



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

Issued on 5 October 2019

All rights reserved ©

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.



PNMB

Printed by
Percetakan Nasional Malaysia Berhad,
Kuala Lumpur, 2019
www.printnasionaI.com.my

Tel 603-9236 6895
Fax 603-9222 4773

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

A faint, light-colored wireframe map of Malaysia is visible in the background on the left side of the page, showing the outline of the country and its internal administrative divisions.

I

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

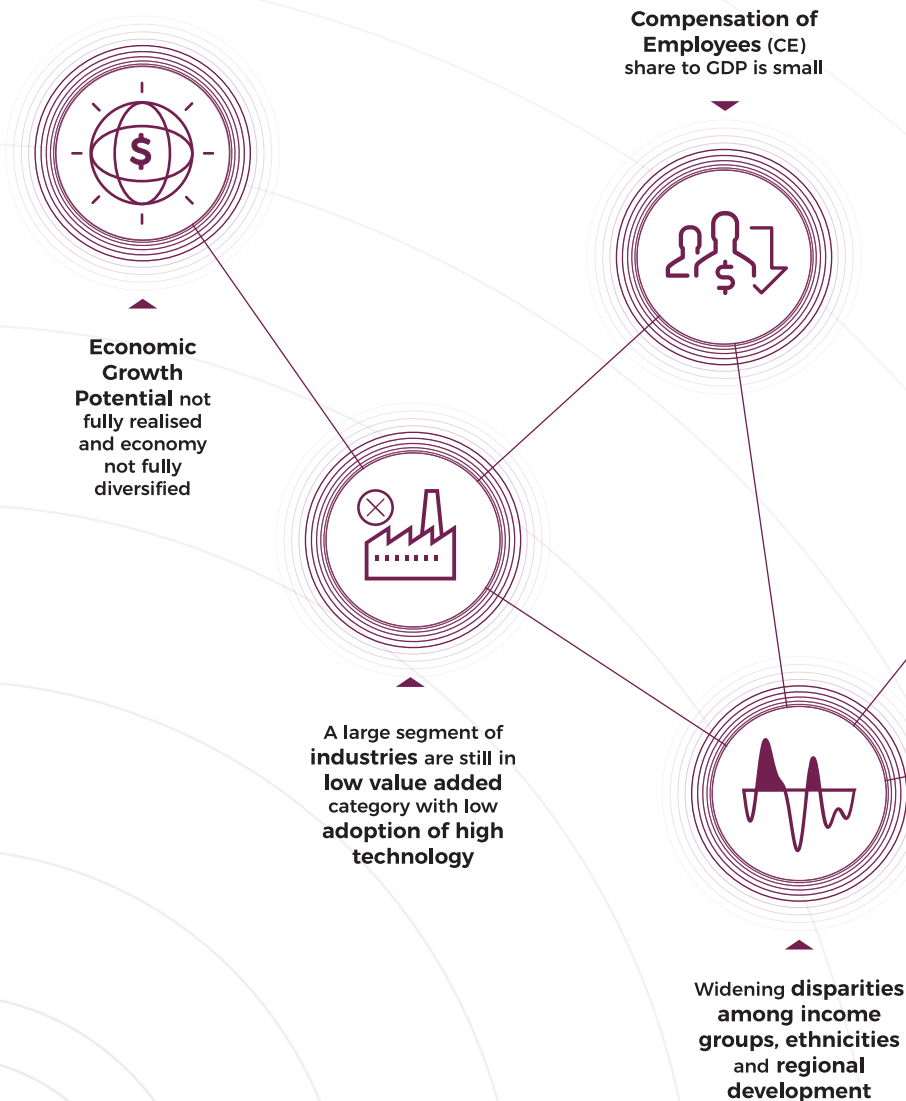
Building Malaysia as a united, prosperous and dignified nation and subsequently becoming an economic centre of Asia.



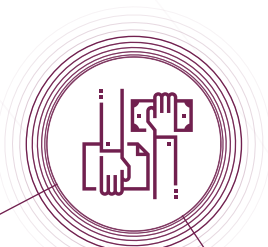
NATION BUILDING

BASIS OF SHARED PROSPERITY

Issues and challenges of economic structure and development disparities.



