

**Speech for YB Dato' Sri Mustapa Mohamed  
Minister of International Trade and Industry  
Opening Address for SEMICON Southeast Asia 2017  
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SPICE Arena, Penang**

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Chief Minister of Penang

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Ladies and Gentlemen,

1. Good Morning. I am pleased to be here today with such a large group of people interested in contributing to the technological advancement of Malaysia and the Southeast Asia region. A very warm welcome to Malaysia to those of you who are here for the first time. It is great to see that SEMI (Semiconductor Equipment and Material International) has created this platform – **a flagship event in Malaysia's electrical and electronics (E&E) industry**, to connect stakeholders across the board towards **developing the entire manufacturing ecosystem**.
2. I would like to **thank SEMI** for their efforts in **working hand-in-hand with MIDA** for the **past 3 years** in organising this event in Malaysia. I understand that the past 2 editions have received very good response and it will be the same for today's event, as we are expecting **more than 7,500 visitors**. We hope to **see SEMI continuing** this fruitful collaboration and hold another SEMICON in 2018.

## No one wins by standing still

3. Being the Minister of International Trade and Industry, one of my tasks is to constantly engage business and industry leaders. In fact, earlier this month, I led a **trade and investment mission to Japan** following the **visit to India with the Prime Minister**. Not a day was wasted as we had **engagements** with potential investors and visits to companies to **look at new products and innovations**. Today, several meetings and visits have already been scheduled before I fly back to Kuala Lumpur later this evening.
4. I look forward to these engagements as they have been **important for us to better understand the needs and challenges of investors**. While we provide updates on the latest Government policies and present the business opportunities in Malaysia, we also **obtain valuable feedback regarding the productivity, competition and innovation on the ground level**. While some may call the times we live in today as challenging, I see it **as opportunities for change**, particularly a time to **embrace new technologies and processes** that not only help us compete but find success. No one wins by standing still.
5. With **250 companies from 13 countries** featuring their latest technologies, I would like to urge the industry players present today to leverage on your interactions throughout these three days here at SEMICON SEA, to find partners to collaborate with and explore new business opportunities.

## Futura-X, Valuable Platform for Local Tech Startups

6. For SEMICON this year, I am very excited to share that **MIDA has been engaging with many local technology startups**. I am happy to announce that we have successfully brought in **11 companies** to showcase their capabilities and technologies at the **Futura-X**, World of IoT segment. In addition, these companies will also be participating in the **Tech Start-up pitching sessions**. Joining this event are **5 local venture capitalist and crowd-funding partners** that were identified by MIDA. With this platform, we look forward to the **rise of more homegrown brands** in the creation of innovative and futuristic products and technologies.

Ladies and Gentlemen,

### Industry Players to Increase Competitiveness

7. We recognise that science and technology fuels commerce, trade and industry. As business trends evolve with the rise of new and disruptive technologies, companies **need to change the way they do business** in order to stay in business. We must **invest in people, equipment, facilities and ideas** that will propel us to the forefront of the global economy. We need **to forge strategic alliances** necessary to bring those ideas to marketplaces far beyond our shores.
8. Our economic plans specifically the 11<sup>th</sup> Malaysia Plan, builds on the Government's aspirations to **increase productivity, undertake high tech activities and create stronger local demands**. In line with this, we formulated the **3+2 strategy** which focuses on the development of 3 catalytic subsectors namely E&E, chemical and machinery & equipment (M&E); and 2 high potential growth subsectors namely aerospace and medical devices. These industries were identified due to their cross cutting linkages with all economic segments such as the primary, manufacturing and services sectors. High value added investments in these areas will help sustain Malaysia's long term competitiveness and contribute to **leading-edge high paying job opportunities for Malaysians**. Ultimately, we want to achieve greater prosperity for Malaysia and the development of the region.

