

BILATERAL TRADE ANALYSIS

ITALY - MALAYSIA



2025

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1.0 MACROECONOMIC OVERVIEW OF MALAYSIA

With a population of over 34 million and a GDP exceeding €387 billion¹ in 2024 Malaysia stood out as one the most innovative and competitive economies in the ASEAN² region.

Considered as the 4th most competitive emerging market in the world, “Malaysia’s global standing paragraph”), Malaysia was also ranked 12th out of 190 countries in the World Bank’s *Ease of Doing Business 2020* report and 27th in the World Economic Forum’s Global Competitiveness Report 2023 the country stands out as a competitive, export-oriented and investor-friendly hub at the crossroads of global trade routes.

The Malaysian economy has demonstrated remarkable resilience and adaptability in the face of global economic uncertainty. In 2024, Malaysia's GDP growth reached 5,1%, outperforming earlier forecasts and up from 3.6% in 2023. The economy is projected to continue this upward trajectory, with expected growth between 4.5% and 5.5% in 2025.

Historically, Malaysia’s economic growth has been strongly supported by hydrocarbons, particularly oil and gas but is now strongly supported by increased domestic demand and investment growth in the electrical and electronics (E&E) and information and communication technology (ICT) sectors. As the second-largest oil producer in Southeast Asia and the world’s third-largest exporter of liquefied natural gas (with almost 30 million kg in 2023 about 7% of the total LNG traded globally, the country plays a key role in global energy markets.

Strategically located along major energy trade routes, the oil & gas sector accounts for around 20% of Malaysia’s GDP and offers significant opportunities for investments across upstream, downstream, and petrochemical segments.

These geographical and resource advantages, coupled with a conducive business environment, high literacy and digitalization rates, widespread English proficiency, and a competitive cost structure, positions Malaysia as an attractive destination for investment and industrial development.

Sectors of particular interest for the Malaysian government include oil & gas, construction, chemicals and petrochemicals, energy and the green economy, aerospace, electronics, the digital economy, agri-food, and services — all offering strong potential for foreigners willing to invest in the country and establish economic partnerships.

¹ As of June 2025, 1 EUR = 4.97MYR

² Association of SouthEast Asian Nations



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MALAYSIA: RELEVANT INDICATORS						
	2019	2020	2021	2022	2023	2024
GDP (billion € at current prices)	326	295	316	370	370	387
Real GDP growth rate (%)	4,40	-5,50	3,30	8,90	3,60	5,10
Population (mln)	33,4	33,9	34,3	34,7	35,1	35,6
GDP per capita (at current prices, thousand €)	9.29	8.48	9.28	10	9.69	10.1
Unemployment rate (%)	3,30	4,50	4,70	3,80	3,40	4,40
Public debt (% of GDP)	52,4	62	63,3	60,2	64,3	65
Total export volume (billion €)	212,8	205,5	253,2	319,9	289,8	316,2
Total import volume (billion €)	183,1	167,1	201,4	266,9	246	265,3
Trade balance (billion €)	+26,9	+28,7	+36,2	+38,5	+27,7	+32,6
Source: Osservatorio Economico MAECI su dati Economist Intelligence Unit						

Foreign investments are supported by ad-hoc policies and an attractive and flexible fiscal environment, including the territorial taxation system. This regime ensures that only income generated within Malaysia is subject to taxation, while foreign-sourced income is generally exempted, even when repatriated. Notably, as of 2024, the government has fully restored the exemption on foreign income after a transitional period in 2022–2023, reaffirming the country's commitment to remaining an appealing jurisdiction for international business.

Corporate taxation is equally competitive: resident companies are taxed at a standard rate of 24%, while SMEs benefit from a preferential rate of 17% on the first MYR600,000 (approximately €121.000) of taxable income, provided their paid-up capital does not exceed MYR2.5 million (approximately €503.018). Non-resident individuals are taxed at a flat 30% rate on Malaysian-sourced income, while resident individuals are subject to progressive rates ranging from 1% to 30%, with an exemption threshold set at MYR34,000 (roughly €6.800). Other features of the tax regime include the absence of withholding taxes on dividends, the Sales and Service Tax (SST) that vary from 5% to 10% on goods and 6% on services, and targeted tax incentives available for priority sectors including high-tech manufacturing, green energy, digitalization, and regional development.

On this note, the New Investment Incentive Framework (NIIF) is particularly important, as it is designed to attract foreign investment on technologically advanced activities, such as AI, that can create high-value products, high value services and high-value employment opportunities.



Other strategic initiatives, such as the New Industrial Master Plan (NIMP 2030), the National Energy Transition Roadmap (NETR), and the Twelfth Malaysia Plan (12MP), create a coherent vision for sustainable and innovation-led growth. In the last decade the government has also been active in strengthening bilateral and multilateral economic agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP). In addition, recent incentives for the newly developed Johor-Singapore Special Economic Zone and the Forest City (FCSFZ) development project intend to attract international businesses, banking services, investors, residents, and skilled professionals, with a focus on environmental sustainability.

Investors also benefitted from policy incentives such as the Inflation Reduction Act (IRA) and the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act. The Malaysian Investment Development Authority (MIDA) plays a key role in promoting and facilitating high-quality investments by streamlining regulatory procedures and providing targeted support to both foreign and domestic investors.

All these efforts contribute to increasing domestic productivity and taking Malaysia even closer to the “high-income country” status. Indeed, the country is firmly on track to achieve this status by 2028, as confirmed by the World Bank in November 2024 and as demonstrated by the generally positive GDP per capita growth experienced in the last 20 years. The World Bank has also highlighted that despite these significant progresses’ future prosperity depends on deeper shifts in productivity, governance, and inclusion to match the performance of its high-income peers, and Malaysia’s current push for innovation, sustainability, and institutional reform reflects this broader realization.

Malaysia continues to be recognized for having one of the most reliable electricity grids in the region and is investing in renewable energy and grid flexibility to support a cleaner, more sustainable energy future. In 2023, Tenaga Nasional Berhad (TNB) achieved a System Average Interruption Duration Index (SAIDI) of 46.10 minutes per customer per year, “saidi and performance” subsection), maintaining world-class grid performance and underscoring the country’s commitment to supply reliability. The country will also benefit from transparent electricity tariffs and competitive rates, which provide indirect support for industrial growth, especially in high-tech manufacturing.

Malaysia’s economic progress is supported by a well-established institutional framework and a democratic political system that, despite significant shifts in recent years, has maintained overall stability and continuity in governance. From its independence in 1957 to 2018, the country was governed by the Barisan Nasional (BN) coalition, led by the United Malays National Organisation (UMNO).



This political continuity ended in May 2018, when the opposition coalition Pakatan Harapan (PH), led by former Prime Minister Tun Dr. Mahathir Mohamad, won a historic electoral victory.

The general elections of November 2022 did not result in a clear parliamentary majority for any party or coalition, and for the first time in Malaysian history the King brokered a compromise and appointed opposition leader Anwar Ibrahim as Prime Minister. The new government, defined as the “Unity Government”, is a broad coalition which includes both PH and BN. The Unity Government has prioritized restoring political stability, rebuilding public trust, and improving governance. From the point of view of foreign policy, in 2024, Malaysia was formally recognized as a BRICS “partner country” following Anwar’s decision to apply for membership, which aligns with his strategy of asserting national sovereignty while preserving Malaysia’s global independence and seeking closer economic ties with China.