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



**Corruption and
abuse of power
stifle economic
growth and
distribution**



**History has shown the
effects of
socioeconomic
disparities
jeopardising
national unity**

**Monopoly and
market profiteering**



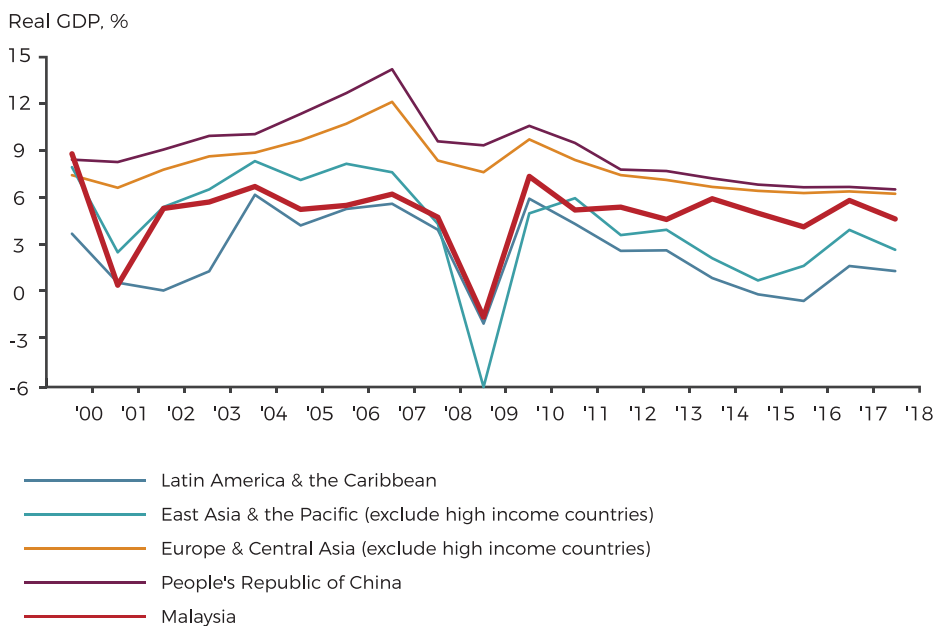
ECONOMIC GROWTH HAS NOT REALISED FULL POTENTIAL

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.



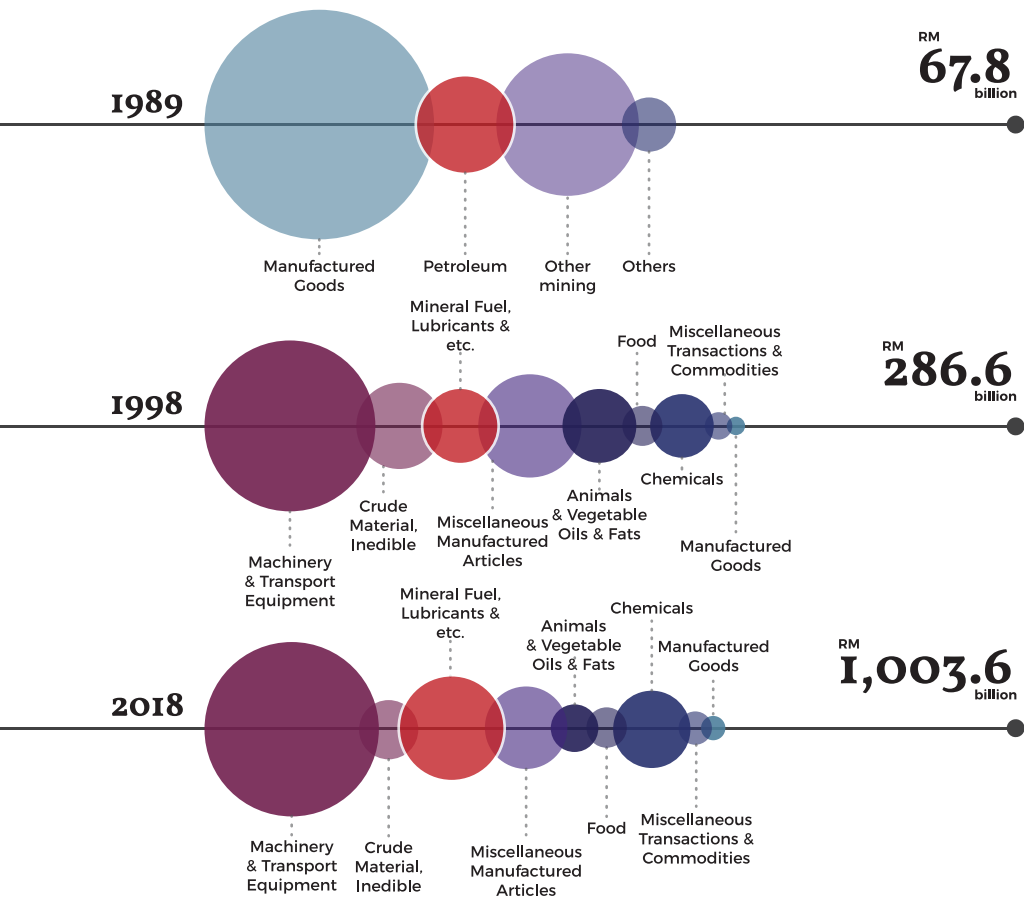
GDP according to Region and Selected Countries, 2000-2018



