



MINISTRY OF FINANCE

Growth Vistas

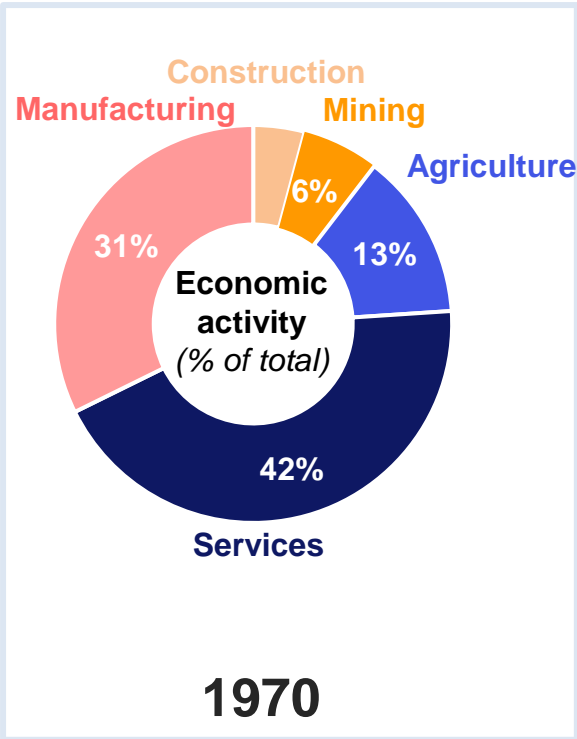
Amir Hamzah Azizan
Finance Minister II, Malaysia

[] April 2024

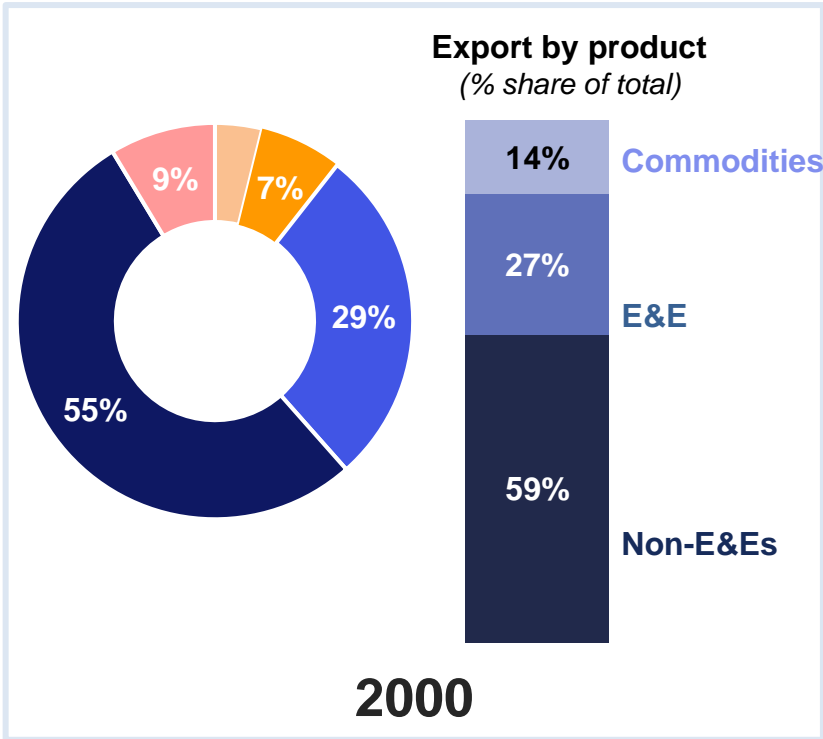


Malaysia has been a prolific reformer with a track record of robust growth *(Average real GDP 2011 – 2023: 4.3%; A-rated peers: 2.9%)*

