

SPEECH BY
YB DATO' SERI ONG KA CHUAN
MINISTER OF INTERNATIONAL TRADE & INDUSTRY II (MITI)

INDUSTRY 4.0 WORKSHOP

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Distinguished Guests,

Ladies and Gentlemen,

Salam Sejahtera and Good Morning to everyone.

Thank you for being here today at the Industry 4.0 Workshop organised by MITI. I am glad to see here such a big group of industry players, academicians, researchers, government officials and various other stakeholders. This shows the great interest the topic of industry 4.0 has created.

As you all are aware, we are in the middle of a true revolution - the fourth industrial revolution, which will change not just the way we work, but the way we live. The developed countries are now moving or have moved towards Industry 4.0. It is timely for our industries to act quickly and steer towards digital manufacturing. We have to keep pace with the rapid advances in technology, and we have to do this together, and at the right scale to stay competitive. Industry 4.0 is about digital innovation in products, processes and business models which offer opportunities that we cannot simply afford to miss. In short, the Fourth Industrial Revolution is changing various aspects of our lives be it from the way we work to the way we live.

Meanwhile, I must say MITI now will take the responsibility to facilitate the industries to be part of this revolution ensuring the principles of Industry 4.0 being brought along to industries, organisations and businesses. As a way forward, today, here we are gathering all of you at this platform, looking forward for favourable and appropriate inputs and feedback in exploring and charting the course forward for Malaysia in our Industry 4.0 endeavour.

Ladies and Gentlemen,

Ideally, we have to be mindful that Industry 4.0 needs to be driven by industry as it requires making major shifts within an organisation's internal structure and processes. The Government, on the other hand, will continue to facilitate and provide support in various ways. In fact, the Government has already embarked on several initiatives that will lead the country towards Industry 4.0 namely the National Strategic Plan on Internet of Things (IoT), the world's first Digital Free Trade Zone and setting 2017 as the year of the Internet Economy for Malaysia among many others that are in the pipeline.

In the meantime, the RMK 11, through the targeted strategies outlined under the umbrella of Re-energising the manufacturing sector, identifies "Game Changers" which is aspired to elevate the socio-economic agenda forward. I believe the "game changer" for energising the manufacturing sector is the integration of Industry 4.0 itself into the current manufacturing processes. In this aspect, I urge the global players, MNCs as well as SMEs and local companies to come together to realise this aspiration the soonest.

Ladies and Gentlemen,

Government, on the other hand, will explore and initiate all the possible ways to facilitate the emulation of elements of Industry 4.0 in the current system. This can be seen via Government's initiative through the expansion of the scope of funds under various agencies, whereby manufacturers will be incentivised to diversify into frontier products to encourage SMEs and start-ups to venture into frontier industries which will allow the manufacturers to raise their productivity strategy and move to the next level, including venturing into the elements of industry 4.0 i.e. the Digital economy, IoT, cloud computing and E&E.

Let me walk through what industry has achieved thus far in the context of Industry 4.0. In 2015, the digital economy contributed 17.8 % to GDP which is very close to the target of 18.2 % set for 2020. A total of RM162 million has been allocated in the 2017 Budget for a host of programmes under digital economy including the Digital Maker Movement and the introduction of new location categories as Malaysia Digital Hub. The Digital Free Trade Zone launched on 22 March 2017 by YAB Prime Minister will combine physical and virtual zones with added online and digital services to facilitate international eCommerce and spur internet-based innovation. The National Strategic Plan on Internet of Things (IoT) headed by MIMOS is projected to generate GNI worth RM9.5 billion by 2020 and create 14,270 high-skill jobs.

In addition, last year, the Government announced a bold target of achieving a RM2 trillion GDP figure within seven (7) to eight (8) years. We need to sow the seeds today if we want to reap the fruits and Malaysia has much to gain from the implementation of our own model of Industry 4.0. This means relooking and reinventing the way of doing things by incorporating technology into the whole

process from manufacturing to supply chain up to customer relation management.

Ladies and Gentlemen,

Moving forward, it is a norm when there is a new revolution, costs come into the picture. However, I would say the costs here become more predictable and the operational variability can be reduced. This will allow our businesses to ramp up productivity and shift to creating higher value added products.

I am confident that there is now light at the end of the tunnel while addressing the issues on foreign labour dependency. This is because, we will now face an important paradigm shift in our manufacturing environment. Automation will be the key of manufacturing activity whereby foreign labours will be substituted by the use of artificial intelligence and robots. Proximity and logistics will also be a thing of the past as manufacturing processes can be controlled remotely and goods produced closer to customers.

In contrary, the journey will not be smooth sailing throughout. The industry has to foresee and expect challenges in the execution of Industry 4.0 initiative in Malaysia. MITI's previous engagements with various stakeholders reveal that we may face roadblocks when it comes to the readiness of infrastructure and ecosystem, lack of funding and incentives, development of critical human capital and harmonisation of standards. However, this should not hinder us to move forward. By hook or by crook, we need that change to stay relevant in this business environment.

Hence, at this Workshop today, we are engaging experts as speakers and panellists to dissect the current state of affairs and share their thoughts on

issues relating to Industry 4.0 in Malaysia. We hope you will benefit from the sessions today and share the knowledge with your organisations. For those of you who will be joining the break-out sessions in the afternoon, we look forward to your inputs and suggestions on how to tackle the challenges mentioned earlier.

Ladies and Gentlemen,

Let me end my speech by saying that we may make incremental and gradual changes but staying put at our comfort zone is no longer an option if we want our enterprises to survive and thrive. We can no longer take a wait-and-see approach; it is high time to put words into actions.

With that, I wish you fruitful deliberations in the various sessions and look forward to your active participation and feedback.

Thank you.