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Malaysia and the EU

As an emerging economy, Malaysia is an important partner for the EU. Malaysia is the EU's second largest trade partner in the South East Asia region, whilst the EU is Malaysia's third largest trading partner and accounts for Malaysia's total external trade.

EU-Malaysia relations, however, go beyond trade. The EU supports a wide range of cooperation projects that benefit Malaysia in areas such as higher education, human rights, environment and sustainable economic development. Malaysian authorities and civil society organisations receive EU cooperation funding under different programmes.

Political relations

Malaysia, an emerging economy of 30.75 million people, plays an important role in the EU's efforts to reach out to the entire world. With its cultural, ethnic and religious diversity, Malaysia mirrors European diversity and makes for a good partner on the global stage.

Cooperation in trade and economic issues has been the driving force for closer ties between the EU and Malaysia. The opening of the EU Delegation in 2003 also marked increased and closer cooperation between European and Malaysian federal and state authorities, civil society, and academia.

In October 2010, Malaysian Prime Minister Najib Razak and EU leaders launched two major EU-Malaysia bilateral initiatives, namely the negotiations for the Free Trade Agreement (FTA) and for the Partnership and Cooperation Agreement (PCA). These two initiatives are respectively aimed at boosting bilateral trade and investment and at creating a new strategic dimension for EU-Malaysia political dialogue and economic cooperation. Negotiations for the PCA concluded on 8 December 2015 after 11 rounds of negotiations, whereas FTA negotiations are still in progress.

The EU is also gradually establishing cooperation with Malaysia in areas falling under the Common Foreign and Security Policy (CFSP) such as maritime security, export control and Chemical, Biological, Radiological and Nuclear (CBRN) risk. Under the Migration EU Expertise II (MIEUX II) facility, European
experts are providing training to Malaysian authorities to effectively manage migration through improved border management practices and procedures, and to curb irregular migration with regards to human rights principles.

The EU and the Association of South East Asian Nations (ASEAN) have enjoyed a close relationship for over 30 years. Both share a commitment to regional integration as a means of fostering regional stability, building prosperity and addressing global challenges. Through numerous programmes, the EU is providing ASEAN and the ASEAN Secretariat support with a view to raising standards and developing harmonised legislative frameworks and common practices in fields such as customs, disaster prevention and management, higher education, intellectual property rights, safety in civil education and transport. Malaysia also participates in and benefits from several of these projects.

**Economic relations**

In Malaysia, the EU has prioritised the promotion of bilateral trade and investment. This is done through collaboration with local chambers of commerce such as the EU-Malaysia Chamber of Commerce & Industry (EUMCCI) as well as the chambers of commerce and business councils of the EU Member States present in Malaysia.

To contribute to enhancing Malaysia's commercial competitiveness in the EU (and elsewhere), economic development cooperation has centred on raising standards and business practices. To this end, activities have taken place in diverse sectors ranging from environmental services, fisheries and logistics to information technology and beyond. Economic cooperation has been implemented through, amongst others, government ministries and agencies responsible for international trade, investment, health, competition and environmental policies.

**Trade**

The EU is the world's largest economy with an average GDP per capita in 2014 of €27,300 for its 506.9 million consumers. It is the world's largest trading block, representing 16% of global trade in goods and commercial services, and the top trading partner for 80 countries. Trading partners benefit greatly from the large single market, formed by 28 Member States, in which a single tariff and single set of trade rules apply.

Based on 2014 data, the EU is Malaysia's third largest trading partner and accounted for 9.9% of Malaysia's total external trade in goods, while Malaysia ranked as the EU's 23rd largest trading partner. Overall, Malaysian trade has enjoyed a significant surplus, since EU exports of goods to Malaysia in 2014 accounted for €14 billion while Malaysia's exports of goods to the EU reached €19.7 billion. EU exports of services to Malaysia accounted for €4.7 billion while Malaysia's exports of services to the EU are steadily increasing, reaching €3.2 billion.

2010 marked the start of the negotiations of EU-Malaysia Free Trade Agreement (FTA) which is intended to give EU and Malaysian businesses easier access to each other's markets, as well as facilitating Foreign Direct Investment flows. Malaysian and European consumers will be the ultimate beneficiaries of this deal, having greater choice and reduced prices as a result of increased competition.

