

MALAYSIA

T O D A Y

towards the new

Millennium

“... an excellent overview of the achievements of the nation.
The reader can discover the extraordinary
transformation of Malaysia.”

DR MAHATHIR MOHAMAD *Prime Minister of Malaysia*



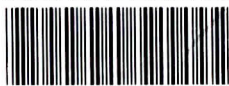
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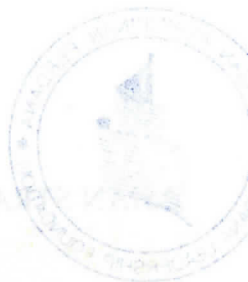
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FOREWORD

Dr Mahathir Mohamad
Prime Minister of Malaysia

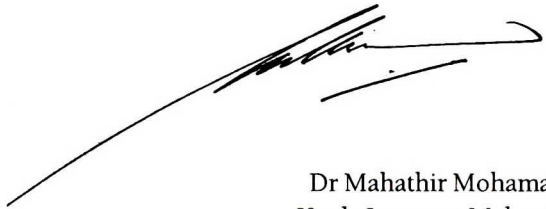
FIRSTLY, let me congratulate the Asian Strategy & Leadership Institute (ASLI) for initiating the publication of *Malaysia Today* which provides a useful insight into present Malaysia and its future direction.

Malaysia Today will provide an excellent overview of the achievements of the nation. The reader can discover the extraordinary transformation of Malaysia. The collection of articles is, therefore, timely for it serves as a useful source of reference to organisations, governments and corporate libraries as well as individuals locally and abroad.

Malaysia has formulated a strategic plan known as Vision 2020 to become a fully-developed nation by the year 2020. It requires concerted development in all areas: political, economic, social, spiritual, psychological and cultural.

To remain globally competitive, Malaysia will have to depend on its ability to promote new sources of growth. Capital-intensive and high value-added technologically sophisticated industries will be the cornerstone of Malaysia's economic development strategy. Great strides in technology and management sciences will demand a well-trained and highly-skilled workforce to achieve greater productivity and efficiency.

Therefore, ASLI's effort to produce *Malaysia Today* is highly commendable.



Dr Mahathir Mohamad
Kuala Lumpur, Malaysia

PREFACE

Mirzan Mahathir
President

Asian Strategy & Leadership Institute

TIME and time again, visitors to Malaysia have asked the question: "What is the formula for success? The formula that turned this nation from an agricultural-based economy just ten years ago to one of the most dynamic and fast industrialising economies of the world." They also wonder about our strategies to continue this phenomenal growth in the face of new challenges in order to achieve fully-developed nation status by the year 2020.

Questions were raised on the social, environmental, cultural and political impact of this growth. Time and time again, we at the Asian Strategy & Leadership Institute (ASLI) were asked these questions and we found that it was difficult to find a single publication that gave a reasonable understanding of this subject.

We, therefore, decided to embark on a publishing project which brings together in one publication articles written by those who are directly involved in formulating or implementing policies that direct our nation along the development path. Our writers were enthusiastic in wanting to shed light on the many initiatives which contributed towards our nation-building effort. Their articles together paint a picture of far-sighted strategic thinking and planning, determined leadership and innovative solutions to age-old problems.

We are deeply grateful for the time and effort put in by our distinguished writers for producing articles of such outstanding quality.

Malaysia has indeed come a long way. We hope this book gives the reader a snapshot of our situation, the journey to where we are today and the kinds of initiatives that are now being undertaken that will move us towards our goal. Admittedly, we did not cover everything as the situation is indeed dynamic and new initiatives are announced and promoted by the day.

We hope that through this publication, the reader will have a better understanding of the myriad initiatives that in total make up our recipe for success in nation-building.

ACKNOWLEDGEMENT

Michael Yeoh
Executive Vice-President
Asian Strategy & Leadership Institute

MALAYSIA'S economic transformation has been described as nothing short of remarkable. Within the span of one generation, Malaysia has become a newly-industrialised country with manufacturing exports outstripping agricultural produce. Malaysia has emerged the world's 19th largest trading nation in less than 40 years of independence.

Malaysia today is a nation in transition as we become a more mature economy, moving up the development ladder, with a greater focus on services and value-added manufacturing. The push towards high-technology industries away from labour-intensive assembly-line operations brings forth new challenges for Malaysia. The Malaysian economy continues to chug along at a buoyant 8 per cent growth rate. At the same time, new stresses and strains have emerged as a result of the nation's economic success. The acute labour shortage has caused wage costs to spiral, whilst the dependence on foreign labour has created a myriad social problems.