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



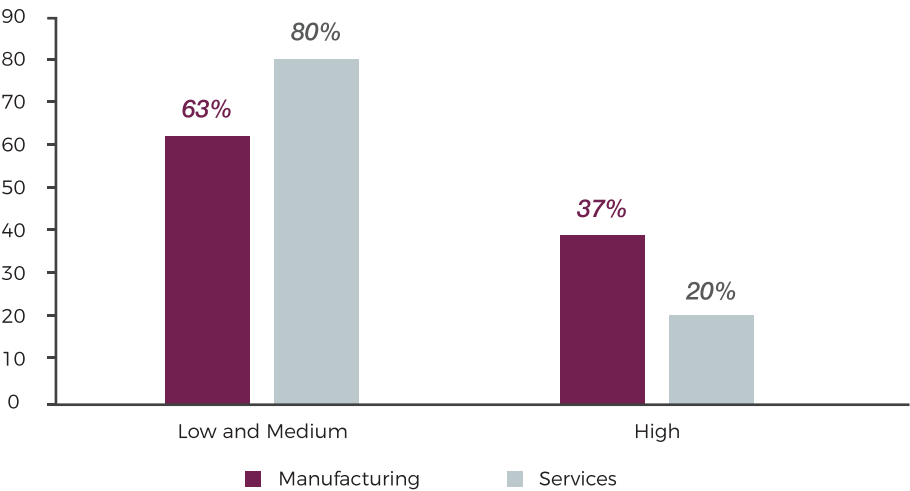
Exports of petroleum and gas products increased from 6% (1998) to 15.5% (2018)

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



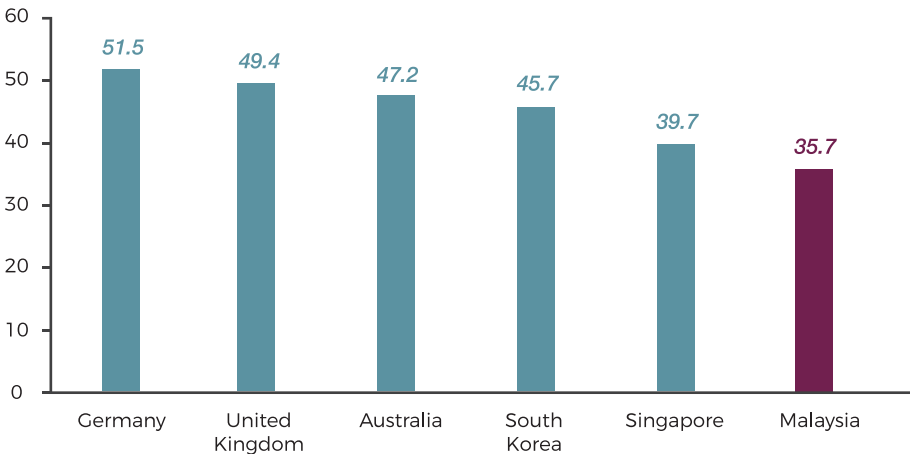
INCOME DISPARITY BETWEEN EMPLOYEE AND CAPITAL OWNER REMAINS SUBSTANTIAL

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

CE
% to GDP (2018)



