

Malaysia

An overview on economy and business environment



Malaysia is located in Southeast Asia and consists of two regions separated by the South China Sea. Malaysia is a multi-ethnic and multi-religious federation of 13 states and three federal territories.

Since the 1970's, Malaysia has successfully diversified its economy from one that was initially agriculture and commodity-based, to a multi-sector one that now plays host to vigorous manufacturing and services sectors, that have turned the country into a leading exporter of electrical appliances, electronic parts and components.



The country is not only benefiting from a growth in manufacturing, but it is also a major tourist destination, furthermore it is one of the most open economies in the world, with a trade to GDP ratio averaging over 130 percent since 2010.

Openness to trade and investment have strongly contributed to create employment and to income growth, with about 40 percent of jobs in Malaysia linked to export activities. After the Asian financial crisis of 1997-1998, Malaysia's economy has seen an upward trend, averaging growth of 5.4 percent since 2010, and is expected to achieve its transition from an upper middle-income economy to a high-income economy by 2024.

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In the last decade, as it moved up the industry value chain, Malaysia has emerged as an attractive regional hub for financial services, information and communications technology (ICT), and logistics sectors services. It is also emerging as a launch pad for regional expansion into the Association of Southeast Asian Nations (ASEAN) in view of its strategic, central location and multi-lingual 'Truly Asia' mix of Malay, Chinese, and Indian people.

With regard to the primary sector, the country is a major producer of rubber and palm oil, exports considerable quantities of petroleum and natural gas, and is one of the world's largest sources of commercial hardwoods. Increasingly, however, Malaysia has emphasized export-oriented manufacturing to increase its economic growth. Using the advantages of a relatively inexpensive but educated labour force, well-developed infrastructure, political stability, and an undervalued currency, Malaysia has attracted considerable foreign investment, especially from Japan and Taiwan.

Official economic policy also has encouraged the private sector to assume a greater role in the restructuring process. A major component of this policy has been the privatization of many public-sector activities, including the national railway, airline, automobile manufacturer, telecommunications, and electricity companies.

Manufacturing has undergone rapid expansion since the 1970s, with the aim of producing goods for export, while shifting away from import substitution (a policy of replacing imported products with those made domestically). One strategy designed to promote manufactured exports has been the establishment of a number of free-trade zones, which have provided duty-free access to imported raw materials and semifinished parts in addition to numerous investment and export incentives. Industrial estates also have been established in less-developed parts of the country to stimulate manufacturing and to balance industrial growth, but manufacturing capacity has remained highly concentrated.

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Malaysia has an active and growing financial sector, which has been encouraged by government policies that promote foreign investment, market competition, and the privatization of publicly held enterprises.

Malaysia's top export countries are Singapore, China, United States, Hong Kong, Japan, Thailand, India and Vietnam and top export products are electric and electrical products, petroleum products, chemical products, liquefied natural gas, machinery and equipment parts.

Top major import countries are: China, Singapore, United States, Japan, Taiwan, Thailand and Indonesia. Most imported products are electric and electrical products, chemicals, petroleum and machinery.



Malaysia's dynamic and growing economy creates profitable business opportunities for companies worldwide. However to be sure to establish safe and successful business relationship it is important to know the partners and their credit situations. Thanks to PT. Visi Globalindo Data Utama, a CRIF group company, SkyMinder is able to offer you the most trustworthy and in-depth credit information on any Malaysian company.

As of 31 March 2019, there are 1,309,360 registered companies in Malaysia, 1,304,544 local and 4,816 foreign ones. In addition, there are 7,373,360 businesses: 5,999,300 Sole Proprietorship and 1,374,060 Partnership. Sole proprietorship and partnership have very similar legal aspects and they have very few filing requirements, so there is not much information available at the registry. Also companies in the free-trade zones are exempt from disclosing most information. Only Private limited companies (SDN BHD) and Public limited companies (BHD) have much more filing requirements, including financial statements.

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When financial statements and other data are not publicly available, only the most skilled local providers can give a value added support by conducting fresh investigations trying to retrieve this type of information. On SkyMinder our local provider PT VISI always perform in-depth researches to provide the most complete financial information available.

PT VISI's expert and skilled analysts have an in-depth knowledge of the Malaysian business environment and thanks to their expertise through SkyMinder you can access the most valuable and complete credit reports including all information available on Malaysian companies:

- Company identification details
- Registration data and activity status
- Company changes
- Capital and shareholding structure
- Management
- Activity codes and description
- Employees
- Import and export information, customers and suppliers
- Payment terms
- Operation performance
- Litigations
- Banking Information
- Market outlook
- Financial accounts
- Creditworthiness, credit rating and credit limit

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Of course availability of each piece of information strictly depends on the type of company and on its cooperation in disclosing data, however PT VISI assure the best efforts to deliver the maximum available amount of information and can boost the highest success levels in collecting information.

Sources: PT VISI Globalindo Data Utama; CRIF SDN BHD; <http://www.ssm.com.my>; www.dosm.gov.my; <https://atlas.media.mit.edu/it/profile/country/mys/>; www.ceicdata.com; www.cia.gov; <http://ec.europa.eu/trade/policy/countries-and-regions/countries/malaysia/>; <https://www.britannica.com/place/Malaysia/Economy>; www.matrade.gov.my; <https://www.worldbank.org/en/country/malaysia/overview>; <https://www.pwc.com/my/en/assets/publications/2017-doing-business-in-msia.pdf>;