

**Data Collection Survey on
Economic Cooperation under
South-South Cooperation in
Malaysia**

Final Report

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Acronyms

AIM	<i>Agensi Inovasi Malaysia</i> or Malaysian Innovation Agency
ASEAN	Association of Southeast Asian Nations
BIMP-EAGA	Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area
CIDB	Construction Industry Development Board
ECDC	Economic Cooperation among Developing Countries
DOSM	Department of Statistics Malaysia
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
HDC	Halal Development Corporation
GLC	Government Linked Company
IGEM	International Greentech & Eco Products Exhibition and Conference Malaysia
ITC	International Trade Statistics
IMT-GT	Indonesia-Malaysia-Thailand Growth Triangle
JAKIM	<i>Jabatan Kemajuan Islam Malaysia</i> or Islamic Development Department
JETRO	Japan External Trade Organization
JICA	Japanese International Cooperation Agency
MaGIC	Malaysian Global Innovation & Creativity Centre
MARDI	Malaysian Agricultural Research and Development Institute
MASSCORP	Malaysian South-South Corporation Berhad
MATRADE	Malaysia External Trade Development Corporation
MIDA	Malaysian Investment Development Authority
MITI	Ministry of International Trade and Industry
MOFA	Ministry of Foreign Affairs Malaysia
MPC	Malaysian Productivity Corporation
MTCP	Malaysian Technical Cooperation Programme
NAM	Non-Aligned Movement
PEMANDU	Performance, Management & Delivery Unit, Prime Minister's Department
R&D	Research and Development
SDGs	Sustainable Development Goals
SIRIM	Scientific and Industrial Research Institute of Malaysia
SMECorp	SME Corporation Malaysia
SSC	South-South Cooperation
TCTP	Third Country Training Programme
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
WTO	World Trade Organization

Executive Summary

This is a JICA study on Economic Cooperation under South-South Cooperation in Malaysia. The Terms of Reference (TOR), dated 9 August 2017, stated three key objectives:

- i.) To collect information on Economic Cooperation of Malaysia targeted to developing countries;
- ii.) To examine possible engagement on penetration to other developing countries based on the success in Malaysia by Japanese companies; and
- iii.) To examine possible engagement to supplement JICA's development cooperation through private sector in Malaysia.

As background, South-South Cooperation (SSC) is a broad framework for cooperation among countries of the Global South to support their own development. In Malaysia's case, it took the form of the Malaysian Technical Cooperation Programme (MTCP). It has expanded to include cooperation with JICA under the umbrella name of Third Country Training Programme (TCTP). SSC co-existed with the conventional technical cooperation that comprises government-to-government initiatives. However, changing global and regional conditions has resulted in less direct aid from developed countries. With the adoption of the Sustainable Development Goals (SDGs), and the importance of the Global Compact, the role of the private sector, especially under Goal 17, has taken a new dimension. With Malaysia's emergence as a newly industrialising country, the private sector has taken a big role in the domestic economy as well as the export sector. There appears to be opportunities for exploring economic cooperation through the private sector. Thus, a study to explore the feasibility of economic cooperation with developing countries (ECDC) in partnership with the private sector could lead to a new programme in Malaysia.

It is observed that the Malaysian government's foreign policy on SSC¹ has shifted from the 1990s policy. There is now greater regional emphasis, especially in ASEAN affairs. Coincidentally, the annual number of participants under the MTCP have also declined along with the budget for South-South activities. In this regard, the emphasis on the private sector would be a logical way to explore greater ECDC opportunities. And ECDC initiative would focus on the private sector's potential contribution to South-South development with potential support from government or development partners.

¹ Proposals to expand the SSC programme was made around 2010 when the MTCP was moved from the Economic Planning Unit to the Ministry of Foreign Affairs.

The Inception report presented the methodology for the study along with a plan for its implementation, personnel allocation plan and description of their roles, a bibliographic survey, a list of institutions for interview and questionnaires that meet the study's requirements.

This study has reviewed government policies related to SSC and in particular ECDC. Although Malaysia was one of the early leaders of the southern countries, and had taken leadership positions in organisations such as the Group of 77 (G77), the Group of Fifteen (G15), the Non-Aligned Movement (NAM) and the South Commission, its role has since shifted to a regional focus on ASEAN. This is understandable since ASEAN accounts for 27% of Malaysia's total trade as well as 22% of foreign direct investment in Malaysia. Although, Malaysia benefited from its SSC position, such as increased trade and investment opportunities, in 2010, the focus has shifted to building Malaysia's internal capacity to become more competitive and to attain its goal of becoming a high income and developed nation by 2020. As policies shifted, so did the agencies and government institutions shift away from an SSC framework. Despite these changes Malaysia did not abandon the MTCP entirely. By 2017, more than 32,000 participants have taken part in MTCP activities. However, even though 2020 is just two years away, it seems that Malaysia is not yet prepared to take a more involved role in SSC.

The study moved onto discussing SSC and ECDC experience and opportunities with key agencies, organisations and a few individuals with past and current experience in this area. They were divided into three types: government, research institutes and the private sector. A total of 36 organisations and individuals were contacted for interviews, but actual interviews and inputs were obtained from 29. The large majority of respondents were from the government, and about one-third were from research institutions or the private sector.

Malaysia's SSC experience is mainly led by the government agencies and research institutions that participated in MTCP. However, they are not concerned with SSC or development cooperation. Instead, individual agencies focus on their work, are concerned with their own budgets and mandates and do not see the potential for ECDC. There appears to be no overall coordinator for ECDC in Malaysia. For the private sector, the respondents noted that a government-led initiative is needed as businesses are wary of the risks associated with taking investment decisions in countries that do not have the social, economic and physical infrastructure or governance system to support foreign investment. Development cooperation should extend to developing infrastructure and governance systems to support foreign investment in order to enable ECDC to play its rightful role in a developing country partnership.

Six (6) recommendations are proposed for the involvement of JICA with ECDC in Malaysia. First, Malaysia has some expertise in certain areas that should be tapped, where the private sector also has expertise, such as in commodity production and trade, halal certification, Islamic finance, industrialisation and even in construction management.

Second, Malaysia could be an example for other Islamic countries interested in participating in development, as Malaysia has a track record of successful development experience.

Third, undeveloped local regions would benefit significantly from Malaysia's involvement, especially its triangular cooperation programmes, BIMP-EAGA and IMT-GT. An area that would benefit significantly is to help support the development of local regions that are still undeveloped, following from Malaysia's growth triangle programmes.

Fourth, the government-to-government (G2G) model where governments (donor and recipient) agree on the private sector participation, is still relevant. This kind of investment (and trade to a certain extent) requires recipient countries to make commitments such that the regulatory risks are reduced and governance improved. Malaysian expertise can play a key role in this area.

Fifth, Malaysian expertise in development has not been fully engaged to serve ECDC, particularly in the skills, knowledge and experience of its talent pool, and deploying PEMANDU's development experience in solving complex on-the ground problems in countries of the global south could also be considered.

Finally, as Malaysia is not yet ready to take on a developed country's responsibility with respect to SSC, it is proposed that current modalities, such as TCTP be continued for the near future.

1. Introduction

SSC is a broad framework for cooperation among countries of the Global South in support of their own development. Malaysia's support of SSC is most visible in the Malaysian Technical Cooperation Programme (MTCP). It expanded to include cooperation with JICA under the umbrella name of Third Country Training Programme (TCTP). SSC co-existed with conventional technical cooperation that consists mainly of government-to-government initiatives. Due to changing global and regional conditions post 2010, direct aid from developed countries was reduced. The adoption of the Sustainable Development Goals (SDGs) in 2015 and the rising importance of the Global Compact has breathed new life into the role of the private sector, especially within the framework of SDG Goal 17 (Partnerships for the Goals). In the case of Malaysia, the private sector has taken a significant role in the development of the domestic economy and export-oriented industries. Given these conditions, there appear to be opportunities for exploring economic cooperation through the private sector. Thus, a study to explore the feasibility of economic cooperation with developing countries (ECDC) in partnership with the private sector could lead to a new programme in Malaysia.

The objective of the study is to analyse the current situation, and to project forward to the middle to long term situation for ECDC, based on the views of the Malaysian government and businesses on South-South activities, as well as other research efforts that includes a literature and document review.

The data collection methods include a bibliographical survey (literature review) and interview with stakeholders that were carried out during the study period². The interviews were mainly conducted in person, however, due to time constraint and logistics arrangement, a few interviews were carried out via telephone interview or by email. The methodology used in this study is shown in **Figure 1.1**.

² A detailed description of the methodology for this study is in the Inception Report (19th October 2017).

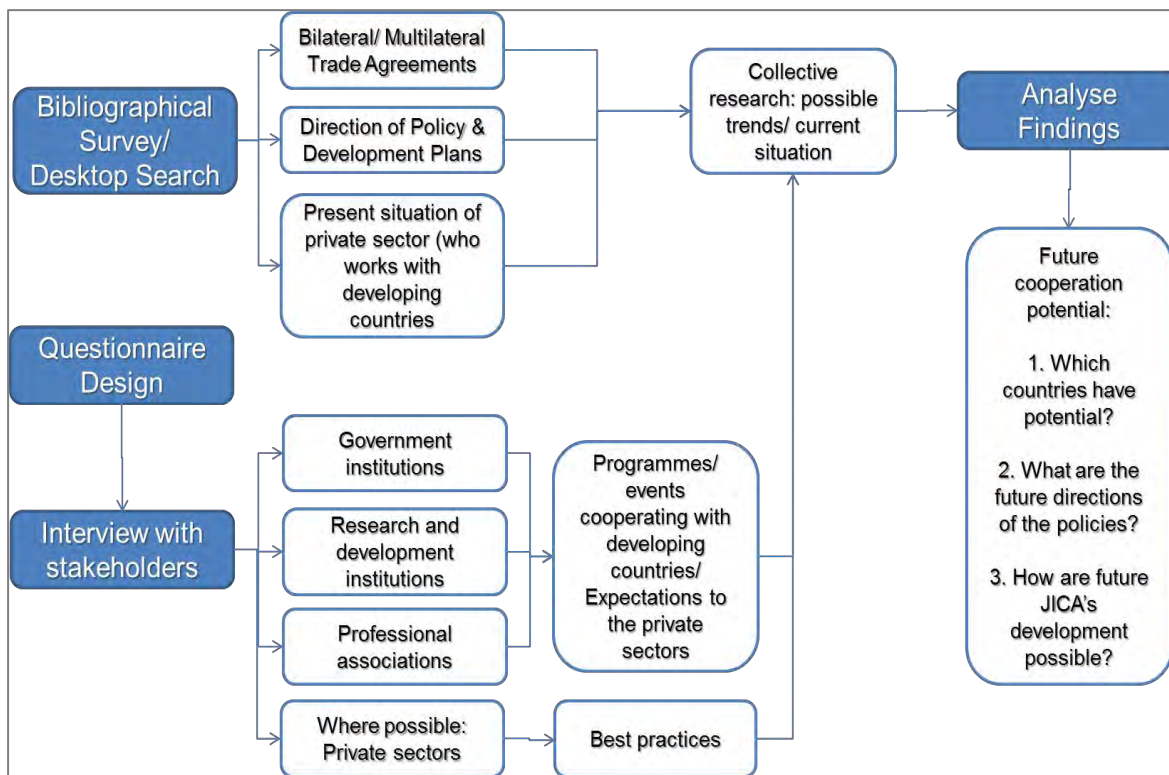


Figure 1.1: Research Methodology

1.1 A Short History of ECDC

This section provides a short history of ECDC from the perspective of the UNCTAD.

