

## 1.2. Summary of the Action

**The proposed action intends to enhance the EU-Malaysia partnership.** The Cooperation Facility will support this objective by providing a facility to continue and reinforce EU-Malaysia relations and policy dialogue. It will promote an increased alignment between EU-Malaysia interests, principles, policies and values, complemented by increased public awareness understanding, trust, and approval of the EU and its role in the country, the region and the world. More specifically, the Facility will promote universal and shared values on human rights, gender equality, democracy, security, the environment, business and trade relations. By doing so it will deepen bilateral trade and investment relations, based on shared principles on sustainable production and consumption, strengthen environmental protection and conservation in Malaysia, while supporting climate change mitigation and adaptation and, more broadly, the implementation of the 2030 agenda and the Sustainable Development Goals (SDGs). It will also allow the EU to uphold universal Human Rights values, and to better respond to global challenges and build resilience in a flexible, forward-looking and strategic manner in its relationship with Malaysia and other partners.

The Cooperation Facility will be instrumental to the implementation of the **EU Strategy for Cooperation in the Indo-Pacific**, and its focus on responding to emerging dynamics that are affecting regional stability. The Cooperation Facility will consist of a wide range of tools, initiatives and activities to achieve the objective of advancing EU strategic interests and priorities in Malaysia, of enhancing the EU-Malaysia partnership, and of strengthening Strategic Communication and Public Diplomacy.

**The Overall Objective (Impact)** of this action is to enhance the EU-Malaysia partnership.

**The Specific Objectives (Outcomes)** of this action are to:

1. Continue and reinforce EU-Malaysia relations and policy dialogues;
2. Promote an increased alignment between EU-Malaysia interests, principles, policies and values, including human rights and gender equality, with a particular focus on the 2030 Agenda and the Sustainable Development Goals (SDGs);
3. Build increased awareness, understanding and approval of the EU and its role in the country, the region and the world.

## 2. RATIONALE

### 2.1. Context

Since its independence in 1957, Malaysia has remained politically stable, has experienced rapid economic growth and is expected to reach high-income status by 2024. Malaysia's promising economic prospects are supported by well-developed infrastructures, substantial natural resources, notably in oil, gas, forestry and agriculture, as well as globally competitive manufacturing and services sectors. The development has benefitted all ethnic groups, though not evenly and Malaysia continues to struggle with significant structural inequalities. Deep cleavages between ethnic, religious and economic groups as well as between east and peninsular Malaysia are increasingly characterising the country.

With the upgrade of EU-ASEAN relations to the level of strategic partners, the EU's relevance as an interlocutor for Malaysia is key for the EU's broader influence in the region. In line with the EU strategy for cooperation in the Indo-Pacific, the EU is pursuing a balanced and broad engagement with Malaysia to improve overall relations and to promote universal and shared values on human rights, including gender equality and women's empowerment, labour, democracy, the environment and multilateralism.

There are ongoing discussions to update the previously initialled Partnership and Cooperation Agreement (PCA) and, if the conditions are right, steps could be taken towards a possible resumption of negotiations for an ambitious and comprehensive Free Trade Agreement (FTA).

The EU has a strategic interest in strengthening its relationship with Malaysia, because:

- Malaysia is an important and committed ally in defence of multilateralism and a rules-based international order; Malaysia can become a partner in security cooperation.