



MALAYSIA'S MERCHANDISE TRADE: CHANGES IN IMPORT AND EXPORT COMPOSITION IN THE PAST 45 YEARS

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INTRODUCTION

Merchandise Trade refers to goods which add to, or subtract from, the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory. The Malaysian economy which was primarily resourced-based and geared by agriculture in the 1970s has shifted towards manufacturing and mining starting from the late 1970s until now. As Malaysia is an open economy, this transformation has impacted Malaysia's trade composition.

- to examine the changes in import and export composition from 1970 to 2015.
- to assess the growth of each individual section over the 45 years
- to observe the influence of Malaysia's structural economy change to Malaysia's trade pattern.

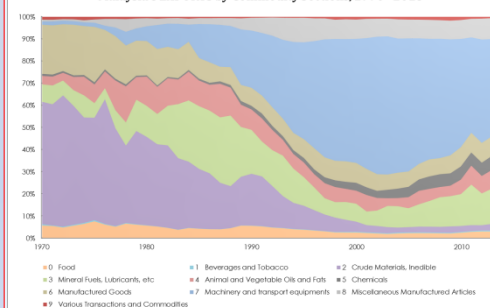
OBJECTIVES

MATERIALS AND METHODOLOGY

The study analysed Malaysia's External Trade Data by commodity sections over the years 1970 to 2015. Descriptive data method and graphic data presentation were used to make the data meaningful and derive conclusions from thereon.

RESULTS

Malaysia's EXPORTS by Commodity Sections, 1970 - 2015



Malaysia's IMPORTS by Commodity Sections, 1970 - 2015

Commodity Sections	1970			1980			1990			2000			2010			2015			CAGR (%)
	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	
0 Food	787	18.3	2	2,444	10.4	4	4,583	5.8	4	11,393	3.7	6	30,253	5.7	6	45,343	6.6	6	8.7
1 Beverages and Tobacco	93	2.2	8	221	0.9	8	293	0.4	9	709	0.2	9	2,355	0.4	10	4,548	0.7	10	7.6
2 Crude Materials, Inedible	322	7.5	5	1,053	4.5	6	2,551	3.2	8	7,096	2.3	8	19,444	3.7	7	22,498	3.3	7	9.8
3 Mineral Fuels, Lubricants, etc	518	12.1	4	3,554	15.2	3	4,021	5.1	6	14,973	4.8	5	52,691	10.0	3	85,148	12.4	3	11.1
4 Animal and Vegetable Oils and Fats	24	0.6	10	30	0.1	10	218	0.3	10	604	0.2	10	7,209	1.4	9	6,971	1.0	9	13.9
5 Chemicals	313	7.3	6	2,022	8.6	5	6,717	8.5	3	22,372	7.2	3	47,860	9.1	4	69,736	10.2	4	12.1
6 Manufactured Goods	770	18.0	3	3,849	16.4	2	12,499	15.8	2	32,596	10.5	2	65,553	12.4	2	89,629	13.1	2	10.6
7 Machinery and transport equipment	1,197	27.9	1	9,105	38.8	1	39,741	50.2	1	195,728	62.8	1	261,591	49.5	1	297,067	43.3	1	13.0
8 Miscellaneous Manufactured Articles	200	4.7	7	975	4.2	7	4,497	5.7	5	17,659	5.7	4	32,075	6.1	5	50,447	7.4	5	13.5
9 Miscellaneous Transactions and Commodities	66	1.5	9	197	0.8	9	4,000	5.1	7	8,330	2.7	7	9,797	1.9	8	14,401	2.1	8	12.1
Total	4,288	100.0		23,451	100.0		79,119	100.0		311,459	100.0		528,828	100.0		685,778	100.0		

In 1970, exports was dominated by Section 2 (Crude Materials, Inedible) which comprised mainly of rubber, tin, saw logs, and sawn timber with a share of 53.8 percent, followed by:

- Section 6 (Manufactured Goods) (22.9%); and
- Section 3 (Minerals Fuels Lubricant, etc.) (7.1%)

However, Section 7 (Machinery and Transport Equipment) which was ranked sixth in 1970 (1.6%) became the biggest contributor in 2015 at 41.9 per cent of exports due to the impact of the robust manufacturing activity, followed by:

- Section 3 (16.2%) accounted by the acceleration in mining activity; and
- Section 8 (Miscellaneous Manufactured Articles) (10.9%)

Concomitantly, Section 7 also showed the highest average annual growth over the period with a CAGR of 20.3 per cent and Section 2 was the slowest with 4.5 percent.

