



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
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Malaysia's Trade Remains Resilient as Tech Exports Outpace Commodities

MARKET INTELLIGENCE REPORT

Summary

- Malaysia recorded strong trade growth in the first half of 2026, with total trade expanding 22.4% year-on-year. Growth was overwhelmingly manufacturing-led, with electrical and electronic (E&E) products and other advanced manufacturing sectors driving a 27.5% increase in exports.
- The simultaneous expansion of manufactured exports and imports highlights Malaysia's increasingly important role in regional and global production networks. Imports of machinery, electronic components and other industrial inputs are rising alongside exports, consistent with Malaysia's role as a manufacturing and processing hub.
- Export growth remains closely linked to global technology demand. Stronger exports to the United States, Taiwan, Hong Kong and the European Union reflect continued demand for semiconductors, advanced electronics and AI-related infrastructure, while China remains Malaysia's largest trading partner and an important source of manufacturing inputs.
- For New Zealand businesses, Malaysia combines an established market for agricultural products with growing opportunities in services and sectors supporting industrial upgrading. New Zealand retains strong market positions in dairy, day-old chicks, sheep meat and selected fruit, although competition is increasing in some segments.
- Malaysia's continued investment in advanced manufacturing, data centres and technology infrastructure could create further opportunities for New Zealand businesses in specialised food ingredients, professional and engineering services, education, technology and other high-value solutions.

Report

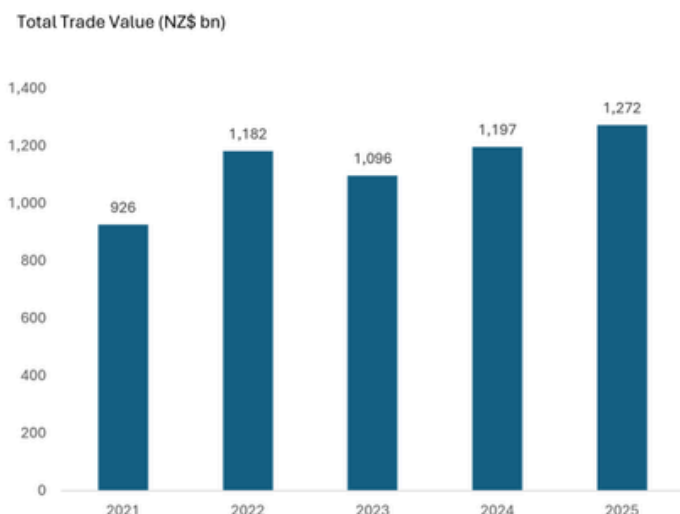
Malaysia's trade growth is increasingly manufacturing-led

Malaysia's total trade expanded 22.4% year-on-year to NZ\$ 746 billion during January-June 2026. Exports increased 27.5% to NZ\$ 403.8 billion, comfortably outpacing imports, which rose 16.9% to NZ\$ 342.6 billion. As a result, Malaysia's trade surplus almost tripled from NZ\$ 23.5 billion to NZ\$ 61.1 billion, indicating that export earnings more than offset the increase in imported production inputs.

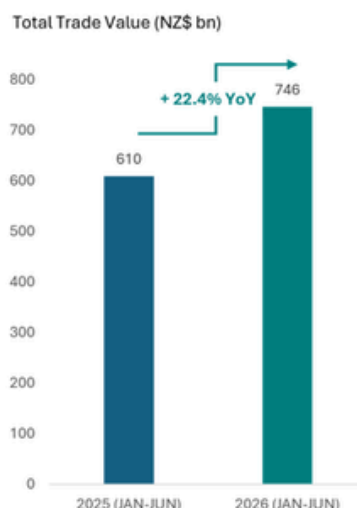
Malaysia's recent trade composition is being driven less by commodity cycles and increasingly by industrial production. Manufacturing accounted for 88.4% of exports and 87.6% of imports, while contributing almost the entirety of export growth during the first half of 2026. In contrast, agriculture contracted by 8.9%, largely due to weaker palm oil exports.

Malaysia's total trade reached a record NZ\$ 1.3 tn in 2025, while H1 2026 grew 22% YoY

A. Annual Trade Value



B. Jan – Jun Trade Comparison



Electronics remain the engine, with growth spreading across advanced manufacturing

Electrical and electronic (E&E) products remained the principal driver of export growth, increasing 42.5% to NZ\$ 194.5 billion and accounting for almost half of Malaysia's exports. Growth was not confined to electronics: optical and scientific equipment

(+40.8%), petroleum products (+27.4%), manufactured metal products (+19.1%) and machinery and equipment (+12.6%) also recorded strong gains.

