

CHAPTER 4

4.1 BILATERAL TRADE: TRADE FLOW AND TRADE BALANCE BETWEEN MALAYSIA AND THAILAND.

This chapter will discuss in details the bilateral trade between Malaysia and Thailand. The discussion will cover trade growth, direction of trade by products, trade balance and the prospects of trade in the future. In order to see the pattern of trade growth the period of eleven years (1985-1995) of bilateral trade between Malaysia and Thailand will be used. The direction of trade by products in the same period will also be analysed. Finally, in the last section the trade balance between Malaysia and Thailand will be discussed.

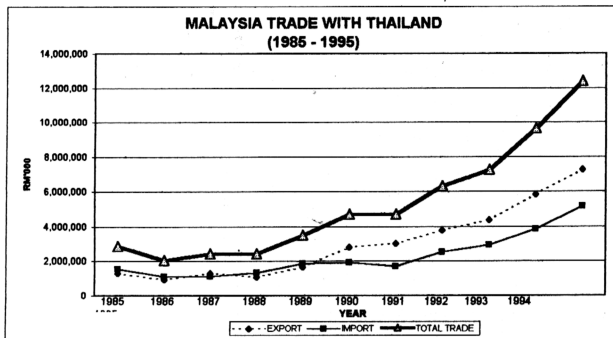
4.2 TRADE GROWTH BETWEEN MALAYSIA AND THAILAND

Malaysia and Thailand are neighbouring countries. Trade flows between Malaysia and Thailand can take place in three main modes of transport system, by road, sea and air. At the border, especially Bukit Kayu Hitam (Kedah), Padang Besar (Perlis) and Sungai Golok (Kelantan) from early in the morning (the Thai Malaysia border open from 6.00am to 10.00pm) dozens of full load container lorries can be seen entering Malaysia or leaving for Thailand. Over the period of 11 years the bilateral trade between Malaysia and Thailand has increased tremendously. Taking the year 1985 as the basic year and

1995 as the end year, the value of bilateral trade increased from RM2.8 billion to RM 12.4 billion (Table 4.1), or a growth of 343 per cent. Malaysia exports to Thailand increased from RM 1.2 billion in 1985 to RM 7.3 billion in 1995, in other words the exports to Thailand increased by 462 per cent or average 42 per cent per year, while the imports from Thailand increased from RM 1.5 billion to RM 5.1 billion, an increase of 240 per cent. Generally, on the average we can see that exports grow faster than imports for bilateral trade from Malaysia to Thailand. This situation is indicated in the trade balance column (Table 4.1) which shows that from 1985 to 1989 bilateral trade was in Thailand's favour to Thailand side except for the year 1985, 1987. But after 1989 bilateral trade was in Malaysia's favour, where Malaysia experienced trade surplus with Thailand.

In order to provide a clearer comparison about bilateral trade between Malaysia and Thailand the period under study was divided into two periods, from the year 1985 to 1990 as the first period and from 1990 to 1995 as the second period. This is summarized in Table 4.1. It is found that during this period the value of bilateral trade expanded tremendously in terms of total trade .

GRAPH 4.1



**MALAYSIA TRADE WITH THAILAND
(1985 - 1995)**

TABLE 4.1

YEAR	EXPORT		IMPORT		TOTAL TRADE		TRADE BALANCE
	RM'000	GROWTH	RM'000	GROWTH	RM'000	GROWTH	
1985	1,297,175		1,077,147		2,374,322		220,028
1986	923,707	-29%	1,110,414	3%	2,034,121	-14%	-186,707
1987	1,289,325	40%	1,114,813	0%	2,404,138	18%	174,512
1988	1,085,549	-16%	1,322,650	19%	2,408,199	0%	-237,101
1989	1,665,301	53%	1,841,091	39%	3,506,393	46%	-175,790
1990	2,790,483	68%	1,901,973	3%	4,692,457	34%	888,510
1991	3,012,779	8%	1,690,061	-11%	4,702,840	0%	1,322,718
1992	3,784,833	26%	2,515,611	49%	6,300,444	34%	1,269,222
1993	4,360,120	15%	2,916,035	16%	7,276,155	15%	1,444,085
1994	5,802,199	33%	3,846,604	32%	9,648,803	33%	1,955,595
1995	7,258,041	25%	5,131,526	33%	12,389,567	28%	2,126,515

Source : Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

4.3 MALAYSIA'S EXPORTS TO THAILAND.

Malaysia's merchandise exports to Thailand grows at an average rate of 25 per cent per year. The better performance of Malaysia in its exports to Thailand is attributed to the strong demand of mineral fuels and lubricants. With reference to Table 4.2 Mineral fuels and lubricants contributed 85 per cent to the total export for the year 1985 or RM 1.1 billion. The contribution of other products exported to Thailand such as food, beverage and tobacco, crude materials, animal & vegetable oils, chemical and related products are moderate. The following is analysis by types of products for Malaysia's exports to Thailand.

