

U.S. Country Commercial Guides



Malaysia 2020

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Doing Business in Malaysia

Market Overview

Over the past ten years, Malaysia has emerged as an attractive regional hub for logistics services, information and communications technology (ICT), and medical tourism. Malaysia's strategic location at the heart of Southeast Asia's market, with 649 million people and a combined GDP of US\$3 trillion, opens commercial opportunities for companies looking to expand their regional and global supply chain and operations.

Despite the global pandemic and an unexpected Malaysian administration change in 2020, the commercial environment remains promising for foreign companies. Malaysia offers well-developed infrastructure, an English-speaking business and consumer environment, a well-established legal framework, an affinity for U.S. products, and the ability to easily repatriate capital and profits. Malaysia's level of economic development drives both consumer and business demand for products and services. Its consumers, though price sensitive, are accustomed to several decades of steady growth. Malaysians are attracted to, and are familiar with, international brands, quality healthcare products and services, as well as ecological lifestyle offerings securing the country as an attractive, business-friendly destination.

The United States is Malaysia's third-largest trading partner. Malaysia's total trade for 2019 was \$453 billion, a 2.5 percent decrease in value compared to 2018. While lower trade was recorded with the top two trading partners, China (1st) and Singapore (2nd), trade with the United States is increasing. Malaysia is classified as an upper-middle income country, with a GNI per capita of US\$10,870, third in ASEAN after Singapore (1st) and Brunei (2nd). Over the past five years, the country's GDP has grown consistently at an average 4.84 percent per year. It has also maintained a steadily low inflation rate, an average of 1.84 percent over the last five years. Malaysia is one of the most open economies in the world, with a trade to GDP ratio averaging over 130 percent since 2010.

Malaysia's export-orientated economy is expected to contract along with the global economy in 2020. Analysts predict that this economic pressure, combined with the government containment measures implemented in March-June, will result in real GDP contracting by 5.1 percent in 2020. The economic growth and unemployment rate are expected to fully recover by 2022, despite this contraction in 2020.

The United States continues to enjoy a favorable trade and investment position in Malaysia. Despite the recent challenges, market potential does exist for foreign companies particularly in the areas of advanced manufacturing, information and communication technologies (ICT), healthcare, and environmental technologies.

Sources:

- Economic Intelligence Unit (EIU) Country Reports, Department of Statistics Malaysia, Bank Negara Malaysia Monthly Statistical Bulletin, April 2020

Market Challenges

The Malaysian marketplace is facing significant headwinds due to the global pandemic, a fluid political situation, and rising U.S.-China trade tension. As a result, Malaysia's real GDP is projected to contract by 5.1 percent in 2020, the slowest rate of growth since the global financial crisis in the 90s.

According to the Economic Intelligence Unit, the external sector is expected to shrink for a second successive year due to the country's exposure to China, Malaysia's largest export market, in addition to the anticipated recessions in the United States and EU. Regarding service exports, Malaysia is expected to contract considerably amid ongoing travel restrictions and a decrease in international tourism. Despite loose monetary circumstances, an anticipated decline in local and foreign investor sentiment will result in a deep contraction in investment spending. The government's fiscal and monetary stimulus set in place will help contain the damage but may not prevent the Malaysian economy from entering into a recession as well.

On the political front, the situation in Malaysia remains fluid despite the formation of a new coalition government and the appointment of a new prime minister. The previous administration collapsed on February 24, 2020, in part due to infighting over who would succeed Mahathir Mohamad as Prime Minister. Muhyiddin Yassin, who served as Minister of Home Affairs during the previous government, was named the new prime minister just as the pandemic struck Malaysia. In this political landscape, the new administration will likely curtail policymaking to limit the opposition's attempts to launch a vote of no confidence by minimizing parliamentary sessions. Furthermore, the administration's slim majority will become a challenge when trying to implement its legislative agenda, raising the risk of a snap general election at the end of calendar year 2020 or early 2021.

Other structural policies by the government hamper foreign involvement in several areas, including government procurement contracts; financial, business, and certain professional services (military, defense, security, and oil and gas); and telecommunications. In many cases, it is imperative to have a local partner, such as a Malay-owned "Bumiputra" company for government-procurements, to compete in the market effectively. The identification, assessment, and selection of these Bumiputra partners become a decisive factor in the success of a foreign company's commercial engagements.

Finally, while the previous administration made improvements in the implementation of transparent and fair procurement practices, the government is still confronted by corruption scandals and obscure procurement decision-making. In some instances, there are sufficient checks and balances to bring visibility to procurement malpractices. In the assessment of procurement applications, the lack of know-how on life-cycle costing presents challenges to foreign companies offering quality products at higher price points compared to competitors' lower-cost alternatives.

Sources:

- Economic Intelligence Unit (EIU) Country Reports

Market Opportunities

Malaysia's business environment is governed by several regulations to maintain an efficient and competitive private sector. The country is considered an easy and cost-competitive place for doing business, and it is ranked 12th globally on Ease of Doing Business by World Bank Group 2020. This ranking shows a continued improvement from 2019 (ranked 15th) and 2018 (ranked 24th), sending a signal to the global community that Malaysia is "open for business".

The government and private sector in Malaysia understand the need to embrace a country-wide digital transformation. The digitalization of processes across all major industrial sectors will be a decisive factor for securing Malaysia's role in the future global economy. The country aims to be a regional hub for digital and procurement industries. In 2019, the government released one of the most aggressive stimulus budgets to support these objectives. The sudden government transition and the global pandemic in 2020 will be one of the biggest challenges faced by Malaysia as the country attempts to carve out its place in the global economy. If the successful government response to the global pandemic is any indication of the future direction of the country, there is optimism that Malaysia is heading in the right direction.

Some top sectors we will explore in this report include:

- Agriculture
- Equipment and Machinery
- Technology and ICT
- Medical Devices
- Environmental Technologies
- Franchising

Market Entry Strategy

Most exporters to Malaysia find that using a local distributor or agent is the best first step for entering the market. A local distributor is typically responsible for handling customs clearance, dealing with established wholesalers/retailers, marketing the product directly to major corporations or the government, and handling after-sales service. Exporters of services generally also benefit from using a local partner.

Sales to the Government of Malaysia, Government Linked Companies (GLC), or procurements in priority sectors favor local agents and/or a joint venture partners that are classified as a Bumiputra (Malay) company. The term Bumiputra refers to individuals who are ethnically Malay. A Bumiputra company is defined as a company that fulfills the following criteria:

- Established under the Companies Act, 1965
- Upfront capital of at least RM25,000
- Shareholders are 100 percent Bumiputra
- Board of Directors are at least 51 percent Bumiputra
- Managerial and Professional Staff are at least 51 percent Bumiputra
- Supporting Staff are at least 51 percent Bumiputra

The Malaysian government and GLCs make use of offsets and other measures to encourage technology transfer, particularly in priority sector procurements. The Government of Malaysia and GLCs also look favorably on U.S. companies that have a long-term presence in the local market. Therefore, in strategic or large-scale market entry, U.S. companies typically find they are treated more favorably when they are willing to establish a local office, hire Malaysians, and provide training opportunities. Companies are also expected to undertake some amount of local assembly or production, or at least plan regular and frequent trips to maintain relationships and presence.

In sectors that are not government-dominated, companies, agents, or distributors should be selected based on competitive considerations (e.g., technical grounds or product knowledge). Due to the relationship-orientated Malaysian market, having a local presence or local agent can positively influence the outcome.

The U.S. Department of Commerce's United States and Foreign Commercial Service (USFCS) offers customized solutions to help U.S. companies, including small- and medium-sized enterprises, succeed in the Malaysian market. USFCS stands ready to help U.S. companies develop comprehensive market-entry or expansion plans, learn about export- and customs-related requirements, obtain export financing, and identify potential partners, agents, and distributors through business matchmaking programs, trade shows, and trade missions led by senior U.S. government officials. For U.S. companies that purchase our Gold Key Service, USFCS can facilitate one-on-one meetings with pre-screened buyers, potential customers or end-users, experienced professional services providers, and key government officials. With these tools, explained in greater detail in this Country Commercial Guide, U.S. companies will be better positioned to take advantage of opportunities in the Malaysian market.

In addition, the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) provides equivalent-level trade services at no cost for U.S. companies interested in exporting agricultural, fishery, and forestry products to Malaysia through their Office of Agricultural Affairs.

Leading Sectors for US Exports & Investments

Agricultural Sector

Overview

The agriculture, fisheries, and forestry sectors employ roughly 10 percent of the Malaysian labor force and account for about eight percent of the country's GDP. Palm oil, rubber, cocoa, and wood products account for around half of the output while other significant contributors include tropical fruits and rice.

Malaysia is the world's second largest palm oil producer and exporter after Indonesia. Malaysia palm oil production accounted for 28 percent of world production and 33 percent of world exports in 2019. As additional land for palm oil production is unavailable, any increase in national production at this point would have to come from yield and productivity increases. Malaysian palm oil companies also have a big presence in Indonesia and have invested in palm oil refineries in major markets such as Europe, India, China, and the United States. Many of Malaysia's largest and most successful companies are palm oil plantation enterprises where the state holds an ownership share. Even though the United States has been a significant importer of Malaysian palm oil for the past several years, Malaysian palm industry representatives can be highly critical of U.S. interests and policies. This stems from their belief that the U.S. soybean sector is a commercial competitor and also because of the EPA's ruling that palm oil is not an acceptable feed stock under the Renewable Fuel Standard.

Poultry is the dominant protein consumed in the country. The poultry sector is relatively strong and well developed. The swine sector is struggling, and with the official emphasis on making the country a "halal hub," the government has not shown interest in developing this industry. No significant beef industry exists.

Malaysia has a relatively strong agricultural research capability, especially in the oil palm sector, and the extension system is effective. The GoM subsidizes rice production through support prices, input subsidies, and consumer subsidies. Although the Ministry of Agriculture does focus on other sectors, almost all new meaningful agriculture investment is destined to the palm oil plantation sector.

There is no commercial production of genetically engineered (GE) plants in the country. However, the Malaysia livestock feed industry is a significant importer of GE products and as of June 2020, 40 GE events have been officially approved for import and market release. The Malaysian Ministry of Health published guidelines on GE labeling in 2013 to ensure food safety and provide guidance to the food industry and consumer. The guidelines stipulate that labeling is mandatory for products with GE content over three percent. Although this regulation was published six years ago, it has yet to be enforced.

Malaysia's Food Act 1983 and the Food Regulations of 1985 govern food import and export regulations or procedures. The Food Safety and Quality Division of the Malaysian Ministry of Health along with several other government agencies are charged with implementing and enforcing the law under these statutes, including routine compliance, sampling, inspection, import control, and regulation. Among the many regulations and required procedures related to shipping food and agricultural products to the country, of particular note are Malaysia's halal certification and dairy facility registration requirements.

Halal Certification

Many food products (e.g., beef or poultry) require halal certification in order to enter Malaysia. This requirement is easily the largest barrier to further expanding trade with the country. Currently, the Islamic Development Foundation of Malaysia (JAKIM) is the only authorized entity allowed to issue halal certification. In the United States, JAKIM appointed three Islamic institutions to inspect and halal certify food and beverage products for export to Malaysia: the Islamic Food and Nutrition Council of America (IFANCA), the Islamic Services of America (ISA), and the American Halal Foundation (AHF).

Dairy Facility Registration

In March 2018, Malaysia implemented a measure that requires foreign producers and exporters of dairy products to apply for registration with the government. According to trade contacts, Malaysia implemented this facility registration measure to improve the traceability of imported dairy products and to ensure imported dairy products were certified halal. Applications from dairy facilities with a history of exporting to Malaysia were given expedited review upon implementation of this statute while new to market suppliers were given standard reviews lasting a reported three to six months.

Malaysia’s global agricultural trade reached \$43.5 billion in 2019, with exports of \$25 billion and imports of \$18.3 billion. Palm oil is the dominant export and the leading markets over the past several years for this Malaysian product include India, the European Union, China, Pakistan, and the United States. Thailand, Indonesia, and China are the top suppliers of agricultural products to Malaysia, with the United States ranked fifth in 2019. Despite the agricultural trade surplus with the world of \$6.7 billion, Malaysia nonetheless still heavily relies on imports for many key products, including wheat, rice, protein meal, dairy products, beef, and most deciduous and citrus fruits.

With a size equivalent to the state of New Mexico, Malaysia also supplies about 20 percent of the global demand for vegetable oil. The only non-perennial crop grown in significant quantity is paddy rice, with 700,000 hectares (11 percent of the total area).

U.S.-Malaysia bilateral agricultural trade was at \$2.17 billion in 2019, with the United States holding a \$128 million surplus. With a slight increase from the previous year, U.S. agricultural product exports in 2019 reached a record \$1.18 billion. Several key U.S. products were responsible for the new record, including soybeans, processed fruit, processed vegetables, tree nuts, and prepared foods. As a group, consumer-oriented products were nearly half the total, reflecting growing consumer demand and the burgeoning food service sector. Soybeans continue remain the top U.S. export to Malaysia with sales reaching \$237 million for the year.

Malaysia’s Food and Agricultural Market Situation

Major Products, Market Shares by Value, and Competitor Situations			
Product Category (2019)	Major Supply Sources (2019)	Foreign Supplier Situation	Local Supplier Situation
Dairy Products Net Imports: USD \$1.3 billion	New Zealand: 36 percent Australia: 9 percent U.S.A.: 9 percent Thailand: 6 percent	New Zealand and Australia are strong competitors in the market due to free trade agreements. The United States is one of the largest suppliers of whey.	Local production is insufficient to meet consumer demand.
Beef Net Imports: USD \$485 million	India: 73 percent Australia: 16 percent New Zealand: 5 percent Brazil: 4 percent	Major foreign suppliers have a significant portion of their beef industry halal certified for export to Malaysia. Beef from India is very cheap and serves the low-end outlets.	Inadequate supply of local beef.

		Australia dominates the higher-end market.	
Wheat and Wheat Flour Net Imports: USD \$331 million	Australia: 34 percent U.S.A.: 24 percent Canada: 15 percent Ukraine: 12 percent	Australia is a strong competitor in the wheat and wheat flour market. Demand for high-quality U.S. wheat for the local baking industry is growing.	No local production
Processed Fruits Net Imports: USD \$226 million	China: 27 percent U.S.A.: 16 percent Thailand: 11 percent Tunisia: 8 percent	Dried and processed fruits from China and Thailand are price competitive. U.S. raisins are currently in very strong demand in the retail and bakery industries.	Limited local production.
Tree Nuts Net Imports: USD \$ 176 million	Indonesia: 30 percent U.S.A.: 26 percent China: 12 percent India: 9 percent	Imported nuts are in increasingly strong demand for use in the bakery and snack food industry.	Limited local production.
Potatoes – Fresh, Chilled, and Frozen Net Imports: USD \$ 141 million	China: 29 percent Germany: 18 percent Netherlands: 14 percent U.S.A.: 12 percent	Chinese potatoes are very price competitive. High quality potatoes from the United States and other sources are in demand for the high-end retail market, the chipping industry, and for the manufacturing of snacks. U.S. frozen potatoes dominate the fast food chain industry.	Limited domestic production.
Pork – Fresh, Chilled, and Frozen Net Imports: USD \$61 million	Germany: 46 percent Spain: 21 percent China: 8 percent Netherlands: 6 percent	Currently E.U. prices are competitive and several E.U. plants are approved for export to Malaysia. Demand for U.S. pork has increased significantly in 2020 and	Domestic demand for pork has grown significantly over the past several years and local industry is limited.

		multiple U.S. plants are now approved to export to Malaysia.	
Soybeans Net Imports: USD \$313 million	U.S.A.: 75 percent Canada: 13 percent Brazil: 3 percent Argentina: 1 percent	Demand for U.S. soybeans is surging in 2020.	Roughly 85 percent of livestock feed ingredients are imported.
Soybean Meal Net Imports: USD \$521 million	Argentina: 98 percent	Argentinian Soybean meal is price competitive and dominates the market	Roughly 85 percent of livestock feed ingredients are imported.

(Data Source: Trade Data Monitor)

Opportunities

- U.S. food and agricultural products are trusted and perceived to be of high quality.
- The growing Malaysian Hotel, Restaurant, and Institutional (HRI), Retail and Food Processing sectors require a wide range of imported food products and ingredients.
- Rising disposable income in Malaysia is driving demand for high quality imported food and beverage products.
- Many U.S.- style restaurants operate throughout the country, enabling new-to-market U.S. products easier market acceptance.

Challenges for U.S. Products in the Malaysian Market

- Many U.S. products need to be halal certified, which can be a lengthy, complicated process.
- Australia and New Zealand both have free trade agreements with Malaysia and have a strong presence in the country's consumer-oriented food and beverage market.
- In addition to strong competition from Australia and New Zealand, products from China and other ASEAN countries are gaining market share.
- Many U.S. exporters are unfamiliar with the market and are therefore sometimes unable to meet specific requirements and order sizes.

Best Prospective U.S. Products for the Malaysian Market

U.S. Products	2018 Import Value (million USD)	2019 Import Value (million USD)	Growth (percent)
Soybeans	230	237*	3
Prepared Food	94	117*	24

Dairy Products	101	109	8
Processed Vegetables	56	68*	21
Tree Nuts	35	37*	6
Processed Fruit	22	36*	64
Beef	1	1	0.0

Source: U.S. Census Bureau Trade Data

Notes: Excellent opportunities for U.S. beef exist in the market provided the required Malaysian halal certifications can be obtained; * denotes record sales

Web Resources & Contacts

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Malaysian Government:

[Ministry of Health Food Safety and Quality Division](#)

[Ministry of Agriculture Department of Veterinary Services](#)

[Ministry of Finance Customs Headquarters](#)

Equipment & Machinery

Overview

Over the decades, Malaysia has consolidated and improved its Electrical and Electronics (E&E) sector, but the country has not been able to evolve into a manufacturer of complete equipment. Instead, industry stakeholders have niche themselves as either manufacturer of components or as Original Equipment Manufacturers (OEM).

