



**MINISTRY OF  
INVESTMENT, TRADE AND INDUSTRY**

**SPEECH**

**BY**

**YB SENATOR TENGKU DATUK SERI UTAMA ZAFRUL AZIZ  
MINISTER OF INTERNATIONAL TRADE AND INDUSTRY**

**FOR**

**DINNER HOSTED BY THE EU AMBASSADOR**

**7:30PM, 22 JANUARY 2024 (MONDAY)  
PRIVATE DINING ROOM - 65<sup>TH</sup> FLOOR  
FOUR SEASONS RESIDENCES, KUALA LUMPUR**

**Note:** *On 25 July 2023, YB Minister of MITI gave a dinner briefing on NIMP2030 to a group of foreign Ambassadors, many of whom were from the EU. The attendance from EU countries is as follows:*

- 1. Belgium – H.E. Peter Van Acker*
- 2. Czech Republic – HE Milan Hupcej*
- 3. France – H.E. Axel Cruau*
- 4. Hungary – Her Excellency Dr. Petra Ponevács-Pana*
- 5. Romania - Her Excellency Mrs. Nineta Bărbulescu*
- 6. Spain - H.E. José Luis Pardo Cuervo*
- 7. Sweden - HE Dr. Joachim Bergstrom*
- 8. The Netherlands – H.E. Jacques Werner*
- 9. The EU – H.E. Michalis Rokas*

Excellencies, Ladies and Gentlemen,

1. Firstly, let me begin by thanking His Excellency Michalis Rokas for hosting this dinner. On 25 July last year, I remember meeting several of you at a dinner in Damansara Heights.
2. I believe several of you envisaged it as an easy-going, fun, networking evening, but it turned out to be a briefing on the New Industrial Master Plan which would be launched the following September.

3. I promise you, tonight, there will be no powerpoint presentations! Just a speech and then we can mingle, and you can ask me anything on MITI, and Malaysia's industrial, trade and investment policies.
4. Moving on, I am truly delighted to join all of you tonight at the beginning of the year, which is an opportune time for us to take stock of our situation and to share with you how MITI is charting the way forward to advance Malaysia's investment, trade and industrial sectors.

## **Reflections on 2023 and 2024 Global Outlook**

Excellencies, Ladies and Gentlemen,

5. Just recently, on 11 January 2024, I was invited to give a keynote speech at the S. Rajaratnam Endowment Dialogue in Singapore, where I shared about the world being in a state of “**permacrisis**” – an extended period which has seen people live through crises that include disrupted supply chains, high inflation, two wars that see no signs of ending, superpower tensions, and higher cost of doing business.
6. We can add climate change to that chaotic mix, where COP28 has shown that global efforts to adapt and ensure a just transition approach still fall short of targets.

7. Meanwhile, we are also seeing businesses across the world grappling to embrace several unilateral policies introduced on the card of climate change, such as the EU Deforestation Regulation (or EUDR) and Carbon Border Adjustment Mechanism.
8. Coupled with China's continued economic doldrums and the uncertainties caused by a slew of elections worldwide, including in countries such as Taiwan and the US, **we can likely expect slower global economic growth of below 3%** as projected by the International Monetary Fund (IMF) and many other global institutions.
9. How are we at MITI navigating all these to ensure that our growth potential for the investment, trade and industrial sectors remain not just resilient, but also sustainable for our long-term growth? Let me start by sharing some facts and figures.

## Malaysia's MADANI Framework & 2024 Economic Priorities

Excellencies, Ladies and Gentlemen,

10. Malaysia as an open economy is carefully charting our economic directions towards a nimble and resilient economic powerhouse in the region amid ongoing external challenges. This ambition is supported by the **MADANI Economy framework**, which focuses on two main objectives, namely **restructuring the economy** and **improving the quality** of life of all Malaysians.
11. On that score, while 2023 had been a challenging year, MITI and its agencies managed to deliver many key achievements, including securing **almost RM354 billion (USD76 billion) in committed FDIs**. As of 3Q2023, **RM225 billion (USD48.5 billion) had been approved**, which already exceeded our full-year target of RM220 billion.
12. Despite the challenging global economic landscape, Malaysia's trade last year exceeded the RM2 trillion mark for three consecutive years, and we registered a trade surplus for 26 successive years (since 1998). Exports surpassed RM1 trillion for the third year in a row, while imports posted another milestone by crossing the RM1 trillion mark for the second time.

