



 **Business Climate Survey  
Malaysia**

**Business Climate Survey  
for Swedish companies in  
Malaysia 2026**

A report from Team Sweden in Malaysia

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# 46 respondents

(total +2,250 respondents for 41 markets)

## Current business climate

# 48%

of Swedish companies perceive the business climate as good or very good

## Industry turnover

# 65%

of Swedish companies expect their industry turnover to increase

## Future investments

# 52%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

## Globally valued success factors

1. Cost efficiency
2. Partnerships/local relationships
3. Sales competence

## Brand Sweden

# 85%

of Swedish companies abroad consider Brand Sweden beneficial for business

## Local conditions with high satisfaction

1. Personal safety
2. Physical infrastructure
3. Financial system

## Local conditions with least satisfaction

1. Licenses, permits and approvals
2. Transparency/equal treatment
3. Customs/specialists

## Environmental considerations

# 46%

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

## Corruption

- Malaysia is ranked 54 globally in the Corruption Perception Index 2025
- 10 respondents encountered corruption

## Human rights violation and labour rights abuse

- Two respondents encountered human rights violations and/or labour rights abuse

# Foreword

Malaysia continues to strengthen its position as a competitive and reliable platform for international businesses in Southeast Asia. A diversified economy, a multilingual and skilled workforce, and a supportive policy environment underpin the country's attractiveness for Swedish companies pursuing growth, regional expansion and long-term strategic positioning. Combined with a strong manufacturing base, improving infrastructure and targeted investment incentives, Malaysia remains a key market for Swedish businesses operating in an increasingly complex global economy.

The global business environment in 2026 is shaped by heightened geopolitical uncertainty, trade fragmentation and shifting supply chains. The resumption of negotiations on a Malaysia-European Union Free Trade Agreement in 2025 marks an important milestone with the potential to reduce trade barriers and strengthen industrial and technology-driven ties between Malaysia and Europe. For Swedish companies, such an agreement would further enhance Malaysia's role as a regional hub for manufacturing, distribution and market access.

At the same time, Malaysia is pursuing its ambition to move up the value chain and achieve high-income nation status. Policy frameworks, such as the New Industrial Master Plan and the National Energy Transition Roadmap, signal a clear focus on advanced manufacturing, digitalisation, semiconductors, life sciences and the green transition. These priorities align well with the strengths of Swedish companies.

The findings of the 2026 Business Climate Survey reflect a resilient and confident Swedish business community in Malaysia. A majority expect increased turnover and continued investments over the coming year. Profitability remains solid, particularly among established companies, while newcomers continue to see Malaysia as an attractive entry point despite initial challenges. Key success factors remain cost efficiency and partnerships, underscoring the importance of local presence and trusted relationships. While the overall outlook is positive, the survey also highlights where improvements are needed. Regulatory transparency, licensing processes and customs procedures continue to pose challenges for Swedish companies, particularly in a more uncertain global trade environment.

Swedish companies have a long-standing presence in Malaysia and are well placed to contribute to the country's continued economic transformation. With strong capabilities in innovation, sustainability and industrial solutions, Swedish businesses can play an important role in supporting Malaysia's industrial and green transition.

On behalf of Team Sweden in Malaysia, we would like to thank all participating companies for sharing their insights and experiences through the Business Climate Survey. Your input provides a valuable foundation for dialogue, policy engagement and continued collaboration. Team Sweden remains committed to supporting Swedish companies in navigating the Malaysian market and unlocking its long-term potential. Thank you!



**Niklas Wiberg**  
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**Ludvig Hermansson**  
Trade Commissioner  
of Sweden to Malaysia



**Jenny Jahanshahi Westin**  
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# Executive summary

Swedish companies operating in Malaysia in 2026 show renewed confidence, supported by solid profitability, stable investment plans, and a markedly stronger business sentiment than in the previous year. Nearly half of all respondents now rate the Malaysian business climate as good or very good, representing an improvement compared to 2025 and signalling a shift from caution towards a more constructive outlook across the Swedish business community in Malaysia.

A majority of Swedish companies plan to maintain or increase their investments over the coming 12 months, reinforcing Malaysia's position as a stable and attractive long-term market despite a more uncertain global economic environment. Investment appetite is strongest among industrial companies and professional services firms, while consumer goods companies display a more polarised outlook, split between significant expansion plans and a cautious hold-steady approach. This divergence suggests differing exposure to demand conditions and cost sensitivity across sectors.

Business conditions in Malaysia are perceived to have improved across most dimensions. Physical infrastructure stands out as one of the strongest positive shifts, rising to a joint top position among all evaluated conditions, alongside personal safety. The financial system and level of digitalisation also recorded meaningful year-on-year improvements, contributing to an overall perception of a satisfactory and steadily improving operating environment. At the same time, regulatory transparency, licensing and permit processes, and equal treatment continue to be cited as areas with the lowest satisfaction, indicating persistent structural frictions that constrain further uplift in confidence.

Customs procedures have emerged as the single most prominent and growing operational challenge. This finding aligns closely with Swedish companies' priorities for a potential EU–Malaysia Free Trade Agreement, where tariff elimination, simplified customs procedures, and equal treatment with local companies rank as the most desired elements.

Profitability among Swedish companies in Malaysia remains generally solid, especially among large and mature companies, although the survey also indicates increased margin pressure compared to 2025, with a higher share of respondents reporting break-even or loss-making results. This reinforces the importance of cost efficiency, which remains the most critical success factor cited by companies, reflecting sustained price competition and cost sensitivity in the Malaysian market.

In a context of global trade tensions and supply chain reconfiguration, Malaysia is increasingly benefiting from shifting production and sourcing patterns. More Swedish companies report relocating manufacturing or sourcing to Malaysia than away from it, suggesting that the country is strengthening its role within regional and global value chains. Nevertheless, short-term demand uncertainty and higher costs continue to affect a significant share of companies.

The Swedish brand continues to be viewed as a valuable commercial asset in Malaysia, widely associated with quality, innovation, and reliability, and considered beneficial for business performance by a large majority of respondents. At the same time, environmental considerations are perceived to play a limited and declining role in Malaysian customers' purchasing decisions, despite Malaysia's ambitious sustainability policy agenda. This gap between policy ambition and market demand remains a notable feature of the operating environment for Swedish companies.

Taken together, the findings depict a Swedish business community in Malaysia that is optimistic and strategically committed, encouraged by improved infrastructure, investment stability, and Malaysia's growing relevance in regional supply chains, while remaining clear-eyed about the structural reforms required to unlock the market's full potential.

# About the survey

## Swedish business presence in Malaysia

The Business Climate Survey is a joint initiative by Team Sweden in Malaysia – consisting of Business Sweden, the Embassy of Sweden and the Swedish Chamber of Commerce – to capture Swedish companies' views on the current business climate and future expectations in Malaysia. The survey examines Swedish companies' outlook on economic development, success factors, challenges, and sustainability. It also aims to capture the viewpoints, experiences, and insights of Swedish business leaders overseas. This report is part of a global initiative, with reports published regularly across 41 markets where Team Sweden is present. The global reports give Swedish companies the opportunity to compare results across markets and track developments over time.

In total, ~80 companies were contacted, and 46 companies answered, resulting in a 57.5 per cent response rate. The companies that participated either have Swedish origin and identity, have Swedish owners or shareholders, are part of a Swedish conglomerate, or have other significant affiliations to Sweden. The companies represent a diverse mix of companies in size, industry and market experience. Over half of the companies (56 per cent) have over 1,000 global employees and are considered large firms. The remainder includes small companies with up to 249 global employees or medium-sized companies with 250 to 1,000 global employees.

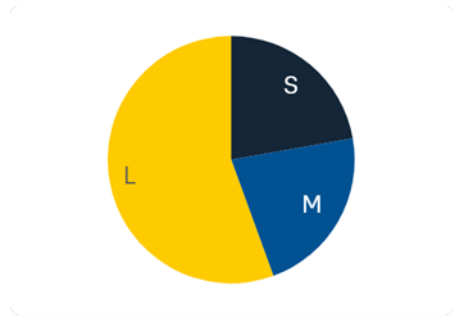
The range of business areas represented in this report was grouped into three broad categories: professional services, consumer goods, and industrial companies. Industrial companies remain the largest sector, making up 53 per cent of the total, followed by professional services at 42 per cent and consumer goods companies at 6 per cent.

In terms of market presence, the findings show a well-established Swedish business community in Malaysia. 53 per cent of the responding companies have been operating in Malaysia since 2004 or earlier, while a further 33 per cent are considered experienced, and 13 per cent are newcomers. This distribution highlights long-term confidence in Malaysia and Swedish companies' commitment to sustained engagement in the country.

### Survey context

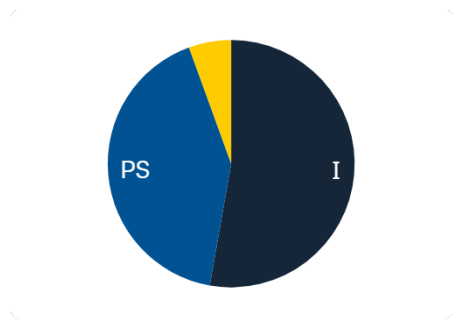
All questions were fielded between 4 February and 4 March 2026, during a period marked by two significant global developments. A February 2026 ruling declaring US tariffs unconstitutional brought greater trade uncertainty, while escalating Middle East tensions towards the end of the survey period further increased geopolitical unease. Responses should be read with this evolving backdrop in mind.

### Size of companies



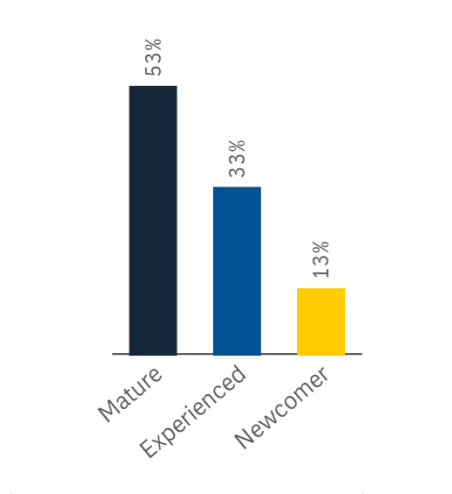
NOTE: Global employees. Large >1,000 (56%). Medium 250-1,000 (22%). Small 0-249 (22%).

### Main industry



NOTE: Industrial 53%. Professional services 42%. Consumer 6%.

### Age of companies



NOTE: Mature (-2004). Experienced (2003-2020). Newcomer (2021-).

# Economic outlook

## Malaysia's economic transformation

Since Malaysia's independence in 1957, the country has undergone one of the most remarkable and rapid transformations in the region. Once primarily reliant on agriculture, the country has transformed into an industrialised economy and a leading manufacturing hub. The six decades from 1961 to 2021 saw an average GDP growth rate of around five per cent a year.

Today, Malaysia is a highly open, globally connected trading nation, with trade links spanning over 90 per cent of the world's economies, placing it among Southeast Asia's most internationally integrated markets. In 2025, Malaysia remained the sixth-largest economy in ASEAN by nominal GDP and ranked third in ASEAN in GDP per capita, behind Singapore and Brunei, reflecting its strong income levels and industrial sophistication.

Trade and investment openness continue to underpin Malaysia's economic resilience. Exports account for nearly 70 per cent of GDP, and around one-third to two-fifths of total employment is linked, directly or indirectly, to export-oriented activities.

Despite major external shocks – notably the Asian Financial Crisis (1997-1998), the Covid-19 pandemic and the war in the Middle East – Malaysia has sustained a positive long-term growth trajectory. In 2025, the economy expanded by approximately 5.2 per cent, supported by robust manufacturing exports, services growth, and continued integration into global value chains – particularly in electronics and advanced manufacturing.

