



## MALAYSIA – 2022

### Key findings

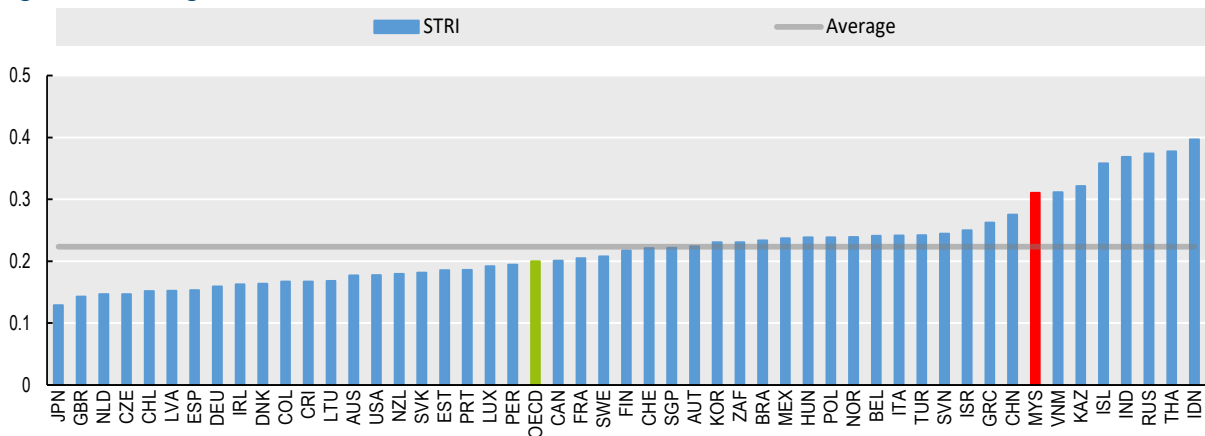
- The 2022 STRI of Malaysia is high compared to other countries in the STRI sample, indicating a relatively closed regulatory environment for trade in services.
- The regulatory environment for services trade has been relatively stable in recent years.
- Accounting and auditing services are the least trade restrictive compared to the sectoral sample average while legal services are the most restrictive.

### Recommendation

- Open and well-regulated services markets are essential to facilitate economic recovery, strengthen resilience to future shocks, and promote a more sustainable trading system. To ensure that the benefits of open markets and a rules-based international trading system are preserved, policy makers should focus on minimising barriers that increase trade costs for services providers, weaken the gains from digital transformation and undermine competitiveness.

The 2022 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, 2022



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 2022. The STRI regulatory database covers the 38 OECD Members, 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 (2022). STRI and TiVA databases.

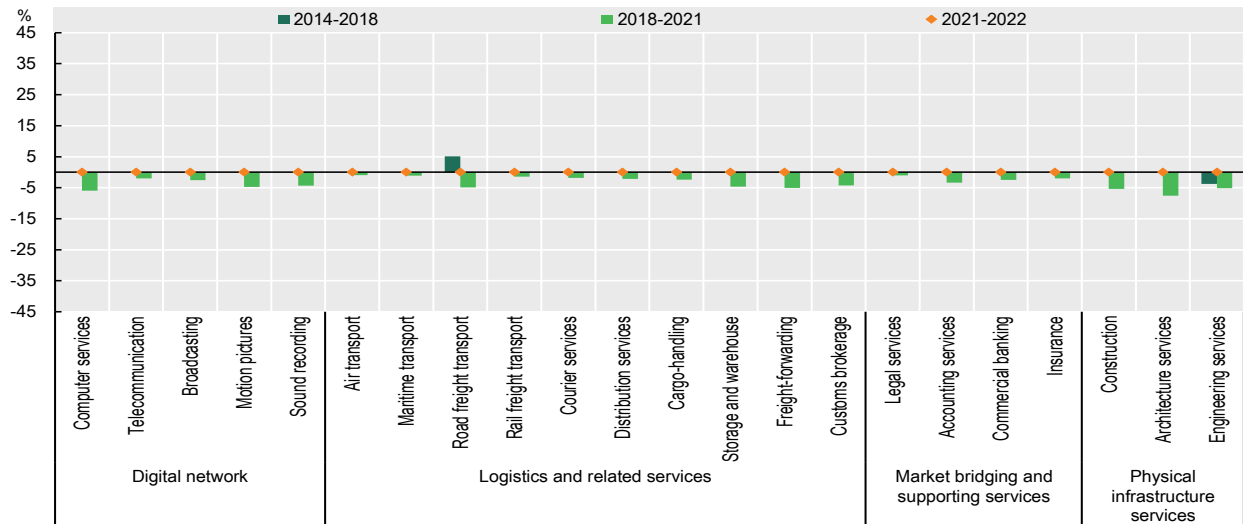
The score is explained mainly by the general regulation that affects the economy horizontally. For

