

Asia-Pacific Trade Briefs: Malaysia

- Malaysia's merchandise exports grew marginally by 0.3% in 2013 while its services exports grew by 6.1%. Although the former was lower than the Asia-Pacific total of 2.1% growth in merchandise exports, the latter was higher than the regional total of 4.9% growth in services exports. Merchandise imports and services imports grew by 4.9% and 5.5%, respectively. Malaysia's trade surplus fell from its level in 2012. The total trade balance in 2013 was \$22.2 billion [Figures 1 and 2].
- In 2013, Malaysia experienced a sharp rise in FDI inflows, with an increase of 22.2% to \$12 billion. This continues the moderate growth notable since 2011. This growth in FDI inflows compares favourably with the regional total of 6.6%. FDI outflows decreased by 20.5% to \$13.6 billion in 2013 [Figures 1 and 4].
- The largest single source of FDI in Malaysia was Japan, which accounted for 17% of total FDI inflows, followed by Singapore with 13%. In terms of outward investment, companies from Malaysia invest mainly in Singapore and Australia, with 20% and 12% of outward FDI going to those destinations, respectively [Figure 5].
- Compared to the regional average, Malaysia has a relatively open trade regime. Average MFN bound and applied tariffs at 23% and 6.5% are lower than the Asia-Pacific averages. The effectively applied average tariff rate of 5.6%, which also reflects preferential tariff rates where available, is slightly below the regional average of 7.2% [Figure 3].
- Malaysia has 14 trade agreements in force, which is above the regional average of 7.2. Sixty-five percent of its total exports are to PTA partners, while the average figure for the Asia-Pacific is 38%. For imports, 62% are from PTA partners, while the regional average is 45% [Figure 6].

