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Table of Contents

FOREWORD	viii
TOP MANAGEMENT	x
CHAPTER 1	
MALAYSIA'S ECONOMIC PERFORMANCES AND OUTLOOK	1
GLOBAL: GROWTH TO STAY MODERATE AS TRADE TENSIONS INTENSIFIED	2
US: Policy Changes Heightened Concerns about Growth and Inflation Outlook	3
China: Addressing Ongoing Challenges to Ensure Sustained Growth	4
Malaysia: Navigating Global Uncertainties with Stable Growth and Robust Domestic Demand	4
CHAPTER 2	
INTERNATIONAL TRADE	9
OVERVIEW	10
TRADE PERFORMANCE	10
Trade with Free Trade Agreement Partners	11
Malaysia International Halal Exhibition	12
MIHAS@Dubai 2024	12
MTC CEO Summit 2024	13
Trade Advisory Service	13
MULTILATERAL TRADE NEGOTIATIONS	14
The World Trade Organization's 13th Ministerial Conference	14
Fisheries Subsidies Agreement	15
Dispute Settlement	16
AGRICULTURE	16
JOINT STATEMENT INITIATIVES	18
Joint Statement Initiative on Investment Facilitation for Development	18
Joint Statement Initiative on Electronic Commerce	18
TRADE REMEDIES	
Amendments to the Countervailing and Anti-dumping Duties Act 1993	21
INDO-PACIFIC ECONOMIC FRAMEWORK FOR PROSPERITY	23
The Indo-Pacific Economic Framework for Prosperity Ministerial Meeting and Clean Economy Investors Forum 2024	23
ASIA-PACIFIC ECONOMIC COOPERATION	24
APEC Peru 2024	25
APEC Committees and ABAC	25
APEC Business Travel Card	26
BRICS	27
Navigating Global Trade: Malaysia's Pursuit of Growth through Bilateral and Regional Free Trade Agreements	27
Export Promotional Activities in Free Trade Agreement Partner Countries	28
Conclusion of Malaysia-UAE Comprehensive Economic Partnership Agreement	28
ASEAN ECONOMIC INTEGRATION	29
ASEAN Chairmanship 2024: Advancing Connectivity and Resilience under the Lao PDR's Leadership	30

EXTERNAL RELATIONS: ECONOMIC ENGAGEMENTS	31
The Republic of Singapore	31
The Kingdom of Thailand	32
The Socialist Republic of Vietnam	32
Joint Declaration of Cooperation between ASEAN and the Member States of the European Free Trade Association	33
REGIONAL FREE TRADE AGREEMENTS	33
Regional Comprehensive Economic Partnership	33
ASEAN Trade in Goods Agreement Upgrade	34
ASEAN–India Trade in Goods Agreement Review	34
ASEAN–China Free Trade Area 3.0	35
Overview on Malaysia’s ASEAN Chairmanship 2025	35
PREFERENTIAL CERTIFICATE OF ORIGIN APPLICATION	35
Steps for Preferential Certificate of Origin Application via the Electronic Preferential Certificate of Origin System	36
CATALYSING BILATERAL ECONOMIC ENGAGEMENT AMID GLOBAL UNCERTAINTIES	37
Trade and Investment Mission	37
The Commonwealth of Australia	37
The Federal Republic of Germany and French Republic	38
The People’s Republic of China	39
The State of Qatar	40
Central Asia	40
The Federative Republic of Brazil	41
Japan	42
The Republic of India	43
The Russian Federation	44
The Islamic Republic of Pakistan	44
The Arab Republic of Egypt	45
The Republic of Peru	46
The Republic of Korea	46
OTHER BILATERAL ENGAGEMENTS	48
Republic of Korea Trade Minister’s Working Visit to Malaysia	48
Dr Thani Al Zeyoudi’s Working Visit to Malaysia—Enhancing Economic Relations	48
Working Visit to Malaysia of the Saudi Minister of Commerce, Dr Majid al-Kassabi	49
Official Visit of Premier Li Qiang to Malaysia in Conjunction with the 50th Anniversary of Malaysia–China Diplomatic Relations	49
OTHER PROMINENT ENGAGEMENT PROGRAMMES WITH BILATERAL PARTNERS AND STAKEHOLDERS	50
Inaugural Malaysia–Uzbekistan Intergovernmental Joint Commission Meeting	50
Inaugural Malaysia–Ukraine Joint Trade Committee Meeting	50
Inaugural Session of the Trade and Investment Committee under the Saudi–Malaysian Coordination Council	51
SAFEGUARDING STRATEGIC TRADE IN A SHIFTING GLOBAL LANDSCAPE	51
Overview of Strategic Trade Secretariat in Strategic Trade Management	51
Roles and Coordination	52
Permit Trends and Trade Facilitation	52
Strategic Engagement and Capacity Building	52
Strategic Trade in a Geopolitical Context	54
Legislative Updates and the Way Forward	55
Conclusion	55

CHAPTER 3	
INVESTMENT PERFORMANCE 2024	57
OVERVIEW	58
APPROVED INVESTMENTS	58
Manufacturing Sector	58
Services Sector	59
Primary Sector	60
Approved Investment with Foreign Participation	60
Investment by Major States	60
STRENGTHENING GREATER KUALA LUMPUR AS A REGIONAL INVESTMENT HUB	62
Overview: A Landmark Year for InvestKL	62
Global Foreign Investment Driving Growth in Greater Kuala Lumpur	62
Regional Breakdown of Investments	62
Talent Development and Workforce Impact	63
Advancing Innovation through Strategic Initiatives	64
Moving Forward	65
EXPORT-IMPORT BANK OF MALAYSIA BERHAD (EXIM BANK)	65
Memorandum of Understanding Signing Ceremony between EXIM Bank and Industrial & Commercial Bank of China (Malaysia) Berhad	65
EXIM Bank Unveils RM1.5 Billion Green Initiative for Sustainable Financing by 2027	66
“Buy Malaysian, Support Local Business Abroad” Campaign	67
EXIM Bank Champions Malaysian Halal Industry as One of the Main Sponsor at MIHAS@Dubai 2024	68
Moving Forward	69
Trade Facilitation and Trading across Borders	69
Electronic Trade Facilitation—ASEAN Single Window	70
Sustainable Investment Facilitation	72
CHAPTER 4	
INDUSTRIAL AND SERVICES SECTOR	77
MANUFACTURING SECTOR PERFORMANCE	78
Automotive Sector: Electrifying the Future	78
Acceleration toward Electrification	78
Electric Vehicles Power Ahead	79
Electrical and Electronics	80
National Semiconductor Strategy	80
Machinery and Equipment	82
Technological Advancements and Emerging Opportunities	82
Shipbuilding and Ship Repair	83
Key Growth Factors and Emerging Opportunities	84
Rail Industry-related Manufacturing Activities	84
Driving Rail Growth through Policy and Innovation	85
INDUSTRY 4.0 AND DIGITALISATION	86
Government Initiatives Driving Industry 4.0 Adoption	86
Implementation of Smart Manufacturing in Small and Medium Enterprises and Manufacturing-related Services Sectors	87
New Industrial Master Plan 2030: KEY DEVELOPMENTS	87
Aerospace	89

SERVICES SECTOR PERFORMANCE	90
Overview	90
KEY SUBSECTORS	90
Manufacturing-related Services	90
Global Services	91
Professional Services	92
Tourism Services	92
Logistics Services	93
APEC Services Competitiveness Roadmap	94
Services Sector Outlook 2025	95
HALAL INDUSTRY	95
Malaysia's Halal Ecosystem	96
Strategic Partnerships and Expansion	97
SUPPORTING INDUSTRIES AND INITIATIVES	98
Malaysia Steel Industry	98
Collaborative Research in Engineering, Science & Technology Centre	99
ESG Initiatives	100
Standards and Metrology	102
Malaysia Design Council	102
SIRIM	103
Department of Standards Malaysia	103
BUMIPUTERA AND INDUSTRY ENGAGEMENT	104
Bumiputera Participation and Industry Engagement	104
Industry Excellence	104
CHAPTER 5	
DIGITAL ECONOMY, PRODUCTIVITY AND COMPETITIVENESS	107
DIGITAL ECONOMY: OVERVIEW	108
PROGRESS OF POLICY DIRECTION ON DIGITAL ECONOMY	108
Formation of the Ministry of Digital, National Digitalisation Policy Review and MITI's Continued Role	108
Malaysia Digital Economy Blueprint	108
National e-Commerce Strategic Roadmap 2.0	108
eTRADE 2.0 Programme	108
Crossborder e-Commerce Development Programme	109
Integration of Artificial Intelligence in Services Sector	110
INTERNATIONAL ENGAGEMENT	111
Digital Trade Framework Development at the Multilateral, Regional and Bilateral Levels	111
Asia-Pacific Economic Cooperation	112
The Malaysia-China Memorandum of Understanding on Strengthening Investment Cooperation in the Digital Economy	112
Malaysia-Singapore Framework of Cooperation in the Digital Economy	112
PRODUCTIVITY AND COMPETITIVENESS	112
National Productivity Performance	112
Sectoral Productivity Performance	113
Productivity Performance of Main Economic Activities	113

Productivity Is the Foundation of Competitiveness: Stronger Productivity, Higher Competitiveness	114
Malaysia's Performance in the IMD World Competitiveness Ranking	115
Developing Productive Talent	115
Improving Talent-related World Competitiveness Ranking Indicators	116
Artificial Intelligence Boosting Productivity	116
Productive Business Environment	118
CHAPTER 6	
ENGAGEMENT (SLU)	121
STRENGTHENING ALLIANCES, SHAPING THE NATION: MITI'S KEY ENGAGEMENTS 2024	122
MITI Dialogue 2024: Reinforcing Commitments for Malaysia's Reindustrialisation	123
MITI Retreat 2024	123
Delegation from the UAE National Defence College Visits MITI	125
Roundtable Meeting with the Captains of Industry, Melbourne, Australia	125
Outreach Session with Soonicorn Collective	126
Meeting on Joint Committee on Industrial Coordination 2024	126
Malaysia's MITI Hosts Budget Dialogue 2025 to Shape Economic Future	127
6th ASEAN Economic Integration Forum	128
MITI Day 2024	128
ASEAN-Malaysia Business Forum 2024	129
MITI's Role in the 13th Malaysia Plan	130
Strategic Planning Division Research Project 2024	130
Opening Pandora's Box: Making Sense of Official Statistics Course	130
MITI Budget Announcement 2024	131



FOREWORD

The year **2024** marked a period of strategic momentum, resilient partnerships and measurable progress.

Amid persistent global headwinds, Malaysia has not only held its ground—it advanced, reinforcing its position as a dynamic hub for investment and a competitive force in global trade.

At the heart of this progress is the **New Industrial Master Plan (NIMP 2030)**—not merely a policy document, but a bold, adaptive strategy. It charts our transformation toward higher-value, technology-driven industries, laying the foundation for a more resilient, inclusive and future-ready economy. Already, our focused execution under NIMP 2030 is delivering results, strengthening Malaysia's industrial ecosystem and anchoring long-term growth. In tandem with NIMP 2030 and the National ESG Framework for the manufacturing sector (i-ESG), we sharpened our focus on attracting high-quality, strategically aligned investments.

The **Malaysian Investment Development Authority (MIDA)** reported a record of **RM378.5 billion in approved investments**—a **14.9% yoy increase**—comprising **6,700 projects** set to create more than **207,000 jobs** nationwide. Notably, **domestic investments comprised 55% (RM208.1 billion)**, reflecting strong confidence among Malaysian businesses in our policy direction and facilitation efforts. Even more significantly, **84.5% of approved manufacturing projects between 2021 and 2024 have entered the implementation phase**, underscoring our commitment to translating approvals into real economic activity and meaningful employment.

On the trade front, MITI's active engagement—guided by the **National Trade Blueprint**—continued to elevate Malaysia's global presence. According to **Malaysia External Trade Development Corporation (MATRADE)**, total trade reached **RM2.879 trillion in 2024**, a **9.2% increase** from the previous year—marking the **fourth consecutive year above the RM2-trillion threshold**. Exports rose by **5.7% to RM1.508 trillion**, surpassing the RM1 trillion mark for the fourth consecutive year. Malaysia also posted a healthy **trade surplus of RM136.88 billion**—extending our unbroken surplus streak to **27 consecutive years since 1998**.

This strong trade performance contributed significantly to national growth, with **gross domestic product expanding by 5.1% in 2024**. Export gains to key partners—**ASEAN, the US, the European Union and Taiwan**—were particularly encouraging, with record highs achieved for both the **US and Taiwan**.

Behind these encouraging numbers lies the strength of our domestic industry. In relation to this, we have been particularly conscious of the need to elevate the **small and medium enterprises (SMEs)**; hence, our focus on **enhancing skills development, improving access to financing and enabling the adoption of emerging technologies** for the SMEs. These efforts include financing packages by **Malaysian Industrial Development Fund (MIDF)** and the **Smart-Tech Up Programme** to create 3,000 smart factories by 2030—all of which are critical to ensuring they remain globally competitive and can easily integrate into evolving supply chains.

From a policy perspective, 2024 also saw the introduction of the **National Semiconductor Strategy (NSS)** and the **Green Investment Strategy (GIS)**. The NSS sets a visionary course to cement Malaysia's leadership in the regional semiconductor landscape, while the GIS positions Malaysia as a hub for clean energy and sustainable industry. Both policies embrace cutting-edge technologies and reinforce the forward-looking ambitions of the NIMP 2030.

To our stakeholders: the dedicated MITI family, our agencies and our partners across the industrial, investment and trade ecosystem—thank you. Your collaboration has not only shaped our reform agenda but also has been instrumental in delivering the outcomes we celebrate today.

As we look ahead, MITI remains steadfast in executing **NIMP 2030**, nurturing a business ecosystem that is innovative, sustainable and inclusive. Together, we will usher in a new era of prosperity—driven by industry, powered by innovation and grounded in shared progress.

SENATOR TENGKU DATUK SERI UTAMA ZAFRUL TENGKU ABDUL AZIZ

Minister of Investment, Trade & Industry

TOP MANAGEMENT



MINISTER

Senator Tengku Datuk Seri Utama
Zafrul Tengku Abdul Aziz

DEPUTY MINISTER

Liew Chin Tong

SECRETARY-GENERAL

Dato' Hairil Yahri Yaacob



DEPUTY SECRETARY-GENERAL (TRADE)

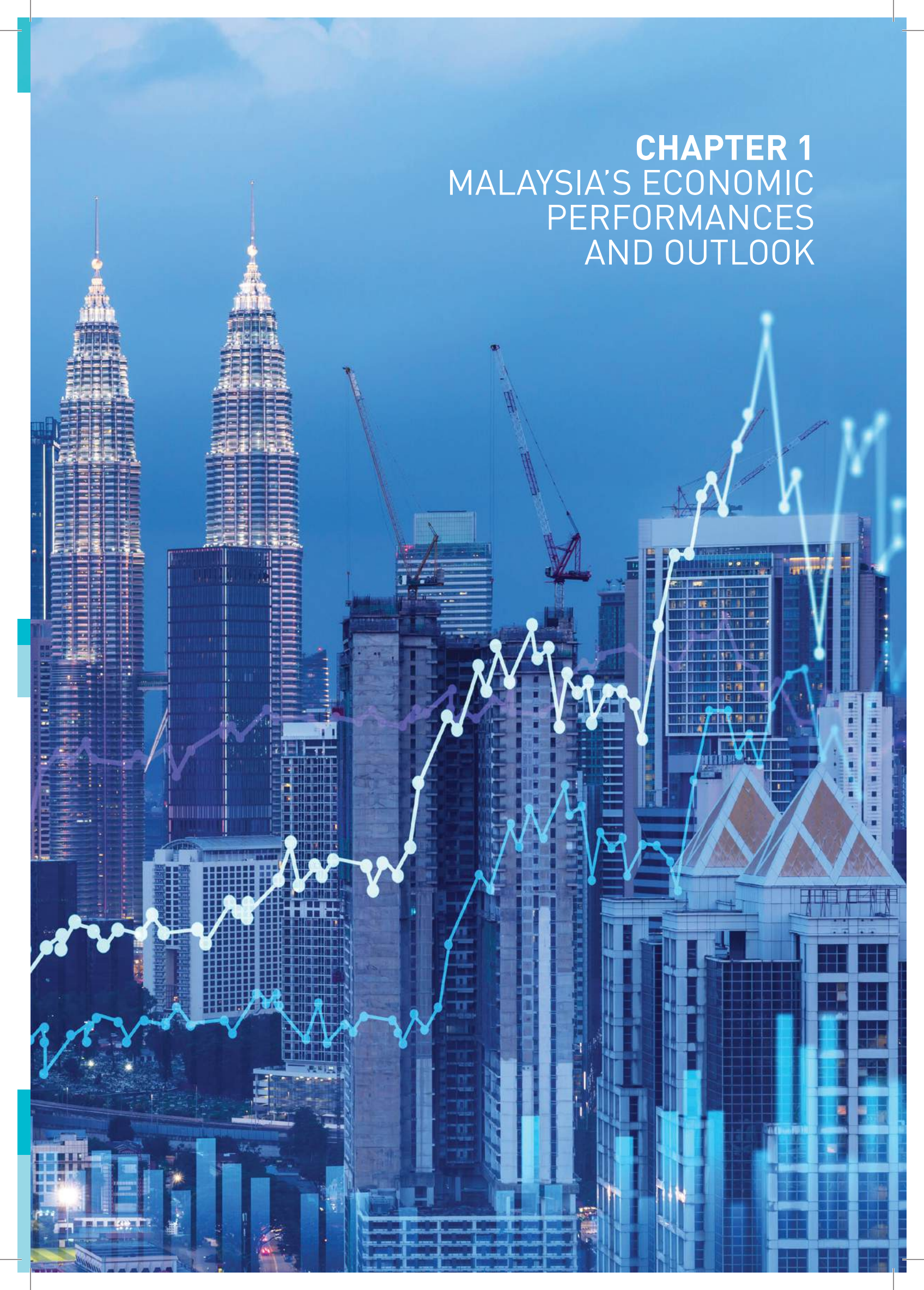
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Datuk Hanafi Sakri

DEPUTY SECRETARY-GENERAL (INVESTMENT & MANAGEMENT)

Datuk Bahria Mohd Tamil



CHAPTER 1

MALAYSIA'S ECONOMIC PERFORMANCES AND OUTLOOK

GLOBAL: GROWTH TO STAY MODERATE AS TRADE TENSIONS INTENSIFIED

The global economic growth is expected to remain moderate, with the International Monetary Fund (IMF) projecting a +3.3% expansion in both 2025 (2024: +3.2%), below the pre-pandemic average expansion of +3.7% between 2000 and 2019. The advanced economies are expected to record slightly stronger growth of +1.9%, with the US to sustain resilient growth around +2.7%, supported by resilient labour markets and investment activity. Despite this more optimistic view, we expect the next revision of the global growth projection may show a more modest growth outlook, taking into account the less encouraging view on the US growth, which could experience growth below +2.0% this year. In emerging markets and developing economies, the pace of growth is expected to remain relatively robust as experienced last year, although China's growth is projected to moderate to 4.6% in 2025 as the country continues to be constrained by structural and demographic challenges. India's outlook, on the other hand, remains strong. While the world economy is expected to continue to grow this year, the IMF indicates that policy uncertainty, geopolitical tensions and diverging growth paths among major economies could present downside risks. Despite concerns about the trade outlook because of tighter trade rules, we believe strong countries may still maintain expansionary growth backed by continued strong domestic fundamentals.

Global trade is expected to continue to grow despite challenges. According to the latest projections by the World Trade Organization (WTO), the volume of world merchandise trade is forecast to grow by 3.0% in 2025 (2024: +2.7%), supported by firm demand for technology products, machinery and raw materials. The upcycle in the global electronic and electrical (E&E) sector is set to continue, with the World Semiconductor Trade Statistics predicting global semiconductor sales to grow further by +11.2% this year (2024: +19.1%). Trade in non-E&E sectors will also benefit from higher consumption of commodities such as energy, food and oils & fats. However, commodity prices will remain sensitive to supply-demand dynamics, particularly amid climate-related disruptions, rising input costs and trade policy changes. While the outlook remains cautiously optimistic, the WTO warns that escalating geopolitical tensions and a possible resurgence of trade protectionism—particularly involving major economies—could pose downside risks to global trade recovery.

A gradual shift toward policy easing is anticipated, though central banks are expected to balance between supporting growth and managing inflation. With inflation generally easing to more normal levels, the need for restrictive monetary settings is diminishing—particularly in economies where growth momentum appears to be softening following a period of aggressive rate hikes. Not only in the advanced economies, even central banks in the emerging and developing economies have eased monetary policy shifting. More rate cuts will be considered to the economy as inflation softens further. In the US, however, the trajectory of rate cuts is likely to be more measured, as persistent economic and labour market strength may continue to pose risks of renewed inflationary pressures. In addition, higher import tariffs will also keep inflation elevated, at least in the short run.

Relatively lower crude oil prices explain global disinflation, with additional downward pressure potentially from increased oil production in the US. However, the extent of this impact may be moderated by continued supply management efforts from other oil-producing countries. Considering both demand and supply factors, our in-house forecast has been revised downward. We now expect Brent crude oil prices to average lower this year, in the range of USD63.0–70.0 per barrel, compared to our previous estimate of USD73.0–74.0 per barrel (2024: USD79.9 per barrel). On the other hand, palm oil prices are likely to remain firm in the first half of 2025, supported by the prospect of tighter supply partly due to climate-related disruptions. As a result, crude palm oil (CPO) prices are expected to stay elevated at an average of RM4,300 per tonne (2024: RM4,200 per tonne). While global food prices have moderated from previous peaks, factors such as extreme weather and rising input costs could reintroduce upward pressures in the near term.

Several downside risks could weigh on global growth prospects. Inflation may stay elevated, driven by higher commodity prices due to supply-side constraints such as extreme weather, potential disruptions in global supply and trade and escalating geopolitical and trade tensions. Final demand could also weaken in response to higher price pressures. Volatility in financial markets may also emerge as policy expectations shift. For instance, continued strength in the US economy could prompt the Federal Reserve to delay interest rate cuts, reversing anticipated capital flows to emerging markets and supporting prolonged US dollar strength. In addition, sentiment is also affected by trade policy changes introduced by different countries, causing more concerns about inflation and trade outlook. On the upside, growing cooperation among emerging markets could help cushion the impact of potentially softer US demand. Countries affected by US protectionist trade measures are expected to diversify their trade partnerships and seek new sources of external demand. Despite concerns surrounding trade tensions, the ongoing “China+1” strategy adopted by many multinational firms may help mitigate the effects of stricter trade policies. Ultimately, the global trade outlook will hinge on the ability of companies to manage cost increases, therefore limiting upside pressures on selling prices. This, however, will be complicated by more tariff hikes by the US on Europe and other countries, on top of Mexico, Canada and China.

US: Policy Changes Heightened Concerns about Growth and Inflation Outlook

While the US economy is predicted to experience a quarter-on-quarter contraction, we expect the US GDP will grow around +1.4% this year, lower than the IMF's projection of +2.7%. In line with the revised the Federal Open Market Committee (FOMC) projection, moderation in economic growth this year reflects the impact on the US economy from policy changes by the US government. Private consumption expenditure will continue to account for the large share of the US economy, but hikes in import tariffs and tighter trade rules have caused American consumers to become less optimistic about the near-term economic and inflation outlook. Despite these adjustments, consumer spending will be supported by a healthy job market and rising wages. However, concerns over potential stagflation—characterised by slow growth and high inflation—are also emerging, as a result of the government's decision to increase import tariffs on goods from several countries such as Mexico, Canada and China.

Although inflation has in general moderated to around a 3-year low, recent policy changes have resulted in higher inflation expectations. At the FOMC meeting in March 2025, the Fed raised its personal consumption expenditures (PCE) inflation forecast to +2.7% for this year (previous forecast: +2.5%), attributing the uptick to recent tariff policies. Similarly, the core PCE price index is projected to rise to 2.8% in 2025 (previous forecast: +2.5%). These developments underscore the persistence of inflationary pressures, influenced by factors such as higher services charges and increased import costs due to higher tariffs. American consumers have also indicated higher inflation expectations, especially in the short run, in recent surveys. However, reduced crude oil prices could limit the upward price pressures, with the headline and core consumer price index (CPI) inflation easing in February 2025, slowing to +2.8%yoy (Jan-25: +3.0%yoy) and +3.1%yoy (Jan-25: +3.3%yoy), respectively.

In light of the evolving economic landscape, the Fed maintained the target range rate for fed funds rate at 4.25–4.50%, expressing caution amid uncertainties stemming from changes to trade policies and fiscal measures. While previous expectations leaned toward potential rate cuts, concerns about elevated inflation will cause the Fed to remain cautious before resuming its policy easing. The Fed's latest projection, keeping the fed funds rate forecast at +3.9% this year, indicates a measured approach to future monetary policy adjustments, with potentially 2 rate cuts vis-à-vis market expectations for 3 cuts within this year. The Fed, however, is cautiously balancing between reducing interest rates too soon (to avoid reflation risk) and keeping restrictive policy for a longer period to mitigate inflationary

risks. Meanwhile, expectations in the market continued to price in rate cuts in reaction to slower-than-expected inflation in February 2025 and growing concerns over slowing growth. Given the strength in the economy and job market, we opine that the probability for stagflation risk is still low as the policy changes weigh down on sentiment and broader economic growth temporarily. In other words, the Fed will continue to reduce fed funds rate if inflation remains under control or aggregate demand weakens sharply.

China: Addressing Ongoing Challenges to Ensure Sustained Growth

China's economic growth is projected to be sustained in 2025 as China's government maintains an official growth target at +5.0%. The IMF, however, forecast a slight deceleration to +4.6% in 2025 (2024: +5.0%) as it sees it more challenging for China to keep growth at the same pace as last year, considering the continued challenges in the property market and signs of weak demand. This growth is anticipated to be driven by a combination of factors, including robust consumer spending, increased business activity and a resurgence in overseas demand. Recent data indicate a positive trend, with retail sales rising slightly faster at +4%yoy in 2MCY25 (Dec-24: +3.7%yoy). Additionally, fixed asset investment grew by +4.1% during the same period (Dec-24: +3.2%yoy), signalling more encouraging business confidence. While increased exports will provide more support to the economy, the intensified trade tensions following the higher tariffs will negatively affect demand from the US. The impact of trade slowdown on China's economic growth, however, will be limited by the reduced dependence on external demand as the major source of growth. In the post-pandemic period, China's economic expansion has been driven more by growing domestic spending.

In response to the intensified trade tensions, Chinese authorities implemented policy interventions to mitigate slowdown risks. Notably, the government has unveiled a comprehensive plan to boost domestic consumption, aiming to stabilise the stock market and develop new investment products. Early signs of improvement are evident, with industrial production rising by +5.9%yoy in 2MCY25 and the services sector registering accelerated growth. They achieved the official growth target of around +5% for 2025. China's government also pledged to increase spending to stimulate the economy and boost consumer spending. Further shift toward growth that is more inwardly driven will protect China's economy against uncertainties from the external front as well as the instability of the global trade outlook.

Malaysia: Navigating Global Uncertainties with Stable Growth and Robust Domestic Demand

Malaysia's domestic growth fundamentals remain robust, supported by increasing spending from both consumers and businesses, which will continue to drive economic expansion this year. Beyond higher government expenditure, investment activities will be buoyed by the initiation and progress of various infrastructure projects. However, the outlook for Malaysia's external trade is more challenging amid the heightened uncertainties surrounding global trade and the intensified trade war. The front-loading of E&E exports in 1QCY25 is expected to remain a key contributor to overall export performance. Nevertheless, Malaysia's trade environment is likely to come under pressure with the reciprocal tariffs imposed by the US and the disruption to investment and spending plans both in the domestic and global markets. While the semiconductor sector has thus far been exempted from President Trump's reciprocal tariff measures, we remain vigilant regarding potential policy shifts, given that semiconductors represent a strategic, high-value segment of advanced manufacturing—one that aligns closely with the administration's reshoring objectives. Given the more challenging trade landscape and weaker external demand due to tariff-related disruptions among Malaysia's key trade

partners, Malaysia's 2025 GDP growth is projected to moderate to 4.0% from a more robust +5.1% growth in 2024. Despite this, growth is expected to remain resilient, supported by strong economic fundamentals, robust domestic demand, resilient household spending and increased investments. Moreover, if the tariff-induced growth shock proves significant, we foresee the possibility that the government may delay the implementation of the RON95 rationalisation and postpone certain tax increases to help sustain growth.

Domestic consumption will continue to be a key engine of Malaysia's economic growth. The labour market began the year on a stable footing with increased workforce participation and steady momentum. In January 2025, the labour force participation rate held firm at 70.6%, while total employment rose to 16.7 million (Dec-24: 16.6mil), marking a robust annual growth of +2.8%yoy (Dec-24: +1.0%yoy). With more individuals entering the workforce, Malaysia's unemployment rate is expected to average slightly lower at 3.1% in 2025 (2024: 3.3%). Positive employment growth will be sustained on the back of growing economic activities and increased domestic demand. Even so, we remain vigilant to potential risks. Tariff-related disruptions may weigh on employment in export-oriented industries and pose a broader threat of wage stagnation, which could dampen domestic demand if left unchecked. As of 2024, approximately 17% of Malaysia's total workforce—or about 2.9 million workers—are employed in the manufacturing sector, which is highly exposed to external demand. Looking ahead, we expect domestic spending to maintain its upward trajectory, underpinned by a robust labour market, manageable inflation, accommodative monetary policy and recovery in tourism activities. Government initiatives—such as cash assistance programmes, access to flexible retirement fund accounts, higher civil servant salaries and an increased minimum wage—will further reinforce consumption growth this year.

Major economic sectors are poised for continued expansion this year, even as they navigate a tough global trade environment. The services sector will be driven by rising household spending, as well as increased tourist arrivals and spending. Despite policy adjustments such as higher diesel prices and increased utility tariffs, overall price pressures remain manageable, minimising the impact on consumer purchasing power. Amid tariff-related disruptions, the likelihood of a delayed rationalisation of the RON95 fuel subsidy continues to support household spending. In the manufacturing sector, production growth will continue to be supported by resilient domestic consumption. However, external demand may soften due to the broad-based tariff measures imposed by the US and the resulting retaliatory actions from key global trading partners. This could lead to a sharp decline in export volumes and disrupt supply chains, affecting both Malaysian manufacturers and US-affiliated multinational operations based in the country. Continued momentum in infrastructure development—such as the Pan Borneo Highway, East Coast Rail Link (ECRL), Miri Airport expansion and Penang LRT—is expected to underpin sustained growth in the construction sector. Our outlook on data centre expansion remains positive, as it continues to support capital goods imports while stimulating growth in the construction and utility sectors. In the mining sector, production is expected to rise, driven by increased natural gas extraction and recovery in crude petroleum output. However, lower crude oil prices may weigh on the output growth and continue to suppress exports of both crude and refined petroleum products.

The global trade war has escalated following President Donald Trump's announcement of sweeping reciprocal tariffs on its trading partners, including Malaysia. Although the semiconductor sector—representing only 24% of the broader E&E category—thus far has been exempted from these measures, we remain cautious of potential policy shifts. Semiconductors are a strategic, high-value component of advanced manufacturing and are closely aligned with the administration's reshoring agenda. Furthermore, it remains uncertain whether semiconductors will eventually face at least the baseline 10% tariff. Meanwhile, other E&E products, along with key exports such as machinery, medical equipment, furniture and rubber—representing 62% of Malaysia's total exports to the US—

will remain subject to the full 24% tariff. Given this, along with the potential softening of external demand due to the broad-based US tariff measures and retaliatory actions from key global trading partners, we have revised our export growth projection down to +2.0% (2024: +5.7%) and our import growth forecast to +1.6% (2024: +13.2%) for this year. Despite the fact that during Trump's first term (2018–2021) Malaysia saw a +16.1% CAGR in US exports due to the US–China trade war, this advantage may not be as pronounced due to the broad-based reciprocal tariffs. We believe that diversifying export markets, strengthening regional supply chain integration, harmonising regional trade policies and enhancing existing trade arrangements can reduce Malaysia's reliance on the US. In other words, strengthening trade ties with regional countries and other economic blocs will provide a positive boost to Malaysia's trade outlook. Additionally, encouraging local sourcing and fostering partnerships between local Malaysian companies and enhancing the Ministry of Finance's "Buy Local" initiatives can help mitigate the uncertain global trade outlook.