example, residency requirements for the board of directors, limitations on the acquisition and use of land by foreigners and limitations on cross-border transfer of personal data. In public procurement, local tenderers enjoy some preferences. At the sector specific level, foreign equity restrictions apply in several sectors such as legal services and broadcasting services.

The regulatory environment for services in Malaysia is relatively stable (Figure 2). Improvements in administrative procedures to obtain business visas have been identified since 2017.

**Figure 2. Evolution of STRI indices by sector in Malaysia**

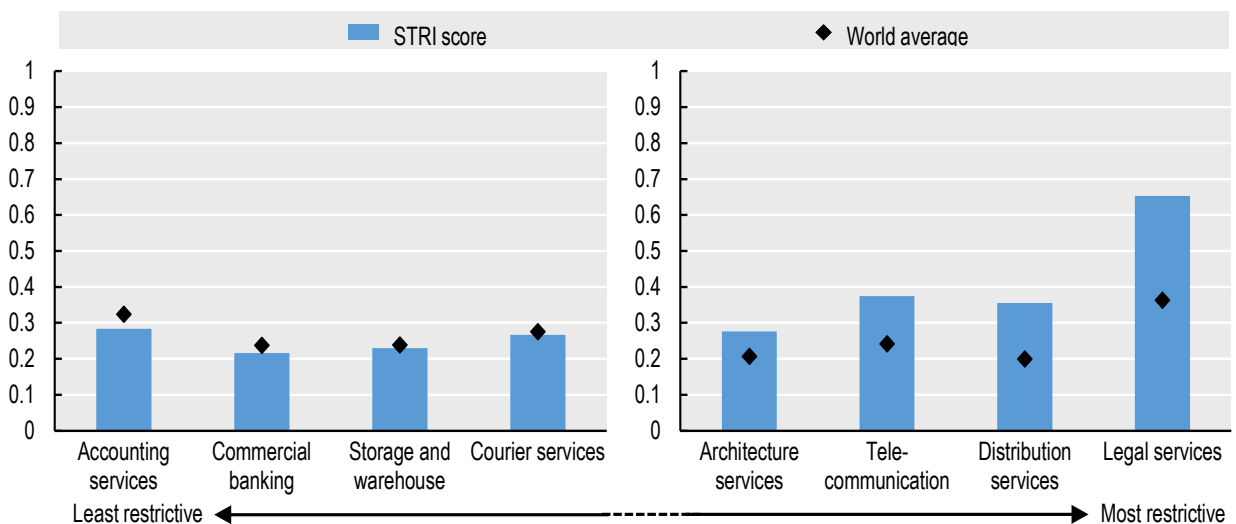
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



Source: OECD (2022). STRI database.

Accounting services, commercial banking, logistics storage and warehouse services and courier services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Architecture services, telecommunications, distribution services and legal services are the sectors with the highest score relative to the average STRI across all countries.

