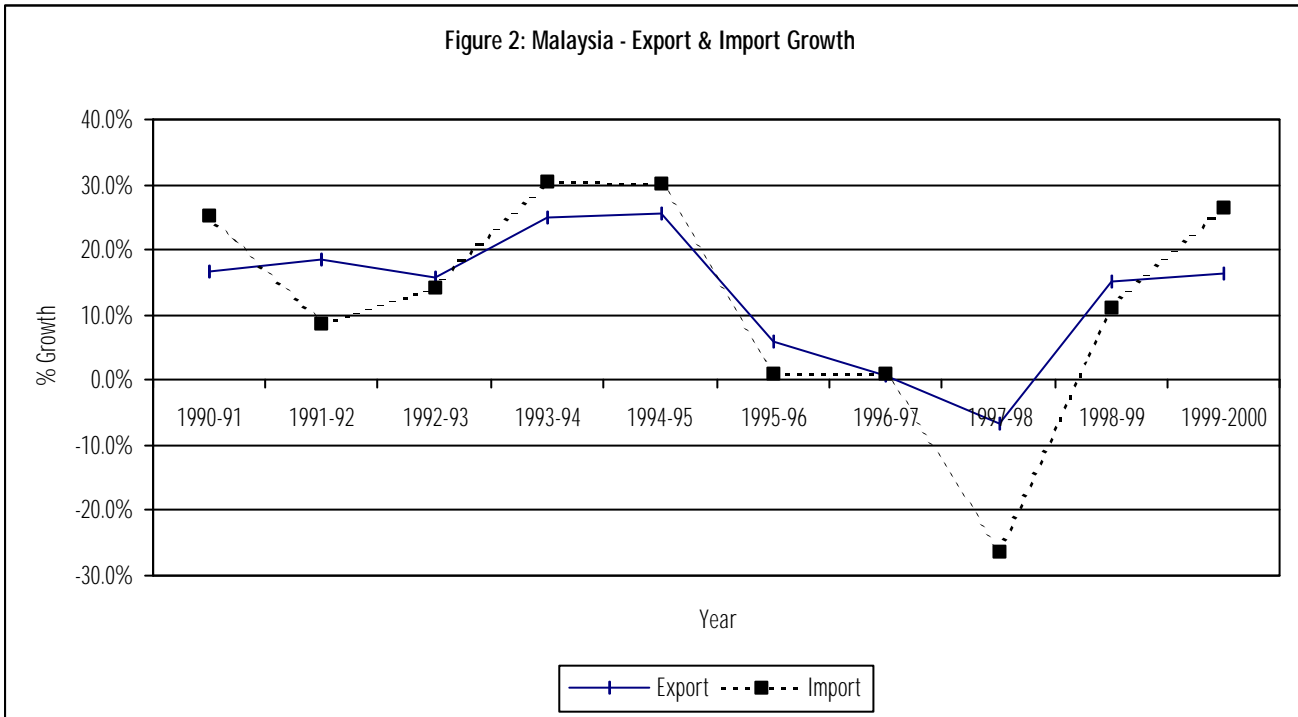


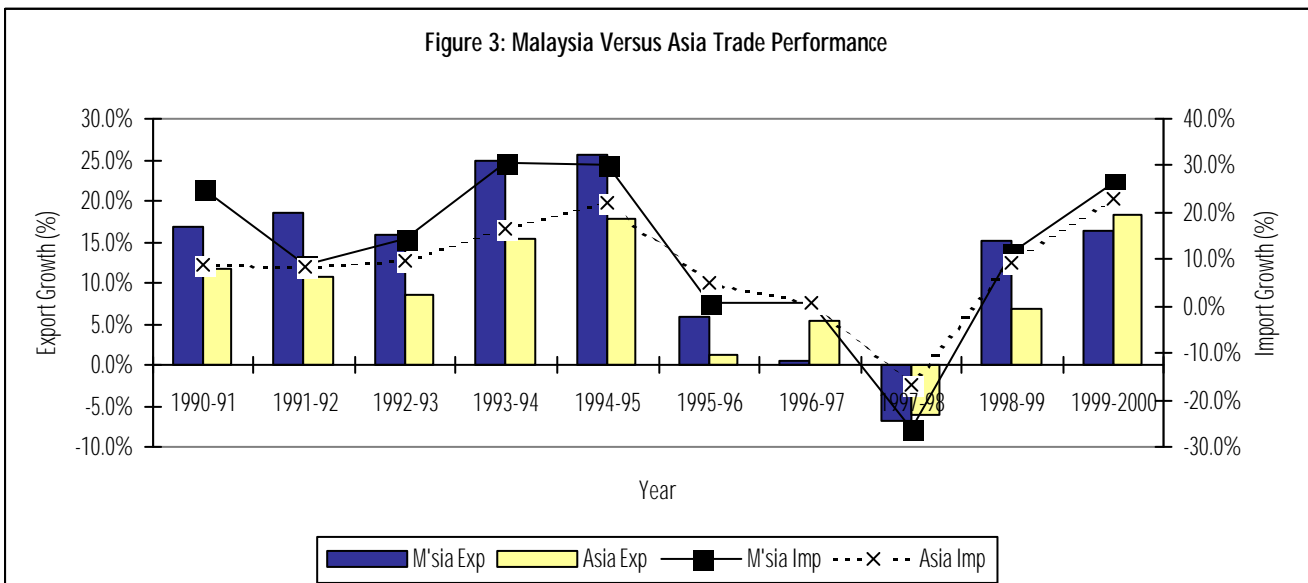


1993-95 period and was on a descending trend, reaching its bottom at a -26 percent growth in 1998. However, a significant growth of 26.5 percent was registered in terms of imports in 2000 compared with a lower growth of 16 percent in terms of exports in 2000. As in the case of exports, imports are also expected to decline in 2001 as a result of the global slowdown and declining purchasing power.



Source: WTO, International Trade Statistics 2001

Figure 3 shows that the trend of export performance in Malaysia is similar to that in Asia although Asia registered slightly lower growth rates compared to Malaysia. However, Asia as a whole registered a significant increase in exports in 1997 despite the onset of the Asian financial crisis, compared with a moderate increase registered by Malaysia. Likewise, the trends in import performance in Malaysia and Asia as a whole are also similar.



Source: WTO, International Trade Statistics 2001



Merchandise Trade – By Selected Regions

The importance of US as Malaysia's single export market for merchandise trade is evidenced in the value of Malaysia's exports to its major export markets, namely US, Japan and EU (European Union). Table 1 compares the value of exports from Malaysia to the US, Japan, and EU in 2000; the share in terms of imports to the three countries in 1990 and 2000; and the annual change in 1999 and 2000.

Table 1: Merchandise Trade of Malaysia - Exports

Destination	Value of M'sia's Export (USD Billion) 2000	Share of Imports of Destination Country (%)		Annual Percentage Change In Export Value (%)	
		1990	2000	1999	2000
United States	26.40	1.1	2.1	13	20
Japan	14.49	2.3	3.8	26	33
European Union	14.60	0.3	0.6	-2	15

Source: Derived from WTO, International Trade Statistics 2001

