

WORLD RANK: **45** | REGIONAL RANK: **8**

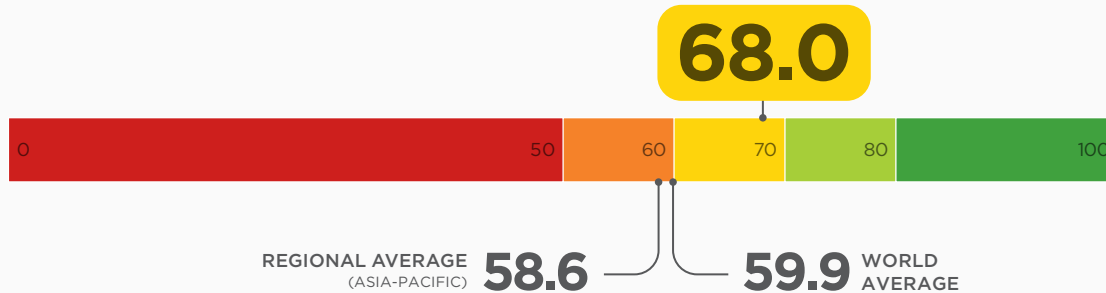
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

MALAYSIA

Malaysia's economic freedom score is 68, making its economy the 45th freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 0.9 point from last year, and Malaysia is ranked 8th 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 2026 *Index*.

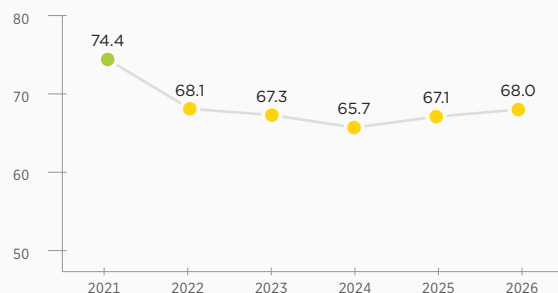
The Malaysian economy has shown notable resilience. Implementation of policies to support open markets and encourage a vibrant private sector has enhanced investment flows and entrepreneurial vitality. Regulatory efficiency has gradually been improved, and licensing requirements are now less time-consuming 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 even-handed rule of law and undermines government integrity. Monetary stability is relatively well maintained.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -3.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
33.1 million

GDP (PPP):
\$1.4 trillion
4.5% growth in 2025
3-year average growth rate: 4.4%
\$43,665 per capita

UNEMPLOYMENT:
3.9%

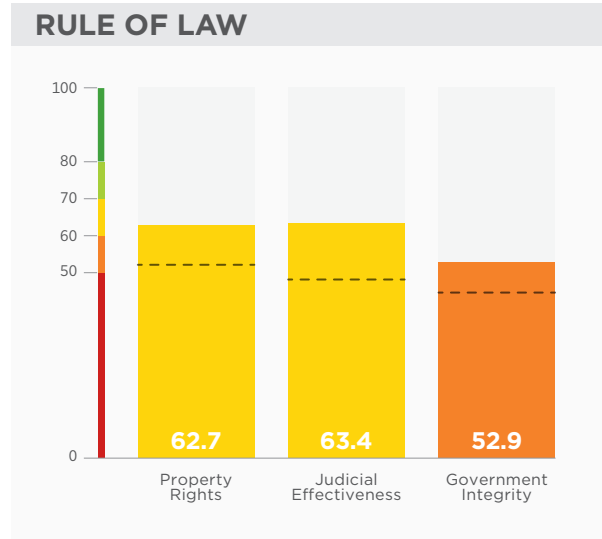
INFLATION (CPI):
1.8%

TRADE AS % OF GDP: 137.4%

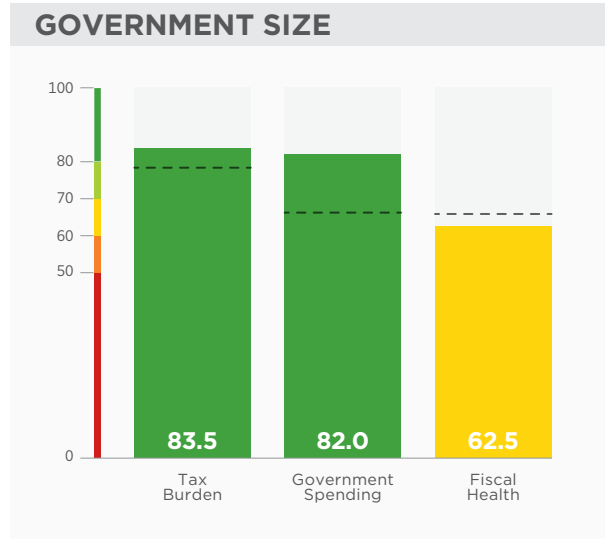
PUBLIC DEBT:
70.1% of GDP

2025 data unless otherwise noted. Data compiled as of January 2026.

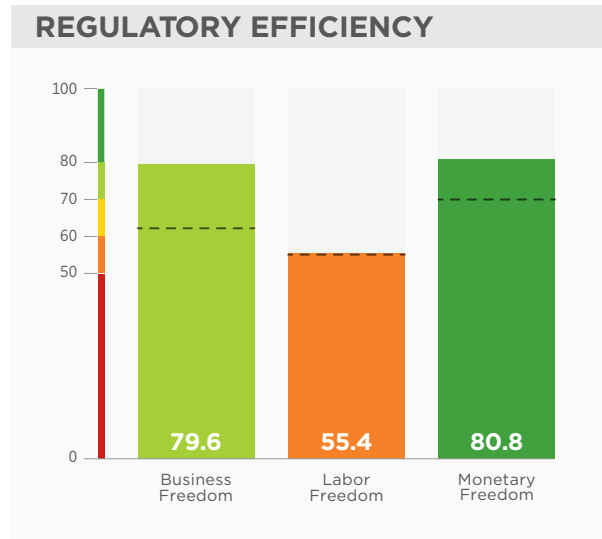
12 ECONOMIC FREEDOMS | MALAYSIA



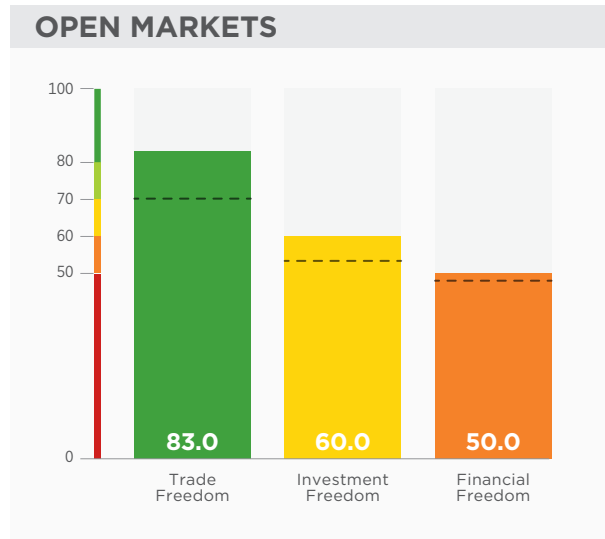
The overall rule of law is relatively well respected in Malaysia. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 24 percent. The tax burden equals 13.1 percent of GDP. Three-year government spending and budget balance averages are, respectively, 24.5 percent and -4.2 percent of GDP. Public debt amounts to 70.1 percent of GDP.



Malaysia's overall regulatory environment is well institutionalized and relatively efficient. The country's business freedom score is far 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 restrictions are still in place in some sectors. Regulatory adjustments in the financial sector include the easing of limits on foreign ownership.