We forecast that Malaysia's CPI inflation will average higher at +2.5% in 2025 (2024: +1.8%), primarily due to supply-side factors influenced by government measures. One of the key drivers of our forecast is the expected effects of government policy adjustments, specifically the subsidy rationalisation plan. This could impact the top 15% of income earners (T15) with higher transport costs as they will pay higher retail prices for petrol after the implementation of the targeted RON95 subsidy from mid-2025. Rising input costs and the pass-through from non-food inflation are also anticipated to contribute to higher food prices. Additionally, although the impact seems to be quite muted at the moment, the wider coverage for SST and a higher minimum wage will also contribute to higher inflation as the higher cost pressures will be passed to the consumers. Increased utility and housing-related charges will also add to CPI inflation this year. However, the potential delay in the implementation of government policies could keep inflation low and stable. At the same time, lower crude oil prices on the back of concerns over weak demand and global growth could also limit upside pressures on transport and energy prices.

Consistent with our current assessment of economic growth and inflation, the existing overnight policy rate (OPR) setting at 3% remains accommodative to sustainable economic growth. We expect Bank Negara Malaysia (BNM) will maintain the policy rate at the current level throughout 2025. We believe this accommodative position will support Malaysia's economic growth. While we anticipate inflation to rise due to supply-side pressures such as policy adjustments and higher costs, we do not expect this to prompt BNM to raise the OPR, given that demand-side pressures remain manageable. However, should strong demand emerge as the main driver of inflation, further policy tightening may be warranted. Conversely, if demand conditions weaken significantly, BNM has room to cut rates to counter any risk of significant economic slowdown.

The anticipated narrowing of the interest rate gap between the OPR and the FFR is a key factor bolstering our positive outlook for the Malaysian ringgit. We foresee the ringgit strengthening in the 2HCY25 due to policy shifts expected in the US and the expectation of increased risk appetite leading to fund inflows back into the emerging market, including Malaysia. In addition to Malaysia's solid economic growth, movement in the commodity prices and continued current account surplus, we believe financial market dynamics will still have a larger impact on the ringgit performance. We expect that BNM will hold the OPR steady and the Fed will undertake further rate reductions and this will lead to a smaller interest rate differential, which is in favour of the ringgit to appreciate against the US dollar. Our forecast projects the ringgit to average stronger at RM4.34 against the US dollar in 2025 (2024: RM4.56) and to end stronger at RM4.25 by the year end (end-2024: RM4.47).

Apart from the return of foreign funds, we foresee the 10-year Malaysian Government Securities (MGS) yield will decline toward 3.68% this year tracking the movement in the US treasury yields post rate cuts by the Fed. However, we noticed that the recent sensitivity of the movement in the

MGS market with the US treasury yields has somewhat decoupled. In other words, volatility in the US treasury has less impact on the MGS market. We expect the reversal of capital into the MGS market would compress the MGS yield for this year, hence compressing the yield spreads against OPR across the curve. This will be supported by the narrowing interest differential as we continue to expect the OPR to remain unchanged and the fed funds rate will be reduced later this year. The poll by Bloomberg in March 2025 indicated that the 10-year US treasury yield will fall toward 4.36% by 4QCY25. The latest developments in the financial market may indicate that slower rate cuts by the Fed for the year would be the possible scenario compared to the market rate cut expectations previously. On the domestic front, we foresee the lower yield performance will be supported by the success of the government's agenda to reduce fiscal deficits and government borrowings and improve the overall fiscal position. We predict the government's fiscal deficit will narrow to -3.5% of GDP for 2025 (2024: -4.1%). Meanwhile, the slower growth in new debt issuance will also reduce the size of outstanding government debts to around 62.9% of GDP (2024: 64.6%).

Table 1.1: Macroeconomic Past Performances.

(YoY%) Unless Stated Otherwise	2021	2022	2023	2024	2025 ^f
Real GDP	3.3	8.9	3.6	5.1	4.0
Govt. Consumption	5.8	5.1	3.3	4.7	5.0
Private Consumption	1.8	11.3	4.7	5.1	4.8
Gross Fixed Capital Formation	(0.7)	6.8	5.5	12.0	6.1
Govt. Investment	(11.0)	5.3	8.6	11.1	6.4
Private Investment	2.8	7.2	4.6	12.3	6.0
Exports of goods & services	18.5	14.5	(8.1)	8.5	3.8
Goods Exports	21.4	11.0	(12.7)	5.5	2.5
Services Exports	(8.2)	58.3	33.0	25.9	9.9
Imports of Goods & Services	21.2	16.0	(7.4)	8.9	2.5
Goods Imports	23.8	14.4	(11.7)	9.4	2.1
Services Imports	7.7	25.7	15.8	7.3	4.5
Net Exports	(4.0)	(1.5)	(16.2)	2.2	22.0
Agriculture etc.	(0.3)	1.3	0.7	3.1	0.3
Mining & Quarrying	0.9	3.5	0.5	0.9	(0.6)
Manufacturing	9.5	8.1	0.7	4.2	2.3
Construction	(5.2)	5.1	6.1	17.5	12.8
Services	2.2	11.0	5.1	5.4	5.1
Exports of Goods (f.o.b)	26.1	24.9	(8.0)	5.7	2.0
Imports of Goods (c.i.f)	23.3	31.0	(6.4)	13.2	1.6
Headline CPI Inflation (%)	2.5	3.4	2.5	1.8	2.5
Current Account, % of GDP	3.9	3.0	1.5	1.5	1.9
Fiscal Balance, % of GDP	(6.4)	(5.6)	(5.0)	(4.1)	(3.5)
Federal Government Debt, % of GDP	63.2	60.3	64.3	64.6	62.9
Unemployment Rate (%)	4.58	3.82	3.43	3.26	3.10
Brent Crude Oil (Avg), USD per Barrel	71.5	102.0	82.2	79.9	63.0-70.0
Crude Palm Oil (Avg), MYR per Tonne	4,486	5,262	3,813	4,194	4,300
USD/MYR (Avg)	4.14	4.40	4.56	4.56	4.34
USD/MYR (End-period)	4.17	4.35	4.59	4.47	4.25
MGS 10-Yr Yield (Avg)	3.23	4.07	3.86	3.83	3.68
MGS 10-Yr Yield (End-period)	3.59	4.04	3.73	3.84	3.60
OPR (%)	1.75	2.75	3.00	3.00	3.00

Note: ^f - forecast.

Source: Macrobond; DOSM; MIDFR.

We view the balance of risks tilted more toward the downside particularly with heightened uncertainties on the external front, which could pose a more challenging outlook for Malaysia's trade and export-driven sectors. Further tightening of US trade policies, including possible duties imposed on semiconductors from Malaysia, will further curtail demand from the US. Retaliatory measures by other countries will also escalate geopolitical and trade tensions, reshaping global trade alliances and contributing to a more fragmented trade environment. This reconfiguration of global trade and supply chain could weaken global trade and investment activities, at least in the short run. In addition, ongoing geopolitical conflicts, especially in the Middle East, add another layer of risk and potentially disrupting trade routes. This could cause renewed rises in energy and food prices, which would also fuel inflation. However, this may be mitigated by the potential oversupply as global demand softens as a result of the trade war. There is also risk from deteriorating market confidence as businesses face greater uncertainties from unexpected policy shifts. In other words, the heightened volatility in the financial markets will affect investment decisions, influenced by changing policy directions and growing concerns about the growth outlook. Meanwhile, the ringgit's performance may be constrained by the strengthening of the dollar backed by rising safe-haven demand amid renewed growth concerns.

CHAPTER 2
INTERNATIONAL
TRADE

OVERVIEW

In 2024, Malaysia's trade performance recorded another milestone with trade reaching new heights. This was attributed to the upcycle in global technology, as well as strong external demand for manufactured and agriculture products, influenced by the international trade recovery.

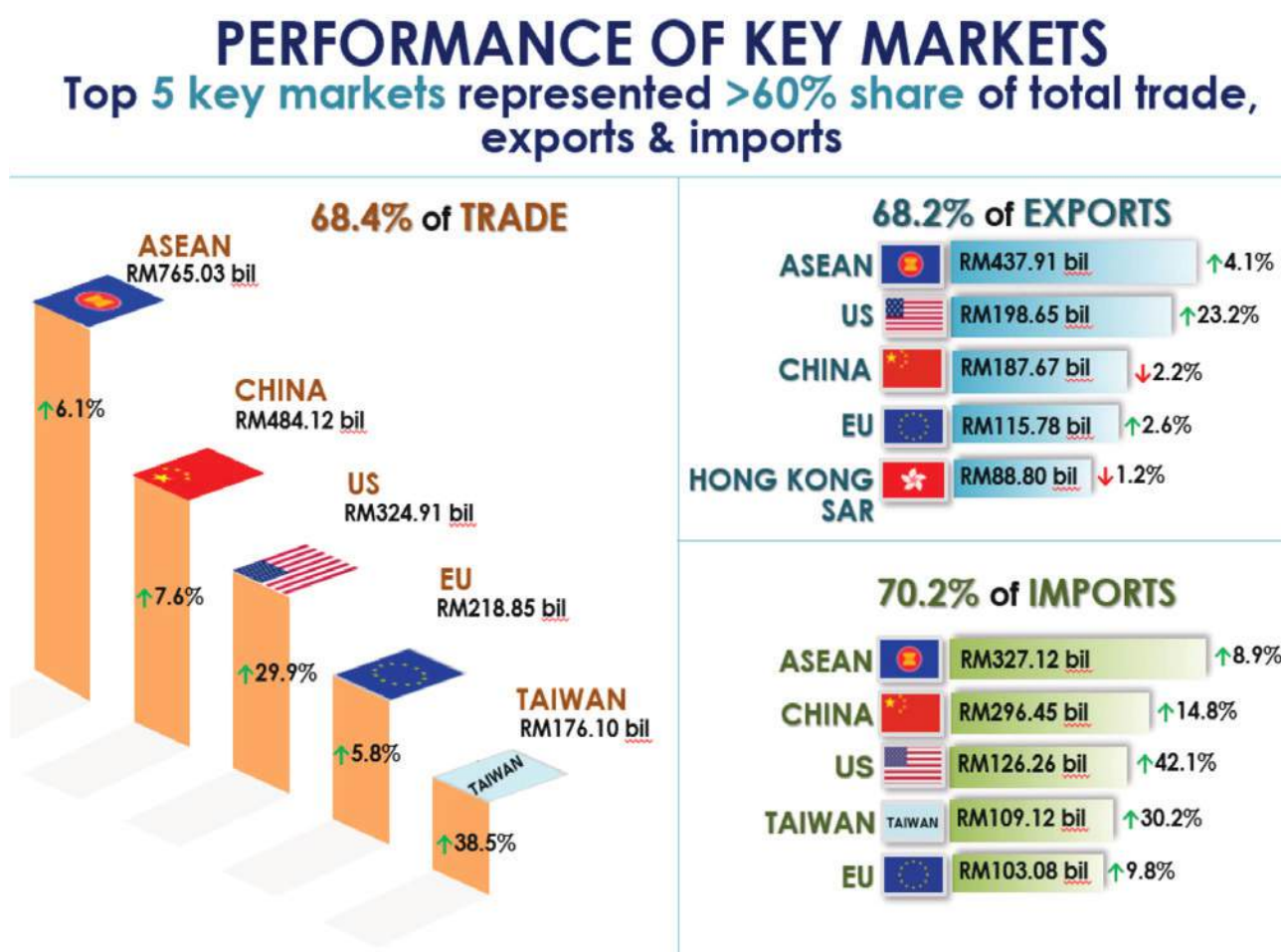
TRADE PERFORMANCE

Malaysia's trade in 2024 surpassed the RM2 trillion mark for the fourth consecutive year, valued at RM2.879 trillion, an increase of 9.1% compared to 2023.

Exports exceeded RM1 trillion for the fourth year, growing by 5.7% to RM1.509 trillion due to higher exports of E&E products, machinery, equipment and parts, as well as palm oil & palm oil-based agriculture products. Exports also achieved 87.2% of the target set for 2025 under the Mid-term Review of the Twelfth Malaysia Plan (MP12). Meanwhile, imports were up by 13.2%yoy to RM1.371 trillion, crossing the RM1 trillion mark for the third successive year. This exceptional performance has resulted in a trade surplus for the 27th consecutive year since 1998, valued at RM136.88 billion.

Malaysia's top five trading partners were ASEAN, China, the US, the European Union (EU) and Taiwan, collectively contributing a 68.4% share of total trade (Exhibit 2.1).

Exhibit 2.1: Malaysia's Key Markets.



Source: Department of Statistics Malaysia (DOSM).

ASEAN remained an important and strategic trade partner for Malaysia, accounting for 29% of Malaysia's total trade in 2024. Trade with ASEAN increased by 6.1% to RM765.03 billion, compared to 2023. Exports to the region expanded by 4.1% to RM438 billion following a strong demand for machinery, equipment & parts, manufacture of metal, as well as petroleum products. Exports to all ASEAN markets recorded growth except for Brunei, Myanmar and Lao PDR.

Imports from ASEAN expanded by 8.9% to RM327.12 billion, with main imports being E&E products, petroleum products, as well as chemicals and chemical products. Imports from ASEAN countries grew except for Brunei and Lao PDR.

Exhibit 2.2: Exports and Imports from ASEAN Countries.

EXPORTS



IMPORTS



Source: DOSM.

Trade with Free Trade Agreement Partners

Malaysia's participation in **16 free trade agreements (FTAs)** reflects its commitment to an **open and liberalised trade environment**, enabling better market access through lower tariffs and preferential quotas. In **2024**, trade with FTA partners rose by **5.2%** to **RM1.870 trillion**, accounting for **65% of Malaysia's total trade**.

Exports to FTA partners, which made up **67.1% of total exports**, grew by **1.9%** to **RM1.012 trillion**. Key export products included **E&E products, petroleum, chemicals, liquefied natural gas and metal-based manufactures**, representing **63.8%** of exports to FTA markets.

Notable export growth was recorded to:

- **India:** +14.5% to RM52.13 billion (mainly palm oil).
- **Pakistan:** +29% to RM5.66 billion.
- **Mexico:** +0.8% to RM18.86 billion (record high).
- **Chile:** +18.2% to RM720.8 million (chemicals).
- **Türkiye:** +17.2% to RM20.55 billion (iron and steel).
- **Canada:** +56% to RM6.51 billion (E&E products, record high).

Imports from FTA partners also **rebounded by 9.6%** to **RM857.92 billion**, driven by E&E products, petroleum, machinery, chemicals and metal-based goods, which together made up **64.9% of total imports** from FTA markets.

This performance underscores the strategic importance of FTAs in enhancing Malaysia's global trade footprint.

Malaysia International Halal Exhibition

Malaysia International Halal Exhibition (MIHAS), organised by Malaysian External Trade Development Corporation (MATRADE), serves as the world's largest halal trade exhibition and a key platform for promoting the globalisation of Malaysian halal products and services, especially from local micro, small and medium enterprises (MSMEs).

The 20th edition of MIHAS (2024) was held from 17 to 20 September at Malaysian International Trade and Exhibition Centre (MITEC), themed "Globalising Halal Innovations". It featured 2,028 exhibitors from 66 countries and attracted 43,353 visitors, making it the largest edition since 2004. Held in a hybrid format, MIHAS 2024 expanded its reach through both physical and virtual participations.

The event showcased 14 halal industry clusters, including food and beverages, cosmetics, modest fashion, pharmaceuticals, Islamic finance & fintech, tourism, e-commerce and education.

In addition to the main exhibition, MIHAS 2024 featured flagship programmes such as the International Sourcing Programme (INSP), Knowledge Hub and MIHAS Awards. The event is recognised as a UFI Approved International Event, reflecting compliance with global standards.

Further elevating its global stature, MIHAS holds a Guinness World Record for the "Largest Attendance for a Halal Trade Show" during MIHAS 2023 with 38,566 visitors, affirming its position as a world-class halal industry showcase.

MIHAS@Dubai 2024

For the first time in its 20-year history, MIHAS was staged outside Malaysia with the launch of MIHAS@Dubai from 18 to 20 November 2024, at the Dubai World Trade Centre in conjunction with the Middle East Organic and Natural Product Expo. The event was officiated by Deputy Prime Minister Dato' Seri Dr Ahmad Zahid Hamidi together with the chief ministers of Pahang and Perak.

The event showcased 10 key halal clusters, including food and beverages, food tech, pharmaceuticals, cosmetics, modest fashion, agriculture, sustainability, retail, e-commerce and services.

MIHAS@Dubai 2024 featured 215 exhibitors across 204 booths attracting strong regional industry participation. The event achieved RM2.20 billion in total sales, with RM1.06 billion from exhibitor sales and RM1.14 billion through the INSP.

This milestone marked a strategic global expansion for MIHAS, reinforcing Malaysia's leadership in halal innovation and trade, in opening doors for future international collaboration and market opportunities.

MTC CEO Summit 2024

The Mid-Tier Companies Development Programme (MTCDP) by MATRADE supports the growth of Malaysian Mid-Tier Companies (MTCs) to become resilient, competitive and globally recognised. MTCs are defined as companies with annual turnovers of RM50–500 million (manufacturing) and RM20–500 million (services).

In 2024, 24 MTCs from sectors including E&E, information and communication technology (ICT), machinery, food and beverages, lifestyle and life sciences joined Wave 10 of the programme. Additionally, 323 MTCs received continued support under the Ramp-up Programme, which offers targeted interventions, market development initiatives and participation in export promotions.

An impact survey in 2024 indicated that since the programme's launch in 2014:

- Participating MTCs have achieved RM32.92 billion in cumulative revenue (2023), with RM19.15 billion (58.2%) from exports.
- The programme has helped strengthen domestic supply chains, engaging over 10,000 MSMEs.
- More than 5,300 jobs have been created, with 42.8% in high-skilled roles.
- MTCs expanded into 77 new markets, achieving a 28.6% growth, with new destinations including Togo, Botswana, Moldova, Jamaica and Venezuela.

Key MTCDP activities in 2024 are:

- Wave 10 Kick-Off & Graduation Ceremony (Waves 8 & 9).
- Market Immersion Missions (the Philippines, Vietnam).
- MTC-MSME Benchmarking Programmes (Penang, Pahang, Perak, Sarawak).
- Functional workshops & CEO summit.
- Customised webinars (Australia & Eastern Europe).

The MTCDP continues to play a pivotal role in empowering MTCs to thrive in global markets and contribute significantly to Malaysia's export performance and economic resilience.

Trade Advisory Service

In 2024, MATRADE continued to play an important role in supporting Malaysian companies to explore international markets through its trade advisory services and export outreach programmes.

A total of 256 outreach programmes were held nationwide, in collaboration with ministries, state agencies, business councils and private sector partners, including KPKT, MOSTI, PKNS, Invest Selangor, Maybank, UOB and Peniagawati. These programmes included seminars, webinars, workshops and international trade events, delivered both physically and virtually.

Five Export Day programmes were conducted in Melaka, Pulau Pinang, Sarawak, Selangor and Kuala Lumpur, reaching over 1,300 entrepreneurs, focusing on export readiness, guidelines and market potential.

MATRADE also manages the Malaysia Exporter Registry (MER), which had 14,983 registered companies as of 31 December 2024, marking a 10.36% increase from the previous year. In the same period, MATRADE handled nearly 6,000 trade enquiries from local companies and international buyers.

In total, over 11,000 Malaysian companies benefited from MATRADE's export advisory and outreach initiatives in 2024, reaffirming its commitment to building a robust and globally competitive export ecosystem.

MULTILATERAL TRADE NEGOTIATIONS

The World Trade Organization's 13th Ministerial Conference

The WTO has projected moderate growth in global merchandise trade, with an estimated increase of 2.7% in 2024 and 3.0% in 2025, despite challenges such as geopolitical tensions, trade fragmentation and climate change. The rule-based multilateral trading system remains vital to ensuring stable and inclusive global trade.

At the 13th WTO Ministerial Conference (MC13) held from 26 February to 2 March 2024 in Abu Dhabi, WTO members reaffirmed their commitment to organisational reform and upholding WTO principles.

Malaysia demonstrated its strong leadership at MC13:

- The Minister of MITI, Senator Tengku Datuk Seri Utama Zafrul, submitted Malaysia's Instrument of Acceptance (IoA) for the Agreement on Fisheries Subsidies (FSA), reinforcing its commitment to sustainable fishing.
- Malaysia was also among the 124 WTO members to adopt the Investment Facilitation for Development (IFD) Agreement, supporting greater cooperation in global trade.



Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, MITI Minister, submitting Malaysia's IoA for the FSA to Dr Ngozi Okonjo-Iweala, Director-General of the WTO.

MC13 concluded with the "Abu Dhabi Package", which included:

- A renewed push to establish a fully functional dispute settlement system by 2024.
- Extension of the moratorium on customs duties for electronic transmissions.
- Enhanced measures for food security.
- Support for MSME participation in international trade.

The accession of Comoros and Timor-Leste brought WTO membership to 166, underscoring the organisation's commitment to integrating least developed countries (LDCs) into the global economy.



Malaysia's delegation to MC13, attending the special ceremony celebrating members that have ratified the FSA.

Fisheries Subsidies Agreement

The WTO FSA is a landmark global accord aimed at promoting ocean sustainability by banning damaging subsidies that lead to overfishing and depletion of global fish stocks. It is the first WTO agreement focusing on environmental protection and the first binding multilateral deal aligned with the Sustainable Development Goals (SDGs).

The agreement will take effect following ratification by two-thirds of WTO members. Malaysia reaffirmed its support for sustainable fishing by submitting its IoA on 26 February 2024 during MC13.

To assist developing and least developed countries (LDCs) in implementing the agreement, the WTO launched the Fish Funding Mechanism, which provides technical assistance and capacity building in collaboration with international partners.

Negotiations are ongoing in a "second wave" to introduce further rules on overcapacity and overfishing (OCOF). While not concluded at MC13, these talks made notable progress and laid the groundwork for future consensus.

Dispute Settlement

As of December 2024, WTO members had submitted 631 requests for consultations, reaffirming the dispute settlement mechanism as a fundamental function of the WTO.

A key development for Malaysia was the conclusion of its dispute with the EU under case DS600, concerning the Renewable Energy Directive (RED II). On 5 March 2024, the WTO panel issued its final report, adopted on 26 April 2024, which found certain elements of an EU Delegated Act to be inconsistent with WTO rules. Malaysia welcomed the EU's commitment to align its measures with WTO obligations, marking a significant victory for Malaysia's palm oil trade interests.

However, the WTO's dispute resolution system remains incomplete due to the ongoing impasse over Appellate Body appointments, affecting the appeals process. While dispute settlement reform was discussed at MC13, a final consensus had yet to be reached by the end of 2024.

AGRICULTURE

Since 2000, WTO members have been negotiating agricultural trade reforms to create fairer, more competitive markets while addressing food security and environmental sustainability. The discussions focus on seven key areas:

- Trade-distorting domestic subsidies.
- Market access.
- Export competition.
- Export restrictions and prohibitions.
- Cotton.
- Special safeguard mechanisms and public stockholding (PSH).
- Transparency.

Although MC13 did not reach a consensus, especially on PSH for food security, it marked constructive progress with members showing willingness to pursue balanced and inclusive outcomes. The progress lays the groundwork for further negotiations aiming for resolution by the next ministerial conference.

BOX ARTICLE 2.1

National Workshop on World Trade Organization Agreement on Agriculture and Its Notification Obligations

From 28 to 30 October 2024, MITI, in collaboration with the WTO's Institute for Training and Technical Cooperation (ITTC), hosted a National Workshop on the WTO Agreement on Agriculture (AoA) in Putrajaya.

The workshop brought together 40 government officials from various ministries and agencies to enhance their understanding of the AoA's key pillars, namely:

- Market access.
- Export subsidies.
- Domestic support.
- Notification requirements.

The insights gained will assist Malaysian agencies in preparing WTO-compliant notifications, improving transparency and ensuring adherence to Malaysia's commitments under the AoA.



Workshop participants with guest speakers Mr Cédric Pène and Ms Jessica Wang from the WTO secretariat, centre of picture, next to Mr Jaya Singam Rajoo, Senior Director of Multilateral Trade Policy and Negotiations at MITI.



Mr Cédric Pène from the WTO secretariat delivers a presentation during the workshop session.

JOINT STATEMENT INITIATIVES

Beyond the multilateral framework, like-minded WTO members have pursued new trade frameworks through Joint Statement Initiatives (JSIs). Malaysia actively participates in several JSIs, namely investment facilitation for development and electronic commerce. Progress on these JSIs have been encouraging.

Joint Statement Initiative on Investment Facilitation for Development

The JSI on Investment Facilitation for Development Agreement (IFDA) aims to establish a multilateral framework to improve the international business climate and make it easier for investors in all sectors to conduct businesses. It is intended to increase the participation of developing and least developed WTO members in global investment flows to promote sustainable economic development.

A total of 126 members, including Malaysia, are undertaking the process to incorporate the IFDA into the WTO legal architecture as of 2024.

Joint Statement Initiative on Electronic Commerce

The JSI on Electronic Commerce, launched in 2019, aims to develop new global rules to facilitate digital trade, building on the existing WTO framework. Members of the JSI recognise the importance of global electronic commerce and the opportunities it creates for inclusive trade and development and the important role of the WTO in promoting open, transparent, non-discriminatory as well as predictable regulatory environments in facilitating electronic commerce.

Its membership expanded to 91 participants in 2024. The Agreement on Electronic Commerce was concluded in July 2024, and efforts are ongoing to integrate the agreement into the WTO's legal architecture.

BOX ARTICLE 2.2

World Trade Organization's Director-General's Visit to Malaysia

WTO's Director-General, Her Excellency Dr Ngozi Okonjo-Iweala, undertook a working visit to Malaysia from 6 to 8 December 2024. She paid a courtesy call on Prime Minister, where they discussed critical global trade issues, including the rise of protectionism, Malaysia's role as ASEAN Chair in 2025 and its position as a trade-dependent middle power. The dialogue also addressed WTO reform agenda, particularly the restoration of the two-tier dispute settlement system.

Dr Okonjo-Iweala engaged with over 30 senior government officials in a fireside chat, highlighting:

- The importance of the multilateral trading system for developing economies like Malaysia.
- The urgency of WTO reforms to tackle global challenges.
- The need for resilient, informed trade policies that resist protectionist pressures.
- WTO efforts to bridge the artificial intelligence (AI) divide.
- Progress on the e-commerce agreement.

Her visit reaffirmed the WTO's commitment to inclusive, forward-looking trade governance and Malaysia's active role in shaping global trade policy.



Her Excellency Dr Ngozi Okonjo-Iweala, Director-General of the WTO (second from left) paid a courtesy call to Dato' Seri Anwar bin Ibrahim, Prime Minister of Malaysia, accompanied by MITI Minister, Secretary-General of MITI and Senior Advisor to the Director-General.

BOX ARTICLE 2.3

Malaysia's Leadership at the World Trade Organization—Appointment as Chair for Council for Trade in Services and Committee on Rules of Origin

In 2024, Malaysia made history by simultaneously chairing two WTO subsidiary bodies, showcasing its growing influence in global trade governance.

Ambassador Syahril Syazli Ghazali, Malaysia's permanent representative to the WTO, was elected chairman of the Council for Trade in Services (CTS), a Tier-1 body overseeing the General Agreement on Trade in Services (GATS). Under his leadership, the council focused on post-MC13 priorities, including:

- Revitalising services trade discussions, particularly in environmental, digital and AI-related services.
- Enhancing LDCs participation in the services sector.



Ambassador Syahril Syazli Ghazali, Permanent Representative of Malaysia, to the WTO chairing the council for the CTS.

Committee on Rules of Origin

In addition, Mr Guna Seelan Balakrishnan, Malaysia's Minister Counsellor, was appointed chairman of the Committee on Rules of Origin (CRO), which oversees:

- Implementation of the Agreement on Rules of Origin (ROO).
- Notification and transparency in non-preferential ROO.
- Facilitation of preferential ROO for LDCs.



Mr Guna Seelan Balakrishnan, Minister Counsellor at the Permanent Mission of Malaysia, to the WTO chairing the CRO.

These dual appointments underscored the confidence of WTO members in Malaysia's leadership and its strong commitment to upholding and advancing the multilateral trading system.

BOX ARTICLE 2.4

Malaysia's First Young Professional at the World Trade Organization

Ms Saw Angelique from MITI's Multilateral Trade and Policy Negotiations Division made history as the first Malaysian selected for the WTO Young Professionals Programme 2025.

Launched in March 2024, the programme is highly competitive with only 19 individuals chosen globally. Participants will serve across 13 divisions of the WTO secretariat, contributing to the organisation's work and gaining hands-on experience in global trade issues throughout the year.

Ms Saw's selection highlights both her personal achievement and Malaysia's growing presence in international trade diplomacy.



Ms Saw Angelique (third from right, first row) is the first Malaysian selected for the WTO Young Professional Programmes.

TRADE REMEDIES

Amendments to the Countervailing and Anti-dumping Duties Act 1993

The Countervailing and Anti-dumping Duties Act 1993 serves to protect Malaysian industries from unfair trade practices such as dumped and subsidised imports, in line with Malaysia's obligations under WTO Anti-dumping and Subsidies Agreements.

In response to the evolving global trade dynamics, the Act is currently undergoing a comprehensive review involving amendments to 15 sections. The revisions aim to:

- Clarify legal provisions.
- Enhance investigation procedures.
- Introduce anti-circumvention measures to prevent evasion of trade remedies.

These updates reflect the government's commitment to good regulatory practices, with extensive stakeholder consultations conducted, including those through the Unified Public Consultation (UPC) portal.

The amended Act is expected to be tabled in Parliament in the first half of 2025, strengthening Malaysia's trade defence mechanisms and ensuring fair competition for domestic industries.

BOX ARTICLE 2.5

Digitalising Trade Remedies Management: Meet the “Trade Remedies Investigation Management System”

On 30 October 2024, MITI officially launched the Trade Remedies Investigation Management System (TRIMA), marking a major milestone in the government’s digitalisation efforts for trade remedy services.

TRIMA serves as a secure, streamlined and fully digital platform that enables domestic industry players to submit applications regarding anti-dumping and other trade remedy measures. Key features include:

- Single-window access.
- Global accessibility.
- Cost efficiency.
- Enhanced data security.
- Real-time transparency.

By improving the efficiency and responsiveness of trade remedy investigations, TRIMA helps ensure timely protection for local industries against unfair trade practices, while also contributing to Malaysia’s competitiveness in the digital economy.



Launching of the TRIMA by Liew Chin Tong, Deputy Minister of MITI, accompanied by the Secretary-General, Deputy Secretary-General (Industry) and Deputy Secretary-General (Trade) of MITI.

INDO-PACIFIC ECONOMIC FRAMEWORK FOR PROSPERITY

The Indo-Pacific Economic Framework for Prosperity Ministerial Meeting and Clean Economy Investors Forum 2024

The IPEF¹ Ministerial Meeting and the first annual Clean Economy Investors Forum were held on 6 June 2024 in Singapore. The Malaysian delegation was led by Minister of MITI, Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz.



Ministers of the 14 partner countries join together for the IPEF Clean Economy Investor Forum 2024 in Singapore.

The main outcome of the meeting was the signing of three agreements, namely the (overarching) Agreement on IPEF, Clean Economy Agreement and Fair Economy Agreement by participating countries. The three agreements had been substantially concluded during the IPEF Ministerial Meeting in San Francisco that was held on 13–14 November 2023.

As part of the IPEF Ministerial Meeting, the inaugural Clean Economy Investor Forum was held to showcase real opportunities under the Clean Economy Agreement. The forum brought together top regional investors, project developers and officials to mobilise financing for clean energy and climate-friendly infrastructure. Over USD23 billion in priority projects were identified, including USD6 billion in ready-to-invest proposals. Malaysian entities such as Khazanah, PETRONAS, Gentari, NanoMalaysia, MTC Orec, Faradays Energy and Limpahan Engineering participated.

Moreover, Malaysia officially ratified the IPEF Supply Chain Resilience Agreement, signalling its readiness to implement the deal signed in November 2023. This move boosts Malaysia's commitment to building resilient, efficient and inclusive supply chains, and consolidates its position as a strategic player in the Indo-Pacific region.

