

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Mini-Trade Reports

*By Rachael Gurney,
Senior Project Specialist,
International Trade and
Investment, APF Canada*



MALAYSIA

ABOUT

APF Canada's CPTPP Mini-Trade Report: **MALAYSIA**

- Building on our recent report, [The Impact of the CPTPP on Trade between Canada and the Asia Pacific](#), this mini-report focuses on Malaysia – one of the seven 'AP7' economies (signatories to the CPTPP) in the Asia Pacific.
- This report explores the CPTPP's benefits for Canada's merchandise and service trade relations with Malaysia at the national and sub-national level in the five years post-Canadian ratification of the CPTPP (from 2019 to 2023)
- Malaysia only ratified the CPTPP in November 2022.
- The report also identifies future trade opportunities for Canadian and Malaysian firms to expand their business presence and leverage untapped opportunities in the CPTPP.
- This is one of six reports being released by APF Canada in the first quarter of 2025 – the other reports focus on the AP7 economies of [Singapore](#), [Australia](#), [Japan](#), New Zealand and Vietnam (Brunei is excluded due to limited data).



KEY TAKEAWAYS

- Malaysia is Canada's fourth-largest AP7 trading partner, but two-way **merchandise trade** declined by 17% in 2023 despite Malaysia's ratification of the CPTPP in 2022.
- Malaysia ranks fifth in Canada's AP7 **services trade**, which also declined by approximately 10% in 2023.
- **Ontario** is Malaysia's largest Canadian merchandise trade partner, with two-way trade driven by Canadian imports. Although trade declined across most provinces in 2023, **Newfoundland and Labrador** and **New Brunswick** were the only provinces to benefit from growing trade with Malaysia that year.
- While trade benefits from the CPTPP have yet to materialize, Malaysia's growing middle class offers export opportunities in **agriculture, halal foods, and industrial goods.**

Key Statistics, 2023

GDP (PURCHASING POWER PARITY):

C\$1.82T

POPULATION:

35M

TOP FIVE TRADE PARTNERS:



China



Singapore



United States



European Union



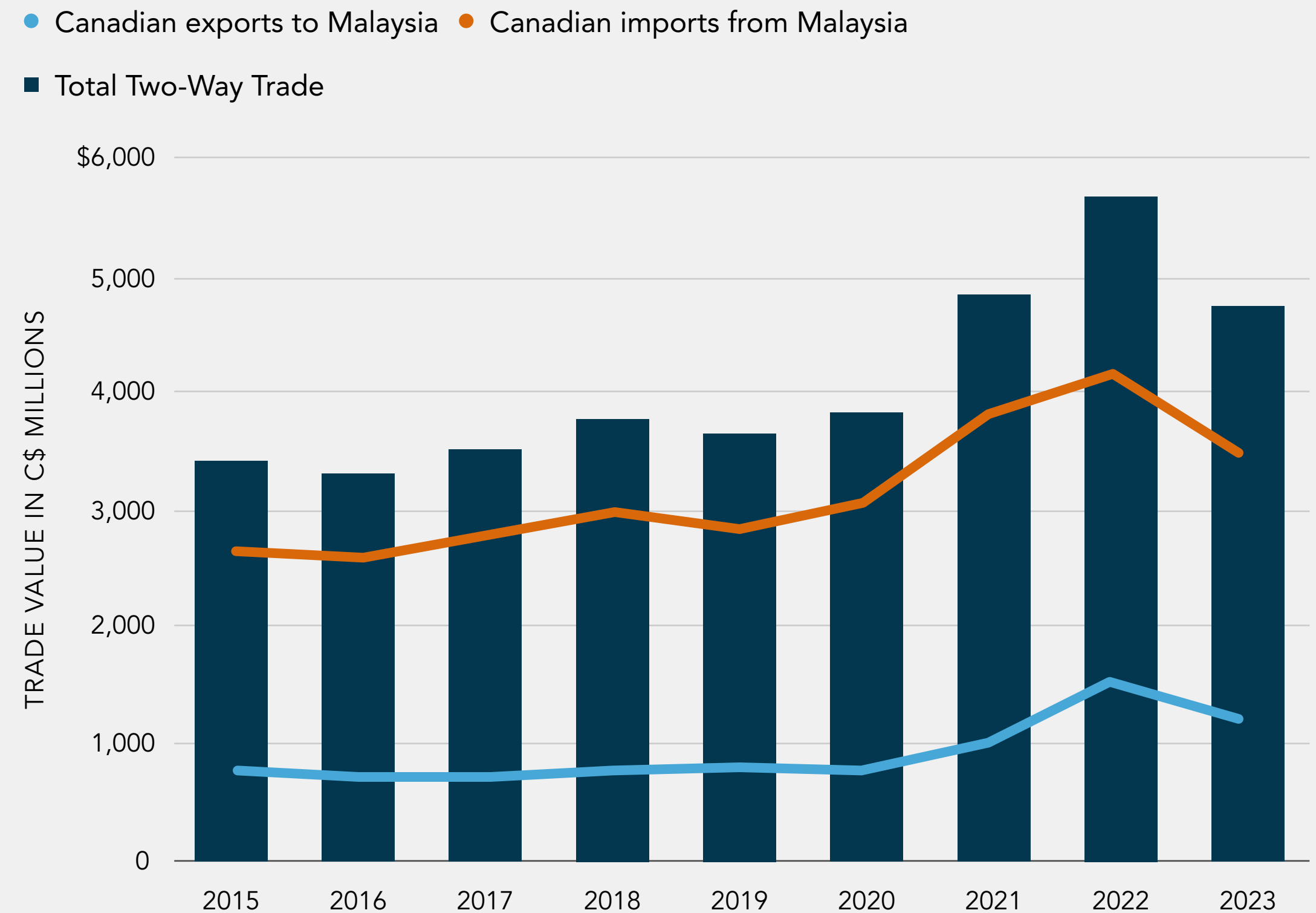
Japan

MERCHANDISE TRADE

Malaysia is Canada's **fourth-largest merchandise trading partner** among the AP7. Despite the pandemic, Canada-Malaysia merchandise trade grew steadily, averaging 11% from 2019 to 2022, peaking at C\$5.6B in 2022.

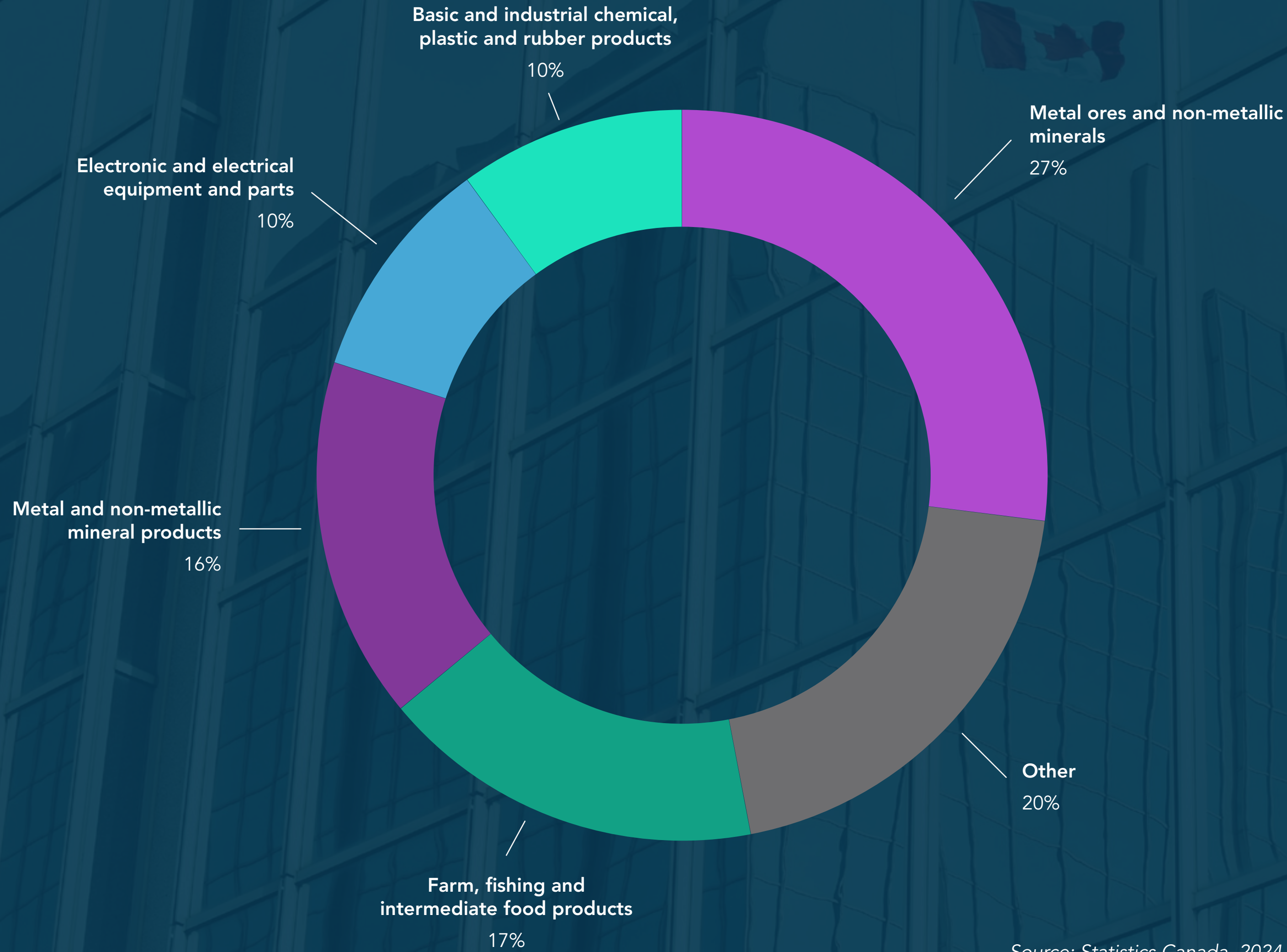
Malaysia ratified the CPTPP in November 2022, but two-way trade after the agreement's ratification declined by 17% to C\$4.7B in 2023, driven by shifting commodity demand and a global economic slowdown (Figure 1). Canada-Malaysia trade is driven by imports, resulting in a Canadian trade deficit.