The following groups of export products represent the highest dollar value in Malaysian global shipments during 2019. Also shown is the percentage share each export category represents in terms of overall exports from Malaysia.

	DESCRIPTION	VALUE (US\$ B)	TOTAL EXPORT (percent)
1	Electrical machinery and equipment	82.0	34.4
2.	Mineral fuels including oil	34.5	14.5
3.	Machinery including computer	21.8	9.1
4.	Animal/vegetable fats oils waxes	11.5	4.8
5.	Optical technical medical apparatus	10.1	4.2
6.	Plastic and plastic articles	9.6	4.0
7.	Rubber and rubber products	7.1	3.0
8.	Iron and steel	4.4	1.8
9.	Other chemical goods	4.1	1.7
10.	Organic chemical	4.0	1.7

Table1: Top 10 Exports of Malaysia

Source: MATRADE

Malaysia's top 10 exports accounted for almost 80 percent of the overall value of its global shipments.

This data highlights the opportunity for the Machinery & Equipment (M&E) industry as an area for growth and development, with a focus on high value-added M&E.

Target Subsectors:

- Specialized process machinery or equipment for specific industry
- Metalworking machinery
- Power generating machinery and equipment
- General industrial machinery & equipment, components, and parts

There are currently 1,418 companies of all sizes in the M&E industry across multiple fields, including power generation, metalworking, specialized-process M&E for specific industries, general industrial M&E, modules, and industrial parts, and remanufacturing of M&E. These fields include 197 companies involved in the production of

semiconductor M&E and 143 companies involved in robotics and factory automation systems. Malaysia is the leading manufacturer of specialized-process machinery for the E&E industry and automation equipment in the Southeast Asia region.

Malaysian M&E companies are capable of providing a full range of services, including design & development, test simulation, software programming, structure fabrication, module assembly and integration, as well as automation solutions. They can produce advanced machinery with full automation and robotics handling systems, and can easily integrate themselves into global supply chains. Notable companies in the industry include Advantest, SRM, Vitrox, Muehlbauer, Pentamaster, UMS, and Multitest.

Driven by industry trends, including Industry 4.0 and the Industrial Internet of Things (IIoT), M&E companies are currently improving their production processes. These companies are adopting vital Industry 4.0 technologies to increase the level of automation, connectivity, and Big Data Analytics (BDA) required in a smart factory environment. This trend includes connecting cyber and physical systems via an Enterprise Resource Planning (ERP) system, as well as employing remote monitoring, machine-to-machine (M2M) communication, and fully robotic, automated assembly lines in their production floors..

Opportunities

In 2019, Malaysian importers purchased the following ten subcategories of machinery, including computers:

DESCRIPTION	VALUE (US\$ Million)	CHANGE (percent)
Computers, optical readers	2,800	-13.78
Computer parts, accessories	2,000	-18.7%
Miscellaneous machinery	1,300	-15.9
Machinery for making semi-conductors:	1,200	-2.1
Turbojets	1,000	+17.4
Printing machinery	924	-9.1
Centrifuges, filters and purifiers	894	+3.3
Taps, valves, similar appliances	879	-8.5
Air or vacuum pumps	758	-2.0
Machinery parts	638	+12.4

Table2: Top 10 Imports of Malaysia

Source: MATRADE

Products of interest and classifications by the Malaysian Harmonized System Tariff Codes are as follows:

HSTC	DESCRIPTION
8411.91	Of turbo-jets or turbo-propellers
8419.39	Machinery for the treatment of materials by a process involving heating, for the manufacture of printed circuit boards, printed wiring boards or printed circuit assemblies
8419.89	Machinery for the treatment of material by a process involving heating, for the manufacture of printed circuit boards, printed wiring boards or printed circuit assemblies
8419.90	Parts of machinery for the treatment of materials by a process involving heating, for the manufacture of printed circuit boards, printed wiring boards or printed circuit assemblies
8443	Printing machinery used for printing by means of plates, cylinders and other printing components of heading 84.42; other printers, copying machines and facsimile machines, whether or not combined; parts and accessories thereof.
8471	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included.
8479.89	Machinery for assembling central processing unit (CPU) daughter boards in plastic cases or housings; apparatus for the regeneration of chemical solutions used in the manufacture of printed circuit boards or printed wiring boards; equipment for mechanically cleaning the surfaces of printed circuit boards or printed wiring boards during manufacturing; automated machines for the placement or the removal of components or contact elements on printed circuit boards or printed wiring boards or other substrates; registration equipment for the alignment of printed circuit boards or printed wiring boards or printed circuit assemblies in the manufacturing process

Table3: Product description with corresponding HS Coding

Source: Royal Custom & Excise Department of Malaysia

Best Prospective U.S. Products for the Malaysian Market

Malaysia has become the hub of excellence for the semi-conductor sector, and it is replicating their success for other sectors such as:

- **Specialized M&E**

Industries targeted include electrical & electronics, solar/photovoltaic, semiconductor, oil and gas, automotive, packaging, plastic extrusion & injection, agriculture, etc. In the electrical & electronics sector, Malaysia is a production base for the world's top electronics companies such as Intel, Freescale, Renesas, Agilent, Hitachi, Infineon, Texas Instrument, National Semiconductor, and X-Fab. Also, the world's top solar companies, i.e., First Solar, Hanwha Q-Cell, and Sunpower have set up their operations in Malaysia.

- **Oil, Gas & Energy**

With the increasing growth of deep-water activities in the South China Sea and off North-West Australia, the market for subsea oil and gas production equipment and technology is expected to increase. The GOM is trying to make Malaysia the O&G hub in the Southeast Asian region, and to achieve this objective it is encouraging Malaysian companies to get involved in the manufacturing and supply chain of O&G types of machinery and equipment via PETRONAS. Not many companies in Malaysia have the capacity to invent new machinery or equipment for the O&G industry, and the long, tedious, and stringent requirements of the O&G discourages entry to the market. However, Malaysia has been building itself as a center of excellence for the Original Equipment Manufacturing (OEM) of such machinery and equipment. There exist opportunities to supply precision equipment for the manufacturing of these OEM products.

- **Aerospace – Maintenance, Repair & Overhaul (MRO)**

Malaysia enjoys five percent of the global MRO market, and aims to become a MRO hub in the region. Malaysia is already a supplier of aerospace components for Airbus SE, Boeing, Rolls-Royce, Safran, Honeywell, and Thales. However, it is only manufacturing non-critical parts such as fan cowling and casing, thrust reverser, forward leading edge, aircraft door, avionics equipment, galley equipment, seats, and carbon brakes. The GoM is trying to move local players up the supply chain, and in its [2nd Aerospace Industry Blueprint 2016-2030](#), the government is strengthening the coordination between all related agencies to promote the country's aerospace ecosystem. For Malaysia to move up the supply chain to include critical aerospace parts, it must invest and upgrade its human capital and production capabilities to include more sophisticated items in its product range.

Web Resources & Contacts

- [Ministry of International Trade and Industry](#)
- [Industry4WRD Malaysia](#)
- [Malaysia Industry Development Authority](#)
- [PETRONAS](#)
- [SME Corp](#)
- [Malaysia Aerospace Industry Association](#)
- [MATRADE](#)

Technology & ICT

Overview

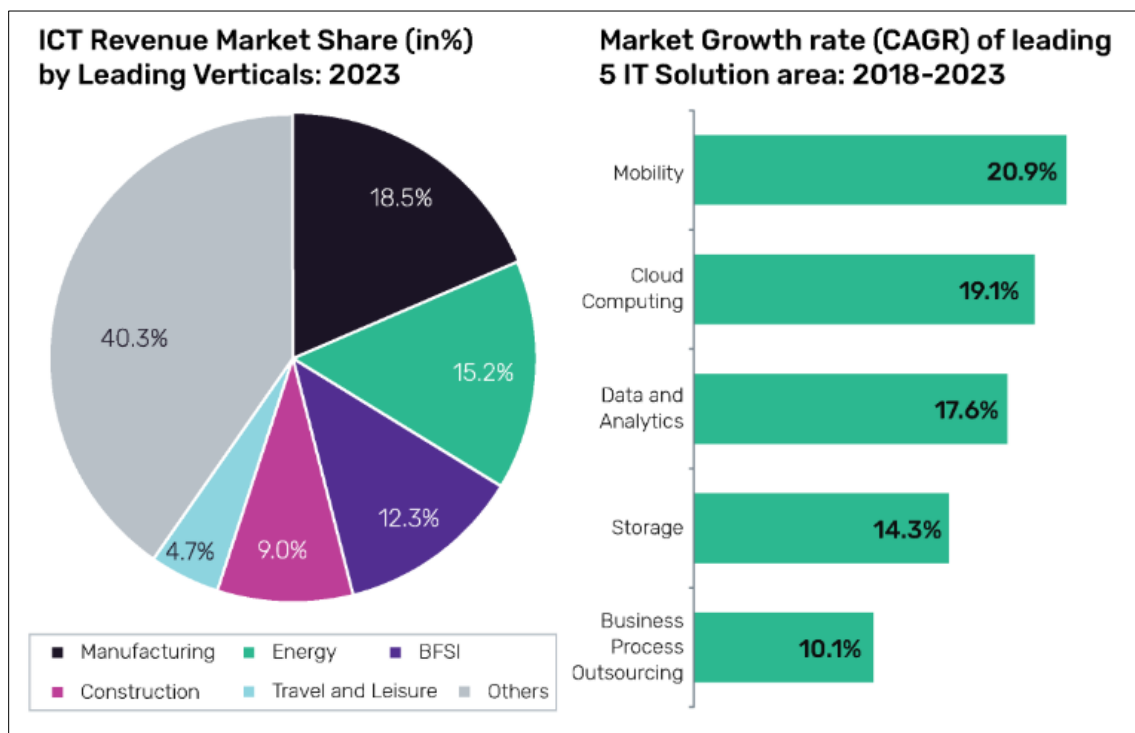
Malaysia is strategically situated in the heart of the region, with easy access to other growing markets and robust infrastructure, connectivity, and economic stability. The ICT sector is one of the fastest-growing sectors in the Malaysian market, currently contributing 18.5 percent of the country's GDP (2018) and is expected to reach 20 percent of GDP by 2020.

Based on a report from GlobalData Market Opportunity Forecasts, ICT spending in Malaysia will reach US\$25.2 billion by 2023. This spending will be supported by a growing rate of digital adoption and cloud computing in Malaysia. The leading growth areas in ICT include cloud computing, data analytics, storage, cybersecurity, business process outsourcing, and mobility with the highest CAGR of 21 percent during the forecast period

Sources:

- [Department of Statistics Malaysia](#)
- [GlobalData Market Opportunity Forecasts](#)

ICT Revenue and Growth in Malaysia



Source: GlobalData Market Opportunity Forecasts 2020

Overall, the manufacturing sector in Malaysia continues to be the highest contributor to total ICT spending. This trend is expected to marginally increase from 18.4 percent to 18.5 percent of the total ICT revenue between 2018-2023.

Government policies, such as the [Industry4WRD policy](#), play an essential role in promoting digitalization throughout all economic sectors and industries. Industry4WRD aims to transform the manufacturing sector and related services in the next five years.

Leading Subsectors

The best prospects in Malaysia's ICT sector are Cybersecurity and Data Systems Integration (which can include Internet of things, Big Data Analytics, Cloud computing, and Artificial Intelligence). Malaysia is also focused on 5G implementation to improve the country's connectivity. U.S. companies are well-positioned to compete in the market by exporting ICT products and services that offer quality and innovation in these areas.

The GOM budget for 2020 and the Economic Stimulus Package 2020 provides strong incentives in digital transformation, connectivity, security, satellite broadband, digital infrastructure for buildings, 5G ecosystems, and smart automation.

For more information:

- [Malaysia ICT Policy and Guidelines](#)
- [Malaysia Budget 2020 for the ICT Sector](#)
- [Malaysia Economic Stimulus Package 2020](#)

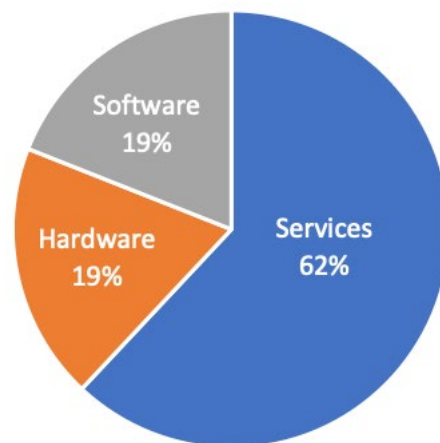
Cybersecurity

Malaysia's cybersecurity industry is ranked high in the ASEAN region. Malaysia's cybersecurity is third-best globally and is ranked third among 193 countries in terms of its commitment to cybersecurity, according to the Global Cybersecurity Index (GCI) 2018. The estimated value of Malaysia's security services market in 2021 is US\$ 636.6 million. The top 10 percent of job opportunities in Malaysia are related to cybersecurity.

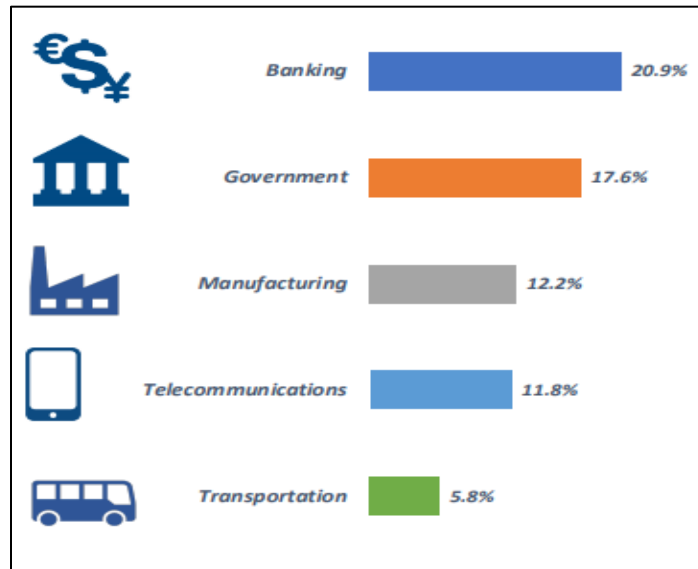
Cybersecurity is identified as one of the top priorities for the Government of Malaysia due to the drastic increase in cybersecurity threats. In 2019 alone, Frost & Sullivan reported that the potential economic loss in Malaysia due to cybersecurity incidents is US\$12.2 billion. This loss is more than 4% of Malaysia's total GDP of US\$296 billion.

In the past, Malaysian companies do not prioritize cybersecurity in their organization due to budget cuts. However, the current global pandemic is pushing more companies to go digital, thus creating demands for cybersecurity solutions to protect the vulnerability of their companies

Cybersecurity spending will focus on services:



CYBERSECURITY DEMAND BY INDUSTRY



Source: [Malaysia Digital Economy Corporation](#)

The Malaysian Government introduced an stimulus package of grants and loans to encourage the adoption of cybersecurity solutions by SMEs and mid-tier companies. The stimulus package includes three programs: the SME Digitalization Matching Grant (US\$23 million), the SME Technology Transformation Fund (which distributed US\$116 million in loans so far), and the Smart Automation Grant (US\$23 million).

Sources:

- IDC Security Products & Services Market Forecast 2H16
- [Global Security Index](#)

For more information:

- [Malaysia Cybersecurity Overview](#)
- [Cybersecurity News in Malaysia](#)

Cybersecurity Policies

The GOM developed the National Cybersecurity Framework (approved by Parliament and pending announcement) to guide industry and provide support for digitalization across many sectors, including government services, energy, healthcare, finance, and defense.

There has yet to be stand-alone cybersecurity legislation. As the primary cyber law in Malaysia, the Communications and Multimedia Act 1998 (CMA) provides for and regulates the converging areas of communications and multimedia. Other sporadic laws in this area to counter cybercrimes include Computer Crimes Act 1997, Penal Code, Copyright Act 1987, Personal Data Protection Act 2010, Digital Signature Act 1997, Strategic Trade Act 2010, Sedition Act 1948.

National Cybersecurity Framework

The National Cybersecurity framework is a guide for industries and provides support for digitalization across government services, energy, healthcare, finance, and defense. The hope is that when amendments to the data protection act are introduced, these will include clear guidelines on cybersecurity.

For more information: [Malaysia Cybersecurity Framework](#)

Data localization policies

Data Localization in Malaysia presents challenges to foreign investors. It complicates the management of technology infrastructure, it limits a company's ability to transfer data from place to place, and adds operational costs as businesses are suddenly mandated to build expensive local data centers.

Malaysia is part of the ASEAN Framework on Digital Data Governance, an initiative intended to enhance data management, facilitate harmonization of data regulations among the ASEAN Member States and promote intra-ASEAN flows of data. This framework helps to ensure that ASEAN, collectively, realizes the potential benefits, even with the recognition that the ten ASEAN Member States are currently at different levels of maturity.

For more information:

- [ASEAN Framework on Digital Data Governance](#)
- [Data Localization Policy](#)
- [Risk Management in Technology \(RMiT\) by Bank Negara](#)

Data Systems Integration

The GOM has identified data system integration as a critical tool to accelerate digitalization across all industrial sector with the implementation of digital technologies such as artificial intelligence (AI), the Internet of Things (IoT), Big Data Analytics (BDA), and cloud computing.

