



# MALAYSIA

## Opportunities in Malaysia



**U.S. Commercial Service  
Malaysia**

# Malaysia - Overview



# Malaysia - strategically located in the region



## MALAYSIA





# MALAYSIA:

# Fact Sheet



- Population: approx. 29,180,000
- GDP (PPP): \$288 billion (2011)
- GDP per capita (PPP): \$16,900 (2012 est.)
- Ethnic Groups: Malay 57%, Chinese 24%, indigenous 11%, Indian 7%
- Religions: Muslim 61%, Buddhist 20%, Christian 9%, Hindu 6%
- 88% of youth use Internet; 65% of population has access to Internet



# Heightened U.S. Malaysia Engagement



- Bilateral relations greatly improved under Prime Minister Najib as Malaysia works toward 2020 goals
- President Obama popular
- Enhanced cooperation between U.S. and Malaysia
  - ❑ Trans-Pacific Partnership
  - ❑ Counterterrorism and non-proliferation
  - ❑ Military training
  - ❑ Malaysia's role in Afghanistan
  - ❑ Science and Technology
  - ❑ Law enforcement training



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# MALAYSIA:

# Foreign Relations



- Founding member of ASEAN
- Mahathir legacy
  - ❑ OIC, NAM
  - ❑ East-Asia focus
  - ❑ Anti-West bias
- Najib and foreign policy pragmatism
  - ❑ Enhanced relations with U.S., China, India
  - ❑ Indonesia, Singapore relations
  - ❑ Support for Middle East Peace Process





# MALAYSIA:

# Domestic Politics



- General Election in Spring 2013
  - ❑ Realignment of power in government and coalitions
- Najib's reform agenda
  - ❑ In 2011, Prime Minister Najib committed to a series of reforms:
  - ❑ Electoral reform partially implemented; three Emergency Declarations Repealed. Replacement of Internal Security Act will be key.
  - ❑ Other reforms: Peaceful Assembly, Media
- Opposition Leader Anwar Ibrahim
  - ❑ Acquitted of sodomy charges.
  - ❑ Anwar leads opposition in 2013 general election.
- Eye on the next general election
  - ❑ Must be held in Spring 2013



# MALAYSIA:

# Economic Outlook



- 3<sup>rd</sup> largest economy in ASEAN
- Heavy dependence on Trade
- Success story, but faces challenges
- Goal – High Income country by 2020
- To get there - Reform agenda





# MALAYSIA: Trade and Economy



- Upper middle income country
- Per capita GDP (using PPP) at \$16,900
- Growth: 5.6% (2012), 5.1% (2011)





# MALAYSIA: Trade and Economy



- Goal: High Income Country by 2020
- Economic Transformation Program –projects
- Meeting Goal Requires Changes to Model
  - Reform ethnic entitlements; focus on poor
  - Deepen role of private sector / innovation
  - Address rent seeking and corruption



# Trade and Investment



— \$38.8 billion in bilateral trade

- US: Malaysia's 4<sup>th</sup> largest trading partner (China is largest), largest cumulative FDI
- Malaysia: US's 22<sup>nd</sup> largest trading partner

— U.S. investment -- oil/gas, electronics, finance

- Expanding trade through Trans-Pacific Partnership free trade agreement negotiations
- Encourage innovation and entrepreneurship





# Trade with U.S.

- Commercial relationship has historically been good, US companies continue to export and invest in Malaysia.
- Malaysians love U.S. products and services specially franchises.
- Most of the natural resources located in East Malaysia, and electronic industry in Penang.
- Major imports from US: aviation products, oil & gas equipment, medical & healthcare products, ICT, soybeans, fresh fruits, and other products and services
- US is the largest investor in Malaysia: total investment US\$15 billion in oil/gas, electronics and financial services.