4.4 FOOD, BEVERAGES AND TOBACCO

Malaysia's export of food, beverages and tobacco to Thailand is only a small portion of total trade. In 1985, Malaysia exported RM 13.30 million only, which is 1.02 per cent of total exports. Although the export of food, beverages and tobacco amounted to RM 55.036 million in 1990 and RM 157.56m million in 1995 their share in exports was only 1.97 per cent and 2.17 per cent respectively. Food, beverages and tobacco comprises mainly rice, flour, fruits, vegetables, sugar, coffee, tea, alcoholic beverages and tobacco.

4.5 CRUDE MATERIAL, INEDIBLE.

Crude material comprising mainly natural rubber, latex, synthetic rubber, fibres and wood are also exported by Malaysia to Thailand. In 1985, crude materials exported by Malaysia to Thailand amounted to RM 56.64 million and this increased to RM 665 million and RM 946.84 million in 1990 and 1995 respectively (Table 4.2). However, the share of crude materials in total exports to Thailand decreased to 13.5 per cent in 1995. Malaysia exported 7.9 per cent of total crude material to Thailand in 1995 (Table 4.8)

4.6 MINERAL FUELS AND LUBRICANTS

In 1995, Malaysia exported 14.64 per cent of her total mineral fuels and lubricants's to Thailand (Table 4.8). In other words mineral fuels and lubricants was the main contributor to the Malaysia's exports to Thailand. Mineral fuels and lubricants constitute 84.64 per cent of total exports to Thailand. Between the year 1985 to 1995 exports of mineral fuels and lubricants grew at an average rate of 6.58 per cent per year. In 1990 mineral fuels & lubricants contributed 49 per cent of total export earnings (table 4.2) out of which crude petroleum oil was the main contributor. The significant increase in the export of petroleum and petroleum products is attributed to an increase in consumption by the industrial and transportation sectors in Thailand.

**MALAYSIA EXPORTS TO THAILAND BY PRODUCTS
(1985-1995)**

TABLE 4.

SECT.	PRODUCTS	1985		1989			1995		
		RM'000	SHARE	RM'000	SHARE	GROWTH	RM'000	SHARE	GROWTH
0	Food and Live Animals	13,295	1.02%	52,144	1.87%	282%	85,043	1.17%	63%
1	Beverage and Tobacco	1	0.00%	2,892	0.10%	461185%	72,520	1.00%	2407%
2	Crude Material, Inedible	56,635	4.37%	665,252	23.84%	1075%	946,848	13.05%	42%
3	Mineral Fuels, Lubricants, etc.	1,097,932	84.64%	1,376,400	49.32%	25%	1,893,583	26.09%	38%
4	Animal & Veg. Oils, Fats & Waxes	16,866	1.30%	9,581	0.34%	-43%	70,608	0.97%	637%
5	Chemical & Related Products	7,258	0.56%	130,195	4.67%	1894%	385,447	5.31%	196%
6	Manufactured Goods by Material	19,050	1.47%	216,136	7.75%	1035%	595,634	8.21%	176%
7	Machinery & Transport Equip.	73,320	5.65%	294,627	10.56%	302%	2,885,736	39.76%	879%
8	Misc. Manufactured Articles	8,081	0.62%	35,248	1.26%	336%	234,300	3.23%	565%
9	Misc. Commodities Transaction	4,737	0.37%	8,008	0.29%	69%	88,322	1.22%	1003%
	TOTAL EXPORT TO THAILAND	1,297,175	100.00%	2,790,483	100.00%	115%	7,258,041	100.00%	160%

Source : Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

**MALAYSIA EXPORTS TO THAILAND
Sub-Section of Mineral Fuels, Lubricants, etc.
(1985 - 1995)**

TABLE 4.