Malaysia's trade is highly integrated into global markets, supported by a diversified network of key partners across Asia, Europe and North America. China has remained Malaysia's largest trading partner since 2009, accounting for approximately 17 per cent of total trade in 2025, underscoring Malaysia's deep integration into Asian manufacturing and supply chains. Singapore continues to play a pivotal role due to longstanding economic interdependence and geographic proximity, while other major trading partners include the United States, Japan, and the European Union. In 2025, the European Union ranked as Malaysia's fourth-largest trading partner, representing around 9-10 per cent of total goods trade, with Germany and the Netherlands standing out as the key bilateral counterparts. Trade between Malaysia and the European Union is overwhelmingly industrial, with manufactured goods accounting for over 90 per cent of total bilateral trade flows. Machinery and electrical equipment dominate, comprising around 60 per cent of EU imports from Malaysia and nearly half of the union's exports to Malaysia.

Building on this deep and industrial trade relationship, the Malaysia-European Union Free Trade Agreement (FTA) is poised to further institutionalise and expand bilateral economic ties. Negotiations were first launched in 2010 but suspended in 2012 after seven rounds due to unresolved issues, most notably surrounding sustainability standards and the palm oil sector. A shift occurred in January 2025 when Malaysia and the union formally announced the resumption of the FTA negotiations during Prime Minister Anwar Ibrahim's visit to Brussels (Belgium). The revived talks aim to enhance market access, regulatory cooperation, investment flows, with an emphasis on green energy, clean technologies and advanced manufacturing. In this context, the FTA directly reinforces the EU's role as Malaysia's fourth-largest trading partner and deepens an economic partnership that is already industrial, technology-driven, and long-term in orientation.

In recent years, Malaysia has also strengthened trade relations with regional partners through agreements like the Regional Comprehensive Economic Partnership (RCEP), enhancing its access to markets such as South Korea, Australia, and ASEAN member states. Additionally, Malaysia's participation in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) further broadens its trade horizons, offering preferential access to key economies including Japan, Canada, and Mexico. This diversified network helps Malaysia remain resilient in the face of global economic shifts and supports its position as an integrated player in international trade.

The services sector remains the principal engine of Malaysia's economy, accounting for around half of GDP and remaining the primary driver of growth. The sector expanded by about 5.5 per cent in 2025, accelerating to more than 6 per cent in Q4 2025. Service sector output and revenues reached record levels, with total annual revenue estimated at around USD 658 billion (RM2.6 trillion) in 2025. Malaysia's economy has demonstrated strong resilience amid recent global shocks, anchored by robust domestic consumption, a stable labour market, and sustained investment flows.

Against a backdrop of rising global trade restrictions, Malaysia has been comparatively well positioned. Under the United States' new reciprocal tariff regime introduced in 2025, Malaysia faced a baseline tariff rate of 19 per cent, among the lower tiers in ASEAN. Over 1,700 Malaysian tariff lines were exempted, covering key sectors such as semiconductors, E&E products and medical devices.

## Swedish companies show sustained success and profitability

Overall, the data from the survey indicates that Swedish companies are profitable in Malaysia, while a smaller percentage indicates a loss, and a few companies indicate break-even.

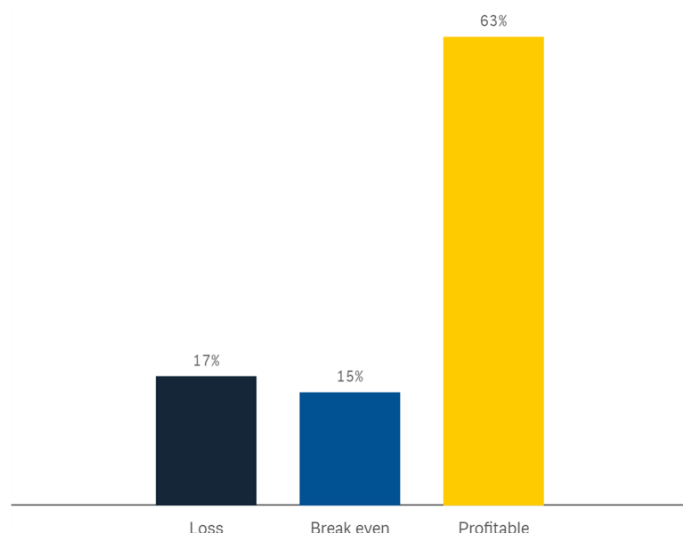
Large Swedish companies performed strongest in Malaysia during 2025, where 72 per cent were profitable and 12 per cent made losses. Medium-sized companies appear to be the most pressured group, with 30 per cent breaking even and 20 per cent reporting losses, resulting in 50 per cent profitability. Among small companies, 60 per cent were profitable, while 20 per cent reported losses and 20 per cent broke even. These patterns may suggest that large Swedish companies tend to perform better than smaller peers in Malaysia. This could be related to factors such as scale or more established local operations. The weaker performance among medium-sized companies might be associated with expansion-related costs, for example. Small companies, on the other hand, might benefit from more niche business models, but could still be more exposed to volatility.

Looking at sector-specific performance across professional services, consumer goods, and industrial companies, consumer goods companies report the strongest results, with 100 per cent profitability. Industrial companies show a profitability rate of 68 per cent, while professional services report 60 per cent profitability. For the consumer goods companies, the strong outcome may be linked to resilient domestic demand and relatively well-established distribution channels in Malaysia. Industrial companies also show solid performance, although this may be influenced by higher cost pressures. Professional services, which show the weakest results among the three sectors, may have been impacted by factors such as pricing pressure, stronger competition, or slower project cycles than usual.

Mature companies outperform less established peers, with three-quarters (75 per cent) reporting profitability. This could reflect deeper market knowledge and stable consumer bases. Experienced companies perform slightly weaker but remain solid (67 per cent profitability). Newcomers have the highest shares of breaking even (50 per cent) or making losses (33 per cent). This suggests a potential correlation between limited market experience and weaker financial outcomes, which might be explained by the fact that newly established companies often require more substantial upfront investments in their initial years, impacting short-term profitability.

Compared to 2025, financial performance weakened in 2026 as a higher share of companies reported losses (17 per cent vs 9 per cent) and break-even results (15 per cent vs 11 per cent). This suggests margin pressure, higher costs or slower market conditions in an uncertain world.

### How would you describe your company’s financial performance in Malaysia in 2025?



NOTE: The number of respondents for this question was 46. “Don’t know/Not applicable” responses are included but not shown in figure.  
 SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

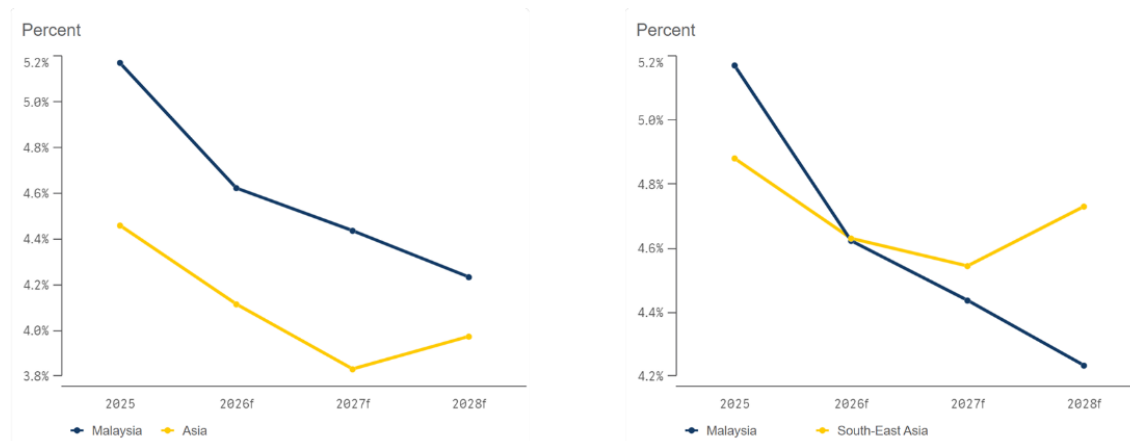
## Malaysia’s GDP growth in a regional and Asian context

Malaysia’s GDP growth is projected to remain consistently above the broader Asian averages, suggesting a positive outlook for the country. While growth is expected to slow from above 5 per cent in 2025 to just above 4 per cent in 2028, Malaysia continues to outperform regional benchmarks, highlighting the country’s relative economic resilience in a softer regional growth environment.

Looking ahead, Malaysia’s economic outlook remains cautiously optimistic, underpinned by structural reforms, growing investments in digital infrastructure and green technologies, and benefits from trade agreements such as RCEP. Sustained growth in the range of 4-5 per cent annually keeps Malaysia on track toward high-income status within the next few years, potentially as early as 2028, depending on reform execution and currency developments, according to the World Bank.

However, the outlook is not without uncertainty. Structural challenges such as income inequality, reliance on low-skilled foreign labour and graduate underemployment could limit inclusive growth if left unaddressed.

### Projected GDP growth in Malaysia, compared to Asia and Southeast Asia



NOTE: Constant prices.  
 SOURCE: Oxford Economics last update: 20 March 2026

## Turnover expectations improve with market experience

There is clear optimism regarding turnover growth among the Swedish companies in Malaysia. With 65 per cent expecting an increase in the coming 12 months, including 22 per cent anticipating a significant rise, there is confidence in the market. Only a small share foresees a decline, 13 per cent, while 17 per cent expect turnover to remain unchanged.

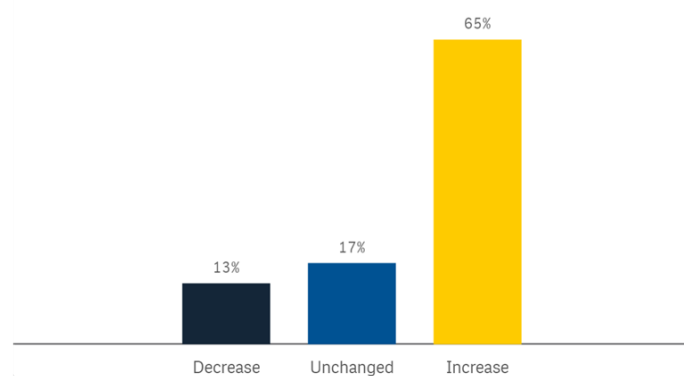
Company size shapes the turnover expectations. Large firms are the most optimistic, with 72 per cent expecting an increase (52 per cent slightly and 20 per cent significantly). Only 8 per cent of large companies expect a decline. Medium-sized companies are also positive, with 60 per cent expecting an increase and showing the highest share of a significant increase of 40 per cent. This suggests that a few positive outcomes can materially lift turnover. Small companies are the most cautious, where only 50 per cent expect higher turnover and 30 per cent expect a decline.

Industrial companies are the most optimistic, with 84 per cent expecting increased turnover, supported by strong demand in manufacturing. Consumer goods companies also show solid optimism but face greater demand sensitivity, with half of the companies expecting growth and half anticipating a slight decline. Professional services are more cautious, which results in a more mixed turnover outlook.

Turnover expectations improve with time in the market. Experienced companies are the most optimistic; mature companies remain positive but more cautious; and newcomers show optimism – with higher uncertainty. This reflects how longer market presence, with established relationships, stronger customers and more mature sales pipelines. Mature firms, positive but cautious, point to stable growth. Newcomers' optimism with higher uncertainty is consistent with early-stage market entry but also challenges.

Compared to 2025, turnover optimism has eased slightly in 2026, with the share expecting growth declining from 71 per cent in 2025 to 65 per cent in 2026. This likely reflects a more cautious business outlook driven by higher cost pressures and a less supportive global economic environment, even as underlying confidence in the Malaysian market remains solid.

### Compared to the development in the past 12 months, what are your expectations for the coming 12 months for your industry in Malaysia regarding turnover?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

## Investment outlook remains stable

Most Swedish companies plan to maintain or increase investments, indicating continued confidence. While many take a cautious approach, favouring slight increases, the low share planning reductions suggest that companies largely view Malaysia as a stable and attractive market for long-term operations and growth.