Figure 1: Canada-Malaysia Two-Way Merchandise Trade, 2015-23



Source: Statistics Canada, 2024, Table 12-10-0171-01

Figure 2: Canadian Exports to Malaysia, 2019-23

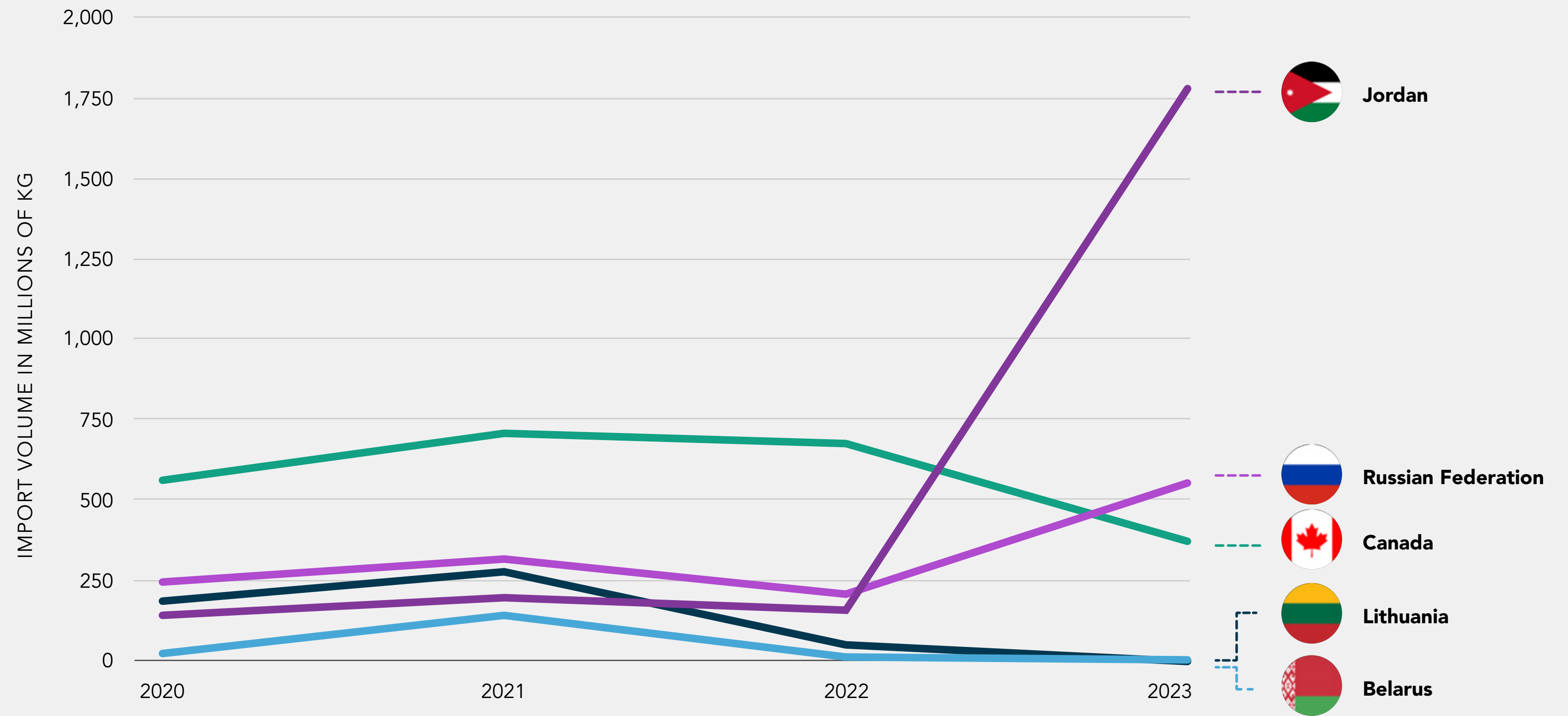


Source: Statistics Canada, 2024, Table: 12-10-0173-01

Over the last five years, **Canadian exports** of *metal ores and non-metallic minerals*, primarily potassium chloride (potash), accounted for over a quarter (or around C\$1.5B) of exports to Malaysia (Figure 2). *Farming, fishing, and intermediate food products* were Canada’s second largest export category accounting for 17% (or C\$905M).

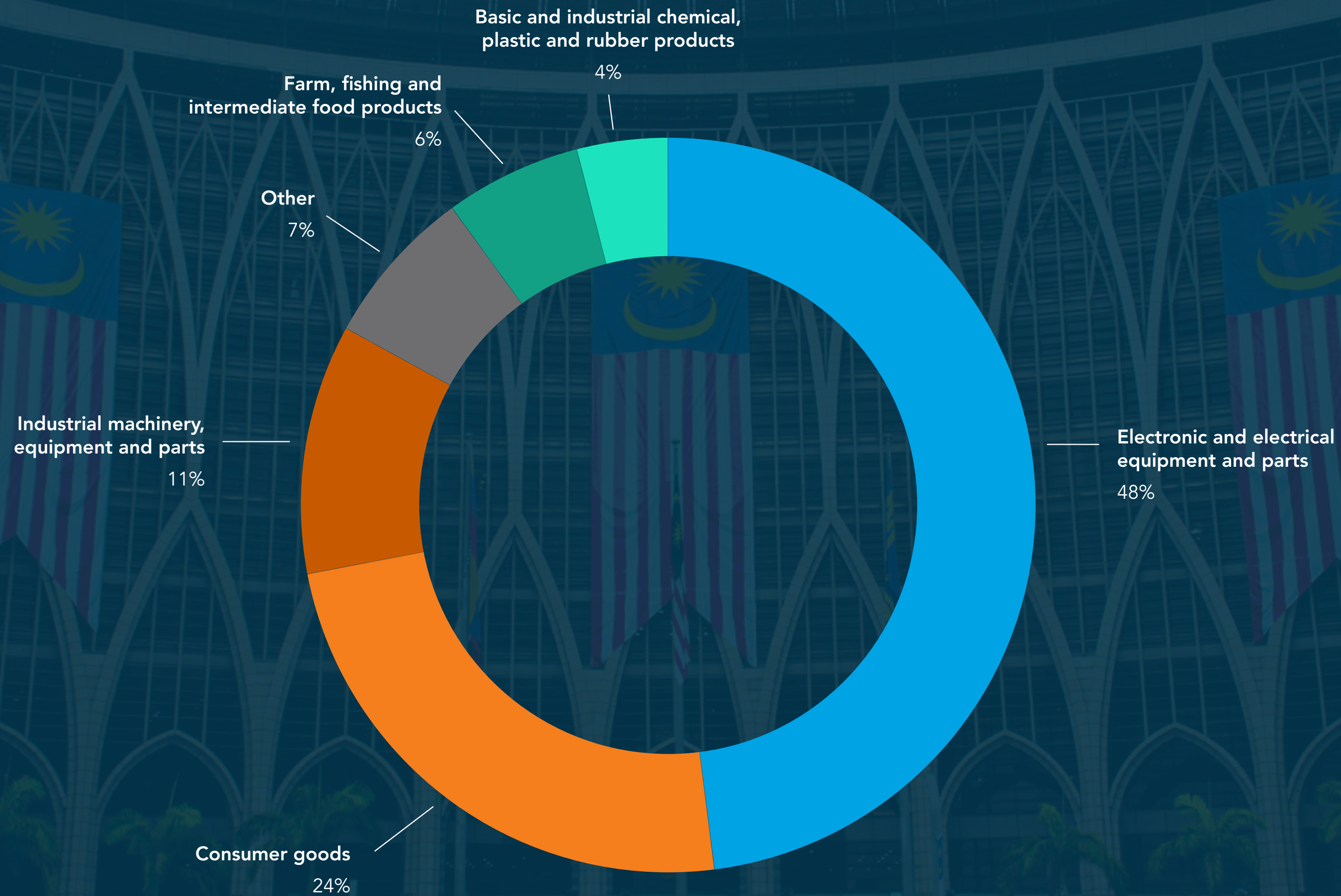
In 2023, Canadian exports to Malaysia declined, primarily driven by a decline in exports of *energy products* as well as *metal ores* and *non-metallic minerals*. A decline in Canada’s potash exports to Malaysia in 2023, compared to 2022, accounts for a significant portion of the decline in exports, likely driven by [labour disruptions at the Port of Vancouver](#) and fluctuating commodity prices in 2023. In 2022, Canada exported C\$591M of potash to Malaysia (accounting for 52% of Malaysia’s potash imports) due to reduced exports from Russia and Belarus in the aftermath of Russia’s invasion of Ukraine, while in 2023 the exports fell to C\$225M as Malaysia’s imports of potash from [Russia](#) and new producers – Jordan, Laos, and Vietnam – increased (Figure 3).

