

# PERSPECTIVE

RESEARCHERS AT ISEAS – YUSOF ISHAK INSTITUTE ANALYSE CURRENT EVENTS

**Singapore** | 12 May 2022

---

## **Malaysia's Bumiputera Development Action 2030: Maintaining Focus, Moderating Ambition**

*Lee Hwok Aun\**



*People walking past a building along a street in Kuala Lumpur on 24 March 2022. Photo: Mohd RASFAN/AFP.*

*\* Lee Hwok Aun is Senior Fellow and Co-coordinator of the Malaysia Studies Programme at the ISEAS – Yusof Ishak Institute. The author thanks Serina Rahman, Francis Hutchinson and Cassey Lee for their helpful comments on an earlier draft. The usual disclaimer applies.*

## EXECUTIVE SUMMARY

- Malaysia's Bumiputera Development Action 2030 (known by its Malay acronym TPB2030) is a major blueprint. Its genesis can be traced to Pakatan Harapan's rule; its continuity across changes in Prime Ministers reflects the embeddedness of Bumiputera policies.
- TPB2030 largely maintains the focus of the Bumiputera Economic Transformation programme, its predecessor, on cultivating dynamic and competitive enterprise. These are justifiably high priorities in Bumiputera development, and also areas of acute under-achievement.
- The blueprint brings added focus and structure compared to preceding efforts, with targeted sectors, more integrated support, and high-powered oversight. Gaps in the formulation of policy targets and funding, however, need to be addressed.
- More fundamentally, TPB2030's sweeping ambition – conflated with the expansive Shared Prosperity Vision 2030 – departs from its specific scope and may detract from policy coherence and efficacy. Median income of *urban* Bumiputera households is on par with *urban* Indian households. Disparities in well-being have diminished as a justification for Bumiputera development policies, underscoring the imperative of TPB2030's focus on disparities in participation and capacity.
- Policy design and evaluation programmes must resolutely and rigorously maintain focus on TPB2030's primary mission of developing Bumiputera enterprise. Malaysia must monitor progress and draw lessons, not just for Bumiputera policies but also for broader group-targeted policies based on ethnicity and gender.

## **A MAJOR PROJECT BEHIND THE SCENES**

The year 2021, the fiftieth anniversary of the New Economic Policy (NEP), concluded with the 9 December launch of the Bumiputera Development Action 2030 blueprint, widely known by its Malay acronym TPB2030 (Tindakan Pembangunan Bumiputera) (Teraju 2021a). TPB2030 sets out clear objectives and targets related to Bumiputera enterprise development, an area of acute underachievement despite many decades and multiple modes of policy intervention. The blueprint will also establish high-powered structures for implementation and oversight, helmed at the top by the Prime Minister, with clearly delegated coordination and monitoring mechanisms.

TPB2030 is authored by Teraju, the agency under the Prime Minister's Department tasked with overseeing Bumiputera development, and follows on the Twelfth Malaysia Plan (2021-25) unveiled in August 2021. The Twelfth Plan prominently features Bumiputera programmes within the country's development framework (Malaysia 2021). The Plan also incorporates Malaysia's overarching pursuit of the Shared Prosperity Vision 2030 (SPV2030), which was formulated in 2019 under the Mahathir-Pakatan Harapan government and inherited with minimal revision by both the Muhyiddin-Perikatan Nasional and Ismail Sabri-UMNO-led administrations (Ministry of Economic Affairs 2019).

Riding as it does on the Twelfth Plan and SPV2030, TPB2030 is poised to make a big impact on Malaysia's policy regime, even if it has garnered little attention so far. The political weight behind TPB2030 holds out the potential to make an impactful and productive contribution – most fundamentally in broadening participation and enhancing the capacity of Bumiputera SMEs. Such centralization, of course, can marshal resources and coordinate actions – but also face the pitfalls of political patronage and stifled ground-up initiatives, which have marred similar agendas in the past.

