

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

MALAYSIA

Asia East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Kuala Lumpur (capital)	Political, financial and corporate-headquarters capital; regional base for services and fund management	Financial services, corporate headquarters, technology
Penang ("Silicon Island")	Malaysia's core semiconductor and electronics-manufacturing cluster, anchoring the country's position as the world's sixth-largest chip exporter	Semiconductors, electronics manufacturing, E&E exports
Kulim Hi-Tech Park, Kedah	Major chip-fabrication and AI-hardware manufacturing park drawing continued foreign semiconductor investment	Semiconductor fabrication, AI hardware
Johor (Johor-Singapore Special Economic Zone)	Centre of Malaysia's data-center investment boom and cross-border economic-zone development with Singapore, now operating amid a politically contested snap state election	Data centers, cross-border economic-zone investment
Sarawak	East Malaysian state with substantial hydropower capacity increasingly positioned to power the country's data-center and AI-infrastructure growth	Renewable energy, data-center power supply
Selangor / Klang Valley / Port Klang	Malaysia's principal manufacturing, logistics and port-trade corridor surrounding the capital region	Manufacturing, logistics, port trade
Negeri Sembilan	State holding a snap election within 60 days of its assembly's dissolution, part of a broader coalition-strain test for the federal unity government	State-level administration, political-context monitoring

INVESTOR ENTRY ROUTES

- Semiconductor and electronics-manufacturing investment via Penang's chip cluster and Kulim Hi-Tech Park, riding Malaysia's position as the world's sixth-largest chip exporter
- Data-center and AI-infrastructure investment in the Johor-Singapore Special Economic Zone and Sarawak's hydropower-backed grid
- Critical-minerals investment following the October 2025 US-Malaysia memorandum of understanding on critical minerals
- Manufacturing and logistics investment in the Klang Valley and Port Klang corridor
- Financial-services and fund-management investment in Kuala Lumpur
- Export-manufacturing investment repriced against the 19% US reciprocal tariff agreed in October 2025

MARKET-ENTRY OBSERVATION

Malaysia enters this Gateway Guide with genuinely strong and improving macroeconomic momentum under Prime Minister Anwar Ibrahim's unity government. The government raised its 2026 growth forecast to between 4.5% and 5%, citing strong domestic demand and investment, and the country's electronics and electrical exports grew 79% against a global average of 59%, with Putrajaya targeting a doubling of E&E exports from RM500 billion to RM1 trillion within five years. A genuine data-center and AI-infrastructure

investment cycle is underway, with ASEAN foreign direct investment rising 8% even as global flows contracted 11%, and semiconductors and automotive manufacturing remain Malaysia's top FDI draws. Malaysia and the United States signed a reciprocal trade agreement in October 2025 fixing tariffs at 19% alongside a memorandum of understanding on critical minerals, while a far larger threat a potential US tariff of up to 300% on semiconductor imports has been deferred rather than resolved, with Anwar reporting that President Trump agreed to address it "at the appropriate time."

The clearest near-term risk is political rather than economic. Anwar's Pakatan Harapan-Barisan Nasional unity government is under its most serious public strain since taking office, after Johor's Barisan Nasional leadership announced it would contest all 56 state seats without Pakatan Harapan's electoral accommodation, prompting Anwar to warn that continued friction between the coalition partners could force an early general election (not due until 2028). Johor and Negeri Sembilan have both dissolved their state assemblies and must hold elections within 60 days, with Malacca and Sarawak state elections also approaching a sequence of tests that will signal whether the coalition strain stays contained to the state level or spreads to national politics.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Unity-government coalition strain	Pakatan Harapan and Barisan Nasional are in open friction after BN's Johor leadership moved to contest all state seats without electoral accommodation, with Anwar warning this could trigger an early general election	Monitor coalition dynamics and any movement toward an early national poll before committing to politically sensitive sectors
State-election political risk	Johor and Negeri Sembilan must hold elections within 60 days of dissolution, with Malacca and Sarawak elections also approaching, testing the coalition's support ahead of the 2028 general election	Track state-election outcomes as a leading indicator of national political stability
Unresolved US semiconductor tariff threat	A potential US tariff of up to 300% on semiconductor imports remains deferred rather than resolved, a significant risk given Malaysia is the world's sixth-largest chip exporter and the US is its third-largest chip export market	Monitor US trade-policy developments closely given Malaysia's semiconductor export concentration
Data-center power and grid constraints	Industry commentary stresses that Malaysia's AI and data-center investment cycle depends on adequate power supply, with the regional ASEAN Power Grid initiative still facing unresolved challenges	Verify power-purchase and grid-connection arrangements before committing to data-center investment
Ethnic, religious and reform-fatigue tensions	UMNO's push for a royal pardon for Najib Razak and frustration among progressive coalition allies over the pace of reform add to the unity government's internal strain	Treat as a standing political-context factor relevant to longer-horizon investment planning
US reciprocal tariff baseline	A 19% US tariff applies under the October 2025 reciprocal trade agreement, a now-stable baseline after a period of negotiation uncertainty	Model export-linked investment economics against the confirmed 19% rate
Investment-cycle concentration risk	Growth is increasingly concentrated in semiconductors, data centers and E&E exports, raising the stakes of any disruption to those specific sectors	Diversify entry across sectors rather than relying solely on the current tech-investment cycle

INVESTOR RISK NOTE

Waverley views Malaysia as one of the stronger fundamentals-driven opportunities in Southeast Asia a raised 2026 growth forecast, a genuine semiconductor and data-center investment boom, and a now-settled 19% US tariff baseline operating alongside real political-risk variables: open strain within the federal unity government, a sequence of closely watched state elections, and an unresolved semiconductor-tariff threat from Washington. Entry should proceed through established investment-promotion channels while actively monitoring the state-election sequence and US trade-policy signals.

