



Centre Stage

13th Malaysia Plan

**Building a resilient, inclusive
and sustainable future**



7 August 2025

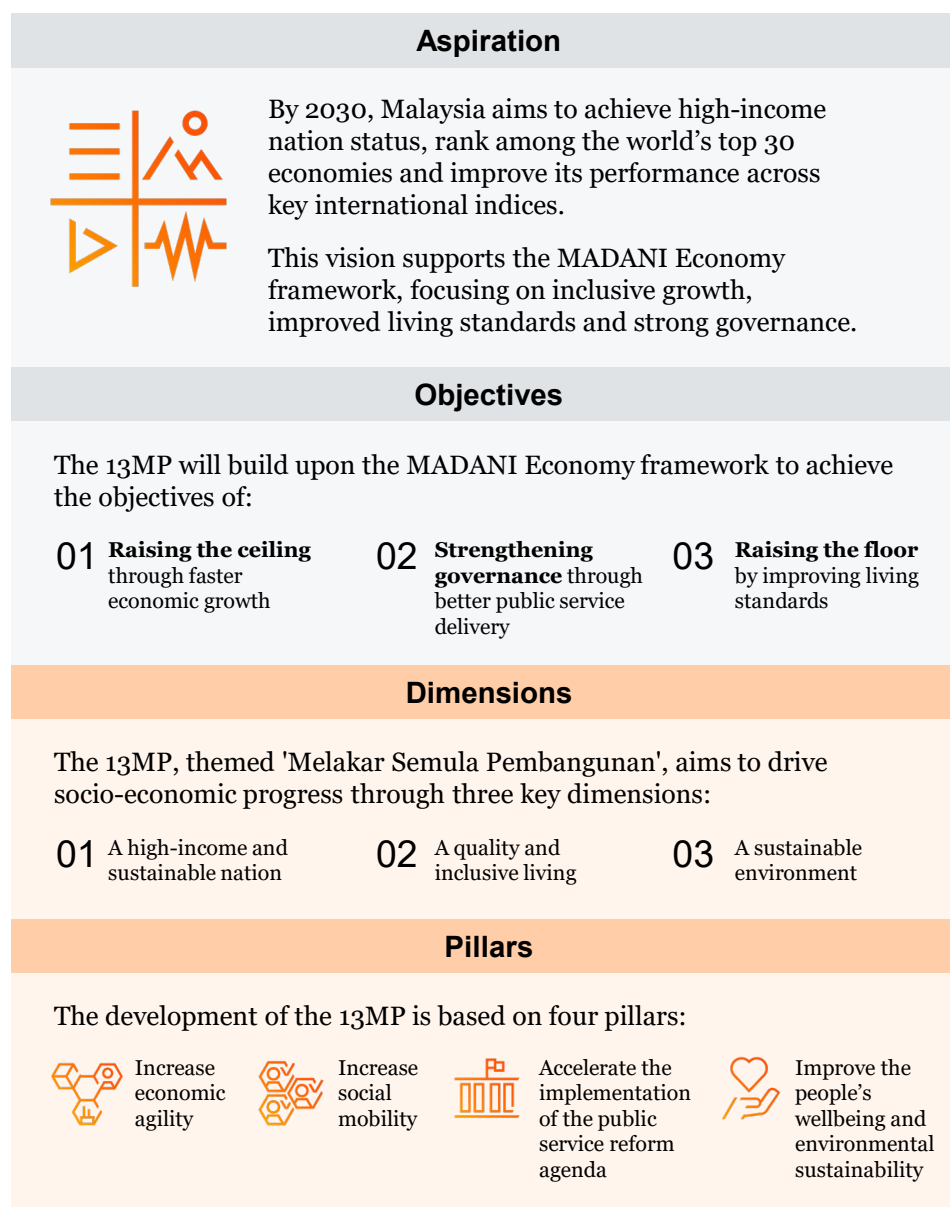
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About the 13th Malaysia Plan