Exports to the US in 2000 exceeded the exports to Japan as well as the EU. However, a comparison in terms of share of imports of destination countries shows that the share of imports from Malaysia to the US accounted for only 2.1 percent of the latter's total imports. However, imports from Malaysia accounted for a more significant portion of Japan's (3.8 percent) total imports. The year 2000 also recorded a higher growth rate in terms of exports for Malaysia compared with 1999.

Table 2: Merchandise Trade of Malaysia - Imports

Country of Origin	Value of M'sia's Import (USD Billion) 2000	Share of Exports of Country of Origin (%)		Annual Percentage Change In Import Value (%)	
		1990	2000	1999	2000
United States	10.90	0.9	1.4	1	20
Japan	13.89	1.9	2.9	19	25
European Union	7.70	0.2	0.3	7	23

Source: Derived from WTO, International Trade Statistics 2001

Table 2 compares Malaysia's imports from the US, Japan, and EU. In value terms, imports from Japan exceeded that from the US and EU in 2000. The share of exports by country of origin shows that exports from Japan to Malaysia accounted for 2.9 percent of Japan's total exports. However, exports to Malaysia were less significant for the US and EU. As in the case of Malaysia's exports, the year 2000 also recorded a higher growth for Malaysia in terms of imports compared with 1999.

The merchandise exports of Malaysia to ASEAN have increased from USD 8.62 billion in 1990 to USD 26.07 billion in 2000. A 12 percent per annum growth rate was registered during the 1990-2000 period, while in 1999 itself, a growth of 13 percent was registered and in 2000 a higher growth of 30 percent was registered. However, the share of Malaysian merchandise exports dropped from 29.8 percent of total ASEAN exports in 1990 to 25.7 percent in 2000. This indicates that the value of merchandise exports in ASEAN (which grew at 13 percent per annum from 1990-2000) has increased at a faster pace than the growth of Malaysia's merchandise exports (12 percent per annum) over the 10-year period. Table 3 shows Malaysia's merchandise trade within ASEAN.