This Perspective provides some background and context to TPB2030, highlighting elements of continuity and difference from previous iterations, and shows how it connects with development policies moving forward. I then survey the key policy contents and assess both TPB2030's rationales and targets, and its key programmes and priorities. Due to the breadth and nascence of this blueprint, my analysis identifies salient aspects of the policy design and implementation, with emphasis on TPB2030's enterprise development thrust and the concomitant loss of basis and coherence when the agenda sprawls toward vague notions of prosperity. I also reflect on how these Bumiputera-targeted measures fit within the broader scheme of Malaysia's policy framework, especially other group-targeted measures benefiting ethnic minorities and women. It is premature to reach concrete conclusions, but not too early to underscore the dual importance of implementing the policy effectively so that Bumiputera business and workforce make steady progress, and of learning from TPB2030 in ways that inform other group-targeted policies.

**PRO-BUMIPUTERA AND GROUP-TARGETED POLICIES:  
EMBEDDED AND EVOLVING**

Bumiputera preferential policies such as the contents of TPB2030 are deeply embedded, being constitutionally authorized since Malaya's independence in 1957.<sup>1</sup> The NEP, launched in 1971, massively expanded this policy regime, which principally involves promoting Bumiputera participation and achievement in higher education, high-level occupations, enterprise development and wealth ownership (Table 1). Over time, some programmes have become firmly entrenched – notably, ethnic quotas or Bumiputera-exclusive access in higher education, public procurement, SME loans and support, and de facto ethnic preference in public sector and government-linked company (GLC) employment. Some others have undergone change, most saliently the efforts to build a Bumiputera Commercial and Industrial Community (BCIC), which was centred on state-owned enterprises in the 1970s, heavy industries and foreign corporate takeovers in the early 1980s, then privatization in the 1990s until the 1997-98 Asian financial crisis (AFC). Post-AFC, following the collapse of major privatized entities and their renationalization, GLCs spearheaded the BCIC.

Since 2011, with the formation of Teraju,<sup>2</sup> Malaysia launched the Bumiputera Economic Transformation (BETR) programme emphasizing the growth of high-performing companies, with some attention to higher education and skills development (Teraju 2012). The follow-up BETR 2.0 broadened the scope to Bumiputera well-being, even while the programmes under Teraju's purview remained a small subset of the vast system of Bumiputera development programmes (Teraju 2017, Lee 2017). This discrepancy – between the focused Teraju-coordinated interventions and the sweeping ambit of 'transformation' agendas – has persisted. On the whole, it is fair to say that BCIC agendas have been undone by a quest for rapid returns instead of patient progress.

**Table 1. Bumiputera enterprise development since 1971: Landmarks and key elements**

Policy landmark	Key elements / objectives
Bumiputera Commercial and Industrial Community (1971 – 2011)	<ul style="list-style-type: none"> <li>• State-owned enterprises (1970s)</li> <li>• Public procurement (1970s – present)</li> <li>• Heavy industries (1980s)</li> <li>• Privatization (1980s – 1997 Asian Financial Crisis)</li> <li>• Government-linked companies (post-AFC – present)</li> </ul>
Bumiputera Economic Transformation Programme (BETR) (2011 – 2017)	<ul style="list-style-type: none"> <li>• Emphasis on SMEs               <ul style="list-style-type: none"> <li>• More dynamic and competitive</li> </ul> </li> <li>• More capable firms in public procurement               <ul style="list-style-type: none"> <li>• Less fronting/outsourcing in public procurement</li> </ul> </li> <li>• Some attention to technical and professional training</li> </ul>
BETR 2.0 (2017-2021)	<ul style="list-style-type: none"> <li>• Continuity of BETR, broadened to Bumiputera “well-being”</li> </ul>
TPB2030 (2021-2030)	<ul style="list-style-type: none"> <li>• 7 key economic growth areas</li> <li>• 7 priority areas</li> <li>• 3 Bumiputera economic transformation areas</li> <li>• Elaborate governance structure</li> </ul>

Source: Author.

