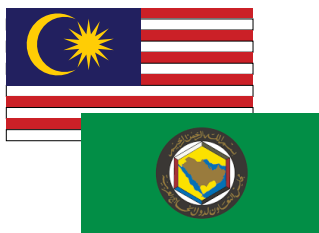




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Malaysia - GCC Relations





Key Domestic Developments

Malaysia is undergoing a period of political recalibration and economic restructuring under Prime Minister Anwar Ibrahim's unity government. Navigating a broad coalition, the administration has prioritized institutional reforms aimed at combating corruption, strengthening governance, and restoring public trust in state institutions. One of the policy shifts has been the move toward fiscal consolidation, including plans to rationalize subsidies and consider reintroducing the Goods and Services Tax (GST) to broaden the revenue base. These efforts come amid persistent cost-of-living challenges, with inflation and wage stagnation affecting many lower- and middle-income households. As a result, the government has placed renewed focus on wage reform, targeted assistance programs, and bolstering the social safety net.

Domestically, the country continues to grapple with sensitive issues surrounding ethnic relations, religious identity, and language policy—long-standing factors that have shaped Malaysia's political and social landscape. Debates over vernacular education, affirmative action, and national unity continue to be prominent, often reflecting deeper concerns about identity and inclusivity. At the same time, the government has launched the Madani Economic Framework, which outlines a vision for sustainable and inclusive growth. This includes a strong emphasis on digital transformation, environmental sustainability, and greater regional integration. Together, these initiatives reflect Malaysia's efforts to strike a balance between domestic political stability and the need to modernize its economy and remain competitive in a rapidly changing global environment.

Key Economic and Social Data

- **GDP (Nominal):** Approximately USD 419 billion in 2024, with projections reaching USD 437.3 billion by the end of 2025.
- **GDP per Capita (Nominal):** Estimated at USD 12,620 (2024)

- **Annual GDP Growth Rate:** 5.1% (2024)
- **Inflation Rate:** 1.8% (2024)
- **Unemployment Rate:** 3.1% (2024)
- **Credit Rating:** BBB+ (Stable)

Malaysia's Foreign Policy

Malaysia's foreign policy under Prime Minister Anwar Ibrahim has taken on a more assertive and strategic posture, reflecting a commitment to regional leadership, economic diplomacy, and multilateral engagement. As the ASEAN Chair for 2025, Malaysia has prioritized strengthening regional cohesion amid rising global uncertainty. This includes addressing the escalating geopolitical tensions, the U.S.-China rivalry, and the instability caused by the ongoing crisis in Myanmar. Malaysia has called for deeper ASEAN economic integration and a more united regional response to global protectionist measures, particularly following the imposition of new tariffs by the United States. Foreign Minister Mohamad Hasan has emphasized the importance of ASEAN solidarity in facing external pressures, and Malaysia has actively pushed for stronger regional trade architecture, connectivity, and resilience.

On the global front, Malaysia has pursued a carefully balanced foreign policy that seeks to maintain strategic autonomy while deepening economic and diplomatic ties with both established and emerging powers. Bilaterally, Malaysia has expanded its comprehensive strategic partnership with China through new high-level cooperation frameworks and infrastructure collaboration. At the same time, it continues to engage with the United States and the European Union on trade, technology, and green transition initiatives. Malaysia's recent bid to join BRICS and its active participation in forums such as the ASEAN-Gulf-China summit signal a desire to diversify its partnerships and reinforce its status as a middle power that can bridge multiple geopolitical arenas.



Malaysia is also playing an increasingly visible role in addressing regional security challenges. It has taken a principled stance on the crisis in Myanmar, advocating for the appointment of a permanent ASEAN envoy and direct engagement with all stakeholders, including opposition groups. This reflects a broader shift in Malaysia's foreign policy toward constructive diplomacy that is rooted in ASEAN principles but willing to push the envelope when necessary. In addition, Malaysia has been vocal on issues of Palestinian rights and Islamophobia, using its diplomatic platforms to champion causes aligned with its values and domestic sensitivities.