¹ IPEF is an economic framework led by the US and comprises 14 partner countries: Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and Vietnam. To date, Malaysia has ratified the IPEF Agreements relating to Supply Chain Resilience (Pillar II), IPEF Clean Economy (Pillar III), IPEF Fair Economy (Pillar IV) and the Agreement on IPEF (Overarching Agreement), while IPEF Agreement on Trade (Pillar I) has yet to be concluded.



Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of MITI, signing the (overarching) Agreement on IPEF, Clean Economy Agreement and Fair Economy Agreement by participating countries.

ASIA-PACIFIC ECONOMIC COOPERATION

The Asia-Pacific Economic Cooperation (APEC) is a forum of 21 member economies working together to advance trade, economic growth and living standards across the region. In line with the APEC Putrajaya Vision 2040, APEC aims to build an open, dynamic, resilient and peaceful Asia-Pacific community by 2040 through cooperation, open dialogue and consensus.

APEC plays a significant global role, accounting for:

- 61% of global GDP (USD64.4 trillion).
- 46% of global trade.
- 37% of the world's population.

Each year, APEC funds over 100 capacity-building projects that turn leaders' policy priorities into practical actions. These projects involve workshops, research and stakeholder engagement with participants from both the public and private sectors.

From 2006 to 2024, Malaysia benefited from 66 APEC projects, at a value equivalent to USD483,270, led by ministries, agencies and universities. Focus areas included sustainability, energy transition, inclusion, MSMEs, AI and digitalisation, aligning with national policies such as:

- New Industrial Master Plan (NIMP) 2030.
- National Energy Transition Roadmap (NETR).
- National Entrepreneurship Policy (NEP).
- Malaysia Digital Economy Blueprint (MyDIGITAL).

These collaborations have reinforced Malaysia's strategic goals and consolidated its integration into the regional economic landscape.

APEC Peru 2024

Peru, as host of APEC 2024, dedicated its work to advancing the PV 2040 through its theme “**Empower. Include. Grow.**”, which was guided by **three policy priorities**:

- Trade and Investment for Inclusive and Interconnected Growth.
- Innovation and Digitalisation to Promote Transition to the Formal and Global Economy.
- Sustainable Growth for Resilient Development.

The APEC Economic Leaders endorsed and adopted the **2024 APEC Leaders’ Machu Picchu Declaration**. The declaration outlines new commitments for APEC members in achieving the PV 2040 and notes the significant changes affecting areas such as trade and investment, environment, climate change, food security and energy security. It also reaffirms APEC’s focus on multilateral cooperation to drive inclusive and sustainable economic growth, as the Asia-Pacific remains the world’s most dynamic and interconnected region.

The declaration was accompanied by two additional stand-alone documents:

- Ichma Statement on a New Look at the Free Trade Area of the Asia-Pacific (FTAAP) Agenda.
- Lima Roadmap to Promote the Transition to the Formal and Global Economies (2025–2040).

APEC Committees and ABAC

APEC operated through four committees and ABAC in 2024 as follows:

- **Committee on Trade and Investment (CTI).**

The CTI focused on supporting the Multilateral Trading System, economic integration, digitalisation, inclusion and sustainability. Key achievements included:

- (a) Adoption of the Ichma Statement to advance the FTAAP agenda.
- (b) Release of a study on FTA convergence/divergence across APEC economies.
- (c) Update of the Environmental Goods List to HS 2022 and a new framework to expand the list.
- (d) Endorsement of 67 projects supporting MSMEs, sustainability, digital trade and supply chains.

Malaysia has played the roles of Convenor of the Investment Experts Group (2020–2025), hosted an FTA workshop on MSMEs and promoted AI and digital innovation for APEC 2025 (Korea).

- **Economic Committee (EC).**

The EC continued work on structural reforms under the Enhanced APEC Agenda for Structural Reform (EAASR) and began drafting its successor, SEAASR 2026–2030, under Peru’s theme.

- (a) Focus areas: market openness, business environment, innovation and inclusion.
- (b) Published the 2024 AEPR on Structural Reform and Financial Inclusion.

Malaysia’s role as Convenor of the Regulatory Reform Friends of the Chair (RR FoTC) helped develop the Fourth Ease of Doing Business Action Plan and led a funded project on agile regulatory governance.

- **SOM Steering Committee on Economic and Technical Cooperation (SCE).**

The SCE oversaw 14 sub-fora and endorsed 105 projects supporting inclusive growth, digitalisation, climate, food security and emergency preparedness. Notable outcomes included:

- (a) Lima Roadmap on transitioning from informal to formal economies.
- (b) Hydrogen Policy Framework, Trujillo Principles on food waste and Arequipa Goals on disability inclusion.

Malaysia's role as Convenor of EGILAT and Lead Shepherd of the Tourism Working Group, supporting digitalisation, AI and strategies for ageing populations.

- **Budget and Management Committee (BMC).**

BMC approved 160 capacity-building projects in 2024 (up 18.7% from 2023), helping translate Leaders' policies into tangible results. Malaysia secured funding for 10 projects under various fora, totalling USD899,482.

- **APEC Business Advisory Council (ABAC).**

ABAC provided business insights and policy proposals to APEC Leaders. In 2024, ABAC Peru adopted the theme "People. Business. Prosperity."

- (a) Datuk Ruben Gnanalingam joined ABAC Malaysia.
- (b) Prime Minister Anwar Ibrahim participated in an APEC CEO Summit panel on the AI revolution.
- (c) Malaysia assumed ASEAN-ABAC Caucus chairmanship for 2025 from Indonesia.
- (d) There were 88 recommendations submitted in the ABAC Annual Report to Leaders.

This collective engagement highlighted Malaysia's leadership and active role across APEC's economic, structural and policy platforms in 2024.

APEC Business Travel Card

The APEC Business Travel Card (ABTC), introduced in 1996 under the APEC Business Mobility Group (BMG), aims to facilitate business travel for eligible individuals across APEC's 21 economies. Malaysia is among 19 full participants that provide key benefits such as:

- Visa substitution for economies like Australia and China.
- Access to priority lanes at major air and land entry points for faster immigration clearance.

The US and Canada, as provisional members, only offer priority lane access and still require a visa. In Malaysia, MITI issues support letters for eligible business applicants, while the Immigration Department processes applications via the ABTC system administered by Australia. To ensure integrity, MITI verifies that applicants are engaged in genuine business and meet set criteria—including Malaysians living abroad.

To further streamline the process, ABTC Guidelines were introduced on 1 August 2024 by MITI, the Immigration Department and Malaysia Productivity Corporation (MPC). Only applications with support letters are accepted.

In 2024, MITI received 1,120 ABTC applications, of which:

- 1,060 were approved and issued support letters.
- 60 were rejected due to non-compliance with eligibility requirements.

BRICS

On 18 June 2024, Prime Minister Dato' Seri Anwar Ibrahim announced Malaysia's intention to join BRICS during an interview with China's Guancha News, in conjunction with the 50th anniversary of Malaysia-China diplomatic ties and Premier Li Qiang's visit to Malaysia.

Malaysia subsequently submitted its BRICS membership application to Russia, the 2024 BRICS Chair and initiated dialogues with key members—Brazil, Russia, India and China.

At the 16th BRICS Summit in Kazan (October 2024), members agreed on guidelines for BRICS partner countries, a status below full membership but allowing participation in summits and thematic meetings.

MITI, along with the Ministry of Foreign Affairs and Ministry of Economy, is evaluating the benefits and implications of closer BRICS engagement. This move complements Malaysia's goal of diversifying trade, enhancing investment flows and strengthening South-South cooperation, while continuing to consolidate economic ties with traditional partners in the US, EU and ASEAN.

Malaysia sees BRICS as a strategic platform to promote inclusive growth, fair trade and explore opportunities in technology transfer and industrial collaboration, in line with its long-term economic goals.

Navigating Global Trade: Malaysia's Pursuit of Growth through Bilateral and Regional Free Trade Agreements

Malaysia, as an open and trade-dependent economy, has actively pursued Free Trade Agreements (FTAs) to expand market access, attract investment and integrate into global value chains. The country's FTA approach includes both bilateral and regional agreements.

As of 2024, Malaysia has implemented 16 FTAs (7 bilateral and 9 regional), along with two partial scope preferential trade agreements. Key milestones include the implementation of RCEP and CPTPP in 2022, both significantly boosted Malaysia's participation in mega-regional trade frameworks.

In 2024, trade with FTA partners reached RM1.87 trillion, making up 65% of total trade. Exports totalled RM1.0 trillion, while imports were RM857.9 billion, yielding a trade surplus of RM153.8 billion. These figures reflect the pivotal role of FTAs in Malaysia's economic and trade strategy.

Export Promotional Activities in Free Trade Agreement Partner Countries

In 2024, Malaysia strengthened its export promotion efforts by leveraging FTAs to expand market access, especially for products with tariff advantages.

A total of 19 export promotion activities were conducted in FTA partner countries, including highlights such as the Malaysia Pavilion at the Tokyo Game Show, MIHAS in Dubai and an Export Acceleration Mission at the China Food & Drinks Fair. MATRADE also hosted International Sourcing Programmes, connecting Malaysian exporters with buyers from FTA markets through tailored business matching sessions.

These initiatives support Malaysia's NIMP 2030 and the National Trade Blueprint (NTB), focusing on high-growth sectors and diversification into new and emerging markets.

Malaysia's Participation in FTAs ...

16 FTAs ENCOMPASSING 23 COUNTRIES



Conclusion of Malaysia–UAE Comprehensive Economic Partnership Agreement

Malaysia marked a significant milestone in 2024 with the conclusion of the Malaysia–UAE Comprehensive Economic Partnership Agreement (MY–UAE CEPA)—Malaysia's first FTA with a Gulf Cooperation Council (GCC) country. Concluded in October 2024, the agreement positions the UAE as a strategic gateway for Malaysian exports to the Middle East, North Africa and parts of Europe.

Once in force, the agreement will grant zero import duties on key Malaysian exports such as E&E, machinery, jewellery, foodstuff, tropical fruit, palm oil, cocoa and rubber. In return, UAE-based firms will be provided with leverage through Malaysia as an entry point into ASEAN, enabling small and medium enterprises (SMEs) to integrate into regional supply chains and benefit from capacity-building and investment spill overs.

This FTA reflects Malaysia's outward-looking trade policy and its commitment to sustainable, inclusive growth through enhanced market access, foreign investment and economic competitiveness. As global trade dynamics evolve, Malaysia's proactive approach to FTAs remains a critical lever in realising its long-term development goals.

BOX ARTICLE 2.6**UK's Accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership**

The UK's accession to the CPTPP officially came into force on 15 December 2024, following ratification by nine member countries, including Malaysia.

This marks the first trade agreement between Malaysia and the UK, presenting new opportunities for Malaysian businesses and SMEs through enhanced market access, diversified sourcing of raw materials at competitive prices and participation in capacity building and technical cooperation programmes.

The UK's entry is expected to reinforce trade and investment ties between both nations, build on their longstanding economic relationship and strengthen regional supply chains, contributing to Malaysia's broader economic growth.

**ASEAN ECONOMIC INTEGRATION**

ASEAN remains committed to building a unified, competitive and resilient regional economy through continued efforts in trade liberalisation, investment promotion and enhanced connectivity. This integration agenda supports sustainable growth while addressing global challenges such as technological disruption and climate change.

In 2023, ASEAN's combined GDP reached USD3.8 trillion, a significant rise from USD2.5 trillion in 2015, positioning the bloc as the fifth-largest economy globally, with expectations of it to rank fourth by 2030. Despite global investment slowdowns, FDI inflows hit a record USD234 billion, reaffirming ASEAN's appeal as a strategic hub in global supply chains. These indicators reflect ASEAN's strong momentum toward regional prosperity and global economic relevance.

ASEAN Chairmanship 2024: Advancing Connectivity and Resilience under the Lao PDR's Leadership

In 2024, the Lao PDR assumed the ASEAN chairmanship under the theme “**Enhancing Connectivity and Resilience**”, reflecting a regional commitment to strengthening cooperation in response to economic, environmental and security challenges. This theme focused on promoting connectivity—physically, digitally and socially—while building resilience against current and future disruptions.

Under the Lao PDR's leadership, ASEAN has remained focused on driving regional economic integration and recovery. At the **30th ASEAN Economic Ministers' Retreat (AEMR)** held in March in Luang Prabang, ASEAN outlined **14 Priority Economic Deliverables (PEDs)**, grouped under three strategic thrusts:

- Integrating and Connecting Economies.
- Forging an Inclusive and Sustainable Future.
- Transforming for a Digital Future.

These deliverables included key initiatives such as the **ASEAN Declaration on Enhancing Supply Chain Connectivity**, advancement of the **ASEAN-China Free Trade Agreement (ACFTA) Upgrade 3.0** and the **entry-into-force of the Second Protocol for the ASEAN-Australia-New Zealand FTA (AANZFTA)**. Other priorities addressed sustainable agriculture, narrowing development gaps, MSME financing, digital trade standards and business identification systems.

At the end of 2024, **10 of the 14 PEDs were completed**, while four were carried over to 2025.

As the lead ministry for the ASEAN Economic Community Pillar, **MITI played a central role** in shaping and monitoring several core PEDs. These included:

- **Enhancing supply chain connectivity**, reinforcing ASEAN's commitment to resilient and seamless regional trade flows.
- **Review and upgrade of the ASEAN Framework on IP Cooperation (AFAIPC)** to better support innovation and strategic growth.
- **Substantial conclusion of the ACFTA Upgrade 3.0**, adapting the agreement to digital and green economy priorities.
- **Formal enforcement of AANZFTA's Second Protocol**, enabling immediate benefits for businesses across the region.
- **Endorsement of reframed strategies to reduce development gaps**, with a focus on digital technology, stakeholder coordination and funding mechanisms.
- **Completion of the New Generation ASEAN Single Window study**, supporting e-document exchange and trade facilitation.
- **Adoption of the ASEAN Digital Trade Standards Roadmap**, to harmonise digital trade practices across member states.
- **Roadmap for Unique Business Identification Numbers (UBIN)**, which aimed at establishing a regionally interoperable digital ID system for businesses.

Overall, ASEAN's 2024 economic agenda demonstrated a clear vision for a **connected, resilient and future-ready region**, with MITI's contributions helping drive inclusive, sustainable and digitally enabled growth across Southeast Asia.

EXTERNAL RELATIONS: ECONOMIC ENGAGEMENTS

The Republic of Singapore

Official Visits

Singapore, as Malaysia's closest neighbour and key trading partner, remained a priority in Malaysia's economic diplomacy in 2024. **The MITI Minister** made several official visits to Singapore, strengthening bilateral cooperation in trade, investment and sustainability.

The first visit took place on **11 January 2024** for the **S. Rajaratnam Endowment Dialogue (SRED@ROF)**, where the minister delivered a keynote address on the global economic landscape marked by geopolitical tensions, economic uncertainty and climate change. He outlined Malaysia's strategic response through frameworks such as the **MADANI Economy Framework, NIMP 2030, NETR** and the **National ESG Framework**. The minister also met with key figures from ISEAS and Temasek Foundation to explore investment and sustainability collaboration.

On **8 May 2024**, the minister was invited to speak at the **11th Singapore Dialogue on Sustainable World Resources (SDSWR)**, sharing Malaysia's approach to green exports and opportunities for regional cooperation in sustainable growth. He also took part in a fireside chat and a networking luncheon with senior executives from key organisations including SMBC, S&P Global, ACX, Evonik and Temasek International.

The minister returned to Singapore on **13 June 2024** for the **Annual Ministerial Dialogue (AMD)** between MITI and Singapore's Ministry of Trade and Industry (MTI). Cochaired with Singapore's Deputy Prime Minister His Excellency Gan Kim Yong, the dialogue reviewed progress in trade, digital economy and green collaboration. Both sides agreed to establish a **supply chain cooperation workgroup** and reaffirmed commitment to sustainable growth. During the visit, the Minister also **officiated the opening of MATRADE's new office** in Singapore, marking a strategic step to strengthen bilateral trade ties.

Investment Opportunities Secured

Throughout the visits, Malaysia successfully garnered **RM20 billion in committed investments** from Singapore-based multinational companies. These investments reflect Malaysia's strong appeal in key growth sectors and its commitment to economic transformation.

Notable investors included:

- **INV New Material Technology** (advanced materials).
- **Agrocorp** (agri-tech).
- **SIA Engineering Company** (SIAEC) (aviation).
- **Maersk** (logistics).
- **Sea Ltd** (fintech).
- **Yondr Group and Equinix** (digital infrastructure).
- **Olam Food Ingredients** (agro-industry).
- **INSEACT** (biotech and aquaculture).

The investments focused on:

- **Agriculture & agro-industry** – boosting food security and modern farming.
- **Data centres** – expanding digital infrastructure for tech growth.
- **Logistics & supply chain** – strengthening regional connectivity and port efficiency.

The Kingdom of Thailand

3rd Malaysia–Thailand Joint Trade Committee Meeting

On 4 July 2024, Malaysia hosted the 3rd Malaysia–Thailand JTC Meeting in Kuala Lumpur, co-chaired by MITI Minister, Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, and Thailand's Deputy Prime Minister, His Excellency Phumtham Wechayachai. The meeting, attended by various government agencies, focused on enhancing bilateral cooperation in areas such as trade and investment, transport connectivity, rubber and agriculture, digital economy and entrepreneurship, while also agreeing to establish a joint task force and strengthen cooperation at regional and multilateral levels.

Trade and Investment Mission to Thailand

Following this, from 15 to 17 August 2024, the MITI Minister led a Trade and Investment Mission (TIM) to Thailand, accompanied by officials from MITI, MATRADE and Malaysian Investment Development Authority (MIDA). The mission included high-level engagements, such as a business roundtable, one-on-one meetings with Thai companies, a networking session with Malaysia–Thai Chamber of Commerce (MTCC) and outreach with prominent Thai media players. The mission successfully strengthened trade ties, securing potential exports to Thailand of RM8.33 billion.

The Socialist Republic of Vietnam

4th Malaysia–Vietnam Joint Trade Committee Meeting

The 4th Malaysia–Vietnam JTC Meeting was held on **9 July 2024 in Hanoi, Vietnam**, co-chaired by **MITI Minister, Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz**, and **Vietnam's Minister of Industry and Trade, His Excellency Nguyen Hong Dien**.

The meeting focused on reviewing bilateral trade performance and targets for 2024–2025, as well as strengthening collaboration in investment and industrial development. Both sides expressed commitment to augmenting cooperation in key sectors such as the **halal supply chain, agriculture, financial services, electric vehicles (EVs) and retail franchising**.

Trade and Investment Mission

From 9 to 11 July 2024, the MITI Minister led a **TIM** to **Hanoi and Ho Chi Minh City**, accompanied by officials from MITI, MATRADE, MIDA, HDC and MARii.

Key highlights included:

- Courtesy calls on **Vietnam's Prime Minister, His Excellency Pham Minh Chính**.
- Bilateral meetings with the **Minister of Industry and Trade, and the Minister of Planning and Investment**.
- Roundtable sessions with Malaysian companies operating in Vietnam and leading Vietnamese industry players.
- One-on-one meetings with four Vietnamese companies interested in investing or expanding trade with Malaysia.
- Networking dinner with industry stakeholders.

The meetings addressed challenges faced by Malaysian businesses in Vietnam and explored potential cooperation in **renewable energy, EVs** and other new growth sectors. The mission resulted in **RM3.33 billion in potential exports**.

Official Visit by the General Secretary of the Communist Party of Vietnam to Malaysia

From 20 to 22 November 2024, His Excellency To Lam, General Secretary of the Communist Party of Vietnam, made an official visit to Malaysia. He was formally welcomed by Prime Minister Datuk Seri Anwar Ibrahim in Putrajaya.

The visit reaffirmed the strong bilateral relationship, with discussions focusing on trade and investment, as well as cooperation in agriculture and commodities, the halal industry, energy and digital technology.

Two key outcomes were:

- The signing of a **memorandum of understanding (MoU)** on trade promotion between **MATRADE and VIETRADE**.
- **A letter of intent on halal cooperation** between Vietnam's Ministry of Industry and Trade and Malaysia's **Halal Development Corporation (HDC)**.

Joint Declaration of Cooperation between ASEAN and the Member States of the European Free Trade Association

In 2020, Switzerland (on behalf of EFTA) proposed the signing of a Joint Declaration of Cooperation with ASEAN, a proposal that was well received. Negotiations began in 2021 and concluded in 2024, with the declaration officially adopted on 19 September 2024 during the 3rd AEM Troika Dialogue with Switzerland in Vientiane, Lao PDR.

The declaration aims to strengthen ASEAN–EFTA economic ties across areas such as trade in goods and services, e-commerce, investment and intellectual property rights. It also promotes cooperation in competition policy, public procurement, innovation, sustainable development and consumer protection.

A key focus is on enhancing MSME participation, sharing best practices and encouraging private sector engagement. ASEAN and EFTA are currently developing a Work Plan to implement the declaration's commitments.

REGIONAL FREE TRADE AGREEMENTS

Regional Comprehensive Economic Partnership

The RCEP Agreement came into force for Malaysia on 18 March 2022, with all signatory countries now having implemented it, following the Philippines's ratification in June 2023.

As the world's largest free trade agreement, the RCEP covers 28.6% of the global population, 27.7% of global GDP and 26.9% of global trade (World Bank, 2023). It also marks the first trade pact linking China, Japan and the Republic of Korea, fostering greater regional cooperation.

RCEP enables businesses to source raw materials intra-regionally at competitive prices, with 92% of customs duties progressively eliminated. The agreement also reinforces transparency, trade facilitation, e-commerce rules and economic cooperation.

For Malaysia, RCEP supports domestic businesses by lowering trade barriers, enhancing regional supply chains and integrating local companies into the global trade ecosystem. Since its implementation, Malaysia has issued 9,302 Certificates of Origin for goods to the value of RM2.74 billion (USD610 million) as of 31 March 2025.

To support the agreement's operations, the RCEP Support Unit (RSU) has been temporarily set up within the ASEAN secretariat in Jakarta, providing technical and administrative assistance until a permanent RCEP secretariat is established.

ASEAN Trade in Goods Agreement Upgrade

The upgrade of the Trade in Goods Agreement (ATIGA) was officially launched at the 28th AEM on 16 March 2022 to ensure ASEAN's main trade agreement remains modern, relevant and responsive to regional and global developments. Since then, the ATIGA Trade Negotiating Committee (TNC), supported by six working groups, has completed 12 negotiation rounds with the agreement expected to be concluded and signed in 2025—aligned with Malaysia's ASEAN chairmanship.

The upgraded ATIGA will incorporate emerging priorities such as digitalisation and sustainability, further boosting ASEAN's role as a regional production hub and improving business access to a more integrated single market.

As part of this process, MITI hosted the 11th ATIGA TNC and related meetings from 22 to 29 August 2024, which included sessions of the CCA, SC-AROO and working groups on Trade Remedies, Rules of Origin, and Sanitary and Phytosanitary Measures.

ASEAN–India Trade in Goods Agreement Review

The ASEAN–India AITIGA, signed in 2009 and effective since 2010, is currently under review to ensure it remains trade-facilitative and aligned with evolving global trade practices. ASEAN and India agreed to launch the review in March 2022, with a targeted conclusion in 2025.

In 2023, both sides held two meetings to finalise the terms of reference, negotiation structure and work plan, adopted during the AEM–India consultation in August 2023—solidifying commitment to the review process.

Throughout 2024, four rounds of AITIGA Joint Committee Meetings were held in New Delhi, Putrajaya, Jakarta and again in New Delhi. These meetings saw positive progress, with ASEAN and India identifying mutually beneficial negotiation areas for the upgraded agreement.

Looking ahead to 2025, both sides have agreed to intensify discussions through quarterly meetings and intersessional exchanges across eight sub-committees, including National Treatment and Market Access (NTMA) and Economic and Technical Cooperation (Ecotech)—both co-chaired by Malaysia—alongside key areas such as Rules of Origin, Sanitary and Phytosanitary Measures, Customs and Legal Issues.

ASEAN–China Free Trade Area 3.0

ASEAN–China Free Trade Area (ACFTA), in effect since 2010, entered its next phase with the launch of the ACFTA 3.0 Upgrade Negotiations during the 25th ASEAN–China Summit on 13 November 2022. The upgrade aims to enhance economic ties by strengthening commitments in areas such as customs procedures, technical regulations, SPS measures and economic cooperation.

ACFTA 3.0 also expands into new areas such as the digital economy, green economy, supply chain connectivity, competition, consumer protection and MSME development, promoting a more inclusive and sustainable regional economy.

Negotiations were substantially concluded on 3 September 2024, and the conclusion was officially announced at the 27th ASEAN–China Summit on 10 October 2024. The signing of the upgraded ACFTA is scheduled for the 28th ASEAN–China Summit in 2025 as one of the Priority Economic Deliverables (PEDs) under Malaysia’s ASEAN chairmanship.

Overview on Malaysia’s ASEAN Chairmanship 2025

Malaysia’s **ASEAN chairmanship in 2025** presents a pivotal opportunity to lead the region in strengthening unity and addressing global and regional challenges. Under the theme “**Inclusivity and Sustainability**”, Malaysia aims to drive equitable growth and long-term regional resilience.

Key priorities include:

- **Economic inclusivity:** Empowering women, young people, MSMEs and start-ups through supportive systems to ensure equal access to regional economic opportunities.
- **Integrated market and supply chain:** Strengthening ASEAN’s resilience by consolidating cooperation in sectors such as energy, semiconductors, food and tourism, while enhancing connectivity under existing free trade frameworks.
- **Green investment and finance:** Positioning ASEAN as a hub for green investment, especially in energy transition, EVs and sustainable finance, to support climate action and long-term sustainability.
- **Digital resilience:** Advancing digital trade through the finalisation of the ASEAN Digital Economy Framework Agreement (DEFA) and integrating AI technologies to boost innovation and regional competitiveness.

In essence, Malaysia’s chairmanship will champion a more inclusive, sustainable and digitally resilient ASEAN, building a stronger, future-ready regional community.

PREFERENTIAL CERTIFICATE OF ORIGIN APPLICATION

MITI serves as the **issuing authority for the Preferential Certificate of Origin (PCO)** under Malaysia’s 18 active FTAs. As of 2024, MITI has issued a total of **543,877 PCOs**, representing a **Free on Board (FOB) value of RM705.4 billion**.

PCO approvals are granted based on Rules of Origin (ROO) compliance and complete documentation submitted via the **Electronic Preferential Certificate of Origin (ePCO)** system. Exporters may apply for a PCO after the **product cost analysis** has been approved.

Table 2.1: Top Three Exported Products by FTA (Based on FOB Value).

FTA	Top 1	Top 2	Top 3
ATIGA	Palm Oil	Mineral	Iron and Steel
ACFTA	Aluminium	Rubber	Organic Chemicals
AKFTA	Natural Gas	Aluminium	Refined Oil
AJCEP	Crude Oil	Refined Oil	Palm Kernel Oil
AIFTA	Unwrought Aluminium	Unwrought Lead	Compounded Rubber
AANZFTA	Plastic	Copper Wire	Iron or Steel
MJEPA	Plastic	Refined Oil	Cotton
MPCEPA	Refined Oil	Palm Oil	Crude Oil
MICECA	Moulds for Mineral Materials	Pigments	Glassware
MNZFTA	Paper	Wood	Textile
MCFTA	Urea	Wooden Kitchen Furniture	Hydrogenated / Processed Fats & Oils
MAFTA	Plastic	Chemical	Wooden Furniture
MTFTA	Textile	Iron and Steel	Iron and Steel
AHKFTA	Food Preparation	Food Preparation	Crustaceans
RCEP	Crisp Savoury Food Products	Lauryl / Cetyl / Stearyl Alcohol	Natural Gas
CPTPP	Bamboo	Iron and Steel	Rubber
TPS-OIC	Crustaceans	Insulating Glass Units	Glassware

Steps for Preferential Certificate of Origin Application via the Electronic Preferential Certificate of Origin System

To ensure a smooth application process, exporters are advised to follow these steps:

- 1. Access the ePCO system.**
Register or log in at [DagangNet Platform](#).
- 2. Complete the online application form.**
Enter accurate product and shipment information.
- 3. Upload required supporting documents.**
 - Commercial invoice.
 - Packing list.
 - Bill of lading / airway bill / delivery order.
 - Approved K2 Customs Declaration Form.
 - Original COO (for back-to-back application, if applicable).
- 4. Review and submit.**
Applications will be reviewed and processed by MITI within **three working days upon submission of complete document by the exporter.**

CATALYSING BILATERAL ECONOMIC ENGAGEMENT AMID GLOBAL UNCERTAINTIES

Trade and Investment Mission

In 2024, proactive bilateral engagement through high-level official and working visits, integrated with TIM, remained a key strategy in strengthening Malaysia's trade and investment ties beyond the ASEAN region. These strategic initiatives played a pivotal role in augmenting economic partnerships, attracting investments and expanding market access for Malaysian businesses.

As part of this effort, the MITI actively spearheaded business programmes in conjunction with twelve high-level visits led by the Prime Minister and TIMs led by the MITI Minister and MITI Deputy Minister. These engagements collectively generated an impressive investment potential of RM112.4 billion and an export potential of RM37.1 billion.

Key bilateral engagements in 2024:

- TIM to Italy, 12–16 January.
- Official visit of Prime Minister to Australia, 3–7 March.
- TIM to Germany and France, 11–19 March, coinciding with the official visit of Prime Minister to Germany.
- Official visit of Prime Minister to Qatar, Kyrgyz Republic, Kazakhstan and Uzbekistan, 14–19 May.
- Working visit of Prime Minister to Japan, 22–24 May.
- TIM to the Federative Republic of Brazil, 19–24 May.
- Official visit of Prime Minister to the Republic of India, 19–21 August.
- Working visit of Prime Minister to Vladivostok, Russia, 3–5 September.
- Official visit of Prime Minister to Pakistan, 2–4 October.
- Working official visit of Prime Minister to the People's Republic of China, 3–7 November.
- Working visit of Prime Minister to the Arab Republic of Egypt, Peru and Federative Republic of Brazil, 8–19 November.
- Official visit of Prime Minister to the Republic of Korea, 24–26 November.

These engagements underscore Malaysia's unwavering commitment to fostering stronger economic ties, attracting high-value investments and promoting Malaysian exports on the global stage. This commitment is particularly crucial in the face of ongoing geopolitical uncertainty. As global dynamics continue to evolve with shifting trade patterns, rising protectionism and geopolitical tensions, Malaysia's proactive engagement with key international partners serves as a strategic measure to diversify trade relations, attract stable investment flows and ensure the resilience of Malaysian exports. By strengthening these bilateral ties, Malaysia is better positioned to navigate potential disruptions in the global economic landscape and continue to thrive as a key player in the global market.

The Commonwealth of Australia

Prime Minister Dato' Seri Anwar Ibrahim conducted his first official visit to Australia from 3 to 7 March 2024, accompanied by the MITI Minister. The visit reaffirmed Malaysia's commitment to strengthening strategic and economic ties with its 10th largest trading partner. It secured RM24.5 billion in potential investments and RM962.1 million in export opportunities. Key activities included a business roundtable with 18 major Australian companies and one-on-one meetings, while discussions with Australia's Trade Minister explored further cooperation under the Malaysia–Australia Free Trade Agreement (MAFTA).



The Prime Minister introducing his delegation to the Hon. Anthony Albanese, Prime Minister of Australia, during the welcoming ceremony at Government House, Victoria.

The Federal Republic of Germany and French Republic

The TIM to **Germany and France**, held alongside the Prime Minister's official visit to Germany, focused on advancing Malaysia's green energy and trade agenda. Highlights included a visit to the **Siemens Energy facility** in Berlin and discussions on its collaboration with Tenaga Nasional Berhad (TNB). The Prime Minister also met with Germany's Vice-Chancellor, His Excellency Robert Habeck, to explore new areas of bilateral cooperation. A roundtable with 38 German industry leaders and follow-up meetings further boosted investor interest. The mission, including a follow-up visit to France led by the MITI Minister, secured **RM46 billion in potential investments** and **RM2.4 billion in export potential**—the highest recorded from all missions in 2024.



The Prime Minister on his way to attend a roundtable meeting with industry leaders in Germany, maintaining his signature brisk walk.

