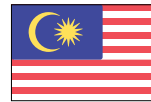


Malaysia



Trade and investment relationship with Australia

Two-way trade A\$33.5b (2022)	Two-way investment: A\$30b (2022)	Students 15,420 (2022)	Visitors 85,260 (2022)
Two-way trade in goods A\$30.9b (2022)	AUS investment in Malaysia: A\$10.1b (2022)	Diaspora 172,350 (2021)	Outbound visitors 104,100 (2022)
Two-way trade in services: A\$2.6b (2022)	Malaysia investment in AUS: A\$19.8b (2022)		

Multilateral/Regional	Bilateral
WTO – member; APEC – member; CPTPP – party; RCEP – party; AANZFTA – party; IPEF – founding member	Comprehensive Strategic Partnership; Malaysia–Australia Free Trade Agreement

Diplomatic and economic relations

Australia and Malaysia have a strong and longstanding relationship, with important defence ties and an economic partnership underpinned by the Malaysia–Australia Free Trade Agreement. Australia is Malaysia's seventh-largest goods trading partner and Malaysia is Australia's eighth-largest goods and services trading partner. People-to-people links are diverse, spanning education, tourism, science and innovation.

Outlook to 2040

Malaysia's real GDP growth is projected to remain above 4 per cent for the next five years, before gradually falling to 2.7 per cent from 2035 to 2040. Malaysia is on track to reach high-income (or developed) country status in the next five years. Malaysia is seeking to improve its competitiveness by creating high-quality jobs, strengthening its institutions, ensuring greater inclusion and investing in its population. This will require a transition from a manufacturing-heavy economy to a knowledge-based and high-value economy. The Malaysian Government's emphasis on high-value-added industries and digital transformation is expected to drive growth, including in services, agriculture and technology.

Sectors to watch

Agriculture and food

Australia provides a high proportion of food products to Malaysia, including an estimated 10 per cent of Malaysia's dairy, a quarter of imported meat and two-thirds of imported wheat. Areas for future cooperation include food control systems, food trade and opportunities for agribusiness.

Resources

Malaysia's demand for fossil fuels is expected to decline to 2040 based on its decarbonisation commitments, yet resources will remain an important import. Natural gas, copper and coal were in the top six goods exports from Australia to Malaysia in 2022. There will be opportunities for Australian businesses with Malaysia's energy transition, including hydrogen and renewables.

Education and skills

Prior to 2020, more than 24,000 Malaysians studied each year in Australia and current student numbers signal a recovery from Malaysia. Four Australian universities have a campus presence in Malaysia. Australia and Malaysia have committed to further cooperation in vocational education and training, online tertiary education delivery and quality assurance, qualifications recognition and research collaboration, providing further opportunities for Australian education providers.

Digital economy

Malaysia's MyDigital strategy seeks to transform Malaysia into a digitally driven, high-income nation and a regional leader in the digital economy. The Australia–Malaysia Tech Exchange Memorandum of Understanding on digital collaboration (2020) commits both countries to enhancing digital cooperation, reducing barriers to digital trade and promoting open digital trade rules.



Raise awareness

- Attract more tertiary, VET, English-language and school students from Malaysia
- Enhance collaboration with the Malaysia Digital Economy Corporation, particularly on bilateral investment opportunities
- Undertake a targeted agricultural trade and investment advocacy campaign, including via sectoral business missions
- Connect Australian business with infrastructure stakeholders through targeted, industry-specific business missions and briefing programs
- Expand Australian tourism marketing efforts



Remove blockages

- Encourage cooperation on recognition of qualifications between Malaysia and Australia
- Develop agreed standards to streamline access and movement of agricultural products
- Facilitate commercial education and training matching between Australian education providers with Malaysian institutions and businesses
- Work with Malaysian regulators to harmonise regulatory frameworks to help de-risk investments
- Prioritise negotiations on air services agreements
- Continue to advocate for Malaysia's role in supporting diverse and resilient global critical minerals supply chains



Build capability

- Encourage business matching and knowledge sharing between innovative Australian and Malaysian SMEs and startups
- Build awareness of collaboration opportunities for Australian businesses for halal-certified products and services
- Enhance cooperation on food safety standards to facilitate increased food trade
- Deepen institutional-level partnerships and expand technical assistance on decarbonisation pathways
- Connect alumni with Australian and Malaysian businesses
- Promote exchanges to encourage cultural collaboration among artists
- Continue to share experiences and expertise on building supply chain resilience



Deepen investment

- Focus investment promotion initiatives on Malaysia
- Extend Partnerships for Infrastructure funding to continue to support Malaysia's energy transition
- Foster connections between medical innovation hubs in Australia and Malaysia
- Upgrade the Malaysia–Australia Free Trade Agreement to include new provisions and cooperation on digital and green economy