

The Diversification of Manufacturing in Malaysia

Bank Negara Malaysia
Economics Research Workshop 2014

1 December 2014

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- explore Malaysia's experience in adopting the agglomeration model
- study how the resource-based and E&E industries utilised Malaysia's factor endowments to support diversification process

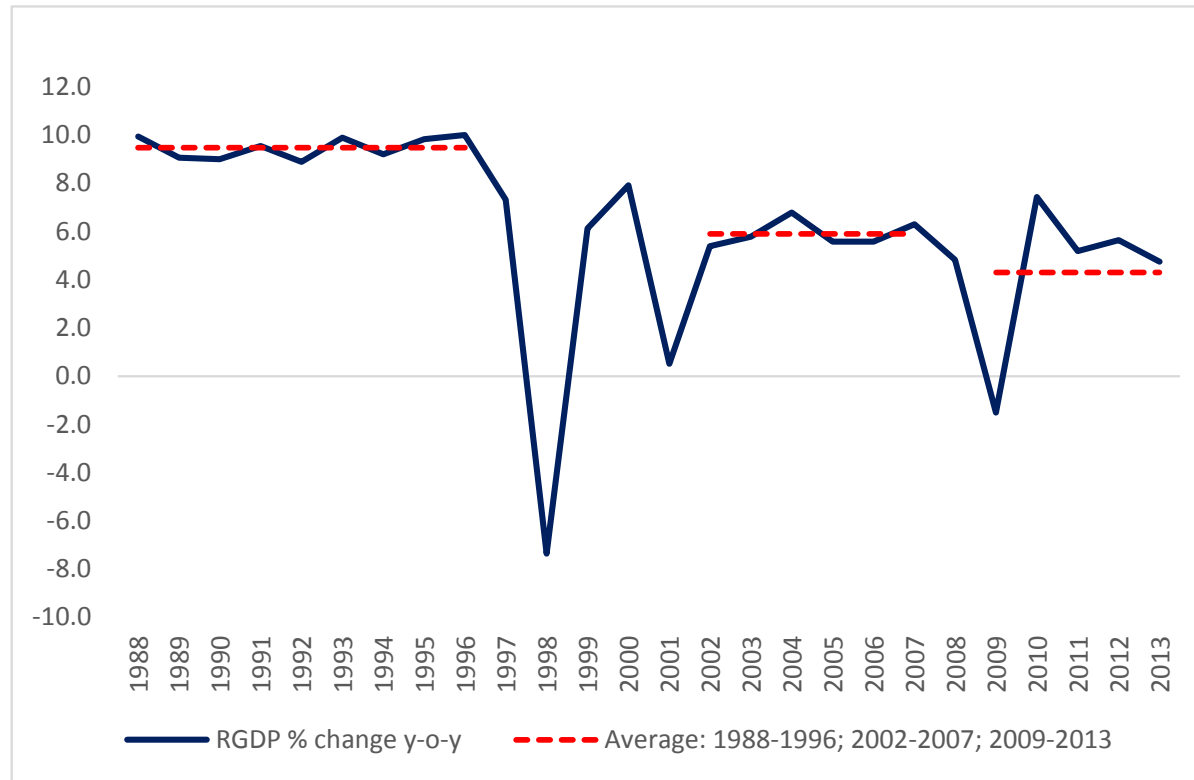
- Early strategy
 - targeted production value chain of few primary commodities
- From the 1980s
 - pursue development for a wider range of industries
 - 3 strategies: horizontal, vertical, locational

- Deepen forward/backward linkages
- Increase productivity
- Enable participation in global supply chain
- Moderate influence of commodity price volatility

Two takeaways:

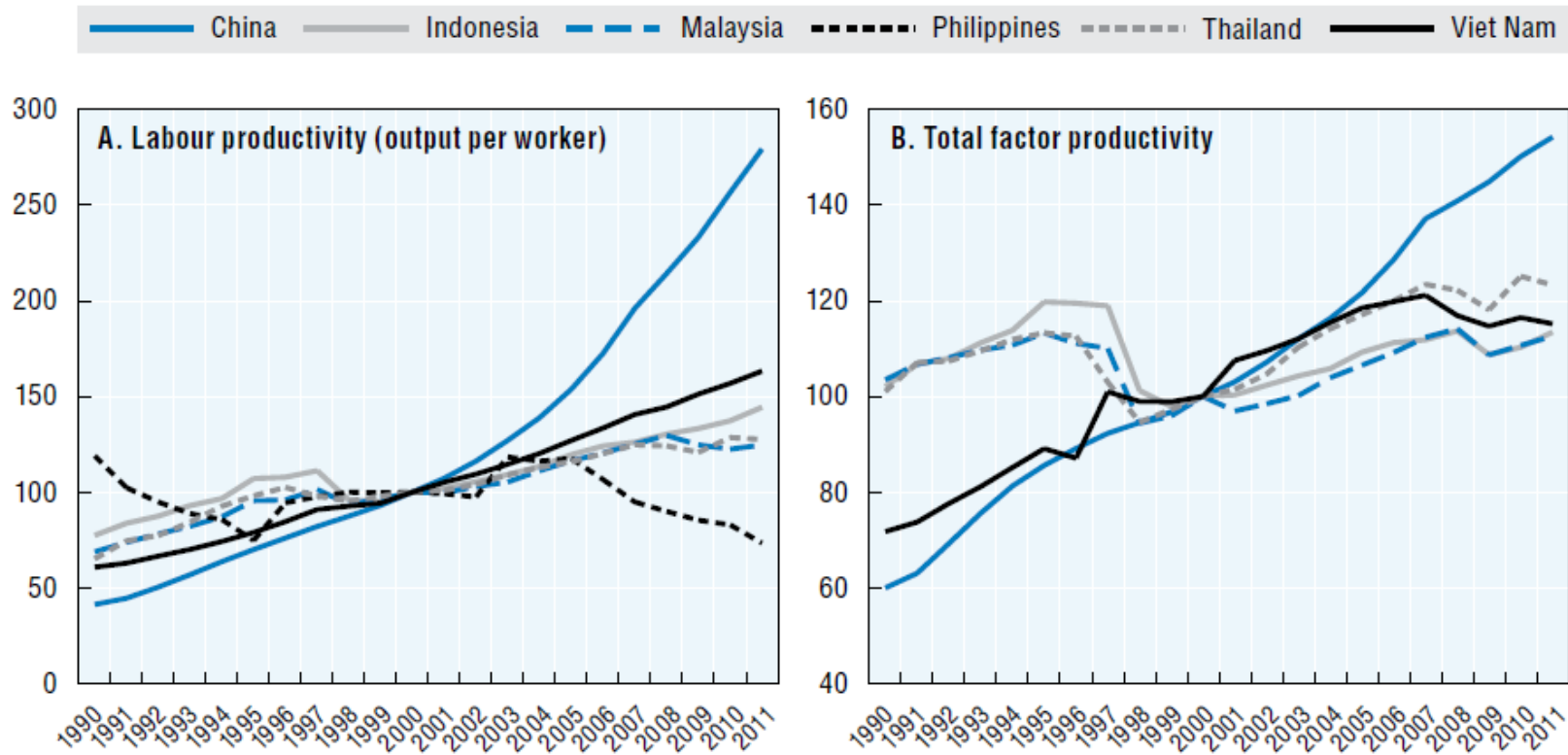
- Multi-sector agglomeration development strategy a success for Malaysia
- Practice of normal agglomeration will ensure manufacturing competitiveness

Annual real GDP growth, 1988-2013



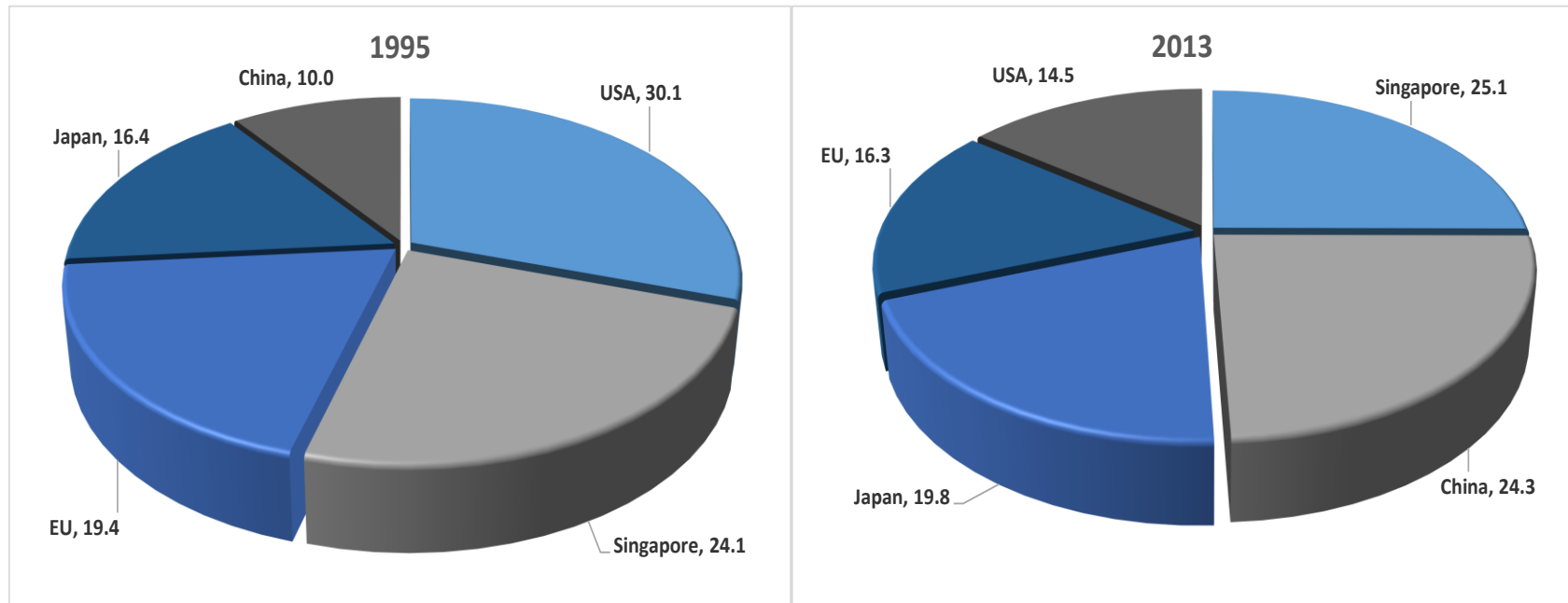
Source: CEIC

Productivity trends in Emerging Asia, 1990-2011 (Index, 2000=100)



Source: Economic Outlook for Southeast Asia, China and India 2014, OECD Development Centre

Malaysia's top 5 export partners (% of total exports to top 5 destinations)



Source: CEIC



Thank you

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