Summary

SHARED PROSPERITY VISION

2030
SHARED PROSPERITY VISION 2030
Restructuring the Priorities of Malaysia's Development

For further information please contact:

Secretary General
Ministry of Economic Affairs
Block B5 & B6
Federal Government Administrative Centre
62502 Putrajaya
MALAYSIA

Website http://www.mea.gov.my
Email webmaster@mea.gov.my
Tel 603-8000 8000
Fax 603-8888 3755

Released on 5 October 2019
Reprinted on 8 November 2019

All rights reserved ©

All rights reserved. No part of this book may be produced in any form or by any electronic, mechanical, photocopy, recording and/or by any means, without permission from the Ministry of Economic Affairs, Malaysia.
DEFINITION

Shared Prosperity Vision 2030 is a commitment to make Malaysia a nation that achieves sustainable growth along with fair and equitable distribution, across income groups, ethnicities, regions and supply chains. The commitment is aimed at strengthening political stability, enhancing the nation’s prosperity and ensuring that the rakyat are united whilst celebrating ethnic and cultural diversity as the foundation of the nation state.

AIM

The primary aim of the Shared Prosperity Vision is to provide a decent standard of living to all Malaysians by 2030.
OBJECTIVES

SHARED PROSPERITY VISION

2030

1. DEVELOPMENT FOR ALL
Restructuring the economy to be more progressive, knowledge-based and high-valued with full community participation at all levels.

Restructuring Economy

2. ADDRESSING WEALTH & INCOME DISPARITIES
Addressing economic disparities across income groups, ethnicities, regions and supply chains to protect and empower the rakyat in ensuring that no one is left behind.

Addressing Inequalities

3. UNITED, PROSPEROUS & DIGNIFIED NATION
Building Malaysia as a united, prosperous and dignified nation and subsequently becoming an economic centre of Asia.

Nation Building
BASIS OF SHARED PROSPERITY

Issues and challenges of economic structure and development disparities

- Compensation of Employees (CE) share to GDP is low
- Economic Growth potential not fully realised
- A large segment of industries are still in low value added category with low adoption of high technology
- Widening disparities among income groups, ethnicities and regions
Bumiputera Economy does not expand in tandem with national development and growth

Corruption and abuse of power stifle economic growth and distribution

Monopoly and market profiteering
ECONOMIC GROWTH HAS NOT REALISED FULL POTENTIAL

Malaysia GDP performance
Malaysia GDP growth is slower than that of East Asia and the Pacific

GDP according to Region and Selected Countries, 2000-2018

Real GDP, %

Source: World Bank and Department of Statistics Malaysia
Dependency on commodities
The Malaysian economy still relies on commodity products which face the risk of price uncertainty and may result in an economic downturn

Export Values of Main Products, 1989, 1998 and 2018

YEAR 1989
Manufactured Goods
Mining Goods
Agriculture Goods
Others
Total: RM 67.8 billion

YEAR 1998
Machinery & Transport Equipment
Manufactured Goods
Miscellaneous Manufactured Articles
Mineral Fuel, Lubricants & etc.
Animals & Vegetable Oils & Fats
Chemicals
Beverages & Tobacco
Crude Material, Inedible
Food
Total: RM 286.6 billion

YEAR 2018
Machinery & Transport Equipment
Manufactured Goods
Miscellaneous Manufactured Articles
Mineral Fuel, Lubricants & etc.
Animals & Vegetable Oils & Fats
Chemicals
Beverages & Tobacco
Total: RM 1,003.6 billion

Exports of petroleum and gas products increased from 6% (1998) to 15.5% (2018)

Source: Department of Statistics Malaysia
INDUSTRIES STILL CLUSTERED IN LOW VALUE ADDED CATEGORY WITH LOW ADOPTION OF HIGH TECHNOLOGY

Adoption levels of high technology are still low in manufacturing and services sectors at 37% and 20% respectively.