Phase 1: The 1950s and 1960s

Economic Cooperation and Integration among Developing Countries (ECIDC) has a long history going back to the Asian-African Conference (Bandung Conference) held in Indonesia in 1955.

A number of groupings emerged over the coming decades boosting political, cultural, economic and technical cooperation. Coordination of these countries at a multilateral level was advanced with the establishment of the Non Aligned Movement (NAM) in 1961 and through the **Cairo Conference in 1962** on the Problems of Economic Development which led to the creation of the so-called Group of Seventy Seven (G77) and **UNCTAD** in 1964.

UNCTAD was the first agency to recognize the need to promote ECDC as part of its regular work programme.

Phase 2: The 1970s and 1980s

Subsequent work by UNCTAD focused on a global system of trade preferences among developing (GSTP), financial and monetary cooperation (with the G24), as well as technical support for interregional cooperation programmes.

The **UNCTAD III held in 1972 in Santiago de Chile**, prompted the transformation of the Working Programme on Trade Expansion and Economic Integration among Developing Countries into a Division status. From 1974, much of this work was linked to the efforts to establish a New International Economic Order (NIEO) adopted in the United Nations General Assembly resolution A/RES/S-6/3201.

In 1974, the UNDP set up a special unit to promote technical cooperation. In 1978, the **UN Conference on Technical Cooperation among Developing Countries (TCDC)** was held in Buenos Aires adopting the Buenos Aires Plan of Action on TCDC a blueprint document boosting technical cooperation. This effort was cut short by the debt crisis of the early 1980s when several Latin American countries failed to repay huge international debt³. However, closer regional integration did continue, although in a very uneven fashion, raising new policy challenges for developing countries.

The rapid development of the East Asian region involved particularly strong regional ties which have been extensively examined by UNCTAD. UNCTAD was also called upon to support a number of monetary cooperation schemes drawing lessons from experiences in other regions and prompting a platform for dialogue between delegations of different parties of the developing and developed world.

In 1983 the ECDC Committee re-formulated UNCTAD's ECDC programme securing that work on this project was approved.

Phase 3: The 1990s and 2000s

Subsequent work on SSC has continued in UNCTAD albeit on a much more decentralized and ad hoc basis through the work programme of each division.

UNCTAD IX in Midrand, South Africa led to a commensurate restructuring of the Secretariat and the abolition of the Division on ECDC. The Conference felt that this cross-sectoral issue could be best addressed by introducing an ECDC emphasis in the work of each of the substantive Division of UNCTAD with an overall coordination role given to the Development Policies Branch of the Division on Globalisation and Development Strategies.

³ Their failure was due to huge borrowings by Latin American countries and also the 1982 oil crisis when OPEC countries restricted oil supply and created a global economic crisis.

UNCTAD XI held in Sao Paulo led to a new momentum in SSC which was later crystallized at UNCTAD XII in Ghana.

The Accra Accord of UNCTAD XII recognized the growing importance of SSC and the potential role that UNCTAD could play in supporting this trend.

In 1995, General Assembly with its resolution A/RES/50/119 on economic and technical cooperation among developing countries had called for a United Nations conference on SSC which was only held in Nairobi in December 2009.

UNCTAD Secretary General Panitchpakdi decided to establish a unit on ECIDC in July 2009 aiming to revitalise its work on this issue. The unit was implemented with posts provided by the development pillar endorsed by the General Assembly in its resolution A/RES/63/260 of December 2008.

Phase 4: Post 2010

South-South trade rebounded strongly after the global financial crisis of 2007-8. By 2010, South-South trade accounted for 23 per cent of global trade, and merchandise exports reached US\$4 trillion in 2011. Part of this was due to the successful conclusion of the third round of the Global System of Trade Preferences among Developing Countries (GSTP) which was also known as the “Sao Paulo” Round of UNCTAD XI in 2011. The GSTP is the most significant inter-regional trading agreement and created an opportunity for expansion and diversification of trade among participating countries. It also reaffirms the growing role of South-South Economic Cooperation, thus encouraging the participation of other members. South-South exports in nominal terms was higher in 2010 than before the global crisis, a testimony of the resilience of trade amongst countries of the Global South.

2. Direction of Relevant Government Policies with respect to SSC

2.1 Introduction

This chapter will review relevant government policies related to SSC and in particular ECDC. It is observed that Malaysia was one of the early leaders amongst countries of the Global South, and had taken leadership positions in organisations such as the G77, the G15, the Non-Aligned Movement (NAM) and the South Commission. Since the 1960s, Malaysia was also a keen participant in major global forums like UNCTAD and the United Nations. Participation in South-South affairs gave Malaysia a strong voice in geopolitics, allowing its voice to be heard in many international fora. Other benefits included increased trade and investment opportunities.

2.2 Policies before 2010

In 1978, Malaysia set up the Malaysian Technical Cooperation Programme (MTCP) that signified Malaysia's commitment to SSC, in particular technical cooperation among developing countries (TCDC). The MTCP was based on the belief that the development of a country depended on the quality of its human resources. The programme forms part of Malaysia's commitment towards the promotion of technical cooperation among developing countries, strengthening of regional and sub-regional cooperation, as well as nurturing collective self-reliance among developing countries⁴.

Implemented by Malaysian government agencies, training institutions, universities and the private sector, the MTCP had five types of programmes, e.g. long term fellowships and scholarships, short term specialised training, study visits and practical attachment, advisory services, and socio-economic projects.

Between the Fourth and the Ninth Malaysia Plans, i.e. 1981-2010, the annual number of participants trained through this programme rose from 100+ to 1,700+. The large numbers in the Eighth and Ninth Malaysia Plans was due to a shift towards short term training programmes, where more participants are trained.

Additionally, throughout the 1980s and 1990s, Malaysia launched several other initiatives, e.g. promoted a consortium of private firms to increase investment and trade with countries of the Global South (i.e. MASSCORP), strengthening bilateral ties via the setting up of growth triangles with

⁴ Extracted from the MTCP website (<http://mtcp.kln.gov.my/about-mtcp?format=pdf>), accessed 29 December 2017.

neighbouring countries (IMT-GT⁵, BIMP-EAGA⁶), setting up South-South business forums, networking and partnerships (e.g. Asian-African Business Forums).

Since 2005, the Malaysian government's foreign policy⁷ has away from SSC. The annual number of participants under the MTCP declined along with the budget for South-South activities, declining sharply from 1,700+ to 500+ participants per year between the Ninth and the Eleventh Malaysia Plan. ASEAN as a policy area became more important, reflecting its economic significance to Malaysia.

In this regard, the emphasis on the private sector would be a logical way to explore greater ECDC opportunities. And ECDC initiative would focus on the private sector's potential contribution to South-South development with potential support from government or development partners.

2.3 The New Economic Model, 2010

The New Economic Model (NEM) that was launched in 2010 sparked the next wave of economic transformation in Malaysia. The NEM's main objective was to transform the Malaysian economy by addressing its declining competitiveness and to strengthen the market-based economy by attracting a higher level of investments and operating at higher levels of efficiency and productivity. At the time of its public announcement, the per capita annual income was US\$7,000, and the NEM's target was US\$15,000 per capita by 2020. The main objectives were "high income, sustainability and inclusiveness". Several key programmes were launched, such as the Economic Transformation Programme (ETP), National Key Result Areas (NKEAs), Strategic Reform Initiatives (SRI), and Government Transformation Programme (GTP), among others.

2.4 The Eleventh Malaysia Plan

The shift in the foreign policy is evident in the Eleventh Malaysia Plan (11MP, 2011-2016). The various chapters in the 11MP showed that the priority has shifted to internationalisation for economic growth across all economic sectors. ASEAN Economic Community (AEC) and Free Trade Agreements (FTAs) are the two main focus areas of the 11MP in supporting International trade. Institutions, such as the National Export Council, are empowered to develop strategies to spur export growth with the aim

⁵ The Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) is a sub-regional program with the objective to stimulate economic development in 32 of these three countries' states and provinces. The IMT-GT covers 14 provinces in southern Thailand, 8 northern states of Peninsular Malaysia, and 10 provinces of Sumatra, Indonesia.

⁶ The Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) is a cooperation initiative with objective to accelerate economic development in areas that are geographically distant from their national capitals, yet in strategic proximity to each. BIMP-EAGA covers the entire Brunei Darussalam; the provinces of Kalimantan, Sulawesi, Maluku and West Papua of Indonesia; the states of Sabah and Sarawak and the federal territory of Labuan in Malaysia; and Mindanao and the province of Palawan in the Philippines.

⁷ Proposals to expand the south-south cooperation programme was made around 2010 when the MTCP was moved from the Economic Planning Unit to the Ministry of Foreign Affairs.

towards maximising opportunities to encourage trade. In addition, various programmes⁸ were also started to strengthen export growth, such as the Services Sector Guarantee Scheme, the Services Export Fund, and the Halal Industry Development Corporation. The targeted sectors include the services sector, including professional services, the halal industry, the construction industry, and also the agricultural export industry.

2.5 Malaysia's Foreign Policy

Malaysia's foreign policy aims to facilitate trade, attract foreign investment as well as to project Malaysia as a stable and peaceful country. Malaysia, as a developing nation, is actively engaged in the Non-Aligned Movement (NAM), the Commonwealth, Group of Seventy Seven (G77), Developing Eight (D8), Asia Middle East Dialogue (AMED), Far East Asia Latin America Cooperation (FEALAC), Indian Ocean Rim Association (IORA), Asia Europe Meeting (ASEM) and Asia Pacific Economic Cooperation (APEC). Through these organisations, Malaysia sought to promote SSC among developing countries⁹.

The Ministry of Foreign Affairs Malaysia's 2016-2020 Strategic Plan is a blueprint for Malaysia's diplomatic affairs and a roadmap for her external relations and foreign policy to 2020. For the objective of Strengthening Bilateral Diplomacy, the strategy is to promote Malaysia's political, economic and strategic interests through a concrete and coherent plan of action. The "number of successful proposals for joint economic development projects" has been set as one of the indicators of achievement.

2.6 Bilateral and Multilateral Trade Agreements

The priority of Malaysia's trade policy is to accord the rule-based multilateral trading system under the World Trade Organisation (WTO). At the same time, Malaysia is also pursuing regional and bilateral trade arrangements to complement its multilateral approach to trade liberalisation. Currently, Malaysia has signed seven (7) bilateral FTAs (FTA partner countries include Japan, Pakistan, New Zealand, India, Chile, Australia and Turkey) and six (6) regional FTAs (as part of the ASEAN member, FTA partner countries include China, Korea, Japan, Australia-New Zealand, India and within ASEAN member states). Malaysia has not signed bilateral FTA with any countries from the Middle East yet.

According to MITI, Malaysia registered increases in exports with FTA partners such as Vietnam, Singapore, Myanmar, the Philippines, Cambodia and Laos (all ASEAN Member States) as well as Turkey, Pakistan and India. The main exports to the FTA partner countries in 2016 were electrical and

⁸ See 11MP, especially Chapters 2 (Strengthening macroeconomic resilience for sustained growth) and Chapter 8 (Re-engineering economic growth for greater prosperity)

⁹ Extracted from the MFA website (http://www.kln.gov.my/web/guest/foreign_policy), accessed 28 October, 2017

electronic (E&E) products, petroleum products, chemicals and chemical products, liquefied natural gas (LNG) and metal products.

Table 2.1: Bilateral FTAs Currently In Force

Bilateral FTAs	Date of Entry into Force (EIF)
1. Malaysia-Japan Economic Partnership Agreement (MJEPA)	13 July 2006
2. Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA)	1 January 2008
3. Malaysia-New Zealand Free Trade Agreement (MNZFTA)	1 August 2010
4. Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA)	1 July 2011
5. Malaysia-Chile Free Trade Agreement (MCFTA)	25 February 2012
6. Malaysia-Australia Free Trade Agreement (MAFTA)	1 January 2013
7. Malaysia-Turkey Free Trade Agreement (MTFTA)	1 August 2015

Source: Extracted from the MITI website (<http://fta.miti.gov.my/index.php/pages/view/4?mid=23>), accessed 28 October 2017.