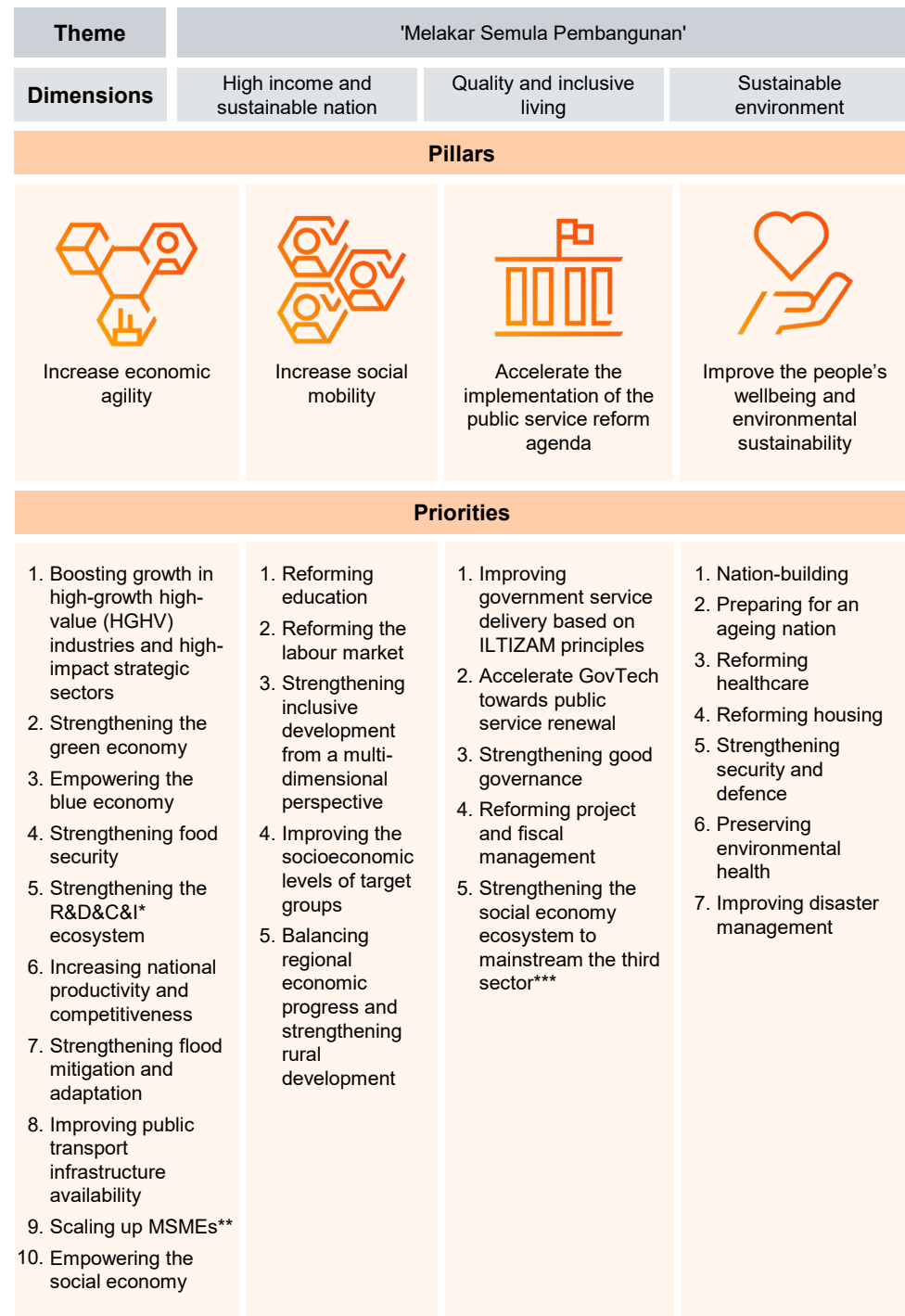
The 13th Malaysia Plan (13MP) (Rancangan Malaysia Ketiga Belas), covering the five-year period from 2026 to 2030, serves as the nation's strategic blueprint for driving sustainable growth, strengthening resilience and fostering shared prosperity. It outlines strategies to address economic challenges and accelerate Malaysia's transformation into a progressive, competitive and inclusive economy.

Figure 1: The 13MP at a glance



The 13MP consists of 3 dimensions, 4 pillars and 27 priorities to realise the goals of the MADANI Economy

Figure 2: The 13MP framework, 2026-2030



* R&D&C&I: Research, Development, Commercialisation and Innovation

** MSMEs: Micro, Small and Medium Enterprises

*** The third sector, also known as the voluntary, community or non-profit sector, encompasses organisations that are working to address social needs and improve wellbeing.

Source: Rancangan Malaysia Ketiga Belas, 2026-2030

Macroeconomic prospects

The 13MP is crafted to pragmatically address global challenges and domestic complexities while unlocking future growth potential. Here are the key targets and projections on the macroeconomic outlook under the 13MP.