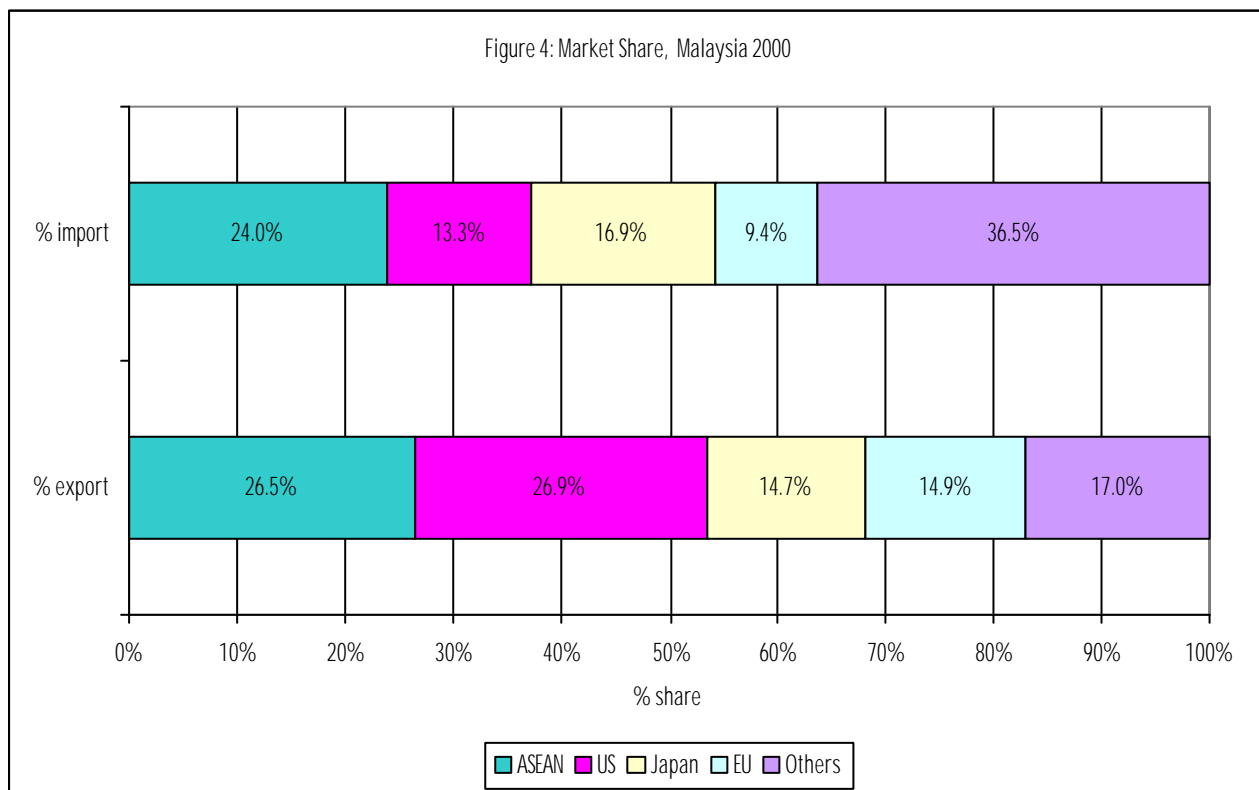
As in the case of exports, Malaysia's merchandise imports from ASEAN have also increased by an annual growth rate of 13 percent between 1990 and 2000. Merchandise imports increased from USD 5.65 billion in 1990 to USD 19.95 billion in 2000. Merchandise imports of Malaysia grew by 16 percent in 1999 and recorded an increase of 29 percent in 2000. Unlike Malaysia's merchandise exports, the share of Malaysia's imports have increased from 21.5 percent of total ASEAN imports in 1990 to 22.0 percent in 2000.

Table 3: Malaysia's Merchandise Trade in ASEAN

	Export			Import		
	USD Billion	Share (%) of ASEAN exports	Annual % Change	USD Billion	Share (%) ASEAN imports	Annual % Change
1990	8.62	29.8	-	5.65	21.5	-
1995	20.41	24.9	-	13.52	20.2	-
1999	20.13	25.4	13	15.35	22.4	16
2000	26.07	25.7	30	19.75	22.0	29
1990-2000	-	-	12	-	-	13

Source: Derived from WTO, International Trade Statistics 2001

Figure 4 shows that US is the single largest export market for Malaysia while ASEAN is the single largest supplier of imports for Malaysia. While time series data for merchandise trade is not available for Malaysia and the rest of the countries except with ASEAN, a review of past data shows that the share of Malaysian exports to ASEAN decreased from almost 30 percent in 1990 to about 25 percent in 1995 but gradually rose again to reach almost 26 percent in 2000. On the other hand, the share of imports from ASEAN to Malaysia has been in the region of 20 – 22 percent over the 10-year period.



