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Master plans shaping Malaysia's long-term growth

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STRATEGIC SECTOR DEVELOPMENT

Master plans shaping Malaysia's long-term growth

KUALA LUMPUR: National master plans are steadily steering the country's growth trajectory, advancing strategic sector development and expanding economic participation, said economists.

They said early milestones are emerging across key frameworks, reflecting tangible progress in turning plans into action.

Universiti Teknologi Mara Faculty of Business Management senior lecturer Dr Mohamad Idham Md Razak said under the New Industrial Master Plan 2030, Malaysia is focusing on high-value manufacturing, advanced and industrial decarbonisation.

The National Energy Transition Roadmap has catalysed initial investments in renewable energy, grid modernisation and energy transition financing.

KEY NATIONAL PLANS

New Industrial Master Plan 2030 (NIMP 2030)

RM131.5 million seed funding provided to facilitate investments in industrial development initiatives under the Strategic Co-Investment Fund for 21 strategic sectors and four emerging areas, namely carbon capture, utilisation and storage, electric vehicles, renewable energy and advanced materials.

It includes Petronas' Kasawari carbon capture and storage project and Tenaga Nasional Bhd's (TNB) hybrid hydro-floating solar (HHFS) photovoltaic project.

National Energy Transition Roadmap (NETR)

Kenyir green hydrogen hub, a venture between Petronas and TNB, will produce green hydrogen using renewable energy from the HHFS. Both the Kenyir HHFS and green hydrogen hub will be part of the Kenyir-Kerteh Corridor, linked to the Asean Power Grid.

National Semiconductor Strategy (NSS)

It aims to:

Secure at least RM500 billion in investments for Phase I, driven by domestic direct investment in IC design, advanced packaging and manufacturing equipment, coupled with foreign direct investment in wafer fabs and semiconductor equipment;

To establish at least 10 companies in the design and advanced packaging segments, each with revenues ranging from RM1 billion to RM4.7 billion in Phase 2;

To position Malaysia as a globally recognised R&D hub; and,

To train and upskill semiconductor workforce over the next five to 10 years.

13th Malaysia Plan (13MP)

RM430 billion will be allocated for development expenditure, while RM120 billion will be invested by government-linked investment companies. Implementation of projects will be complemented via public-private partnerships over the next five years.

Johor-Singapore Special Economic Zone (JS-SEZ)

Approved investments reached RM37 billion in the first half of 2025.

Sources: *NIMP 2030, NETR, NSS, 13MP, OCBC Group Research*

INFOGRAPHIC NST

The National Semiconductor Strategy is advancing into a capacity-building phase, with incentives for advanced packaging, talent development programmes and efforts to move up the value chain.

The 13th Malaysia Plan provides an overarching coordination platform that links social, economic, and sustainability objectives, ensuring a more integrated approach to national development.

"On the Johor-Singapore Special Economic Zone (JS-SEZ), early progress is reflected in bilateral coordination mechanisms, investment promotion activities and infrastructure planning.

"Whether these master plans are on track should be assessed not only by headline investment announcements, but also by execution quality, speed of project delivery, private sector participation and measurable outcomes such as productivity growth, export sophistication, job creation and technology adoption."

Idham said collectively, these master plans provide a strong and coherent foundation for Malaysia's long-term growth by focusing on structural transformation rather than short-term stimulus.

He said they address critical growth constraints such as skills mismatches, limited innovation intensity, dependence on low- to mid-value activities and energy transition readiness.

"However, plans alone are not sufficient. Their success depends on consistent implementation, regulatory clarity, inter-agency coordination and the ability to crowd in private investment.

"If execution remains disciplined and reforms continue to deepen, these frameworks can meaningfully lift Malaysia's growth, diversify its economic base and reduce vulnerability to external shocks."

On whether the master plans would help Malaysia catch up with Singapore and other leading Asian economies, Idham said they can move the country in the right direction.

He said this is evident in areas such as advanced manufacturing, semiconductors, green technologies and cross-border economic integration.

However, he said convergence is a long-term process.

"While Malaysia may not replicate Singapore's model, it can carve out its own competitive positioning as a high-value manufacturing and technology hub in Asean. If momentum is maintained, these initiatives can narrow the gap over time and place Malaysia firmly among the region's more advanced and resilient economies," he said.

Economist Doris Liew said so far, master plans have acted as catalysts for investment, laying the groundwork for the next phase of economic development.

She said Malaysia's approved investments surged 13.2 per cent year-on-year in the first nine months in 2025 to RM285.2 billion, signalling renewed momentum in private capital formation.

"In parallel, tangible progress is being made under the government-linked enterprises activation and reform (GEAR-Up) programme.

"Since its launch in August 2024, the six core government-linked investment companies have channelled over RM800 million into the semiconductor ecosystem, kickstarted green industrial development in Kerian and Carey Island, and supported more than 50 companies and funds.

"Momentum is also building in the JS-SEZ. In the first three quarters of 2025, the zone secured investments for data centres, semiconductors, agritech and family offices," she said.

Liew said taken together, these developments point to rising investor confidence, underpinned by policy clarity, targeted incentives, and a clearer industrial narrative.

She said on paper, the trajectory suggests the plans are broadly on track to meet their investment targets, assuming execution momentum continues.

However, Liew cautioned that these plans are ultimately economic development frameworks rather than structural reform agendas.

She added that they do little to resolve deeper, long-standing constraints in the economy.

"Chief among these is a persistent talent shortage, particularly in advanced manufacturing, integrated circuit design, data engineering and mid-level technical roles."

Liew also said skills upgrading efforts remain fragmented, with no coherent national system aligning training, reskilling and career progression with industry demand.

Beyond talent, she said structural issues such as weak productivity growth, limited domestic firm upgrading, shallow technology diffusion from multinational companies to small and medium enterprises, regulatory inertia and misaligned education-to-industry pipelines remain largely unaddressed.

In a recent research note, OCBC senior Asean economist Lavanya Venkateswaran said national master plans are focused on developing key sectors such as semiconductors, green industries and automotive manufacturing, while incentivising greater public- and private-sector participation.

She said the authorities have also made broadening economic growth across various regions a clear policy priority.

"These initiatives are underscored by higher manufacturing foreign direct investment approvals into these areas in the first half of 2025," she said.