Cloud Computing

Cloud adoption is primarily concentrated among Malaysia's larger enterprises, while adoption among SMEs is relatively low. However, [Microsoft's Digital Transformation Study](#) found 79 percent of businesses in Malaysia acknowledging cloud computing as essential for digital transformation. According to 81 percent of companies in Malaysia, cloud computing, and the decreasing cost of devices have made it more affordable for companies of any size to transform digitally. To encourage the adoption of digital technologies, GOM is offering wide-ranging incentives. These incentive include tax breaks for the E&E sector and related IP, automation equipment capital allowance for services, provision of incentives for digitalization, and innovation efforts as well as the US\$465 million billion Industry Digitalization Transformation Fund.

Internet of Things (IoT)

Gartner estimated that the IoT sector will grow at a rate of 34.1 percent per year in the Asia Pacific region to US\$47billion by 2020. The IoT industry is expected to contribute US\$2.2 billion to the gross national income of Malaysia by 2020 and US\$9.8 billion by 2025. Malaysia is in an excellent position to seize the economic opportunities generated in IoT due to the country's high penetration rates in mobile and internet, an established E&E sector, and strong support from various Government initiatives.

A major challenge in the growth of the national IoT industry is the lack of a comprehensive IoT ecosystem with no standards in technology, and concerns on the level of security and privacy in the country. To tackle this issue, the GOM established The National IoT Roadmap, which aims to drive Malaysia to be the Premier Regional IoT development hub in the region, with the objective of creating a national ecosystem that enables the use and industrialization of IoT as a new source of growth for the national economy.

Sources:

- [Malaysia IoT Industry Overview](#)
- [Malaysia National IoT Strategic Roadmap](#)

Big Data Analytics (BDA)

The BDA software market in Malaysia is forecasted to reach US\$138 million by 2021. BDA revenue is expected to achieve a compound annual growth rate (CAGR) of 8.8 percent over the year 2016 to 2021 forecast period. BDA is identified as an essential tool for the growth of businesses through several digital adoption and implementation process

Sources:

- [Big Data Analytics Forecast](#)
- [Malaysia BDA Framework](#)

Data Centers

The data center industry in Malaysia is expected to grow over the next five years, after strong growth from both local and international providers. Malaysia's data center market size is likely to reach revenues of over US\$800 million by 2025.

Malaysia is becoming a regional hub for many businesses, and this is driving more organizations to invest in cloud systems, which are, in turn, driving the need for more local data centers. The high concentration of international cloud service providers in Singapore has led some to choose Malaysia as a secondary market location for business continuity and disaster recovery, and to support their primary sites in Singapore.

The primary drivers for data center services include an increase demand for cloud services, a higher focus on digitalization of businesses, and government expansion on digital policies. IBM, Microsoft, and Amazon Web Services, among others, and local participants (TM One and AIMS) are some of the cloud vendors that are expanding their infrastructure and availability in Malaysia.

Sources:

- [Malaysian Data Center Services Size & Market](#)
- [Malaysia Data Center Overview](#)

Digital Service Taxation

Effective 1 January 2020, Malaysia will levy a service tax at a rate of 6 percent on any digital service provided by a foreign-registered person to any consumer in Malaysia. The Royal Malaysian Customs Department (RMCD) defines digital services as any service that is subscribed or delivered over the internet or other electronic networks with minimal human intervention from the service provider.

Foreign Service Provider (FSP) is defined as any person residing outside Malaysia that provides a digital service to a consumer. It also includes any person who is outside of Malaysia operating an online platform for the buying and selling of goods or providing services, and who makes transactions for the provision of digital services behalf of any person.

The RMCD guide defines a consumer as any business or individual that fulfills any two of the following criteria: 1. Makes payment to an FSP through a credit card or debit facility provided by a financial institution under the country's Ministry of Finance or 2. Resides in Malaysia or acquires the digital service through an internet protocol (IP) address registered in Malaysia. To determine whether the consumer lives in Malaysia, the guide advises FRPs to consider the consumer's billing address in Malaysia and the consumer's home address in Malaysia.

For more information:

- [Malaysia Digital Tax 2020](#)
- [Royal Malaysian Customs Department - Guidelines of Digital Service Tax](#)

Market entry

For U.S. companies to penetrate the Malaysian ICT market, there are two possible market entry strategies to consider. The first and the most common practice is through partnership, distributorship, or joint-venture agreements with a local partner. The local partner usually would be responsible for handling customs clearance, dealing with established wholesalers/retailers, marketing the product directly to major corporations or the government, and handling after-sales service. Exporters of services generally also benefit from using a local partner. The second potential strategy is to establish an in-market presence. This enables U.S. companies to build a greater understanding of the Malaysian market, and use Malaysia as a launching pad to strengthen regional relationships.

Smart Cities

Smart Cities is an important Government initiative that incorporates various leading industry sectors (e.g., ICT, Greentech, Smart Grid, Transportation, Infrastructure) and touches on key policy issues (e.g., 5G, cybersecurity, renewable energy) currently being discussed in the private and public sectors. The three main pillars of Smart Cities are:

- Smart & Sustainable Solutions
 - Clean environment
 - Environmental protection
 - Green development
 - Green infrastructure
 - Green economy
- Smart Planning
 - Economic growth and value creation
 - Innovative economic growth
 - Equitable wealth distribution
 - Entrepreneurship
 - Public participation
 - Efficient public and social services
 - Private public partnership
 - Transparent governance
- Smart Infrastructure & Technologies
 - Efficient road accessibility
 - Efficient public transportation
 - Non motorized accessibility
 - Availability of ICT infrastructure
 - Economic growth and value creation
 - Innovative economic growth

- Equitable wealth distribution
- Entrepreneurship

U.S.-ASEAN Smart City Network (ASCN)

Based on the ASCN goals of facilitating cooperation on smart city development, catalyzing bankable projects with the private sector, and securing funding and support from ASEAN's external partners, the United States established the U.S.-ASEAN Smart Cities Partnership to develop and explore activities and programs that will benefit the ASCN. The Concept Note for the ASCN can be viewed [here](#).

For more information:

- [ASEAN Smart Cities Network \(ASCN\) Ebook](#)
- [East Asia Summit Leaders' Statement on ASEAN Smart Cities](#)

The U.S.-ASEAN Smart Cities Partnership is intended to be a flexible, responsive, and multiyear commitment to ASEAN. The Partnership will be able to help address smart city challenges across a range of sectors, especially in the areas of infrastructure, energy, and information and communications technology. The Partnership will take into account the ASEAN Smart Cities Framework and also draw upon individual Smart City Action Plans (SCAPs) to inform specific programming and activities.

There are 26 pilot cities in the ASCN, and 4 of the 26 cities are in Malaysia:

- Kuala Lumpur
- Kota Kinabalu, Sabah
- Kuching, Sarawak
- Johor Baharu, Johor

Other Smart Cities in Malaysia are:

- Selangor - Smart Selangor Blueprint
- Cyberjaya & Putrajaya – Malaysia's first cities to be presented with 5G technology
- Melaka - Smart metering for electricity monitoring and the state government set up a Smart City Advisory Council for Smart City policies in that state.
- Penang - Smart City Blueprint for Penang by the year 2022.

5G in Malaysia

The National 5G Task Force that comprises all relevant stakeholders was established by The Malaysian Communications and Multimedia Commission to study and recommend a national 5G strategy. In December 2019, the task force completed its study and produced the National 5G Task Force final report.

Web Resources

- [Tenaga Nasional Bhd](#)
- [Energy Commission](#)
- [Malaysia Green Technology Corporation \(Greentech Malaysia\)](#)
- [Sustainable Energy Development Authority Malaysia \(SEDA\)](#)
- [Smart Cities Malaysia Overview](#)
- [Malaysia's 5G Taskforce](#)

Healthcare

Overview

Malaysia is an upper-middle-income economy with the third highest purchasing power per capita in the 10-member Association of Southeast Asian Nations (ASEAN). Malaysia's healthcare expenditures are expected to double to \$28 billion by 2028. The U.S. maintained its position as the top exporter of medical and dental equipment to Malaysia for three consecutive years (2017-2019), exporting \$267 million in 2019. Despite the U.S. position as the leading supplier, Malaysian providers are most familiar with technologies from the United Kingdom, Australia, and Europe due to long-standing historical, education, and socio-economic connections. For 2019, the US is the leading exporter of medical instruments and appliances including electro-medical and sight-testing, and dental fittings and accessories to Malaysia. The U.S. is ranked second for exports of x-rays machines, dental cement, fillings, bone reconstruction cement, and medical lubricating gel for operations and physical examinations. Cameras for the medical and surgical field, forensic and criminology use is ranked third.

Malaysia has a two-tier healthcare system: public (universal care) and private. Access to quality healthcare and social welfare protection is the central theme of the 2020 national budget. In Malaysia's 2020 annual national budget, approximately \$7.3 billion (10 percent of the total) is allocated to public healthcare, including funds for a holistic public-private electronic medical record system with a RM31 million (US\$7.4 million) allocation for 2020. Out of that sum, RM2.9 billion (US\$690 million) is set aside for development, maintenance, and upgrading work of existing public healthcare facilities, the procurement of medical equipment and medicine. Under this year's allocation, RM60 million (US\$14.3 million) set aside for pneumococcal vaccines for all Malaysian children. Budget 2020 also has an allocation of RM227 million (US\$54 million) to upgrade medical equipment. On the medical treatment side, non-communicable diseases medicines and therapies, oncology treatment and therapies, and disease prevention vaccines for infants and children vaccines form the bulk of public sector purchases.

Although Malaysia's public-to-private healthcare consumption ratio is almost equally distributed, spending is shifting to the private sector. This shift is spurred by the development of mid-tier to high-end private hospitals and clinics to support both the domestic market as well as the Malaysian government's increased focus on attracting medical tourism. Towards this, the health tourism industry as a whole has set priority focus areas in cardiology, oncology, fertility treatment, and hospital partnerships. Aesthetics medicine is gaining market interest. Aesthetics medicine involves surgical and non-surgical procedures to alter the skin, facial, and body contour condition of a patient. In Malaysia, only private healthcare providers are allowed to cater to health tourists.

Purchasing behavior differs between the public and private sector. Although price sensitivity is inherent in both sectors, public procurement tends to incentivize local companies and manufacturers if they supply similar products, sometimes at the expense of higher pricing, and/or lower quality in tenders bids. In the first half of 2020, like many other countries worldwide, the Malaysian public healthcare system purchased many ventilators and patient monitoring systems, and personal protective equipment. It also spurred public investment to improve Malaysia's ICU and infectious disease capabilities. Concurrently, emergency preparedness, and the treatment of non-communicable disease treatments spending continues. As a result of the pandemic, the public healthcare system realizes the importance and the need for telemedicine, a better patient monitoring and tracking system, and electronic medical records with a functional hospital information systems.

The private sector purchasing behavior is dependent on many factors. Market positioning of private hospitals plays a key role in many of the purchasing decision processes. Doctors' familiarity with the equipment is another factor. This sometimes is due to doctors' historical and/or direct linkage and familiarity with the equipment and systems from where the doctor was first trained. In addition to the home country, most Malaysian doctors have their basic medical degrees from these countries: the United Kingdom, Ireland, Australia, India, Egypt and Indonesia. Hence, most general practitioners are more familiar with European and Australian equipment. A small percentage of Malaysian specialist doctors are trained in the United States. In most cases, high quality equipment, pricing, and after-sales service and continuing medical education and training provided by the distributors are key considerations for hospitals in their

decision making process. Malaysian hospitals note that European competitors have established strong sales and after-sales service channels in Malaysia and the region. These same hospitals, however, welcome the opportunity to engage with U.S. suppliers who are committed to increasing their presence and after-sales support in Malaysia.

A number of public hospital development projects – worth is RM1.6 billion. (US\$381 million)-- are in the works. Focal areas are the development, and expansion of health and dental facilities, the procurement of medical equipment, pre-hospital care such as ambulances, and trauma care. Pre-hospital care such as ambulance services and Accidents and Emergencies (A&E) services will also be a key focus area. In Malaysia, ambulance service is mostly provided by Non-Profit Organizations and smaller for-profit organizations in a public-private partnership format. The GoM has set aside RM59 million (US\$14 million) to enlarge ambulance services. A separate RM319 million (US\$76 million) was set aside to build or upgrade public primary care health and dental clinics in smaller towns. Other hospital development and construction includes a pathology laboratory and a cardiology center.

As of December 2018 (latest available data), there are 135 public hospitals and nine specialized medical institutions with 42,302 official beds under the Ministry of Health (MOH). Additionally, there is a total of 2,881 MOH managed health and community clinics. Furthermore, there are 217 mobile health clinic teams and four helicopters with ten teams of flying doctors services. A sub-brand MOH-run clinic has 342 clinics, seven mobile bus clinics with a group of 12, and 4 mobile boat clinics with a team of 8. The Ministry of Defense (MOD) has five army hospitals, while the Ministry of Education (MOE) has five university hospitals. There are 4,187 official beds under the combined MOD and MOE hospitals. On the dental side, there is a total of 1,692 MOH dental clinics with 3,485 dental chairs, plus 1,747 dental mobile teams. There are 22 sub-brand dental clinics with 44 dental chairs, one sub-brand mobile bus dental clinic, and two sub-brand mobile boat dental clinics under MOH. In the private sector for the same duration, there are 210 hospitals (15,957 beds), 18 maternity homes (56 beds), 21 nursing homes (797 beds), three hospice (29 beds), 117 ambulatory care centers (174 beds), five blood banks (28 banks/tanks), 479 hemodialysis centers (5,846 dialysis chairs), one community mental health center, and two combined ambulatory care and hemodialysis center (14 beds/21 dialysis chairs). There are also 7,718 registered private medical clinics, and 2,311 private dental clinics in the country.

In 2019, Malaysia's imports of the medical device industry were USD\$1.13 billion, and U.S. products represented 23.5 percent of the import market and are the top exporting country of medical devices to Malaysia. In addition to the U.S., other top exporters of medical devices to Malaysia are Japan, Germany, Singapore, China, Mexico, South Korea, France, Switzerland, Netherlands, and Thailand. In Malaysia, the type of medical devices imported and exported differ significantly while the import and export countries are similar. Malaysia usually imports higher classification/category of medical devices not manufactured locally.

There is a slight decrease in exports from Malaysia in 2019 due to the U.S.- China trade issues. Top export destinations for Malaysian products are the United States, Germany, Japan, Netherlands, Belgium, China, Singapore, Australia, Ireland, South Korea, Indonesia, and Brazil. Malaysia is the world's largest medical gloves producer. Major Malaysian export categories are: surgical and examination gloves, other medical instruments, apparatus, and appliances, catheters, syringes, needles and sutures, electromedical equipment, ophthalmic lenses including contact lenses, dental devices and appliances, medical and surgical X-ray apparatus, and medical furniture.

Medical and Dental Equipment

Note that this table does not include any values attributed to the trade of services.

Unit: \$US millions	2017	2018	2019	CAGR '17-'19 (percent)
Total Exports	5,360	6,407	6,375	9
Total Imports	762	946	1,131	22
Imports from the US	138	195	266	39
Malaysian Exports to the US	1,634	3,460	2,098	13
Exchange Rates	4.0	4.15	4.2	

Source: Department of Statistics Malaysia

Leading Sub-Sectors

Wellness

Increasingly, more Malaysians are taking the approach of wellness and disease prevention rather than treatment. Consumer medical devices are used to self-monitor one's health condition to maintain optimal health. Blood glucose and pressure monitors, and digital health wearables are gaining popularity. The United States is one of the largest suppliers of consumer health monitor devices in Malaysia. U.S. brands are both trusted and popular with Malaysian consumers.

Dental

Private dental clinics now increasingly offer subspecialties in the area of orthodontics, implant, and esthetic procedures. The United States is one of the leading suppliers of dental fittings and accessories, dental cement, fillings, and bone reconstruction cement in Malaysia.

Private Healthcare Services

Private healthcare services in Malaysia are predominantly used by the upper-middle to the affluent segment of the population. As per capita GDP rises, demand for private healthcare consumption is expected to increase in tandem. Health screening is increasingly popular and is usually the first line of service requested by medical tourists. Medical aesthetics procedures, especially the non-invasive treatments are gaining wider acceptance both by local consumers as well as medical tourists. Cardiology, oncology, fertility treatment, and specialist hospital partnerships are key opportunities for US companies.

Senior Assisted Living

Senior assisted living is another area that is gaining market interest. The senior care segment is not reimbursable under the current health insurance scheme in Malaysia and it is an out of pocket expense. Despite this, due to the country's development, demand is increasing for quality and affordable care. While there are many standalone private old folks homes in Malaysia, with a small number publicly funded, by and large, the standard of care is not uniformly regulated and provided. The market trend now is to establish senior assisted living near the vicinity of a healthcare facility for ease of monitoring and care provision. This purposed built compound is currently mostly available for the well-heel society. Many stakeholders in this market segment are seeking collaboration in affordable concepts. Any

digital devices, solutions, or systems such as digital monitoring systems for the senior care segment of the population are welcomed.

eHealth

Overview

Consolidation is the keyword for public healthcare resources and facilities. The government of Malaysia is implementing a hospital cluster concept. Hospitals within a similar geographic region will serve as one unit sharing assets, amenities, and human resources. Additionally, the GoM plans to upgrade existing healthcare facilities and assets, and expand healthcare services to the rural and remote areas via mobile healthcare teams and flying doctor services. Implementation of the e-Health strategy will include incorporating existing ICT systems into one system-wide module. This strategy will hopefully improve health data management and support research and development, and commercialization initiatives. Ministry of Health (MOH) recognizes that a fully functional EMR system can increase the efficiency in managing information of patients. At the same time, it will reduce storage space in keeping physical medical records. The main challenges were due to the fast-changing technology and obstacles in securing sufficient funding. MOH is committed to EMR usage expansion in all government health facilities nationwide.