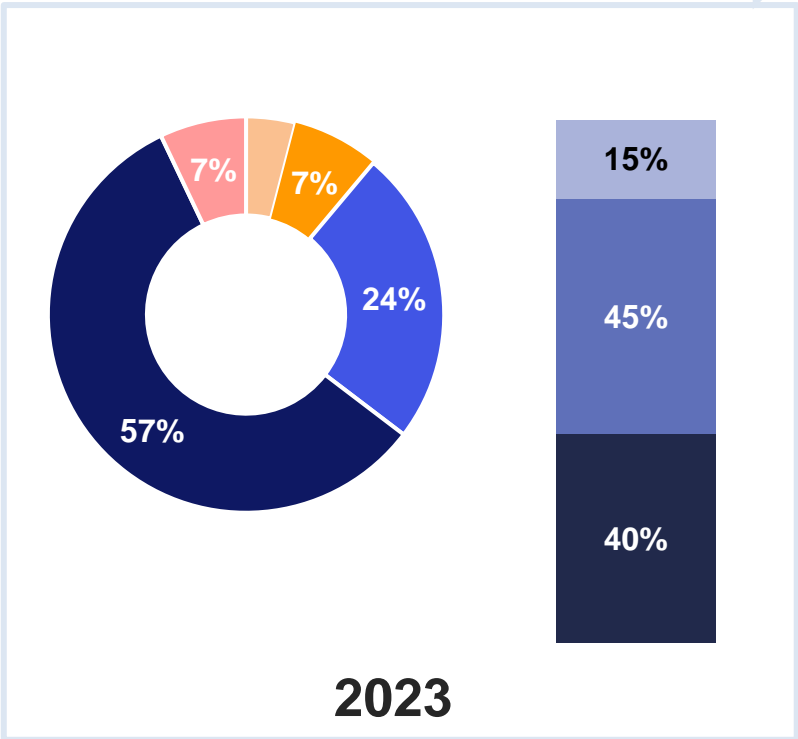
1960s – 1980s:



1980s – 2010s:



2010s – Today:



Rebooting the reform agenda

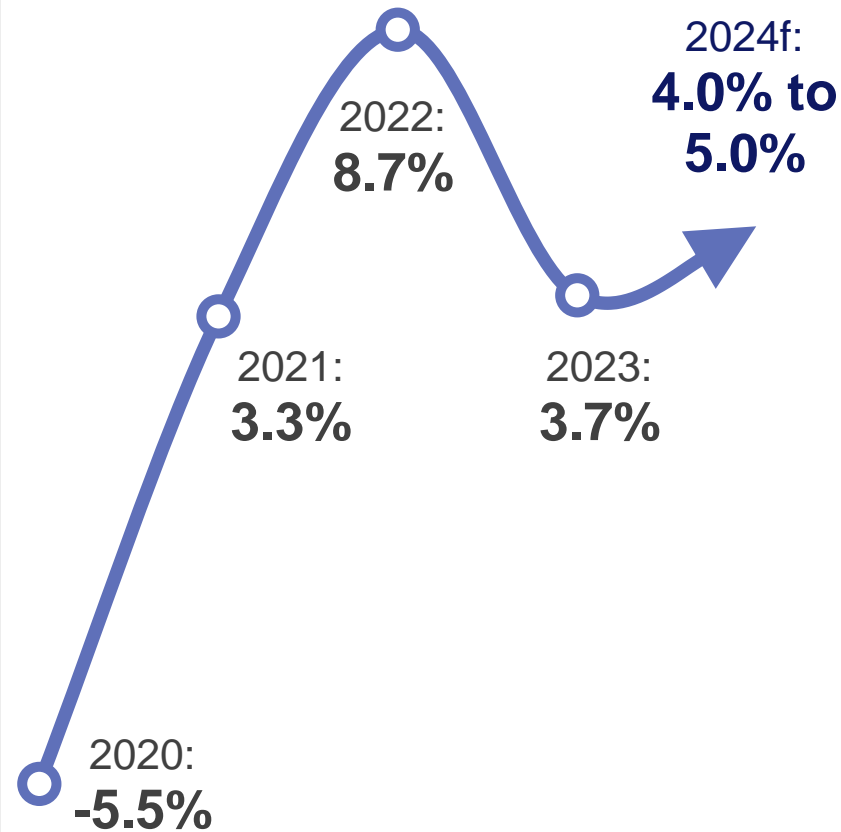
COVID-19 crisis

Policy buffers were used to support economic recovery

Pandemic unearthed possible vulnerabilities

New economic realities post COVID-19

Real GDP growth (%yoy)



