

# Country Development Cooperation Policy for Malaysia

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## 1. Purpose of Development Cooperation

Malaysia has a geopolitical importance as it is a coastal country in the Straits of Malacca, a strategic position for international maritime transportation and also an important sea lane for Japan. 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 are existing in Malaysia) and as a major supplier of natural gas to Japan. It promotes the Second Wave of the Look East Policy (LEP2.0), which was agreed in the Japan-Malaysia Summit Meeting in 2015 and succeeds the Look East Policy (LEP), attaching great importance to the relationship with Japan. It 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 nation, issues such as transformation into a high value-added economy, infrastructure developments to eradicate traffic congestion, harmonisation of development and environmental protection, equal education and working opportunities and protection of the socially vulnerable still remain to be tackled.

Although Malaysia is within the scope of Japanese ODA , its income level is relatively higher than other recipient countries, and is a significant country for Japan in shaping a model of development cooperation that is underpinned not by a traditional donor-recipient relationship but by a mutual partnership.

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

In the 11<sup>th</sup> Malaysia Plan (2016-2020), the Malaysian government recognizes protection of the socially vulnerable and harmonisation of development and environmental protection as important issues, along with sustainable economic development by improving productivity. It is important for Malaysia to balance developing the economy to achieve the goal of becoming a high-income nation by 2020 and solving existing domestic issues . Through the support for Malaysia's further socioeconomic development via not only bilateral cooperation but various

actors including the private sector and the grass-roots level, 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.

### 3. Priority Areas

#### (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 capacity, higher education including human resource development for industry, quality infrastructure development including railway infrastructure, especially the High-Speed-Rail, and energy issues, and areas that are conducive to a stability of society, such as environmental protection and protection of the socially vulnerable with taking public-private partnerships into consideration. Japan will strengthen cooperation including training in the areas of (i) advanced industrial technologies, (ii) services collaboration and (iii) managerial skills and competencies in the public and private sectors that are identified in the guiding document of LEP2.0, which was agreed in the Japan-Malaysia Summit Meeting in 2015. Japan will provide assistance that will enhance mutual benefit of Japan and Malaysia and make Malaysia's development a regional model.

#### (2) Response to common challenges 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, promotion of the rule of law at sea, disaster prevention and infectious diseases control.

#### (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 noted<sup>1</sup>

The cooperation with Malaysia should be aimed at creating a model of development cooperation with countries with a relatively high income level. Moreover, it is important to bear in mind that an ASEAN community was established in 2015, and its development beyond would have a significant influence on the future prosperity and stability of the East Asian region.

#### Annex: Rolling Plan

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<sup>1</sup> 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>