**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

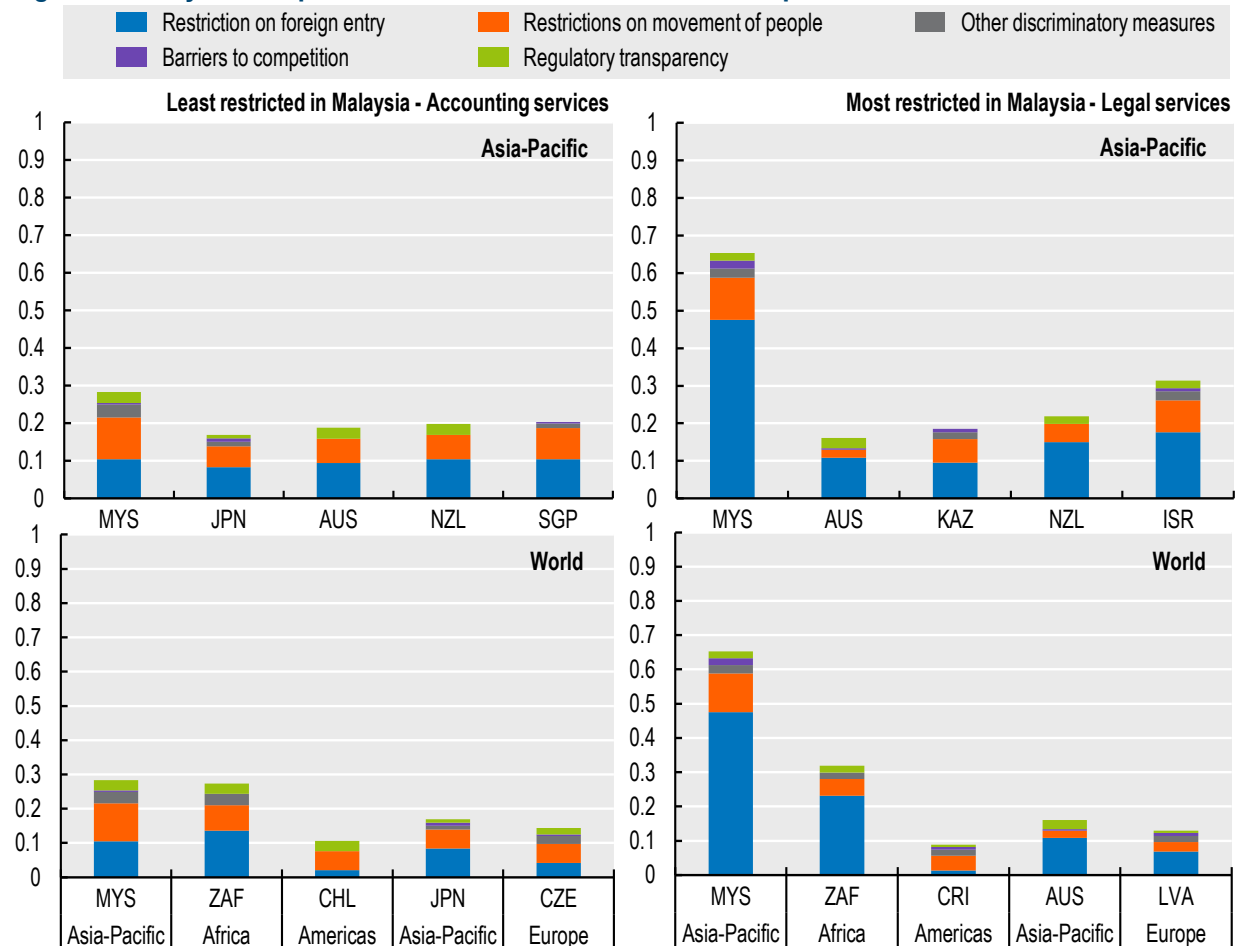
i.e.  $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$

Source: OECD (2022). STRI database.

Accounting services are the least restricted in Malaysia compared to Asia-Pacific. The composition of the scores indicates that restrictions on movement of people have had an impact compared to other

countries. The measures that contributed to this score include residency requirements and local examination requirements for foreign professionals. Legal services are the most restricted services sector in Malaysia. Restrictions on foreign entry are significant compared to best performers. Foreigners are not allowed to establish law firms or representative offices in Malaysia for domestic law, and foreign professionals need to requalify locally to practice Malaysian law (Figure 4).

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



Source: OECD (2022). STRI database.

## Recent policy changes

In August 2022, the Government Procurement Method was published which increases the value of procurement with tender from above RM200,000 to above RM500,000. The implementation of eVisas has been gradually extended to different countries over time, and in November 2021 it was extended to all countries.

### 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](mailto:stri.contact@oecd.org)
- » More information about measuring the regulatory environment for services trade in the APEC region: <https://apecservicesindex.org/>

