	Share of the fisheries sector to GDP	%	2021 2022	*0.8* *0.8*
6.	Total research budget allocated to research in the field of marine technology	%	2021 2022	*49.8* *12.1*
	SDG 15: Life on Land			
1.	Forest area as a proportion of total land area	%	2019 2020	*54.9* *54.6*
2.	Important sites for terrestrial and freshwater biodiversity that are covered	%	2019 2020	*10.2* *10.0*
3.	Mammals species, Peninsular Malaysia	Number	2017	223
	Mammals species, Peninsular Malaysia (Extinct (EX))	Number	2017	1
	Mammals species, Peninsular Malaysia (Critically Endangered (CR))	Number	2017	4
	Mammals species, Peninsular Malaysia (Endangered (EN))	Number	2017	12
	Mammals species, Peninsular Malaysia (Vulnerable (VU))	Number	2017	14
	Mammals species, Peninsular Malaysia (Near Threatened (NT))	Number	2017	33

No.	Description of Indicators	Unit	Year	Achievement
	Mammals species, Peninsular Malaysia (Least Concern (LC))	Number	2017	83
	Mammals species, Peninsular Malaysia (Data Deficient (DD))	Number	2017	76
4.	Proportion of traded wildlife that was poached or illicitly trafficked: Wildlife crime cases for possession/ own use category	Number	2021 2022	646[r] 1,945
	Proportion of traded wildlife that was poached or illicitly trafficked: Wildlife crime cases for enroachment category	Number	2021 2022	1 1
	Proportion of traded wildlife that was poached or illicitly trafficked: Wildlife crime cases for smuggling category	Number	2021 2022	4 14
	Proportion of traded wildlife that was poached or illicitly trafficked: Wildlife crime cases for business category	Number	2021 2022	3 15
	Proportion of traded wildlife that was poached or illicitly trafficked: Wildlife crime cases for zoo/ exhibition category	Number	2021 2022	– 1
	SDG 16: Peace, Justice and Strong Institutions			
1.	Number of victims of intentional homicide per 100,000 population, by sex and age	Number	2021 2022	243 240
2.	Proportion of population subjected to (a) physical, (b) psychological violence and (c) sexual violence in the previous 12 months a. Violent crime cases	Number	2021 2022	9,941 8,636
	Proportion of population subjected to (a) physical, (b) psychological violence and (c) sexual violence in the previous 12 months b. Sexual crime cases	Number	2021 2022	2,703 2,826
3.	Population that feel safe walking alone around the area they live after dark	%	2021	*90.5*
4.	Children aged 1-5 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month	%	2016 2022	*70.8* *66.6*
5.	Detected victims of human trafficking	Number	2021 2022	117 75
6.	Proportion of victims of violence in the previous 12 months who reported their victimisation to competent authorities or other officially recognised conflict resolution mechanisms a. Violence crime cases	Number	2021 2022	9,941 8,636
	Proportion of victims of violence in the previous 12 months who reported their victimisation to competent authorities or other officially recognised conflict resolution mechanisms b. Sexual crime cases	Number	2021 2022	3,209 3,303
7.	Unsentenced detainees as a proportion of overall prison population	%	2021 2022	39.3 29.5

No.	Description of Indicators	Unit	Year	Achievement
8.	Firearm seizures	Number	2021	229
			2022	218
9.	Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months a. Investigation paper	Number	2021	828
			2022	820
	Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months b. Statistics on arrests	Number	2021	851
			2022	909
10.	Federal Government expenditures as a proportion of original approved budget	%	2021	92.9
			2022	120.0
11.	Complaints on public services	Number	2021	4,074
			2022	5,833
12.	Proportions of positions in national and local institutions a1. Seats held by women in Senate	%	2021	*18.2*
			2022	*14.8*
	Proportions of positions in national and local institutions a2. Seats held by women in House of Representatives	%	2021	*14.9*
			2022	*13.5*
	Proportions of positions in national and local institutions a3. Seats held by men in Senate	%	2021	*81.8*
			2022	*85.2*
	Proportions of positions in national and local institutions a4. Seats held by men in House of Representatives	%	2021	*84.2*
			2022	*86.5*
	b1. Civil servant in public service	Number	2021	1,266,404
			2022	1,274,207
	b2. Civil servant with disabilities in public service	%	2021	*0.3*
			2022	*0.3*
	c. Judges in the High Court	Number	2021	60
			2022	63
13.	Population who believe decision-making is inclusive and responsive	%	2021	*64.4*
14.	Voting Right In International Organisations (United Nations General Assembly)	%	2021	*0.5*
			2022	*0.5*
	Voting Right In International Organisations (International Monetary Fund)	%	2021	*0.8*
			2022	*0.8*
	Voting Right In International Organisations (International Bank for Reconstruction and Development)	%	2021	*0.4*
			2022	*0.4*
	Voting Right In International Organisations (International Finance Corporation)	%	2021	*0.6*
			2022	*0.6*