Rate of Technology Use in Manufacturing and Services Sectors, 2018

Technology Application Rate, %

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low and Medium</td>
<td>63</td>
<td>80</td>
</tr>
<tr>
<td>High</td>
<td>37</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Department of Statistic Malaysia, United Nations Industrial Development Organisation and analysis by Institut MASA
INCOME DISPARITY AMONG INCOME GROUP

Compensation of Employees (CE) share to GDP in Malaysia remains low as compared to developed countries

Compensation of Employees (CE) in Malaysia as compared to developed countries, 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>CE % to GDP (2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>51.5</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>49.4</td>
</tr>
<tr>
<td>Australia</td>
<td>47.1</td>
</tr>
<tr>
<td>South Korea</td>
<td>45.7</td>
</tr>
<tr>
<td>Singapore</td>
<td>39.7</td>
</tr>
<tr>
<td>Malaysia</td>
<td>35.7</td>
</tr>
</tbody>
</table>

KEY ISSUES

- Overdependence of foreign workers in the labour market
- Labour market structure is still dominated by semi- and low-skilled workers
- Level of labour productivity still low
- Investment in automation remains low

Source: Organisation for Economic Cooperation and Development (OECD) and Department of Statistics Malaysia
WIDENING MEDIAN MONTHLY INCOME DISPARITY AMONG HOUSEHOLD GROUPS

The median monthly income disparity between T20 and B40 groups has risen from RM1,935 in 1989 to RM10,148 in 2016

Median monthly household income disparity between T20-B40 groups

Median Monthly Household Income, RM

Income Disparity T20-B40
1989: RM1,935

Income Disparity T20-B40
2016: RM10,148

- Household Income Group T20
- Household Income Group B40

Source: Department of Statistic Malaysia and analysis by Institut MASA
MEDIAN MONTHLY INCOME DISPARITY BETWEEN ETHNICITIES CONTINUES TO WIDEN

Median monthly income disparity between Bumiputera and Chinese ethnic groups at RM497 in 1989, increased almost four-fold to RM1,736 in 2016.

Median household income disparity between Bumiputera and Chinese ethnic, 1989-2016

Median monthly income disparity between Indian and Chinese ethnic groups also widened four-fold from RM286 in 1989 to RM1,154 in 2016.

Median household income disparity between Indian and Chinese ethnic, 1989-2016

Source: Department of Statistics Malaysia
BUMIPUTERA REMAINS BEHIND IN CERTAIN REGISTERED PROFESSIONAL OCCUPATIONS

Most professionals except dentists and quantity surveyors are dominated by non-Bumiputera

BUMIPUTERA SMES CONTRIBUTION TO ECONOMIC GROWTH REMAINS LOW

The average value-added by Bumiputera SMEs is lower than non-Bumiputera

Source for figure on Bumiputera in Registered Professional Occupations: Ministry of Economic Affairs
Source for figure on Bumiputera SME's Contribution: Department of Statistics Malaysia and analysis by Institut MASA
BUMIPUTERA INCOME CONTRIBUTION TO GDP REMAINS SMALL

Bumiputera actual income contribution to GDP was only 28% as compared to 46% which took into account GLCs’ contribution

Estimated Gross Domestic Product (GDP) by Bumiputera Ethnic Group, 2014

Bumiputera Population: 18.8 million
Bumiputera GDP per capita = RM16,648 (46% from GDP per capita)

Malaysia Population 30.7 million
GDP per capita = RM36,540

RM1,106 bn¹
GOS² RM694 bn
CE³ RM379 bn

RM313 bn¹
GOS² RM81 bn
CE³ RM228 bn

RM131 bn¹
GOS² RM125 bn

¹ Includes revenue Taxes and Subsidies
² Gross Operating Surplus (GOS)
³ Compensation of Employees (CE)
WIDENING DEVELOPMENT DISPARITY BETWEEN REGIONS

The median income disparity for urban and rural households grew almost six-fold in 27 years.

In 2018, Federal Territory of Kuala Lumpur and Selangor alone contributed almost 40% to GDP as compared to five selected states.
ECONOMIC SABOTAGE

Contribution of Bumiputera SMEs in 2015 Compared to Government Procurement for a Period of 20 Years

**RM1.1 TRILLION**

Government procurement for development, supplies and services for a period of 20 years (7MP until 10MP)

**OVER 50%**

Estimated contracts awarded to Bumiputera for a period of 20 years

**BELOW 9%**

Bumiputera SMEs contribution to GDP in 2015

CORRUPTION AND ABUSE OF POWER STIFLE ECONOMIC GROWTH AND DISTRIBUTION

Impact of Corruption

Bumiputera agenda was plagued by corrupt practices as well as distribution leakages in the supply chain, instead of improving Bumiputera economic condition as was intended.