Figure 3: Malaysia’s Top 5 Potash Import Partners, 2020-23



Source: World Integrated Trade Solutions, World Bank

Figure 4: Canadian Imports from Malaysia, 2019-23



Electronic and electrical equipment accounted for nearly half of **Canadian imports from Malaysia**, with Canada importing C\$8.4B in the last five years (Figure 4). Consumer goods were the second largest category, accounting for a quarter (or C\$4.2B) of imports.

In 2023, Canadian imports from Malaysia declined in all major sectors, driven by a significant decline in Canada's imports of *electronic and electrical equipment* by 20% and *consumer products* by 14%. This decline was likely due to the overall slowdown of Canadian consumer demand amidst [high inflation and shifting spending habits](#).

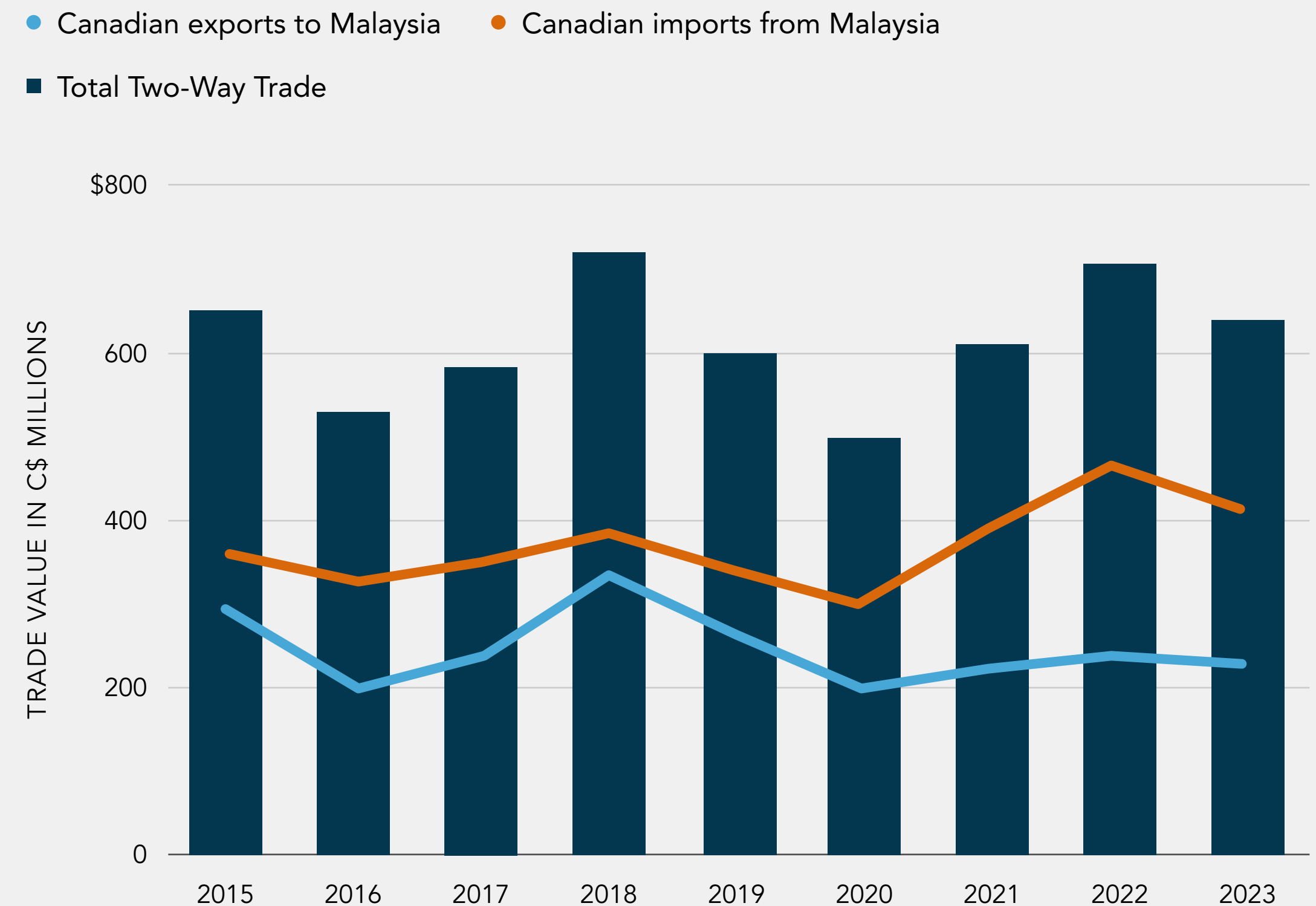
Source: Statistics Canada, 2024, Table: 12-10-0173-0171-01

