

The Malaysian Government is now encouraging companies to look at North America as an investment destination

annum. Apart from GDP growth, the other vital signs are good; inflation is low, full employment is realised and the political scene is the most stable in Asia. The last two Five Year Plans have basically transformed Malaysia from a resource based to a manufacturing based economy. Statistics of 1996 show that the manufacturing sector accounted for over 35% of GDP as compared to 19% ten years ago, while the service sector is growing in leaps and bounds also.

The 7th Five Year Plan (1996-2000) is aiming for greater growth and higher total factor productivity with particular emphasis on technology enhancement in the private sector. The complementary Industrial Master Plan covering the same period, is pushing for the "manufacture plus plus" approach focusing not only on manufacturing but also on upstream product research and development and downstream marketing and servicing.

Although some of them may be postponed on account of the current economic setback, the numbers of infrastructure projects and of new townships dedicated to high tech industries are impressive and innovative. In particular, the Multimedia Super Corridor (MSC) has every country's attention. When fully established, the MSC will fulfil Malaysia's vision of having its own silicon valley, of being at the forefront of IT development in Asia, if not in the world, and will drive the economy towards Vision 2020. Malaysia has repeatedly stated that it is benchmarking Canada for its technology development, particularly in IT, which means big opportunities for Canadian firms in this context.

The New Economic Policy (NEP) of the 1970's and the New Development Policy (NDP) of 1980's have worked well in rebalancing wealth distribution between bumiputera and non-bumiputera Malaysians. As a result, there is a cadre of bumiputera entrepreneurs who are well endowed and well connected to make things happen in Malaysia and who not only want, but are forced to diversify overseas. Malaysian Chinese entrepreneurs who in aggregate, used to own over 70% of the business (as compared to 42% now) have been for the last five years building up an impressive investment network in China. Malaysia has also become a major investor in the Philippines, Vietnam, Burma, Cambodia and Laos.

Both the Bumiputera and Chinese Malaysian business groups have been following the Prime

Minister in his diplomatic and political ventures to South America, South Africa and other sub-Saharan countries, as well as Muslim nations in the middle east and in the CIS. Numerous Memoranda of Understanding have been signed, some projects are in place and others which are in abeyance but well funded, provide opportunities for Canadian expertise to help fill in the gap.

The Malaysian Government is now encouraging companies to look at North America as an investment destination for global industries such as IT technology, biotechnology, pulp & paper, aerospace, and mining. Indeed, the Berjaya group has a substantive investment in a pulp mill in Alberta, and the Malaysian Mining Corporation has invested heavily in tin mining in New Brunswick. A number of well known corporations are quietly surveying the Canadian IT sector. Then there are the handsome real estate development projects in Toronto and Vancouver by the MUI Group, TA Properties, United Malayan Land Sdn Berhad and the Shangri-la Group. Malaysia has definitely a surplus of capital that its small country and population cannot solely absorb.

Sectoral interests and linkages

Sectors that have been identified as priorities for promoting investment and strategic linkages include:

- **environmental technologies**, particularly in sewage and water treatment, hazardous and solid waste disposal and in the control of air and water pollution. Canadian expertise on environment management system (EMS) and compliance auditing are well regarded.
- **information technology and telecommunication**, particularly products and systems supporting the development of the Multimedia Super Corridor (MSC) including the seven flagship projects of smart schools, smart cards, telemedicine, electronic government, R & D Clusters, worldwide manufacturing web, R & D clusters, and borderless marketing centre. Examples include wireless communication systems, personal mobile communication equipment, optical fibre network components, digital signal processing technologies, asynchronous transfer switches, software, electronic medical