DN	PRODUCTS	1985		1989			1995		
		RM	Share	RM	Share	Growth	RM	Share	Growth
32	Coal, Coke and Briquettes	-	-%	900	0.00%	-%	-	-%	-%
33	Petroleum & Petroleum Products	1,097,932,066	100%	1,359,809,374	98.79%	24%	1,889,015,982	99.76%	39%
34	Gas, Natural and Manufactured	-	-%	16,590,182	1.21%	-%	4,566,812	0.24%	-72%
	TOTAL MINERAL FUELS, LUBRICANTS	1,097,932,066	100%	1,376,400,466	100%	26%	1,893,582,794	100%	39%

Source : Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

**MALAYSIA EXPORTS TO THAILAND
Sub-Section of Petroleum & Petroleum Products
(1985 - 1995)**

TABLE 4.3

Group	Petroleum & Petroleum Products	1985 RM'000	1989 RM'000	1995 RM'000
333	Petroleum oil & oil from Bituminous mineral, Crude	1,006,805	1,338,740	1,823,490
334	Petroleum Products, Refined	90,983	19,902	59,829
335	Residual Petroleum Products	-	16	5,697
341	Gas, Natural & Manufactured	144	-	-
342	Liquified Propane & Butane	-	15,013	4,567
344	Petroleum Gases & Others Gasous Hydrocarbons	-	1,577	-
	TOTAL	1,097,932	1,376,248	1,893,583

Source : Department of Statistics, Malaysia

The export of mineral fuels and lubricants which comprised crude and refined petroleum oil expanded at a slower rate of 38 per cent to RM 1.9 billion in 1995 compared with a growth of 49 per cent in 1990. Mineral fuels and lubricants comprised crude petroleum oil, Refined petroleum, natural & manufactured gas, liquified propane & butane and petroleum gases (Table 3.4a). In 1995 crude petroleum oil was the main component of mineral fuels and lubricants (share 91.7 per cent of of the total exports) Malaysia's exports to Thailand. Refined petroleum was the second component of mineral fuels and lubricants with a share of 8.28 per cent (1985) of total mineral fuels and lubricants exported to Thailand. Besides petroleum & petroleum products, other export items such as machinery & transport equipment also registered a significant increas in exports to Thailand.

4.7 MACHINERY & TRANSPORT EQUIPMENT.

Machinery & Transport equipment comprises power generating machinery & equipment, industrial machinery, metalworking machinery, office machinery & data processing equipment, telecommunication & sound equipment, electronic machinery & appliances and road vehicles (Table 4.4). This sector registered a significant growth of 879 per cent from the year 1990 to 1995 to RM 2.9 billion which was higher than the export of mineral fuels & lubricants and this contribute 40 per cent to the total export in 1995. Hence, we can see the transformation in the export trend from

MALAYSIA EXPORTS TO THAILAND
Sub-Section of Machinery & Transport Equipment
(1985 - 1995)

TABLE 4.a

INV.	PRODUCTS	1985		1990			1995		
		RM	Share	RM	Share	Growth	RM	Share	Growth
71	Power Generating Mach. & Equip.	953,040	1.30%	2,086,357	0.71%	119%	116,794,081	4.05%	5498%
72	Mach. For Particular Industries	3,694,502	5.04%	12,524,464	4.25%	239%	55,903,843	1.94%	346%
73	Metalworking Machinery	1,991,065	2.72%	1,209,812	0.41%	-39%	23,999,073	0.83%	1884%
74	Gen. Industrial Mach. & Equip.	5,460,461	7.45%	15,551,811	5.28%	185%	182,576,163	6.33%	1074%
75	Office Mach. & Data Proc. Equip.	172,697	0.24%	51,042,783	17.32%	29456%	994,335,392	34.46%	1846%
76	Telecom. & Sound Equipment	1,815,429	2.48%	52,235,048	17.73%	2777%	415,165,196	14.39%	695%
77	Elect. Machinery, Appliances Nes	34,881,338	47.57%	153,557,998	52.12%	340%	963,427,616	33.39%	527%
78	Road Vehicles	292,476	0.40%	5,290,956	1.80%	1709%	51,605,132	1.79%	875%
79	Other Transport Equipment	24,059,133	32.81%	1,127,880	0.38%	-95%	81,929,945	2.84%	7194%
	TOTAL MACHINERY & TRANSPORT EQUIP.	73,320,141	100%	294,626,907	100%	302%	2,985,736,441	100%	679%