The ministry approved an allocation for a pilot project to expand the EMR, which involves nine district hospitals in various states. This project is now known as EMR national implementation project phase one. The proposal to implement the first phase involves all government health facilities in the state of Negri Sembilan, comprising seven hospitals, 44 government clinics, and 12 dental clinics. The EMR system in each facility will be integrated with the Health Information Exchange (MyHix). The MyHix platform hopes to share a patient's information in a safe, secure, and easy manner. As of July 30, 2020, 10 hospitals and one government clinic are integrated into the MyHix platform. The outcome of the pilot project and funding model will determine the nationwide EMR deployment.

Web Resources

- [Ministry of Health Malaysia](#)
- [National Pharmaceutical Regulatory Agency](#)
- [Malaysian Medical Association](#)
- [Malaysian Organization of Pharmaceutical Industries \(MOPI\)](#)

Environmental Technologies

Overview

In line with Malaysia's aim to become an inclusive and sustainable nation, Environmental Technology (ET), also commonly known as Green Technology (GT), has been identified as one of the drivers of the country's green growth. Under the [Green Technology Masterplan Malaysia 2017-2030](#), the sectors identified were:

- Renewable energy
- Water purification
- Air purification
- Sewage treatment
- Environmental remediation
- Solid waste management
- Energy conservation

Of these, two that stand out as representing the best prospects for U.S. businesses are Renewable Energy and Solid Waste Management.

Renewable Energy (RE)

Traditionally, Malaysia is dependent on conventional power generation, including natural gas, coal, and hydro. As a signatory nation to the Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), Malaysia pledged to reduce its Greenhouse Gas (GHG) emission intensity of Gross Domestic Product (GDP) by up to 45 percent by 2030 by implementing clean, sustainable, and renewable energy.

The Energy Commission of Malaysia estimated the historical demand growth of electricity in Malaysia to be around 2.5 percent per year. and based on this, they projected in their Malaysia Generation Development Plan 2019, that electricity demand for the period 2020-2030 is expected to grow at 1.8 percent p.a. Over this same period, Malaysia will need about 10.0 GW of new capacity to meet its demand growth, replacing retiring plants and ensuring system reliability. Catering to this forecasted demand, and in line with the Kyoto Protocol, the Government of Malaysia started to increase Renewable Energy (RE) in its fuel mix capacity (Table 1).

YEAR	CAPACITY MIX				
	Interconnect (percent)	Hydro (percent)	RE (percent)	Gas (percent)	Coal (percent)
2020	1.0	8.0	9.0	40.0	42.0
2021	1.0	7.0	10.0	45.0	37.0
2022	0.0	7.0	12.0	44.0	37.0
2023	0.0	7.0	16.0	40.0	37.0
2024	0.0	6.0	19.0	39.0	36.0
2025	0.0	6.0	23.0	36.0	35.0
2026	0.0	6.0	23.0	37.0	35.0

2027	0.0	7.0	23.0	36.0	34.0
2028	0.0	7.0	24.0	34.0	35.0
2029	0.0	7.0	23.0	36.0	34.0
2030	0.0	7.0	23.0	41.0	29.0

Table 1: Projected Fuel Mix

Source: Energy Commission of Malaysia

Solid Waste Management (SWM)

Malaysia generated 19,000 tons of waste per day in 2005 at a recycling rate of 5 percent. The quantity in 2019 was 38,000 tons, with a recycling rate of 17.5 percent. This figure should grow to over 40,000 tons per day after 2020, despite a targeted recycling rate of 22.0 percent. With limited space for landfills and rising costs of disposal, there is increased pressure and urgent need to tackle the waste management issue and reduce the impact on the environment and the general well-being of the population.

Aside from consumer and household waste, commercial waste generated from manufacturing activities is another source of concern. To overcome the waste produced, the government is encouraging companies to undertake environmental management activities, such as collection, storage, composting, disposal, recycling of toxic and non-toxic waste, and Waste-to-Energy (WTE).

Renewable Energy Mix

To attain sustainability in energy supply, Malaysia is looking at Renewable Energy resources that are indigenous to Malaysia and not imported from other countries. The following prioritized list of Renewable Energy options includes:

- **Solar**

Malaysia has excellent potential for solar generation uptake due to its location along the equator with monthly solar irradiation estimated at 400–600 MJ/m². The Energy Commission of Malaysia (EC) had since 2016 successfully initiated and carried out four bids processes to interested parties for the operation of Large Scale Solar Farms (LSS) in Malaysia. The first LSS totaled 434 MW was in 2016, the second was 563 MW in 2018, and an estimated 500 MW for the third round of bidding in 2019. Large scale solar is a transparent mechanism for awarding LSS projects to achieve the government's RE target.

- **Waste to Energy (WTE)**

Waste to Energy (WTE) involves any waste treatment process to convert non-recyclable waste materials into useable energy through a variety of methods, including combustion, gasification, pyrolyzation, anaerobic digestion, and landfill gas (LFG) recovery. Due to the considerable amount of municipal solid waste (MSW) produced daily in urban areas, attention is focused on MSW processing as the feedstock to such technologies. The most common and widely used MSW-to-energy technologies are incineration in a combined heat and power plant (CHP) and controlled landfill to capture methane from waste (LFG).

- **Biogas**

Biogas is typically produced by the Anaerobic Digestion (AD) of organic municipal waste, food waste, and sewage. It has the potential to decrease the use of fossil fuels for power generation (Waste-to-Energy). Food waste is one of the highest potential sources for biogas production. It is estimated that more than 40 percent of Malaysian MSW is food waste. High organic content in the food waste means this source has a high

potential to be tapped; however, Malaysia lacks aggressive policies to expedite the implementation and improper management of waste, particularly at the source. The location of biogas plants also impact viability, as plants farther from the nearest connection point to export generated power will be less economical.

- **Biomass**

Malaysia produces approximately 168 million tons of biomass annually from palm oil waste, rice husks, coconut waste, sugar cane waste, municipal waste, and forestry waste. Biomass's advantage is it can be easily pelletized and has attractive potential for co-firing in conventional power plants, which traditionally use coal or natural gas. Co-firing has lower emission of carbon dioxide, sulfur oxides, and nitrogen oxides, thereby reducing the greenhouse gas level. The drawback of using biomass is the reduction in the boiler's efficiency due to scaling and corrosion from the fly ash.

- **Small Hydro**

Malaysia is situated in a high rainfall area, and this factor alone makes Malaysia one of the largest hydropower potential areas. Small hydro plants, which are sometimes referred to as mini-hydro in Malaysia, are categorized as being under 30 MW. The smaller scale from 5 kW to 500 kW is classified as Micro Hydro. In Malaysia, these two categories of hydropower have untapped potentials as they are clean, sustainable, and do not contribute to greenhouse gas. These power plants have a lower environmental impact on its surrounding due to its smaller footprint. However, as most of these are located in rural or secluded areas, usually catering to a small population, making it challenging to derive substantial profit from the venture. With the uncertainty in the project costs, these small hydro plants are carried out by TNB more as a CSR project rather than a business venture.

- **Wind**

Wind power is considered an RE option in Malaysia. However, Malaysia is regarded as a low wind speed area with a monthly mean wind speed of between 1.5 and 4.5 m/s. There is a small pocket of areas on the east coast of Peninsular Malaysia, such as Mersing, Johor, and Kuala Terengganu, Terengganu, and in East Malaysia at Kudat and Sabah are identified as potential with an average wind speed of 3 m/s at 60-meter height. The downside to Malaysia's onshore wind power is that viable wind speed occurs typically during the monsoon season in November to February.

Key challenges for Environmental Technology deployment in Malaysia

The majority of businesses in Malaysia consist of SMEs. Like all SMEs globally, cash-flow and the bottom-line are essential factors that determine the survivability of the company. To succeed in this market, the provider must first provide evidence of profitability while being environmentally-friendly. Malaysian SMEs are risk-averse and very conscious of their returns on investments, as these are the deciding factors at the end of the day. A quick return to a positive cash-flow will incentivize the deployment of these technologies.

Although this market is very relationship-based, it is also very price sensitive. Providers must try to understand that the lowest price may not prevail and that fostering a good relationship with potential customers may not necessarily win if the pricing is considered too high.

The government drives environmental technology; thus, the private sector expects the public sector to lead in the implementation. To reach the targets on capacity penetration, the government must revisit and support the sectors with incentives and proper alignment in terms of policies and enforcement.

Inconsistent policies and a lack of clarity in the demarcation of regulatory oversight are factors that the provider must overcome. Various Ministries and agencies were overseeing the growth of environmental technologies before 2018, resulting in confusion and lack of holistic policies to the industry players and other stakeholders.

Leading Sub-Sectors

Malaysia's Vision 2020, launched in 1991, was to become a fully developed country by 2020. Although not fully achieved, this vision managed to put the majority of its population in the middle-income bracket. This milestone was achieved through its three Industrial Masterplans that emphasize the growth of the manufacturing sectors.

Malaysia's success also led to other concerns such as energy security and waste management. Being a manufacturing nation, it consumes a high amount of energy, which at the current rate will not be sustainable. With higher disposable income, Malaysians are consuming more, leading to higher waste generation, which at the current rate will overrun all available landfills with household, municipal, and commercial solid waste.

To address these concerns, the government is looking for solutions that:

- Increase efficiency of existing plants (both power and incinerators)
- Explore renewable fuel sources
- Encourage the construction of new plants (more WTE and RE)

Opportunities

As projected by the Energy Commission, Malaysia will need to replace 10GW of power and to add another 5GW of RE into its grid over the next ten years.

Projected New Capacity Installation and Decommissioning of Old Plants

Year	CCGT (MW)		RE (MW)	
	Phase In	Phase Out	Phase In	Phase Out
2020	1,440.00	322.00	462.00	-
2021	2,241.00	-	688.00	-
2022	-	915.00	672.00	-
2023	-	720.00		-
2024	1,200.00	1,010.00	975.00	-
2025	-	249.00	2,227.00	-
2026	1,200.00	675.00	94.00	-
2027	300.00	1,303.00	97.00	-
2028	-	703.00	96.00	-
2029	2,300.00	1,486.00	94.00	-
2030	2,800.00	2,778.00	82.00	-

Total	11,481.00	10,161.00	5,487.00	-
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Source: Energy Commission of Malaysia

Note: numerals in italic are capacities that are already planned, awarded and work in progress

[Malaysian Green Technology and Climate Change Centre \(MGTC\)](#), an agency under the purview of Ministry of Environment and Water, seeks to identify green technologies that can be implemented in Malaysia. MGTC has a mandate to spearhead the growth of green technologies in the areas of Green Growth, Climate Change Mitigation and Climate Resilience and Adaptation.

Web Resources

- [Tenaga Nasional Bhd](#)
- [Energy Commission of Malaysia](#)
- [Ministry of Science Technology and Innovation](#)
- [Ministry of Housing & Local Government](#)
- [National Solid Waste Management Department](#)
- [Sustainable Energy Development Authority/](#)
- [Malaysian Green Technology and Climate Change Centre \(MGTC\)](#)
- [Ministry of Environment and Water](#)
- [Department of Environment](#)

Customs, Regulations & Standards

Trade Barriers

While Malaysia enjoys high ratings for ease of trading across borders, the country still poses barriers to its goal of becoming a free and open market. Malaysia's import barriers are aimed at protecting the domestic market and strategic sectors, as well as maintaining cultural and religious norms.

Technical barriers, such as halal certification for the importation of meat and poultry, are regulated through licensing and sanitary controls. All imported beef, lamb, and poultry products must originate from facilities that have been approved by Malaysian authorities as halal or acceptable for consumption by Muslims.

Pork and pork products may be imported into Malaysia only if Malaysia's Department of Veterinary Services (DVS) issues a permit authorizing its importation. Each consignment of pork and pork products must have a valid import permit issued by the Malaysian Quarantine and Inspection Services, Malaysia (MAQIS). The permits are granted on a case-by-case basis and can be refused without explanation.

The first Malaysian halal food standard (MS1500:2000) was published in the year 2000 and revised four years later which was formally recognized as MS1500:2004. This new standard requires slaughtering plants to maintain dedicated halal facilities and ensure segregated transportation for halal and non-halal products. Malaysia also requires audits of all establishments that seek to export meat and poultry products to Malaysia, an issue on which the United States has raised concerns. (Full text can be found [here](#))

The Malaysian Department of Standards implemented MS2424:2012 General Guidelines on Halal Pharmaceuticals, a voluntary certification system. The guidelines enabled manufacturers of pharmaceutical products to apply for halal certification and established basic requirements for manufacturing and handling.

Malaysia is not a party to the WTO Government Procurement Agreement. As a result, foreign companies do not have the same opportunity as some local companies to compete for contracts, and in most cases, are required to take on a local partner before their bids are considered. In domestic tenders, preferences go to Bumiputra (Ethnic Malay) suppliers over other domestic suppliers. In most procurement, foreign companies must take on a local partner before their tenders are considered. Procurement often goes through intermediaries rather than being conducted directly by the government. The procurement can also be negotiated rather than tendered. International tenders generally are invited only where domestic goods and services are not available.

Total revenue of Services sector in second quarter 2019 recorded RM441.3 billion, an increase of 6.5 percent as compared to the same quarter 2018. The highest contribution was registered by Wholesale & Retail Trade, Food & Beverages and Accommodation segment (+RM20.9 billion; +6.4 percent). Meanwhile, the total revenue on a quarterly basis also increased by RM10.0 billion or 2.3 percent. Since 2009, Malaysia has liberalized 27 services sub-sectors with no equity condition imposed. These sub-sectors are in the area of health and social services, tourism services, transport services, business services, and computer and related services. The government has further liberalized an additional seven broad services sector. These sectors consist of 18 sub-sectors in 2012 to allow 100 percent foreign equity participation in telecommunications, healthcare, professional services, environmental services, distributive trade services, education services, and courier services. For more information on the services sector in Malaysia, please visit [MIDA](#).

Malaysia has an export licensing system. In some sectors, Malaysia maintains tax programs that appear to provide subsidies for exports. In other cases, the goal is to restrict exports of specific commodities. For products such as textiles, export licenses ensure compliance with bilateral export restraint agreements. For other products, such as rubber, timber, palm oil, and tin exports, special permission from government agencies is required, and taxes are assessed on these exports to encourage domestic processing.

For more information and help with trade barriers, please contact:

International Trade Administration: [Enforcement and Compliance](#) OR [Report a Foreign Trade Barrier](#)

Import Tariff

Malaysia's tariffs are typically imposed on a value-add basis, with a simple average applied tariff of 6.1 percent for industrial goods. For certain goods, such as alcohol, wine, poultry, and pork, Malaysia charges specific duties that represent considerably higher effective tariff rates. Duties for tariff lines where there is significant local production are often higher. The Ministry of Finance announced on July 16, 2018, that the SST is chargeable on the manufacture of taxable goods in Malaysia. The SST is also applied to the importation of taxable goods into Malaysia at the rate of 5 percent or 10 percent, or a specific rate depending on the category of products.

More information on import declaration procedures and import restrictions is available at the Malaysian Customs website: <http://www.customs.gov.my/en>.

Import Requirements & Documentation

Malaysian customs require the following documents for exporting products to Malaysia:

- Invoice
- Packing list
- Delivery letter
- Leaflet, catalog or other related documents
- Insurance certificate, if insured
- Bill of lading/airway bill
- Letter of credit (if used)
- Permit, licenses/ certificates
- Proof of fare payment
- A declaration form (Customs Form No. 1) that indicates the number, description of packages/ crates, value, weight, quantity and type of goods and country of origin
- Completed Custom forms should be submitted to Customs offices at the place where the goods are imported or exported.
- All duties/customs taxes imposed on imported goods will need to be paid in advance before the products can be released. Taxes to be paid include import tax and sales tax.

Additional documentation may be required to certify U.S. content. U.S. exporters are advised to confirm documentary requirements before shipping.

Labeling/Marking Requirements

The leading certification, inspection, and testing body in Malaysia is Sirim QAS, a subsidiary of SIRIM Bhd. SIRIM Berhad, formerly known as the Standards and Industrial Research Institute of Malaysia. Sirim QAS is the government-owned company providing institutional and technical infrastructure for the government. It also provides marks for a variety of certifications.

Product Certification Requirement

Website: [Rules on the use of SIRIM QAS International Certification Marks](#)

To verify SIRIM labels, please contact the following:

Tel: (+60) 3 5544 6805 / 6840

Fax: (+60) 3 5544 5655

Email: fauziaha@sirim.my / sroslina@sirim.my

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of

the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

Malaysia acceded to the Convention on Temporary Admission of Goods (ATA Convention) in 1988. An ATA Carnet (a. k. a. "Merchandise Passport") is a document that facilitates the temporary importation of products into foreign countries by eliminating tariffs and value-added taxes (VAT) or the posting of a security deposit generally required at the time of importation.

For information on how to obtain an ATA Carnet, please see [ATACarnet Malaysia Compendium of Temporary Admission Practises of ASEAN Member States](#)

Prohibited & Restricted Imports

Quantitative import restrictions are seldom imposed, except on a limited range of products for the protection of local industries or reasons of security. Seventeen percent of Malaysia's tariff lines (principally in the construction equipment, agricultural, mineral, and motor vehicle sectors) are also subject to non-automatic import licensing, which is designed to protect import-sensitive or strategic industries.

For a list of prohibited and restricted items, please see the Royal Malaysian Customs Department's website: [Royal Malaysian Customs](#)

Customs Regulations

Malaysia follows the Harmonized Tariff System (HTS) for the classification of goods. All imported and exported goods into the country must be categorized based on the Malaysian Customs tariff numbers. Any queries regarding the classification of import and export goods should go to the particular customs station of which the goods are to be imported. For more information, please see the [Royal Malaysia Custom website](#).