Growth driven by domestic demand

Malaysia's Gross Domestic Product (GDP) growth is expected to be fuelled by strong domestic demand, particularly robust private investment and consumption, with the manufacturing and services sectors to remain key drivers of growth.

GDP growth <hr/> 4.5% - 5.5% p.a., 2026-2030 (5.1% p.a., 2021-2025)	Private investment growth <hr/> 6.0% p.a., 2026-2030 (6.5% p.a., 2021-2025)	Services sector growth <hr/> 5.2% p.a., 2026-2030 (5.8% p.a., 2021-2025)
Manufacturing sector growth <hr/> 5.8% p.a., 2026-2030 (5.1% p.a., 2021-2025)	Private consumption growth <hr/> 5.5% p.a., 2026-2030 (5.5% p.a., 2021-2025)	

Driving growth through investment and structural reform

Significant multibillion-ringgit investments are required to make the 13MP a success, from both the public and private sectors. Beyond capital, the plan emphasises structural reforms to accelerate the shift toward high-growth high-value (HGHV) industries, the digital economy and innovation through R&D and commercialisation.

Investments for the 13MP	
Government and related entities <hr/> Total allocation: RM611 billion <ul style="list-style-type: none"> Government: RM430 billion GLICs & GLCs*: RM120 billion PPP**: RM61 billion 2026-2030	Private sector <hr/> RM417.9 billion p.a., driven by the implementation of 13MP initiatives 2026-2030

* GLIC: Government-Linked Investment Company
GLC: Government-Linked Company

** PPP: Public-Private Partnership

Rising consumer income and labour productivity

The 13MP targets an increase in Gross National Income (GNI) per capita of 6.0% p.a. from 2026 to 2030 and median salaries of 4.3% p.a.* from 2023 to 2030. This is supported by an estimated 7 percentage point rise in the compensation of employees (COE) to GDP and projected productivity gains over the same period.

GNI per capita

RM77,200 by 2030
(RM54,793 in 2024)

Median monthly wage

RM3,500 by 2030
(RM2,602 in 2023)

Labour productivity growth

3.6% p.a., 2026-2030
(2.9% p.a., 2021-2025)

COE to GDP

40% by 2030
(33.1% in 2023)

* Calculated based on compound annual growth rate (CAGR)

Stable inflation and full employment outlook

Inflation is expected to remain low, at or below 3% over the next five years. The labour market is projected to remain at full employment, ensuring broad opportunities for participation and success.

Inflation rate

2.0%~3.0% p.a.,
2026-2030
(1.8% in 2024)

Unemployment rate

3.0% by 2030
(3.2% in 2024)

Commitment to fiscal sustainability

The 13MP emphasises fiscal sustainability through better governance, strategic spending and efficient revenue management. Efforts are being made to improve governance, broaden the tax base and encourage more efficient spending through measures like improved public-private partnerships, targeted subsidies and prudent debt management. These aim to lower Malaysia's fiscal deficit and debt level.

Fiscal deficit to GDP

<3.0% by 2030
(4.1%, 2024)

Fiscal debt to GDP

≤60% by 2030
(64.6%, 2024)

Source: Rancangan Malaysia Ketiga Belas, 2026-2030, Bab 1, "Melakar Semula Pembangunan," under "Prospek Ekonomi Negara"

Growth and investment prospects

Areas of opportunity

The 13MP introduces key policy shifts across priority areas, offering new opportunities for business growth and investment.

Driving economic value through high-growth high-value (HGHV) industries and strategic sectors

Both HGHV industries and strategic sectors play a vital role in enhancing Malaysia's economic value and leadership in identified industries and cultivating local champions through "Made by Malaysia" products and services. This transition is expected to generate high-income jobs, improve social mobility and unlock significant opportunities for industry players across the global value chain.

Figure 3: HGHV industries under the 13MP

Rare earth, semiconductor and digital nexus	
Rare earth elements (REE) To accelerate the rare earth industry, there will be plans to develop local capacity, including midstream and downstream industries, through strategic cooperation.	Non-radioactive rare earth reserves 18.2 million tonnes, valued at RM747.2 billion
Semiconductor Developing the semiconductor industry will be accompanied by a shift to complex, high-value products through investments led by GLICs, prioritising local partnerships.	GDP value added by electrical and electronics products (E&E) RM157 billion by 2030 (RM116 billion in 2024)
Digital Efforts will be made to accelerate digital economy growth through AI adoption, data infrastructure, cyber defence and ecosystem development.	Digital economy contribution to GDP 30.0% by 2030 (23.5% in 2024)

Figure 3: HGHV industries under the 13MP (cont'd)

Energy transition

Natural gas

Malaysia aims to become a leading regional gas trading hub by building infrastructure and ties with ASEAN.

