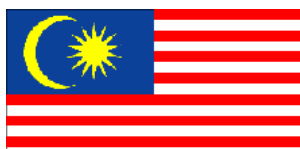


COUNTRY PROFILE



Malaysia

GLOBAL RANK: 29th of 104



Malaysia ranks 29th in the Index, made up of 29th for Comparative Liveability, and 32nd for Economic Competitiveness. It is aided by the warm climate and good education levels, but hindered by the low number of highly-skilled researchers.

● BACKGROUND

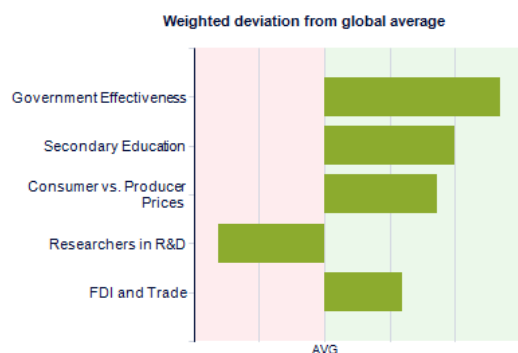
Created as a unified country out of British colonial territories in 1963, Malaysia is a diverse nation whose largest ethnic Malay group constitutes just over 50% of the population. Its economy is rich in natural resources, including oil, rice, and palm oil, and located on a key global shipping lane. Aiming to become a fully developed nation by the year 2020, Malaysia's government has unveiled a series of five-year plans to attract high-tech investment and develop rural areas. Malaysia has in general enjoyed stable relations between its different ethnic groups, but 2007 saw street protests from the economically-marginalised Indian minority.

FAST FACTS

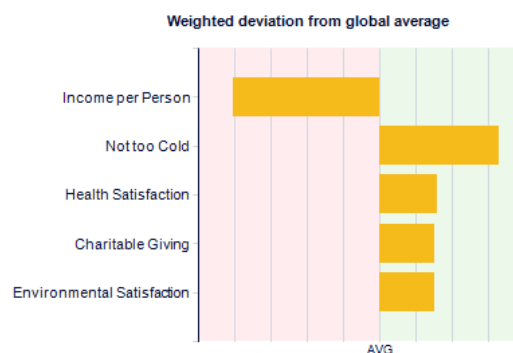
Population:	25.3 million (2008 est.)	FDI (net inflow):	3.61% (2006 est.)
Life Today	6.1 (2007 est.)	Exports	107.80% (2006 est.)
GDP (PPP)	\$357.4 billion (2007 est.)	Imports	88.00% (2006 est.)
GDP (Growth)	6.3% (2007 est.)	Unemployment:	3.2% (2007 est.)
GDP (per Capita)	\$13,300 (2007 est.)	Life Expectancy	73.03 years (2008 est.)
Political System:	Constitutional Monarchy		
Foreign Aid:	0.14% (2006 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Since the 1970s, Malaysia has used long-term economic planning and foreign investment, primarily Japanese, to diversify its economy away from its colonial-era dependence on exporting tin and rubber, into value-added products. This has resulted in rapid economic growth. Today, electronics constitute over half of exports, with most imports being intermediate electronic goods which are finished and re-exported. This earns Malaysia high scores for openness. Malaysia is also a major exporter of palm oil, natural gas and oil. Services and tourism have also grown considerably, but Malaysia remains reliant on trade and investment, and scores highly in the Index on this category.

State influence in the economy is slowly decreasing. Capital controls

Rapid economic growth has dramatically raised Malaysian incomes, but they still remain at low levels by global standards, and there is a significant minority who live in poverty. Living standards and political party allegiance are strongly correlated with race. Following race riots in 1969, positive discrimination aimed to level the wealth gap between poorer, ethnic Malays and urban, ethnic-Chinese; this policy is slowly being relaxed after producing mixed results. The over one million illegal economic migrants and primarily Filipino and Burmese refugees constitute a 'miserable minority' living in bad conditions.