Large firms in Malaysia are the most expansion-oriented, with 64 per cent planning to increase investments and only a small share reducing, which suggests stronger long-term commitment and capacity to scale. Medium-sized companies are the most cautious, with half (50 per cent) of the companies keeping investments unchanged. Small companies show the highest downside risk, where 10

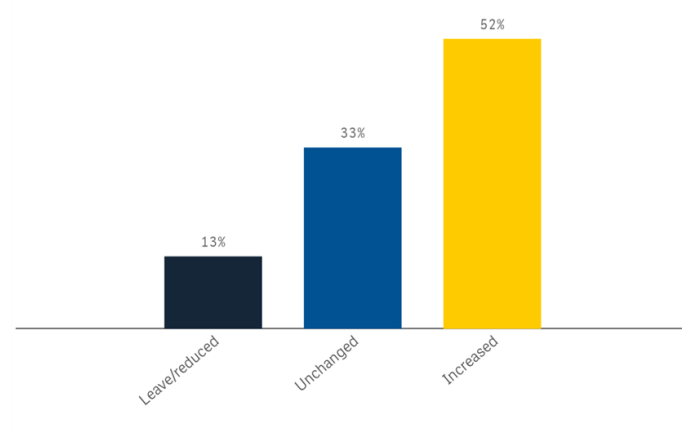
per cent plan to leave the market and 10 per cent plan to reduce investments, perhaps reflecting greater sensitivity to risks among small companies.

The most expansion-oriented companies are the industrial ones, with 63 per cent planning to increase investments. Professional services are also positive, where 60 per cent will increase. Consumer goods stand out as the most polarised, where 50 per cent will increase significantly and 50 per cent remain unchanged. This suggests that firms see strong growth opportunities or are holding steady.

Experienced companies have the highest share of planned increased investments (73 per cent). Newcomers are also positive, with 50 per cent increasing. Mature companies are the most cautious, split between 42 per cent increasing and 38 per cent unchanged – which suggests a steadier “maintain and optimise” approach.

Investment plans are largely unchanged between 2025 and 2026, while a majority still plan to increase investments, and only a slight shift toward caution is visible through a small rise in reductions. These positive investment intentions are particularly notable given the challenging global economic climate, which is marked by inflationary pressures and geopolitical tensions. This trend also bodes well for the country’s Foreign Direct Investment (FDI) outlook, as it suggests a stable and attractive business environment even amidst global uncertainty. The commitment to growth among international companies can be seen as a vote of confidence in the local regulatory framework, consumer potential, and long-term economic prospects.

### What are your company's investment plans for the coming 12 months in Malaysia, compared to the past 12 months?



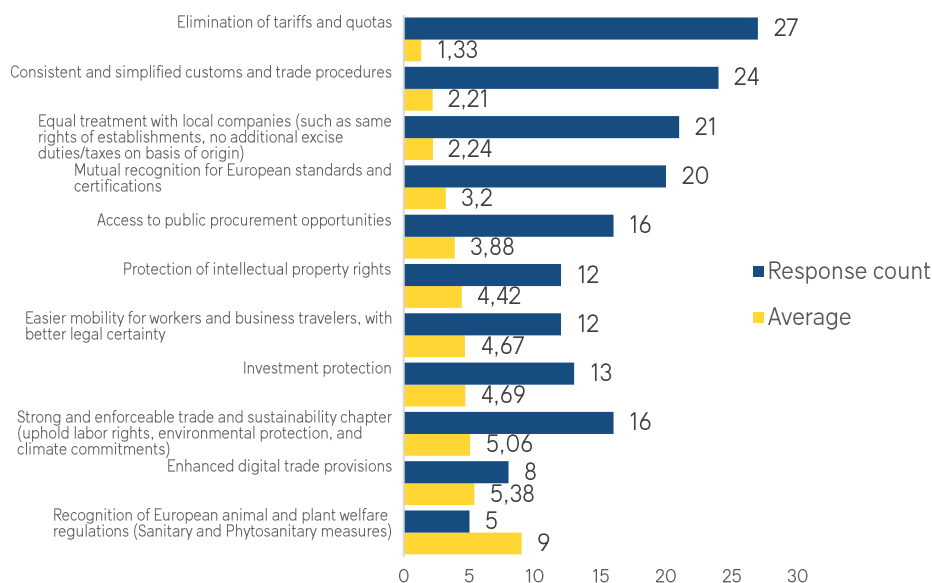
NOTE: The number of respondents for this question was 46. “Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

## A potential EU-Malaysia Free Trade Agreement will benefit Swedish companies

The European Union (EU) and Malaysia resumed negotiations on a comprehensive free trade agreement (FTA) in January 2025, following an initial negotiation phase launched in 2010 and put on hold in 2012. The potential FTA is expected to deepen economic ties, strengthen supply chains and improve market access between the two parties at a time of heightened geopolitical uncertainty and global trade fragmentation. The potential FTA aligns with Malaysia’s national priorities under the New Industrial Master Plan 2030 – supporting high-value industry growth, deeper integration into global value chains, and the attraction of innovation-driven foreign investment – while for companies within the EU, it would enhance access to one of Southeast Asia’s most diversified and manufacturing-driven economies. Swedish companies in Malaysia were asked the following question regarding the potential FTA.

## Which of the following benefits<sup>1</sup> would be most important for your company in a potential EU-Malaysia FTA?



Note: The chart shows both the number of respondents selecting each benefit (blue bars) and the average ranking (yellow bars), where a lower average value indicates higher priority. Benefits with the lowest averages and highest response shares represent “must-have” priorities, followed by “should-have” items in the middle range, while higher averages and fewer responses indicate “nice-to-have” features. The lower the score, the higher the ranking.

Swedish companies clearly prioritise market access and predictability in a potential EU-Malaysia FTA. Elimination of tariffs and quotas stands out as the top priority, ranked highest both in terms of response share (59 per cent) and average importance score (1.33), which places it in the “must-have” category. This is closely followed by simplified and consistent customs and trade procedures (52 per cent response share and score of 2.21) and equal treatment with local companies (46 per cent response share and score of 2.24). This highlights companies’ strong focus on reducing trade friction.

Looking at the “should-have” category, it focuses on regulatory alignment and business opportunities, including mutual recognition of European standards and certifications (43 per cent response share and score of 3.2) and access to public procurement (35 per cent response share and score of 3.88). These areas might be seen as important enablers of expansion but are secondary to core market-access issues.

Investment protection, labour mobility, sustainability provisions, digital trade and sanitary and phytosanitary recognition fall into the “nice-to-have” category. While still relevant, these areas are ranked lower both in frequency and average score, suggesting that they are valued as longer-term or complementary benefits rather than decisive factors.

Overall, the “must-have” category reflects a clear business logic. These measures have the most immediate and measurable impact on costs, competitiveness and predictability, which directly affect companies’ ability to trade, scale and plan investments. The “should-have” category could be seen as supportive and provide longer-term benefits, rather than deal-breakers. To conclude, these findings show that Swedish companies primarily view an EU-Malaysia FTA as a tool to reduce barriers, ensure good conditions in the business climate and to simplify day-to-day operations. This also explains why core trade and market-access issues dominate among the Swedish companies’ priorities.

<sup>1</sup>

- Elimination of tariffs and quotas,
- Consistent and simplified customs and trade procedures,
- Equal treatment with local companies (such as same rights of establishments, no additional excise duties/taxes on basis of origin),
- Mutual recognition for European standards and certifications,
- Access to public procurement opportunities,
- Protection of intellectual property rights,
- Easier mobility for workers and business travellers, with better legal certainty,
- Investment protection,
- Strong and enforceable trade and sustainability chapter (uphold labour rights, environmental protection, and climate commitments),
- Enhanced digital trade provisions,
- Recognition of European animal and plant welfare regulations (Sanitary and Phytosanitary measures).

Swedish companies were asked if there were any other additional benefits they would like to see in the free trade agreement. The focus was on improved market access and operational flexibility, including the ability to re-export goods to the EU, the removal of import tariffs, and easier access to Malaysian financing. This indicates that the practical obstacles Swedish companies experience make it harder for them to operate efficiently in Malaysia. One suggestion is that the current scenario weakens Swedish companies' ability to compete against local and regional players. The potential FTA would likely boost Malaysia's attractiveness as a strategic hub for companies expanding in Southeast Asia.

# The market

## Sweden and Malaysia continue to strengthen trade ties

The 2026 Business Climate Survey paints an encouraging picture of Swedish companies' enduring and evolving presence in Malaysia. The respondent base is predominantly composed of large, well-established multinationals with decades of on-the-ground experience, yet the continued entry of new players signals that Malaysia remains an attractive destination for fresh investment. Spanning industries from "Industrial Equipment" and "IT and Electronics" to "Energy" and "Transportation", Swedish businesses in Malaysia operate lean but strategic local footprints as part of broader global structures.

Business sentiment has improved markedly year-on-year, with nearly half of all respondents rating the current climate as Good or Very Good, a shift driven by greater trade clarity, improving infrastructure, and a strengthening financial environment. At the same time, customs procedures, regulatory transparency, and the pressures of global trade tensions remain ongoing challenges that the community continues to navigate. Taken together, the findings depict a market in confident transition, one where the foundations are strong, the momentum is positive, and the areas requiring attention are increasingly well-defined.

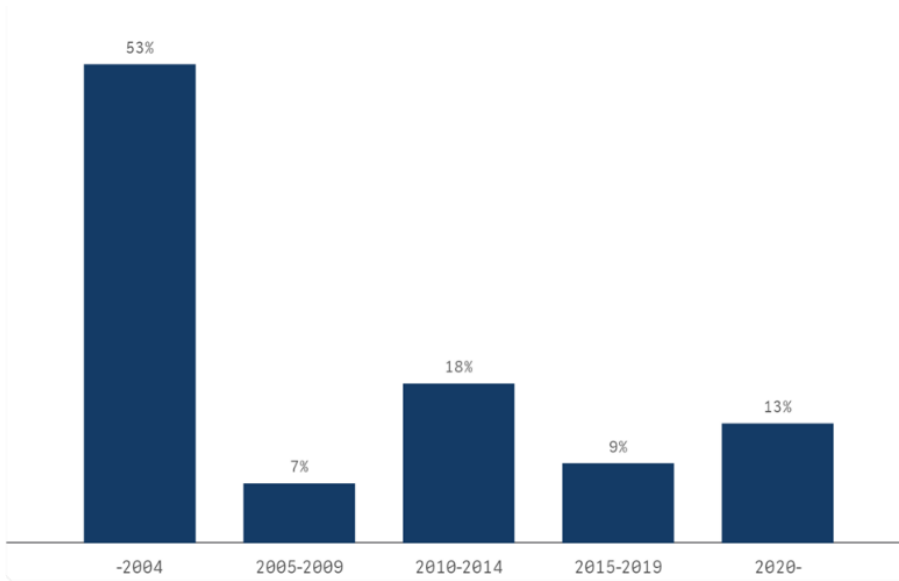
The survey reveals a strong historical presence among respondents, with the majority of Swedish firms having long-standing operations in Malaysia. More than half of the companies surveyed, 53 per cent, established their operations in Malaysia prior to 2005, with some dating back to 1965, reflecting decades of continuous business activity in the country. A smaller segment of respondents entered the market between 2005 and 2009, while 18 per cent established operations during the 2010 to 2014 period, suggesting a secondary wave of market entry. Activity slowed somewhat in the 2015–2019 window, accounting for 9 per cent of respondents, before picking up again with 13 per cent establishing operations in Malaysia from 2020 onwards, including companies that entered as recently as 2025.

The respondent profile skews heavily towards established, mature operators with deep roots in the Malaysian market. While the presence of newer entrants, particularly post-2020, indicates that Malaysia continues to attract new investment and business interest.

The survey captures respondents across a diverse range of industries, reflecting the broad cross-section of Swedish business activity in Malaysia. "Industrial equipment" remains the leading segment in 2026, as in 2025, represented by 17 per cent of respondents. "IT and electronics" follow as the second-largest segment, underscoring Malaysia's continued strength as a hub for technology and electronics manufacturing. "Energy and electricity" and "Transportation" were tied for third place, pointing to significant multinational engagement in infrastructure-related sectors.

The dominance of "Industrial Equipment", alongside a strong showing from "IT and Electronics", aligns well with Malaysia's broader industrial and manufacturing identity. The tied presence of "Energy" and "Transportation" also signals that capital-intensive, infrastructure-driven industries are well-represented among the respondent base.

