JAPANESE DIRECT INVESTMENT IN KEDAH STATE

by

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ABSTRACT

The relations between Japan and Malaysia have been growing more tight, especially after the boom of the Japanese Direct Investment in Malaysia, after 1985. Nowadays, more than ten thousand Japanese expatriates stay in Malaysia, compared with four or five thousand expatriates in the beginning of 1980s. There are more than 800 Japanese firms in Malaysia, including 400 manufacturing firms.

The significance of the Foreign Direct Investment is bigger than pure investment of capital, for Foreign investment creates jobs, expands trade, introduces new technologies, etc. However, it is difficult to evaluate the total effect of FDI on economy, hence the objective of this research is limited to the analysis of the JDI in Kedah, its Employment creation, Subcontracting network, etc., as well as the prospects for the future of the Japanese firms in Kedah.
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LIST OF ABBREVIATIONS

ASEAN Association of Southeast Asian Nations
DSR Domestic Sales Ratio
EEF Earlier Established Firms
ESR Export-Sales Ratio
FDI Foreign Direct Investment
FPF Far from Penang Firms
FTZ Free Trade Zone
GDP Gross Domestic Product
JACTIM Japanese Chamber of Trade and Industry, Malaysia
JDI Japanese Direct Investment
JER Japanese Equity Ratio
JETRO Japan External Trade Organization
KSDC Kedah State Development Corporation
LCR Local Content Ratio
LEF Later Established Firms
MIDA Malaysian Industrial Development Authority
MNs Multinationals
NIEs Newly Industrializing Economies
NPF Near Penang Firms
REJ Ratio of Export to Japan
REOC Ratio of Export to Other Countries
RPJ Ratio of Purchases from Japan
RPOC Ratio of Purchases from Other Countries
R & D Research and Development
SD Standard Deviation
SMIs Small and Medium Industries
SPD Sales - Purchase Difference
SPW  Sales Per Worker
TDI  Taiwan Direct Investment
TEM  Total Employment
TIN  Total Investment
TSA  Total Sales
UK  United Kingdom
US  United States
USDI United States Direct Investment