# Incentives

- English is the commercial/business language
- Loosening restrictions on foreign exchange
- No restrictions on repatriation of capital and profits
- Established legal framework
- Excellent infrastructure
- WTO member
- Currently in negotiations for TPP



# Department of Commerce Trade Missions to Malaysia

- ASEAN Energy and Environment Trade Mission (September 2013).
- Education Trade Mission (October 2013)



# Global Entrepreneurial Summit Kuala Lumpur – October 2013





# Best Prospects 2013



1. Oil and Gas Equipment
2. Aircraft and Parts
3. Environmental Equipment
4. Franchising
5. Health Care Services/Supplements
6. Information and Communication Technology (ICT)
7. Renewable Energy & Efficient Energy
8. Other Services



# Oil & Gas Equipment

- Malaysia's crude oil production average 694,000 bpd, production of natural gas was 57.3 billion cu meters.
- At current rates of production, Malaysia's oil reserves of 5.52 billion barrels are expected to last another 22 years; and gas reserves of 14.66 billion BOE, another 41 years.
- Over US\$6.0 billion was spent in Malaysian exploration and production in 2011 – over US\$4.0 billion of which on development and production projects and exploration activities, the balance on operations.
- Prospects for Malaysia's oil and gas industry remain optimistic, especially in deepwater and ultra-deepwater areas.
- The Malaysian market for offshore oil and gas equipment (excluding rigs, platforms, modules, jackets, marine vessels) in 2011 was estimated at US\$900 million. The market size could reach US\$1.05 billion in 2015.





# Aircraft & Parts

- Malaysian government has identified aerospace industry, particularly aerospace maintenance, repair and overhaul (MRO) services, as a potential new growth industry.
- Malaysia Airlines (MAS) is embarking on fleet modernization. It has firm orders for 35 B737-800 (delivery of aircraft between 2010 and 2014) and 15 A330-300 (delivery between 2011 and 2014) with options for 20 B737-800 and 10 A330-300. MAS expects to receive six A380 in 2011-2012.
- Malaysia is planning to purchase combat, search and rescue helicopters.
- US exports of aircraft parts have consistently enjoyed a dominant position in this market, due to consistently superior quality and performance in comparison to other makes. Malaysia imported about US\$1.4 billion worth of aircraft and parts in 2011. The imports could reach US\$2.0 billion in 2015.



# Environmental Equipment

- Malaysia's daily waste generation is approximately 27,000 tons.
- Only 5% of these are recycled while 90% are disposed off in landfills, 2% incinerated or find its way into the river and water systems through illegal or indiscriminate dumping (3%).
- Food and Organic Waste makes up to 76% of the solid waste generated.

## **PROSPECT**

- Waste Recovery
- Waste disposal equipment new and replacement
- Green disposal methods
- Energy generated from waste



# Franchising

- The Malaysian government has identified franchising as catalyst for increasing the number of entrepreneurs in Malaysia.
- The Malaysian franchise industry has registered a healthy 15% growth for the past decade.
- Almost 44% of the franchises operating in Malaysia are foreign franchises. American franchises account for around 34% of these franchises.
- Popular franchise concept are: food and beverage, apparel and accessories, education, services sector, health and beauty, retail, Information and Communications Technology.





# Healthcare Services

## PROSPECTS

- Integration and digitization of national information/archives.
- Emergency response center for communicable diseases.
- Promoting Health Tourism centre in the region for cosmetic, dental and heart surgeries.
- Dental implants, crown-bridges, orthodontic devices and consumables.
- Diagnostic medical devices, medical instruments, and surgical appliances.
- Health supplements.



# Information and Communication Technology (ICT)

- Malaysian IT spending estimated at US\$8.5bn in 2012, from US\$4.8bn in 2010, when the market stabilized following the impact of a difficult economic and political situation.
- The government is pursuing programs to reduce the digital divide between urban and rural areas.
- Malaysia is one of the most mature mobile phone markets in the region. In its efforts to become an industrialized nation by year 2020, the government is targeting ICT as a priority sector.