For additional customs regulations, please refer to the Procedures and Guidelines section of the Royal Malaysian Custom's Department website: [Procedure and Guidelines](#)

For inquires/information, please contact the Royal Malaysian Customs' Offices: [Customs Contact](#)

Standards for Trade

The **Department of Standards Malaysia** ([Standards Malaysia](#)) is the National Standards Body and the National Accreditation Body, which provides and maintains standardization and accreditation services for global competitiveness. Established in 1996 and governed by the Standard of Malaysia Act 1996 (Act 549), the Department of Standard Malaysia (Standards Malaysia) is under the purview of the Ministry of International Trade and Industry (MITI).

Overview

Standards influence all sectors of Malaysian society, and the national standardization system uses a consensus process to develop new standards, allowing manufacturers, traders, consumers, government, and others to provide input and consideration into the development process. Malaysia adheres to the WTO's "Standard Code" on Technical Barriers

to Trade. SIRIM Berhad, formerly known as the Standards and Industrial Research Institute of Malaysia, is the government-owned company providing institutional and technical infrastructure for the government.

Standards

Working closely with other Standards Development Agencies (SDAs), Conformity Assessment Bodies (CABs) as well as the various Advisory Committees, the Malaysian Standard is developed and published to ensure competitiveness, quality, safety, and environmental protection. The standards are designed to be on par with international excellence and relevant to individual sectors, catering to the specific needs of the industry.

The Standards Malaysia accreditation system is in accordance with the international standard, MS ISO/IEC 17011, to ensure that the accreditation services provided are impartial, non-discriminatory, and credible. The Standards Malaysia accreditation system is set up through three operational levels:

- strategy and policy,
- decision, and
- assessments to ensure fair and impartial accreditation.

The Standards Malaysia Accreditation services ensure non-discriminatory review and are open to and accessible by any conformity assessment body, irrespective of government or private bodies that fulfill the accreditation conditions. These accreditation conditions are specified and published by Standards Malaysia Conformity Assessment Bodies (CABs) and include the testing & calibration laboratories, certification bodies, and inspection bodies.

Testing, inspection and certification

Standards Malaysia's goal is to provide confidence to various stakeholders, through credible standardization and accreditation services for global competitiveness. SIRIM, the government-owned company providing institutional and technical expertise to the government, is a member of International Laboratory Accreditation Cooperation (ILAC).

Foreign exporters are required to conform to the same standards that domestic producers must follow. In the past, Malaysia certification requirements do not impose undue burdens on U.S. exporters or products. However of late, with its ambition of creating a Malaysian version of "recognized world standard", it has created confusion among importers. U.S. testing laboratories can operate in Malaysia as long as they comply with the domestic regulatory requirements.

Publication of Technical Regulations

Malaysia is a member of the World Trade Organization (WTO). Under the WTO Agreement on Technical Barriers to Trade (TBT Agreement), members are required to report all proposed technical regulations that could affect trade with WTO member countries. Malaysia occasionally does not notify technical changes which affect trade or fails to provide sufficient time for public comment on proposed regulations. Notify U.S. ([notifyus](#)) is a free, web-based email registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized email alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Contact Information

Jabatan Standard Malaysia (Standards Malaysia),
Level 4, 5, 6 & 7, Tower 2, Menara Cyber Axis,
Jalan Impact, Cyber 6,
63000 Cyberjaya, Selangor Darul Ehsan, Malaysia

Tel: +60 (3) 8008 2900
Fax: +60 (3) 8008 2901
Email: central@jsm.gov.my
Website: <http://www.jsm.gov.my/home>

SIRIM Berhad
1, Persiaran Dato' Menteri,
P.O. Box 7035,
Section 2, 40700 Shah Alam,
Selangor Darul Ehsan, Malaysia
Tel: +60 (3) 5544 6000
Fax: +60 (3) 5544 6694
Email: web@sirim.my
Website: <https://www.sirim.my/>

SIRIM QAS International Sdn Bhd
Building 8, SIRIM Complex
No. 1 Persiaran Dato' Menteri
Section 2, P.O. Box 7035
40700 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel: +60 (3) 5544 6400
Fax: +60 (3) 5544 6810
Email: cserviceqas@sirim.my
Website: <https://www.sirim-qas.com.my/>

Licensing Requirements for Professional Services

The services sector has been a driver of Malaysia's economic and job growth in recent years. Since 2009, Malaysia liberalized 45 service sub-sectors (access more information [here](#)). Malaysia allows 100-percent foreign equity participation in private hospital services, medical specialist clinics, department, and specialty stores, incineration services, accounting and taxation services, courier services, private universities, vocational schools, dental specialist services, skills training centers, international schools, vocational schools for special needs, and quantity surveyors services.

Architectural and Engineering Services

In November 2014, the Lower House of the Parliament passed amendments to laws governing architectural services, quantity surveying services, and engineering services, which eased restrictions on foreigners working in these professions in Malaysia. The amended legislation on architectural services came into force in June 2015. Under Malaysia's registration system for architects and engineers, foreign architects and engineers may only seek temporary registration. Foreign architectural firms are eligible only for special projects as agreed between Malaysia and an interested foreign government. Unlike engineers, Malaysian architectural firms may not have foreign architectural firms as registered partners. Foreign architecture firms may only operate as affiliates of Malaysian companies. Foreign engineering companies must establish joint ventures with Malaysian firms and receive "temporary licensing," which is granted only on a project-by-project basis and is subject to an economic needs test and other criteria imposed by the licensing board.

Lembaga Arkitek Malaysia / Malaysia Architect Board
17th Floor, Block F, Ibupejabat JKR
Jalan Sultan Salahuddin
50582 Kuala Lumpur, Malaysia
Tel: +60 (3) 2698 2878
Email: info@lam.gov.my
Website: <https://www.lam.gov.my/>

Pertubuhan Akitek Malaysia / Malaysian Institute of Architects
99L, Jalan Tandok, Bangsar,
59100 Kuala Lumpur, Malaysia
Tel: +60 (3) 2202 2866
Email: info@pam.org.my
Website: <http://www.pam.org.my/>

Board of Engineers Malaysia
17th Floor, Block F, Ibupejabat JKR
Jalan Sultan Salahuddin
50582 Kuala Lumpur, Malaysia
Tel: +60 (3) 2691 2090
Email: enquiry@bem.org.my
Website: <http://www.bem.org.my/>

Insurance

Bank Negara Malaysia (BNM) regulates entities carrying out all insurance businesses and activities. Insurers are licensed by the Ministry of Finance and must be approved and registered with BNM. The life and non-life insurance businesses in Malaysia are regulated by the provisions of the Financial Service Act (FSA), and the Malaysian government permits FDI up to a limit of 70 percent in the insurance industry.

Persatuan Insurans Am Malaysia (PIAM) is the national trade association of all licensed direct and reinsurance companies for general insurance in Malaysia. Currently, PIAM has 26 member companies.

For more information: [List of Licensed Insurance Companies in Malaysia](#)

Securities

The foreign shareholding limit in existing stockbroking companies is 70 percent. BNM permits 100 percent foreign ownership for qualified leading fund management companies in the wholesale fund management segment. In retail fund management, foreign shareholding limit is 70 percent.

Malaysian companies that seek to be listed in Bursa Malaysia are required to have at least 30 percent Bumiputra shareholdings. This guideline does not apply for foreign companies seeking a listing on Bursa Malaysia.

Web Resources

- [U.S. ASEAN Business Council](#)
- [Asia-Pacific Economic Cooperation](#)
- [ATA carnet](#)
- [Bureau of Industry and Security](#)
- [Dept of Standards Malaysia](#)
- [Government Gazette - LawNet](#)
- [Securities Commission](#)

Selling U.S. Products & Services

Distribution & Sales Channels

U.S. exports to Malaysia move through a wide variety of sales channels, depending on the product or service. U.S. export wholesalers typically sell food and other consumer goods to Malaysian general import houses, which then handle distribution to supermarkets and other outlets. Significant equipment sales to corporations in both the public and private sectors require local presence and local agents, as well as active engagement of corporate leadership. It should be noted that Bumiputra (ethnic Malay) firms are given preference in securing government priority sector contracts and privatization projects.

Capital equipment is almost always handled by in-country representation, either through locally hired firms or a corporate representative in Malaysia. Electronic components are purchased directly from the United States by the major U.S. and other multinational companies with manufacturing facilities in Malaysia. Much of that business is intra-firm. A large number of retail outlets and local and international consulting companies handle computer software. Many software companies have offices and joint ventures in Malaysia.

Using an Agent to Sell US Products and Services

Most exporters find that using a local distributor or agent is the best first step for entering the Malaysian market. A local distributor is typically responsible for handling customs clearance, dealing with established wholesalers/retailers, marketing the product directly to major corporations or the government, and handling after-sales service. Exporters of services generally also benefit from the use of a partner. Sales to the government, Government Linked Companies (GLC), or priority sectors require a local agent and/or a joint venture partner, usually a Bumiputra owned firm.

The New Economic Policy (NEP) formulated in the 1970s to eradicate poverty and to correct racial economic imbalance, structured capital ownership in the following segments:

Sendirian Berhad (private limited company/LLC)

- Malaysian companies require a minimum of two shareholders, two directors, and a company secretary; the directors and company secretary must be resident in Malaysia. The company secretary must also be professionally qualified or licensed in the country.

Bumiputera companies

- Bumiputera companies are established through the same process as the Sdn. Bhd., but are characterized by
 - 100 percent equity ownership by ethnic Malays
 - 51 percent or more of the board seats filled by ethnic Malays and
 - 51 percent of the workforce being ethnically Malaysian.

Branch office

- To register a branch of a foreign company in Malaysia, only a registered office and authorized agent are required;
- This structure removes the requirement for two shareholders, which means that overseas companies may receive the entire benefit of their Malaysian sales without the use of a nominee;
- The need for only one authorized agent also simplifies the LLC's requirement for two resident directors;
- Like with most branches, the tradeoff for these benefits is that responsibility for the branch's liabilities lies with the parent company.

Representative office

- There is no minimum requirement since this business entity is only used for support services and is not profitable.

Joint Venture

- A foreign entity can access the Malaysian market through several options.
 - Incorporate a company with 100 percent foreign ownership.
 - Such companies are excluded from directly participating in priority sectors tenders/activities
 - A joint venture with a Malaysian partner, in which case the local company will have at least 50 percent ownership over the respective company.
 - The law requires paid-up capital of at least RM 350,000, with a minimum authorized capital of RM 500,000.

In a Joint Venture, a company is entitled to obtain government grants. It is also necessary to appoint a Director, who must be a resident in Malaysia. Once the company is registered with the local authorities, the company will be able to perform the following:

- Sign sales agreements and business contracts – within two weeks from when the company is registered
- Hiring employees
- Signing a lease agreement for premises
- Obtaining a tax identification number

Establishing an Office

The primary concerns for those considering setting up an office or factory in Malaysia are registration, taxes, labor, wages, rental/construction prices, utilities, and insurance.

Several international accounting and consulting firms located in Kuala Lumpur can assist with the procedures and requirements for setting up a business in Malaysia. The American-Malaysian Chamber of Commerce ([AMCHAM](#)) can be a useful resource for U.S. firms interested in setting up an office or plant. The Malaysian Investment Development Authority ([MIDA](#)), a Malaysian government entity, works to attract and support foreign direct investment in Malaysia. It is also advisable to seek more specific information from qualified legal and consulting services.

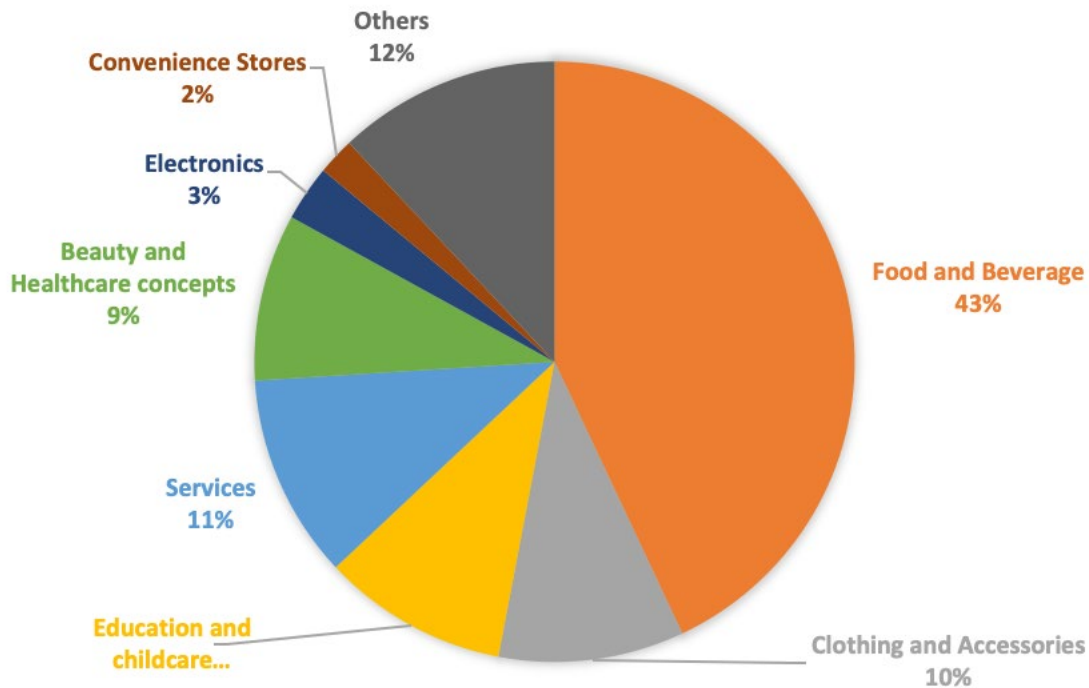
Franchising

The Malaysian franchise industry continues to achieve healthy growth. The growth rate as of October 2019 is 7.6 percent. The franchise industry contributed RM30.03 billion/ US\$8.07 billion to the country's GDP in 2018 (latest available data). The initial 2020 forecast for the franchise sector is RM35 billion/ US\$8.3 billion, but this industry estimate will decrease significantly in the wake of the COVID-19 pandemic. As of October 2019, 906 current domestic and international franchise brands are registered with the Malaysian authority.

Approximately 30 percent of the total franchise concepts in Malaysia are foreign-owned. Foreign franchise concepts market share for the first three quarters of 2019 is 36 percent. In the same period, four percent of franchise companies exited the market, and investors are increasingly more selective on franchise concepts. Niche concepts with unique value propositions would be of interest to the Malaysian franchisee. On the food and beverage front, authentic Asian food and beverage concepts are in high demand. Demand for western food concepts (burgers, western-styled sandwiches, pizzas, pasta dishes, etc.) is declining, except for prominent brands. Chinese Hot Pot concepts – such as

the successful Haidilao chain – are growing in demand. Mainland Chinese and South Korean popular culture, TV, and music have spurred increased interest in its national cuisines, though South Korean food concepts have reduced in popularity recently. On the beverage front, Taiwanese milk tea, bubble tea, milk with brown sugar are trendy. As of October 2019, Malaysia franchise concept demand by sub-sector includes:

2019 MALAYSIA FRANCHISE DEMAND BY SECTOR *



* Cancellations account for 4 percent of total

Perbadanan Nasional Berhad (PNS) is a corporatized government entity tasked as the lead agency in developing the Franchise Development Program. It is under the purview of the Ministry of Domestic Trade and Consumer Affairs. The agency’s function is to identify, acquire, launch, facilitate, and encourage both local and international franchise brands. Even though PNS mainly focuses on encouraging home-grown franchise concepts, they are open to exploring collaboration with foreign franchises. PNS is leaning towards lower-cost service sectors as the next prime mover for entrepreneurs.

The Malaysian Franchise Act 1998 (amended in 2013) governs franchising. This Act applies to the sale of franchises throughout Malaysia. All franchisers that are selling their franchises in Malaysia are required to register with the Registrar of Franchise (ROF).

As over 60 percent of the Malaysian population is Muslim, U.S. food and beverage related franchise companies that intend to sell to Muslim consumers should be aware of Halal requirements. While halah stems from Islamic Sharia Law, Malaysian standard MS1500:2400 is used in the production, preparation, and handling of halal food. This standard prescribes the practical guidelines for the food industry on the preparation and handling of halal food. [JAKIM](#) (the Department of Islamic Development Malaysia) uses this standard to certify food as halal, though its its practices, standards, and testing are often unclear, making it difficult for foreign companies to advance the certification process. As of Feb 2019, JAKIM recognizes three halal certification bodies in the United States: Islamic Food and Nutrition Council of America (IFANCA) with a Halal Research Centers based in the Chicago area, and Islamic Services of

America (ISA) based out of Cedar Rapids, Iowa. As of the writing of this report, the new Malaysian government is reviewing the operations of JAKIM.

Direct Marketing

In recent years social media and online platforms are an increasingly essential channel for marketing and maintaining real-time connections with consumers. More recently, more companies have turned to online channels as a way to reach consumers more broadly, Facebook, Twitter, and LinkedIn have high penetration in Malaysia, and are growing as the social media platforms of choice for targeted marketing.

Joint Ventures/Licensing

Some exporters find it advantageous to establish their subsidiary in Malaysia to handle sales, distribution, and service directly. While this provides more direct control, it requires a commitment of capital and the identification of suitable local joint venture partners. The selection of a joint venture partner is perhaps the most critical decision made by a potential investor in Malaysia. Licensing may be a more comfortable option for U.S. exporters as the daily management of the business is handled by the Malaysian licensee. Although there are some licensing of services and trademarks in-country, it is only prevalent in the franchising sector in a limited way. All partnerships must register with the Companies Commission of Malaysia ([CCM](#)) under the Registration of Businesses Ordinance 1956. Partners are both jointly and separately liable for the debts and obligations of the partnership. Formal partnership agreements govern the rights and obligations of each partner, but having an agreement is not obligatory.

