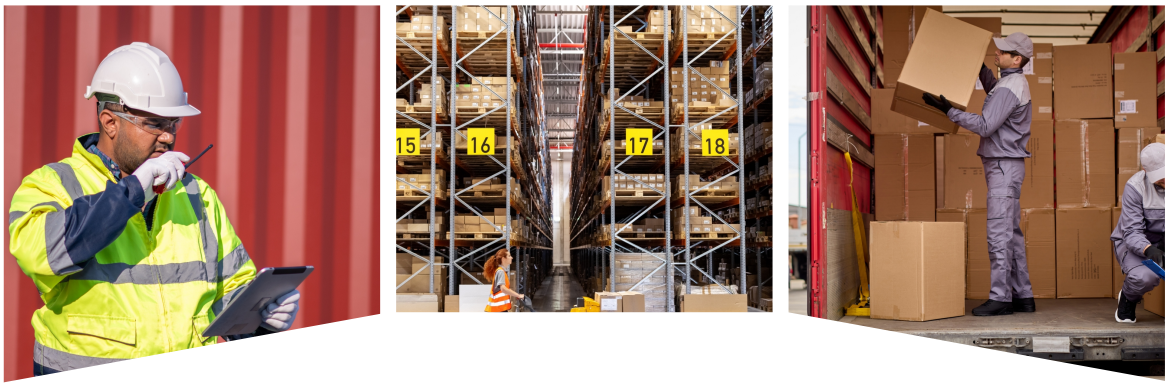


International Market Access

Free Trade Agreement with Malaysia: ***Avoiding a Sham Debate on Palm Oil***

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At a glance

- Opponents of the free trade agreement with Malaysia are making the peripheral issue of palm oil the focus of the discussion.
- The free trade agreement provides better market access for 99.9 percent of current industrial exports.
- Diversifying its economic relationships is crucial for the Swiss economy.

Next February, Swiss voters will vote on the free trade agreement between the EFTA states and Malaysia. A coalition of NGOs, the SP, and the Greens has launched a referendum against it; their main point of contention—in addition to alleged negative consequences for the environment, labor rights, and human rights—is palm oil. This brings one specific issue into the spotlight, while the agreement's numerous other provisions and benefits fade into the background. Economically speaking, palm oil represents only a small part of this comprehensive trade agreement with Southeast Asia's sixth-largest economy. The issue of sustainability deserves an objective examination rather than a dogmatic debate. However, anyone who examines the facts and carefully analyzes the sustainability provisions in the agreement can only support the free trade agreement—precisely because Switzerland's prospects in this area are significantly better with an agreement than without one.

Palm oil exports are clearly limited

In 2025, bilateral trade in goods between Switzerland and Malaysia totaled approximately 1.4 billion Swiss francs. The most important Swiss exports to Malaysia include chemical and pharmaceutical products, machinery, electronics, and watches; imports from Malaysia are dominated by machinery and electronic goods. For Malaysia, palm oil is one of its most important export interests, which is why the agreement also includes concessions in this area. However, Switzerland is not fully opening its market: it is granting only limited tariff quotas that correspond to the concessions made to Indonesia. A look at the palm oil statistics and past experience with Indonesia also speaks for itself: palm oil imports are generally on the decline. While Switzerland imported 7,007 metric tons of palm oil from Malaysia in 2019 (22,981 metric tons in total), that figure dropped to just 2,142 metric tons in 2025 (8,501 metric tons in total).

[Datenvisualisierung nicht verfügbar: jPmCT]

Avoid a token debate and talk about diversification

The current debate is therefore misleading. It focuses extensively on a small portion of trade—less than 1 percent of the total—and overlooks what the agreement with Malaysia is actually about. The free trade agreement provides better market access for 99.9 percent of existing industrial exports. It also improves the framework conditions for goods, services, investment, intellectual property, and government procurement. This benefits not only export-oriented sectors but the economy as a whole.

Switzerland needs multiple sources of income

The global economy remains uncertain and fragmented, geopolitical tensions are on the rise, and trade conflicts are hindering access to international markets. For Switzerland, as a small, export-oriented economy, it is therefore becoming increasingly important to diversify its economic ties. Southeast Asia is one of the world's most dynamic economic regions. Within the ASEAN region, Malaysia is already Switzerland's fourth-largest trading partner and offers Swiss companies additional potential.

Switzerland needs not fewer, but more economic pillars. The free trade agreement with Malaysia is another building block of a broad-based, long-term foreign trade policy. Anyone who reduces bilateral trade to the issue of palm oil fails to recognize its strategic importance.



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