



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

Industry4WRD: National Policy on Industry 4.0

Seminar on Industry4WRD Incentives
Perdana Hall, MITI Tower
20 January 2020

Background: Manufacturing Landscape in Malaysia

The **MANUFACTURING** sector remains as the backbone of economy...

GDP

RM79.9 B

Absolute Contribution

22% National GDP

3.6% Growth rate

Source: DOSM, 3rd Quarter 2019

EXPORTS

RM692.57 B

Exports Value

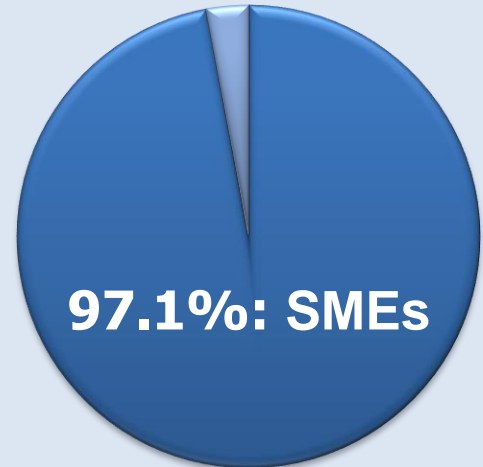


84.5%
Manufactured
exports

Source: MATRADE, Jan-Oct 2019



49,101
manufacturers



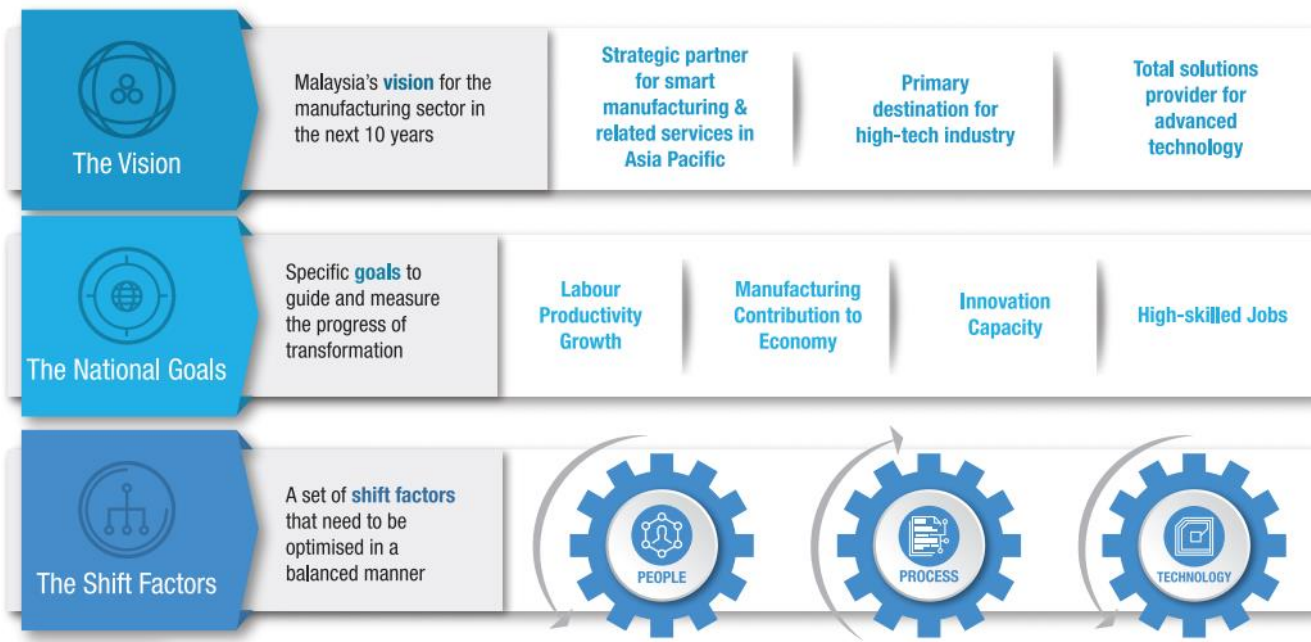
Source: DOSM, 2016

...supported by **SMEs**.