Source: Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

MALAYSIA EXPORTS TO THAILAND
Sub-section of Electrical Machinery & Appliances
(1985 - 1995)

TABLE 4.4a

Group	Electrical Machinery & Appliances	1985		1990		1995	
		RM'000	Share	RM'000	Share	RM'000	Share
771	Electrical Power Machinery & Part thereof	1,581	4.56%	14,047	9.15%	65,014	6.76%
772	Electric Apparatus, Resistor & Other Electric Bases	140	0.40%	9,799	6.38%	74,327	7.71%
773	Equipment for distributing Electric	3	0.01%	7,501	4.89%	43,774	4.54%
774	Electro-Diagnostic App. For Medical & Radiological app.	17	0.05%	61	0.04%	390	0.04%
775	Household type, electrical & non-electrical equip.	2,015	5.78%	17,678	11.51%	33,647	3.49%
776	Thermionic Valves & Tubes Integrated Circuits & App.	30,789	88.30%	98,012	64.48%	706,783	73.36%
778	Electrical Machinery & App.	316	0.91%	5,460	3.58%	39,482	4.10%
	TOTAL	34,881	100%	153,558	100%	963,427	100%

Source: Department of Statistics, Malaysia

mineral fuels & lubricants to machinery & transport equipment. For example in 1985, mineral fuels & lubricants was the main contributor to the total Malaysia exports to Thailand with its share of 85 per cent of total exports. In 1985, machinery & transport equipment contributed only 6 per cent of total exports. In 1995, machinery & transport equipment became the main contributor to the total exports with its share of 40 per cent or RM 2.9 billion of total Malaysia exports to Thailand. The main contributor of exports of machinery & transport equipment came from electrical machinery and appliances.

4.8 ELECTRICAL MACHINERY AND APPLIANCES

With reference to Table 4.4a, Electrical Machinery and Appliances is divided into sub-sectors such as electrical power machinery & parts. Electrical Apparatus & resistor, electro-diagnostic appliances for medical purpose and Intergrated Circuits. According to Table 4.4a, intergrated circuits & parts is the main component of electrical machinery and appliances. Exports of electrical machinery and appliances expanded significantly by an average of 88 per cent per year between 1990 and 1995. This is to an increased in demand from Thailand. Integrated circuits and part contributed 78.39 per cent and 58.69 per cent of total exports of electrical machinery and appliances in 1990 and 1995 respectively.

The growth of Malaysian's exports to Thailand has been largely influenced by policy reforms and adjustments undertaken by Malaysian government to meet the overall structural transformation of the Malaysian economy. The expansion and composition of Malaysia's exports to Thailand from mineral fuels & lubricants to machinery & transport equipment and manufactured goods was in line with policies to promote the expansion of manufacturing output to meet the long-term objective of sustaining broad-based economic growth. The government's commitment to the promotion of manufactured exports can be seen in various measures undertaken to facilitate the expansion of manufactured exports. One of them was manufacturing investment in export-oriented industries which was promoted through the Promotion of Investment Act (PIA), 1986 which allowed investors to enjoy various incentives and tax allowances for export promotion.

4.9 MALAYSIA'S IMPORTS FROM THAILAND

Imports from Thailand increased in value terms by 170 per cent to register RM 5.13 billion in 1995 compared to RM 1.07 billion in 1985. Imports from Thailand comprised mainly food, crude materials and machinery & transport equipment. From the year 1990 to 1995 all categories of imports by commodity sections imported from Thailand had increased tremendously except for the food items which had decrease by 3 per cent. The following is an analysis of imports