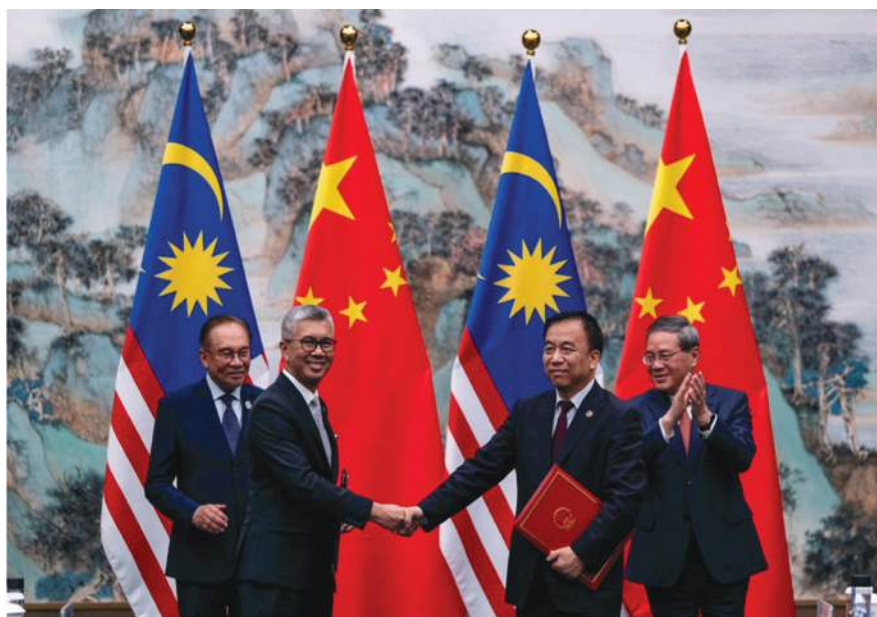
The People's Republic of China

Malaysia's economic engagements with China in 2024 reflected a deepening of bilateral cooperation across multiple levels. From 21 to 24 April 2024, the MITI Deputy Minister led a delegation to Guangxi and Shenzhen for the 5th Joint Cooperation Council (JCC) meeting regarding the Malaysia-China Kuantan Industrial Park (MCKIP) and China-Malaysia Qinzhou Industrial Park (CMQIP). Co-chaired by representatives from both nations, the meeting focused on investment performance, infrastructure development and private sector participation to drive the growth of both industrial parks.



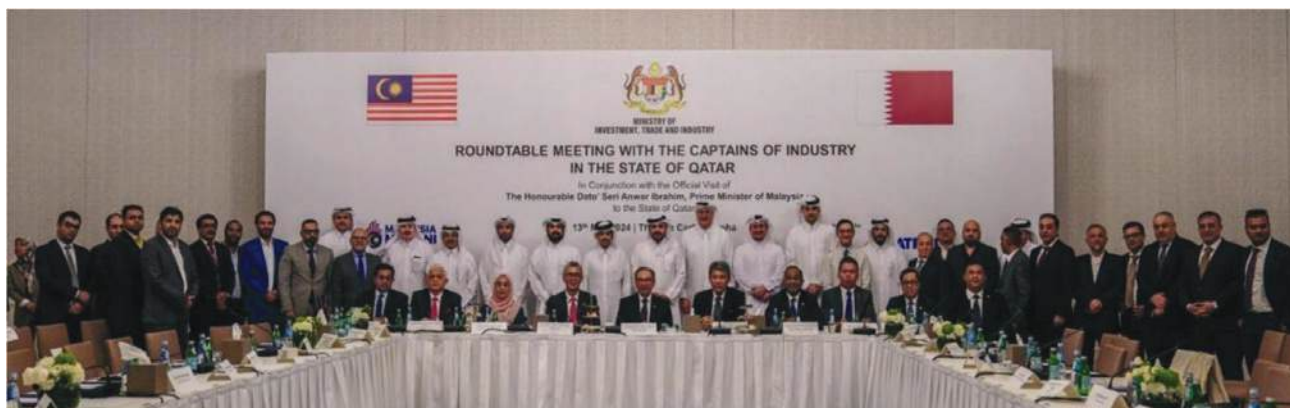
Liew Chin Tong, Deputy Minister of MITI, co-chaired the 5th JCC meeting regarding the MCKIP and the CMQIP in Qinzhou, Guangxi Zhuang Autonomous Region, PRC on 23 April 2024.

This was followed by the official visit of the Prime Minister to China from 3 to 7 November 2024, held in conjunction with the 7th China International Import Expo (CIIE) in Shanghai. The visit marked a major milestone in Malaysia-China relations, reinforcing economic ties through high-level engagements with Chinese industry leaders. A key outcome was the signing of a new Belt and Road Initiative Cooperation Plan, reflecting enhanced collaboration in trade, investment and strategic development.



MITI Minister exchanges the Belt and Road Initiative Cooperation Plan with the Deputy Chairman of the National Development and Reform Commission, PRC in Beijing.

The State of Qatar



Roundtable meeting with captains of industry in the State of Qatar, chaired by the Prime Minister, Dato' Sri Anwar Ibrahim, and moderated by the MITI Minister in Doha.

The MITI Minister joined the Prime Minister on a **working visit to Qatar** from 12 to 14 May 2024, held alongside the **4th Qatar Economic Forum**. The visit enhanced Malaysia–Qatar relations, with a strong emphasis on **economic collaboration**. A **roundtable session** with 46 industry leaders from 36 Qatari companies opened opportunities in sectors such as food processing, healthcare, construction and the digital economy. The MITI Minister also held bilateral discussions with Qatar's Minister of Commerce and Industry to explore further strategic partnerships.

Central Asia



The Prime Minister's official visit to Central Asian countries from 15 to 19 May 2024, accompanied by the minister, cabinet ministers and senior Malaysian officials.

During the Prime Minister's **official visit to Central Asia** (the Kyrgyz Republic, the Republic of Kazakhstan and the Republic of Uzbekistan), MITI organised a series of business engagements to strengthen long-term partnerships and boost trade opportunities. These sessions reflected **increasing confidence in Malaysia's competitiveness**, resulting in **RM2.4 billion in potential exports** of Malaysian goods and services.

The Federative Republic of Brazil

Malaysia's engagement with Brazil in 2024 progressed in two key phases. First, from 19 to 23 May, the MITI Deputy Minister led a TIM order to strengthen bilateral ties. Discussions with Brazil's ministries focused on aligning Malaysia's NIMP 2030 with Brazil's Nova Industria Brazil, especially in the semiconductor sector. Engagements with key institutions such as ABISEMI and UFRJ underscored shared industrial aspirations. The mission also explored opportunities in agriculture, palm oil and biomass, resulting in RM1.63 billion in potential trade sourcing. The delegation also connected with Malaysian companies operating in Brazil, including PETRONAS and Yinson.



Liew Chin Tong, Deputy Minister of MITI, presenting a memento to His Excellency Eduardo Saboia of the Ministry of Foreign Affairs of Brazil.

Later in the year, the Prime Minister visited Rio de Janeiro to attend the G20 Leaders' Summit on 18 November 2024. In conjunction with the visit, MITI organised two economic programmes chaired by the Prime Minister. The first was a meeting with Brazil's semiconductor industry, where MoUs were exchanged between MIMOS Berhad and Instituto de Pesquisas Eldorado, as well as between MSIA, ABINEE and ABISEMI, marking a new chapter in semiconductor collaboration. This was followed by a roundtable meeting with 58 Brazilian industry leaders and 19 Malaysian companies, which generated RM6.8 billion in potential exports. The engagements reflected Malaysia's commitment to expanding trade and investment ties, while positioning Brazil as a potential hub for the Latin American market.



The Prime Minister, Dato' Sri Anwar Ibrahim, with 19 representatives of Malaysian companies during the roundtable meeting with captains of industry in the Federative of Brazil.

Japan



Prime Minister Dato' Sri Anwar Ibrahim in a meeting with a Japanese company in Tokyo.

Malaysia's engagement with Japan in 2024 unfolded in two key phases. First, during the Prime Minister's visit in conjunction with the Nikkei Conference 2024, Malaysia announced significant economic outcomes, including RM1.45 billion in potential investments and RM550 million in potential exports. These gains are expected to reinforce Malaysia's position in semiconductors, renewable energy and green technology. The visit also reaffirmed Japan's confidence in Malaysia as a strategic partner, with growing interest from Japanese investors in sectors such as chemicals, oil and gas, and products based on palm oil.



The MITI Minister as a panelist in session 'Circular Economy to Support Asian Growth' at the Nikkei Forum 2024 in Tokyo.

Subsequently, on 27 November 2024, the MITI Minister visited the construction site of the Malaysia Pavilion for the upcoming 2025 World Expo in Osaka, which would showcase Malaysia's heritage and innovation under the theme "Weaving a Future in Harmony". Following the site visit, the Minister proceeded to Tokyo for meetings with Japanese firms, including the Panasonic Centre and Sysmex Corporation, to explore further opportunities for investment and export collaboration.



The MITI Minister being on the progress of the construction of the Malaysia Pavilion for the upcoming 2025 World Expo in Osaka, Japan.



The MITI Minister and the Malaysian delegation conducted site visits to the Panasonic Centre and Sysmex Corporation in Tokyo.

The Republic of India

During the Prime Minister's official visit to India from 19 to 22 August 2024, several key economic outcomes were achieved. MITI organised a roundtable meeting with 31 major Indian industry leaders from sectors such as IT, pharmaceuticals, semiconductors and fintech. The visit also saw the signing of seven MoUs covering areas such as green technology, innovation, waste management and trade promotion.

Malaysia secured RM8 billion in potential exports and RM4.5 billion in investment commitments, with export prospects spanning palm oil, chemicals, oil and gas, and aircraft components. The investments—focused on IT, logistics, chemicals and pharmaceuticals—are expected to generate over 3,000 high-value jobs within the next two to three years.



The MITI Minister with the Prime Ministers of Malaysia and Prime Minister of India during the bilateral meeting.

The Russian Federation

The Prime Minister's working visit to Vladivostok, Russia, from 4 to 5 September 2024, in conjunction with the 9th Eastern Economic Forum, reinforced Malaysia's proactive engagement with global partners. The visit included a high-level meeting with Russian business leaders to explore collaboration in key sectors such as oil and gas, renewable energy, digital economy and the halal industry, aligning with Malaysia's economic priorities and Russia's sectoral strengths.



The Prime Minister meeting the President of the Russian Federation, His Excellency Vladimir Putin, on the margins of the 9th Eastern Economic Forum on 5 September 2024.

The Islamic Republic of Pakistan

During the Prime Minister's official visit to Pakistan from 2 to 4 October 2024, Malaysia announced RM2.65 billion in potential exports and RM100 million in prospective investments over the next three years, spanning sectors such as palm oil, timber, petrochemicals, food manufacturing and pharmaceuticals.



The Prime Minister Dato' Seri Anwar Ibrahim in the high-level business dialogue with the Prime Minister of Pakistan and bilateral meeting in Islamabad.

A business dialogue chaired by the Prime Minister brought together 42 Pakistani companies and 24 Malaysian companies, strengthening ties across various industries. Meanwhile, the MITI Minister met with Pakistan's Minister of Commerce to discuss the review of the Malaysia–Pakistan Closer Economic Partnership Agreement (MPCEPA) and cooperation in halal, agriculture, IT and supply chains. The visit also saw the signing of an MoU between MATRADE and TDAP to enhance bilateral trade promotion.



The Minister during the bilateral meeting with the Minister of Commerce Pakistan.

The Arab Republic of Egypt

In November 2024, the Prime Minister undertook a working visit to highlight Malaysia's growing role in North Africa, including his chairing of a roundtable meeting involving 60 Egyptian industry leaders. Discussions focused on expanding cooperation in automotive and renewable energy. The visit culminated in the launch of a Proton assembly plant, a joint venture with local partners Ezz Elarab and Elsewedy Capital Holding. This milestone, along with other engagements, contributed to RM4.8 billion in potential export value.



The Prime Minister Dato' Sri Anwar Ibrahim with 60 industry leaders from 47 organisations during the roundtable meeting with captains of industry in the Arab Republic of Egypt.

The Republic of Peru

During the official visit to Peru on November 2024, the Prime Minister led the Malaysian delegation at the APEC Economic Leaders' Meeting (AELM) and engaged in discussions on digital transformation, sustainability and inclusive trade. Three MoUs were signed between Malaysian and Peruvian institutions in areas such as tourism training, halal industry and agricultural innovation. A business roundtable meeting chaired by the Prime Minister highlighted Peru's potential as a trading partner, with collaboration prospects in renewable energy, medical devices, furniture and halal food products, generating RM1.24 billion in potential exports.

ROUNDTABLE MEETING WITH THE CAPTAINS OF INDUSTRY IN THE REPUBLIC OF PERU

In Conjunction with the Official Visit of
The Honourable Anwar Ibrahim, Prime Minister of Malaysia
to the Republic of Peru

13th November 2024 | Lima Country Club Hotel



Roundtable meeting with captains of industry in the Republic of Peru, chaired by Prime Minister Dato' Sri Anwar Ibrahim at Lima Country Club Hotel, Lima, Peru.

The Republic of Korea



The Prime Minister introducing his delegation to His Excellency Yoon Suk Yeol, President of the Republic of Korea, at the President's Office in Seoul.

The Prime Minister's official visit to the Republic of Korea from 24 to 26 November 2024, accompanied by the MITI Minister, marked the elevation of bilateral ties to a strategic partnership. The visit featured high-level economic engagements, including business forums, investor meetings and a business matching programme coordinated by MITI, MIDA and MATRADE.



The Prime Minister in a meeting with a Korean company in Seoul.

The visit resulted in RM32.8 billion in potential investments and RM1.3 billion in export opportunities, covering sectors such as chemicals, EVs, biopharmaceuticals and green technologies such as CCS and green hydrogen. Malaysia's export offerings included palm oil, biofuels, food products and industrial consumables.



MITI Minister and His Excellency Cheong Inkyo, the Republic of Korea Trade Minister, following the bilateral meeting in Seoul, the Republic of Korea.

To reinforce economic cooperation, the MITI Minister met with Republic of Korea's Minister of Trade, His Excellency Cheong Inkyo, to discuss the Malaysia-Korea Free Trade Agreement (MKFTA) and witness the signing of three MoUs in trade promotion, ICT and smart city development.

OTHER BILATERAL ENGAGEMENTS

Republic of Korea Trade Minister's Working Visit to Malaysia

On 26 March 2024, the MITI Minister held a bilateral meeting with Republic of Korea's Trade Minister, His Excellency Cheong Inkyo, during his working visit to Malaysia. A key outcome was the resumption of negotiations for the MKFTA, reflecting a shared commitment to stronger economic ties. The MKFTA is expected to cover strategic sectors such as the digital economy, green economy, supply chain resilience and the bioeconomy, creating new business opportunities for both nations.



MITI Minister and His Excellency Cheong Inkyo, Republic of Korea's Trade Minister, at MITI Tower, Kuala Lumpur during his working visit to Malaysia.

Dr Thani Al Zeyoudi's Working Visit to Malaysia—Enhancing Economic Relations

On 4 June 2024, the UAE Minister of State for Foreign Trade, Dr Thani Al Zeyoudi, was on a working visit to Malaysia to finalise the Malaysia–UAE Comprehensive Economic Partnership Agreement (CEPA)—Malaysia's first FTA with a GCC country. The visit also explored cooperation in semiconductors and renewable energy. Accompanied by leading UAE companies, Dr Thani met with Malaysian businesses to identify new trade and investment opportunities, reaffirming both nations' commitment to stronger economic partnership and innovation-led growth.



MITI Minister and His Excellency Dr Thani Al Zeyoudi during a courtesy call on the Prime Minister Dato' Sri Anwar Ibrahim and a bilateral meeting at Putrajaya.

Working Visit to Malaysia of the Saudi Minister of Commerce, Dr Majid al-Kassabi

On 6–7 May 2024, the Saudi Minister of Commerce, Dr Majid al-Kassabi, led a 30-member delegation to Malaysia, reaffirming Saudi Arabia's commitment to bolstering economic ties. During meetings with the Prime Minister and the MITI Minister, both sides discussed joint research and development (R&D) in hydrogen technology, efforts to position Malaysia as a manufacturing hub and the formation of a Joint Trade and Investment Committee. At the Saudi–Malaysia Business Roundtable, an MoU was signed between NCCIM and the Federation of Saudi Chambers, establishing a business council to boost private-sector collaboration and long-term partnership.



MITI Minister and His Excellency Dr Majid al-Kassabi during a courtesy call on Prime Minister Dato' Sri Anwar Ibrahim in Putrajaya and a bilateral meeting at the MITI Tower, Kuala Lumpur.

Official Visit of Premier Li Qiang to Malaysia in Conjunction with the 50th Anniversary of Malaysia–China Diplomatic Relations



The Prime Minister Dato' Sri Anwar Ibrahim during the business luncheon cohosted by MITI and China's Ministry of Commerce (MOFCOM) in Kuala Lumpur.

The official visit of Premier Li Qiang to Malaysia from 18 to 20 June 2024 marked a historic occasion, celebrating 50 years of diplomatic relations between Malaysia and China. During the visit, a bilateral meeting with the Prime Minister led to the signing of the Malaysia–China Five-year Programme for Economic and Trade Cooperation (2024–2028) to strengthen trade and investment ties. Two MoUs were also signed to promote high-quality investments in digital economy and green development. To commemorate the anniversary, MITI and MOFCOM cohosted a business luncheon attended by 200 key figures, reinforcing the strong and evolving economic partnership between the two nations.

OTHER PROMINENT ENGAGEMENT PROGRAMMES WITH BILATERAL PARTNERS AND STAKEHOLDERS

Inaugural Malaysia–Uzbekistan Intergovernmental Joint Commission Meeting

On 29 May 2024, the MITI Minister and Uzbekistan's Minister for Investments, Industry and Trade, His Excellency Laziz Kudratov, co-chaired the inaugural Malaysia–Uzbekistan Intergovernmental Joint Commission (IJC) in Putrajaya. The meeting reaffirmed both countries' commitment to enhance cooperation across strategic sectors, including trade, industrial development, electronics, AI, healthcare, Islamic finance, halal certification, agriculture, tourism and poverty reduction.



MITI Minister and His Excellency Laziz Kudratov, Minister for Investments, Industry and Trade (MIIT), Uzbekistan co-chair the inaugural Malaysia–Uzbekistan IJC Meeting in Putrajaya.

Inaugural Malaysia–Ukraine Joint Trade Committee Meeting

On 1 November 2024, the MITI Deputy Minister and His Excellency Taras Kachka, Deputy Minister of Economy and Trade Representative of Ukraine, co-chaired the inaugural Malaysia–Ukraine Joint Trade Committee (JTC) meeting in Kuala Lumpur. The meeting marked a key step in enhancing bilateral economic ties, with both nations agreeing to pursue strategic cooperation in areas such as agricultural trade, promotion of the Malaysian Sustainable Palm Oil (MSPO) scheme, aerospace and space technology, medical devices and tourism.



MITI Deputy Minister and His Excellency Taras Kachka, the Deputy Minister of Economy and Trade Representative of Ukraine during the inaugural Malaysia–Ukraine Joint Trade Committee Meeting.

Inaugural Session of the Trade and Investment Committee under the Saudi–Malaysian Coordination Council

On 9 December 2024, Malaysia and Saudi Arabia held the inaugural Trade and Investment Committee meeting under the Saudi–Malaysian Coordination Council (SMCC). Co-chaired virtually by Mrs Nor Hasnah Badroddin (MITI) and Ms Sarah Al Sayed (MISA, Saudi Arabia), the meeting focused on advancing 14 strategic initiatives to intensify economic ties. Discussions explored areas such as investment collaboration, trade expansion, SME development and halal industry cooperation, along with potential synergies between Khazanah Nasional and Saudi’s public investment fund (PIF). The meeting underscored a shared commitment to align economic priorities through Saudi Vision 2030 and Malaysia’s MADANI Economy Framework.



Mrs Nor Hasnah, virtually co-chairs the inaugural Trade and Investment (T&I) Committee under the SMCC.

SAFEGUARDING STRATEGIC TRADE IN A SHIFTING GLOBAL LANDSCAPE

Overview of Strategic Trade Secretariat in Strategic Trade Management

The Strategic Trade Secretariat (STS) under MITI serves as the national authority responsible for the implementation of the Strategic Trade Act 2010 (STA 2010) or Act 708. This legislation forms the core of Malaysia’s Strategic Trade Management (STM) regime, providing the legal framework to control the export, transshipment, transit and brokering of strategic items that may be used to develop weapons of mass destruction.

Malaysia’s STM was designed to uphold national security, fulfil international obligations and position the country as a responsible global trade partner. A well-functioning STM framework also contributes to sustainable access to key markets, encourages foreign direct investments (FDI) and protects Malaysia from being exploited as a conduit for illicit trade.

In 2024, prevailing geopolitical tensions and emerging trade controls from partner countries have raised the stakes for all exporting nations. Malaysia’s ability to navigate these complexities relies on the continued responsiveness of its STM institutions and the agility of STS to adapt to new threats and regulatory requirements.

Roles and Coordination

STS operates the ePermit STA system, administers licensing and issues policies and standard operating procedures (SOPs). However, effective implementation of the STA 2010 requires a multi-agency approach. Several permit issuing agencies (PIAs) provide technical oversight for different categories of strategic items:

- ATOM Malaysia: nuclear, special materials and materials processing.
- Pharmaceutical Services Division (PSD): chemicals.
- Malaysian Communications and Multimedia Commission (MCMC): computers, telecommunications and information security.
- STS: all other categories under the Strategic Items List (SIL) and Military List (ML), and ensuring coordination across all enforcement agencies.

Challenges include a shortage of specialised expertise in areas such as intangible technology transfer (ITT) and proliferation financing (PF) as well as limited industry awareness of STA obligations. To address these, PIAs have intensified inter agency training and outreach efforts while developing centralised technical resources.

Permit Trends and Trade Facilitation

Malaysia continues to strike a careful balance between facilitating trade and meeting international security commitments. This balance has allowed Malaysia to maintain a business-friendly climate while fostering compliance with global non-proliferation regimes.

In 2024, the number of approved STA ePermit increased by 9.2% compared to 2023. This rise corresponds with global export growth, particularly in high-tech sectors, resulting in greater demand for export permits.

Table 2.2: Total Approved STA ePermit (2019–2024).

Year	2019	2020	2021	2022	2023	2024
No. of Permits Issued	3,096	3,459	3,101	2,976	2,997	3,272

Along with licensing, joint compliance assessments were conducted in 2024, involving MITI, RMCD, MCMC and ATOM Malaysia. These efforts were aimed at validating permit compliance and promoting consistent understanding of strategic item controls among industry players.

Strategic Engagement and Capacity Building

Recognising that effective STM requires global cooperation, STS continues to participate in international capacity-building initiatives and conduct targeted domestic outreach. In 2024, STS participated in 25 strategic trade programmes, both as panelists and speakers. Key highlights include:

- **Strategic Trade Management Summit, the Philippines**
Held from 9 to 12 September 2024, the Philippines Strategic Trade Management Summit brought together regional experts to exchange best practices and discuss recent policy developments. Malaysia participated actively in the event, serving as a panelist in a session on the development of STM in Southeast Asia and a speaker in a forum on regional implementation. During the sessions,

Malaysia shared its experience in designing and institutionalising an effective STM framework, highlighting the importance of coordination among national agencies and outlining the broader economic benefits of maintaining a robust trade control regime.



- **Focus Group on Intangible Technology Transfer (ITT), Japan**

From 19 to 21 November 2024, STS joined Japan's METI for a workshop focusing on ITT in academia. Visits to leading Japanese universities offered valuable insights into screening protocols and institutional compliance structures. These observations provided valuable input to Malaysia in formulating an effective approach to regulating ITT among the academic community.



- **STM Training for Logistic Intermediaries**

Held on 29 August 2024 at Sama-Sama Hotel KLIA, this programme drew 53 participants from the logistics sector. The session focused on improving compliance in cargo handling and forwarding, which are among key sectors involved in the physical movement of controlled items.



- **Financial Action Task Force–Mutual Evaluation**

As part of the 2024–2025 Financial Action Task Force (FATF)–Mutual Evaluation (ME) led Malaysia's working group for Immediate Outcome 11 (Proliferation Financing). The objective of ME is to assess the effectiveness of legal frameworks and risk-based supervision in financial institutions. A favourable evaluation outcome is expected to reinforce Malaysia's global financial reputation and its attractiveness as a secure trade and investment destination.



Strategic Trade in a Geopolitical Context

While Malaysia does not recognise unilateral sanctions, international developments continue to affect the strategic trade environment. The Russia–Ukraine conflict has triggered increased scrutiny on trade flows through third countries, including Malaysia. Although Malaysia maintains a neutral stance, it has advised local exporters to remain informed of foreign export restrictions to avoid exposure to secondary sanctions.

Similarly, the ongoing US–China trade tensions, particularly in semiconductors and AI technology, require Malaysian business to manage its STM implementation carefully to ensure compliance while maintaining access to critical technologies and export markets.

These global shifts underline the importance of robust enforcement, risk management and industry vigilance to prevent Malaysia from being used as a transshipment location for controlled goods. The ability to adapt to such trends is central to safeguarding Malaysia's long-term trade and economic interests.

Legislative Updates and the Way Forward

To enable Malaysia's STM framework to be future ready, amendments to the STA 2010 are currently being undertaken and expected to come into effect in 2026. Key features of the proposed amendments include streamlined procedures for updating the control list, an extension of the validity period for broker registration and expanded enforcement powers, particularly concerning unlisted items.

These enhancements reflect Malaysia's continued commitment to aligning its trade control regime with international best practices, ensuring it remains responsive and effective within an increasingly complex and dynamic global regulatory environment.

Conclusion

In an increasingly complex trade and security landscape, STS remains a key pillar of Malaysia's STM framework. Through effective licensing, targeted outreach and international engagement, STS continues to protect national security interests while enabling a compliant, open and competitive trading environment.

As Malaysia consolidates its participation in global value chains and high-tech sectors, an effective and robust STM will be essential in maintaining trust, safeguarding innovation and ensuring long-term economic resilience.



CHAPTER 3 INVESTMENT PERFORMANCE 2024

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OVERVIEW

Malaysia's robust investment performance in 2024 reflected its resilience and appeal as a preferred investment destination amid evolving global economic conditions. With a strategic focus on high-value industries, digital transformation and sustainable development, the country continues to attract both foreign and domestic investors. This positive momentum underscored Malaysia's commitment to fostering economic growth, job creation and long-term industrial advancement.

In 2024, a total of **6,700** private investment projects were approved in the manufacturing, services and primary sectors, amounting to **RM378.5 billion (2023: RM329.5 billion)**, an increase of **14.9%** compared to the same period of the previous year. These projects are projected to generate approximately **207,241** job opportunities in Malaysia.

Domestic investment (DI) dominated the total investments approved in **2024**, accounting for **55%** or **RM208.1 billion**. This investment is largely concentrated in the services sector, with an increase of **47.5%**. This growth underscored the strong confidence of domestic investors in Malaysia as a strategic hub to support and expand their business operations. **Foreign investment (FI)** accounted for the remaining **45%**, totalling **RM170.4 billion (2023: RM188.4 billion)**, reflecting a **9.5%** decline. The manufacturing sector remained the primary recipient of FI.

Malaysia remains a key destination for high-quality private investments, focusing on high-tech, high-value-added, capital- and knowledge-intensive industries, as well as R&D activities. Aligned with the NIMP 2030, the country upholds strong investor confidence despite global economic challenges, including persistent inflation, geopolitical tensions and the impact of monetary policy tightening, solidifying its standing as a competitive and resilient investment hub.

Exhibit 3.1: Approved Private Investments in Various Economic Sectors 2024.



APPROVED INVESTMENTS

Manufacturing Sector

Malaysia's manufacturing sector continued to play a pivotal role in the country's economic development, attracting investments that contributed to growth and innovation. In 2024, a total of 1,108 manufacturing projects worth RM120.5 billion were approved compared to RM152 billion in the previous year. Despite the decline, the sector remains a crucial pillar of the nation's economic resilience and long-term industrial advancement.

The number of approved manufacturing projects in 2024 increased to 1,108 projects from 883 projects in the same period in the previous year, reflecting sustained growth and investors' confidence in the sector.

The approved manufacturing projects were anticipated to create 87,695 job opportunities, reflecting Malaysia's commitment to fostering quality employment. The manufacturing sector's transition to higher value-added activities was a key driver of this transformation. As the sector advances beyond traditional manufacturing practices, there is a strong emphasis on generating high-skilled jobs. This progression aligns with Malaysia's broader economic objective of preparing its workforce for advanced, technology-driven industries. The manufacturing sector currently is the second largest contributor with 31.8% of total approved investments in the country.

Approved FI contributed a significantly higher share of RM88.9 billion or 73.8% of the total approved manufacturing investments, while the approved DI was RM31.6 billion or 26.2% of the total approved manufacturing investment.

The top five subsectors were E&E (RM55.8 billion), transport equipment (RM15.8 billion), chemicals and chemical products (RM10.6 billion), machinery and equipment (M&E) (RM10.6 billion) and food manufacturing (RM6.1 billion), which accounted for RM99 billion or 82.1% of the total investments in the manufacturing sector.

Amid global uncertainties, Malaysia's manufacturing sector showcased resilience and optimism, maintaining growth by adapting to challenges and emerging stronger.

Exhibit 3.2: Approved Investments in Manufacturing Sector 2024.



Services Sector

The services sector contributed the largest portion in 2024, accounting for **66.8%** of the total investments approved, valued at **RM252.7 billion² with 5,525 projects (2023: RM168.4 billion; 4,143 projects)**. These projects were expected to create **119,083** job opportunities for the economy upon implementation. Approved DI in the services sector amounted to **RM171.7 billion** or **67.9%** of the total investments in 2024, while FI totalled **RM81 billion** or **32.1%**.

The top five subsectors were **information and communications (RM136.0 billion)**, **real estate (RM64.5 billion)**, **support services (RM12.9 billion)**, **utilities (RM11.1 billion)** and **transport services (RM8.5 billion)**, which accounted for **RM233 billion** or **92.2%** of the total investments in the services sector.

Malaysia's services sector saw remarkable growth, driven by digital advancements, logistics expansion and global business integration. Emerging technologies such as AI, internet of things (IoT), 5G and cloud computing, supported by initiatives like MyDIGITAL, accelerated its shift toward a knowledge-based economy.

² Selected data for the information and communications, transport services, financial services and utilities subsectors are only available up to September 2024.

Exhibit 3.3: Approved Investments in Services Sector 2024.



Primary Sector

The primary sector comprises three major subsectors: agriculture, mining and plantation & commodities. Approved investments in the primary sector amounted to **RM5.3 billion³** in **67 projects**. DI accounted for **90.3%** or **RM4.8 billion**, while FI were valued at **RM520.4 million (9.8%)**. The mining subsector registered the highest approved investments, at **RM4.5 billion**, followed by agriculture with investments of **RM766.8 million** and plantation & commodities with investments of **RM71.6 million**.

Exhibit 3.4: Approved Investments in Primary Sector 2024.



Approved Investment with Foreign Participation

In 2024, Malaysia demonstrated its resilience by attracting substantial FI despite global economic challenges. The high level of foreign participation underscored Malaysia's strong ability to attract foreign capital, highlighting its resilience amid uncertainties in the global investment landscape.

In terms of sources of FI,⁴ the **US** recorded the highest approved investment in Malaysia, amounting to **RM32.8 billion**. This was followed by **Germany (RM32.2 billion)**, the **People's Republic of China (RM28.2 billion)**, **Singapore (RM27.3 billion)** and **Hong Kong SAR (RM7.4 billion)**. Collectively, investments from these five foreign investors accounted for **75.1%** of the total approved FI for 2024.