Electricity supply

Market reforms, smart tech, renewables and energy efficiency are among the measures to enhance electricity supply.

Renewable energy

To ramp up renewable energy generation, efforts will be made to boost access through diverse renewables, open grid models and regional interconnection.

Installed renewable energy mix

35% by 2030

(29% in 2024)

Nuclear energy

The 13MP highlights plans to develop a nuclear energy programme—operations is expected to begin in 2031.

Agro-food and agri-commodity

To address food security issues, the agro-food and agri-commodity sectors will be supported through high-value production, smart farming, innovation and sustainable practices.

Agriculture sector exports

RM148 billion by 2030

(RM106 billion in 2024)

Sources: Rancangan Malaysia Ketiga Belas, 2026-2030; MIDA



Figure 4: Strategic sectors under the 13MP

Air transport

Proposals have been made to advance the industry through mobility innovation, sustainable aviation and global connectivity.

Acquisition of new aircraft

178 units until 2030

Halal industry

The halal ecosystem will receive support through unified governance, global expansion and high-value industry development.

Export of halal products

RM80 billion by 2030

(RM62 billion in 2024)

Financial services

The financial services sector will be strengthened through digital innovation, inclusive access and initiatives aimed at advancing the country's Islamic finance position.

Global Islamic finance assets

US\$9.3 trillion by 2030

(US\$5.5 trillion in 2025)

Creative economy

Creative talent, industry collaboration and high-value local content are among the areas of focus in bolstering the creative industry.

Digital animation and games exports' average annual growth rate

40%, 2026-30

(25%, 2021-23)

Tourism

The focus is on promoting high-value, sustainable tourism through the introduction of Special Tourism Investment Zones (STIZ), cultural innovation and enhanced connectivity.

Expenditure by foreign tourists

RM138 billion by 2030

(RM102 billion in 2024)

Retail

The retail industry capacity will be enhanced through international expansion, digitalisation and price transparency measures.

Number of registered local franchises

4,250 by 2030

(1,750 as of April 2025)

Global services

To promote high-value global services,* there will be a focus on quality investments, regional expansion and sustainability initiatives.

IMD World Competitiveness Ranking

Top 12 by 2030

(23rd spot in 2025)

Logistics

To support economic growth, the logistics industry will see improved efficiency through real-time tracking, rail freight expansion and modernised infrastructure.

Utilisation rate for cargo rail operations

13% by 2030

(6% in 2025)

* Global services include the development of global technology centres and single-family office management companies. Other strategic sectors not included: the national sports industry and the mainstreaming of Science, Technology, and Innovation (STI) development.

Overview of selected HGHV industries

Powering energy transition

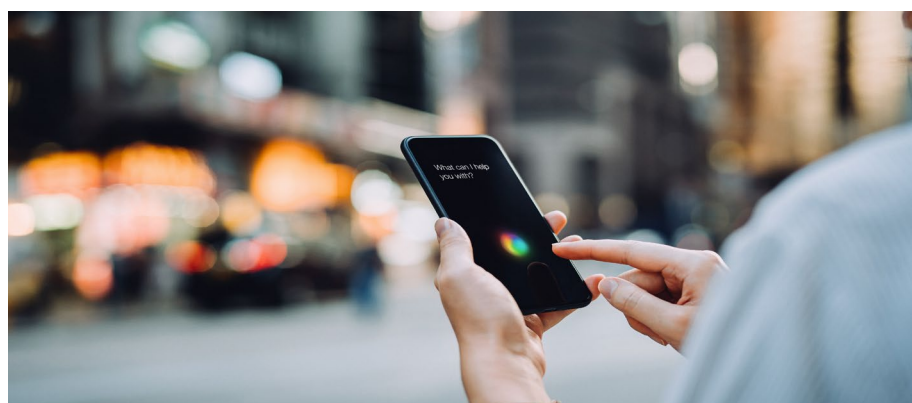
Malaysia's National Energy Transition Roadmap (NETR) is set to attract over RM25 billion in initial investments across six key areas—energy efficiency, renewable energy, hydrogen fuel, bioenergy (including biofuels), green mobility for land, air and sea transport and carbon capture, utilisation and storage (CCUS). These initiatives present significant opportunities for companies to invest in shaping the country's future energy landscape.