Imports increased strongly across many of the same sectors, including E&E products (+29.2%), petroleum products (+39.2%), machinery and equipment (+12.8%), optical and scientific equipment (+27.8%) and manufactured metal products (+16.7%). The parallel growth in imports and exports is consistent with Malaysia's deep integration into cross-border production networks, where imported components, machinery and intermediate goods support export-oriented manufacturing.

Technology-driven export markets continue to outperform

Export growth was concentrated in markets closely integrated with global semiconductor and technology supply chains. Exports to Taiwan (+67%), Hong Kong (+49%), the United States (+55%) and the European Union (+29%) all recorded strong growth, reflecting continued demand for semiconductors, advanced electronics, and AI-related infrastructure. The United States remained Malaysia's largest export destination, accounting for 17.8% of total exports, followed by Singapore (13.8%) and China (11.0%).

China nevertheless remained Malaysia's largest overall trading partner and largest source of imports during the first half of 2026. Imports from China increased from NZ\$67.4 billion in January–June 2025 to NZ\$90.6 billion in January–June 2026 and accounted for more than one quarter of total imports.

Malaysia is positioned between Western demand and Asian supply chains

Current trade patterns suggest diversification rather than decoupling. Malaysia continues to benefit from strong demand from the United States while remaining deeply integrated with Chinese and regional supply chains. Malaysia's trade surplus with the United States widened from NZ\$ 15 billion to NZ\$ 46 billion during the first half of 2026 as exports expanded and imports declined. Malaysia's established semiconductor and manufacturing base, broad network of trade agreements and links to major Asian supply chains position it as an attractive location for companies seeking to diversify regional production while retaining access to both Asian inputs and global export markets.

Malaysia is positioned between Western demand and Asian supply chains

Trade, investment, and industrial upgrading remain central to Malaysia's economic strategy. The government continues to seek investment in higher-value manufacturing and technology while expanding economic partnerships and export markets. For businesses, this outward-looking approach reinforces Malaysia's role as both a sizeable domestic market and a potential base for accessing wider Southeast Asian and global supply chains.

An established agricultural relationship remains a strong foundation

New Zealand-Malaysia bilateral trade recovered to NZ\$4.58 billion in the year ended March 2026, matching the record level reached in 2023. New Zealand exports to Malaysia were NZ\$1.82 billion, while imports from Malaysia reached NZ\$2.76 billion. Malaysia remained New Zealand's tenth-largest overall trading partner.

New Zealand already has significant positions in several Malaysian food and agricultural markets. In 2025, New Zealand supplied 75% of Malaysia's imports of day-old chicks. New Zealand also remained a leading dairy supplier, including around 73% of Malaysia's butter imports. New Zealand was Malaysia's second-largest supplier of sheep meat, with a 15% market share, while its share of selected fresh fruit imports increased from 8% in 2023 to 10% in 2025. These established positions demonstrate continuing Malaysian demand for high-quality New Zealand food and beverage products.

Competition is increasing in some established sectors

Strong existing positions do not guarantee future market share. New Zealand's overall share of selected Malaysian dairy imports declined from 47% in 2023 to 43% in 2025 as competition increased. New Zealand's share of frozen beef imports also declined from 2.4% to 1.2% over the same period. For New Zealand exporters, maintaining market access, strong commercial relationships and product differentiation will remain important in an increasingly competitive Malaysian food & beverage market.

The relationship is broadening beyond traditional goods trade

Malaysia's industrial development is also increasingly reflected in New Zealand's imports. While mineral fuels remain a major import category, imports of Malaysian mechanical machinery increased 48% between 2022 and 2026 and optical and scientific equipment increased 75%. Services are also becoming more important – New Zealand travel exports to Malaysia have more than quadrupled as international tourism recovered following the Covid-19 pandemic, illustrating scope for the relationship to expand beyond traditional merchandise trade.

Malaysia's industrial upgrading creates new opportunities for New Zealand

Malaysia's growth in semiconductors, data centres, high-value manufacturing and associated services creates opportunities for New Zealand companies beyond traditional primary-sector exports. Potential areas of alignment include specialised food and beverage ingredients, agritech, professional services, education and training, digital solutions and technologies that improve productivity and resource efficiency. For New Zealand firms looking at Southeast Asia, Malaysia also offers strong regional connectivity, modern infrastructure, strong English language skills, established commercial and legal infrastructure and access to wider ASEAN production networks.

Partnerships with Malaysian businesses can provide local market knowledge and potentially support expansion into neighbouring markets. Malaysia's combination of strong domestic demand, an increasingly sophisticated manufacturing base, relatively competitive operating costs, a comfortable living environment, and continued openness to international trade makes it a market worth closer consideration for New Zealand businesses seeking growth in Southeast Asia.

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