KEY ISSUES



Overdependence of foreign workers in the labour market

72.8%

Semi- and low-skilled workers in labour market still high



Efforts to upskill workers remain limited



Investment in automation remains low

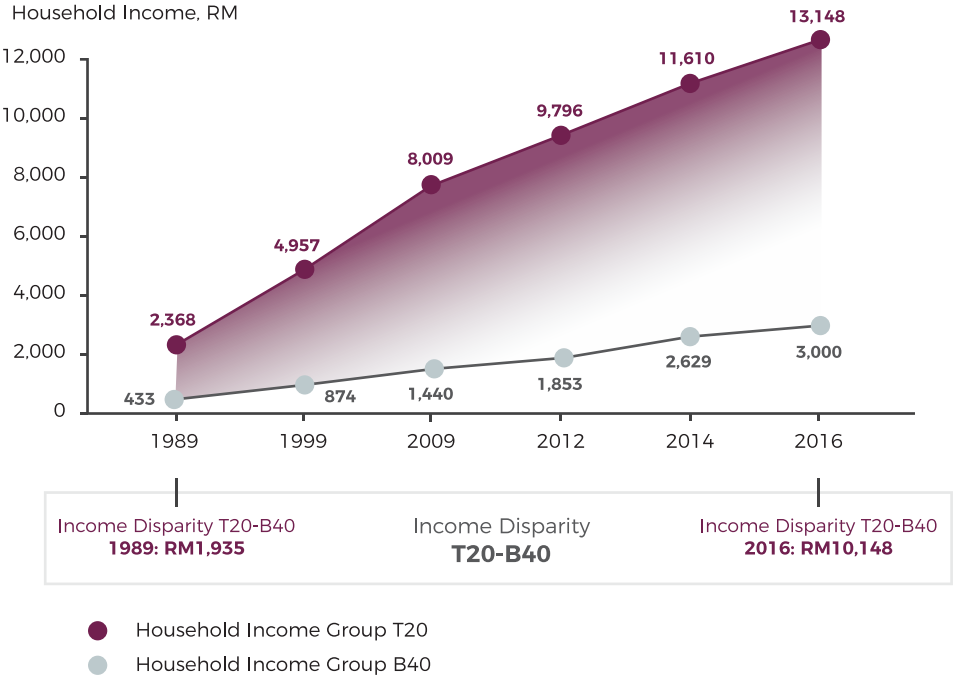
WIDENING MEDIAN MONTHLY INCOME DISPARITY BETWEEN T20 AND B40 HOUSEHOLD GROUPS

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



Widening median monthly household income disparity between T20-B40 groups

Median Monthly Household Income, RM

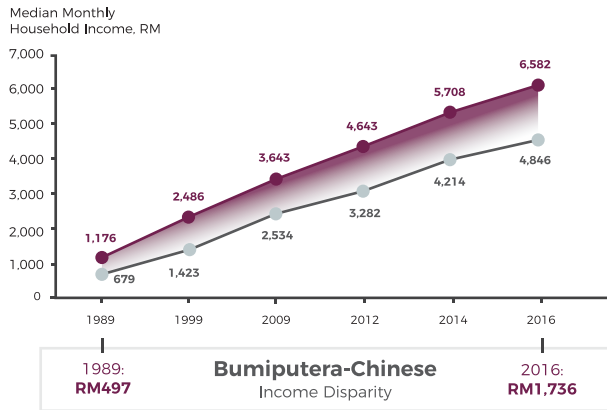


INCOME DISPARITY BETWEEN ETHNICITIES CONTINUES TO WIDEN

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

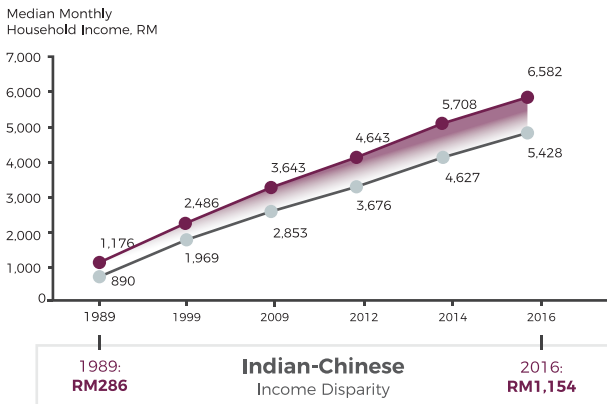


- Chinese Household Income
- Bumiputera Household Income

