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ECONOMIC REPORT 2017

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0. Executive summary

The favorable economic environment has contributed to the highest growth (19.4%) of total trade in 13 years. Trade and the private sector spending were the primary drivers of the GDP growth of 5.9%[1], despite the fall in domestic real estate investments and a string of damaging economic and domestic scandals. Malaysia's economic growth, compared with major ASEAN-5 economies[2], was the second highest after Philippines (6.7%), ahead of Singapore (3.6%), Indonesia (5.1%) and Thailand (3.9%).

Private consumption grew strongly driven by improved labor market conditions, wage growth, income support measures by the government of cash transfer (BR1M)[3], special payments to all civil servants and retirees and individual income tax reduction to benefit the low and medium income households. Public-sector expenditure declined due to contraction in public investment and moderate public consumption.

The unexpected robust growth in 2017 is expected to continue for the next two years. GDP[4] forecast for 2018 and 2019 is expected between 5.5% -6.0%, mostly anchored by private domestic consumption and favorable global demand.

Inflation rate went up to 3.7% in 2017 from 2.1% in 2016. However, in 2018, inflation is expected to moderate between 2 to 3% due to the Ringgit appreciation.

The introduction of the Goods and Services Tax (GST) in April 2015 at 6% (approx. MYR 42 billion / USD 9.8 billion in 2017) replacing the existing sales tax and service tax (SST) have cushioned the government liquidity issue and the country's fiscal deficit from 6.7% in 2009 to 3.0% in 2017. The newly elected government replaced the GST on 1 June 2018 by a Sales and Services Tax.

External debt declined to approx. USD215.5 billion or 65.3% of GDP (2016: USD202.3 billion or 74.5% of GDP), mainly due to the valuation and strengthening of Ringgit against most currencies. Excluding valuation effects, Malaysia external debt increased by 1.4% of GDP.

Bilateral trade between Switzerland and Malaysia has been increasing over the years and ranked highest in 2017 with MYR 17.074 billion [5](USD 3.97billion)[6] - a surplus of USD1.5 billion in favor of Switzerland. However, total exports (excluding precious metals) from Switzerland to Malaysia has declined since 2014. The increase in trade and weakening of the MYR largely explains the big difference of 53.3% in trade surplus against 2016. Excluding precious metals, the main export from Switzerland to Malaysia remains machinery. It constitutes 42.6% of total exports. Pharmaceutical & chemicals exports comprise 19.1% followed by watches, jewelry, optical/medical instruments, unrefined metals, and chemical products. Imports from Malaysia are primarily machinery, medical appliances, and rubber products. In the last ten years, the main sectors for both exports and imports remained the same.

Malaysia continues to have strong macroeconomic fundamentals and a good environment supporting a wide range of business opportunities.

In a surprise result, the Barisan Nasional coalition was ousted from power for the first time since Malaysia gained independence in 1957. In the 9 May 2018 national election, the opposition coalition Pakatan Harapan (PH), led by Tun Dr. Mahathir Mohamad, won a majority in parliament. The PH victory has increased policy uncertainty against a backdrop of moderating economic momentum.

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[1] Malaysia Central Bank (Bank Negara Annual Report 2017)

[2] IMF April 2018

[3] 1 Msia People's Aid (BRIM) since 2012 :In 2017, RM6.31 billion was distributed to 7.22 million families & individuals

[4] Msia Central Bank (BNM Annual Report 2017)

[5] Dept of Statistics, Malaysia

[6] Exchange rate 2016 USD/MYR 4.148 / 2017 USD/MYR4.300

1. Economic problems and challenges

Former Prime Minister Najib Razak, also finance minister, has been embroiled in corruption scandals and seemed insensitive on how the world viewed Malaysia and its economy, resulting in a loss of confidence by foreign investors. The depressed major commodity prices undermine the nation's economy, which relies on exports of crude palm oil, crude petroleum (Brent) and rubber. The business sector remains skeptical on any economic reform and social change to be implemented by the current government.

The Vision 2020 which was conceptualized in the 1990s to make Malaysia a high income nation, developed economy could be derailed by political uncertainty, low commodity prices and the deceleration in investment (both in FDI & DDI). The whole country did seem to run on 'auto-pilot' mode in 2017, without much focus on the economic challenges, but spending much time on handling political issues comprising 1MDB[1] loan scandal which could lead to the government taking over an important debt with negative effects on its financial situation.

