



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 Signed but Pending Ratification and Entry into Force:

1. Regional Comprehensive Economic Partnership (RCEP) - signed on 15 November 2020
2. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) - signed on 8 March 2018

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, liquified natural gas, petrochemicals, telecommunication product.

FACTS

- Population: 34.4 million people (2023 est.)
- Capital: Kuala Lumpur with about 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)

- 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.

Key industries and their trends

- Growth in the services sector is expected to ease to 5% from 10.9% in 2022; that growth will be underpinned by consumer- and tourism-related activities amid further recovery in global tourism activity.
- Growth in the manufacturing sector is expected to be moderate to 4% this year from 8.1% last year, with the electrical and electronics (EGE) cluster projected to grow below its long-term average of 6.2%, in tandem with the anticipated slowdown of global semiconductor sales.
- Private consumption is projected to continue growing, albeit at a more moderate pace at 6.1% in 2023, from 11.3% in 2022. 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

Finland Exports to Malaysia - 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.

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**

- a. Memorandum and Article of Association / Constitution
- b. Statutory Declaration By A Director Or Promoter Before Appointment
- c. Declaration of Compliance
- d. Company name's approval letter from SSM (one copy).
- e. 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](#)