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To: Members of the Executive Board

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Subject: **Malaysia—Recent Economic Developments**

Attached for the information of the Executive Directors is a paper on recent economic developments in Malaysia, which has been revised to take into account information received from the Malaysian authorities following the Board discussion of the 1997 Article IV consultation with Malaysia on September 5, 1997. The revisions do not affect the substance of the documentation provided to the Board.

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INTERNATIONAL MONETARY FUND

MALAYSIA

**Recent Economic Developments**

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Approved by the Asia and Pacific Department

October 30, 1997

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## I. REAL SECTOR

### A. National Accounts

1. **Growth accelerated in 1994–95, underpinned by strong domestic and external demand** (Table 1). Exports of goods and services accelerated in 1994, owing to strong overseas demand and expanded production capacity, particularly in the electronics and electrical products industries. Private fixed capital formation grew by over 25 percent per year (in real terms), in response to lower corporate tax rates, an increase in the reinvestment allowance, the decline in interest rates during 1994 and early 1995, and strong demand. The bulk of spending was in the manufacturing and services sectors, especially the electronics and electrical products industries. Investment spending was also very high on oil and gas projects in 1994 (in line with expansion programs), and in the construction sector in 1995 (led by high outlays on residential and commercial property development and large privatized projects<sup>1</sup>). Public investment spending—driven by capacity expansion and modernization programs undertaken by the nonfinancial public enterprises (NFPEs), and by federal government outlays for infrastructure and human resource development—grew less rapidly in 1994–95, following high growth rates of NFPE outlays earlier in the Sixth Malaysia Plan period (1990–95). Private consumption spending was robust, fueled by rising disposable incomes and likely wealth effects from the impressive performance of the stock market during 1992–93.

2. **Growth moderated in 1996, owing mainly to a slowdown in exports and private investment spending** (Table 1). The marked deceleration in export growth reflected several factors, including weaker external demand (particularly for electronics); the real appreciation of the ringgit; greater competition from lower-cost producers (particularly for electrical machinery); and lower agricultural prices. Slower growth in private investment spending was led by more moderate investment in the services sector (following the completion of expansion programs by the Malaysian Airline System and the independent power producers in 1995) and in the construction sector (owing primarily to slower spending on large privatized projects). Outlays by oil and gas companies also declined following the completion of expansion programs in 1992–95. However, investment in the manufacturing sector remained strong, continuing to rise by about 16 percent in real terms. Public investment spending accelerated slightly, owing to strong spending by the NFPEs to expand and upgrade power generation and distribution facilities, and increased momentum on a number of infrastructure projects. Private consumption spending moderated slightly, owing to a combination of lower earnings by commodities producers, firmer interest rates, and measures introduced in late

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<sup>1</sup>Privatized projects, which were supported by the Malaysian government, included the Petronas Towers, the Kuala Lumpur International Airport, and the National Sports Complex for the 1998 Commonwealth Games; projects commencing in 1996 and beyond include Putrajaya, the new government administrative center; Cyberjaya technology, high speed communication zone for the development of advanced computer applications; the Kuala Lumpur International Airport; the KL Linear City, comprising a tourism and recreation center, office and residential blocks, and a monorail; and the Bakun dam.

1995 to encourage saving.<sup>2</sup> Public consumption spending slowed markedly, owing mainly to weaker growth in emoluments after the 1995 salary revision,<sup>3</sup> and also to lower spending on supplies, services, and defense.

## **B. Sectoral Developments**

**3. Growth of manufacturing output fell slightly in 1996, although it continued to increase as a share of GDP (Table 3).** Much of the slowdown was concentrated in export-oriented industries (where growth declined from 15¼ percent in 1995 to 8 percent in 1996), particularly electronics and electrical products. However, production in domestic-oriented industries strengthened to almost 17 percent, from 12¼ percent in 1995, owing to strong domestic demand for construction-related materials and chemicals and chemical products, as well as increased capacity in the chemicals industry.

**4. Growth in the construction sector, although strong at 13 percent, was lower than in the previous two years.** This was primarily due to a moderation in the growth of residential and nonresidential construction, partly in response to the anti-speculation measures introduced in October 1995.<sup>4</sup> Growth in the civil engineering subsector also slowed somewhat, as increased construction value of road, rail, port and airport projects was more than offset by lower construction value of private power plants, following the completion of expansion programs in 1995.

**5. Agricultural production improved in 1996,** owing largely to increased output of palm oil, which, in turn, was due to an increase in matured areas and higher oil extraction rates. The 7 percent volume growth (Table 5) was somewhat offset, however, by lower palm oil prices. Production of rubber continued to decline, given labor shortages and the conversion of rubber land to more lucrative crops. Production of saw logs was also on a declining trend, in line with the government's policy of sustainable forest management.

**6. Mining sector output grew more slowly in 1996,** reflecting a slower increase in the production of crude oil in compliance with the national depletion policy. Production of

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<sup>2</sup>These measures included a one percentage point increase in the employee contribution rate to the Employees Provident Fund (EPF), an increase in the minimum payment rate on credit card balances, tax exemption of interest income on savings and fixed deposits with financial institutions, and various other tax measures.

<sup>3</sup>The portion of the salary revision that was backdated to 1995 is recorded in the national accounts on an accrual basis (as part of 1995 public consumption), although it is recorded on a cash basis in the fiscal accounts (as part of 1996 operating expenditure).

<sup>4</sup>These included higher property gains taxes, an RM 100,000 levy on foreign purchases of real estate, and a limitation on foreign purchases of houses to those exceeding RM 250,000.

liquefied natural gas (LNG) was significantly higher, owing to strong regional demand and increased capacity. The value of tin production continued to decelerate, owing to the depletion of high grade ores and lower tin prices.

7. **The services sector grew by over 7 percent, about the same as in 1995. Stronger growth in the finance and insurance industries—following from strong loan growth, higher revenue from other banking services, and higher premium collections—was offset by slower growth in other subsectors. The electricity, gas and water, and transport, storage and communications industries were adversely affected by the export slowdown, while the wholesale and retail trade subsector saw increased competition arising from rapid expansion of outlets and shopping malls.**

### C. Saving and Investment

8. **The decline in the saving/investment gap to 5¼ percent of GDP in 1996 primarily reflected a narrowing of the private saving/investment gap (Table 4). Gross national saving rose to 36 percent of GDP, from about 35 percent of GDP in 1995, as private saving increased in response to strong corporate profitability, higher real interest rates, and pro-saving measures implemented in late 1995 (see above). In addition, gross domestic investment declined by 2 percentage points to 41 percent of GDP from the previous year. This reflected the moderation in private investment spending, which was foreshadowed by the completion of a number of major projects, discussed above, and by a decline in the value of manufacturing investment approvals in 1995 (Table 7). During 1996, manufacturing investment approvals rebounded significantly.**

### D. The Labor Market

9. **Conditions in the labor market remained tight in 1996. Total employment increased by 3½ percent in 1996, down from 4 percent in 1995 (Table 9), and the unemployment rate eased to 2⅔ percent. As in earlier years, a large portion of the increase in the labor force was absorbed by the manufacturing, construction, and some service sectors, while agricultural employment declined.**

10. **Owing to inadequate supply of labor, the government has allowed controlled importation of foreign workers in recent years.<sup>5</sup> The bulk of foreign workers have been employed in the manufacturing and service sectors, where skilled labor is scarce, and in the plantation and construction sectors, where unskilled workers are in short supply. Although the government's policy on recruitment of expatriates remains liberal, the policy of employing unskilled foreign workers in general was tightened in 1996, reflecting the authorities'**

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<sup>5</sup>While the exact number of foreign workers is not available, Bank Negara's *1996 Annual Report* quoted 725,200 registered foreign workers in August 1996, compared with a total employment of 8.2 million.

desire to promote more sophisticated industries and increasing concerns over the social implications arising from the employment of a large number of foreign workers.<sup>6</sup>

**11. For the economy as a whole, average labor productivity, measured as real GDP per worker, increased at a slower pace in 1996.** It rose by about 4¾ percent, compared with over 6 percent in 1994 and 5 percent in 1995. Labor productivity growth in agriculture slowed from 12 percent in 1995 to about 6 percent in 1996, reflecting, in part, lower production of forestry products in line with the government's policy of sustainable forestry management, and lower output of rubber and palm oil, owing to surplus stocks in the market. Productivity in the manufacturing sector also grew more slowly in 1996, particularly in the electrical and electronics industries, in part, owing to the slowdown in external demand.

**12. While economy-wide wage data are not available, real wage growth exceeded improvements in real labor productivity in the manufacturing sector, leading to a large increase in unit labor costs in 1996.**<sup>7</sup> While the slowdown in productivity gains and the corresponding rise in unit labor cost partly reflects cyclical factors, there is concern over an erosion of international competitiveness, owing to rapid wage increases. As a result, the Guidelines on Wage Reform System were adopted in August 1996 by the National Labor Advisory Council, which comprises representatives of employers, employees, and the government, with the objective of establishing a closer link between wages and productivity growth. Under the Guidelines, wages will consist of a fixed component (mainly the basic wage) and an additional component in the form of variable payments. Changes in the basic wage would reflect factors such as changes in the cost of living, while the variable component would be based on productivity improvements and performance of the individual, work group, or organization.

#### E. Prices

**13. Inflation has remained low and stable in recent years, despite strong domestic demand pressures.** Consumer price inflation was 3½ percent in 1996, unchanged from the previous year, and moderated to 3 percent during the first quarter of 1997 (Table 13). Relatively high food price increases in recent years<sup>8</sup> were to some extent offset by low import prices, particularly for clothing and footwear, as a result of low inflation in partner countries,

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<sup>6</sup>A freeze on foreign workers was imposed in July 1996, and the Immigration Act has been amended to enforce control on illegal workers.

<sup>7</sup>There are a number of estimates of unit labor cost by various agencies, all of which indicate an increase in unit labor cost—some by over 5 percent—in 1996, compared with a decline or moderate growth in the previous two years.

<sup>8</sup>The food price subindex increased by 5.8 percent in 1996, following a rise of 5.3 percent and 4.8 percent, respectively, in 1994 and 1995.

the appreciation of the ringgit in effective terms, and the abolition of import duties on a wide range of items in the 1996 Budget.

14. **Producer prices rose at a more moderate rate of 2½ percent in 1996, down from about 4 percent in 1994 and 1995 (Table 14).<sup>9</sup> The moderation reflects mainly lower prices for rubber, crude palm oil and sawn timber, and a slower increase in import prices, owing, in part, to the appreciation of the ringgit.**

#### **A. F. The Property Market**

15. **Buoyed by a long period of sustained economic growth and easy access to credit, the property markets have performed so strongly in recent years that the authorities took action to restrain speculation in 1995 and again in April 1997.<sup>10</sup> Under the most recent measures, loans to the broad property sector (excluding infrastructure projects, factories, and houses and apartments costing less than RM 150,000) are limited to 20 percent of total loans.<sup>11</sup> The industry as a whole continued to perform robustly in the first half of 1997 as demand remained high in the growing economy, although there were increasing indications during the third quarter that some projects (both private and public) would be delayed. Nevertheless, there is an overhang of projects soon to be completed and consequent concerns about oversupply in some segments of the market—high-end condominiums, office buildings in Kuala Lumpur, shopping centers in nonprime locations, and hotels (Box). Consequently, the previously large price increases are expected to moderate and prices in some market segments are likely to soften.**

## **II. FISCAL SECTOR**

### **A. Overview**

16. **The consolidated public sector includes the federal, state, and local governments; statutory bodies; and the NFPEs. There were large revisions to the fiscal data from 1991–95, which led to an improvement in the recorded public sector balances by ½ percent to 2 percent of GDP over this period. Large data revisions for the NFPEs account for a significant portion of the improvement in the fiscal position and reflect changes**

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<sup>9</sup>The weights of the Producer Price Index (PPI) were revised in 1996 to reflect the structural changes in the economy. The new PPI uses 1989 as the base year, and incorporates significant changes in the composition of items used by producers from the previous base year of 1978.

<sup>10</sup>See Footnote 3 for measures introduced at the end of 1995.

<sup>11</sup>Since the announcement, the authorities clarified that the limits would be implemented in practice over a period, and that loans for owner-occupied housing, office space for the borrowers' own use, and hotels would be exempted.

Box. Malaysia: Summary of Conditions in the Malaysian Property Markets

Type of Property	Demand	Supply	Prices/Rents	Outlook
<b>RESIDENTIAL</b>	Strong in general.	34 percent increase but slowing sharply, costs rising.	Smaller increases in 1996 than 1995; stabilizing 1997.	Good in general with high profits (27 percent in 1996).
<b>Landed property</b>	Strong with excess demand, especially for terraced houses.	Increasing, but with fewer new projects.	Rising strongly.	Good; high profits for developers.
<b>High-rise condos</b>	Some weaknesses.	Projected 58 percent increase in 1997.	Price correction.	Consolidation.
<b>High price condo units</b>	Good; foreign demand reduced by government measures.	Oversupply.	Have been rising, but are expected to stabilize.	Consolidating, but profits still high for developers.
<b>Medium price condo units</b>	Stable.	New supply projected to be higher in 1997 than in 1996.	Stable but nonprice incentives are being offered.	Supply expected to increase at an even higher rate in 1998.
<b>Low income housing</b>	Subsidized; strong.	Less than demand; expected to increase.	Slight increase.	Reasonably good, but profit rates are low.
<b>NON-RESIDENTIAL</b>	Pockets of weakness.	Oversupply in some, not all areas.	Decreases or slower rates of increase.	Some starts and completions are being delayed.
<b>Offices</b>	Strong for new buildings, but some slowdown in the take-up rate; weak for old buildings.	75 percent increase expected in 1998; oversupply in some cities; some planned projects are being delayed.	Prices are either falling or rising only slightly; rents are consolidating.	Approvals frozen for buildings with more than 20 storeys in Kuala Lumpur; despite postponements, take-up rate expected to decline to 63 percent in 1998 from 94 percent in 1996.
<b>Retail space</b>	OK in strong locations, weak elsewhere.	Some developers have rescheduled projects to reduce oversupply in nonprime areas.	Falling for complexes, small increases for shophouses.	Highly competitive, take-up rate expected to decline.
<b>Shopping centers</b>	Weak.	Oversupply, huge increase in 1996; to mitigate oversupply, completions due in 1998 are being delayed.	Stable; but prices fell 14 percent outside prime areas.	Weaker demand may cause take-up rate to decline to 54 percent in 1998 (from 86 percent in 1994).
<b>Shophouses</b>	Strong in prime areas.	Big increase in 1996.	Rose 7 percent in 1996.	Expected to moderate.
<b>Industrial</b>	Strong, with government incentives to locate in the Multi-Media Super Corridor.	Will increase with the Multi-Media Super Corridor.	Rose 24 percent in 1996.	Strong profit margins (27 percent in 1996).
<b>Agricultural</b>	For conversion to other uses; decline in agricultural activity.	Slower rate of growth in value of transactions in 1996.		Number and value of transactions increasing at a slower rate.
<b>Hotels and Other</b>	Government is promoting tourism for Commonwealth Games in 1998.	94 percent increase currently under construction; possible oversupply in KL.	Tariffs for hotel rooms currently stable.	Overbuilding; competitive.
<b>Overall</b>	Good in some areas, fair in others, as long as economic growth continues.	Strong, but slowing except for low-cost housing; oversupply a problem in some segments.	Vary.	Consolidation; some postponements are under way to mitigate oversupply.

Sources: *Property Market Report 1996*; Bank Negara Malaysia *Report on the Annual Survey of Companies in the Construction Sector for the Year Ending December 31, 1996*; *Indeks Harga Rumah Malaysia*; *Survey of Office Space and Condominiums In and Around Kuala Lumpur for the Second Half of 1996*; and information provided by the Malaysian authorities.

in the treatment of depreciation allowances, and an adjustment from fiscal- to calendar-year basis for some enterprises. In addition, there was a reconciliation of data collected by the Ministry of Finance and Bank Negara, which are received at different times of the year, resulting in data revisions for the NFPEs as well as the state governments.

**17. The fiscal data show a trend improvement in the overall public sector balance, from substantial deficits to significant surpluses, during the period 1992–95 (Table 25).** Although this fiscal contraction was partly reversed in 1996, the overall balance still recorded a surplus of over 1½ percent of GDP. The improvement in the fiscal position during the earlier period was due, in part, to revenues from the full or partial privatization of NFPEs. However, even if privatization receipts are excluded, the improvement was quite substantial and largely reflected efforts to reduce current expenditures. Indirect and direct taxes have also been reduced in recent years, leading to a decline in the revenue to GDP ratio. However, Malaysia has had a strong revenue performance as a result of sustained economic growth.

**18. Fiscal incentives have been used to promote growth and investment in strategic sectors and to encourage training with a view to improving Malaysia's competitiveness.** The 1995, 1996, and 1997 Budgets provided fiscal incentives to promote the services sector, retraining of labor, and a shift toward higher value-added production. Under the Second Industrial Master Plan (1996–2005), the government is also encouraging the upgrading and construction of training institutions to meet the needs of high technology industries.

**19. Development expenditures have been quite high, in an effort to reduce supply constraints in the economy** by channeling investment into infrastructure, education, and research and development. Private sector investment has been encouraged (through soft loans) to complement the efforts of the government in the development process, particularly for large infrastructure projects. The NFPEs account for over 50 percent of total public sector development expenditure with the three largest NFPEs—Tenaga (the power company), Telekom Malaysia, and Petronas (the oil company)—accounting for the dominant share of these outlays. Development expenditures are projected to decline from 1999, as investment in infrastructure projects winds down toward the end of the Seventh Malaysia Plan.

## **B. Developments in 1995**

**20. Fiscal policy aimed at containing demand pressures in 1995 and the consolidated public sector surplus increased by ¾ of a percentage point to 3¼ percent of GDP.** Although the federal government balance, which had risen to 3 percent of GDP in 1994 as a result of privatization revenues, fell to 1⅓ percent of GDP in 1995 (Table 19), this was offset by an improvement in the financial position of the NFPEs. Privatization revenues, from the sale of a Petronas subsidiary, boosted the overall balance of the NFPEs from a deficit of ¾ percent of GDP in 1994 to a surplus of ½ percent of GDP in 1995 (Table 24).<sup>12</sup>

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<sup>12</sup>Petronas Gas was privatized in 1995 with the proceeds accruing to Petronas.

21. **Federal government revenues increased at a slower pace in 1995 as a result of tax cuts** (Table 15). The corporate income tax rate was lowered from 32 percent to 30 percent, and personal income tax rates were lowered by 2-3 percentage points to a range of 0 percent to 32 percent. Although corporate tax receipts grew more slowly in 1995, individual tax revenues increased strongly as a result of a shift from ex-post collection to taxation at source. Import duties, excise duties, and sales taxes were also reduced on a wide range of goods but indirect taxes increased, owing to higher revenues from motor vehicles, petroleum, and petroleum products.

22. **While federal government current expenditures increased moderately in 1995, development expenditures increased by 19 percent** (Table 16). The expansion was largely due to an effort to complete projects in the final year of the Sixth Malaysia Plan (1991-95).

23. **Higher development expenditures also led to a decline in the surplus of the state governments and the statutory bodies in 1995.** The consolidated surplus of the state governments fell in 1995, as a result of weaker revenue performance and a significant expansion in expenditure outlays (Table 21). While operating expenditures increased only moderately, development expenditures rose by 21 percent, leading to a reduction in the overall balance. For the statutory bodies, although operating expenditures declined sharply in 1995, this was offset by higher development expenditures leading to a reduction in the overall surplus from about 1 percent of GDP in 1994 to  $\frac{3}{4}$  percent of GDP in 1995 (Table 20).

### C. Developments in 1996

24. **A deterioration in the fiscal position of the NFPEs and a sharp increase in operating expenditures of the general government led to a reduction in the public sector surplus from  $3\frac{1}{2}$  percent of GDP in 1995 to about  $1\frac{1}{2}$  percent of GDP in 1996.** Although the federal government had a budget surplus for the fourth consecutive year, it declined marginally from  $1\frac{1}{3}$  percent of GDP in 1995 to about 1 percent of GDP in 1996 (Table 18). The financial position of the lower levels of government—the state governments and the statutory boards—also weakened in 1996.

25. **Federal government revenues increased by  $15\frac{1}{2}$  percent in 1996, despite the income tax and tariff reductions that were introduced in the 1996 Budget,** as a result of continued economic growth and more efficient tax collection machinery (Table 15).<sup>13</sup> Higher corporate tax receipts as well as improved tax administration led direct tax revenues to increase significantly more than budgeted. Indirect taxes as well as nontax revenues also increased strongly, owing to higher stamp duty collections from property and stock market transactions, petroleum-based revenues, and import and export duties. Although import duties

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<sup>13</sup>The 1996 tax reform, introduced in the 1996 Budget, left the income brackets unchanged, but lowered all marginal tax rates by 1-2 percentage points ranging from 2-30 percent. The maximum income tax rate was lowered from 32 percent to 30 percent. The Inland Revenue Board was corporatized in March 1996.

have been reduced over time to make domestic industries more competitive and efficient, revenue declines were offset by higher revenue receipts from duties on motor vehicles and petrol in 1996.

**26. Operating expenditures of the federal government were much higher than budgeted and increased by 15 percent in 1996**, owing to a salary revision for civil servants and an increase in current transfers (Table 16). While the government maintained tight controls on expenditures for goods and services, wage payments increased significantly reflecting about RM 1 billion of salary increases and an equivalent amount for backdated wage awards for 1995, which were paid out in 1996.<sup>14</sup> Pension payments rose by over 27 percent as a result of the salary revision. Current transfers increased by 23 percent, owing to higher grants for the state governments and statutory bodies for restructuring. While development expenditures were almost unchanged, as it was the first year of the Seventh Malaysia Plan, net lending rose significantly, reflecting about RM 1 billion in soft loans to the public enterprise Perwaja to cover its operating losses in 1996.

**27. Total federal government debt declined from 42 percent of GDP in 1995 to 36 percent in 1996** (Table 26). The accumulated fiscal surpluses have enabled the federal government to prepay its external loans and its debt policy has been to limit its external borrowing to refinancing loans and drawdown project loans. Domestic borrowing in 1996 was mainly to accommodate market demand for Malaysian government securities, owing, in large part, to the minimum liquidity requirements placed on financial institutions.

**28. The financial position of the NFPEs moved from a surplus of ½ percent of GDP in 1995 to a deficit of about 1 percent in 1996** (Table 24). This was due to a reduction in the operating surplus, as well as significantly higher development expenditures in 1996 resulting from investment in infrastructure projects and the oil and gas industries. The lower operating surplus in 1996 reflected, in part, the absence of privatization receipts, which had boosted revenues in the previous year. In addition, however, Perwaja had operating losses of about RM 2 billion and Tenaga had lower profits as more independent power producers (IPPs) came on stream.<sup>15</sup>

**29. The financial position of the state governments (Table 21) and the statutory bodies (Table 20) weakened marginally, but continued to remain in surplus.** State government revenues, particularly from petroleum and forestry, increased in 1996, but operating expenditures also rose, owing to higher outlays for wages and salaries. Development spending for infrastructure, housing, and social and community programs also increased significantly in 1996, leading to a reduction in the overall balance. Higher expenditures for housing are in line

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<sup>14</sup>The salary revision was backdated to January 1995.

<sup>15</sup>Perwaja is expected to be privatized in 1997, with two private companies expected to acquire an 81 percent stake in the company for an estimated RM 1.8 billion. This would leave liabilities of about RM 3 billion, which would be assumed by the federal government.

with the objectives of the Seventh Malaysia Plan (1996–2000) to provide affordable low-cost housing.

### III. MONEY, CREDIT, AND FINANCIAL INSTITUTIONS

#### A. Overview

30. **While significant fiscal restructuring and consolidation have contributed to moderating demand pressures in recent years, monetary policy has also played an important role.** Monetary policy was tightened progressively from late 1995 to mid-1996, with two increases in the statutory reserve requirement (SRR) during the first half of 1996. Monetary expansion moderated in the early part of 1997, following rapid expansion in 1995–96, but credit growth continued to be strong, in part financed by increases in bank capital and issuance of debt instruments to nonbanks. Although indicators of financial system soundness improved significantly in the 1990s, rapid growth in lending for property and the purchase of shares—particularly by relatively small financial institutions—has raised prudential concerns, and led to the introduction of a number of credit control measures over the past two years. The capital market has expanded rapidly, although the growth of the bond market has been hindered by the lack of a benchmark yield curve, owing to a limited supply of government securities.

