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**PRAXIS 2024:  
Policies for a Better Tomorrow**

**13 August 2024**

**Renaissance Hotel, Kuala Lumpur**

Bismillahirrahmanirrahim,  
YBhg Datuk Professor Dr Mohd Faiz Abdullah, Chairman of ISIS  
Malaysia,

Excellencies, distinguished delegates, ladies and gentlemen,

Assalamu'alaikum, warahmatulahi wabarakatuh and selamat  
pagi.

1. Thank you to the Institute of Strategic and International Studies (ISIS) Malaysia for having me, and congratulations on advancing Malaysia's intellectual discourse through the PRAXIS 2024 conference in collaboration with its esteemed partners.
2. The conference's salient theme of "Policies for a Better Tomorrow" is timely, to take stock of where we are in terms of policy achievements, see what tailwinds and headwinds lie ahead, and determine how we can progress in the immediate and long-term.
3. This morning, our Prime Minister spoke about how the changing global landscape presents risks and opportunities for Malaysia, especially as we gear up to assume the ASEAN chair in 2025.

4. There was also a session on Malaysia's ambitious targets to increase its economic complexity ranking under the New Industrial Master Plan (NIMP) 2030.
5. So, I would specifically like to talk about three points.

### **From recovery to rejuvenation, from tech war to tech opportunities for Malaysia**

6. **First, on how MITI is increasing trade and investments to push economic growth.** Since independence, Malaysia's growth trajectory has been rather remarkable. From the **late 1980s to the late 1990s**, our **average annual GDP growth was over 9%**. Hundreds of thousands of Malaysians were lifted out of poverty as **jobs were created in both the manufacturing and services sectors**. Skyscrapers transformed the cityscape of Kuala Lumpur, with the Petronas Twin Towers effectively putting Malaysia on the global map.
7. Malaysia became an **upper-middle income country**, and quickly set its sights on becoming a fully developed nation by 2020. But these plans did not materialise. Malaysia became **stuck in the 'middle income trap'**, which Yang Amat Berhormat Prime Minister Dato' Seri Anwar Ibrahim

described as “caught in a vicious cycle of low wages, low profits and a lack of competitiveness”.

8. And **post-COVID**, there have been challenging factors – from the **escalating global geopolitical rivalry to accelerating digitalisation and adverse impacts of climate change** – which have made the global economy more complex.
9. But, escalating **US-China tensions**, fraught with geopolitical risks, also brings about **potential opportunities**. The emergence of competing supply chains, and **both countries’ efforts to decouple from each other’s economies**, has reshaped the dynamics of **both international trade and investments**.
10. For Malaysia navigating this turbulent terrain, **understanding the clear division within the global tech ecosystem has been crucial in positioning Malaysia as a preferred investment destination**, particularly for **semiconductors**.
11. China’s **‘Made in China 2025’ initiative seeks to establish dominance in crucial technologies such as AI, robotics, renewable energy, electric vehicles,**

aerospace and biotechnology. In response, the **US has restricted critical exports and domestic innovation investments through initiatives such as the CHiPs Act.**

12. **As a result, many investors are seeking diversification across regions and sectors, as a risk-mitigation measure.** Security concerns and over-reliance have led both economies and their regional partners to invest more in separate, rival tech supply chains.

### **Malaysia's 'middle-power' position to support global tech supply chain security**

13. This brings me to my **second point, which is on how Malaysia, as a middle power, can play its role in global supply chain security.** The US-China stand-off presents opportunities for Malaysia, particularly via our E&E and Renewable Energy sectors. Globally, **investors in industries such as EV and solar power are focused on securing sensitive trade goods.**
14. **At the heart of today's tech Cold War lies a battle over the semiconductor supply chain.** And Malaysia's 50-year-old semiconductor sector places us in an excellent position to reap such opportunities. This is why we

introduced the **National Semiconductor Strategy (NSS)**, to move our semiconductor producers up the global value chain for us to export more higher-value products.

15. We have already **welcomed global investors such as Infineon, Intel and Texas Instruments who have increased their investments in Malaysia**, due to **our agile tech supply chains**. Just last week, the PM and I were at the launch of Infineon's world's biggest Silicon Carbide plant.
16. Indeed, as technology continues to evolve, investors are also considering the transformative potential of emerging technologies such as generative AI. To that end, **Malaysia is also actively courting investments in related assets such as robotics, AI-powered logistics suppliers and industrial real estate – in short, hardware, software and applications across the AI ecosystem** - to help global investors mitigate risks.
17. Indeed, the **semiconductor industry is the backbone of today's biggest technologies, including AI, electric vehicles and factory automation**. It is also pivotal in securing economic prosperity and national security for tech superpowers such as China and the US, especially as

Taiwan still dominates semiconductor manufacturing worldwide.