One of Malaysia's biggest challenges is being trapped between the low-cost manufacturing economies and the developed economies of the world. Malaysia needs to bring forward advantages in the manufacturing industry to a higher level, without having to compete with the other ASEAN member countries in low cost & labor intensive environment. Local and foreign owned but locally established firms are also facing competition from government-linked companies (GLCs) eyeing for the same segments.

The economy in 2017 seems to have two sets of development. The international trade recorded promising numbers, whereas the domestics SMEs and retail establishments have negative developments. Many local SMEs companies complained on slow-down and some well known established foreign linked companies had to close down due to poor business. Even supermarkets & hypermarkets were not spared and some branches had to be shut down, as consumers are cutting down their daily needs due to high prices.

A large Chinese population (25%) gives Malaysia a special advantage as closer trading relations develop with China/Hong Kong. The bilateral trade has increased to USD81.9 billion and also making China (plus Hong Kong) the number one investor in 2017. China was also awarded numerous infrastructure projects (East Coast Rail Line MYR 55 billion / USD12.8 billion, sea ports), IPPs (Independent Power Plants MYR 10.2 billion / USD2.4 billion)- that come with low interest loan to the government and in 22 property development projects, with an accumulated gross development value of MYR 581.2 billion / USD135.2 billion.[2]

Bank Negara (Central Bank of Malaysia) has been making structural reforms to address the housing affordability issue. Malaysians remain having serious problems in owning a house by international standards. Maximum affordable house price is estimated to be RM 282,000 / USD 65,600, but actual median house price was RM 313,000 / USD 72,780.

The USD/MYR appreciated by 8.6% in 2017, after depreciating by 4.5% in 2016. It ended 2017 at 4.06 with the full-year average at 4.30. For 2018 the full year average forecast range at 3.80 - 3.82 which will have a strong impact on trade.[3]

Inflation rate went up to 3.7% in 2017 from 2.1% in 2016 with persistent rising cost of living. However, in 2018, inflation is expected to moderate between 2 to 3%.

Labour market conditions improved with stronger employment gains. Net employment gains amounted to 295,000 jobs, mostly driven by high-and mid-skilled workers. Unemployment remain stable at 3.4% in 2017 (2016: 3.4%).

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[1] 1MDB (1 Malaysia Development Berhad) is a sovereign fund which borrowed funds for investment in strategic sectors. The fund has been a victim of a fraud scheme in the billions of USD

[2] Malaysiakini New portal : https://www.malaysiakini.com/news/420506

[3] Commercial Bank: AmBank_Thematic_Strategy_22 Jan 2018

The international reserves of the central bank (Bank Negara) amounted to USD 102.4 billion at the end-2017 compared to USD 94.5 billion at end-2016. The reserves remain sufficient to finance 7.3 (2016: 8.5) months of imports.

Since the recently concluded 14th National Election on 9th May 2018, the new governments' full cabinet is not yet in place. So far, 14 ministers have been sworn in. Another 11 or 12 ministers are supposed to be appointed soon. Many questions about future economic, fiscal and finance policies remain unanswered. This has created uncertainties to the markets, economy and foreign investors.

Negative financial data has been uncovered by the new government. The Federal debt has increased from MYR 686.8 billion / USD159.7 billion to MYR1'087.3 billion / USD 252.9 billion. This has unsettled the financial markets, alarmed the credit rating agencies and investors' confidence. With the alarming Federal Debts increased from 50.8% to 65.4 % of 2017 GDP (set at 55%), mega projects like the High speed rail (MYR110 billion / USD25.6 billion) from Singapore to Kuala Lumpur and the ECRL (east coast rail link) of MYR55 billion (USD12.8 billion), look set to be cancelled or downsized.

2. International and Regional Economic Agreements

2.1 Country's Policy and Priorities

In February 2016, twelve countries including Malaysia signed the ambitious *Trans-Pacific Partnership Agreement* (TPPA). In January 2017, the United States withdrew from TPPA. In light of the US withdrawal, the TPPA Ministers from the remaining 11 member countries convened a meeting on 21 May 2017 on the sideline of the APEC MRT Meeting in Vietnam and affirmed the economic and strategic importance of TPP. They agreed on a adapted Agreement, renamed as the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP), which was signed early 2018. Malaysia will have to adopt its legislation before it can ratify the agreement.

