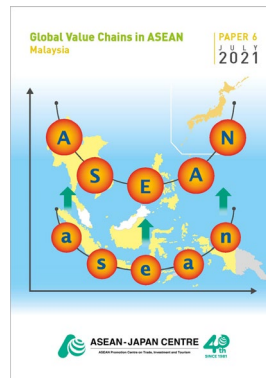


**Malaysia's involvement in global value chains (GVCs) boosts exports  
according to the study by ASEAN-Japan Centre**



“Global Value Chains in ASEAN” on Malaysia is available for download on AJC website

ASEAN-Japan Centre (AJC) issued Paper 6 of the “Global Value Chains in ASEAN” series focusing on Malaysia. With this paper, the series has been completed. Since 2017, a total of 16 technical reports have been produced: one paper for each ASEAN Member State; five industry papers (automobile, electrics, textiles and clothing, agribusiness, tourism) and one paper on the region itself. AJC has also produced an additional paper on “Resilient Global Value Chains (GVCs) for ASEAN and its Relationship with Partner Countries” in the wake of the Covid-19 pandemic. All papers are available for download on AJC website.

Malaysia's involvement in global value chains (GVCs) has boosted its export volume and overall production. According to the study, prior to 1995, Malaysia was more specialized in final assembly or final production stages concentrated near the middle stages of GVCs and therefore tended to produce low value added. Thereafter, Malaysia introduced policies to climb the value chain especially targeting SMEs that could be included in the automation supply chains. As a result, Malaysia reduced its dependency on foreign inputs and promoted more use of domestic products in other countries' exports, mainly for parts and components of electrical and electronic equipment. The value added incorporated in other countries' exports increased from 18% in 1995 to 29% in 2019, which is a positive sign that Malaysia has been gradually moving away from lower value added activities, or backward linkage participation, to higher value added functions, or forward linkage participation, such as exports of sophisticated electrical and electronic parts and components and business services, e.g., logistics, management, sales and marketing.

By leveraging its domestic inputs and capacities, Malaysia has become an important contributor of electrical and electronic components and subsystems and a significant business services provider at regional and global levels. The share of foreign value added in exports which was 39% in 1990 declined to 36% in 2019. ASEAN, China, Japan and the United States were the trade and investment partners which contributed significantly to Malaysian foreign value added in exports.

Digitalization and the digital economy enable small and medium-sized businesses to thrive and contribute to GVCs and regional value chains. The policy recommendations on digitalization presented in the paper that will support and strengthen Malaysian GVCs include enhancing digital infrastructure building and bridging the digital divide, emphasizing capacity building and best practices, developing skilled workers and ensuring fair entry into digital trade zones.

“Global Value Chains in ASEAN: Paper 6 Malaysia” is available for download on AJC’s website as below.

(URL) [https://www.asean.or.jp/ja/centre-wide-info/gvc\\_database\\_paper6/](https://www.asean.or.jp/ja/centre-wide-info/gvc_database_paper6/)

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