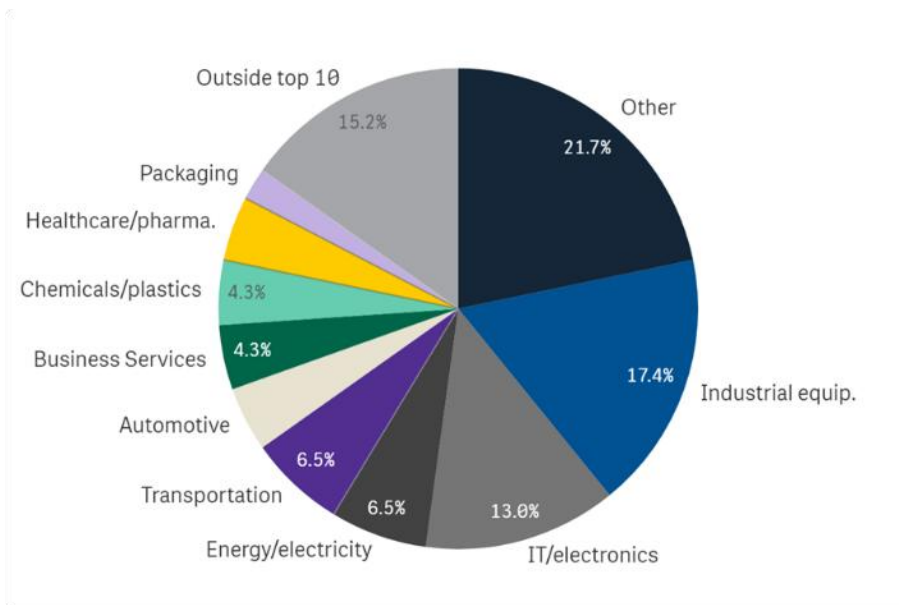
**In what year did your company establish operations in Malaysia?**



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

**What is your company's main industry in Malaysia?**



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.

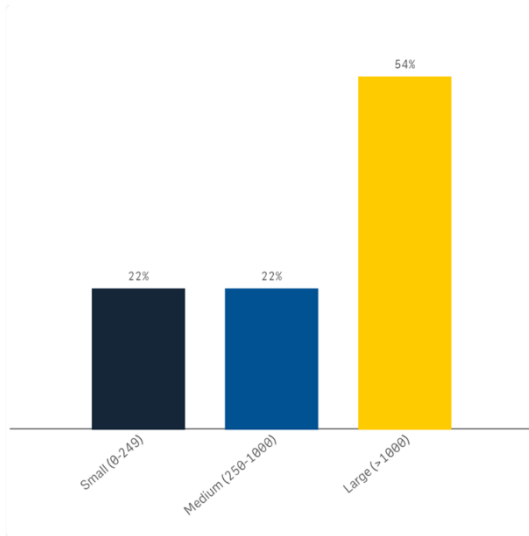
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026.

Swedish companies were assessed by workforce size at both the global and local level, revealing a striking contrast between the two. Globally, the respondent base skews decisively towards large organisations, with 54 per cent employing more than 1,000 people worldwide. Medium-sized companies (250-1,000 employees) also grew modestly from 18 per cent in 2025 to 22 per cent in 2026, while the proportion of small companies (0-249 employees) declined from 29 per cent to 22 per cent.

At the local level, however, the picture moves in the opposite direction. The proportion of respondents with a small local workforce (0-249 employees) grew from 69 per cent in 2025 to 74 per cent in 2026, while large local operations dropped from 7 per cent to 2 per cent. Medium-sized local operations remained relatively stable at 22 per cent, down marginally from 24 per cent.

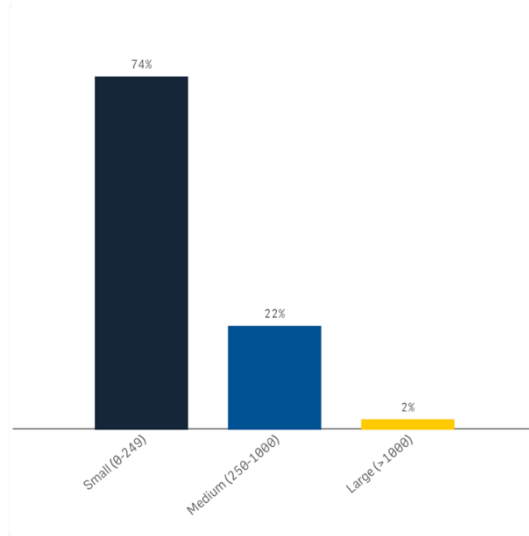
This suggests that even among globally large Swedish corporations, Malaysian operations tend to be leaner and more focused in scale. Many of the Swedish companies operating in Malaysia are arms of large multinationals.

### Swedish firms' global number of employees in 2026



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

### Swedish firms' local number of employees in Malaysia in 2026



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

## Malaysia's business climate gains momentum among Swedish companies surveyed

Business sentiment of Swedish companies surveyed towards Malaysia has improved notably in 2026, with nearly half of all respondents (48 per cent) describing the current business climate as "Good" or "Very Good", up significantly from 39 per cent in 2025. The increase of 9 percentage points reflects a growing confidence among Swedish companies in Malaysia's operating environment.

Equally telling is the sharp decline in neutral sentiment, which fell from 54 per cent in 2025 to 43 per cent in 2026. This suggests that companies previously held a wait-and-see or non-committal approach to the Malaysian business climate have largely moved towards a clearer sense of outlook. A key contributing factor to this improved outlook was the February 2026 ruling that deemed US tariffs unconstitutional, which brought greater regulatory clarity around trade conditions and helped reduce a significant source of uncertainty that had weighed on business confidence in the preceding period.

However, the slight increase in negative sentiment, from 2 per cent in 2025 to 7 per cent in 2026, serves as a timely reminder that the operating environment remains sensitive to external forces. The re-emergence of conflict in the Middle East in March 2026 has reignited unease among parts of the business community, introducing fresh concerns around supply chain stability, energy prices, and broader geopolitical risk. While still representing a minority view, this uptick warrants close monitoring as the situation develops.

The overall trajectory is positive, with sentiment increasingly focused on confidence rather than caution. Respondents are shifting from neutrality to optimism, indicating that businesses are developing stronger, more favourable perspectives based on their direct experiences. That said, the findings capture a business climate in transition, buoyed by improved trade clarity on one hand, yet navigating renewed geopolitical headwinds on the other. How these competing forces evolve in the months ahead is likely to shape sentiment significantly in the near term.

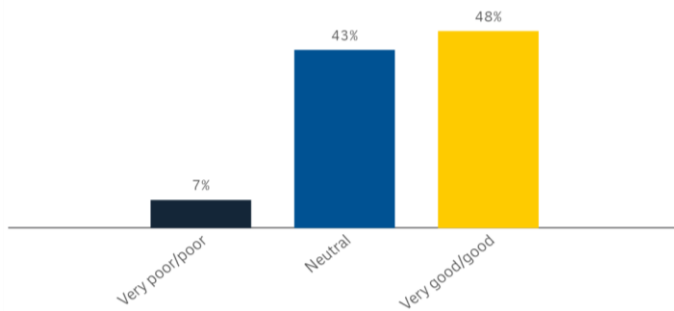
**A closer look: Who sees the business climate most favourably?**

By company size, sentiment is strikingly uniform: small, medium, and large companies all record approximately half of respondents rating the climate as Good or Very Good, with negative sentiment remaining in the single digits across all three groups. This suggests that the improved outlook in 2026 is not driven by any particular size segment but reflects a genuinely broad-based shift in confidence.

By sector, the Consumer segment stands out with unanimous positive sentiment, while the industrial sector, the largest respondent group, is evenly split between neutral and positive, with no negative responses. Professional services are the only sector recording negative sentiment at 13 per cent, which may reflect specific friction points around service sector regulations, licensing frameworks, or professional recognition that affect this group differently from goods-based industries.

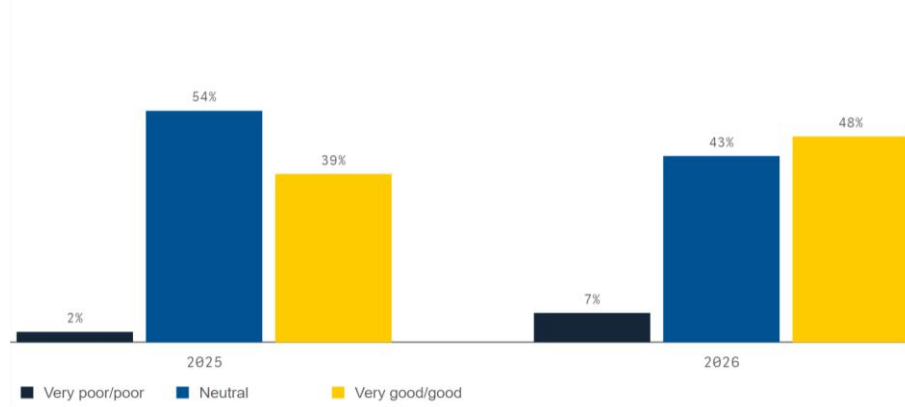
The tenure breakdown offers perhaps the most nuanced perspective. Newcomers, companies that have entered Malaysia from 2015 onwards, record no negative sentiment whatsoever, suggesting that Malaysia's value proposition continues to resonate strongly with recent market entrants. Experienced companies report the highest rate of positive sentiment at 53 per cent, while Mature companies, those with the deepest roots and highest expectations, are the most measured in their assessment, with equal proportions rating the climate as neutral and positive. This pattern is consistent with what one might expect: the longer a company has operated in a market, the more discerning its assessment tends to be.

**How do you perceive the current business climate in Malaysia?**



NOTE: The number of respondents for this question was 44. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

**Business climate perception in Malaysia 2025 and 2026**



NOTE: "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

“Generally, we would say that the business climate in Malaysia for our business is fairly good. We do have competition, and we feel that it is healthy in a way, as we too have to keep improving on our products and deliveries.

Managing Director  
Industrial equipment company

## What's working: Conditions that meet Swedish companies' needs

The 2026 findings paint a meaningfully more positive picture than 2025, with broad-based improvements across many conditions, most notably in “Physical Infrastructure”, “Financial System”, and “Level of Digitalisation”, each gaining 0.6 points. The overall range of scores remains between 5.7 and 7.3, indicating a satisfactory but not exceptional business environment, and the absence of any score below neutral (5) is a positive baseline. The challenge for Malaysia lies in translating this momentum into tangible progress in the areas that continue to underperform, particularly regulatory transparency, licensing efficiency, and equal treatment, where meaningful reform would most significantly elevate the country's standing among the Swedish business community.

### 1. Leading conditions and most growth

For the second consecutive year, respondents ranked “Personal Safety” as the top condition that best meets their company's needs in Malaysia, with its score improving further from 7.1 in 2025 to 7.3 in 2026. This sustained top ranking reaffirms Malaysia's reputation as one of the more stable and secure business environments in Southeast Asia, and the incremental improvement suggests that confidence in this area continues to grow rather than plateau. For Swedish companies, which consistently prioritise employee well-being, work-life balance, and ethical workplace standards, a safe and stable operating environment remains a fundamental and valued attribute of the Malaysian market.

The most striking development of 2026, however, is the remarkable rise of “Physical Infrastructure”, which climbed from 6.7 to 7.3, an improvement of 0.6 points, bringing it level with “Personal Safety” at the top of the rankings. This is the joint largest year-on-year gain recorded across all conditions and reflects growing confidence in Malaysia's transport networks, utilities, and connectivity. This improvement likely reflects, in part, continued government investment in infrastructure development across key economic corridors and represents a positive signal for companies that depend on reliable logistics and supply chain operations.

The “Financial System” also recorded a 0.6-point improvement, rising from 6.5 to 7.1, making it the third-highest-rated condition in 2026. This suggests that respondents increasingly view Malaysia's banking and financial services landscape as capable and well-suited to supporting their operational and transactional needs, a reassuring finding for companies managing cross-border financial flows within larger multinational structures.