**MALAYSIA IMPORT FROM THAILAND BY PRODUCTS
(1985-1995)**

TABLE 4.5

SECT.	PRODUCTS	1985			1990			1995		
		RM	Share	Growth	RM	Share	Growth	RM	Share	Growth
0	Food and Live Animals	790,461	73.38%		1,010,352	53.12%	28%	980,609	19.11%	-3%
1	Beverage and Tobacco	1,714	0.16%		1,001	0.05%	-42%	5,775	0.11%	477%
2	Crude Material, Inedible	78,134	7.25%		85,856	4.50%	10%	527,407	10.28%	516%
3	Mineral Fuels, Lubricants, etc.	467	0.04%		323	0.02%	-31%	17,314	0.34%	5258%
4	Animal & Veg. Oils, Fats & Waxes	10,049	0.93%		676	0.04%	-93%	6,411	0.12%	848%
5	Chemical & Related Products	23,154	2.15%		82,490	4.34%	256%	292,806	5.71%	255%
6	Manufactured Goods by Material	60,085	5.58%		166,532	8.76%	177%	522,266	10.18%	214%
7	Machinery & Transport Equip.	91,535	8.50%		486,458	25.58%	431%	2,500,594	48.73%	414%
8	Misc. Manufactured Articles	20,290	1.88%		66,969	3.52%	230%	169,539	3.30%	153%
9	Misc. Commodities Transaction	1,259	0.12%		1,515	0.08%	20%	108,805	2.12%	7080%
TOTAL IMPORTS FROM THAILAND		1,077,147	100.00%		1,901,973	100.00%	77%	5,131,526	100.00%	170%

Source: Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

**MALAYSIA IMPORT FROM THAILAND BY PRODUCTS
Sub-Section of Food and Live Animals
(1985 - 1995)**

TABLE 4.5a

SECT.	PRODUCTS	1985			1990			1995		
		RM	Share	Growth	RM	Share	Growth	RM	Share	Growth
00	Live Animals Chiefly for Food	4,532,858	0.57%		4,820,254	0.48%	6%	15,495,176	1.58%	221%
01	Meat and Meat Preparations	326,684	0.04%		166,300	0.02%	-49%	4,158,345	0.42%	2401%
02	Dairy Products and Birds' eggs	6,200	0.00%		35,804	0.00%	477%	4,584,953	0.47%	12706%
03	Fish, Crustac., Molluscs & Preparations	104,716,973	13.25%		153,654,140	15.21%	47%	260,990,355	26.62%	70%
04	Cereals & Cereal Preparations	548,120,245	69.34%		573,765,025	56.79%	5%	291,047,936	29.68%	-49%
05	Vegetables and Fruits	48,597,855	6.15%		78,238,251	7.74%	61%	105,812,132	10.77%	35%
06	Sugar, Sugar Preparations & Honey	23,343,237	2.95%		136,400,698	13.50%	484%	225,990,328	23.05%	66%
07	Coffee, Tea, Spices, etc., & Manufactured	10,744,759	1.36%		4,809,746	0.48%	-55%	5,635,432	0.57%	17%
08	Feeding Stuff for Animals	46,028,651	5.82%		36,312,384	3.59%	-21%	30,564,503	3.12%	-16%
09	Misc. Edible Products & Preparations	4,043,333	0.51%		22,148,916	2.19%	448%	36,529,703	3.73%	65%
TOTAL FOOD AND LIVE ANIMALS		790,460,796	100%		1,010,351,519	100%	28%	980,608,663	100%	-3%

Source: Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

**MALAYSIA IMPORTS FROM THAILAND
Sub-section of Cereal & Cereal Preparation
(1985 - 1995)**

TABLE 4.6

Group	Cereal & Cereal Preparation	1985		1990		1995	
		RM	Share	RM	Share	RM	Share
042	Rice	200,023	36.49%	259,998	45.31%	229,031	78.69%
043	Barley, Unmilled	187	0.03%	31	0.01%	51	0.02%
044	Maize (Corn)	256,417	46.78%	251,101	43.76%	40,568	13.94%
045	Cereals, Unmilled	57	0.01%	798	0.14%	167	0.06%
046	Meal & Flour of Wheat & Flour of Meslin	14	0.00%	11	0.00%	124	0.04%
047	Other Cereal Meals & Flour	21,966	4.01%	12,871	2.24%	16,823	5.78%
048	Cereal preparation & preparation Of fruits or vegetable	69,456	12.67%	48,955	8.53%	4,283	1.47%
TOTAL		548,120	100%	573,765	100%	291,047	100.00%

Source: Department of Statistics, Malaysia

from Thailand by products.