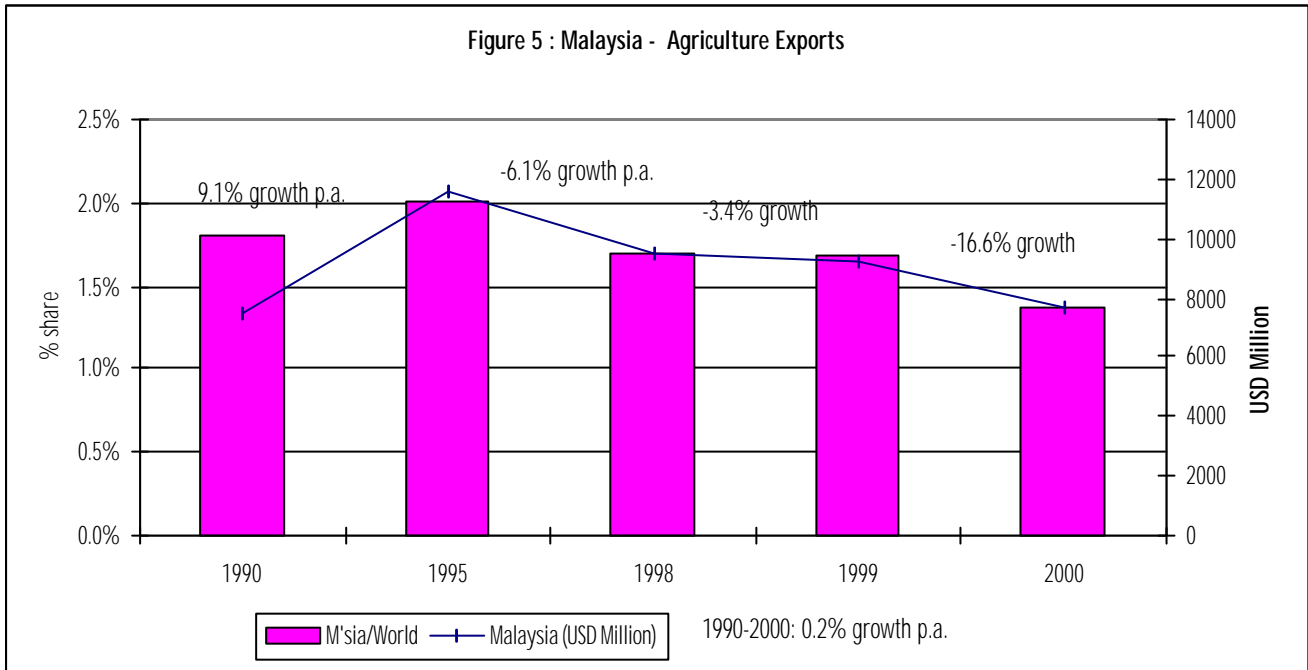
Source: Derived from WTO, International Trade Statistics 2001

Malaysia is not only an important exporter and importer in ASEAN but is also one of the leading exporters and importers in Asia. Malaysia's export share in Asia's merchandise market has improved from 4.0 percent in 1990 to 6.0 in 2000. Likewise, Malaysia's imports from Asia have also increased from 4.1 percent of Asia's imports to 5.5 percent of Asia's imports for the same period.



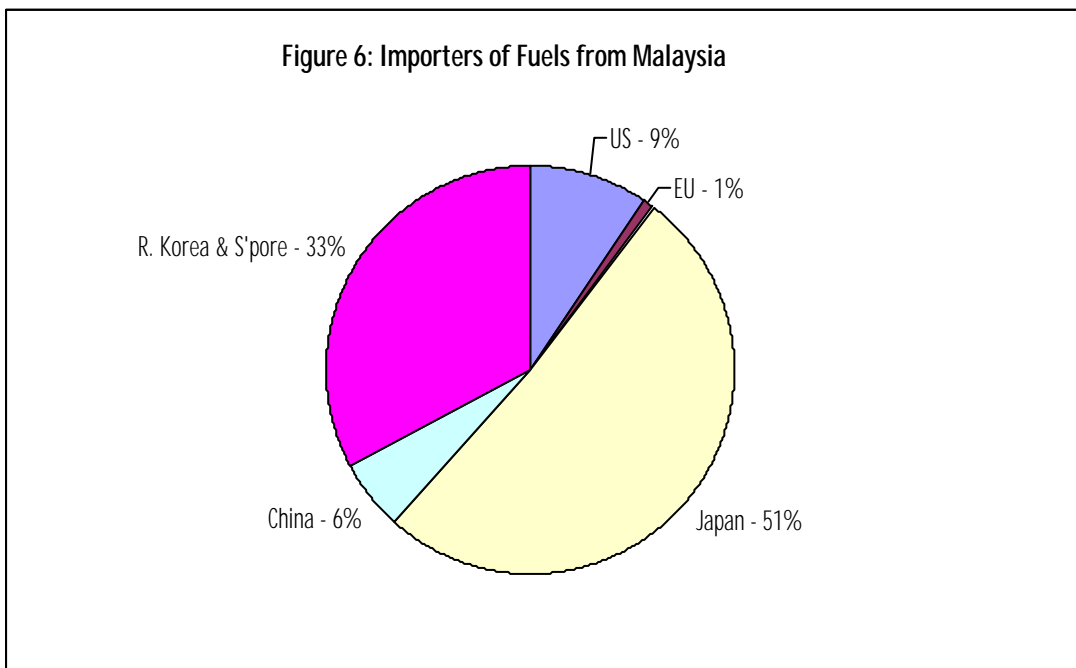
Merchandise Trade – By Selected Sectors/Products

