

WELCOMING REMARKS

**YB SENATOR TENGKU DATUK
SERI UTAMA ZAFRUL BIN TENGKU
ABDUL AZIZ**

**MINISTER OF INTERNATIONAL
TRADE AND INDUSTRY**

VISIT TO MIDF

MENARA MIDF, KUALA LUMPUR

12 DECEMBER 2022

Tan Sri Abdul Rahman Mamat

Chairman

Dato' Charon Wardini Mokhzani

Group Managing Director,

Members of MIDF Board Of Directors,

Management of MIDF,

Ladies and Gentlemen,

Assalamualaikum Warahmatullahi

Wabarakatuh,

Salam Sejahtera and Good Morning,

1. First and foremost, I'd like to express my appreciation and gratitude to the Malaysian Industrial Development Finance Berhad, or MIDF, for hosting and accommodating my first working visit to your esteemed organisation.
2. This visit is part of my engagement programme, as well as a familiarisation tour of MITI's agencies, to ensure that we continue to maintain and improve existing relationships between MITI and its agencies. This is important in meeting MITI's goals of ensuring the continuity of the country's trade and investment agenda as a driver of economic growth,

as well as its role in supporting industries to further grow and develop.

3. To that end, as Minister of MITI, I have identified and shared three primary priorities with other agencies. The first is to ensure that trade and investment continue to drive economic growth. The second is to boost investor confidence and increase FDI. Finally, we must ensure that Malaysian SMEs will benefit from the various bilateral and multilateral trade agreements.
4. While ensuring that trade and exports continue to be important contributors to the country's economic progress, it is critical that we restore foreign investor confidence and increase FDI into

Malaysia. Furthermore, I'd like to focus on assisting our SMEs and other business entities in maintaining and increasing their global competitiveness, so they can fully leverage on the various FTAs Malaysia has signed.

Ladies and gentlemen,

5. MIDF has been in the industry since our country's independence. I'm pleased to say that, for more than 60 years, MIDF has had tremendous success in assisting both SMEs and non-SMEs, particularly those in the manufacturing and services sectors, to expand their businesses and receive financial and advisory support in entering new markets.

6. As one of MITI's agencies, one of MIDF's main responsibilities is to manage Government funds, in collaboration with MIDA and SME Corp. More recently, this includes MIDF's launch of the Jumpstart Financing scheme last June to help restart and support the continuity of businesses affected by the COVID-19 pandemic.
7. Another notable MIDF's work is the weekly Fund Flow report, which tracks the net inflow and outflow from our equity market. For those in the finance industry, this has been the go-to source for keeping up with fund flows. Even when I was in MOF, we referred to this report, which is always quoted by media,

especially its insights – complementing the data and analysis prepared by Bursa Malaysia and Securities Commission.

Ladies and gentlemen,

8. Please allow me to share briefly with everyone the key takeaways from my recent media interview, as well as to highlight several issues we've been keeping an eye on, even when I was the Finance Minister.
9. Despite our progress towards endemicity, the global economy continues to face a number of challenges, including the ongoing effects of the pandemic, the fallout from

the Ukraine war, high inflation — particularly for food and energy prices — and several climate change-related events that have disrupted economic activity.

10. This has led to IMF reducing their growth forecast for Asia and the Pacific to 4% this year, and 4.3% next year, both of which are significantly lower than the 5.5% average over the last two decades.
11. In line with this, the World Trade Organisation, or WTO, has reduced their forecast for international trade in October. They now predict that merchandise trade volumes will grow by only 1.0% in 2023, far less than the 3.4% they predicted in April.

12. Since 2020, countries all over the world have imposed a number of new trade restrictions, particularly on their exports, to support their respective disrupted supply chains. This was done initially in response to the pandemic, and more recently in response to the Ukrainian war and food security crisis.
13. While some of these export restrictions have been lifted, many others remain in place.
14. According to WTO's ongoing monitoring, 58 of the 78 export restrictions on food, feed, and fertilisers imposed since the start of the war in late February are still in effect as of 24

November 2022, covering approximately USD56.6 billion in trade.

15. These figures have increased since mid-October, and I believe they are cause for concern, especially for a small and open economy like ours, where total trade now accounts for approximately 160% of GDP.
16. Even in the absence of actual trade restrictions, trade policy uncertainty can effectively become non-tariff barriers and worsen economic activity by causing firms to pause hiring and investment, and new firms to postpone entry into a market.

17. This has intensified economic competition.

18. On the other hand, investors are becoming more demanding, as they choose markets not only with the greatest growth potential, but increasingly, also those with firm commitments to ESG principles.

Ladies and gentlemen,

19. We are fortunate to be where we are today because of good policies in the past, but we must not take this for granted. Our competitors, particularly other countries in this region, are catching up.

20. We must constantly reinvent ourselves to maintain our competitive advantage and be ahead of the curve that will set us apart from other economies.
21. It's similar to selling a product: how do we rebrand Malaysia to the rest of the world as a top trade and investment destination?
22. On that note, I'd like to share that MITI, is finalising a 100-day plan to delve deeper into the nation's issues and challenges, and to develop solutions to address any shortcomings, as well as to improve MITI and its agencies.

23. For the nation's long-term benefit, we will continue to address "low-hanging fruit" issues before moving on to more complex ones.

Ladies and gentlemen,

24. I strongly believe that a business-friendly regulatory environment is critical for ensuring the ease of doing business, keeping industries competitive and sustainable, and allowing them to grow during this critical period. As the saying goes, time and tide wait for no man. We must strike while the iron is hot. I'm confident that MITI and its agencies, including MIDF, will continue to enable

Malaysian businesses to grow within and outside Malaysia.

25. Before I conclude, I'd like to express my appreciation for all your presence here today, and I look forward to MIDF's continued support and contribution to the industry and the development of SMEs, thank you.

Wabillahi taufik walhidayah,
wassalamu'alaikum wa rahmatullahi wa
barakatuh.