

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 a strategic location along the Strait of Malacca and the 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 Sultan Ibrahim ibni al-Marhum Sultan Iskandar

Head of Govt.: Prime Minister Anwar Ibrahim

Currency: Malaysian ringgit (MYR)

Major Languages: <p>Bahasa Malaysia (official), English, Chinese (Cantonese, Mandarin, Hokkien, Hakka, Hainan, Foochow), Tamil, Telugu, Malayalam, Panjabi, Thai; note - Malaysia has 134 living languages - 112 indigenous languages and 22 non-indigenous languages; in East Malaysia, there are several indigenous languages; the most widely spoken are Iban and Kadazan</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

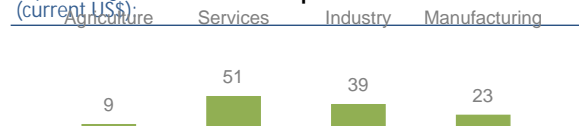
Commerce Ministry: miti.gov.my

Export Promotion Agency: matrade.gov.my

Investment Promotion mida.gov.my
Agency:

Key Economic Facts

Income Level (by per capita GNI):	Upper Middle Income
Level of Development:	Developing
GDP, PPP (current international \$):	\$1,134.68 billion (2022)
GDP growth (annual %):	8.69% (2022)
GDP per capita, PPP (current international \$):	\$33,433.62 (2022)
External debt stocks, total (DOD, current US\$):	\$200,364,305,000.00 (2016)
Manufacturing, value added (% of GDP):	23.46% (2022)
Current account balance (BoP, current US\$):	\$10.49 billion (2022)
Inflation, consumer prices (annual %):	3.38% (2022)
Labor force, total:	17,309,921 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	3.73% (2022)
Imports of goods and services (current US\$):	\$271.86 billion (2022)
Exports of goods and services (current US\$):	\$200.60 billion (2022)



**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	61 / 178
EY Globalization Index	26 / 60
Global Competitiveness Index	27 / 141
Global Enabling Trade Index	37 / 136
Global Manufacturing Competitiveness Index (GMCI)	16 / 40
Global Services Location Index	3 / 60
Index of Economic Freedom	42 / 176
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	51 / 114

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: D - The business environment is very difficult. Corporate financial information is rarely available and when available usually unreliable. The legal system makes debt collection very unpredictable. The institutional framework has very serious weaknesses. Intercompany transactions can thus be very difficult to manage in the highly risky environments rated D.

Strengths

- Large domestic demand mitigates external headwinds
- Dynamic services sector
- Robust R&D
- Investment supported by the expansion of the local financial market and access to FDIs
- Exchange rate flexibility
- High and rising per capita income
- Travel hub
- Member of sixteen free trade agreements (ASEAN member, RCEP, CPTPP etc.)

Weaknesses

- Budget income highly dependent on performances in the oil and gas sector (23% of revenues in 2023)
- Low fiscal revenues (15-16% of GDP), informality (29% of GDP), lack of transparency in budget spending
- Very high levels of household and corporate debt
- Erosion of price competitiveness due to increasing labour costs
- High dependency on food imports (60% of food consumed is imported)
- Persistent regional disparities
- Ethnic and religious disputes
- Divided political landscape

U.S. Embassy

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