It is relevant to point out that Malaysia is a federal constitutional monarchy with a parliamentary system of governance, 13 states and three federal territories. The states have their own Government and Legislative Assembly, with legislative powers over various matters including religion, land and resource management, local governance, and certain aspects of education and social welfare. While these devolved powers provide a high degree of local autonomy, the federal government retains authority in areas such as foreign affairs, national security, defense, and macroeconomic policy. Depending on the situation, the federal Parliament may overrule state decisions to ensure national coherence and public interest. For example, during the COVID-19 epidemic, the federal government declared a state of emergency, which temporarily suspended Parliament and allowed federal authorities to enact measures overriding certain state powers to effectively manage the public health crisis.

The economy also increased in parallel with these human development gains, reflecting Malaysia’s sustained economic expansion and its transition toward a more investment-driven, high-value-added growth model. Indeed, Malaysia’s Real GDP grew by 5.1% in 2024, up from 3.6% in 2023, also due to a domestic investment cycle driven by high-value private and public sector projects. The expansion was well-distributed across sectors, with construction growing by a staggering 17.5%, manufacturing at 4.2%, and services - which accounts for 59.3% of GDP and is the largest sector in the country - at 5.4%.

REAL GDP BY ECONOMIC ACTIVITY (2015 = 100)					
	% of GDP	Annual change (%)		Contribution to growth (ppt)*	
	2024p	2023	2024p	2023	2024p
Services	59.3	5.1	5.4	3.0	3.2
Manufacturing	23.2	0.7	4.2	0.2	1.0
Agriculture	6.3	0.7	3.1	0.0	0.2
Mining and quarrying	6.0	0.5	0.9	0.0	0.1
Construction	4.0	6.1	17.5	0.2	0.6
Real GDP	100.0*	3.6	5.1	3.6	5.1
* Figures may not add up due to rounding and exclusion of import duties component p Preliminary Source: Department of Statistics, Malaysia					

Exports also recovered with respect to the previous year contraction, increasing from the -8% registered in 2023 to the positive 8.5% in 2024. This improvement was particularly supported by the electrical and electronics (E&E) sector, which played a big role in boosting the economy due to the higher global demand for computer chips in the second half of the year and improvements in the services sector. Domestic demand remained the main engine of growth, expanding by 6.5% in real terms, supported by both private consumption (+5.1%) and private investment (+12.3%).

The labour market showed steady recovery, with employment increasing by 2.6% and the unemployment rate declining to 3.2%, below pre-pandemic levels. While wage growth remained moderate due to cautious wage-setting by firms, aggregate nominal wages expanded by 2.9% in the private sector and 5% in the public sector. Public support measures such as the Sumbangan Tunai Rahmah cash transfers and the newly introduced EPF Akaun Fleksibel withdrawal scheme provided additional cushioning for household consumption.

Notably, public investment also saw double-digit growth (+11.1%), boosted by progress in strategic infrastructure projects like the East Coast Rail Link (ECRL), the Johor Bahru–Singapore Rapid Transit System (RTS), and flood mitigation works. This marked a strong public-private synergy in investment-led growth.



ITALIAN TRADE AGENCY

Malaysia's current account surplus widened to 1.7% of GDP in 2024, up from 1.5% the previous year, thanks to increased travel receipts and stronger export performance. Interestingly, Malaysia has consistently maintained a trade surplus for over two decades, reflecting the country's strong export-oriented economy and its resilience in global markets. Although imports grew faster than exports in 2024 - 13.2% compared to 8.5% - this was mainly due to higher demand for capital and intermediate goods necessary for investments and trade. These investment-driven imports indicate productive capacity expansion and are expected to support future economic growth.

Real GDP by expenditure (2015 = 100)					
	% of GDP	Annual change (%)		Contribution to growth (ppt)	
	2024p	2023	2024p	2023	2024p
Domestic demand*	95.2	4.6	6.5	4.3	6.1
Private sector expenditure	77.2	4.6	6.6	3.5	5.0
<i>Consumption</i>	60.7	4.7	5.1	2.8	3.1
<i>Investment</i>	16.5	4.6	12.3	0.7	1.9
Public sector expenditure	18.0	4.6	6.3	0.8	1.1
<i>Consumption</i>	13.1	3.3	4.7	0.4	0.6
<i>Investment</i>	4.8	8.6	11.1	0.4	0.5
Gross Fixed Capital Formation	21.4	5.5	12.0	1.1	2.4
Change in stocks	0.5	-	-	0.1	-1.1
Net Exports of Goods and Services	4.3	-16.2	2.2	-0.9	0.1
Exports	68.2	-8.1	8.5	-6.0	5.6
Imports	63.9	-7.4	8.9	-5.1	5.5
Real Gross Domestic Product (GDP)	100.0	3.6	5.1	3.6	5.1
<p>* Excluding stocks p Preliminary Note: Figures may not necessarily add up due to rounding. Source: Department of Statistics, Malaysia</p>					



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Travel receipts reached MYR95.7 billion (approximately €19.26 billion), which constitutes a 16.5% increase with respect to pre-pandemic levels, with more than 25 million international tourists visiting Malaysia. Although the services sector still registered a deficit of MYR13.9 billion (approximately €2.8 billion), this gap was much smaller than in 2023, and the rising tourism sector is expected to remain a positive contributor moving forward.

Inflation remained well-anchored, with headline and core inflation both averaging 1.8%, below their long-term averages (2.2% and 2% respectively). While some price pressures were recorded, particularly from targeted subsidy reforms (e.g. diesel and SST increases) and utility tariff adjustments, effective mitigation policies prevented second-round effects. The central bank, Bank Negara Malaysia (BNM), kept the Overnight Policy Rate (OPR) unchanged at 3.00%, balancing between supporting growth and containing inflation. Credit conditions remained favourable, with total outstanding loans growing by 5.6% and corporate bonds by 3.4%. Household credit demand remained solid amid labour market gains, while businesses, particularly SMEs, benefitted from strong loan growth linked to investment activity.

Malaysia's external position remained strong in 2024. The ringgit was one of the few currencies in Asia to appreciate against the US dollar, increasing its value by 2.7%, rebounding mid-year due to easing by the US Federal Reserve and improved investor sentiment. This appreciation was further supported by coordinated efforts between the government and Bank Negara Malaysia (BNM) to encourage the repatriation of foreign earnings by Government-Linked Investment Companies (GLICs) and large corporations. While this marks an improvement, it is important to note that the ringgit's value remains lower than it was several years ago, particularly before the periods of volatility following 2015 and the COVID-19 pandemic: for example, in 2017–2018, the ringgit traded at around MYR4.00 to MYR4.20 per US dollar; in 2024, even after appreciating by 2.7%, the ringgit was still trading in the MYR4.60–MYR4.70 per US dollar range.

Foreign exchange reserves stood at MYR520.1 billion (approximately €104.65 billion), a sufficient amount to finance 5 months of imports and provide a solid buffer against potential external shocks. Total external debt increased to MYR1.345 trillion (approximately €0.271 trillion), which is 69.7% of Malaysia's GDP. However, most of this debt is medium- and long-term, so the overall risk is still under control. Malaysia's fiscal position also improved, with the federal government deficit narrowing to -4.1% of GDP, down from -5.0% in 2023, thanks to an increase in GDP and higher revenue collection (MYR324.6 billion - approximately €65.31 billion).

Total public sector spending on development projects reached MYR181.8 billion (approximately €36.58 billion), showing the government's ongoing commitment to building and improving infrastructure across the country - such as roads, schools, hospitals, and other important public facilities.

More than 50% of the Federal Government revenue is collected through direct taxation, of which approximately 85% comes from income taxes imposed on individuals and companies.