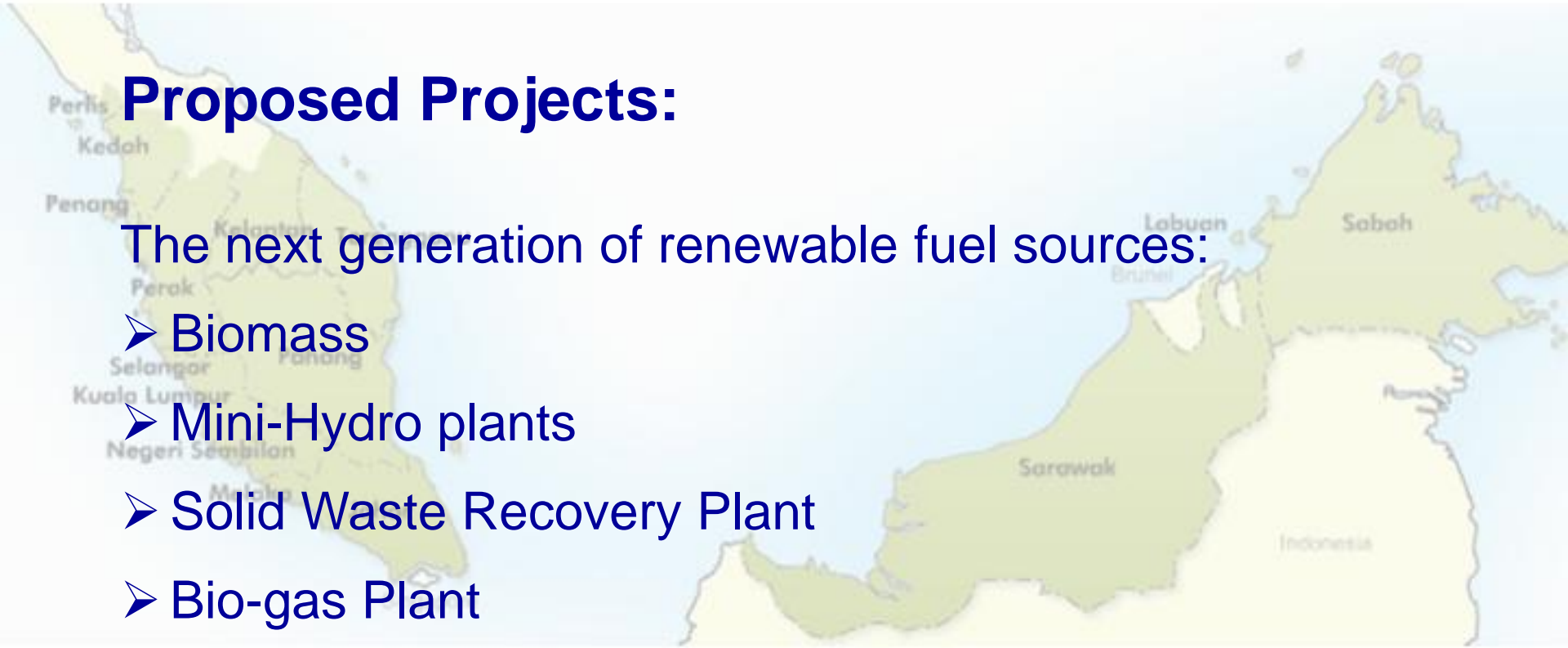


# MALAYSIA: US\$23billion in Renewable Energy Projects

## Proposed Projects:

The next generation of renewable fuel sources:

- Biomass
- Mini-Hydro plants
- Solid Waste Recovery Plant
- Bio-gas Plant
- Photovoltaic







# MALAYSIA: US\$ 23billion in Renewable Energy Projects

## Goals and Results:

- By 2015 Renewable Energy is estimated to be 5.5% of total.
- By 2020 more than 3,000 MW will be generated from Renewable Energy.
- By 2020,  $\frac{1}{3}$  of renewable energy will be generated using Biomass and  $\frac{1}{3}$  using solar.
- 11% of Malaysia estimated energy consumption will be generated from this renewable energy through 2020.



# Opportunities (2013-2015)

## Investments by Sector

- Oil and Gas (\$20 billion)
- Defense and Security (\$10 billion)
- Transportation (\$10 billion)
- Electricity (\$10 billion)
- Basic metal (US\$9.6 Billion)
- Electronics & Electrical Products (US\$9billion)
- Education and Training (\$16 billion)
- Medical Device (\$1.4 billion)
- Bio Technology (\$1 billion)
- ICT (\$12 billion)



**THANK YOU**