#### B. Money and Credit Market Developments in 1995 and 1996

31. **While the accumulation of net foreign assets by the banking system contributed significantly to rapid growth of monetary aggregates in the earlier part of the 1990s, domestic credit expansion to the private sector has played a dominant role in more recent years.** Following a moderation in 1994, growth of broad monetary aggregates (M2 and M3)<sup>16</sup> accelerated in 1995 (Tables 32 and 34). Monetary policy was tightened accordingly in the latter part of the year, and the one-month interbank rate increased by ½ percent in October. M3 increased by 18 percent in 1995, up from under 16 percent in 1994. The banking system's net foreign asset position declined during the year, and the government's fiscal operation contributed negatively to monetary growth, while credit to the private sector grew by 30 percent, compared with 17 percent in 1994. The expansionary effect of credit expansion on monetary growth was to some extent offset by a sharp decline in other items (net), owing to increases in bank capital and issuance of debt instruments to nonbanks.<sup>17</sup> Reserve money growth slowed sharply to 19 percent in 1995 from 43 percent in 1994, in part reflecting some

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<sup>16</sup>M2 comprises the consolidated monetary liabilities of the monetary authorities, commercial banks, and Bank Islam. M3 includes M2 and the monetary liabilities of other nonmonetary financial institutions (finance companies, merchant banks, and discount houses).

<sup>17</sup>Credit expansion, financed by issuance of debt instruments, increases upward pressure on the interest rate and tends to reduce demand for money, thus having similar monetary implications as an increase in banking institutions' monetary liabilities.

unwinding of the buildup in deposits by commercial banks with the central bank during the previous year.<sup>18</sup>

**32. Monetary policy was further tightened in the first half of 1996, as the SRR was increased by one percentage point each in February and June. In addition, guidelines on credit card operations were tightened with effect from January 1. M3 expanded strongly in the first quarter of 1996 and, after a slowdown during the second and third quarters, resumed rapid growth in the final quarter to reach an annual growth rate of close to 24 percent. As the banking system's net foreign asset position strengthened marginally, and the government's fiscal outturn remained a contractionary influence on monetary growth, the strong monetary expansion continued to reflect rapid (28 percent) expansion of credit to the private sector. Credit growth was particularly strong in lending for property and purchase of shares and for consumption.<sup>19</sup> As in 1995, the credit expansion was in part financed by issuance of debt instruments to the nonbank private sector and increases in bank capital. Reserve money expanded strongly in 1996, reflecting a rapid buildup of deposits by financial institutions at the central bank, in association with an increased pace of short-term capital inflows through the banking system.**

**33. Expansion in money supply moderated somewhat in the first quarter of 1997, with M3 growing at a year-on-year rate of 20 percent. Credit to the private sector continued to grow rapidly, however, at a year-on-year rate of 30 percent. Growth continued to be particularly strong in lending for property, for the purchase of shares, and for consumption.**

**34. With respect to interest rates, the tightening of monetary policy at end-1995 reinforced the upward trend that began in 1995 and continued through the first half of 1996 (Table 36). Interest rates remained firm for the second half of 1996 and the early part of 1997, as the stance of monetary policy was maintained. The interest differential with Singapore was stable in 1996, following a significant increase in the previous year, while that with the United States widened by a small amount during 1996. These developments attracted some short-term capital inflows during the year, but the interest differentials were significantly lower than the levels recorded in 1992-93 when the surge in capital inflows occurred.**

### **C. Monetary Policy Operation**

**35. Bank Negara continued to strengthen its operating framework for monetary policy during 1995-96, focusing more on money market liquidity and interest rates, while continuing to closely monitor developments in monetary and credit aggregates. The**

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<sup>18</sup>One of the temporary control measures introduced in early 1994 to stem short-term capital inflows was the requirement that commercial banks place with Bank Negara the ringgit funds of foreign banking institutions held in noninterest-bearing vostro accounts.

<sup>19</sup>Loans to the broad property sector increased by 30 percent in 1996, compared with 26 percent in 1995 and 9 percent in 1994.

primary policy instruments used by Bank Negara in recent years have included increases in the SRR, direct borrowing from or lending to the banking system, and the transfer of government and Employees Provident Fund (EPF) deposits to the central bank. These instruments have been supplemented by sales of government securities and Bank Negara bills. In addition, direct instruments, such as lending guidelines, credit controls, and moral suasion, have been used during times of protracted excess liquidity and to impact the composition of private credit in the economy.

**36. The SRR, which is unremunerated, has been raised nine times since 1989, from 4½ percent of eligible liabilities to 13½ percent in 1996.** The authorities recognize that the SRR is an inflexible instrument and that the high level of unremunerated reserves imposes a significant implicit tax burden on financial intermediation. Nevertheless, during periods of substantial excess liquidity, the SRR has been preferred to other available instruments, as it directly reduces banks' access to funds and serves as a clear signal to the market of a tightening in the policy stance.

**37. A number of measures were taken in 1996 to increase the efficiency of open market operations as a policy instrument,** including increased issues of government securities, the restructuring of the principal dealers system, and the introduction of a fully automated system for tendering (FAST).<sup>20</sup> Nevertheless, open market operations continue to be hindered by a limited supply of government paper, owing to prudent fiscal policies and the small volume of Bank Negara (BNM) bills, which have only been issued since 1993. Secondary markets for government papers and BNM bills are not well developed, owing to limited supply and captive demand resulting from minimum liquid asset requirements.<sup>21</sup> Additionally, a new formula for the base lending rate (BLR) was introduced in November 1995 to improve the link between lending rates and short-term interbank rates, and thereby strengthen the role of the money market as a channel for the transmission of monetary policy.

#### **D. Financial Institutions**

**38. The banking system in Malaysia, broadly defined, consists of commercial banks, merchant banks, finance companies, and discount houses. Other nonbank financial institutions include the National Savings Bank, pension and provident funds, insurance companies, and specialized credit agencies. Commercial banks hold the majority of total banking system assets (accounting for 67 percent of the total at end-1996). The number of commercial and merchant**

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<sup>20</sup>Such a system would promote efficiency in the tendering process and support the secondary market.

<sup>21</sup>In addition to statutory reserves, commercial banks must hold 17 percent of eligible liabilities in the form of qualified liquid assets, which include cash, government securities, and Bank Negara bills. The minimum liquidity ratio is 10-12 percent for finance companies and merchant banks.

banks has been relatively stable over recent years, while there has been some rationalization of the finance company sector as a result of mergers and acquisitions among a number of the smaller companies.

**39. Moves to deregulate and liberalize the financial system over the last decade have been accompanied by a tightening of prudential supervision and regulation, including a number of specific prudential financial requirements, as well as the provision of regular statistical reports and inspections. While commercial banks are still the only institutions that may provide checking facilities and hold foreign exchange licenses, financial sector policies have been directed toward expanding the range of activities that finance companies and merchant banks may undertake, and placing similar regulatory requirements on all institutions. A two-tier banking framework was introduced in December 1994 for commercial banks, and extended in 1996 for finance companies and merchant banks, with the objective of liberalizing and consolidating the financial system in stages, and ultimately creating a core of efficient, well-managed institutions that can service the domestic economy as well as compete internationally.<sup>22</sup>**

**40. Following the financial sector crisis in the mid-1980s, indicators of financial system soundness improved substantially in the 1990s (Table 35). Nonperforming loans in banks and finance companies fell from 20 percent of outstanding loans in 1990 to a provisional figure of 4 percent in 1996, aided by a sustained period of strong economic expansion and a large increase in asset prices. Risk-weighted capital adequacy ratios were maintained at levels in excess of minimum Basle standards, and general provisions of commercial banks have increased to close to 2 percent of gross loans in 1996, from ¾ percent in 1990.**

**41. These improvements notwithstanding, persistently strong credit expansion to the private sector in recent years<sup>23</sup>—particularly for property and the purchase of stocks and shares—has raised prudential concerns. At end-March 1997, 30 percent of banks' outstanding loans were to the broad property sector and another 9 percent were to the equity markets, bringing the total for shares and property to 39 percent. Credit growth was particularly rapid among smaller institutions, in part reflecting their efforts to build their asset bases to achieve Tier-1 status. Loans extended by Tier-2 commercial banks, merchant banks, and finance companies increased by 35 percent in 1996, compared with 22 percent in Tier-1 institutions. In view of the potential prudential risks related to high credit growth for property**

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<sup>22</sup>Under this framework, institutions with prescribed minimum shareholders' funds and which satisfy the CAMEL (capital adequacy, asset quality, management efficiency, earnings performance, and liquidity position) test may qualify as Tier-1 institutions and are allowed to operate in a gradually more liberal environment. Tier-2 banks were expected to consider merging in order to increase their capital bases—thus accelerating the rationalization of industry.

<sup>23</sup>Total loans to the private sector increased from 105 percent of GDP in 1991 to 133 percent in 1996, implying an increased degree of leverage of the economy.

and shares, as well as concerns that this would fuel asset price inflation, **Bank Negara introduced lending limits for property and for purchase of stocks and shares with effect from April 1, 1997.**<sup>24</sup>

### **E. Capital Market Developments**

**42. The Malaysian capital market has recorded rapid growth since the mid-1980s and has emerged as a major source of funds; financing from the capital market accounted for 35 percent of total financing during 1990–96, compared with only 10 percent over 1980–85.** The rapid development of the capital market has been supported by a number of measures in recent years to strengthen, broaden, and deepen the market. These include the establishment of the second board of the Kuala Lumpur Stock Exchange (KLSE) in 1992, the establishment of the Securities Commission in 1993 as the sole regulatory body for the capital market, improvements in the trading and settlement infrastructure, the establishment of credit rating agencies, and the liberalization of guidelines for selected institutional investors.

**43. The capitalization of the KLSE more than tripled between 1992 and 1996, approaching 325 percent of GDP at end-1996 (Table 38).** The Kuala Lumpur Composite Index (KLCI) increased by 24 percent in 1996, following lackluster performance in 1994–95. The Second Board—which trades stocks in smaller, less well-capitalized companies—experienced even greater growth in 1996, with the Second Board Index (SBI) rising by 93 percent; this compares with an average rate of growth of 37 percent in the previous four years. The KLCI and SBI fell by 18 percent and 5 percent, respectively, in the first seven months of 1997, as market sentiment declined, owing to a combination of factors, including the lending limits imposed in March and developments in Thailand.

**44. The bond market has also expanded rapidly in recent years, although its size is still small relative to that of the equity market; its total capitalization was under 50 percent of GDP at end-1996.** The growth of the bond market has been led by buoyant activities in the private debt securities market, as growth of the government securities market has been hindered by a lack of new issuance.<sup>25</sup> To establish a benchmark yield curve, and thereby deepen and broaden the bond market, the government has announced a proposal for the regular issuance of zero coupon benchmark bonds with maturities ranging from five years to ten years, to be undertaken by the government's investment arm, Khazanah Berhad by end-1997.

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<sup>24</sup>See paragraph 15 for a discussion of these measures.

<sup>25</sup>Net funds raised by the private sector in the bond market have risen from 31 percent of total funds raised in 1992, to 50 percent in 1996.

## IV. EXTERNAL DEVELOPMENTS

### A. Overview

45. The current account deficit widened substantially in 1994–95, owing primarily to an acceleration of private investment spending, while the marked decline in the current account deficit in 1996 was led by more moderate private investment spending. These deficits were largely financed by foreign direct and portfolio investments, and medium- and long-term borrowing by private and public enterprises. In 1996, a marked increase in short-term capital inflows resulted in a shift in the overall balance of payments from deficit to surplus, and led to an accumulation in gross official reserves to more than four months of imports by the end of the year.

### B. Current Account

46. **The deterioration in the current account position in 1994–95, and its subsequent improvement in 1996, mainly reflected movements in the merchandise trade account (Table 50). Strong export growth in 1994–95 was led by exports of electronic components and other electrical machinery (primarily audiovisual equipment, office machines, and telecommunications equipment), which together contributed more than 12 percentage points to total export value growth in each year (Table 41). The electronic chips subsector grew particularly rapidly, fueled by the vibrant performance of the computer industry worldwide and by the expansion of capacity in Malaysia. Favorable price developments were also important, particularly in 1995, when sharp increases in some commodity prices contributed to an 11 percent increase in export unit values (Table 44).**

47. **Notwithstanding the impressive export performance, a deterioration in the current account position resulted, as import growth accelerated even faster during this period, led by surging private investment spending and the high import content of many exports.** Reductions and/or abolishment of import duties on components and machinery also played a role. Imports of machinery, transportation equipment, and other investment goods contributed more than 10 percentage points to total growth in import value in both years, while imports of intermediate goods for manufacturing contributed more than 12 percentage points per year (Table 42). The largest single group of imported items was electronic component parts, which accounted for 45 percent of the value of intermediate goods imports and 20 percent of the total value of imports in 1995.

48. **The slowdown in merchandise export growth in 1996 was due to a combination of price, structural and macroeconomic factors.** The electronics and electrical products industries were most affected (Table 41), as an excess world supply of semiconductors led to sharply lower prices for memory chips, and greater competition from lower-cost producers, such as China and Indonesia, resulted in sluggish exports of electrical products (particularly audiovisual equipment and air conditioners). Commodity export growth slowed, owing to lower prices for palm oil and rubber, and lower production of rubber and saw logs (Table 40). Exports were also adversely impacted by two key macroeconomic factors: the 4 percent real

effective appreciation of the ringgit during 1996, and weaker real growth of non-oil imports in partner countries, which fell from 12 percent in 1995 to 7 percent in 1996. However, using plausible values for the relevant price and activity elasticities, it is estimated that these two factors can account for only about one-half of the export slowdown—leaving the remaining half to be explained by price, structural or other factors.

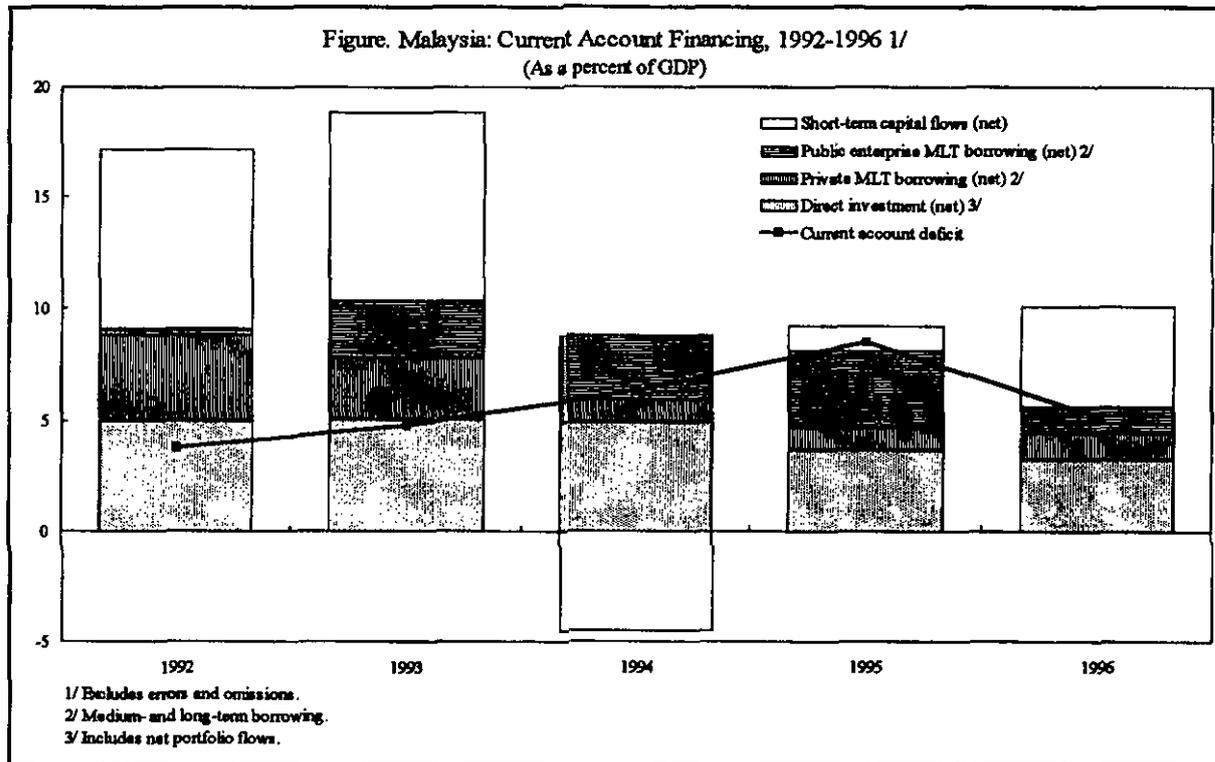
49. **Weaker demand for intermediate goods resulting from the slower export growth, combined with the moderation in investment spending, led to an even greater deceleration in import growth and a significant improvement in the trade balance during 1996** (Table 42). Within the investment goods category, the decline in the value of machinery imports—particularly for manufacturing and construction—was especially sharp. Much of the decline in the value of transportation equipment imports was due to reduced purchases of lumpy items, such as aircraft and ships, following the completion of expansion programs by the Malaysian Airline System and the Malaysian International Shipping Corporation in 1995. Intermediate imports for manufacturing slowed significantly, owing to the high import content of this sector; in particular, the value of electronic components imports moderated to 8 percent (against 40 percent in 1995), in response to slower growth in the electrical and electronics industries. The significant reduction in growth in volume terms (from 23 percent in 1995 to 5 percent in 1996) was reinforced by a 1½ percent decline in import prices (Table 44).

50. **A reduction in the services deficit (by 1.2 percentage points to -7.5 percent of GDP) also contributed to the overall improvement in the current account position in 1996.** This was due primarily to a fall in freight and insurance payments (resulting from the deceleration in merchandise import volume, lower freight charges, and recent expansions in domestic shipping and air freight capacity), and higher net receipts from other transportation services (owing to capacity expansion in the transportation sector, in particular the upgrading of Port Klang) (Table 47). However, **net transfer payments increased substantially in 1996**, reflecting new data on large remittances of income by foreign workers in Malaysia. Similar estimates of foreign worker remittances are not yet available for years before 1996 (Table 50).

51. In terms of the **direction of trade**, Singapore, the United States, and Japan remained the largest markets for Malaysian exports in 1996 (Table 45). The share of exports to the United States declined by more than two percentage points from 1995, owing largely to a sharp drop in billings for semiconductors. About a quarter of Malaysia's imports were from Japan, in part reflecting the strong presence of Japanese multinational investment.

### **C. Capital Account and International Reserves**

52. Malaysia's current account deficits have been largely financed by foreign direct investment (FDI) spending (which includes some portfolio capital flows) and medium- and long-term borrowing by private and public enterprises (Figure).



53. Net private medium- and long-term capital flows have fallen somewhat as a percent of GDP since 1992, primarily reflecting greater outward direct investment by Malaysian firms and lower private borrowing (Table 48). The bulk of inward FDI has been for expansion and modernization activities of existing companies, primarily in the manufacturing and oil and gas sectors. Typically, more than half of this has been financed through retained earnings, a third through new equity investment, and the remainder through borrowing from parent companies. In 1996, Singapore provided the most FDI, followed by Japan and the United States. These inward FDI flows have been increasingly offset by outward direct investment by Malaysian firms to Hong Kong, Indonesia, Singapore, the United Kingdom, the United States, and other countries. Private foreign borrowing, which is subject to approval by Bank Negara, has been done mainly through the issuance of bonds (including Euroconvertibles) and loans sourced through the Labuan International Offshore Financial Centre.

54. Public sector borrowing increased significantly during 1995, owing to higher net borrowing by the NFPEs and lower repayments by the federal government; in 1996, this trend was reversed (Table 48). The three major NFPEs—Petronas, Telekom, and Tenaga—have been the largest public sector borrowers in recent years, tapping mainly the U.S. and Japanese bond markets to finance investment in the oil and gas, telecommunications, and energy sectors. The reduction in net NFPE borrowing in 1996 resulted from both lower

gross external borrowing and higher principal repayments, the latter owing to prepayments and refinancing made in response to lower external interest rates and the stronger ringgit. The federal government, which had been making net repayments on its external debt since 1992, increased repayments and prepayments in 1996 for similar reasons.

**55. Net short-term capital flows—mainly to the private sector—increased significantly in 1996, after a moderate net inflow during 1995 (Table 48).** This reflected mainly increased placements from abroad and higher foreign-currency denominated borrowing by domestic banks, in response to interest rate differentials. The US\$3.5 billion increase in net short-term inflows more than offset the US\$1.7 billion decline in medium- and long-term net inflows and, in combination with the lower current account deficit, resulted in a marked increase in the overall capital account surplus for 1996.

**56. After declining in each of the two previous years, gross official reserves rose by US\$2.6 billion in 1996 to more than four months of imports (Table 49).** This reflected the movement of the overall balance of payments into surplus, owing to stronger net capital inflows and the improved current account deficit.

#### **D. External Debt and Debt Service**

**57. During the 1990s, Malaysia's external debt has generally remained under 40 percent of GDP, and under 50 percent of goods and services exports—with the latter ratio falling closer to 40 percent as export growth picked up in 1994–95 (Table 54).** At end-1996, about 72 percent of external debt was denominated in U.S. dollars, while 16 percent was denominated in Japanese yen. Medium- and long-term debt is shared, in roughly equal proportions, by the federal government, NFPEs, and the private sector (Table 52).

**58. Although reliance on short-term debt is relatively low in Malaysia, the increase in commercial bank foreign liabilities during 1996 resulted in a marked increase in the share of short-term external debt in total external debt (Table 51).** This ratio rose to 26 percent, from 20 percent in 1994–95, although it is still lower than during the strong capital inflows period of 1992–93, when short-term external debt averaged 29 percent of total external debt.

**59. The debt service ratio has remained low (under 7 percent) since 1990 (Table 54).** After a temporary increase to 6.0 percent in 1995 (reflecting a bunching of private sector repayments), it fell to 5.1 percent in 1996, owing to lower repayments (net of prepayments) by both the public and private sectors.

#### **E. Exchange System**

**60. Bank Negara's stated policy is to allow the exchange rate to be generally market-determined, intervening only to maintain orderly market conditions and to avoid excessive fluctuations in the value of the ringgit.** Bank Negara also monitors the exchange

rate against a basket of currencies weighted in terms of Malaysia's major trading partners and currencies of settlement. Throughout the 1990s, the ringgit has shown a mild trend of appreciation against the U.S. dollar, with relatively limited movement of the exchange rate about this trend.<sup>26</sup> In 1995, the ringgit appreciated by less than 1 percent against the U.S. dollar, and by a similar amount in real effective terms. In 1996, however, the 4 percentage point real effective appreciation largely reflected a 13 percent increase in the ringgit's value against the Japanese yen, as the Malaysian currency appreciated by only ½ percent against the U.S. dollar.

**61. The ringgit has been much more volatile in 1997.** Large inflows of foreign capital during the first two weeks of January—underpinned by positive investor sentiment—resulted in a 2 percent appreciation of the ringgit against the U.S. dollar (3 percent in real effective terms). Subsequently, in the wake of difficulties in neighboring Thailand and the floating of the baht in early July, the ringgit depreciated sharply. As of mid-August, the ringgit has fallen 9 percent against the U.S. dollar and is essentially unchanged in real effective terms, relative to end-December 1996.

**62. Malaysia's capital account is less open than for many other countries in the region.** Foreign investment in Malaysia through equity participation is permitted, although a proposed acquisition of significant interest<sup>27</sup> requires prior approval. Remittances of interest may be made without restriction; repatriation of capital, profits and dividends, fees, royalties and proceeds from the sale of assets in Malaysia by foreign investors are freely permitted, subject to the completion of statistical forms for amounts exceeding RM 100,000. Borrowing in ringgit—either by residents for use overseas or by nonresidents—is restricted,<sup>28</sup> as is

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<sup>26</sup>Daily average volatility has averaged 0.2 percent since 1990.

<sup>27</sup>This includes proposed acquisition of 15 percent or more of the voting power in a Malaysian company, control of a Malaysian company through any form of joint-venture agreement, merger or takeover of any company in Malaysia, and any acquisition of assets or interests exceeding RM 5 million in value.

<sup>28</sup>Authorized financial institutions are allowed to extend ringgit-denominated loans to nonresidents up to RM 200,000 in aggregate, for any purpose except to finance the acquisition or development of immovable property in Malaysia; they are allowed to extend ringgit loans to nonresident banks or nonresident stockbroking companies that maintain external accounts, with restrictions. Residents are not allowed to obtain loans in ringgit from nonresidents. With respect to asset markets, approval is required for nonresidents to issue securities in Malaysia. Residents purchasing securities, money market instruments, or immovable property overseas from nonresidents in excess of RM 100,000 must make payment in foreign currency and can have only limited domestic borrowing.

borrowing or lending in foreign currency above RM 100,000.<sup>29</sup> Additionally, Bank Negara has recently imposed restrictions on currency swap transactions with foreign customers.<sup>30</sup>

#### F. Trade Policies

63. **Malaysia has a relatively liberal trade regime**, with an average trade-weighted tariff of less than 7 percent, although tariff rates in excess of 35 percent still apply to many goods.<sup>31</sup> All nontariff barriers on agricultural goods (including licensing requirements and quotas) have been tariffed; licensing requirements still exist on imports of automobiles, iron and steel products, and other industrial goods.

