almost 200 000 employees will have been transferred to the private sector. The four main methods of the Malaysian Privatization Master Plan (PMP) are (a) sale of assets or equity; (b) lease of assets; (c) management contract; and, (d) "build-operate-transfer", where the private sector constructs a facility with its own funds, operates it for a concessionary period, and then transfers it to the Malaysian government. The goal of the PMP is to transfer the bulk of the privatized entity to local investors, particularly Bumiputera. Foreign participation is acceptable in specified circumstances, such as where expertise is not available locally, or local capital is insufficient to absorb the sale of shares. However, foreign participation in a privatized entity is limited to a maximum of 25% of its share capital.

- **Growth Triangles/Off-shore centres**

Transnational growth triangles are neighbouring geographic areas of three or more countries that co-operate in various complementary sectors of economic development and trade. They offer incentives for manufacturing companies to establish themselves within these specified areas. Malaysia is part of several growth triangles: the Eastern Growth Triangle, established in March 1994, is the biggest in physical area and covers Brunei, the states of Sabah and Sarawak in Malaysia, the Indonesian provinces of Kalimantan, Maluku and Sulawesi and the island of Mindanao in the Philippines. The areas of co-operation include construction, transport, energy, forestry, fisheries, conservation and tourism. Malaysia's southern state of Johor is part of a growth triangle that includes Singapore and Indonesia's Batam Island. It is envisaged that all the ASEAN growth triangles will become free trade zones.

The Malaysian government also wants to see Kuala Lumpur become an Islamic banking and regional capital market centre, and Labuan an off-shore financial centre. It promises more effective regulation and greater disclosure requirements.

- **Economic pressure points**

The outlook for the Malaysian economy over the next few years is bright. However, Malaysian policy planners remain concerned about (1) the shortage of labour at all skill levels, (2) inflation and interest rates and (3) the strain of growth on the national infrastructure.

- **Skilled labour shortages**

With unemployment at 3%, Malaysia stands closer to full employment than at any other time in its history. The rapid pace of development has tightened the labour market across the board, from manufacturing sectors to information technology to textiles. This has resulted in the need to import labour from neighbours such as Indonesia, Sri Lanka, the Philippines and Bangladesh. The thrust of the next phase of the government's development initiatives will emphasize mechanization and automation as a longer-term solution to broadening the manufacturing base. High-technology and linkage industries will be encouraged through tax incentives and subsidies.