The Bumiputera policy regime has endured across changes in federal government. The agenda was established throughout six decades of Alliance-Barisan Nasional rule, and was comprehensively maintained by Pakatan Harapan in the wake of its pathbreaking electoral victory in 2018. Formulation of the Shared Prosperity Vision 2030, which sought to reinvigorate Bumiputera enterprise development and laid the groundwork for TPB2030, was initiated by Pakatan.

It is important to note that TP2030 is neither the product of Pakatan’s power being usurped in 2020, nor of UMNO’s return to the Prime Ministership in 2021. Whichever the coalition in power, a Bumiputera blueprint would have emerged, though possibly with a different name and varying features. We must also note that Bumiputera preferential policies enjoy solid popular support among the Bumiputera population.<sup>3</sup> The system extensively allocates socioeconomic opportunity and facilitates upward mobility. The primary policy shortcomings for the Bumiputera community are deficiencies in cultivating capability, competitiveness and confidence – which inhibit the country’s ability to shift away from overt quotas and preferences.

At the same time, group-targeted policies favouring Indians, Orang Asli and women, mostly in small business financing and higher education access, have become increasingly mainstream in the past decade. Since the Tenth Malaysia Plan (2011-15), policy frameworks have allocated sections expressly for Bumiputerans and for minority groups, women, and

persons with disabilities. This juncture in Malaysia's history thus presents an opportunity to reset the discourses by recognizing the objectives and mechanisms of these group-targeted policies as a distinct policy domain, and focusing on efficacy and fairness in all these efforts to promote participation and capability (Lee 2021c).

Since TPB2030 is bringing the Bumiputera agenda back to basics, its implementation must stay focused, circumscribed and patient, rigorously implemented and monitored based on its direct objectives and targets instead of diffused notions of prosperity. It also aspires to change mindsets and mechanisms, not just dispense copious funds, and hence stands to generate learnings along the way. The broader impact of TPB2030, therefore, will depend on whether its achievements and shortfalls will inform further policy. Unfortunately, TPB2030 appears quite disconnected from Malaysia's policy mainframe (Lee 2021a).

## **RATIONALES, OBJECTIVES, AND TARGETS**

The empirical rationales for Bumiputera policies derive from the community's socioeconomic disadvantages, which are continuously changing as policies increasingly provide opportunity and expand participation. TPB2030 builds on SPV2030 and the Twelfth Plan, giving prominence to selected targets from both documents. The driving goals for 2030, derived from SPV2030, are:

- Raising the contribution of Bumiputera companies to gross operating surplus, from the current seven per cent to 20 per cent;
- Perfect parity of median wage between the three major ethnic categories – Bumiputera, Chinese, and Indian;
- Bumiputera household income to reach 90 per cent of Chinese and Indian households (the latter two to be equal);
- Bumiputera rate of return on per capita financial assets to be 60 per cent relative to Chinese.

Key targets for 2025, as outlined in the Twelfth Plan:

- At least 65 per cent of Bumiputera workers working in skilled jobs (62 per cent in 2019);
- At least 75 per cent of Bumiputera households owning a residential unit (73.7 per cent in 2019).

The integration of TPB2030 with its parent policy frameworks yields a mixed bag. Three major issues merit our attention.

First, TPB2030 abides by the novel emphasis on gross operating surplus (GOS), which can be defined as the surplus generated after compensating workers but before deducting interest and rental payments. The concept of Bumiputera GOS merges the goals of Bumiputera effective ownership and productive output. At the same time, a further crucial element of

Bumiputera development – the growth of small- and medium-scale enterprises – warrants more weight than currently given, in view of the higher concentration of micro-scale businesses – mostly self-employed solo operators – among MSMEs.<sup>4</sup> TPB2030 missed an opportunity to set the scaling-up of enterprises from micro to small, and especially from small to medium, as a driving policy objective. Questions also remain on the extent to which the aspired increase in Bumiputera GOS will proportionately take away from GLCs or non-Bumiputera companies, and thus avoid reducing the share of workers' compensation. In fact, Malaysia aspires to raise the share of workers' compensation. GOS of foreign-owned companies should also be part of the computations, providing a fuller picture of Malaysian ownership.

