

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: King Muhammad V of Kelantan

Head of Govt.: Prime Minister Mahathir Mohamad

Currency: Malaysian ringgit (MYR)

Major Languages: <p>Bahasa Malaysia (official), English, Chinese (Cantonese, Mandarin, Hokkien, Hakka, Hainan, Foochow), Tamil, Telugu, Malayalam, Panjabi, Thai</p>

Primary Religions: <p>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%</p>

Calling Code: 60

Voltage: 240

Key Websites

Commerce Ministry: miti.gov.my

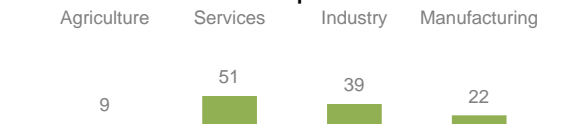
Export Promotion Agency: matrade.gov.my

Investment Promotion Agency: mida.gov.my

Key Economic Facts

Income Level (by per capita GNI):	Upper Middle Income
Level of Development:	Developing
GDP, PPP (current international \$):	\$930.75 billion (2017)
GDP growth (annual %):	5.90% (2017)
GDP per capita, PPP (current international \$):	\$29,431.47 (2017)
External debt stocks, total (DOD, current US\$):	\$200,364,305,000.00 (2016)
Manufacturing, value added (% of GDP):	22.31% (2017)
Current account balance (BoP, current US\$):	\$9.45 billion (2017)
Inflation, consumer prices (annual %):	3.87% (2017)
Labor force, total:	15,441,348 (2017)
Unemployment, total (% of total labor force) (modeled ILO estimate):	3.41% (2017)
Imports of goods and services (current US\$):	\$202.68 billion (2017)
Exports of goods and services (current US\$):	\$224.78 billion (2017)

GDP Composition %



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

Rankings

Index	Rank
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 / 180
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 broader access to FDIs
- Exchange rate flexibility
- High per capita income

Weaknesses

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

U.S. Embassy

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