The Malaysian Government launched Industry4WRD: National Policy on Industry 4.0 on 31 October 2018

“Industry4WRD is Malaysia’s response to Industry 4.0 and beyond, that calls for transformation of manufacturing sector and its related services to be smarter and stronger, driven by people, process and technology”

- YAB Tun Dr. Mahathir bin Mohamad,
7th Prime Minister of Malaysia



Industry4WRD outlines 5 Strategic Enablers



Financing & Outcome-based Incentives

Strategy F1:

Provide outcome based incentives

Strategy F2:

Introduce dynamic and innovative financial products



Enabling Ecosystem & Efficient Digital **Infrastructure**

Strategy I1:

Strengthen the digital connectivity in and between industrial, education and training

Strategy I2:

Enhance the digitalisation and integration of government processes and infrastructure

Strategy I3:

Involve services providers for industry 4.0 and link them to manufacturing firms



Regulatory Framework & Industry Adoption

Strategy R1:

Increase awareness on Industry 4.0 technologies

Strategy R2:

Create a mechanism to help firms assess and develop their Industry 4.0 capabilities

Strategy R3:

Improve data integrity, standards, sharing, and security



Upskilling Existing & Producing Future Talents

Strategy S1:

Enhance the capabilities of the existing workforce

Strategy S2:

Ensure the availability of future talent



Access to Smart **Technologies** & Standards

Strategy T1:

Establish digital/technology labs and collaborative platforms, especially public-private partnerships (PPP)

Strategy T2:

Establish and implement standards for interoperability, quality and safety for Industry 4.0 technologies.

Strategy T3:

Intensify Research, Innovation, Commercialisation and Entrepreneurship (RICE) programmes

Under Industry4WRD, several programmes are implemented to create an enabling ecosystem for Industry 4.0 adoption in Malaysia

Readiness Assessment

Comprehensive programme to assess level of readiness & recommend interventions to companies

Incentives for RA

- Government-funded RA for 500 SMEs
- Tax deduction on expenditure of RA fee of up to RM27,000

Intervention Fund

70:30 matching grant for intervention programme capped at RM500,000
*RA is prerequisite for Intervention Fund

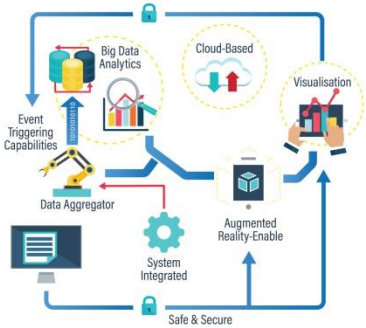
Biz4WRD

Gateway to Industry 4.0 technologies & solutions

<https://biz4wrд.mimos.my/>

Smart Manufacturing Intelligent Service Platform

Industry 4.0 technologies adoption acceleration platform



Industry4WRD

- 5 STRATEGIC ENABLERS
- 13 STRATEGIES
- 38 ACTION PLANS

Competence Centre

Facilities upgrade in IPTAs to establish 18 Competence Centres



High Speed Broadband

Strengthen digital connectivity in high impact industrial areas



Industry4WRD Readiness Assessment (RA)

A comprehensive programme to help firm **assess their capabilities and readiness** to adopt Industry 4.0 technologies and processes, using a pre-determined set of indicators to understand their present capabilities and gaps

**The module for manufacturing related services (MRS) is at pilot testing stage and expected to be included in RA by Q1 2020.*

Government Incentives (2020)