### Updates in the E&E Industry

9. Malaysia has achieved significant progress in the E&E industry over the last decade that resulted in the **growth of new businesses and creation of jobs**. In fact, the country is now the world's **7th largest exporter** of E&E products with a **total export of RM287.7 billion** last year. In 2016, E&E export represented **36% of total** Malaysian export. This industry has shown an **upward trend** in export for the past 3 years. Notably, the E&E industry is the **only industry** that recorded **trade surplus for 3 consecutive years**.
10. Many established E&E MNCs have found a home in Malaysia, particularly in Penang. This is **due**, in no small measure, to the development and industrial plans **introduced by the Federal Government** since independence, especially **after 1970**. Since the

**early years**, the Malaysian Investment Development Authority (MIDA) which celebrates its 50<sup>th</sup> anniversary this year, have made every effort to **bring globally renowned corporations** such as **Intel, Motorola, Osram and HP** to Penang's shores, and the agency continues to work with the relevant agencies to **intensify efforts** to ensure that **all states** in Malaysia, including Penang, continue to **receive high levels of investments**.

11. Last year, a total of **107 E&E projects** were approved with investments of **RM9.24 billion**. Of these, domestic investments amounted to RM1.29 billion while foreign investments totalled RM7.94 billion. This is expected to generate **new job opportunities for 16,260 people** – whereby **37%** of these will be in the **managerial, supervisory & technical, and skilled craft categories**.

### Developing our Talents

12. There is certainly a need for Malaysia to further develop our workforce skills and capabilities in producing frontier products. During the **first SEMICON** in 2015, we launched the **Industrial-Academia Collaboration (IAC) initiative**, a joint effort between MIDA, the Ministry of Education and TalentCorp. This initiative was established to encourage collaboration among the academia, industry and government entities to **address the skill gaps** within **seven key technology clusters** in the E&E industry. Since we started this initiative, we have seen strategic collaborations formed such as **Universiti Sains Malaysia with Intel and First Solar; Universiti Teknologi Malaysia with National Instruments and Motorola; and Universiti Malaya with Osram**.
13. We also held **job expositions** during the **last two SEMICONs**, to give a platform for E&E based industries with specific technical manpower requirements. In 2016, for example, we featured **4 notable E&E** companies, namely Hanwa Q Cells, Osram Opto Semiconductors, Infineon Kulim and Infineon Melaka. A total of **200 resumes** were received, of which, **50% were interviewed** and **55 candidates were shortlisted**.
14. This year, I am pleased to find that the **SEMICON University programme** is featured again. This initiative, which was introduced last year, is expected to be **well-attended by 100 or more students** from **5**

**local institutions of higher learning** namely Universiti Sains Malaysia, SEGi College, Tunku Abdul Rahman University College, Universiti Malaysia Perlis and Universiti Malaysia Pahang. With some of the best industry players all gathered under one roof, we hope that this programme will **generate interest among E&E engineering graduates** in pursuing careers in the **microelectronics industry**. We want to see more of our talents contribute towards nation building through the growth of this industry.

Ladies and Gentlemen,

### **Malaysia's M&E Industry – largest and strongest in ASEAN**

15. **ASEAN economies** have been recognised as being **among the fastest growing** in the Asia Pacific. Being **strategically located** in the heart of ASEAN, Malaysia offers many business opportunities for companies seeking to leverage on the **growing opportunities in the region**. We also encourage our local players to **up-scale their productions** to increase their competitiveness and **integrate into the global supply chain**. We seek to transform the country's economy to one that can churn out **innovative and creative products and services**.
16. Malaysia's M&E industry represents one of the most innovative sectors in our economy as it **combines high technology manufacturing and modern services sectors**. This catalytic subsector is among the **largest and strongest in ASEAN**. In fact, we are presently the **leading manufacturer** of specialised process and automation equipment **for the E&E industry in the ASEAN region**.
17. The sector is **dominated by small and medium sized companies** that provide customised products including end to end manufacturing from design to logistics, to **meet the strong demand** of both domestic and foreign markets. From serving as contract manufacturers to Original Equipment Manufacturers (OEMs), more local companies are already undertaking R&D, engineering design, innovation and system integration and developing proprietary M&E for global exports.
18. Malaysia has around **120 major companies** capable of producing advanced handling systems with full automation and incorporating intelligent robot including Machine to Machine (M2M) communication. **Renown players with global recognition** are among others includes