Despite the efforts of the government to industrialize the country and to boost the country's tertiary sector, Malaysia is still one of the leading exporters of agricultural products but not one of the leading importers. However, the share of agricultural exports to the country's total merchandise exports has declined from 25.5 percent in 1990 to 7.8 percent in 2000. Likewise, the share of Malaysia's agricultural exports as a percentage of world's agricultural exports has also declined from 1.8 per cent to 1.4 percent during the same period. (See Figure 5)



Source: Derived from WTO, International Trade Statistics 2001

As in the case of agricultural products, Malaysia is also a supplier of fuels rather than an importer. Malaysia supplied 1.3% of the total world imports of fuels. Fuels from Malaysia are exported to the US, EU, Japan, China, Korea and Singapore. Exports to Japan accounted for 51 percent of the total fuel exports of Malaysia. Figure 6 shows the countries, which import fuels from Malaysia.



Source: Derived from WTO, International Trade Statistics 2001

Trade in manufactures account for a major portion of Malaysia's merchandise trade. Table 4 shows the increasing significance of trade in manufactures in Malaysia. Exports of manufactures accounted for 53.8 percent of Malaysia's merchandise exports in 1990 and have increased to 82.8 percent in 2000. These percentages are smaller compared with the proportions of imports of manufactures as a percentage of Malaysia's merchandise imports. Imports of manufactures accounted for 78.2 percent of Malaysia's merchandise imports in 1990 and have increased to 85.5 percent in 2000. Despite the fact that exports of manufactures accounted for a smaller percentage of merchandise exports as compared with the higher proportion of imports of manufactures as a percentage of merchandise imports, Malaysia has registered positive trade balance in terms of trade in manufactures since 1998, as shown in Table 5.

Table 4: Share of Trade in Manufactures in Malaysia's Total Merchandise Trade (%)

	1990	2000
Exports of Manufactures	53.8%	82.8%
Imports of Manufactures	78.2%	85.5%

Source: Derived from WTO, International Trade Statistics 2001

Table 5: Trade In Manufactures in Malaysia (USD Billion)

	1990	1995	1998	1999	2000
Exports of Manufactures	15.82	55.09	57.65	67.84	81.30
Imports of Manufactures	22.87	64.42	48.63	54.33	70.31
Manufactures Trade Balance	-7.05	-9.33	9.02	13.51	10.99

Source: Derived from WTO, International Trade Statistics 2001

Among the manufactures that registered expansion in terms of share in Malaysia's merchandise trade are machinery & transport equipment and office machines & telecom equipment. Table 6 & 7 show the performances of these two sectors. The machinery and transport equipment sector began to register positive trade balance since 1998 while the office equipment and telecom equipment sector has been registering positive trade balance even as early as 1990. This is also because Malaysia is one of the leading exporters and importers of office machines & telecom equipment in the world. Table 8 shows an increasing share in world exports and imports for Malaysia in this sector. This indicates that Malaysia has a niche in the manufacture of office machines and telecom equipment.

Table 6: Share of Trade in Machinery & Transport Equipment and Office Machines & Telecom Equipment in Malaysia's Total Merchandise Trade (%)

	1990	2000
Machinery & Transport Equipment		
Exports	35.7%	61.7%
Imports	50.2%	62.6%
Office Machines & Telecom Equipment		
Exports	27.9%	52.4%
Imports	19.6%	38.8%

Source: Derived from WTO, International Trade Statistics 2001

Note: The office machines & telecom equipment sector is part of the machinery & transport equipment sector



Table 7: Trade in Machinery & Transport Equipment and Office Machines & Telecom Equipment in Malaysia (USD Billion)

	1990	1995	1998	1999	2000
Machinery & Transport Equipment					
Exports	10.5	4.7	43.4	52.7	60.6
Imports	14.7	46.2	36.4	40.1	51.5
Trade Balance	-4.2	-41.5	7	12.6	9.1
Office Machines & Telecom Equipment					
Exports	8.2	32.7	34.6	44.3	51.5
Imports	5.7	22.2	21.7	25.2	31.9
Trade Balance	2.5	10.5	12.9	19.1	19.6