Overall, Malaysia's foreign policy direction under the current administration is characterized by a pragmatic blend of regional activism, economic diversification, and principled diplomacy. Through a careful balancing act between competing global powers and regional priorities, Malaysia aims to secure its national interests, contribute to regional peace and prosperity, and position itself as a constructive player in the evolving international order.

Malaysia Trade in Goods with GCC Countries (US Dollars, millions) (2023)

Country	Exports	Imports	Balance of Trade
Bahrain	569.21	891.33	-322.12
Kuwait	1,238.82	3,753.06	-2,514.25
Oman	1,369.53	4,781.00	-3,411.47
Qatar	2,164.38	11,553.99	-9,389.61
Saudi Arabia	7,488.66	29,327.12	-21,838.46
United Arab Emirates	16,009.74	39,450.30	-23,440.56

Key Research Centers and Think Tanks

- [Institute of Strategic and International Studies \(ISIS Malaysia\)](#)
- [Khazanah Research Institute \(KRI\)](#)
- [Malaysian Institute of Economic Research \(MIER\)](#)
- [Institute for Democracy and Economic Affairs \(IDEAS\)](#)

Selected Key Regional Experts

- *Dr. Azmi Hassan, Senior Fellow, Nusantara Academy for Strategic Research (NASR), Malaysia*
- *Dr. Shahrizan Lockman, Director, Institute of Strategic and International Studies (ISIS), Malaysia*
- *Dr. Azmi Omar, President & CEO, International Centre for Education in Islamic Finance (INCEIF)*
- *Dr. Kristian Coates Ulrichsen, Baker Institute for Public Policy, Rice University*

Key Recent Literature

- [Malaysia's Gulf Foreign Policy Challenges](#)
- [Malaysia-Saudi Arabia Relations: Roots, Dimensions, and Prospects](#)
- [GCC Economic Integration: Challenge and Opportunity for Malaysian Economy](#)
- [Essential Factors Influencing Malaysia's Relations with the United Arab Emirates](#)
- [Malaysia-GCC Trade and Financial Linkages: Scope, Opportunities, and Potential](#)

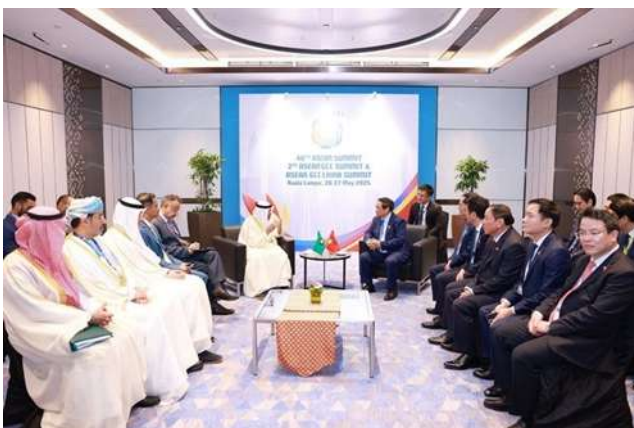
Key Developments in Malaysia-GCC Relations

Malaysia-Gulf Cooperation Council (GCC) relations have experienced advancements in 2025, marked by strategic economic partnerships and high-level diplomatic engagements. A pivotal development is the official launch of Free Trade

Agreement (FTA) negotiations between Malaysia and the GCC, announced during the ASEAN-GCC Summit in Kuala Lumpur. This initiative aims to enhance bilateral trade and investment, focusing on sectors such as electrical and electronic products, semiconductors, halal industries, palm oil, and petrochemicals. In 2024, trade between Malaysia and the GCC reached approximately USD 22.3 billion, underscoring the importance of this partnership.

Further strengthening these ties, Saudi Arabia's ACWA Power signed a memorandum of understanding with the Malaysian Investment Development Authority to develop up to 12.5 gigawatts of renewable energy capacity in Malaysia by 2040. This collaboration, involving an initial investment of up to USD 10 billion, supports Malaysia's goal of achieving 70% renewable energy in its power mix by 2050.