U.S. exporters interested in establishing a joint venture should contact the Malaysian Investment Development Authority ([MIDA](#)) for more information on other government policies that may affect contract arrangements within their specific industry. MIDA may also be able to assist with the identification of a suitable partner. Any firm intending to establish a local office should secure the services of a local attorney.

Express Delivery

Major global express delivery firms are actively doing business in Malaysia. Express delivery or “courier” companies in Malaysia need to obtain a courier license to provide related services. As of 2020, a total of 116 courier services licenses were issued by the Malaysian Communications and Multimedia Commission (MCMC). Below are some of the various express delivery firms in Malaysia.

- [City Link Express](#)
- [DHL Worldwide Express](#)
- [FedEx](#)
- [GDEXpress](#)
- [Malaysian Express Worldwide](#)
- [Nationwide Express](#)
- [Overseas Courier Service OCS](#)
- [Red Box Asia Pte Ltd](#)
- [S.O.S. Express](#)
- [Sure Reach Worldwide Express](#)
- [United Parcel Service](#)

International shipping fees and delivery times differ from one company to another. Customs clearance delays may cause interruptions in the process of delivering international inbound and outbound goods, especially time-sensitive goods. Operators that comply with customs clearance procedures and requirements will be able to minimize the risk of having their assets held by enforcement authorities for too long.

Due Diligence

Several firms gather information and publish reports on Malaysian companies, including [Rating Agency Malaysia](#), [Malaysian Rating Corporation](#), United Management Services, and [D&B Information Services \(M\) Sdn. Bhd.](#) For significant corporate transactions, financial advisors and lawyers can perform due diligence. Publicly listed companies are required to publish audited financial results, which are checked before entering into business agreements. In smaller transactions, letters of credit are a standard requirement of potential customers, while bank references and track records are checked before appointing agents. The U.S. Commercial Service can also assist exporters by providing an International Company Profile report, which can include a visit to the office, an updated financial statement, and, if appropriate, a recommendation by a current supplier or customer. Please contact your local U.S. Export Assistance Center for pricing and details ([US Export Assistance Center Offices](#)).

eCommerce

eCommerce - Overview

The eCommerce industry in Malaysia continues to grow steadily, fueled by the COVID-19-related online services and the increase of smartphone penetration in the country. Malaysia is now an attractive market for eCommerce in Southeast Asia due to its dynamic economy and developed infrastructure for digital technologies.

In 2020, 80 percent of the population of the country population are active internet users (26.7 million) and mobile phone penetration is high (83 percent). As of January 2020, there are 26 million social media users and 40.7 million mobile connections in Malaysia.

eCommerce revenue in Malaysia is projected to reach a total of US\$4,179m in 2020, and forecast to grow at an annual growth rate of 17.8 percent (CAGR 2020-2024), resulting in a projected market volume of US\$8,059m by 2024. Based on the Statista report, the market's largest segment is Fashion, with a projected market volume of US\$1,206m in 2020.

[The National eCommerce Council](#) (NECC), comprised of various ministries and agencies, was established to drive the implementation of the [National eCommerce Strategic Roadmap](#)'s (NeSR) towards doubling Malaysia's eCommerce growth rate to reach a GDP contribution of US\$ 53 billion by 2020. The roadmap outlines the Government's intervention in six areas:

- Accelerate seller adoption of eCommerce
- Increase adoption of eProcurement by businesses
- Lift non-tariff barriers (e-Fulfillment, cross-border, e-Payment, consumer protection)
- Realign existing economic incentives
- Make strategic investments in select eCommerce player(s)
- Promote national brand to boost cross-border eCommerce

See: [National eCommerce Strategic Roadmap Overview](#)

Source: [Malaysia eCommerce Statistic](#)

The relevant laws governing Malaysia's eCommerce and online businesses are set out in a number of different statutes and regulations. Of particular significance to eCommerce in Malaysia includes [Electronic Commerce Act 2006 \(ECA\)](#),

[Digital Signature Act 1997](#), [Personal Data Protection Act 2010 \(PDPA\)](#), [Consumer Protection Act 1999 \(CPA\)](#), [Trade Descriptions Act 2011 \(TDA\)](#) and [Communications and Multimedia Act 1998 \(CMA\)](#)

The Inland Revenue Board of Malaysia created [Guidelines of Taxation](#) for Electronic Commerce. The guidelines cover the scope of charge, the tax liability for the business, treatment of server and website, and an examination of business models. See [Guidelines on Taxation of ECommerce](#).

Digital Free Trade Zone (DFTZ)

The Malaysian Government launched DFTZ to spur growth in the digital and eCommerce sectors. Spearheaded by Malaysia Digital Economy Corporation (MDEC), the DFTZ was reviewed and refocused to serve two overarching goals:

- **Creation of an E-Fulfillment hub:** Development of KLIA Aeropolis into a logistical center to establish Malaysia into a regional eCommerce fulfillment hub.
- **Grow Malaysian SMEs:** The DFTZ is seen as a mode to drive export of Malaysia SMEs via eCommerce

See: [Digital Free Trade Zone \(DFTZ\)](#)

eCommerce - Current Market Trends

Malaysia has high rates of eCommerce usage due to its internet and mobile connectivity. Approximately 50 percent of the population (16.53 million) are active online shoppers, and 62 percent of mobile users use their devices to shop online. Malaysian are mainly motivated by the quality of products, price advantages, product range, and the availability of reviews. Shoppers are influenced by exclusive deals, free shipping, convenience, and offers by online stores.

Percentage of internet users who report performing each activity:



Source : [Digital Malaysia 2020](#)

Topmost purchased categories of products are:

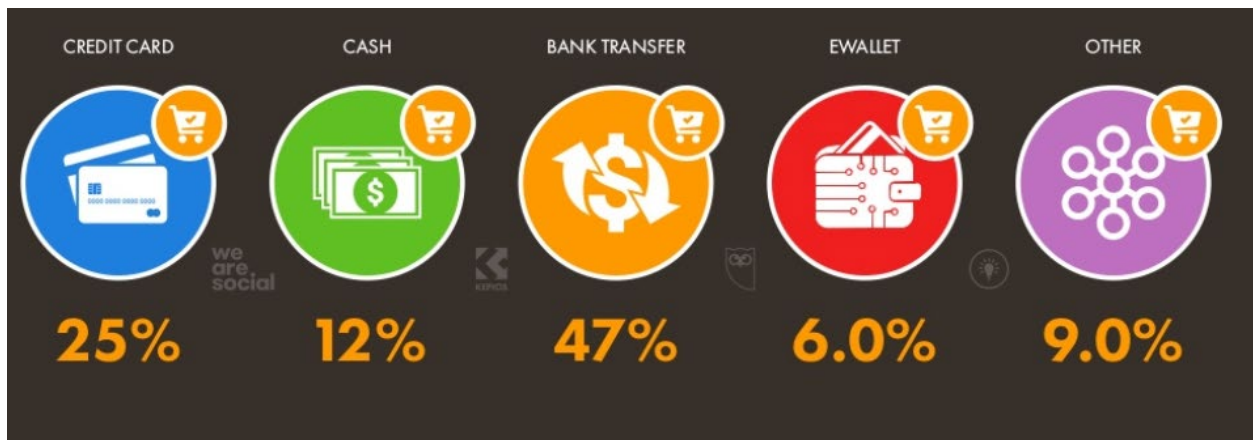


Source: Digital Malaysia

Financial Inclusion Factors :



E-Commerce Payment Methods :



Source: Digital Malaysia 2020

eCommerce – Domestic Market

Malaysia's E-commerce industry is expected to grow at an annual growth rate of 11.4 percent (CAGR 2019 -2019) and the total revenue for the entire industry is US\$ 1.31 billion. The growth is expected to grow to US\$ 2.53 billion by 2022.

Electronics & Media is currently the leading product category in Malaysia, accounting for USD 477.7 million, followed by Furniture and Appliances, which generates USD 356.3 million in sales. By 2022, Furniture & Appliances will become the most purchased online category, with an estimated value of USD 1.02 billion, and second favorite, Electronics & Media, will have an expected worth of USD 629.2 million.

Source: [eCommerce Malaysia Overview](#)

eCommerce - Cross-Border

Malaysia's top countries for overseas online shopping are China, Singapore, Japan, the United States, and South Korea. Credit cards are the preferred payment method for about 80 percent of the cross-border transactions, and American and Chinese webshops are popular amongst Malaysian consumers. Malaysia has a large number of free trade agreements that allow foreign business access. [Malaysia Free Trade Agreement](#). For more information on cross border trade, please contact Commercial Service Malaysia.

eCommerce - B2B

B2B eCommerce is one of the fastest-growing sectors for small- and medium-sized enterprises (SMEs). SMEs in Malaysia have a high adoption of advanced technologies, and Malaysia is ranked fourth among nine APAC countries surveyed in digital platform implementation and third in adopting Industry 4.0 technologies.

Nearly 61 percent of local SMEs are optimistic that the e-commerce platforms will help contribute to increased revenue growth. Sixty-nine percent of Malaysian SMEs have incorporated Industry 4.0 technologies into their operations, such as mobile payments, automation software, and Big Data and Analytics in particular, and show a significantly high adoption rate of mobile payments among Malaysian SMEs at 90 percent.

eCommerce - Challenges

Although the eCommerce in Malaysia is relatively strong, the enforcement of existing regulations needs improvement. Current challenges for the eCommerce industry include the adoption of new digital tools, cybersecurity threats, lack of digital marketing skills, limited production capacity, high logistics cost, and lack of knowledge regarding market access and regulations in cross-border eCommerce.

eCommerce - Services

Malaysian shoppers do most of their shopping through mobile phones and other digital devices. Besides marketplaces and eCommerce platforms, about a third of Malaysians still shop through social media platforms like Facebook and Instagram. Flights, hotels, food and beverages, music, pre-owned items are some of Malaysians' most popular online purchases.

eCommerce - Intellectual Property Rights

eCommerce activities fall under the preview of the [Malaysian Intellectual Property Corporation \(MyIPO\)- Rights \(www.myipo.gov.my/en/home/\)](#).

eCommerce – Popular Sites

The most popular eCommerce sites that Malaysians visit in 2020 are:

- Mudah.com
- Lazada.com.my
- Zalora.com.my
- Lelong.com.my
- eBay.com.my
- Amazon.com.my
- Fave by Groupon
- Taobao.com
- Alibaba.com
- Fashionvalet
- Shopee.com.my
- 11th Street.my
- Gemfive.com
- Q100.my
- Hermo.my
- Carlist.my
- Carousell Malaysia.my

eCommerce - Online Payment

In 2020, the following are the major online payment vendors:

- Grabpay
- Samsung Pay
- IPay88
- MOLPay
- GHLe-payment
- Paynet
- m2upayAlipay

eCommerce - Mobile Applications

The M-Commerce sector is growing significantly in market size due to connectivity improvements, the increase of mobile network operators, and the growing capabilities of commercial banks offering M-Commerce services. However, there are several security challenges ahead, including the increase in cybersecurity threats and data breaches. Overall, active mobile subscribers in Malaysia total 40.69 million, and the mobile penetration rate is high at about 83 percent. The six major mobile network providers in Malaysia are Celcom, Maxis, Digi, U Mobile, Unifi, and YES.

eCommerce - Digital Marketing

Malaysian companies are now using technologies more effectively to target a broader consumer base. Facebook, Google, WhatsApp, Instagram are the most used platforms. Top Digital marketing agencies in Malaysia for 2019 are:

- Hustlrtech47 Sdn Bhd
- itech47 Sdn Bhd
- shock media studio
- Jumix
- SwivelVeecoTech Web & Ecommerce
- Chronos Agency
- Black Wolf Digital

- JustSimple
- Silver Mouse

eCommerce - Major Buying Holidays

Malaysia has three yearly nationwide sales events:

- Malaysia Super Sale (March 1-31)
- Malaysia Mega Sale Carnival (June 15-Aug 31)
- Malaysia Year-End Sale (Nov 1 –Dec 31)

eCommerce - Social Media

Social media continues to be a huge driver to influence online shopping decisions. With at least half of Malaysians buying products through social media, the channel is well-proven. The top 10 social media platforms in Malaysia include:

- Facebook – 80.2 percent
- Twitter – 6.63 percent
- Pinterest – 6 percent
- Youtube – 3.32 percent
- Instagram – 3.16 percent
- Tumblr – 0.29 percent

Source: [Social Media Stats in Malaysia for May 2020](#)

Selling Factors & Techniques

Malaysian buyers—whether individual consumers or purchasing agents for businesses or the government—tend to be price sensitive. Concepts such as life-cycle cost analysis are not used or well understood, so a higher-cost product that is better quality will frequently lose out to a lowest cost product or the one that seems to have the most compelling discount. Malaysians are brand-conscious as well, so brand and reputation can successfully trump cost, but only once the brand is well known.

Trade Promotion & Advertising

Advertising approaches differ according to the market sector. For consumer goods, advertising techniques include the full range of online media [e.g., Facebook, Twitter], television, radio, newspaper, outdoor advertisements, and other approaches. Extravagant product launches once deemed necessary only in Singapore are becoming the norm in Malaysia. Due to health and religious concerns, there are prohibitions on most types of advertising for tobacco and alcoholic beverages.

Malaysia has more than 7 million TV households. Rising GDP and income levels translate to affordability of content, thereby favoring the growth of various TV platforms. The market's cultural diversity gives rise to channels based on ethnicity and language for the three principal languages: Bahasa Melayu, Tamil, and Chinese. There are three government and four commercial (free to air) channels operated by Media Prima. With terrestrial digitization efforts undertaken by the government, this segment shows promising growth as leading broadcasters split up existing channels into genres. Advertising revenue will drive the transition and growth of channels. As for pay-TV, there are currently two providers: Astro and HyppTV.

Malaysia has several English-language newspapers, the largest being the New Straits Times and the Star. The primary business-oriented paper is The Edge. The major Malay-language newspapers are Utusan Malaysia and Berita Harian, while the most significant Chinese papers are Sin Chew Daily and China Press, while Nanban and Tamil Nesan are leading Tamil language newspapers. Business-oriented magazines include Malaysian Business, Malaysian Industry, Malaysian Investor, Malaysian Entrepreneur, Malaysia Retailer, and Business Today. Published news on Malaysia is accessible through various sites, including MalaysiaNews.

A list of trade promotion events to connect U.S. and Malaysian business partners are found on the U.S. Commercial Service's [Exporter Portal website](#). Domestic trade fairs (as well as trade fairs in Singapore) provide U.S. firms with an opportunity to increase brand awareness and find trade partners. The following is a list of trade exhibition centers:

- [Kuala Lumpur Convention Centre](#)
- [Malaysian International Exhibition & Convention Centre](#)
- [Midvalley Exhibition and Event Services](#)
- [Putra World Trade Centre](#)
- [Sunway Pyramid Convention Centre](#)
- [Malacca International Trade Centre](#)
- [Mahsuri International Exhibition Centre \(in Langkawi\)](#)
- [Setia Spice Convention Centre \(Penang\)](#)
- [Subterranean Penang International Convention and Exhibition Centre](#)
- [Straits Quay Convention Centre \(SQCC\)](#)
- [PECC Exhibition and Convention Centre](#)

Primary trade event organizers include:

- [United Business Media](#)
- [ABC Exhibitions](#)
- [AMB Tarsus Event Group](#)
- [C.I.S Network](#)
- [Interexpo](#)
- [Protemp](#)
- [Trade-link](#)

Pricing

Malaysians are price-sensitive and brand conscious. Several factors should be taken into consideration when determining appropriate product pricing, including the exchange rate, applicable taxes and duties, pricing differences between urban and rural areas, and transportation costs to more remote areas. There may also be some government regulations for specific industries that affect the price charged to customers and other end-users.

Another factor to consider is the standard of living in Malaysia. The country is one of the most affluent in the Southeast Asian region, which means that higher-priced products and services have a niche market. However, prices of general consumer goods should reflect the lower cost of living and purchasing power of the average Malaysian. The Malaysian

Investment Development Authority (MIDA) maintains a table of prices of select consumer goods. This table is available by clicking here: [MIDA](#)

Also, U.S. exporters should generate a price survey of competitor products and services from both domestic and international firms. The U.S. Commercial Service in Malaysia can assist exporters by providing a Customized Market Research report that identifies explicitly competitive factors within the market sector or industry.

There is no one-size-fits-all formula for pricing. Depending on the product and the volatility of the market, most common pricing strategies are:

- Penetration pricing – where the exporter works with distributor(s) on pricing to attract customers and gain market share, later raising prices once the market share is achieved. This pricing scheme is usually well suited for fast-moving consumer goods.
- Premium pricing – where the importer and distributor keeps the price of a product or service artificially high to encourage favorable perceptions among buyers, based solely on the price. The practice is intended to exploit the (not necessarily justifiable) tendency for buyers to assume that expensive items enjoy an exceptional reputation, are more reliable or desirable, or represent excellent quality and distinction.

Sales Service/Customer Support

Both corporate and individual customers expect high-quality sales service and after-sale customer support, like many other customers in markets worldwide. While it is not often necessary to establish a local branch or subsidiary, it is usually crucial for U.S. companies to have a local agent (especially those that are interested in exporting products or operating services continually). This agent should be available for clients to contact immediately should any problems arise. A virtual office is also an option for an offshore retail company looking for an entry into the market. Office space will be on a rental basis, and a representative will handle mails and calls.

Local Professional Services

For help locating Malaysian service providers to assist U.S. companies (i.e., legal, financial, accounting), please contact the U.S. Commercial Service in Malaysia.

Principle Business Associations

[American Malaysia Chamber of Commerce \(AMCHAM\)](#)

AMCHAM was founded in 1978 as an international, non-profit, private-sector business association. It has more than 1,200 members representing nearly 280 American, Malaysian, and other International companies. The Chamber is affiliated with the Asia Pacific Council of American Chambers of Commerce (APCAC) and with the U.S. Chamber of Commerce, which is the largest Chamber of Commerce in the world.

