



**PRESS RELEASE  
MINISTRY OF FINANCE**

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**FISCAL POLICY COMMITTEE CONVENES TO CHART MALAYSIA'S  
SUSTAINABLE FISCAL AND ECONOMIC AGENDA**

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The Fiscal Policy Committee (FPC), chaired by YAB Prime Minister and Finance Minister, convened today to provide a comprehensive review of Malaysia's current economic developments, assess key external and domestic challenges, and analyse short- and medium-term fiscal projections as outlined in the Public Finance and Fiscal Responsibility Act 2023 (FRA).

Committee members present during the meeting were YAB Deputy Prime Minister and Minister of Energy Transition and Water Transformation; YB Finance Minister II, who is also fulfilling the duties of Economy Minister; Chief Secretary to the Government; Secretary-General of Treasury; Secretary-General of the Economy Ministry; and Bank Negara Malaysia Governor, as well as senior government officials.

YAB Dato' Seri Anwar emphasised that the role of the FPC in shaping a balanced path between fiscal sustainability and economic growth is central to the Government's commitment to sound fiscal governance, ensuring that the needs of the rakyat and businesses are met without compromising long-term stability. As the MADANI Government embarks on the 13<sup>th</sup> Malaysia Plan, fiscal space must be optimised to deliver public investments that materially transform the economy ("Raise the Ceiling") and improve the *rakyat's* quality of life ("Raise the Floor").

"The MADANI Government remains committed to pursuing fiscal sustainability while ensuring that growth momentum is preserved, particularly in light of current global developments. The Malaysian economy has continued to demonstrate resilience, expanding by 4.4% in the first half of 2025, while the unemployment rate eased to a decade low of 3%. In 2025, Malaysia's economy is expected to grow between 4.0% and 4.8%, underpinned by strong domestic demand, moderate inflation, and a stable labour market. These outcomes were realised in tandem with the Government's fiscal consolidation efforts, with the successful reduction of the fiscal deficit from 5.5% of GDP in 2022 to 4.1% in 2024. The FPC meeting today reaffirmed the Government's commitment to reducing the 3.8% fiscal deficit target for 2025 and subsequently achieving a deficit of 3% or below in the medium term, in line with the FRA commitment," he added.

The FPC meeting convenes in accordance with the FRA. Since its inception, the FPC has played a central role in developing fiscal strategies, reinforcing governance in public financial management, and ensuring that the Government's fiscal position remains sustainable over the medium- and long-term. In 2025, the consolidation efforts will be further reinforced through broadening the revenue base and optimising expenditure, including RON95 fuel subsidy rationalisation. This session also serves as an important step in setting the Government's fiscal trajectory ahead of the forthcoming Budget 2026, scheduled to be tabled on 10 October 2025.

Pursuant to the provisions of the FRA, the MADANI Government is undertaking the Medium-Term Revenue Strategy (MTRS) to broaden the revenue base and establish a more progressive tax system, while strengthening compliance with international best practices. Moving forward, priority will be placed on addressing leakages and enhancing efficiency through measures such as the phased implementation of the e-invoicing system. These efforts underscore the Government's resolve to build a fairer, more resilient and sustainable fiscal framework that supports long-term economic growth and the well-being of the rakyat.

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Putrajaya

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