Source: Derived from WTO, International Trade Statistics 2001
2000 data for office machines & telecom equipment – derived from data on machinery & transport equipment and merchandise trade

Table 8: Malaysia's Share In World Exports & Imports of Office Machines and Telecom Equipment (%)

	Share in World Exports/Imports of Office Machines & Telecom Equipment		
	1980	1990	2000
Malaysia Exports	1.4	2.7	5.7
Malaysia Imports	1.6	1.9	3.2

Source: Derived from WTO, International Trade Statistics 2001

While trade in machinery & transport equipment as well as office machines & telecom equipment increased over the past decade, trade in textiles and clothing have declined. Tables 9 and 10 show the declining share of trade in textiles & clothing in terms of Malaysia's total merchandise trade as well as the performance of the two sectors.

Table 9: Share of Trade in Textiles and Clothing in Malaysia's Total Merchandise Trade (%)

	1990	2000
Textiles		
Exports	1.2%	1.3%
Imports	3.3%	1.6%
Clothing		
Exports	4.5%	2.7%
Imports	-	-

Source: Derived from WTO, International Trade Statistics 2001

Although exports of textiles in terms of value have increased from 1998 onwards, imports have also increased, particularly in 2000, resulting in a negative trade balance for textiles. As Malaysia is not a major importer of clothing, it is considered that Malaysia registered positive trade balance for clothing. The declining share in terms of exports and imports for these two sectors also indicate that Malaysia could be phasing out the labour-intensive processes to lower cost countries, which explained the declining share in exports, particularly for clothing. In addition, declining share in imports for textiles and almost zero imports of clothing could also indicate that Malaysia is self sufficient in terms of the production of clothing for domestic consumption.



Table 10: Trade Textiles and Clothing in Malaysia (USD Million)

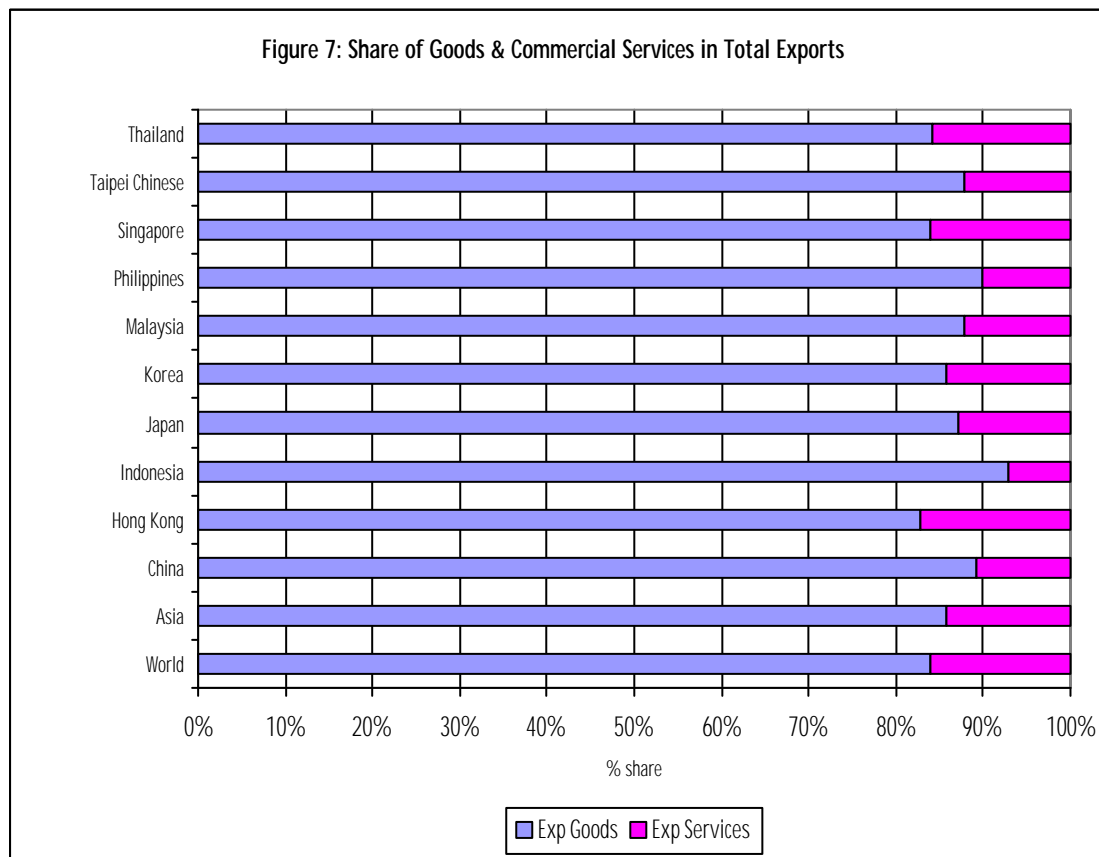
	1990	1995	1998	1999	2000
Textiles					
Exports	343	1129	1094	1120	1278
Imports	951	1535	924	1015	1316
Trade Balance	-608	-406	170	105	-38
Clothing					
Exports	1315	2266	2302	2253	2653
Imports	0	0	0	0	0
Trade Balance	1315	2266	2302	2253	2653

