



MALAYSIA – 2021

Key findings

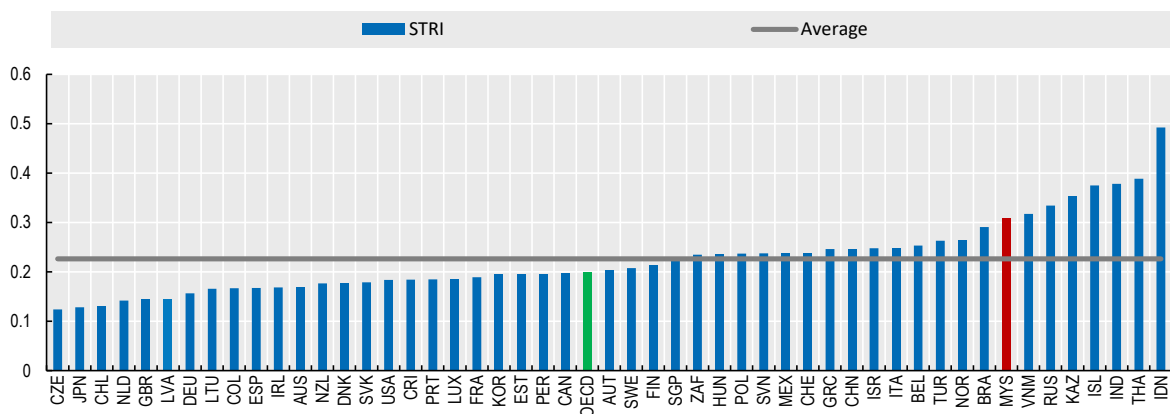
- The 2021 STRI of Malaysia is relatively high compared to other countries in the STRI sample, indicating a relatively closed regulatory environment for trade in services.
- No key reform was identified in 2021. Improvements in administrative procedures related to obtaining business visas, as well as improved time taken for customs clearance were identified between 2018 and 2020.
- Restrictions remain relatively high in legal services, telecommunications, distribution services and road freight transport services.

Recommendation

- Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Malaysia could benefit from more open markets for services trade.

The 2021 STRI of Malaysia is relatively high compared to other countries in the STRI sample, indicating a relatively closed regulatory environment for trade in services (Figure 1).

Figure 1. Average STRI across countries, 2021



Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2021. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

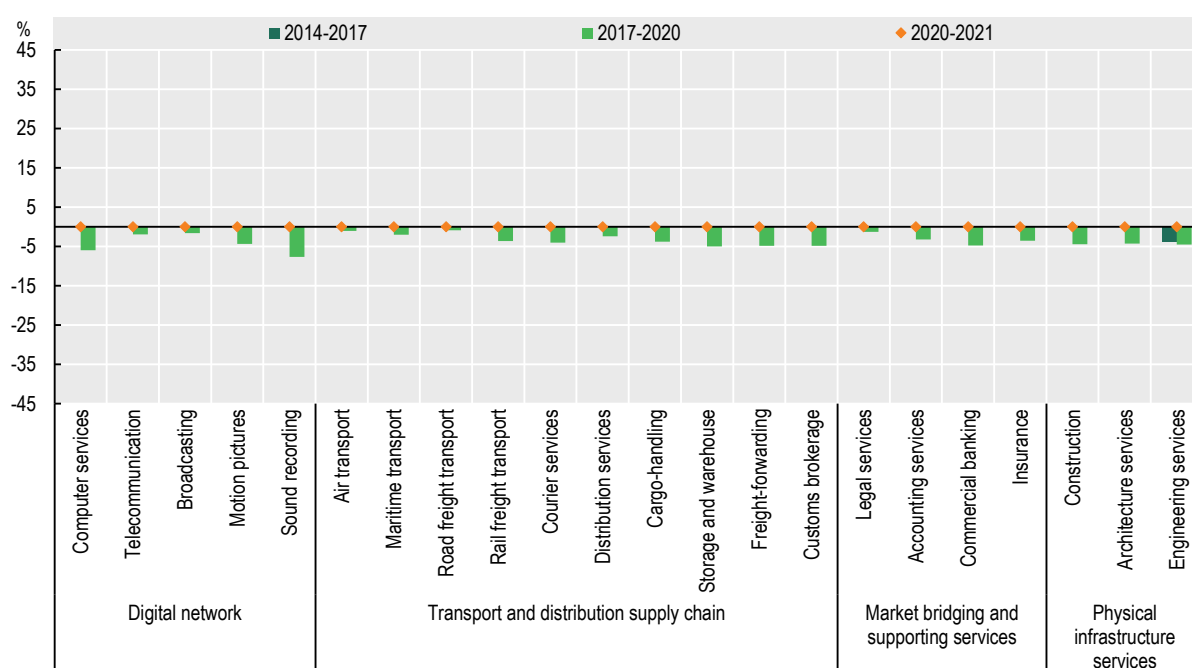
Source: OECD STRI and TiVA databases (2021).