18. We know that Taiwan dominates the global semiconductor manufacturing supply chain. However, given China's proximity and influence, there has been a certain shift away from Taiwan.
19. Analysts have estimated that **government initiatives, such as the Chips Acts, may inject roughly \$100bn into the semiconductor industry across the US, Europe and Asia.** Malaysia has the **industrial capacity, the track record and the rule of law to successfully reap that opportunity.** Malaysia can truly become a 'middle-power broker' to support the **security of the global tech supply chain.**
20. This is why **NSS** has earmarked **over RM25 billion** over the next decade to **strengthen and upscale Malaysia's burgeoning semiconductor sector** through **talent development, targeted initiatives for local companies, and incentives** to promote investment in high value-added front-end activities.
21. Aside from our efforts on skilled talent development, **Malaysia must also apply data-driven solutions.** Hence,

the continued need for strategic, deliberate and conscious action by policymakers.

22. On that score, at today's **National Investment Council**, we presented a key proposal to establish an **Integrated Digital Platform**, which consists of a Supply Chain Intelligent Management System; a Business Continuity App and Virtual Center of Excellence. Together, all these will **map, gather and analyse real-time data from the supply chains of critical industries in Malaysia, and to clearly see how one sector's supply chain supports another sector.**
23. **To me**, this is what the **MADANI Economy framework** is about – to **utilise smart resources (such as data analytics) to restructure the Malaysian industries, so we can position ourselves as a regional economic leader, while ensuring better broad-based growth for a more inclusive and equitable** enjoyment of the enlarged wealth.

**Sustainable manufacturing for Malaysia's economic renaissance and inclusive growth**

Ladies and Gentlemen,

24. That brings me to my third and last point for today, which is ensuring economic inclusivity and security for all. MITI's commitment to the **MADANi Economy Framework through the NIMP 2030** covers this, too. In 2023, when we reviewed Malaysia's industrial policy, we not only broke away from past sector-based principles, but we also adopted a mission-based approach, a 'first' in Malaysia's policy-making history.
25. Aside from aiming to create a **vibrant and agile manufacturing sector to drive technological innovation, R&D, productivity growth as well as high-skilled job creation, we also want to improve economic security and inclusivity**. This is also related to ESG, and our Push for Net Zero (the third mission of NIMP).
26. Specific, sector-based strategies are crucial to realise NIMP 2030's goals. Within the last one year, MITI has also launched the **National Industry ESG Framework (i-ESG)**.
27. We are aware that **industrial policies CAN and MUST assume a new 'role' due to also climate risks**. The EU's **Green Deal Industrial Plan** and policies such as **Carbon Border Adjustment Mechanism**, for example, seem like

‘moving goal posts’ for emerging market exporters. **We are, therefore, ramping up our industrial capacities and capabilities in strategic sectors such as green technology, to stay competitive** and secure vital supply chains.

28. But **capacity-building is key**. This is why Malaysia also recently launched **the Green Investment Strategy (GIS)**. This will complement the **NIMP’s Net Zero mission and the National Energy Transition Roadmap**.
29. The GIS drives the innovation and investments needed to achieve a just energy transition, **ensuring that our climate commitments are met while protecting the wellbeing of workers** affected through the creation of new job opportunities and re-skilling. We want to **focus on green technologies that improve resource efficiency, accelerating Malaysia’s transition to a low-carbon economy**.
30. Indeed, **in the last 18 months or so**, we have attracted many renowned MNC investors into Malaysia’s renewable energy (RE) space. These include **the UAE’s MASDAR, which has committed USD8 billion to develop up to 10**

**gigawatts (GW) of RE projects across Malaysia,** involving solar, wind, and battery energy storage systems.

31. Malaysia also recently launched **the Kerian Integrated Green Industrial Park (KIGIP) in Perak** - designed to be a green technology and industrial hub, powered primarily by RE. The 1,000-acre park – with a 660-acre solar farm, residential areas, and green environments – aims to attract high-quality investments in sectors such as electronics, semiconductors, and logistics.
32. Greening existing industrial parks is also a priority under the NIMP 2030. Bank Negara Malaysia (BNM) has mandated that **at least 50% of new bank financing supports climate-supporting or energy-transitioning activities by 2026**, including the greening of industrial parks. BNM is also developing guidelines to align financial institutions' strategies with our national climate goals, ensuring a robust financing framework for the greening of Malaysia's industrial landscape.
33. **The GIS** is also looking into various initiatives **to mobilise private capital towards advancing circular economies, climate mitigation, adaptation strategies, and sustainable mobility in our industry.**

34. Ultimately, what we need is a **just transition for our industries**. This is not only to **ensure their continued access to eco-sensitive markets**, but also because this is the **right thing to do for our people and planet**.

