



MALAYSIA

What's happening in this economy

Malaysia is an advanced middle-income nation with the fastest urbanisation growth rate in ASEAN. The country is expected to reach high-income status by 2024.

For the foreseeable future, Malaysians will continue to have growing disposable incomes and good access to credit, supported by a mature financial sector.

These more affluent and sophisticated consumers will demand greater product choice, better quality brands and higher standards of service.

Malaysia's growth presents numerous commercial opportunities, particularly in sectors such as food and agribusiness, digital economy (e-commerce and fintech), health care, smart cities, energy and defence.

The Australia–Malaysia economic relationship is underpinned by a strong degree of complementarity in our economies, and two high-quality free trade agreements (FTAs)—the Malaysia–Australia FTA (MAFTA) and the ASEAN–Australia–New Zealand FTA (AANZFTA). Australia is committed to building on both agreements to elevate our economic relationship, including through comprehensive regional trade agreements—the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).

Trade, investment, and commercial opportunities and activities

- More than 3,800 Australian businesses (mostly SMEs) trade with Malaysia, 300 of which have a physical presence. Despite a number of recognisable Australian business brands operating in Malaysia—such as BHP, Blackmores, BlueScope, Boost Juice, Cochlear, Cotton On, Curtin University, Harvey Norman, King Living, Linfox, Monash University Malaysia, SEEK, Spotlight and Swinburne University—Australian business awareness of Malaysia's potential remains relatively low:
 - the stock of Australian investment in Malaysia totalled over AUD 10 billion at the end of 2018, including property (Lendlease), financial services (ANZ, IAG, QBE), manufacturing (BlueScope, Cochlear), rare earths (Lynas) and health care (Ramsay).
- In 2018 Malaysia was Australia's 10th largest trading partner and recorded the second fastest growth in two-way trade among major ASEAN economies:
 - Malaysia is Australia's sixth largest energy export market, and
 - total bilateral trade (goods and services) increased from \$16 billion in 2008 to over \$24 billion in 2018.

Key facts and figures

- Population: 32 million (2018)
- GDP growth: 4.7% (2018)
- GDP per capita: USD 10,941 (2018)
- Political system: Federal parliamentary democracy and constitutional monarchy
- Two-way trade value: AUD 24.2 billion (2018)
- Key exports to Malaysia: education-related travel, coal, crude petroleum, copper and tourism (2018)
- Key imports from Malaysia: crude and refined petroleum, computers and tourism (2018)
- Two-way investment stock: AUD 32 billion (2018)



connecting Australian business to the world

- Malaysia is Australia's second largest source of foreign investment from ASEAN. At end of 2018 Malaysians held over \$22 billion worth of investments in Australia including in:
 - property (OSK, UEM)
 - tourism infrastructure (IGB)
 - transport, energy and resources (Petronas and YTL), and
 - agribusiness and healthcare (Sime Darby).
- Malaysia's sovereign wealth and pension funds seek investments that offer safe, long-term and steady income streams and have targeted Australia for their investment growth plans.
- In 2018 Malaysia was Australia's fifth largest source of international students:
 - more than 26,000 Malaysians were studying in Australia in 2018
 - a further 20,000 students are studying Australian qualifications in Malaysia, and
 - it is estimated that there are about 400,000 Malaysian alumni of Australian education institutions.
- Tourism between our two countries remains strong. More than 350,000 Australians visited Malaysia and over 400,000 Malaysians visited Australia in 2018.

While these numbers are significant, there is an opportunity to develop this commercial relationship into higher value areas such as advanced manufacturing and the digital economy.

Malaysia will host APEC in 2020, including Leaders' Week in November. APEC will be an important opportunity to strengthen the bilateral commercial relationship and to advance Australia and Malaysia's mutual interests in promoting an open, rules-based international trading system.

Trade policy and negotiations

Since AANZFTA entered into force in 2010—and MAFTA in 2013—these agreements have underscored Malaysia's economic profile in Australia and increased trade and investment activity.

The Australian and Malaysian Trade Ministers met in August 2019 and directed officials to convene an FTA Joint Commission in early 2020 to stocktake bilateral trade and investment issues, including parameters for a future General Review of MAFTA.

Malaysia signed the CPTPP in March 2018 and is looking carefully at commitments made in this agreement. Malaysia has been an active player in ongoing RCEP negotiations. Malaysia is also interested in advancing ASEAN economic integration through the ASEAN Economic Community.

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