Malaysia will benefit from lower tariffs and non-tariff measures in large export markets as well as from regional supply chains through deeper integration. The CPTPP could support Malaysia's intention to expand its services sector and in attracting foreign direct investors to establish manufacturing facilities.

Malaysia is also focusing on the Regional Comprehensive Economic Partnership (RCEP). These negotiations are being held by the 10 ASEAN countries together with the six states with which the association has existing FTAs (Australia, China, India, Japan, South Korea and New Zealand).

2.2 Outlook for Switzerland (potential for discrimination)

The fact that import duties are much lower for countries that have signed an FTA with Malaysia, which is not yet the case with Switzerland, disadvantages exist for Swiss enterprises that wish to export to Malaysia. The FTA between Malaysia and EFTA will therefore be instrumental to improve the competitiveness of Swiss exports to Malaysia. On the other hand, Swiss companies could benefit by using Malaysia as a "springboard" to countries in the region or other CPTPP-Agreement-countries.

The Double Taxation Agreement of 30th December 1974 and the Investment Guarantee Agreement of 1st March 1978 (currently intended to be up-dated) between Switzerland and Malaysia have paved the way for the development of bilateral trade between both countries. There are no specific discriminative policies being implemented against Switzerland. Few measures in the name of 'quality control / standards' have been implemented across the board by various Ministries, e.g. the compulsory testing in order to obtain the certificate of approval for the importation of stainless steel raw materials, import permit requirement for coffee beans, etc.

Pharmaceutical industry: Switzerland has been recognized by the Malaysian authorities as a reference country for medicines. Other states like the USA, Australia, France, Great Britain, Japan and Sweden enjoy this privilege too.

3. Foreign Trade

3.1 Development and general outlook

3.1.1 Trade in goods

Regardless the downside risks of the global growth, Malaysia stands to benefit significantly from the improvement in the world trade activities against the background of a better global growth. For 2017, both exports and imports recorded a double-digit average growth of 18.9% and 19.9%, respectively, resulting in a total trade surplus of RM 97.2 billion / USD 22.6 billion. Although import growth outpaced export growth, the import components are tilted towards capital and intermediate goods as opposed to consumption goods, which is good for the current as well as for the future production capacity.

The demand from Malaysia's top trading partners continued to be strong as their economies are growing healthily. The most important trading partners, representing 55.9% of the total trade value for 2017, were China, Singapore, European Union, USA and Japan.

The weak commodity prices such as palm oil, crude petroleum and rubber etc. continued to put pressure on Malaysia’s fiscal and broader economic outlook in 2017. Malaysia and Indonesia together account for around 85 to 90% of total global palm oil production. Gross exports of Palm oil & palm oil-based agriculture products, one of the biggest drivers of the Malaysian economy, contributed MYR 53.8 billion / USD 12.5 billion to the GDP in 2017. As for the Oil & Gas industry, the commodities were also affected by the low global commodity prices in 2017.

The top ten trading partners of Malaysia remain almost the same for 2017 as in the previous year (see annex 3): China (16.4%), Singapore (12.9%), EU (9.9%), USA (8.9%) and Japan (7.8%) have captured more than 55.9% of the total trade in 2017.

Total bilateral trade between Malaysia and China remained strong at US$96.3 billion in spite of the uncertainty in the global economy. The figure is expected to hit US$ 100 billion in 2018. Malaysia’s government has shown a passion for digital economy and has pinned his hopes on Alibaba's Jack Ma to help set up the first digital free trade area outside China.

3.1.2 Trade in services

The services sector in the current account was negative (-) MYR 23.1 billion / USD 5.4 billion in 2017 (MYR 19.1 billion / USD 4.6 billion in 2016). This was due mainly to larger deficits in transportation and insurance services (-MYR 29.7 billion / USD6.9 billion and -MYR 8.9 billion / USD2.1 billion, respectively). The transportation deficit reflects heavy reliance on Foreign Service providers particularly in the sea and air freight segments. Air passenger and port segments continued to register net surplus balances. In the travel account, a higher surplus of MYR 33.0 billion / USD7.7 billion was recorded (2016: MYR 31.5 / USD7.3 billion), driven mainly by greater per capita spending by tourists in Malaysia. This offsets the lower number of arrivals of 25.9 million (2016:26.8 million), reflecting mainly fewer tourists from ASEAN, India, the UK and Australia.

