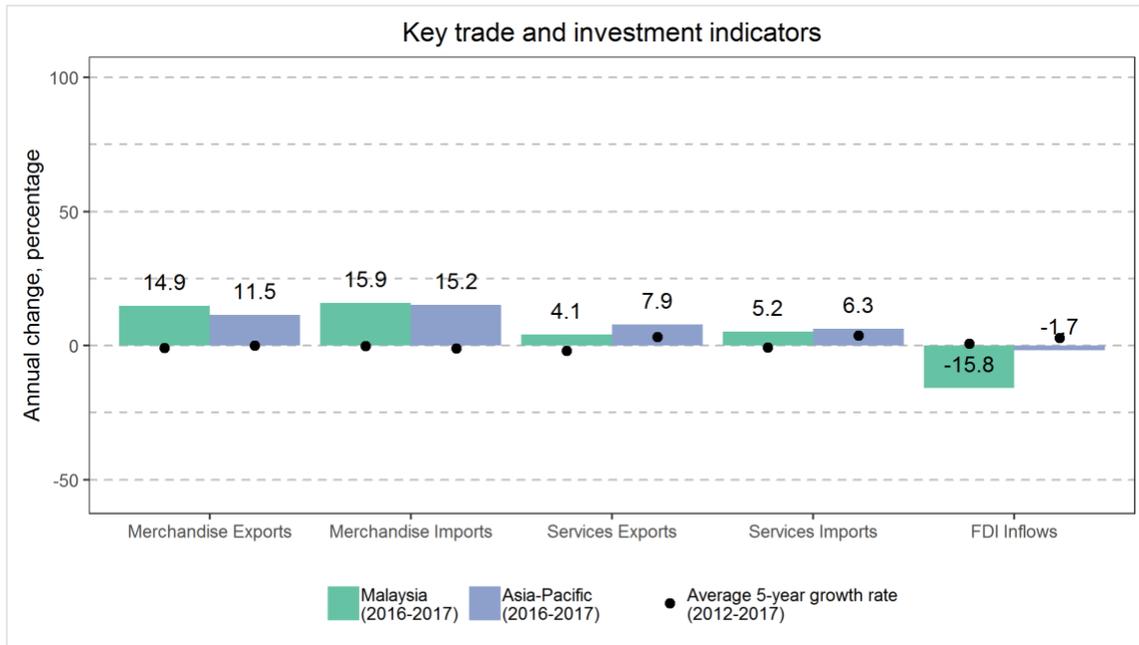




Asia-Pacific Trade Briefs: Malaysia



Merchandise Trade

Malaysia has a trade-to-GDP ratio of 156.23%. Merchandise trade accounted for 84.1% of Malaysia's total trade in 2017. Malaysia's merchandise exports declined by 0.9% on average during 2012-2017, lower than the Asia-Pacific average of 0% during the same time period. In 2017, Malaysia's merchandise exports grew by 14.9%, while in the Asia-Pacific region they increased by 11.5% in the same year. Meanwhile, Malaysia's merchandise imports decreased by 0.1% on average during 2012-2017, and recorded an increase of 15.9% between 2016 and 2017.

Services Trade

In 2017, Malaysia's commercial services' shares of total exports and imports were 14.4% and 17.6%, respectively. Commercial services exports declined by 1.9% on average during 2012-2017, lower than the Asia-Pacific average of 3.2% during the same time period. In 2017, Malaysia's commercial services exports grew by 4.1%, while in Asia-Pacific region they increased by 7.9%. Meanwhile, Malaysia's commercial services imports decreased by 0.7% on average during the 2012-2017 period, recording a growth rate of 5.2% from 2016 to 2017.

Foreign Direct Investment (FDI)

Malaysia recorded an average annual FDI inflows growth of 0.7% from 2012 to 2017, smaller than the Asia and the Pacific's 2.9% average annual FDI inflow growth. At the same time, Malaysia experienced a decline in FDI inflows by 15.8% in 2017. In terms of FDI outflows, Malaysia had an average annual FDI outflows decline of 13.2% in the last five years, smaller than the Asia and the Pacific's 3.5% average annual FDI outflow growth. In 2017, Malaysia experienced a decline in FDI outflows by 27.7%.