Investment by Major States

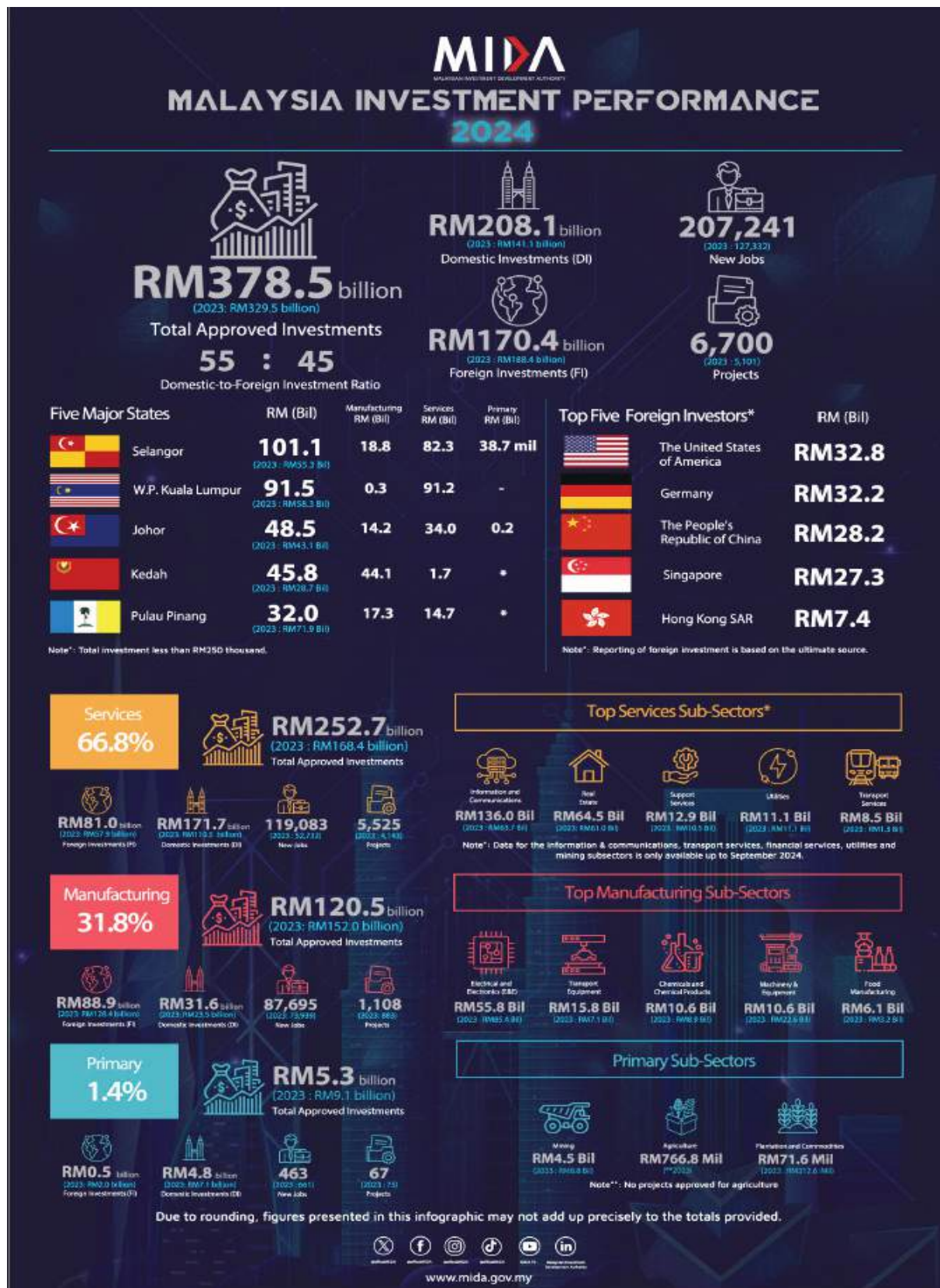
In terms of investment approvals by state, the five main states that attracted the highest investments were Selangor, the Federal Territory of Kuala Lumpur, Johor, Kedah and Pulau Pinang, comprising **84.3%** of the total approved investments for 2024.

³ Selected data for the mining subsector are only available up to September 2024.

⁴ Reporting of FI is based on the ultimate source.

In terms of investment value, **Selangor** brought in the most investments, valued at **RM101.1 billion**, followed by the **Federal Territory of Kuala Lumpur (RM91.5 billion)**, **Johor (RM48.5 billion)**, **Kedah (RM45.8 billion)** and **Pulau Pinang (RM32.0 billion)**.

Exhibit 3.5: Snapshot of Investment Performance 2024.



Source: MIDA.

STRENGTHENING GREATER KUALA LUMPUR AS A REGIONAL INVESTMENT HUB

Overview: A Landmark Year for InvestKL

Greater Kuala Lumpur (GKL) has further cemented its reputation as a top regional investment hub, with InvestKL securing **RM4.08 billion in FI from 12 leading multinational corporations (MNCs)** in 2024. These investments are expected to generate **4,394 executive job opportunities**, aligning with Malaysia's national vision of fostering a knowledge-driven, innovation-led economy.

Since its inception, InvestKL has successfully attracted over **150 global companies**, contributing a **cumulative RM33.8 billion in investments** and generating **31,849 executive-level jobs**. This milestone underscores GKL's increasing appeal as a strategic location for high-value industries, particularly in modern services, technology and advanced engineering.

Having surpassed its initial RM35 billion investment targets ahead of schedule, InvestKL has raised the bar with a new goal—**securing RM50 billion in committed investments by 2030**. This objective highlights Malaysia's forward-thinking approach to economic expansion and its commitment to positioning itself as a key player in the global investment landscape.

Exhibit 3.6: Greater Kuala Lumpur 2024.



Global Foreign Investment Driving Growth in Greater Kuala Lumpur

FI continues to play a critical role in GKL's transformation into a hub for next-generation industries. InvestKL's 2024 investment portfolio spans across high-growth sectors, including professional services, digital and technology, energy and advanced engineering solutions.

Regional Breakdown of Investments

GKL's investment inflows in 2024 demonstrated a broad geographical distribution, highlighting its ability to attract diverse industry leaders across the globe:

- **Asia:** Investments included a major provider of floating production solutions for the offshore oil and gas sector, a robotics and automation firm, a digital network operator and a financial services provider specialising in automobile financing and leasing.
- **Americas:** Key investors comprised a global mining company committed to sustainable resource extraction, a leading provider of digital infrastructure, a multinational leader in customer experience (CX) solutions and a global packaging solutions company specialising in premium label innovations.

- **Europe & the UK:** Significant investments were secured from a global leader in the food and beverage industry, the region's largest semiconductor manufacturer, a business software solutions provider and a world-renowned recruitment consultancy.

These investments reflect international confidence in GKL as a hub for innovation, sustainability and modern services, reinforcing its standing as a key gateway to Southeast Asia.



Datuk Muhammad Azmi Zulkifli, Chief Executive Officer of InvestKL, and Datuk Bahria Mohd Tamil, Deputy Secretary-General (Investment and Management) of MITI with representatives from 12 leading global companies that invested RM4.08 billion in GKL in 2024.

Talent Development and Workforce Impact

Beyond capital inflows, InvestKL plays a crucial role in talent development, ensuring that Malaysia remains competitive in the evolving global economy. FIs secured by InvestKL have directly contributed to the creation of highly skilled job opportunities, with an average monthly salary of RM14,070. This demonstrates Malaysia's ability to attract knowledge-intensive industries and its commitment to human capital development.

The impact of these investments is evident in the distribution of executive job opportunities across salary brackets:

- **Managers (RM8,000–RM25,000):** 6,522 jobs.
- **Senior executives (RM25,000–RM50,000):** 864 jobs.
- **Top executives (RM50,000+):** 207 jobs.

With 80% of these recruitments being Malaysians, InvestKL continues to bridge global MNCs with the country's local talent pool. Through strategic university partnerships and targeted upskilling initiatives, the agency is ensuring that Malaysian professionals are well equipped to thrive in high-demand, high-value sectors.



InvestKL CEO engages in the ITP CEO Leadership Series, offering insights on leadership, industry trends and strategies for navigating today's dynamic business landscape.

Advancing Innovation through Strategic Initiatives

Innovation remains at the heart of InvestKL's strategy to attract high-value investments. A prime example of this is the GKL Live Lab, an initiative designed to accelerate high-impact collaborations between MNCs, start-ups, SMEs and academia.

Now in its fifth year, the GKL Live Lab has become a key driver of digital transformation and technology-driven projects, boosting Malaysia's R&D capabilities. As of the end of 2024, 13 companies have participated in the programme, focusing on high-tech, sustainable solutions that reinforce GKL's position as a hub for cutting-edge industries.

By fostering collaboration between global and local innovators, the GKL Live Lab is instrumental in advancing Malaysia's transition toward a digitally integrated and sustainable economy. This initiative supports the government's broader agenda under the NIMP 2030 and the MADANI Economy Framework, ensuring that investments contribute meaningfully to long-term national development.



InvestKL and Cognizant jointly organised the Gen AI Prompt Engineering Workshop, bringing together over 70 clients and more than 200 students.



Over 70 kg of litter was collected at Pantai Morib Baharu by InvestKL, PPG and Cognizant volunteers during the International Coastal Clean up (ICC), an effort by Reef Check Malaysia and Hulu Langat Municipal Council.



AXA Group Operations Malaysia launched the CyberVengers programme with ADAB Youth Garage to educate young people on cyber security and online risks.

Moving Forward

As the agency moves toward its **RM50 billion investment target by 2030**, InvestKL remains steadfast in driving economic growth through modern services, digital innovation and sustainability. These strategic priorities are key to ensuring GKL remains the preferred destination for high-value investments in the region.

This ongoing success reflects Malaysia's economic resilience and strategic vision, further elevating GKL's status as a leading investment hub. Through continuous innovation, talent development and collaboration with global industry leaders, InvestKL is shaping both the present and the future of a more prosperous, technologically advanced Malaysia.

EXPORT-IMPORT BANK OF MALAYSIA BERHAD (EXIM BANK)

EXIM Bank, established on 29 August 1995, is wholly owned by the Government of Malaysia and has been instrumental in supporting Malaysian businesses across various sectors in their global expansion. Committed to enhancing the competitiveness of Malaysian industries, the bank facilitates exports and international investments through effective financing and takaful solutions. EXIM Bank's mandated role, as specified by the government, is **to provide credit financing, export credit takaful and guarantee services and facilities to support exports and imports of goods, services and overseas projects and investments** with emphasis on non-traditional markets.

Memorandum of Understanding Signing Ceremony between EXIM Bank and Industrial & Commercial Bank of China (Malaysia) Berhad

EXIM Bank Malaysia and the Industrial & Commercial Bank of China (Malaysia) Berhad, held a witnessing ceremony for their MoU to foster and enhance bilateral financial relations. This momentous event is part of the celebration of the 50th anniversary of diplomatic relations between Malaysia and China.

The MoU witnessing ceremony was attended by the MITI Minister, Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, EXIM Bank's Chairman, Dato' Charon Wardini Mokhzani, senior representatives from both banks, key governmental figures and business leaders from both countries. The MoU outlines a framework for strategic collaboration to promote mutual benefits and deepen financial ties between the two institutions.



EXIM Bank President/CEO, Cik Nurbayu Kasim Chang, exchanged MoU with Xie Shaoxiong of ICBC Malaysia's Managing Director/CEO witnessed by Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of MITI.

The primary objective of this MoU is to engage in **collaborative efforts** beneficial to both EXIM Bank and Industrial and Commercial Bank of China (Malaysia) Berhad Malaysia and will further enhance trade and financial ties between Malaysia and China. Both banks will jointly promote China–Malaysia trade development and investment cooperation and co-organise and participate in economic, trade and investment forums, conferences and exhibitions in both Malaysia and China.

EXIM Bank is also empowering Malaysian businesses to gain entry into non-traditional markets with the offering of *Skim Insentif Pemampanan Pengeksport* (SIP2), which was introduced by the government to encourage businesses to seize international opportunities. The scheme offers profit subsidies for Malaysian exporters and entrepreneurs to stay competitive in the global market.

EXIM Bank Unveils RM1.5 Billion Green Initiative for Sustainable Financing by 2027

EXIM Bank proudly announces the launch of its new EXIM Green Global Initiative, designed to support and accelerate environmental sustainability by Malaysian entrepreneurs. The initiative aims to mobilise up to RM1.5 billion by 2027 in sustainable financing to foster environmental stewardship by funding impactful green projects.

The EXIM Green Global Initiative also entails transformative initiatives that collectively support companies in aligning with global sustainability standards in international markets. These initiatives aim to enhance resilience against climate change, while simultaneously delivering significant positive impacts to businesses involved.



The launch was officiated by MITI Minister Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz alongside Cik Nurbayu Kasim Chang, President/CEO EXIM Bank Malaysia, and its Chairman, Dato' Charon Wardini Mokhzani.

The first initiative is the EXIM Carbon Calculation Advisory and Support (CCAS) that offers the bank's customers specialised one-year complimentary assistance to accurately measure and manage their carbon footprint. By providing tailored advice and advanced tools, EXIM Bank is committed to empowering companies in reducing emissions, while aligning with global sustainability standards.

The second focus area addresses a critical environmental concern by supporting the greening of palm oil exports, which was one of the country's major exports with a value of RM94.95 billion in revenue in 2023, through the application of biochar, an organic material used to revitalise soil health and help the environment by storing carbon. This innovative approach aims to reduce the carbon footprint of palm oil production by incorporating biochar into agricultural practices and contribute toward reduction in methane, a harmful greenhouse gas.

“Buy Malaysian, Support Local Businesses Abroad” Campaign

Buy Malaysian, Support Local Businesses Abroad

No matter where we are in the world, the spirit of Malaysia unites us.

Join us in celebrating Malaysia's vibrant heritage and discover unique Malaysian offerings near you to make a difference with every purchase. From exceptional Malaysian products and services to distinctive crafts and culinary experiences, find out how you can contribute to our nation's global success story.

Start supporting today. If you are a Malaysian business abroad and would like to be featured in this programme, register now at mgc@exim.com.my

Alternatively, you may contact our officers for more information:

Azrin Azizudin 03 26012089 azrin@exim.com.my	Nur Ida Mohamed Kamal 03 2601 2129 idamohamed@exim.com.my
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EXIM BANK MALAYSIA
MALAYSIA GLOBAL CONNECT

“Buy Malaysian, Support Local Businesses Abroad” promoting Malaysian products and services on the global stage, encouraging international businesses and Malaysians abroad to support local enterprises while recognising their quality and value.

EXIM Bank Champions Malaysian Halal Industry as One of the Main Sponsor at MIHAS@Dubai 2024

As one of the main sponsors, EXIM Bank led a delegation of Malaysian halal exporters to explore lucrative opportunities in the Middle East market and more specifically UAE market. To enhance bilateral trade relations and reinforce Malaysia's presence in the region, EXIM Bank also organised a high-level networking dinner with the Malaysian Ambassador to Dubai and senior officials from MATRADE, further strengthening ties and expanding business prospects for Malaysian exporters.

This event aligns with EXIM Bank's Malaysia Global Connect (MGC) programme, which is dedicated to supporting Malaysian businesses as they explore international markets. The MGC programme promotes the "Buy Malaysian, Support Local Businesses Abroad" initiative, which encourages local products on the global stage and strengthens Malaysia's international market footprint.



MIHAS@Dubai 2024 was officially inaugurated by Malaysia's Honourable Deputy Prime Minister, Dato' Seri Dr Ahmad Zahid Hamidi, alongside MATRADE Chairman, Dato' Seri Reezal Merican, CEO Datuk Mohd Mustafa Abdul Aziz and other distinguished dignitaries, including EXIM Bank Chief Strategy Officer, Dr Liza Mydin.

Building on the momentum of MIHAS Kuala Lumpur, MIHAS@Dubai provides Malaysian exporters with a unique opportunity to showcase innovative halal products, connect with international stakeholders and gain critical insights into market trends and regulatory landscapes in the Middle East. EXIM Bank continues to strengthen Malaysia's global halal footprint, reinforcing its role as a vital enabler in Malaysia's trade and economic development.

Moving Forward

As Malaysia expands on the global stage, EXIM Bank remains committed to supporting cross-border ventures with tailored financing solutions and advisory services, helping businesses navigate entry into new and non-traditional markets. Apart from ASEAN countries, EXIM Bank is expanding into Africa, the Middle East and Central Asia as part of its strategy to diversify international trade. The bank prioritises sustainability-linked sectors aligned with the National Energy Transition Roadmap (NETR) and key industries under the NIMP 2030, including halal, electrical & electronics and aerospace.

Trade Facilitation and Trading across Borders

In augmenting trade facilitation and streamlining cross-border operations, MITI has established robust public-private partnership platforms that foster collaboration and efficiency toward addressing issues faced by the business community, which includes:

- Trade Facilitation Cluster Working Group (TFCWG) and the Technical Working Group on International Trade (TWG-INTL TRADE), which serve as essential forums for dialogue, problem-solving and policy alignment. The TWG-INTL TRADE, formerly known as the Technical Working Group on Trading Across Borders (TWGTAB), has been rebranded in alignment with the World Bank's newly introduced Business Ready (B-READY) benchmarking framework, ensuring Malaysia remains responsive to evolving global trade standards and best practices.
- ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC) and upgrade of ASEAN ATIGA for negotiations, on Customs Procedures and Trade Facilitation chapter.

Throughout 2024, ATF-JCC successfully resolved 4 cases under the Matrix of Actual Cases (MAC), surpassing its target under the 2024 ASEAN Trade Facilitation Annual Priority. By removing non-tariff barriers, ATF-JCC aims to further enhance intra-ASEAN trade, positioning ASEAN as a preferred regional trading bloc.

In line with ATF-JCC's efforts to reduce and eliminate trade-distortive barriers, Malaysia has adopted the ASEAN NTM Toolkit to address trade-restrictive non-tariff measures (NTMs) in selected industries, including aerospace, semiconductors and chemicals. This initiative aligns with the NIMP 2030, focusing on managing product complexity and regulatory challenges.

An ongoing process improvement initiative under TWG-INTL TRADE aims to simplify application and payment processes and reduce the time required to issue Veterinary Health Certificates (VHC) by the Department of Veterinary Services (DVS). The business community has raised concerns about lost trade opportunities due to delays in obtaining VHC, primarily caused by manual endorsement and collection processes, as well as the timeliness of onsite inspections, assessments and approvals.

One of the notable achievements by TFCWG in 2024 was the joint visit by MITI and Royal Malaysia Customs Department (RMCD) to ports and Customs, Immigration and Quarantine (CIQ) checkpoints in Johor Bahru and Singapore. The visit provided in-depth experience in formulating policy directions, first-hand observation of issues and challenges faced on the ground, as well as advanced mechanisms implemented to improve cargo clearance efficiency.



TFCWG working visit to Ports and CIQ in Johor Bahru and Singapore.



Technical working group on International Trade Meeting, co-chaired by FMM and MITI.

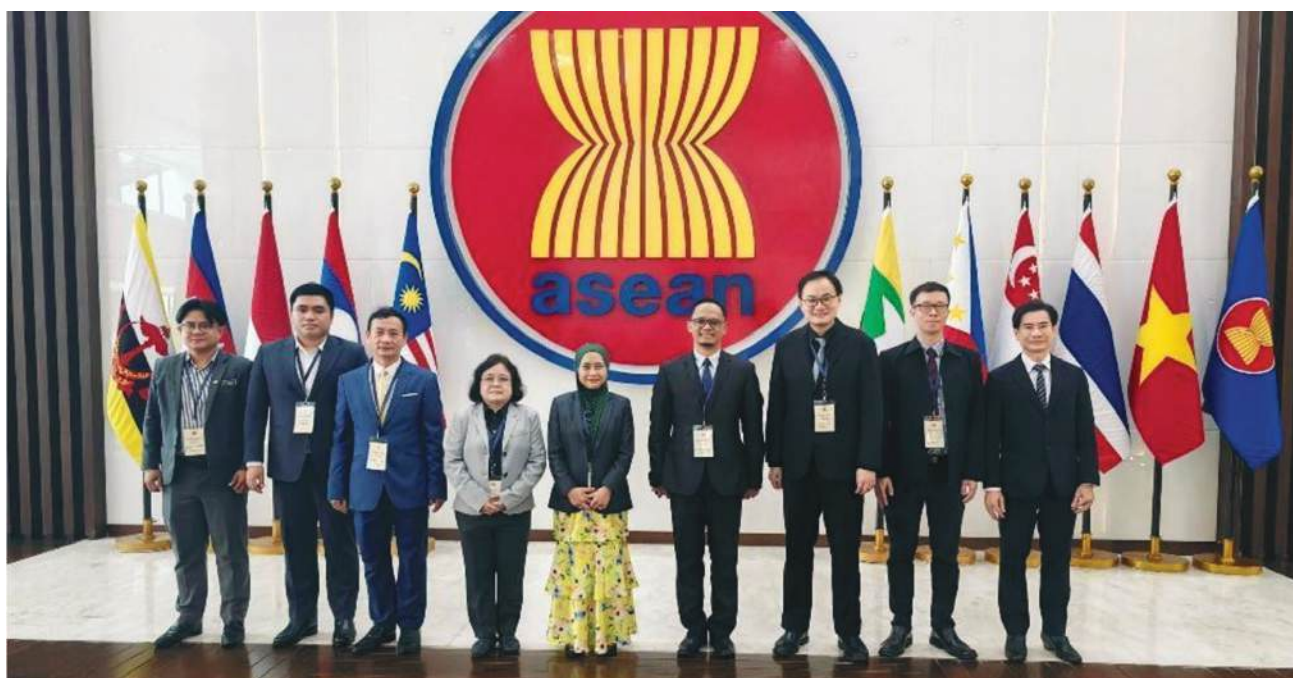
Electronic Trade Facilitation—ASEAN Single Window

The successful implementation of Malaysia's National Single Window (NSW) reflects the Malaysia's commitment to the pledge made in 2005 alongside nine other ASEAN member states. This initiative focuses on streamlining, modernising and automating the submission of trade-related documents both domestically and regionally, particularly through the ASEAN Single Window (ASW). As a key regional trade facilitation platform, the ASW connects the NSWs of AMS, enhancing intra-ASEAN trade and accelerating regional integration toward the ASEAN Economic Community (AEC).

On top of the success story of Malaysia for live deployment of Certificates of Origin in 2020 and ASEAN Customs Declaration Document in 2021, ASW successfully achieved another major breakthrough with the full transmission of electronic 'Form D' by all ASEAN member states, effective 1 January 2024. Malaysia continued its effort in 2024 with the aim to join the Philippines and Indonesia in exchanging electronic phytosanitary certification by the end of 2025. Discussions are also ongoing regarding the exchange of electronic Animal Health (e-AH) certificates, with Malaysia preparing to participate following the successful deployment of the e-Phyto live exchange.

Recognising the significant advantages of paperless trade in enabling exporters to access markets beyond Southeast Asia, ASEAN has engaged in discussions with its dialogue partners—China, Japan, Korea and the US. These discussions explore the potential exchange of key trade administration documents, including Certificates of Origin, Plant and Animal Sanitary Certificates and Customs Declarations, through the ASW.

In June 2024, MITI supported the Ministry of Finance in issuing a joint statement with China to implement single window interoperability to streamline cross-border trade processes. The Joint Working Group on Single Window Cooperation between Malaysia and China is scheduled to hold its inaugural meeting in 2025, with MITI committed to intensifying efforts to achieve a bilateral single window.



MITI represents Malaysia in the ASEAN Single Window Technical Working Group Meeting, chaired also by a Malaysian (Dr Ramlah Mukhtar, Deputy Director of RMCD).



MITI represents Malaysia in the ASEAN Single Window Steering Committee Meeting along with RMCD.



MITI represents Malaysia in the ASEAN Single Window Steering Committee meeting along with RMCD and was also joined by MITI Hanoi.



MITI, AGC and RMCD represents Malaysia in the ASEAN Single Window Legal and Regulatory Working Group Meeting.

Sustainable Investment Facilitation

In 2024, MITI and key stakeholders such as Department of Standard Malaysia, Standard and Industrial Research Institute of Malaysia (SIRIM) Berhad, National Metrology Institute of Malaysia (NMIM) and Malaysian Productivity Corporation (MPC) were collaborating closely to finalise the National Quality Policy (NQP) document. These ongoing efforts, which have been in progress since the beginning of the year, are now entering a crucial phase of refinement and improvisation to complete the draft. The NQP is regarded to be important as it is cross-cutting and expected to be widely adopted in many industries and sectors. This will enhance industrial competitiveness, encourage innovation and align with global standards for quality and sustainability. With the existence of this NQP policy document, the consolidation and coordination of the NQI ecosystem across ministries may be boosted given that the effort to develop this NQP document is the first in Malaysia and also in the ASEAN region.



Brainstorming session for NQP draft with core team of Department of Standard Malaysia, SIRIM Berhad, NMIM and MSDAM Chairman.

To reinforce the NQP and modernise Malaysia's legal and regulatory framework for standards, Department of Standard Malaysia is also in the midst of revising the Standards Act of Malaysia 1996 [Act 549], which expected to be presented to the cabinet by 2025. This revision will help ensure that Malaysia's quality standards are aligned with global trade trends, industry innovations and sustainability goals that will further broaden Malaysia's competitiveness, and support the country's broader economic and industrial objectives.



Presentation session by Department of Standard Malaysia on the revised Standards Act of Malaysia 1996 [Act 549] to stakeholders.

Furthermore, to instigate the current adoption of standards and identify areas where compliance practices may be enhanced to align with international benchmarks, Department of Standard Malaysia is also conducting a study entitled "The Study on the Use of Standards and Compliance within Organisations in Malaysia", expected to be completed in 2025. As part of this study, Department of Standard Malaysia has engaged with various stakeholders to gather insights and feedback to contribute to the valuable information about the development of more effective standards and compliance frameworks.

MITI through Department of Standard Malaysia has also actively participated in the initiative to harmonise standards. The 51st ACCSQ WG1 Meeting addressed the key issues in the harmonisation of standards at the ASEAN level across various sectors, including product safety, electromagnetic compatibility (EMC) for electrical and electronic products, medical devices, rubber-based products, wood-based products, cosmetics, conformity assessment, building and construction and digital trade. New areas for ASEAN-wide standards harmonisation were also explored, such as energy efficiency / renewable energy (EE/RE) and smart manufacturing standards, including Industry 4.0 (IR 4.0).



*The 51st ACCSQ WG1 Meeting and its related meetings
from 28 to 30 May 2024 in Langkawi, Kedah.*

BOX ARTICLE 3.1 MALAYSIA'S PARTICIPATION AT EXPO 2025 OSAKA, KANSAI "WEAVING A FUTURE IN HARMONY"



Malaysia Pavilion at Expo 2025 Osaka, Kansai (daytime).

Malaysia is set to make a strong impression at **Expo 2025 Osaka, Kansai**, which will take place from **13 April to 13 October 2025** on **Yumeshima**, an artificial island in Osaka, Japan. The 1.55-hectare venue includes Pavilion World, Water World and Green World and is encircled by the **Grand Ring—the world's largest wooden** architectural structure according to Guinness World Record with a diameter of 2.025 kilometres, symbolically matching the year of the expo.

The theme of Expo 2025 Osaka, Kansai, “**Designing Future Society for Our Lives**”, invites people to reflect on how they want to live and reach their full potentials. It is supported by three sub-themes: “**Saving Lives**”, “**Empowering Lives**” and “**Connecting Lives**”. The expo also introduces the “**People's Living Lab**”, a platform to realise these themes through pavilions, programmes and projects by the **Japan Association for the 2025 World Exposition**. An estimated 28.2 million visitors, including 3.5 million international guests, are expected over the six-month event.

Sustainable Development Goals (SDGs) lie at the core of Expo 2025 Osaka, Kansai. As such, the expo aims to address emerging social challenges, such as **widening economic disparities, escalating conflicts and advancements in science and technology**, including AI, which may impact humanity. The expo poses the question of “**What is the happy way of life?**”. Participating countries and organisations are then required to design and curate their pavilions in response to this question, aligning their efforts with the 17 SDGs.

Reflecting the Expo's mission and vision, Malaysia's theme for Expo 2025 Osaka, Kansai is “**Weaving a Future in Harmony**”. This is expressed through the Malaysia Pavilion, designed by the renowned firm **Kengo Kuma and Associates**. Inspired by the concept “**Interwoven: A Malaysian Story of Harmony**”, the pavilion features a bamboo façade echoing the intricate patterns of songket, Malaysia's traditional woven fabric. At night, it transforms into a luminous structure, resembling the shimmering threads of gold and silver.



Malaysia pavilion at Expo 2025 Osaka, Kansai (nighttime).

The design symbolises the unity of many hands weaving simple threads into a rich tapestry, reflecting Malaysia's diverse cultural heritage. It emphasises that collective national efforts can shape a more beautiful, harmonious and sustainable future. On a broader level, it expresses the global hope of creating a better world through cooperation, mutual understanding and harmony with both people and the planet.

Malaysia's participation in Expo 2025 Osaka, Kansai will highlight six key focus areas: **sustainable agriculture and commodities, energy transition, smart and healthy living, advanced manufacturing, environmental management and green tourism**. Through the Malaysia pavilion, visitors will experience the nation's efforts and innovations in science and technology aimed at addressing pressing global challenges such as **climate change, food security, supply chain disruptions and sustainable development**. These themes will be underpinned by **environmental, social and governance (ESG)** principles and will also reflect Malaysia's commitment to advancing the **halal agenda**.

Spearheaded by MITI and supported by various **ministries, agencies and state governments**, Malaysia aims to attract **1.5 million visitors** to its pavilion and **generate RM13 billion in trade and investment** through this participation. This collective national effort will showcase Malaysia's vision for a **greener, smarter and more sustainable future** on the global stage.



CHAPTER 4 INDUSTRIAL AND SERVICES SECTOR

MANUFACTURING SECTOR PERFORMANCE

Automotive Sector: Electrifying the Future

Malaysia's automotive sector remains a key pillar of the national economy, contributing significantly to industrial output, employment and exports. As Malaysia transitions toward sustainable mobility, the automotive industry plays a pivotal role in shaping the country's green growth agenda and in positioning itself as a regional hub for energy-efficient and EVs.

Imports dominated the sector's trade performance, exceeding exports by over three times. In 2024, the trade deficit widened to RM38.37 billion. The RM0.12 billion export decline suggests reduced foreign demand for locally produced components. Additionally, the export data indicate fluctuations in automotive exports by destination, with markets such as Singapore and Thailand remaining key importers of Malaysian auto parts. However, overall export value has been affected by slowdowns in these markets and a decline in global demand. The downturn in Thailand's automotive industry has significantly impacted Malaysia's exports, which declined from RM2 billion in 2023 to RM1.77 billion in 2024.

The surge in investment is a bright spot in the automotive sector. Investment more than doubled in 2024 (+126%), from RM6.99 billion to RM15.8 billion. This suggests a strategic push toward EV production and green automotive technologies, localisation of component manufacturing, and infrastructure for automotive R&D and assembly plants.

Exhibit 4.1: Malaysia's Automotive Trade and Investment Performance 2023–2024.

Year	Total Trade (RM Bil.)	Export (RM Bil.)	Import (RM Bil.)	Trade Balance (RM Bil.)	Investment (RM Bil.)
2023	70.04	16.08	53.96	–37.88 (Deficit)	6.99
2024	70.29	15.96	54.33	–38.37 (Deficit)	15.80

Malaysia's automotive export decline in 2024 reflects a market correction after record sales in 2023, cautious consumer sentiment and production adjustments amid economic pressures.

Acceleration toward Electrification

In 2024, Malaysia's automotive sector achieved a record-breaking total industry volume (TIV) of 816,747 units, marking a 2.1% increase from the previous year. This growth was primarily driven by the passenger vehicle segment, which saw sales rise by 3.9% to 747,180 units. Notably, national automakers reinforced their market position, by capturing 67.7% of the market share, up from 66.9% in the previous year. However, the commercial vehicle segment experienced a decline of 14%, with total sales at 69,567 units. This contraction was largely influenced by the implementation of a targeted diesel subsidy by the Government in June 2024, which affected demand in key segments such as pickup trucks.

A significant development in 2024 was the sector's increasing pivot toward EVs. By the end of 2025, both national car makers will start to produce EVs in their models' lineup to cater to the domestic and global markets. National automakers' presence in the EV market will help further promote the development of the local EV ecosystem. By the end of 2024, there were other automakers in the country that started to produce their own EV models in the domestic market, and most of these models cater to the luxury segment.

Electric Vehicles Power Ahead

Malaysia's EV sector experienced remarkable growth in 2024, reflecting the nation's commitment to sustainable and low-carbon mobility. Battery electric vehicle (BEV) sales surged by nearly 80%yoy, with over 28,000 units sold. The Malaysian government has been proactive in promoting extended electrified vehicle (xEV) usage, aiming for EVs and hybrids to constitute 20% of new car sales by 2030. This initiative led to a 112% surge in BEV sales in the first half of the year. Leading the market were global EV brands such as BYD, Tesla and Chery, although Proton e.MAS 7, launched late in the year, is expected to take a commanding position moving forward.