4.10 IMPORTS OF FOOD AND LIVE ANIMALS

With reference to Table 4.9, in 1985, 25 per cent of Malaysia's total imports of food came from Thailand. Malaysia's imports of food from Thailand constituted 73.3 per cent of the total imports from Thailand (Table 4.5) which shows that food was the main contributor to the total imports from Thailand. During the first five years (1985-1990) imports of food items from Thailand increased by 28 per cent to RM 1.02 billion in 1990. In 1990 food items was the biggest contributor to total import from Thailand, (53.2 per cent). In 1995, imports of food recorded a negative growth of 3 per cent. However, food items was the second largest contributor to the total imports. Imports of food items comprising mainly live animals, meat, eggs, fish, crustaceans, molluscs, cereals, vegetables and fruits, sugar, sugar preparation and honey, coffee, tea, spices and feeding stuff for animals grew tremendously from the year 1985 to 1990 except for a few items such as meat and meat preparation (-49% to RM 166 million) and coffee, tea and spieces (-55% to RM 4 million).

Sugar, sugar preparation and honey registered the highest import growth of 484 per cent from the year 1985 to 1990 (Table 4.5a) followed by dairy products and eggs 477 per cent to RM 35

million. Although imports of cereal & cereal preparations (comprised mainly rice and flour) grew at the slower rate (5 per cent) but it remained the biggest contributor to the total import of food items (56.79%) in 1990. In 1995, the share of food items on the whole declined to 19.11% of total imports (table4.5a). Although the share dropped but cereals and cereal preparations still remained the main contributor to food items imported from Thailand.

4.11 CEREAL AND CEREAL PREPARATION-

Cereals and Cereal Preparations can be divided into sub-sectors as shown in Table 4.5a. With reference to this table, the main components of cereals and cereal preparations are rice (36.49 per cent in 1985) and maize (46.78 per cent in 1985). The import of cereals & cereal preparations dropped by 49 per cent from the year 1990 to 1995 due to the decline in the imports of rice and maize.

4.12 MACHINERY & TRANSPORT EQUIPMENT.

In 1985, food items was the main contributor to the imports from Thailand, but in the year 1995 the situation was different, where in 1995 the main contributor to the imports from Thailand was no longer food items but machinery and transport equipment. The

Imports of machinery and transport equipment recorded a tremendous growth of 414 per cent to RM 2.5 billion from the year 1990 to 1995.

4.13 ELECTRICAL MACHINERY AND APPLIANCES

Electrical machinery and appliances (sub sector of machinery & transport equipment) constituted the main component of total imports of machinery & transport equipment from Thailand with its share of 85.04%(Table 4.7a) of total imports in 1985. Sustaining itself as the single largest import component of machinery and transport equipment from Thailand. In 1990 electrical machinery and electronic products(electronic products comprise three sub-sectors namely, electronic components, consumer electronics and industrial electronics) contributed 46.97% of total imports or RM 228 million in terms of import values. The strong growth of imports of electrical machinery and electronic products into Malaysia can be attributed to the strong demand in electronic components, electrical machinery as well as telecommunication products. In the year 1995, although the share of electrical machinery and electronic products decreased to 43.85%, in terms of value (RM 1.10 billion) it is still maintained as the highest contributor to the imports of machinery and transport equipment from Thailand.

In conclusion we can say that from the year 1985 onwards, Malaysia's imports from Thailand had been expanded tremendously in value terms by average of 31.40 per cent per year to register RM

MALAYSIA IMPORTS FROM THAILAND
Sub-Section of Machinery & Transport Equipment
(1985 - 1995)

TABLE 4.7

SECT.	PRODUCTS	1985		1990			1995		
		RM	Share	RM	Share	Growth	RM	Share	Growth
71	Power Generating Mach. & Equip.	778,548	0.85%	6,807,057	1.40%	774%	73,036,414	2.92%	973%
72	Mach. for Particular Industries	5,815,586	6.35%	22,067,926	4.54%	279%	46,585,414	1.86%	111%
73	Metalworking Machinery	241,387	0.26%	6,804,131	1.40%	2719%	30,621,996	1.22%	350%
74	Gen. Industrial Mach. & Equip.	2,831,491	3.09%	30,122,452	6.19%	964%	160,782,433	6.43%	434%
75	Office Mach. & Data Proc. Equip.	89,796	0.10%	137,679,501	28.30%	153225%	702,557,715	28.10%	410%
76	Telecom. & Sound Equipment	804,397	0.88%	38,361,930	7.89%	4669%	327,367,265	13.09%	753%
77	Elect. Machinery, Appliances Nes	77,841,796	85.04%	228,502,604	46.97%	194%	1,096,539,358	43.85%	380%
78	Road Vehicles	3,011,229	3.29%	14,978,911	3.08%	397%	63,078,830	2.52%	321%
79	Other Transport Equipment	120,676	0.13%	1,133,500	0.23%	839%	24,755	0.00%	-98%
	TOTAL MACHINERY & TRANSPORT EQ	91,534,906	100%	486,466,012	100%	431%	2,500,884,180	100%	414%

