

Malaysia

Strong economic growth, industrial diversification, political stability, a favourable investment environment, and an efficient and modern infrastructure make Malaysia an excellent location for Canadian trade and investment.

Overview

With a population of over 19 million people, Malaysia had a Gross Domestic Product (GDP) of \$71.5 billion in 1993 and a growth rate of 8 per cent, the seventh consecutive year Malaysia's GDP has grown by over 7 per cent.

With low inflation, high investment, rising prosperity and nearly full employment, Malaysia has an economy that continues to be described as stable and strong.

Canada-Malaysia Trade

Bilateral trade between Canada and Malaysia has more than tripled since 1986, reaching \$1.5 billion in 1994.

Exports of Canadian goods to Malaysia in 1994 reached \$267 million, an increase of \$60 million from the previous year. This total nearly doubles when sales of Canadian services are included.

The most important exports are fertilizers, pulp and paper, organic chemicals, machinery and cereals. There is also significant potential for manufactured products such as transportation equipment, processed food, and high-technology equipment needed to help fuel Malaysia's rapid industrialization.

Exports of Canadian services in engineering consulting and other areas are thriving as the Malaysian government offers myriad tax incentives and subsidies to hightech industries to help the country boost automation and mechanization.

Canadian imports from Malaysia increased by \$336 million in 1993 to \$1.2 billion in 1994 and include mostly manufactured products such as consumer electronics and electrical machinery, rubber articles, boilers, and clothing.

Canadian Presence

Canada is not a major investor in Malaysia; however, direct investment and joint ventures continue to grow. Canadian investors in Malaysia include Bata Shoes Ltd., Alcan Aluminum, Northern Telecom, and Dominion Textiles. As well, Canadian firms in the manufacturing and service sectors have signed approximately 50 signed agreements.

In 1991, the Enterprise Malaysia-Canada Project was established by the Canadian International Development Agency to promote joint ventures and other business partnering arrangements.

Bilateral arrangements avoiding double taxation and protecting Canadian investments in Malaysia contribute to the stability of investment relations between the two countries.

Canada and Malaysia have a long history of co-operation in several key sectors of the economy, including forestry, environment, energy, transportation, telecommunications, aviation and aerospace.

Education is another key sector, with co-operation dating back to the Colombo Plan in the 1950s. Since then, it has expanded enormously — over 70,000 Malaysians have received their secondary or tertiary education in Canada.

Promising Sectors

Malaysia's National Development Plan (1991-2000) encourages investment in high-tech manufacturing and infrastructure. Considerable opportunity for Canadian companies lie in the following sectors:

- **Transportation:** Major projects include the new Kuala Lumpur International Airport at Sepang, phase two of the Kuala Lumpur light rail transit system and monorail system, and the supply of rail locomotives and cars.
- **Communications and Informatics:** Several projects should be of interest to Canadian companies in geographic information systems, telecommunications, satellite receiving equipment, sea surveillance systems, railway signalling and railway telecommunications training.
- **Environment:** The Malaysian government has identified air and water quality, landfill and solid waste handling, and noise pollution abatement as priorities.
- **Defence:** Opportunities exist for a variety of land vehicles, rockets, aircraft cockpit simulators and defence equipment.
- **Power and Energy:** There are several large projects being planned, in particular the new 2400 mw, \$8-billion Bakun hydroelectric project.

PUBLICATIONS

MALAYSIA

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