“Market Access” (6.7, up from 6.3) and “Corporate Taxation” (6.4, up from 5.9) are also notable improvers, with the latter recording a 0.5-point gain. The improvement in corporate taxation perception may reflect greater familiarity with Malaysia's tax incentive framework or recent policy developments that have made the fiscal environment more predictable and favourable for foreign operators.

### 2. Mid-range conditions

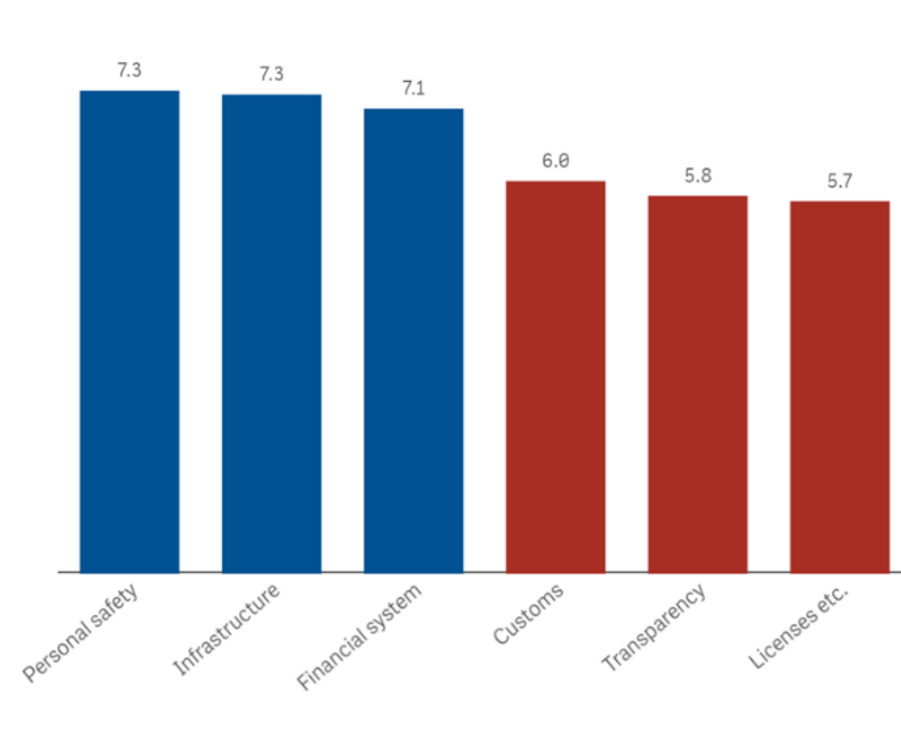
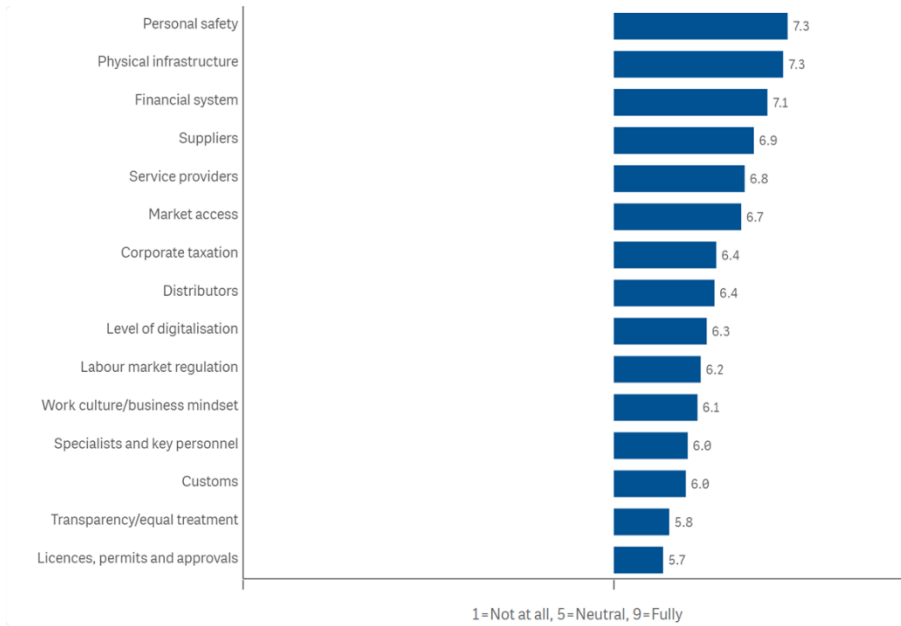
“Suppliers” (6.9) and “Service Providers” (6.8) continue to score solidly, though Suppliers slipped marginally from its 2025 score of 7.0, reflecting a slight softening that may warrant monitoring, particularly given the importance of reliable local supply networks for Swedish companies operating within global value chains. “Distributors” also eased slightly from 6.6 to 6.4. While these remain respectable scores, the modest declines suggest that expectations in this area may be rising alongside the overall improvement of other conditions.

“Level of Digitalisation” recorded one of the largest year-on-year improvements, rising from 5.7 to 6.3, a 0.6-point gain that moves it out of the bottom position it occupied in 2025. This is an encouraging sign that Malaysia's digital infrastructure and business digitalisation efforts are gaining recognition among the Swedish business community. Nevertheless, it still sits in the lower half of the rankings, indicating that while progress is acknowledged, gaps remain, particularly for companies accustomed to the seamless digital ecosystems of one of the world's most technologically advanced nations.

### 3. Areas with room for improvement

Despite the broadly positive movement across most conditions, the lower end of the rankings continues to highlight structural challenges that have persisted across survey cycles. “Licences, permits and approvals” recorded the lowest score at 5.7, a marginal decline from 5.8 in 2025, suggesting little progress in streamlining regulatory processes. “Transparency and Equal Treatment” also edged down slightly from 5.9 to 5.8, indicating that concerns around consistent and impartial regulatory enforcement remain unresolved. These findings stand in contrast to Sweden's highly transparent, rule-based governance environment and may reflect continued perceptions that local competitors receive preferential treatment or that approval processes lack predictability. Malaysia's position at 54<sup>th</sup> place in the Transparency International Corruption Perceptions Index remains a relevant reference point in this context.

**How well do the following conditions meet the needs of your company in Malaysia?**



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure.  
 SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

**Trade barriers narrow but customs friction persists in Malaysia**

The 2026 findings point to a narrowing and consolidation of trade barriers, with "Customs Procedures" emerging as the dominant and growing concern while most other barriers have receded. This concentration of friction around a single, well-defined area is in some ways constructive. It provides a clear and actionable focus for advocacy and policy engagement. The ongoing Malaysia-EU Free Trade Agreement negotiations remain a critical vehicle through which both customs duties and procedural

complexities could be meaningfully addressed, and progress on this front would represent a significant step forward for Swedish companies operating in and through Malaysia. As explored earlier, Swedish companies have clear expectations of what such an agreement should deliver, with “Elimination of tariffs and quotas” and “Consistent and simplified customs” ranking as the most valued potential benefits. The specific benefits Swedish companies consider most important in a potential EU-Malaysia FTA are examined in the Economic Outlook, subtitled A potential EU-Malaysia Free Trade Agreement will benefit Swedish companies

“Customs Procedures” has emerged as the single most reported trade barrier in 2026, cited by 26 per cent of respondents, a notable increase from 19 per cent in 2025. These findings signal that administrative and procedural friction at the border has become an increasingly pressing concern for Swedish companies operating in Malaysia. Challenges such as complex documentation requirements, inconsistent processing times, and a lack of transparency in clearance procedures continue to add operational costs and introduce uncertainty into supply chains. The upward trend suggests that despite broader improvements in Malaysia’s business environment, the customs process remains an area where efficiency gains have not kept pace with the expectations of foreign operators.

“Customs Duties”, which tied with “Customs Procedures” as the top barrier in 2025, eased slightly from 19 per cent to 17 per cent in 2026, maintaining its position as the second most cited concern. While the decline is modest, it may reflect some degree of adjustment or familiarisation among companies navigating Malaysia’s tariff landscape. Taken together, the continued prominence of both customs-related barriers underscores the dual burden of financial and administrative hurdles that Swedish companies face at the border and reinforces the case for a comprehensive resolution through the ongoing Malaysia-EU Free Trade Agreement negotiations, which hold the potential to meaningfully lower tariffs and streamline cross-border trade rules.

One of the more encouraging shifts in 2026 is the sharp decline in “Regulations” as a cited barrier, falling from 17 per cent to just 7 per cent. This significant 10 percentage point drop suggests that the regulatory environment is becoming more navigable and better understood by Swedish companies, a finding that aligns with the improved scores for “Corporate Taxation” and “Market Access” observed in the business conditions question. Similarly, “State Aid and Subsidies” dropped substantially from 12 per cent to 4 per cent, indicating that concerns around unequal access to government support might have receded considerably among respondents.

“Financial Access” registered at 2 per cent in 2026, a marginal but notable departure from the consistent zero per cent reading recorded in both 2022 and 2025. While still negligibly small, this slight uptick is worth monitoring. It may reflect isolated financing challenges among newer or smaller entrants, or a modest shift in how some companies are engaging with local capital markets. The broader interpretation, however, remains unchanged; the majority of Swedish companies continue to experience no significant barriers in accessing finance in Malaysia, likely owing to their affiliation with larger multinational groups that secure funding through parent organisations or international financial institutions rather than local credit markets.

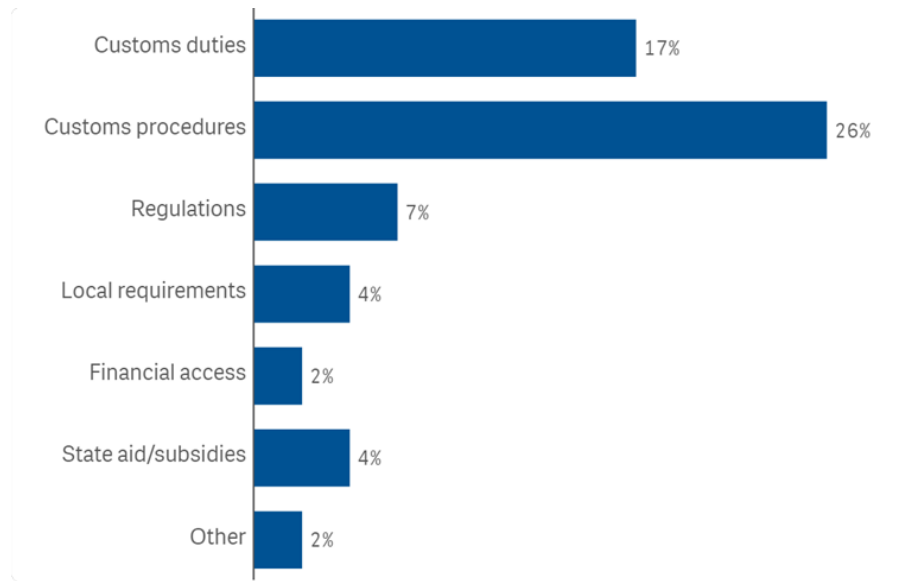
### **A closer look: Who feels the barriers most?**

Large companies engage with customs at greater volume and complexity, while smaller companies may lack the dedicated resources or established processes to navigate procedures efficiently. Notably, “Financial Access” as a barrier emerged exclusively among small local operations at 10 per cent in 2026, offering an explanation for the marginal uptick from zero recorded in 2025, and suggesting this concern is concentrated among companies without the capital backing of a large multinational parent.

From a sectoral perspective, the Industrial sector is the primary driver of “Customs Procedures” as a top concern, with 53 per cent of industrial respondents citing it, a finding consistent with the high volume of physical goods, components, and equipment that characterise this sector’s cross-border activity. The Consumer sector recorded notably high readings across several barriers, though the small size of this sub-group warrants cautious interpretation.

Newcomers, companies that established Malaysian operations from 2015 onwards, report significantly higher rates of trade barrier impact across multiple categories, with half citing “Customs Procedures”, a third citing “Local Requirements”, and nearly a fifth citing “Financial Access”. This points to a steeper onboarding burden for recent market entrants and suggests that navigating Malaysia’s trade and regulatory environment remains a significant challenge in the early years of operation. The fact that mature companies with decades of presence still cite “Customs Procedures” at 29 per cent further underlines a structural friction that persists regardless of experience.

