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ECONOMIC GROWTH OF MALAYSIA

Abstract: the article describes the trends of economic growth of Malaysia. Macroeconomic indicator such as, GDP (Growth Domestic Product), Export growth, Human development index (HDI) are studied .The main difference of economic growth of regions are revealed.

Keyword: economic growth , Malaysia , GDP

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ЭКОНОМИЧЕСКИЙ РОСТ МАЛАЙЗИИ

Аннотация: в статье описываются тенденции экономического роста Малайзии. Изучены макроэкономические показатели, такие как ВВП, рост экспорта, индекс развития человеческого потенциала (ИЧР). Выявлены основные различия экономического роста в регионах.

Ключевые слова: экономический рост, Малайзия, ВВП

The economy of Malaysia is the third largest in Southeast Asia, after Indonesia and Thailand, and is the 35th largest economy in the world [1]. Labour productivity in Malaysia is significantly higher than in neighbouring Thailand, Indonesia,

Philippines or Vietnam due to a high density of knowledge-based industries and adoption of cutting edge technology for manufacturing and digital economy[1]. According to the Global Competitiveness Report 2018, the Malaysian economy is the 25th most competitive country in the world in the period of 2018–19[1]. With an income per capita of 28,681 PPP Dollars (2017 World Bank) or 10,620 nominal US Dollars, with population of 31.62 million people, Malaysia is the third wealthiest nation in Southeast Asia after the smaller city-states of Singapore and Brunei[1]. The Malaysian economy is highly robust and diversified with the export value of high-tech products in 2015 standing at US\$57.258 billion, the second highest after Singapore in ASEAN. Malaysia exports the second largest volume and value of palm oil products globally after Indonesia[2].

Reported as of September 6, 2019, Malaysia exported \$116.9 billion worth of goods during the first 6 months of 2019 down -4.6% compared to the same period one year earlier[2]. From a continental perspective, 72.2% of Malaysian exports by value in 2018 were delivered to fellow Asian countries while 10.6% was sold to importers in Europe[2]. Malaysia shipped another 10.3% worth to North American customers with 4.1% going to Oceania (mostly Australia, New Zealand and, to a lesser extent, Papua New Guinea) [2]. Smaller percentages were exported to customers in Africa (1.9%) and Latin America (0.9%) excluding Mexico but including the Caribbean[2]. Given Malaysia's population of 31.8 million people, its total \$247.3 billion in 2018 exports translates to roughly \$7,800 for every resident in the Southeast Asian country [2].

The following export product groups represent the highest dollar value in Malaysian global shipments during 2018 [2]. Also shown is the percentage share each export category represents in terms of overall exports from Malaysia [2].

1. Electrical machinery, equipment: US\$83 billion (33.6% of total exports)
2. Mineral fuels including oil: \$38.4 billion (15.5%)
3. Machinery including computers: \$25.4 billion (10.3%)
4. Animal/vegetable fats, oils, waxes: \$12.1 billion (4.9%)
5. Optical, technical, medical apparatus: \$9.4 billion (3.8%)

6. Plastics, plastic articles: \$9.4 billion (3.8%)
7. Rubber, rubber articles: \$7.5 billion (3%)
8. Organic chemicals: \$4.9 billion (2%)
9. Other chemical goods: \$4.4 billion (1.8%)
10. Aluminum: \$3.9 billion (1.6%)

Despite government policies to increase income per capita in order to hasten the progress towards high income country by 2020, Malaysia's growth in wages has been very slow, lagging behind the OECD standard[2]. Academic research by the IMF and World Bank have repeatedly called for structural reform and endogenous innovation to move the country up the value chain of manufacturing into allowing Malaysia to escape the current middle income trap [4]. Due to a heavy reliance on oil exports for central government revenue, the currency fluctuations have been very volatile, noticeably during the supply glut and oil price collapse in 2015 [4]. However the government stepped up measures to increase revenue by introducing the Sales and Service Tax (SST) at 6% rate to reduce deficits and meet federal debt obligations [3].

As one of three countries that control the Strait of Malacca, international trade plays a very significant role in Malaysia's economy[3]. At one time, it was the largest producer of tin, rubber and palm oil in the world [4]. Manufacturing has a large influence in the country's economy, accounting for over 40% of the GDP. Malaysia is also the world's largest Islamic banking and financial centre [3].

Table 1 : Growth Domestic Product and Human Development Index in Malaysia [1,3].

Region	GDP	HDI
North	217,704	1.439
Central west	538,887	2.587
Northeast	59,827	2.358
South	130,852	0.816
Southeast	271,703	3.244
Total	6,068,973	10.444

Comparing the Southeast and West-Central IDH with the GDP of each region can't be conclude that the economic diversity or the nominal GDP will determinate the quality life [3]. But also, it should be remembered that was only used the nominal GDP to comparison, it was included social and historical data that could justify this result [3].

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