Environmental practices that integrate sustainable logging and farming are helping to curb soil erosion and protect the 59% of

and currency pegs introduced in defiance of IMF advice after the 1997 Asian financial crisis have been removed or relaxed. Oil subsidies are being lowered and government-linked corporations like Petronas are being partially sold off to improve efficiency and government finances. Overall, government effectiveness is rated well by the World Bank's indicators, and Malaysia's international competitiveness remains strong.

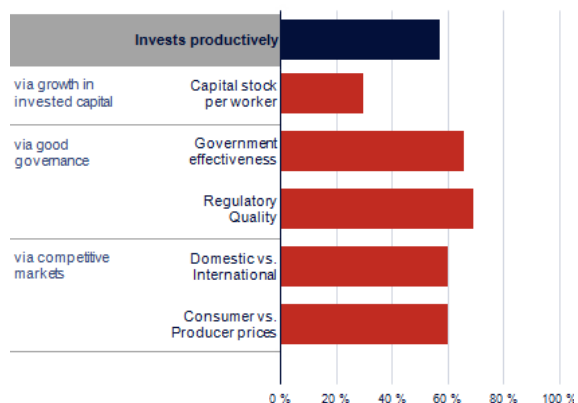
Malaysia benefits from a good, free public education system. Mathematics and science are taught in English to promote international competitiveness, although this policy is threatened by its unpopularity. Tertiary education and technology diffusion are less impressive -- broadband penetration is currently only 4.1% -- and together with the low number of researchers in the workforce, this suggests Malaysia may have weaknesses in highly-skilled human capital. This may hinder government plans for a knowledge economy and efforts to move up the value chain.

Malaysia that is still forested, which help to explain high levels of satisfaction with efforts to protect the environment (as reported to the Gallup World Poll), although illegal logging remains a problem. And even though Malaysia spends less than 4% of GDP on healthcare, including private provisions, satisfaction with personal health is high at 87%⁹.

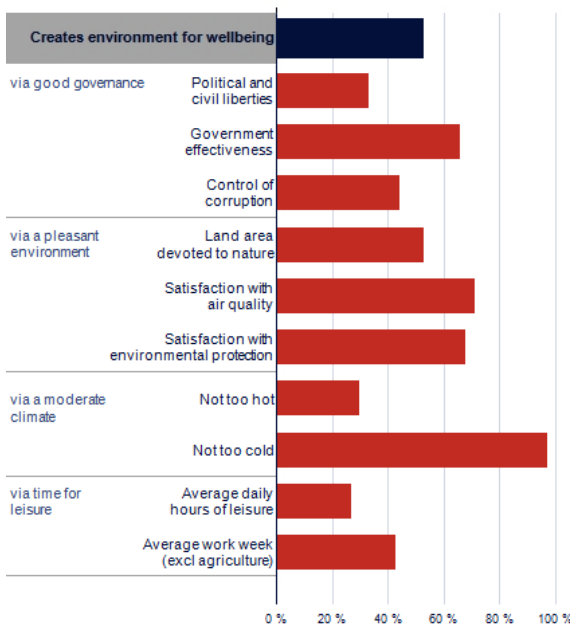
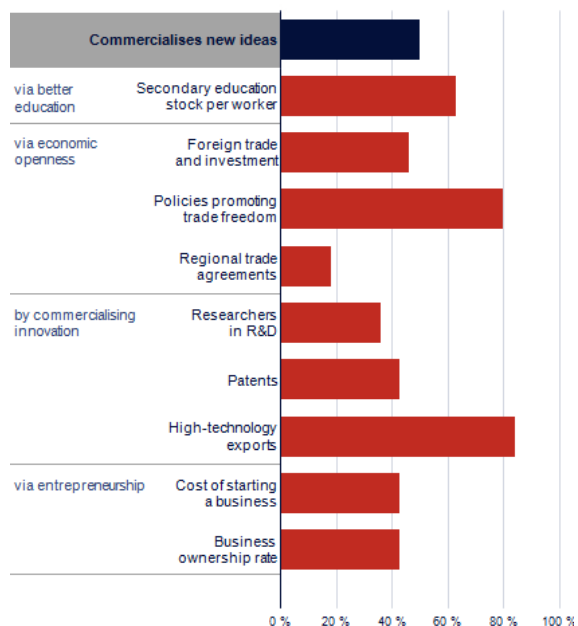
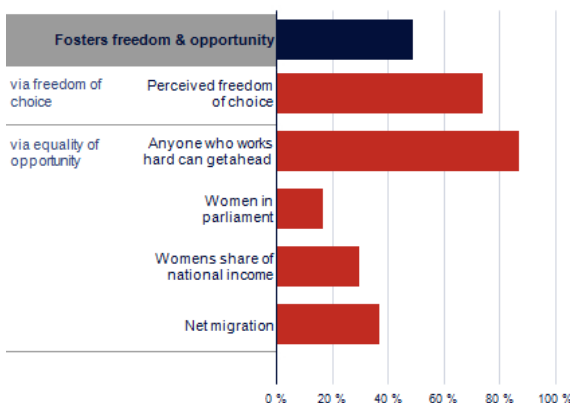
Although religious tolerance is enshrined in the constitution, Islam is the state religion. All ethnic Malays are considered Muslim, may not convert, and are subject to Sharia courts in religious matters, including marriage and inheritance. Nevertheless, 84%⁹ of Malaysians report satisfaction with their freedom to choose the course of their lives. Levels of charitable giving are also high, perhaps inspired by Islamic doctrine.