### Has your company in the past year encountered trade barriers in Malaysia with a noticeably negative impact on operations, in any of the following areas?



NOTE: The number of respondents for this question was 46.  
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

## Trade tensions bring both pressure and opportunity for Swedish companies in Malaysia

Malaysia appears to be emerging as a net beneficiary of global trade realignment in the medium- to long-term, with more companies moving operations towards the country than away from it. However, the short-term landscape remains challenged by demand uncertainty, rising costs, and a local investment culture that tends to contract during turbulent periods. For Swedish companies, navigating this environment requires both operational adaptability and an appreciation of the local business mindset, recognising that the window of opportunity may open more slowly in Malaysia than they are accustomed to at home, but that the structural tailwinds, once realised, could be significant.

The impact of recent global trade tensions and tariffs on Swedish companies in Malaysia presents a nuanced and dual-sided picture, one where resilience and opportunity coexist alongside genuine operational strain. The most frequently selected response, chosen by 27 per cent of respondents, was that global trade issues had minimal impact on their operations, suggesting that a meaningful segment of the Swedish business community in Malaysia has been sufficiently insulated, whether through diversified operations, long-term contracts, or the nature of their industry, to weather the turbulence without significant disruption.

Nevertheless, the data makes clear that a substantial proportion of companies have been affected. Uncertainty around demand emerged as the most cited negative impact, with 25 per cent of respondents reporting a decrease in demand for their products or services as a result of trade-related uncertainty. Higher tariffs have raised operational expenses for 21 per cent of respondents, while 18 per cent reported significant disruptions and increased costs within their supply chains. Taken together, these figures paint a picture of widespread, if unevenly distributed, operational pressure, particularly for companies in goods-intensive sectors with cross-border supply chain exposure.

At the same time, the findings reveal a notable silver lining for Malaysia specifically. 16 per cent of respondents indicated they had relocated manufacturing or sourcing to Malaysia as a result of global trade tensions — compared to just 5 per cent who moved operations away. This net positive migration reflects Malaysia's growing attractiveness as an alternative manufacturing and sourcing hub in the context of global supply chain reconfiguration, driven by its competitive cost base, established industrial infrastructure, and relative political stability. A further 16 per cent responded by diversifying their supplier base to manage risk, and 7 per cent reported an improved market position relative to competitors, suggesting that for some, the trade disruption has created strategic opportunity rather than simply causing disruption.

“Long-term, the outlook is positive as more manufacturing relocates to Malaysia. In the short term, however, uncertainty has slowed investment, as local businesses tend to become more cautious during turbulent periods. In Sweden and Europe, downturns often have the opposite effect, prompting manufacturers to seek greater efficiency and cost improvements.

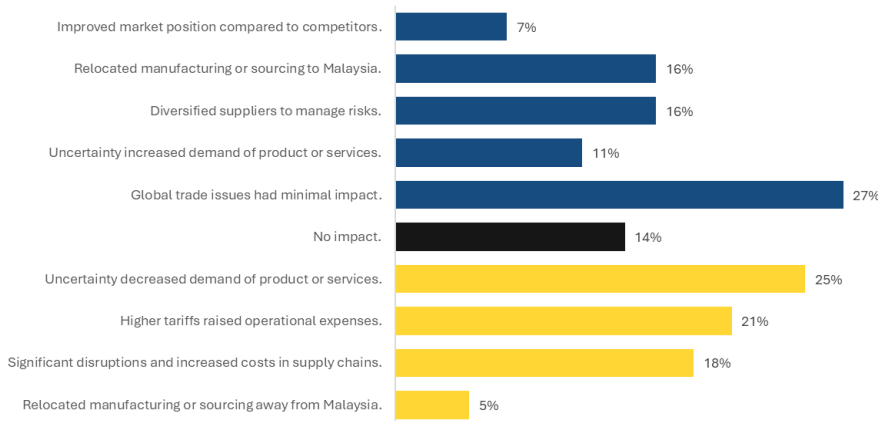
CEO  
IT and electronics company

**The cultural dimension: A tale of two business mindsets**

One respondent’s open-ended comment offers a particularly compelling perspective that the quantitative data alone cannot fully capture. Reflecting on the dual nature of the current environment, they noted that while the long-term outlook for Malaysia is positive, given the influx of relocating manufacturers, the short-term picture has been significantly hampered by local business culture. In their observation, Malaysian business owners tend to adopt a highly cautious, investment-averse stance during periods of uncertainty, a pattern that directly dampens demand for the products and services that Swedish companies provide. This contrasts with the Swedish and European approach, where downturns and uncertain periods are often viewed as opportune moments to invest in new systems, seek efficiency gains, and pursue cost improvements.

This cultural divergence is more than an anecdotal observation; it has direct commercial implications. For Swedish companies whose value proposition often centres on productivity-enhancing technologies, industrial equipment, and process optimisation solutions, a market that pauses investment during uncertainty represents a structural demand challenge that goes beyond tariffs or logistics. It suggests that part of the commercial opportunity in Malaysia may lie not only in navigating trade barriers but in bridging a fundamental difference in how risk and investment cycles are perceived and acted upon.

**How have the recent global trade tensions and tariffs impacted your supply chains and operations in Malaysia?**



NOTE: The number of respondents for this question was 44. Respondents could select multiple answers, hence totals exceed 100%  
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

# How Swedish companies succeed in Malaysia

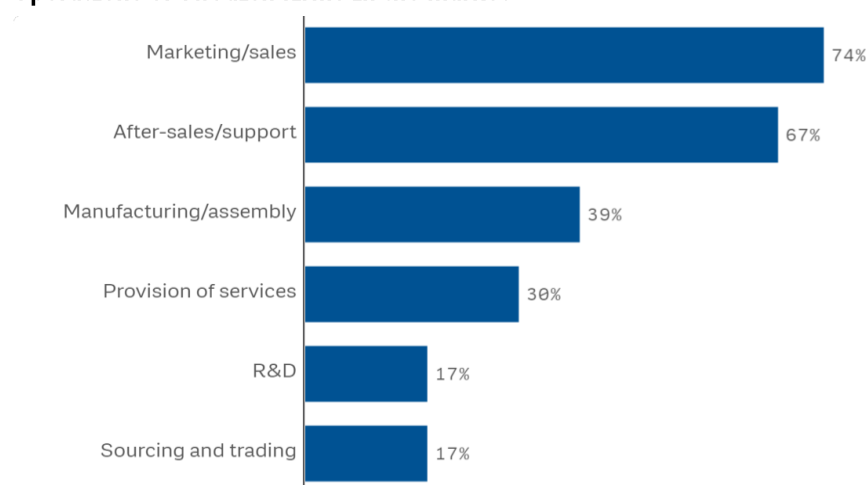
## Swedish companies maintain a strong focus on marketing and sales

The operations carried out in Malaysia have remained consistent with previous years. Marketing and sales continue to be the main activity, with 74 per cent of respondents, and for reference, 2025's share was 71 per cent.

After-sales and support follow closely with 67 per cent of companies involved in this operation. One reason for this focus on this operation might be the often complex and high-value solutions Swedish companies sell. Reliable services are essential to retain customers and stay competitive in a relationship-driven market. This operation has remained at a similar level to last year's 64 per cent.

Overall, the different operations do not differ too much from last year's report. The findings suggest that manufacturing/assembly, provision of services, R&D and sourcing and trading remain secondary, indicating that most companies enter Malaysia through a commercial presence first. More capital-intensive activities are added once volumes, customers or regional roles justify it. This may also explain Malaysia's role as a market-facing hub.

### Operations of Swedish firms in the market



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

## Cost efficiency remains the top success factor in competitiveness for Swedish companies in Malaysia

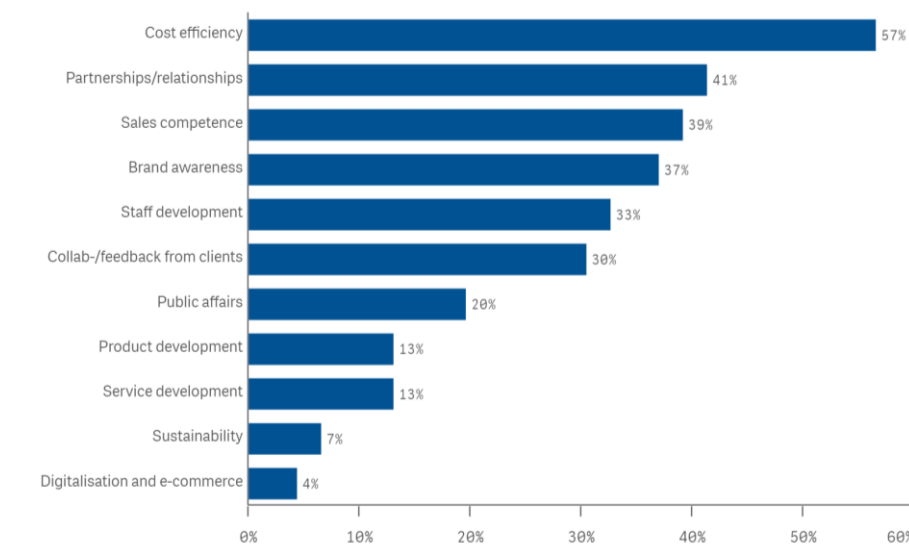
Cost efficiency is the single most important success factor (57 per cent), and its dominance suggests that Swedish companies face sustained price pressure in a market where customers actively compare alternatives. At the same time, the strong emphasis on partnerships and relationships (41 per cent), sales competence (39 per cent) and brand awareness (37 per cent) reflects a business environment in which access, trust, and reputation are critical for securing deals – reinforcing Malaysia’s profile as a relationship-driven market.

The relatively high importance placed on staff development (33 per cent) and client collaboration (30 per cent) further shows that companies rely on local human capital and customer proximity to adapt their solutions to local needs.

In contrast, the lower categories of product development, service development, sustainability, digitalisation and e-commerce suggest that these factors currently act more as supporting elements than as a decisive competitive advantage.

Overall, the pattern shows that it is more advantageous to win on efficiency, relationships and execution. Looking at last year’s data, one can see that cost efficiency and partnerships/relationships were also the two highest-ranked areas for Swedish companies in Malaysia.

### To date, which of the following areas have been important in maintaining competitiveness in Malaysia?



NOTE: The number of respondents for this question was 46. “Don’t know/Not applicable” responses are included but not shown in figure. The respondent could choose maximum three alternatives for this question.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

## 85 per cent of Swedish companies surveyed recognise a positive contribution from the Swedish brand

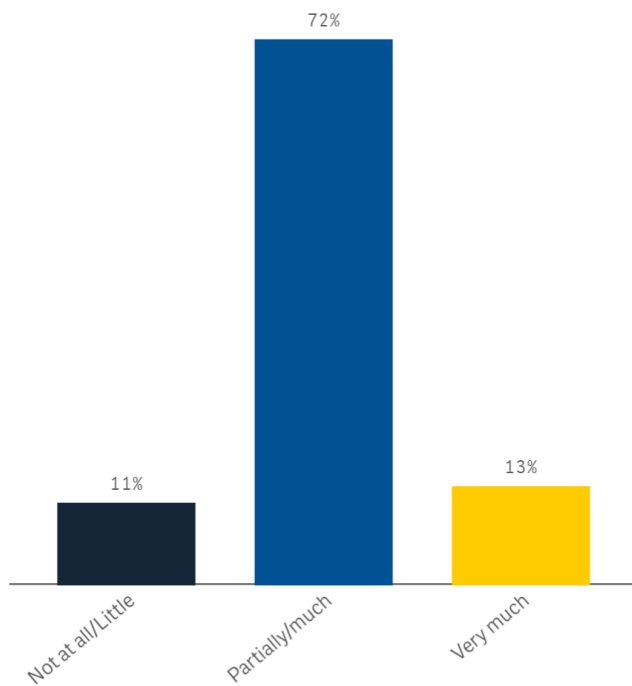
Survey respondents were asked to assess the extent to which being associated with the Swedish brand contributes to their business performance in the Malaysian market. The results indicate that the Swedish brand identity is widely regarded as a positive commercial asset.