SERVICES TRADE

Malaysia is ranked as Canada's **fourth-largest trade partner in services** among the AP7. Despite a decline in services trade during the pandemic, two-way services trade grew from C\$603M in 2019 to C\$707M in 2022, before falling by 10% to C\$639M in 2023 (Figure 5).

Canadian imports account for the majority of bilateral services trade with Malaysia, resulting in a services trade deficit for Canada. While imports recovered quickly from the negative impact of the pandemic, exceeding 2019 levels in 2022, exports have stagnated, increasing the trade deficit.

Figure 5: Canada-Malaysia Two-Way Service Trade, 2015-23



Source: Statistics Canada, 2024, Table 36-10-0007-01

Canada's **top service exports** to Malaysia over the past five years since Canada ratified the CPTPP were in *commercial services* and *travel* categories (Table 1). After Malaysia's ratification of the CPTPP, Canada's service exports to Malaysia increased (compared to 2022) with *travel services*, showing signs of recovery, nearly returning to 2019 export-levels.

Transportation and government services were Canada's **main imports** from Malaysia, from 2019 to 2023. While they accounted for 81% of imports in 2023, they were slightly lower than in 2022. Malaysia's position as a [maritime logistics hub in Southeast Asia](#) explains the dominance of transportation services. On the other hand, we see a rise in travel imports, which have surpassed 2019 import-levels, significantly rebounding after the pandemic.

TABLE 1

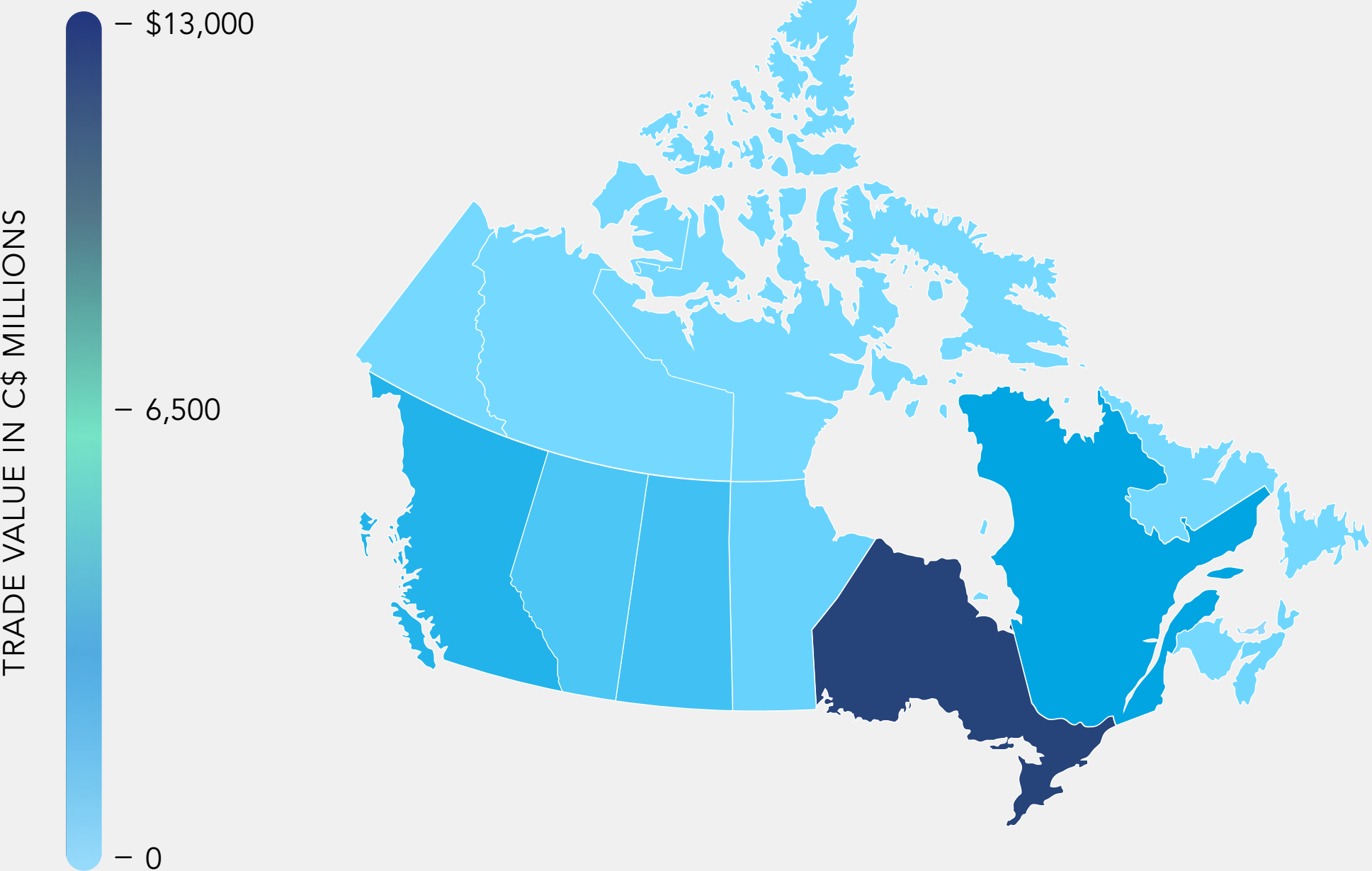
Services	Percentage of Total Service Exports to Malaysia, 2019-23	Percentage of Total Service Imports From Malaysia, 2019-23
Commercial	65%	13%
Travel	24%	4%
Transportation and government services	11%	83%

