

INTRODUCTION TO MALAYSIA

Malaysia is a federation composed of 11 states on the Malay Peninsula and two East Malaysian states, 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 republic.

Since independence, Malaysia has been ruled by a multiracial (Malay, Chinese and Indian) 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 and his coalition was most recently re-elected by a healthy majority of the population in April 1995.



Malaysia has a population of nearly 19 million people, composed of four major ethnic groups: Malays (57%), Chinese (32%), East Indian (9%) and mainly indigenous peoples (3%) 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.

Government involvement in the economy is strong, with its economic policy directions laid out in a series of five-year plans. The private sector is the major engine of economic growth, with the government offering many incentives to private enterprise. These incentives are expected to continue.