72 per cent of respondents reported that the Swedish brand contributes “partially” or “much” to their business in Malaysia. This majority finding suggests that for most Swedish companies, their national brand, built on associations such as quality, innovation, sustainability, and reliability, resonates meaningfully with Malaysian clients and partners.

A further 13 per cent of respondents stated that the Swedish brand contributes “very much” to their business, representing a segment of companies for which Swedish origin is a particularly strong and active competitive advantage in the local market.

Only 11 per cent of respondents felt the Swedish brand contributes “not at all” or “little” to their operations in Malaysia, indicating that outright scepticism toward the brand’s commercial value remains a minority view.

**To what extent would you estimate that the “Swedish brand” contributes to your business in Malaysia?**



NOTE: The number of respondents for this question was 46. “Don’t know/Not applicable” responses are included but not shown in figure.  
 SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

Comparing responses across two survey periods (2025–2026) reveals a nuanced shift in how Swedish companies perceive the contribution of the Swedish brand to their business in Malaysia. While headline figures might suggest growing confidence, a closer reading of the data tells a more complex story.

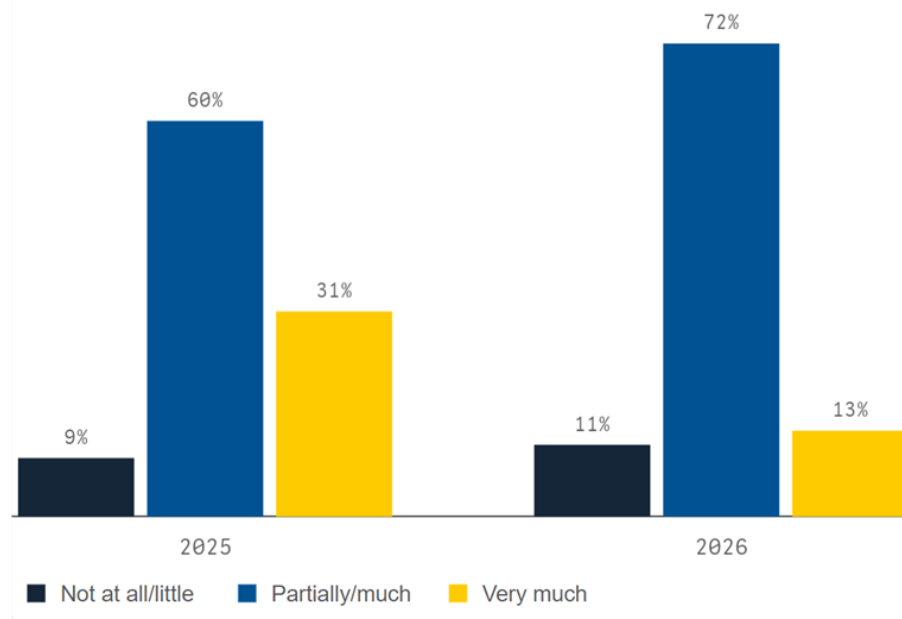
At first glance, the growth in the “partially” or “much” category, rising from 60 per cent in 2025 to 72 per cent in 2026, may appear to signal strengthening brand sentiment. However, when the two positive response categories are combined, the overall picture is less straightforward. The total proportion of respondents attributing a positive contribution to the Swedish brand declined from 91 per cent in 2025 to 85 per cent in 2026, as the sharp drop in the “very much” category, from 31 per cent to 13 per cent, more than offset the gains in moderate positive sentiment.

This shift suggests a moderation in brand enthusiasm rather than a deterioration in brand relevance. Swedish companies that previously considered the Swedish brand a very strong commercial asset appear to have tempered their assessment, moving toward a more measured view of its contribution. The Swedish brand remains broadly recognised as a positive factor, but fewer companies in 2026 regard it as a particularly powerful or decisive advantage in the Malaysian market compared to the year prior.

The proportion of respondents reporting no or little contribution remained relatively stable, rising marginally from 9 per cent in 2025 to 11 per cent in 2026, indicating no significant growth in outright scepticism.

Overall positive sentiment has softened between 2025 and 2026. The data points to a consolidation effect; the Swedish brand continues to be widely acknowledged, but with diminishing intensity. Understanding what drove the decline in strong positive sentiment warrants further investigation.

## The extent that the “Swedish brand” contributes to Swedish business in Malaysia in 2025 and 2026



NOTE: “Don’t know/Not applicable” responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

To better understand what drives perceptions of the Swedish brand's contribution, the survey data were further broken down by company size, sector, and years of presence in the Malaysian market. These sub-analyses reveal meaningful variation across different company profiles.

The data shows a clear relationship between company size and the perceived contribution of the Swedish brand. Large companies stand out markedly, with 84 per cent reporting that the Swedish brand contributes “partially” or “much” to their business, the highest rate among all size categories. Small companies follow at 60 per cent, and medium-sized companies at 50 per cent.

Conversely, scepticism toward the brand's contribution is most pronounced among medium-sized companies, where 30 per cent report “little” or “no contribution”, compared to 10 per cent of small companies and just 4 per cent of large companies. The “very much” category also declines with size, from 20 per cent among both small and medium companies to just 8 per cent among large companies, suggesting that while large companies broadly recognise the brand's relevance, they tend to view it as one of several contributing factors rather than a decisive driver.

Overall, large Swedish companies in Malaysia make the most effective use of the Swedish brand, likely reflecting greater brand visibility, established reputations, and stronger institutional relationships.

Sector differences in perceived brand contribution are equally pronounced. Industrial companies report the highest positive sentiment, with 84 per cent indicating that the Swedish brand contributes “partially” or “much” to their business, identical to the figure for large companies. Within this, the “much” category alone accounts for 53 per cent, suggesting that in industrial contexts, the Swedish brand carries particular weight, likely linked to associations with engineering quality, precision, and reliability.

Professional services companies also report strong positive sentiment, with 60 per cent in the “partially” or “much” category and an additional 20 per cent saying “very much”, giving a combined positive rate of 80 per cent. This sector also has the highest share of “very much” responses of the three, suggesting that for professional services firms, Swedish origin may serve as a more active differentiator, perhaps in signalling trustworthiness and competence to clients.

Consumer sector companies present the most mixed picture. While 50 per cent report “partial” or “much” contribution, a strikingly high 50 per cent report “little” or “no contribution” at all, by far the highest scepticism rate across any segment. This may reflect the fact that Malaysian consumers make purchasing decisions based on a broader range of factors, where country-of-origin branding plays a less decisive role, or that Swedish consumer brands have lower general recognition compared to their industrial or professional counterparts in this market.

Breaking down responses by a company's stage of market presence, categorised as Mature, Experienced, or Newcomer, reveals that the Swedish brand's perceived contribution shifts depending on how long a company has been operating in Malaysia.

Mature companies report the highest rate of positive contribution in the "partially" or "much" category at 83 per cent, with only 4 per cent saying "very much", suggesting that over time, the Swedish brand becomes a reliable but normalised advantage rather than a standout differentiator. Experienced companies show a similarly strong 73 per cent in the "partially" or "much" category and the highest "very much" rate at 20 per cent, indicating that this group may be at a stage where they are actively capitalising on Swedish brand recognition to consolidate their market position.

Newcomers show the greatest uncertainty, with 33 per cent reporting "little" or "no contribution", the highest scepticism rate across all market maturity segments, and only 33 per cent in the "partially" or "much" category. This may reflect the fact that newer entrants have not yet built the local networks and reputation needed to translate Swedish brand equity into tangible business outcomes. That said, 17 per cent of newcomers report the brand contributes "very much", which may point to a subset of new entrants actively using their Swedish identity as part of their market entry strategy.

# Acting sustainably

## Malaysia's sustainability landscape: Policy ambitions and market realities for Swedish companies

In recent years, Malaysia has demonstrated a firm commitment to integrating sustainability into its national development agenda. The country has set ambitious targets to address climate change and promote green growth. Notably, Malaysia aims to achieve carbon neutrality by 2050, underscoring its dedication to a low-carbon future. In line with this, the government has pledged to reduce the economy-wide carbon intensity by 45 per cent by 2030, compared to 2005 levels. Renewable energy development is central to Malaysia's sustainability strategy. Malaysia exceeded its 2025 renewable energy installed capacity target, reaching 32 per cent, surpassing the original 31 per cent goal.

Looking ahead, under the 13th Malaysia Plan (2025-2030), the country aims to raise its installed renewable energy share to 35 per cent by 2030, up from 29 per cent in 2024. Over the longer term, the National Energy Transition Roadmap (NETR) targets 70 per cent of electricity generation capacity from renewable sources by 2050, supported by the USD 37.2 million National Energy Transition Fund to fast-track private-led initiatives included in the 2026 budget. Malaysia is also making significant strides in green financing and investment. The Green Technology Financing Scheme (GTFS 5.0) has been extended until 31 December 2026, offering USD 248 million in financing with government guarantees of up to 80 per cent for waste-sector projects and 60 per cent for other industries such as energy, water, transport and manufacturing. Government-linked investment companies and corporations have committed a combined USD 4 billion in renewable energy investments for 2026.

The country is also pressing ahead with carbon regulation: Malaysia will introduce a carbon tax, beginning with the iron, steel and energy sectors, in line with the forthcoming National Carbon Market Policy and Climate Change Bill. Several flagship initiatives illustrate the breadth of Malaysia's transition. A key catalyst is the large-scale solar 6 programme, which will inject nearly 2 GW of new solar capacity into the grid, equivalent to approximately RM6 billion in private investments. Meanwhile, Malaysia passed national legislation on carbon capture and storage (CCS) in March 2025. The 13th Malaysia Plan underlines the scale of ambition: it earmarks USD 106 billion in public and private investments, aiming to position Malaysia among the top 30 economies globally while strengthening its low-carbon standing.

Despite this momentum, challenges remain. Achieving the 2050 carbon neutrality goal will require sustained and substantial investment. Balancing economic growth with environmental stewardship, strengthening regulatory frameworks (including the pending Climate Change Bill) and ensuring inclusive participation remain critical to the nation's sustainable development journey. Furthermore, Malaysia's dependence on fossil fuels remains significant. In 2024, coal and gas accounted for approximately 44 per cent and 33 per cent of the national electricity mix, respectively, leaving fossil fuels responsible for more than three-quarters of electricity generation. Under the NETR, fossil fuels are still projected to account for more than 55 per cent of installed capacity between 2025 and 2035, underscoring the scale of the transition still ahead. Nonetheless, as Malaysia enters 2026, the policy architecture - from carbon taxation to large-scale solar investment and green financing - points to an accelerating shift toward a cleaner and more resilient energy future.

The survey findings reveal a continued and notable decline in the perceived importance of environmental aspects among customers in the Malaysian market, suggesting that sustainability considerations are an increasingly marginal factor in purchasing behaviour as experienced by Swedish companies operating in Malaysia. The proportion of Swedish companies reporting that their Malaysian customers care "very little" or "little" about environmental factors has grown compared to the 2025 survey, with a corresponding decrease in those reporting "partial," "much," or "very much" concern. This shift is underscored by the finding that only seven per cent of respondents believe their Malaysian customers actively factor environmental aspects into purchasing decisions, a figure that was already low at 11 per cent in the previous year. Taken together, the data trend suggests that environmental considerations are not only limited in their influence on purchasing behaviour in the Malaysian market, but that their perceived relevance is decreasing. Sectoral differences are pronounced.