Unlocking the digital and AI economy

The 13MP focuses on strengthening Malaysia's digital ecosystem—spanning governance, infrastructure, industries and talent—through significant investment and policy support. This creates major opportunities for IT, telecommunications, e-commerce and digital solution providers—especially those undergoing digital transformation or undertaking R&D commercialisation. Innovation activities will be scaled up, with a strong focus on AI, blockchain and robotics. This includes the integration of AI adoption across key sectors.

To support this, the government will develop an AI-driven ecosystem through the National AI Action Plan 2030. This plan will drive talent development, research and technology commercialisation to accelerate AI adoption nationwide.



2030 digital targets

98%

5G network coverage,
including rural areas

500,000

Digital jobs

≥5,000

Digital entrepreneurs

Carbon intensity to GDP**45%**

reduction by 2030*

(37% reduction in 2021*)

* – based on 2005
emission intensity**Carbon storage capacity****10 mtpa****

by 2030

** mtpa – million metric
tonnes per annum**Marine fuel supply services industry value****RM19 billion**

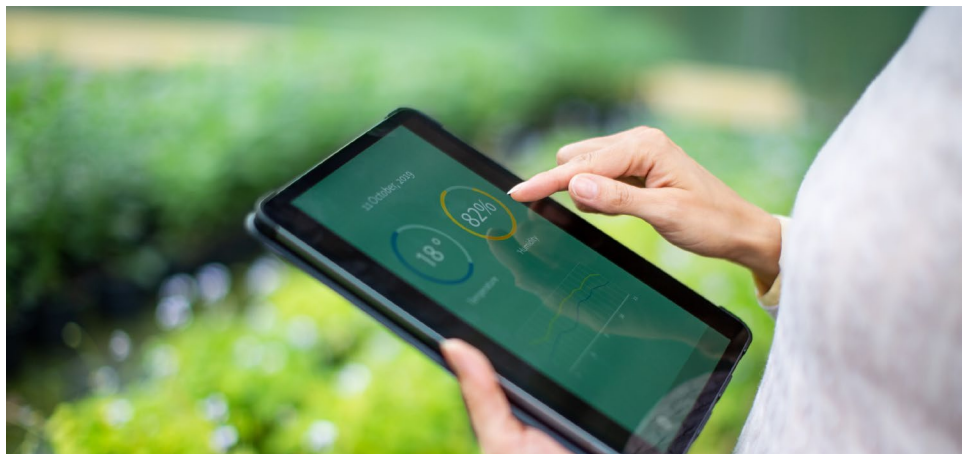
by 2030

(RM15 billion in 2024)

Procurement of new vessels**136 vessels**generating over
840,000 gross
tonnes by 2030Source: Rancangan Malaysia
Ketiga Belas, 2026-2030**Bolstering the green economy**

Malaysia's green economy will be shaped by key frameworks such as the NETR, the New Industrial Master Plan 2030 (NIMP 2030) and the Hydrogen Technology Roadmap. Strategic priorities include:

- enabling carbon trading through market policies and legal reforms
- advancing the CCUS industry via regulation and partnerships
- expanding green financing through blended financing and decarbonisation focus programmes
- growing the green products ecosystem through procurement, certification and supply chain development.

**Charting the maritime economy**

The 13MP's maritime (blue) economy strategy involves integrated ocean policy, improved governance, preservation of marine biodiversity, and the development of blue carbon and strategic maritime industries. This involves investment in green shipping, port infrastructure, marine tourism, blue renewable energy and advanced marine technologies.



Sarawak GDP growth**4.6% p.a.,
2026-30**

(4.2% p.a., 2021-25)

Sabah GDP growth**5.8% p.a.,
2026-30**

(3.1% p.a., 2021-25)

Driving balanced growth through regional development

A key focus of the 13MP is balanced regional development, driven by strategic initiatives across various regions. These include advancing CCUS and hydrogen technologies, with hubs planned for Terengganu and Sarawak. In addition, Sabah is being positioned as a major maritime economy by capitalising on its tourism and marine resources, while both Sabah and Sarawak are set to become sustainable energy hubs.

Infrastructure upgrades, including new rail and highway networks in Penang, Johor, eastern Peninsular Malaysia, Sabah and Sarawak are expected to enhance connectivity. This will facilitate efficient movement of goods and expand market access.