[The US-ASEAN Business Council \(USABC\)](#)

The US-ASEAN Business Council advocates for U.S. corporations in Southeast Asia. Founded in 1984, the Council's members include the largest companies operating in Southeast Asia, and range from newcomers to the region to companies that have been working in the area for more than a century. The Council leads business missions to key economies, convenes meetings with ASEAN heads of state and ministers, and participates in ASEAN ministerial meetings, such as the annual ASEAN Economic Ministers meetings. The Council is headquartered in Washington, D.C., and has six offices in Southeast Asia, including an office in Kuala Lumpur, Malaysia.

[The Federation of Malaysian Manufacturers \(FMM\)](#)

The FMM is Malaysia's premier manufacturing trade organization. Since its establishment in 1968, the FMM has led Malaysian manufacturers in spearheading the nation's growth and modernization. Today, as the largest private sector

economic organization in Malaysia, representing over 3,000 manufacturing and industrial service companies of varying sizes, the FMM is the officially recognized and acknowledged voice of the industry.

[The Malaysian International Chamber of Commerce and Industri \(MICCI\)](#)

The MICCI was founded in 1837. MICCI is the oldest chamber in Malaysia, representing close to 1,000 corporate members with over 30 different nationalities. They also organize and co-organize over 50 events with over 4000 participants annually. Recognized as one of the most active advocates for the business community, MICCI facilitates and supports its members in their goals to successfully elevate their businesses.

[The National Chamber of Commerce and Industry of Malaysia \(NCCIM\)](#)

The NCCIM is the umbrella platform comprised of five major Malaysian private sector organizations concerned with commerce and industry. NCCIM was established in 1962 when four principal Chambers of Commerce united to form the United Chambers of Commerce of Malaysia. It was restructured in 1974 to include the Federation of Malaysian Manufacturers and was renamed the National Chamber of Commerce and Industry of Malaysia. As a non-profit and non-governmental organization (NGO), NCCIM's role is to help represent the interests of the Malaysian business community on the domestic and international fronts. A key objective is to promote Malaysian exports and investments abroad, as well as to help attract foreign investors.

Limitations on Selling U.S. Products and Services

Malaysia is not a party in the WTO Government Procurement Agreement. As a result, foreign companies do not have the same opportunity as some local companies to compete for contracts. In most cases, foreign companies are required to take on a local partner before their bids are considered. In domestic tenders, preferences are provided to Bumiputra (Ethnic Malay) suppliers over other domestic suppliers.

There are restrictions on media and advertising content. Regulations on media and advertising content are found here: [Online Content Problems](#).

Web Resources

[Companies Commission of Malaysia](#)

[Inland Revenue Board](#)

[Malaysian Franchise Organization](#)

[Malaysian Industrial Development Authority \(MIDA\)](#)

[Malaysia news sites](#)

[Multimedia Development Corporation \(MDEC\)](#)

[Rating Agency Malaysia](#)

[Social Security Organization](#)

[U.S. Embassy to Malaysia in Kuala Lumpur](#)

U.S. Commercial Service Malaysia: [Exporter Portal](#)

Trade Financing

The international reserves of Bank Negara Malaysia (BNM) amounted to USD102.8 billion as of June 15, 2020. The reserves position is sufficient to finance 8.2 months of retained imports and is 1.1 times total short-term external debt.

Source: [International Reserves of Bank Negara Malaysia as at June 15, 2020](#)

For additional information on this topic, including the content of relevance to U.S. investments, please visit the Department of State [Investment Climate Statements.](#)”

Methods of Payment

Exports to Malaysia may be financed through cash in advance, open account, or letters of credit issued to importers by banks in Malaysia. Financing is readily available in the domestic market to Malaysian importers. Exporters requiring credit ratings can obtain them from two local credit rating institutions, the [Rating Agency Malaysia Berhad](#) (RAM), and the [Malaysian Rating Corp. Berhad](#) (MARC).

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

Banking Systems

The structure of the Malaysian financial system has evolved to become less fragmented through consolidation and rationalization. Bank Negara Malaysia (BNM), the country’s central bank, directed the merger of Malaysia’s local banking institutions into ten anchor banks, which was completed in 2002. The government encouraged further mergers among the local banking institutions to ensure competitiveness with international banks. As of 2020, there are [eight local banks](#) in the country. BNM licenses and regulates businesses such as commercial banking, investment banking, Islamic banking, and money brokering.

Islamic Finance

Malaysia’s Islamic finance industry has been in existence for over 30 years and is governed by the Islamic Banking Act 1983. In 2020, Malaysia’s Islamic banking assets reached US\$65.6 billion, with an average growth rate of 18-20 percent annually.

Malaysia has a significant number of full-fledged Islamic banks, including several foreign-owned entities, conventional institutions that have established Islamic subsidiaries, and also entities that are conducting foreign currency business. All financial institutions are permitted to conduct both ringgit and non-ringgit businesses. As of April 2020, there are 16 Islamic local and foreign banks operating in Malaysia. Foreign banks with operations in Malaysia are allowed 100 percent equity participation.

For more information: [Islamic Finance](#)

Foreign Exchange Controls

Foreign Exchange Controls (FEC) in Malaysia is governed by the Exchange Control Act, 1953. The Controller of Foreign Exchange is the Governor of Bank Negara of Malaysia (BNM), who also acts as the foreign exchange dealings regulator in Malaysia. The Bank is committed to ensuring the Foreign Exchange Administration (FEA) rules continue to support and enhance the competitiveness of the economy through the creation of a more supportive and facilitative environment for trade, business and investment activities.

The Act imposes general restrictions on foreign exchange dealings by residents and non-residents. There are no restrictions for non-residents to invest in Malaysia to purchase ringgit assets, such as land property and securities. There is also no restriction for non-residents to transfer abroad, in foreign currency, all profits, returns and divestment proceeds from their investments in Malaysia.

Foreign Investment Committee (FIC) guidelines before June 30, 2009, states that any acquisition of property by foreign interest requires FIC approvals. Since the liberalization of FIC guidelines, the approval for property acquisition will be needed from the Economic Planning Unit (EPU) of the Prime Minister’s Department if the acquisition dilutes Bumiputra (Ethnic Malay) or government interest for properties exceeding RM20 million (approximately US\$5.62 million). This acquisition encompasses direct or indirect (via shares).

Restrictions apply for residents of Malaysia. No person is allowed, among others, to buy or borrow foreign currency from, or sell or lend foreign currency to any person, to make any payment in Malaysian Ringgit to a non-resident in and outside Malaysia, or to deal in ringgit assets in Malaysia without the prior permission of the Controller.

For more information on FEC: [Foreign Exchange Control Guideline by BNM](#).

US Banks & Local Correspondent Banks

Currently, three U.S. banks have operations in Malaysia: Bank of America, Citibank, and J.P. Morgan Chase Bank. Bank of New York Mellon, and the Northern Trust Company have representative offices in Kuala Lumpur. The island of Labuan is Malaysia's offshore banking center.

Local banks in Malaysia have correspondent relationships with banks in the United States.

- [Maybank](#)
- [CIMB](#)
- [Affin Bank](#)
- [RHB](#)
- [Hong Leong Bank](#)
- [HSBC Bank](#)
- [AmBank](#)
- [Standard Chartered Bank](#)
- [Public Bank](#)
- [Alliance Bank](#)
- [Agro Bank](#)
- [Bank Muamalat](#)
- [UOB](#)
- [OCBC Bank](#)
- [Exim Bank](#)
-

Protecting Intellectual Property

The United States Trade Representative (USTR) has not listed Malaysia on the Special 301 list since 2012. In recent years, USTR conducted Out-of-Cycle Reviews to consider whether Malaysia provided adequate and effective IP protection and enforcement, including with respect to patents.

U.S. intellectual property rights (IPR) owners should consider obtaining IPR protection in Malaysia before introducing their products or services to the Malaysian market. Companies may wish to obtain non-disclosure and non-compete agreements or seek advice from local attorneys or consult with experts in Malaysian IP law, before disclosing their technologies or business information to local partners.

The Intellectual Property Corporation of Malaysia ([MyIPO](#)) oversees and administers the Malaysian's IP system. U.S. IP owners may register or apply for their IP rights in Malaysia for trademarks, patents, industrial designs, and geographical indications. An address for service in Malaysia and a local agent or attorney is generally required when filing IP applications at MyIPO.

As a member of the World Trade Organization (WTO) and World Intellectual Property Organization (WIPO), Malaysia generally observes the international intellectual property standards established by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Malaysia is also a party to the Patent Cooperation Treaty (PCT) and the Madrid Protocol. Patent and trademark applicants may use these international systems for filing international patent and trademark applications for acquiring protection in Malaysia. Trademark registration is valid for ten years from the date of application and may be renewed every ten years.

Copyrights are protected in Malaysia without any registration requirements. However, a copyright owner may register the copyright by filing a Copyright Voluntary Notification at MyIPO. An official certification of registered copyright may serve as prima facie evidence of the particulars of the registered copyright, and is admissible in all courts in Malaysia.

Malaysia protects geographical indications (GIs) through the Geographical Indications Act 2000. GIs registration is not compulsory, and protection will still be available to GIs regardless of whether the GI has been registered. However, the certificate of registration is a prima facie evidence of the fact stated in the certificate and the registration's validity. A registered geographical indication is given ten years of protection from the date of filing and may be renewed every ten years.

Malaysia is not a member of the International Convention for the Protection of New Varieties of Plants (UPOV). However, Malaysia has the Protection of New Plant Variety (PNPV) Act administered by the Department of Agriculture (DOA). The Act provides some protection for plant breeder's rights, but it does not comply with the UPOV standards.

Trade secrets, such as data, formulas, or other confidential information used in business, may be protected in Malaysia, if the owner provides appropriate measures to maintain the secrecy. While Malaysia maintains the efforts in the enforcement of intellectual property rights (IPR), the quantity of counterfeit and pirated goods remains high, especially in the physical markets. The Petaling Street Market in Kuala Lumpur is listed in the USTR Notorious Markets Report released in 2020. Plaza GM and Tamarin Johor Jaya are also mentioned as the area with widespread counterfeiting and piracy in the report.

In Malaysia, the Intellectual Property Courts consisting of fifteen (15) Sessions Courts with criminal jurisdictions, and six (6) High Courts with both civil and appellate jurisdictions were established in 2007. An appeal can be made to the Court of Appeals and, on limited grounds, to the Federal Court.

IPR owners need to be aware if their products/services are being counterfeited. IPR related disputes can be complex. Therefore, if a legal action is necessary, IPR owners are strongly recommended to seek advice from local attorneys who are experts in IP laws and litigation. It is also recommended that small and medium-sized companies understand the importance of working together with trade associations and organizations to support efforts in protecting IP and stop counterfeiting. There are a number of these organizations, both Malaysia or U.S.-based. These include:

- [The U.S. Chamber and local American Chambers of Commerce](#)
- [National Association of Manufacturers \(NAM\)](#)
- [International Intellectual Property Alliance \(IIPA\)](#)
- [International Trademark Association \(INTA\)](#)
- [The Coalition Against Counterfeiting and Piracy](#)
- [International Anti-Counterfeiting Coalition \(IACC\)](#)
- [Pharmaceutical Research and Manufacturers of America \(PhRMA\)](#)
- [Biotechnology Industry Organization \(BIO\)](#)

Web Resources & Contacts

In any foreign market, companies should consider several general principles for effective management and protection of their intellectual property. For background on these principles please link to the following articles: [Protecting Intellectual Property](#) and [Corruption](#).

IP Attaché for Southeast Asia

U.S. Embassy Bangkok

U.S. Commercial Service

Room 302, GPF Witthayu Tower A,

93/1 Wireless Road

Bangkok, 10330, Thailand

uspto.bangkok@trade.gov

+66-2-205-5243

Selling to the Public Sector

Government procurement refers to the acquisition of supplies, services, and works following Malaysia's current rules and regulations to achieve a set of [objectives](#). In line with good governance practices, the Government of Malaysia aims to implement good procurement practices for public accountability, transparency, best value for money, open and fair competition, and fair dealing. Any individual, company, or corporate body wishing to participate in the Government procurement of supplies and services must register with the Ministry of Finance Malaysia (MOF). For works, they must register with the [Contractors Service Centre](#) (Pusat Khidmat Kontraktor; PKK) and the [Construction Industry Development Board Malaysia](#) (CIDB), which are agencies under the Ministry of Works Malaysia.

The Government of Malaysia [categorizes procurement](#) into the following:

Works:

Works contracts include construction and engineering activities involving infrastructure and structures such as buildings, airports, roads/highways, dams, drainage, etc. It is also inclusive of mechanical and electrical aspects of works.

Supplies:

Supplies include raw, intermediate, or finished goods and products for any activity of users. Also included are construction materials, food products, uniforms, vehicles, equipment, spare parts, and furniture.

Services:

Services include engagement of labor, expertise, and consultants in the areas of feasibility studies, research, designing, surveying, and management. Repairs, maintenance, and cleaning services are minor activities under this category.

Types of procurement include:

Direct Purchase:

This procedure allows procurement of supplies and services up to the value of RM50,000 directly through the issue of a Government Order to any known registered suppliers of consistent and reliable goods of acceptable quality. Procurement of works valued up to RM20,000 may be through the issue of a Works Indent to a contractor that registered with the Contractors Services Centre (PKK) and Construction Industry Development Board (CIDB) Malaysia.

Tender:

Procurement of works, supplies, and services valued above RM500,000 must go through tender processes. All contractors intending to participate in any local tenders must register with the Government of Malaysia. If there are

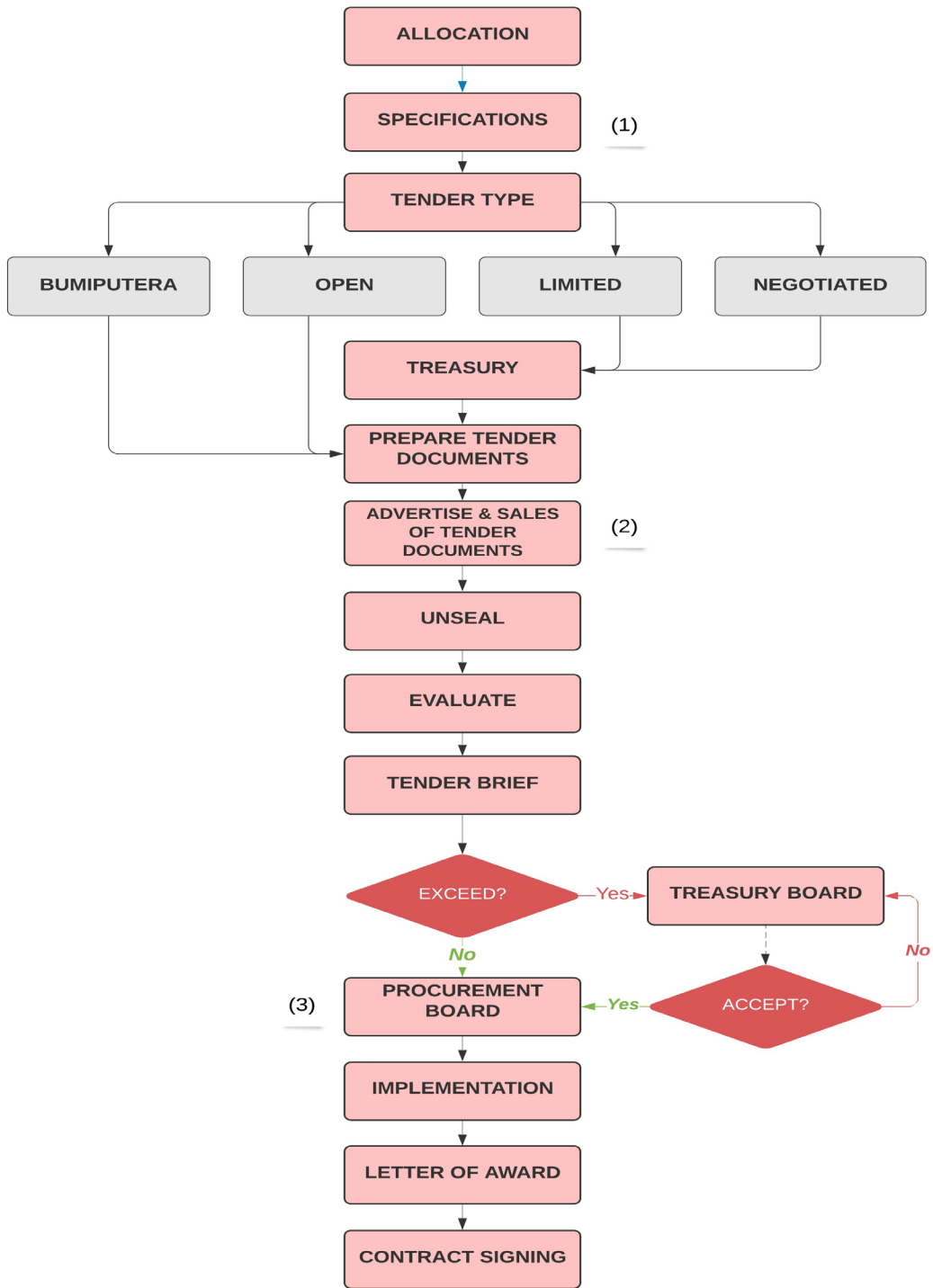
no locally produced supplies or services available, the government may opening the tendering process to international bidders. . For specific works, the government may offer tenders on a joint venture basis between Malaysian and foreign contractors to encourage the transfer of technology, if local contractors do not have the expertise and capability. International bids result when Malaysian contractors do not have the expertise and capability, and a joint venture is not possible.

