



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

FOR IMMEDIATE RELEASE

90% of German companies expect stable conditions in Malaysia for 2026 despite global trade turbulence

Despite global economic volatility and uneven US trade impacts, German companies in Malaysia report strong confidence, stable investments, and positive hiring plans, according to the latest AHK World Business Outlook Survey.

KUALA LUMPUR, 17 December 2025 – The latest AHK World Business Outlook Survey Fall 2025 of German companies operating in Malaysia shows steady confidence in the Malaysian market despite persistent global economic uncertainties. The results indicate that German-Malaysian business relations remain robust, with companies largely optimistic about their local development heading into 2026.

German companies in Malaysia continue to demonstrate stability and resilience, with 87% rating their current business situation as “good and satisfactory”.

German companies remain confident in Malaysia’s economic outlook, with 90% expecting conditions in 2026 to remain stable and favourable. This strong sentiment highlights Malaysia’s position as a resilient and reliable economy with a predictable policy direction, even as global volatility persists.

“Despite ongoing global economic and geopolitical uncertainties, German companies in Malaysia are entering 2026 with a solid foundation and a high degree of confidence. Stable business conditions, predictable policies, and a strong local ecosystem continue to make Malaysia a reliable and competitive location within ASEAN. German-Malaysian economic relations, built on decades of cooperation, technological exchange, and mutual investment, are well-positioned to deepen further as companies adapt their regional strategies to an evolving global environment,” said Hannes Farlock, Executive Director of the Malaysian-German Chamber of Commerce and Industry (MGCC).

This confidence is reinforced by the outlook for the coming year, with 49% of companies expecting improved business performance and 43% anticipating stable conditions. Just 7% foresee a downturn, signalling broad resilience across the business community. This cautious but hopeful outlook aligns with Malaysia’s continued attractiveness as a diversified, strategically positioned manufacturing and services hub in Southeast Asia.

While investment expansion plans (28%) have moderated from last year’s 39%, nearly half of companies (47%) are maintaining their existing investment levels, indicating resilience and confidence in Malaysia’s stability despite a more challenging global environment.

Employment expectations further underline this confidence, with nearly half of companies (49%) planning to increase their workforce over the next 12 months, while another 36% expect staffing levels to remain unchanged, indicating stable labour demand across the board.

When asked about risks to business development in the coming year, companies identified global and structural challenges as their primary concerns. The top risks include weak global demand (67%), economic policy conditions (42%), as well as trade barriers and preferential treatment of

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The AHK Network is supported by the Federal Ministry of Economic Affairs and Climate Action based on a resolution of the German Bundestag
Das AHK-Netz wird vom Bundesministerium für Wirtschaft und Klimaschutz aufgrund eines Beschlusses des Deutschen Bundestages gefördert



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domestic competitors (39%), followed by shortages of skilled labour (37%). These concerns mirror trends across the Asia-Pacific region, particularly as companies navigate geopolitical shifts, supply chain adjustments, and ongoing labour market pressures.

Within this broader global context, the United States' trade policy emerged as a specific external factor with uneven effects on German companies in Malaysia. While 54% report negative impacts, 46% see no direct effect. Notably, nearly two-thirds of surveyed companies have no US business connections (64%), suggesting that any spillover effects arise primarily through indirect channels such as global supply chain restructuring. Among companies with US exposure, the most influential policy factors include tariffs (60%), increased competitive pressure due to trade diversion (56%), and industrial policy and local-content requirements (16%).

Collectively, the findings point to enduring confidence in Malaysia as a resilient, strategic hub for German companies navigating an increasingly complex global environment.

In Malaysia, the survey was conducted between 29 September 2025 and 17 October 2025, with respondents from MGCC member companies, comprising mostly German companies with branches or subsidiaries in Malaysia, mainly from the manufacturing, trade and service sectors. The survey is part of the broader AHK World Business Outlook, a bi-annual global research initiative conducted by the German Chamber of Commerce and Industry (DIHK). It surveys member companies from the network of German Chambers of Commerce Abroad (AHKs), which represent over 40,000 companies in 93 countries. For more information about the DIHK, please visit www.dihk.de.

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Malaysian-German Chamber of Commerce and Industry (MGCC®)

The Malaysian-German Chamber of Commerce and Industry (MGCC), or AHK Malaysia as it is known in Germany, is the official representative of German industry and trade in Malaysia with excellent relations to governments and its authorities, to business organisations and industry both in Malaysia and in Germany. The Chamber represents the interests of more than 430 members and is part of the global network of German Chambers of Commerce Abroad (AHK network) with 150 offices in 93 countries—and counting.

Established in the year 1991, MGCC has since been a strong and reliable partner for its members and clients with a widespread, result-oriented range of services and a successful track record. As the largest bilateral European Chamber in Malaysia, MGCC is the preferred service partner for companies seeking to establish a market presence here or to increase their involvement in Malaysia. The Chamber also offers a platform to share experiences and exchange views at a wide range of forums and events, as well as to establish business relationships within its network. MGCC is supported by the Federal Ministry of Economic Affairs and Energy based on a resolution of the German parliament, the Bundestag.

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