

Country Assistance Policy for Malaysia

2012.4

1. Significance of Assistance to Malaysia

Malaysia has a geopolitical importance as it is a coastal country in the Straits of Malacca, a strategic position for international maritime transportation. It has a great economic importance as one of the main footholds for the advancement of Japanese industries into foreign markets (about 1,400 Japanese companies have been established) and as a major supplier of natural gas to Japan. It promotes the “Look East Policy” which attaches great importance to the relationship with Japan and also reserves sizeable influence in the international arena as a stable moderate Islamic country.

Moreover, Malaysia has been identified as a success case among ASEAN countries for having made remarkable advances of economic growth with synergies gained from development assistance, trade and investment from Japan.

While Malaysia aspires to become a high-income country, issues such as transformation into a high value-added economy, harmonisation of development and environmental protection, equal education and working opportunities and protection of the socially vulnerable still remain to be tackled.

Malaysia has been moving toward becoming an ODA graduated country¹, and is a significant country to become a model of development cooperation with more of a mutual partnership rather than a donor-recipient country relationship.

2. Basic Policy of Assistance : i) To establish a good relationship as cooperation partners, and ii) to promote regional cooperation in East Asia region

Japan aims not only to promote bilateral cooperation but also to build a good relationship as partners working toward common goals in the East Asian region or in the international community at large. Through the support for Malaysia's further socioeconomic development, Japan will promote ASEAN integration and hence regional cooperation in East Asia, and will eventually build up a relationship with Malaysia in which Japan and Malaysia will work together as global development partners to address issues in the international community beyond the region.

¹ Developing country above the level of national per capita income of upper middle income countries and also countries listed in the DAC list of ODA recipients which the GNI per capita used for 2010 are above 6,925 USD (Malaysia is 7,900USD)

3. Priority Areas

3.1 Supporting a balanced development towards Malaysia becoming a high-income nation

Considering Malaysia's aspiration to become a high-income nation by 2020, Japan supports Malaysia in areas that contribute to further economic growth, such as improvement of administrative ability, higher education including development of human resources for industry, infrastructure development, and energy issues, and areas that are conducive to a stability of society, such as environmental protection and protection of the socially vulnerable. Implementation will take possibility of public-private partnerships into consideration. Japan will provide assistance that will enhance mutual benefit of Japan and Malaysia and that will make Malaysia's development a regional model.

3.2 Response to common issues in East Asian region

To enhance the benefit for the whole East Asian region, Japan supports Malaysia's efforts for human resource development and the promotion of cooperation, in order to cope with common challenges in the East Asian region such as improvement of ASEAN connectivity, maritime security/safety, disaster prevention and infectious diseases control.

3.3 Japan-Malaysia Development Partnership beyond the East Asian region

In order to develop a relationship with Malaysia as a global development partner that address global issues, Japan will assist Malaysia to become a donor country and promote South-South cooperation to tackle challenges in regions beyond East Asia, such as Palestine and Africa.

4. Points to be noted²

The cooperation with Malaysia should be aimed at creating a model of development cooperation with countries moving towards graduation from ODA. Moreover, it is important to bear in mind that an ASEAN community is planned to be established by 2015, and its development beyond would have a significant influence on the future prosperity and stability of the East Asian region.

Annex: Rolling Plan

² The ODA Country Assistance Evaluation subject to Malaysia carried out is as below.
The report of Country Assistance Evaluation of Malaysia(2010):
<http://www.mofa.go.jp/policy/oda/evaluation/FY2010/text-pdf/malaysia.pdf>