64. **Trade liberalization continued in 1995 and 1996, in line with Malaysia's commitments under the Uruguay Round/WTO.** Malaysia's commitments include reducing tariff bindings on about 7,200 items, and the gradual elimination of nontariff barriers on agricultural products. Since the beginning of 1995, import duties have been unilaterally reduced or abolished on more than 4,000 items, comprising food products, household items, and raw materials, components and equipment for manufactures.

65. Also under the Uruguay Round, Malaysia has committed to the elimination of two **Trade-Related Investment Measures (TRIMs)**, specifically the local content requirement which applies to the manufacture of automobiles, and the Pioneer Status and Investment Tax Allowance program. Malaysia is a signatory to the **General Agreement on Trade in Services (GATS)** interim agreement, under which it has committed to allowing new entry in offshore banking and other financial services, and has been a participant in the telecommunications negotiations.

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<sup>29</sup>Borrowing/lending in foreign currency is freely allowed by authorized financial institutions from/to nonresidents, subject to a limit on net overnight open positions in foreign currencies. Other residents seeking to borrow in foreign currency from either authorized domestic financial institutions or nonresidents, must obtain approval if the amount of credit facilities exceeds the equivalent of RM 5 million or if funds are raised through securities issuance. Lending in foreign currency by residents (other than authorized financial institutions) to nonresidents is permitted above RM 100,000 if the lender has only a limited amount of domestic borrowing.

<sup>30</sup>On August 3, 1997, Bank Negara announced that banks must limit noncommercial-related ringgit swap transactions to US\$2 million per foreign customer.

<sup>31</sup>Of Malaysia's 10,247 tariff lines, 58 percent carry zero duty and 8 percent carry a duty between 0 percent and 5 percent; 12 percent of the tariff lines carry a duty between 20 percent and 30 percent, and 2 percent carry duties in excess of 30 percent. The highest tariff rates apply to automobiles, which range to 200 percent; alcoholic beverages, some ceramic products, motorcycles, arms and ammunition, and some miscellaneous manufactured articles are also subject to duties in excess of 50 percent.

66. Malaysia is an active participant in the **Asia-Pacific Economic Cooperation (APEC)**, and has submitted its Individual Action Plan for liberalization of trade and investment, including the reduction and elimination of tariffs and nontariff barriers, enhanced market access in services, and the facilitation of business through greater transparency of policies and procedures. Malaysia also agreed, at the April 1997 APEC Finance Ministers meeting, to a set of core and voluntary principles to promote the development of financial and capital markets, and to enhance private sector participation in infrastructure development.

67. Under the **ASEAN Free Trade Area (AFTA) Agreements**, Malaysia has committed to liberalize trade within the region. Malaysia will increase the number of items carrying 0-5 percent duty to 6,514 by the year 2000, and supports activities toward the elimination of technical barriers to trade within ASEAN.

Table 1. Malaysia: Expenditure on Gross Domestic Product  
in 1978 Prices, 1992-96

	1992	1993	1994	1995	Prel. 1996
(In millions of ringgit)					
Domestic demand	91,725	100,673	114,577	129,869	138,010
Consumption	58,268	61,769	67,827	73,856	78,394
Private	44,804	46,866	51,455	56,288	60,763
Public	13,464	14,903	16,372	17,568	17,631
Investment	33,457	38,904	46,750	56,013	59,616
Private	20,652	24,592	31,460	39,449	42,290
Public	13,922	15,097	15,003	16,266	18,275
Change in stocks	-1,117	-785	287	298	-949
Net exports	1,141	-56	-4,662	-9,561	-7,785
Exports	76,303	89,455	109,551	128,837	138,890
Imports	75,162	89,511	114,213	138,398	146,675
Gross domestic product	92,866	100,617	109,915	120,308	130,225
Net factor payments from abroad	-5,199	-5,326	-5,983	-6,714	-7,078
Gross national product	87,667	95,291	103,932	113,594	123,147
(Annual percentage change)					
Domestic demand	3.6	9.8	13.8	13.3	6.3
Consumption	3.2	6.0	9.8	8.9	6.1
Private	3.0	4.6	9.8	9.4	8.0
Public	4.0	10.7	9.9	7.3	0.4
Investment	4.2	16.3	20.2	19.8	6.4
Private	0.5	19.1	27.9	25.4	7.2
Public	28.0	8.4	-0.6	8.4	12.4
Change in stocks 1/	-2.1	0.4	1.1	0.0	-1.0
Net exports 1/	4.1	-1.3	-4.6	-4.5	1.5
Exports	6.2	17.2	22.5	17.6	7.8
Imports	1.2	19.1	27.6	21.2	6.0
Gross domestic product	7.8	8.3	9.2	9.5	8.2
Net factor payments from abroad	12.1	2.4	12.3	12.2	5.4
Gross national product	7.6	8.7	9.1	9.3	8.4

Source: Data provided by the Malaysian authorities.

1/ Annual change as a percent of GDP.

Table 2. Malaysia: Expenditure on Gross Domestic Product  
in Current Prices, 1992-96

	1992	1993	1994	1995	<u>Prel.</u> 1996
(In millions of ringgit)					
Domestic demand	146,490	165,379	193,326	226,902	247,956
Consumption	94,386	102,919	116,504	132,331	145,020
Private	75,046	81,313	92,568	104,695	117,008
Public	19,340	21,606	23,936	27,636	28,012
Investment	52,104	62,460	76,822	94,571	102,936
Private	31,956	39,256	51,701	66,642	72,870
Public	21,541	24,100	24,656	27,478	31,490
Change in stocks	-1,393	-896	465	451	-1424
Net exports	2,047	-173	-3,032	-8,199	1,654
Exports	114,153	135,525	173,771	208,671	229,563
Imports	112,106	135,698	176,803	216,870	227,909
Gross domestic product	148,537	165,206	190,294	218,703	249,610
Net factor payments from abroad	-8,006	-8,265	-9,433	-10,608	-11,791
Gross national product	140,531	156,941	180,861	208,095	237,819
(Annual percentage change)					
Domestic demand	6.7	12.9	16.9	17.4	9.3
Consumption	7.2	9.0	13.2	13.6	9.6
Private	7.8	8.4	13.8	13.1	11.8
Public	5.0	11.7	10.8	15.5	1.4
Investment	5.7	19.9	23.0	23.1	8.8
Private	1.4	22.8	31.7	28.9	9.3
Public	29.2	11.9	2.3	11.4	14.6
Change in stocks 1/	-1.9	0.3	0.8	0.0	-0.9
Net exports 1/	5.3	-1.5	-1.7	-2.7	4.5
Exports	9.0	18.7	28.2	20.1	10.0
Imports	2.2	21.0	30.3	22.7	5.1
Gross domestic product	12.2	11.2	15.2	14.9	14.1
Net factor payments from abroad	17.7	3.2	14.1	12.5	11.2
Gross national product	11.9	11.7	15.2	15.1	14.3

Source: Data provided by the Malaysian authorities.

1/ Annual change as a percent of GDP.

Table 3. Malaysia: Gross Domestic Product by Sector of Origin  
in 1978 Prices, 1992-96

	1992	1993	1994	1995	Prel. 1996
(In millions of ringgit)					
Primary sector	23,606	24,244	24,288	25,209	25,941
Agriculture, forestry, and fishing	15,531	16,205	16,047	16,230	16,616
Mining and quarrying	8,075	8,039	8,241	8,979	9,325
Secondary sector	30,478	34,347	39,371	45,210	50,749
Manufacturing	26,859	30,324	34,782	39,825	44,664
Construction	3,619	4,023	4,589	5,385	6,085
Tertiary sector	38,782	42,026	46,256	49,889	53,535
Electricity, gas, and water	1,931	2,176	2,475	2,797	3,119
Transport, storage, and communications	6,481	6,921	7,776	8,855	10,006
Wholesale and retail trade	11,190	12,428	13,427	14,781	16,111
Business services 1/	9,644	10,650	11,713	12,938	14,491
Government services	9,201	10,073	11,022	11,454	11,855
Other services 2/	335	-222	-157	-936	-2,047
Gross domestic product	92,866	100,617	109,915	120,308	130,225
(Annual percentage change)					
Primary sector	3.7	2.7	0.2	3.8	2.9
Agriculture, forestry, and fishing	4.7	4.3	-1.0	1.1	2.4
Mining and quarrying	1.6	-0.4	2.5	9.0	3.9
Secondary sector	10.6	12.7	14.6	14.8	12.3
Manufacturing	10.5	12.9	14.7	14.5	12.2
Construction	11.7	11.2	14.1	17.3	13.0
Tertiary sector	8.2	8.4	10.1	7.9	7.3
Electricity, gas, and water	13.8	12.7	13.7	13.0	11.5
Transport, storage, and communications	6.6	6.8	12.4	13.9	13.0
Wholesale and retail trade	11.1	11.1	8.0	10.1	9.0
Business services 1/	10.4	10.4	10.0	10.5	12.0
Government services	4.9	9.5	9.4	3.9	3.5
Other services 2/	-30.9	-166.3	-29.3	496.2	118.7
Gross domestic product	7.8	8.3	9.2	9.5	8.2
(Percent of GDP)					
Primary sector	25.4	24.1	22.1	21.0	19.9
Agriculture, forestry, and fishing	16.7	16.1	14.6	13.5	12.8
Mining and quarrying	8.7	8.0	7.5	7.5	7.2
Secondary sector	32.8	34.1	35.8	37.6	39.0
Manufacturing	28.9	30.1	31.6	33.1	34.3
Construction	3.9	4.0	4.2	4.5	4.7
Tertiary sector	41.8	41.8	42.1	41.5	41.1
Electricity, gas, and water	2.1	2.2	2.3	2.3	2.4
Transport, storage, and communications	7.0	6.9	7.1	7.4	7.7
Wholesale and retail trade	12.0	12.4	12.2	12.3	12.4
Business services 1/	10.4	10.6	10.7	10.8	11.1
Government services	9.9	10.0	10.0	9.5	9.1
Other services 2/	0.4	-0.2	-0.1	-0.8	-1.6

Source: Data provided by the Malaysian authorities.

1/ Finance, insurance, real estate, and business services.

2/ Community, social and personal services, private nonprofit services to households and domestic services of households, less imputed bank service changes and plus import duties.

Table 4. Malaysia: Composition of Investment and Saving, 1992-96

	1992	1993	1994	1995	<u>Prel.</u> 1996
	(In millions of ringgit)				
Gross domestic investment	52,104	62,460	76,822	94,571	102,936
Private gross fixed capital formation	31,956	39,256	51,701	66,642	72,870
Oil and gas	3,251	3,164	3,412	2,616	1,583
Other	28,705	36,092	48,289	64,026	71,287
Public gross fixed capital formation	21,541	24,100	24,656	27,478	31,490
Federal government	4,838	5,425	5,923	6,443	6,858
Statutory bodies	1,699	1,590	1,620	1,858	1,759
State governments	3,187	2,790	3,086	3,502	3,616
Local governments	514	569	806	760	862
Public enterprises	11,303	13,726	13,221	14,915	18,395
Change in stocks	-1,393	-896	465	451	-1,424
Gross national saving	46,482	54,535	64,745	75,882	89,960
Private sector	22,092	27,196	31,402	42,770	53,650
Public sector	24,390	27,339	33,343	33,112	36,310
	(Percent of GDP)				
Gross domestic investment	35.1	37.8	40.4	43.2	41.2
Private gross fixed capital formation	21.5	23.8	27.2	30.5	29.2
Oil and gas	2.2	1.9	1.8	1.2	0.6
Other	19.3	21.8	25.4	29.3	28.6
Public gross fixed capital formation	14.5	14.6	13.0	12.6	12.6
Federal government	3.3	3.3	3.1	2.9	2.7
Statutory bodies	1.1	1.0	0.9	0.8	0.7
State governments	2.1	1.7	1.6	1.6	1.4
Local governments	0.3	0.3	0.4	0.3	0.3
Public enterprises	7.6	8.3	6.9	6.8	7.4
Change in stocks	-0.9	-0.5	0.2	0.2	-0.6
Gross national saving	31.3	33.0	34.0	34.7	36.0
Private sector	14.9	16.5	16.5	19.6	21.5
Public sector	16.4	16.5	17.5	15.1	14.5

Source: Data provided by the Malaysian authorities.

Table 5. Malaysia: Production of Major Primary Products, 1992-96

	1992	1993	1994	1995	<u>Prel.</u> 1996
	(In thousands of metric tons)				
<b>Output</b>					
Rubber	1,173	1,075	1,101	1,089	1,084
Crude palm oil	6,373	7,403	7,220	7,811	8,386
Crude palm kernel oil	812	966	978	1,037	1,107
Cocoa	220	200	177	132	122
Paddy 1/	2,070	1,917	2,095	...	...
Tin (concentrate)	14	10	7	6	5
Tin metal	46	40	38	39	...
Bauxite	331	69	174	184	219
Iron ore	315	223	203	202	325
Copper	112	100	106	88	86
	(In thousands of barrels per day)				
Crude oil	659	648	660	705	715
	(In thousands of cubic meters)				
Saw logs	43,511	37,135	35,672	31,600	30,304
Sawn timber	9,572	9,224	8,703	9,287	...
	(In thousands of hectares)				
<b>Area under cultivation</b>					
Rubber	1,792	1,768	1,747	1,693	1,688
Palm oil	2,197	2,306	2,410	2,540	2,615
Paddy 1/	670	663	689	...	...
	(In kilograms per hectare)				
<b>Yields</b>					
Rubber	988	1,000	1,926	1,800	1,780
Palm oil	3,430	3,777	3,426	3,505	3,550
Paddy 1/	3,145	2,893	2,809	...	...

Source: Data provided by the Malaysian authorities.

1/ 1995 and 1996 production is under the purview of the Ministry of Agriculture.





Table 6. Industrial Production Index, 1992-97

	1992	1993	1994	1995	1996	1997	
						Q1	Q2
(Index numbers: 1993 = 100)							
Total	91.2	100.0	112.4	127.1	141.1	145.7	...
Mining	98.8	100.0	103.6	112.8	119.4	125.0	...
Electricity	89.0	100.0	113.8	129.9	146.5	153.8	...
Manufacturing	88.6	100.0	114.9	131.2	147.3	151.4	...
Food	91.7	100.0	106.1	113.8	118.8	152.6	164.4
Beverages	96.2	100.0	115.5	127.6	147.5	146.1	136.0
Tobacco	88.0	100.0	98.8	100.8	108.3	109.9	138.8
Textiles	76.6	100.0	119.3	130.7	133.2	136.0	150.4
Wearing apparel	99.1	100.0	96.4	95.6	92.7	86.9	92.2
Petroleum refineries	92.3	100.0	116.5	137.4	149.3	156.8	168.3
Industrial chemicals	94.7	100.0	110.2	123.9	154.3	187.7	168.7
Other chemical	91.7	100.0	115.1	115.0	131.0	127.8	133.5
Wood products	81.9	100.0	104.2	110.5	123.1	116.8	120.7
Rubber products	84.6	100.0	115.4	130.5	145.0	144.2	149.4
Nonmetallic minerals	94.3	100.0	113.1	125.5	156.2	163.6	174.2
Iron and steel	88.8	100.0	114.8	129.5	153.6	144.7	170.4
Nonferrous metal	96.3	100.0	114.5	129.3	144.0	171.1	197.1
Fabricated metal	63.5	100.0	117.0	127.6	157.1	181.3	168.1
Electrical machinery and electronics	85.8	100.0	121.8	146.9	159.9	163.9	182.2
Transport equipment	96.6	100.0	119.8	163.1	199.5	194.5	217.0
(Annual percentage change)							
Total	8.7	9.6	12.4	13.1	11.0	10.9	...
Mining	2.7	1.2	3.6	8.9	5.9	2.1	...
Electricity	14.0	12.4	13.8	14.1	12.8	15.7	...
Manufacturing	10.5	12.9	14.9	14.2	12.3	13.8	13.4
Food	10.5	9.1	6.1	7.3	4.4	0.2	5.0
Beverages	4.7	4.0	15.5	10.5	15.6	-0.8	0.3
Tobacco	-5.1	13.6	-1.2	2.0	7.4	16.0	18.7
Textiles	11.5	30.5	19.3	9.6	1.9	8.5	18.5
Wearing apparel	4.6	0.9	-3.6	-0.8	-3.0	-5.6	2.7
Petroleum refineries	3.7	8.3	16.5	17.9	8.7	14.5	9.3
Industrial chemicals	2.8	5.6	10.2	12.4	24.5	15.0	26.5
Other chemical	14.3	9.1	15.1	-0.1	13.9	12.7	-4.0
Wood products	10.9	22.1	4.2	6.0	11.4	14.2	-3.4
Rubber products	15.5	18.2	15.4	13.1	11.1	5.7	-2.9
Nonmetallic minerals	9.7	6.0	13.1	11.0	24.5	20.2	13.2
Iron and steel	18.9	12.6	14.8	12.8	18.6	8.3	10.7
Nonferrous metal	16.5	3.8	14.5	12.9	11.4	34.7	30.3
Fabricated metal	43.3	57.5	17.0	9.1	23.1	17.7	6.4
Electrical machinery and electronics	13.6	16.6	21.8	20.6	8.8	13.6	14.8
Transport equipment	-6.2	3.5	19.8	36.1	22.3	15.4	8.4

Source: Data provided by the Malaysian authorities.

Table 7. Malaysia: Total Proposed Capital Investment in Approved Manufacturing Projects, 1992-96 1/

(In millions of ringgit)

	1992	1993	1994	1995	1996
<b>Total</b>	<b>27,775</b>	<b>13,753</b>	<b>22,951</b>	<b>20,869</b>	<b>34,258</b>
<b>By ownership</b>					
Foreign ownership	11,623	3,713	8,350	6,400	12,956
Joint ownership	14,481	6,520	10,117	8,600	15,122
Malaysian majority	9,290	4,377	7,516	6,240	7,616
Foreign majority	5,125	2,084	2,506	2,224	7,407
Equal ownership	66	59	95	136	99
Malaysian ownership	1,671	3,520	4,484	5,869	6,180
<b>By industry</b>					
Electrical and electronic products	1,579	2,305	6,339	3,152	13,062
Textiles and textile products	1,335	895	1,316	635	480
Wood, furniture, and fixture	719	767	2,524	2,112	978
Rubber and rubber products	120	90	152	171	241
Food, beverages, and tobacco	404	459	923	506	405
Petroleum and gas	16,271	3	475	708	3,713
Chemicals and chemical products	1,608	2,490	3,533	2,900	3,342
Nonmetallic mineral products	975	2,131	2,473	4,045	3,338
Basic and fabricated metal products	2,916	1,967	2,839	3,998	2,166
Transport equipment	384	1,072	877	1,415	1,183
Miscellaneous	1,464	1,574	1,500	1,227	5,350

Source: Data provided by the Malaysian authorities.

1/ Includes equity and loans.

Table 8. Malaysia: Ongoing and Planned Investment  
in Infrastructure--Main Projects, 1992-2000

Main Projects	Expected Construction Period	Estimated Cost 1/ (RM million)	Estimated Annual Cost			
			1997	1998	1999	2000
Government (Federate and State)						
Roads--Ongoing Projects						
Middle Ring Road II	1992-2000	995	400	100	200	210
Access Road to Bakun Hydroelectric Dam	1995-1999	403	150	150	103	...
Simpang Pulai-Lojing-Gua Musang-Kuala Berang Road	1990-2005	1,100	80	150	150	200
Kuala Kangsar-Grik Road	1997-2000	200	50	100	80	20
Johor Bahru Inner Ring Road	1996-1999	118	40	50	28	...
Roads--Planned Projects						
Batang Rejang Bridge	1997-1999	200	50	100	50	...
Upgrading Betong-Kayu Malam Road	1997-1999	80	30	40	10	...
Rail						
Light rail transit, system 1, phase I	1993-1996	1,275	completed			
Light rail transit, system I, phase II	1996-1998	1,900	570	760	...	...
Light Rail transit, system 2	1995-1999	4,350	1305	1740	1305	...
Express rail link KL-KLIA	1996-1999	2,100	630	1050	420	...
KL Linear City People-mover Rapid Transit	1997-1999	2,200	440	1100	660	...
Ports						
West port of Port Klang	1995-2000	1,650	138	191	166	167
Tanjung Pelepas Port	1995-2000	2,800	605	819	335	784
Pasir gudang phase IV	1993-1996	260	completed			
Phase II NBCT, Penang Port	1996-2004	355	71	71	71	65
Kuching port terminal	1993-1997	201	95	5	...	...
Labuan integrated port	1996-2000	248	2	40	80	100
Bintulu port general cargo berth	1995-1998	185	60	220	5	...
Lahad Datu Port	1995-1998	108	35	5	2	...
Total		20,728	4,751	6,691	3,665	1,546

1/ Preliminary estimates.

Table 9. Malaysia: Labor Market Developments, 1992-96

	1992	1993	1994	1995	1996
	(In thousands)				
Population	19,043	19,564	20,112	20,689	21,169
Total labor force	7,370	7,627	7,834	8,140	8,398
Labor force participation rate (in percent)	66.7	66.8	66.8	66.9	66.9
Unemployment rate (in percent)	1.6	1.7	2.9	2.8	2.6
Total employment	7,250	7,498	7,603	7,915	8,181
Primary sector	1,775	1,716	1,515	1,469	1,418
Agriculture, forestry, and fishery	1,738	1,680	1,477	1,429	1,376
Mining and quarrying	37	36	38	41	42
Secondary sector	2,146	2,286	2,490	2,711	2,914
Manufacturing	1,639	1,742	1,892	2,052	2,209
Construction	507	544	598	659	705
Tertiary sector	3,329	3,496	3,599	3,735	3,850
Transport, etc.	326	344	366	395	420
Wholesale and retail services	1,382	1,292	1,293	1,328	1,354
Business services 1/	300	332	352	379	395
Government services	858	864	868	872	877
Electricity, gas, and water	47	48	64	69	73
Other services 2/	416	616	655	692	731
	(Annual percentage change)				
Total labor force	2.3	3.5	2.7	3.9	3.2
Total employment	3.0	3.4	1.4	4.1	3.4
Primary sector	-4.9	-3.3	-11.7	-3.0	-3.5
Agriculture, forestry, and fishery	-5.2	-3.3	-12.1	-3.3	-3.7
Mining and quarrying	12.1	-2.7	5.6	7.1	2.7
Secondary sector	10.9	6.5	8.9	8.9	7.5
Manufacturing	11.5	6.3	8.6	8.4	7.7
Construction	9.0	7.3	9.9	10.3	6.9
Tertiary sector	2.7	5.0	2.9	3.8	3.1
Transport, etc.	3.8	5.5	6.5	7.9	6.4
Wholesale and retail services	5.2	-6.5	0.0	2.7	2.0
Business services 1/	7.5	10.6	6.2	7.4	4.2
Government services	0.5	0.6	0.5	0.5	0.5
Electricity, gas, and water	2.2	2.1	33.3	7.8	5.8
Other services 2/	-3.9	48.1	6.3	5.6	5.6
	(Percentage share of total employment)				
Total employment	100.0	100.0	100.0	100.0	100.0
Primary sector	24.5	22.9	19.9	18.6	17.3
Agriculture, forestry, and fishery	24.0	22.4	19.4	18.1	16.8
Mining and quarrying	0.5	0.5	0.5	0.5	0.5
Secondary sector	29.6	30.5	32.7	34.3	35.6
Manufacturing	22.6	23.2	24.9	25.9	27.0
Construction	7.0	7.3	7.9	8.3	8.6
Tertiary sector	45.9	46.6	47.3	47.2	47.1
Transport, etc.	4.5	4.6	4.8	5.0	5.1
Wholesale and retail services	19.1	17.2	17.0	16.8	16.5
Business services 1/	4.1	4.4	4.6	4.8	4.8
Government services	11.8	11.5	11.4	11.0	10.7
Electricity, gas, and water	0.6	0.6	0.8	0.9	0.9
Other services 2/	5.7	8.2	8.6	8.7	8.9

Sources: Data provided by the Malaysian authorities.

1/ Finance, insurance, real estate, and business services.

2/ Includes hotels and restaurants, and other services.