Table 2.2: Regional FTAs Currently in Force

Regional FTAs	Date of Entry into Force (EIF)
1. ASEAN-China Free Trade Agreement (ACFTA)	1 July 2003
2. ASEAN-Korea Free Trade Agreement (AKFTA)	1 July 2006
3. ASEAN-Japan Comprehensive Economic Partnership (AJCEP)	1 February 2009
4. ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)	1 January 2010
5. ASEAN-India Free Trade Agreement (AIFTA)	1 January 2010
6. ASEAN Trade In Goods Agreement (ATIGA)	17 May 2010

Source: Extracted from the MITI website (<http://fta.miti.gov.my/index.php/pages/view/4?mid=23>), accessed 28 October 2017.

Table 2.3: FTAs Currently Negotiated/Pending

FTAs under Negotiation	Status
1 Malaysia-European Free Trade Area Economic Partnership Agreement (MEEPA)	Currently being Negotiated
2. Regional Comprehensive Economic Partnership (RCEP)	Currently being Negotiated
3. ASEAN-HK Free Trade Agreement (AHKFTA)	Currently being Negotiated
4. Trans-Pacific Partnership Agreement (TPPA)	Signed but Pending Ratification and Entry into Force

Source: Extracted from the MITI website (<http://fta.miti.gov.my/index.php/pages/view/4?mid=23>), accessed 28 October 2017.

2.7 Investment Guarantee Agreements (IGAs)

Currently, Malaysia has signed the Investment Guarantee Agreements (IGAs) with 62 countries, which aim to encourage foreign investment by providing a safe investment environment. The *General Policies, Facilities and Guidelines* booklet prepared by MIDA stated IGAs is a testimony of the Malaysian government's desire to increase foreign investor confidence in Malaysia. The purposes of IGAs are: i) to protect foreign investors against non-commercial risks such as nationalization and expropriation, ii) to provide free transfer of profits, capital, and other fees, and iii) to ensure settlement of investment disputes under the Convention on the Settlement of Investment Disputes of which Malaysia has been a member since 1966. Out of 62 IGAs signed, 39 are with countries of the Global South (see **Table 2.4**).

Table 2.4: IGAs Signed & In Force between Malaysia and Countries of the Global South

No.	Country	Date of Signing	Entry into Force	Region
1	Burkina Faso	23.04.1998	08.01.2004	Africa
2	Ghana	11.11.1996	18.04.1997	Africa
3	Guinea	07.11.1996	18.06.1997	Africa
4	Namibia	12.08.1994	02.11.1996	Africa
5	Republic of Ethiopia	22.10.1998	17.06.1999	Africa
6	Republic of Sudan	14.05.1998	13.01.2008	Africa
7	Senegal	10.02.1999	19.07.2001	Africa
8	Zimbabwe	28.04.1994	18.07.1996	Africa
9	ASEAN	15.12.1987	29.02.1989	ASEAN
10	Cambodia	17.08.1994	09.05.1997	ASEAN
11	Vietnam	21.01.1992	02.12.1992	ASEAN
12	China	21.11.1988	01.04.1990	East Asia
13	Mongolia	27.07.1995	20.12.2001	East Asia
14	North Korea	04.02.1998	17.10.1998	East Asia
15	Albania	24.01.1994	11.04.1994	Eastern and Central Europe
16	Croatia	16.12.1994	20.07.1996	Eastern and Central Europe
17	Kazakhstan	27.05.1996	03.08.1997	Eastern and Central Europe
18	Turkey	25.02.1998	08.09.2000	Eastern and Central Europe
19	Turkmenistan	30.05.1994	17.01.2013	Eastern and Central Europe
20	Uzbekistan	06.10.1997	20.01.2000	Eastern and Central Europe
21	Argentina	06.09.1994	19.03.1996	South America
22	Cuba	26.09.1997	26.10.1999	South America

No.	Country	Date of Signing	Entry into Force	Region
23	Peru	13.10.1995	24.11.1995	South America
24	Republic of Chile	11.11.1992	21.10.1994	South America
25	Uruguay	09.08.1995	13.04.2002	South America
26	Bangladesh	12.10.1994	16.10.2003	South Asia
27	Sri Lanka	16.04.1982	31.10.1995	South Asia
28	Algeria	27.01.2000	09.02.2002	West Asia
29	Egypt	14.04.1997	03.02.2000	West Asia
30	Iran	22.07.2002	05.07.2006	West Asia
31	Jordan	02.10.1994	25.03.2002	West Asia
32	Kuwait	21.11.1987	19.12.1989	West Asia
33	Lebanon	26.02.1998	16.02.2002	West Asia
34	Morocco	16.04.2002	23.04.2009	West Asia
35	Saudi Arabia	25.10.2000	28.12.2001	West Asia
36	State of Bahrain	15.06.1999	28.01.2011	West Asia
37	Syrian Arab Republic	07.01.2009	27.06.2009	West Asia
38	United Arab Emirates	11.10.1991	29.08.1992	West Asia
39	Yemen	11.02.1998	04.01.2002	West Asia

Source: Extracted from the MITI website (<http://www.miti.gov.my/index.php/pages/view/771?mid=167>), accessed 1 Feb 2018.

2.8 International Trade Statistics

In terms of trade with Malaysia's free trade agreements (FTAs) partners, the total trade value stood at RM935.3 billion in 2016¹⁰. Exports was RM490.1 billion while imports totalled RM445.3 billion. FTA partner countries contributed 62.3% to Malaysia's total exports in 2016. Among the top 20 trading partners, ten (10) are developed countries, five (5) from ASEAN, three (3) are BRIC countries, and two (2) from the Middle East.

Table 2.5: International Trade 2015 and 2016, Malaysia

Country	2015 Trade (RM billion)	2016 Trade (RM billion)
ASEAN	401.25	402.66
West Asia	55.9	58.2
Africa	30.1	26
Latin America	30.64	32.41

¹⁰ Exchange rate of RM4.02 to US\$1 around mid-year 2016; RM3.78 to US\$1 around mid-year 2015

Country		2015 Trade (RM billion)	2016 Trade (RM billion)
Europe		167.2	167.7
North America		134.77	141.58
Others		643.14	655.45
Total Trade		RM1.463 trillion	RM1.484 trillion
Economic Cooperation			
FTA Partners		925.99	935.33
APEC		1121	1139
Top 20 Trading Partners			
1	China	230.82	240.90
2	Singapore	190.58	186.86
3	United States of America	129.01	135.88
4	Japan	126.27	120.26
5	Thailand	86.05	86.46
6	Taiwan	59.71	63.00
7	Korea	55.91	59.47
8	Indonesia	60.10	57.09
9	Hong Kong	48.38	50.31
10	India	46.80	48.65
11	Germany	43.01	46.08
12	Vietnam	36.25	42.60
13	Australia	45.68	42.35
14	Netherlands	32.50	28.96
15	United Arab Emirates	23.99	22.27
16	Philippines	19.71	20.24
17	United Kingdom	16.45	15.29
18	France	14.33	15.23
19	Saudi Arabia	10.95	13.99
20	Brazil	9.87	11.40

Source: Monthly External Trade Statistics, December 2016, Department of Statistics Malaysia.

2.9 National Export Council

The National Export Council (NEC) was set up in December 2014 to steer export growth. Chaired by the Prime Minister, it comprises of 18 members, with 11 from the public sector and 7 from the private sector. The NEC meets four times a year. At its first meeting for 2016 (25 February 2016), the Council endorsed a Roadmap to Sustain Export Growth. The Roadmap specifies the focus of export market,

which will be the 2nd and 3rd tier cities in China, greenfield markets in ASEAN, the Trans Pacific Partnership countries as well as emerging markets such as Africa and Central Asia.

Roadmap to Sustained Export Growth, as defined by the National Export Council	
1.	Deepening market access through the adoption of e-commerce via the MATRADE's eTRADE Programme especially for SMEs. The programme is an initiative under the Digital Malaysia coordinated by MDeC.
2.	Create more Multi-National Companies (MNCs) in Malaysia, by pushing Malaysian companies to be export champions in regional and global markets through the Mid-Tier Companies Development Programme.
3.	Optimise the benefits of strategic collaboration between government ministries, agencies, government-linked companies (GLCs), and the private sector through the 1Malaysia Promotion Programme.
4.	Malaysia External Trade Development Corporation (MATRADE) as the national export promotion agency will continue to diversify export markets to the 2nd and 3rd tier cities in China, Greenfield markets in ASEAN, the Trans Pacific Partnership countries as well as emerging markets such as Africa and Central Asia.
5.	A strategic plan to boost the production of agricultural products and enhance its exports through revitalisation of Permanent Food Production Area and Integrated Zone for Aquaculture. The plan is targeted at improving the balance of trade for agro-food products.
6.	Intensify domestic tourism promotion through introduction of integrated domestic holiday packages.

Source: Extracted from the MATRADE website (<http://www.matrade.gov.my/en/about-matrade/media/news-clippings/146-press-releases/press-releases-2016/3390-national-export-council-defines-roadmap-to-sustain-export-growth>), accessed 28 October 2017.

2.10 Conclusion on policy

Malaysia's policy on SSC prior to 2010 was to forge a partnership approach in development cooperation, with the MTCP as its flagship programme in fulfilling that objective. Malaysia's successful development journey had been a source of inspiration for SSC and she had influence far greater than its political and economic size. Since 2010, Malaysia development policy was more pragmatic and had re-oriented towards achieving the goal of being a high income, developed country by 2020, as envisioned by the NEM. As a result, Malaysia's economic orientation shifted towards its trading and investment partners in developed regions and ASEAN¹¹. In exports, Malaysia was ranked 24th globally in 2016, and had slipped from 18th position in the 1980s due to the vast increase of trade from China and other countries into global trade.

¹¹ ASEAN accounts for 27% of Malaysia's total trade and 22% of FDI in Malaysia. (source: MITI Trade and Investment Report 2016, and DOSM's 2016 publication on Foreign Direct Investment in Malaysia).

3. Description of the Organisations Interviewed

A main part of the study is the interviews with government, private sector and specific key informants. They were carried out in November and December 2017. The list of interviewees was divided into three categories, i.e. government institutions, research and development institutions, private enterprises and others. Private companies with potential for South-South activities were contacted upon referral or public review. At the cut-off date of the survey, no Japanese companies were identified. Several Malaysian companies are referred but only one interview could be arranged. A longer survey period is required to approach related companies for interview as the study period spread into the end of the calendar year, the normal period for leave and year end closing.

A total of 36 organisations and individuals were contacted for interviews, but actual interviews and inputs were obtained from 29. The large majority of respondents were from the government, and about one-third were from research institutions or the private sector.

Table 3.1: Summary of the Interviewees

Categories of Interviewee	Number of Contacted for Interview	Number of Completed Interviews
Government institutions	20	16
Research and development institutions	7	5
Private enterprises and others	9	8

Note that three organisations¹² discussed their case over phone and email, but after claiming that they did not engaged with developing countries or companies, they also declined the interview. The status of the interviews is in Annex at the end of this report.

¹² They are listed in Table 4.1: No. 9 (GreenTech); No.14 (MREPC); No.15 (KKR, Ministry of Works) but does not appear in Table 4.2, which summaries their involvement with SSC activities, especially ECDC modalities.