13. So, all things considered, one could say we had navigated 2023 reasonably well for Malaysia. **Investment and trade numbers that we can be proud of have partly been contributed by the political stability that has clearly returned to our country.** Some elements may need some time to adjust to this fact, but I think most of the country is ready to move on from the past, and we will.
14. Despite stronger macroeconomic numbers in 2023, including expected growth of 4%, as well as lower inflation and unemployment rate, and improving ringgit outlook, Malaysia embraces the new year of 2024 with **cautious optimism.** Yes, our economy is expected to benefit from increased semiconductor exports and the strong momentum in the tourism sector in 2024, but much reform is required.
15. On MITI's end, our focus will continue to be **industrial and investment reforms** outlined by the **New Industrial Masterplan (NIMP) 2030 and the New Investment Policy (NIP)**. We will also continue to focus on our strategic thrusts under the **National Trade Blueprint 2020- 2025**.

16. While MITI will be the main driver of these policies, its implementation involves other Ministries, too, such as Energy Transition & Public Utilities, Transport, MOSTI and Higher Education, to name a few. Clearly, the political stability over the past one year has enabled us to implement the whole-of-government approach more effectively, and speed up the reform agenda.
17. Part of the endgame is for Malaysia to be at least in the top 30 largest economy within 10 years, from its 37<sup>th</sup> ranking in 2022<sup>1</sup>. Can we achieve that? How will we do it? The recent Cabinet reshuffle gives us a team — especially an economic platoon — that is more focused. From high cost of living, to low wages, youth unemployment and uneven development between regions — the Malaysian Government are taking measures to address them once and for all.

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<sup>1</sup> Based on World Bank data.

18. You may also have read in the media that we are serious about easing the journey for investors and businesses. Last year alone, we did three key things on this:

- a. **First, we set up the Investment and Trade Action Coordination Committee (ITACC).** I myself chair this Committee, which comprises key ministries and federal agencies involved in various approval processes to ensure a committed investment take off. Our most recent meeting happened just last Friday.
- b. **Second, we reactivated Investment Coordination Committee Meeting (ICCM),** also chaired by me, where matters of execution related to attracting, realising and sustaining investments are decided on quickly and decisively between federal agencies and state or regional investment promotion agencies.
- c. **Third, we set up the Invest Malaysia Facilitation Centre (IMFC),** where investors can settle all their administrative issues at a physical one-stop centre within the MIDA building.

19. In short, we are determined to ensure that obstacles and roadblocks along the investor's journey will be a thing of the past. As of now, we are 12th in the World Bank rankings for ease of doing business, and we moved up 5 spots to 27th in the 2023 IMD World Competitiveness Ranking. We are determined to improve this.
20. All these underscore Malaysia's strong resolve to restore our status as an Asian Tiger. I am confident that we are on the right track towards achieving our MADANI Economy objectives, particularly with the support of Your Excellencies in helping us to position Malaysia as your businesses' 'first port of call' and strategic hub in this region.

## **Malaysia-EU Trade and Economic Relations: Current Position & Future Prospects**

Excellencies, Ladies and Gentlemen,

21. Malaysia and the EU have established strong trade and investment linkages built over the past decades. The EU ranked as Malaysia's **fourth largest trading partner in 2023**, with total trade amounting to more than **USD45 billion<sup>2</sup> (RM206.69 billion)**.

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<sup>2</sup> Exact figure is USD45.33 billion

22. This year-on-year decline<sup>3</sup> is entirely in line with the halving of global trade growth at 0.8% from 1.7% by WTO. Although overall exports to the EU eased by 10.5%, we recorded growth for exports to Germany<sup>4</sup> and Belgium<sup>5</sup>, following robust exports of E&E products.
23. In terms of investment, I must also acknowledge the contribution and support from the EU, as businesses from the EU accounted for 17% of approved investments. Malaysia is home to a total of **1,298 projects** worth **USD56.4 billion (RM223.9 billion)** by companies from the EU. These have translated into more than **150,000 employment opportunities for our people**. These achievements are attributable to everyone sitting in this very room, so thank you, all!
24. But there is still much to be accomplished to ensure that Malaysia-EU trade and investments will continue to bring mutual long-term, sustainable benefits for our nations, businesses and people.

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<sup>3</sup> Total trade declined by 4.4% as compared to RM216.24 billion (USD49.16 billion) in 2022.

