

WORLD RANK: **45** | REGIONAL RANK: **9**

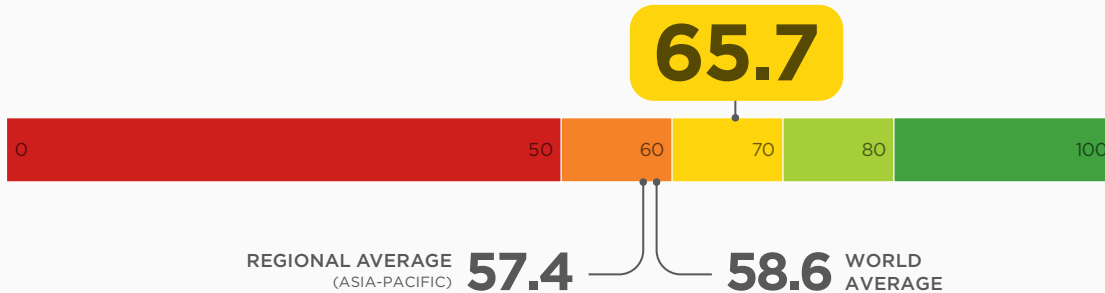
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

# MALAYSIA

Malaysia's economic freedom score is 65.7, making its economy the 45th freest in the 2024 *Index of Economic Freedom*. Its rating has decreased by 1.6 points from last year, and Malaysia is ranked 9th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is higher than the world and regional averages. Malaysia's economy is considered "moderately free" according to the 2024 *Index*.

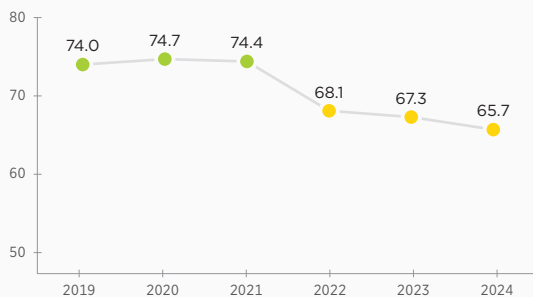
The Malaysian economy has shown notable resilience. Implementation of policies to support open markets and encourage a vibrant private sector has enhanced investment flows and entrepreneurial vitality. Greater regulatory efficiency has gradually been implemented, and licensing requirements are now less time-consuming and bureaucratic. Better management of public finance needs to be a policy priority. The judicial system's vulnerability to political influence is a significant challenge to the effective and evenhanded rule of law and undermines government integrity. Monetary stability is relatively well-maintained.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -6.2