Contribution of Services Sector to GDP in 2017 @ 54.4%		
		%
Intermediate services		**20.8**
Finance & insurance	**6.7**	
Real estate & business services	**4.5**	
Transport & storage	**3.6**	
Info & communication	**6**	
Final services		**33.6**
Wholesale & retail trade	**15.1**	
Food & beverage & accom	**2.9**	
Utilities	**2.5**	
Government services	**8.7**	
Other services	**4.4**	
		54.40%

Services 2017 (Export & Import): preliminary data

	+ MYR	- MYR	Net MYR
Services Net	157.8 bil	180.9	-23.1 bil
Travel	78.8 bil	45.8 bil	33.0
Other business services	25.6 bil	29.3 bil	-3.7
Transport	18.7 bil	48.5 bil	-29.8
Tel, com & infor services	11.2 bil	12.8 bil	-1.6
Manufacturing service, physical inputs	10.6 bil	-	10.6
Construction	-	16.9 bil	-16.9
Others –n.i.e.	12.9 bil	27.6 bil	-14.7

Malaysia status on receipt and payment on the four main service sectors.

3.2 Bilateral Trade

Bilateral trade between Switzerland and Malaysia has been increasing over the years and ranked highest in 2017 with MYR 17.1 billion (USD4.2 bil)[1]-inclusive of precious metals. Switzerland ranks Malaysia as its 3th largest trading partner among ASEAN after Singapore and Thailand. Switzerland is among the top 5 countries that has trade surplus with Malaysia amounting to USD 1.5 bil in 2017 (USD 1.0 bil in 2016)[2]

Switzerland continues to be a major source of import for Malaysia, ranking 3th (same as in 2016), from Europe with MYR 11'853 million (USD 2'756.5 million), an increase of 66.3% over 2016 - according to Malaysia Customs statistics. However, the imports from Switzerland - figure recorded by the Malaysia Customs department - is again much higher than the figure issued by the Swiss Federal Customs at CHF 2'497 million. Such discrepancies are also faced by other ASEAN member countries. The fact is that many goods originating from Switzerland were re-exported from Hong Kong, Singapore and other countries into Malaysia.
New investments by both the domestic players and foreign direct investors have brought new business opportunities for Swiss SMEs. The sectors that could bring strong interest for Swiss firms are petrol chemical & gas, E & E, chemical, transport equipment and basic metal fabrication.

1 Dept of Statistics, Malaysia

2 Dept of Statics, Malaysia

3.2.2 Trade in goods

Excluding precious metals, the main export from Switzerland to Malaysia remains machinery accounting for 12.6% of total exports. Pharmaceutical & chemicals exports 6.0% followed by watches, jewellery, optical/medical instruments, unrefined metals, and chemical products.

Imports from Malaysia are primarily machinery, optical & medical appliances, plastic & rubber, etc. accounted 34.6% of total imports -see annex 4[1].

In the last ten years, the three main sectors for both exports and imports remained unchanged. It is forecasted that for the near future this situation remains the same. The comparative advantage on those sectors for Swiss products remains high quality, precision and reliability.

3.2.2 Trade in services

The data on trade in services with details in sub-sectors between Switzerland and Malaysia remains relatively scarce and is not provided by the national data base or the central bank. In general, Malaysians continue to be interested in tourism, higher education and the banking sector of Switzerland.

In 2017, 39’495 Malaysian (33,378 in 2016) tourists visited Switzerland. However, it remains a small number considering the total of 9.3 million foreign visitors. As for Swiss tourists to Malaysia, there was a decrease of tourist arrival by approximately 22% in 2017. Malaysia recorded a total of 20’775 tourist arrivals from Switzerland.

4. Direct Investments

4.1 Development and general outlook

In 2017 Malaysia attracted MYR 197.1 billion (2016: MYR 207.9 billion) USD 45.8 billion in approved investments with 5’466 projects (2016:4’199 projects). The ratio of FDI and domestic investments is in line with the government’s aspiration (to assume the driving role of Malaysia’s investment target) with 72.2% or MYR142.4 billion / USD33.1 billion (2016: 71.6% or MYR 148.9 billion) coming from the domestic sources and 27.8% or MYR54.7 billion / USD12.7 billion (2016: 28.4% or MYR 59 billon) from foreign sources. FDI in 2017 decreased by -7.3% from MYR 59 billion / USD14.2 in 2016.