**Building infrastructure connections**

Under the 13MP, efforts to enhance transportation infrastructure will continue, with a focus on constructing and expanding port terminals, highways and rail projects.

Key projects include the Sarawak-Sabah Link Road, Pan Borneo Highway, Central Spine Road, Trans Borneo Highway and Penang LRT, all aimed at boosting connectivity and economic growth.

Additionally, flood mitigation efforts will be intensified, with 55 projects targeted for completion by 2030, an increase from 17 in 2024.



Cost of doing business

The 13MP introduces strategic policy shifts that may influence the operational costs for businesses, requiring them to adapt to new regulations and market dynamics.



Transitioning to HGHV industries

The transition to a high-tech and high-value economy demands advanced skills in areas like AI, and information, technology and communication (ICT). Businesses may face talent shortages, rising recruitment and training costs and potential productivity loss if the skills gap isn't addressed adequately.

To stay competitive, companies must invest in new technologies and processes. As the upfront costs and operational changes can be substantial, businesses must carefully evaluate the return on investment. This will be the key to both optimising spending and securing long-term benefits.



Navigating stricter environmental standards

Tighter regulations on environmental factors like climate, emissions and waste will increase scrutiny and enforcement. Businesses will need to meet higher standards for emissions and resource efficiency, which will raise compliance costs and require investment in green technology solutions, especially in high-impact sectors. Additional information on environmental reforms can be found in Section 5, page 16.

While these changes will present challenges, they also create opportunities. Improving resource efficiency can lead to cost savings and open doors to green financing. Additionally, sustainability efforts can unlock new markets for eco-friendly products and services, while contributing to environmental preservation.



Complying with labour reforms

Labour reform initiatives are designed to build a more resilient and diverse workforce, and enhance employee retention, productivity and brand reputation.

As part of this effort, a key focus will be on reducing reliance on low-skilled foreign labour, adjusting wages and improving the welfare of gig workers. Businesses will need to implement strategic workforce planning to manage labour costs and ensure that the benefits of these reforms are distributed equitably. Additional information on labour reforms can be found in Section 5, page 15.



Streamlining business regulations

Existing acts and regulations governing business activities will be streamlined to improve the overall business environment. This initiative aims to reduce the cost of doing business by minimising regulatory complexity and enhancing operational efficiency.

The streamlining process will cover a wide range of regulatory areas, including licensing, auditing, resource allocation, supervision and enforcement.



Corporate and industry reforms

The 13MP outlines several notable reforms with broad implications for the private sector and industries.

Transforming the labour market

Malaysia's labour market faces ongoing challenges, including skill mismatches and a reliance on low-skilled foreign labour. These issues hinder productivity and technology adoption, leading to wage distortions and a concentration of low-wage jobs. The 13MP outlines targeted strategies to address these gaps and transform the labour market.

Median monthly wages

RM3,500

by 2030

(RM2,602 in 2023)

Compensation of employee to GDP

40%

by 2030

(33% in 2023)

Foreign workers in the workforce

10%

by 2030

(14% in 2024)

Improving compensation of employees

A notable measure includes setting graduate starting salaries and reviewing minimum wages based on living costs.

Reducing dependency on foreign workers

There will be tighter controls on work passes, varied levy rates by sector to reduce reliance on foreign workers, and a new clearinghouse to prioritise local workers.

Improving social security

Social security measures include boosting gig worker protection and welfare through better laws and flexible work options.

Expanding workforce inclusion

Proposed measures include support for older workers*, women and people with disabilities through initiatives such as flexible work arrangements, childcare support and updated retirement laws.

* Labour laws will be reviewed to support an ageing workforce, including re-employment policies and retirement age adjustments.

Improving retirement security

A new structure proposed under the 13MP is being studied to split Employees' Provident Fund (EPF) savings into pension and lump sum withdrawal components.

Advancing higher education

Internationalisation efforts for public higher education institutions will be strengthened to build a progressive and world-class education system. In parallel, the demand-based learning model will be expanded through deeper collaboration between public universities and the private sector, emphasising skills certification and work-based learning experiences.

Strengthening TVET

TVET will be positioned as an equal pathway to the national higher education system, with enhanced public-private collaboration in technology, AI and curriculum development.