**On the right policy track, but execution is key, and more can be done**

Ladies and gentlemen,

35. Blueprints and master plans are nothing without effective execution. This is why we have diligently followed up on committed investments through MITI's various Trade & Investment Missions. In terms of **approved investments**, the country achieved a **record-high of RM330 billion (+23% Y-o-Y)** in 2023, and **RM83.7 billion (+13% Y-o-Y)** in the first quarter of 2024.
36. Again, follow through is key. To that end, I am happy to share that from 2021 until Q1 2024, the realisation rate of approved investments is at ~80%, thanks to diligent follow up via agency-led initiatives such as MIDA's Invest Malaysia Facilitation Centre (IMFC) and TRACK.

37. Trade-wise, in **2023**, our total exports surpassed **RM1 trillion** for the third year running, despite a cyclical downturn in the semiconductor industry and commodities.
38. I am equally proud to share that for the **first half of 2024**, our **total trade reached RM1.4 trillion**, highest ever for the period. The country has also recorded over **two decades** of uninterrupted quarterly trade surpluses, with E&E products and other manufactured goods massively contributing to exports.
39. Compared to a many of our regional neighbours, **Malaysia has shown its ability to punch well above its weight in the movement of goods across borders**. This is also attributed to Malaysia's commitment to the rules-based framework of global trade through its membership of an extensive ecosystem of free trade agreements, including the RCEP and CPTPP, two of the world's largest FTAs.
40. Despite our achievements, we are not complacent. There is considerable room for improvement, and these include:
- i. **Enhancing the utilisation rate of FTAs** like RCEP and CPTPP among Malaysian firms.
  - ii. **Empowering more SMEs to participate in international trade**. To this end, MITI and MATRADE

have been actively conducting outreach sessions with and awareness workshops for SMEs on the benefits that can be gained from Malaysia's network of FTAs.

- iii. **Building up our economic diplomacy**, to affirm Malaysia's place in the region and the world as a **respected middle power**.
  - iv. **Building resilience by economic diversification**, both in terms of the types of commodities traded and the markets we trade with.
41. Two recent examples of diversification include the establishment or expansion of non-traditional markets such as Brazil, Egypt and Libya. Our Prime Minister has also announced **Malaysia's intention to join the BRICS** group of nations, a step forward in reinforcing our commitment to South-South cooperation.

## **Think globally, act regionally**

Distinguished guests, Ladies and Gentlemen,

42. While we must think globally, we should also act locally and regionally, particularly as Malaysia assumes the ASEAN chairmanship in 2025. Last year, ASEAN launched negotiations on the highly anticipated [Digital Economy](#)

Framework Agreement, which has the potential to significantly grow Malaysia's digital sectors such as big data, storage and AI.

43. Next year, all eyes will be on us. First, we must conduct a comprehensive review of the ASEAN Economic Community Blueprint 2025, the very same vision that we put into place in 2015.
44. We must also **find ways to enhance regional integration**, such as through a reduction in nontariff barriers or through the seamless movement of skilled labour, to name just a few. In tandem with this, we must **take the lead in charting the way forward** for ASEAN in trade, **connectivity, cooperation, innovation and people-to-people linkages**, for 2040 and beyond.

Distinguished guests, ladies and gentlemen,

45. To conclude, let me return to the theme of PRAXIS 2024 – **“Policies for a Better Tomorrow”**. Through NIMP 2030, NETR and the 12<sup>th</sup> Malaysia Plan, among others, the government is no doubt putting the building blocks of policy in place for a better, developed Malaysia in the years to come.

46. From the escalating global geopolitical rivalry to accelerating digitalisation and adverse impacts of climate change, we must never cease to adapt, mitigate and evolve for the sake of the *rakyat*'s prosperity and wellbeing.
47. **By fulfilling the Madani Economy's existential goals of sustainable development, Malaysia's leadership among Asian economies will be concretised.** Equally important is our **whole-of-nation effort to ensure the equitable sharing of wealth among the *rakyat*.** There must also be continuous feedback and buy-in from the private sector, civil society, think tanks and society at large.
48. With that, it is my sincere hope that over the course of these two days, this conference will generate powerful ideas that can contribute to Malaysia's long term sustainable, and inclusive socio-economic prosperity. I wish all delegates a fruitful conference. Thank you.