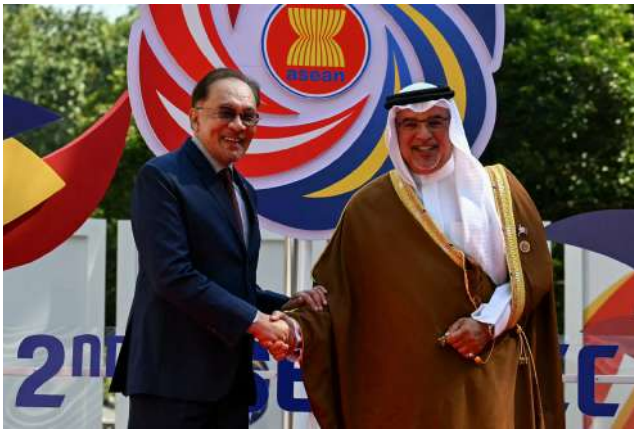
These developments reflect Malaysia's commitment to deepening economic and strategic relations with GCC countries, positioning itself as a key partner in the region's evolving economic landscape.



Malaysia-Bahrain

- May 27, 2025: Following the bilateral meeting between Prime Minister Anwar Ibrahim and Crown Prince Salman bin Hamad Al Khalifa, Malaysia and Bahrain exchanged seven MoUs covering the following various sectors: Investment and trade, Islamic finance and banking, defense cooperation, halal industry development, semiconductor industry collaboration, agriculture and agri-commodities, and tourism and connectivity.
- May 26, 2025: Bahrain's Crown Prince and Prime Minister, Salman bin Hamad Al Khalifa, arrived in Malaysia to attend the 2nd ASEAN-GCC Summit. This visit underscored Bahrain's commitment to enhancing cooperation between the Gulf Cooperation Council (GCC) and ASEAN member states.
- May 25, 2025: On the sidelines of the 46th ASEAN Summit in Kuala Lumpur, Malaysian Foreign Minister Datuk Seri Mohamad Hasan held a bilateral meeting with Bahraini Foreign Minister Dr. Abdullatif bin Rashid Al Zayani. The discussion centered on strengthening bilateral ties and exploring avenues for regional collaboration.
- February 18–20, 2025: Malaysian Prime Minister Datuk Seri Anwar Ibrahim undertook an official visit to Bahrain, where he met with King Hamad bin Isa Al Khalifa and Crown Prince and Prime Minister Salman bin Hamad Al Khalifa. During this visit, discussions focused on enhancing bilateral cooperation in various sectors, including trade, investment, and Islamic finance. Prime Minister Anwar also delivered a lecture at the inaugural Intra-Islamic Dialogue Conference and met with Bahrain's Minister of Finance and National Economy, Salman bin Khalifa Al Khalifa.
- December 23, 2024: Malaysia and Bahrain commemorated the 50th anniversary of their diplomatic relations. In a joint statement, both countries reaffirmed their commitment to strengthening cooperation across various

sectors, including trade, investment, energy, Islamic finance, and education. The statement highlighted the progress achieved and the shared aspirations for deeper partnerships in the future



Malaysia-Kuwait

- May 24–27, 2025: Kuwait participated in the 46th ASEAN Summit and the 2nd ASEAN-GCC Summit held in Kuala Lumpur. The Kuwaiti delegation was led by His Highness the Amir Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah and His Highness the Crown Prince Sheikh Sabah Khaled Al-Hamad Al-Sabah, reflecting Kuwait's commitment to strengthening ties with ASEAN nations, including Malaysia. The summits focused on enhancing economic cooperation and addressing global trade challenges.
- May 2025: Kuwait's Defence Undersecretary led a delegation to Malaysia to participate in the Langkawi International Maritime and Aerospace Exhibition (LIMA) 2025. During the event, the Kuwaiti delegation held high-level meetings with Malaysian officials to discuss defence cooperation and explore potential collaborations in the aerospace sector.
- October 6–7, 2024: Malaysian Defence Minister Datuk Seri Mohamed Khaled Nordin visited Kuwait to strengthen bilateral defence cooperation. During his visit, he met with Kuwaiti Prime Minister Sheikh Ahmad Nawaf

Al-Ahmad Al-Sabah and Deputy Prime Minister and Minister of Interior Sheikh Fahad Yousef Saud Al-Sabah. Discussions included the potential acquisition of F/A-18 Legacy Hornet aircraft from the Kuwaiti Air Force by Malaysia. The Malaysian delegation also included Royal Malaysian Air Force (RMAF) Chief General Tan Sri Mohd Asghar Khan Goriman Khan and senior officials from the Ministry of Defence.