3.1 Key Points and Summary Notes on Survey Findings

This section discusses the interviews that were conducted for this study, highlights the key issues with some commentary notes.

Table 3.2: Key Points and Summary Notes with Selected Government Institutions

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
1	Ministry of Foreign Affairs (MFA)	The Ministry of Foreign Affairs bears the mandate and responsibility for foreign policy. This includes matters related to political relations and economic affairs which affect foreign trade and investments by private sector firms.	<ul style="list-style-type: none"> ▪ Budget for MTCP dropped by 60%, thus, focus on niche area such as Halal industry and country specific such as CLMV countries, Pacific Island (Fiji). ▪ Recently, about 60% of the lectures were conducted by GLC/universities and 40% by government institutions. ▪ About 70-80% of MTCP are short courses. Others including provide advisory services by sending Malaysian experts to other countries. ▪ Thailand International Cooperation Agency (TICA), Singapore Cooperation Programme (SCP) has more budget than MTCP. 	<ul style="list-style-type: none"> ▪ The economic cooperation model that Malaysia uses: the government paves the way, and private sector follows to invest abroad. ▪ Promote Islamic Finance, halal certification and Islamic Tourism. ▪ International Agreements involving economic cooperation, such as ASEAN-Japan Comprehensive Economic Partnership (AJCEP). 	<ul style="list-style-type: none"> ▪ Work together with MITI, MATRADE and MIDA in the area of international economic cooperation. ▪ The linkage between exports with economic policy is very strong in that exports constitute an important strategy to achieve the objective of a high income developed country. ▪ Grateful for JICA's assistance to Malaysia's development and welcomes the initiative in promoting ECDC. ▪ (our observation: it does not appear that ECDC is a well defined policy as there is no institutional framework or a coordinated strategy of actions).

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
2	Ministry of International Trade and Industry (MITI)	MITI is the main driver for economic policies on industry, trade and investment. The functions of MITI include: <ul style="list-style-type: none"> i. To plan, formulate and implement policies on industrial development, international trade and investment; ii. To encourage foreign and domestic investments; and iii. To promote Malaysia's exports of manufacturing products and services by strengthening bilateral, multilateral and regional trade relations and cooperation. 	<ul style="list-style-type: none"> ▪ Africa Business Day 2016, a 2-day event of business activities and promotional between Malaysian and African companies. Organised by MITI, together with MATRADE & MIDA, in collaboration with the African High Commissions and Embassies in Malaysia and Malaysia African Professional and Entrepreneurs Association (MAPE). 	<ul style="list-style-type: none"> ▪ Promote Islamic financing, provide advisory service on Islamic financing via Malaysia International Islamic Financial Centre (MIFC). 	<ul style="list-style-type: none"> ▪ To improve and increase the number of economic and trade agreements; ▪ Open to preferential tariff for developing countries, case by case. ▪ (our observation: export policy is not well integrated with development cooperation as in ECDC. It is strongly linked with Malaysia's development objective of achieving high income and developed status).
3	Malaysia External Trade Development Corporation (MATRADE)	MATRADE is the national trade promotion agency, and is under the purview of MITI. The functions of MATRADE include: <ul style="list-style-type: none"> i. To formulate and implement a national export marketing strategy with emphasis on manufactured and semi-manufactured products; 	<ul style="list-style-type: none"> ▪ Organise TCTP (Trade Facilitation For African Countries 2013 and Trade Promotion For African Countries 2015). ▪ Malaysian Business Delegation visit Ethiopia, Tanzania and Zambia (2012). 	<ul style="list-style-type: none"> ▪ Malaysian International Halal Showcase (MIHAS). ▪ Export Promotion Program. ▪ International Sourcing Programme. 	<ul style="list-style-type: none"> ▪ MATRADE willing to work with JICA to assist other developing countries. ▪ MATRADE willing to share and seek JICA assistance if any request from South-South countries regarding the technical assistance about economic cooperation.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<ul style="list-style-type: none"> ii. To undertake commercial and market intelligence to help Malaysian companies gain a competitive edge in foreign markets; iii. To organise training programmes to improve international marketing skills of Malaysian exporters. <p>Currently, MATRADE has offices in 40 major cities around the world.</p>			
4	Malaysian Investment Development Authority (MIDA)	<p>MIDA is principal agency for the promotion of manufacturing and services in Malaysia, under purview of MITI. The functions of MIDA include:</p> <ul style="list-style-type: none"> i. Assist companies to invest in manufacturing and services sectors in Malaysia, as well as facilitates implementation of their projects; ii. Provide information on the opportunities for investments (inbound), as well as facilitating 	<ul style="list-style-type: none"> ▪ MIDA initiated the cross border investment monitoring, but since 2007, this task had been handed over to MATRADE, currently, MIDA's main role is to attract foreign investments to Malaysia. ▪ Cross border investment focus on the area of construction of infrastructure, hotel (tourism) and oil and gas sector. 		<ul style="list-style-type: none"> ▪ MTCP and TCTP should be retained and continued because it is important to keep the connection with all the foreign agencies. ▪ Supply chain and outsourcing model is evident in Malaysia. A program to upgrade SMEs to support MNCs is needed. The Penang automation cluster is an example.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<p>companies which are looking for joint venture partners.</p> <p>Currently, MIDA is in-charge of inbound investment, whereas outbound investment is in-charged by MATRADE.</p>			
5	SME Corporation (SME Corp)	<p>SME Corp formulates policies and strategies for Small and Medium Enterprises (SMEs) and coordinates SME development programmes across the government. It is the central point of reference for research and data dissemination on SMEs, as well as, provides advisory services for SMEs in Malaysia. The international cooperation initiatives include:</p> <ol style="list-style-type: none"> i. ASEAN SME Agencies Working Group; ii. Asia-Pacific Economic Cooperation (APEC) SME Working Group; iii. East Asia SME Round Table Meeting; 	<ul style="list-style-type: none"> ▪ TCTP for SME Development for African Countries (MOFA and JICA provide funding assistance, SME Corp provide technical expertise). 	<ul style="list-style-type: none"> ▪ Create platform for business linkages / business matching. ▪ One modality is to seek Japanese companies to explore opportunities with SMEs in developing countries (e.g. Tokachiseika Co., Ltd. is a company manufacturing and selling Japanese confectionaries and is collaborating with Ambang Dorongan in Kedah, develop and making Halal “Mochi”). ▪ Successful Malaysian SMEs can also participate (e.g. Hyrax Oil, Madura carbonated drinks, etc.). 	<ul style="list-style-type: none"> ▪ Malaysia willing to share how SME industries move forward. But, SME Corp lack resources to support this sharing program with other countries. ▪ Technical cooperation still the main modality. ▪ SME Corp’s role to transform SME in Malaysia via e-commerce (DFTZ) and Industry 4.0. ▪ SME Corp will try to contact their list of successful companies in export market for interview.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<ul style="list-style-type: none"> iv. Memorandum of Understanding (MoU) with various international partners; v. Free Trade Agreements (FTAs); and vi. Malaysian Technical Cooperation Programme (MTCP). 			
6	Export-Import Bank of Malaysia (EXIM Bank)	<p>EXIM Bank is a government owned development financial institution, and under the purview of the Ministry of Finance. EXIM Bank is mandated to provide credit facilities to finance and support exports and imports of goods, services and overseas projects with emphasis on non-traditional markets as well as the provision of export credit insurance services, export financing insurance, overseas investments insurance and guarantee facilities.</p> <p>EXIM Bank collaborates with MITI, MATRADE, MIDA,</p>	<ul style="list-style-type: none"> ▪ Participated in related programs with MATRADE and MITI. ▪ Provide loans, support to Malaysian firms for overseas projects. ▪ In Indonesia: power plant, renewable energy, infrastructure (road). ▪ In Myanmar, mainly for normal trade. 	<ul style="list-style-type: none"> ▪ Provide financing facilities to Malaysian companies for trade or investment, mainly in developing countries (mostly in ASEAN, Central Asia, South Asia and Africa). ▪ The financing facilities provided by EXIM Bank include: <ul style="list-style-type: none"> i. Cross boarder financing (e.g. Import Financing, Export of Services Financing, Buyer Credit, Overseas Project/Contract Financing); ii. Trade finance (e.g. Supplier Credit, Export Credit Refinancing, Trust Receipt Vendor 	<ul style="list-style-type: none"> ▪ Most request for financing in investment, followed by export missions and project/contract financing. ▪ EXIM Bank as a funding institution is extremely important for SMEs to take advantage of overseas opportunities.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<p>SME Corp, and CIDB for export promotion efforts.</p> <p>Currently, EXIM Bank is member of the Berne Union (an international organisation for Export Credit Agencies), Asian EXIM Banks Forum (an association of 9 EXIM Banks in Asia), the Aman Union and Association of Development Financing Institutions in Asia and the Pacific.</p>		<p>iii. Financing scheme and Letter of Credit); and</p> <p>Guarantee (e.g. ADB-EXIM Trade Finance Program, Bank Guarantee and Forward Foreign Exchange).</p>	
7	Small Medium Enterprise Development Bank Malaysia (SME Bank)	<p>SME Bank is development financial institution (DFI) regulated by Bank Negara Malaysia., wholly owned by the Ministry of Finance Incorporated and supervised by the MITI. The principles activities of SME Bank are to provide financing as well as financial and business advisory services to Malaysian SMEs residing within predefined categories which have been framed within the SME classification guidelines of the</p>	<ul style="list-style-type: none"> ▪ Mainly focused on SMEs in Malaysia. ▪ If at all, their experience is to share their experience in providing capital to SMEs. 	<ul style="list-style-type: none"> ▪ SME Bank does not venture outside of Malaysia, a role that is left to EXIM Bank. ▪ 	<ul style="list-style-type: none"> ▪ Mostly domestic driven. ▪ Need capacity building for Industry 4.0 to enhance industry automation. ▪ Work closely with MATRADE, SIRIM.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<p>National SME Development Council.</p> <p>SME Bank is a member of the Montreal Group (TMG) since June 2017. TMG was established to encourage exchange of ideas, best practices and foster greater understanding of the international market for the growth of SMEs. Currently, TMG consists of nine members from state-owned development banks in Canada, China, Brazil, France, Mexico, India, Finland, Saudi Arabia and Malaysia.</p>			
8	Ministry of Energy, Green Technology and Water (KeTTHA)	<p>KeTTHA is responsible to plan, formulate policies on power, green technology and water industries.</p> <p>The functions of the Strategic Planning & International Relations Division include:</p> <ol style="list-style-type: none"> i. Plan and implement international trade strategies on energy, green technology and water sector issues, including 	<ul style="list-style-type: none"> ▪ KETTHA is currently supporting IGEM. 	<ul style="list-style-type: none"> ▪ Investment in oil and gas sector in Kazakhstan by PETRONAS. ▪ IJM and Gamuda are the prominent developers for water supply projects that could be deployed to developing countries. 	<ul style="list-style-type: none"> ▪ Malaysia still a green product user rather than a producer. ▪ Usually the technology transfer is carried out at B2B level. Only when they cannot resolve certain issues, KETTHA will be involved.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<p>market liberalization of Malaysia's energy, green technology and water sector in the WTO level, ASEAN and FTA;</p> <p>ii. Plan and implement energy, green technology and water sector entities involvement in international cooperation programme; and</p> <p>iii. Administer the participation of energy, green technology and water sector official in capacity building programme organized by international organization or foreign government.</p>			
9	Greentech Ideaslab Sdn Bhd, a GLC promoting IGEM	Greentech Ideaslab is a wholly owned subsidiary of GreenTech Malaysia Alliance (GTMA), whereas GTMA is wholly owned subsidiary of GreenTech Malaysia. This corporation is responsible for green technology and energy development.	<ul style="list-style-type: none"> ▪ No direct role at this point with developing countries. 	<ul style="list-style-type: none"> ▪ IGEM is a potential area that provides a marketplace for developing countries to develop business matches with markets in the developed countries. 	<ul style="list-style-type: none"> ▪ 33 countries, mostly from developed countries participate in IGEM.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
10	Construction Industry Development Board (CIDB)	<p>CIDB is an agency of the Ministry of Works. Established under the Construction Industry Development Board Act 1994 (Act 520), it's role is to regulate, develop and facilitate the construction industry towards achieving global competitiveness.</p> <p>The CIDB's functions include:</p> <ol style="list-style-type: none"> i. To promote and stimulate the development, improvement and expansion of construction industry; ii. To promote, stimulate and undertake research into any matter relating to the construction industry; and iii. To promote, stimulate and assist in the export of service relating to the construction industry. 	<ul style="list-style-type: none"> ▪ In 2015, CIDB organised missions to India and Indonesia. ▪ CIDB facilitated international projects for Malaysian construction firms to take part projects in India, Indonesia, Myanmar and Turkey. ▪ CIDB often receive foreign government delegations and also business delegations whom admire rapid developments in Malaysia and wish to engage highly skilled Malaysia contractors. Amongst them are delegations from India, Indonesia, Nepal and Myanmar. 	<ul style="list-style-type: none"> ▪ Ecobuild Southeast Asia and International Construction Week 2017. ▪ CIDB encourages overseas ventures by promoting contractors to foreign countries, including developing countries. Modalities include seminar to promote business networking and matching, sharing product knowledge and information. ▪ CIDB welcomes the collaboration between Japanese companies and Malaysian companies to form consortium for venture in less developed countries. 	<ul style="list-style-type: none"> ▪ CIDB's strategy is to target the less developed countries within 5-7 hours of flight time from Malaysia. ▪ CIDB facilitate SME firms to form consortium. ▪ CIDB provide market intelligence and also improve financing facility. ▪ Market intelligence needed in order for the private sector to venture abroad and take part in development cooperation of developing countries. ▪ CIDB organised missions to Japan (with assistance from JICA) in December 2016 for the purpose of discussing strategic access of financing. During the mission, they visited JETRO Tokyo and Nippon Export Insurance.
11	Ministry of Agriculture & Agro-Based	MOA's function are to legislate, plan and implement agriculture development program's policies and	<ul style="list-style-type: none"> ▪ Rice production reverse linkage project between the Islamic Bank, Malaysia and Suriname. 	<ul style="list-style-type: none"> ▪ Reverse investment in third countries (considered high risk thus not in priority of the Ministry because of the food 	<ul style="list-style-type: none"> ▪ Assist Suriname in agriculture. ▪ The risk of reverse investments in agriculture is