Source: Department of Statistics Malaysia

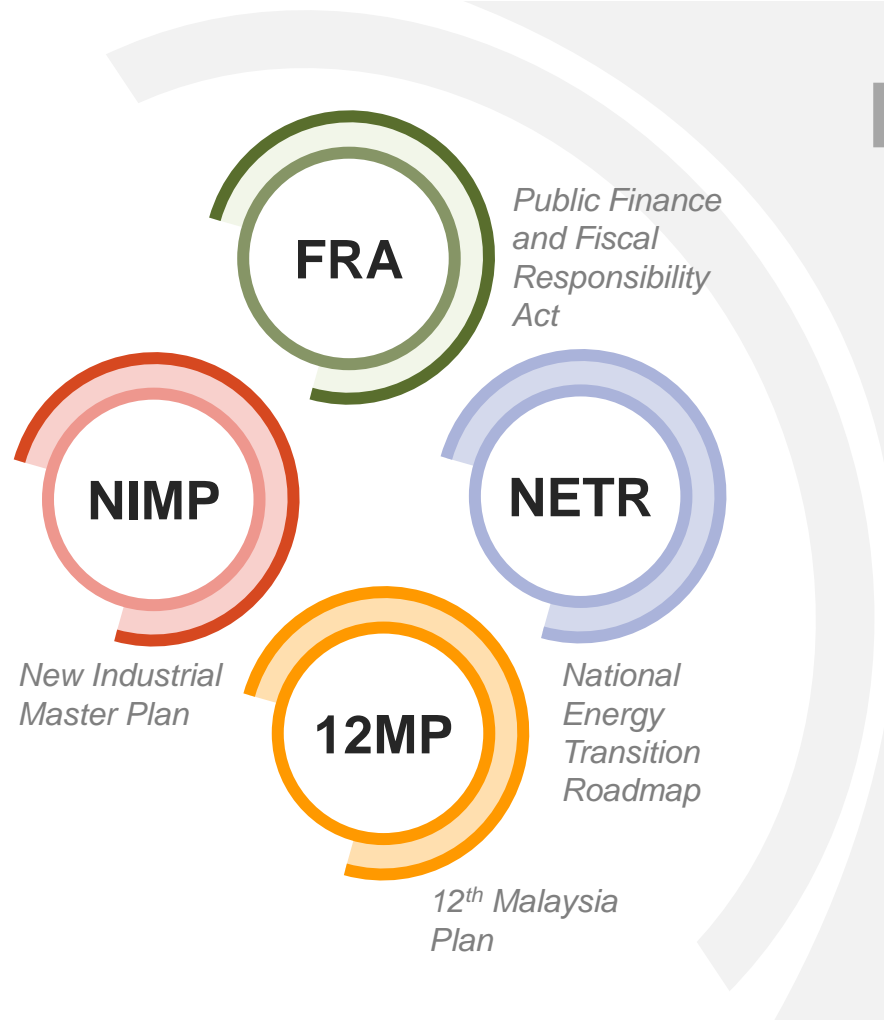
Reforms

Rebuild policy buffers

Reprioritise spending to enhance fiscal sustainability

Restructure economy to align with global trends

MADANI Economic framework aims to secure Malaysia's growth within the next 10 years



Strengthen fiscal sustainability through more transparent and resilient fiscal management

Current progress: Rationalised subsidies for certain goods (electricity), consumption tax reforms



Attract quality investments, particularly in new growth areas (e.g. renewable and clean energy technology)

Current progress: Ongoing development of renewable energy parks



Advance green growth to support transition to a low-carbon economy

Current progress: Continued electrification of transport sector (procurement, rollout of incentives), equity market reforms as an ESG catalyst (e.g. carbon credit trading, sustainability reporting framework)



