

26 million reasons for growth

TWSJ - 18/9/2006

Diplomats and expatriates probably are the hardest persons to please, perhaps second only to hard-nosed investors.

Malaysia's founding fathers spoke till they were blue in the face to convince a skeptical world that this nation, which became independent on August 31, 1957, would one day be a choice destination for diplomats and investors.

They would find vindication in the fact that one year short of celebrating its 50th year as an independent country, Malaysia is not only a favoured destination of this hard-to-satisfy group, but the very same multi-cultural diversity that they feared was a time bomb has now proven to be the country's greatest asset.

Kuala Lumpur is no longer considered a hardship posting and for some it is a choice destination. Some expatriates have even made Malaysia their home after finishing their tour of duty.

The statistics tell it all. Since 1957,

- Gross Domestic Product (GDP) growth has averaged 6.5 per cent per annum, raising per capita income from US\$300 to US\$5,334 in 2006;

- Poverty levels have been reduced from 40 per cent to 5.7 per cent;

- Infrastructure is first class and the highways, ports and airports are comparable to the best in the world;

- Health care is of the highest quality and attracts medical tourists from throughout the region, Europe and Australia; and

- The economy has shaken off its dependence on commodities, is highly diversified, has a strong manufacturing base and is on the cusp of forging ahead with knowledge-based sectors such as information and communications technology and biotechnology.

Professor Jeffrey Sachs, the Director of the Earth Institute at Columbia University and a frequent visitor to Malaysia, has commented:

"Malaysia has achieved all the Millennium Development Goals. We wish the world is in the position Malaysia is in - making progress."

Sachs, who is also director of the United Nations Millennium Project and Special Advisor to UN secretary-general Kofi Annan on the Millennium Development Goals, adds: "Malaysia's success could be replicated."

Take all the progress and the changes in the physical landscape and add in the low cost of living, the varied cuisine prepared by its multi-racial population, the rich diversity of cultures, a heritage drawn from some of the world's oldest civilizations - Indian, Chinese and Malay - and you have a package that is hard, if not

impossible, to match.

The road ahead has been clearly marked out in the Third Industrial Master Plan (IMP3) and the Ninth Malaysia Plan (2006 - 2010) and in tandem with the best practice worldwide, issues such as good governance, transparency, better delivery systems and reduced bureaucracy are constantly being examined and improved.


After the consolidation exercise undertaken by the banking system almost a decade ago, banks are healthy and robust. The financial landscape is being transformed, driven by liberalization and consolidation.

Malaysian capital markets and intermediaries are playing a larger role than ever before and Malaysia is at the forefront of Islamic banking and financial instruments, attracting more and more foreign banks to its shores.

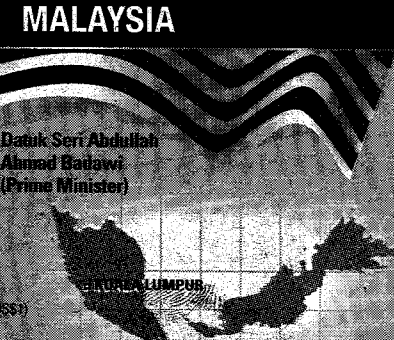
Today, Malaysia boasts the biggest Islamic bond market in the world with almost 11 per cent of total banking assets parked under the Islamic banking umbrella. It is growing steadily and by 2010, it is expected to increase to at least 20 per cent.

There are 26 million people in Malaysia. And these are the other 26 million reasons why Malaysia will continue to grow as it has for the last 49 years.

MALAYSIA



Datuk Seri Abdullah Ahmad Badawi
(Prime Minister)

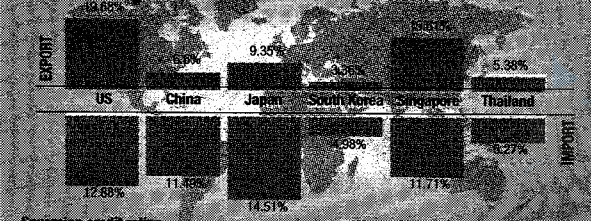


Capital: Kuala Lumpur
 Races: Malay, Chinese, Indian
 Official religion: Islam
 Area: 330,232 sq km
 Language: Bahasa Malaysia
 Currency: Ringgit (RM) 70 = (US\$) 1
 Population: 26m

Economic summary	2006	2007
Total GNP (US\$bn)	142.1	155.4
Real GDP growth (annual % change)	5.8	6.0
Per capita income (US\$)	5,334	5,721
Inflation (annual % change in CPI)	3.9	N/A
Agriculture output (annual % change)	5.3	4.7
Industrial production (annual % change)	7.3	6.8
Services (annual % change)	5.7	6.0
Unemployment rate (% of labour force)	3.5	3.5
Money supply, M2 (annual % change)	11.2	N/A
Development expenditure (US\$bn)	9.32	11.35
Government budget balance (% of GDP)	-3.5	-3.4
Current account balance (US\$bn)	4.1	5.9
Merchandise exports (US\$bn)	182.1	176.7
Merchandise imports (US\$bn)	131.9	145.0
Trade balance (US\$bn)	50.2	31.6

Source: Ministry of Finance & Ministry of International Trade & Industry

► **Main Trading Partners** Share of total trade in 2005



Country	Export Share (%)	Import Share (%)
US	19.6%	12.6%
China	9.9%	11.4%
Japan	9.3%	14.5%
South Korea	4.3%	3.8%
Singapore	5.8%	11.7%
Thailand	5.2%	6.2%

Sovereign credit rating: A1 (2006) A2 (2005) A (2004) A- (2003) A- (2002) A- (2001) A- (2000) A- (1999) A- (1998) A- (1997) A- (1996) A- (1995) A- (1994) A- (1993) A- (1992) A- (1991) A- (1990) A- (1989) A- (1988) A- (1987) A- (1986) A- (1985) A- (1984) A- (1983) A- (1982) A- (1981) A- (1980) A- (1979) A- (1978) A- (1977) A- (1976) A- (1975) A- (1974) A- (1973) A- (1972) A- (1971) A- (1970) A- (1969) A- (1968) A- (1967) A- (1966) A- (1965) A- (1964) A- (1963) A- (1962) A- (1961) A- (1960) A- (1959) A- (1958) A- (1957) A- (1956) A- (1955) A- (1954) A- (1953) A- (1952) A- (1951) A- (1950) A- (1949) A- (1948) A- (1947) A- (1946) A- (1945) A- (1944) A- (1943) A- (1942) A- (1941) A- (1940) A- (1939) A- (1938) A- (1937) A- (1936) A- (1935) A- (1934) A- (1933) A- (1932) A- (1931) A- (1930) A- (1929) A- (1928) A- (1927) A- (1926) A- (1925) A- (1924) A- (1923) A- (1922) A- (1921) A- (1920) A- (1919) A- (1918) A- (1917) A- (1916) A- (1915) A- (1914) A- (1913) A- (1912) A- (1911) A- (1910) A- 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