Nonetheless, this new anchor, in contrast to the erstwhile fixations with equity ownership, is a welcome shift. Policy predispositions toward passive equity holdings, political patronage and acquisitive behaviour, at the expense of effective control and productive participation, can be traced to the 30 per cent Bumiputera equity ownership target that commandeered national policy for some decades (Lee 2021b). That target undoubtedly remains, but keeping it in a supplementary position, as seems to be the case, bodes well for TPB2030.<sup>5</sup>

Second, TPB2030 replicates some conceptual and empirical missteps of the Twelfth Plan, most consequentially the misguided reference to national inter-ethnic household income disparity as grounds for continuing Bumiputera preferential treatment. Malaysia's Chinese and Indian populations are overwhelmingly urbanized, while a quarter of the Bumiputera population still reside in rural areas where incomes are lower. When comparing household income between groups, taking the nationwide population is misleading because Bumiputera income levels are deflated by the much higher presence of rural households, which in turn overstates the Bumiputera to non-Bumiputera gap. Indeed, the median income of *urban* Bumiputera households is precisely *on par* with *urban* Indian households (Lee 2021a).<sup>6</sup> If anything, referencing household income provides justification for more group-targeted assistance for the Indian community.<sup>7</sup>

Moreover, highly aggregated targets such as household income and individual wages are impacted by numerous factors, whether related to economic conditions, labour market dynamics or social policy, while TPB2030 is both narrower in scope and also contains various experimental components. Bumiputera household income will assuredly continue to increase, due to complex reasons beyond TPB2030's focused projects. Fixing household income as a performance indicator may perilously provide misleading or even false validation that TPB2030 policies are succeeding, and possibly perpetuate experiments that should be revisited or discontinued.

Third, despite Prime Minister Ismail Sabri, in his TPB2030 foreword, declaring the paramount importance of grooming new Bumiputera generations that are self-reliant and visionary, the blueprint neglects to *consistently* emphasize capacity-building policies. This includes a lack of attention to higher education and training. In large part, these omissions result from the fact that TPB2030 is demarcated based on extant institutions or new initiatives under Teraju's purview, instead of the comprehensive system of Bumiputera

programmes overseen by myriad ministries: education, finance, rural and regional development, and more. Nonetheless, the end result is that education, despite being the policy area most instrumental for upward mobility between generations, features rather peripherally in Malaysia's flagship Bumiputera policy. This gap is amplified by the fact that Malaysia has made strides in mass provision of higher education, but needs to shift from more quantitative to qualitative emphases, such as quality of graduates and participation in various specialized fields.

## **KEY PROGRAMMES AND PRIORITIES**

TPB2030's sprawling, and in parts unwieldy, 600-page document is too vast to be discussed at length.<sup>8</sup> Nonetheless, the basic elements of seven key economic growth areas (KEGA), seven priority areas, and three Bumiputera economic transformation areas (BETA) provide an outline for summarising the basic contents and drawing out notable features. This article focuses on the KEGAs and priority areas. On the proposed investment amounts, public sources will account for RM10.9 billion (10.8 per cent) while private sources, including government-linked investment companies and state-owned commercial entities, will provide RM90.4 billion (89.2 per cent). This corresponds with an annual quantum of RM10 billion for the period 2021-30 and represents a modest portion of total investment, which registered RM297 billion in 2020, with a 25-to-75 public-to-private breakdown (Malaysia 2021). The KEGAs, aggregates of which are shown in Table 1, carry high hopes of extensive impact despite modest outlays. TPB2030's exceptionally high reliance on private sector investment balance raises concerns on feasibility in general, and more specifically on the actual contribution of government-linked entities and the justification for tapping such sources. These questions demand more robust answers than provided so far.