The EU supports the development of Malaysia's services sector. By organising roundtables, workshops
and business-to-business networking events, our aim is to help Malaysia develop an internationally competitive services sector. The focus is on logistics, information technology, financial, and environmental (“green”) services. Working with local chambers of commerce, we are bringing EU experience and practical knowledge, skills and investment to assist Malaysia in its efforts to rise up through the value chain and develop into a high income economy, in line with Malaysia's Vision 2020.

**Development and cooperation**

**Sustainable Development & Environment**

Sustainable development is a top policy for both the EU and Malaysia. Green growth is pursued through sustainable practices, which ultimately preserve biodiversity, reduce Carbon Dioxide emissions and ensure a better quality of life. The EU’s environmental cooperation with Malaysia covers a range of areas, from green technology to renewable energy and sustainable forest management. The EU has established an annual policy dialogue on green technology and climate change with the Ministry of Energy, Green Technology and Water to facilitate Malaysia's transition to a green economy.

The EU also supports the Economic Planning Unit in developing a national plan on sustainable consumption and production, which includes initiatives to promote green public procurement, eco-labelling as well as to raise standards and develop incentives for green production. Other projects include support to small producers of the biomass and batik industries, and protecting peatland forests.

**Science & technology**

**Research & Technological Development**

**Horizon 2020**, covering the period of 2014 - 2020, is the EU's main instrument for funding research and innovation in Europe and beyond. The first calls for proposals under Horizon 2020 was published in December 2013. Through these programmes, Malaysian partners can participate in international consortia which aim at enhancing scientific and technological cooperation between the EU and ASEAN, as well as globally. The projects mainly focus on e-infrastructure, agriculture, aquaculture, biodiversity, nanomaterials, health and the ethical aspects of science.

Research funding for the period of 2007 - 2013 was conducted through the Seventh Framework Programme for Research and Technological Development (FP7). Under the previous FP7 programme, 16 Malaysian institutions have participated in 29 projects with an overall budget of EUR180 million. In addition, 15 Malaysian scientists have received Marie Curie fellowships.

On the other hand, EURAXESS ASEAN is a network of researchers of all disciplines and at all career levels in ASEAN. It is part of the multidisciplinary EURAXESS network that unites thousands of researchers from 40 European countries as well as China, India, Japan, Latin America and Caribbean States, and North America in one global community.

EURAXESS is dedicated to helping mobile researchers to work together across borders.

Through its portal EURAXESS provides free information on job opportunities, fellowships and funding
programmes available to researchers who wish to conduct research in or to collaborate with Europe.

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Human rights

Human Rights, Migration & Asylum

The EU's cooperation in this area aims to strengthen the role of Malaysian civil society in promoting human rights and democratic reforms. The EU promotes various human rights issues including indigenous rights, rights of migrant children, freedom of the press and the abolition of the death penalty. By doing so, the EU provides support to civil society organisations financially under the European Instrument for Democracy and Human Rights (EIDHR) as well as through regular dialogue with the Malaysian Human Rights Commission (SUHAKAM) and the Malaysian Bar Council. Since 2008, the EU has cooperated with SUHAKAM to organise an annual human rights seminar in conjunction with the International Human Rights Day on 9 December.

The EU also focuses its cooperation efforts in migration and asylum programmes in Malaysia. Under the Migration EU Expertise (MIEUX II) facility, European experts are providing training to Malaysian authorities to effectively manage migration through improved border management practices and procedures, and to curb irregular migration while respecting human rights principles. In addition, the EU has funded projects and the capacity building of local civil society organisations that work to promote the rights of migrants and asylum-seekers. One such example is the Humana Learning Centres in Sabah, run by the Humana Child Aid Society, which provide basic primary education to over 12,000 children of immigrants and stateless communities.

The EU's Human Rights Priorities in Malaysia

The European Union sees human rights as universal and indivisible. It actively promotes and defends them both within its borders and when engaging in relations with non-EU countries.

The EU's human rights priorities in Malaysia include:

- the abolition of the death penalty;
- the promotion of the ratification of core human rights conventions;
- the promotion of children's, women's and indigenous peoples' rights;
- the promotion of freedom of religion and belief.

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