Source: Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

MALAYSIA IMPORTS FROM THAILAND
Sub-section of Electrical Machinery & Appliances
(1985 - 1995)

TABLE 4.7a

Group	Electrical Machinery & Appliances	1985		1990		1995	
		RM	Share	RM	Share	RM	Share
771	Electrical Power Machinery & Part thereof	253	0.33%	17,066	7.47%	81,715	8.36%
772	Electric Apparatus, Resistor & Other Electric Bases	7,069	9.06%	6,959	3.05%	178,087	16.06%
773	Equipment for distributing Electric	40	0.05%	3,267	1.43%	25,196	2.30%
774	Electro-Diagnostic App. For Medical & Radiological app.	-	-	36	0.02%	-	-
775	Household type, electrical & non-electrical equip.	231	0.30%	3,079	1.35%	24,155	2.20%
776	Thermionic Valves & Tubes Integrated Circuits & App.	69,400	89.18%	179,128	78.39%	643,592	58.69%
778	Electrical Machinery & App.	848	1.09%	18,967	8.30%	135,804	12.38%
	TOTAL	77,841	100%	228,502	100%	1,096,539	100%

Source: Department of Statistics, Malaysia

5.13 billion in the year 1995. Besides that, the structure of the products imported from Thailand also changed from food based to machinery and transport equipment based. In 1985, food items was the major component of imports from Thailand, constituting 73.38% of total imports but in 1995, machinery and transport equipment formed the major component of imports from Thailand with its share of 48.73% or RM 2.5 billion in value terms.

4.14 TRADE BALANCE

With reference to Table 4.1, it is clearly shown that for the first period of study (1985-1990), the trade balance between Malaysia and Thailand was in Thailand's favour to Thailand except for the year 1985, 1987 and 1990. In doing business with Malaysia, Thailand had registered a trade surplus of RM 246 million, RM 186 million, RM 237 million and RM 176 million for the years 1985, 1986, 1988 and 1989 respectively. One of the main reasons why Malaysia experienced a trade deficit with Thailand during this period was because Malaysia relied heavily on imported food items from Thailand. But for the second half of bilateral trade (1990-1995) Malaysia which depended on exports of mineral fuels and lubricants, registered a trade surplus of RM 1.32 billion, RM 1.26 billion, RM 1.44 billion, RM 1.95 billion and RM 2.13 billion for the year 1991, 1992, 1993, 1994 and 1995 respectively.

4.15 CONCLUSION

**COMPARISON OF MALAYSIA'S EXPORTS TO THE WORLD BY PRODUCTS
(1985 - 1995)**

TABLE 4.8

PRODUCTS	1985			1986			1987		
	THAILAND	WORLD	%	THAILAND	WORLD	%	THAILAND	WORLD	%
Food and Live Animals	13,295	1,662,116	0.80%	52,144	3,453,210	1.51%	85,043	4,515,750	1.88%
Beverage and Tobacco	1	25,507	0.00%	2,892	95,355	3.03%	72,520	397,708	18.23%
Crude Material, Inedible	56,635	7,247,958	0.78%	665,252	11,480,159	5.79%	946,848	11,991,814	7.90%
Mineral Fuels, Lubricants, etc.	1,007,832	12,981,199	8.11%	1,278,499	14,094,832	9.43%	1,899,883	12,832,319	14.84%
Animal & Veg. Oils, Fats & Waxes	16,866	4,845,292	0.35%	9,581	5,679,708	0.17%	70,608	12,633,992	0.56%
Chemical & Related Products	7,258	427,585	1.70%	130,195	1,304,009	9.98%	385,447	5,629,094	6.85%
Manufactured Goods by Material	19,050	3,094,967	0.62%	216,136	6,329,306	3.41%	595,634	16,339,863	3.65%
Machinery & Transport Equip.	73,320	7,059,226	1.04%	294,627	26,429,825	1.04%	2,885,736	101,995,102	2.83%
Misc. Manufactured Articles	8,081	1,391,419	0.58%	35,248	7,955,523	0.44%	234,300	16,131,596	1.45%
Misc. Commodities Transaction	4,737	211,552	2.24%	8,008	324,347	2.47%	88,322	2,419,261	3.65%
TOTAL EXPORT TO THAILAND	1,297,175	38,016,731	3.41%	2,790,483	79,646,373	3.50%	7,258,041	184,986,483	3.92%
TOTAL EXPORT TO THE WORLD	38,016,732	38,016,732	100.00%	79,646,373	79,646,373	100.00%	184,986,483	184,986,483	100.00%