In 2015, Section 7 (Machinery and Transport Equipment) maintained its dominance in imports since the last 45 years with an increased share of 43.3 per cent (1970: 27.9%), followed by:

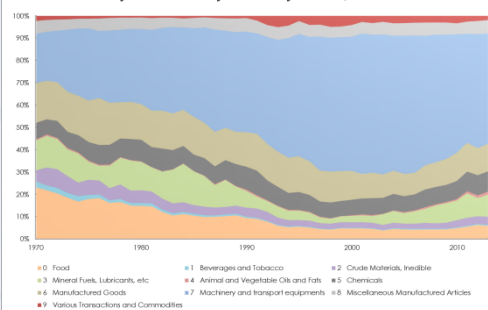
- Section 0 (Food) (18.3%); and
- Section 6 (Manufactured Goods) (18.0%)

Section 8 (Miscellaneous Manufactured Articles) experienced the highest average annual growth with a CAGR of 13.5 per cent and Section 1 (Beverages and Tobacco) was the slowest with 7.6 per cent over the period.

Malaysia's EXPORTS by Commodity Sections, 1970 - 2015

Commodity Sections	1970			1980			1990			2000			2010			2015			CAGR (%)
	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	VALUE (RM Mii)	%	RANK	
0 Food	284	5.5	5	1,013	3.6	6	3,453	4.3	7	6,470	1.7	8	18,168	2.8	8	27,370	3.5	7	9.9
1 Beverages and Tobacco	22	0.4	10	29	0.1	10	95	0.1	10	1,215	0.3	10	2,815	0.4	10	4,606	0.6	9	11.7
2 Crude Materials, Inedible	2,778	53.8	1	9,105	32.3	1	11,480	14.4	3	10,288	2.8	7	19,129	3.0	7	21,210	2.7	8	4.5
3 Mineral Fuels, Lubricants, etc	366	7.1	3	6,898	24.5	2	14,595	18.3	2	35,903	9.6	2	101,958	16.0	2	125,876	16.2	2	13.7
4 Animal and Vegetable Oils and Fats	310	6.0	4	3,131	11.1	5	5,680	7.1	6	12,937	3.5	6	54,139	8.5	5	47,863	6.2	6	12.5
5 Chemicals	36	0.7	9	172	0.6	8	1,304	1.6	8	14,278	3.8	5	40,618	6.4	6	60,674	7.8	5	17.3
6 Manufactured Goods	1,183	22.9	2	3,691	13.1	3	6,329	7.9	5	25,788	6.9	4	56,391	8.8	4	75,145	9.7	4	9.2
7 Machinery and transport equipment	84	1.6	6	3,238	11.5	4	28,430	35.7	1	233,379	62.5	1	280,416	43.9	1	326,095	41.9	1	20.3
8 Miscellaneous Manufactured Articles	43	0.8	8	738	2.6	7	7,956	10.0	4	29,925	8.0	3	60,407	9.5	3	84,485	10.9	3	17.9
9 Miscellaneous Transactions and Commodities	58	1.1	7	156	0.6	9	324	0.4	9	3,088	0.8	9	3,781	0.6	9	4,031	0.5	10	10.0
Total	5,163	100.0		28,172	100.0		79,646	100.0		373,270	100.0		638,823	100.0		777,355	100.0		

Malaysia's IMPORTS by Commodity Sections, 1970 - 2015



CONCLUSION

Both export and import composition experienced changes, with significant shift in exports and to a lesser extent in imports. In line with the expansion in world total trade, exports and imports of each commodity section has advanced tremendously over the past 45 years where export average annual growth had a wider range. Malaysia which was a resource-based economy in the 1970s has experienced economic diversification towards the end of twentieth century and this change had a greater impact on export landscape than imports.

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