The growth registered in 2024 was primarily driven by indirect taxes, which recorded a strong increase of 10.6% compared to the previous year. Within this category, the Sales and Services Tax (SST) was a key contributor, registering a 15.4% year-on-year growth. While the overall performance of direct taxes remained positive, with a 3.3% increase, the Petroleum Income Tax (PITA), fell sharply by 16.7%. This reflects lower collections from petroleum-related activities, due to reduction in crude oil production. Non-tax revenues declined as well, registering a -5.5% compared to 2023, mainly due to reduced investment income and particularly lower dividends from PETRONAS, a trend that reflects decreased reliance on petroleum-related revenue.

From a monetary and financial market perspective, Malaysia's bond and equity markets saw net capital inflows amid easing global conditions and domestic optimism. The FBM KLCI Index (FTSE Bursa Malaysia Kuala Lumpur Composite Index, which is a stock market index that tracks the performance of the 30 largest companies listed on the main market of Bursa Malaysia) rose by 12.9%, driven by strong performance in utilities, construction, and tech sectors. Compared to 2023, the 5-year and 10-year MGS yields of domestic bonds increased respectively by 4 and 8 basis points, from 3.58% and 3.74% to 3.62% and 3.82%. This moderate but significant increase aligns with regional peers and global yield movements, as investors are demanding slightly higher returns to hold government debt in reflection of expectations of tighter monetary policy, increased risk premiums, or higher future inflation, particularly in the US.

This being said, net non-resident inflows of MYR1.2 billion (approximately €0.24 billion) into debt securities reflected optimism in Malaysia's economy and credit quality. This confidence was supported by strong economic performance, favourable domestic economy prospects and low and stable inflation.

The direct investment account registered a net inflow of MYR11 billion (approximately €2.21 billion), a 0.2% decrease compared to 2023. Particularly relevant is the inflow of net foreign direct investments (FDI), which amounted to MYR47.4 billion (approximately €9.54 billion) - another reflection of the interests of foreign investors in expanding their production capacity in Malaysia.

Foreign direct investments originated mainly from Hong Kong SAR (39.9% of net FDI), Singapore (38.9%) and the United States (25.6%). The service sector, and especially the ICT services subsector, showed the largest inflow - the latter registered a total MYR21 billion (approximately €4.23 billion) investments, almost doubled with respect to 2023. The manufacturing sector also registered a notable inflow of MYR6.7 billion (approximately €1.35 billion) (2023: +RM6.5 billion / approximately €1.3 billion), supported mainly by sustained capacity expansions, particularly in E&E.

The successful implementation of the New Industrial Master Plan 2030 (NIMP 2030), the National Energy Transition Roadmap (NETR), and the National Semiconductor Strategy (NSS) further reinforced Malaysia's status as a forward-looking, high-tech investment hub.

These strategies attracted major investment inflows into E&E, green energy, data centres, and cloud computing. In 2024 Malaysian businesses were more cautious about investing overseas, due to weaker global investment conditions and external uncertainties in the first half of the year. This resulted in a slight contraction of direct investment abroad (DIA), which amounted to MYR36.4 billion (approximately €7.32 billion). Singapore (23.7% of net DIA), Indonesia (22.2%) and Thailand (8.8%) were the major recipients of DIA in 2024. From a sectoral perspective, most funds were directed towards the services sector, particularly the finance and insurance, as well as transport and storage subsectors.

The portfolio investment account recorded a net outflow of MYR84 billion (approximately €16.9 billion), more than doubled with respect to 2023's MYR36.4 billion (approximately €7.32 billion). This was due mainly to higher investments abroad by resident investors (-MYR108 billion / approximately -€21.7 billion; 2023: -MYR46.6 billion / approximately €9.38 billion) in both equity and debt securities. The outflows were only partly offset by the increase in acquisition of domestic equity securities by non-resident investors, which increased almost tenfold from MYR2.5 billion (approximately €0.5 billion) in 2023 to MYR22.7 billion (approximately €4.57 billion) in 2024.

In terms of productivity and structural dynamics, Malaysia is likely experiencing its third big wave of investment growth, following similar maneuvers in 1987–1997 and 2011–2015. This is shown by the steady rise in the share of GFCF (Gross Fixed Capital Formation) since 2023, which is the amount of money spent on fixed assets like buildings and machinery and grew to 21.4% of the country's GDP in 2024, up from 20.1% in 2023. Most of these investments are focused on high-value industries such as advanced electronics, petrochemicals, data services, and renewable energy projects. Notably, throughout 2024, GFCF significantly outpaced GDP and private consumption growth, leading to a higher share of GFCF per GDP. According to MIDA, over 500 projects have been approved in these sectors, accounting for over MYR85 billion (approximately €17.1 billion).

Malaysia also made progress in social and human capital development, especially in higher education access. The gross tertiary enrolment rate hit 41.26% in 2023, an increase from 40.27 percent in 2022 that demonstrates the renewed interest of young people for higher education, although still slightly below the global average of 43%. Moreover, the country hosts more than 130,000 international students, aiming to reach 250,000 by 2025. These gains reflect government efforts to improve education access and quality through scholarships and funding.

However, challenges remain. First of all, despite the low unemployment rate, median wages remain relatively low. In theory, a low unemployment rate should give workers more bargaining power to demand better economic conditions, but that hasn't been the case.

Another major concern is the skill mismatch for graduates with respect to the job market actually needs, which reflects the necessity for updating the educational programs.

Many companies, especially in technical and engineering sectors, report a shortage of up to 60,000 skilled workers. Yet, at the same time, many highly qualified graduates can't find jobs that match their skills, contributing to a high underemployment rate of 36.8% as the economy is currently generating only about 50,000 skilled, high-paying job opportunities annually, far below what's needed to absorb the growing talent pool of almost 300,000 students - of which about one-third in STEM fields - that graduate each year. To tackle these issues, the government is working through the Madani Economy Framework, which aims to restructure the economy and boost the creation of quality jobs. Efforts include closer collaboration with industries and education providers to make sure graduates gain the skills employers are looking for. While progress will take time, these steps are seen as necessary to close the gap between education and employment.

While investments in STEM fields are growing, international assessments highlight ongoing challenges in science and mathematics. The OECD PISA 2022 results reveal that Malaysian 15-year-olds scored 388 points in reading (OECD average: 476), 416 in science (OECD average: 485), and only 41% reached at least Level 2 proficiency in mathematics, compared to 69% across OECD countries. Only 1% of Malaysian students were top performers in math, far below the OECD average of 9%. Labour productivity improved marginally, although wage growth remained below pre-pandemic trajectories, especially in manufacturing. Productivity per employed person grew 1.4%, with value added per employment at MYR25,647 (approximately €5.160) and Malaysia also jumped 11 places in the 2025 World Competitiveness Ranking to 23rd out of 69 economies, its best position since 2020. The labour force participation rate reached a record 70.6% by Q4 2024 but real wage growth lagged behind productivity, prompting renewed government efforts to recalibrate wage-setting mechanisms. BNM and the Ministry of Human Resources emphasized the importance of linking wage growth to productivity and advocated for continued structural wage reforms.

In summary, 2024 marked a pivotal year for Malaysia, showcasing its capacity to diversify the economy through investment-led growth, macroeconomic stability, and institutional resilience. The country appears well-positioned to navigate global headwinds and consolidate its progress, with an expected growth between 4.5% and 5.5% in 2025. Inflation is forecasted to remain manageable at 2%–3.5%, though monitored closely due to upcoming subsidy reforms and tax changes (e.g. targeted RON95 subsidy rationalization and SST expansion).



