



Malaysia Snapshot 2024



Malaysian-German Chamber
of Commerce and Industry
Deutsch-Malaysische
Industrie- und Handelskammer



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Political Landscape

As of 2024, Malaysia continues to navigate a dynamic political landscape marked by coalition governance and electoral reforms. Following the contentious 2022 general elections, the Pakatan Harapan coalition, led by Anwar Ibrahim is supported by a diverse range of parties. This coalition government has prioritised political stability and governance reforms, aiming to foster national unity amidst a backdrop of ethnic and political diversity.

In 2023, Malaysia introduced significant electoral reforms, including the lowering of the voting age to 18, which has mobilised a younger electorate and altered the political engagement landscape. The government has also focused on combating corruption and enhancing transparency, which remain critical issues in Malaysian politics.

Economic Development

Economically, Malaysia is on a recovery trajectory post-pandemic, with growth projected at around 4-5% for 2024. The economy is supported by a rebound in exports, particularly in electronics and commodities, as well as a resurgence in tourism, which has been bolstered by the easing of travel restrictions. The government's focus on digitalisation and innovation has also spurred growth in sectors such as fintech and e-commerce.

In 2024, Malaysia is furthering its commitment to sustainable development, with initiatives aimed at reducing carbon emissions and promoting renewable energy. The government has set ambitious targets for increasing the share of renewables in the energy mix and is actively pursuing foreign investment in green technology.

Economic Outlook Towards 2025

Looking ahead to 2025, Malaysia's economic outlook remains optimistic, although it faces several challenges. Growth is projected to continue in the 4-5% range, driven by several key factors.

Diversification of Industries: The government is keen on diversifying the economy beyond traditional sectors such as palm oil and rubber. Efforts to boost high-value industries, including manufacturing, digital economy, and green technology, are expected to attract investments and create jobs.

Foreign Direct Investment (FDI): Malaysia aims to position itself as a hub for FDI, particularly in sectors like electronics, automotive, and renewable energy. The government's proactive policies and incentives are designed to attract international investors, fostering innovation and technological transfer.

Trade Relations: Continued engagement with major trading partners, especially China and the United States, is crucial for Malaysia's export-driven economy. Trade agreements and partnerships within ASEAN will also play a significant role in enhancing market access and competitiveness.

Sustainable Development Goals: Malaysia's commitment to sustainable development will drive investment in renewable energy and environmentally friendly technologies. The focus on sustainability is expected to open new markets and opportunities, particularly as global demand for green solutions increases.

Infrastructure Development: Ongoing infrastructure projects, including transportation and digital infrastructure, will support economic growth. Investments in infrastructure are aimed at enhancing connectivity and boosting productivity across sectors.

Conclusion

In summary, Malaysia in 2024 is characterised by a complex interplay of political resilience and economic recovery. While the government faces significant challenges, its commitment to reform, sustainable development, and regional cooperation positions the nation for continued growth and stability in the coming years. The outlook towards 2025 is optimistic, driven by diversification, foreign investment, and a focus on sustainability, as Malaysia seeks to solidify its place as a competitive player in the global economy.

Information accurate as of October 2024