Swedish companies in professional services report the lowest levels of perceived environmental consideration among their Malaysian customers, with 73 per cent indicating it matters "not at all" or "little," and none reporting that it matters "very much." This may reflect the intangible nature of service delivery, where environmental attributes are less visible or relevant to end clients compared to physical products. Swedish industrial companies similarly report low perceived customer concern, with only five per cent believing environmental aspects matter "very much" to their customers, and 37 per cent placing them in the "not at all or little" category. That said, industrial companies show a relative concentration in

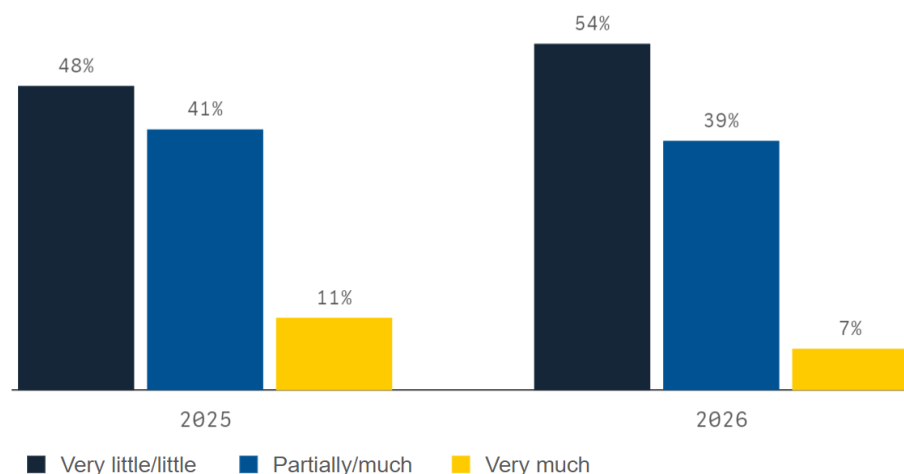
the "partially/much" range, suggesting a modest but present level of environmental awareness among their customer base.

Swedish consumer goods companies present a strikingly different and internally divided picture. Half of respondents in this sector report that environmental aspects matter "very much" to their Malaysian customers, while the other half indicate it matters "not at all" or "little." This polarisation may reflect the heterogeneous nature of the Malaysian consumer goods market, where a segment of environmentally conscious consumers coexists with a broader base for whom price, convenience, or other factors take precedence. The absence of a middle ground in this sector is particularly noteworthy.

Company size also appears to be a meaningful variable. Smaller Swedish companies operating in Malaysia are overwhelmingly of the view that their customers are indifferent to environmental considerations, with 90 per cent reporting "not at all" or "little" concern and none reporting "very much." In contrast, large and medium-sized companies present a more distributed picture: among large companies, 40 per cent report low customer concern, while 52 per cent indicate partial or significant concern, and eight per cent report very great concern. This pattern may reflect the fact that larger Swedish companies operating in Malaysia tend to have more extensive market exposure, serve more diverse customer segments, or face greater institutional and reputational scrutiny both domestically and abroad, all of which may increase their sensitivity to environmental expectations in the Malaysian market.

Finally, company age appears to correlate with the level of environmental concern attributed to customers. Newer Swedish entrants to the Malaysian market are more likely to report that their customers pay little attention to environmental factors, while more established and mature firms perceive greater customer awareness. Taken together, the data suggest that while environmental considerations remain a marginal factor in customer purchasing decisions for the majority of Swedish companies surveyed in Malaysia, the picture is far from uniform. Industry sector, company size, and time in the market all appear to shape how Swedish companies perceive their Malaysian customers' environmental expectations, and the wide variation across these dimensions highlights the risk of drawing broad conclusions from aggregate figures alone.

### To what extent do customers in Malaysia consider the environmental aspects of a product or service in their purchasing decision?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

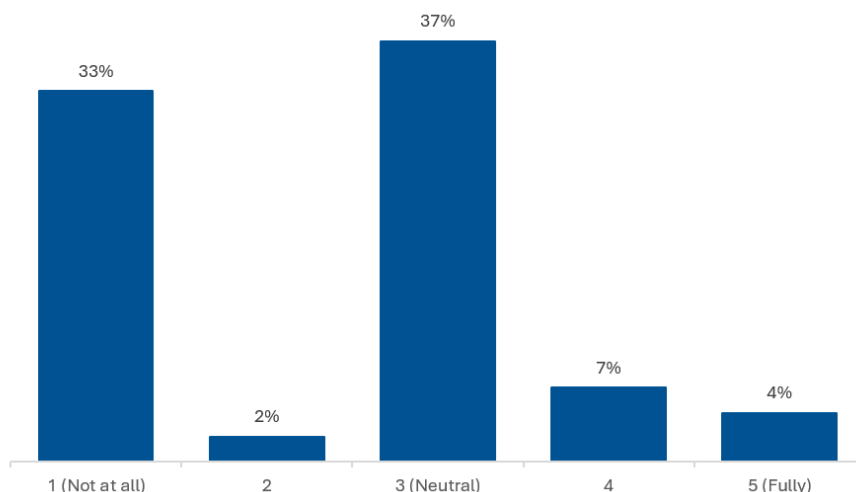
When asked to what extent governmental sustainability incentives, such as the Green Technology Financing Scheme (GTFS 2.0) and the Green Investment Tax Allowance (GITA), have helped their company achieve business targets in Malaysia, the responses are spread across the scale, with a concentration at the lower end and the neutral midpoint.

A third of respondents (33 per cent) report that such incentives have had no impact on their ability to achieve business targets. At the other end of the scale, seven per cent report a score of four and four per cent indicate that the incentives have fully helped them meet their targets. The largest single group, 37 per cent of respondents, placed themselves at the neutral midpoint, indicating neither a positive nor a negative effect. A notable 17 per cent of respondents answered, "don't know."

Overall, the results show that a majority of respondents either report no impact or remain neutral on the question, with only 11 per cent indicating that governmental sustainability incentives have contributed meaningfully to achieving their business targets in Malaysia. The relatively high proportion of neutral and

"don't know" responses suggests that the relationship between these incentives and business outcomes is not clearly defined for a significant share of Swedish companies operating in the market.

### To what extent have governmental sustainability incentives, such as Green Technology Financing Scheme (GTFS 2.0), Green Investment Tax Allowance (GITA) and similar initiatives, helped your company achieve business targets in Malaysia?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

## Corruption exposure appears limited, but perceptions vary by company size and sector

When asked whether their company had been exposed to corruption, including attempts at bribery or fraud, in contacts with public bodies, private counterparts, or internal counterparts, the majority of respondents indicated they had not encountered such situations. Over half (54 per cent) selected "Not applicable", and a further 21 per cent indicated they did not know, suggesting that either direct exposure is limited or that awareness and reporting of corrupt approaches remains limited among the surveyed companies. Of those who did report exposure, private counterparts emerged as the most cited source at 13 per cent, followed by public bodies at eight per cent, while internal counterparts registered no reported incidents.

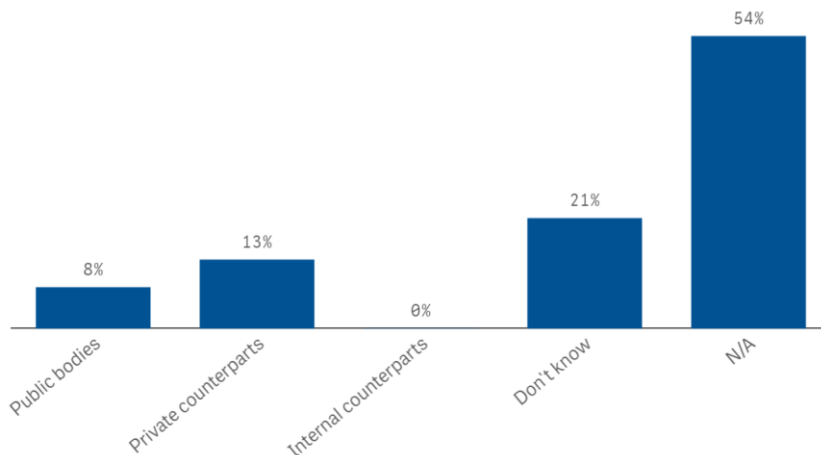
Company size appears to shape the nature and visibility of corruption exposure in meaningful ways. Small companies reported the highest rate of exposure to public bodies at 14 per cent. Large companies, by contrast, showed greater exposure to private counterparts (23 per cent), with a comparatively lower "Don't know" rate of 18 per cent and 52 per cent selecting "N/A".

Sectoral differences add further nuance to the picture. Consumer goods companies reported no exposure to either public bodies or private counterparts, with responses split evenly between "Don't know" (50 per cent) and "N/A" (50 per cent). Professional services firms, on the other hand, recorded the highest share of public body exposure at eight per cent and notable private counterpart exposure at 18 per cent, reflecting the sector's frequent interface with regulatory, licensing, and contracting environments. Industrial companies also reported meaningful private counterpart exposure at 19 per cent, the highest of any sector, which aligns with the procurement-heavy and supply-chain-intensive nature of industrial operations.

Perhaps the most significant pattern emerges when responses are segmented by experience in the Malaysian market. Newcomer and experienced companies both report higher levels of corruption exposure than their mature counterparts, with newcomers registering 20 per cent exposure to both public bodies and private counterparts. A clear downward trend is visible specifically for private counterpart exposure as time in the market increases: newcomers at 20 per cent, experienced companies at 15 per cent, and mature companies at 10 per cent. This trajectory may suggest that companies develop stronger vetting mechanisms, more established relationships, and more robust compliance frameworks over time, reducing their susceptibility to corrupt approaches from business

partners. The relatively higher exposure among newcomers could also reflect a period of heightened vulnerability as companies navigate unfamiliar regulatory and commercial landscapes without yet having built trusted networks.

**Has your company in Malaysia been exposed to corruption such as, but not limited to, attempts at bribery or fraud in contacts with any of the following areas?**



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

**Corruption perception index 2025**

Country	Ranking
Denmark	1
Finland	2
Singapore	3
New Zealand	4
Norway	5
Sweden	6
Malaysia	54
China	76
Vietnam	88
India	96
Indonesia	99
Thailand	107
Philippines	114

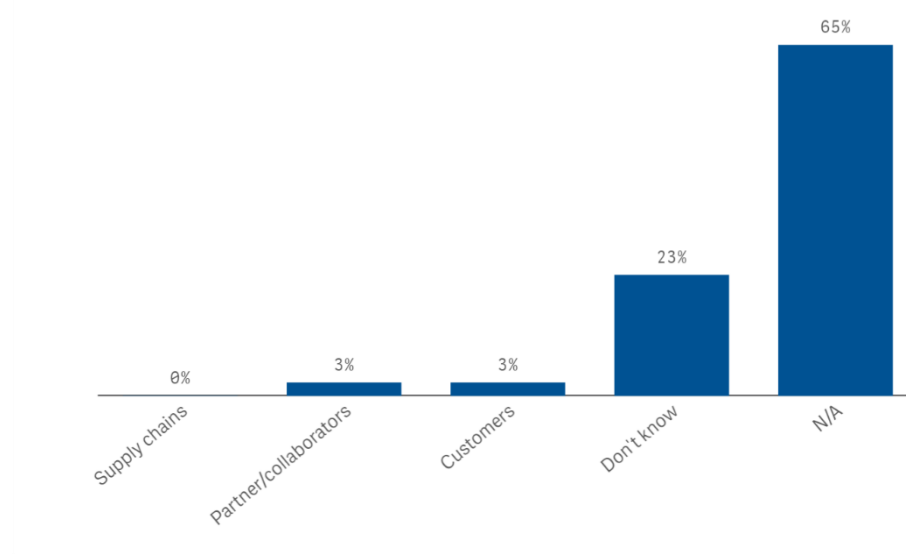
NOTE: Ranks 180 countries by their perceived levels of public sector corruption

SOURCE: Transparency International

## Low incidence of reported human and labour rights violations in business operations

The graph shows responses to whether companies have encountered human rights violations. A majority (65 per cent) answered "N/A", suggesting that many companies do not see this issue as relevant to their operations. Additionally, 23 per cent responded, "Don't know", indicating some uncertainty or lack of information within organisations. Very few respondents reported actual violations: three per cent mentioned issues with customers, partners or collaborators, while none reported violations within supply chains. This could reflect either genuinely low risk levels or limited identification of such risks. Overall, the data suggest that reported human rights violations are rare among the surveyed companies.

### Has your company in Malaysia encountered any form of human rights violations and/or labour rights abuse in contact with any of the following areas?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in figure.  
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2026

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