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If current trends continue, Malaysia is firmly on course to attain high-income status by 2028, a milestone that reflects not just rising income levels but deeper industrial complexity, innovation capacity, and inclusive growth.

2.0 ANALYSIS OF INVESTMENTS IN MALAYSIA.

In 2024, Malaysia registered a substantial rise in approved investments, underscoring its position as a resilient and attractive destination for both domestic and foreign investors amid a complex and uncertain global landscape. A total of 6,700 investment projects were approved across the manufacturing, services, and primary sectors, amounting to MYR378.5 billion (approximately €76.16 billion), reflecting a 14.9% increase compared to the RM329.5 billion (approximately €66.3 billion) recorded in 2023. This notable growth in investment activity was driven by a combination of strategic policy support, robust investor confidence, and a renewed emphasis on high-value sectors aligned with Malaysia's industrial transformation agenda. This is particularly evident in the increase of private investments. In contrast to the pandemic and pre-pandemic era slowdown, when investments were hampered by global demand disruptions and local containment measures, the 2024 figures indicate a full rebound and surpass pre-COVID benchmarks both in value and project volume.

OVERALL PRIVATE INVESTMENTS IN MALAYSIA 2018-2024							
	2018	2019	2020	2021	2022	2023	2024
Approved projects (number)	4,887	4,970	4,599	4,564	4,454	5,101	6,700
Primary sector	63	65	23	59	72	75	67
Manufacturing sector	721	988	1049	702	801	883	1,108
Services sector	4,103	3,917	3,527	3,803	3,581	4,143	5,525
Total investments (€ billion) *	40.6	41.8	33.0	61.7	53.2	66.3	76.2
Primary sector	2.2	1.4	1.2	3.5	5.3	1.8	1.1
Manufacturing sector	17.6	16.6	18.4	18.9	17.0	30.6	24.2
Services sector	20.8	23.8	13.4	39.3	31.0	33.9	50.8
Domestic Investments (€ billion)	24.4	25.3	20.1	19.7	20.4	28.4	41.9
Foreign Investments (€ billion)	16.2	16.6	12.9	42.0	32.9	37.9	34.3
* Figures may not add up due to rounding and exclusion of import duties component Source: MIDA, Malaysia Investment Performance 2018-2024 As of June 2025, 1 EUR = 4.97MYR							



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Domestic Direct Investment (DDI) accounted for the majority of the approved investments, contributing MYR208.1 billion / approximately €41.9 billion (55% of the total), while Foreign Direct Investment (FDI) made up the remaining MYR170.4 billion / approximately €34.3 billion (45%). This split reflects a solid foundation of local investor confidence complemented by consistent international interest. The investment-driven rebound was especially visible in the employment impact: the 6,700 approved projects are expected to create 207,241 new jobs, a 62.8% surge over the 127,332 employment opportunities recorded in the previous year.

The services sector led with RM252.7 billion / approximately €50.9 billion (66.8%) of total approved investments, a significant 50.1% increase from the previous year, spanning 5,525 projects and generating over 119,000 new jobs. Key subsectors included information and communications technology (ICT), real estate, and support services, benefitting from Malaysia's digitalisation push under the MyDIGITAL initiative and rising demand for logistics and AI-driven solutions. The manufacturing sector followed with RM120.5 billion / approximately €24.3 billion in investments (31.8%), across 1,108 projects, creating nearly 87,700 new jobs. E&E remained the top-performing manufacturing subsector with RM55.8 billion / approximately €11.2 billion in approved investments, affirming Malaysia's integral role in the global semiconductor supply chain. The primary sector accounted for RM5.3 billion / approximately €1.1 billion (1.4%) in investments through 67 projects, primarily in agriculture and resource-based industries, continuing the long-term effort to balance environmental sustainability with commercial viability.

APPROVED PRIMARY PROJECTS BY SECTOR, 2024 AND 2023						
Sector	Total Investment (€ million)		Number		Potential Employment	
	2024	2023	2024	2023	2024	2023
Mining	898.35	1,764.29	27	47	27	110
Agriculture	154.29	-	14	-	369	-
Plantation and Commodities	14.41	62.90	26	28	67	551
TOTAL	1,067.04	1,827.18	26	75	463	661
<p><i>*Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided</i> <i>**Data for the mining subsector is only available up to September 2024</i> <i>Source: MIDA, Malaysia Investment Performance 2018-2024</i> <i>As of June 2025, 1 EUR = 4.97MYR</i></p>						

APPROVED MANUFACTURING PROJECTS IN THE 10 LARGEST INDUSTRIES BY INVESTMENT, 2024 AND 2023

Industry**	Total Investment* (€ million)		Foreign Investment* (€ million)		Number		Potential Employment	
	2024	2023	2024	2023	2024	2023	2024	2023
E&E	11228.7	17188.6	10726.3	16584.4	153	120	30,888	23,121
Transport Equipment	3184.2	1421.9	2467.8	1021.4	110	50	9,675	4,931
Chemicals and Chemical Products	2137.8	1792.0	1291.2	1251.1	92	80	4,476	4,902
Machinery and Equipment	2132.3	4538.9	1224.9	3413.2	142	103	9,067	6,636
Food Manufacturing	1229.1	638.7	414.6	290.3	110	79	5,839	4,679
Non-Metallic Mineral Products	1064.9	1761.3	447.4	1266.8	56	48	2,905	6,921
Fabricated Metal Products	739.5	821.6	240.0	434.0	128	153	6,922	7,509
Petroleum Products	544.6	189.0	183.8	4.1	10	7	268	179
Plastic Products	355.1	832.6	181.3	658.3	91	81	4,363	4,249
Basic Metal Products	314.8	477.2	77.4	471.9	10	4	1,334	673
Scientific and Measuring Equipment	272.0	263.0	222.4	191.8	21	20	1,758	2,807

**Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
Source: MIDA, Malaysia Investment Performance 2024
As of June 2025, 1 EUR = 4.97MYR*

APPROVED SERVICES PROJECTS BY SECTOR, 2024 AND 2023

Industry	Investments (€ million)		Foreign Investment (€ million)		Number		Potential Employment	
	2024	2023	2024	2023	2024	2023	2024	2023
Information and Communications	27,359	12,816	12,740	9,768	1,439	338	48,650	23,829
Real Estate	12,988	12,264	0	0	1,349	1,565	NA	NA
Support Services	2,588	2,104	180	601	979	722	1,567	2,687
Utilities	2,227	2,242	0	0	25	48	NA	NA
Transport Services	1,701	270	882	0	75	37	10,635	690
Distributive Trade	1,631	2,239	1,337	768	1,411	1,145	54,678	21,701
Financial Services	873	1,270	209	340	45	42	215	178
Global Establishment	813	177	813	27	84	83	434	648
Hotel and Tourism	296	238	132	79	17	13	1,072	678
Health Services	245	146	0	76	2	4	1,192	710
Education Services	123	114	4	0	96	143	640	1,611
Other	3	3	0	0	3	3	0	0
TOTAL	50,848	33,885	16,298	12	5,525	4,143	119,083	52,732

Note NA: Data is not available

* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
 ** Data for the transport services, financial services, utilities, and information & communication subsectors is only available up to
 September 2024

Source: MIDA, Malaysia Investment Performance 2024
 As of June 2025, 1 EUR = 4.97MYR



ITALIAN TRADE AGENCY

Foreign direct investment inflows increased substantially in 2024, reaching MYR 51.53 billion (approximately €10.37 billion), up from MYR 38.62 billion / approximately €7.77 billion in 2023. FDI was mainly directed toward the manufacturing and services sectors, particularly financial activities and information & communication subsectors, followed by mining, quarrying, and construction.

