

# Malaysia economic analysis

[Finance](#), [Financial Analysis](#)



Country Notebook Economic Analysis Yazmin Solla M00239246 International Marketing Introduction — Malaysia, a middle-income country, has transformed itself since the 1970s from a producer of raw materials into an emerging multi-sector economy. Under current Prime Minister NAJIB, Malaysia is attempting to achieve high-income status by 2020 and to move farther up the value-added production chain by attracting investments in Islamic finance, high technology industries, biotechnology, and services. The NAJIB administration also is continuing efforts to boost domestic demand and reduce the economy's dependence on exports. Population- 27 millions A- Total 1. Growth rate-: This entry gives GDP growth on an annual basis adjusted for inflation and expressed as a percent. | 2011 | 7. 20 % | 23 |-523. 53 % | 2010 est. | 2. Number of live birth- Life expectancy at birth; total (years) in Malaysia was reported at 74. 38 in 2008, according to the World Bank. 3. Birth rate- | 2011 | 21. 08 | 84 |-1. 54 % | 2011 est. | B- Distribution of Population 1. Age: 0-14 years: 29. 6% (male 4, 374, 495/female 4, 132, 009) 15-64 years: 65. 4% (male 9, 539, 972/female 9, 253, 574) 65 years and over: 5% (male 672, 581/female 755, 976) (2011 est.) 2. Geographic area (urban, suburban, rural density, and concentration) Density: 82. 22 for year 2007 Rural Population: 28. 72% Urban population: 67. 60% Location; Southeastern Asia, peninsula bordering Thailand and northern 3. Migration rates and patterns--0. 39 migrant(s)/1, 000 population 4. Ethnic groups; Malay 50. 4%, Chinese 23. 7%, indigenous 11%, Indian 7. 1%, others 7. 8% (2004 est.) I- Economic statistics and activity A- Gross national product (GNP, GDP) 1. Rate of growth (real GNP, real growth rate: 7. 2% (2010 est.),-1. 7% (2009 est.) 4. 7% (2008 est.) B- Personal income per capita; \$14, 700 (2010

est.),\$14, 000 (2009 est.),\$14, 500 (2008 est.) C- Average family income; Household income or consumption by percentage share: lowest 10%: 2. 6%, highest 10%: 28. 5% (2005 est.) D- Distribution of wealth; Income classes ; constitutional monarchy nominally headed by paramount ruler (King) and a bicameral Parliament consisting of a nonelected upper house and an elected lower house; all Peninsular Malaysian states have hereditary rulers or sultans, except Melaka and Pulau Pinang (Penang); those two states along with Sabah and Sarawak in East Malaysia have governors appointed by government; powers of state governments are limited by federal constitution; under terms of federation, Sabah and Sarawak retain certain constitutional prerogatives . 1. Proportion of the population in each class; There has emerged a fairly strong middle class. However, incomes are still distributed unevenly. For instance, the wealthiest 20 percent of Malaysians control 53. 8 percent of the wealth, while the poorest 60 percent of the population controls just 21. 3 percent of wealth. At the very bottom of the income range, the poorest 20 percent of the population controls only 4. 5 percent of wealth. 2. Is the distribution normal or distorted? As a monarchy there is always going to be a distorted distribution of wealth. Many of the wealthy people are Japanese and Indian ethnicity. E- Mineral and other resources; tin, petroleum, timber, copper, iron ore, natural gas, bauxite F- Surface transportation 1. Modes; Airports, Heliports, Pipelines, Transportation - note, Railways, Roadways, Waterways, Merchant marine, Ports and terminals. 2. Availability; the International Maritime Bureau reports the territorial and offshore waters in the Strait of Malacca and South China Sea as high risk for piracy and armed robbery against ships; numerous

commercial vessels have been attacked and hijacked both at anchor and while underway; hijacked vessels are often disguised and cargo diverted to ports in East Asia; crews have been murdered or cast adrift; increased naval patrols in 2009 resulted in significantly reduced numbers of incidents. 3.