Source: SME Corporation Malaysia & Centre for Entrepreneur Development and Research (CEDAR) 2015
GUIDING PRINCIPLES OF
SHARED PROSPERITY VISION
2030

The Shared Prosperity Vision sets out 15 Guiding Principles by taking into account a wide spectrum of thoughts, views and philosophies embedded in the socio-cultural context of the unique nature of Malaysia’s society. This represents the foundation for the preparation of the strategic thrusts, enablers and target achievements.

1. Development for All
2. Addressing Wealth & Income Disparities
3. United, Prosperous & Dignified Nation

- Continuous Prosperity
- Equitable Outcome
- Equitable Growth
- Distributed Economy
- Inclusivity
- Learning Society
- Future Economy
- Need-Based Approach Economy
- Institutional Political-Economy
- Integrated Social Model
- Economic Centre of Asia
- Democracy & Stability
- Integrity & Good Governance
- Unity in Diversity
- Sovereignty & Sustainability
STRATEGIC THRUSTS OF SHARED PROSPERITY VISION 2030

BUSINESS & INDUSTRY ECOSYSTEM
Example of Targets:
- SME and micro businesses to contribute 50% of GDP
- To create 30% high technology companies from total SMEs in manufacturing and services subsectors
- At least 20% of high technology Bumiputera SMEs in each subsector
- Bumiputera SMEs to contribute 20% to GDP

KEY ECONOMIC GROWTH ACTIVITIES (KEGA)
Example of Targets:
- 2/5 of total investment is in machinery and equipment
- Increased contribution of high technology subsector to the following sectors:
  - Manufacturing: 50%
  - Services: 30%
- Malaysia to build resilient key new activities as follows:
  - Islamic Finance Hub 2.0
  - Renewable Energy
  - Green Economy
  - Malaysia Commodities 2.0
  - Centres of Excellence
  - ASEAN Hub

HUMAN CAPITAL
Example of Targets:
- 35% of high-skilled workers in labour force
- Majority of workforce in high-skill jobs and future economic sectors will be Bumiputera
- 40% of HRDF training in skills related to 4IR
- At least 60% of SPM leavers to pursue TVET field
- Programme offerings at universities and training institutes will be tailored to the needs and requirements of industries
- Increase local and Bumiputera employees in management and professionals in MNCs
LABOUR MARKET & COMPENSATION OF EMPLOYEES
Example of Targets:
- Malaysian labour market is free from discrimination over age, gender, ethnicity and religion
- Average salary increment to 3% of annual productivity value increases
- Address acts of economic sabotage and discrimination
- Increase labour productivity growth in line with quality of technology in industry by sector
- Reduce the total number of foreign workers by implementing sector-based thresholds
- Increase contribution of Bumiputera CE to GDP

SOCIAL WELLBEING
Example of Targets:
- Equality in merit-based median salary ratio
- Measure poverty level by using relative poverty index
- Build day care centres in every locality
- Affordable housing cost is based on 30% of monthly median household income in Malaysia

REGIONAL INCLUSION
Example of Targets:
- Integrated urban-rural public transportation system
- 10 listed companies in each developing state, half of which are Bumiputera
- Reduce income disparity between regions by half
- Reassess quantity and quality of Malay reserve land
- Introduce new regional economic hotspots particularly outside Klang Valley areas
- Ensure the National Critical Infrastructure Development Plan is realised (e.g. hospitals, schools, bridges)

SOCIAL CAPITAL
Example of Targets:
Achieve positive increase for the following indices:
- Unity Index
- Integrity and Anti-Corruption Indicator
- Religious Harmony Index
- Environmental and Climate Change Index
- Anti-Drug Index
- Crime Prevention Index
- Neighbourhood Harmony Index
- Rakyat Health Index
- Family Wellbeing Index

BUMIPUTERA OUTCOMES INCLUDED IN ALL STRATEGIC THRUSTS
PROPOSED 15 KEY ECONOMIC GROWTH ACTIVITIES (KEGA)

KEGA 1: Islamic Finance Hub 2.0
KEGA 2: Digital Economy
KEGA 3: Fourth Industrial Revolution (4IR)
KEGA 4: Content Industry
KEGA 5: ASEAN Hub
KEGA 6: Halal & Food Hub
KEGA 7: Malaysia Commodities 2.0
KEGA 8: Logistic, Transportation & Sustainable Mobility
KEGA 9: Coastal & Maritime Economy
KEGA 10: Centres of Excellence
KEGA 11: Renewable Energy
KEGA 12: Green Economy
KEGA 13: Smart & High Value Agriculture
KEGA 14: Advanced & Modern Services
KEGA 15: Tourism: Malaysia Truly Asia
PROPOSED DISTRIBUTION OF ECONOMIC REGIONS, KEGA