No.	Description of Indicators	Unit	Year	Achievement
	Voting Right In International Organisations (Asian Development Bank)	%	2021	*2.5*
	Voting Right In International Organisations (World Trade Organisation)	%	2021	*0.6*
			2022	*0.6*
15.	Children under 5 years of age whose births have been registered with a civil authority, by age	%	2021	*98.1*
			2022	*97.7*
	SDG 17: Partnerships for the Goals			
1.	Share government revenue as a proportion of GDP	%	2021	*15.1*
			2022	*16.4*
2.	Federal Government tax revenue and expenditure	%	2021	*58.7*
			2022	*52.8*
3.	Budget allocation for development assistance through Malaysian Technical Cooperation Programme	RM '000	2021	4,200.0
			2022	6,000.0
4.	Fixed-broadband penetration rate (2Mbit/s ≤ 10 Mbit/s)	Per 100 inhabitants	2021	*0.2*
			2022	*0.1*
	Fixed-broadband penetration rate (≥ 10 Mbit/s)	Per 100 inhabitants	2021	*11.1*
			2022	*12.6*
5.	Individuals using the Internet	%	2021	*96.8*
			2022	*97.4*
6.	Value of financial and technical assistance committed to developing countries	RM '000	2021	2,594.5
			2022	5,600.0
7.	Worldwide weighted World Trade tariff-average	%	2021	....
			2021	*3.5*
8.	Share of global exports	%	2021	*1.3*
			2021	*1.4*
9.	Average tariffs faced by developing countries	%	2021	*20.9*
			2022	*21.2*
10.	Amount in United States dollars committed to public-private partnerships for infrastructure	RM Billion	2021	*10.88*
			2021	*8.04*
	Amount in United States dollars committed to public-private partnerships for infrastructure	USD Billion	2021	*2.34*
			2022	*1.73*
11.	Relevant sustainable development indicators produced at the national level	%	2021	*75.1*
			2021	*80.9*

No.	Description of Indicators	Unit	Year	Achievement
12.	Achievement 100 per cent birth registration	%	2021	*100.0*
			2022	*100.0*
11.	Achieved 80 per cent death registration	%	2021	*97.9*
			2021	*97.9*

Note: .... indicates Nil/blank/no cases
[e] Estimates
[p] Preliminary
[p] Revised
Source: Sustainable Development Goals (SDG) Indicators Executive Summary 2022, Department of Statistics, Malaysia

ORGANISATION OF THE MINISTRY OF FINANCE MALAYSIA

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YAB Dato' Seri Anwar bin Ibrahim

MINISTER OF FINANCE II
YB Senator Datuk Seri Amir Hamzah Azizan

DEPUTY MINISTER OF FINANCE
YB Puan Lim Hui Ying

DEPARTMENTS UNDER THE MINISTRY OF FINANCE

TREASURY OF MALAYSIA
Secretary General of Treasury
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ROYAL MALAYSIAN CUSTOMS DEPARTMENT
Director General of Customs
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VALUATION AND PROPERTY SERVICES DEPARTMENT
Director General of Valuation and Property Services
Sr Abdul Razak bin Yusak

LANGKAWI DEVELOPMENT AUTHORITY
Chief Executive Officer
Dato' Haslina Abdul Hamid

AGENCIES UNDER THE MINISTRY OF FINANCE

CENTRAL BANK OF MALAYSIA
Governor
Dato' Seri Abdul Rasheed Ghaffour

SECURITIES COMMISSION MALAYSIA
Chairman
Dato' Mohammad Faiz Mohammad Azmi

BANK SIMPANAN NASIONAL
Chief Executive
En. Jay Khairil Jeremy Abdullah

MALAYSIA DEPOSIT INSURANCE CORPORATION
Chief Executive Officer
En. Rafiz Azuan bin Abdullah