<sup>4</sup> Exports grew by RM532.3 million to RM30.56 billion, ↑ 1.8%

<sup>5</sup> Exports increased by RM343.8 million to RM9.34 billion, ↑ 3.8%

25. A stable and open economy like Malaysia requires the support of like-minded trading and investment partners, like the EU, to realise Malaysia's reindustrialisation and second economic take-off. Let me just quickly provide three areas for our possible future collaboration (the list is non-exhaustive, of course):

d. **First, on enhancing Malaysia's economic complexity,** we welcome more investments that involve hi-tech enablers. We are pleased with Infineon Technologies' announcement in August 2023 that they would invest €5 billion (~RM25 billion) over the next five years to build the world's largest 200mm silicon carbide (SiC) power fabrication (power fab) plant in Malaysia. This isn't just about great headlines. Infineon's initial €2-billion investment has benefitted from Malaysia's excellent semiconductor ecosystem, which prompted its decision to expand. Clearly, Malaysia has the talent and infrastructural support to make it worthwhile to expand their presence in Malaysia over other ASEAN countries. The project will benefit Malaysia in terms of technology transfer and more opportunities for outsourcing. Our doors are open to more manufacturing companies from the EU who wish to expand their footprint in this region.

e. **Second, on the rapid embrace of technology.** We are looking to create 3,000 smart factories under NIMP2030, and we are looking for partners who can help our industries tech up, and tech up quickly. We have the talent, the infrastructure, the rule of law, and our doors are always open for your businesses to establish their regional tech hub in Malaysia. While we look towards adopting tech quickly and being innovative, we are also aware that good regulatory practices are crucial to ensure that any technology-driven enablers that we attract via FDI will be safe for the masses. We laud the EU's AI Act 2023<sup>6</sup> passed just last December, which has taken a risk-based approach that sets the standard on AI regulation by regulating the USES of AI-related products or services, rather than the TECHNOLOGY, and this means the act strives to reduce harm in areas where AI poses the greatest risk to fundamental rights<sup>7</sup> without stifling innovation. MITI will certainly consider the same approach when evaluating hi-tech investments coming into Malaysia.

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<sup>6</sup> [Europe agreed on world-leading AI rules. How do they work and will they affect people everywhere?](#)

<sup>7</sup> Such as education, health care, border surveillance, and public services. It also bans uses that pose an "unacceptable risk"

f. **Third, the NIMP2030 has set clear goals for the manufacturing sector to achieve its emission-reduction targets, which will contribute to Malaysia's next zero goal by 2050.** Again, I would like to invite your businesses to support Malaysia on this goal by sharing green and sustainable manufacturing technologies with us. We need help to build the capacity of our industries to ensure a just and fair transition towards climate-friendly technologies. As far as domestic investment partners are concerned, MITI is here to also facilitate collaborations with Government-Linked Investment Companies such as EPF and Khazanah.

## **2024 Trade and Investment Missions (TIM) to Italy, Germany & France**

Excellencies, Ladies and Gentlemen,

26. Last week, I led a successful Trade and Investment Mission to Italy, where I had the opportunity of meeting renowned Italian companies in the automotive, aerospace, semiconductors, food, biofuel, as well as machinery and equipment sectors.

27. The Mission successfully secured a total of **RM2.835 billion potential investment** and **RM500 million** of potential exports of Malaysian products and services.
28. During the mission, MITI also facilitated a historic collaboration between Perodua and its Italian partner on developing home-grown EV models in Malaysia. Perodua is aiming to produce their first affordable EV by end-2025, a key mission-based project under NIMP 2030. Thank you, Ambassador Massimo (Italian Ambassador: H.E. Massimo Rustico) for facilitating this Mission.
29. Capitalising on the great momentum following our Mission to Italy, I will lead **another Trade and Investment Mission to Germany and France in March**. This Mission will coincide with the **Honourable Prime Minister's first official visit to Germany from 11 to 13 March 2024**, where he is scheduled to give a keynote address at the SME Day conference. MITI and its agencies are also arranging for the Honourable Prime Minister to meet with captains of industries and the business community in Berlin.

30. I strongly believe all these proactive engagements, especially with the active involvement of our top leaders and Your Excellencies, will be a catalyst for the businesses from both sides to work even harder to elevate our bilateral economic relations to the next level.

## **Closing**

Excellencies, Ladies and Gentlemen,

31. In conclusion, while the year of 2024 will continue to be challenging for the global economy, there are plenty of opportunities that we can tap on. MITI remains focused on the execution of its strategies and strengthening our cooperation with all our key partners, including the diplomatic corps of the EU countries in Malaysia.
32. In addition, the Unity Government is committed to work as a team in spearheading the restructuring of our economy under the MADANI framework to bring back a stronger Malaysia!
33. For MITI this year, my priority is to ensure the effective implementation of the NIMP 2030 in response to the fast-changing global demands and emerging opportunities.

34. It is my hope that everyone in this room, the esteemed Excellencies from the EU will support our effort towards building a more inclusive, prosperous, sustainable, and just future.

Thank you.