The blueprint articulates the case for intervention in each of the KEGAs and their respective development programmes. On the whole, we can readily grasp the basis for various selections, especially when there is clear potential or existing capacity, while some are venturing into new terrain or aligning with economic trends. The land-owning segment of the Bumiputera community is positioned to take agricultural activities to a higher plane. Sizable numbers should also be able to make productive inroads in halal industries and Islamic finance. The digital economy, of course, has been a priority for Bumiputera development in recent years, and foreseeably will accelerate in the post-Covid era, with spillovers into the logistics and transportation spheres.

**Table 2. TPB2030 Key Economic Growth Areas**

	Number of development programmes	Contribution to gross operating surplus (billions) <sup>1</sup>	Job creation <sup>2</sup>	Total investment (billions) <sup>2</sup>
Agriculture and commodities	29	RM25.1	11,156	RM15.6
Digital economy	30	RM65.2	214,413	RM12.8
Halal hub and food	11	RM11.8	10,924	RM1.2
Islamic finance hub	6	RM17.6	11,257	RM10.7
Logistics, transportation & sustainable mobility	11	RM15.9	5,883	RM31.9
Manufacturing	10	RM29.6	145,225	RM19.1
Tourism	9	RM36.5	8,367	RM10.0
<i>Total</i>	<i>106</i>	<i>RM 201.7</i>	<i>407,225</i>	<i>RM101.3</i>

Source: Teraju (2021b).

Notes: <sup>1</sup> Based on the author’s interpretation, the figures refer to *annual* GOS for 2030; <sup>2</sup> Based on author’s the interpretation, the figures refer to *cumulative* employment and investment (2021-2030).

The summation of numbers of projects, investments, jobs and surplus generated are helpful for gaining impressions of the scope and scale of TPB2030 (Table 2). However, differences in the form and timeframe of these major categories warrant further clarification. Gross operating surplus constitutes a flow; the reported targets, totalling RM201.7 billion, evidently refer to the GOS generated in one year, 2030. This annual flow is distinct from the cumulative form of the other components – the total amounts for the 2021-30 period. Further clarification would also be welcome on the job creation estimates. If these numbers refer to Bumiputera workers, questions immediately arise as to whether the entire workforce of companies cultivated by TPB2030 will be ethnically homogeneous, and whether this is wise and fair, or will some degree of workforce diversity also be pursued. The selection of KEGAs should be scrutinized, but it is more important for the performance of policy beneficiaries to be monitored, and success cases rigorously documented.

The Bumiputera Economic Transformation Areas are more exploratory and potentially impactful, but merit scrutiny. The designation of defence and security industries as a BETA sector might cause some unease. The proclivities of this sector toward political patronage raise concern that past entanglements in abuse and corruption may recur. The second BETA of modern construction, specifically the adoption of industrialized building systems (IBS), relies predominantly on public procurement. While the gains from broader IBS application are undeniable, reforming public procurement presents steep hurdles. Aerospace, the third BETA, leveraging as it does on existing capacity and skills training institutions, may hold out distinct positive prospects, albeit in a challenging and uncertain sector.

TPB2030’s seven priority areas span a vast array of interventions that enable the agenda more broadly, with notable proposals in governance or facilitation systems, enhancement of existing programmes, and empirical exercises. Correspondingly, the estimated investment funds amount to a mere RM5.2 billion. Table 3 presents a selection of initiatives or proposals associated with the priority areas.