Top 5 Foreign Investors in 2024 by source		
	Immediate Source	Ultimate Source
1	Singapore (MYR44.5 bil / €8.95 bil)	United States of America (MYR32.8 bil / €6.6 bil)
2	Austria (MYR30.1 bil / €6.06 bil)	Germany (MYR32.2 bil / €6.48 bil)
3	United States of America (MYR29.7 bil / €5.98 bil)	People's Republic of China (MYR28.2 bil / €5.67 bil)
4	People's Republic of China (MYR14.2 bil / €2.86 bil)	Singapore (MYR27.3 bil / €5.49 bil)
5	Hong Kong SAR (MYR13.0 bil / €2.62 bil)	Hong Kong SAR (MYR7.4 bil / €1.49 bil)
Source: MIDA, Malaysia Investment Performance 2024 As of June 2025, 1 EUR = 4.97MYR		

The top five investing countries by ultimate source are the United States (MYR32.8 bil / €6.6 bil), Germany (MYR32.2 bil / €6.48 bil), People's Republic of China (MYR28.2 bil / €5.67 bil), Singapore (MYR27.3 bil / €5.49 bil), and Hong Kong SAR (MYR7.4 bil / €1.49 bil). The People's Republic of China was the largest foreign investor in the manufacturing sector, particularly in high-tech subsectors like integrated circuits, smart devices, and green industrial technologies.

In terms of location, Selangor was the leading recipient state, with RM101.1 billion (€20.3 billion) in approved investments, followed by W.P. Kuala Lumpur (RM91.5 billion / €18.4 billion), Johor (RM48.5 billion / €9.8 billion), Kedah (RM45.8 billion / €9.2 billion), and Pulau Pinang (RM32.0 billion / €6.4 billion). These investment patterns reflect a strong concentration in Malaysia's industrial and digital corridors, but renewed interest toward emerging zones like the Johor-Singapore Special Economic Zone (JS-SEZ) and Kerian Integrated Green Industrial Park (KIGIP).



ITALIAN TRADE AGENCY

Top 10 Approved Investments in Various Economic Sectors with Foreign Participation by Foreign Investors, based on Immediate Source, 2023 and 2024						
Foreign Investor	Investment (€ million)		Number		Potential Employment	
	2024	2023	2024	2023	2024	2023
Singapore	8,958.8	9,232.8	497	303	35,567	28,845
Austria	6,054.0	1.9	7	2	913	59
United States of America	5,981.6	4,332.2	66	62	9,752	11,054
People's Republic of China	2,857.1	2,471.0	187	120	13,771	10,282
Hong Kong SAR, China	2,612.9	1,032.9	74	65	14,201	7,312
Cayman Islands	1,302.3	3,514.2	16	15)	432	2,644
Taiwan	1,064.6	591.7	72	45	7,199	6,301
The Netherlands	1,000.1	7,145.6	35	37	4,108	1,824
Japan	679.1	2,745.6	212	148	28,930	9,995
United Kingdom	530.9	248.6	46	26	2,686	1,518
Source: MIDA, Malaysia Investment Performance 2018-2024 As of June 2025, 1 EUR = 4.97MYR						

In 2024, Malaysia's Direct Investment Abroad (DIA) totaled MYR36.4 billion (€7.3 billion), with outward flows primarily directed toward services (notably finance, communications, and ICT), manufacturing, and natural resource-based sectors. These outbound investments were strategically aimed at enhancing Malaysia's global footprint, diversifying export markets, and securing international supply chains. The major recipients were Canada (30.7%), the United Kingdom (29.4%), and Indonesia (24.3%).



ITALIAN TRADE AGENCY

3.0 MALAYSIA'S GLOBAL TRADE EXCHANGE.

In 2024, Malaysia's global trade registered a 9.2% year-on-year increase, reaching an all-time high of MYR2.88 trillion, equivalent to approximately €0.58 trillion, marking the fourth consecutive year of trade exceeding MYR2 trillion (€0.4 trillion). This performance was supported by solid growth in both exports and imports: exports increased by 5.7% to MYR1.51 trillion (€0.3 trillion), while imports jumped 13.2% to MYR1.37 trillion (€0.28 trillion). The resulting trade surplus stood at MYR136.88 billion (€27.5 billion), confirming Malaysia's 27th consecutive year of positive trade balance since 1998.

Summary of Malaysia's External Trade			
	2024	2023	2022
Total trade (€ million)	579,188.4	530,632.3	572,197.3
Change y-o-y (%)	9.2	-7.3	27.8
Total Exports (€ million)	303,365.2	286,961.5	311,873.1
Change y-o-y (%)	5.7	-8.0	25.0
Total Imports (€ million)	275,823.2	243,670.8	260,123.0
Change y-o-y (%)	13.2	-6.4	31.3
Trade Balance (€ million)	27,542.0	43,290.7	51,548.9
Change y-o-y (%)	-36.4	-16.4	0.6
Q1 Total trade (€ million)	138,940.0	130,135.3	125,743.6
Q2 Total trade (€ million)	141,956.8	129,059.1	145,943.7
Q3 Total trade (€ million)	149,431.2	131,494.0	155,980.4
Q4 Total trade (€ million)	148,860.3	139,944.0	144,529.6
* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided Source: MATRADE, Malaysia External Trade Statistics Performance 2022-2024 As of June 2025, 1 EUR = 4.97MYR			



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Malaysia's export structure in 2024 remained heavily oriented towards manufactured goods, which made up 85.5% of total exports. Within this category, electrical and electronic (E&E) products dominated with MYR601.2 billion (€120.9 billion) in value (+4.5%), representing 39.9% of all exports and the highest level ever recorded. This included strong growth in integrated circuits, computers, and medical electronic devices. Exports of agriculture goods, the third largest sector in Malaysia, also showed a double-digit increase of 28.9% compared to previous year, led by the 11.7% expansion in exports of palm oil and palm oil-based products, which amounted to a total MYR79.2 billion (€15.9 billion) (MITI external trade statistics, page 11, 2nd section).

Other high-performing export sectors included machinery and equipment (+20.6%), processed food (+16.7%), and rubber goods (+22.6%). Exports of LNG rose slightly (+1%), despite a general contraction in the mining sector.

Malaysia's Major Export Products			
	2024 (€ mln)	2023 (€ mln)	Change y-o-y (%)
E&E Products	120,962.4	115,785.8	4.5
Petroleum Products	25,628.3	28,872.0	-11.2
Palm Oil & Palm Oil Agriculture Products	15,938.8	14,263.7	11.7
Chemicals & Chemical Products	14,803.6	14,377.1	3.0
Machinery, Equipment & Parts	13,891.9	11,519.2	20.6
Manufactures of Metal	12,383.8	11,332.5	9.3
LNG	12,242.3	12,119.0	1.0
Optical & Scientific Equipment	11,904.5	10,980.8	8.4
Processed Food	7,115.8	6,097.3	16.7
Palm Oil Manufactured Products	7,064.5	6,280.0	12.5
Total Exports	303,365.2	286,961.5	5.7
<i>* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided Source: MATRADE, Malaysia External Trade Statistics Performance 2024 As of June 2025, 1 EUR = 4.97MYR</i>			



ITALIAN TRADE AGENCY

Imports were led by E&E components (RM455.7 billion / €91.7 billion, +28.0%), machinery and equipment (RM113.7 billion / €22.9 billion, +27.5%), and petroleum products (RM128.6 billion / €25.9 billion, -6.8%). Intermediate goods made up 54.6% of total imports, capital goods 12.2%, and consumption goods 8.6%. These figures underscore the industrial and investment-oriented nature of Malaysia's import needs.

