Summary

SHARED PROSPERITY VISION

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

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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.
OBJECTIVE

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 and 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 and 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 small

Economic Growth Potential not fully realised and economy not fully diversified

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 regional development
Bumiputera Economy does not expand in tandem with national development

Corruption and abuse of power stifle economic growth and distribution

Monopoly and market profiteering

History has shown the effects of socioeconomic disparities jeopardising national unity
ECONOMIC GROWTH HAS NOT REALISED FULL POTENTIAL

Malaysia GDP performance

Malaysia GDP growth is slower than that of the People’s Republic of China as well as East Asia and the Pacific.

GDP according to Region and Selected Countries, 2000-2018

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 Value according to Key Products, 1989, 1998 and 2018

1989
- Manufactured Goods
- Petroleum
- Mineral Fuel, Lubricants & etc.
- Other mining
- Others

1998
- Machinery & Transport Equipment
- Crude Material, Inedible
- Miscellaneous Manufactured Articles
- Food
- Miscellaneous Transactions & Commodities
- Animals & Vegetable Oils & Fats
- Chemicals
- Manufactured Goods

2018
- Machinery & Transport Equipment
- Crude Material, Inedible
- Miscellaneous Manufactured Articles
- Food
- Miscellaneous Transactions & Commodities
- Animals & Vegetable Oils & Fats
- Chemicals
- Manufactured Goods

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

Source: Department of Statistics Malaysia
TECHNOLOGY ADOPTION STILL LOW IN MANUFACTURING AND SERVICES INDUSTRIES

Although the manufacturing and services sector contribute almost 79% of GDP, the adoption of high technology in both sectors remains low at 37% and 20% respectively.

Rate of Technology Use in Manufacturing and Services Sectors, 2018

Source: Department of Statistic Malaysia and analysis by Institut MASA
INCOME DISPARITY BETWEEN EMPLOYEE AND CAPITAL OWNER REMAINS SUBSTANTIAL

Compensation of Employees (CE) share to GDP in Malaysia remains low at 35.7% 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>47.2</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
- Semi- and low-skilled workers in labour market still high
- Efforts to upskill workers remain limited
- Investment in automation remains low

Source: Organisation for Economic Cooperation and Development (OECD) and Department of Statistics Malaysia
WIDENING MEDIAN MONTHLY INCOME DISPARIETY BETWEEN T20 AND B40 HOUSEHOLD GROUPS

The median monthly income disparity between T20-B40 groups rise from RM1,935 in 1989 to RM10,148 in 2016

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 Statistics Malaysia
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

All professionals except dentists are dominated by non-Bumiputera ethnic groups

BUMIPUTERA SMES CONTRIBUTION TO ECONOMIC GROWTH REMAINS LOW

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

Source: Department of Statistics Malaysia and analysis by Institut MASA
BUMIPUTERA INCOME CONTRIBUTION TO GDP REMAINS SMALL

Although Bumiputera income contribution to GDP was 46%, actual contribution was only 28% without taking into account GLCs’ contribution.

Bumiputera contribution to GDP, 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 = RM36,026 |

Bumiputera

- GOS² RM81 bn
- CE³ RM228 bn
- Total: RM313 bn

GLC

- GOS² RM125 bn
- Total: RM131 bn

Malaysia

- GOS² RM694 bn
- CE³ RM379 bn
- Total: RM1,106 bn

¹ Include income tax and subsidy
² Gross Operating Surplus (GOS)
³ Compensation of Employees (CE)

Source: Department of Statistics Malaysia and analysis by Institut MASA
WIDENING DEVELOPMENT DISPARITY BETWEEN REGIONS

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

Disparity of Median Household Income
Urban-Rural, RM

Federal Territory of Kuala Lumpur and Selangor alone contributed almost 40% to GDP as compared to five selected states

State GDP Contribution, %

FT Kuala Lumpur & Selangor

Four selected states: Kelantan, Kedah, Pahang, Sarawak & Sabah

Source: Department of Statistics Malaysia
CORRUPTION AND ABUSE OF POWER STIFLE ECONOMIC GROWTH AND DISTRIBUTION

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

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.
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.
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
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 sectors as follows:
  - Islamic Finance Hub 2.0
  - Renewable Energy
  - Green Economy
  - Commodity 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 to be determined using the Housing Cost Burden (HCB) approach, which is less than 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 nation’s 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