Figure 1. Key Trade and Investment Indicators

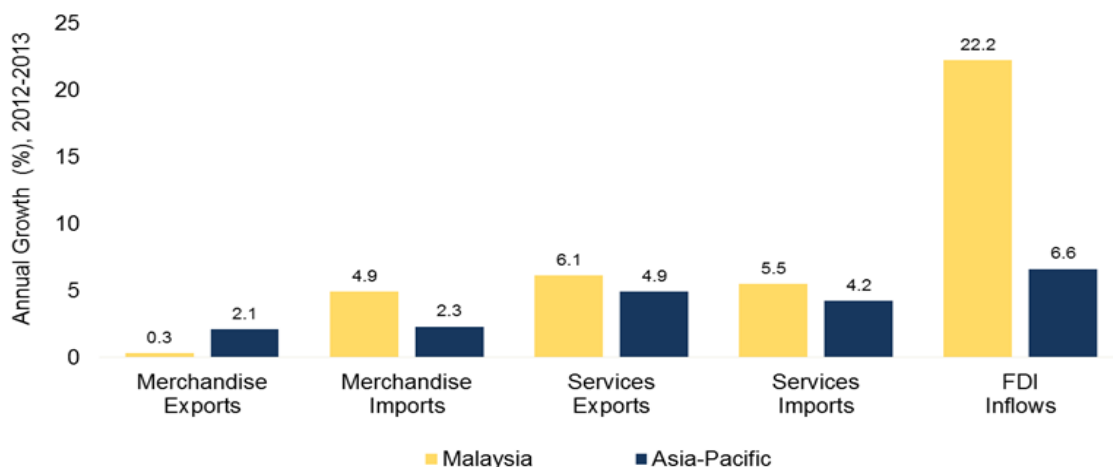


Figure 2. Merchandise Trade

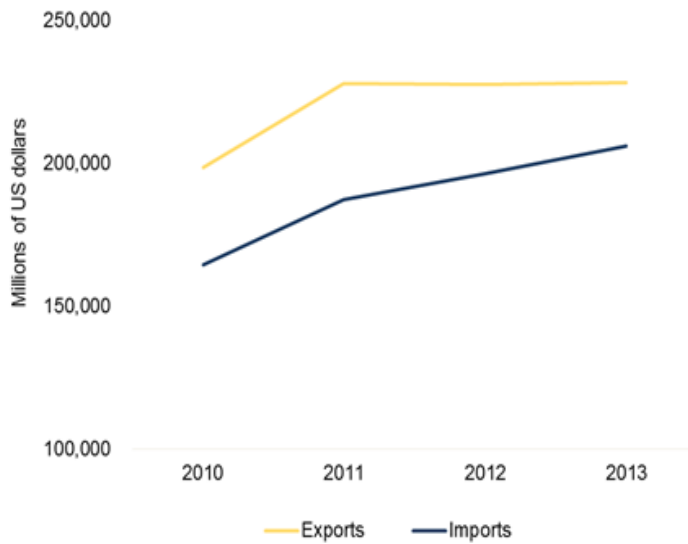


Figure 3. Average Tariffs

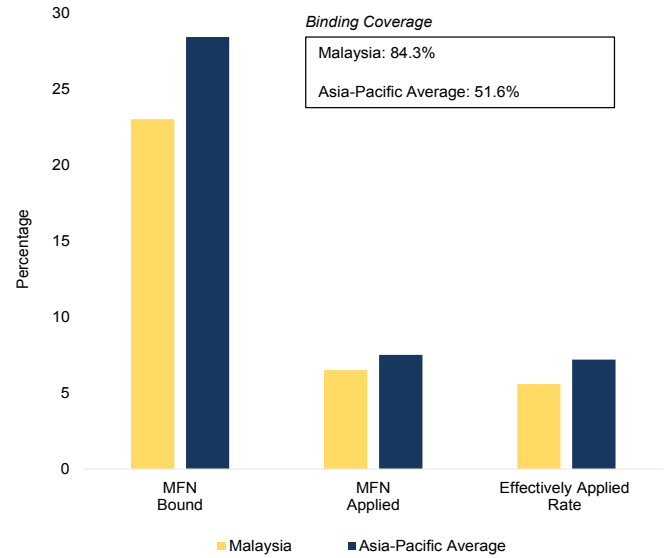


Figure 4. FDI Flows

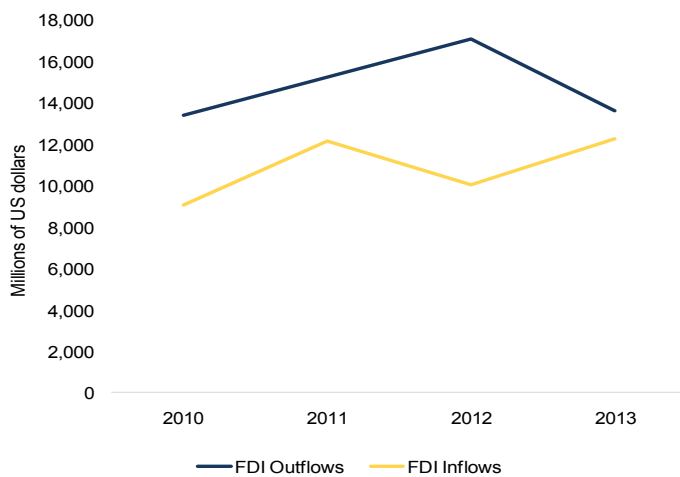
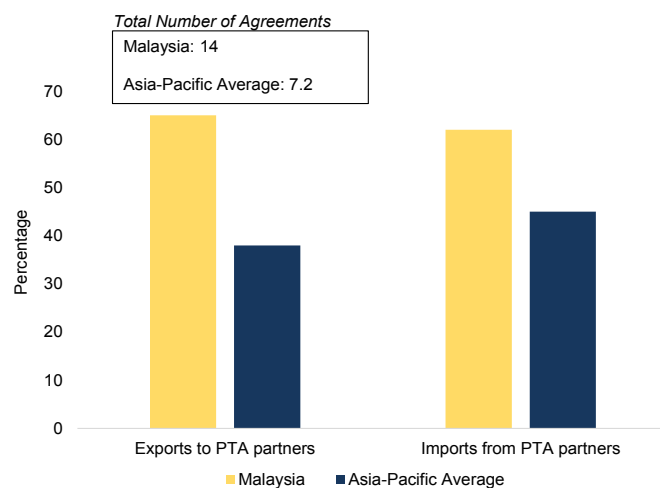


Figure 5. Top 5 FDI Partners

Sources of inward FDI	Share of total (Avg. % 2010-2012)	Destinations for outward FDI	Share of total (Avg. % 2010-2012)
Japan	17%	Singapore	20%
Singapore	13%	Australia	12%
United States	12%	Indonesia	6%
The Netherlands	11%	British Virgin Islands	5%
Republic of Korea	5%	United Kingdom	5%

Source: Bilateral Investment Database (UNCTAD)

Figure 6. Preferential Trade Agreements



Notes

FDI: foreign direct investment
 PTA: preferential trade agreement
 MFN: most-favoured nation
 Definitions:
 Exports to PTA partners: share of exports to PTA partners in total exports. Average over 2010-12.
 Imports from PTA partners: share from imports to PTA partners in total imports. Average over 2010-12.
 MFN Applied: tariffs applied on imports among WTO members.
 MFN Bound: maximum MFN tariff levels agreed to as part of WTO obligations.
 Effectively Applied Rates: the lowest available tariff on a product category i.e. the preferential rate if available.
 Binding Coverage: percentage of product lines with an agreed bound rate.
 Average Tariffs: simple average, data is for year 2012.

Source: Asia-Pacific Trade and Investment Report (APTIR) 2014 unless otherwise specified.

For more information contact escap-tid@un.org.

