Introduction
Malaysia is a federation of 13 states and three federal territories in Southeast Asia. It consists of two regions separated by the South China Sea and is bordered by Brunei, Indonesia, and Thailand. Malaysia has strategic location along Strait of Malacca and southern South China Sea. The government system is a constitutional monarchy; the chief of state is the king, and the head of government is the prime minister. Malaysia has a mixed economic system which includes a variety of private freedom, combined with centralized economic planning and government regulation. Malaysia is a member of the Asia-Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN), and the Trans-Pacific Partnership (TPP).

Location: South-Eastern Asia  
Capital City: Kuala Lumpur (+8 GMT)  
Chief of State: [Vacant]  
Head of Govt.: Prime Minister Mahathir Mohamad  
Currency: Malaysian ringgit (MYR)  
Major Languages: Bahasa Malaysia (official), English, Chinese (Cantonese, Mandarin, Hokkien, Hakka, Hainan, Foochow), Tamil, Telugu, Malayalam, Panjabi, Thai  
Primary Religions: Muslim (official) 61.3%, Buddhist 19.8%, Christian 9.2%, Hindu 6.3%, Confucianism, Taoism, other traditional Chinese religions 1.3%, other 0.4%, none 0.8%, unspecified 1%  
Calling Code: 60  
Voltage: 240

Key Websites
- Commerce Ministry: miti.gov.my
- Export Promotion Agency: matrade.gov.my
- Investment Promotion Agency: mida.gov.my

Key Economic Facts

Incomes Level (by per capita GNI): Upper Middle Income

- Level of Development: Developing
- GDP, PPP (current international $): $999.40 billion (2018)
- GDP growth (annual %): 4.72% (2018)
- GDP per capita, PPP (current international $): $31,698.37 (2018)
- External debt stocks, total (DOD, current US$): $200,364,305,000.00 (2016)
- Manufacturing, value added (% of GDP): 21.95% (2018)
- Inflation, consumer prices (annual %): 0.88% (2018)
- Labor force, total: 15,479,066 (2018)
- Unemployment, total (% of total labor force) (modeled ILO estimate): 3.36% (2018)
- Imports of goods and services (current US$): $221.73 billion (2018)

GDP Composition %

<table>
<thead>
<tr>
<th>Sector</th>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Added</td>
<td>8</td>
<td>52</td>
<td>39</td>
<td>22</td>
</tr>
</tbody>
</table>

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.

Rankings

- Corruption Perceptions Index: 62 / 178
- EY Globalization Index: 26 / 60
- Global Competitiveness Index: 25 / 139
- Global Enabling Trade Index: 37 / 136
- Global Manufacturing Competitiveness Index (GMCI): 16 / 40
- Global Services Location Index: 3 / 55
- Index of Economic Freedom: 22 / 179
- International Logistics Performance Index (LPI): 41 / 160
- Inward FDI Potential Index: 40 / 139
- KOF Index of Globalization: 31 / 185
- Networked Readiness Index (NRI): 31 / 139
- Open Budget Index: 54 / 115

Risk Assessment (Provided by Coface)

Country rating: A3 - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

Business Climate rating: A3 - The business environment is relatively good. Although not always available, corporate financial information is usually reliable. Debt collection and the institutional framework may have some shortcomings. Intercompany transactions may run into occasional difficulties in the otherwise secure environments rated A3.

Strengths

- Diversified exports
- Dynamic services sector
- Good infrastructure, high R&D
- Investment supported by expansion of local financial market and access to FDIs
- Exchange rate flexibility
- High per capita income
- Travel hub

Weaknesses

- Reliance on external demand
- Budget income highly dependent on performances in the gas and oil sector
- Very high private debt levels (80% of GDP)
- Erosion of price competitiveness due to increasing labor costs
- Persistent regional disparities
- Ethnic and religious disputes

U.S. Embassy

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