Malaysia also made significant strides in enhancing its EV charging infrastructure, aligning with the government's target of installing 10,000 charging stations by 2025. As of December 2024, 3,611 charging points have been installed throughout the country: 36% of the target. The distribution of these charging stations includes both DC fast chargers (1,095 points) and the slower AC chargers (2,516 points). This expansion reflects a concerted effort to provide accessible and efficient charging options for EV users across the country. Many implementation issues faced by CPOs have been solved, but high installation costs and slow ROIs remain one of the main challenges for this segment.

The development of Malaysia's EV industry is governed by a three-tiered EV committee structure, established to ensure that cross-ministerial issues related to the industry and its ecosystem are addressed efficiently through a dedicated coordination process. In 2024, several key achievements were recorded, including the establishment and implementation of the guidelines for EV and battery management, as well as the introduction of a national standard for fire blankets used in EV-related emergencies.

BOX ARTICLE 4.1 STEERING INTO A NEW ERA OF MOBILITY

Looking ahead, the Malaysian Automotive Association (MAA) projects a TIV of 780,000 units for 2025, anticipating a moderation in demand following the record highs of 2024. The projected 4.5%yoy decline is a "soft landing" after several years of high backlog. The potential petrol RON95 subsidy rationalisation exercise is also expected to impact sales of higher engine capacity vehicles, but this may encourage sales of electrified vehicles. Despite this, the local automotive industry remains poised for growth, leveraging targeted government policies, wage improvements and cost advantages, while navigating challenges from evolving consumer preferences and increased global competition.

Various standards have been developed by the Department of Standards Malaysia together with MARii and SIRIM. These include the standards for fire blanket, battery and charging equipment, as well as battery swapping for electric motorcycles. These standards conform to international standards. On 11 October 2024, the Malaysia Productivity Corporation launched the guidelines for EV and battery management, which is an industry-driven effort led by Northport. These guidelines outline procedures for handling an EV and its battery, from the moment it reaches the port to the delivery of the vehicle to the showroom.

In line with the National Automotive Policy 2020 (NAP2020), the government is vitalising existing incentive mechanisms to stimulate greater local participation and boost R&D within Malaysia's automotive industry.

Electrical and Electronics

Malaysia's E&E industry continues to be a significant manufacturing sector to the national economy, contributing 7.3% to Malaysia's GDP and exhibiting robust expansion in alignment with the MADANI Government's whole-of-government approach. This approach emphasises comprehensive collaboration across ministries, agencies and industry stakeholders to drive sustainable development and inclusive growth.

In 2024, the total E&E trade for the year reached RM1,056 billion, comprising RM601.18 billion in exports and RM455.68 billion in imports, underscoring the sector's importance in Malaysia's broader export landscape. A standout performer within the E&E domain was the semiconductor segment, which recorded RM655.13 billion in total trade, divided into RM387.95 billion in exports and RM267.18 billion in imports. This performance was fuelled by rising demand from multiple high-growth areas, including automotive electronics (particularly EVs), next-generation telecommunications technologies, such as 5G and expanding data centre needs. These factors reinforced Malaysia's position as a regional hub for semiconductor assembly, testing and packaging—critical global technology value chain components.

On the investment front, Malaysia attracted a total of RM64.5 billion in 2024, of which the E&E industry captured RM55.8 billion. Notably, semiconductors alone attracted RM48.1 billion, reflecting both domestic and international confidence in Malaysia's advanced manufacturing ecosystem.

Exhibit 4.2: Malaysia's E&E (Plus Semiconductor) Trade and Investment Performance 2023–2024.

Year	Total Trade (RM Bil.)	Total Export (RM Bil.)	Total Import (RM Bil.)	Trade Balance (RM Bil.)	Investment (RM Bil.)
2023	931.40	575.46	355.94	219.52 (Surplus)	85.4
2024	1,056.00	601.18	455.68	145.50 (Surplus)	55.8

Source: MATRADE; MIDA.

Exhibit 4.3: Malaysia's Semiconductor Trade Performance 2023–2024.

Year	Total Trade (RM Bil.)	Total Export (RM Bil.)	Total Import (RM Bil.)	Trade Balance (RM Bil.)
2023	608.57	387.40	221.17	166.23 (Surplus)
2024	655.13	387.95	267.18	120.77 (Surplus)

Source: MATRADE.

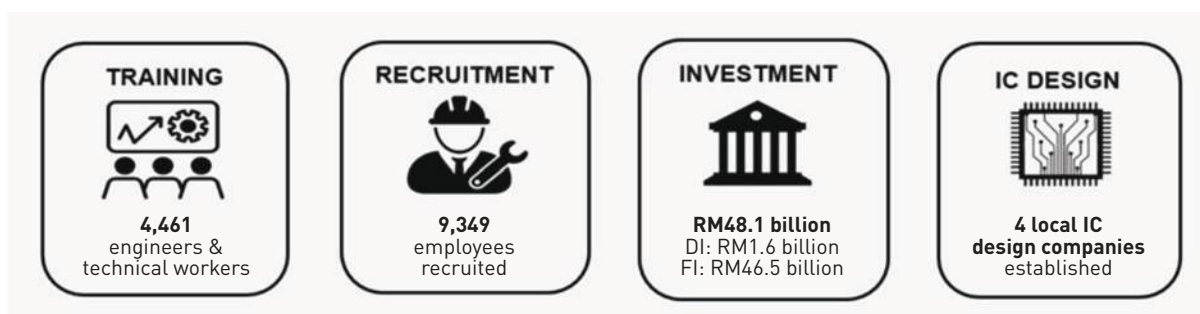
National Semiconductor Strategy

The government introduced the National Semiconductor Strategy (NSS) in May 2024, aimed at bolstering Malaysia's semiconductor value chain through research-driven innovation, expanded production capacities and targeted talent development initiatives. The NSS represents a comprehensive and adaptive three-phase initiative aimed at enhancing collaboration with firms internationally and across ASEAN and Asia. This strategy is designed to evolve in response to technological advancements and shifting market demands. Several key enablers have been identified to ensure successful implementation of the NSS. These include active participation from government-linked investment companies (GLICs) and venture capital, developing world-class infrastructure, talent enhancement initiatives, fortifying public research institutions and continuous support for investments through relevant policy and regulatory reforms.

Exhibit 4.4: NSS Targets for 2024.

Have RM500 billion of combined DDI and FDI (focused on IC design, advanced packaging, wafer fabs and semiconductor manufacturing equipment).	Create 10 Malaysian companies in design and advanced packaging (RM1 billion to USD 1 billion revenue) and 100+ high revenue (RM1 billion or more) companies , which will in turn create higher wages for Malaysian workers.	Become a global semiconductor R&D hub with world-class universities, corporate R&D, centres of excellence.	Train and upskill 60,000 high-skilled Malaysian engineers.	Allocate at least RM25 billion, for a start , to implement the NSS.

Exhibit 4.5: Malaysia's Semiconductor Trade Performance 2023–2024.



Collectively, these achievements underscore Malaysia's steady progress toward becoming a leading global hub for advanced electronics and semiconductor manufacturing. Anchored by the NSS, which outlines clear aspirations to boost local capabilities, attract high-quality investments and elevate Malaysia across the semiconductor value chain, the government has adopted a whole-of-government approach. This includes cross-agency collaboration and close industry engagement to address key challenges such as talent shortages, supply chain vulnerabilities and the need for advanced R&D. With targeted support to build local champions in IC design, packaging and high-value manufacturing, Malaysia's E&E and semiconductor sectors are well-positioned to remain dynamic, future-ready drivers of long-term economic resilience.

BOX ARTICLE 4.2 FUTURE OF MALAYSIA'S E&E AND SEMICONDUCTOR INDUSTRY

Malaysia's E&E sector is poised for robust growth over the next decade, driven by strong government policies such as the NSS and NIMP 2030, which aims to elevate Malaysia's role from a global chip assembly hub to a higher-value player in design, advanced packaging and niche wafer fabrication.

With record-breaking investments, rising demand for skilled talent and a focus on innovation and R&D, Malaysia is leveraging its neutral geopolitical stance, mature ecosystem and strategic location to strengthen its position in the global semiconductor supply chain. By 2030, Malaysia aims to strengthen its global position in chip assembly and testing, develop 60,000 skilled engineers and nurture local champions, solidifying its status as a regional semiconductor powerhouse.

Machinery and Equipment

The M&E industry is fundamental to Malaysia's economic development, serving as a key enabler for various sectors, including manufacturing, services and primary industries. It is instrumental in advancing high-value manufacturing, automation and the integration of smart technologies, positioning Malaysia as a key player in the global industrial landscape.

In 2024, Malaysia's M&E industry contributed RM182.64 billion to the country's total trade value of RM2.879 trillion, underscoring its critical role in the national economy. Exports grew from RM57.25 billion in 2023 to RM69.01 billion in 2024, an increase of RM11.76 billion, reflecting higher global demand for advanced machinery, precision equipment and automation solutions.

In terms of trade balance for this specific sector, there was a relatively higher deficit in 2024 as compared to previous year. The trade deficit was primarily caused by limited local capacity to produce high-end or complex machinery, especially for high-tech industries like semiconductors, automotive and aerospace. To reduce the gap, the government will continue to encourage investment in M&E manufacturing, support R&D for advanced and smart machinery, and upskill the workforce in areas such as AI, precision engineering and robotics. In addition, government procurement policies and programmes will be encouraged to prioritise purchasing locally produced machinery.

The primary export markets for Malaysia's M&E products were Singapore, the US, China, Indonesia and Thailand. Growth was driven by Malaysia's consolidating industrial competitiveness, particularly in the electronics, automotive and renewable energy sectors, supported by the NIMP 2030 and targeted tax incentives for high-value manufacturing.

At the same time, imports for Malaysia's M&E products increased from RM89.21 billion in 2023 to RM113.64 billion in 2024, indicating that Malaysia's M&E industry remains highly dependent on foreign machinery and equipment, especially for industrial and high-technology applications.

Investments in the M&E industry remained strong with RM10.6 billion in approved investments across 142 projects in 2024. These investments supported industrial capabilities and job creation, generating approximately 147,725 new jobs across 2,561 projects. The sector's focus on digitalisation, automation and smart manufacturing aligns with national economic policies, particularly the 12th Malaysia Plan (12MP) and NIMP 2030, ensuring long-term growth and economic resilience.

Exhibit 4.6: Malaysia's M&E Trade and Investment Performance 2023–2024.

Year	Total Trade (RM Bil.)	Total Export (RM Bil.)	Total Import (RM Bil.)	Trade Balance (RM Bil.)	Investment (RM Bil.)
2023	146.46	57.25	89.21	-31.96 (Deficit)	22.6
2024	182.64	69.01	113.64	-44.63 (Deficit)	10.6

Source: MATRADE; MIDA.

Technological Advancements and Emerging Opportunities

The M&E sector continues to evolve with cutting-edge technology adoption, fostering innovation in the following areas:

- Semiconductor equipment: Increasing demand for high-performance semiconductor components has led to growth in front-end semiconductor machinery, particularly in wafer fabrication, metrology and testing.

- Green energy M&E: Investments in renewable energy-related machinery, including solar panels, wind turbines, hydrogen generation and EV battery production, are rising in line with global sustainability goals.
- Agriculture M&E: Expansion of precision farming tools, mechanised palm oil harvesting and smart fertilisation systems support Malaysia's food security initiatives, enhancing efficiency and sustainability.

BOX ARTICLE 4.3 **ADVANCING TOWARD INDUSTRY 4.0**

Malaysia's M&E industry is transitioning toward high-value, technology-driven industries that enhance productivity and competitiveness. Key focus areas include:

- Expand smart manufacturing: leveraging IoT, AI and Big Data to enhance industrial automation and efficiency.
- Growth in high-value manufacturing: encouraging local manufacturers to venture into complex and high-tech production processes.
- Alignment with the National Energy Transition Roadmap (NETR): driving innovation in renewable energy solutions and EV infrastructure.

The M&E industry in Malaysia is poised to continue as a cornerstone of industrial success, as a result of strong government support and increasing global integration. Sustained investment in automation, smart technologies and sustainability initiatives will be key to maintaining Malaysia's competitive edge in the evolving global economy.

Shipbuilding and Ship Repair

The Shipbuilding and Ship Repair (SBSR) industry is one of the key drivers of Malaysia's maritime economy, supporting other sectors such as the trade, defence and energy sectors. With modernisation, sustainability and technological integration, it is set to enhance Malaysia's position as a competitive player in the global maritime landscape.

In 2024, Malaysia's exports of ships and related equipment, including ships, boats and floating structures, reached RM1.97 billion, marking a RM1.03 million increase from RM939.02 million in 2023. The key export products were light vessels, tugs and pusher craft, yachts and other vessels for leisure and sport, as well as cruise ships, cargo ships and barges. The primary export destinations were India, Indonesia, the US, Singapore and Australia, reflecting regional and international demand for our ships.

During the same period, Malaysia's imports of ships and related machinery surged to RM1.08 billion, a significant increase from RM307.30 million in 2023. Major imported products included light vessels, floating structures, floating cranes and dredgers. The leading import sources were Indonesia, Vietnam, China, the United Kingdom and Mexico, indicating continued reliance on international producers for specialised vessels and maritime infrastructure such as floating structures used in the oil and gas industry.

In terms of investment, the SBSR industry secured total approved investments of RM50.4 million across six projects in 2024, driving the expansion of shipbuilding, repair and maintenance activities.

All investments were domestically sourced, underscoring local investors' confidence in Malaysia's shipbuilding capabilities and technical expertise.

Exhibit 4.7: Malaysia's SBSR Trade and Investment Performance 2023–2024.

Year	Total Trade (RM Bil.)	Total Export (RM Bil.)	Total Import (RM Bil.)	Trade Balance (RM Bil.)	Investment (RM Bil.)
2023	1,246.32	939.02	307.30	631.72 (Surplus)	72.2
2024	3,048.79	1,969.27	1,079.51	889.76 (Surplus)	50.4

Source: MATRADE; MIDA.

Key Growth Factors and Emerging Opportunities

The SBSR industry is experiencing a transformation driven by technological advancements and shift in usage of greener vessels. Key areas of growth include:

- Increasing demand for shipbuilding: The expansion of the logistics, fishing and offshore support vessel (OSV) market has fuelled the need for new ship construction and fleet modernisation.
- Integration of digital technologies: The adoption of automation, AI-driven diagnostics and predictive maintenance systems enhances efficiency and reduces operational downtime.
- Sustainable and green shipbuilding: A shift toward low-emission, energy-efficient vessels is in alignment with global maritime sustainability initiatives and environmental regulations. For example, local companies in Sarawak have collaborated with international companies to build green OSVs for the oil and gas industry.

BOX ARTICLE 4.3 BUOYING UP MALAYSIA'S MARITIME CAPABILITIES

The future of Malaysia's SBSR industry is set to be defined by innovation, sustainability and expansion. Key strategic focuses include:

- Advancing maritime digitalisation: Leveraging smart shipbuilding technologies, AI and IoT solutions to improve operational efficiency.
- Enhancing regional and global collaboration: Encouraging foreign partnerships and technology transfers to elevate industry standards.
- Expanding the defence and commercial vessel market: Fortifying Malaysia's capabilities in naval shipbuilding, patrol vessels and high-value commercial ships.

Under NIMP 2030, the SBSR industry development will focus on building green ships, expanding OSV capabilities and promoting local supply chains. With strategic location along major shipping lanes and investments in digitalisation and sustainability, Malaysia is well-positioned to vitalise its role as a regional shipbuilding and repair hub.

Rail Industry-related Manufacturing Activities

The rail industry in Malaysia remains a vital pillar of Malaysia's transportation and infrastructure development. As the country advances its efforts to improve connectivity and modernise its transport sector, strategic investments in rail infrastructure continue to be a priority.

Malaysia's rail industry experienced a significant transformation between 2023 and 2024, marked by notable shifts in trade performance. The sector achieved a more balanced trade outlook, reflecting its increasing global competitiveness. In 2024, the industry reversed a trade deficit of RM212.43 million in 2023 by achieving a trade surplus of RM24.65 million. This positive shift underscores the sector's growing export strength.

Exports surged from RM547.08 million in 2023 to RM685.64 million in 2024, registering a substantial 25.3% increase. This growth highlights the rising global demand for Malaysia's rail-related products. The key export of rail products were containers (for transportation of fluids), railway parts and tramway track fixtures and fittings. The primary export destinations were Singapore, the US, Australia, China and Indonesia. Concurrently, imports declined from RM759.51 million in 2023 to RM660.99 million in 2024, a 13.0% reduction. This decline suggests a shift toward greater domestic production and sourcing, reinforcing Malaysia's efforts to give new energy to its rail manufacturing capabilities.

Total approved investments amounting to RM390 million in 2024 were from domestic sources for a single project. Despite the investment being relatively modest compared to other sectors, the industry remains a critical component for Malaysia's infrastructure landscape. The government's ongoing emphasis on connectivity to enhance the efficiency and mobility in the country offers vast opportunities for the rail industry to grow in the domestic market.

Exhibit 4.8: Malaysia's SBSR Trade and Investment Performance 2023–2024.

Year	Total Trade (RM Bil.)	Total Export (RM Bil.)	Total Import (RM Bil.)	Trade Balance (RM Bil.)	Investment (RM Bil.)
2023	1,306	547.08	759.51	–212.43 (<i>Deficit</i>)	–
2024	1,346	685.64	660.99	24.65 (<i>Surplus</i>)	390

Source: MATRADE; MIDA.

Driving Rail Growth through Policy and Innovation

The rail industry is set to benefit from ongoing national infrastructure initiatives, particularly under the National Transport Policy (NTP), the Malaysian Rail Supporting Industry Roadmap 2030 and the NIMP 2030. These policies are aimed at:

- Expanding rail connectivity to reduce road congestion and enhance urban mobility.
- Promoting green and sustainable transport solutions, aligning with Malaysia's environmental commitments.
- Encouraging innovation and technological adoption in railway operations and services.

One of the most significant rail infrastructure undertakings is the East Coast Rail Link (ECRL). Spanning approximately 665 kilometres, the ECRL is designed to connect the east and west coasts of Peninsular Malaysia. Its objectives include enhancing national connectivity, promoting regional development and stimulating economic activity. Currently under construction, the project is expected to be completed by December 2026, with operations beginning in January 2027. Upon completion, the ECRL is projected to contribute up to 3.8% to Malaysia's GDP by 2047, driven by improved trade, logistics efficiency and tourism. It is also expected to generate approximately RM17.6 billion in employment opportunities during its construction phase. Beyond job creation, the ECRL will catalyse the development of industrial parks, logistics hubs and economic zones, particularly in regions that were previously underserved.

In addition to the ECRL, other key projects such as the High-Speed Rail (HSR), Light Rail Transit 3 (LRT3) and the KLIA Aerotrain upgrade illustrate Malaysia's strategic push to build a seamless, modern and integrated rail transport ecosystem. Together, these projects are designed to connect urban and rural areas more effectively, reduce travel time and transportation costs, ease traffic congestion on roads and provide more comfortable, efficient travel options for the public.

Looking ahead, the future of Malaysia's rail sector will likely include the development of high-speed rail corridors, expansion of commuter rail networks and digital transformation initiatives to modernise operations and services. Additionally, increased investment in maintenance facilities and rail logistics hubs is expected to significantly enhance the efficiency, reliability and competitiveness of Malaysia's rail system.

INDUSTRY 4.0 AND DIGITALISATION

The future of manufacturing lies in the adoption of Industry 4.0 and digitalisation, which are driving a transformative shift toward more efficient, flexible and innovative production processes. By integrating automation, smart technologies and data analytics, businesses are unlocking new levels of productivity and enhancing their global competitiveness.

Government Initiatives Driving Industry 4.0 Adoption

The adoption of Industry 4.0 technologies to modernise and digitalise operations and processes within Malaysia's SMEs in the manufacturing and manufacturing-related services (MRS) sectors remains a key priority under Rolling Plan 4 (RP4) of the 12MP. Key initiatives under the Industry4WRD policy, such as the Industry4WRD Readiness Assessment (RA), Industry4WRD Intervention Fund (IF), and the Reskilling, Upskilling and Training of the Trainers Programme are integral to accelerating this transformation.

As of 2024, the Industry4WRD policy is midway through its implementation period (2018–2025). A total of RM10.1 million in approved funds was allocated in 2024 to fast track the adoption of Industry 4.0 technologies and human capital development. These efforts aim to build a robust and sustainable ecosystem for digital transformation within Malaysia's SMEs in the manufacturing and MRS sectors. The flagship initiative under the Industry4WRD policy entitled the Industry4WRD RA assesses the readiness of SMEs to adopt Industry 4.0 technologies for productivity improvement. As of 31 December 2024, 1,192 businesses completed the RA programme.

The Industry4WRD IF provides financial support to SMEs in the manufacturing and MRS sectors to adopt Industry 4.0 technologies and digitalisation. Available to all SMEs that have successfully participated in the RA Programme, the fund is offered on a matching basis (70:30), with a maximum grant of RM500,000 for eligible expenditures. As of 31 December 2024, 593 applications were received, with 406 SMEs approved for grants amounting to RM150.9 million.

Malaysia's industrial development has been further reinforced by the launch of the NIMP 2030. Aligned with the Industry 4.0 transformation, Mission 2 of NIMP 2030, Tech Up for a digitally-vibrant Nation, aims to transform 3,000 manufacturing facilities into smart factories by 2030. In support of this initiative, the Smart Technology Uptake (Smart Tech-Up) Programme has been introduced, with an allocation of RM18.18 million in 2024, enhancing the previous Industry4WRD Readiness Assessment and Intervention Programme.

Implementation of Smart Manufacturing in Small and Medium Enterprises and Manufacturing-related Services Sectors

To ensure the successful implementation of the Smart Tech-Up Programme, MITI has appointed SIRIM, an agency under MITI, as the programme's implementing agency. SIRIM will steer companies by functioning as project leader for technological interventions, offering companies the directions and technical support needed for their transition to smart factories. Companies interested in participating in the Smart Tech-Up Programme may submit their applications through the official portal, which opened for submissions on **4 December 2024**, at www.smarttechup.sirim.my. In 2024, a total of 9 workshops, including engagement sessions with stakeholders, industry players, industry associations and financial institutions, were held to drive awareness and participation.

The Smart Tech-Up Programme has four key components: technology assessment, implementation of advanced technology projects to transition to smart factories, technology training and financing in the form of grants and/or bank loans. This initiative will benefit SMEs and MTCs in the local manufacturing and MRS sectors. Priority is given to strategic sectors such as E&E, chemicals, medical devices, aerospace and pharmaceuticals, in line with the direction of NIMP 2030.

With the solid foundations laid by both the Industry4WRD policy and NIMP 2030, Malaysia is positioned to lead the digital transformation of its manufacturing and MRS sectors. By empowering SMEs to adopt smart manufacturing technologies, Malaysia is ensuring that its industries remain competitive, sustainable and well prepared for the future of global manufacturing.

NEW INDUSTRIAL MASTER PLAN 2030: KEY DEVELOPMENTS

NIMP 2030 aims to boost Malaysia's GDP through growing value-added activities in key sectors such as aerospace, medical devices, pharmaceuticals, chemicals and E&E. It will also generate more high-skilled employment, helping raise median wages and support a more inclusive economy with better incomes for Malaysians.

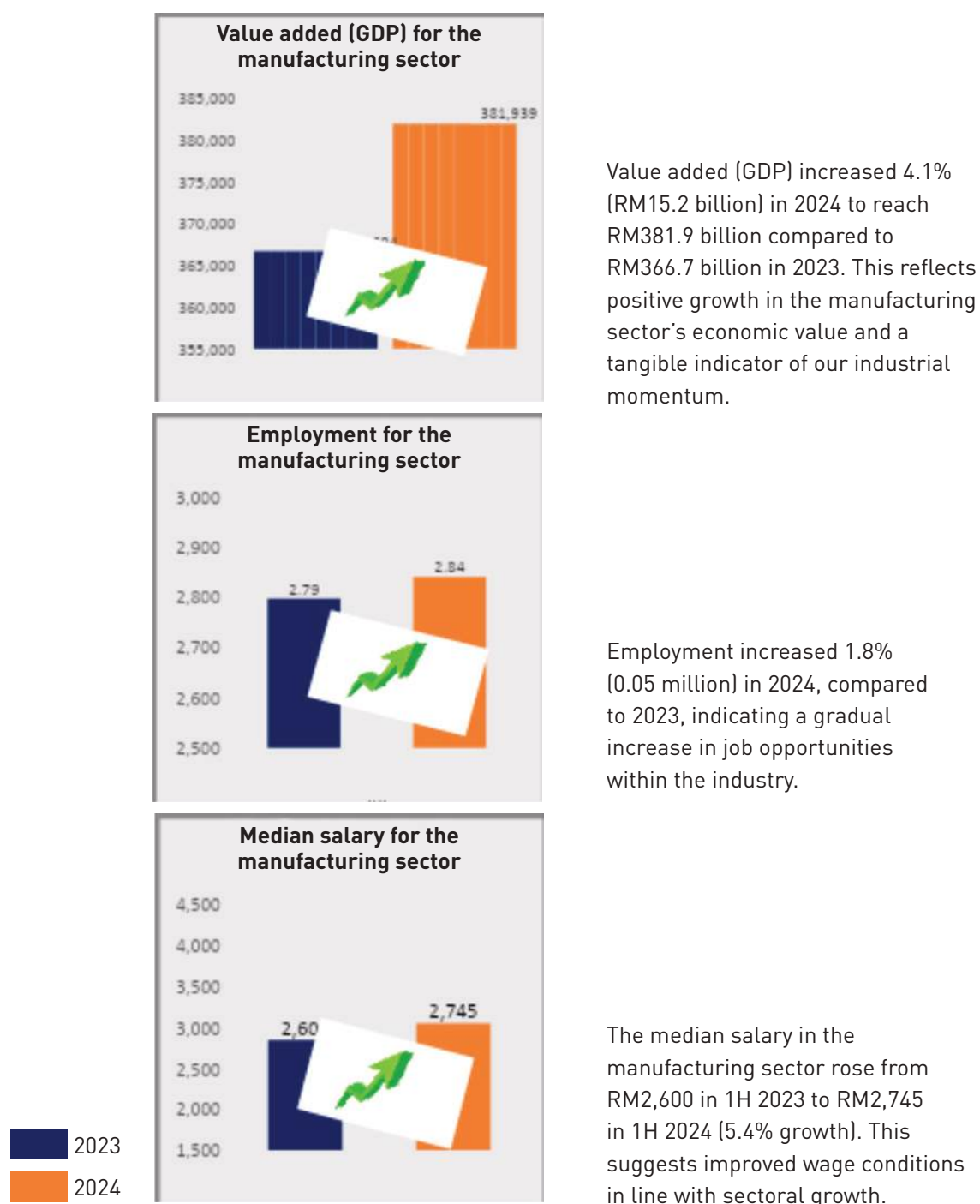
The NIMP has set ambitious targets that aim to increase the manufacturing value-added to RM587.5 billion by 2030, growing by 6.5% from what it is today, with prioritised focus on high-impact sectors such as E&E, chemical, aerospace, pharmaceuticals and medical device, as well as new growth opportunities in EVs; renewable energy; advanced materials; and carbon capture, utilisation and storage (CCUS). In terms of employment, a projected growth of 2.3% from 2023 is expected, providing income for 3.3 million persons by 2030. The industry's growing employment trajectory is due to the creation of high-skilled jobs as the country advances toward higher value-added activities and improvement in automation and technological advancements.

The median salary for the manufacturing sector is expected to grow by 9.6%, to reach RM4,510 by 2030 from RM1,976 in 2021 (baseline), which is below the national average despite the sector's dominant role in the national GDP. This 128% increase from 2021 is driven by the shift of the industry toward higher value-added activities and high-skilled job opportunities.

The NIMP 2030 has progressed steadily in 2024, with the following key developments:

- Value added (GDP) for the manufacturing sector increased by 4.1% (RM15.2 billion) in 2024 compared to 2023.
- Employment increased by 1.8% (0.05 million) in 2024 compared to 2023.
- The median salary increased by 5.4% (RM145) in 1H 2024 compared to the same period in 2023. Data for the whole of 2024 is not yet available.

Exhibit 4.9: Year-on-Year Economic Growth: GDP, Employment and Median Salary Trends (2023–2024).



A number of NIMP-aligned projects and action plans have been initiated and are making steady progress, actively contributing to the overall goals of NIMP. These include:

- Part of the Smart Tech-Up programme, the Smart Tech-Up portal, was launched on 4 December 2024. By the end of 2024, 47 companies registered, 19 completed self-assessments and 2 were undergoing on-site smart factory assessments (OSFA).
- The Circular Economy Policy Framework (CEPF) was completed in May and launched on 26 September 2024. This framework was designed to promote a more resource-efficient manufacturing process, ultimately reducing generation of waste.



The CEPF was launched on 26 September 2024 to reformulate fossil-fuel-based industrial models and catalyse green growth practices across the manufacturing value chain.

Malaysia's commitment to industrial decarbonisation is advancing with the potential launch of the National CCUS Pilot Project in a hard-to-abate sector. The project showcases end-to-end carbon capture, transport and storage solutions, with full feasibility studies (FEL 2 & 3) underway. Key innovations include membrane contactor and MBC-based capture technologies, along with national emission factors, blockchain-based reporting and alignment with EU CBAM rules. These efforts help position Malaysia as a regional leader in CCUS.

Malaysia is on track to launch its first national EV by Q4 2025, spearheaded by Perodua. In parallel, Malaysia is actively developing a robust EV ecosystem. As of 31 December 2024, a total of 3,611 charging stations have been installed nationwide, including 813 fast chargers. Malaysia is on track to meet its goal of 10,000 EV charging stations by the end of 2025. BEV adoption is also growing, with over 38,492 vehicles on the road, including 6,846 motorcycles, 165 buses and 439 commercial vehicles. These efforts are key to making Malaysia a regional hub for EV.

Aerospace

The Malaysian Aerospace Industry Blueprint (MAIB) 2030 remains a key strategic framework in positioning Malaysia as a leading aerospace hub in Southeast Asia and an integral contributor to the global aerospace supply chain. The blueprint targets RM55.2 billion in annual revenue and the creation of 32,000 high-income jobs by 2030, focusing on five priority segments: maintenance, repair and overhaul (MRO), aero-manufacturing, system integration, engineering & design services and education & training. In 2024, Malaysia's aerospace industry achieved its highest growth in over a decade, recording a revenue of RM25.1 billion, a 38.7%yoy increase from RM18.1 billion in 2023. The growth has been supported by strong global demand for air travel and the expansion of domestic capabilities across key industry segments.

SERVICES SECTOR PERFORMANCE

Overview

In 2024, the services sector in Malaysia demonstrated robust growth and remained a significant contributor to the nation's overall economic growth of 5.1%. The services sector grew 5.4%yoy in 2024, an improvement from the 5.1% growth recorded in the year before. Growth in this sector was driven by strong consumer consumption and the resurgence in tourism, which significantly boosted the accommodation, food and beverage and retail segments. In addition, the expansion of e-commerce activities and the growing demand for quality healthcare and education, along with all other services subsectors, contributed to the growth. In 2024, the services sector recorded a revenue of RM2.4 trillion, up 6.3% compared to 8.4% in 2023. In the same period, employment in this sector further increased by 1.7%, providing 77,620 job opportunities, while the annual salaries and wages in this sector were raised by 3.6%, resulting in an additional income of RM4.6 billion.

On services trade, services exports in 2024 expanded by 24.9%yoy to RM243.6 billion, while imports grew by 8.1% to RM257.5 billion. Services trade in 2024 recorded a significant decline in deficit to RM13.9 billion from RM42.3 billion in 2023. The robust performance was driven by a significant surplus in travel and increased receipts in manufacturing services and other business services.

In terms of investment, the services sector was the leading contributor to overall investment approved in 2024. Approved investments in services projects in 2024 totalled RM252.7 billion, or 66.8% of the total investments approved. Domestic investments accounted for 67.9% of the total investments approved, or RM171.1 billion, with the remaining 32.1% or RM81.0 billion of approved investment comprising foreign investment. Investments in information and communication projects were the largest contributor, with approved investments totalling RM136.0 billion or 53.8 % of the total approved investments. Overall, approved investments in services projects will create a total of 119,083 new job opportunities, highlighting the sector's crucial role in Malaysia's economic expansion and employment.