Top Trade Partners

In 2017, the largest trade partner of Malaysia was China, representing 13.5% of its exports and 19.6% of its imports. 14.3% of Malaysia's exports and 11.1% of Malaysia's imports by value were traded with Singapore, its second largest trade partner. Other significant trade partners were United States, Japan, Thailand, Taiwan, China, Indonesia, Republic of Korea, Hong Kong, China, and India.

Top Traded Products

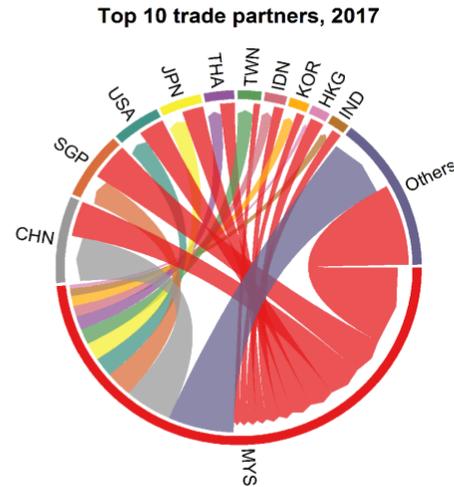
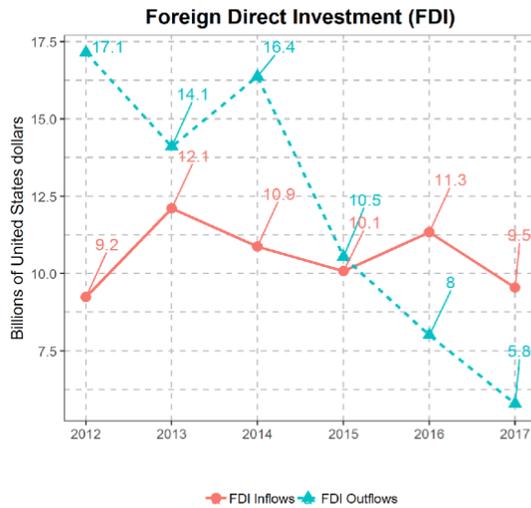
The largest product category exported by Malaysia in 2017 was "Electronic integrated circuits" (8542), with an export share of 15.1% of total exports, followed by the second most exported product category, "Petroleum oils and oils from bituminous minerals, not crude; preparations n.e.c, containing by weight 70% or more of petroleum oils or oils from bituminous minerals; these being the basic constituents of the preparations; waste oils" (2710), which accounted for 6.1% of Malaysia's total exports. In terms of imports, "Electronic integrated circuits" (8542) represented 15.9% of total imports, standing out the top imported product category. Meanwhile, "Petroleum oils and oils from bituminous minerals, not crude; preparations n.e.c, containing by weight 70% or more of petroleum oils or oils from bituminous minerals; these being the basic constituents of the preparations; waste oils" (2710) had a share of 6.1%, the second largest imported product category in Malaysia in 2017.

Tariffs

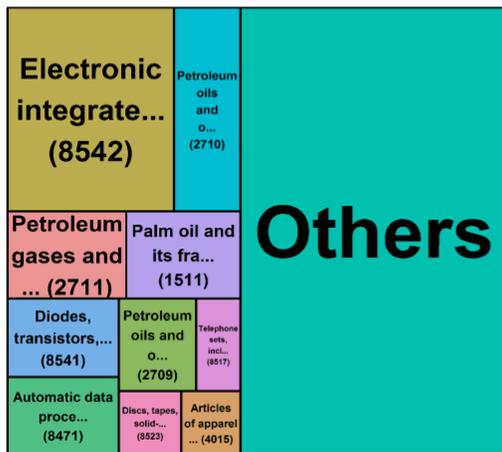
In 2017, average MFN applied and effectively applied tariffs in Malaysia were 4.93% and 5.22%, respectively - lower than the averages for the Asia-Pacific economies of 7.46% and 6.91%, respectively. Average MFN bound tariff rate of 14.49% was lower than the Asia-Pacific average of 26.35%. Malaysia is a founding member of the WTO. Currently, 84.24% of Malaysia's tariff lines are bound.