PERLIS
- Borders and logistic economy
- Ecotourism
- High-valued agriculture
- Renewable energy

PULAU PINANG
- Logistics hub
- High technology industry
- Health tourism
- Heritage and Tourism
- Technology centres of excellence

PERAK
- Ecotourism and heritage tourism
- High technology fisheries and livestock
- Rural industries
- Creative industry economic hub

SELANGOR
- Manufacturing, automotive and MRO
- Industry 4.0 hub and h-tech parks
- Ports and logistics
- Digital economy and disruptive technology
- Smart agriculture

W.P KUALA LUMPUR
- ASIA Tourism (ASIA Gateway)
- Regional financial hub
- Islamic fintech 2.0 hub

W.P PUTRAJAYA
- Federal Government Administrative Centre
- Diplomatic Hub

NEGERI SEMBILAN
- Ecotourism and heritage tourism
- Malaysia Vision Valley
- Smart and high-valued agriculture

MELAKA
- Ecotourism and heritage tourism
- Hotel hub
- Smart city
KEDAH
- Borders and logistics economy
- Ecotourism and heritage tourism
- Modern agriculture and livestock
- Aerospace industry

KELANTAN
- Borders and logistics economy
- Cultural and rural economy
- Heritage tourism
- Rural manufacturing industries
- Agrotourism and ecotourism

TERENGGANU
- Commodity economy and downstream products
- Island and coastal tourism
- Coastal economy and fisheries
- Secondary educational hub
- Downstream petroleum processing

PAHANG
- Ecotourism
- Commodity economy and downstream products
- Modern mining
- Transportation and logistics hub
- High technology agriculture

SABAH
- Ecotourism
- Borders economy
- Downstream petroleum processing
- Commodity economy and downstream products
- Fisheries and aquaculture

SARAWAK
- Commodity economy and downstream products
- Petroleum and LNG
- Ecotourism
- High technology agriculture and livestock
- Renewable energy

JOHOR
- Straits of Malacca gateway (Logistics hub and transshipment)
- Ecotourism and heritage tourism
- Southern region educational hub
- Food crop hub
- Downstream petroleum-related activities
EIGHT SHARED PROSPERITY VISION 2030 ENABLERS

Capabilities, resources and catalysts contributing to success of Shared Prosperity Vision

**Financial Capital**
Expansion of businesses through holistic and SME-friendly financing

**Effective Institutional Delivery**
Improvement in implementation of initiatives and outcome-based programmes

**Fiscal Sustainability**
Sustainable management of government finance to strengthen investors and market confidence

**Governance & Integrity**
Strengthening governance through transparency and accountability to foster trust of the rakyat

**Education & TVET**
Increase in skilled and highly-educated workforce, learning society and outcome-based education

**Big Data**
Policy making guided by data and empirical facts under a unified and integrated data system

**Sustainability**
National development which is eco-friendly and gives emphasis to conserving and preserving natural resources

**Enlightened Society**
A lifelong learning culture through continuous learning, intellectual discourse, dialogues and awareness to enhance knowledge, experience sharing and empathy
SHARED PROSPERITY VISION 2030 TARGETS

Measureable Key Indicators to set achievable goals and objectives of Shared Prosperity Vision.

**GDP**
To achieve RM3.4 trillion (nominal) in 2030 with an average growth rate of 4.7% per annum (constant) within the period of 2021-2030.