Ports; Bintulu, Johor Bahru, George Town (Penang), Port Kelang (Port Klang),

Tanjung Pelepas G- Communication systems - Types; Telephones, mobile cellular, broadcast media, internet hosts, internet users, personal computers, telephone lines. 1. Availability- 95% 2. usage rates- 99. 5% H- Working

conditions 1. Employees participation; by occupation: agriculture: 13%, industry: 36%, services: 51% (2005 est.), un employment is 3. 5% 2. Salaries and benefits; Workers' remittances and compensation of employees

comprise current transfers by migrant workers and wages and salaries earned by nonresident workers. Data are the sum of three items defined in the fifth edition of the IMF's Balance of Payments Manual: workers'

remittances, compensation of employees, and migrants' transfers. 2009, \$1, 130, 872, 000. 00 I. Principal industries: Peninsular Malaysia - rubber and oil

palm processing and manufacturing, light manufacturing, pharmaceuticals, medical technology, electronics, tin mining and smelting, logging, timber processing; Sabah - logging, petroleum production; Sarawak - agriculture

processing, petroleum production and refining, logging 1. What proportion of the GNP does each industry contribute? Agriculture: 13% industry: 36% , services: 51% (2005 est.). 2. Ratio of private to publicly owned industries:

100. 84% J- Foreign investment 1. Opportunities; Stock of direct foreign investment - abroad: \$82. 65 billion (31 December 2010 est.) , \$75. 62 billion (31 December 2009 est.) 2. Which industries? Chemical, electronics, and

electrical sectors K. International trade statistics 1. major imports; a- Dollar value; 174. 3 billion (2010 est.) \$128. 3 billion (2009 est.) b- trends; electronics, machinery, petroleum products, plastics, vehicles, iron and steel products, chemicals 2. major exports c- Dollar value; \$210. 3 billion (2010 est.) \$163. 2 billion (2009 est.) d- trends; electronic equipment, petroleum and liquefied natural gas, wood and wood products, palm oil, rubber, textiles, chemicals 3. balance of payment situation e- surplus or deficit f- recent trends 4. exchange rates g- single or multiple exchange rate h- current rate of exchange ringgits (MYR) per US dollar - 3. 04 (2010), 3. 5246 (2009), 3. 33 (2008), 3. 46 (2007), 3. 6683 (2006) L- Trade restrictions Malaysia is a member of ASEAN free Trade Area; most tariffs were cut in 2007. Malaysian governments will cut tariff on 140 lines. Most tariff and duties are expected to be eliminated by 2012. licensing; import and export licensing. Malaysia intends to implement the WTO, agreement of Customs Valuation by 1997. Tariff rate for 2007 was 6. 49% Custom duties; Customs duty is based on an ad valorem rate (i. e. a percentage applied to the dutiable value of the imported goods). A flat rate of 30% ad valorem shall be levied on and paid by the importer on goods being brought in or with any person entering Malaysia, or in the baggage of such person and intended for non-commercial use (with the exception of motor vehicle, alcoholic beverages, spirit, tobacco and cigarette). N- Labor force 1. Size- agriculture: 13%, industry: 36%, services: 51% (2005 est.), 2- Unemployment rate- 3. 5% 3. — employment population ratio- 60. 5% O- Inflation rate; 1. 7% (2010 est.), 0. 6% (2009 est.), approximately 30% of goods are price-controlled. II- Developments in science and technology A- Current technology available (computer,

machinery, tools), technology is available, since Malaysia is one of the most important industries of technology and electronics. B- Percentage of GNP invested in research and development- technology expenditure for year 2009 was 11. 47% of GDP C- Technological skills of the labor force and general population; research and development exp. Is a 0. 64% of GDP.

Labor force of primary education for 2007 was 19. 30%; labor force of secondary education for 2007 was 56. 30; labor force for tertiary education for the same year was 20. 30%. III- Channels of distribution (macro analysis)

This section reports data on all channel middlemen available within the market. A- Retailers 1. Number of retailers; 12 major retailers; According to Retail Group Malaysia, estimated retail sales reached MYR47. 6 billion (USD12. 5 billion) in 2003. This is expected to grow by 6. 0% in 2004 thanks 2. Rising exports and higher consumer spending; Malaysians spend a high percentage of their household income on food, groceries and personal care items, ranking third out of the ten major economies in the Asia-Pacific region (excl. Japan). According to ACNielsen, Malaysians on average spent MYR505 per month on food and groceries, with just under half of that on fresh food like meat, fruits and vegetables. 3. Methods of operation (cash or credit); You can pay with ringgit ( malysian money or major credit cards. 4. typical size of retail outlet; typical size should not be less than 8, 000 sq. meters. 5. scale of operations (large or small). Large, very large 6. Role of chain stores, department stores, specialty stores; Johor is a major state that has more shopping malls than any other state in Malaysia. Johor is booming and bustling with so many malls that there have been more malls springing up than in the Klang Valley and Kuala Lumpur between 2005-2009. This is due

to the Iskandar Malaysia project that has attracted so many investors to set up their retail business in Johor rather than Klang Valley in this period. The most popular is the area bounded by Jalan Bukit Bintang, Jalan Sultan Ismail and Jalan Imbi in the vicinity of the hotel belt. Other popular areas are Jalan Tuanku Abdul Rahman, Jalan Ampang, Jalan Cheng Lock, Petaling Street, Jalan H. S. Lee and Bangsar.