The score is explained mainly by the general regulation that affects the economy horizontally. For example, local presence requirements to carry on business in the country, residency requirements for the board of directors and limitations on the acquisition and use of land by foreigners. Short durations of stay for visas for temporary workers also contribute to the score. At the sector specific level, foreign equity restrictions apply in several sectors such as legal services, broadcasting services and road freight transport services.

The regulatory environment in Malaysia for services is relatively stable (Figure 2). Improvements in administrative procedures related to obtaining business visas, as well as improved time taken for customs clearance were identified between 2017 and 2020, improving the score in most sectors. The level of restrictiveness remain however relatively high compared to other countries.

Figure 2. Evolution of STRI indices by sector in Malaysia

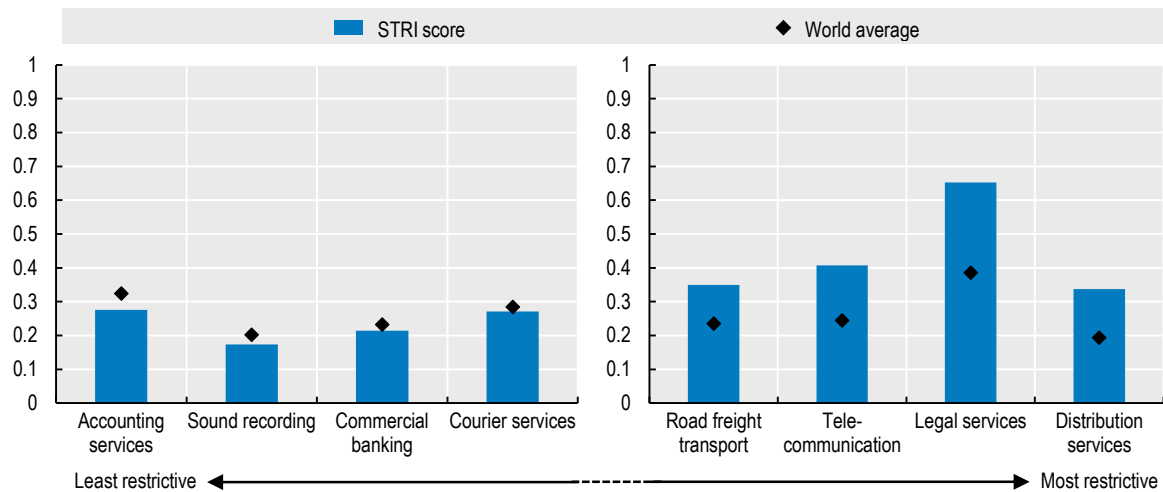
Services Trade Restrictiveness Index, percentage change over the period 2014-2017, 2018-2020 and 2020-2021



Source: OECD STRI database (2021).

Accounting services, sound recording, commercial banking and courier services are the sectors with the lowest score relative to the average STRI across all countries. Road freight transport, telecommunications, legal services and distribution services are the sectors with the highest score relative to the average STRI across all countries (Figure 3). The measures that contribute to the score of distribution services include limitations on foreign equity, performance requirements, and administrative restrictions related to operation (e.g., zoning regulation, operating hours, or seasonal sales regulations).