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



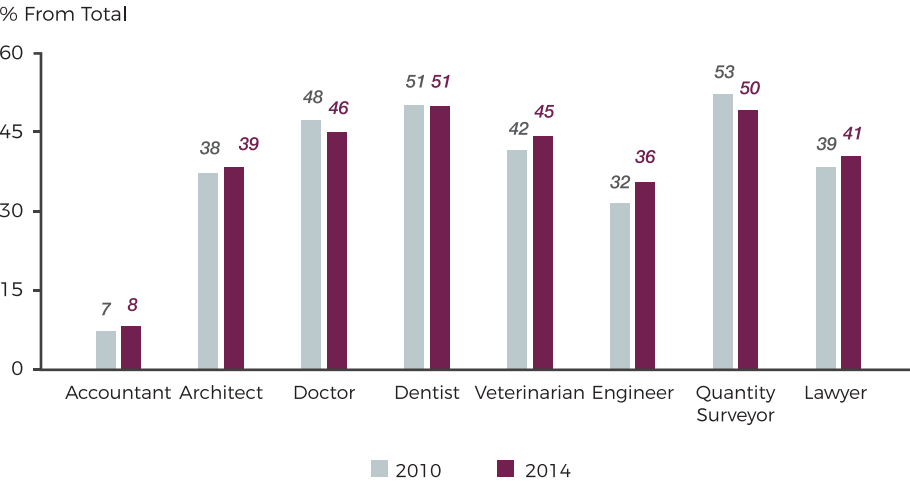
- Chinese Household Income
- Indian Household Income

BUMIPUTERA REMAINS BEHIND IN CERTAIN REGISTERED PROFESSIONAL OCCUPATIONS

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



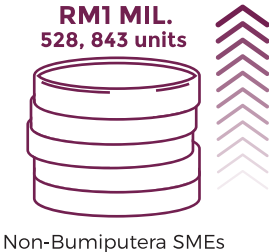
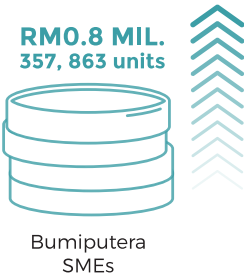
Bumiputera in Registered Professional Occupations, 2010 and 2014



BUMIPUTERA SMES CONTRIBUTION TO ECONOMIC GROWTH REMAINS LOW

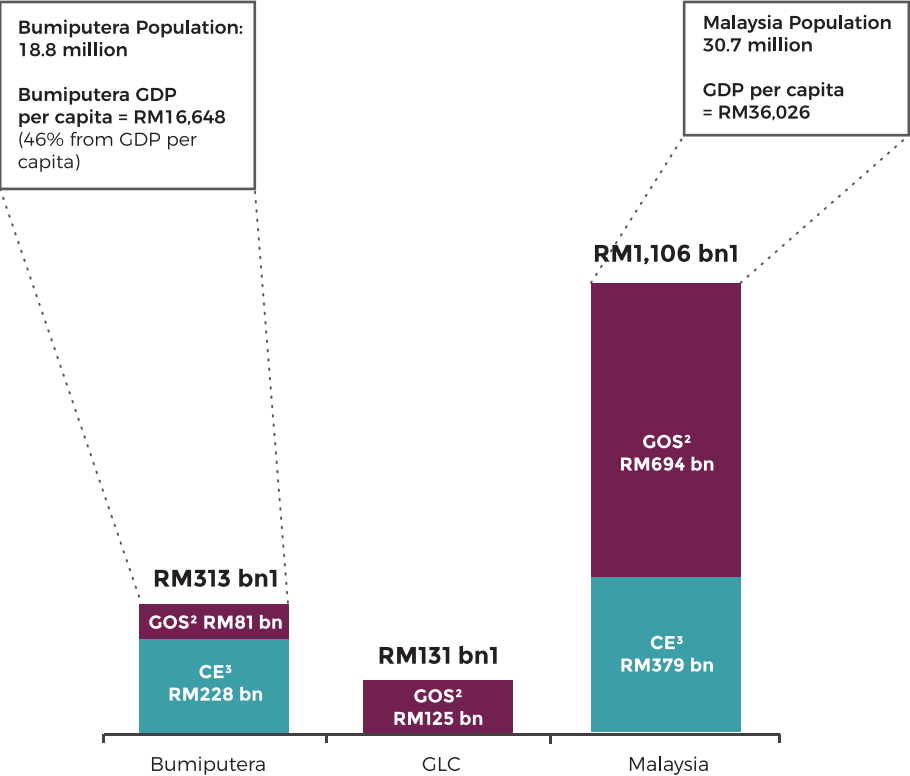
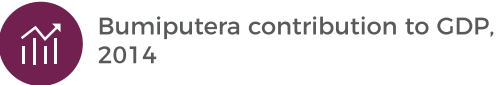


The average value-added by Bumiputera SMEs is lower than non-Bumiputera



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



¹ Include income tax and subsidy

² Gross Operating Surplus (GOS)

