

1

Introduction

Malaysia in the ASEAN Region

Malaysia is a Federal State, comprised of the eleven states of the Malayan Peninsula plus the states of Sabah and Sarawak on the Island of Borneo. Peninsular Malaya became independent from Britain in 1957 and joined with Singapore, Sabah and Sarawak to form Malaysia in 1963. In 1965, Singapore left Malaysia to become an independent city state.

Malaysia has a population of 18.2 million people, made up of three major ethnic groups: Malays (55 percent), Chinese (30 percent) and Indians (9 percent). The balance consists mainly of Indigenous peoples, located primarily in East Malaysia. The country has a Westminster-style parliamentary system, with a Constitutional Monarch and a federal Prime Minister who governs with the consent of the majority in the elected House of Representatives.

Since independence, Malaysia has been ruled by a multi-racial coalition, now called the Barisan Nasional (National Front). The most influential member of the Barisan Nasional Coalition is the United Malays National Organization (UMNO). The current Prime Minister, Dr. Mahathir Mohamad, has been in office since 1981. His coalition was most recently re-elected in October 1990.

The government is committed to maintaining economic stability, attracting foreign investment, and furthering development. Though there is a history of ethnic and religious tensions in Malaysian life, Malaysia is a stable and increasingly prosperous nation.

The Malaysian economy was traditionally based on the export of primary products, including tin, rubber, timber, palm oil and petroleum; however, manufacturing has recently become the largest sector of the economy. Recent strong commodity prices have strengthened the Malaysian economy and GDP growth rates over the last several years have been in the range of 8-9 percent.

Government involvement in the economy is strong, with the general outline of government policy laid out in a series of Five Year Plans. The private sector is seen as the major engine of economic growth, with the government offering many incentives to private enterprise. These incentives are for the most part expected to continue.

Canada and Malaysia

Commonwealth links, Canada's strong interest and support for ASEAN and development assistance have been the principal features of the warm relationship between the two countries. Education, in particular, has been an area of close ties as many Malaysian students have received their education in Canada.

Two-way trade between Canada and Malaysia has more than doubled since 1986 reaching \$727 million in 1991. Trade between the two nations still only represents about one percent of the total trade of each country. The balance is in Malaysia's favour (CDN \$145 million). Opportunities for Canada are not only in the traditional sectors of agri-food, oil