

5

Framework for Co-operation

5.1 Agreements and Arrangements between Canada and Malaysia

A number of agreements provide a basic infrastructure for economic and commercial relations between Canada and Malaysia.

The Agreement on Development Co-operation between Canada and Malaysia, which came into force in May 1986, provides a framework for development co-operation between the two countries. Previously, Canada's efforts in Malaysia were directed under the technical co-operation programs of the Colombo Plan.

In October 1971, Canada and Malaysia signed an agreement in the form of an Exchange of Notes for the promotion and protection of Canadian investments in Malaysia. The main purpose of the agreement is to lessen the risk for the Government of Canada, through its insuring agency (the Export Development Corporation), of providing insurance covering loss of overseas investment by reason of inconvertibility, expropriation, nationalization, or war, revolution and insurrection. The agreement is designed to facilitate EDC's investment insurance program in Malaysia and to increase Canadian investment interest.

The Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes or Income between Canada and Malaysia was signed in October 1976 and came into effect in December 1980. The Convention is designed to eliminate double taxation of individuals and companies of one country who do business or earn income in the other. It is designed to encourage trade and investment between the two countries and enhance the nature and scope of bilateral economic relations.

A Memorandum of Understanding was signed in 1980 regarding the export of certain textile products from Malaysia for import to Canada. The arrangement, renewed approximately every two years, provides for the implementation of an Export Authorization System by the Government of Malaysia and quantitative restrictions on textile products originating in and exported from Malaysia.

In the area of defence, Canada and Malaysia signed an agreement in 1966 concerning the provision by Canada of four military transport aircraft to assist Malaysia in developing its defensive capabilities. In 1969, following a request by the Government of Malaysia, an agreement was signed for the training in Canada of personnel of the armed forces of the Government of Malaysia.

In a regional context, Canada and Malaysia are signatories to the Agreement between Canada and ASEAN on Economic Co-operation which came into effect in June 1982. Under the agreement, a Joint Co-operation Committee was established to review progress in a range of commercial and development co-operation endeavors between Canada and the ASEAN grouping.

5.2 Other Areas of Co-operation

Outside the trade sphere, linkages and contacts between organizations and institutions in Canada and Malaysia are being made across a wide spectrum. The following is an outline of a number of activities in various sectors which help to expand bilateral relations.

Agriculture

Agriculture Canada has developed an export market development plan for Malaysia focusing its efforts in the areas of breeding dairy cattle, breeding swine, quarter horses, beef breeding, animal feeds and processed foods. Two dairy missions were completed in 1988, one to and one from Malaysia. It is expected that Malaysia will attend the International Dairy Congress to be held in Montreal in October 1990.

The provinces of Ontario and British Columbia visit Malaysia regularly for agricultural projects. In addition, a swine mission sponsored by the Manitoba Ministry of Agriculture was held in 1990.