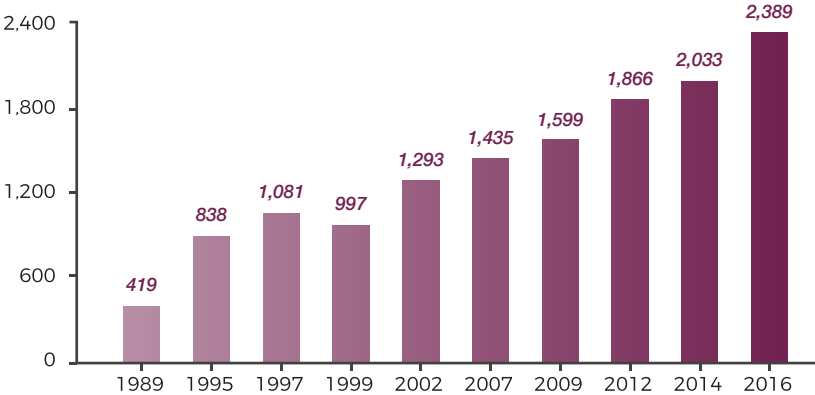
³ Compensation of Employees (CE)

WIDENING DEVELOPMENT DISPARITY BETWEEN REGIONS

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



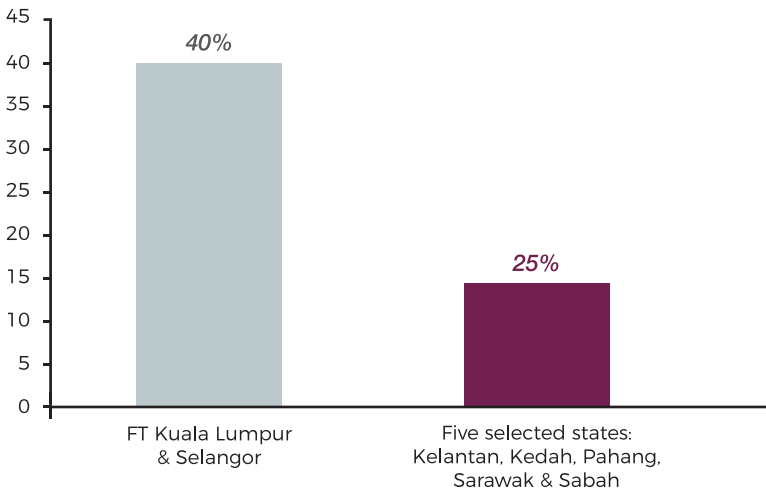
Disparity of Median Household Income
Urban-Rural, RM



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



State GDP Contribution, %



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.

I

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
and Stability



Integrity and
Good Governance



Unity in
Diversity



Sovereignty
and Sustainability

STRATEGIC THRUSTS OF SHARED PROSPERITY VISION 2030



STRATEGIC THRUST

I

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



STRATEGIC THRUST

2

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
 - Commodity 2.0
 - Renewable Energy
 - Centres of Excellence
 - Green Economy
 - ASEAN Hub



STRATEGIC THRUST

3

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



STRATEGIC THRUST

4

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 % 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 OE to GDP



STRATEGIC THRUST

5

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



STRATEGIC THRUST

6

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)



STRATEGIC THRUST

7

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)



KEGA 1:
Islamic
Finance Hub
2.0



KEGA 2:
Digital
Economy



KEGA 3:
Industrial
Revolution 4.0



KEGA 4:
Content
Industry



KEGA 5:
ASEAN Hub



KEGA 6:
Halal & Food
Hub



KEGA 7:
Commodity
Malaysia 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:
Malaysia
Truly Asia

PROPOSED DISTRIBUTION OF ECONOMIC REGIONS, KEGA

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

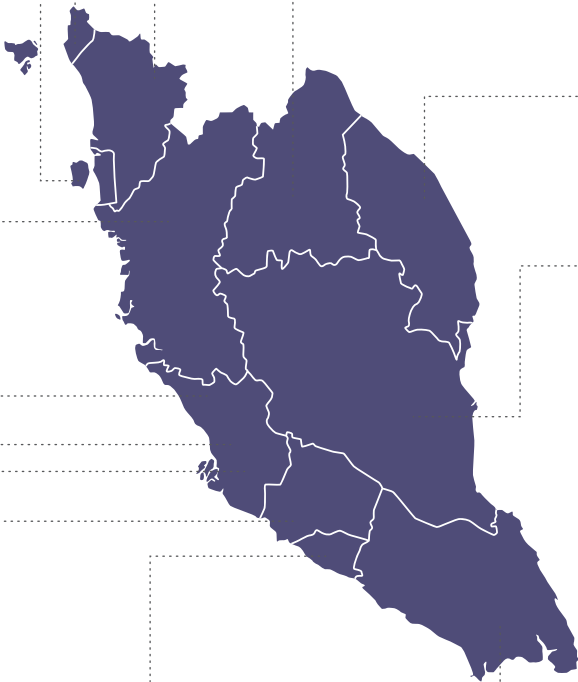
- Federal Government Administrative Centre
- Diplomatic Hub