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
	Industry (MOA)	<p>strategies. The functions of MOA include:</p> <ul style="list-style-type: none"> i. Evaluate, coordinate and ensure the implementation of agro-food agriculture development projects/programs; ii. Conduct R&D and innovation that enhance productivity and competitiveness in the agro-food sector; iii. Promote foreign and local investment in the agro-food sector; and iv. Structure and implement an effective and efficient agro-food market chain. <p>The functions of International Branch of the Strategic Planning and International Division include:</p> <ul style="list-style-type: none"> i. Managing bilateral, regional and multilateral relationships in agriculture sector; ii. Conducting negotiations to gain global market 	<ul style="list-style-type: none"> ▪ Import frozen beef from Sudan, India and Pakistan. 	security policies in third countries).	high, and a more comprehensive SOP is needed.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<p>access for Malaysian agricultural products; and</p> <p>iii. Establishing technical cooperation at the international level for the latest technology transfer, exchange of information and agriculture cooperation programs/projects.</p>			
12	Ministry of Plantation Industries and Commodities (MPIC)	<p>MPIC is responsible to formulate policies and strategies for the overall development of the plantation and the commodity sectors, and supervise agencies under the Ministry on management and implementation of plantation and commodities development programs.</p> <p>The functions of the International Branch of the Strategic Planning and International Division include:</p> <p>i. Planning, reviewing and regulating market intelligence and investment;</p>	<ul style="list-style-type: none"> ▪ For G2G matters, based on FTA and Memorandum of Understanding. 	<ul style="list-style-type: none"> ▪ Common Fund for Commodities (CFC) is an intergovernmental financial institution established within the framework of the United Nations. CFC finances commodity development projects in developing countries. 	<ul style="list-style-type: none"> ▪ Losing our advantage to Indonesia, thus has to be careful when come to sharing experience and cooperation. ▪ Vietnam produces rubber but no expertise in downstream industry, they request Malaysia to share expertise. ▪ Sri Lanka also send request to Malaysia for expertise in rubber. ▪ Sime Darby already set up refinery plant in Ho Chi Min City.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<ul style="list-style-type: none"> ii. Research and market intelligence commodity marketing strategy; iii. Identifying viable commodities for commercialization, including results of R&D; iv. Establishment of policies and approaches on regional issues related to the commodity sector in negotiations, economic development and trade under the ASEAN; and v. Collects and analyzes information on production, trade, pricing structures and non-tariff barriers for 180 countries and trading partners. 			
13	Khazanah Nasional Berhad (Khazanah)	Khazanah is national investment company with investments outside of Malaysia. It was incorporated under the Companies Act 1965 as a public limited company, except for one share owned by	<ul style="list-style-type: none"> ▪ No direct involvement with developing countries 	<ul style="list-style-type: none"> ▪ None at the moment 	<ul style="list-style-type: none"> ▪ Investment is driven by returns (profit), thus could be any sector or geographical area.

	Government Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		the Federal Lands Commissioner, all the share capital of Khazanah is owned by the Minister of Finance Incorporated.			

Table 3.3: Key Points and Summary Notes with Selected R&D Institutions

	R&D Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
1	SIRIM	SIRIM is an industrial research and technology agency under the purview of the Ministry of Science, Technology and Innovation (MOSTI) but wholly-owned by the Ministry of Finance Incorporated. It is mandated as the machinery for research and technology development, and the national champion of quality. SIRIM provides technology innovation solution to serve the needs of all industry sectors. Together with the industry partners, SIRIM has enabled Malaysian products and services achieve due	<ul style="list-style-type: none"> ▪ SIRIM worked with JICA to provide Technology Transfer Program for third world countries. 	<ul style="list-style-type: none"> ▪ Technology commercialization. 	<ul style="list-style-type: none"> ▪ Lack of market intelligence.

	R&D Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		recognition in quality and innovativeness worldwide.			
2	Malaysian Agricultural Research and Development Institute (MARDI)	<p>MARDI is a R&D institution under the purview of MOA. The main objective of MARDI is to generate and promote new, appropriate and efficient technologies towards the advancement of the food, agriculture, food and agro-based industries.</p> <p>International recognition was achieved through collaborative networking with research organizations and universities from the USA, Canada, Japan, Australia, Taiwan, China, ASEAN and EU countries. Collaborative researches are also conducted with international research institutes. Technical consultations on agricultural development were offered to Kyrgyzstan, Bosnia, Syria, Qatar, Cambodia and Ivory Coast.</p>	<ul style="list-style-type: none"> Organised MTCP programmes. 	<ul style="list-style-type: none"> Technology commercialization. 	<ul style="list-style-type: none"> Several countries approach MARDI for technical cooperation but were rejected due to funding issues.
3	Malaysian Palm Oil	MPOB is a government agency charged with the development of the Malaysian Oil Palm	<ul style="list-style-type: none"> Overseas investment related to production of palm oil are all joint-venture, MPIC 	<ul style="list-style-type: none"> Set-up storage facility in developing countries so that 	<ul style="list-style-type: none"> Recognize JICA effort on technical cooperation which led to economic development.

	R&D Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
	Board (MPOB)	<p>industry Its role is to promote and develop national objectives, policies and priorities for the Malaysian oil palm industry. The functions of MPOB include:</p> <ol style="list-style-type: none"> i. Implement policies and development programmes to ensure the viability of the oil palm industry in Malaysia; ii. Conduct and promote R&D activities relating to the oil palm industry; iii. Develop, promote and commercialise research findings as well as provide technical advisory and consultancy services to the oil palm industry; iv. Develop and maintain markets for oil palm products as well as promote efficient marketing; and v. Liaise and co-ordinate with other organisations inside or outside Malaysia to 	<p>identify joint venture partner and MPOB do the evaluation.</p> <ul style="list-style-type: none"> ▪ Collaborative research: Programme Advisory Committee (PAC), annual event where Malaysian scientists and experts report on research activities. 	<p>they can handle oil palm imports more efficiently.</p> <ul style="list-style-type: none"> ▪ Find out solution to help to increase productivity of small holders. 	<ul style="list-style-type: none"> ▪ Require research on mechanized harvesting of oil palm, to solve the labour shortage issues.

	R&D Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		further enhance the oil palm industry of Malaysia.			
4	Halal Industry Development Corporation (HDC)	<ul style="list-style-type: none"> ▪ HDC is an agency under the MITI, but wholly owned by the Minister of Finance Incorporated. HDC coordinates the overall development of the Halal industry in Malaysia. It is a reference centre and is the first contact point for agencies and companies who are interested in entering the Halal industry. The responsibilities of HDC include: <ol style="list-style-type: none"> i. To lead the development of Halal standards, audit and certification procedures; ii. To direct and coordinate the development of Malaysia's Halal industry; iii. To manage capacity building for Halal producers and related service providers; iv. To support investment into Malaysia's Halal industry; 	<ul style="list-style-type: none"> ▪ Organise MTCP for Africa, Indonesia, India, Pakistan, Thailand, mainly on the topic of halal eco system. ▪ Share experiences with Thailand, Indonesia, Philippines and Cambodia on the success story of halal market. ▪ MITI leads the Joint Trade and Investment Committee (JTIC). ▪ Indonesia: for JAKIM certification to access the Indonesian market. ▪ Cambodia: JAKIM help to establish the accreditation body in Cambodia. HDC to develop the industry park. ▪ Philippines: share experience on the knowledge of halal eco system. 	<ul style="list-style-type: none"> ▪ HDC's strategy is to help Malaysian companies to expand their halal market and attract foreign companies to invest in Malaysia (in line with Malaysia Government Policies). ▪ Malaysia International Halal Showcase (MIHAS), organised by MATRADE in association with HDC and JAKIM; 70% exhibitors are foreign companies. 	<ul style="list-style-type: none"> ▪ Malaysia is the perfect location for companies to expand as the halal certification is recognised in over 41 countries. ▪ Major halal markets are Indonesia, South Asia (India, Pakistan and Bangladesh), Middle East, China, Korea and Japan. Currently, only 20% of global demand on Halal products are fulfilled, another 80% has not been fulfilled yet, thus, huge potential market.

	R&D Institutions	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<ul style="list-style-type: none"> v. To facilitate the growth and participation of Malaysian companies in the global Halal market; and vi. To develop, promote and market the Malaysian Halal brand. 			
5	National Innovation Malaysia Agency (AIM)	<p>AIM is a statutory body under purview of the Prime Minister's Department. The objectives of the AIM include:</p> <ul style="list-style-type: none"> i. Generate additional revenue and contribute to Malaysia's GDP; ii. Provide additional jobs for the Malaysian workforce; iii. Inspire and produce a new generation of innovative entrepreneurs; and iv. Facilitate the evolution of Malaysian companies into major global players. 	<ul style="list-style-type: none"> ▪ No direct experience with South-South issues or development cooperation. 	<ul style="list-style-type: none"> ▪ Genovasi is Malaysian JV that could be promoted as a business model to developing countries. ▪ Could provide advisory service of self-evaluation tool of innovation to countries of the Global South. 	<ul style="list-style-type: none"> ▪ Genovasi is a design thinking methodology that is used to stimulate innovation and new approaches to solving certain problems.