Table 10. Malaysia: Registered Unemployed by Occupation, 1992-96

	1992	1993	1994	1995	1996
(Number of registered unemployed persons)					
Total	42,344	31,617	26,445	21,739	21,269
Industrial	15,150	11,365	9,198	7,833	7,231
Agricultural	319	193	132	109	106
Services	1,189	835	584	500	447
Clerical	19,835	15,909	13,589	10,684	11,209
Professional and technical	4,521	2,558	2,149	1,873	1,723
Others	1,330	757	793	740	553
(Percentage share of total registered unemployed)					
Total	100.0	100.0	100.0	100.0	100.0
Industrial	35.8	35.9	34.8	36.0	34.0
Agricultural	0.8	0.6	0.5	0.5	0.5
Services	2.8	2.6	2.2	2.3	2.1
Clerical	46.8	50.3	51.4	49.1	52.7
Professional and technical	10.7	8.1	8.1	8.6	8.1
Others	3.1	2.4	3.0	3.4	2.6

Source: Data provided by the Malaysian authorities.

Table 11. Malaysia: Average Wage Rates in Selected Sectors, 1992-96 1/

	1992	1993	1994 2/	1995 3/	1996
	(In ringgit)				
Estate workers	17.64	19.10	...	21.10	...
Harvesting	13.80	13.00	...	17.50	...
Sorting	11.76	13.00	...	15.10	...
Mining	...	...	...	...	...
Manufacturing					
Food manufacturing, beverages, tobacco industries	20.50	24.01	...	23.16	...
Textile, weaving, etc., industries	19.96	31.09	...	22.70	...
Wood and wood products, paper printing industries	21.80	23.97	...	27.28	...
Chemical, petroleum, coal industries	17.30	32.19	...	30.53	...
Nonmetallic, mineral industries	19.19	22.53	...	28.40	...
Basic metal, metal products	14.22	25.92	...	33.25	...
Wood products and other manufactures	15.60	18.72	...	16.77	...
	(Percentage change)				
Estate workers	-1.1	8.3	...	10.5	...
Harvesting	15.0	-5.8	...	34.6	...
Sorting	-6.7	10.5	...	16.2	...
Mining	...	...	...	...	...
Manufacturing					
Food manufacturing, beverages, tobacco industries	45.5	17.1	...	-3.5	...
Textile, weaving, etc., industries	29.6	55.8	...	-27.0	...
Wood and wood products, paper printing industries	32.3	10.0	...	13.8	...
Chemical, petroleum, coal industries	-9.9	86.1	...	-5.2	...
Nonmetallic, mineral industries	17.2	17.4	...	26.1	...
Basic metal, metal products	-25.1	82.3	...	28.3	...
Wood products and other manufactures	22.9	20.0	...	-10.4	...

Source: Data provided by the Malaysian authorities.

1/ For supervised personnel.

2/ No survey was done in 1994, and 1996 survey data are still being processed.

3/ 1995 percentage changes are over 1993 levels.

Table 12. Malaysia: Average Domestic Prices and Taxes  
on Energy-Related Products, 1992-97

(Cents per liter; unless otherwise indicated)

	1992	1993	1994	1995	1996	Q1 1997
<b>Crude oil</b>						
Excise duty	0.00	0.00	0.00	0.00	0.00	0.00
Import duty	0.00	0.00	0.00	0.00	0.00	0.00
<b>Gasoline regular 1/</b>						
Price	106.00	106.00	106.00	106.00	106.00	106.00
Excise duty	51.72	54.85	58.62	58.62	58.62	58.62
Import duty	51.72	54.85	58.62	58.62	58.62	58.62
<b>Gasoline premium 1/</b>						
Price	113.00	113.00	113.00	110.00	110.00	110.00
Excise duty	51.72	54.85	58.62	58.62	58.62	58.62
Import duty	51.72	54.85	58.62	58.62	58.62	58.62
<b>Kerosene 2/</b>						
Price	66.10	66.10	66.10	66.10	66.10	66.10
Excise duty	11.33	13.29	17.06	0.00	0.00	0.00
Import duty	11.33	13.29	17.06	0.00	0.00	0.00
<b>Diesel oil</b>						
Price	65.10	65.10	65.10	65.10	65.10	65.10
Excise duty	10.82	13.23	17.32	19.64	19.64	19.64
Import duty	10.82	13.23	17.32	19.64	19.64	19.64
<b>Fuel oil 2/</b>						
Price 3/						
Excise duty (in tons)	16.73	16.73	16.73	0.00	0.00	0.00
Import duty (in tons)	16.73	16.73	16.73	0.00	0.00	0.00
<b>Natural gas</b>						
Price 3/						
Excise duty (cents/kg.)	1.0	1.0	1.0	1.0	1.0	1.0
Import duty (cents/kg.)	1.0	1.0	1.0	1.0	1.0	1.0

Source: Data provided by the Malaysian authorities.

1/ Effective January 1, 1995, there are only two grades of petrol available at petrol stations, i.e., leaded petrol (RON 97).

2/ Duties on kerosene and fuel oil were abolished on October 10, 1994.

3/ Prices of fuel oil and natural gas (liquefied) are not available.

Table 13. Malaysia: Consumer Price Index, 1992-97 1/

	Weights	1992	1993	1994	1995	1996	1995				1996				1997
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
(Index numbers; 1994 = 100)															
Food	34.9	92.8	95.0	100.0	104.9	111.0	103.9	104.2	104.9	106.5	108.8	110.2	111.7	113.1	115.3
Beverages and tobacco	3.6	83.0	95.3	100.0	102.4	104.6	100.8	102.2	103.1	103.3	103.2	104.5	105.4	105.3	105.2
Clothing and footwear	3.6	100.3	100.8	100.0	100.0	99.3	100.3	100.1	100.1	99.4	99.5	99.5	99.3	98.7	99.1
Gross rent, fuel, and power	21.2	94.4	97.7	100.0	103.4	106.7	102.3	103.0	103.7	104.5	105.4	106.3	107.2	107.7	108.3
Furniture and household equipment	5.6	97.1	98.4	100.0	102.8	103.9	100.4	102.6	103.9	104.0	103.9	103.8	104.0	103.9	104.0
Medical care and health expenses	1.9	92.0	96.7	100.0	103.1	106.9	101.9	102.9	103.5	104.0	105.6	106.4	107.3	108.1	109.5
Transport and communications	17.9	90.5	95.6	100.0	101.8	103.2	101.0	101.5	102.1	102.7	103.1	103.5	102.8	103.3	103.8
Recreation, education, cultural services	5.8	98.9	99.3	100.0	102.5	105.9	101.8	102.3	102.9	103.1	105.5	106.1	106.1	105.8	106.1
Miscellaneous	5.6	95.1	97.7	100.0	104.2	106.9	103.4	103.9	104.6	104.9	106.1	106.8	107.1	107.4	109.2
Total	100	93.1	96.4	100.0	103.4	107.1	102.4	103.0	103.7	104.6	105.9	106.8	107.4	108.1	109.2
(Annual percentage change)															
Food		6.4	2.3	5.3	4.8	5.8	4.4	5.1	5.0	4.8	4.7	5.8	6.5	6.2	6.0
Beverages and tobacco		8.6	14.8	4.9	2.4	2.2	1.6	2.7	2.7	2.4	2.4	2.3	2.2	1.9	1.9
Clothing and footwear		3.0	0.5	-0.8	0.0	-0.7	0.3	0.2	-0.1	-0.5	-0.8	-0.6	-0.8	-0.7	-0.4
Gross rent, fuel, and power		3.7	3.5	2.4	3.3	3.2	3.8	3.4	3.4	2.9	3.0	3.2	3.4	3.1	2.8
Furniture and household equipment		2.6	1.4	1.6	2.8	1.1	0.8	2.8	3.7	3.7	3.4	1.1	0.1	-0.1	0.1
Medical care and health expenses		3.5	5.1	3.4	3.0	3.7	3.5	3.3	2.9	2.6	3.6	3.4	3.7	3.9	3.7
Transport and communications		4.4	5.6	4.6	1.8	1.3	1.6	1.7	1.9	2.0	2.1	2.0	0.7	0.6	0.7
Recreation, education, cultural services		2.9	0.4	0.6	2.6	3.3	2.1	2.5	2.7	2.9	3.6	3.7	3.1	2.6	0.6
Miscellaneous		2.3	2.7	2.4	4.2	2.5	5.5	6.2	2.6	2.5	2.6	2.8	2.4	2.4	2.9
Total		4.7	3.5	3.7	3.4	3.5	3.2	3.7	3.5	3.4	3.4	3.7	3.6	3.3	3.1

Source: Data provided by the Malaysian authorities.

1/ New weights apply in 1995. Figures for 1991-95 have been revised based on 1994 base year.

Table 14. Malaysia: Producer Price Index, 1992-97 1/

	Weights	1992	1993	1994	1995	1996	1995				1996				1997
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
(Index numbers; 1989 = 100)															
Food	14.9	103.4	105.0	111.0	113.6	119.9	113.0	112.3	114.2	114.9	116.9	119.8	122.4	120.5	121.1
Beverages and tobacco	2.1	121.7	131.0	133.7	136.7	137.4	135.8	136.4	137.1	137.5	137.4	137.4	137.4	137.3	137.3
Crude materials	18.0	103.2	103.1	113.4	121.3	119.5	122.5	124.2	120.0	118.4	121.9	123.1	117.5	115.3	116.4
Mineral fuels	18.8	105.4	104.7	100.0	99.7	112.2	100.7	100.2	99.0	98.9	106.9	110.0	110.6	121.2	120.7
Animal and vegetable oils	8.5	104.5	101.2	121.5	153.0	144.2	156.2	156.4	150.8	148.6	145.5	147.3	139.9	143.9	155.5
Chemicals	4.4	106.1	106.8	107.0	109.3	110.5	108.6	109.2	109.8	109.6	110.4	110.9	110.7	109.9	110.2
Manufactured goods, n.e.i.	10.8	107.7	109.0	112.4	112.3	113.2	111.1	112.2	112.5	113.3	113.3	113.4	112.9	113.0	112.5
Machinery and transport equipment	18.4	100.1	102.5	102.9	101.0	101.6	102.5	101.6	99.8	100.3	101.3	101.2	101.4	102.3	102.4
Miscellaneous goods	3.6	107.9	108.3	114.1	116.7	120.7	114.9	115.7	117.7	118.5	120.6	120.9	120.9	120.3	119.1
Communication and transport	0.6	106.7	111.2	113.1	112.7	113.0	112.7	112.7	112.5	112.7	113.0	113.0	113.0	113.0	112.5
Total	100	104.3	105.1	109.3	113.6	116.2	114.3	114.4	113.0	112.9	115.3	116.7	115.6	117.3	118.5
Domestic production	79.3	110.7	105.4	110.7	115.9	119.2	116.5	116.8	115.4	115.1	118.1	119.9	118.3	120.4	121.7
Imports	20.7	103.9	103.7	103.9	104.6	104.7	105.5	105.0	103.8	104.0	104.2	104.5	104.6	105.3	105.7
(Annual percentage change)															
Food	...	1.5	5.7	2.4	5.5	3.0	1.8	2.2	2.4	3.5	6.7	7.2	4.9	3.6	
Beverages and tobacco	...	7.6	2.0	2.3	0.5	3.3	2.2	1.6	1.9	1.2	0.7	0.2	-0.1	-0.1	
Crude materials	...	-0.1	10.0	7.0	-1.5	13.8	10.0	3.8	0.9	-0.5	-0.9	-2.1	-2.6	-4.5	
Mineral fuels	...	-0.7	-4.5	-0.3	12.5	2.2	1.5	-2.4	-2.3	6.2	9.8	11.7	22.5	12.9	
Animal and vegetable oils	...	-3.2	20.0	26.0	-5.8	41.7	31.1	19.6	14.1	-6.9	-5.8	-7.2	-3.2	6.9	
Chemicals	...	0.7	0.2	2.2	1.1	1.6	2.2	2.7	2.2	1.7	1.6	0.8	0.3	-0.2	
Manufactured goods, n.e.i.	...	1.2	3.1	-0.1	0.8	-1.4	-0.1	0.4	0.8	2.0	1.1	0.4	-0.3	-0.7	
Machinery and transport equipment	...	2.4	0.4	-1.8	0.5	-1.4	-1.6	-2.2	-2.0	-1.1	-0.4	1.6	2.0	1.1	
Miscellaneous goods	...	0.4	5.4	2.3	3.4	0.6	1.0	3.2	4.1	5.0	4.5	2.7	1.5	-1.2	
Communication and transport	...	4.2	1.7	-0.4	0.3	-0.4	-0.2	-0.6	-0.4	0.3	0.3	0.4	0.3	-0.4	
Total	...	0.8	4.0	3.9	2.3	6.8	5.1	2.4	1.6	0.9	2.1	2.3	3.9	2.8	
Domestic production	...	-4.8	5.0	4.7	2.8	7.9	6.1	3.1	1.9	1.4	2.7	2.5	4.6	3.0	
Imports	...	-0.2	0.2	0.7	0.1	1.7	0.9	-0.1	0.2	-1.2	-0.5	0.8	1.3	1.4	

Source: Data provided by the Malaysian authorities.

1/ New weights apply in 1996. Figures for 1993-95 have been revised based on 1989 base year.

Table 15. Malaysia: Federal Government Revenue and Grants, 1992-97

(In millions of ringgit)

	1992	1993	1994	1995	Prel. 1996	Budget 1/ 1997
<b>Tax revenue</b>	30,199	33,234	39,012	43,306	49,168	52,356
<b>Taxes on net income and profits</b>	14,386	15,661	17,408	20,136	22,661	23,663
<b>Oil production companies</b>	3,417	2,859	2,210	2,137	2,203	2,570
Petronas	2,283	1,913	1,413	1,672	1,762	2,056
Other oil companies	1,134	946	797	465	441	514
<b>Other companies</b>	7,524	8,551	10,562	11,707	14,166	14,326
Individuals	3,441	4,248	4,567	6,203	6,172	6,645
Other 2/	4	3	69	89	120	122
<b>Taxes on property</b>	231	177	219	281	437	422
<b>Taxes on goods and services</b>	8,410	9,986	11,904	14,029	15,966	17,193
<b>Sales tax</b>	3,082	3,468	4,131	4,868	5,473	5,736
Imported goods	1,112	1,343	1,546	1,664	1,768	1,624
Domestic goods	1,970	2,125	2,585	3,204	3,705	4,112
<b>Selective excises on goods</b>	3,062	3,712	4,298	5,280	5,790	6,292
Tobacco and alcoholic beverages	700	887	913	1,055	1,066	1,151
Petroleum products	1,138	1,423	1,620	1,899	1,908	2,008
Motor vehicle tax	1,145	1,326	1,697	2,280	2,756	3,075
Other	79	76	68	46	60	58
<b>Selective excises on services</b>	2,266	2,806	3,475	3,881	4,703	5,165
Motor vehicle tax	1,070	1,152	1,313	1,496	1,699	1,807
<b>Taxes on international trade</b>	6,073	6,030	6,800	6,474	7,173	8,045
<b>Import duties</b>	4,384	4,566	5,642	5,621	6,132	7,075
Tobacco and alcoholic beverages	358	295	332	366	419	401
Petroleum products	1,360	1,461	1,750	1,546	1,685	1,772
Other import duties	2,666	2,810	3,560	3,709	4,028	4,902
<b>Export duties</b>	1,689	1,464	1,158	853	1,041	970
Petroleum	1,646	1,429	1,098	751	996	868
Palm oil	6	7	28	74	24	86
Other	37	28	32	28	21	16
<b>Other tax revenue 3/</b>	1,099	1,380	2,681	2,386	2,931	3,033
<b>Nontax revenue</b>	7,859	8,335	8,168	7,765	9,890	9,156
<b>Property income</b>	6,525	6,721	5,418	5,553	5,634	5,887
Public financial institutions	1,010	501	38	2	19	6
Rent and interest 4/	1,641	2,379	1,654	1,741	1,667	1,139
Dividends paid by Petronas	3,100	3,100	3,100	3,100	3,100	3,100
Petroleum royalties	774	741	626	710	848	1,642
<b>Administrative fees and charges on sale of goods, fines, and forfeit</b>	987	1,413	2,126	1,692	3,481	2,971
<b>Contributions to pension fund</b>	0	0	0	0	0	0
<b>Other nontax revenue</b>	347	201	624	520	775	298
<b>Capital revenue</b>	57	37	74	86	88	76
<b>Total revenue</b>	38,115	41,606	47,254	51,157	59,146	61,588
Foreign grants	0	0	0	0	0	0
<b>Total revenue and grants</b>	38,115	41,606	47,254	51,157	59,146	61,588
<b>In percent of GDP</b>						
Tax revenue	20.3	20.1	20.5	19.8	19.7	18.9
Nontax revenue	5.3	5.0	4.3	3.6	4.0	3.3
Total revenue	25.7	25.2	24.8	23.4	23.7	22.3

Source: Data provided by the Malaysian authorities.

- 1/ Includes effects of tax measures contained in the 1997 Budget.  
 2/ Consists of income taxes on cooperatives and other direct taxes.  
 3/ Excludes expenditure refunds and net lending.  
 4/ Excludes revenue from sales of shares.

Table 16. Malaysia: Economic Classification of Federal Government Expenditure and Net Lending, 1992-97

	1992	1993	1994	1995	<u>Prel.</u> 1996	<u>Budget</u> 1997
(In millions of ringgit)						
Current expenditure 1/	33,094	33,019	35,749	37,940	43,755	42,571
On personnel, goods, and services	15,375	15,387	17,239	18,822	21,639	20,240
Wages and salaries	10,383	10,322	11,016	11,433	14,324	13,078
Other goods and services 2/	4,992	5,065	6,223	7,389	7,315	7,162
Interest payments 3/	7,304	7,166	6,815	6,521	6,795	6,595
Subsidies and other current transfers	10,415	10,466	11,695	12,597	15,321	15,736
Transfers to state governments	1,219	1,302	1,440	1,410	1,451	1,556
Pensions	2,183	2,320	2,737	2,755	3,509	3,648
Other current transfers 4/	7,013	6,844	7,518	8,432	10,361	10,532
Development expenditure	6,386	8,268	6,497	11,019	12,970	14,378
Direct development expenditure	7,437	8,084	9,107	10,824	10,773	13,238
Net lending 5/	-1,051	184	-2,610	195	2197	1140
Adjustment for accounts payable	-263	-57	-655	-649	-255	0
<b>Total expenditure and net lending</b>	<b>39,217</b>	<b>41,230</b>	<b>41,591</b>	<b>48,310</b>	<b>56,470</b>	<b>56,949</b>
(In percent of total expenditure and net lending)						
Current expenditure 1/	84.4	80.1	86.0	78.5	77.5	74.8
Expenditure on goods and services	39.2	37.3	41.4	39.0	38.3	35.5
Wages and salaries	26.5	25.0	26.5	23.7	25.4	23.0
Other goods and services 2/	12.7	12.3	15.0	15.3	13.0	12.6
Interest payments 3/	18.6	17.4	16.4	13.5	12.0	11.6
Subsidies and other current transfers	26.6	25.4	28.1	26.1	27.1	27.6
Transfers to state governments	3.1	3.2	3.5	2.9	2.6	2.7
Pensions	5.6	5.6	6.6	5.7	6.2	6.4
Other current transfers 4/	17.9	16.6	18.1	17.5	18.3	18.5
Development expenditure	16.3	20.1	15.6	22.8	23.0	25.2
Direct development expenditure	19.0	19.6	21.9	22.4	19.1	23.2
Net lending 5/	-2.7	0.4	-6.3	0.4	3.9	2.0
Adjustment for accounts payable	-0.7	-0.1	-1.6	-1.3	-0.5	0.0
(In percent of GDP)						
Current expenditure	22.3	20.0	18.8	17.3	17.5	15.4
Expenditure on goods and services	3.4	3.1	3.3	3.4	2.9	2.6
Wages and salaries	7.0	6.2	5.8	5.2	5.7	4.7
Direct development expenditure	5.0	4.9	4.8	4.9	4.3	4.8

Source: Data provided by the Malaysian authorities.

1/ Includes expenditure refunds.

2/ Includes defense expenditures shown in the development budget and some net lending shown in the current budget.

3/ Excludes contributions to the sinking funds.

4/ Consists of subsidies, indemnities, refunds and write-offs, transfers to statutory bodies, and other transfers.

5/ Includes repayments of loans from revenue, loan funds, and revenue from sales of shares.

Table 17. Malaysia: Functional Classification of Federal Government  
Expenditure and Net Lending, 1992-97

(In millions of ringgit)

	1992	1993	1994	1995	<u>Prel.</u> 1996	<u>Budget</u> 1997
General services	25,978	27,127	30,048	33,604	37,688	39,052
General public services	6,355	6,584	6,498	9,197	8,669	9,042
General administration	3,886	4,147	4,205	6,426	5,700	6,107
Internal security	2,469	2,437	2,293	2,771	2,969	2,935
Defense	4,500	4,951	5,565	6,121	6,091	6,183
Education	8,059	8,538	10,108	10,603	12,489	12,651
Health	2,414	2,407	2,529	2,772	3,474	3,472
Social security 1/	2,183	2,320	2,737	2,755	3,509	3,648
Housing and community developments	2,467	2,327	2,611	2,156	3,456	4,056
Thereof: Community and social securities	1,613	1,437	1,702	1,425	2,143	2,404
Economic services	8,002	7,776	8,949	9,309	11,978	11,996
Agriculture, forestry, and rural development	2,389	2,442	2,536	2,495	2,618	2,582
Transport and communication	3,517	3,464	3,730	4,191	5,655	5,489
Other economic services 2/	2,096	1,870	2,683	2,623	3,705	3,925
Unallocable	5,500	6,384	3,249	6,046	7,059	5,901
Public debt interest	7,304	7,166	6,815	6,521	6,795	6,595
Transfers to state governments	1,219	1,302	1,440	1,410	1,451	1,556
Others 3/	-3,023	-2,084	-5,006	-1,885	-1,187	-2,250
Adjustment for accounts payable	-263	-57	-655	-649	-255	0
Total expenditure and net lending	39,217	41,230	41,591	48,310	56,470	56,949
Memorandum item:						
Public debt interest/GDP (percent)	4.9	4.3	3.6	3.0	2.7	2.4

Source: Data provided by the Malaysian authorities.

1/ Includes government pensions.

2/ Includes general administration, regulations and research, mining, manufacturing and construction, and utilities.

3/ Includes expenditure refunds and net lending items.

Table 18. Malaysia: Federal Budgetary Developments, 1992-97

	1992	1993	1994	1995	<u>Prel.</u> 1996	<u>Budget</u> 1997
(In millions of ringgit)						
Total revenue and grants	38,115	41,606	47,254	51,157	59,146	61,588
Tax revenue	30,199	33,234	39,012	43,306	49,168	52,356
Nonpetroleum tax revenue	22,638	26,062	32,334	36,973	42,376	45,138
Taxes on net income and profits 1/	11,200	12,979	15,417	18,280	20,895	21,515
Sales tax and excises 2/	8,371	9,943	12,965	14,516	16,989	18,218
Taxes on international trade	3,067	3,140	3,952	4,177	4,492	5,405
Petroleum tax revenue	7,561	7,172	6,678	6,333	6,792	7,218
Oil production companies	3,417	2,859	2,210	2,137	2,203	2,570
Excises and duties	4,144	4,313	4,468	4,196	4,589	4,648
Nontax revenue	7,916	8,372	8,242	7,851	9,978	9,232
Petroleum	3,874	3,841	3,726	3,810	3,948	4,742
Other 3/	4,042	4,531	4,516	4,041	6,030	4,490
Total expenditure and net lending	39,217	41,230	41,591	48,310	56,470	56,949
Current expenditure	33,094	33,019	35,749	37,940	43,755	42,571
Wages and salaries	10,383	10,322	11,016	11,433	14,324	13,078
Other expenditure on goods and services	4,992	5,065	6,223	7,389	7,315	7,162
Interest payments	7,304	7,166	6,815	6,521	6,795	6,595
Subsidies and transfers	10,415	10,466	11,695	12,597	15,321	15,736
Development expenditure	6,123	8,211	5,842	10,370	12,715	14,378
Direct expenditure	7,437	8,084	9,107	10,824	10,773	13,238
Net lending 4/	-1,314	127	-3,265	-454	1,942	1,140
Overall balance	-1,102	376	5,663	2,847	2,676	4,639
Memorandum items:						
Current balance	4,964	8,550	11,431	13,131	15,303	18,941
Primary balance 5/	6,202	7,542	12,478	9,368	9,471	11,234
(In percent of GDP)						
Total revenues	25.7	25.2	24.8	23.4	23.7	22.3
Total expenditures	26.4	25.0	21.9	22.1	22.6	20.6
Overall balance	-0.7	0.2	3.0	1.3	1.1	1.7
Current balance	3.3	5.2	6.0	6.0	6.1	6.8
Primary balance	4.2	4.6	6.6	4.3	3.8	4.1

Source: Data provided by the Malaysian authorities.