Source: Derived from WTO, International Trade Statistics 2001

Trade In Commercial Services

In addition to being one of the leading exporters and importers of merchandise trade, Malaysia is also one of the leading exporters and importers of commercial services in Asia. The share of exports of commercial services from Malaysia has expanded from 2.9 percent of Asia's market for commercial services in 1990 to 4.5 percent in 2000. Likewise, imports of commercial services to Malaysia have also increased from 3.0 percent in 1990 to 4.5 percent in 2000.

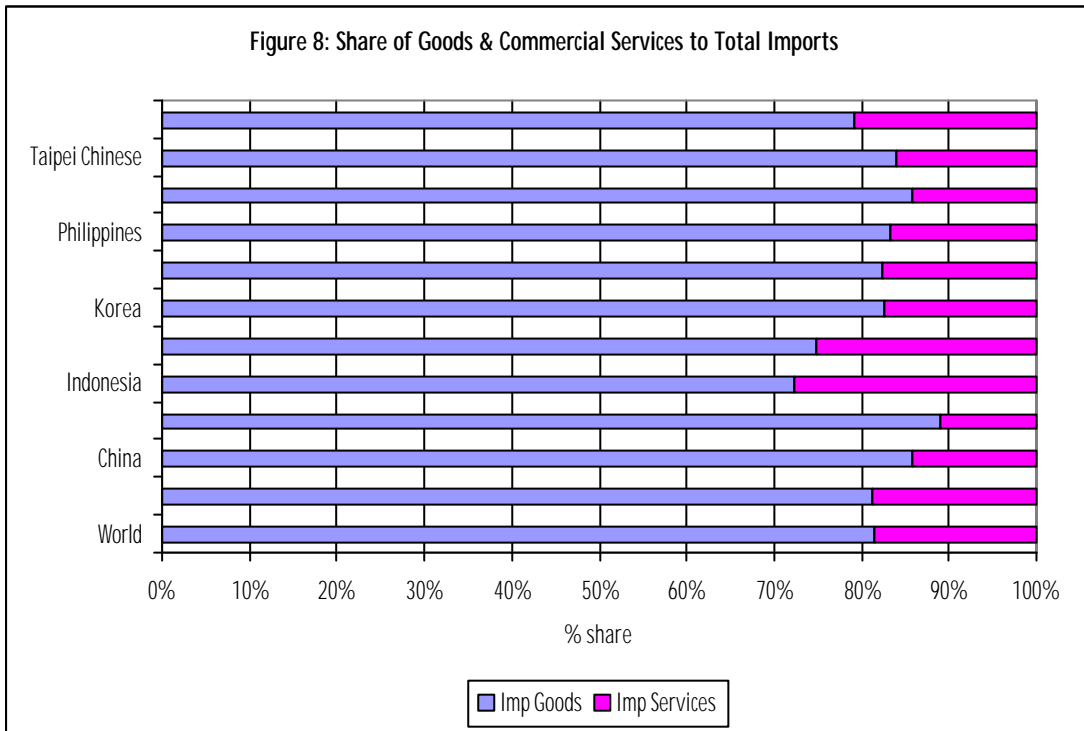
A comparison between the share of goods and commercial services in total exports indicate that the more developed countries, like the Asian Tigers (with the exception of Thailand), have a higher percentage of exports in terms of commercial services compared with the less developed ones, particularly Philippines, Indonesia and China. (See Figure 7)



Source: WTO, International Trade Statistics 2001



However, the same could not be said for imports. Figure 8 shows that while the less developed countries like Indonesia, Thailand, Philippines and China have high percentages of imports of commercial services, developed countries like Japan, Korea and Taipei, Chinese also have relatively higher percentages of imports of commercial services. Countries with low percentages of imports but higher percentages of exports of commercial services are Hong Kong and Singapore.



