



PREFACE

The MADANI Government has consistently delivered stable growth for the nation since 2022. The momentum accelerated in the first half of 2024, with growth recorded at 5.1%. We expect strong growth for 2024 to be between 4.8% and 5.3%, driven by robust domestic demand and expansion in trade as well as investments. Likewise, international reserves remain sizeable, as the ringgit continues to strengthen against the US dollar, outpacing most regional currencies. The equity market's positive momentum, meanwhile, has been buoyed by bullish global market sentiment. This signals favourable market conditions as well as investment climate that will continue to sustain our economy.



**MINISTER OF FINANCE
MALAYSIA**

Our resilience is anchored on strong economic fundamentals and strategic reforms that continue to sustain progress into the future. This underscores the effectiveness of the Government's collaborative efforts and strategic vision under the Ekonomi MADANI framework, as well as the rollouts of the National Energy Transition Roadmap, the New Industrial Master Plan 2030, and the National Semiconductor Strategy. The framework has laid a solid foundation for the country's development, and is pivotal in steering Malaysia towards becoming a high value-added economy. As we progress, the nation's economic trajectory continues to reflect both the strength and adaptability of our policies, demonstrating an enhanced competitive edge.

Concerted reform efforts made by the Government has uplifted investor confidence. This was evidenced by rousing investments prospects, where total approved investments surged by 18% to RM160 billion in the first half of 2024. In addition, under GEAR-uP, government-linked investment companies are being empowered to galvanise domestic growth through targeted direct investments amounting to RM120 billion over a span of five years. Together, foreign investments are expected to bring in advance technological knowledge, while domestic investments will support local industries, particularly SMEs, to develop and enhance operational capabilities as well as linkages. The private sector's transformation will thus manifest the Government's efforts in enhancing competitiveness, boosting economic expansion, and creating high-quality job opportunities.

Against this backdrop, the Government is resolute to work together with the private sector in a whole-of-nation approach to ensure Malaysia can be at the forefront of global economies. A critical component to elevate our position is a formidable public service. Towards this, the MADANI Government is committed to enhance public service delivery as well as governance, so as to bridge the needs of the investment and business communities, while facilitating ease of doing business in the country. In order to boost productivity of the public service, a new public service remuneration system has been introduced. It goes without saying, combating corruption is at the heart of our reform agenda in ensuring transparency, accountability and integrity at all levels. Digitalisation will also be a key enabler to reduce bureaucracy, streamline processes and improve efficiency across all sectors.

Malaysia's fiscal policy remains firmly grounded on the consolidation path, aiming at rebuilding fiscal buffers and strengthening the nation's financial resilience. The Government will relentlessly pursue measures to effectively bolster revenue collection, while guaranteeing that these reforms will not impede business activities or inflict undue burden upon the rakyat. At the same time, Federal expenditure will be carefully managed through prudent fiscal measures, ensuring resources are allocated efficiently and aligned with the country's key economic priorities. Notably, the implementation of e-invoicing is pivotal in reducing tax avoidance and financial leakages, while targeted subsidies continue to be pursued to optimise public spending. The ongoing fiscal reforms have already placed the country on track to narrow the fiscal deficit, from 5.6% in 2022 to 5% in 2023, with further projections targeting improvements to 4.3% in 2024 and 3.8% in 2025. Ergo, the Government is resolute in sustaining this momentum, with all hands on deck to continue our progress towards fiscal consolidation.

At the forefront of Malaysia's fiscal reform agenda is the formulation of the Public Finance and Fiscal Responsibility Act 2023, which came into force on 1 January 2024. This landmark legislation embodies the MADANI principles of governance, accountability and transparency, thereby establishing the cornerstone of the nation's broader fiscal transformation efforts. Our commitment to fortify governance is further reflected in the publication of the pre-budget statement and mid-year expenditure performance report. In addition, the Government is working diligently to build the capacity needed to publish both the tax expenditure and fiscal risk statements in the coming years, reflecting our determination to improve fiscal transparency. In this vein, these efforts will not only restore public trust and investor confidence, but also catapult Malaysia onto the global stage, affirming our stature as a dynamic and resilient economic powerhouse.

As we chart our course for the future, Budget 2025 not only signifies the culmination of the Twelfth Malaysia Plan but also sets the stage for the forward-looking Thirteenth Malaysia Plan, marking a new era of growth and innovation. Moving forward, the Government stands firmly committed to forging a stronger and more inclusive economy that champions the aspirations of every Malaysian, while safeguarding the well-being of the rakyat and amplifying national prosperity. To realise this vision, we must embrace a holistic whole-of-Malaysia approach, galvanising the support of the rakyat and the society, in our quest for impactful nation-building and transformative economic advancement.

Let us unite our strengths, harness our collective resolve, and march forward together. Only through our unwavering commitment and shared purpose can we transform this vision into reality, thereby accelerating Malaysia's journey towards establishing our nation as an economic powerhouse in Asia, as envisioned under the Ekonomi MADANI framework.



ANWAR IBRAHIM
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