1/ Includes taxes on property.

2/ Includes "other tax revenue."

3/ Includes capital revenue and foreign grants.

4/ Includes adjustment for accounts payable.

5/ Overall balance plus interest payments.

Table 19. Malaysia: Federal Government Operations, 1992-97

(In millions of ringgit)

	1992	1993	1994	1995	Prel. 1996	Budget 1997
Total revenue (grants are zero)	38,115	41,606	47,254	51,157	59,146	61,588
Transfers from:	0	0	0	0	0	0
Statutory bodies	0	0	0	0	0	0
State governments	0	0	0	0	0	0
Local governments	0	0	0	0	0	0
NFPEs	0	0	0	0	0	0
Total expenditure and net lending	39,217	41,230	41,591	48,310	56,470	56,949
Current expenditure 1/	33,094	33,019	35,749	37,940	43,755	42,571
Transfers to:	3,917	4,350	4,584	4,451	4,142	4,894
Statutory bodies	2,603	2,933	3,036	2,953	2,586	3,217
State governments	1,219	1,302	1,440	1,410	1,451	1,556
Statutory grants	707	798	888	914	907	938
Other grants	512	504	552	496	544	618
Local governments	95	115	108	88	105	121
NFPEs	0	0	0	0	0	0
Direct development expenditure	7,437	8,084	9,107	10,824	10,773	13,238
Transfers to:	1,820	1,389	2,143	2,096	2,743	2,834
Statutory bodies	1,378	1,034	1,597	1,587	2,171	2,312
State governments 2/	73	65	75	81	76	79
Local governments	155	76	87	81	66	70
NFPEs	214	214	384	347	430	373
Net lending	-1,051	184	-2,610	195	2,197	1,140
Net loans to:	-1,695	-579	-2,766	765	1,874	58
Statutory bodies	33	-5	165	43	43	43
State governments	103	128	345	247	261	261
Local governments	-18	-10	-10	-12	-8	-8
NFPEs	-1,813	-692	-3,266	487	1,578	-238
Adjustments for accounts payable	-263	-57	-655	-649	-255	0
Overall balance	-1,102	376	5,663	2,847	2,676	4,639
Financing (net)	1,102	-376	-5,663	-2,847	-2,676	-4,639
External (net)	-3,168	-3,135	-4,757	-1,635	-2,177	...
Project loans	-184	-1,199	-429	-534	-1,503	...
Market loans	-2,858	-1,824	-4,328	-1,101	-674	...
Other	-126	-112	0	0	0	...
Domestic (net)	4,270	2,759	-906	-1,212	-499	...
Banking system	-217	-1,730	-810	-1,863	-1,410	...
Central bank	-403	-378	-374	-417	-1,015	...
Claims on federal government 3/	-1,071	-116	500	1,144	1,025	...
Deposits by federal government 3/	668	-462	-1,074	-1,561	-2,040	...
Commercial banks	186	-1,152	-236	-1,446	-395	...
Claims on federal government 3/	-959	-736	517	-944	228	...
Deposits by federal government 3/	1,145	-416	-753	-502	-623	...
Nonbanks	4,487	4,489	-96	651	911	...
Employees Provident Fund	1,812	-420	1,007	1,123	-399	...
Petronas	-502	0	-302	-44	-70	...
Insurance companies 4/	860	1,130	609	1,119	1,513	...
Other	2,317	3,779	-1,410	-1,547	-133	...
Memorandum items:						
Privatization revenues	1,291	484	2,909	0	0	0
Current balance	4,964	8,550	11,431	13,131	15,303	18,941
Overall balance (in percent of GDP)	-0.7	0.2	3.0	1.3	1.1	1.7
Overall balance excluding privatization revenues (in percent of GDP)	-1.6	-0.1	1.4	1.3	1.1	1.7

Source: Data provided by the Malaysian authorities.

1/ Excludes net lending shown in the current budget.

2/ Includes reimbursements to state governments.

3/ Net of claims and deposits from Pension Trust Fund (which are included in monetary survey figures).

4/ Insurance companies are currently required to hold 25 percent of assets in government securities.

Table 20. Malaysia: Operations of Statutory Bodies, 1992-97

(In millions of ringgit)

	1992	1993	1994	1995	<u>Prel.</u> 1996	<u>Budget</u> 1997
Total revenue	6,953	6,908	7,957	6,772	7,018	7,943
Own revenue	2,972	2,941	3,324	2,232	2,261	2,414
Transfers from:	3,981	3,967	4,633	4,540	4,757	5,529
Federal government	3,981	3,967	4,633	4,540	4,757	5,529
State governments	0	0	0	0	0	0
Local governments	0	0	0	0	0	0
NFPEs	0	0	0	0	0	0
Total expenditure	6,723	5,669	5,882	5,149	5,565	5,010
Operating expenditure	4,079	4,124	4,262	3,291	3,806	3,185
Transfers to:	0	0	0	0	0	0
Federal government	0	0	0	0	0	0
State governments	0	0	0	0	0	0
Local governments	0	0	0	0	0	0
NFPEs	0	0	0	0	0	0
Development expenditure	2,644	1,545	1,620	1,858	1,759	1,825
Overall balance	230	1,239	2,075	1,623	1,453	2,933
Financing (net)	-230	-1,239	-2,075	-1,623	-1,453	-2,933
External	-222	-187	-108	-167	-174	-177
Domestic	347	-1,397	119	-73	-64	34
Net borrowing from federal government	33	-5	165	43	43	43
Other	314	-1392	-46	-116	-107	-9
Change in assets (increase -)	-355	345	-2,086	-1,383	-1,215	-2,790
Memorandum items:						
Current balance	2,874	2,784	3,695	3,481	3,212	4,758
Overall balance (in percent of GDP)	0.2	0.7	1.1	0.7	0.6	1.1

Source: Data provided by the Malaysian authorities.

Table 21. Malaysia: Operations of State Governments, 1992-97

(In millions of ringgit)

	1992	1993	1994	1995	Prel. 1996	Budget 1997
<b>Revenue and grants</b>	6,695	7,361	7,964	8,390	9,072	9,814
Own revenue	5,403	5,994	6,449	6,899	7,545	8,179
Transfers from:	1,292	1,367	1,515	1,491	1,527	1,635
Federal government	1,292	1,367	1,515	1,491	1,527	1,635
Statutory bodies	0	0	0	0	0	0
Local governments	0	0	0	0	0	0
NFPEs	0	0	0	0	0	0
<b>Expenditure</b>	6,747	7,027	6,909	7,765	8,902	10,202
Operating expenditure	4,020	3,949	4,344	4,314	4,803	5,275
Transfers to:	20	159	290	324	585	343
Federal government	0	0	0	0	0	0
Statutory bodies	0	0	0	0	0	0
Local governments	20	159	290	324	585	343
NFPEs	0	0	0	0	0	0
Development expenditure and net lending	2,727	3,078	2,565	3,451	4,099	4,927
Direct development expenditure	2,828	2,707	3,020	3,641	4,074	4,804
Transfers to:	116	116	112	85	114	114
Federal government	0	0	0	0	0	0
Statutory bodies	0	0	0	0	0	0
Local governments	116	116	112	85	114	114
NFPEs	0	0	0	0	0	0
Net lending	-101	371	-455	-190	25	123
Local governments	-2	8	-3	13	-7	1
Other	-99	363	-452	-203	32	122
<b>Overall balance</b>	-52	334	1,055	625	170	-388
<b>Financing (net)</b>	52	-334	-1,055	-625	-170	388
External	0	0	0	0	0	0
Domestic	52	-334	-1,055	-625	-170	388
Borrowing from federal government	103	128	345	247	261	261
Other borrowing, including change in assets	-51	-462	-1,400	-872	-431	127
<b>Memorandum items:</b>						
Current balance	2,675	3,412	3,620	4,076	4,269	4,539
Overall balance (in percent of GDP)	0.0	0.2	0.6	0.3	0.1	-0.1

Source: Data provided by the Malaysian authorities.

Table 22. Malaysia: Operations of Local Governments, 1992-97

(In millions of ringgit)

	1992	1993	1994	1995	<u>Prel.</u> 1996	<u>Budget</u> 1997
Total revenue	2,021	2,370	2,629	2,872	3,234	3,161
Own revenue	1,635	1,904	2,032	2,294	2,364	2,513
Transfers from:	386	466	597	578	870	648
Federal government	250	191	195	169	171	191
Statutory bodies	0	0	0	0	0	0
State governments	136	275	402	409	699	457
NFPEs	0	0	0	0	0	0
Total expenditure	2,008	2,202	2,552	2,865	3,003	2,960
Current expenditure	1,494	1,588	1,746	2,105	2,140	2,197
Transfers to:	0	0	0	0	0	0
Federal government	0	0	0	0	0	0
Statutory bodies	0	0	0	0	0	0
State governments	0	0	0	0	0	0
NFPEs	0	0	0	0	0	0
Development expenditure	514	614	806	760	863	763
Overall balance	13	168	77	7	231	201
Financing (net)	-13	-168	-77	-7	-231	-201
External	0	0	0	0	0	0
Domestic	-13	-168	-77	-7	-231	-201
Borrowing from federal government	-18	-10	-10	-12	-8	-8
Borrowing from state governments	-2	8	-3	13	-7	1
Other borrowing including change in assets	7	-166	-64	-8	-216	-194
Memorandum items:						
Current balance	527	782	883	767	1,094	964
Overall balance (in percent of GDP)	0.0	0.1	0.0	0.0	0.1	0.1

Source: Data provided by the Malaysian authorities.

Table 23. Malaysia: General Government Operations, 1992-97 1/

(In millions of ringgit)

	1992	1993	1994	1995	<u>Prel.</u> 1996	<u>Budget</u> 1997
Total revenue and grants 2/	48,125	52,445	59,059	62,582	71,316	74,694
Federal government	38,115	41,606	47,254	51,157	59,146	61,588
Statutory bodies	2,972	2,941	3,324	2,232	2,261	2,414
State governments	5,403	5,994	6,449	6,899	7,545	8,179
Local governments	1,635	1,904	2,032	2,294	2,364	2,513
Total expenditure and net lending	48,920	50,207	49,692	57,189	66,497	67,012
Total current expenditure 2/	38,750	38,171	41,227	42,875	49,777	47,991
Federal government	29,177	28,669	31,165	33,489	39,613	37,677
Statutory bodies	4,079	4,124	4,262	3,291	3,806	3,185
State governments	4,000	3,790	4,054	3,990	4,218	4,932
Local governments	1,494	1,588	1,746	2,105	2,140	2,197
Total direct development expenditure 2/	11,701	11,659	12,682	15,249	15,042	18,055
Federal government	5,831	6,909	7,348	9,075	8,460	10,777
Statutory bodies	2,644	1,545	1,620	1,858	1,759	1,825
State governments	2,712	2,591	2,908	3,556	3,960	4,690
Local governments	514	614	806	760	863	763
Net lending	-1,268	434	-3,562	-286	1,933	966
Adjustments for accounts payable	-263	-57	-655	-649	-255	0
Overall balance	-795	2,238	9,367	5,393	4,819	7,682
Financing	795	-2,238	-9,367	-5,393	-4,819	-7,682
External	-3,390	-3,322	-4,865	-1,802	-2,351	-177
Domestic (including change in assets)	4,185	1,084	-4,502	-3,591	-2,468	-7,505
Memorandum items:						
Current balance	9,318	14,237	17,758	19,621	4,731	26,627
Overall balance (in percent of GDP)	-0.5	1.4	4.9	2.5	1.9	2.8
Overall balance excluding privatization revenues (in percent of GDP)	-1.4	1.1	3.4	2.5	1.9	2.8
Net lending	545	1,126	-296	-773	355	1,204
Federal government (other)	644	763	156	-570	323	1,082
State government (other)	-99	363	-452	-203	32	122

Source: Data provided by the Malaysian authorities.

1/ Includes federal, state, and local governments, and the statutory bodies.

2/ Net of transfers.

Table 24. Malaysia: Operations of Nonfinancial Public Enterprises (NFPEs), 1992-97 1/

(In millions of ringgit)

	1992	1993	1994	1995	<u>Prel.</u> 1996	<u>Budget</u> 1997
Operating surplus	13,541	13,643	14,803	16,364	16,111	18,307
Transfers from:	214	214	384	347	430	373
Federal government	214	214	384	347	430	373
Statutory bodies	0	0	0	0	0	0
State governments	0	0	0	0	0	0
Local governments	0	0	0	0	0	0
Transfers to:	0	0	0	0	0	0
Federal government	0	0	0	0	0	0
Statutory bodies	0	0	0	0	0	0
State governments	0	0	0	0	0	0
Local governments	0	0	0	0	0	0
Development expenditure	16,147	19,458	16,196	15,222	18,454	19,653
Overall balance	-2,606	-5,815	-1,393	1,142	-2,343	-1,346
Financing	2,606	5,815	1,393	-1,142	2,343	1,346
External	389	4,277	5,761	7,768	2,844	...
Domestic	2,217	1,538	-4,368	-8,910	-501	1,346
Borrowing from federal government	-1,813	-692	-3,266	487	1,578	-238
Borrowing from state governments	0	0	0	0	0	0
Other (including changes in assets)	4,030	2,230	-1,102	-9,397	-2,079	1,584
Memorandum items:						
Operating surplus net of transfers	13,327	13,429	14,419	16,017	15,681	17,934
Current balance	13,541	13,643	14,803	16,364	16,111	18,307
Overall balance (in percent of GDP)	-1.8	-3.5	-0.7	0.5	-0.9	-0.5
Privatization receipts 2/	0	328	0	1,100	0	0
Overall balance excluding privatization receipts (in percent of GDP)	-1.8	-3.7	-0.7	0.0	-0.9	-0.5

Source: Data provided by the Malaysian authorities.

1/ As a result of privatization, the number of NFPEs declined from 44 in 1992 to 31 in 1996.

2/ Privatization receipts from the sale of Petronas Dagan in 1993 and Petronas Gas in 1995.

Table 25. Malaysia: Consolidated Public Sector, 1992-97 1/

(In millions of ringgit)

	1992	1993	1994	1995	<u>Prel.</u> 1996	<u>Budget</u> 1997
<b>Total revenue and grants 2/</b>	61,452	65,874	73,478	78,599	86,997	92,628
Federal government	38,115	41,606	47,254	51,157	59,146	61,588
Statutory bodies	2,972	2,941	3,324	2,232	2,261	2,414
State governments	5,403	5,994	6,449	6,899	7,545	8,179
Local governments	1,635	1,904	2,032	2,294	2,364	2,513
NFPE operating surplus	13,327	13,429	14,419	16,017	15,681	17,934
<b>Total expenditure and net lending</b>	66,666	70,143	68,770	71,577	82,943	86,530
<b>Total current expenditure 2/</b>	38,750	38,171	41,227	42,875	49,777	47,991
Federal government	29,177	28,669	31,165	33,489	39,613	37,677
Statutory bodies	4,079	4,124	4,262	3,291	3,806	3,185
State governments	4,000	3,790	4,054	3,990	4,218	4,932
Local governments	1,494	1,588	1,746	2,105	2,140	2,197
<b>Total direct development expenditure 2/</b>	27,634	30,903	28,494	30,124	33,066	37,335
Federal government	5,617	6,695	6,964	8,728	8,030	10,404
Statutory bodies	2,644	1,545	1,620	1,858	1,759	1,825
State governments	2,712	2,591	2,908	3,556	3,960	4,690
Local governments	514	614	806	760	863	763
NFPEs	16,147	19,458	16,196	15,222	18,454	19,653
Net lending	545	1,126	-296	-773	355	1,204
Adjustment for accounts payable	-263	-57	-655	-649	-255	0
<b>Overall public sector balance</b>	-5,214	-4,269	4,708	7,022	4,054	6,098
<b>Financing</b>	5,214	4,269	-4,708	-7,022	-4,054	-6,098
External	-3,001	955	896	5,966	493	-177
Domestic (including changes in assets)	8,215	3,314	-5,604	-12,988	-4,547	-5,921
<b>Memorandum items:</b>						
Current balance 3/	22,645	27,666	32,177	35,638	37,132	44,561
Current balance (percent of GDP)	15.2	16.7	16.9	16.3	14.9	16.1
Overall balance (percent of GDP)	-3.5	-2.6	2.5	3.2	1.6	2.2
Privatization revenues	1,291	812	2,909	1,100	0	0
Overall balance, excluding privatization revenues (percent of GDP)	-4.4	-3.1	0.9	2.7	1.6	2.2

Source: Data provided by the Malaysian authorities.

1/ Consists of the federal, state and local governments, statutory bodies, and NFPEs.

2/ Net of transfers.

3/ Excludes capital revenue and foreign grants.

Table 26. Malaysia: Outstanding Federal Government Debt, 1992-96

	1992	1993	1994	1995	<u>Prel.</u> 1996
(In billions of ringgit; end of period)					
Domestic debt	76.1	76.5	78.0	78.0	79.2
Government securities	66.6	66.0	64.7	64.7	66.9
Treasury bills	4.3	4.3	4.3	4.3	4.3
Other	5.1	6.2	9.0	9.0	8.0
Foreign debt	20.9	19.4	14.8	13.3	10.5
International institutions and foreign governments 1/	8.0	7.8	7.6	7.1	5.3
Market loans	12.9	11.6	7.3	6.2	5.2
Total debt	97.0	95.9	92.8	91.4	89.7
(In percent of GDP)					
Domestic debt	51.2	46.3	41.0	35.7	31.7
Government securities	44.9	40.0	34.0	29.6	26.8
Treasury bills	2.9	2.6	2.3	2.0	1.7
Other	3.4	3.8	4.7	4.1	3.2
Foreign debt	14.1	11.7	7.8	6.1	4.2
International institutions and foreign governments 1/	5.4	4.7	4.0	3.2	2.1
Market loans	8.7	7.0	3.8	2.8	2.1
Total debt	65.3	58.0	48.8	41.8	35.9

Source: Data provided by the Malaysian authorities.

1/ Consists of project loans and suppliers credit.

Table 27. Malaysia: Operations of the Employees' Provident Fund, 1992-96

(In millions of ringgit)

	1992	1993	1994	1995	<u>Prel.</u> 1996
<b>Receipts</b>	10,871	12,679	14,900	16,985	21,131
Contributions	6,317	7,376	8,792	10,324	12,899
Investment income	4,504	5,251	5,689	6,599	8,137
Other	50	52	419	62	95
<b>Expenditure</b>	1,872	2,331	2,734	3,331	3,980
Withdrawals	1,760	2,205	2,592	3,160	3,768
Operating expenditure	112	126	142	171	212
<b>Balance</b>	8,999	10,348	12,166	13,654	17,151
In percent of GDP	6.1	6.3	6.4	6.2	6.9
<b>Holding of government securities</b>	39,635	39,264	40,721	39,150	38,754
<b>Registered employees (in thousands)</b>	6600	6900	7300	7760	8050
<b>Registered employers (in thousands)</b>	206	223	236	256	276

Source: Data provided by the Malaysian authorities.

Table 28. Malaysia: Assets and Liabilities of Bank Negara, 1992-97

(In millions of ringgit, end of period)

	1992	1993	1994	1995	1996	1995				1996				1997
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Foreign assets	47,218	76,475	68,203	63,796	70,031	64,259	67,202	65,339	63,796	63,848	66,872	67,872	70,031	72,189
Gold and foreign exchange	46,075	75,309	66,831	61,682	67,865	62,769	65,560	63,321	61,682	61,661	64,675	65,626	67,865	70,097
IMF reserve position	848	839	1,022	1,723	1,738	1,137	1,282	1,649	1,723	1,788	1,788	1,825	1,738	1,661
Holdings of SDRs	295	327	350	391	428	353	360	369	391	399	409	421	428	431
Claims on federal government 1/	561	454	980	2,155	3,118	1,472	988	1,785	2,155	2,841	3,400	3,058	3,118	1,752
Other domestic assets	11,813	23,371	23,616	22,525	23,590	23,396	23,867	24,587	22,525	22,830	25,649	24,055	23,590	22,796
Bills discounted	3,860	3,524	3,370	3,177	1,348	3,687	4,013	3,443	3,177	2,884	2,896	1,599	1,348	1,378
Deposits with banks and NFIs 2/	1,944	1,749	2,954	2,437	3,941	2,474	2,547	3,204	2,437	2,488	2,624	1,983	3,941	1,716
Loans and advances	2,369	2,637	3,445	4,196	4,660	3,601	3,934	4,085	4,196	4,508	4,584	4,595	4,660	4,726
Deferred expenditure	0	5,707	5,136	4,566	3,995	5,136	5,136	5,136	4,566	4,566	4,566	4,566	3,995	3,995
Other	3,640	9,754	8,711	8,149	9,647	8,498	8,237	8,719	8,149	8,384	10,978	11,312	9,647	10,981
Total assets	59,592	100,300	92,799	88,476	96,739	89,127	92,058	91,711	88,476	89,518	95,921	94,985	96,739	96,737
Currency in circulation	13,174	14,649	17,170	18,913	21,066	17,652	17,515	17,849	18,913	19,714	19,467	20,029	21,066	21,567
Currency outside banks	12,124	13,507	15,884	17,433	18,980	16,246	16,139	16,480	17,433	18,150	17,910	18,193	18,980	19,415
Bank notes and coin	1,050	1,142	1,286	1,480	2,086	1,406	1,376	1,369	1,480	1,564	1,557	1,836	2,086	2,152
Capital account	4,147	4,165	3,507	3,564	3,589	3,507	3,507	3,507	3,564	3,564	3,564	3,564	3,589	3,589
Paid-up capital	100	100	100	100	100	100	100	100	100	100	100	100	100	100
General reserve fund	3,556	3,556	2,888	2,939	2,984	2,888	2,888	2,888	2,939	2,939	2,939	2,939	2,984	2,984
Allocation of SDRs	491	509	519	525	505	519	519	519	525	525	525	525	505	505
Other liabilities	42,271	81,486	72,122	65,999	72,084	67,968	71,036	70,355	65,999	66,241	72,890	71,392	72,084	71,581
Deposits at BNM	40,612	73,208	66,884	57,758	66,719	62,678	64,435	61,590	57,758	56,684	63,061	63,592	66,719	64,808
Banks and NFIs 2/	27,559	56,762	46,876	42,374	49,427	44,463	46,827	45,210	42,374	43,215	48,054	49,514	49,427	55,184
Federal government	5,679	2,911	6,469	8,378	11,108	4,677	5,481	8,685	8,378	7,103	10,178	9,569	11,108	5,592
Other	7,374	13,535	13,539	7,006	6,184	13,538	12,128	7,695	7,006	6,366	4,829	4,509	6,184	4,032
Other reserves	753	41	43	43	43	43	43	43	43	43	43	43	43	43
Bank Negara bills and bonds	0	7,161	5,006	7,105	4,968	4,466	4,824	7,383	7,105	7,894	7,923	5,459	4,968	5,476
Other	906	1,076	189	1,093	355	780	1,734	1,340	1,093	1,620	1,862	2,298	355	1,254
Total liabilities	59,592	100,300	92,799	88,476	96,739	89,127	92,058	91,711	88,476	89,518	95,921	94,985	96,739	96,737

Source: Data provided by the Malaysian authorities.

1/ Federal government securities.

2/ Nonmonetary financial institutions (finance companies, merchant banks, and discount houses).

