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China, India and the US look to Malaysia for business growth: HSBC

***Malaysia remains attractive market to international companies
amid optimistic economic outlook***

Foreign companies remain confident with surging ambitions for their business in Malaysia. In particular, businesses in China, India and the US are either looking to expand their Malaysian operations, prioritise growth in Malaysia over the next two years or enter into the Malaysian market in the next two years. This is amidst the recovery of the economy as the nation emerges from the effects of the third year of the global pandemic.

These are some of the key findings from HSBC's latest business survey, "**HSBC Navigator: SEA in Focus**", which surveyed more than 1,500 companies from six of the largest economies in the world (China, India, the US, Germany, France, and the UK) – of which 32% have operations in Malaysia. The survey gauges their sentiment on doing business in the SEA region and each country, with particular focus on trade, digitisation and sustainability.

Future expansion into Malaysia

Compared to other Southeast Asian countries, there is strong Chinese interest in the Malaysian market. Among the six inbound markets in the study, Chinese companies were almost twice as likely to be planning an expansion of their Malaysian operations – 41% versus an average of 22%. This is in line with China and Malaysia's current trade relationship as China remains Malaysia's largest trading partner for 12 consecutive years.¹ Additionally, nearly 3 in 10 (29%) Indian companies and nearly 1 in 4 (24%) US companies looked to prioritise growth in Malaysia in the next two years.

Malaysia is also poised for foreign investment in the near future as nearly 2 in 10 (19%) companies surveyed plan to expand here in the next two years – with particular focus from Indian firms (25%) and Chinese firms (22%). Despite the pandemic, bilateral trade between India and Malaysia had expanded by 26% in 2021 and overall trade touched US\$17 billion².

Malaysia's opportunities and attractions

Foreign companies are attracted to Malaysia on account of its optimistic economic outlook, and for the opportunity the Malaysian market provides to develop and test new products and solutions. A third of the respondents (34% and 33% respectively) pointed to each of these market features as attracting them to expand their Malaysian operations. In particular, Malaysia can expect strong and continued growth in Chinese and US investment. 42% of Chinese companies were especially attracted by the opportunity to test new products in Malaysia while 43% US companies operating in Malaysia point to the

¹ [Minister of International Trade and Industry – Malaysia External Trade Statistics \(January 2021\)](#)

² [Speech of India's High Commissioner to Malaysia B.N. Reddy at India's Republic Day 2022 \(January 2022\)](#)

easier trading afforded by free trade agreements as a particularly attractive feature of the market. The United States is Malaysia's third-largest trading partner, while Malaysia is the US' 17th largest trade partner. Bilateral trade in goods with the United States was \$71.4 billion in 2021.³

On average, the respondents also cited ease of supply chain (30%), proven economic resilience in response to the pandemic (31%) and the growing digital economy (31%) as compelling reasons for business expansion in Malaysia.

Commenting on the survey findings, Andrew Sill, Head of CMB, HSBC Malaysia, said: "Malaysia has always been an attractive market to the world's largest economies. The nation's economic resilience, efficient supply chain and booming digital economy are positive signs that international companies look to for opportunities of growth."

The survey also found that 9 in 10 (89%) foreign businesses with a foothold in SEA plan to grow their presence in the region over the next two years. 3 in 5 (61%) foreign businesses surveyed expected their organic growth in Southeast Asia to increase by 20% or more over the next 12 months.

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³ [U.S. Relations With Malaysia - Bilateral Relations Fact Sheet \(April 2022\)](#)