Table 3.4: Key Points and Summary Notes with Selected Private Sector and Others

	Private Enterprises	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
1	Malaysian South-South Corporation Berhad (MASSCORP)	<p>MASSCORP is a public limited company incorporated in 1992. It is a consortium of about 80 Malaysian shareholders, many of whom are corporate leaders in their respective fields of business which include plantations, agriculture and agri-processing, manufacturing, telecommunications, infrastructure and property development, construction, banking, mining, petroleum & gas, tourism, port management and others.</p> <p>The objectives of MASSCORP:</p> <ol style="list-style-type: none"> i. To initiate and promote joint-ventures between Malaysian entrepreneurs and South-South investors, where either party may set up investment projects in Malaysia or South countries; 	<ul style="list-style-type: none"> ▪ Business activities in countries in the South e.g. participated in a financial restructuring exercise in Argentina's oldest and largest leather tannery, Binh An Water Treatment Plant (the first Malaysian build, operate and transfer (BOT) project in in Ho Chi Minh City in Vietnam), establishment of Danang Industrial Zone in Vietnam, Micasa Hotel project in Myanmar, set up Malaysian Business Centre in to promote the trade of Malaysian products in Eastern Africa. 	<ul style="list-style-type: none"> ▪ Build water treatment plant in Ho Chin Minh City, a successful model. ▪ Construction of EPZ (tech transfer). ▪ Establishment of Halal infrastructure. ▪ Set up mining based industry or wool related industry in Mongolia. ▪ Water supply project in Papua New Guinea. ▪ Provide business coaching based on MASSCORP's experience. 	<ul style="list-style-type: none"> ▪ MASSCORP was an institution of a previous administration that was deeply involved in SSC and ECDC development. However, as the policy has changed, their role has also been limited to the developments that they have started. They have not started new further ventures. As a concept, this business model has seen some success that has been repeated in other context (see the Singapore's investments in an industrial park in Hangzhou China)

	Private Enterprises	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		<ul style="list-style-type: none"> ii. To undertake the privatization of enterprises in countries of the Global South, especially in sectors where Malaysia has technical and managerial expertise; iii. To open up new markets for Malaysian goods and services to countries of the Global South; iv. To act as a reference point for business contacts, and provide market information on business opportunities; and v. To build a stronger South, with the injection of Malaysian capital and expertise, resulting in numerous benefits and spin-off possibilities. <p>MASSCORP regularly engages on business missions to Countries in the South with the Malaysian Government, it also organises its own fact-finding missions to selected South Countries.</p>			

	Private Enterprises	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
2	Malaysia South-South Association (MASSA)	<p>MASSA is a non-profit business association, comprising members who are from the Malaysian business sector. The purpose of MASSA is to promote trade and investment with developing countries of the Global South. The main objectives of MASSA are :</p> <ol style="list-style-type: none"> i. To promote and enhance members' knowledge and understanding on economic, trade and investment policies and conditions of countries of the Global South; ii. To act as an informal liaison body between the private sector and the government pertaining to economic matters in the promotion of trade and investment; iii. To provide a forum for the dissemination of ideas, discussions and dialogues in relation to trade, economy and culture; and 	<ul style="list-style-type: none"> ▪ MASSA acts as a referral point for contacts in developing countries. ▪ Organise fact-finding trade and investment missions and visits to selected developing countries to assist members to expand their market share. ▪ Provide assistance to members to participate in selected international trade fairs and exhibitions in the developing countries. 	<ul style="list-style-type: none"> ▪ MASSA is an association of Malaysian companies involved in South-South trade and investment, but does not undertake projects. 	

	Private Enterprises	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
		iv. To enhance trade and investment relations and to foster friendship and cooperation among members.			
3	Federation of Malaysian Manufacturers (FMM)	<p>FMM is a national industry association of manufacturers, 2,700 members nationwide in all industry sub-sectors, about 90% of them are from manufacturing sector. FMM provides the following services to its members:</p> <ul style="list-style-type: none"> i. Guidance and advice on matters pertaining to trade and industry; ii. Business and networking session with foreign delegations, FMM members and local government agencies; and iii. Trade and business contacts through trade enquiries, participation in trade exhibition and in-coming and out-going trade missions, business matching sessions. 	<ul style="list-style-type: none"> ▪ Organise trade mission to Indonesia, Cambodia, and Myanmar. ▪ Joint missions under Malaysia-Singapore Third Country Business Development Fund. 	<ul style="list-style-type: none"> ▪ FMM organises trade missions to countries in the South, and used to take part in trade and investment missions that were organised by MATRADE and MITI. ▪ Important for roll out programmes that enabled Malaysian firms to develop their core capabilities. 	<ul style="list-style-type: none"> ▪ FMM value JICA's assistance in helping FMM members through various programmes. They ask if such programmes could be extended. ▪ Programmes they found useful: Export Growing Program, Lean Study Program, MAJAICO training (for the automotive industry), Industry 4.0. ▪ Technical expertise and business network are two areas needed very much for manufacturing sector. ▪ These areas would be very helpful for other developing countries as they pursue industrialization.

	Private Enterprises	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
4	Malaysian International Chambers of Commerce and Industry (MICCI)	<p>MICCI is a trade association representing 700 corporate members in over 30 different nationalities. Its members are mainly foreign companies operating in Malaysia. The principal activity of MICCI is engaged in high level advocacy on behalf of its members. In addition, MICCI provides supporting business services to its member, including:</p> <ol style="list-style-type: none"> i. Export documentation services; ii. Online information archives for exclusive access by members; iii. Electronic updates on new and updated business conditions; iv. Business briefings and conferences; and v. Business networking. 	<ul style="list-style-type: none"> ▪ MICCI is not focused on issues relating to south trade or investment. ▪ 	<ul style="list-style-type: none"> ▪ No programmes with countries in the South and do not see development cooperation as their area of immediate interest (which is to ensure Malaysia remains investor friendly). 	<ul style="list-style-type: none"> ▪ Almost all members are MNCs in Malaysia; ▪ Advocating the interest of all international businesses, local or foreign, operating in Malaysia.
5	Japan External Trade Organization, Malaysia	JETRO Malaysia is a Japanese government-related organization that concerned about trade and investment between Japan and Malaysia.	<ul style="list-style-type: none"> ▪ JETRO Malaysia is under METI Japan; ▪ 73 JETRO offices worldwide 	<ul style="list-style-type: none"> ▪ JETRO offices in other developing countries are involved in South-South development cooperation, 	<ul style="list-style-type: none"> ▪ Japan Government is seeking Malaysia to be Halal Consultant for Japan Olympics in 2020;

	Private Enterprises	Description	Experience with Countries of the Global South in Development Cooperation	Potential/On-going/Projects that Could Be Initiated in Countries of the Global South	Others
	(JETRO Malaysia)			<p>especially trade or investment related</p> <ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪ Currently 1397 Japanese companies in Malaysia; ▪ Focus on Japanese companies export to Malaysia and business matching to link Malaysia SME and Japan SME.
6	LiGNO Biotech Sdn Bhd	LiGNO is a mushroom cultivation biotechnology company, specializing in the cultivation of medicinal mushrooms via its proprietary cultivation technology. LiGNO is actively expand their business to overseas.	<ul style="list-style-type: none"> ▪ For business to business, supply active ingredient to US manufacturer ▪ For business to consumer, sell ready products, export to Middle East 	<ul style="list-style-type: none"> ▪ Business matching is relevant for companies via their experience but this company does not have the capacity for engagement beyond their current business 	<ul style="list-style-type: none"> ▪ Each country has their own entry barrier wrt food supplement industry ▪ Select overseas export market based on the countries' purchase power

3.2 Institutional Support relevant to exports and SMEs

The key institutional structure of the Malaysian government towards international trade and exports are shown in **Figure 3.1**. Economic policies are being driven by the Economic Planning Unit (EPU) as they are responsible for the five-year development plans, allocate budgets and formulate key economic growth policies. The Ministry of Finance (MOF) not only supervises and manages the annual budgets but is a key agency responsible for government investments and supervises all the Government Linked Companies (GLCs). The GLCs also have a strong role in investments from a national perspective. The key agency in economic planning is certainly the Ministry of International Trade and Industry (MITI). They formulate and implement economic policies and through various agencies provide support for SMEs and assist them with incentives and support for product development, capacity building and marketing and promotion including for the export market. The infrastructure for supporting investment and trade in Malaysia has evolved into a fairly sophisticated framework.

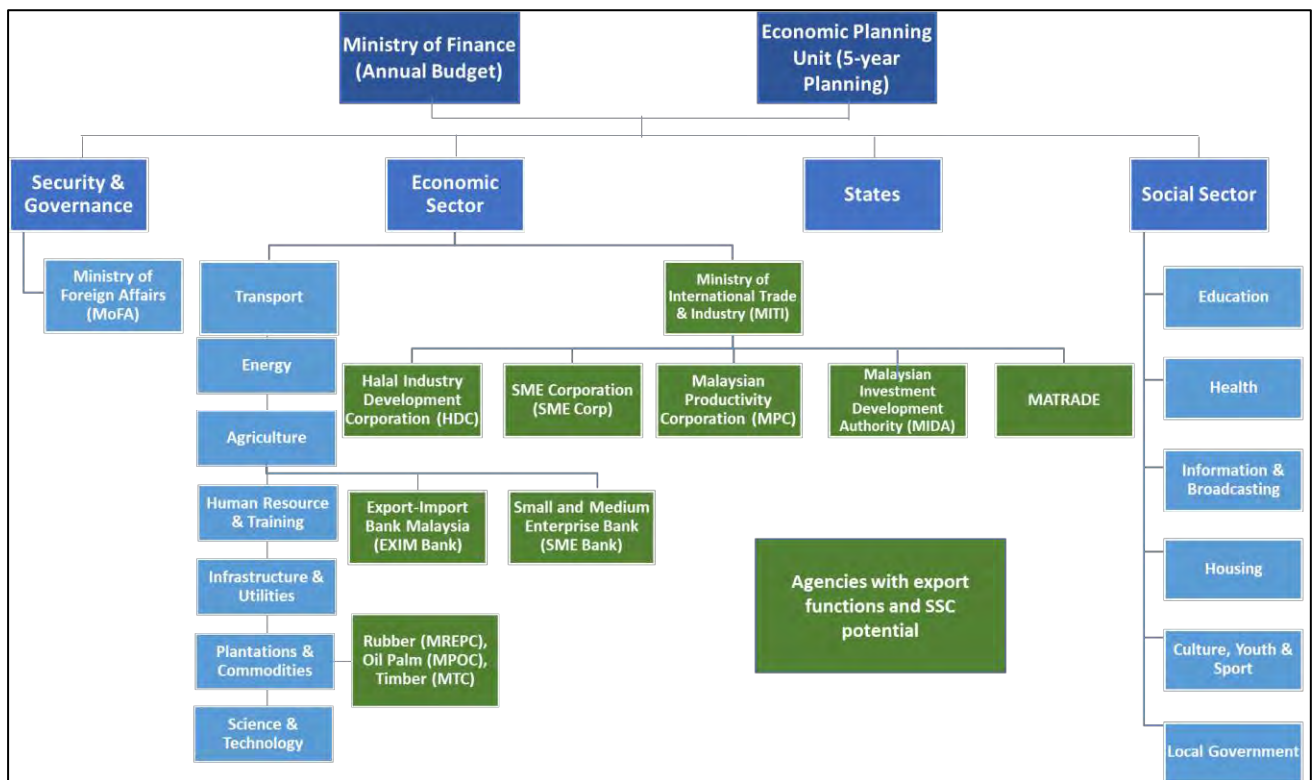


Figure 3.1: Government Organisations Supporting Global Export with SSC Potential

As an example, the various programmes that support SMEs and promote their participation in exports are shown in **Table 3.5**.