**Vitrox, SRM Integration, MI Equipment, Pentamaster Group, Exis Tech, TT Vision, Visdynamics and Walta Group.**

19. This industry has **grown robustly** over the years, with a **strong export performance** that contributed more than 5% to the total export of manufactured goods in 2016. With a healthy Compound Annual Growth Rate (CAGR)<sup>1</sup> of 4.3%, the **M&E export is projected to reach RM43 billion** in 2020. In 2016, MIDA approved a total of **88 M&E projects** with investments of RM1.54 billion. Of these, domestic investments amounted to RM1.0 billion while foreign investments totalled to RM0.54 billion. This is expected to generate **2,870 additional jobs for the country**.

Ladies and Gentlemen,

### **Malaysia – Hub for High Technology Activities**

20. Malaysia is now joining the bandwagon by riding on the wave of technological change made possible by robotics & automation, Industrial Internet of Things (IIOT) and smart manufacturing technologies. These have helped boost productivity and increase competitiveness, particularly in exports, by **focusing on complex and high-value products**.
21. **Leveraging on our strong manufacturing base** – particularly the E&E and M&E industries - we are ramping up efforts to make Malaysia the **leading industrial hub for high technology products and activities in the region**. MITI and MIDA, together with our other agencies have undertaken several measures to **promote** productivity, innovation as well as **familiarise our companies** with smart manufacturing technologies. In addition to **specific government incentives**, we have been conducting **events, seminars and business meetings**, as well as **collaborating with strategic partners**.
22. Earlier this year, MIDA signed a Memorandum of Understanding (MoU) with **Rockwell Automation** during the Seminar on Smart Manufacturing and Automation Technology. This would provide **avenues to groom local companies** in increasing their competitiveness, as well as joint collaborations on smart manufacturing events. Later today, we will be

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<sup>1</sup> Compound Annual Growth Rate (CAGR) is the mean annual growth rate of an investment over a specified period of time longer than one year.

witnessing another MoU, namely the collaboration between **SIRIM Measurements Technology and Motorola Solutions Malaysia**. The objectives of the MoU include grooming local companies to be **part of Motorola's ecosystem** in providing total solutions in support services and **supporting the talent development** in the area of Motorola's technology needs.

Ladies and Gentlemen,

23. Before I end, I would like to take this opportunity to **congratulate the Semiconductor Fabrication Association Malaysia (SFAM)** as we will be witnessing the unveiling of SFAM and the plaque signing ceremony. This is a significant step to **mark the support and services of this collaborative platform** that was established six years ago. I trust that SFAM – which is made up of notable companies such as Osram, X-Fab and Infineon, will continue to be **a good source of reference** for existing and future industry players in Malaysia.

### **Why Malaysia**

24. Malaysia already has a **strong starting base** in the manufacturing sector to **foster the development of high tech ecosystems**. This is in addition to the **good engineering capabilities, highly educated and skilled workforce, and strategic location in the region**. The future success of our country will be measured by the willingness of all segments of the public and private sectors to join hands in taking down the roadblocks that can propel our country towards becoming a high income nation. By working with each other instead of against, I am confident that we can **capture the growing opportunities** to ensure the **long term prosperity** of Malaysia's economy, and more importantly, the **creation of good jobs** for our people.

25. MITI together with MIDA and our agencies will continue to **respond** accordingly to local and global developments to maintain a conducive business environment for all. On that note, let me close by wishing all of you a successful conference and have a good day ahead.

Thank you.