Registered Contractors:

All individuals, companies, or corporate bodies intending to participate in Government procurement are required to register with the Malaysian Ministry of Finance and relevant Ministries and Agencies. The registration process ensures that all companies or contractors are genuine, committed in their business fields, and possess the capability to carry out works or supply and provide the services.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult Advocacy for Foreign Government Contracts for additional information.

GOVERNMENT PROCUREMENT FLOWCHART



Notes:

Specifications (1)

- Specifications drawn are functional or performance-based.
- Tailored specifications to suit any brand or country are strictly forbidden.
- Objection to tailored specs – 14 days for local tenders and 28 days for international

Tender Deposits (2)

- Local suppliers and contractors registered with the Government are exempted from tender deposits; International bidders are required to furnish a tender deposit ranging from RM60,000 for bids below RM5 million; RM 1 million for bids exceeding RM30 million for supplies and services.
- For works contracts, bidders need to furnish tender deposits ranging from RM60,000 for contracts below RM10 million to RM 1 million for contracts exceeding RM100 million.

Selection of Successful Bidder (3)

- Agency Procurement Boards consider all tenders. .
- Tenders above RM100 million for works and RM50 million for supplies and services, the Ministry of Finance (Treasury) has the final decision.

eProcurement

Public procurement before 2018 was often not transparent, with many of the government infrastructure projects awarded through negotiated tenders. After the Pakatan Harapan won the election in 2018, the private sector requested a fair and public procurement law with more transparency and integrity incorporated into the procurement process, leading Parliament to pass new procurement legislation in 2019. This new legislation governs all procurement processes to ensure transparency and competition while discouraging abuse of power, negligence, and corruption. The new administration, which took power in March 2020, has not expressly committed to maintaining these policies.

All federal procurements are published in the [eProcurement](#) and approving limit was set as follows:

PROCUREMENT BOARD	GOODS/SERVICES	WORKS	CONSULTANCY
Board members 1. Ministries 2. PM’s Office 3. Public Works Dept	Tender of value less than or equal to RM50 Million	Tender of value less than or equal to RM100 Million	Physical Project: Value of less than or equal to RM300 Million Studies: Value of less than or equal to RM5 Million
Federal State of Sabah and Sarawak	Tender of less than or equal to RM30 Million		
Statutory Bodies	Tender of less than or equal to RM100 Million		

Government Linked Companies	Tender of less than or equal to RM300 Million		
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Financing of Projects

In Malaysia, Government initiated projects are usually funded by the Ministry of Finance (MOF). Though other ministries may implement the tender or be in charge of technical committees, MOF is the final decision maker in all significant projects. Government procurement is one of the areas that the recently launched [National Anti-Corruption Procurement Plan \(NACP\)](#) plans to reform to improve efficiency and transparency. [The Islamic Development Bank \(IDB\)](#) finances a few projects in Malaysia, mainly in the areas of healthcare and university expansion. Malaysia is considered to be a high or mid-income country by the IDB and a partner in providing technical expertise to other IDB member countries.

The Commercial Service maintains Commercial Liaison Offices in each of the leading Multilateral Development Banks, including the Asian Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects and advocate on behalf of American bidders.

Export – Import Bank of U.S. (Exim Bank)

For many U.S. exporters, lack of financing can stand in the way of global growth. EXIM has several forms of support that can provide a solution such as working capital loan guarantee, export credit insurance. For more information on: [EXIM Bank](#)

U.S. International Development Finance Corporation (DFC)

DFC is America’s development bank and partners with the private sector to finance solutions and invest across sectors including energy, healthcare, critical infrastructure, and technology. DFC also provides financing for small businesses and women entrepreneurs to create jobs in emerging markets. DFC investments adhere to high standards and respect the environment, human rights, and worker rights. For more information : [DFC](#)

U.S. Trade and Development Agency (USTDA)

The U.S. Trade and Development Agency helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project preparation and partnership building activities that develop sustainable infrastructure and foster economic growth in partner countries.

Some of USTDA’s tools include funds for early-stage project preparation activities such as feasibility studies, technical assistance, and pilot projects, which provide the analysis needed for projects to attract financing and reach implementation. Additionally, USTDA creates market access for U.S. companies, connecting them with key decision-makers in emerging economies by hosting reverse trade missions (RTM), conferences, workshops, and training. The Agency’s reverse trade missions bring overseas decision-makers to the United States to introduce them to the design, manufacture, and operation of U.S. goods and services that can help advance their infrastructure development goals.

USTDA facilitates U.S. business participation in the preparation and execution of infrastructure development projects. The Agency helps build the infrastructure for trade, match U.S. expertise with overseas development needs, and facilitate business partnerships between the U.S. industry and emerging markets. These partnerships allow the Agency to target its investments toward projects that are most likely to be implemented using U.S. goods and services

In Malaysia, USTDA has successfully provided grant funding for technical assistance for a Smart City project that will transform how Malaysia's fast-growing Iskandar region manages its urban planning and development through advanced data analytics.

Source: [USTDA](#)

For more information: [USTDA Advances Malaysia's Smart City Priorities](#)

Contact details:

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Multilateral Development Banks

Price, payment terms, and financing can be significant factors in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Asian Development Bank (ADB) assistance to Malaysia focuses on advancing regional cooperation and integration, providing advisory services, building institutional capacity, and promoting sustainable development and green growth.

ADB supports and facilitates Malaysia's active involvement in the Association of Southeast Asian Nations (ASEAN), the Brunei Darussalam–Indonesia–Malaysia–the Philippines East ASEAN Growth Area (BIMP-EAGA), the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT), and the Coral Triangle Initiative. Priorities include cross-border infrastructure projects, economic corridor and border development, energy cooperation, and coordinated management of coastal and marine ecosystems ADB operations in Malaysia are expected to strengthen under the Arrangement of Cooperation and beyond. The bank will target sectors and identify thematic priorities to help Malaysia achieve its development agenda.

Source: [ADB](#)

Financing Web Resources

- [Bank Negara Malaysia | Central Bank of Malaysia](#)
- [Asian Development Bank](#)
- [World Bank](#)

Business Travel

Business Customs

Malaysia has a multicultural and multiracial population consisting of Malays, Chinese, Indians, and indigenous peoples. Although Malaysia's ethnic mix is generally harmonious, the various communities remain mostly separate, and ethnic/religious tensions exist. With such a varied ethnic composition, there is a diversity of religions. The official religion is Islam, but it is common to see temples, mosques, and churches within the same area.

Business customs in Malaysia do not differ fundamentally from those of the United States. Compared to some other Asian countries, the traits of frankness, openness, and punctuality are valued relatively more in business negotiations and dealings. Ongoing personal contact is essential. However, visitors should be aware of differing religious and cultural traditions for each ethnic group. For example, Malay Muslims may feel uncomfortable in business or social functions where alcohol or pork is served, and visitors should take note that items (such as business cards) should always be presented and received using the right hand.

Travel Advisory

Review the [U.S. State Department Travel Advisory](#) for Malaysia to see the current travel advisory level, including the COVID-19 risk level and other precautions.

Information from credible sources suggests that there is a continued risk of armed terrorist and criminal groups operating and planning attacks against foreigners, including U.S. citizens, in the East Asian and Pacific region. In particular, U.S. citizens are advised against travel to certain coastal areas and outlying islands in Eastern Sabah because of the threat of kidnappings-for-ransom and violence. U.S. government employees traveling to these regions may need official written permission from the Embassy before traveling.

Safety and Security

Review the [U.S. State Department Travel Advisory](#) for Malaysia to see the current safety and security advisories.

Crime: Petty theft and violent crime in Kuala Lumpur continue to be concerns. Purse snatching, pick-pocketing, and residential burglaries are the most common crimes committed against foreigners. Criminals also target motorists stuck in traffic with smash-and-grab robberies.

Scams: U.S. citizens and businesses continue to be frequent victims of Internet-based scams originating in Malaysia and have reported millions of dollars in losses. Do not send money to people you have not met in person and who claim to be U.S. citizens in trouble in Malaysia.

Credit Card Fraud Credit cards are widely accepted in Malaysia; however, carefully safeguard your credit cards at all times, use them only at reputable establishments, and check your account information frequently for fraudulent charges.

Visa Requirements

You do not need a visa if you are coming for business or tourism for 90 days or less. For holders of a U.S. Passport, your passport must be valid for at least six months and have at least one blank page. For additional information, including visa requirements for non-U.S. passport holders, see [State Department—Entry, Exit, and Visa Requirements](#) and the Ministry of Foreign Affairs Malaysia.

Travel to Sabah and Sarawak: The eastern states of Sabah and Sarawak (on the island of Borneo) have special entry requirements. You must have your passport to enter or exit Sabah or Sarawak, even when arriving from peninsular Malaysia on domestic flights.

Currency

Malaysia's national currency is the Malaysian Ringgit (RM). Currency exchange and Western Union money transfers are readily available. Credit cards are accepted throughout the country, but you should be aware of the risk of fraud. ATMs can be a safer means of obtaining Malaysian Ringgit. PINs in Malaysia are six digits long, and some travelers have reported having difficulty retrieving cash from ATMs using four-digit PINs. Most of the banking institutions in Malaysia own proprietary ATM networks.

Only institutions with prior approval from Malaysia's central bank are allowed to issue credit cards in Malaysia. Institutions primarily issue Visa and MasterCard credit cards.

The usage of debit cards is gaining popularity in Malaysia, with banking institutions issuing both domestic debit cards and international brand debit cards, such as Visa Electron and MasterCard Maestro. Malaysian Electronic Payment System Sdn Bhd (MEPS) has set up a domestic debit card switching network that enables universal usage of local debit cards at all debit card merchants. This network improves the operational efficiency of the local debit card system and promotes the usage of debit cards in Malaysia.

Banking institutions in Malaysia provide electronic banking. This service includes telephone banking, desktop banking, mobile banking, and home banking. Desktop banking and telephone banking are commonly used in electronic distribution channels.

Domestic banking institutions are allowed to provide a full range of Internet banking facilities, subject to compliance with the guidelines on Internet banking issued by BNM. Typically, the services offered by banking institutions through their Internet banking facilities are account balance summaries, request for account statements, funds transfer between own or third party accounts, payment facilities, and checkbook request services.

Telecommunications/Electronics

Telephone: International telephone service from Malaysia is good and more investment is being undertaken to keep up with a very rapid increase in demand. GSM is the Malaysian standard for digital cellular communications. One of its mobile providers is GPRS enabled, while the other two are 4G spectrum holders.

Internet: Broadband Internet access is widely available in most major hotels. Offices and residential customers have dial-up or broadband Internet access via ISDN, ADSL, SDSL, WiFi and/or WiMax.

Voltage: The voltage used in Malaysia is 230/240 volts and 50hz. If the electrical appliance uses 110/120 volts, you need to use a transformer/converter to step down the 230/240 volts Malaysian voltage to your 110/120 volt appliances. Failing to do so will damage your electrical appliances. Some electrical appliances are multi-voltage and can be used for both 120 volts and 230/240 volt. Most multi-voltage equipment will state somewhere on the product, usually on a label or decal on the charging unit, input 100-240 AC 50-60 HZ.

Malaysia uses the British Standard BS 1363 domestic AC power plugs and sockets.

Transportation

Malaysia's central location in the Asia Pacific region makes it an ideal gateway to Asia and ASEAN markets.

Seaports: With such a massive coastline, there are more than 40 seaports across the country. Sixteen of these ports have container facilities. By far, the largest container port in Westport, along the Straits of Malacca in Port Klang, about an hour by road from Kuala Lumpur.

Air Cargo: Air cargo facilities are well developed in the five international airports. On Peninsular Malaysia, these are the Kuala Lumpur International Airport (KLIA), Penang International Airport, and Langkawi International Airport. Malaysia's modern Kuala Lumpur International Airport (KLIA) is the nation's largest, located 50 kilometers south of Kuala Lumpur. Cargo import and export procedures are fully automated at KLIA.

In East Malaysia on the island of Borneo, Kota Kinabalu International Airport serves the State of Sabah, and Kuching International Airport serves the State of Sarawak.

Airplanes: Kuala Lumpur is served by several international airlines, with international carriers flying into KLIA and low-cost carriers utilizing the nearby and ultra-modern KLIA2 terminal opened in 2014. No U.S. airlines fly to Malaysia directly, though there are codeshare and partner flights available through major U.S. carriers. Additional international connections are available via Singapore, from which there is a joint Malaysia Airlines/Singapore Airlines air shuttle service. Direct flights to Singapore are available from the U.S., Europe, the Middle East, and Asia.

Within Malaysia, the national airline—Malaysia Airlines (MAS)—provides frequent service to all major cities. A range of low-cost carriers has dramatically expanded service to cities throughout Malaysia and, in some instances, the rest of Asia. The largest of these is Air Asia. Other low-cost carriers include Malindo Air, Firefly, TigerAir, and Lion Air.

Local transportation: Local transportation rates can be found on the MIDA website: [Living In Malaysia](#) (the exchange rate is RM4.25 = USD\$1.00).

Taxis are generally plentiful and inexpensive, and online booking services such as Grab Car and the taxi e-hailing app PICKnGO (launched collaboratively in 2017) are increasingly popular and commonplace. Uber is not available in Malaysia.

For the latest security tips, please visit [International Travel](#). Taxis and cars may be booked by the hour or day for extended trips. Kuala Lumpur boasts a growing and modern light rail system that can be convenient for avoiding traffic delays.

Allow at least an hour for taxi service between the airport and Kuala Lumpur's central business district (though 45 minutes is the norm for off-peak times). Taxi fares can be prepaid at KLIA at booths located just outside the Customs area; avoiding taxi touts is recommended. The KLIA Ekspres train is faster and less expensive, providing direct service between KLIA and the city's Stesen Sentral (central train station) in under 30 minutes.

Language

English is widely spoken and is commonly used in business. British English conventions are generally used. As a result of the country's ethnic diversity, most Malaysians speak at least two and even three languages: Bahasa Malaysia (the national language), English, and an individual's ancestral tongue (often Chinese Mandarin, Cantonese, or Tamil).

Health

See the [U.S. State Department's Health information](#).

Medical Facilities: State-of-the-art private medical facilities are available in Kuala Lumpur and other big cities, but certain services (including emergency services) may be limited or less developed.

Climate: The climate is warm (typically 83F-95F during the day in Kuala Lumpur dropping as low as 71F at night), with rainfall (afternoon downpours often delivering more than an inch per day), and high humidity (well over 90 percent during the day, dropping to 60 percent at night).

Disease: Travelers should be aware of mosquito-borne illnesses, including Malaria, Chikungunya, dengue fever (including the hemorrhagic variety), and Zika virus. Dengue has reached epidemic numbers in Malaysia and throughout Southeast Asia. Wearing long sleeves and trousers and regular application of DEET-containing insect repellants are strongly recommended when spending any time out of doors, including at the numerous open-air dining establishments.

Local Time, Business Hours and Holidays

Malaysian Employer's Federation – [2020 Public Holidays](#)

U.S. Embassy – 2020 [Holidays](#)

The first thing to consider when planning business travel to Malaysia is whether or not any local holidays may occur during the trip, and whether they will disrupt the normal flow of business. If offices are not open, appointments may not be scheduled as quickly. All states and territories in Malaysia observe federal holidays. Also, each state observes its respective local holidays, such as birthday celebrations of its Sultan and the current King.

Malaysian government offices are open five days a week, Monday through Friday, in all states except Kedah, Kelantan, and Terengganu. Saturdays and Sundays are considered weekends and offices are closed.

Temporary Entry of Materials or Personal Belongings

Malaysia has no restrictions on temporary entry of business-related materials, such as software, laptop computers, etc. Movement of exhibit materials for Malaysia-based trade shows is typically handled by official freight-forwarding companies that can handle customs and other required procedures easily and quickly. Malaysia also accepts the ATA Carnet, which is essentially a passport for your goods. If the product can be described as a "tool of the trade," then upon presentation of the ATA Carnet, the good may be exempt from duties and taxes. "Tools of the trade" are items such as commercial samples, professional equipment, items used for trade shows or exhibitions, and some ordinary goods such as computers (including laptops) or industrial equipment. Carnets do not cover consumable products, disposable items, or postal traffic. The ATA Carnet can be ordered by contacting the U.S. Council for International Business (1-866-786-5625 or 1-212-703-5078).

Some equipment, including some high-speed or encrypted laptop computers, requires an export license from the Department of Commerce's Bureau of Industry and Security (BIS) or other U.S. government export licensing authorities. Also, some technical materials, sophisticated equipment, and goods to certain countries will need a license. If you are unsure whether or not an export license is required for your laptop or other materials, please contact BIS at 202-482-4811 or visit their [website](#).

Finally, before returning to the U.S., the U.S. Customs Service should be notified that your temporary entry items will be coming back into the U.S. and that U.S. import duties and taxes should not be assessed on the goods once they return. U.S. Customs will need the serial number of the item(s) taken. To find your local customs office, information may be found online at the U.S. Customs website.

Travel Related Web Resources

- [Bureau of Industry and Security](#)
- [Malaysia Ministry of Foreign Affairs](#)
- [State Department's Travel Advisories](#)
- [State Department Visa Information](#)
- [U.S. Customs](#)
- [2020 U.S. Embassy Holidays](#)
- [U.S. Council for International Business](#)
- [Immigration Department of Malaysia](#)
- [Tourism Malaysia](#)
- [Malaysia Employers Federation Public Holidays Knowledge Center](#)

Investment Climate Statement

The U.S. Department of State's Investment Climate Statements prepared annually by U.S. embassies, and diplomatic missions abroad provide country-specific information and assessments of the investment climate in foreign markets. Topics include market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. The Malaysia statement is available with the link below.

<https://www.state.gov/reports/2020-investment-climate-statements/malaysia/>

Political Environment

For background information on the political and economic environment of Malaysia, please read U.S. Department of State Background Notes for Malaysia using the following link: <https://www.state.gov/u-s-relations-with-malaysia/>