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

1. KEGA 1: Islamic Finance Hub 2.0
2. KEGA 2: Digital Economy
3. KEGA 3: Industrial Revolution 4.0
4. KEGA 4: Content Industry
5. KEGA 5: ASEAN Hub
6. KEGA 6: Halal & Food Hub
7. KEGA 7: Commodity Malaysia 2.0
8. KEGA 8: Logistic, Transportation & Sustainable Mobility
9. KEGA 9: Coastal & Maritime Economy
10. KEGA 10: Centres of Excellence
11. KEGA 11: Renewable Energy
12. KEGA 12: Green Economy
13. KEGA 13: Smart & High Value Agriculture
14. KEGA 14: Advanced & Modern Services
15. KEGA 15: Malaysia Truly Asia
PROPOSED DISTRIBUTION OF ECONOMIC REGIONS, KEQA

**PERLIS**
- Borders and logistic economy
- Eco-tourism
- High-valued agriculture
- Renewable energy

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

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

**SELANGOR**
- Manufacturing, automotive and MRO
- Industry 4.0 hub and hi-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**
- Eco-tourism and heritage tourism
- Malaysia Vision Valley
- Smart and high-valued agriculture

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

KELANTAN
- Borders and logistics economy
- Cultural and rural economy
- Heritage tourism
- Rural manufacturing industries
- Agro-tourism and eco-tourism

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

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

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

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

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

**HOUSEHOLD INCOME (HHI)**

<table>
<thead>
<tr>
<th>HHI</th>
<th>HHI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median B</td>
<td>Median B40</td>
</tr>
<tr>
<td>B : C : I</td>
<td>B : C : I</td>
</tr>
<tr>
<td>0.9 : 1 : 1</td>
<td>0.9 : 1 : 1</td>
</tr>
</tbody>
</table>

Current Value
Average B:C = 0.72:1; I:C = 0.82:1
Median B:C = 0.74:1; I:C = 0.81:1
HHI B40 : Average B:C = 0.77:1; I:C = 0.90:1

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

**REGIONAL DISPARITY RATIO**

<table>
<thead>
<tr>
<th>U : PT : T : SE : S : SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6 : 2.0 : 1.0 : 1.4 : 1.5 : 1.2</td>
</tr>
</tbody>
</table>

*Estimate 2020*
U : PT : T : SE : S : SR = 2.1 : 2.7 : 1.0 : 1.7 : 2.6 : 1.3

**CONTRIBUTION OF BUMIPUTERA ENTERPRISES**

20% to national income

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

**ASSESSMENT OF DECENT LIVING INCOME**
not less than **RM5,800/MONTH** for B40 group

**FINANCIAL ASSET PER CAPITA**

<table>
<thead>
<tr>
<th>B : C</th>
<th>I : C</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.6 : 1</td>
<td>0.8 : 1</td>
</tr>
</tbody>
</table>

*Current Value*
B : C (Current value about 0.5)
B : I (Current value about 0.7)

**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. However, 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 in the Government’s efforts to achieve the goals of the Shared Prosperity Vision.

The polarity management will be guided by scrutinising compilation of issues and challenges, objectives, guiding principles, strategic thrusts and enablers as well as targets. This includes policies and initiatives of existing Bumiputera affirmative actions under specific, federal and state agencies. Polarities representing the various target groups illustrate Shared Prosperity Vision inclusion.
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 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. Malaysia is saddled with disparities between income groups, ethnicities, regions and supply chains.

2. The Malaysian economy has not been fully mobilised to reach its full potential. The utilisation of resources and talent needs to be optimised in order to produce higher value.

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. Abuse of power and breach of trust have been a stumbling block to the nation’s development goals.

6. The Shared Prosperity Vision 2030 as a new development narrative for Malaysia.

15 GUIDING PRINCIPLES

- Distributed Economy
- Inclusivity
- Continuous Prosperity
- Equitable Outcome
- Equitable Growth
- Learning Society
- Future Economy
- Institutional Political-Economy
- Integrated Social Model
- Asia Economic Axis
- Democracy and Stability
- Integrity and Good Governance
- Unity in Diversity
- Sovereignty and Sustainability

8 ENABLERS

- Fiscal Sustainability
- Financial Capital
- Effective Institutional Delivery
- Governance & Integrity
- Education & TVET
- Big Data
- Sustainability
- Enlightened Society