

1987). Two-way trade reached a high of \$538 million in 1989 which represents a 4 per cent increase over the previous year (see Table 1). The balance of trade has been in favour of Malaysia since 1986 but this surplus is presently narrowing. Canadian exports to Malaysia totalled \$218.6 million in 1989 (up 14 per cent from 1988) while imports were valued at \$320.1 million (essentially at the same level as in 1988 when they stood at \$323.9 million). Canada exports approximately 0.9 per cent of all Malaysian imports while its share of total Malaysian exports is about 1.1 per cent.

Fertilizers, cereals, pulp and paper, and asbestos, as well as aircraft and parts account for 55 per cent of Canada's registered exports to Malaysia. It is estimated, however, that the export of Canadian services (engineering consulting and others), which are not taken into consideration in trade flows, far exceeds the sum of all major exports. Canada's trade strategy has targeted Malaysia as a market opportunity for advanced technologies (including informatics and telecommunications), oil and gas equipment and services, agriculture and food products and services, defence related products and services, and power and energy related equipment and services.

Exports from Malaysia to Canada continue to be predominantly manufactured goods, primarily

electrical products fabricated locally by foreign-owned companies for the export market.

Canadian presence, through joint ventures or other forms of investment, however, continues to increase with 24 signed agreements and 10 more expected to be finalized before the end of 1990 (see Appendix). These ventures involve both the manufacturing and the service sectors. Leading equity investors in Malaysia include Alcan Aluminum Ltd (two plants), Bata Industries Ltd. (two plants) and Northern Telecom (four plants). Bell Canada, in a joint venture with Malaysia's telephone company, Syarikat Telecom Malaysia, has developed a state-of-the-art consumer automated services system which is now marketed to other utilities worldwide. Other joint ventures have also been concluded in the oil and gas exploration and production industry and remote sensing sector. A further 225 Canadian companies have Malaysian representatives.

According to the Malaysia Industrial Development Authority (MIDA), Canada is twelfth in terms of importance of its investments in companies in Malaysia (\$37 million in fixed assets measured in terms of equity structure). Japan ranks first in this area with investments exceeding \$1.8 billion (as of December 1987), followed by the U.K. with investments just under \$1 billion and Singapore with

**Table 2** Canada's Principal Exports to Malaysia  
(\$ millions)

PRODUCT CATEGORY	1980	(%)	1985	(%)	1989	(%)
Fertilizers	—	—	18.4	(9.0)	37.1	(17.0)
Cereals	2.8	(3.0)	11.8	(5.7)	26.5	(12.1)
Pulp, paperboard, paper	15.7	(16.8)	18.2	(8.9)	22.2	(10.1)
Asbestos	15.6	(16.7)	5.0	(2.4)	18.2	(8.3)
Aircraft and parts	3.0	(3.2)	1.1	(0.5)	17.7	(8.1)
Machinery/mechanical appliances and parts	6.1	(6.6)	105.8*	(51.8)	14.4	(6.6)
Iron and steel and articles	1.5	(1.6)	—	—	10.1	(4.6)
Electrical machinery, equipment and parts	9.8	(10.5)	11.6	(5.6)	9.2	(4.2)
Other mineral products	—	—	2.5	(1.2)	8.0	(3.7)
Other base metals and articles	2.2	(2.3)	2.9	(1.4)	8.0	(3.6)
Plastics and articles	3.7	(3.9)	2.6	(1.2)	7.4	(3.4)
Special transactions	—	—	—	—	7.0	(3.2)
Organic chemicals	—	—	2.5	(1.2)	5.8	(2.6)
Aluminum and articles	17.7	(19.0)	9.8	(4.8)	5.6	(2.5)
Tobacco	2.2	(2.3)	—	—	—	—
Other	10.3	(11.1)	12.4	(6.0)	21.4	(9.8)
<b>TOTAL</b>	<b>93.0</b>	<b>(100)</b>	<b>204.3</b>	<b>(100)</b>	<b>218.6</b>	<b>(100)</b>

\* Due to exceptional export of pulp and paper industries machinery.