Carbon intensity to GDP**45%**

reduction by 2030*

(37% reduction in 2021*)

* – based on 2005 emission intensity

Marine forest and wetland areas restored**4,300 hectares**
by 2030

(3,802 hectares in 2024)

Percentage of total waste sent to landfill**52%**

by 2030

(61% in 2024)

** EPR is an environmental policy that requires producers to pay the full costs of managing and recycling the packaging waste they generate throughout a product's lifecycle, from production to disposal. (UNDP, 2024)

Source: Rancangan Malaysia Ketiga Belas, 2026-2030

Strengthening climate and environmental management

Under the 13MP, Malaysia will enhance climate resilience and environmental sustainability through new legislation, carbon market policies, circular economy and waste management practices.

Carbon management

- A national carbon market policy for carbon trading will be implemented.
- A pilot project will be launched to measure embodied carbon in government infrastructure.
- The Forest Carbon Offset and Forest Conservation Certificate for green financing will be developed.
- Blue carbon initiatives in seagrass and wetlands will be explored to mitigate climate change and protect coastal areas.

Advancing circular economy practices

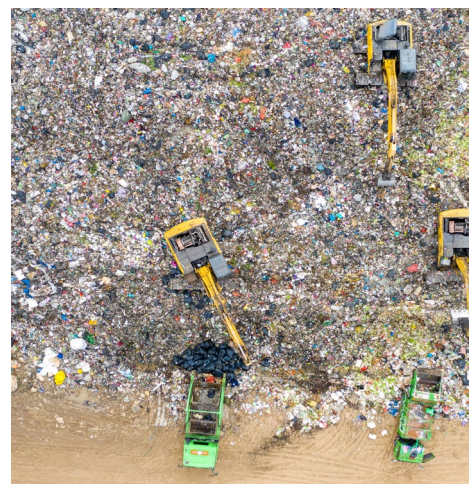
- Circular economy practices will be strengthened through initiatives like plastic sustainability, biomass management, sustainable aviation fuels and Extended Producer Responsibility (EPR)**.
- Blended financing and tax incentives will be expanded to encourage food waste treatment at source, targeting commercial, industrial and institutional sectors.
- Solid waste management will shift to a high-tech, sustainable approach with modern recycling infrastructure, including material recovery facilities.
- A ban on new landfills will be enforced, while waste-to-energy plants will be expanded. Composting, biomass processing, and the 5R² (Refuse, Reduce, Reuse, Recycle, Recovery) approach will be promoted as alternative waste solutions.

Policy and regulation

- A National Adaptation Plan will be introduced to address climate threats across sectors.
- Specific climate change legislation will be enforced for comprehensive climate action.
- The Environmental Quality Act 1974 will be reviewed to improve enforcement.
- New legislation related to the circular economy will be drafted to regulate activities across various sectoral value chains.

Chemical and waste management

- Chemical lifecycle management will be strengthened from production to disposal.
- Greywater management will be enhanced and water reuse technologies expanded to reduce raw water consumption and non-revenue water.



Share of out-of-pocket spending on healthcare**32%**

by 2030

(36% in 2023)

Share of population with digital health records**60%**

by 2030

(No comparative available)

Healthcare reforms

Reforming healthcare financing

Reforms will be undertaken to enhance access and affordability of healthcare services. Key initiatives include:

- **Expansion of the Rakan KKM initiative** to allow private companies and insurance policyholders access to paid services at public health facilities.
- **Introduction of a basic private health insurance product** to provide affordable healthcare coverage.
- **Development of a national health fund and strategic purchasing platform** to modernise the health financing system.
- **Strengthening public-private partnerships** to outsource high-cost services such as diagnostics, elective surgeries and virtual consultations, supported by a comprehensive financing and cost-sharing model.

Developing sustainable long-term care (LTC)

Legislation will be introduced and a dedicated entity established to regulate LTC services (e.g. for childcare, the elderly and disabled). Focus will also be on improving service quality and professionalism by developing national standards for care professionals, as well as home-and community-based care training modules.

LTC insurance schemes will also be explored to ensure sustainable protection.

Enabling healthy consumption

Legislative measures will be introduced to address the rising prevalence of cardiovascular and non-communicable diseases (NCDs). These measures include regulating the use of trans fats, salt and sugar in food production to promote healthier consumption and prevent disease.

The pro-health tax mechanism will be expanded to high-risk products such as tobacco, electronic cigarettes, vaping and alcohol to encourage healthier lifestyles.

Improving wellbeing of seniors

A one-stop centre will be established to develop and commercialise tech-based solutions for the elderly, including medical devices, support equipment and nutritional supplements. This initiative aims to position Malaysia as a global hub for innovative ageing support systems.