Minimum 450 SMEs for Government-funded Industry4WRD RA

Tax deduction on expenditure of Industry4WRD RA fee of up to RM27,000

Outcome

Identify the gaps and areas of improvement for Industry 4.0 adoption

Develop feasible strategies and plans for intervention projects

Industry4WRD RA Criteria

**MARKET
SEGMENT**

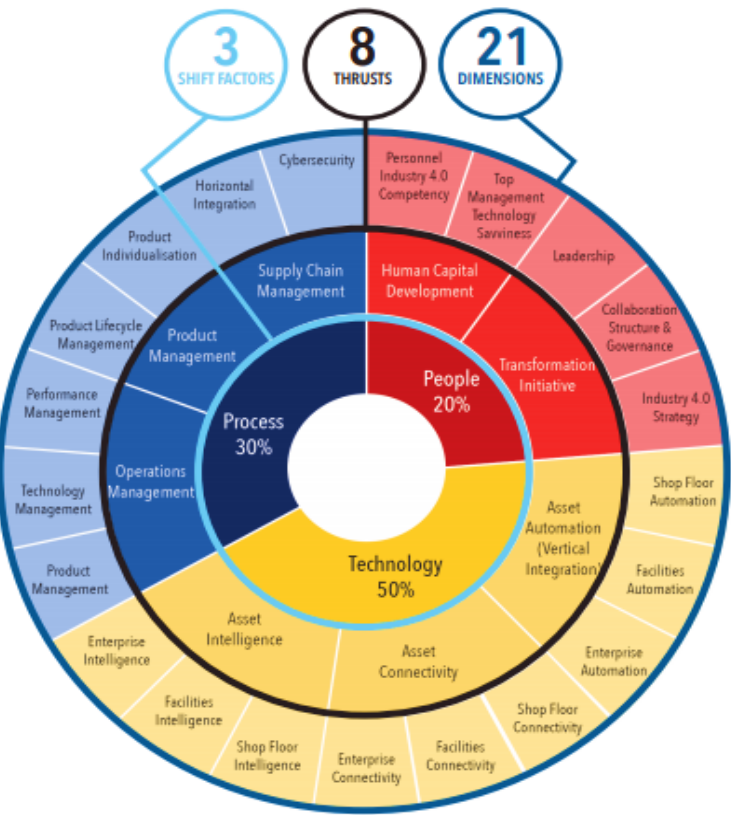
MANUFACTURING

**MANUFACTURING-
RELATED SERVICES**

ELIGIBILITY

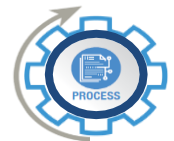
- ☐ Incorporated under the Companies Act (1965/2016)/
Registration of Business Act (1956)
- ☐ Hold a valid Manufacturing License (ML) and/or
business licenses
- ☐ In operation for more than three (3) years in the
current business line

Industry4WRD RA Criteria Model



Focuses on people and the entire organisation.

Emphasis on strategies towards having a right set of workforce



Focuses on management system in running business operations, supply chain and product lifecycle.

Emphasis on smart and strategic public-private partnerships, security, sustainability and product co-creation.



Focuses on the application of intelligent, connected and automated technologies.

Measured at three different layers of the business: Shop floor, enterprise and facility

Industry4WRD Intervention Fund

A financial facility for SMEs in the manufacturing and related services sectors to implement intervention strategies proposed by the Industry4WRD Readiness Assessment report

Matching Grant

30%
from **SME**

70%
from **Government**

Objectives

Improve productivity of company

Accelerate business growth through adoption of Industry 4.0 technologies & processes

Improve the current level of scoring based on the Industry4WRD RA undertaken

Eligibility

All SMEs in the manufacturing and related services which have completed the government-funded RA

SMEs are required by law to obtain a **Manufacturing Licence** from MIDA if it meets a certain threshold

Manufacturing Licence (ML)



Under the Industrial Coordination Act (ICA) 1975, a company with shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees to obtain a Manufacturing License

