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13MP- semiconductor export goal 'achivable'

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» However, experts say broader structural economic reforms required to hit RM1 trillion by 2030 target

PETALING JAYA: Malaysia's plan to boost semiconductor exports to RM1 trillion by 2030, a centrepiece of the 13th Malaysia Plan (13MP), has been hailed as ambitious yet achievable by industry leaders, though economists warn that structural reforms will be key to ensuring the benefits translate into broader economic gains.

Prime Minister Datuk Seri Anwar Ibrahim, in tabling the 13MP, identified semiconductors as one of the flagship high-growth, high-value industries vital to Malaysia's transition to high-income status and deeper integration into global technology supply chains.

Malaysia Semiconductor Industry Association president Andrew Chan said the nation's recent performance and policy direction provide a solid foundation for the RM1 trillion export target.

"Malaysia's E&E exports reached RM601 billion in 2024, and with the global semiconductor market projected to double to US$1 trillion (RM4.23 trillion) by 2030, driven largely by the surge in demand for AI chips, Malaysia's RM1 trillion export target is both ambitious and attainable," Chan told *SunBiz*.

He highlighted RM319 billion in approved investments between 2021 and 2024, alongside the rollout of the National Semiconductor Strategy (NSS), launched in May 2024 and updated in July 2025, as pivotal enablers for the industry.

"These developments lay a strong foundation for growth," he said, pointing to foreign direct investments from global giants like Intel and Infineon as well as the rapid scaling of local champions such as Inari and Vitrox.

Chan: There is a strong foundation for growth.

Williams: Government interference often not needed.

Chan stressed, however, that incremental growth would not be enough. "Success will require us to make hard choices and sacrifices," he said.

"It demands a deliberate pivot into high-value segments such as IC design, advanced packaging, semiconductor equipment manufacturing, wafer fabrication and particularly the design and production of AI chips and servers, where global demand will be most pronounced."

Chan noted that Malaysia's current strength lies in outsourced semiconductor assembly and testing services but argued that capturing greater value will require moving into front-end manufacturing and design, areas currently dominated by economies such as Taiwan, South Korea and the United States.

"One area for greater focus is on a more coordinated talent development strategy, especially skills for the new growth areas. What got Malaysia to where we are today will not get us to RM1 trillion in E&E exports by 2030."

While agreeing that semiconductors will be a key growth engine, economist Professor Geoffrey Williams cautioned against viewing the sector's success as a panacea for Malaysia's broader economic challenges.

"These high-value sectors are largely market driven, and government interference is often unnecessary," he said.

"The most important features of 13MP are actually the social and structural elements, the extension of the minimum wage, the review of the retirement age and reforms to pensions and healthcare."

Williams argued that without parallel reforms to raise incomes, address underemployment and open up opportunities for SMEs, semiconductor gains risk being concentrated among larger corporations and global players.

"Technology and green growth are already unfolding organically," he added.

"Structural reforms are needed to ensure these gains benefit the wider economy and address long-standing issues like wage stagnation and job quality."

The 13MP's semiconductor strategy builds on the NSS's targets to create 10 local companies with revenues exceeding US$210 million each, nurture 100 firms approaching US$1 billion revenue and train 60,000 skilled engineers by 2030.

Economists say the combination of surging global demand, particularly for AI chips and Malaysia's established role in the electronics supply chain creates a unique opportunity. However, they warn that talent bottlenecks, infrastructure gaps and uneven SME participation must be addressed for the RM1 trillion target to translate into inclusive growth.