Malaysia-Oman

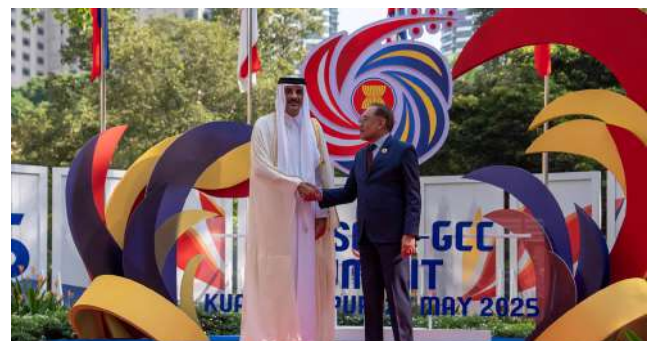
- May 27, 2025: On the sidelines of the ASEAN-GCC Summit, Malaysia's Deputy Prime Minister Datuk Seri Fadillah Yusof held a bilateral meeting with Oman's Deputy Prime Minister Sayyid Asaad bin Tarik I Said. The meeting focused on enhancing bilateral relations and exploring opportunities for cooperation in various sectors
- May 25, 2025: Oman took part in the ministerial meeting between the Gulf Cooperation Council (GCC) and the Association of Southeast Asian Nations (ASEAN) held in Kuala Lumpur. Sheikh Khalifa Alharthy, Undersecretary for Political Affairs at Oman's Foreign Ministry, led the Omani delegation. Discussions focused on enhancing cooperation in areas such as food security, energy, and economic integration between the GCC and ASEAN nations.

- April 22, 2025: The 48th Meeting of the ASEAN Committee in Muscat (ACM) was held, with participation from representatives of the Ministry of Heritage and Tourism of Oman and Invest Oman. The meeting served as a platform to exchange views on strengthening ASEAN–Oman relations, particularly in tourism and investment.
- December 9–11, 2024: Malaysia participated in the High-Level Ministerial Segment hosted by Oman’s Civil Aviation Authority during ICAO Security Week in Muscat. The event addressed aviation security challenges and fostered international cooperation.
- August 12, 2024: Malaysian Minister of Tourism, Arts, and Culture, Dato Sri Tiong King Sing, met with Oman’s Minister of Heritage and Tourism, H.E. Salim bin Mohammed Al Mahrouqi, in Muscat. The discussions focused on enhancing cooperation in tourism and heritage, including increasing direct flights and expanding training programs.
- May 12–15, 2024: Tourism Malaysia conducted a sales mission to Oman and Qatar, aiming to boost tourism ties and showcase Malaysia’s offerings to the West Asian market. The delegation included travel agents, hoteliers, and product owners, facilitating business-to-business sessions and networking events in Muscat.



Malaysia-Qatar

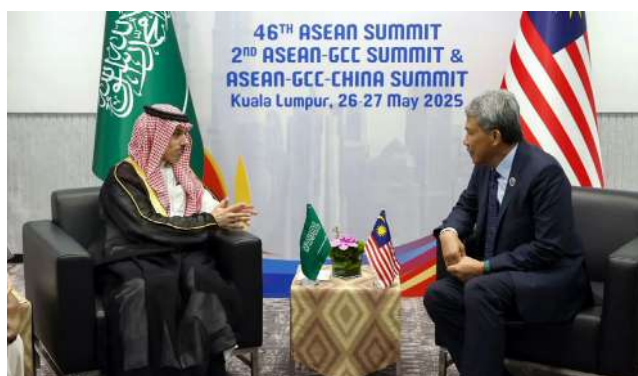
- May 28, 2025: Malaysian Deputy Prime Minister Dato’ Seri Ahmad Zahid Hamidi received a delegation from the Qatar Chamber of Commerce. The meeting focused on enhancing bilateral cooperation in trade and investment, with discussions on activating the joint Qatari-Malaysian Business Council and exploring the establishment of a Malaysian trade office in Doha.
- May 27, 2025: His Highness Amir Sheikh Tamim bin Hamad Al Thani participated in the ASEAN–GCC Summit held in Kuala Lumpur, Malaysia. The summit aimed to strengthen strategic and economic ties between ASEAN and GCC member states.
- May 12–14, 2025: Malaysian Prime Minister Dato’ Seri Anwar Ibrahim undertook an official visit to Doha at the invitation of Emir Sheikh Tamim bin Hamad Al Thani. During his visit, Prime Minister Anwar met with the Emir and other senior Qatari officials to discuss bilateral relations and regional issues. He also participated in the Qatar Economic Forum, engaging with global leaders on topics such as economic transformation and investment strategies.
- October 2024: The Malaysian Interior Minister attended the Milipol Qatar 2024 Exhibition and Conference in Doha. The event provided a platform for discussing **advancements in homeland security and fostering international cooperation in security-related fields.**





