



## Market profile

Malaysia is an upper middle-income country that has seen a successful diversification from an agricultural and commodity-based economy to a diverse economy with strong manufacturing and services sectors. It has evolved into a key exporter of electrical appliances, parts and components.

Due to density of knowledge-based industries and adoption of latest technology for manufacturing, Malaysia's labour productivity is higher than most Southeast Asian countries. Almost 40% of the jobs are linked to export activities, making Malaysia as one of the most open economies in the world.

Malaysia has signed 16 FTAs and implemented 14 FTAs (7 bilateral FTAs and 7 regional FTAs). More information [here](#).

FTAs Currently Negotiated

1. Malaysia-European Free Trade Association Economic Partnership Agreement (MEEPA)

## Economy and business structure

The economy of Malaysia is the fourth largest in Southeast Asia and the 34th largest in the world according to the International Monetary Fund. Labour productivity in Malaysia is significantly higher than in neighbouring Thailand, Indonesia, the Philippines or Vietnam, due to a high density of knowledge-based industries and adoption of cutting-edge technology for manufacturing and digital economy. Main industries: Electronics, semiconductors, microchips, integrated circuits, rubber, oleochemicals, automotive, optical devices, pharmaceuticals, medical equipment, smelting, timber, wood pulp, Islamic finance, petroleum, liquefied natural gas, petrochemicals, telecommunication product.

- Export goods: Semiconductor & electronic products, palm oil, liquefied natural gas, petroleum, chemicals, machinery, vehicles, optical & scientific equipment, manufactures of metal, rubber, wood and wood products.
- Import goods: Electrical & electronic products, machinery, chemicals, petroleum, plastics, vehicles, manufactures of metal, iron and steel products.

### FACTS

- Population: 33.7 million people (2023 est.)
- Capital: Kuala Lumpur with about 1.5-2 million inhabitants, the administrative capital, however, is Putrajaya with less than 100,000 inhabitants
- Name: Malaysia.
- Motto: 'Unity is Strength'
- Government: Constitutional monarchy.
- Language: Malay (Bahasa Malaysia)

## Key industries and their trends

- Growth in the services sector saw its total revenue increase to RM2.3 trillion in 2023, an 8.4 per cent rise compared to 2022's RM2.1 trillion; spurred by the wholesale and retail trade sub-sector, which improved by 7.7 per cent or RM119.1 billion, and the transportation and storage; and information and communication sub-sectors, which improved by 15.8 per cent (RM20.4 billion) and 5.3 per cent (RM8.6 billion), respectively compared to 2022. Sub-sectors that have not yet surpassed the pre-pandemic (2019) revenue value; food and beverage (-1.4 per cent); arts, entertainment and recreation (-24.4 per cent); and personal services and other activities (-23.9 per cent).
- The worst of the Malaysian manufacturing slowdown seen in 2023 has "passed". Malaysia's Purchasing Managers' Index (PMI) rose to a 16-month-high in January 2024. The seasonally-adjusted S&P Global manufacturing PMI for Malaysia was recorded at 49.0 in January, up from 47.9 in December and the highest since September 2022. The manufacturing sector, despite a marginal rebound of 0.1% growth in the last quarter of last year (4Q23), faces challenges to continue its momentum into 2024 due to the expected moderation of the export-oriented segments. While certain sub-sectors such as vegetable and animal oils and fats experienced growth, declines in electrical, electronics and optical products restrained the overall sectoral performance. The anticipated recovery in the manufacturing sector, potentially driven by an electronics and electrical (E&E) upcycle particularly in the second half of 2024 (2H24), coupled with China's gradual recovery, bodes well for the domestic growth outlook. Consequently, the GDP growth forecast for 2024 is maintained at 4.9%, falling within the Finance Ministry's projection range of 4%-5%. The value added in the sector is forecasted to reach US\$118.5 billion (RM560.51 billion), with a projected compound annual growth rate (CAGR) of 6.05% from 2024 to 2028. Similarly, the output in the manufacturing market is expected to amount to US\$726.9 billion in 2024, demonstrating a significant CAGR of 23.68% during the same period.
- Household spending continued to be supported by a better labor market and easing cost pressures. Private consumption growth came to 4.2% in the fourth quarter 2023, down slightly from 4.6% in the previous quarter. While households are expected to further adjust spending in response to elevated cost of living, consumption spending will be underpinned by continued improvements in labour market conditions.

## Exports

In September 2020, Malaysia exported MYR98.2M and imported MYR74.6M from Finland, resulting in a positive trade balance of MYR23.6M. Between September 2019 and September 2020 the exports of Malaysia have increased by MYR45.7M (86.9%) from MYR52.5M to MYR98.2M, while imports decreased by MYR18.1M (-19.5%) from MYR92.8M to MYR74.6M.