Table 29. Malaysia: Monetary Authorities' Account, 1992-97 1/

	1992	1993	1994	1995	1996	1995				1996				1997
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
(In millions of ringgit, end of period)														
Net foreign assets	47,196	76,435	68,173	63,770	70,015	64,232	67,184	65,308	63,770	63,822	66,846	67,846	70,015	72,151
Net domestic assets	-21,891	-48,182	-27,691	-15,800	-5,165	-22,821	-24,447	-20,526	-15,800	-10,273	-9,152	-6,929	-5,165	-3,248
Net claims on federal government	-5,118	-2,457	-5,488	-6,223	-7,990	-3,205	-4,492	-6,901	-6,223	-4,263	-6,779	-6,511	-7,990	-3,840
Claims on private sector	1,107	2,400	3,319	4,072	4,536	3,450	3,809	3,937	4,072	4,190	4,455	4,472	4,536	4,597
Claims on banks and NFIs 2/, 3/	-11,566	-38,727	3,443	3,250	1,348	3,760	4,086	3,516	3,250	2,957	2,969	1,887	1,348	1,378
Less other items net 3/	-6,314	-9,398	-28,964	-16,899	-3,059	-26,826	-27,850	-21,078	-16,899	-13,157	-9,797	-6,777	-3,059	-5,383
Of which: BNM bills and bonds	0	7,161	5,006	7,105	4,968	4,466	4,824	7,383	7,105	7,894	7,923	5,459	4,968	5,476
Reserve money	25,306	28,253	40,481	47,970	64,850	41,411	42,737	44,782	47,970	53,550	57,694	60,916	64,850	68,904
Currency in circulation	13,174	14,649	17,170	18,913	21,066	17,652	17,515	17,849	18,913	19,714	19,467	20,029	21,066	21,567
Deposits of commercial banks	7,643	8,161	14,745	19,088	28,697	15,497	16,668	17,913	19,088	22,537	25,450	27,055	28,697	31,327
Deposits of NFIs 2/	3,822	4,605	7,354	9,187	14,696	7,740	7,938	8,492	9,187	10,796	12,324	13,395	14,696	15,995
Deposits of private sector	667	838	1,213	782	391	522	616	528	782	503	453	437	391	15
(Twelve-month percentage change)														
Foreign assets (net)	55.0	62.0	-10.8	-6.5	9.8	-29.3	-23.3	-21.9	-6.5	-0.6	-0.5	3.9	9.8	13.1
Domestic assets (net)	173.2	120.1	-42.5	-42.9	-67.3	-60.9	-54.3	-54.8	-42.9	-55.0	-62.6	-66.2	-67.3	-68.4
Claims on federal government (net)	28.4	-52.0	123.4	13.4	28.4	78.5	-25.3	1.3	13.4	33.0	50.9	-5.6	28.4	-9.9
Claims on private sector	-3.5	116.8	38.3	22.7	11.4	26.1	36.5	21.7	22.7	21.4	17.0	13.6	11.4	9.7
Claims on banks	-301.5	234.8	-108.9	-5.6	-58.5	21.9	33.7	4.5	-5.6	-21.4	-27.3	-46.3	-58.5	-53.4
Reserve money	12.8	11.6	43.3	18.5	35.2	27.3	25.4	17.2	18.5	29.3	35.0	36.0	35.2	28.7
Currency in circulation	9.1	11.2	17.2	10.2	11.4	11.3	12.8	11.1	10.2	11.7	11.1	12.2	11.4	9.4
Deposits of commercial banks	9.6	6.8	80.7	29.5	50.3	45.3	41.5	25.6	29.5	45.4	52.7	51.0	50.3	39.0
Deposits of NFIs	31.6	20.5	59.7	24.9	60.0	44.8	31.1	20.7	24.9	39.5	55.3	57.7	60.0	48.2
Memoranda (RM million)														
Bank and NFI required reserves	11,286	12,690	21,883	28,083	43,175	23,199	24,482	26,212	28,083	33,176	37,636	40,139	43,175	46,927
Bank and NFI excess reserves	1,229	1,219	1,502	1,672	2,303	1,444	1,500	1,562	1,672	1,720	1,696	2,146	2,303	...

Source: Data provided by the Malaysian authorities.

1/ Bank Negara Malaysia accounts plus Treasury IMF operations.

2/ Nonmonetary financial institutions (finance companies, merchant banks, and discount houses).

3/ Since January 1994, claims on banks exclude short-term deposits with the central bank.

Table 30. Malaysia: Statement of Assets and Liabilities of Commercial Banks, 1992-97

(In millions of ringgit, end of period)

	1992	1993	1994	1995	1996	1995				1996				1997
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Foreign assets	5,221	10,372	10,517	10,257	10,196	11,054	10,427	9,465	10,257	10,457	9,684	9,294	10,196	13,139
Reserves	8,468	9,038	15,436	20,108	30,336	16,546	17,739	18,893	20,108	24,051	26,461	28,401	30,336	32,939
Claims on federal government	11,069	9,872	9,695	9,670	11,751	10,252	9,804	10,578	9,670	10,209	10,365	10,993	11,751	11,852
Claims on private sector	109,263	121,188	140,632	183,453	230,863	149,434	158,371	170,364	183,453	194,781	204,542	220,659	230,863	249,616
Claims on NFIs 1/	7,828	8,326	12,351	16,725	24,693	11,412	12,062	13,014	16,725	14,419	18,195	18,569	24,693	26,213
Unclassified assets	26,952	56,298	44,092	44,377	38,736	41,899	45,848	44,387	44,377	41,590	42,193	37,008	38,736	42,210
<b>Assets</b>	<b>168,801</b>	<b>215,095</b>	<b>232,722</b>	<b>284,590</b>	<b>346,575</b>	<b>240,597</b>	<b>254,251</b>	<b>266,701</b>	<b>284,590</b>	<b>295,507</b>	<b>311,440</b>	<b>324,924</b>	<b>346,575</b>	<b>375,969</b>
Foreign liabilities	18,682	31,488	17,000	15,873	21,830	19,230	17,242	15,860	15,873	14,330	20,314	22,896	21,830	28,802
Federal government deposits	1,457	1,871	2,782	4,102	5,495	3,230	4,182	4,338	4,102	4,573	4,386	5,245	5,495	7,334
Demand deposits	18,601	28,715	31,156	35,514	43,813	30,553	32,706	33,001	35,514	36,582	37,276	40,942	43,813	46,038
Time and savings deposits	72,724	88,620	97,532	122,918	155,440	101,353	109,014	115,585	122,918	129,824	135,348	141,542	155,440	160,419
Repurchase agreements	6,490	8,263	9,202	9,612	11,783	9,337	9,466	9,442	9,612	11,327	10,369	9,973	11,783	12,428
Bonds and money market instruments	15,232	14,907	26,481	38,617	42,740	25,723	28,609	34,736	38,617	38,805	42,883	44,650	42,740	49,278
Credit from central bank	-12,943	-40,080	-18,079	-10,190	-2,700	-16,253	-17,084	-13,652	-10,190	-6,012	-6,401	-5,715	-2,700	-4,020
Credit from NFIs 1/	435	742	2,116	2,813	1,361	2,047	2,847	2,299	2,813	3,156	2,656	1,639	1,361	1,818
Capital accounts	14,650	16,630	23,528	29,172	36,286	24,757	25,764	26,556	29,172	30,839	32,318	33,913	36,286	41,528
Unclassified liabilities	33,473	63,940	41,004	36,159	30,527	40,620	41,505	38,536	36,159	32,083	32,291	29,839	30,527	32,344
<b>Liabilities</b>	<b>168,801</b>	<b>215,095</b>	<b>232,722</b>	<b>284,590</b>	<b>346,575</b>	<b>240,597</b>	<b>254,251</b>	<b>266,701</b>	<b>284,590</b>	<b>295,507</b>	<b>311,440</b>	<b>324,924</b>	<b>346,575</b>	<b>375,969</b>

Source: Data provided by the Malaysian authorities.

1/ Nonmonetary financial institutions (finance companies, merchant banks, and discount houses).

Table 31. Malaysia: Deposit Money Banks--Consolidated Statement of Assets and Liabilities of Commercial Banks and Bank Islam, 1992-97

(In millions of ringgit; end of period)

	1992	1993	1994	1995	1996	1995				1996				1997
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Foreign assets	5,246	10,482	10,542	10,320	10,255	11,080	10,454	9,505	10,320	10,546	9,726	9,339	10,255	13,187
Reserves	8,604	9,242	15,810	20,459	30,727	16,915	18,092	19,236	20,459	24,428	26,932	28,815	30,727	33,515
Claims on federal government	11,324	10,690	11,127	10,182	12,020	11,277	10,886	11,151	10,182	10,715	10,781	11,218	12,020	11,995
Claims on private sector	110,418	122,337	141,965	185,472	233,270	150,904	159,981	172,110	185,472	196,926	206,787	223,018	233,270	252,267
Claims on NFIs 1/	7,828	8,326	12,352	16,802	24,771	11,436	12,116	13,082	16,802	14,489	18,315	18,684	24,771	26,420
Unclassified assets	27,038	56,406	44,239	44,601	39,490	42,227	46,100	44,715	44,601	41,814	42,768	37,363	39,490	43,150
<b>Assets</b>	<b>170,458</b>	<b>217,483</b>	<b>236,035</b>	<b>287,836</b>	<b>350,533</b>	<b>243,839</b>	<b>257,629</b>	<b>269,799</b>	<b>287,836</b>	<b>298,918</b>	<b>315,309</b>	<b>328,437</b>	<b>350,533</b>	<b>380,534</b>
Foreign liabilities	18,684	31,488	17,000	15,873	21,830	19,234	17,243	15,860	15,873	14,330	20,315	22,898	21,830	28,814
Federal government deposits	1,495	1,903	2,858	4,149	5,546	3,323	4,238	4,392	4,149	4,663	4,449	5,296	5,546	7,459
Demand deposits	18,931	29,128	31,723	36,191	44,623	31,190	33,340	33,638	36,191	37,352	37,996	41,693	44,623	47,016
Time and savings deposits	73,682	90,184	99,749	124,935	157,858	103,431	111,244	117,500	124,935	131,687	137,815	143,567	157,858	162,508
Repurchase agreements	6,490	8,263	9,202	9,612	11,783	9,337	9,466	9,442	9,612	11,327	10,369	9,973	11,783	12,428
Bonds and money market instruments	15,251	14,933	26,529	38,655	42,791	25,760	28,636	34,774	38,655	38,843	42,947	44,704	42,791	49,337
Credit from central bank	-12,943	-40,080	-18,079	-10,190	-2,709	-16,253	-17,084	-13,652	-10,190	-6,012	-6,401	-5,715	-2,709	-4,020
Credit from NFIs 1/	435	742	2,116	2,813	1,361	2,047	2,847	2,299	2,813	3,156	2,656	1,639	1,361	1,992
Capital accounts	14,843	16,884	23,813	29,478	36,617	25,050	26,076	26,872	29,478	31,156	32,648	34,253	36,617	41,865
Unclassified liabilities	33,590	64,038	41,123	36,320	30,833	40,720	41,623	38,674	36,320	32,416	32,515	30,129	30,833	33,135
<b>Liabilities</b>	<b>170,458</b>	<b>217,483</b>	<b>236,035</b>	<b>287,836</b>	<b>350,533</b>	<b>243,839</b>	<b>257,629</b>	<b>269,799</b>	<b>287,836</b>	<b>298,918</b>	<b>315,309</b>	<b>328,437</b>	<b>350,533</b>	<b>380,534</b>

Source: Data provided by the Malaysian authorities.

1/ Nonmonetary financial institutions (finance companies, merchant banks, and discount houses).

Table 32. Malaysia: Monetary Survey, 1993-97 1/

	1993	1994	1995	1996	1995				1996				1997
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
(In millions of ringgit; end of period)													
Net foreign assets	55,429	61,714	58,217	58,440	56,078	60,395	58,953	58,217	60,038	56,257	54,287	58,440	56,524
Net domestic assets	96,983	116,528	157,012	205,800	123,759	131,502	142,485	157,012	166,771	178,619	189,828	205,800	220,713
Net domestic credit	131,067	148,065	189,354	236,290	159,103	165,946	175,905	189,354	202,905	210,795	226,901	236,290	257,560
Net claims on federal government	6,330	2,781	-190	-1,516	4,749	2,156	-142	-190	1,789	-447	-589	-1,516	696
Claims on private sector	124,737	145,284	189,544	237,806	154,354	163,790	176,047	189,544	201,116	211,242	227,490	237,806	256,864
Other items net	-34,084	-31,537	-32,342	-30,490	-35,344	-34,444	-33,420	-32,342	-36,134	-32,176	-37,073	-30,490	-36,847
Broad money (M2)	152,413	178,240	215,227	264,238	179,836	191,896	201,438	215,227	226,809	234,876	244,113	264,238	277,237
Narrow money (M1)	48,078	56,174	63,593	78,690	55,698	58,033	59,138	63,593	66,801	68,683	73,718	78,690	82,441
Reserve money	28,253	40,481	47,970	64,850	41,411	42,737	44,782	47,970	53,550	57,694	60,916	64,850	68,904
Less: Bank notes and coin	1,142	1,286	1,480	2,086	1,406	1,376	1,369	1,480	1,564	1,557	1,836	2,086	2,152
Less: Bank deposits at Bank Negara	8,161	14,745	19,088	28,697	15,497	16,668	17,913	19,088	22,537	25,450	27,055	28,697	31,327
Plus: Bank demand deposits	29,128	31,723	36,191	44,623	31,190	33,340	33,638	36,191	37,352	37,996	41,693	44,623	47,016
Quasi-money plus repos 2/	98,472	120,726	134,551	169,644	112,784	120,726	126,948	134,551	143,017	148,188	153,543	169,644	174,936
Bank NCDs 3/	5,863	13,100	17,083	15,904	11,354	13,137	15,352	17,083	16,991	18,005	16,852	15,904	19,860
(Twelve-month percentage change)													
Foreign assets (net)	64.2	11.3	-5.7	0.4	-16.0	-3.9	-18.8	-5.7	7.1	-6.9	-7.9	0.4	-5.9
Domestic credit	12.8	13.0	27.9	24.8	19.6	28.0	27.2	27.9	27.5	27.0	29.0	24.8	26.9
Claims on government (net)	34.4	-56.1	-106.8	699.6	-28.4	-36.5	-107.7	-106.8	-62.3	-120.7	316.0	699.6	-61.1
Claims on private sector	11.8	16.5	30.5	25.5	22.1	29.7	29.0	30.5	30.3	29.0	29.2	25.5	27.7
M2	23.0	16.9	20.8	22.8	7.3	17.3	17.2	20.8	26.1	22.4	21.2	22.8	22.2
M1	35.3	16.8	13.2	23.7	12.5	12.9	7.4	13.2	19.9	18.4	24.7	23.7	23.4
(Twelve-month change as a percent of M2 at beginning of period)													
Foreign assets (net)	17.5	4.1	-2.0	0.1	-6.3	-1.5	-7.9	-2.0	2.2	-2.2	-2.3	0.1	-1.5
Domestic credit	12.0	11.2	23.2	21.8	15.5	22.2	21.9	23.2	24.4	23.4	25.3	21.8	24.1
Claims on government (net)	1.3	-2.3	-1.7	-0.6	-1.1	-0.8	-1.2	-1.7	-1.6	-1.4	-0.2	-0.6	-0.5
Claims on private sector	10.7	13.5	24.8	22.4	16.7	22.9	23.0	24.8	26.0	24.7	25.5	22.4	24.5
M1	10.1	5.3	4.2	7.0	3.7	4.0	2.4	4.2	6.2	5.5	7.2	7.0	6.9

Source: Data provided by the Malaysian authorities.

1/ Consolidation of the accounts of the monetary authorities, commercial banks and Bank Islam.

2/ Quasi-money is equal to Bank Negara time deposits plus bank time and savings deposits.

3/ Negotiable certificates of deposit.

Table 33. Malaysia: Nonmonetary Financial Institutions--Consolidated Statement of Assets and Liabilities of Finance Companies, Merchant Banks and Discount Houses, 1992-97

(In millions of ringgit; end of period)

	1992	1993	1994	1995	1996	1995				1996				1997
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Foreign assets	129	137	167	209	362	165	174	189	209	231	255	273	362	458
Reserves	4,436	8,421	10,394	12,280	15,910	11,735	12,005	11,204	12,280	13,611	14,643	15,025	15,910	18,288
Claims on federal government	4,209	3,727	3,073	2,995	4,856	2,820	2,564	3,119	2,995	3,302	4,076	4,463	4,856	5,201
Finance companies	2,122	1,990	1,936	2,031	3,466	1,863	1,741	2,011	2,031	2,316	2,717	3,075	3,466	3,587
Merchant banks	1,041	1,103	546	431	754	503	507	553	431	585	754	797	754	862
Discount houses	1,046	634	591	533	636	454	316	555	533	401	605	591	636	752
Claims on private sector	52,706	59,683	71,024	91,554	121,091	73,341	77,893	83,639	91,554	96,825	104,299	111,010	121,091	128,847
Finance companies	39,415	44,903	51,681	65,641	85,698	53,758	57,078	61,318	65,641	69,479	73,226	79,039	85,698	91,759
Merchant banks	9,563	10,619	13,074	15,907	21,183	13,451	13,802	13,778	15,907	16,091	18,442	19,056	21,183	23,193
Discount houses	3,728	4,161	6,269	10,006	14,210	6,132	7,013	8,543	10,006	11,255	12,631	12,915	14,210	13,895
Claims on commercial banks	5,482	7,031	9,135	9,148	10,620	8,318	8,776	8,258	9,148	8,558	9,329	8,864	10,620	10,414
Finance companies	4,309	6,044	6,642	7,395	7,640	6,293	6,831	6,365	7,395	6,854	7,243	6,876	7,640	7,883
Merchant banks	589	825	2,261	1,468	2,379	1,765	1,790	1,727	1,468	1,539	1,726	1,543	2,379	2,126
Discount houses	584	163	233	285	601	260	155	166	285	165	360	445	601	405
Unclassified assets	7,449	9,138	11,517	13,914	16,428	11,072	12,879	11,237	13,914	12,883	13,215	13,404	16,428	16,747
<b>Assets</b>	<b>74,411</b>	<b>88,137</b>	<b>105,310</b>	<b>130,100</b>	<b>169,267</b>	<b>107,451</b>	<b>114,291</b>	<b>117,646</b>	<b>130,100</b>	<b>135,410</b>	<b>145,817</b>	<b>153,039</b>	<b>169,267</b>	<b>179,955</b>
Foreign liabilities	0	45	30	62	43	39	85	99	62	1	1	37	43	62
Federal government deposits	453	722	707	1,213	2,116	899	1,050	1,011	1,213	1,647	1,768	1,892	2,116	2,619
Time and savings deposits	44,801	56,361	61,073	68,692	86,621	63,362	65,352	67,580	68,692	77,606	78,472	81,781	86,621	87,707
Finance companies	35,440	43,200	47,396	54,212	65,918	47,861	51,246	52,059	54,212	59,257	60,581	63,423	65,918	67,670
Merchant banks	6,372	9,464	8,964	8,880	13,470	11,047	9,027	9,991	8,880	12,137	11,712	12,033	13,470	13,450
Discount houses	2,989	3,697	4,713	5,600	7,233	4,454	5,079	5,530	5,600	6,212	6,179	6,325	7,233	6,587
Repurchase agreements	2,594	2,304	3,327	5,079	5,610	3,208	4,618	4,128	5,079	3,533	4,529	4,639	5,610	5,614
Bonds and money-market instruments	5,091	5,039	7,556	11,097	20,047	7,928	7,910	9,849	11,097	12,781	15,554	17,547	20,047	20,296
Credit from commercial banks	6,085	6,911	13,267	19,094	28,469	12,604	13,129	12,816	19,094	15,576	19,333	19,856	28,469	34,070
Finance companies	2,654	3,252	5,562	10,370	16,249	6,239	5,959	7,390	10,370	8,236	9,518	10,346	16,249	20,845
Merchant banks	2,063	2,186	4,969	4,979	5,685	3,282	3,865	3,069	4,979	3,206	4,281	4,210	5,685	7,108
Discount houses	1,368	1,473	2,736	3,745	6,535	3,083	3,305	2,357	3,745	4,134	5,534	5,300	6,535	6,117
Capital accounts	5,934	6,820	8,588	10,772	13,803	8,931	9,445	9,888	10,772	11,121	12,043	12,985	13,803	14,639
Unclassified liabilities	9,453	9,935	10,762	14,091	12,558	10,480	12,702	12,275	14,091	13,145	14,117	14,302	12,558	14,949
<b>Liabilities</b>	<b>74,411</b>	<b>88,137</b>	<b>105,310</b>	<b>130,100</b>	<b>169,267</b>	<b>107,451</b>	<b>114,291</b>	<b>117,646</b>	<b>130,100</b>	<b>135,410</b>	<b>145,817</b>	<b>153,039</b>	<b>169,267</b>	<b>179,955</b>

Source: Data provided by the Malaysian authorities.

Table 34. Malaysia: Banking Survey, 1993-97 1/

	1993	1994	1995	1996	1995				1996				1997
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
(In millions of ringgit; end of period)													
Net foreign assets	55,521	61,851	58,364	58,759	56,204	60,484	59,043	58,364	60,268	56,511	54,523	58,759	56,920
Net domestic assets	154,526	181,462	229,300	297,028	189,922	201,106	213,752	229,300	245,882	259,719	274,521	297,028	310,056
Net domestic credit	193,755	221,455	282,690	360,121	234,365	245,353	261,652	282,690	301,386	317,402	340,482	360,121	388,989
Net claims on federal government	9,335	5,147	1,592	1,224	6,670	3,670	1,966	1,592	3,444	1,861	1,982	1,224	3,278
Claims on private sector	184,420	216,308	281,098	358,897	227,695	241,683	259,686	281,098	297,941	315,541	338,500	358,897	385,711
Other items net	-39,229	-39,993	-53,390	-63,093	-44,443	-44,247	-47,900	-53,390	-55,504	-57,683	-65,961	-63,093	-78,933
Total liquidity (M3)	210,048	243,313	287,662	355,785	246,125	261,588	272,796	287,662	306,149	316,229	329,045	355,785	366,976
Monetary liabilities	42,965	48,259	53,806	63,210	47,431	49,583	50,149	53,806	55,393	55,713	59,660	63,210	65,441
Narrow money (M1)	48,078	56,174	63,593	78,690	55,698	58,033	59,138	63,593	66,801	68,683	73,718	78,690	82,441
Less: Bank & NFI demand deposits	508	561	601	786	527	512	497	601	612	646	663	786	1006
Less: NFI deposits at BNM	4,605	7,354	9,186	14,694	7,740	7,938	8,492	9,186	10,796	12,324	13,395	14,694	15,994
Quasi-money liabilities	156,598	173,027	207,873	261,467	179,031	190,058	198,194	207,873	223,753	230,978	239,612	261,467	267,874
Quasi-money and bank repos	98,472	108,966	134,551	169,644	112,784	120,726	126,948	134,551	143,017	148,188	153,543	169,644	174,936
NFI time and saving deposits	56,361	61,073	68,692	86,621	63,362	65,352	67,580	68,692	77,606	78,472	81,781	86,621	87,707
NFI repos	2,304	3,327	5,079	5,610	3,208	4,618	4,128	5,079	3,533	4,529	4,639	5,610	5,614
Less: Bank and NFI fixed deposits	539	339	449	408	323	638	462	449	403	211	351	408	383
Bank and NFI NCDs	10,485	22,027	25,983	31,108	19,663	21,947	24,453	25,983	27,003	29,538	29,773	31,108	33,661
Memorandum item:													
Broad money (M2)	152,413	178,240	215,227	264,238	179,836	191,896	201,438	215,227	226,809	234,876	244,113	264,238	277,237
(Twelve-month percentage change)													
Foreign assets (net)	63.8	11.4	-5.6	0.7	-15.9	-3.9	-18.9	-5.6	7.2	-6.6	-7.7	0.7	-5.6
Domestic credit	12.2	14.3	27.7	27.4	19.6	26.2	25.7	27.7	28.6	29.4	30.1	27.4	29.1
Claims on government (net)	10.3	-44.9	-69.1	-23.1	-28.2	-38.8	-52.0	-69.1	-48.4	-49.3	0.8	-23.1	-4.8
Claims on private sector	12.3	17.3	30.0	27.7	22.0	28.3	27.3	30.0	30.9	30.6	30.3	27.7	29.5
M1	35.3	16.8	13.2	23.7	12.5	12.9	7.4	13.2	19.9	18.4	24.7	23.7	23.4
M2	23.0	16.9	20.8	22.8	7.3	17.3	17.2	20.8	26.1	22.4	21.2	22.8	22.2
M3	23.8	15.8	18.2	23.7	9.0	16.8	16.6	18.2	24.4	20.9	20.6	23.7	19.9
(Twelve-month change as a percent of M3 at beginning of period)													
Foreign assets (net)	12.8	3.0	-1.4	0.1	-4.7	-1.1	-5.9	-1.4	1.7	-1.5	-1.7	0.1	-1.1
Domestic credit	12.4	13.2	25.2	26.9	17.0	22.8	22.9	25.2	27.2	27.5	28.9	26.9	28.6
Claims on government (net)	0.5	-2.0	-1.5	-0.1	-1.2	-1.0	-0.9	-1.5	-1.3	-0.7	0.0	-0.1	-0.1
Claims on private sector	11.9	15.2	26.6	27.0	18.2	23.8	23.8	26.6	28.5	28.2	28.9	27.0	28.7

Source: Data provided by the Malaysian authorities.

1/ Consolidation of the accounts of the monetary authorities, commercial banks and Bank Islam, finance companies, merchant banks, and discount houses.

