

Understanding the Gender Impact of Implementing the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) in Malaysia

Policy Brief

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INTRODUCTION

The services sector is a key driver of economic growth and women's economic empowerment (WEE) in Malaysia. According to the Department of Statistics Malaysia (DOSM), AANZFTA Parties accounted for about 40.5 per cent of Malaysia's services exports and 33.1 per cent of its services imports in 2024.¹ The Agreement has the potential to contribute to WEE and gender equality.

The Trade and Gender Equality Incubator,² funded by the Australian Department of Foreign Affairs and Trade (DFAT), commissioned an ex-post gender analysis of selected chapters of the original AANZFTA. This policy brief presents findings on Chapter 8 on Trade in Services and Malaysia's Schedule of Specific Services Commitments, focusing on healthcare and tourism services. The study examined AANZFTA's services commitments, the gender-responsiveness of Malaysia's legal reforms, and how the Agreement's provisions may affect women differently as producers, entrepreneurs and employees.



Caption – Participants at the workshop disseminating findings of the research on 'Gender Impact of Implementing the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) in Malaysia', 22 August 2025, Kuala Lumpur, Malaysia.

¹ Department of Statistics Malaysia. 2025. *Statistics of International Trade in Services 2024*. Published June 2025.

² The Trade and Gender Equality Incubator (TGEI) operates under the Regional Trade for Development (RT4D) program, which supports ASEAN Member States (AMS) to maximise benefits from the upgraded Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) and the Regional Comprehensive Economic Partnership (RCEP) Agreement.

FINDINGS

The study focused on healthcare and tourism services because AANZFTA liberalised these sectors where women, including women with disabilities, form a large share of the workforce. Overall, Malaysia's services commitments under AANZFTA largely reaffirm its existing obligations under the World Trade Organization (WTO) General Agreement on Trade in Services (GATS), with some differences. To assess the gendered impact, the findings are organised by modes of service supply.³



Mode 1 and 2



Malaysia generally imposes no market access restrictions on **cross-border supply in the scheduled healthcare and tourism services** and no limitations on **consumption abroad** in either sector. This can improve access, choice and affordability for consumers and create opportunities for women entrepreneurs. Telehealth may be particularly important for women. A study analysed 835,826 telehealth service records from Malaysian pharmacies and found that women comprised 58.7 per cent of telehealth service customers.⁴

Domestic reforms such as MyDIGITAL, the Telemedicine Act, the National Tourism Policy and visa liberalisation could be used more fully to expand opportunities for women in services. National strategies such as the Malaysia Healthcare Travel Industry Blueprint have helped position Malaysia as a regional hub for medical tourism. However, **it remains difficult to isolate AANZFTA's specific impact**, including any gender impact, because of other bilateral and regional agreements, such as the Malaysia-Australia and Malaysia-New Zealand FTAs.



Caption – A participant at the workshop disseminating findings of the research on 'Gender Impact of Implementing the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) in Malaysia', 22 August 2025, Kuala Lumpur, Malaysia.

³ Services can be supplied in four ways: Mode 1 (cross-border), where services are supplied from one country to another without movement of services consumers or providers; Mode 2 (consumption abroad), where consumers travel to another country to obtain services; Mode 3 (commercial presence), where a service supplier establishes operations in another country; and Mode 4 (movement of natural persons), where individuals travel abroad temporarily to provide services.

⁴ Jason SE Loo et. al, 2023. Exploring the rise of telehealth services in Malaysia: A retrospective study, *National Library of Medicine*.
<https://pmc.ncbi.nlm.nih.gov/articles/PMC10664425/>



Mode 3 and 4



Malaysia allows foreign investment in tourism and healthcare but has maintained a cautious approach. This is reflected in restrictions on medical speciality services to natural persons, along with strict foreign equity caps in some sub-sectors. These measures may support domestic firms (including women-owned businesses) but may also limit consumer choice.

Malaysia's commitments related to the ***movement of natural persons*** are limited to high-skilled categories such as intra-corporate transferees, business visitors and contractual service suppliers. As a result, many semi-skilled roles, where women are concentrated, remain outside these commitments. Although ASEAN Mutual Recognition Arrangements (MRAs) exist for professions such as doctors and nurses, implementation remains uneven. While some domestic reforms have supported entry, barriers remain, and the lack of sex-disaggregated migration data limits the ability to assess how Mode 4 liberalisation affects diverse groups of women as employees, business owners and consumers.

CHALLENGES

The gender impact assessment of services and WEE outcomes is constrained by limited cross-border and sex-disaggregated data. While institutions such as the International Labour Organization and DOSM publish statistics on women's employment in services, micro-level sex-disaggregated data remain limited. Across four modes of supply, important data gaps remain. Under Mode 1, limited data are available on women as service providers or consumers of digitally delivered health and tourism services. Under Mode 2, data on women's employment in tourism and medical tourism remain scarce. Under Mode 3, data on FDI, ownership structures, and the prevalence of women in joint ventures or foreign-owned enterprises are also lacking. Under Mode 4, there is little information on gendered temporary migration patterns, professional licensing, and gender wage gaps. These limitations make it difficult to assess the real gender impact of trade liberalisation under the AANZFTA.

Another challenge is linking trade commitments with domestic reforms. Although Malaysia has introduced a range of sectoral and digital reforms, their connection to AANZFTA implementation is not always clear. More systematic monitoring such as targeted data collection, gender-responsive policy design and stronger implementation can help to ensure that AANZFTA delivers inclusive outcomes, especially in digital services, healthcare, tourism and e-commerce.

OPPORTUNITIES

The following points should be considered to maximise the benefits women gain from services liberalisation under AANZFTA:

1 Improve data

Strengthen sex-disaggregated data collection in healthcare, tourism and digitally delivered services, including on ownership, employment, cross-border flows of services, access to finance and digital tools to better inform policy reform.

2 Strengthen policy design

Build on the AANZFTA Upgrade, including the inclusion of dental services under the Second Protocol, to support greater participation of diverse groups of women in dental services, diagnostic laboratories and food-and-beverage services in tourism. At the same time, List B reservations preserve flexibility in sensitive areas.

3 Embed gender analysis in implementation

Institutionalise gender-focused trade impact assessments by building the capacity of policymakers, negotiators and researchers to assess gender outcomes across all modes of services supply. Embedding such assessment into AANZFTA's monitoring and review processes would help track outcomes for diverse groups of women.



Caption – Participants at the workshop disseminating findings of the research on 'Gender Impact of Implementing the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) in Malaysia', 22 August 2025, Kuala Lumpur, Malaysia.

About RT4D

The \$53.3 million Regional Trade for Development (RT4D) initiative, funded by both the Governments of Australia and New Zealand, assists ASEAN Member States in meeting their commitments and realising the advantages offered by the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), and the Regional Comprehensive Economic Partnership (RCEP). RT4D supports AMS in benefitting from an open, free and rules-based trading system.

Through the AANZFTA Implementation Support Program (AISP) and the RCEP Implementation Support Program (RISP), RT4D provides tailored support to enhance the capabilities of ASEAN Member States by strengthening skills, building networks, facilitating policy options and ensuring that trade benefits everyone, including Micro, Small and Medium Enterprises (MSMEs), women and people with disabilities.

Under the operation of the RT4D, the Trade and Gender Equality Incubator (TGEI) is funded by the Australia's Department of Foreign Affairs and Trade (DFAT). TGEI supports gender equality and more inclusive trade by generating evidence, testing approaches and sharing good practices to strengthen policies, systems and processes so that women from diverse backgrounds and with different abilities can meaningfully participate in, influence and benefit from trade.

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