**Table 3. TPB2030 Priority Areas: selected information**

Priority Area	Notable initiatives / proposals
Accelerate Bumiputera socio-economic development	<ul style="list-style-type: none"> <li>• TPB2030 governance structure</li> <li>• Bumiputera Prosperity Council</li> <li>• Bumiputera agenda empowerment units (UPAB)</li> </ul>
Improve governance and strengthen service delivery	<ul style="list-style-type: none"> <li>• Bumiputera big data analytics</li> <li>• Bumiputera Prosperity Index</li> <li>• Act of Parliament to empower Bumiputera development</li> </ul>
Strengthen education and empower human capital	<ul style="list-style-type: none"> <li>• Technical, vocational and professional education</li> <li>• Bumiputera centre of excellence (talent development)</li> <li>• Raising academic quality and achievement</li> </ul>
Enhance the resilience and sustainability of Bumiputera businesses	<ul style="list-style-type: none"> <li>• Streamline Bumiputera entrepreneurship ecosystem</li> <li>• Drive Bumiputera enterprise in high-value sectors <ul style="list-style-type: none"> <li>• Establish growth hubs</li> </ul> </li> <li>• Expand “Carve out and compete” (public procurement)</li> </ul>
Increase Bumiputera wealth creation	<ul style="list-style-type: none"> <li>• Conduct housing needs study</li> <li>• Bumiputera big box for commercial tenancy in high-income areas</li> <li>• Rent-to-own housing</li> </ul>
Make full use of Malay reserve land and waqf instruments	<ul style="list-style-type: none"> <li>• Raise value of Malay reserve land</li> <li>• Exchange platform for trading land-based assets</li> </ul>
Ensure sustainable corporate equity ownership	<ul style="list-style-type: none"> <li>• Stimulate rapid growth of start-ups</li> <li>• Divest non-strategic state-owned companies</li> <li>• Facilitate public listing</li> <li>• Facilitate cooperation with foreign capital to build Bumiputera SMEs</li> </ul>

Source: Author’s compilations from Teraju (2021a).

Three observations arise from this expansive menu of proposals, with ensuing questions. First, TPB2030 establishes an elaborate governance structure that centralizes oversight powers. At the apex, the Bumiputera Prosperity Council, chaired by the Prime Minister and comprised of relevant Cabinet Ministers and Bumiputera figures, oversees the entire process. Teraju serves as the main coordinator and secretariat of the Council, including the Council’s steering committee involving ministry secretaries-general and GLC/GLIC CEOs, and the Council’s working committee, as well as a special committee for GLCs and GLICs. Teraju’s project management teams will oversee the overarching KPIs the KEGAs and

priority areas. The Bumiputera agenda empowerment committees (JPAB), chaired by the secretary-general of the relevant line ministry, are primarily responsible for policy monitoring, with Bumiputera agenda empowerment units (UPAB) in each government ministry tasked with tracking performance and intermediating between stakeholders.

The frame grants hierarchical, top-down authority. However, TPB2030's progress will also depend on striking an astute balance of centralized control with self-claimed "bottom-up" monitoring by the UPABs. Fostering private sector buy-in, amid heavy presence of government and GLCs, will also be challenging – and decisive for TPB2030 to sustainably develop Bumiputera talent and capacity. The general critique of lack of focus emerges again, in the context of a proposed act of parliament to empower Teraju. Given the potentially sprawling scope of TPB2030 and its articulated sweeping 'prosperity' objectives far beyond Teraju's ambit, including a questionable Bumiputera Prosperity Index, there are grounds to be circumspect toward this proposal, which may vest too much power in an agency without clarifying its limits.

Second, among TPB2030's distinctive propositions are some facilitating roles and new institutions. Facilitative interventions, such as entrepreneurship ecosystems, growth hubs and an exchange platform for land-based assets, and fresh ideas such as a rent-to-own housing scheme, stand out for their novel characteristics. Many of the problems being addressed have been intractable for decades and hence new approaches may be necessary, although the complexities of these challenges raise questions about the government's capacity to effectively implement all the plans. It is also imperative to ask whether Bumiputera-exclusivity is warranted. Access to shelter is a human right and home ownership is principally a policy objective that applies to all groups. Existing SME programmes for the Indian and Orang Asli communities, and for women, surely can also benefit from the creation of ecosystems and growth hubs, which by definition involve linkages and spillovers. Malaysia should decide sooner rather than later whether TPB2030's priority area interventions will make room for non-Bumiputeras, or will introduce parallel programmes for other target groups.