Malaysia's Major Import Products			
	2024 (€ million)	2023 (€ million)	Change y-o-y (%)
E&E Products	91,685.8	71,618.6	28.0
Petroleum Products	25,869.1	27,753.6	-6.8
Machinery, Equipment & Parts	22,880.9	17,949.7	27.5
Chemicals & Chemical Products	20,954.4	21,011.2	-0.3
Manufactures of Metal	14,300.5	13,041.7	9.7
Crude Petroleum	12,709.6	12,268.1	3.6
Transport Equipment	10,653.0	11,147.0	-4.4
Iron & Steel Products	6,606.5	6,439.3	2.6
Optical & Scientific Equipment	6,543.8	6,228.8	5.1
Processed Food	6,440.7	5,744.8	12.1
Total Imports	275,823.2	243,670.8	13.2
<p><i>* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided</i> <i>Source: MATRADE, Malaysia External Trade Statistics Performance 2024</i> <i>As of June 2025, 1 EUR = 4.97MYR</i></p>			

Malaysia's top five trading partners — ASEAN, China, the United States, the European Union, and Taiwan — collectively accounted for 68.4% of total trade. China remained Malaysia's largest trading partner for the 16th consecutive year, with bilateral trade amounting to MYR484.1 billion / €97.4 billion (+7.6%). However, exports to China declined slightly by 2.2%, while imports grew by a strong 14.8%, resulting in a significant trade deficit.

This outcome was mainly driven by lower demand for E&E products and metal ores, though this was partially offset by stronger shipments of paper, rubber, and scientific equipment.



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Imports from China, on the other hand, jumped by 14.8% to MYR296.45 billion / €59.65 billion, driven by E&E products, machinery, and chemicals.

Malaysia's Major Export Markets			
	2024 (€ million)	2023 (€ million)	Change y-o-y (%)
Singapore	46,451.4	44,123.7	5.3
USA	39,969.1	32,449.2	23.2
China	37,760.8	38,608.7	-2.2
Hong Kong SAR	17,874.6	18,095.8	-1.1
Japan	16,623.0	17,269.6	-3.7
Taiwan	13,478.7	8,727.8	54.4
Thailand	11,868.1	11,853.6	0.1
Indonesia	10,946.6	10,243.4	6.9
Republic of Korea	10,855.8	11,345.4	-4.3
Viet Nam	10,837.3	10,465.1	3.6
Total Exports	303,365.2	286,961.5	5.7
<i>* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided</i> <i>Source: MATRADE, Malaysia External Trade Statistics Performance 2024</i> <i>As of June 2025, 1 EUR = 4.97MYR</i>			

Malaysia's Major Import Sources			
	2024 (€ million)	2023 (€ million)	Change y-o-y (%)
China	59,648.1	51,937.0	14.8
Singapore	33,272.3	28,918.7	15.1
USA	25,404.3	17,877.3	42.1
Taiwan	21,954.9	16,860.2	30.2
Japan	14,113.1	14,269.0	-1.1
Indonesia	12,451.1	12,133.0	2.6
Thailand	11,181.4	10,957.2	2.0
Republic of Korea	11,144.6	11,126.3	0.2
Saudi Arabia	7,501.0	8,784.2	-14.6
Australia	6,745.7	6,989.7	-3.5
Total Imports	275,823.2	243,670.8	13.2
* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided Source: MATRADE, Malaysia External Trade Statistics Performance 2024 As of June 2025, 1 EUR = 4.97MYR			

ASEAN accounted for 26.6% of Malaysia's total trade, with trade value reaching MYR765.1 billion / €153.9 billion, up 6.1% from the previous year. Exports to ASEAN grew by 4.2% to MYR437.92 billion / €88.11 billion, led by machinery, metals, and petroleum products. Singapore remained Malaysia's main regional trading partner, absorbing MYR230.86 billion / €46.45 billion in exports (a 5.3% increase), followed by Thailand and Indonesia. Imports from ASEAN also expanded by 8.9%, reaching MYR327.17 billion / €65.83 billion, largely due to increased imports of E&E products, petroleum, and chemical components. Singapore alone absorbed over 52% of Malaysian exports to ASEAN, underlining its strategic role, often as a re-export platform to third markets.

The United States retained its position as Malaysia's third-largest trading partner, with bilateral trade rocketing 29.9% to MYR324.91 billion / €65.37 billion and making up 11.3% of Malaysia's total trade. Exports to the US hit a record high, growing impressively by 23.2% (MYR198.6 billion / €39.96 billion), mainly thanks to higher demand for E&E products, machinery, and rubber goods. Imports from the US rose by 42.1%, reaching MYR126.26 billion / €25.4 billion.



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Trade with the European Union also improved in 2024, totalling MYR218.9 billion / €44.04 billion (+5.8%), and accounting for 7.6% of Malaysia's total trade. Imports from the EU rose 9.8% to MYR103.07 billion / €20.74 billion, dominated by E&E, machinery, and chemicals. Exports to the EU reached MYR115.8 billion / €23.3 billion (+2.6%), buoyed by palm oil, rubber, and processed food. Among EU countries, the Netherlands remained the top destination for Malaysian exports (MYR35.7 billion / €7.18 billion), although slightly down from 2023 (-0.5%).

Germany followed closely (MYR32.3 billion / €6.5 billion, +5.7%), registering an all-time high due to strong E&E product sales. Italy ranked fourth among EU export destinations with MYR6.71 billion / €1.35 billion, registering a positive (+7%) increase with respect to 2023 and overtaking France in volume, driven by strong demand for metal manufactures. While ranking higher than Italy, Belgium saw a 14.6% decrease in imports from Malaysia. Spain, Poland and Sweden also performed well (+12.0%, +19.1% and 20.6% respectively), but Hungary registered the highest increase at 52.9%, although its total trade volume of MYR3.64 billion / €0.73 billion remains modest relative to other countries.

Top 10 EU countries as Exports Markets

	Rank among World	Rank among EU	Market share in 2024 (%)	Imports in 2024 (€ mln)	Imports in 2023 (€ mln)	Change y-o-y (%)
Netherlands	13	1	2.37	7,242.5	7,268.2	-0.35
Germany	14	2	2.14	6,542.2	6,202.4	5.48
Belgium	21	3	0.53	1,612.1	1,901.3	-15.21
Italy	23	4	0.44	1,350.4	1,274.6	5.94
Spain	25	5	0.42	1,278.0	1,150.4	11.09
France	27	6	0.41	1,243.6	1,247.0	-0.26
Poland	33	7	0.25	775.16	649.74	19.30
Hungary	35	8	0.24	735.25	481.83	52.59
Czech Republic	43	9	0.17	507.49	538.69	-5.79
Sweden	45	10	0.12	350.74	293.25	19.60

** Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
Source: Trade Data Monitor - Department of Statistics Malaysia
As of June 2025, 1 EUR = 4.97MYR*

Top 10 EU countries as Import Sources in 2024

	Rank among World	Rank among EU	Market share in 2024 (%)	Imports in 2024 (€ mln)	Imports in 2023 (€ mln)	Change y-o-y (%)
Germany	11	1	2.36	6,541.9	6,687.8	-2.18
Ireland	15	2	1.78	4,954.3	3,111.6	59.22
France	19	3	0.72	1,988.1	2,159.8	-7.95
Italy	23	4	0.58	1,595.1	1,640.0	-2.73
Netherlands	26	5	0.41	1,136.1	1,033.8	9.89
Belgium	34	6	0.26	724.35	758.68	-4.52
Austria	35	7	0.25	690.13	605.96	13.89
Spain	37	8	0.23	641.11	636.03	0.80
Poland	46	9	0.14	373.79	311.49	20.00
Sweden	47	10	0.13	370.66	456.55	-18.81

** Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided
Source: Trade Data Monitor - Department of Statistics Malaysia
As of June 2025, 1 EUR = 4.97MYR*

Imports from the EU rose 9.8% to MYR103.07 billion / €20.74 billion, dominated by E&E, machinery, and chemicals. Although imports from the EU grew, the EU's trade balance with Malaysia remained negative, reflecting the persistent strength of Malaysian exports in key sectors.