Malaysia continued to attract investments in the manufacturing sector with 687 manufacturing projects valued at MYR 63.7 billion / USD 14.8 billion as approved by the “Malaysia Investment Development Authority” in 2017, compared with 733 projects valued at MYR 58.5 billion in 2016. FDI in the manufacturing sector also saw a decline of 21.5% to MYR 21.5 billion / USD5 billion in 2017, as Malaysia is no longer a favourable location among ASEAN member countries for labour intensive projects – see tables as below

[1] Swiss Customs Dept

Total investment generated in 2016 / 2017

in MYR billion	2016	2017
Investment	207.9	197.1
DDI	148.9	142.4
FDI	59	54.7
Employment Opportunity	153'064	139'520
Project approved	4'199	5'466
DDI/FDI per sector		
DDI by sector	**148.9**	**142.4**
Manufacturing	31.1	42.1
Primary	4.9	8.1
Services	112'9	92.2
FDI by sector	**59**	**54.7**
Manufacturing	27.4	21.5
Primary	3.3	4.4
Services	28.3	28.8

Approved Manufacturing Projects by Industry, 2017

	No. of projects	*Capital Investment MYR Million*
Petroleum Products (Inc. Petrochemicals)	9	16'310.8
Electronics & Electrical Products	109	1'510.5
Basic Metal Products		
Transport Equipment	79	3'346.2
Natural Gas	1	3'526.2
Food Manufacturing		
Chemical & Chemical Products	65	1''728.1
Non-Metallic Mineral Products	45	3'526.2
Machinery & Equipment	77	1'431.3
Scientific & Measuring Equipment		
Total	**687**	**63.7**

Source: MIDA (Malaysia Investment Development Authority), Annual Report 2017

The major investors in the manufacturing sector (projects approved by MIDA) for 2017 were China (USD 949.4 million), Switzerland (USD 602 million), Singapore (USD 568.2 million), Netherlands (USD 501.0 million), Germany (USD373.7 million), Hong Kong (USD368.1 million) and Japan (USD 322.8 million).

The cumulative total Foreign Direct Investment of the top ten countries in Malaysia as of 2017 (in billion) are: 1) Singapore MYR 116.3; 2) Japan MYR 71.6; 3) China +Hong Kong MYR65; 4) Netherlands MYR40.7, 5) USA MYR 33.4; 6) Switzerland MYR 29.9; 7) Germany MYR 24.8; 8) Virgin Islands MYR 22.1, 9) United Kingdom MYR 19.4 and 10) Bermuda MYR15.5

This inflow was in tandem with the many attractive incentives being offered, coupled with a pool of easily/well trained, English speaking workers, excellent infrastructure & telecommunications, and well established supporting industries. These positive elements also attracted many world class multi-national companies which led to more developed supporting industries and strong demand for Swiss made goods.

Over the last couple of years, it has however become increasingly difficult to find qualified professionals (engineers, IT specialists, skilled personnel, etc.) for certain sectors. Due to changes in the local education system, the trend is likely to become more and more difficult to hire staff with a very good command of the English language.

4.2 Bilateral investment

Swiss investment in Malaysia began back in the early 1900s with Nestle in 1912 (trade) and DKSH in 1923. Over the years, foreign direct investment (FDI) from Switzerland (to Malaysia) continued to make its presence felt in the manufacturing sector, followed by trading, financial services and the setting up of regional offices for the South East Asian and Oceanian countries.
According to statistics of the Swiss National Bank (SNB), the capital stock of FDI form Switzerland to Malaysia was CH 4'203 Mio. at end of 2016, an increase of CHF 100 Million compared to 2015, and Swiss companies employed 23'846 persons in Malaysia.

For the period 1980 to 2017, 209 manufacturing projects with total investment of USD3.17 billion were approved from Switzerland, expecting to create a total of 22,000 potential employments. These investments mostly centered in the Food, Chemical, machinery, and E&E products.
Until 2017, from those approved (209 projects), a total of 160 manufacturing projects were implemented with investment of USD1.32 billion created 16,000 jobs.

In 2017 alone, Swiss investments in Malaysia totaled USD 602 million in 7 projects (2016 USD 116 million /6 projects) covering mostly chemicals, machinery & equipment, electronics & electrical products, ranking number 2nd position among foreign investors and at number 1 among European countries.