Table 3.5: SME Support Programmes

Programme	Description	Implementing Agencies
Marketing and Promotion		
Go-Ex Programme	<p>Go-Ex programme is government’s initiatives to guide and enhance export growth of Malaysian SMEs. It is one of the High Impact Programmes (HIP) under the SME Masterplan. This programme addresses challenges faced by SMEs on new market entry due to the high upfront costs and lack of detailed knowledge about new markets and competitors.</p> <p>Targeted at export ready or high potential exporting SMEs venturing into new products or new markets. The programme provides customized advisory and marketing assistance by appointed Market Advisors and Market Linkers to SMEs.</p> <p>This program helps SMEs prepare for business meetings and product/service presentation. SMEs are furnished with the information about their competitor’s products/services and are advised on product positioning in the targeted markets, on product suitability, market trends, branding, permits, standards and certifications. The programme will also assist SMEs in identifying potential clients, and pre-arranged business matching & products presentation with prospective clients.</p>	MATRADE
Market Development Grant (MDG)	<p>MDG is a financial support facility (reimbursable grant) to assist Malaysian SMEs, Professional Service Providers, Trade & Industry Associations, Chambers of Commerce and Professional Bodies in undertaking eligible export promotional activities.</p>	MATRADE
Services Export Fund (SEF)	<p>SEF is a financial support facility (reimbursable grant and soft loan) to assist Malaysian Service Providers (MSPs) for activities of expanding and venturing into international market. The grant and soft loan is up to RM5 million per company for the duration period of 2015-2020.</p>	MATRADE
Trade & Investment Missions	<p>MATRADE, together with Ministry of International Trade and Industry (MITI) and the Malaysian Industrial Development Authority (MIDA) organises various trade and investment missions to major existing and emerging markets annually. Through these missions, Malaysian companies will develop business contacts and network with foreign officials, business leaders and international buyer.</p>	MATRADE, MITI, MIDA
Joint Promotion Activities	<p>Joint trade promotion activities with other Trade Promotional Organisations, such as JETRO, Asian Trade Promotion Forum (ATPF), ASEAN-Japan Centre (AJC) and ASEAN-Korea Centre (AKC). JETRO, Asian Trade Promotion Forum (ATPF), ASEAN-Japan Centre (AJC) and ASEAN-Korea Centre (AKC). Collaboration programmes include participation in trade fairs, display of products at permanent exhibition space and capacity building for exporters.</p>	MATRADE, Foreign Trade Promotional Organisations
SME Annual Showcase &	<p>SMIDEX is an annual event brings together SMEs, (MNCs), Government-linked companies (GLCs) and large-scale industries (LSIs) showcasing their capabilities and capacities in</p>	SME Corp

Programme	Description	Implementing Agencies
Conference (SMIDEX)	<p>producing products, services and technologies for the global market.</p> <p>It also provides Business Matching Sessions with the aim of assisting SMEs to establish strategic business partnerships and business linkages with MNCs, GLCs and LSIs. It also acts as a platform for the local SMEs to explore potential outsourcing opportunities and venture into the global market supply chain.</p>	
Market intelligence		
Export Alert!	<p>Export Alert! is a customized e-mail notification service that helps exporters aware of regulatory changes in global markets that apply to their products, before they become the law. This free service to subscriber is provided by SIRIM Berhad with the support of the Government of Malaysia. Current include: Malaysian SMEs, government officials, exporters, importers, manufacturers, consumers, and academia.</p>	SIRIM
Financing		
Cross border financing	<p>Overseas Project / Contract / Investment Financing is available to Malaysian-controlled companies or Malaysian companies (registered under Companies Act 1965). The facility provides financial support to Malaysian investors/contractors undertaking projects or contract overseas such as infrastructure, manufacturing and other developmental projects.</p>	EXIM Bank Malaysia
Exporters Trade Credit Insurance	<p>EXIM Bank offers both short-term and medium/long-term credit insurance. Credit Insurance is an insurance policy that covers non-payment resulting from the delivery of goods or services due to commercial and/or politics risks. The insurance is purchased by business entities to insure their accounts receivable from losses due to the insolvency of the overseas buyer.</p>	EXIM Bank Malaysia
Supply chain development		
Business Linkage (BLing) Programme	<p>BLing is a programme establishing linkages between SMEs and large companies, MNCs and Government-linked Companies (GLCs) for vertical growth opportunities. The business matching sessions is conducted at annual flagship events, as well as, leveraging on various other platforms and opportunities.</p>	SME Corp
Training		
Exporters Training Programme (seminars and workshops)	<p>Training programmes (seminars and workshops) targeted at Small and Medium Enterprises (SMEs) to help transition them from domestic selling enterprises to international exporting firms. The focus is to enhance knowledge on market accessibility, global trade requirements, trade practices, branding, import regulations, international product and environmental standards, trade financing, market updates and market requirements.</p> <p>Example: Seminar on Trade and Investment Opportunities and Tips of Doing Business in Myanmar.</p>	MATRADE collaborates with other agencies, e.g. private sectors groups, financial institutions and foreign entities

Programme	Description	Implementing Agencies
New Exporters Development Programme: i. Women Exporters Development Programme; ii. Youth Exporters Development Programme; and iii. Bumiputera Exporter's Development Programme.	A three (3) years programme targeted at SMEs which equity at least 51% owned by women, youth or bumiputera. It is an intensive hand-holding program involving customised business coaching, skills enhancement training, international business exposure and market immersions, networking and mentoring sessions, and leadership and entrepreneurial development. Recipients receive financial support for visits to international trade fairs / trade promotion events and selected seminars and workshops organised by MATRADE.	MATRADE
Related cross border programs (e.g. business matching)		
Trade Matching: International Sourcing Programme (INSP)	MATRADE overseas offices organise INSP, business meetings with Malaysian businesses are arranged during the missions.	MATRADE

3.3 Conclusion on SSC experience

Malaysia has built up a very strong institutional framework for industrial development and trade, and also for Malaysian SMEs. The framework comprise mainly of MITI agencies but also agencies under the Ministry of Finance, such as EXIM Bank, and include some of the sectoral commodity agencies, such as oil palm, rubber and timber. The policy objective is to assist SMEs become the engine of growth. Without any doubt, the drive is for SMEs to export and expand growth possibilities.

Malaysia's SSC experience was supported by government agencies and in particular MITI. These individual agencies may not see the potential for ECDC as they are focussed on their work, are concerned with their own budgets and mandates. There appears to be no overall coordinator for ECDC in Malaysia. For the private sector, respondents noted that they require a government-led initiative, as businesses are wary of the risks associated with taking investment positions in countries that do not have the social, economic, and physical infrastructure or governance system to support foreign investment. Development cooperation should extend to developing infrastructure and governance systems to support foreign investment in order to enable ECDC to play its rightful role in a developing country partnership.

4. Survey Findings

The starting point of the Malaysian discussion on SSC is the development approach, which is implemented through its comprehensive development plans and strategies that is inclusive and balanced, and the process is very much led by the government. Since the 1980s, the strength of the private sector has been recognized and the government has elevated their participation in national development as well as promoted their role in developments outside of Malaysia. In the 1980s and 1990s, the SSC framework had greater emphasis in both economic as well as foreign policy. Using a partnership model, the government and the private sector explored economic opportunities within and beyond Malaysia. The private sector was a key player in that development approach.

The role of the Malaysian private sector in the international arena is the subject of this paper. Malaysia's foreign policy stance has shifted over the years. In the 1970s and 1980s, the north-south or developed-undeveloped country dichotomy was the main defining character. During those times, governments were the main actors, and technical assistance was the principal form of development cooperation, as in donor-recipient mode. Malaysia started pursuing the SSC agenda since the early 1980s when it started the Malaysian Technical Cooperation Programme. It had a human capacity building programme that aimed to share Malaysia's development experience with developing countries. At the same time, Malaysia had included the private sector in many trade and investment missions to developed countries but started shifting its focus to developing and countries in the South. These initiatives were crystallised in the formation of an association to pursue business opportunities in developing countries. In 1992, it led to the formation of the Malaysian South-South Association (MASSA), and their business arm was also established, i.e. the Malaysian South-South Corporation (MASSCORP). It was only in late 1990s that the World Bank recognized this trend started to adopt a partnership strategy to define their work with developing countries; in 1998, they re-strategised their approach and the Partnership Approach to Development was established.

Malaysia pursued its South-South strategy for about three decades. Around 2010, Malaysia started to realign its foreign policy towards ASEAN and was less ambitious in its international agenda. Malaysia focused on its own development agenda that saw the New Economic Model, the Economic and Government Transformation Programmes, National Key Result Areas, and the 1Malaysia initiatives. It also established a new organization, PEMANDU, which was part of the Prime Minister's Department, and they focused on delivering development results using ground-level implementation approach. This approach aimed to bring corporate culture into government delivery of development results. In 2017, the government announced that PEMANDU would be privatized and their role in national development would continue through the existing agencies. PEMANDU is exporting its services using the unique development experience to other developing countries.

General Observations from the Interviews:

1. The interviews are grouped roughly into three categories: government agencies, research and development (R&D) institutes and the private sector. Policy development lie squarely within the purview of government ministries and sometimes agencies, especially when it involves technical matters. The R&D organisations are mainly responsible for implementation, in matters such as MTCP, and defer to the Ministry when it comes to decisions regarding policy. The private sector in Malaysia is widely regarded by government as drivers of economic growth but in this category are also consultants and development agencies that offer advisory services.
2. In general, Malaysian organisations do not have a clear idea of ECDC. Malaysia's SSC programme is the MTCP. However, the study team was not able to get an interview with the Economic Planning Unit (EPU) despite several attempts. The government agencies that were interviewed had experience with MTCP and it was their reference point in development cooperation. Their involvement with private companies or corporations was mostly to implement the government's economic policies and objectives of a particular ministry, whether it be in trade, investment, SME development or development of sectors (e.g. oil palm). For the research institutions, their role was in implementing government policies, especially with MTCP; they had also benefited from JICA programmes, especially technical cooperation and aid. For the private sector, some have direct experience and had also benefited from past JICA programmes.
3. There is a vague understanding of partnership at the policy level (e.g. partners have shared objectives, defined roles and responsibilities, ownership of the process). The private sector, especially MASSCORP, see the partnership is an important element in their investments. However, MASSCORP's experience in Vietnam was rather challenging. They felt that Vietnam, and probably many other developing countries, were not ready for foreign investment in mid-1990s. There were too many regulations, and the infrastructure was not in place; poor or non-existing supporting services, and various levels of government have different views of the EPZ project. To be successful, there must be a continual monitoring by a G2G mechanism; as the private sector would otherwise be left to deal with all sorts of issues, including non-legal ones. It was not sufficient to rely only on agreements and contracts. If ownership on the ground were not secured, there are many ways where the foreign investment can flounder and fail.
4. The private sector therefore understand that partnerships go beyond G2G agreements, and even contracts in order for more efficient and effective form of development cooperation. Such modalities, if implemented in specific context, help developing countries increase employment opportunities, raise skill levels, reduce poverty, and provide a rationale for the government to raise infrastructure provisions, not only for industry but for the general population in the nearby areas and location. While the national governments have this vision and objective, the failing seems to

be at local government levels. The key lesson is that certain types of development projects, especially those that involve government, require close supervision, as well as corrective action. Capacity building takes a long time but restorative actions are required when investments are already on the ground.