**B- Wholesalers**

1. Number and size: I COULDN'T FIND THE DETAIL OF THESE INFORMATION SINCE THERE ARE PLENTY OF WHOLESELERS IN MALAYSIA.
2. customary mark-up for various classes of goods: 60%
3. Methods of operation (cash or credit): Ringgit Malaysian money

**C- Import/export agents; Approval of Forwarding / Shipping agents** to become an import or export agent in Customs matters is subject to Section 90, Customs Act 1967. Approval as forwarding / shipping agent is given for a period of two years and is subject to the conditions stated that could be added to or changed when necessary.

**D. Warehousing; the logistics market** in Malaysia declined at a CAGR of 0. 6% from 2004-09. This market is expected to grow between 2009 and 2014 at a CAGR of 2. 7%. Sea freight accounted for 74. 3% of the Malaysian logistics market in 2009, followed by Air freight with 12. 1%, Road Freight with 10%, Warehousing with 3. 2%, Rail freight with 0. 3%. Air express market in Malaysia accounted for 87. 4% of total value, with Road express contributing the remaining share.

**E. Penetration of urban and rural markets; Infrastructure and rural development** in Malaysia is part and parcel of a well planned and executed process. At the macro level of national development has always been guided by a series of long term Outline Perspective Plans (OPP). Thus far three OPP's have been implemented guided consecutively by the philosophy of the New Economic

Policy (NEP 1971-1990), the National Development Policy. (NDP 1991-2000) and the National Vision Policy (NVP 2001 -2010). These OPP's are in turn implemented through a series of five year development plans; the current being the Ninth Malaysia Plan (2006-2010). VI. Media A- Availability of media; media of Malaysia include television, radio, newspapers, and web-based media such as bloggers. Many media outlets are either owned directly by the government of Malaysia or owned by component parties of the Barisan Nasional coalition government B- Costs 1. Television & radio; State-owned RTM operates two free-to-air terrestrial local television channels licensed to broadcast in Malaysia, as well as 32 radio channels nationwide. Meanwhile, Media Prima is the parent company of four television channels and two radio channels. 2.. Print magazines, newspapers; there are over 30 newspapers and tabloids published mainly in Malay, English, Chinese and Tamil. The most prominent newspapers include The Star, New Straits Times, theSun, Berita Harian, Utusan Malaysia, Sin Chew Jit Poh and Nanyang Siang Pau. 3.. other media (cinema, outdoors, etc.) the electronic news media also fall under government control. The growth of the Internet in Malaysia has created problems for the Malaysian government. Bolgs, outdoor media and advertising also available C- Agency assistance; A statutory body that the Malaysian Parliament authorized in 1967 to be Malaysia's national news agency, Pertubohan Berita Nasional Malaysia (Bernama), began operations in 1968. Bernama has an appointed five-member supervisory council and a board made up of six representatives each from the newspapers and the federal government all subscribers of Bernam D- Coverage of various media; 100% penetration E- Percentage of population reach by each media IV- Table



1: Media Reach |(Base: people aged 15+ in Pen. M'sia) | July '05-June '06 | July'06-June '07 |% Var | | Media |('000) | Reach % |('000) | Reach % | | | Total TV yesterday | 12, 471 | 93 | 13, 047 | 93 |- | | Radio (past week)\* | 12, 195 | 92 | 12, 380 | 92 |- | | PosAd (past month) | 8, 809 | 66 | 9, 270 | 66 |- | | Newspapers (yesterday) | 7, 187 | 54 | 7, 695 | 55 | 1 | | | PowerScreen( past month) | 3, 621 | 27 | 3, 389 | 24 |-3 | | Magazines (past month) | 3, 596 | 27 | 3, 821 | 27 |- | | Internet (past week) | 2, 016 | 15 | 2, 554 | 18 | 3 | | | Cinema (past 2 weeks) | 558 | 4 | 592 | 4 |- | | Vision Four Guide (past 3 months) | 546 | 4 | 618 | 4 |- | Executive summary- Economic recovery, which started in mid-2009, will continue in 2011. Developing Asia with better economic fundamentals and stronger domestic demand is set to lead global growth. High growth economies of developing Asia will face rising inflationary pressures, leading to further policy reduction measures. Inflation will be contained in the developed nations, delaying interest rate hikes to possibly end-2011. V- Sources of information; www. bussinessweek. com; www. customs. gov ; www. indexmundi. com ; www. pwc. com ; www. statistics. com ; www. tradingeconomics. com ; www. state. gov ; www. wikipedia. org ; www. everyculture. com ; www. nationencyclopedia. com; www. cia. gov ; www. imf. org