Within the EU, Italy reinforced its role as a key Malaysian partner. The total trade between the two countries reached MYR14.6 billion / €2.94 billion in 2024, a 2% growth from 2023. Italy ranked as Malaysia's 24th largest trading partner, 23rd largest import source and 23rd largest export destination. Exports to Italy amounted to MYR6.71 billion / €1.35 billion, marking a 7% increase with respect to previous year.

In terms of import sources, China remained Malaysia's top supplier (MYR296.5 billion / €59.66 billion), followed by Singapore (MYR165.4 billion / €33.28 billion, +15.1%), the US (MYR126.3 billion / €25.41 billion, +42.1%), and Taiwan (MYR109.1 billion / €21.95 billion, +30.2%).



Trade with Taiwan, which overtook Japan in 2024 to become Malaysia's fourth largest trading partner, reached a record MYR176.1 billion / €35.43 billion (+38.5%). Malaysian exports to Taiwan surged by 54.4%, mainly thanks to E&E, machinery, and scientific equipment, while imports from Taiwan rose by 30.2%.

This data confirms Malaysia's strong trade performances in 2024. The highlights were the strong demand from key global markets, steady export performance in high-tech and agri-based sectors, and consistent engagement with Free Trade Agreement (FTA) partners, which made up 65% of Malaysia's total trade. The Ministry of International Trade and Industry (MITI) emphasized that this performance will be sustained through targeted trade strategies and deepening integration into global value chains.



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4.0 TRADE RELATIONS BETWEEN MALAYSIA AND ITALY.

According to the latest data from ISTAT, the trade relations between Italy and Malaysia remain strong, with total bilateral trade in 2024 reaching €3.11 billion, reflecting a positive and resilient commercial partnership.

For the first time in 5 years, Italy recorded a positive trade balance with Malaysia of approximately €272 million.

Bilateral Trade between Italy and Malaysia			
	2024	2023	2022
Imports from Malaysia (€ million)	1,690.58	1,373.58	1,525.14
Change (%)	23,3	-9.9	36.2
Exports to Malaysia (€ million)	1,420.53	1,475.18	1,919.67
Change (%)	-3.9	-23	20.7
Total Trade Volume (€ million)	3,111.1	2,848.76	3,444.81
<p><small>* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided</small></p> <p><small>Source: ISTAT</small></p> <p><small>As of June 2025, 1 EUR = 4.97MYR</small></p>			

Italian exports to Malaysia exceeded €1.69 billion, showing a +23,3% improvement compared to 2023. Although some sectors registered a slight contraction compared to 2023, or performed worse compared to 2022, overall Italian exports to Malaysia registered their highest value ever, even surpassing the pre-pandemic levels.

The main export sectors in 2024 were "Computers and electronic and optical products, electromedical equipment, measuring instruments, and watches." (for around €466,5 million, an increase of +71,8% compared to 2023) and "Machinery and mechanical appliances" (over €400 million; +20%). Manufacturing products (€122 million, +18,8%), other transport equipment - including ships and boats, locomotives and rolling stock, aircraft and spacecraft, and military vehicles (€117 million, +8,7%), and food products (€71,6 million, +21%) also performed well.

Top 10 Italian Export Sectors to Malaysia per Volume Trade (€ million)			
	2024	2023	2022
Computers and electronic and optical products, electromedical equipment, measuring instruments, and watches	466,53	271,58	344,73
Machinery and mechanical appliances	401,89	334,86	319,73
Manufacturing products	121,99	102,67	113,59
Other transport equipment (ships and boats, locomotives and rolling stock, aircraft and spacecraft, and military vehicles)	117,15	107,77	129,86
Chemical products	93,73	105,11	137,65
Food products	71,62	59,25	62,2
Electrical appliances and non-electrical household equipment	61,73	47,9	60,08
Leather goods (excluding clothing) and similar items	58,5	66,2	61,88
Pharmaceutical products	57,16	57,59	71,73
Motor vehicles, trailers and semi-trailers	51,12	37,87	41,22
* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided Source: ISTAT As of June 2025, 1 EUR = 4.97MYR			

For what concerns Italian imports from Malaysia, in 2024 they amounted to approximately €1.42 billion, showing a slight decrease (-3,9%) compared to the previous year. The main imported products included food products (€386.32 million, -15,4%), including palm oil, of which Malaysia is a world leader in production; *metallurgical products* (€182.27 million, +8,4%); *electrical machinery and equipment* (€176.26 million, -4,2%); and *machinery and mechanical appliances* (€121.29 million, +0,8%).

Imports of *mining and quarrying products* rose from €1.91 million to €81.29 million, marking an exceptional increase of approximately 4155%; as well, *motor vehicles, trailers and semi-trailers* imports increased 155,7% (€4.73 million).

Top 10 Italian Imports Sectors from Malaysia per Volume Trade (€ million)

	2024	2023	2022
Food products	386,32	456,56	440,71
Metallurgy products	182,97	168,87	280,78
Computers and electronic and optical products, electromedical equipment, measuring instruments, and watches	176,36	184,01	175,09
Chemical products	121,29	122,23	163,34
Electrical appliances and non-electrical household equipment	100,41	185,28	196,19
Rubber and plastic products	94,07	119,55	72,32
Mining and quarrying products	87,19	76,39	175,52
Machinery and equipment	81,29	1,91	5,77
Petroleum coke and refined petroleum products	56,24	24,93	209,78
Other non-metallic mineral products	29,59	28,5	42,54
<p><i>* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided</i> <i>Source: ISTAT</i> <i>As of June 2025, 1 EUR = 4.97MYR</i></p>			

Conversely, the largest decrease (-45,8%) was registered in the imports of *chemical products*, which fell from €185.28 million to €100.41 million. Imports of *coke and refined petroleum products* plummeted from €209.78 million in 2022 to €24.93 million in 2023 (-88.1%), before partially rebounding to €56.24 million in 2024, marking a sharp year-on-year increase of +125.6%.

All other product categories recorded only minor variations or marginal fluctuations over the same period, with no significant changes.



5.0 ITALIAN INVESTMENTS AND PRESENCE.

As of 2024, ASEAN continues to solidify its position as a critical political and commercial bloc, encompassing ten member countries with a combined population of approximately 677 million and covering about 4.5 million km². The region's economy remains robust, and the latest data confirm a collective ASEAN GDP growth of 4.0% in 2023, lower from the previous year's 5.6% GDP growth. Based on the latest estimates on September 2024 data, the collective GDP is projected to grow by around 4.3% in 2024 and expected to accelerate to 4.7% in 2025, outpacing global averages. This growth is sustained by strong domestic and intra-ASEAN demand and resilient trade surplus.

