

Malaysia Remains Externally Competitive, Says WTO

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SINGAPORE, March 4 (Bernama) -- Malaysia remains externally competitive with its comparative advantage seemingly shifting from electrical goods and electronics manufacturing towards processed commodities and natural gas despite a slowdown in total factor productivity (TFP) growth during 2008-12.

The World Trade Organisation (WTO) said this in its sixth review of the trade policies and practices of Malaysia based on reports by its secretariat in Geneva and the Malaysian government.

The WTO report said Malaysia's strong overall economic performance during the period under review was led by pragmatic economic management and appropriately calibrated macroeconomic policies.

"The country's economy continued to undergo a significant external rebalancing due to a decline in external surpluses, while policies continue to ensure sustainable and inclusive growth in order to turn Malaysia into a high income country by 2020," it said.

It said Malaysia's economy recovered rapidly from contraction in 2009 and moved towards more sustainable and moderate growth rates as, inter alia, the engines of growth shifted markedly from export-oriented manufacturing to domestic services.

The report said Malaysia's low inflation rate rose steeply from 2009 to 2011 due to temporary supply-side and cost-related factors, before falling in 2012 to below its 2010 level of 1.7 per cent, one of the lowest in the Asia-Pacific region.

In addition, its low official unemployment rate has further declined to three per cent in 2012, it said.

During the period under review, a slightly accommodative monetary policy continued to strike the right balance between supporting growth and keeping inflation in check.

It said the FDI inflows eased somewhat in 2012, reflecting the uncertain global economic and the diminishing appeal of Malaysia as a base for labour-intensive industries.

The report also said that Malaysia has undertaken a major liberalisation effort in its services sector since 2009, removing or reducing restrictions on foreign equity participation in a swathe of services sub-sectors, it said.

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