Table 35. Malaysia: Money and Banking Indicators, 1992-97

	1992	1993	1994	1995	1996	Q1 1997
	(Billions of ringgit; total per period)					
Liquidity operations of Bank Negara	-23.68	-39.37	24.34	15.65	11.26	-1.79
Interbank transactions volume	432.60	544.50	818.90	857.20	888.30	280.51
	(In percent; end of period)					
Interest rates						
Interbank rate (overnight)	7.91	6.16	4.90	6.50	7.15	6.43
Treasury bill rate (3-month)	7.10	5.24	4.50	5.80	6.48	6.31
Deposit rate (12-month) 1/	7.84	6.29	6.15	6.89	7.26	7.25
Average base lending rate 1/	9.29	8.22	6.83	8.03	9.18	9.24
Average lending rate 1/	10.26	9.65	8.24	9.28	10.12	10.14
Loan/deposit ratio 2/						
Commercial banks	93.9	83.5	83.7	88.9	89.3	92.1
Finance companies	86.8	85.6	87.4	89.7	90.8	89.2
Risk-weighted capital ratio (RWCR) 3/						
Commercial banks	11.7	12.9	11.7	10.6	11.2	...
Finance companies	9.2	8.8	10.1	9.7	10.1	...
	(Number)					
Institutions not meeting the minimum RWCR						
Commercial banks	1	1	1	0	0	0
Finance companies	6	4	3	1	0	0
	(Percent of total loans)					
Nonperforming loans 4/						
Commercial banks	14.6	13.0	9.8	4.9	3.8	...
Principal portion	9.5	8.3	7.5	3.6	2.9	...
Interest-in-suspense	5.1	4.7	2.3	1.3	0.9	...
Finance companies	16.0	14.5	11.2	6.6	4.7	...
Principal portion	10.4	9.9	8.1	4.5	3.4	...
Interest-in-suspense	5.6	4.6	3.1	2.1	1.3	...
General provision 5/						
Commercial banks	1.2	1.3	1.6	1.7	1.9	...
Finance companies	1.0	1.1	1.3	1.5	1.5	...
	(Percent of nonperforming loans)					
Total outstanding bad debt provision						
Commercial banks	30.9	34.3	35.6	57.5	79.8	...
Finance companies	25.7	27.7	34.0	53.0	61.0	...
Memorandum items:						
Number of institutions						
Commercial banks	37	37	37	37	37	37
Finance companies	41	40	40	40	40	40

Source: Data provided by the Malaysian authorities.

1/ Commercial banks.

2/ Deposits include repurchase agreements and negotiable instruments of deposit; loans exclude housing loans sold to Cagamas.

3/ The minimum RWCR is currently 8 percent for all institutions; before 1994, it was 8 percent for finance companies and domestic banks. Compliance was mandatory by end-December 1992.

4/ As a percent of total loans including housing loans sold to Cagamas.

5/ As a percent of total loans including housing loans sold to Cagamas and less interest-in-suspense and specific provisions; minimum required provision is 1 percent.

Table 36. Malaysia: Interest Rates of Commercial Banks and Finance Companies, 1992-97 1/, 2/

(In percent; end of period)

	1992	1993	1994	1995	1996	1995				1996				1997	
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Fixed deposits															
1-month	7.9	6.4	5.2	6.5	7.2	5.6	5.7	5.9	6.5	6.8	7.2	7.1	7.2	7.2	
	<i>7.9</i>	<i>6.5</i>	<i>5.3</i>	<i>6.7</i>	<i>7.3</i>	<i>5.8</i>	<i>5.8</i>	<i>6.0</i>	<i>6.7</i>	<i>7.0</i>	<i>7.4</i>	<i>7.3</i>	<i>7.3</i>	<i>7.4</i>	
3-month	7.9	6.4	5.3	6.6	7.2	5.8	5.8	6.0	6.6	6.9	7.2	7.2	7.2	7.3	
	<i>8.0</i>	<i>6.5</i>	<i>5.5</i>	<i>6.8</i>	<i>7.3</i>	<i>6.0</i>	<i>5.9</i>	<i>6.1</i>	<i>6.8</i>	<i>7.1</i>	<i>7.4</i>	<i>7.3</i>	<i>7.3</i>	<i>7.4</i>	
6-month	7.9	6.3	5.8	6.7	7.3	6.1	6.0	6.1	6.7	6.9	7.3	7.3	7.3	7.3	
	<i>8.0</i>	<i>6.5</i>	<i>5.9</i>	<i>6.9</i>	<i>7.4</i>	<i>6.3</i>	<i>6.2</i>	<i>6.2</i>	<i>6.9</i>	<i>7.2</i>	<i>7.4</i>	<i>7.4</i>	<i>7.4</i>	<i>7.4</i>	
9-month	7.9	6.3	6.0	6.9	7.3	6.3	6.1	6.2	6.9	7.1	7.3	7.3	7.3	7.3	
	<i>8.0</i>	<i>6.4</i>	<i>6.1</i>	<i>6.9</i>	<i>7.4</i>	<i>6.4</i>	<i>6.4</i>	<i>6.3</i>	<i>6.9</i>	<i>7.2</i>	<i>7.4</i>	<i>7.4</i>	<i>7.4</i>	<i>7.4</i>	
12-month	7.8	6.3	6.2	6.9	7.3	6.6	6.3	6.4	6.9	7.0	7.3	7.3	7.3	7.3	
	<i>8.0</i>	<i>6.4</i>	<i>6.5</i>	<i>7.0</i>	<i>7.4</i>	<i>6.7</i>	<i>6.5</i>	<i>6.5</i>	<i>7.0</i>	<i>7.2</i>	<i>7.4</i>	<i>7.4</i>	<i>7.4</i>	<i>7.4</i>	
Savings deposits	3.3	3.3	3.5	3.3	3.5	3.3	3.3	3.3	3.3	3.3	3.4	3.3	3.5	3.4	
	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.5</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.5</i>	<i>5.5</i>	<i>5.8</i>	<i>5.5</i>	<i>5.5</i>	
Average base lending rate 3/	9.3	8.2	6.8	8.0	9.2	7.1	7.5	7.6	8.0	8.6	8.9	9.2	9.2	9.2	
	<i>10.6</i>	<i>10.5</i>	<i>8.4</i>	<i>9.4</i>	<i>10.7</i>	<i>8.5</i>	<i>8.9</i>	<i>9.1</i>	<i>9.4</i>	<i>9.8</i>	<i>10.3</i>	<i>10.6</i>	<i>10.7</i>	<i>10.7</i>	
Average lending rate 4/	10.3	9.7	8.2	9.3	10.1	8.5	8.7	8.8	9.3	9.7	10.0	10.1	10.1	10.1	
	<i>12.3</i>	<i>12.2</i>	<i>11.5</i>	<i>11.5</i>	<i>11.9</i>	<i>11.4</i>	<i>11.4</i>	<i>11.4</i>	<i>11.5</i>	<i>11.6</i>	<i>11.9</i>	<i>12.0</i>	<i>11.9</i>	<i>11.8</i>	

Source: Data provided by the Malaysian authorities.

1/ Most frequently quoted rates (or the average of the two most frequently quoted rates), unless otherwise indicated.

2/ Rates in italics are corresponding interest rates of finance companies.

3/ With effect from February 1991, all lending rates are pegged to a bank's declared base lending rate, with the exception of those levied on loans to priority sectors and those prescribed by law.

4/ Refers to the weighted average lending rate of all commercial banks and finance companies, respectively.

Table 37. Malaysia: Direction of Financial Institution Lending, 1992-97

	1992	1993	1994	1995	1996	<u>Q1</u> 1997
(In millions of ringgit; end of period)						
Agriculture	6,054.8	5,306.7	4,582.0	5,255.1	6,051.1	6,799.6
Mining and quarrying	1,137.5	883.7	723.0	1,184.3	990.5	1,146.6
Manufacturing	29,356.5	31,461.7	37,337.7	48,818.2	55,655.0	56,592.3
Electricity	735.1	1,003.7	2,998.8	3,749.9	5,126.8	5,864.3
General commerce	15,165.2	15,681.0	17,135.2	21,432.2	25,149.6	25,715.7
Building and construction	12,449.7	13,917.0	15,721.5	20,232.9	27,826.8	31,164.6
Real estate	14,931.9	15,266.6	14,623.9	20,571.8	28,033.1	30,473.1
Individual housing loans	20,972.9	24,324.6	28,019.4	32,752.9	39,661.0	41,748.4
Transport, storage, and communication	3,123.4	3,608.8	4,053.4	5,101.3	7,572.7	8,221.5
Finance, insurance, business services	17,414.1	22,887.1	22,868.1	31,874.0	46,681.9	55,415.7
Restaurants, hotels, and boarding houses	1,874.6	2,028.3	2,349.8	2,703.0	3,007.6	3,488.5
Purchase of stocks and shares	4,346.7	5,543.3	12,722.0	13,943.6	15,862.0	15,871.4
Consumption credit	17,085.6	19,512.0	22,699.1	29,518.9	40,063.1	41,480.2
Other	11,569.3	13,073.4	17,452.1	23,754.0	31,188.8	35,331.0
<b>Total</b>	<b>156,217</b>	<b>174,498</b>	<b>203,286</b>	<b>260,892</b>	<b>332,870</b>	<b>359,313</b>
(Percentage share)						
Agriculture	3.9	3.0	2.3	2.0	1.8	1.9
Mining and quarrying	0.7	0.5	0.4	0.5	0.3	0.3
Manufacturing	18.8	18.0	18.4	18.7	16.7	15.8
Electricity	0.5	0.6	1.5	1.4	1.5	1.6
General commerce	9.7	9.0	8.4	8.2	7.6	7.2
Building and construction	8.0	8.0	7.7	7.8	8.4	8.7
Real estate	9.6	8.7	7.2	7.9	8.4	8.5
Individual housing loans	13.4	13.9	13.8	12.6	11.9	11.6
Transport, storage, and communication	2.0	2.1	2.0	2.0	2.3	2.3
Finance, insurance, business services	11.1	13.1	11.2	12.2	14.0	15.4
Restaurants, hotels, and boarding houses	1.2	1.2	1.2	1.0	0.9	1.0
Purchase of stocks and shares	2.8	3.2	6.3	5.3	4.8	4.4
Consumption credit	10.9	11.2	11.2	11.3	12.0	11.5
Other	7.4	7.5	8.6	9.1	9.4	9.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Data provided by the Malaysian authorities.

Table 38. Malaysia: Developments in Malaysian Exchanges, 1992-97

	1992	1993	1994	1995	1996	<u>Q1</u> 1997
<b>Kuala Lumpur Stock Exchange (KLSE)</b>						
<b>Main Board</b>						
Number of listed companies	317	329	347	369	413	423
Market capitalization (billion ringgit)	242.94	606.08	492.99	542.81	745.98	773.87
Market concentration ratio (percent) 1/	42.8	32.5	30.4	32.4	28.7	...
Turnover (million ringgit)	49,187	372,634	318,251	157,908	278,138	108,834
Turnover (million units)	18,559	105,011	58,747	30,862	47,351	21,012
Composite index (end-period)	644.0	1275.3	971.2	995.2	1238.0	1203.1
Percent change	15.8	98.0	-23.8	2.5	24.4	...
Dividend yield (percent)	2.2	1.1	1.6	1.6	1.4	1.3
Price/earnings ratio	22.90	48.32	28.54	24.37	27.71	29.44
<b>Second Board</b>						
Number of listed companies	52	84	131	160	208	212
Market capitalization (billion ringgit)	2.88	13.56	15.86	22.70	60.78	70.61
Market concentration ratio (percent) 1/	33.1	30.4	22.0	22.2	16.4	...
Turnover (million ringgit)	2,282	14,642	9,806	20,877	185,061	40,723
Turnover (million units)	706	2,745	1,396	3,078	19,039	3,378
Second Board index (end-period)	139.9	352.0	260.7	298.7	576.3	656.4
Percent change	9.7	151.7	-25.9	14.6	93.0	...
Dividend yield (percent)	2.7	0.8	1.4	1.0	0.6	0.5
Price/earnings ratio	15.65	48.28	32.20	28.66	49.08	56.19
<b>Call warrants</b>						
Market valuation (billion ringgit)	...	...	...	0.10	0.01	...
Turnover (billion ringgit)	...	...	...	74	66	4
Turnover (million units)	...	...	...	40	71	23
<b>Kuala Lumpur Options and Financial Futures Exchange (KLOFFE)</b>						
Average daily volume (contracts)	...	...	...	...	312	521
<b>Malaysia Monetary Exchange (MME)</b>						
Average daily volume (contracts)	...	...	...	...	273	294

Source: Data provided by the Malaysian authorities.

1/ Value of ten largest equity issues divided by total market capitalization.

Table 39. Malaysia: Funds Raised in the Capital Market, 1992-97

	1992	1993	1994	1995	1996	Q1 1/ 1997
(In millions of ringgit)						
Net funds raised by the public sector	1,531	1,181	1,778	-35	1,331	-2,007
Gross issues	4,300	3,748	5,500	2,750	6,000	0
Malaysian government securities (MGS) 2/	3,800	1,600	2,229	2,000	6,000	0
MGS advance subscriptions	0	0	271	0	0	0
Government investment certificates	500	1,200	3,000	750	0	0
Malaysia savings bonds	0	948	0	0	0	0
Less: Redemptions	2,821	2,518	3,819	2,788	4,743	2,007
Malaysian government securities	2,421	2,225	3,549	2,250	3,809	1,000
Government investment certificates	400	200	200	500	900	1,000
Malaysia savings bonds	0	93	70	38	34	7
Less: Government holdings	-51	50	-97	-3	-74	0
Net funds raised by the private sector	12,504	6,992	17,518	19,630	29,435	7,724
Shares (net)	9,182	3,433	8,458	11,616	15,879	3,962
Initial public offers (IPOs)	5,416	913	2,973	4,175	4,099	782
Rights issues	3,438	1,177	3,437	5,240	5,269	1,258
Private placements 3/	28	659	799	1,147	4,511	1,754
Special issues 4/	300	684	1,249	876	2,001	169
Preference shares	0	0	0	0	0	0
Call warrants	0	0	0	179	0	0
Debt securities (net)	3,322	3,559	9,060	8,014	13,556	3,761
Gross issues	4,382	4,933	10,294	11,898	15,881	4,304
Conventional/straight bonds	1,634	3,119	3,911	7,213	7,736	1,386
Convertible bonds	608	165	1,323	863	1,130	796
Islamic bonds	25	0	300	800	2,350	1,622
Cagamas bonds	2,115	1,650	4,760	3,022	4,665	500
Less: redemptions	1,060	1,374	1,234	3,884	2,325	542
Private debt securities	310	474	384	1,249	1,575	12
Cagamas bonds	750	900	850	2,635	750	530
Total net issues	14,034	8,172	19,296	19,595	30,766	5,717
Net short-term securities	1,416	1,918	2,009	2,824	3,711	1,256
Gross issues	1,856	4,400	19,092	23,612	40,010	9,539
Commercial paper	684	1,715	16,602	20,217	34,220	7,489
Cagamas notes	1,172	2,685	2,490	3,395	5,790	2,050
Less: redemptions	440	2,482	17,083	20,788	36,299	8,283
Total including short-term securities	15,450	10,090	21,305	22,419	34,477	6,973
(In percent of GDP)						
Funds raised in the capital market (net) 5/	10.4	6.1	11.2	10.3	13.8	2.5
Public sector	1.0	0.7	0.9	0.0	0.5	-0.7
Private sector 5/	9.4	5.4	10.3	10.3	13.3	3.2
Shares	6.2	2.1	4.4	5.3	6.4	1.4
Debt securities 5/	3.2	3.3	5.8	5.0	6.9	1.8
(In percent of total net funds raised)						
Funds raised in the capital market (net) 5/	100.0	100.0	100.0	100.0	100.0	100.0
Public sector	9.9	11.7	8.3	-0.2	3.9	-28.8
Private sector 5/	90.1	88.3	91.7	100.2	96.1	128.8
Shares	59.4	34.0	39.7	51.8	46.1	56.8
Debt securities 5/	30.7	54.3	52.0	48.3	50.1	72.0

Source: Data provided by the Malaysian authorities.

1/ Preliminary.

2/ Excludes Treasury bills.

3/ Includes restricted offer-for-sale.

4/ Issues to Bumiputera investors and selected other investors.

5/ Includes short-term securities.

Table 40. Malaysia: Commodity Exports, 1992-96 1/

(In millions of U.S. dollars, unless otherwise indicated)

	1992	1993	1994	1995	<u>Prel.</u> 1996
Rubber	925	828	1,115	1,612	1,395
Volume ('000 tonnes)	1,035	937	1,017	1,013	980
Unit value (cents/kg)	89	88	110	159	142
Tin 2/	283	190	193	218	212
Volume (tonnes)	45,149	35,545	36,812	35,196	34,372
Unit value (US\$/tonne)	6,267	5,342	5,248	6,184	6,164
Saw logs	1,509	1,132	969	904	907
Volume ('000 m3)	17,888	9,288	8,417	7,746	6,985
Unit value (US\$/m3)	84	122	115	117	130
Sawn timber	1,369	1,766	1,650	1,533	1,208
Volume ('000 m3)	5,392	5,477	4,777	4,364	3,655
Unit value (US\$/m3)	254	322	345	351	330
Palm oil 3/	2,125	2,242	3,231	4,058	3,683
Volume ('000 tonnes)	5,536	5,838	6,863	6,564	7,150
Unit value (US\$/tonne)	384	384	471	618	515
Petroleum 4/	3,581	3,106	2,495	2,676	2,867
Volume ('000 tonnes)	22,526	21,032	19,061	19,165	17,494
Unit value (US\$/tonne)	159	148	131	140	164
LNG	1,065	1,031	900	1,225	1,772
Volume ('000 tonnes)	7,486	8,012	8,276	9,727	13,132
Unit value (US\$/tonne)	142	129	109	126	135
Major commodity exports	10,856	10,296	10,554	12,226	12,043
Manufactured exports	28,051	34,845	45,839	58,798	62,992
Other exports	1,784	1,958	2,260	2,841	3,144
Total exports (trade basis)	40,691	47,099	58,652	73,864	78,180
Memorandum item:					
Total exports (b.o.p. basis)	39,613	45,990	56,589	71,670	76,548

Source: Data provided by the Malaysian authorities.

1/ Customs data; volumes are expressed in 1988 prices and unit values are based on 1988 = 100.

2/ Includes tin-in-concentrate.

3/ Excludes export of processed palm oil and other oil products.

4/ Crude and partly refined.

Table 41. Malaysia: Manufactured Exports, 1992-96

(In millions of U.S. dollars)

	1992	1993	1994	1995	<u>Prel.</u> 1996
Electrical machinery, appliances, and parts	16,322	21,417	29,100	38,631	41,449
Electronic components	5,636	7,284	9,481	13,255	14,008
Electric appliances	1,575	1,975	2,424	3,045	3,548
Other electrical machinery	9,111	12,158	17,195	22,331	23,893
Transport equipment	1,505	1,425	2,223	2,097	1,806
Food	882	919	1,112	1,285	1,310
Beverages and tobacco	75	72	80	159	229
Textiles, clothing, and footwear	2,009	2,091	2,308	2,603	2,767
Wood products	913	1,568	1,819	1,978	2,420
Rubber products	847	958	1,048	1,305	1,426
Paper and paper products	202	206	238	310	278
Petroleum products	580	648	815	1,248	1,304
Chemicals and chemical products	899	1,099	1,733	2,498	2,678
Nonmetallic mineral products	350	411	545	670	652
Metal manufactures	899	1,187	1,385	1,859	1,989
Optical and scientific equipment	697	776	965	1,157	1,245
Toys and sporting goods	571	618	678	867	993
Other manufactured exports 1/	1,300	1,450	1,789	2,131	2,446
Total manufactured exports	28,051	34,845	45,839	58,798	62,992
Commodity exports	10,856	10,296	10,554	12,226	12,043
Other exports	1,784	1,958	2,260	2,841	3,144
Total exports (trade basis)	40,691	47,099	58,652	73,864	78,180
Memorandum item:					
Total exports (b.o.p. basis)	39,613	45,990	56,589	71,670	76,548

Source: Data provided by the Malaysian authorities.

Table 42. Malaysia: Gross Imports, 1992-96 1/

(In millions of U.S. dollars)

	1992	1993	1994	1995	<u>Prel.</u> 1996
Consumption goods	6,787	7,379	9,648	11,031	11,417
Food	1,354	1,435	1,611	1,948	1,949
Consumer durables	1,338	1,594	2,116	2,293	2,169
Other	4,096	4,350	5,920	6,789	7,299
Investment goods	16,560	18,526	24,063	31,454	30,919
Machinery	4,865	5,140	6,018	8,659	8,361
Transportation equipment	2,881	2,539	4,022	4,511	3,592
Metal products	2,380	2,831	3,212	4,685	4,617
Other	6,434	8,015	10,811	13,599	14,350
Intermediate goods	16,247	19,493	25,382	34,705	35,632
For manufacturing	12,677	15,763	21,270	29,991	30,190
For construction	1,182	1,329	1,686	1,767	2,217
For agriculture	476	504	568	680	812
Crude petroleum	127	173	176	151	185
Other	1,785	1,723	1,682	2,116	2,228
Imports for re-export	227	212	321	411	457
Tin ore	168	114	162	181	175
Crude natural rubber	59	98	159	230	282
Total imports (trade basis) 2/	39,821	45,610	59,414	77,601	78,425
Memorandum items:					
Total imports (b.o.p. basis) 2/	36,233	42,792	54,851	71,577	73,118
Imports of petroleum products (c.i.f.) 3/	1,105	895	829	1,051	1,213
Lumpy imports	1,261	2,223	2,771	2,879	1,870

Source: Data provided by the Malaysian authorities.

1/ Customs data.

2/ Trade basis imports are c.i.f.; balance of payments basis imports are f.o.b.

3/ Petroleum products are a component of "other imports" in both consumption and intermediate goods categories.

Table 43. Malaysia: Oil and LNG Trade, 1992-96 1/

	1992	1993	1994	1995	<u>Prel.</u> 1996
Oil trade (net)	2,795	2,232	1,900	2,191	2,205
Exports	4,054	3,608	3,162	3,633	3,893
Crude (US\$ million)	3,581	3,106	2,495	2,676	2,867
Volume (million barrels)	171	160	145	146	133
Products (US\$ million)	473	502	667	958	1,026
Volume ('000 tonnes)	3,209	3,433	4,966	6,560	6,180
Imports	1,260	1,376	1,262	1,442	1,688
Crude (US\$ million)	127	173	176	151	185
Volume (million barrels)	1,138	1,672	1,538	1,271	...
Products (US\$ million)	1,133	1,203	1,086	1,291	1,503
Volume ('000 tonnes)	6,703	7,050	6,761	7,371	8,201
LNG exports					
Exports (US\$ million)	1,065	1,031	900	1,225	1,772
Volume ('000 tonnes)	22,526	21,032	19,061	19,165	17,494
Memorandum items:					
Domestic crude production ('000 barrels/day)	659	648	660	706	...
Domestic petroleum products production ('000 b/d)	219	233	238	249	...

Source: Data provided by the Malaysian authorities.

1/ Figures are reported on a trade basis.

Table 44. Malaysia: Trade Indices, 1992-96 1/

	1992	1993	1994	1995	<u>Prel.</u> 1996
(Index numbers: 1983 = 100)					
Exports					
Value	288.2	333.7	415.7	523.6	554.0
Volume	294.1	324.2	392.1	443.6	461.4
Unit value	98.0	102.9	106.0	118.0	120.1
Imports 2/					
Value	290.2	335.1	432.2	568.4	587.9
Volume	279.3	319.5	409.7	504.2	529.2
Unit value	103.9	104.9	105.5	112.7	111.1
Terms of trade	94.3	98.1	100.5	104.7	108.1
(Percentage change)					
Exports					
Value	18.4	15.8	24.6	26.0	5.8
Volume	9.8	10.2	21.0	13.1	4.0
Unit value	7.9	5.0	3.0	11.4	1.7
Imports 2/					
Value	7.9	15.5	29.0	31.5	3.4
Volume	3.0	14.4	28.2	23.1	5.0
Unit value	4.7	0.9	0.6	6.9	-1.5
Terms of trade	3.0	4.1	2.4	4.2	3.2

Source: Data provided by the Malaysian authorities.

1/ Trade indices presented in this table are based on customs data and are in terms of U.S. dollars.

2/ Clean imports, excluding lumpy items such as aircraft, ships, and offshore oil installations.