MARKET ACCESS

Malaysia maintains an open capital account with profit repatriation, membership in the CPTPP and RCEP trade blocs, a 2025 reciprocal trade agreement with the United States fixing tariffs at 19% alongside a critical-minerals MOU, and dedicated investment-promotion

support through the Malaysian Investment Development Authority (MIDA) alongside state-level agencies such as Invest Penang and the Kulim Technology Park Corporation.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Office of the Prime Minister (Anwar Ibrahim, Pakatan Harapan-led unity government)	Sets overall economic and foreign-policy direction amid open coalition strain with Barisan Nasional partners	Primary reference point for the administration's policy direction
Ministry of Investment, Trade and Industry (MITI)	Administers trade policy, the 2025 US reciprocal trade agreement, and the critical-minerals MOU	Primary channel for trade-policy and tariff developments
Malaysian Investment Development Authority (MIDA)	Malaysia's principal investment-promotion agency, coordinating inbound FDI support and sector introductions	First point of contact for most inbound investment
Bank Negara Malaysia (central bank)	Manages monetary policy and the ringgit amid strong growth and an accelerating investment cycle	Monitor for monetary-policy and currency developments
Ministry of Energy Transition and Water Transformation	Oversees power-grid capacity and renewable-energy development central to the data-center and AI-infrastructure investment boom	Primary channel for power-supply and grid-connection matters relevant to data-center investment
Invest Penang / Kulim Technology Park Corporation	State-level agencies coordinating semiconductor and electronics-sector investment in Malaysia's core chip-manufacturing hubs	Primary channel for semiconductor and electronics-sector engagement
Election Commission of Malaysia	Oversees the sequence of state elections (Johor, Negeri Sembilan, Malacca, Sarawak) and any movement toward an early general election	Monitor for the political calendar relevant to broader stability assessments

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound capital flows through MIDA's investor-facilitation services, MITI for trade-policy and tariff matters, state-level agencies such as Invest Penang and the Kulim Technology Park Corporation for semiconductor-sector investment, and the Ministry of Energy Transition and Water Transformation for power-dependent data-center projects.

INVESTOR PROFILE BEST SUITED

Best suited to semiconductor and electronics-manufacturing investors able to engage with the Penang and Kulim clusters, data-center and AI-infrastructure investors able to secure power arrangements in Johor or Sarawak, and export-manufacturing investors comfortable with the confirmed 19% US tariff baseline. Less suited to investors requiring full insulation from Malaysia's current state-election cycle or from the unresolved US semiconductor-tariff threat.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector fit

Decide between semiconductors/electronics manufacturing, data centers and AI infrastructure, critical minerals, or general export manufacturing.

STEP 2: Engage the relevant sector institution

Open discussions with MIDA, Invest Penang, the Kulim Technology Park Corporation, or the Ministry of Energy Transition and Water Transformation depending on sector focus.

STEP 3: Assess political and trade-policy exposure

Track the state-election sequence and US semiconductor-tariff developments before committing to politically or trade-sensitive sectors.

STEP 4: Verify power and grid arrangements

For data-center investment, confirm power-purchase agreements and grid capacity given sector-wide energy constraints.

STEP 5: Structure entry through established incentive programs

Use MIDA facilitation and state-level agency incentives, particularly for semiconductor and data-center investment, to structure entry.

WAVERLEY'S ROLE

- Track the unity-government coalition strain and the Johor/Negeri Sembilan/Malacca/Sarawak state-election sequence

- Monitor US semiconductor-tariff developments given Malaysia's chip-export concentration
- Coordinate introductions to MIDA, Invest Penang, the Kulim Technology Park Corporation and MITI
- Screen semiconductor, data-center and critical-minerals opportunities against current political and trade-policy conditions

INVESTOR CALL TO ACTION

Waverley Gateway positions investors to capture Malaysia's genuinely strong fundamentals a raised 2026 growth forecast, a world-leading semiconductor export position, and a settled 19% US tariff baseline while explicitly tracking its unity-government coalition strain and the unresolved US chip-tariff threat engage now through MIDA and state-level agency channels.

Sector screening -> Political and trade-policy due diligence -> Institutional introductions -> Structured entry

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in semiconductor and electronics-manufacturing investment in Penang and Kulim, data-center and AI-infrastructure investment in Johor and Sarawak, and critical-minerals investment following the 2025 US-Malaysia MOU.

POSITIONING

Malaysia brings a genuinely strong and improving growth story a raised 2026 GDP forecast of 4.5-5%, the world's sixth-largest semiconductor export base, and a booming data-center and AI-infrastructure investment cycle alongside a now-settled 19% US tariff baseline.

That strength sits alongside real political strain within the federal unity government and an unresolved US semiconductor-tariff threat that could materially affect Malaysia's largest export sector. Waverley frames Malaysia as a high-conviction growth entry point best approached through established investment-promotion channels while actively monitoring the state-election sequence and US trade-policy signals.

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