NEGERI SEMBILAN

- Eco-tourism and heritage tourism
- Malaysia Vision Valley
- Smart and high-valued agriculture

MELAKA

- Tourism and heritage tourism
- *Halal* 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

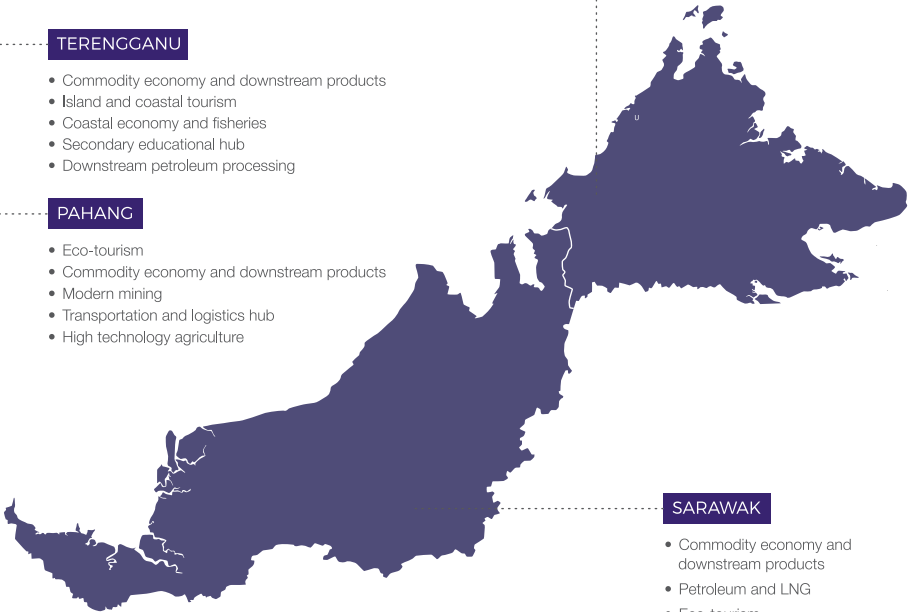
- Island tourism
- Borders economy
- Downstream petroleum processing
- Commodity economy and downstream products
- Commodity economy and aquaculture
- Fisheries and aquaculture