Table 45. Malaysia: Direction of Trade, 1992-96

	1992	1993	1994	1995	1996
(Percentage share of total exports)					
ASEAN countries	29.5	27.8	27.2	27.2	28.0
Singapore	23.0	21.7	20.7	20.3	20.5
Japan	13.4	13.0	12.1	12.7	13.4
India	1.1	0.4	0.9	1.1	1.5
Australia	1.7	1.3	1.6	1.5	1.6
European Union	14.9	14.5	14.3	14.2	13.7
United States	18.6	20.3	21.1	20.7	18.2
Other	20.8	22.7	22.8	22.6	23.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
(Percentage share of total imports)					
ASEAN countries	20.4	19.8	18.7	17.4	19.9
Singapore	15.7	15.2	14.1	12.4	13.4
Japan	26.0	27.5	26.7	27.3	24.5
India	0.9	0.9	0.7	0.7	0.9
Australia	2.7	2.8	3.0	2.7	2.8
European Union	12.5	11.6	14.8	15.4	14.4
United States	15.8	16.9	16.7	16.2	15.5
Other	21.7	20.5	19.4	20.3	22.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Data provided by the Malaysian authorities.

Table 46. Malaysia: Investment Income, 1992-96

(In millions of U.S. dollars)

	1992	1993	1994	1995	<u>Prel.</u> 1996
Total investment income (net)	-3,109	-3,175	-3,608	-4,217	-4,613
Credits	1,456	1,831	2,189	2,499	2,491
Interest earnings	1,200	1,387	1,734	1,873	1,710
Monetary authorities' foreign assets	943	893	1,388	1,473	1,346
Commercial banks' foreign assets	127	301	240	224	223
Other	130	193	106	177	141
Foreign direct investment income	256	445	455	626	781
Debits	-4,565	-5,007	-5,797	-6,717	-7,104
Interest payments by:	-1,269	-1,363	-1,425	-1,751	-1,877
Government sector	-617	-520	-428	-354	-298
Other public sector	-263	-238	-330	-413	-553
Commercial banks	-279	-467	-424	-371	-465
SDR excess allocation (charge)	-1	-3	-3	-3	-4
Nonbank private sector	-110	-134	-240	-609	-556
Foreign direct investment income	-3,296	-3,644	-4,372	-4,966	-5,227

Source: Data provided by the Malaysian authorities.

Table 47. Malaysia: Services Account, 1992-96

(In millions of U.S. dollars)

	1992	1993	1994	1995	<u>Prel.</u> 1996
Freight and insurance (net)	-1,674	-1,900	-2,807	-3,605	-3,378
Receipts	730	749	783	1,019	1,142
Payments	-2,404	-2,648	-3,590	-4,624	-4,520
Other transportation (net)	-139	-76	168	298	677
Receipts	1,076	1,117	1,403	1,774	2,233
Payments	-1,215	-1,193	-1,235	-1,476	-1,556
Travel (net)	258	352	1,373	1,654	1,930
Receipts	2,028	2,190	3,367	3,969	4,524
Payments	-1,770	-1,838	-1,994	-2,314	-2,594
Investment income (net)	-3,109	-3,175	-3,608	-4,217	-4,613
Receipts	1,456	1,831	2,189	2,499	2,491
Payments	-4,565	-5,007	-5,797	-6,717	-7,104
Interest	-1,269	-1,363	-1,425	-1,751	-1,877
Government, n.i.e. (net)	21	-28	-14	-9	-5
Receipts	109	117	120	127	128
Payments	-88	-145	-134	-137	-132
Other (net) 1/	-1,075	-1,649	-1,599	-1,724	-2,071
Receipts 2/	1,409	2,662	4,074	4,868	6,813
Payments 2/	-2,484	-4,310	-5,674	-6,592	-8,884
Total services (net)	-5,719	-6,476	-6,487	-7,603	-7,459
Receipts	6,808	8,666	11,936	14,256	17,330
Payments	-12,526	-15,142	-18,423	-21,859	-24,789

Source: Data provided by the Malaysian authorities.

1/ Includes contract and professional charges, agency fees, commissions, rents, royalties, and salaries.

2/ With effect from 1993, data on service transactions in the other services account are reported on a gross basis (previously on a net basis).

Table 48. Malaysia: Capital Flows, 1992-96

(In millions of U.S. dollars)

	1992	1993	1994	1995	<u>Prel.</u> 1996
Total net capital flows	8,748	10,798	1,291	7,424	9,218
Long-term capital (net)	4,054	5,386	4,525	6,461	4,766
Public (net)	-1,129	380	183	2,330	287
Federal government	-1,244	-1,218	-1,813	-653	-865
NFPEs	153	1,662	2,047	2,978	1,130
Borrowing	153	1,662	2,047	2,978	1,130
Other	0	0	0	0	0
Other 1/	-37	-64	-52	5	21
Private (net)	5,183	5,006	4,342	4,132	4,480
By type of flow					
Net equity flows	795	586	478	-6	-179
Inflows	...	...	...	2,052	1,985
Outflows	...	...	...	-2,057	-2,165
Net retained earnings	2,093	2,660	3,078	2,648	2,561
Inflows	...	...	...	3,067	2,982
Outflows	...	...	...	-419	-422
Net loans	2,295	1,759	786	1,489	2,098
Between subsidiaries and parents (FDI)	...	...	...	543	826
Inflows	...	...	...	...	934
Outflows	...	...	...	...	-108
Financial institutions 2/	-435	-1,309	-499	-530	...
Other	2,730	3,069	1,285	1,476	1,272
By broad category					
Direct investment	2,888	3,246	3,556	3,186	3,208
Foreign direct investment	...	...	...	...	5,708
Inflows	...	...	...	6,698	7,015
Outflows	...	...	...	...	-1,308
Malaysian investment abroad	2,888	3,246	3,556	3,186	-2,500
Inflows	3,402	4,572	5,658	5,839	499
Outflows	-514	-1,326	-2,102	-2,653	-2,999
Borrowing	2,295	1,759	786	946	1,272
Short-term (net)	4,694	5,412	-3,233	963	4,452
Commercial banks 3/	3,631	4,225	-5,070	91	3,403
Nonmonetary financial institutions 4/	1,063	1,187	1,837	872	1,049

Source: Data provided by the Malaysian authorities.

1/ Changes in overseas assets of the government and statutory authorities and subscriptions to international institutions and international commodity agreements; from 1990, includes financial lease of capital goods.

2/ Commercial banks, finance companies, and merchant banks.

3/ Change in net external assets/liabilities.

4/ Change in net external assets/liabilities of finance companies and merchant banks, and other identified financial transactions.

Table 49. Malaysia: International Reserves, 1992-96

(In millions of U.S. dollars)

	1992	1993	1994	1995	<u>Prel.</u> 1996
Central bank (net)	18,069	28,294	26,630	25,086	27,685
Foreign assets	18,077	28,308	26,642	25,097	27,691
Gold and foreign exchange	17,640	27,877	26,106	24,265	26,835
Reserve position in IMF	325	310	399	678	687
SDRs	113	121	137	154	169
Foreign liabilities	-9	-15	-12	-10	-6
Government and other official entities (net)	32	31	32	32	35
Foreign assets	32	31	32	32	35
Foreign liabilities	0	0	0	0	0
Total official (net)	18,100	28,324	26,662	25,118	27,719
Foreign assets	18,109	28,339	26,674	25,129	27,726
Foreign liabilities	9	15	12	10	6
Commercial banks (net) 1/	-6,242	-10,061	-3,990	-4,062	-7,468
Assets	1,999	3,892	4,164	4,175	4,164
Liabilities	8,241	13,953	8,154	8,237	11,632
Memorandum items:					
Gold (in millions of troy ounces)	2.39	2.39	2.39	2.39	2.39
Gross official reserves (in months of imports)	5.6	7.8	5.3	3.9	4.3

Source: Data provided by the Malaysian authorities.

1/ Includes foreign currency deposits.

Table 50. Malaysia: Balance of Payments, 1992-96

(In millions of U.S. dollars)

	1992	1993	1994	1995	Prel. 1996
Trade balance	3,380	3,198	1,738	93	3,430
Exports, f.o.b.	39,613	45,990	56,589	71,670	76,548
Imports, f.o.b.	36,233	42,792	54,851	71,577	73,118
Services balance	-2,610	-3,301	-2,879	-3,386	-2,846
Receipts	5,352	6,835	9,747	11,757	14,839
Payments	7,961	10,136	12,626	15,143	17,685
Income balance	-3,109	-3,175	-3,608	-4,217	-4,613
Receipts	1,456	1,831	2,189	2,499	2,491
Payments	4,565	5,007	5,797	6,717	7,104
Transfers	132	199	148	47	-1,129
Receipts	296	469	411	377	726
Payments	163	270	263	330	1,855
Current account	-2,207	-3,079	-4,602	-7,463	-5,158
Capital account	8,748	10,798	1,291	7,424	9,218
Long-term capital (net)	4,054	5,386	4,525	6,461	4,766
Public (net)	-1,129	380	183	2,330	287
Federal government	-1,244	-1,218	-1,813	-653	-865
NFPEs	153	1,662	2,047	2,978	1,130
Other	-37	-64	-52	5	21
Private (net)	5,183	5,006	4,342	4,132	4,480
Direct investment	2,888	3,246	3,556	3,186	3,208
Borrowing	2,295	1,759	786	946	1,272
Short-term (net)	4,694	5,412	-3,233	963	4,452
SDR allocation	0	0	0	0	0
Errors and omissions	32	3,640	162	-1,719	-1,578
Overall balance 1/	6,573	11,359	-3,148	-1,758	2,482
Monetary movements 1/	-6,573	-11,359	3,148	1,758	-2,482
Change in gross international reserves	-6,576	-11,366	3,152	1,759	-2,478
Change in liabilities	3	7	-3	-1	-4
Net use of Fund credit	0	0	0	0	0
Memorandum items:					
Current account/GDP (percent)	-3.8	-4.8	-6.3	-8.5	-5.2
FDI/GDP (percent)	5.0	5.1	4.9	3.6	3.2
Gross international reserves (US\$ billion)	18.1	28.3	26.7	25.1	27.7
Gross international reserves (months of imports)	5.6	7.8	5.3	3.9	4.3

Source: Data provided by the Malaysian authorities.

1/ Includes valuation adjustments.

Table 51. Malaysia: Disbursed and Outstanding External Debt by Borrower, 1992-96

(In millions of U.S dollars)

	1992	1993	1994	1995	Prel. 1996
<b>Government debt</b>					
Beginning of period	9,331	8,010	7,167	5,788	5,244
Net drawings	-1,244	-1,218	-1,813	-653	-865
Drawings	288	474	493	176	298
Amortization 1/	1,533	1,691	2,305	829	1,163
Adjustment	-77	375	434	109	-239
End of period	8,010	7,167	5,788	5,244	4,140
<b>Nongovernment public sector debt 2/, 3/</b>					
Beginning of period	4,279	4,365	5,309	7,862	10,779
Net drawings	153	1,662	2,195	3,102	1,130
Drawings	1,139	2,596	3,151	3,974	3,231
Amortization 1/	986	934	955	872	2,100
Adjustment	-67	267	358	-185	-348
End of period	4,365	6,293	7,862	10,779	11,561
<b>Total public sector debt</b>					
Beginning of period	13,610	12,375	12,476	13,650	16,023
Net drawings	-1,092	444	383	2,449	265
Drawings	1,427	3,070	3,643	4,150	3,528
Amortization 1/	2,519	2,626	3,261	1,701	3,263
Adjustment	-144	641	791	-76	-587
End of period	12,375	13,460	13,650	16,023	15,701
<b>Private sector debt 3/</b>					
Beginning of period	2,468	4,009	6,721	9,454	11,034
Net drawings	1,579	1,714	2,598	1,594	2,206
Drawings	2,155	2,512	4,023	4,347	4,770
Amortization 1/	576	798	1,425	2,753	2,564
Adjustment	-39	14	135	-14	-233
End of period	4,009	5,737	9,454	11,034	13,008
<b>Total medium- and long-term debt</b>					
Beginning of period	16,078	16,383	19,197	23,104	27,057
Net drawings	488	2,158	2,981	4,043	2,471
Drawings	3,582	5,582	7,666	8,497	8,298
Amortization 1/	3,095	3,424	4,686	4,454	5,827
Adjustment	-183	656	927	-90	-820
End of period	16,383	19,197	23,104	27,057	28,708
<b>Short-term debt (end of period) 4/</b>					
Public sector	0	0	0	0	0
Commercial banks	...	...	3,844	4,443	7,043
Nonbank financial institutions 5/	...	...	1,720	1,932	2,526
Interest on short-term debt	...	...	...	...	...
<b>Total external debt (end of period)</b>					
Medium- and long-term	21,421	25,608	28,668	33,432	38,276
Short-term	16,383	19,197	23,104	27,057	28,708
	5,037	6,411	5,564	6,375	9,568

Source: Data provided by the Malaysian authorities.

1/ Includes prepayments and refinancing.

2/ Includes both loans guaranteed by the federal government and loans not guaranteed by the government.

3/ Following privatization, debt owed by the Malaysia Airline System was shifted from NFPE debt to private sector debt in 1994.

4/ Obligations of less than one-year maturity.

5/ Includes other private sector.

Table 52. Malaysia: Medium- and Long-Term External Debt, 1992-96

	1992	1993	1994	1995	Prel. 1996
(In millions of U.S. dollars; outstanding end of period)					
Government debt	8,010	7,167	5,788	5,244	4,140
Official creditors	3,056	2,875	2,956	2,793	2,100
Bilateral	1,808	1,776	1,813	1,665	989
Multilateral	1,248	1,099	1,143	1,128	1,111
IMF	0	0	0	0	0
Financial institutions	691	1,002	724	443	502
Bonds and FRN 1/	4,221	3,291	2,108	2,008	1,538
Suppliers' credits	42	0	0	0	0
Government-guaranteed debt	2,995	3,125	3,402	3,488	2,589
Official creditors	1,695	1,648	1,829	1,823	1,542
Bilateral	1,426	1,384	1,584	1,602	1,350
Multilateral	270	264	246	221	192
Financial institutions	1,178	1,364	1,414	1,157	1,013
Bonds and FRN 1/	0	0	0	0	0
Suppliers' credits	122	113	159	507	34
Other public sector debt	1,370	3,168	4,459	7,291	8,972
Bonds and FRN 1/	0	947	1,964	3,804	5,992
Other	1,370	2,221	2,495	3,486	2,980
<b>Total public sector debt</b>	<b>12,375</b>	<b>13,460</b>	<b>13,650</b>	<b>16,023</b>	<b>15,701</b>
Official creditors	4,751	4,523	4,786	4,616	3,642
Bilateral	3,234	3,160	3,396	3,267	2,340
Multilateral	1,517	1,363	1,389	1,349	1,302
IMF	0	0	0	0	0
Financial institutions	1,869	2,366	2,138	1,601	1,515
Bonds and FRN 1/	4,221	4,237	4,072	5,812	7,530
Suppliers' credits	164	113	159	507	34
Other	1,370	2,221	2,495	3,486	2,980
Private sector debt	4,009	5,737	9,454	11,034	13,008
Bonds and FRN 1/	...	...	1,381	1,508	1,708
Other	...	...	8,073	9,526	11,300
<b>Total medium- and long-term debt</b>	<b>16,384</b>	<b>19,197</b>	<b>23,104</b>	<b>27,057</b>	<b>28,708</b>
Official creditors	4,751	4,523	4,786	4,616	3,642
Financial institutions	1,869	2,366	2,138	1,601	1,515
Bonds and FRN 1/	4,221	4,237	5,454	7,320	9,238
Suppliers' credits	164	113	159	507	34
Other	5,379	7,958	10,568	13,013	14,280
(In percent of total medium- and long-term debt)					
By borrower:					
Public sector debt	75.5	70.1	59.1	59.2	54.7
Government debt	48.9	37.3	25.1	19.4	14.4
Government-guaranteed debt	18.3	16.3	14.7	12.9	9.0
Other public sector debt	8.4	16.5	19.3	26.9	31.3
Private sector debt	24.5	29.9	40.9	40.8	45.3
By lender:					
Official creditors	29.0	23.6	20.7	17.1	12.7
Bilateral	19.7	16.5	14.7	12.1	8.1
Multilateral	9.3	7.1	6.0	5.0	4.5
IMF	0.0	0.0	0.0	0.0	0.0
Financial institutions	11.4	12.3	9.3	5.9	5.3
Bonds and FRN 1/	25.8	22.1	23.6	27.1	32.2
Suppliers' credits	1.0	0.6	0.7	1.9	0.1
Other	32.8	41.5	45.7	48.1	49.7

Source: Data provided by the Malaysian authorities.

1/ Floating rate notes.

Table 53. Malaysia: External Debt Service by Borrower, 1992-96

	1992	1993	1994	1995	Prel. 1996
(In millions of U.S. dollars)					
Total debt service 1/, 2/	2,951	3,412	3,351	5,160	4,785
Amortization 1/	2,018	2,526	2,344	4,046	3,497
Public sector	1,469	1,738	991	1,456	1,310
Government	755	965	503	829	712
Other public sector	714	773	488	627	597
Private sector	549	787	1,353	2,590	2,188
Interest	933	887	1,007	1,114	1,288
Medium- and long-term debt	933	887	1,007	1,114	1,288
Public sector	880	761	755	783	851
Government	617	520	433	354	298
Other public sector	263	241	322	429	553
Private sector	53	125	252	331	436
Short-term debt	...	...	...	...	...
(In percent of goods and services exports)					
Debt service ratio 1/, 2/	6.4	6.2	4.9	6.0	5.1
Amortization 1/	4.3	4.6	3.4	4.7	3.7
Public sector	3.2	3.2	1.4	1.7	1.4
Government	1.6	1.8	0.7	1.0	0.8
Other public sector	1.5	1.4	0.7	0.7	0.6
Private sector	1.2	1.4	2.0	3.0	2.3
Interest	2.0	1.6	1.5	1.3	1.4
Medium- and long-term debt	2.0	1.6	1.5	1.3	1.4
Public sector	1.9	1.4	1.1	0.9	0.9
Government	1.3	1.0	0.6	0.4	0.3
Other public sector	0.6	0.4	0.5	0.5	0.6
Private sector	0.1	0.2	0.4	0.4	0.5
Short-term debt	...	...	...	...	...
Memorandum items:					
Prepayments of federal government market loans	778	442	1,802	0	0
IMF net purchases	0	285	0	0	451
Federal government net drawing, excluding IMF	-1,244	-1,218	-1,813	-653	-865

Source: Data provided by the Malaysian authorities.

1/ Excludes prepayments and refinancing.

2/ Excludes interest on short-term debt.

Table 54. Malaysia: Summary of External Debt and Debt Service, 1992-96

	1992	1993	1994	1995	Prel. 1996
(In millions of U.S. dollars; end of period)					
Total external debt	17,199	22,317	26,560	31,424	36,738
Medium- and long-term 1/	12,162	15,906	20,996	25,049	27,170
Public sector	8,154	10,170	11,542	14,015	14,163
Government and government-guaranteed	6,784	7,002	7,082	6,724	5,191
Federal government	3,789	3,876	3,680	3,236	2,602
Official creditors	3,056	2,875	2,956	2,793	2,100
IMF	0	0	0	0	0
Financial institutions	691	1,002	724	443	502
Other private creditors 2/	42	0	0	0	0
Other government	2,995	3,125	3,402	3,488	2,589
Other public sector	1,370	3,168	4,459	7,291	8,972
Private sector	4,009	5,737	9,454	11,034	13,008
Short-term debt	5,037	6,411	5,564	6,375	9,568
Debt service					
Medium- and long-term	2,951	3,412	3,351	5,160	4,785
Public sector	2,349	2,500	1,746	2,239	2,161
Amortization 3/	1,469	1,738	991	1,456	1,310
Federal government	755	965	503	829	712
Other	714	773	488	627	597
Interest	880	761	755	783	851
Federal government	617	520	433	354	298
Other	263	241	322	429	553
Private sector	602	913	1,605	2,921	2,624
Amortization	549	787	1,353	2,590	2,188
Interest	53	125	252	331	436
Short-term debt service	...	...	...	...	...
(In percent of GDP)					
Debt/GDP ratio	37.7	41.9	38.6	38.9	38.8
Medium- and long-term	28.8	31.4	31.1	31.4	29.1
Public	21.8	22.0	18.4	18.6	15.9
Federal government	14.1	11.7	7.8	6.1	4.2
Private	7.0	9.4	12.7	12.8	13.2
Short-term	8.9	10.5	7.5	7.4	9.7
(In percent of goods and services exports)					
Debt service ratio					
Medium- and long-term debt	6.4	6.2	4.9	6.0	5.1
Public sector	5.1	4.6	2.5	2.6	2.3
Federal government	3.0	2.7	1.4	1.4	1.1
Private sector	1.3	1.7	2.3	3.4	2.8
Short-term debt	...	...	...	...	...

Source: Data provided by the Malaysian authorities.

1/ Original maturity of one year and over.

2/ Suppliers' credits.

3/ Excludes prepayments and refinancing.

Table 55. Malaysia: Interbank Swap Transactions, 1994-97 1/

(In percent per annum, unless otherwise specified)

Period	Spot Exchange Rate (RM/\$) 2/	Swap Margin 3/	Eurodollar Interest Rate	Cost of Borrowing RM Through Interbank Market			Outstanding Foreign Exchange Swaps at Bank Negara 4/
				Swap	Money Market	Difference	
Jan-94	2.7598	83	3.3	4.5	6.4	-1.9	452
Feb-94	2.7278	25	3.8	3.4	6.0	-2.6	55
Mar-94	2.7635	-6	3.9	3.8	5.6	-1.8	22
Apr-94	2.6830	-3	4.3	4.3	5.0	-0.7	0
May-94	2.5790	-30	4.6	4.1	4.5	-0.4	0
Jun-94	2.6027	-55	4.8	4.1	4.5	-0.4	0
Jul-94	2.5947	-44	4.9	4.2	4.6	-0.4	0
Aug-94	2.5530	-40	5.0	4.4	4.5	-0.1	0
Sep-94	2.5643	-69	5.2	4.2	4.4	-0.2	0
Oct-94	2.5530	-56	5.6	4.8	4.6	0.2	0
Nov-94	2.5576	-51	5.9	5.1	5.3	-0.2	0
Dec-94	2.5578	-63	6.4	5.4	5.4	0.0	0
Jan-95	2.5572	-54	6.3	5.4	5.5	-0.1	0
Feb-95	2.5533	-46	6.3	5.5	5.7	-0.2	0
Mar-95	2.5353	-17	6.2	6.0	6.0	0.0	0
Apr-95	2.4665	-27	6.2	5.8	6.0	-0.2	0
May-95	2.4683	-23	6.1	5.7	5.8	-0.1	0
Jun-95	2.4393	-23	6.0	5.6	5.8	-0.2	0
Jul-95	2.4584	-9	5.9	5.7	5.9	-0.2	0
Aug-95	2.4966	11	5.9	6.1	6.1	0.0	0
Sep-95	2.5072	-1	5.9	6.0	6.1	-0.1	0
Oct-95	2.5445	50	5.9	6.7	6.8	-0.1	0
Nov-95	2.5425	45	5.8	6.5	6.8	-0.3	0
Dec-95	2.5405	42	5.6	6.2	6.9	-0.7	0
Jan-96	2.5615	142	5.4	7.6	7.2	0.4	0
Feb-96	2.5460	116	5.3	7.0	7.2	-0.2	0
Mar-96	2.5368	97	5.4	7.0	7.1	-0.1	0
Apr-96	2.4930	98	5.5	7.0	7.1	-0.1	0
May-96	2.4909	86	5.5	6.9	7.2	-0.3	-50
Jun-96	2.4945	86	5.6	6.7	7.4	-0.7	-312
Jul-96	2.4935	90	5.5	7.0	7.4	-0.4	0
Aug-96	2.4938	87	5.5	6.9	7.2	-0.3	0
Sep-96	2.5070	82	5.5	6.9	7.3	-0.4	0
Oct-96	2.5280	110	5.4	7.3	7.3	0.0	0
Nov-96	2.5270	93	5.5	7.0	7.3	-0.3	0
Dec-96	2.5279	79	5.5	7.1	7.4	-0.3	0
Jan-97	2.4868	83	5.5	6.9	7.4	-0.5	0
Feb-97	2.4832	85	5.6	6.8	7.3	-0.5	0
Mar-97	2.4790	58	5.7	6.8	7.4	-0.6	0
Apr-97	2.5110	60	5.7	6.8	7.0	-0.2	0

Sources: Data provided by the Malaysia authorities; and Bank Negara Malaysia *Monthly Bulletin*.

1/ Representative three-month swaps effected through foreign exchange brokers at the end of the month.

2/ Average of commercial bank buying and selling rates at noon, end of period.

3/ Ringgit per RM 10,000 over a three-month period; a positive number implies a forward premium and a negative number implies a forward discount on the U.S. dollar relative to the ringgit.

4/ In millions of ringgit.