Malaysia-Saudi Arabia

- May 29, 2025: Saudi Arabia's ACWA Power signed a memorandum of understanding with the Malaysian Investment Development Authority to develop up to 12.5 gigawatts of renewable energy capacity in Malaysia by 2040. This initiative involves an initial investment of up to \$10 billion and supports Malaysia's goal of having renewable energy comprise 70% of its power mix by 2050.
- May 25, 2025: During the ASEAN-GCC Summit in Kuala Lumpur, Malaysian Foreign Minister Datuk Seri Mohamad Hasan and Saudi Foreign Minister Prince Faisal bin Farhan co-chaired a bilateral meeting under the Saudi-Malaysian Coordination Council (SMCC). They reviewed progress in eight key areas: politics, trade and investment, security, defense and military, education, religious affairs, energy and environment, and socio-cultural cooperation. Both ministers emphasized the importance of regular monitoring to ensure effective implementation of initiatives under the SMCC.

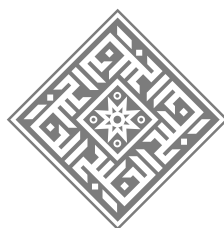


Malaysia-UAE

- May 2025: The UAE actively participated in the second ASEAN-Gulf Cooperation Council (GCC) Summit held in Kuala Lumpur, Malaysia. Representing President His Highness Sheikh Mohamed bin Zayed Al Nahyan, His Highness Sheikh Saud bin Saqr Al Qasimi, Supreme Council Member and Ruler of Ras Al Khaimah, led the UAE delegation to this high-level gathering.
- On the sidelines of the summit, Sheikh Saud held a bilateral meeting with Malaysia's Foreign Minister, Datuk Seri Mohamad Hasan. The discussions centered on enhancing cooperation between the UAE and Malaysia across various sectors and strengthening coordination in international forums.
- January 12–14, 2025: Malaysian Prime Minister Dato' Seri Anwar Ibrahim undertook an official visit to Abu Dhabi at the invitation of UAE President Sheikh Mohamed bin Zayed Al Nahyan. During this visit, several memoranda of understanding (MoUs) were signed, focusing on investment, renewable energy, and trade. Additionally, Malaysia and the UAE signed a Comprehensive Economic Partnership Agreement (CEPA) aimed at enhancing bilateral trade and economic cooperation.
- November 13–19, 2024: Malaysian Deputy Prime Minister Dato' Seri Dr. Ahmad Zahid Hamidi visited the UAE to strengthen bilateral relations. During the visit, discussions were held on enhancing cooperation in various sectors, including rural and regional development.
- June 4, 2024: The inaugural UAE–Malaysia Joint Committee meeting was co-chaired by UAE Minister of State Ahmed bin Ali Al Sayegh and Malaysian Deputy Foreign Minister Mohamad bin Alamin. The meeting focused on enhancing bilateral economic partnerships in sectors such as the economy, tourism, entrepreneurship, SMEs, fintech, innovation, transportation, renewable energy, logistics, agriculture, food security, environment, and infrastructure. The session concluded with the signing of the draft minutes and an agreement to hold the second session in Malaysia.

GRC Supporting Documents

- [Developing Cooperation between the GCC and ASEAN](#), Layla Ali



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