Digitising healthcare information

A secure, integrated digital platform will be developed to improve health data sharing and management across public and private providers using AI, big data and emerging technologies.



Development and public sector delivery

Controlling development expenditure

A new mechanism will be introduced to manage project costs, focusing on life cycle analysis. Projects over RM300 million will be thoroughly evaluated. The Public Sector Comparator (financial model) will be updated, while BIM* will be mandatory for projects above RM10 million. IBS** adoption will be expanded, especially in public housing.

Strengthening economic integration

Economic integration will be intensified in Greater Kuala Lumpur, Negeri Sembilan and Melaka through the development of large-scale economic clusters to boost growth, employment and entrepreneurship.

Cross-border cooperation will also be enhanced via initiatives like IMT-GT and BIMP-EAGA^ to increase integration and sustainable economic development.

Digitising government services (GovTech)

The government will accelerate the digitisation of services and work processes through enterprise architecture (EA), secure cloud infrastructure and AI adoption.

A unified public sector gateway will be introduced to enhance access, transparency and service quality, supported by big data and system interoperability.

* BIM - Building Information Modelling

** IBS – Industrialised Building Systems

^ IMT-GT - Indonesia-Malaysia-Thailand Growth Triangle

BIMP-EAGA - Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area

Number of affordable homes completed**500,000**

by 2030

(179,769 until March 2025)

Female labour force participation**60%**

by 2030

(56.5% in 2024)

Source: Rancangan Malaysia
Ketiga Belas, 2026-2030

Advancing social wellbeing

Managing cost of living

A new national livelihood action plan will be introduced, with a focus on stabilising the prices of goods and services.

Enforcement across the supply and distribution chain will also be strengthened to combat profiteering and anti-competitive practices.

Strengthening housing delivery

To address the issue of abandoned housing projects and to enhance developer accountability, the build-and-sell concept on a risk-sharing basis will be made mandatory through amendments to the Housing Development (Control and Licensing) Act 1966.

In the development of affordable housing, a government-linked or private company will be appointed to develop IBS infrastructure nationwide, including in Sabah and Sarawak.

A construction cost index by house type will be developed as a guide to ensure more affordable and transparent house prices.

Empowering women

Efforts will be taken to empower women through gender audits of high-impact programmes and projects. A star rating system will be expanded to recognise private companies that promote and sustain women's participation in the workforce. Leadership development initiatives for women will also be enhanced.



Way forward

How businesses can realise value from the 13MP

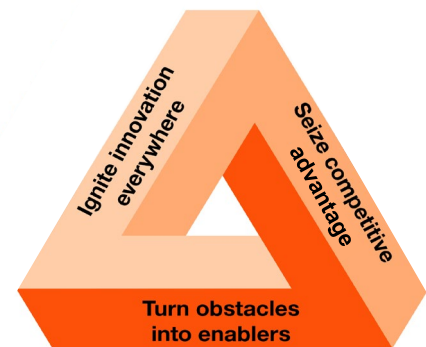
Organisations are facing systemic changes driven by technology, climate change, trade uncertainty and other megatrends. These forces are reshaping industries and redefining priorities for top management.

The 13MP is the government's strategic response to these challenges, aiming to drive modernisation, sustainable growth and socioeconomic development. Corporate leaders must adopt strategies that enable continuous reinvention to thrive in this dynamic environment.

Three key actions can help businesses create value in alignment with the 13MP:

01 Ignite innovation to transform business operations and energy models by embracing technology advancements that boost efficiency, elevate customer experience and sustainable practices. A culture of innovation will enable organisations to stay agile and seize new market opportunities. By taking proactive steps and embracing these reforms, businesses can not only contribute to collective benefits but also unlock new business opportunities.

Figure 5: Reinventing for growth: making moves that matter



02 Seize competitive advantage by leveraging technology, building stakeholder trust and optimising supply to manage resource scarcity and adapt to regulatory shifts. Strategic partnerships, resilient logistics and the use of data analytics for informed decisions are crucial for success.

03 Obstacles can be turned into enablers by addressing key barriers to reinvention. For example, closing workforce capability gaps and enhancing decision-making with data-driven insights are essential for rapid adaptation. Cultivating a more entrepreneurial organisational culture will help determine the pace and extent of change and growth.



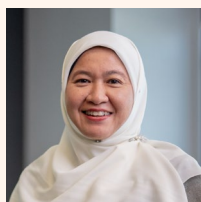
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