The improved services sector, coupled with of Malaysia's strategic location, will continue to thrive by producing a highly skilled workforce, adopting and adapting to rapid technological advancements and increasing the nation's competitiveness both regionally and globally.

KEY SUBSECTORS

Manufacturing-related Services

Malaysia's manufacturing sector has been a cornerstone of the national economy, contributing significantly to GDP, employment and export earnings. However, in recent years, the services sector has emerged as an equally vital driver of economic activity, particularly by enabling supply chain operations and facilitating the production and trade of goods. This growing interdependence between manufacturing and services is best exemplified by the rise of MRS.

Recognising the critical role of MRS, MITI spearheaded several initiatives throughout 2024 to enhance the sector both domestically and internationally. Central to these efforts is the NIMP 2030, launched in 2023, which underscores the transformative potential of MRS. The NIMP 2030 focuses on four main MRS activities: R&D services, conformity assessment services, transport and logistics services, and global establishments.

The global MRS market is projected to reach RM291.2 billion by 2030, growing at a rate of 7.0% annually. This expansion presents Malaysia with opportunities to scale up its local MRS industry, ensuring it remains globally competitive. Key growth avenues include the adoption of Industry 4.0 technologies, capitalising on the rising emphasis on ESG principles and developing new investment clusters in energy transition, green technologies and the digital economy.

To support the realisation of the NIMP goals, MITI commissioned a study in 2024 to develop a comprehensive MRS policy framework. The study was aimed at defining and classifying the MRS sector according to national and international standards, identifying existing gaps and challenges and assessing the sector's future growth prospects.

At the regional level, Malaysia has taken an active leadership role in APEC forums, championing discussions on the rapid evolution of MRS and its implications for trade policies and agreements. Capacity-building programmes have reinforced the importance of MRS in driving regional economic integration and trade liberalisation. Looking ahead to 2025, Malaysia has proposed conducting an evaluation survey to assess the progress of MRS liberalisation across APEC economies and to identify emerging opportunities. The insights from this survey will help shape future strategies and further embed MRS into the APEC Post-2025 Services Agenda.

In addition, MITI has engaged closely with key stakeholders on supply chain and MRS-related matters, including the logistics and professional services sectors. With growing recognition of the untapped potential within MRS, numerous targeted programmes and initiatives are planned for 2025 to sustain and accelerate MRS development.

Global Services

The Global Services (GS) subsector in Malaysia encompasses Principal Hubs (PH), Global Business Services (GBS) and headquarters operations, which are one of the key contributors to the country's economic growth, as well as the source of FDI in the services sector. GBS has had a significant presence in Malaysia for over 20 years, with more than 600 GBS companies operating in the country, with strong growth potential and supported by the government's NIMP 2030. The plan aims to boost the GS subsector by encouraging local innovation, connecting it to global markets, increasing its international reach, providing digital infrastructure, building a digital-friendly environment, improving productivity, promoting ethical practices and sustainability and attracting and retaining talented workers.

In line with the 12MP to bolster Malaysia's competitiveness as key player in the regional and global services sector, the Global Services Hub scheme was introduced in the Budget 2024 as an enhancement to the PH scheme, which ended on 31 December 2022. The new scheme is designed to attract more MNCs to leverage Malaysia's ecosystem as a strategic base for managing their regional and global operations. It encourages MNCs to explore expansion opportunities by growing their service offerings into new, high-value and knowledge-based sectors.

The Malaysian government, through MIDA, actively promotes these schemes to position Malaysia as a competitive and attractive destination for global services, aiming to attract high-quality investments, create high-paying jobs and foster innovation. The NIMP 2030 further supports this by focusing on enhancing the ecosystem for digitalisation, productivity and talent development in the GS subsector.

Professional Services

The professional services sector in Malaysia experienced robust growth in 2024, with the professional, real estate, and administrative and support services subsectors recording a significant 10.8%yoy growth, indicating strong business activity expansion within these professional fields. This growth was primarily fuelled by heightened business activities in key areas such as legal, architecture, accounting and veterinary services.

Some of the key growth areas within Malaysia's professional services sector include financial advisory and accounting services, where the demand for professional accounting, auditing, tax consulting and financial advisory services remains strong. These services also play a significant role in mergers and acquisitions, investment management and ensuring regulatory compliance in business operations.

In the legal services sector, legal expertise is essential for businesses dealing with corporate law, intellectual property, real estate transactions and dispute resolution. Architectural and engineering services are also experiencing sustained demand, driven by ongoing infrastructure development and urbanisation. This includes services related to architectural design and engineering consultancy.

Simultaneously, the continued growth of e-commerce is fuelling demand for project management and e-commerce related services, particularly in areas such as digital marketing, logistics and online payment solutions. This reflects the strong and expanding role of professional services in the digital economy.

While the segment holds significant potential, certain areas present opportunities for improvement. One key area is enhancing the alignment between graduate competencies and industry needs. Improving graduates' proficiency in English, business acumen and specialised technical skills will greatly enhance their employability and industry readiness. Additionally, by improving the competitiveness of remuneration packages, Malaysia is better able to attract and retain top talent, mitigating the outflow of skilled professionals to other countries and positioning itself as a hub for high-value expertise.

Tourism Services

In 2024, Malaysia's tourism sector recorded a strong recovery in line with the global rebound in travel and tourism. International tourist arrivals rose by 24.2%, reaching 25.02 million compared to the same period in 2023. To build on this momentum, the government launched the Visit Malaysia 2026 (VM2026) campaign in 2024 to revitalise the sector further. VM2026 is expected to generate wider economic benefits by uplifting local communities, promoting cultural heritage and supporting growth in related sectors such as hospitality, retail and transport. These efforts underscore Malaysia's continued commitment to positioning itself as a competitive and attractive global tourism destination.

Malaysia's tourism performance is also reflected in international benchmarks. In the World Competitiveness Ranking (WCR) 2024, the Tourism Receipts indicator under the International Trade sub-factor rose to the 40th position, up 23 places from 2023. The Tourism Productivity Nexus (TPN), led by the Malaysia Productivity Corporation (MPC) with strategic support from MITI, continues to spearhead efforts to enhance productivity in the sector. Key initiatives include the *Sayangi Malaysia* campaign, which promotes national unity and sustainability, and has garnered participation from 76 tourism-related organisations as of December 2024.

The Malaysia Tourism Excellence (MaTEx) Business Certification Programme, which has had certified 208 companies since 2019, will introduce new badges in Accessibility, Digitalisation and Sustainability in 2025. To further guide the sector, MPC is developing a Sustainable Tourism Roadmap, to be launched in April 2025, along with a series of capacity-building workshops in collaboration with UNDP Malaysia. These efforts are also supported by the *Pelancongan MADANI* policy, aimed at improving regulatory frameworks, digital readiness and sustainable practices ahead of VM2026.

Complementing these efforts, Malaysia continues to strengthen its position in Muslim-friendly tourism. The MIHAS 2024, organised by MATRADE and hosted by MITI, was held in September 2024. The event recorded RM4.3 billion in sales—a 34% increase from 2023—highlighting the growing global demand for halal travel services and reinforcing Malaysia's role as a key player in the halal tourism economy.

Business tourism remains an important driver of growth, particularly within the Meetings, Incentives, Conventions and Exhibitions (MICE) segment. Supported by dedicated infrastructure such as the MITEC, this segment is guided by the Malaysian Business Events Strategic Marketing Plan (2021–2030), which aims to place Malaysia among the top five global MICE destinations. These efforts are especially timely as the country prepares to assume the ASEAN chairmanship in 2025, which will see Malaysia hosting several high-level international and regional events.

As part of its broader strategy to diversify tourism experiences and promote sustainable regional development, the East Coast Economic Region Development Council (ECERDC), in collaboration with MITI and other ministries, is leading the development of the Recreational Vehicle (RV) industry and RV Parks across the East Coast Economic Region. This initiative aims to introduce new travel experiences and support eco-tourism growth, particularly in less urbanised areas, in line with the national sustainability goals.

Looking ahead, MITI will continue to play a key enabling role in supporting the tourism sector through investment facilitation, industry development and cross-sectoral collaboration. Through its agencies such as MPC and MATRADE, MITI is focused on strengthening productivity, digitalisation, standards and market access across tourism-related industries. These contributions are critical in ensuring that the tourism sector evolves into a more resilient, high-value and sustainable component of the national economy, especially in the lead-up to VM2026.

Logistics Services

In 2024, the Malaysian logistics sector continued to evolve as a strategic pillar supporting the nation's economic transformation. With increasing demand for efficient, digitalised and sustainable supply chain solutions, the sector is expected to play a central role in advancing the country's National Investment Aspirations (NIA) and NIMP 2030.

As a key subsector under the broader services sector, logistics remains central to facilitating supply chain efficiency, trade facilitation and regional connectivity, particularly in the context of ASEAN economic integration and Malaysia's export-driven economy. Some of the initiatives undertaken in infrastructure and connectivity enhancements are upgrades of the strategic logistics hubs, including Senai International Airport, Port Klang and cross-border checkpoints (CIQs) to improve multimodal connectivity, as well as the implementation of last-mile infrastructure improvements to enhance e-commerce delivery networks, especially for rural and industrial areas.

MITI, through its agency MIDA, is actively promoting the adoption of Industry 4.0 technologies in warehousing and logistics. This includes driving smarter and more efficient operations. Emphasis is placed on supporting the digital transformation of Malaysian logistics companies, particularly in areas such as e-commerce and e-fulfilment. There is also a strong drive for the integration of smart technologies in logistics, recognising it as a crucial factor in shaping the industry's future. From the aspect of investment and infrastructure development, efforts are being made to vitalise Malaysia's logistics backbone. The Smart Logistics Complex scheme was introduced to drive advanced and modern logistics services investment in Malaysia.

Under the service tax policy, improvements have been made to the service tax policy on logistics services, with a focus on expanding tax exemptions for business-to-business (B2B) logistics services. These changes aim to streamline operations and reduce costs for logistics service providers. Exemptions are also granted for ocean freight charges for goods transported between Peninsular Malaysia, Sabah, Sarawak and Labuan.

The SBSR industry also demonstrated its potential to contribute to Malaysia's economic growth and industrial development. MITI remains committed to addressing challenges and unlocking opportunities for the sector by implementing forward-looking policies and fostering collaboration among stakeholders. The continued growth of the SBSR industry will position Malaysia as a key player in the global maritime economy and support the broader objectives of the NIMP 2030.

In summary, 2024 has been a dynamic year for logistics services in Malaysia, marked by significant advancements in technology adoption, infrastructure development and a growing focus on sustainability, all driven by the robust growth of e-commerce and the government's strategic initiatives to enhance the nation's position as a key logistics hub. Moving forward, collaborative efforts between industry players, government agencies and global partners will be essential in shaping the future of Malaysia's logistics services sector. With technology, innovation and sustainable strategies at its core, the logistics industry is poised for long-term success in the region and beyond.

APEC Services Competitiveness Roadmap

The APEC Group on Services (GOS) continues to be at the forefront of promoting regional cooperation and advancing trade in services across the Asia-Pacific region. A key instrument in this journey has been the APEC Services Competitiveness Roadmap (ASCR)—a long-term plan launched in 2016 to make the services sector more open, competitive and better connected across APEC economies.

As the ASCR moves toward its conclusion in 2025, APEC members are already looking ahead. Discussions are well underway within the GOS to shape a bold, forward-looking roadmap for the post-2025 era—one that responds to current global challenges and future economic trends. Among the key emerging priorities identified are AI and digitally enabled services, environmental services, professional services and the transition to a circular economy.

While these future-oriented themes gain traction, GOS continues to implement the current ASCR through "GOS Core Services Issues to address unfinished business of the Bogor Goals". These include consolidating domestic regulations, developing an APEC Index to measure the regulatory environment for services trade, advancing mutual recognition of professional qualifications, supporting environmental services and fostering growth in MRS.

In this context, Malaysia as the lead economy for MRS has contributed actively to discussions on how these services are evolving and how they influence trade agreements and policies across the region. Malaysian experts have shared insights through various capacity-building initiatives, underlining the importance of integrating MRS into broader economic strategies.

Looking beyond 2024, Malaysia remains committed to playing a constructive role in shaping the next phase of APEC's services agenda. This includes supporting a roadmap that not only addresses emerging priorities like AI-driven innovation and environmental sustainability but also unlocks the untapped potential of professional services—a sector that is fast becoming a cornerstone of digital transformation and economic resilience.

Services Sector Outlook 2025

Malaysia's services sector is expected to see positive growth in 2025, driven by strong domestic demand fuelled by a healthy labour market and policy support. Measures such as civil servant salary adjustments and a higher minimum wage will boost household spending on services. BNM forecasted a 5.7% growth in the services sector in 2025. The services sector successfully attracted significant investment in 2024. This substantial investment, from both public and private sources, including investments in infrastructure and the digital economy, will further drive growth across the services sector.

The tourism subsector's ongoing rebound, bolstered by Malaysia's 2025 ASEAN chairmanship and promotional efforts for VM2026, will further contribute to economic growth through increased tourist arrivals and spending. The expansion in the information and communication subsector, driven by increased Internet penetration, cloud computing adoption and demand for digital services, coupled with the growth of e-commerce, is the key driver that will boost the services sector in 2025.

Despite external uncertainties, the sector is poised for solid growth and will play a key role in Malaysia's overall economic expansion.

HALAL INDUSTRY

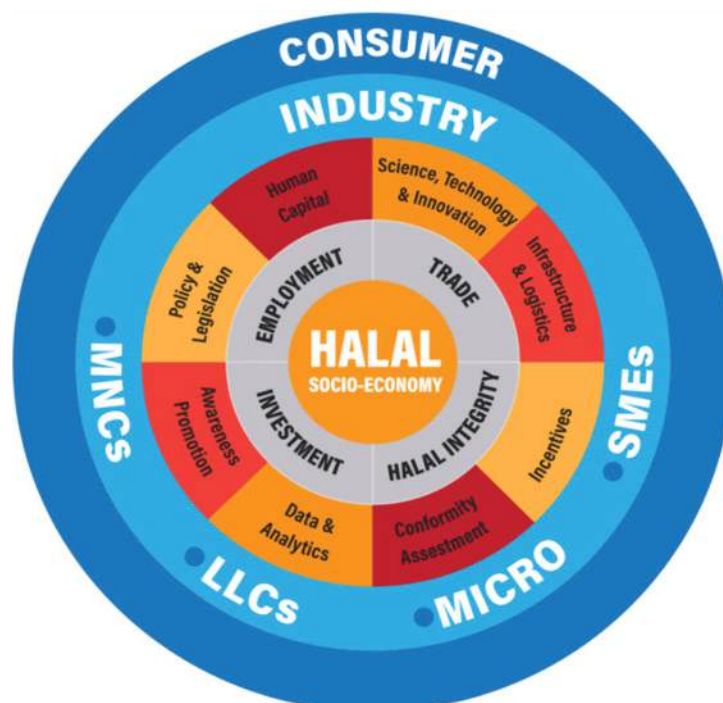
Malaysia's halal industry continued to thrive in 2024, building on its reputation as a global leader in the sector. Its leadership in the global halal industry is reinforced by several competitive advantages that sets it apart from other nations. These factors include:

- Leader in halal certification.
- Strong and robust standards and regulatory structure.
- Halal industry global point of reference.
- Halal economy development included across national plans.
- Robust halal ecosystem.

Malaysia's leadership in the global halal industry may be largely attributed to the comprehensive development of its halal ecosystem, supported by substantial government efforts. This ecosystem is well integrated and spans several key areas that contribute to the industry's growth and global competitiveness.

Malaysia's Halal Ecosystem

Malaysia's halal ecosystem consists of interconnected components contributing to the growth and delivery of halal products or services, supporting overall socio-economic development. Each component consists of distinct interlinked activities, forming a dynamic and evolving relationship aimed at achieving sustainability.



Source: Malaysia Halal Directory.

The Malaysian halal industry demonstrated robust growth in 2024, with exports reaching RM61.7 billion, marking a significant 15% increase from RM54.0 billion in 2023. This upward trend emphasises the essential role of the halal industry in Malaysia's economy, contributing substantially to national GDP. This year's export contributed to 3.9% of Malaysia's total export of RM1.51 trillion.

Halal export performance by company size in 2024 reflected a growth trend across all segments, highlighting the increasing global demand for Malaysian Halal products. MNCs led the way, recording RM56.41 billion in exports, a notable 16.4% increase compared to 2023. Medium-sized enterprises followed with RM3.3 billion, marking a 2.9% growth, while small enterprises contributed RM2.05 billion, showing a modest 1.7%yoy increase.

The growth in halal exports is a direct result of the government's intensified efforts to bolster the halal economy. Various stimulus measures have been implemented, including strategic partnerships with foreign countries through halal diplomacy, enhancements to the halal certification process and investment promotions in halal industrial parks. These initiatives aim to increase the competitiveness of Malaysian halal products and services globally. The top 5 Malaysia's halal export destinations are Singapore (RM7.05 bil.), China (RM7.05 bil.), Japan (RM3.48 bil.), Indonesia (RM3.41 bil.) and the US (RM3.27 bil.).

Strategic Partnerships and Expansion

Efforts to strengthen partnerships with countries like Saudi Arabia, Russia, Uruguay, Japan, Timor-Leste and China have been ongoing, aiming to enhance Malaysia's halal trade presence globally. Halal Roundtable Sessions held in Japan (Osaka), Timor-Leste (Dili) and China (Shanghai) were instrumental in identifying market gaps, strengthening global halal certification systems and creating networking opportunities for businesses to expand into new markets. By engaging with stakeholders from both traditional and emerging markets, the roundtable discussions have played a critical role in enhancing the global competitiveness of the halal industry while fostering economic growth across these regions.

Another collaboration in thought leadership was the Halal Economy Leadership Forum (HELFL), which took place on 30 April 2024 in Riyadh, Saudi Arabia. The forum was a collaborative effort among the Islamic Development Bank (IsDB), the Halal Products Development Company (HPDC) and HDC. The forum served as a multilateral platform to discuss strategies for developing and integrating halal ecosystems across IsDB member and non-member countries. Key objectives included fostering innovation, promoting sustainable practices and reinforcing the halal industry's role as an economic driver.

HDC was also invited by the Ministry of Foreign Affairs (MOFA), Malaysia to the inaugural Bilateral Consultations (BC) session with the Kyrgyz Republic to connect the halal economy and ecosystem of both countries through diplomatic relations and G2G cooperation. The BC is a halal diplomacy platform to explore new marketplaces, export opportunities and awareness of halal between the Kyrgyz Republic and Malaysia.

Other market expansion initiatives for halal companies undertaken by HDC included the Malaysia Global Halal Show (MGHS) event, which is a platform to promote Malaysian-certified halal exporters on the international stage. In 2024, two key events were organised: the Saudi Food Show in Riyadh, Saudi Arabia and Food & Hospitality Indonesia in Jakarta, Indonesia. These events featured the participation of 30 Malaysian halal export companies, resulting in potential sales, trade and investment opportunities valued at RM356.57 million.

Additionally, the World Halal Business Conference (WHBC) 2024 organised by HDC annually is also a business networking and thought leadership platform to boost investment promotion, foster negotiations and facilitate B2B engagements with the aim of sparking new ideas, establishing business networks, accelerating collaboration and inspiring innovative solutions among the halal industry players and stakeholders.

Majlis Pembangunan Industri Halal

As the governing body overseeing the halal industry's overall development for Malaysia, Majlis Pembangunan Industri Halal continues to play a crucial role in implementing the Halal Industry Master Plan 2030 (HIMP 2030), with HDC as the secretariat along with MITI. The council focuses on enhancing halal certification processes, improving industry standards and fostering public-private partnerships to support the growth of the domestic halal market. In driving the development of Malaysia's halal industry, the council in 2024, agreed to form a National Task Force to improve and rejuvenate the development of the country's Halal Industrial Parks (that is, HALMAS Halal Parks) in supporting SMEs and reinforcing Malaysia's position as a leader in the halal economy.

In addition to this, the council concurred with the establishment of the state-level MPIH, with HDC serving as its Secretariat, through the aim of streamlining respective states aligned to the Halal Malaysia Agenda's vision and objectives in realising the action plans and initiatives outlined in the HIMP 2030 to empower industry players, SMEs and entrepreneurs. This is in order to broaden their participation in the halal ecosystem by fostering inclusivity, promoting growth and advancement within the halal industry, as well as striving to ensure long term sustainability of the halal economy for the country.

Another initiative by HDC to empower Malaysian halal SMEs to penetrate the international market is the Halal Sourcing Partnership Programme (HSPP). The HSPP's SME Development facilitation service has achieved significant success since its inception in 2019, assisting SMEs in scaling up to meet international quality and standards. Furthermore, MNCs encourage strategic partnerships with SMEs to ensure a consistent and sustainable supply of products and services, driving mutual growth and strengthening the overall halal industry supply chain.

BOX ARTICLE 4.4 EMPOWERING THE FUTURE OF THE HALAL INDUSTRY THROUGH SOCIAL CAPITAL DEVELOPMENT

Talent development plays a pivotal role in consolidating the halal industry and the HDC has taken significant steps in this regard by offering specialised training and certification programmes. These programmes are designed to upskill and reskill both existing professionals and emerging talent, ensuring that they are well equipped with the relevant skills, knowledge and expertise required to excel in the rapidly growing halal sector.

HDC also carries out training initiatives covering a wide range of requirements within the halal industry, including halal certification processes, quality control, supply chain management and compliance with international halal standards. By providing these comprehensive learning opportunities, Malaysia through HDC aims to produce a pool of highly qualified professionals to meet increasing demands of the global halal market, with a total of 3,467 employees successfully completed training in 2024.

SUPPORTING INDUSTRIES AND INITIATIVES

Malaysia Steel Industry

Looking ahead, global demand for crude steel in 2025 is projected to experience modest growth, signalling a positive shift after the setbacks of 2024. Worldsteel forecasts that apparent steel consumption will increase by approximately 1.2% compared to 2024 levels, rising from around 1,751 million tonnes of finished products in 2024 to an estimated 1,772 million tonnes in 2025.

Malaysian Steel Industry and Trade Performance

In 2024, iron and steel products ranked tenth in terms of export value, accounting for 1.5% of the total export value within Malaysia's manufactured products sector. The trade deficit in the iron and steel sector significantly improved, narrowing from RM1.5 billion in 2023 to RM0.4 billion in 2024. Malaysia

exported RM32.4 billion of iron and steel products in 2024, a notable increase of 6.2% from RM30.5 billion in 2023. The exports were primarily driven by steel bars and steel wire rods.

On the import side, the value of iron and steel product imports rose by 2.5% from RM32 billion in 2023 to RM32.8 billion in 2024. The product with the highest import volume was hot-rolled coil (HRC), which only became available on the local market in December 2024 after the commencement of production by Eastern Steel Sdn Bhd.

Collaborative Research in Engineering, Science & Technology Centre

As the secretariat of the **NSS**, Collaborative Research in Engineering, Science & Technology (CREST) collaborates with the **NSS Task Force (NSSTF)**, **Special Advisory Panel (SAP)** and **key agencies** to shape policies, attract investments and strengthen local capabilities—positioning Malaysia as a global semiconductor hub.

Driving Strategic Investments

CREST, in collaboration with MIDA and other key stakeholders, is securing high-impact investments through NSS, including AMD's new embedded IC design centre and 3D advanced packaging R&D facility, which will create 3,600 high-skilled jobs. Engagements with AT&S on advanced IC substrates aim to bolster the local ecosystem further.

Empowering Local Companies

CREST acts as a key contributor to the NSS Base Camp and key outcomes include the development of three localisation policies, the introduction of stricter FDI conditions and the launch of a local vendor development programme.

Accelerating Research & Development

R&D is a priority, with CREST partnering with ASM, MIMOS and USM to spearhead Malaysia's advanced packaging programme and manage an RM80 million ASM-backed collaborative R&D initiative.

Building a Future-ready Workforce

To address talent gaps, CREST and HRD Corp are leveraging HRDF for semiconductor training, while Khazanah's RM200 million K-Youth Development initiative nurtures skilled professionals. An RM1 million UiTM collaboration further supports bumiputra talent development.

Semiconductor Talent Accelerator Programme

Through strategic investments, policy enhancements and talent development, CREST is driving Malaysia's semiconductor industry forward, cementing its global position.

ESG Initiatives

BOX ARTICLE 4.5

THE LAUNCHING OF MITI'S
INAUGURAL SUSTAINABILITY REPORT

- The Ministry of Investment, Trade and Industry (MITI) launched its inaugural Sustainability Report on 1 October 2024, during the 2024 MITI Day, making it the first ministry in Malaysia to produce such a report. The report was produced in reference with Global Reporting Initiative (GRI) with limited assurance and aligned with the Global Goals.
- The report underscores MITI's commitment to 13 material topics as high priority areas such as Economic Growth, GHG Emissions, Energy, Water, Waste, Employee's Wellbeing, Career Development, Diversity, Safety and Health, Community, Procurement, Anti-Corruption, and Cyber Security and Data Privacy.

MITI'S COMMITMENT TO A SUSTAINABLE FUTURE

Material Topics	Key Commitments	Relevant SDGs
Economic Growth	Enhance industrial development through NIMP 2030, boosting manufacturing GDP by 6.5% annually, contributing RM587.5 billion to total GDP by 2030.	  
GHG Emissions	Invest in renewable energy (solar) and energy efficiency to reduce carbon footprint and reliance on fossil fuels. Commitment to Net Zero under NIMP 2030 and i-ESG Framework.	 
Energy & Water Consumption	Promote solar power adoption to cut emissions and operational costs. Implement sustainable water management and recycling initiatives.	 
Waste Management	Reduce single-use plastics, promote recycling (e.g., Trash4Cash programme), and train employees on sustainability practices.	
Capacity Building & Career Development	Offer skills development and workforce training to enhance employability and economic growth.	
Safety & Health	Ensure a safe work environment, provide healthcare resources, wellness programmes, and mental health support.	
Gender Equality	Empower women through equal opportunities, flexible work arrangements, and childcare support.	
Employee's Wellbeing	Foster a positive workplace with flexible work hours, fair wages, and equitable benefits.	 
Corporate Social Responsibility (CSR)	Support communities through fair wages, small business development, and poverty reduction initiatives.	 
Inclusivity	Promote workplace accessibility for individuals with special needs, provide adaptive workstations and awareness training.	
Anti-Corruption	Maintain ethical business practices through policies, training and compliance monitoring.	
Cyber security & Data Privacy	Implement strong cyber security protocols, ensure data protection, and conduct regular monitoring.	
Government Procurement	Ensure ethical, transparent, and sustainable procurement to support local businesses and economies.	  

Standards and Metrology

As the national metrology institute for the country, NMIM plays an important role in disseminating the traceability of measurement to the whole country based on the International System of Units. In comparison to other world metrology laboratories, NMIM has great responsibility in ensuring the national metrology infrastructure meets and complies with global measurement standards.

NMIM continuously moves toward equipping the scope of services to agencies/government departments (mainly enforcement agencies such as the Royal Malaysian Police, Road Transport Department, Ministry of Domestic Trade and Costs of Living, Department of Environment), higher learning institutions and industry in order to ensure that individuals, organisations and agencies that receive services may make precise measurements and that have traceability to National Measurement Standards.

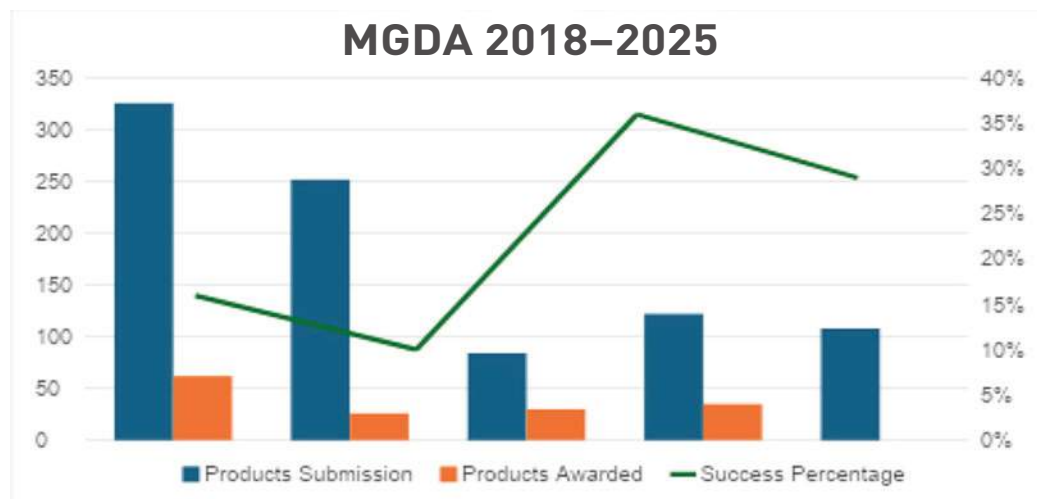
In 2024, NMIM developed 5 new measurement standards in the effort to disseminate measurement traceability for various industry sectors including E&E, aerospace, automotive, manufacturing, metal, ceramic and glass. With the established measurement standards, not only does NMIM support industries and other beneficiaries nationwide, but also attracts business opportunities for Malaysia in the international services supply chain. As one of the institutions that participates in international organisations particularly the International Bureau of Weights and Measures (BIPM), it is important for NMIM to uphold the role of keeping abreast with technology, making the effort to cooperate and contribute internationally to legal metrology.

In 2024, NMIM successfully submitted for approval fourteen CMCs related to the accuracy of its highest standards in measurements in the scope of density, chemistry, gas, length and temperature to be reviewed and approved by the Technical Committee in the Asia Pacific Metrology Programme (APMP). This effort has provided NMIM with the opportunity for these CMCs to be published in the Key Comparison Database (KCDB) of the BIPM. In December 2024, NMIM significantly contributed to the increasing number of CMCs via the APMP as BIPM approved 2 new CMCs for the scope of density measurement, bringing the total number of Malaysia's CMCs declared on the BIPM website to 134 in total.

Malaysia Design Council

The Malaysia Good Design Award (MGDA) is the nation's highest recognition for outstanding product design, endorsed by the government of Malaysia. This prestigious award celebrates consumer products that stand out in creativity, innovation and quality. MGDA values designs that are not only aesthetically appealing but also user-friendly, environmentally responsible and socially impactful.

MGDA has become a benchmark of excellence in the local design landscape—a symbol of pride for Malaysia's design industry. In 2024, a total of 35 products from 13 companies received this recognition. Among them was the Perodua Axia (D74A), commended for its excellent design that makes it suitable for city driving with fuel efficiency and comfort. MGDA not only enhances the reputation of the awarded companies but also strengthens consumer confidence in local products, thereby boosting the global competitiveness of Malaysia's design industry.



Source: Malaysia Design Council.

SIRIM

SIRIM remains dedicated to its mission of creating value for Malaysia via sustainable innovation by empowering SMEs to boost productivity, reduce costs and improve product quality through automation and data-driven insights. By emphasising on research and technology capabilities in smart manufacturing, SIRIM helps local industries adopt advanced technologies, which increases their competitiveness in the industry ecosystem and opens up new markets.

SIRIM's achievements in 2024 reaffirmed its commitment to innovation. SIRIM Industrial Research, SIRIM's research and technology innovation arm, played a pivotal role in advancing national industrial development, successfully completing 86 projects (65 non-commercial and 21 commercial), aiming at enhancing growth, innovation and competitiveness across Malaysia's industrial sectors.

Besides continuous R&D, SIRIM is also actively engages in international collaboration. SIRIM's strategic partnership with the Fraunhofer Institute of Germany through the SIRIM-Fraunhofer Programme remains its top priority with the goal of accelerating technology adoption among local SMEs.

Department of Standards Malaysia

The launching of MS 2781:2023 Logistics dataset – Guidelines for E-commerce Transaction and Last Mile Delivery On 24 September 2024, at the MITI & Agencies Assembly No. 9/2024 at MITI Tower, Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of MITI, introduced the Malaysian Standard (MS) 2781:2023 – Logistics Dataset – Guidelines for E-commerce Transactions and Last Mile Delivery.