The strong regional competition to attract FDI's has not dampened the Swiss firms' desire to come to Malaysia despite better incentives offered by some other ASEAN's member countries. The `attractive` factors Malaysia possesses are well developed infrastructure, good supporting industries, the low cost of doing business e.g. low rental, low yearly incremental expenses. There are approximately 110 Swiss-linked companies in Malaysia, among them, four companies are listed in the Malaysian stock exchange – Nestle, DKSH, LafargeHolcim and Zurich Insurance.

5. Trade, Economic and Tourism Promotion "Country Advertising"

5.1 Foreign economic promotion instruments

Switzerland Global Enterprise S-GE (www.switzerland-ge.com) with its mandate from the Swiss Parliament is the key promotion agency on exports, imports and investments for Switzerland and Liechtenstein. Its focus is very much to support the small and medium enterprises. In view of its limited human resources, an agreement was formulated to share resources from the Embassy personnel; 50% of the local trade officer's time is dedicated for S-GE's activities.
To achieve maximum cooperation, especially for market information and business opportunities with the ASEAN member countries, the Swiss Business HUB (SBH) ASEAN with its regional head office in Singapore was set up in 2005. The three Swiss Embassies participating under the SBH ASEAN are Malaysia, Singapore (covering Brunei as well) and Vietnam. The rest of the ASEAN countries continue to cooperate with S-GE on a case-by-case basis. Indonesia became a new hub on 1st June 2017.

In 2017, SBH ASEAN-Malaysia, again managed to support numerous Swiss SMEs to expand into Malaysia market on partners search for caviar, electronic devices & systems, relocation on investment, etc.

On the local front, the Swiss Malaysian Business Association SMBA (www.myswiss.org.my) established in 2000 with its 80 members in 2017 also played a role by promoting trade and investment activities. Swiss businessmen planning to establish businesses in the country stand to benefit from receiving first-hand information from the established Swiss representatives and firms in Kuala Lumpur and Penang, the state with second largest number of Swiss companies.

5.2 The host country's Interest in Switzerland

Switzerland is still deemed as one of the 'must visit' destinations for Malaysians which is usually incorporated in a standard European itinerary.

In 2017, Malaysia recorded a total of 73,834 overnights and 39,495 arrivals with an increase of overnights by 14.7% compared to 2016. This is considered the best result in the history for the Malaysian market.

Despite the strength of the CHF, the demand and interest for Switzerland has been increasing. There were more players in the leisure market who showed interest and confidence in expanding their products range by moving towards creating packages which incorporate more overnights in Switzerland. More and freer independent travellers (FIT) have identified Switzerland as their target destination due to more awareness of Switzerland's infrastructure, public transport, languages spoken, safety etc. As for the M.I.C.E market (Meetings, Incentives, Conventions and Exhibitions tourism segment), the trend or cycle has been shifted to Switzerland for 2017 and 2018.

With active presence and support from Switzerland Tourism in Malaysia market, activities with the trade partners and media have been increased which resulted in a consistent popularity and awareness in this market. Major events such as Switzerland Travel Experience and Switzerland Convention and Incentive Bureau (SCIB) roadshow were successfully organized. Apart from that, Switzerland Tourism also worked with the local travel agencies to develop new tours products as well as participated in joint marketing collaboration and organised familiarization trip for travel agents. For media, media trips were organized which produced television travelogue and published articles in local newspapers, magazines as well as digital magazine in various languages.

■ ■

Economic structure

	Year *2013*	Year *2017p*
Distribution of GDP*		
Primary sector	9.7%	8.3%
Mining & Quarrying	9.3%	8.5%
Manufacturing sector	23.2%	23.3%
Construction	*4.1 %*	4.6%
Services	53.7%	55.3%
- of which public services	8.8%	8.7%

Distribution of employment		
Primary sector	13.0%	11.3%
Mining & Quarrying	0.7%	0.7%
Manufacturing sector	17.1%	17.1%
Construction	9.5%	8.7%
Services	59.7%	62.2%
- of which public services	18.9%	18.4%