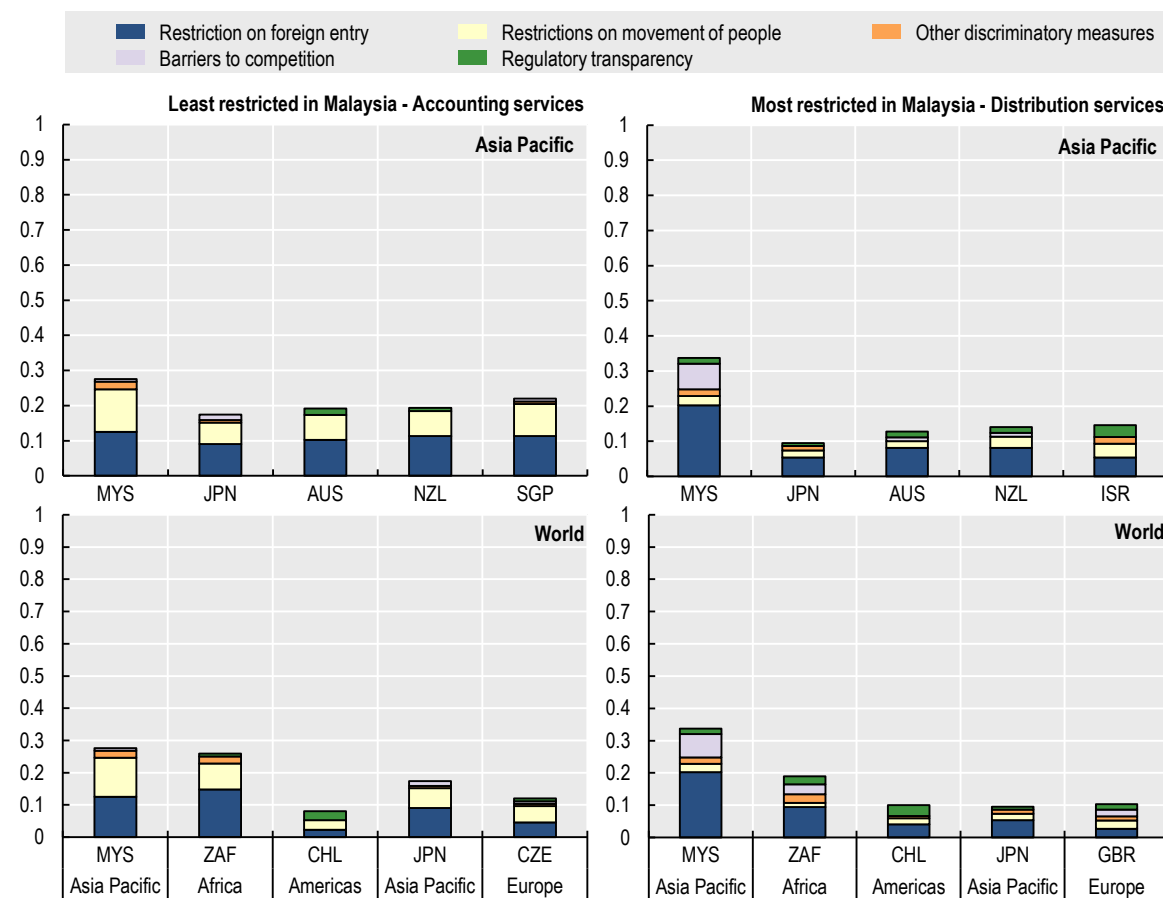
Figure 3. Sectoral breakdown - The least and most restricted sectors in Malaysia



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference
i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$
Source: OECD STRI database (2021).

Accounting services are the least restricted service sectors in Malaysia compared to Asia Pacific and the other best performers elsewhere, while distribution services are the most restricted (Figure 4).

Figure 4. Malaysia compared to Asia Pacific and World's best performers



Source: OECD STRI database (2021).

Key reforms

Malaysia has improved the administrative procedure related to obtaining business visas in 2020. The time taken for customs clearance and the time taken to obtain business visas has improved since 2018.

More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org>