Third, a few priority areas resemble past efforts. Malaysia has previously divested state-owned assets, promoted business through preferred tenancy arrangements, and executed the "carve out and compete" scheme in public procurement. TPB2030, of course, articulates principles for these initiatives to be executed more successfully than in the past. On a positive note, these aspirations align with the core objective of Bumiputera enterprise development. However, expectations must be tempered, and progress vigilantly monitored, in view of the vested interests that may come to bear on lucrative opportunities and wealth transfers, and the difficulties in enforcing discipline.

## **CONCLUDING THOUGHTS**

Malaysia stands on the cusp of the next big push in Bumiputera enterprise development. The past decade saw new efforts to promote Bumiputera SMEs, under the Bumiputera

Economic Transformation Programme coordinated by the federal agency Teraju. However, the agenda also strayed from that focus by imbibing foggy well-being related goals far beyond Teraju's capacity. Bumiputera Development Action 2030 (TPB2030) appears on track to become the next policy driver, undergirded by the Shared Prosperity Vision 2030 and the Twelfth Malaysia Plan, 2021-25.

TPB2030 projects a more methodical and integrated approach than previous iterations but encounters the same challenge of maintaining focus. Enterprise development is daunting enough, and deserves full attention with sustained effort, especially considering Malaysia's shortcomings in developing a Bumiputera Commercial and Industrial Community envisaged by the NEP since 1971, rebranded the Bumiputera Economic Community in 2015. TPB2030 can broaden its impact *not* by venturing into overambitious and tenuous interventions in 'prosperity', but by drawing out lessons in SME development for group-targeted programmes favouring ethnic minorities and women.

## REFERENCES

- DOSM. (2020). *Household Income and Basic Amenities Survey Report 2019*. Putrajaya: Department of Statistics Malaysia (DOSM).
- DOSM. (2021). *Labour Force Survey Report 2020*. Putrajaya: DOSM.
- Lee Hwok Aun (2017). Malaysia's Bumiputera preferential regime and transformation agenda: Modified programmes, unchanged system. *Trends in Southeast Asia 2017 No. 22*. Singapore: ISEAS.
- Lee Hwok Aun. (2021a). Mapping Errors and Missed Opportunities in the Twelfth Malaysia Plan. *ISEAS Perspective 2021 No. 152*. Singapore: ISEAS.
- Lee Hwok Aun. (2021b). Malaysia's New Economic Policy and the 30% equity target: Time for a revisit and reset. *ISEAS Perspective 2021 No. 36*. Singapore: ISEAS.
- Lee Hwok Aun. (2021c). The New Economic Policy Beyond Fifty: Assessing its Strengths and Weaknesses to Chart a Cohesive Malaysian Society. IDEAS Policy Paper 73, November 2021. Kuala Lumpur: IDEAS.
- Malaysia. (2021). *Twelfth Malaysia Plan, 2021-2025*. Kuala Lumpur: Government of Malaysia.
- Ministry of Economic Affairs. (2019). *Shared Prosperity Vision 2030*. Putrajaya: Ministry of Economic Affairs.
- Teraju. (2012). *Hala Tuju Transformasi Ekonomi Bumiputera*, Petaling Jaya: Teraju.
- Teraju. (2017). *Bumiputera Economic Transformation Roadmap 2.0*. Mutiara Damansara, Selangor: Unit Peneraju Agenda Bumiputera (Teraju).
- Teraju. (2021a). *Tindakan Pembangunan Bumiputera 2030 (Bumiputera Development Action 2030)*. Mutiara Damansara, Selangor: Teraju.

Teraju. (2021b). *Soalan lazim Tindakan Pembangunan Bumiputera 2030 (TPB2030)* (Frequently asked questions on TPB2030). Mutiara Damansara, Selangor: Teraju.

## ENDNOTES

<sup>1</sup> Article 153 stipulates that the Yang di-Pertuan Agong can exercise his functions, “as may be necessary”, to safeguard the special position of the Malays and natives of Sabah and Sarawak – i.e. those formally identified as Bumiputera – through reserving for these designated groups a reasonable proportion of public sector employment, scholarships, training and licensing. A 1971 amendment added higher education admissions to this list.