Source(s): National Bank (Bank Negara Report 2017)
*GDP at Constant 2010 Prices

Exchange Rate: USD : MYR
2015: 3.905
2016: 4.148
2017: 4.300
2018: 3.935

Main economic data

	2015	2016	*2017 P*	*2018F*
GDP (USD Billion)	272.3	267.2	*272.9*	*315.1*
GDP per capita (USD)	9’242	9’110	*9’551*	*10’885*
Growth rate (% of GDP)	5	4.2	*5.9*	*5.5-6.0*
Inflation rate (%)	2.1	2.1	*3.7*	*n/a*
Unemployment rate (%)	3.1	3.4	*3.4*	*3.2-3.5*
Trade Balance (USD Billion)	28.0	24.4	*27.5*	*30.6*
Fiscal balance (% of GDP)	-3.2	-3.1	*-3.0*	*n/a*
Current account balance (% of GDP)	3.3	2.6	*3.4*	*3.1*
Total external debt (% of GDP)	78.7	82.7	*75.3*	*n/a*
Debt-service ratio (% of exports)	22.7	24.8	*22.1*	*n/a*
Reserves (months of imports)	8.4	8.7	*7.2*	*n/a*

All above data is based on Malaysia’s National Bank Annual Report 2017
(Bank Negara / Annual Report 2017)

P = Preliminary
F = Forecast

Trade partners: 2017

Rank	Country	Exports from MY in USD	Share (%)	Change (%)	Rank	Country	Imports to MY in USD	Share (%)	Change (%)
1	Singapore	31’533	14.5	14.3	1	China	38’255	19.6	11.5
2	China	29’337	13.5	23.5	2	Singapore	21’564	11.1	23.6
3	EU	22’161	10.2	15.2	3	EU	18’555	9.5	11.3
4	USA	20’626	9.5	6.7	4	USA	16’121	8.3	20.2
5	Japan	17’417	8.0	14.2	5	Japan	14’793	7.6	7.7
6	Thailand	11’750	5.4	10.6	6	Taiwan	12’734	6.5	26.4
7	Hong Kong	11’096	5.1	22.3	7	Thailand	11’201	5.7	9.7
8	Indonesia	8’089	3.7	21.4	8	Indonesia	8’803	4.5	24.1
9	India	8’036	3.7	4.2	9	South Korea	8’475	4.3	-4.1
10	Australia	7’534	3.5	16.9	10	India	6’253	3.2	55.9
					16	**Swit-zerland**	**2’757**	**1.4**	**60.5**
22	**Swit-zerland**	**1’214**	**0.6**	**79.9**					
3	EU	22’161	10,2%	15.2	3	EU	18’555	9.5	11.3
TOTAL		**217’533**		14.9%	**TOTAL**		**168’352**		15.8%
in MYR				**18.9%**					**19.90%**

Source: Dept of Statistics, Malaysia

In RED: the % change is based on MYR data (before conversion into USD)

ANNEX 4

Bilateral Trade

Entwicklung des bilateralen Warenhandels (Total 2)[1]

Jahr	*Exporte (CHF in Mio.)*	*Jährliche Verän-derung (%)*	*Importe (CHF in Mio.)*	*Jährliche Verän-derung (%)*	*Saldo (CHF in Mio.)*	*Volumen (CHF in Mio.)*	*Jährliche Verände-rung (%)*
1990	230.6	-6.0	84.7	12.5	145.9	315.3	-
1995	643.1	29.3	182.1	32.1	461.0	825.2	-
2000	569.7	25.1	294.8	32.6	274.9	864.5	-
2005	580 .7	-7.6	209.9	8.4	370.8	790.6	-
2010	642.8	14.8	345.4	9.8	296.8	988.8	13.0
2011	713.5	11.0	327.5	-5.2	386.0	1046.4	5.3
2012	704.2	-1.3	423.6	29.3	280.6	1’127.8	8.3
2013	724.1	2.8	504.4	19.1	219.7	1’228.5	8.9
2014	882.3	21.8	602.5	19.5	279.8	1’484.8	1.2
2015	770.8	-12.6	491.1	-18.5	279.7	1’261.9	-15.0
2016	755.5	-2.0	483.5	-1.5	272.0	1’239	-1.8
2017	741.3	-1.9	525.0	8.6	216.3	1’266	2.2
2012*	1‘160	-	555.8	-	604.2	1‘716	-
2013	1‘564	34.8	538.9	69.4	1‘025	2‘103	22.5
2014	1‘748	11.7	653.0	21.2	1‘095	2‘401	14.1
2015	1‘677	-4.1	621.1	-4.9	1‘055.6	2‘298	-4.3
2016	1‘495	-10.9	949.3	52.8	545.7	2‘444	6.3
2017	2‘497	67.0	1’505	58.5	992	4’002	63.8
*(Total 1***							