Source : Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

**COMPARISON OF MALAYSIA'S IMPORTS FROM THAILAND TO THE WORLD BY PRODUCTS
(1985 - 1995)**

TABLE 4.9

PRODUCTS	1985			1986			1987		
	THAILAND	WORLD	%	THAILAND	WORLD	%	THAILAND	WORLD	%
Food and Live Animals	790,461	3,063,957	25.80%	1,010,352	4,582,511	22.05%	980,609	7,884,661	12.44%
Beverage and Tobacco	1,714	228,868	0.75%	1,001	292,888	0.34%	5,775	558,223	1.03%
Crude Material, Inedible	78,134	1,035,822	7.54%	85,656	2,551,240	3.36%	527,407	4,651,228	11.34%
Mineral Fuels, Lubricants, etc.	466,750	3,721,989	12.54%	323	4,021,049	0.01%	17,314	4,350,967	0.40%
Animal & Veg. Oils, Fats & Waxes	10,049	80,591	12.47%	676	217,959	0.31%	6,411	380,054	1.69%
Chemical & Related Products	23,154	2,639,801	0.88%	82,490	6,716,791	1.23%	292,806	13,759,153	2.13%
Manufactured Goods by Material	60,085	4,418,973	1.36%	166,532	12,499,118	1.33%	522,266	26,956,599	1.94%
Machinery & Transport Equip.	91,535	13,262,089	0.69%	486,458	39,740,530	1.22%	2,500,594	116,722,051	2.14%
Misc. Manufactured Articles	20,290	1,673,827	1.21%	66,969	4,496,840	1.49%	169,539	9,508,369	1.78%
Misc. Commodities Transaction	1,259	311,910	0.40%	1,515	3,999,645	0.04%	108,805	9,573,191	1.14%
TOTAL IMPORTS FROM THAILAND	1,543,430	30,437,827	5.07%	1,901,973	79,118,571	2.40%	5,131,526	194,344,486	2.64%
TOTAL IMPORTS FROM THE WORLD	30,437,826	30,437,826	100.00%	79,118,572	79,118,572	100.00%	194,344,487	194,344,487	100.00%

Source : Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

**TRADE COMPARISON BETWEEN MALAYSIA AND THAILAND TO THE WORLD
(1985 - 1995)**

TABLE 4.10

YEAR	MALAYSIA EXPORT TO THAILAND		MALAYSIA EXPORT TO THE WORLD		THAILAND EXPORT TO THE WORLD
	EXPORT VALUE	PERCENT	EXPORT VALUE	PERCENT	
1985	2,841		68,455		4%
1986	2,034	-28%	63,240	-8%	3%
1987	2,404	18%	77,159	22%	3%
1988	2,408	0%	98,553	28%	2%
1989	3,506	46%	128,683	31%	3%
1990	4,692	34%	158,765	23%	3%
1991	4,703	0%	195,328	23%	2%
1992	6,300	34%	205,097	5%	3%
1993	7,276	15%	238,642	16%	3%
1994	9,649	33%	309,842	30%	3%
1995	12,390	28%	379,331	22%	3%

Source : Department of Statistics, Annual Statistics for External Trade, Malaysia, Various Years.

Bilateral trade between Malaysia and Thailand has shown a change in the structure of trade. For example, Malaysia has changed her major exports from mineral fuels and lubricants to machinery and transport equipment. In 1985 mineral fuels and lubricants was the main contributor to total exports to Thailand but in 1995 the structure of exports to Thailand has changed to machinery and transport equipment. The same applies with regards to Malaysia's imports from Thailand. In 1985, food items was the main component of imports from Thailand but this was changed to machinery and transport equipment. Although trade between Malaysia and Thailand has been expanded significantly either by value or by products, compared to the rest of the world, Thailand is not Malaysia's main trade partner as shown in table 4.10, from the year 1985 to 1995 bilateral trade between Malaysia and Thailand constitute only 2 to 4 per cent of the Malaysian's total trade with rest of the world.