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Malaysia to achieve a transition to high-income economy in 2024-2028 – World Bank

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KUALA LUMPUR, March 16 – Malaysia is likely to achieve a transition to a high-income economy between 2024 and 2028, a reflection of the country's economic transformation development trajectory over past decades, according to the World Bank Group.

However, it said further reforms are required to successfully join the ranks of other leading and developed economies.

It said this in its latest report, "Aiming High -- Navigating the Next Stage of Malaysia's Development" which was launched online Tuesday.

Malaysia's gross national income per capita is at US\$11,200 (US\$1=RM4.11), according to the latest estimates, and is only US\$1,335 short of the current threshold level that defines a high-income economy.

"Malaysia has the ambition to become not just a high-income economy, but one in which growth is sustainable and shared," World Bank vice-president for East Asia and Pacific, Victoria Kwakwa, said during the launch of the repor

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Kwakwa noted that a core feature of the report is benchmarking Malaysia against not just regional peers in ASEAN but also against aspirational peers -- the Organisation for Economic Cooperation and Development countries with advanced economies -- that Malaysia seeks to join, and, importantly against the 19 other countries that have successfully transitioned from middle to high-income status during the past 30 years.

She stressed that Malaysia has all the necessary attributes to make the leap but navigating the next stage of development will require bold measures and tough reforms.

Citing the report, she said that the development model that worked in the past is no longer enough to help Malaysia navigate the next stage of its development, hence, a different set of policies and institutions will be required to improve the quality, inclusiveness, and sustainability of economic growth in the future.

The report noted that to best prepare for this likely income transition and to ensure Malaysia does not trail behind other high-income and developed countries, the country will have to find ways to boost economic growth, improve its competitiveness, create high-quality jobs, strengthen its institutions, ensure greater inclusion, and strengthen its capacity to finance the transition to high-income and developed nation status.

Meanwhile, Tengku Zafrul said that progress towards the threshold has been slowed by the impact of the COVID-19 pandemic, but the country has the opportunity to undertake bold reforms to sustain future growth and to ensure that the proceeds of growth will benefit all segments of the population.

"The government is committed to continually assess the quality, inclusivity, and sustainability of Malaysia's growth.

"We have built good foundations but we also recognise the need to invest more in developing high-quality human capital to facilitate greater economic opportunities, next-generation reforms for higher productivity, as well as innovation-led private sector growth and policies," he said.

He noted that the government has also increasingly embraced the United Nations Sustainable Development Goals in its annual budgets.

He said all these would ensure sustainable growth through a targeted, outcome-based economic strategy, so that Malaysia can reap the opportunities of a post-pandemic economy.

Adding on, Tengku Zafrul said that these measures will enable Malaysia to be back on track to achieve a high-income nation status within the next five years, and its Shared Prosperity Vision by 2030.

Meanwhile, Mustapa said Malaysia needed to be able to compete at the global frontier as it looks to join the ranks of the world's high-income and developed economies.

"The 12th Malaysia Plan will set out our agenda for the next five years.

"It is the vehicle through which the government aims to steer Malaysia's recovery from COVID-19, propel our country towards high-income and developed country status and achieve our Shared Prosperity Vision," he said.

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