<sup>2</sup> Teraju, meaning lead, is the acronym for Unit Peneraju Agenda Bumiputera, or Bumiputera agenda lead unit.

<sup>3</sup> Solid Malay support for the policy has been repeatedly documented. The most recent findings are provided by a nationally representative survey of March 2022 on ethnic relations, conducted as part of the Institute for Democracy and Economic Affairs’ tracking of perceptions toward ICERD (<https://www.ideas.org.my/publications-item/the-2nd-national-perception-survey-towards-icerd-and-ethnic-relations-in-malaysia/>). Strikingly, the survey found 50 per cent of all Malaysians, and an overwhelming 81 per cent of Malays, agree with the statement “Malay special rights and privileges are a core feature of our society and should stay in place forever”.

<sup>4</sup> Among Bumiputera MSMEs, 88 per cent fall in the micro category, while 11 per cent are small, and only 1 per cent medium. In comparison, the distribution of non-Bumiputera MSMEs is 69 per cent micro, 28 per cent small, and 3 per cent medium (Teraju 2021a: 578). Such data are available for medium-term policy monitoring, but have yet to be given due prominence.

<sup>5</sup> Following official estimates, in 2019 Bumiputeras held 17.2 per cent of total equity, with non-Bumiputeras holding 25 per cent and nominees 12.3 per cent, while the mammoth’s share of 45.5 per cent was in foreign hands. These figures are contested due to methodological controversies and the considerable presence of nominees, but the equity ownership agenda also warrants less weightage because of its tendency to foster passive ownership and to deviate toward profiteering behaviour (Lee 2021b).

<sup>6</sup> TPB2030 conveys that, in 2019, Bumiputera households received 27 per cent less income than Chinese households, and 9 per cent less than Indian households. These disparities combine urban and rural populations. The more valid comparison limited to urban households changes the picture: the Bumiputera-Chinese gap falls to 19 per cent, while urban Bumiputera household income is 2 per cent *higher* than urban Indian household income (author’s calculations from DOSM 2020).

<sup>7</sup> Population census data are scarce, but labour force statistics show the stark contrasts in urban concentration between the main ethnic categories. Among the working age population, 74 per cent of Bumiputeras reside in urban areas, compared to 95 per cent of Chinese and Indians. Bumiputeras account for 91 per cent of the rural working age population and 62 per cent of the urban working population (author’s calculations from DOSM 2021).

<sup>8</sup> TPB2030 is currently published only in the Malay language (<https://www.tpb2030.gov.my/>).

<p><b><i>ISEAS Perspective</i></b> is published electronically by: <b>ISEAS - Yusof Ishak Institute</b></p> <p>30 Heng Mui Keng Terrace Singapore 119614 Main Tel: (65) 6778 0955 Main Fax: (65) 6778 1735</p> <p>Get Involved with ISEAS. Please click here: <a href="https://www.iseas.edu.sg/support/get-involved-with-iseas/">https://www.iseas.edu.sg/support/get-involved-with-iseas/</a></p>	<p>ISEAS - Yusof Ishak Institute accepts no responsibility for facts presented and views expressed.</p> <p>Responsibility rests exclusively with the individual author or authors. No part of this publication may be reproduced in any form without permission.</p> <p>© Copyright is held by the author or authors of each article.</p>	<p>Editorial Chairman: Choi Shing Kwok</p> <p>Editorial Advisor: Tan Chin Tiong</p> <p>Editorial Committee: Terence Chong, Cassey Lee, Norshahril Saat, and Hoang Thi Ha.</p> <p>Managing Editor: Ooi Kee Beng</p> <p>Editors: William Choong, Lee Poh Onn, Lee Sue-Ann, and Ng Kah Meng</p> <p>Comments are welcome and may be sent to the author(s).</p>
---	---	--