

NIMP 2030 drives growth and transformation

The strategic plan places a strong emphasis on elevating the nation's economic complexity

by RUPINDER SINGH

MIDF Research contends that the path to achieving successful progress hinges on the adept execution of a spectrum of strategies delineated within Malaysia's New Industrial Master Plan 2030 (NIMP 2030).

The strategic plan places a strong emphasis on elevating the nation's economic complexity, a long-term strategy that is crucial for Malaysia's overall wellbeing.

While the positive impacts of this strategy on the equity market may become evident over an extended period, MIDF Research said it is unlikely to generate significant immediate reactions in the short term.

In the near future, it said the Malaysian equity market is expected to remain influenced primarily by the monetary statements and actions of the US Federal Reserve.

Given this scenario, it anticipates that the immediate market dynamics will continue to be shaped by external factors.

"Hence, we maintain our FTSE Bursa Malaysia KLCI (FBM KLCI) end-2023 target at 1,540 points or price-to-earnings ratio of 15.3 times," it said in its reports last Friday.

MIDF Research said NIMP 2030 represents a significant departure from previous industrial plans, embracing a mission-based approach supported by key enablers.

The plan's objectives include propelling Malaysia's manufacturing sector to foster economic growth, job creation and value-added production.

Additionally, NIMP 2030 places a strong emphasis on green initiatives and sustainability, aligning with global efforts to combat climate change.

High-growth industries such as electronics, chemicals, pharmaceuticals and automotive manufacturing are at the forefront of NIMP 2030, with the goal of enhancing Malaysia's global rankings in these sectors.

Through fostering innovation,

talent development and a favourable business environment, Malaysia aims to position itself as an attractive destination for both local and global investors.

MIDF Research underscores that the success of NIMP 2030 hinges on collaborative efforts and effective implementation across various sectors and stakeholders.

While the equity market's response may take time to materialise, the long-term benefits of this strategic plan are poised to play a pivotal role in Malaysia's economic progress and global competitiveness.

The plan lays out four pivotal missions supported by four key enablers, encompassing a total of 21 strategies and 62 action plans to be executed.

These missions include advancing economic complexity, fostering digital vibrancy, achieving net-zero emissions, and ensuring economic security and inclusivity.

The four enablers encompass mobilising the financing ecosystem, promoting talent development and attraction, enhancing the investor journey for ease of doing business and introducing a whole-of-nation governance framework.

NIMP 2030 is expected to catalyse Malaysia's manufacturing sector, with an estimated compound annual growth rate (CAGR) of 6.5% between 2022 and 2030, significantly surpassing the 4.8% CAGR recorded from 2015 to 2019.

By 2030, this growth is projected to contribute RM587.5 billion to the total GDP, marking a substantial increase of 61% from 2022.

The plan also aims to drive employment, with an annual average increase of 2.3% between 2022 and 2030, resulting in the creation of 3.3 million new jobs, a 20% rise in employment by 2030.

NIMP 2030 also underscores the importance of raising economic complexity for sustainable growth, emphasising innovation and nurturing an ecosystem that promotes research, development, commercialisation and innovation. Sustainability is a core aspect, with a focus on green initiatives and equitable economic participation.

Malaysia's manufacturing sector has gained momentum, recording a growth rate of 10.4% year-on-year in the post-pandemic period.

The sector's share of the economy increased to 24.2% in 2021, driven by strong demand for electronics and electrical (E&E) products, particularly semiconductors.

Manufacturing exports have also reclaimed their position, constituting over 85% of total exports since 2020. The E&E sector remains a key contributor to exports, with semiconductors playing a significant role.

Despite this growth, the value-added ratio to total output in the manufacturing sector remains relatively low due to a high contribution of imported content.

NIMP 2030 aims to improve this ratio through localisation, capital-intensive approaches and high-end production, particularly in the technology sector.

Malaysia is positioned as a major player in the global market for various products, including coke and refined petroleum products, chemicals, and E&E equipment. The plan aims to elevate Malaysia's global ranks in these sectors and transform it into a thriving commodity hub, particularly in pharmaceuticals and botanical products.

Malaysia's dominance in E&E sector is evident, with rankings of 12th globally for computer, electronic and optical equipment, and 31st for electrical equipment.

NIMP 2030 aims to accelerate technology adoption and digitalization in this sector, potentially propelling Malaysia into the top 30 global IT service providers.

In the automotive manufacturing sector, Malaysia holds the position of the third-largest manufacturer in Asean. NIMP 2030 seeks to bolster this position by embracing advanced features such as autonomous driving and adopting next-generation vehicles like electric and hybrid vehicles.

In conclusion, MIDF Research asserts that NIMP 2030 represents a significant shift in Malaysia's industrial planning strategy, setting the stage for robust economic growth, job creation and sustainable development.

The success of NIMP 2030 hinges on collaborative efforts and effective implementation across various sectors and stakeholders, with the potential to significantly impact Malaysia's economic progress and global competitiveness.