

MALAYSIA NATIONAL E&E FORUM 2021

CLOSING REMARKS

YB DATO' SRI MUSTAPAMOHAMED

MINISTER IN THE PRIME MINISTER'S DEPARTMENT (ECONOMY)

12 OCTOBER 2021 | TUESDAY | 12:45PM

Yang Berhormat Datuk Lim Ban Hong
Deputy Minister of International Trade and Industry

Mr. Ram Ganesan Karthigasu
Chairman of Malaysia Productivity Corporation

Yang Berbahagia Dato' Seri Wong Siew Hai
President of Malaysia Semiconductor Industry Association (MSIA)

Speakers, Panelists, Moderators

Ladies and gentlemen

Good Afternoon. I hope everyone joining in today is safe and in good health.

I would like to thank the organisers for inviting me to provide closing remarks for this Malaysia National E&E Forum 2021 - Fueling the Semiconductor Renaissance. I hope that everyone has had an enjoyable morning thus far.

Ladies and gentlemen,

Today, the E&E industry is a key economic contributor to our economy. Indeed, Malaysia is a major global manufacturing hub for the E&E industry. To date, we produce 13 per cent of the global back-end semiconductor output and that accounts for 40 per cent of Malaysian exports. In the first eight months of 2021, Malaysia's E&E industry exported products increased by 18.8% to RM283 Billion.

For the past 50 years, we have been successful in creating a comprehensive E&E ecosystem, particularly for front-end to back-end semiconductor manufacturing activities. A large number of multinational companies (MNCs) have established their operations here, including industry giants such as Intel and ST Micro.

Malaysian companies too, have been part-and-parcel of the industry, providing products and services required by MNCs being very much part of the global value chain.

Our domestic companies serve clients in the automotive, consumer, power management, industrial and medical device segments, providing:

- design and engineering services;
- customisable solutions ranging from IC design, engineering and testing,
- IC packaging; as well as
- manufacturing of modules, system devices and finished product.

Today, more and more Malaysian companies have started their business after gaining technical expertise and know-how while serving MNCs. This

exposure has allowed Malaysian players to identify emerging opportunities within the E&E value chain to create their own niche.

The increased participation of local companies demonstrates our capabilities. This will further improve Malaysian trade performance and reduces currency outflow.

Ladies and gentlemen,

Like the five-year plans that came before, the 12th Plan will provide an overarching trajectory of the Government's development agenda. It provides a sense of direction to Government agencies, the private sector, investors and the public at large on the overall policy direction of the Malaysian Government.

Ladies and gentlemen,

As highlighted in the World Bank's Aiming High Report, Malaysia needs to address several issues as we make the transition to a high-income country.

These issues include the relatively slower rate of economic growth compared to many countries that achieved high-income status in recent decades. Malaysia has a lower share of employment in high skill jobs and higher levels of inequality compared to many other countries that have already graduated from middle-income status. And, compared to the OECD countries, our tax to GDP ratio is low, our social protection is insufficient, and we perform relatively poorly in terms of measures related to environmental management and corruption.

Our priority is to build back better; To rebuild the Malaysian economy; To place Malaysia on a stronger economic footing; and To build a more competitive economy.

Ladies and gentlemen,

The global economy is experiencing material shifts in trade, services, travel, information and technology.

In particular, global supply chains are reconfiguring with greater regionalisation and multi-shoring to support an increasing focus on resilience. Such reconfigurations will present both challenges and opportunities for Malaysia – particularly in export-focused sectors such as the advanced electrical and electronics (E&E) industries.

The 12th Malaysia Plan will focus on high potential industries, like advanced electrical and electronics to drive the economy forward and create economic opportunities. E&E has been identified based on its prospects in generating high value-added activities and products, advanced technology adoption, research and development and innovation, high-skilled employment, as well as their contribution in achieving the green agenda.

Our success in transforming the E&E sector is one of the major determinants of Malaysia achieving high income status.

Ladies and gentlemen,

I would like to express my utmost appreciation to everyone for making this year's Forum a success.

On that note, it gives me great pleasure to officiate the closing of the Malaysia National E&E Forum 2021.

Thank you.