Source: Statistics Canada, 2024, Table 36-10-0007-01

PROVINCES BENEFITING FROM CANADA-MALAYSIA TRADE

Ontario is the overwhelming beneficiary of Canada-Malaysia's trade relationship, driven primarily by imports (Figure 6). Before Malaysia ratified the CPTPP, Malaysia's trade with most Canadian provinces grew, led by growing trade with **Ontario, Quebec, British Columbia, Saskatchewan, and Alberta**. However, after Malaysia's ratification, the majority of Canadian provinces experienced a decline in trade with Malaysia, except for **Newfoundland and Labrador** and **New Brunswick**.

Figure 6: Canadian Provinces Two-way Merchandise Trade with Malaysia, 2019-23



Source: Statistics Canada, 2024, Table: 12-10-0173-01

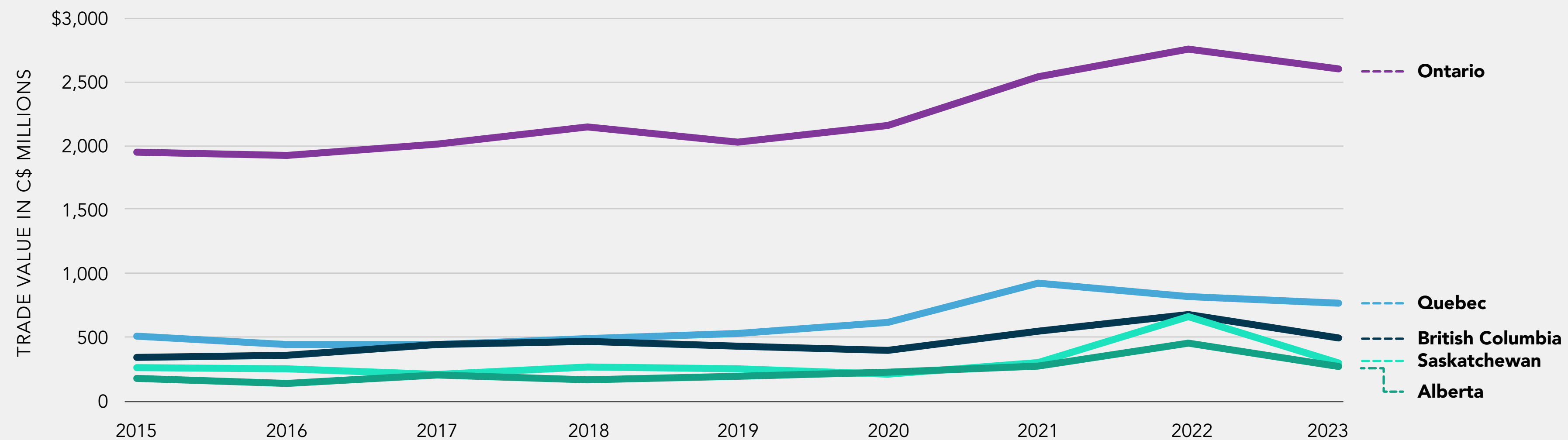
MALAYSIA'S TOP FIVE PROVINCIAL PARTNERS:

- Ontario**
C\$12,177M
- Quebec**
C\$3,722M
- British Columbia**
C\$2,610M
- Saskatchewan**
C\$1,787M
- Alberta**
C\$1,480M

TWO-WAY TRADE WITH CANADIAN PROVINCES

Ontario led Canada-Malaysia trade, with two-way trade reaching C\$2.6B in 2023, primarily driven by imports (C\$2.2B) and resulting in a trade deficit for Canada of around C\$1.9B (Figure 7). Ontario's top imports from Malaysia in 2023 included *electrical machinery and electronics* (around C\$1.2B), *consumer goods* (C\$409M), and *industrial machinery* (C\$339M). Meanwhile, Canada's top exports to Malaysia were *farm, fishing and intermediate food products* (around C\$69.4M) and *metal and non-metallic mineral products* (C\$68M).

Figure 7: Canadian Provinces Two-Way Merchandise Trade with Malaysia, 2015-23



Source: Statistics Canada, 2024, Table: 12-10-0173-01

Canada's major trading provinces with Malaysia saw declines in trade volumes from 2022 to 2023: **Ontario's** trade declined from C\$2.7B to C\$2.6B, **Quebec's** trade declined from C\$832M to C\$780M, **British Columbia's** trade declined from C\$691M to C\$507M, **Saskatchewan's** trade declined from C\$675M to C\$311M, and **Alberta's** declined from C\$466M to C\$283M. Ontario, Quebec, and Alberta's decline was driven by a decline in imports, while British Columbia and Saskatchewan experienced a decline in both exports and imports.

New Brunswick saw the greatest export growth among Canadian provinces in 2023, with two-way trade with Malaysia increasing by 28% (from C\$3.4M in 2022 to C\$4.3M in 2023). It was closely followed by **Newfoundland and Labrador**, which experienced a 27% growth in trade from C\$11M in 2022 to C\$13M in 2023. Newfoundland's export growth was driven by a surge in exports of metal and non-metallic products, driven by nickel exports, growing by an average of 124% from C\$3.7M in 2021 to C\$12M in 2023, as the [Voisey Bay Mine](#) expansion began production in 2021.



TRADE OPPORTUNITIES



The CPTPP only came into effect for Malaysia in 2022, and the lasting impacts of ratification remain to be seen. However, merchandise and services trade between Canada and Malaysia declined in 2023, contrary to expectations. The data indicates that neither Canadian nor Malaysian firms have fully leveraged the opportunities that the CPTPP agreement creates.

The CPTPP's elimination of tariffs on key agricultural products, such as wheat, beef, pork, palm oil, and prepackaged food products, presents new opportunities for Canadian and Malaysian food producers. The halal market is becoming an important trade opportunity for exporters in both countries, with growing demand

for [halal products](#) in Canada and Malaysia's predominantly Muslim population creating a demand for [halal-certified Canadian products](#).

Canada's recent and upcoming critical mineral mining projects, particularly in [potash](#) (Jansen project) and [nickel](#) (Voisey Bay Mine), will also create new export

opportunities. Additionally, LNG Canada's liquefied natural gas export terminal in Kitimat, British Columbia, expected to [begin operations in 2025](#), is 25% owned by Malaysian state-owned oil company Petronas, creating opportunities for exports of LNG from British Columbia to Malaysia.

According to the International Trade Centre's [Export Potential Map](#), there are additional Canadian export opportunities in aluminum, iron ore, motor vehicles, and the aircraft sector. Malaysia aspires to be a regional leader in aircraft maintenance with the recent opening of [Asia Digital Engineering's](#) maintenance, repair, and overhaul (MRO) hangar in Kuala Lumpur.

Although Canada-Malaysia services trade growth remains sluggish, new Air Canada flights to [Southeast Asia](#) in 2025 could boost tourism for both countries. At the 2024 ASEAN Summit, Malaysian Prime Minister Anwar Ibrahim urged Canada to [reciprocate visa-free travel](#) for Malaysians as Canadians have enjoyed this access to Malaysia

since 2018. Canadian travel to Malaysia [increased by 26% from 2017 to 2018](#). The [Government of Canada](#) also highlights service trade opportunities for Canadian businesses in Malaysia's education, e-commerce, and information and communications services.