BURSA MALAYSIA BERHAD
Chief Executive Officer
Datuk Muhamad Umar Swift

INLAND REVENUE BOARD OF MALAYSIA
Chief Executive Officer
Datuk Dr. Abu Tariq bin Jamaluddin

EMPLOYEES PROVIDENT FUND
Chief Executive Officer
En. Ahmad Zulqarnain Onn

LABUAN FINANCIAL SERVICES AUTHORITY
Director General
En. Nik Mohamed Din bin Nik Musa

PUBLIC SECTOR HOME FINANCING BOARD
Chief Executive Officer
En. Mohd Farid bin Dato' Hj Nawawi

MALAYSIA TOTALISATOR BOARD
Chief Executive Officer
Pn. Nor Hashimah Hashim

RETIREMENT FUND (INCORPORATED)
Chief Executive Officer
Datuk Hajah Nik Amlizan Mohamed

TREASURY OF MALAYSIA

MINISTER OF FINANCE
YAB Dato' Seri Anwar bin Ibrahim

MINISTER OF FINANCE II
YB Senator Datuk Seri Amir Hamzah Azizan

DEPUTY MINISTER OF FINANCE
YB Puan Lim Hui Ying

SECRETARY GENERAL OF TREASURY
Datuk Johan Mahmood Merican

DEPUTY SECRETARY GENERAL OF TREASURY (POLICY)
Dato' Zamzuri bin Abdul Aziz

- **NATIONAL BUDGET OFFICE**
  Dato' Shahrol Anuwar bin Sarman
- **TAX DIVISION**
  En. John Patrick a/l Antonysamy
- **FISCAL AND ECONOMICS DIVISION**
  Dr Mastura binti Abdul Karim
- **INTERNATIONAL DIVISION**
  En. Abu Bakar @ Salleh bin Jambol
- **REGISTRAR OFFICE OF CREDIT REPORTING AGENCIES**
  En. Idwan Ariff bin Abdul Rahman

DEPUTY SECRETARY GENERAL OF TREASURY (MANAGEMENT)
En. Ramzi bin Mansor

- **GOVERNMENT PROCUREMENT DIVISION**
  Dato' Indera Ab Rahim bin Ab Rahman
- **REMUNERATION POLICY AND MANAGEMENT DIVISION**
  YM Raja Muhammad Azhan Shah bin Raja Muhammad
- **STRATEGIC FINANCIAL CONTROL AND CORPORATE DIVISION**
  Pn. Nor Azizati binti Hamzah
- **INFORMATION TECHNOLOGY DIVISION**
  Pn. Norhayati binti Masah
- **SABAH FEDERAL TREASURY**
  En. Norali @ Ag Norali bin Ag Amit
- **SARAWAK FEDERAL TREASURY**
  En. Leonard Wilfred Yussin

DEPUTY SECRETARY GENERAL OF TREASURY (INVESTMENT)
Datuk Dr. Shahrazat binti Haji Ahmad

- **GOVERNMENT INVESTMENT COMPANIES DIVISION**
  Dato' Dr Amiruddin bin Muhamed
- **STRATEGIC INVESTMENT DIVISION**
  Dato' Nor Eni binti Ismail
- **STATUTORY BODY STRATEGIC MANAGEMENT DIVISION**
  Datin Rosni binti Mohd Yusoff
- **PUBLIC ASSET MANAGEMENT DIVISION**
  En. Alan bin Abdul Rahim

- **SPECIAL COMMISSIONERS OF INCOME TAX**
  Dato' Othman bin Yusof
- **LEGAL DIVISION**
  En. Kamal Azira bin Hassan
- **CUSTOMS APPEAL TRIBUNAL**
  Pn. Rozina binti Ayob
- **TREASURY INTERNAL AUDIT UNIT**
  En. Abd Ghani bin Sulaiman
- **PANTAU MADANI UNIT**
  En. Mohd Khalid bin Mohamed Latiff
- **INTEGRITY UNIT**
  En. Kamaruddin bin M Ripin
- **CORPORATE COMMUNICATION UNIT**
  En. Zulhazri bin Abu Bakar

eISSN 3009-0660