Build a prosperous, inclusive society

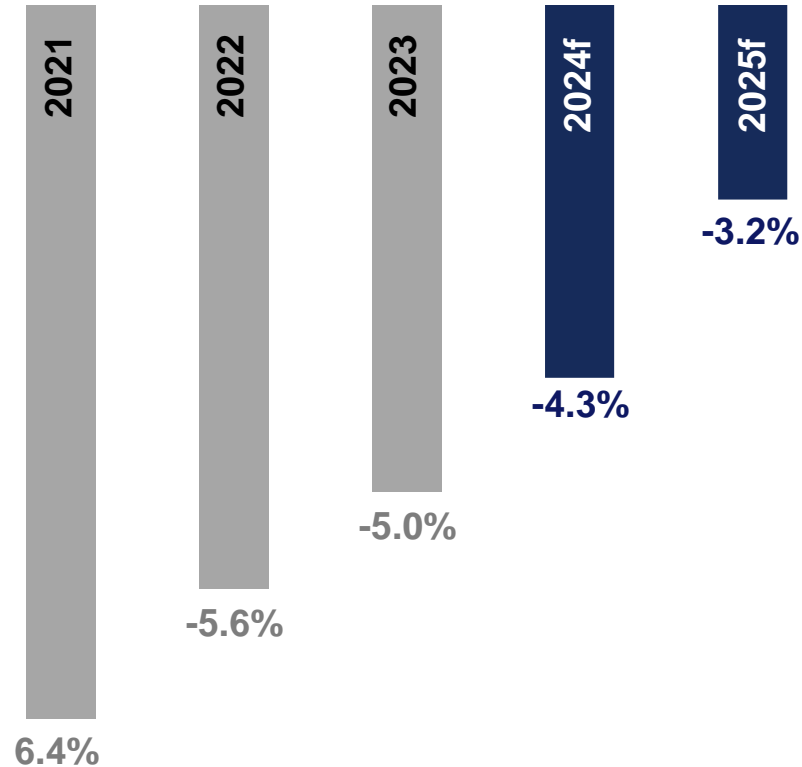
Current progress: Expanding coverage and enhancing adequacy of social protection policies and pursuing labour reforms (e.g. Progressive Wage Model, Multi-Tier Levy Mechanism)

Broader structural reforms are well underway, with more progress expected and vast opportunities for investors to participate in

Key masterplan	Recent milestone	Reforms underway
<p>National Energy Transition Roadmap</p>	<ul style="list-style-type: none"> • <i>Energy Efficiency, Conservation Bill</i> • <i>Renewable parks</i> • <i>National Energy Transition Facility fund</i> 	<ul style="list-style-type: none"> • <i>Cultivating biomass, biofuel, hydrogen as sources of energy</i> • <i>Electrification of public transportation (e.g. rail)</i>
<p>New Industrial Master Plan 2030</p>	<ul style="list-style-type: none"> • <i>iESG and Circular Economy</i> • <i>CCUS pilot</i> • <i>EV taskforce</i> • <i>NIMP Industrial Development Fund</i> 	<ul style="list-style-type: none"> • <i>Development of smart factories through digital infrastructure improvement (e.g. cloud)</i>
<p>Public Finance and Fiscal Responsibility Act</p>	<ul style="list-style-type: none"> • <i>Public Finance and Fiscal Responsibility Act (FRA)</i> 	<ul style="list-style-type: none"> • <i>Broadening revenue base</i> • <i>Expenditure reforms through a targeted subsidy framework</i>

Fiscal and institutional strength will be an enabler for reforms

Fiscal deficit
(% share of GDP)



Source: Ministry of Finance, Malaysia



Improvement in governance and institutional framework

- Public Finance and Fiscal Responsibility Act (FRA)
- Government Procurement Act (GPA)
- Medium-Term Revenue Strategy (MTRS)



Measures to broaden revenue base and optimise spending

- Fuel subsidy rationalisation
- Reducing compliance gap and introduction of new tax policy. Measures include:
 - Capital gain tax on non-listed shares
 - SST (higher rate & larger coverage)
 - GMT 2025
 - e-invoicing



Fiscal policy to remain supportive of growth

- Supporting growth while pursuing gradual fiscal consolidation
- This would unlock greater space for productive spending

Why Malaysia?



Malaysia has consistently reinvent itself for growth for the past 60 years and en route to become a high-income nation



An **overarching reform program** designed to further strengthen the economy is well underway, **paving opportunities for investors**



The economic fundamentals are sound and are set to improve further



Malaysia is poised to register consistently solid growth performance in the immediate- and medium-term