Source: WTO, International Trade Statistics 2001

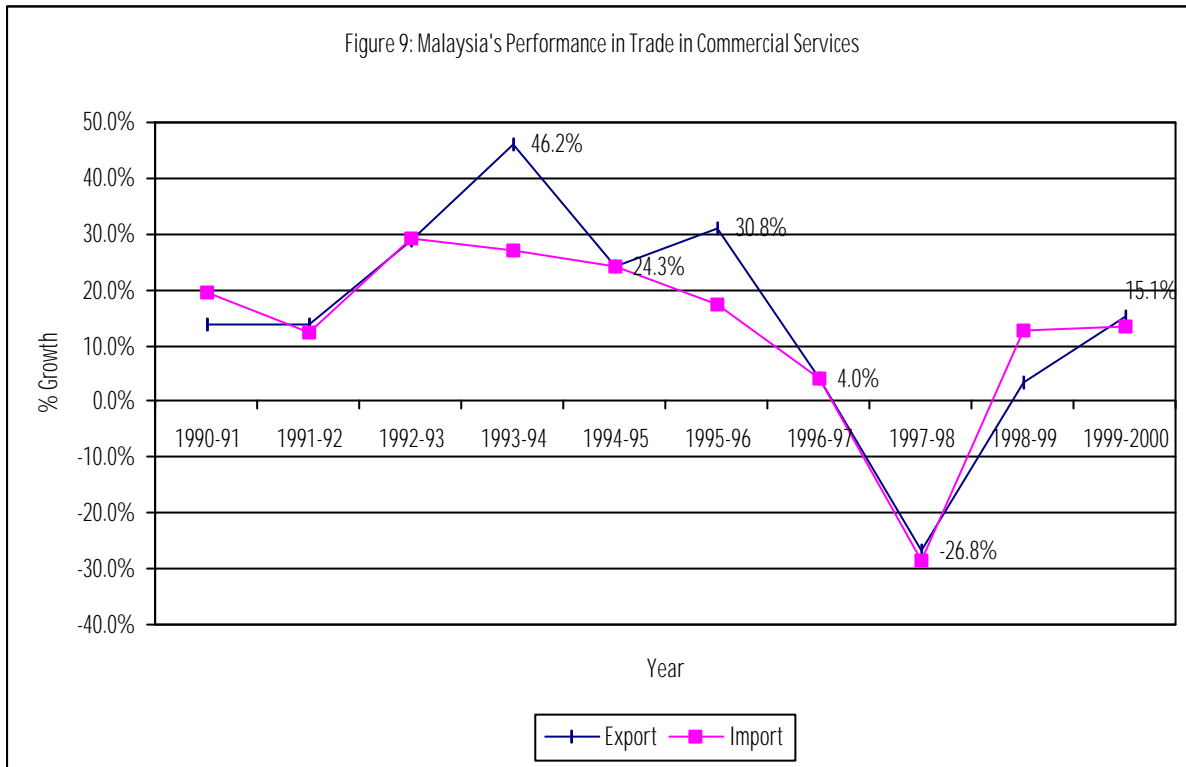
At the global level, in 2000, Malaysia was positioned as the 26th top exporter of world trade in commercial services (1st: US, 2nd UK, 3rd France), accounting for 0.9 percent of the world's total export market. As an importer of world trade in commercial services, Malaysia ranked 25th (1st US, 2nd Germany, 3rd Japan), with a 1.2 percent share of the world's total import market.

Figure 9 (see next page) compares the export and import performances of Malaysia in trade in commercial services. Growth in imports of commercial services in Malaysia displayed a smooth curve between 1992 and 1997 while growth in exports of commercial services peaked in 1994, recording a growth of 46.2 percent. Exports of commercial services grew at a slower pace in 1995, at 24.3 percent but picked up again in 1996, registering a 30.8 percent growth. Both exports and imports of commercial services dipped during the Asian financial crisis years, recording a negative growth of -26.8 percent in 1998, but improved upon recovery from the crisis and recorded up to 15.1 per cent growth in terms of exports in 2000. Both exports and imports of commercial services are anticipated to fall in 2001 as a result of the global economic slowdown.

Conclusion

Malaysia has gained importance as one of the leading trading partners in the world over the past decade. Its trade patterns are also similar to those other developed Asian partners, catching up fast with Singapore and Taipei, China, especially in terms of trade in merchandise and commercial services.

Malaysia registered diminishing importance in trade in agricultural products as well as textiles & clothing over the past decade but recorded a significant importance in trade in other manufactures, particularly in office machines & telecom equipment. This facilitates Malaysia's efforts to progress towards the status of the more developed nations. However, there is still a need for Malaysia to build its capabilities in expanding and upgrading its commercial services sector in order to increase the export value of this sector, particularly in e-businesses. The enhancement in exports of the commercial services sector signifies Malaysia's capabilities in higher value added activities. *§ Anna Ong*



Source: Derived from WTO, International Trade Statistics 2001