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
32.8 million

**GDP (PPP):**  
\$1.1 trillion  
8.7% growth in 2022  
5-year average growth rate: 3.1%  
\$34,834 per capita

**UNEMPLOYMENT:**  
4.6%

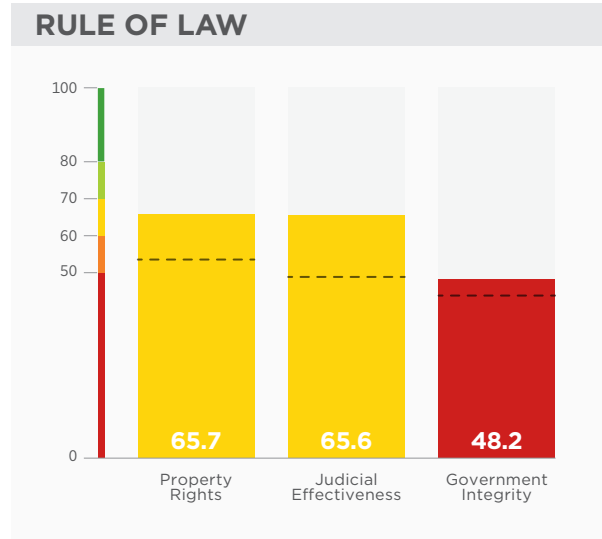
**INFLATION (CPI):**  
3.4%

**FDI INFLOW:**  
\$16.9 billion

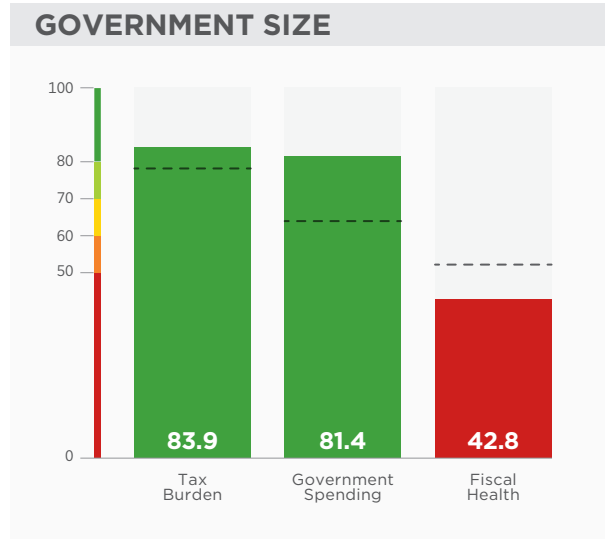
**PUBLIC DEBT:**  
65.6% of GDP

2022 data unless otherwise noted. Data compiled as of October 2023.

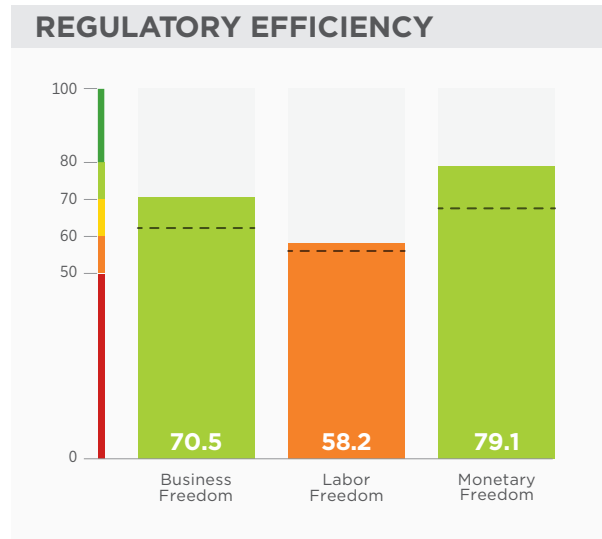
# 12 ECONOMIC FREEDOMS | MALAYSIA



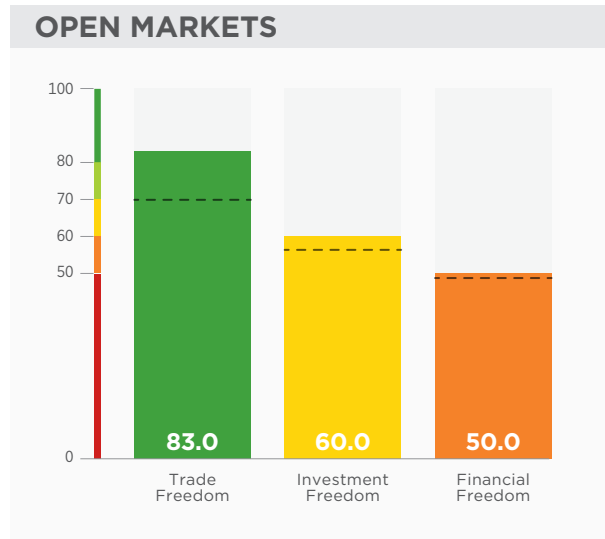
The overall rule of law is relatively well respected in Malaysia. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 24 percent. The tax burden equals 11.8 percent of GDP. Three-year government spending and budget balance averages are, respectively, 24.9 percent and -5.5 percent of GDP. Public debt amounts to 65.6 percent of GDP.



Malaysia's overall regulatory environment is relatively well institutionalized but lacks efficiency. The country's business freedom score is above the world average; its labor freedom score is above the world average; and its monetary freedom score is well above the world average.



The trade-weighted average tariff rate is 3.5 percent. The government has taken steps to liberalize foreign investment policies, but for some sectors, restrictions are still in place. Regulatory adjustments in the financial sector include the easing of limits on foreign ownership.