Trade Costs

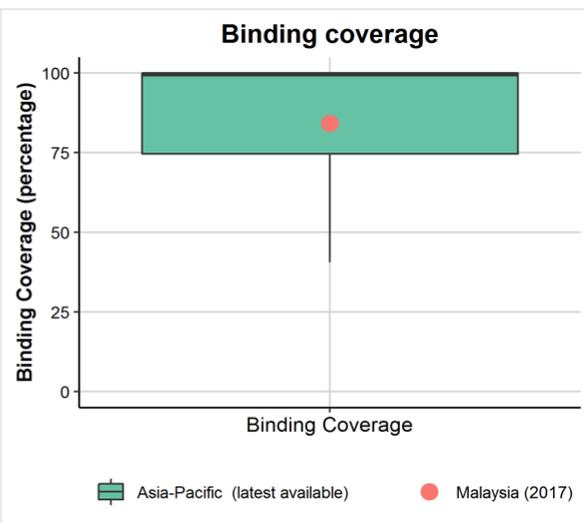
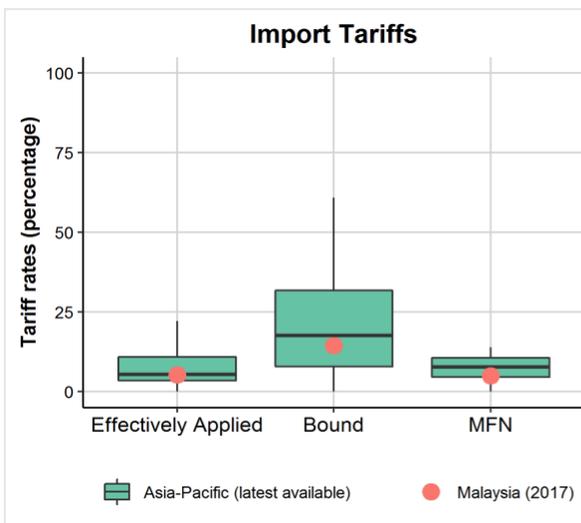
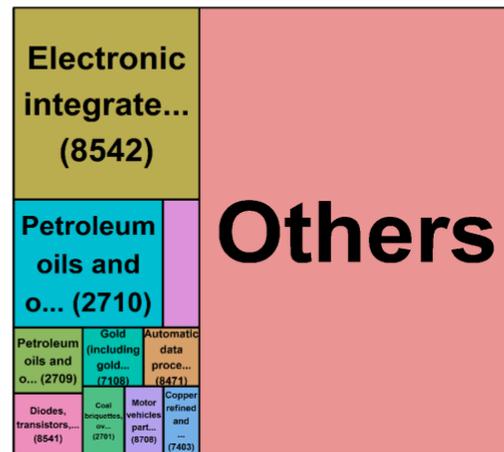
Malaysia's average trade costs with major trading economies in the region, are presented in the graph below. Trade costs in Malaysia remained higher compared with the most efficient traders in Asia and the Pacific.