Trade In September 2020, the top exports of Malaysia to Finland were Rubber (MYR13.2M), Rubber Apparel (MYR8.37M), Metal Molds (MYR3.67M), Blank Audio Media (MYR2.73M), and Integrated Circuits (MYR2.53M). In September 2020 the top imports of Malaysia from Finland were Cellulose Fibers Paper (MYR4.79M), Kaolin Coated Paper (MYR3.71M), Sulfates (MYR3.69M), Vegetable Parchment (MYR2.83M), and Low-voltage Protection Equipment (MYR2.26M).

In September 2020, the decrease in Malaysia's year-by-year imports from Finland was explained primarily by a decrease in product imports in Valves (MYR10M or -95.8%), Low-voltage Protection Equipment (MYR4.66M or -67.4%), and Flat-Rolled Stainless Steel (MYR2.48M or -73%).

**Finland Exports to Malaysia 2022** - Finland Exports to Malaysia was US\$181.08 Million during 2022.

- Electrical & Electronic Equipment - US\$28.41 Million.
- Machinery, Reactors, Boilers - US\$24.05 Million.
- Paper and Paperboard, Articles of Pulp, Paper and Board - US\$18.07 Million.

**Finland Trade with Malaysia 2023** - Finland Exports to Malaysia was US\$186.54 Million during 2023.

- Machinery, Transport Equipment - US\$60.18 Million.
- Chemical & Related Products - US\$43.86 Million.
- Food & Live Animals - US\$27.71 Million.

## Important things to consider when doing business in Malaysia

### 1. **Decide the business type**

There are several different types of business entities available in Malaysia. Every business entity has its own compliance requirements, tax structure etc.

- If you are a local entrepreneur: You can opt to register your company as either a [Sole Proprietor, or Limited Liability Partnership \(LLP\), or General Partnership and Company](#) as they are the common business entities available in Malaysia.
- [If you are a foreign entrepreneur](#): There are two common business entities for foreign investors: a [locally incorporated company](#) or [foreign-owned company](#). Foreign investors can setup a sole proprietorship or partnerships in Malaysia with the condition that they have permanent residency (“PR”) in Malaysia. Apart from the options above, foreign investors can also choose to register their business as either [the private limited company](#), or [a Labuan company](#), or [a representative office](#).

### 2. **Name your business**

Every business needs a name. A good business is more than just a brand name – it is also part of your marketing strategy and brand identity. [Run a name check](#) after you have handpicked the business name:

- complete Request for Availability Of Name form and submit to Suruhanjaya Syarikat Malaysia (“SSM”); and
- you need to pay a fee at RM30.00 for each name applied

After the name check, register the name with SSM to get approval from the Company Formation in Malaysia.

### 3. **Scout for a business premise**

Just like a good business name, a good business location is part of your marketing strategy.

### 4. **Registered office address**

In Malaysia, every business must have a legally registered local office address.

### 5. **Prepare the incorporation documents**

- Memorandum and Article of Association / Constitution
- Statutory Declaration By A Director Or Promoter Before Appointment
- Declaration of Compliance
- Company name’s approval letter from SSM (one copy).
- Identity card of every director and company secretary (one copy each).

### 6. **Incorporate your company**

You need to submit the Incorporation Documents to SSM within the three months from the approval date of the company’s name by SSM. You will need to apply for a new name search if you fail to lodge your incorporation documents to SSM within 3 months.

### 7. **Pay registration fees**

The Company registration fee is RM1,000.

### 8. **Issuance of a Certificate of Registration**

You will get your new business Registration Certificate within one hour from the payment transaction of registration fee is made.

## Market data sources and other useful links

<https://www.marketopportunities.fi/home?page=1&country=341>

<https://www.worldbank.org/en/country/malaysia/overview>

<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=MY>

<https://www.coface.com/Economic-Studies-and-Country-Risks/Malaysia>

<https://tulli.fi/tilastot/taulukot/maatilastoja>

[The Government of Malaysia Gateway](#)

[Business Culture in Malaysia](#)

[Department of Statistics Malaysia](#)

[World Bank in Malaysia](#)

[https://www.thestar.com.my/business/business-news/2024/02/08/malaysia039s-services-sector-revenue-hits-rm23t-in-2023#:~:text=KUALA%20LUMPUR%3A%20Malaysia's%20services%20sector,Statistics%20Malaysia%20\(DOSM\)%20reported.](https://www.thestar.com.my/business/business-news/2024/02/08/malaysia039s-services-sector-revenue-hits-rm23t-in-2023#:~:text=KUALA%20LUMPUR%3A%20Malaysia's%20services%20sector,Statistics%20Malaysia%20(DOSM)%20reported.)

<https://www.mida.gov.my/mida-news/manufacturing-sector-mixed-trends-brighter-outlook-for-2024/>

<https://open.dosm.gov.my/dashboard/gdp>

[Country statistics - International trade statistics - Finnish Customs \(tulli.fi\)](#)