*) Ab dem 01.01.2012 hat die EZV die Berechnungsmethode für die Importe und Exporte geändert. Infolgedessen sind Vergleiche zwischen 2012 und den vorhergehenden Jahren nicht mehr möglich.[2]

**) Total "Konjunktursicht" (Total 1): ohne Gold in Barren und andere Edelmetalle, Münzen, Edel- und Schmucksteinen sowie Kunstgegenständen und Antiquitäten

***) Variation (%) gegenüber Vorjahresperiode

Aufteilung nach Produkten (Total 2)[3]

Exporte	2016 Anteil	2016 in Mio. CHF	**2017** Anteil	**2017** in Mio. CHF	*Var. in %. 2017/2016*
1. Edelsteine, Bijouterie	49.7	743.0	**70.6**	**1’763.8**	*237.4*
2. Maschinen	19.2	286.7	**12.6**	**315.9**	*10.2*
3. Pharmazeutische Erzeugnisse	10.5	157.6	**5.7**	**141.3**	*-10.3*
4. Uhren	5.1	76.5	**3.6**	**89.9**	*17.5*

[1] Quelle: Eidgenössische Zollverwaltung EZV, Gesamttotal (Total 2): mit Gold in Barren und anderen Edelmetallen, Münzen, Edel- und Schmucksteinen sowie Kunstgegenständen und Antiquitäten.

[2] *Importe:* Verwendung des „**Ursprungslandprinzips**“ anstelle des „Erzeugungslandprinzips“. Das *Ursprungsland* bezeichnet jenes Land, in dem die Ware vollständig gewonnen oder überwiegend hergestellt wurde. Das *Erzeugungsland* bezeichnete hingegen das Land, in welchem ein Produkt vor der Einfuhr in der Schweiz im freien Verkehr war.
Exporte/Importe: Die **Aussenhandelszahlen werden mit Gold, Silber und Münzen** nach Ländern aufgeschlüsselt und als Bestandteil der Schweizer Aussenhandelsstatistik (Gesamttotal) in der online Datenbank *Swiss-Impex* integriert.

[3] Gesamttotal (Total 2): mit Gold in Barren und anderen Edelmetallen, Münzen, Edel- und Schmucksteinen sowie Kunstgegenständen und Antiquitäten (Eidgenössische Zollverwaltung)

5. Opt./medizin. Instrumente	3.6	54.4	**2.3**	**58.4**	*7.4*
6. Chemische Produkte	0.6	9.3	**0.3**	**8.4**	*-9.7*

Importe	2016		**2017**		
	Anteil	in Mio. CHF	Anteil	in Mio. CHF	*Var. in % 2015/2014*
1. Edelsteine, Bijouterie	49.2	467.5	**65.4**	**983.8**	*210.4*
2. Maschinen[1]	30.9	293.1	**20.2**	**303.5**	*3.5*
3. Opt./medizin. Instrumente	5.9	56.2	**4.3**	**64.5**	*14.8*
4. Kunststoffe, Kautschuk	4.6	43.7	**3.2**	**48.0**	*9.8*
5. Landwirtschaftliche Produkte	2.8	26.4	**1.7**	**24.9**	*-5.7*
6. Unedle Metalle und Waren daraus	1.2	11.5	**0.9**	**12.8**	*11.3*

[1] V.a. Elektrische und elektronische Güter wie Computer, Digitalkameras oder Mobiltelefone.

Main investing countries 2017

Rank	Countrv	Direct investments (USD Mil)	Share %	Variation	Inflows over past year (USD)
1	China	949.3	17.8	-10.7	1’063.4
2	Switzerland	601.9	11.3	127.9	116.4
3	Singapore	568.2	10.7	120.7	470.8
4	Netherland	500.9	9.4	-30.1	716.3
5	Germany	373.6	7.0	-36.6	589.1
6	Hong Kong	368.1	6.9	622.8	59.1
7	Japan	322.8	6.1	-28.0	448.6
8	Australia	312.8	5.9	-	-
9	USA	272.7	5.1	-13.3	314.6
10	Taiwan	186.0	3.5	-	-
	EU (all)	1’478.1	14.0%	-36.9	2’341.3
13	*Switzerland*	602.0	*0.9%*	517.2	116.4
	Total	5’320	100 %	-19.5%	**6’606.6**

Source(s): MIDA –Malaysian Investment Development Authority