

Malaysia has shown resilient economic growth in 2025 - World Bank

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Malaysia has shown positive, resilient economic growth this year, reflected in a stronger-than-expected performance in the third quarter of 2025 (3Q 2025), the World Bank said.

World Bank lead economist for Malaysia Apurva Sanghi said Malaysia's around four percent growth in all three quarters this year was "hugely positive".

"The world is not in a good place (with) slowing growth, stalling investment, and soaring debt. So from that perspective, Malaysia is doing quite well," he told reporters on the sidelines of the National Economic Outlook Conference in Kuala Lumpur today.

However, he said global headwinds, including slowing world growth, weaker investment trends, and softer foreign direct investment (FDI) flows into developing countries, would make 2026 more challenging.

"So let's see what the fourth quarter numbers are, but we will do the next

upgrade in April. But it's great news that all three quarters have shown pretty resilient growth this year. The real test will be next year," he added.

In October, the World Bank upped its projection for Malaysia's economic growth in 2025 to 4.1 percent versus its earlier forecast of 3.9 percent.

While acknowledging rising FDI inflows into Malaysia, driven largely by data centre investments, he advised that policymakers must assess their long-term contribution to jobs and sustainability.

Apurva also praised the government's ongoing subsidy rationalisation programme, citing reforms in water tariffs, large-scale industrial usage of electricity, diesel, and chicken production, as signs of a well-implemented strategy.

During the panel discussion on Malaysia, Asian and World Economic Outlook 2026-2027, Apurva suggested that Malaysia should reduce tariffs for all trading partners.

"If you are to cut tariffs ...then...we need to cut tariffs in a non-discriminatory fashion. What actually happened here is that Malaysia has removed barriers only for the United States. It is good for Malaysian buyers, but there's a need not to play favourites; cut them for all trading partners," he said.

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