5. SSC is usually understood as MTCP from all the three categories of interviewees. Some of them have direct experience with TCTP. But this is an old term. SSC was popularly used in the previous government administration. Since then, the MTCP programme (also TCTP) is still retained but have much less economic or foreign policy emphasis or a key element the international or foreign policy agenda. In fact, the policy does not emphasize SSC but instead, there is more evidence of a shift towards ASEAN. Hence, if SSC is viewed as an outward oriented policy, the current policy has a more regional focus.
6. The Malaysian private sector are going overseas: mainly in construction, tourism (e.g. hotels), oil and gas but not in manufacturing. MIDA started to monitor cross-border trade but this task was passed to MATRADE in 2007. Apparently, MIDA is in the process of getting back this responsibility. There is currently a gap in knowledge of what is happening to Malaysian overseas initiatives. MIDA's role is mainly in inward investment promotion into Malaysia.
7. Malaysian government presence overseas is limited. For example, MIDA has closed down their offices in Johannesburg, Bangkok, Vietnam. Their role is to create a platform for SMEs and MNCs. However, MATRADE has made its mark, as Malaysia trades with over 150 countries. Around the early part of the 2000 millennium, Malaysia's trade was double that of the GDP. Today, trade is about 1.5 times its GDP. The goal of Malaysia's transformation programme is to reach developed status by 2020. All sectors of the economy, including the SMEs, the export sector, are all geared up to reach the set targets. Although Malaysia has adopted the Sustainable Development Goals (SDG), the global policy focus is not well articulated in the policy documents nor in the interviews. Malaysia is developing an SDG roadmap that is being finalized (see Malaysia's Voluntary National Review¹³).
8. Malaysia does not seem to be planning for 2020, when they would graduate to become a developed country. When reminded of that (future) responsibility, they agree that they should start planning but there are no concrete plans at the moment (or not revealed to the consultants). In this respect, there may still be a transition period from being a developing country to assuming the full role as a developed country in terms of SSC.
9. Another critical factor. Many agencies are focused on their mandate and inter-agency cooperation on SSC is minimal. Cooperation is almost non-existent when it comes to international cooperation.

¹³ <https://sustainabledevelopment.un.org/content/documents/15881Malaysia.pdf> (accessed 3 January 2018)

The greater alignment of economic and foreign policy elements is not discussed or disclosed to the consultants. It is possible that such matters are deliberated at higher levels but then it appears that they do not yet have much in terms of evidence-based decision making.

10. Examples of Malaysian private sector's involvement with developing countries (countries of the Global South) include:
 - a. Investment and trade missions (government-led; private sector driven);
 - b. Export-oriented industrialization (EPZ), Vietnam (G2G; private sector);
 - c. Posting of experts (G2G; Tanzania (IPA), Botswana (Vision 2016).
 - d. FMM quoted a technical cooperation programme, where Japan experts were posted to Malaysian automotive firms, which was very helpful;
 - e. Marketing opportunities in the green economy - IGEM;
 - f. Involvement of the private sector in halal industry development, especially for SMEs, HDC (government support), but also in Islamic finance (capital market as Malaysia wants to be a hub for this industry);
 - g. Business matching and networking as in Africa-Asia Business Forums (multilateral agencies);
 - h. Effective implementation of projects and programmes – PEMANDU (formerly with government but now they have been taken private, and offering their advisory services to other organisations and governments);
 - i. The social enterprise (non-Malaysian example; Yunus Social Business) where private firms or NGOs provided the marketing link to Europe for unorganized producers in the Balkans (handicraft or organic framing), helped develop a product from agricultural produce that would otherwise have gone to waste (ugly potatoes in making soup).
11. Some entities were cooperating with Japanese entities but not through JICA, e.g. EXIM Bank. The collaboration would include joint segmentation of funding (EXIM Bank servicing the smaller loans but also syndicating large loans with Japanese (private) banks. However, we did not interview any Japanese company in Malaysia. Some of them were had regional (e.g. regional hub) or international roles (MNC functions). Japanese companies are major investors in Malaysia, accounting for 14% of FDI in Malaysia (DOSM, FDI stats), and 8% of total trade (MITI Report, 2016), one of the top five trading partners.

12. JICA Programmes that were helpful as cited by Malaysian respondents to this survey. They include: Japanese experts programme posted to Malaysian companies; various training and scholarship programmes with exposure in Japan, e.g. the Look East Programme (LEP2.0).

5. Recommendations

A few recommendations are proposed on JICA's engagement with Malaysia on ECDC.

(1) There are partnership options when considering an ECDC framework that is within reach of the Malaysian private sector. Malaysia has strengths in commodities and also in newer areas such as halal certification, Islamic finance and expertise in construction (project management), and experience in industrialisation¹⁴, etc. There are private sector firms and personnel with the requisite experience to assist in an ECDC context. These can be further tapped by development partners, if Malaysia does not see the vantage of pursuing an ECDC option.

(2) A specific instance where Malaysia could have the advantage is to help some of the less developed Middle East countries. Malaysia, in having Islam as its main religion, and emerging to become a developed country is an example of successful development. Malaysia's biggest asset lie in its policies and programmes that incorporate Islamic principles and are able to push ahead with its development. The ECDC angle would be to bring the private sector of these countries to work with the private sector in Malaysia in a joint effort to foster B2B partnerships that would be valuable to companies of both regions. JICA could play a role to support the building of and encourage regional partnerships to be formed.

(3) An area that could do with development assistance and would benefit undeveloped local regions are the growth triangle regions, especially BIMP-EAGA and IMT-GT. The evidence for the need is in the vast in-migration of labour into Malaysia from her neighbours. And the regions that supply the migrant labour are themselves experiencing unemployment and they migrate to areas of labour demand (Malaysian plantations, industry, service sectors). Development cooperation with those regions would help them economically and help balance the uneven development that currently exist. In this regard, the JICA offices of Malaysia's neighbours could support either studies, plans and programmes that examine how the private sector could be facilitated to take business and economic projects in the less developed areas. Such studies need to identify the risks in a transparent manner so that all partners in the development process understand what needs to be done in a joint effort to bring about genuine development.

(4) The model of G2G agreements between the donor and recipient governments with implementation follow-through by the private sector is still relevant. At the heart of the partnership roles that help to build the capacity of the recipient government to manage their institutional capacity such that the

¹⁴ Malaysia has sent ex-MIDA experts to Africa and Central Asia to assist in setting up Industrial Promotion Agencies, export infrastructure, and through G2G agreement, MASSCORP and Kinta Kellas (a Malaysian firm) had set up joint ventures in Vietnam to develop export processing zones in Danang and Hanoi respectively.

business environment is suitable for foreign investors and businesses. That will require improvements to development coordination, raising sufficient funds for infrastructures, capacity to make institutional reforms that meet the country's needs and help improve the investment or trade climate; JICA's role is to identify what is needed in terms of institutional development and then to bring in Malaysian expertise to help them develop to their capability, given its familiarity with Malaysia's development experience.

(5) Malaysia's development expertise is not fully tapped in a SSC manner. Malaysian civil servants who hold key managerial positions in relevant ministries and agencies (EPU, MOF, MITI, MIDA, MATRADE, SMECORP, BNM) have the institutional experience that can be deployed (post retirement) to developing countries. Malaysia does not appear to be sharing this kind of expertise with developing countries, and budget constraints are cited as one of the reasons for programme reduction. It is important to note that PEMANDU, a Unit in the Prime Minister's Department, with experience with developing implementation solutions in complex on-the-ground situations, is a private entity. They have the development expertise to share implementation modalities with developing countries and it could be tapped;

(6) It would be important to continue to work with Malaysia using current modalities, specifically the TCTP. Malaysia has shifted from an outward oriented positioning to a regional and domestic oriented development focus. In a sense, Malaysia has not defined its SSC policy when she becomes a developed nation by 2020. A coherent ECDC policy would be in Malaysia's interest, given the depth, experience, and strength of the private sector. However, Malaysia would need to develop the policy perspective and institutional capacity to pursue those areas.

--end--

Report on Survey Work

	Government Institutions	Survey date/status	Interview method
1	Ministry of Foreign Affairs (MFA)	10 Nov 2017	Face to face interview
2	Ministry of International Trade and Industry (MITI)	21 Nov 2017	Face to face interview
3	Malaysia External Trade Development Corporation (MATRADE)	21 Nov 2017	Face to face interview
4	Malaysian Investment Development Authority (MIDA)	28 Nov 2017	Face to face interview
5	SME Corporation (SME Corp)	28 Nov 2017	Face to face interview
6	Export-Import Bank of Malaysia (EXIM Bank)	30 Nov 2017	Face to face interview
7	Small Medium Enterprise Development Bank Malaysia (SME Bank)	21 Dec 2017	Face to face interview
8	Ministry of Energy, Green Technology and Water (KeTTHA)	7 Dec 2017	Face to face interview
9	Malaysian Green Technology Corporation (GreenTech Malaysia)	20 Nov 2017	Information collected by email
10	Greentech Ideaslab Sdn Bhd	7 Dec 2017	Face to face interview
11	Construction Industry Development Board (CIDB)	5 Dec 2017	Face to face interview
12	Ministry of Agriculture & Agro-Based Industry (MOA)	30 Nov 2017	Face to face interview
13	Ministry of Plantation Industries and Commodities (MPIC)	22 Dec 2017	Face to face interview
14	Malaysian Rubber Export Promotion Council (MREPC)	24 Nov 2017	Telephone interview
15	Ministry of Communications & Multimedia Malaysia (KKMM)	30 Nov 2017	Telephone interview
16	Khazanah Nasional Berhad (Khazanah)	11 Dec 2017	Face to face interview
17	Economic Planning Unit (EPU)	Contacted but couldn't arrange meeting during survey period	-
18	Ministry of Works (KKR) (Policy and International Division)	Contacted but couldn't arrange meeting during survey period	-

	Government Institutions	Survey date/status	Interview method
19	Invest Selangor	Contacted but couldn't arrange meeting during survey period	-
20	Malaysia Timber Council (MTC)	Contacted but couldn't arrange meeting during survey period	-

	R&D Institutions	Survey date/status	Interview method
1	SIRIM	6 Dec 2017	Face to face interview
2	Malaysian Agricultural Research and Development Institute (MARDI)	30 Nov 2017	Face to face interview
3	Malaysian Palm Oil Board (MPOB)	22 Nov 2017	Face to face interview
4	Halal Industry Development Corporation (HDC)	8 Dec 2017	Face to face interview
5	National Innovation Malaysia Agency (AIM)	14 Dec 2017	Face to face interview
6	Malaysian Global Innovation & Creativity Centre (MaGIC)	Contacted but couldn't arrange meeting during survey period	-
7	Roundtable for Sustainable Palm Oil (RSPO)	Contacted but couldn't arrange meeting during survey period	-

	Private Enterprises and Others	Survey date/status	Interview method
1	Malaysian South-South Corporation Berhad (MASSCORP)	27 Nov 2017	Face to face interview
2	Malaysia South-South Association (MASSA)	27 Nov 2017	Face to face interview
3	Federation of Malaysian Manufacturers (FMM)	28 Nov 2017	Face to face interview
4	Malaysian International Chambers of Commerce and Industry (MICCI)	28 Nov 2017	Face to face interview
5	Japan External Trade Organization, Malaysia (JETRO Malaysia)	7 Dec 2017	Face to face interview
6	The Japanese Chamber of Trade & Industry, Malaysia (JACTIM)	5 Dec 2017	Information collected by email
7	Ms Lim Pao Li	11 Nov 2017	Information collected by email
8	LiGNO Biotech Sdn Bhd	18 Dec 2017	Face to face interview