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Time for great a reset with 13th Malaysia Plan

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Comment

Time for a great reset with 13th Malaysia Plan

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THE 13th Malaysia Plan (13MP) from 2026 to 2030, themed "Melakar Semula Pembangunan" or Reshaping Development in English marks the last leg of transformation to realise Malaysia's vision to become a high-income nation. The next five years are indeed a critical phase for achieving our vision.

Faced with the level of complexity in development challenges, the planning tools and implementation approaches in the past may no longer be appropriate to meet the mounting challenges of the future.

As Marshall and Reiter (2013) put it, "What got you here won't get you there!"

The 13MP's thrusts and priorities are aligning with the Madani Economy framework, which is anchored on two key pillars: "Raise the Ceiling", which positions Malaysia as a leading economy in the Asian region, and "Raise the Floor", which aims to improve the quality of life and income opportunities for Malaysians.

As with any five-year Malaysia Plan, the 13MP is comprehensive, strategic, and transformative, laying out a broad set of strategies, policies, programmes and projects necessary to realise the vision.

The formulation of the 13MP's strategies, initiatives and programmes have addressed four megatrends: Power shifts and new economic blocs; technological and digital evolution; demographic shifts and quality of life; and the environmental and climate crisis.

More crucially, the successful execution of a plan is critical because it translates ideas into action, ensuring that goals are achieved and resources are utilised effectively.

The annual national budget will elaborate on specific strategies, programmes and projects, and allocate resources for their implementation.

What do we hope to achieve by 2030 and beyond?

The Madani Economy framework, which was launched on July 27, 2023 has set seven intermediate indicators as medium-term targets to be achieved within 10 years.

From 2023 to 2024, major strategic restore the economy, enhancing economic complexity, promoting digitalisation, achieving net-zero emissions, and ensuring economic security and inclusivity.

These plans are the National Energy Transition Roadmap (NETR) on July 23 and Aug 29, 2023; New Industrial Master Plan (NIMP) 2030 on Sept 1, 2023; National Semiconductor Strategy (NSS) in May 2024; and the Public-Private Partnership Master Plan 2030 on Sept 9, 2024.

This year saw the launch of the Johor-Singapore Special Economic Zone (JS-SEZ) on Jan 7, 2025. The Artificial Intelligence Technology Action Plan (2026 to 2030) will be launched later this year.

It is widely recognised that persistent structural challenges continue to hinder our progress toward greater economic cohesion.

Addressing these issues requires comprehensive and pragmatic policy responses.

Key areas of concern include insufficient technological innovation and investment, slow productivity growth, limited adoption of sustainable practices, and the constrained ability of small and medium enterprises (SMEs) to integrate effectively in global value chains.

Embracing a coherent strategy, resource optimisation, upskilling the workforce, and technology adoption and innovation as well as embracing sustainable practices should be the pillars of a growth strategy that can improve Malaysia's competitiveness.

The 13MP's key macro-economic targets look realistic and in line with our projections.

With the country's economic growth potential at between 4.7% and 5.7%, the 13MP sets a real gross domestic product (GDP) growth target of between 4.5% and 5.5% from 2026 to 2030 compared with

This optimism stems from strong fundamentals and potential for sustained growth in domestic demand and investment, driven by the 13MP's strategies, initiatives, programmes and projects, along with the implementation of strategic plans.

Fiscal consolidation remains on track. The budget deficit to GDP ratio has been progressively reduced from 6.4% in 2021 to 4.1% in 2024 and 3.8% in Budget 2025.

The 13MP sets a target of reducing the deficit to 3% of GDP by end-2030, which we think is attainable given our track record, except during economic shocks.

Government debt is expected to remain blow the ceiling of 60% of GDP.

The 13MP has outlined a series of revenue measures and expenditure controls, including ensuring value-for-money projects; curbing non-essential and low-impact expenditures; implementing gradual and targeted subsidy rationalisation; reforming the public sector; broadening the revenue base, reviewing the scope and rates of the sales and service tax; implementing a global minimum tax and introducing a carbon tax; reducing dependence on petroleum-related revenues; optimising tax incentives to investment outcomes; and enhancing the digitalisation of the revenue collection system to reduce leaks and improve taxpayer compliance.

Some RM611bil in investments are planned under the 13MP, comprising federal development expenditure of RM430 billion; RM120 billion from government-linked companies and government-linked investment companies; and RM61bil from the public-private partnerships.

The money is expected to spur investment and business opportunities as well as create positive economic multiplier

The projects, which will be implemented during the 13MP period include infrastructure, public transport, schools, hospitals and affordable housing and floods mitigation and capacity building programmes.

The 13MP places emphasis on scaling up SMEs to bring about supply-chain integration and high value-added activities, capacity building, adoption of technology and artificial intelligence (AI), financing mechanisms and market opportunities.

SMEs need to reset their strategies to prioritise sustainable growth, optimising resource use, and strengthening resilience for unlocking new opportunities for growth, efficiency, and innovation.

The 13MP creates new driving forces for economic growth as outlined in the NIMP, NETR and NSS, enhancing economic complexity by producing more high-value "Made by Malaysia" products and services, attracting and accelerating strategic, high-quality and advanced technology-based sectors, including semiconductors, digitalisation and AI, green investment, wellness and lifestyle, pharmaceuticals, medical devices, electric vehicles, rare earth minerals, aerospace, halal services, biomass, modern agriculture, as well as logistics.

The 13MP also places greater emphasis on education and human capital, including the reskilling and upskilling for a future proof workforce.

Malaysia needs a responsive education system to produce future proof students and future-ready graduates in this knowledge and technology-driven environment.

Quality curriculum design, learner-centred approaches, effective science curricula, quality teachers, and innovative teaching methods that fit both students and employers will help develop and enhance the employability skills required by the industries.

The government, academia, and industry must collaborate to create a dynamic, flexible, and responsive technical and vocational education and training system by examining industry partnerships, curriculum changes, the integration of new and emerging technologies, and encouraging government policies.