SARAWAK

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

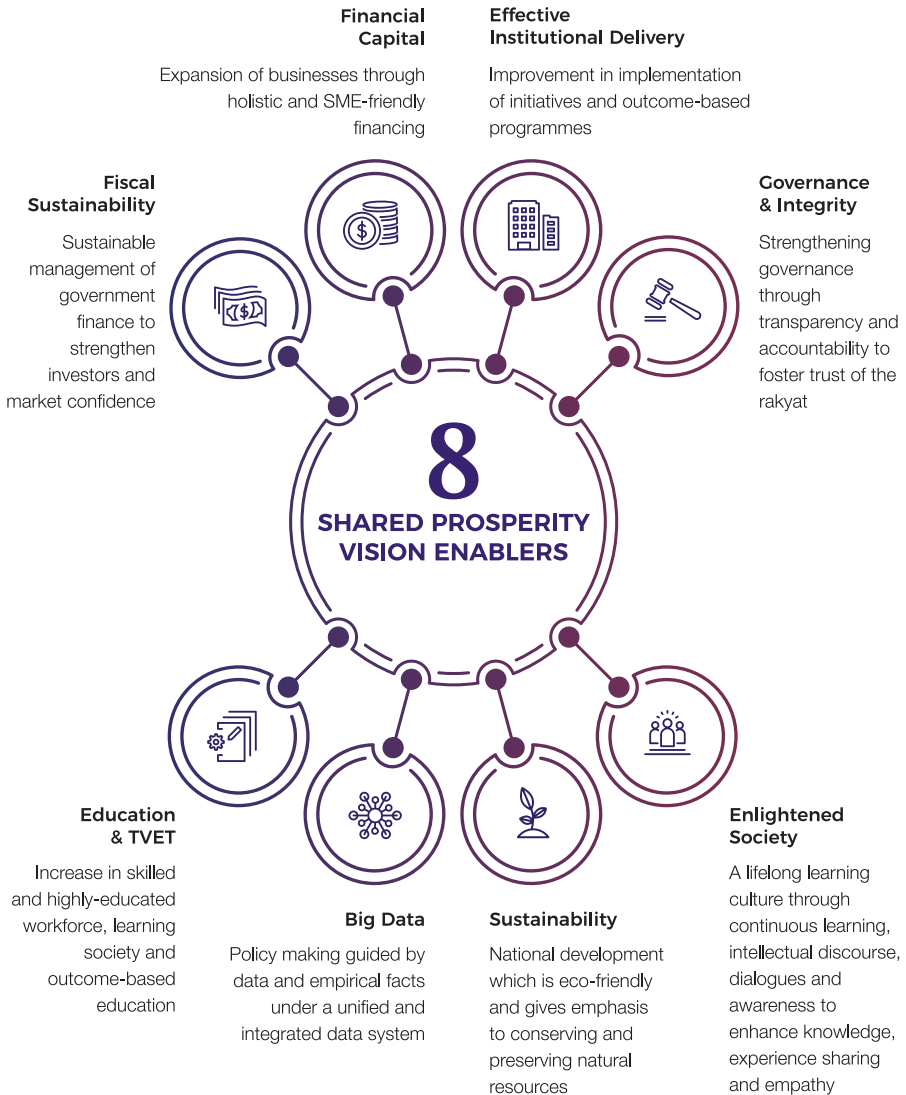
JOHOR

- 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



SHARED 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	COMPENSATION OF EMPLOYEES at 48% to GDP <i>(In 2018, CE at 35.7% to GDP)</i>								
HOUSEHOLD INCOME (HHI) <table><tr><td>HHI</td><td>HHI</td></tr><tr><td>Median</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></table> <i>Current Value</i> <i>Average B:C = 0.72:1; I:C = 0.82:1</i> <i>Median B:C = 0.74:1; I:C = 0.81:1</i> <i>HHI B40 : Average B:C = 0.77:1; I:C = 0.90:1</i>	HHI	HHI	Median	Median B40	B : C : I	B : C : I	0.9 : 1 : 1	0.9 : 1 : 1	REGIONAL DISPARITY RATIO U : PT : T : SE : S : SR 1.6 : 2.0 : 1.0 : 1.4 : 1.5 : 1.2 <i>Estimate 2020</i> <i>U : PT : T : SE : S : SR = 2.1: 2.7 : 1.0 : 1.7: 2.6 : 1.3</i>
HHI	HHI								
Median	Median B40								
B : C : I	B : C : I								
0.9 : 1 : 1	0.9 : 1 : 1								
SALARY/WAGE MEDIAN B : C : I 1 : 1 : 1 <i>Current Value</i> <i>Average B:C = 0.84:1; I:C = 0.83:1</i> <i>Median B:C = 0.88:1; I:C = 0.82:1</i>	CONTRIBUTION OF BUMIPUTERA ENTERPRISES 20% to national income								
SMES AND MICRO BUSINESSES contribute 50% to GDP	FINANCIAL ASSET PER CAPITA <table><tr><td>B : C</td><td>I : C</td></tr><tr><td>0.6 : 1</td><td>0.8 : 1</td></tr></table> <i>Current Value</i> <i>B : C (Current value about 0.5)</i> <i>B : I (Current value about 0.7)</i>	B : C	I : C	0.6 : 1	0.8 : 1				
B : C	I : C								
0.6 : 1	0.8 : 1								
ASSESSMENT OF DECENT LIVING INCOME not less than RM5,800/MONTH for B40 group	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:

I **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



Needs-Based Approach



Democracy and Stability



Continuous Prosperity



Inclusivity



Institutional Political-Economy



Integrity and Good Governance



Equitable Outcome



Learning Society



Integrated Social Model



Unity in Diversity



Equitable Growth



Future Economy



Asia Economic Axis



Sovereignty and Sustainability

8 ENABLERS



Fiscal Sustainability



Financial Capital



Effective Institutional Delivery



Governance & Integrity



Education & TVET



Big Data



Sustainability



Enlightened Society

FRAMEWORK OF SHARED PROSPERITY VISION 2030