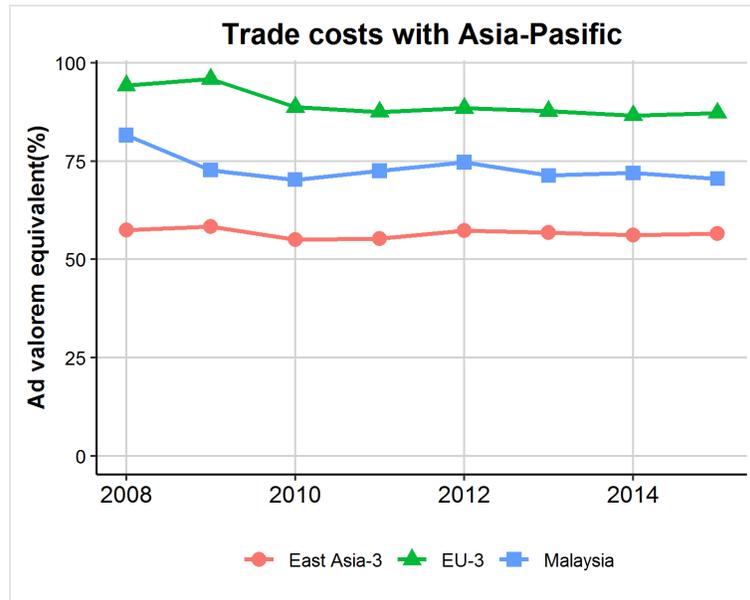


Top merchandise exports



Top merchandise imports





Trade Agreements

Malaysia has 15 trade agreements in force, 1 signed agreements pending ratification, and 6 trade agreements under negotiation. Of the economy's total exports, 66.8% are directed to its trade agreement partners, while 62.5% of its total imports come from trade agreement partners.

Title	Status	Year in force	Share of total exports (%)	Share of total imports (%)
Global System of Trade Preferences (GSTP)	in force	1989	39.94	33.79
ASEAN Economic Community	in force	1992	28.86	24.01
ASEAN-China	in force	2005	42.29	42.41
Japan-Malaysia	in force	2006	7.96	7.11
ASEAN-Japan	in force	2008	36.82	31.12
Malaysia-Pakistan	in force	2008	0.54	0.08
ASEAN-Australia-New Zealand	in force	2010	32.79	26.64
ASEAN-India	in force	2010	32.54	27.02
ASEAN-Republic of Korea	in force	2010	31.90	28.09
Malaysia-New Zealand	in force	2010	0.48	0.38
Group of 8 Preferential Trade Agreement (D-8 PTA)	in force	2011	6.80	4.90
India-Malaysia	in force	2011	3.68	3.01
Malaysia-Chile	in force	2012	0.08	0.09
Australia-Malaysia	in force	2013	3.45	2.25
Malaysia-Turkey	in force	2015	1.12	0.17



Title	Status	Year in force	Share of total exports (%)	Share of total imports (%)
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	signed	NA	30.85	23.58
ASEAN-European Union (EU)	under neg.	NA	39.02	33.02
ASEAN-Hong Kong,China	under neg.	NA	33.94	25.58
Malaysia-European Free Trade Association (EFTA)	under neg.	NA	0.60	1.55
Malaysia-European Union (EU)	under neg.	NA	10.16	9.01
Regional Comprehensive Economic Partnership (RCEP)	under neg.	NA	60.89	59.23
Trade Preferential System among the Organisation of the Islamic Conference (TPS/OIC)	under neg.	NA	4.87	3.79

Sources: Total commercial services and merchandise trade data were accessed from the WTO statistics website. Bilateral trade data accessed through IMF Direction of Trade Statistics. Product-level data accessed through UN Comtrade database. Tariff data were accessed through the World Bank's WITS and WTO tariff databases. FDI data were accessed through UNCTAD statistics portal. Trade-to-GDP ratio was calculated by summing commercial and merchandise exports and imports and dividing the sum by the latest GDP (current United States dollars), retrieved from the World Bank World Development indicators database. Trade costs data were based on the ESCAP-World Bank trade cost database.

Note: Data are based on economies for which data available only. For regional aggregates, latest data was used in lieu of latest missing values. Merchandise trade data follow the latest HS classification. Products are defined at the 4-digit level. Tariffs are simple average. Trade costs shown are tariff equivalents, calculated as trade-weighted average trade costs of economies with found developing economies in the region (China, India, Indonesia and Russian Federation), where data was available. Trade costs for East Asia-3 comprises China, Japan and the Republic of Korea; trade costs for European Union-3 comprises Germany, France and the United Kingdom.

Definitions: MFN bound tariff is the maximum most-favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied to imports among WTO members. The effectively applied rate is the ratio of collected import tariff revenue and value of imports. Binding coverage refers to the share of bound tariff lines in the total number of tariff lines. For more details contact escap-tiid@un.org.