Malaysia, as a key ASEAN member, remains an attractive commercial gateway for Italian companies aiming to expand in Southeast Asia, benefiting from a young population and a burgeoning middle class with rising purchasing power. Malaysia's participation in the Regional Comprehensive Economic Partnership (RCEP) further integrates it into a vast trade network including ASEAN members, China, Japan, South Korea, Australia, and New Zealand, fostering deeper economic ties and streamlined trade relations.

Italy's total trade volume with the 10 ASEAN economies amounted to approximately €22 billion in 2023. This value exceeded €23 billion in 2024, reflecting a gradual recovery following the downturn caused by COVID 19. Vietnam remains the leading ASEAN trading partner for Italy, accounting for over one fourth of total trade, and totalling over €6 billion; the second largest partner is Singapore (€4,46 billion, almost 20% of total trade), followed closely by Thailand (slightly inferior to 17%, with a trade volume of almost €4 billion), Indonesia (around 14,7%) and Malaysia (€3,11 billion, approximately 13,4%).



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Bilateral Trade between Italy and ASEAN						
	Trade volume (€ million)		Imports from ASEAN (€ million)		Exports to ASEAN (€ million)	
Country	2024	2023	2024	2023	2024	2023
Vietnam	6,082	5,658	4,540	4,433	1,542	1,225
Singapore	4,459	3,517	1,211	676.5	3,248	2,840
Thailand	3,949	4,050	1,991	2,135	1,958	1,915
Indonesia	3,416	3,872	2,163	2,482	1,253	1,390
Malaysia	3,114	2,849	1,421	1,477	1,693	1,372
Philippines	1,313	1,132	425.4	328.66	887.3	803.5
Cambodia	493.2	461.71	395.6	372.6	97.56	89.11
Myanmar	443.6	489.3	413.3	429.9	30.27	59.40
Brunei	14.65	20.27	0.397	0.485	14.25	19.78
ASEAN	23,284.5	22,049.3	12,560.7	12,335.2	10,723.4	9,713.8
<p><i>* Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided</i> <i>Source: ISTAT</i> <i>As of June 2025, 1 EUR = 4.97MYR</i></p>						

Singapore continues to be Italy's largest ASEAN export market, with exports valued at nearly €3.2 billion in 2024, an increase of 14,33% compared to 2023. Imports from ASEAN to Italy have also increased, particularly in sectors such as electronics, palm oil, and rubber products, reflecting the region's diversified industrial output.

The trade balance remains slightly negative for Italy but has improved compared to earlier years, with a deficit narrowing to approximately €900 million in 2024. This improvement is attributed to stronger Italian exports to Vietnam and Indonesia, partially offsetting declines in Thailand and Malaysia, where trade growth has been more moderate.

Italy's enhanced status as an ASEAN development partner since 2020 has facilitated closer cooperation in areas such as sustainable development, climate change mitigation, connectivity, and cultural exchange, further strengthening economic ties.



Both sides continue to explore opportunities to deepen collaboration under multilateral frameworks like RCEP and bilateral agreements, aiming to capitalize on ASEAN's projected economic expansion and Italy's expertise in advanced manufacturing and green technologies.

6.0 ASEAN – ITALY TRADE EXCHANGE.

As of 2024, Italy maintains a robust and growing economic presence in Malaysia, around 130 Italian companies currently operating across a wide range of sectors. These firms are active in manufacturing, infrastructure, engineering, services, food processing, and advanced technologies. The Italian business community in Malaysia reflects a strategic choice to engage deeply with Southeast Asia's dynamic markets, leveraging Malaysia's investment-friendly environment, industrial base, and regional connectivity.

Among the most established and influential players are **Alfagomma, ALTEC, ATB Riva Calzoni, Assicurazioni Generali, Coster, ENAV, Erca, Galperti, GIVI, Gruppo Cementir, ICOP, IMA Automation, K-Flex, Leonardo, Maccaferri, Magneti Marelli, Maire Tecnimont, Mapei, Marelli Motori, Nuovo Pignone (part of the Baker Hughes Group), Saipem, Salini Impregilo, STMicroelectronics, and Termotecnica Pericoli**. These companies have chosen Malaysia not only as a manufacturing base but also as a strategic regional hub for their commercial and industrial engagement in ASEAN and beyond.

Italy is a key European partner in Malaysia's industrial and technological landscape, and recent years have seen a steady increase in Italian productive investments. Notably, a total of 76 manufacturing projects with Italian participation have been implemented between 1980 and September 2023, with total investments amounting to MYR1.38 billion (around €280 million). Altogether, these projects have created 4,383 jobs.

More recently, Fassi launched a production plant for articulated truck cranes; Menz & Gasser established a facility for jam and semi-finished goods; Unigrà began operations in vegetable fats and oils; and EDA Industries opened a semiconductor testing facility, supporting Malaysia's push into high-value electronics manufacturing. Moreover, the Malaysian government's 2024 Trade and Investment Mission to Italy, led by Minister Tengku Datuk Seri Utama Zafrul Aziz, secured MYR2.835 billion (approximately €570 million) in potential investments from Italian companies.

These developments reflect Italy's alignment with Malaysia's economic transformation goals under strategies like the New Industrial Master Plan 2030 and the National Semiconductor Strategy.

Among the most notable Italian investments is the longstanding presence of STMicroelectronics, which continues to expand its operations in Penang, confirming its role as a cornerstone of Malaysia's electronics and semiconductor ecosystem.



Likewise, Leonardo S.p.A., a key player in aerospace and defence, maintains partnerships and strategic activities in the country, and major Italian conglomerates such as ENI and Fincantieri have entered into advanced discussions with key Malaysian players (particularly Petronas) to explore industrial and commercial partnerships in the fields of energy, shipbuilding, and strategic infrastructure.

These negotiations underscore the strong potential for bilateral collaboration in innovation-led and capital-intensive sectors.

While Italy does not currently have a direct banking presence in Malaysia, Intesa Sanpaolo serves Malaysian clients via its Bangkok regional office. BNP Paribas, which controls BNL, maintains an investment-focused branch in Kuala Lumpur, primarily dealing with capital markets and institutional clients.



7.0 APPENDIXES

Ministero degli Affari Esteri e della Cooperazione Internazionale (MAECI)
Istituto Nazionale di Statistica (ISTAT)
Osservatorio Economico MAECI su dati Economist Intelligence Unit

Malaysian Investment Development Authority (MIDA)
Ministry of Investment, Trade and Industry (MITI)
Ministry of Foreign Affairs Malaysia
Central Bank of Malaysia
Malaysian Gas Association
Dezan Shira & Associates
Tenaga Nasional Berhad
FTSE Bursa Malaysia Kuala Lumpur Composite Index
Ministry of Education Malaysia
Malay Mail Newspaper
New Straits Times Newspaper
Department of Statistics Malaysia
Malaysia Productivity Corporation
Trade Data Monitor - Department of Statistics Malaysia
Malaysia External Trade Development Corporation (MATRADE)

Asean Centre of Energy
Association of Southeast Asian Nations (ASEAN)

World Bank Group
World Bank data
IMD - International Institute for Management Development
BTI Transformation Index
Commonwealth Legal Information Institute
BBC World Service
OECD (Organisation for Economic Co-operation and Development)

Ufficio ICE Kuala Lumpur

BILATERAL TRADE ANALYSIS ITALY – MALAYSIA

ICE - Agency for the Promotion Abroad and Internationalization of Italian Businesses

ICE Office in Kuala Lumpur

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