**CONTRIBUTION OF BUMIPUTERA ENTERPRISES**
20% to GDP

**SALARY/WAGE MEDIAN**
B : C : I
1 : 1 : 1
Value for 2016
Median B:C = 0.88:1; I:C = 0.82:1

**FINANCIAL ASSET PER CAPITA**
B : C : I
0.6 : 1 : 0.8 : 1
Current Value
B : C = 0.5 : 1
I : C = 0.7 : 1

**REGIONAL DISPARITY RATIO**
U : PT : T : SE : S : SR
1.6 : 2.0 : 1.0 : 1.4 : 1.5 : 1.2
Analysis by Institut MASA 2019
U : PT : T : SE : S : SR 2.1 : 2.7 : 1.0 : 1.7 : 2.6 : 1.3

**SMES AND MICRO BUSINESSES**
contribute 50% to GDP

**AVERAGE OF DECENT LIVING INCOME**
not less than RM5,800/month for B40 group

**HOUSEHOLD INCOME (HHI)**
HHI Median
B : C : I
0.9 : 1 : 1
Value for 2016
Median B:C = 0.74:1; I:C = 0.81:1

**COMPENSATION OF EMPLOYEES**
at 48% to GDP
(CE 2018 = 35.7%)

**GINI COEFFICIENT**
at 0.34

Nota:
B – Bumiputera | C – Chinese | I – Indian | NB – Non-Bumiputera
U: North | PT: East Coast | T: Central | SE: South | S: Sabah | SR: Sarawak
POLARITY MANAGEMENT

The implementation of Shared Prosperity Vision 2030 will encompass all Malaysians. In line with the concept of equality underpinning this effort, certain groups will be given priority, in order to improve their socio-economic status and to ensure that they are not left behind.

Polarity management is a model to manage issues faced by minorities and specially-targeted groups. However, polarity management is crucial and important to ensure issues that arise could be well-controlled without jeopardising national harmony. In developing a model for polarity management under Shared Prosperity Vision, various target groups have been identified.
THE SHARED PROSPERITY VISION NEEDS TO REACH SOCIAL INDICATORS IN ENSURING HOLISTIC DEVELOPMENT AND FULFILL THE NEEDS OF VARIOUS CULTURES IN LINE WITH NATIONAL IDENTITY

The Shared Prosperity Vision has to be developed in line with the fundamentals and needs of the society to ensure holistic and equitable development for all. This development is anchored to national identity that has maintained the unity of the nation with positive and progressive values. Several examples of social indicators will be developed according to the following:

1. UNITY INDEX
2. INTEGRITY AND ANTI-CORRUPTION INDEX
3. RELIGIOUS HARMONY INDEX
4. RAKYAT HEALTH INDEX
5. ENVIRONMENTAL AND CLIMATE CHANGE INDEX
6. ANTI-DRUG INDEX
7. CRIME PREVENTION INDEX
8. NEIGHBOURHOOD HARMONY INDEX
CONCLUSION

1. Shared Prosperity Vision 2030 is a new developmental narrative which caters for holistic economic framework and direction to ensure sustainable economic growth for Malaysia.

2. Shared Prosperity Vision will ensure a more equitable, fair and inclusive economic distribution for all layers of income groups, ethnicities, regions and supply chains.

3. The transition from a low-skill labour-intensive economy to a knowledge-based economy will be given priority.

4. Implementation of effective policies and programmes to ensure that rakyat enjoy a decent standard of living.

5. Focus will be given to strengthen governance and integrity to prevent undue leakages and corrupt practices.

6. Emphasis will be given towards the principle of equitable outcome rather than equitability of opportunities.

15 GUIDING PRINCIPLES

1. Continuous Prosperity
2. Distributed Economy
3. Inclusivity
4. Needs-Based Approach Economy
5. Democracy & Stability
6. Institutional Political-Economy
7. Integrity & Good Governance
8. Learning Society
9. Integrated Social Model
10. Unity in Diversity
11. Equitable Outcome
12. Economic Centre of Asia
13. Sovereignty & Sustainability
14. Equitable Growth
15. Future Economy

8 ENABLERS

1. Fiscal Sustainability
2. Financial Capital
3. Effective Institutional Delivery
4. Governance & Integrity
5. Education & TVET
6. Big Data
7. Sustainability
8. Enlightened Society
FRAMEWORK OF SHARED PROSPERITY VISION 2030

- SOCIAL CAPITAL
- BUSINESS & INDUSTRY ECOSYSTEM
- KEY ECONOMIC GROWTH ACTIVITIES (KEGA)
- HUMAN CAPITAL
- LABOUR MARKET & COMPENSATION OF EMPLOYEES
- SOCIAL WELLBEING
- REGIONAL INCLUSION

United Prosperous & Dignified Nation
Development for All
Addressing Wealth & Income Disparities

OBJECTIVE
GUIDING PRINCIPLES
STRATEGIC THRUSTS
ENABLERS