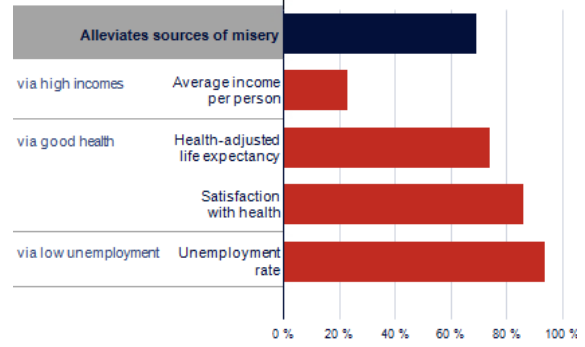
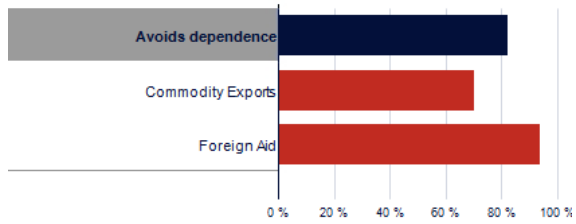
As is common in East Asia and other high-income countries, long working hours (45.4 hours a week) and a lack of leisure time negatively affect Comparative Liveability. However, there is a large range of positive indicators that mitigate many of Malaysia's problems, including good family life and the warm climate.

ECONOMIC COMPETITIVENESS: SCORECARD

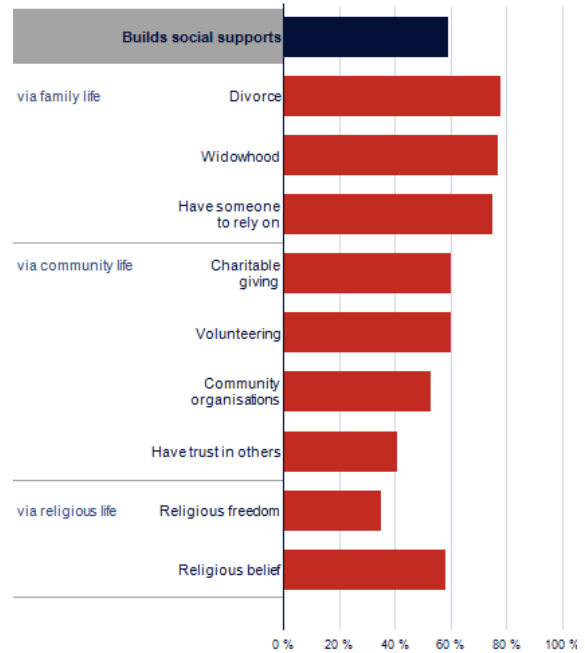


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.