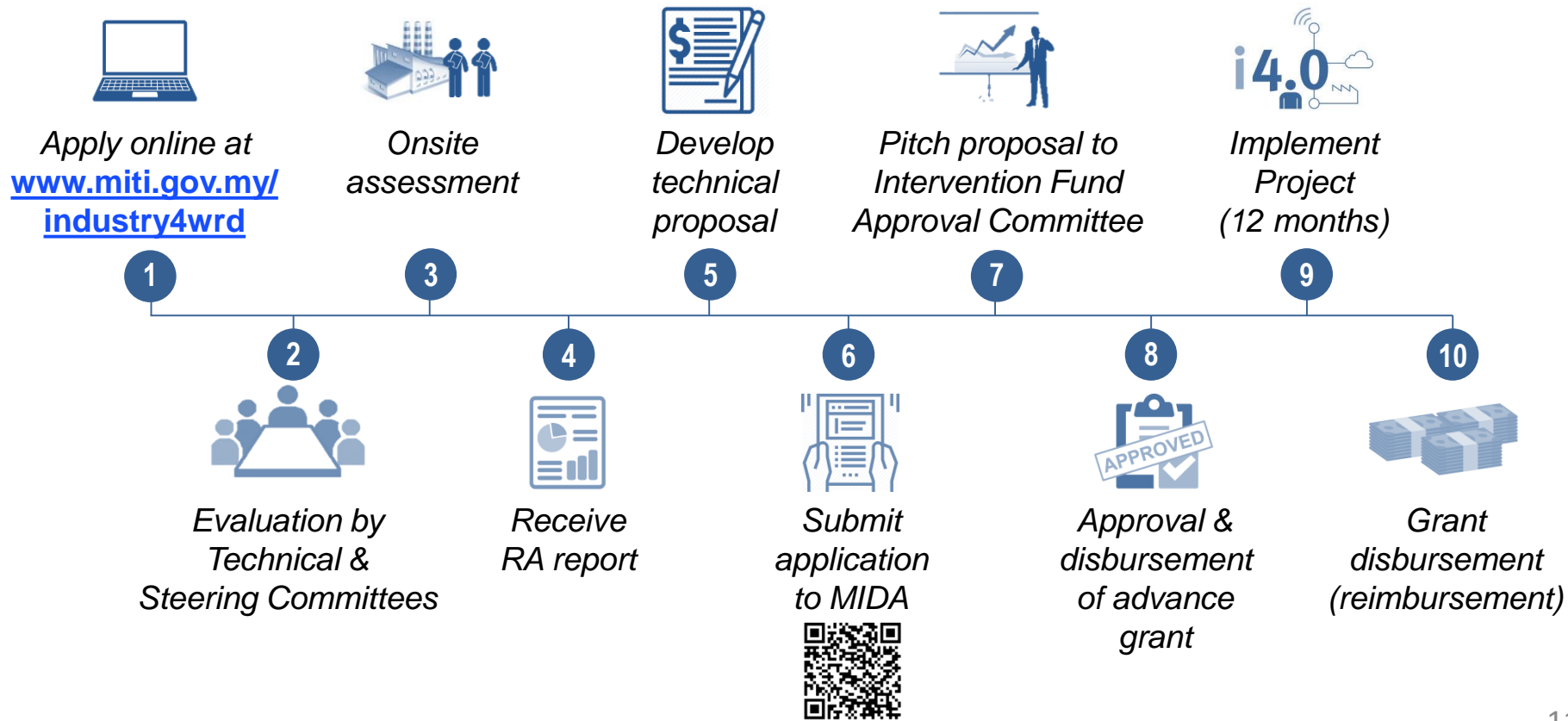
- **"Shareholders' funds"** as the aggregate amount of a company's paid-up capital, reserves, balance of share premium account and balance of profit and loss appropriation account.
- **"Full-time paid employees"** as all persons normally working in the establishment for at least six hours a day and at least 20 days a month for 12 months during the year and who receive a salary.

Full-time employment must consist of at least 80% of Malaysians by 2020. Employment of foreign citizens including outsourced workers is subject to current policies.

Forms can be downloaded from:

<https://www.mida.gov.my/home/forms-&-guidelines-for-manufacturing-sector/posts/>

Process Flow: From RA to Intervention Fund





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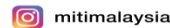
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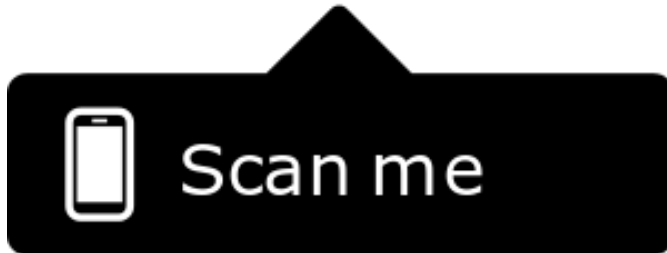
i4.0@miti.gov.my

MENARA MITI

No. 7, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur, Malaysia

Tel: 603-8000 8000 | Fax: 603-6206 4693 | Email: webmiti@miti.gov.my | Website: www.miti.gov.my





Contact us:

Industry 4.0 Unit,
Sectoral Policy Division
Ministry of International Trade & Industry

i4.0@miti.gov.my