

MALAYSIA

GENERAL INFORMATION

The Federation of Malaysia consists of Peninsular Malaysia and the States of Sabah and Sarawak. The population of 15 million is composed of Malays (45%), Chinese (35%), Indians and Pakistanis (10.5%), indigenous tribes (9%) and others (0.7%). Malaysia is a parliamentary democracy with a Paramount Ruler (King or "Agong") elected for a five-year term by and from a group of nine hereditary Malay rulers from each state.

POLITICAL AND ECONOMIC SITUATION

Since the Federation of Malaya was established in 1948, the country has been ruled by a strong coalition of ethnic parties, now called the National Front, the largest member of which was the United Malay National Organization (UMNO). The National Front has succeeded in peacefully restructuring the society in favour of the ethnic Malays, previously the poorest group. Datuk Seri Dr. Mahathir Mohamad has been President of UMNO since 1981 and although himself and his National Front Government were easily re-elected in August 1986, he was narrowly re-conducted as Party President in April 1987. Following the challenge in court to Dr. Mahathir's leadership by a group of UMNO dissidents, it was ruled in February 1988 that UMNO was an illegal political organization due to certain registration irregularities. A "New UMNO" party, under Dr. Mahathir's chairmanship is now under organization.

Malaysia is highly dependent upon exports of primary products such as rubber, timber, tin and palm oil. In 1986, GNP growth was 1% compared to 5.2% in 1985; it reached 2.5% in 1987 and is expected to reach 4% in 1988. The Fifth Malaysia Plan (1986-1991), announced in March 1986, has placed the onus on the private sector to be the engine of future growth.

FOREIGN POLICY ORIENTATIONS

Dr. Mahathir has set Malaysian foreign policy priorities in the following order of importance: 1) ASEAN; 2) the Islamic Conference Organization; 3) the Non-Aligned Movement; and 4) the Commonwealth. Malaysia initiated and has been active in promoting the concept of a "Zone of Peace, Freedom and Neutrality" (ZOPFAN) in the Southeast Asian region. With Indonesia, it initiated the Kuantan Principle which attempted to draw Vietnam closer to the Southeast Asian grouping. Malaysia has been active in supporting producer country positions on international commodity issues. Finally, high priority has been given to the development of stronger economic links with Japan and Korea.