

# TABLE OF CONTENTS

	Page
LIST OF TABLES . . . . .	iv
LIST OF DIAGRAMS . . . . .	v
 Chapter	
I INTRODUCTION . . . . .	1
1. Concepts and Definition . . . . .	1
2. Methods of Classification . . . . .	6
3. Purpose of the Balance of Payments . . . . .	11
4. Scope of Study . . . . .	13
II THE BALANCE OF PAYMENTS OF MALAYSIA . . . . .	15
1. Current Account . . . . .	15
1.1 Merchandise Trade . . . . .	16
1.2 "Invisible" Trade . . . . .	30
1.3 Regional Current Balance . . . . .	32
2. Capital Accounts . . . . .	34
3. General Conclusions . . . . .	36
III WAYS OF MEETING THE DEFICIT IN THE BALANCE OF PAYMENTS . . . . .	39
1. Import Substitution . . . . .	39
1.1 Through Manufacturing . . . . .	40
1.2 Import Substitution in Food . . . . .	43
2. Expansion of Exports . . . . .	45
3. Private Capital Inflow . . . . .	45
4. Official Loans and Grants . . . . .	46
IV FOREIGN EXCHANGE RESERVE AND THE MONETARY SYSTEM . . . . .	48
1. Foreign Exchange Reserves and the Balance of Payments . . . . .	48
2. The Monetary System and the Balance of Payments . . . . .	53
2.1 The Present System . . . . .	53
2.2 Adjustment under the Present System . . . . .	54
2.3 The Significance of the Present System . . . . .	57

V	CONCLUSION . . . . .	62
	1. Balance of Payments Prospects 1966-1970 . . . . .	62
	2. Prospects After 1970 . . . . .	67
	3. Conclusion . . . . .	71

## Appendix

I	COMPOSITION OF THE BALANCE OF PAYMENTS	73
	1. Merchandise Trade . . . . .	73
	2. Others (mainly "Invisibles") . . . . .	76
	3. Capital Account . . . . .	79
	4. Monetary Movement . . . . .	81

## LIST OF TABLES

Table		Page
1.	The I.M.F. Standard Form for Presentation of Balance of Payments Account . . . . .	8
2.	The Malaysian Form for Presentation of Balance of Payments Account . . . . .	10
3.	Summary of the Current Account - 1961 to 1966 . . . . .	15
4.	Export Performance of three Major Commodities of Malaysia 1960-65 . . . . .	17
5.	Proportion of Natural Rubber to Total Rubber Consumption . . . . .	20
6.	Estimates of World Production and Consumption of Tin . . . . .	23
7.	Malaysia: Gross Imports 1961-65 . . . . .	30
8.	Regional Current Balance 1961-65 . . . . .	34
9A.	Malaysia's Balance of Payments Estimates 1961 to 1965 (Current Account) . . . . .	37
9B.	Malaysia's Balance of Payments Estimates 1961 to 1965 (Capital Account) . . . . .	38
10.	Malaysia: Gold and Foreign Exchange Reserves 1961-65 . . . . .	49
11.	Malayan Export of Domestic Produce and Import for Domestic Consumption 1949-53	58
12.	Malayan Net Exports/Imports 1955-60 . . . . .	59
13.	Malaysia: Balance of Payments 1965-70 . . . . .	68
14.	Projected Balance of Payments 1965-85 . . . . .	70

# LIST OF DIAGRAMS

Diagram		Page
1A.	Rubber Export Value, 1961-1965 . . . . .	22
1B.	Rubber Production and Price, 1961-1965	22
2A.	Tin Export Value, 1961-1965 . . . . .	25
2B.	Tin Production and Price 1961-1965 . .	25
3A.	Iron-Ore Export Value, 1961-1965 . . .	26
3B.	Iron-Ore Production and Price, 1961- 1965 . . . . .	26
4.	Gross Export and Imports of Malaysia, 1961-1965 . . . . .	33