Nevertheless, the future of Malaysia remains bright. Malaysia is indeed a shining star in Southeast Asia. The new millennium brings forth both challenges and opportunities. The Asian Strategy & Leadership Institute (ASLI), in line with its vision of being the foremost knowledge channel, is proud to undertake this special publication to chronicle the many facets of life in Malaysia today—economically, politically, socially and culturally.

Malaysia Today is a multi-faceted, one-stop reference on the state of the Malaysian nation and its future vision, hopes, strategies and directions. By chronicling the achievements and successes of the nation, it provides a glimpse into what the future will look like. It feels the pulse of the Malaysian economy and the rhythm of development.

Malaysia Today comprises forty-three articles on a broad spectrum of subjects. The articles are listed under five broad categories: Economic Development, Infrastructure Development, Industrial Development, Defence and Foreign Policy, and the Malaysian Experience. These articles by CEO's of leading corporations, cabinet ministers, senior government officials, academicians and strategic thinkers provide a kaleidoscope of views into various aspects of Malaysia. We are indebted to them for their contributions. These are the people who are the prime-movers of modern Malaysia. They are the architects of the new Malaysian society. And it is their efforts that have provided the building blocks for a dynamic, progressive and confident nation that will emerge as a global player and a world-class nation in the new millennium.

The publishers would like to thank all the contributors for sharing their thoughts and perspectives with us. Their analyses provide useful insights and up-to-date information. ASLI also wishes to acknowledge the sponsorship of Rashid Hussain Bhd, TA Enterprises Bhd and Hongkong Bank Malaysia.

Finally, I wish to place on record ASLI's appreciation to the team that worked so hard to produce this publication, in particular Jean Wong, Thayalan Nathan and Iris Yeoh. Their cooperation and dedication were invaluable. We also wish to thank the Prime Minister of Malaysia, Dato' Seri Dr Mahathir Mohamad for his Foreword.

This publication serves as a testimony to the efforts of the many who contributed towards its success and, hopefully, will be a useful guide for anyone interested in learning more about Malaysia. I hope this publication will provide some useful ideas and complement the reader's knowledge of the strategic challenges, future prospects and business opportunities in Malaysia.

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ECONOMIC
DEVELOPMENT

1
DEVELOPING WORLD-CLASS
MALAYSIAN BRANDS

Rafidah Aziz

UNDER the Seventh Malaysia Plan, a major future challenge faced by the nation is to encourage a global approach to industrialisation to enable firms to venture into large-scale operations so that the benefits of economies of scale can be enjoyed through increased production for export to the world market.

During the Seventh Malaysia Plan period, the export-oriented strategy will continue to be emphasised. The liberalisation of the international trading environment and the removal of the GSP schemes by the United States of America in 1997 will provide both opportunities and challenges for the country's export. In this respect, there is still considerable scope for the expansion of manufactured exports, considering that the country's share of manufactured exports in the global market is only about 1.0 per cent. In order to sustain the growth of export-oriented industries, there is a need to build upon existing comparative advantages, diversify exports and penetrate new markets.

Malaysian manufacturers need to strengthen their efforts in promoting Malaysian brands and designs in order to gain greater market niches. Intensive advertising and marketing need to be undertaken to promote Malaysian brand names. Brand promotion will provide opportunities for Malaysian products to penetrate higher segments and specific niches in the international market. Malaysian manufacturers must target production for the global market. There is a need for industries to emphasise R&D and quality standards as well as intensify efforts on a sustained basis in product development and process innovation. The strategic changes in production will have to be accompanied by concerted and aggressive marketing of Malaysian products, using their own brand names in traditional and new markets.

Malaysia's economic transformation has been nothing short of remarkable. Within the span of a generation, Malaysia has become a newly-industrialised country with exports outstripping agricultural produce. Malaysia has become the world's 19th largest trading nation in less than 40 years of independence.

The push towards high-technology industries and away from labour-intensive assembly-line operations brings forth new challenges for Malaysia. At the same time, new stresses and strains have emerged as a result of the nation's economic success. The acute labour shortage, for instance, has caused wage costs to spiral, whilst dependence on foreign labour has resulted in social problems.

MALAYSIA TODAY TOWARDS THE NEW MILLENNIUM provides a multi-faceted overview of Malaysia's vision, hopes, strategies and direction. By chronicling Malaysia's achievements and successes, it provides an insight into the nation today and its future direction. By delving into areas as diverse as economics, infrastructure, industry, defence and foreign policy, and the Malaysian experience, it paints a picture of far-sighted strategic thinking and planning, determined leadership and the search for solutions to age-old problems. In order to remain globally competitive, Malaysia will have to depend on its ability to promote new sources of growth. Capital-intensive and high value-added technology-based industries will be the cornerstone of its economic development strategy.

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