As part of Strategic Thrust 3, "Strengthening E-commerce Fulfillment Capacity", of the National E-Commerce Strategic Roadmap (NESR 2.0), MS 2781 seeks to increase the effectiveness and scale of e-commerce fulfilment services to support Malaysia's competitiveness in the region.

BOX ARTICLE 4.6 HUSBANDRY PRACTICE (GAHP)—ORGANIC FARMING

The launching of MS 2791:2024 Good Animal Husbandry Practice (GAHP)—Organic Farming was held on 26 November 2024 at Hotel Sama-Sama KLIA, Sepang. For the launch of MS 2791, an awareness seminar of MS 2791 was conducted with 100 participants consisting of representatives from ministries and government agencies, as well as farm operators.

BUMIPUTERA AND INDUSTRY ENGAGEMENT

As part of this long-term agenda, the SKB initiative was introduced to enhance bumiputera equity ownership in the corporate sector. This initiative has remained one of the core mechanisms supporting the national goal of wealth redistribution and sustainable economic empowerment for the bumiputera community.

The SKB initiative continues under Chapter 6 of the 12MP, reinforcing the government's commitment to strengthening bumiputera equity participation. Since December 2021, MITI has been offering this allocation through the online platform SahamOnline, making the application process more accessible and efficient for bumiputera investors. The latest figures for the SKB allocation are as follows:

Year	2022	2023	2024
No. of Initial Public Offerings (IPO) and Special Issue Shares			
Main Market	26	16	8
ACE Market	5	6	32
No. of Shares (Unit)	3,190.0 million	2,604.8 million	5,609.6 million
No. of Bumiputera Investors	23,966	14,872	40,482

Bumiputera Participation and Industry Engagement

Another key government mechanism for promoting bumiputera economic participation is the recognition of bumiputera-controlled public listed companies (BCPLC) status. Achieving BCPLC status enables companies to participate in government tenders and initiatives valued at over RM30 million, which are exclusively designated for bumiputera-controlled entities. This recognition provides a strategic advantage in accessing high-impact economic opportunities.

Industry Excellence

The Anugerah Kecemerlangan Industri (AKI) serves to recognise companies that demonstrate excellence in their management practices, the quality of their products and services and their continuous provision of greater value to their stakeholders. The AKI 2024 Award Dinner was held on 11 June 2024, whereby 13 categories were contested, with three main awards: the Manufacturing Sector Excellence Award (three categories), the Services Sector Excellence Award (four categories) and the Open Category Excellence Award. The other awards were the Most Promising Excellence Award, the Industry4WRD Excellence Award (two categories) and the newly introduced ESG Excellence Award.

CTRM Aero Composites Sdn. Bhd. was presented with the Prime Minister's Award, in addition to the Manufacturing Sector Excellence Award Category 3. This award represents the highest honour within the AKI, conferred upon industry by MITI.

AKI 2024 recorded 356 companies registered through the AKI Online System and 136 companies have been evaluated.



Prime Minister, Minister and Deputy Minister of MITI with the AKI 2024 council members.



CTRM Aero Composites Sdn. Bhd. announced as winner of the Prime Minister's Award.





CHAPTER 5 DIGITAL ECONOMY, PRODUCTIVITY AND COMPETITIVENESS

DIGITAL ECONOMY: OVERVIEW

Malaysia's digital economy drove substantial growth in 2023, contributing RM427.7 billion (23.5% of GDP), up from RM411.6 billion (22.9%) in 2022, according to the Report of Information and Communication Technology Satellite Account (ICTSA) 2023.⁵ This progress aligns with the goal of a 25.5% digital economy contribution to GDP by 2025. In 2023, e-commerce assumed a key role, accounting for 13.6% of GDP, with manufacturing (51.8%) and services (45.2%) as major contributors, alongside inputs from mining, agriculture and construction. National e-commerce income rose 3.9% year-on-year to RM1.23 trillion, driven by strong market engagement and government initiatives like the NeSR 2.0 (2021–2025), led by MITI and MDEC, bolstering Malaysia's e-commerce ecosystem.

PROGRESS OF POLICY DIRECTION ON DIGITAL ECONOMY

Formation of the Ministry of Digital, National Digitalisation Policy Review and MITI's Continued Role

Malaysia's digital transformation is facilitated with the establishment of the Ministry of Digital in December 2023. While the Ministry of Digital oversees coordination, MITI continues driving digitalisation in investment, trade and industrial development, aligning its efforts with the national digital agenda.

Malaysia Digital Economy Blueprint

In 2024, Malaysia advanced the second phase of the Malaysia Digital Economy Blueprint (MDEB) (2023–2025), focusing on inclusive digital transformation to solidify its position as a regional digital economy leader by 2030. In 2024, MITI spearheaded efforts to boost economic competitiveness through digital technology, targeting 2025 goals in investment, entrepreneurship and international trade under MDEB initiatives.

National e-Commerce Strategic Roadmap 2.0

National e-Commerce Strategic Roadmap 2.0 (NeSR 2.0), Malaysia's strategic plan (2021–2025), aims to accelerate e-commerce growth, building on NeSR 1.0 (2016–2020). Endorsed by Majlis Ekonomi Digital *dan* 4IR Negara in April 2021, it adopts a collaborative approach involving public and private sectors, targeting increased e-commerce market size, MSME adoption and export activity. Overseen by the NESR Taskforce, co-chaired by MITI and MDEC, it includes 25 strategic programmes. MITI agencies lead key initiatives in export potential, e-commerce fulfilment, standardisation, seller competitiveness and consumer trust.

eTRADE 2.0 Programme

The eTRADE initiative under the 12MP supports Malaysian MSMEs in leveraging international e-commerce platforms for export growth. Through eTRADE 2.0, two incentives are offered: the Onboarding Scheme (up to RM5,000 for listing costs) and the Digital Marketing & Training Scheme (up to RM20,000 for digital marketing and export-focused training). In 2024, the eTRADE Programme 2.0 achieved RM105.9 million in export sales across markets in China, the UK, the US and ASEAN.

⁵ Published by DOSM on 15 October 2024.

It supports SMEs in sectors such as food, pharmaceuticals, cosmetics and machinery. To enhance MSME awareness of e-commerce exports, MATRADE has collaborated with associations for seminars, webinars and consultations.

Crossborder e-Commerce Development Programme

The Crossborder e-Commerce Development Programme (eBizLink), part of the 12MP, was implemented by MATRADE and runs from 2023 to 2025. It leverages digital solutions to boost crossborder e-commerce and support Malaysia's digital transformation. Targeting MSMEs and mid-tier companies, eBizLink helps businesses seize global trade opportunities and tackle international economic challenges. Key components include e-commerce platform promotions, online business matching, O2O strategies, S-commerce, e-Marketing, influencer collaborations and capacity-building initiatives. By December 2024, eBizLink aided 1,124 companies, generating RM130.34 million in export sales across several countries, with significant contributions from the food and beverage and lifestyle sectors.

Exhibit 5.1

MDEB: Strategies to Boost Economic Competitiveness through Entrepreneurship, Investment and Trade (Strategies of MITI Agencies in the MDEB).

STRATEGIES UNDER MDEB	2025 TARGET	KEY ACHIEVEMENTS IN 2024
Digital Investment Office (DIO) 	RM130 billion digital investment (2021–2025). 	RM278 billion digitalisation investments, 87,881 jobs generated (2021–2025).
Second National E-Commerce Strategic Roadmap 2021–2025 	Build capabilities of e-commerce businesses. 	From 2021 to 2024: 1,935,916 MSMEs adopting e-commerce. 249,598 businesses exporting via e-commerce. - RM1,064.38 billion income of e-commerce export sales.
	Attract investments to facilitate expansion of logistics service offerings and coverage. 	Investments in regional e-fulfilment hub: - RM781 million (2024). - RM2,674.1 million (2021–2024).
	Standardise data exchange formats to facilitate efficiency in goods delivery. 	Malaysian Standards (MS) 2781: 2023 for e-Commerce Transactions and Last Mile Delivery was launched by the Minister of MITI on 24 September 2024.
	Enhance seller competitiveness and consumer trust and confidence through SIRIM Trusted Mark Scheme STMS 	Seven (7) STMS certificates issued to online stores.

BOX ARTICLE 5.1 MALAYSIA'S 2024 DIGITAL TRANSFORMATION: STRATEGIC INVESTMENTS YIELDING TANGIBLE RESULTS

In 2024, Malaysia implemented a focused digital investment strategy, driving economic growth and enhancing regional competitiveness. Strategic investments in infrastructure, innovation and digital skills training attracted significant FDI, particularly in data centres and AI, boosting productivity and market access. Targeted MSME programmes and streamlined public services further improved economic participation and efficiency, aligning with long-term diversification goals.

Role of Digital Investment Office

The Digital Investment Office (DIO), a collaboration between MIDA and MDEC, streamlined investment processes, reducing bureaucracy and accelerating high-value digital projects. This bolstered investor confidence and expedited Malaysia's digital transformation.

Data Centre & AI Ecosystem Development

Malaysia's strategic location and robust infrastructure attracted RM278 billion in digital investments (2021–2024), including RM184.7 billion for data centres. Investments from Microsoft, AWS and Google in Johor and Klang Valley augmented its digital hub status. Policies like the MD tax framework and DESAC scheme fostered a favourable climate, while sustainability measures ensured resilient and eco-friendly growth.

Sustainable Digital Infrastructure

Malaysia led in sustainable data centre development with guidelines promoting energy efficiency and renewable energy. The 2024 Guidelines on Sustainable Development for Data Centres, linked to DESAC incentives, supported the nation's net-zero emissions target by 2050, attracting green-conscious investors.

2024 Outcomes

Malaysia's strategic investments and sustainability efforts solidified its position as Southeast Asia's digital leader, marked by increased FDI, job creation and infrastructure growth, establishing it as a hub for businesses and innovators in the digital economy.

Integration of Artificial Intelligence in the Services Sector

In 2024, AI adoption in Malaysia's services sector is accelerating, driven by governmental support through the National AI Roadmap, increased AI solutions and efforts to address skill gaps. Key challenges include bridging the digital divide, ethical concerns and talent development. Focus remains on using AI to boost productivity, enhance customer experiences and drive innovation, supporting Malaysia's digital transformation agenda.

BOX ARTICLE 5.2 INFORMATION TECHNOLOGY INFRASTRUCTURE BOOMING GROWTH— DATA CENTRE INDUSTRY

Malaysia continues to lead the Southeast Asia data centre market, securing the top position in the Knight Frank SEA-5 Data Centre Opportunity Index for two consecutive years (2023–2024). With significant investments from tech giants, Malaysia has attracted RM278 billion (USD62.8 billion) in digital investments from 2021 to December 2024, creating more than 87,881 job opportunities in various fields. From this figure, RM184.7 billion (USD41.7 billion) is for data centre-related projects, including data centres, cloud computing, data hosting and others.

In January 2024, the Governments of Malaysia and the UAE signed an MoU on Investment Cooperation in Data Centre Projects, further adding a boost to the industry. In addition to developing data centre projects, the MoU also explores collaboration avenues in investment, policy research, certification developments, R&D and innovation in data centre projects.

A high-profile event on 2 May 2024, involving Malaysia's Prime Minister, Dato' Seri Anwar Ibrahim, and Microsoft Chairman and CEO Satya Nadella, highlighted Microsoft's commitment to investing in Malaysia's cloud and AI infrastructure. It is set to transform Malaysia into a leading digital hub regionally while targeting to equip 200,000 Malaysians with skills, as well as powering up the nation's economic growth and inclusivity through innovative, cutting-edge technology.

To ensure sustainable development in the data centre industry, on 10 December 2024, the government approved the Guidelines on Sustainable Development for Data Centres. These guidelines include key metrics, which are Power Usage Effectiveness (PUE), Water Usage Effectiveness (WUE) and Carbon Usage Effectiveness (CUE) for data centre projects. Data centres complying to these metrics may be eligible for the Digital Ecosystem Acceleration (DESAC) scheme.

INTERNATIONAL ENGAGEMENT

Digital Trade Framework Development at Multilateral, Regional and Bilateral Levels

Digital trade is transforming the global economy, with over 25% of global trade (valued at USD5 trillion) now conducted digitally, emphasising the need for international frameworks. The WTO, OECD and economies including Malaysia recognise the importance of rules to ensure a stable digital trading environment. Malaysia's MITI follows a "negotiate, advocate and build" strategy to foster digital trade and actively contributed in 2024 to shaping multilateral, regional and bilateral frameworks for secure crossborder digital trade.

Key developments in 2024 included progress in the WTO under the JSI on e-Commerce and the ASEAN–China FTA 3.0 upgrade, which introduced an e-commerce chapter. MITI also advanced talks on the ASEAN–Canada FTA and the ASEAN Digital Economy Framework Agreement (DEFA), set for substantial completion in 2025 during Malaysia's ASEAN chairmanship. Bilateral efforts included resuming Malaysia–Korea FTA negotiations, targeting completion by 2025 and signing the Malaysia–UAE Comprehensive Economic Partnership Agreement (CEPA), featuring a digital trade chapter to support international trade digitalisation.

Asia-Pacific Economic Cooperation

Peru's APEC 2024 theme, "Empower. Include. Grow." highlights digitalisation as a catalyst for inclusive growth, focusing on formalising the informal sector, expanding SME market access, enhancing digital literacy for women and promoting responsible AI and crossborder data flow to build a connected Asia-Pacific region. At APEC 2024, Malaysia emphasised digital integration for regional economic growth, aligning its MADANI Economy Framework and NIMP 2030 with APEC goals. It prioritised job creation through technology, vitalised digital partnerships and engaged with member economies to foster inclusive, tech-driven prosperity.

Malaysia-China Memorandum of Understanding on Strengthening Investment Cooperation in the Digital Economy

The MoU, signed on 19 June 2024, during Premier Li Qiang's visit to Malaysia, establishes a framework for digital collaboration in areas such as 5G, cloud computing, smart cities, e-commerce and AI. It includes joint R&D, innovation hubs and streamlined crossborder trade, aligning with agreements such as the RCEP and ASEAN-China FTA to enhance digital infrastructure, trade facilitation and bilateral economic ties.

Malaysia-Singapore Framework of Cooperation in the Digital Economy

Established in January 2023, the Malaysia-Singapore Framework of Cooperation in the Digital Economy saw a significant intensification of bilateral efforts in 2024. Notable key digitalisation activities were conducted for sustainable exporter programmes, trade facilitation, cloud computing advancements, real-time payment system connectivity, shared standards for e-commerce and last-mile delivery and robust anti-online scam protection. These initiatives actively contribute to digitalising cross-border trade and enhancing interoperability, aligning with the Framework's objectives and the broader vision of the ASEAN DEFA. Progress of these cooperative projects were a key discussion point at the Second Annual Trade Ministerial Dialogue co-chaired by the Minister of MITI Malaysia and the Minister of Trade and Industry of Singapore on 13 June 2024, highlighting sustained commitment to this dynamic digital partnership.

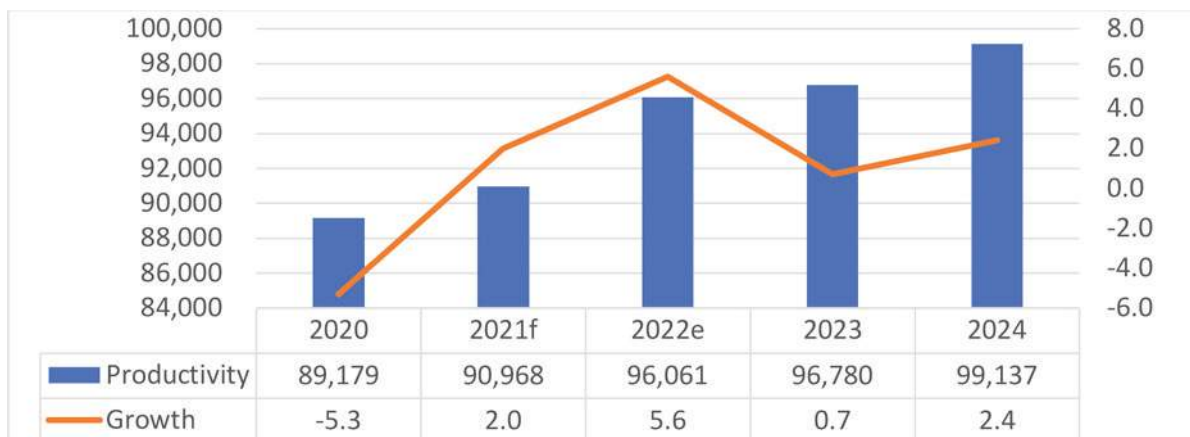
PRODUCTIVITY AND COMPETITIVENESS

National Productivity Performance

Malaysia's productivity performance in 2024 stabilised after dramatic shifts and a gradual return to moderate growth.

Between 2020 and 2024, Malaysia's productivity value added per worker showed a fluctuating trend. In 2020, output per employee fell sharply to RM89,000 (-5.3%yoy) due to COVID-19 disruptions. Recovery in 2021 and 2022 saw productivity rise to RM96,000 (+5.4%), surpassing pre-pandemic levels. Growth slowed to 0.7% in 2023 before improving to 2.4% in 2024, with productivity reaching RM99,000—an 11% increase from 2020, despite volatility.

By 2024, most economic sectors had normalised for a second year, with pandemic effects largely overcome. This paved the way to shift from recovery to enhancing productivity for growth.



Source: DOSM.

Sectoral Productivity Performance

In 2024, all primary economic sectors saw productivity growth. Mining led at RM1,287,625 per worker, followed by manufacturing (RM134,498), services (RM93,915), agriculture (RM55,005) and construction (RM47,225).

Construction led with a 16.5% increase in labour productivity, surpassing other sectors. Manufacturing followed with 2.6%, slightly ahead of agriculture at 2.2%. The services sector grew 1.8%, while mining and quarrying lagged at 0.7%. Although capital-intensive sectors like mining have high productivity, their growth is moderate. Conversely, construction showed remarkable growth from a smaller base. Agriculture's 2.2% rise marks a significant improvement from the stagnant 0.05% growth seen in 2023.

The construction sector stood out for its remarkable productivity performance in 2024. From a moderate RM40,552 per worker in 2023, productivity surged to RM47,225 in 2024, marking an impressive 16.5% increase. With pandemic-related restrictions fully lifted, a combination of clearing project backlogs and likely new investments drove heightened activity, resulting in output growth outpacing labour input.

The services sector remains Malaysia's largest in terms of output and employment. The sector has maintained a stable post-pandemic growth trajectory commencing in 2022. When service-sector productivity rises, it may outsize national productivity, wages and competitiveness. The 1.8% growth in 2024 appears relatively small compared to manufacturing or construction, yet it still has significant implications.

Productivity Performance of Main Economic Activities

The 11 Productivity Nexus represent key economic activities that collectively shape Malaysia's overall productivity and competitiveness. Each nexus spans distinct industries, ranging from manufacturing-oriented activities such as E&E to service-based fields such as tourism and professional services.

Exhibit 5.3: Malaysia's Productivity Performance by Main Economic Activity, 2020–2024.

Main Economic Activity	2020		2021		2022		2023		2024	
	RM	%	RM	%	RM	%	RM	%	RM	%
Agro-food	91,154	-0.2	93,744	2.8	94,121	0.4	95,470	1.4	97,563	2.2
Chemicals and Chemical Products	276,827	-4.0	304,930	10.2	311,678	2.2	313,588	0.6	304,430	-2.9
E&E	177,044	3.9	198,152	11.9	216,194	9.1	201,877	-6.6	209,706	3.9
M&E	86,229	-2.5	94,599	9.7	99,067	4.7	101,288	2.2	106,487	5.1
Construction & Built Environment	38,322	-15.6	36,696	-4.2	38,647	5.3	40,552	4.9	47,225	16.5
Retail and Food and Beverages	42,740	-10.6	42,056	-1.6	47,634	13.3	47,750	0.2	47,697	-0.1
Logistics	80,437	-18.9	81,150	0.9	94,848	16.9	101,447	7.0	108,796	7.2
Tourism	38,124	-48.5	29,657	-22.2	68,514	131.0	83,128	21.3	90,811	9.2
ICT	366,574	2.7	379,101	3.4	382,741	1.0	378,558	-1.1	381,223	0.7
Professional Services	78,014	-10.0	75,019	-3.8	83,734	11.6	89,357	6.7	94,568	5.8
Private Healthcare	57,991	-7.8	63,529	9.6	67,833	6.8	71,696	5.7	75,183	4.9

Source: DOSM.

In 2024, key industries saw positive growth, with some achieving double-digit increases. Productivity has continued to rebound since 2022. Malaysia's long-term success depends on tackling sector-specific inefficiencies, enhancing workforce skills, fostering innovation, improving policies and advancing the business environment.

Productivity Is the Foundation of Competitiveness: Stronger Productivity, Higher Competitiveness

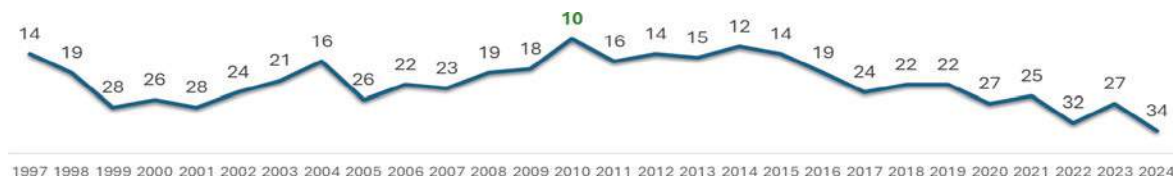
In collaboration with relevant ministries and government agencies, MITI through MPC is spearheading strategic actions to drive Malaysia into the top 12 most-competitive economies by 2033. Oversight rests with the national-level competitiveness committee, Jawatankuasa Daya Saing Negara, co-chaired by the Minister of MITI and the Second Finance Minister.

The whole-of-government approach by Jawatankuasa Daya Saing Negara seeks to solidify Malaysia's global standing and align with the MADANI Economy Framework by uniting government agencies, the private sector and society. The goal is to create an environment that nurtures an upward spiral of productivity and competitiveness, ensuring that the country is able to endure global economic headwinds while continuously seeking opportunities for advancement.

Malaysia's Performance in the IMD World Competitiveness Ranking

The IMD World Competitiveness Ranking (WCR) offers a comprehensive appraisal of an economy's dynamism through four equally weighted factors: economic performance, government efficiency, business efficiency and infrastructure.

Exhibit 5.4: Malaysia's Overall Performance in the IMD WCR, 1997–2024.



Source: IMD WCR.

Malaysia's WCR rankings have trended downward since 2010, culminating in its lowest standing at 34th among 67 economies in 2024. This decline contrasts with the country's historical performance, which included 12 instances of positioning among the top 20 most competitive economies since 1997.

The government's ambition to break into the ranks of the top 12 most-competitive economies by 2033 demands a recalibration of priorities. A cohesive, whole-of-government strategy is essential to address key vulnerabilities, improve business processes and enhance talent development. Consolidating institutional resilience, encouraging technological innovation and building robust public-private partnerships are also critical for regaining Malaysia's competitive edge.

Despite being ranked 34th among 67 economies, Malaysia remains well-positioned to harness new growth opportunities. Its strategic location, diverse economic base and demography provide a strong foundation to pursue innovation-led growth. Addressing ongoing structural issues will be critical. This includes fostering cross-ministerial policy coherence, incentivising private sector technology adoption and enhancing workforce capabilities through targeted upskilling and continuous learning programmes.

Developing Productive Talent

Malaysia's trajectory toward a high-income nation relies significantly on effective talent development strategies that may nurture skilled workers, improve organisational performance and boost national productivity.

Flexitivity

To boost the country's talent pool, MITI through MPC has embarked on the non-formal education recognition initiative, which acknowledges the importance of alternative learning pathways. The initiative recognises that many Malaysians develop their skills through on-the-job training, vocational experience and other self-directed learning avenues.

MPC introduced the Flexitivity framework, which identifies and validates competencies acquired outside traditional academic settings. Implementation steps for the Proof of Concept (PoC) have been conducted with seven companies. Of the outlined project, 86% tasks are currently in progress, demonstrating a strong commitment to ensuring that non-formal skill acquisition is systematically recognised.

Improving Talent-related World Competitiveness Ranking Indicators

Improving the talent and education indicators within the WCR involves collaboration between the Ministry of Education, DOSM and the Ministry of Higher Education.

To vitalise the national education system, MPC has introduced several strategic initiatives. Among these are integrating the Behavioural Insights (BI) approach within teaching and assessment processes to promote more effective learning experiences; expanding early intervention programmes at the secondary school level to address learning gaps sooner; and intensifying innovation in higher education institutions' pedagogical methods.

On the labour market front, the focus involves collaboration with the Ministry of Human Resources, TalentCorp and Human Resource Development Corp. Key concerns identified include employee motivation, quality and structure of apprenticeship programmes, worker training, talent attraction and retention and combating the brain drain of skilled professionals.

Progressive Wage Policy Pilot Project

In line with the broader national objective of fostering inclusive economic growth, Malaysia has introduced the implementation of the Progressive Wage Policy (*Dasar Gaji Progresif* or DGP), which seeks to ensure that wages better reflect workers' productivity and skill levels, motivating companies to invest in talent development as a core competitive strategy.

In 2024, the DGP pilot project attained a 74% achievement rate, with 37 out of the targeted 50 companies successfully recognised under the scheme. Engagement sessions for productivity improvement programmes, including further PoC activities and progressive wage policy recognition, are set to commence in 2025. These sessions will serve as platforms for knowledge exchange, problem-solving and refining practices based on real-world industry feedback.

Akademi Dalam Industri

The Akademi Dalam Industri (ADI) exemplifies the country's dedication to workforce development by aligning academic modules with industry needs. A key initiative, the Professional Diploma Programme, targets 200 high-growth high-value (HGHV) companies, with 46 already onboard in 2024 and the rest expected in 2025. As more companies join, Malaysia's talent pool is revitalised. Additionally, ADI collaborates with the Ministry of Education on school guidelines and promotes continuous learning through five academic journals on ADI findings and labour market reform.

Artificial Intelligence Boosting Productivity

Despite the evidence AI boosts productivity and the growing number of AI solution providers, businesses, especially SMEs, are slow to adopt digital technology. This could be due to the lack of awareness of available solutions, uncertainty about the return of investment or implementation complexity and insufficient support in integrating AI into business operations.

Exhibit 5.5: Malaysia's WCR Rankings in Digitalisation Indicators.

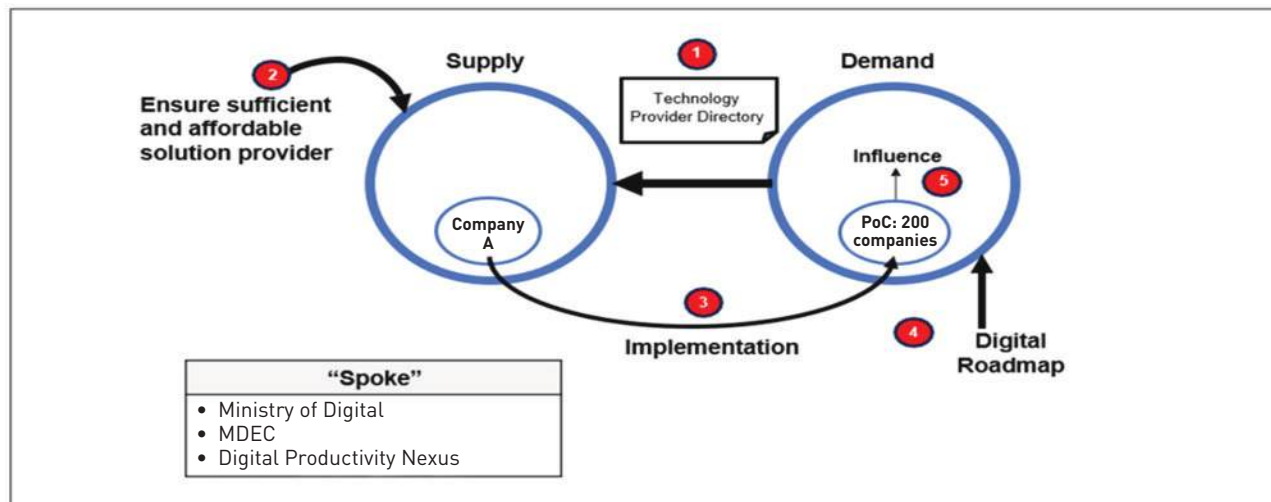


Source: IMD WCR.

Malaysia's rankings in WCR digitalisation-related indicators highlight a consistent decline in business use of digital tools and technologies, digital transformation in companies and digital/technology skills. This downward trend reflects deeper structural issues of underperforming digital adoption among enterprises, insufficient organisational transformation to embed digital technologies at scale and a growing talent gap in digital and technology skills.

Artificial Intelligence for Productivity Framework

Exhibit 5.6: AI for Productivity Framework.



Sources: Adapted from Rogers (2003), Romer (1990), van Ark (2016) and MPC analysis based on AI for Productivity Transformation Programme PoC.

The AI for Productivity framework illustrated a closed-loop system that drives AI productivity through targeted supply stimulation, structured demand creation and systemic implementation support.

Five Strategies to Unleash Productivity Driven by Artificial Intelligence

Leveraging AI for national productivity demands a structured strategy that moves beyond enthusiasm and into systematic action. In line with various established economic and innovation theories, five core strategies drive AI adoption at scale:

- Technology Provider Directory: Laying the Groundwork for Diffusion.
- Ensuring Sufficient and Affordable Solution Providers: Enabling Capital Absorption.
- Implementation: Translating Knowledge into Productivity.
- AI Productivity Roadmap: Guiding Adoption through Structure.
- Influence: Accelerating through Results.

Exhibit 5.7: AI-driven Productivity Pilot Project: Tharwa Builders.



Tharwa Builders
Home builder & renovation company

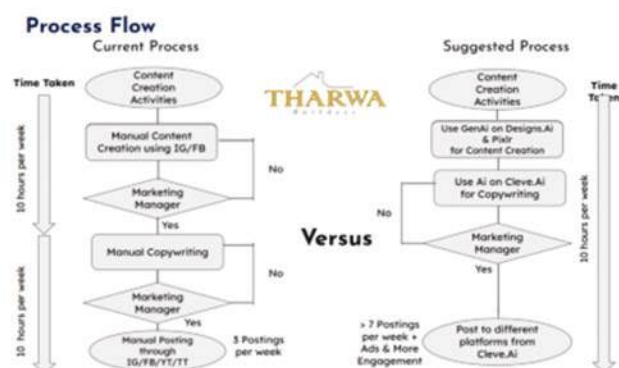
Problem

1. Lack of automation & reliance on manual processes result in lost opportunities to engage with potential customers
2. Struggling to manage marketing & ads campaign across multiple platforms

Solution

Implement Designs.AI suite to automate content creation for social media, ads, and website.

Productivity Metric	Before	After
Time taken to create content	20 hours/week for design & copywriting	10 hours/week for design & copywriting
Social media engagement	30 users/month	90 users/month
Ads cost per click	Average RM0.80	Average RM0.40 CPC



Source: MPC analysis on AI for Productivity PoC.

Tharwa Builders, a home renovation and construction company, struggled with manual processes that hindered its ability to engage with potential clients and manage digital marketing efforts effectively.

Exhibit 5.8: Bumiputera Special Shares Allocation (2022–2024).

Challenges	Solutions
• Low automation in client engagement and project management • Difficulty managing marketing content across multiple platforms • Missed opportunities in generating leads and building brand visibility	Tharwa Builders utilised the Designs.AI suite to: • Automate the creation of marketing content for social media, advertisements and website development • Streamline content publishing across various digital channels

Productive Business Environment

Regulatory reform enhances productivity and competitiveness by simplifying rules, removing unnecessary bureaucracy and reducing compliance costs—building a productive business environment. Businesses are able to allocate resources more effectively, improving operational efficiency, reducing delays and boosting overall productivity.

Reformasi Kerenah Birokrasi Project

The Reformasi Kerenah Birokrasi (RKB) Project, spearheaded by MPC, represents a strategic initiative aimed at reducing bureaucratic hurdles within government administration. Recognising that quality regulations are vital for safeguarding public welfare, health, safety and environmental sustainability, the project acknowledges the detrimental impact of excessive bureaucracy on productivity and economic growth. This initiative aligns with broader national aspirations, including the Malaysia MADANI Initiative and directives from the Special Task Force on Agency Reform (STAR).

Up to December 2024, the RKB initiative has managed a diverse portfolio comprising 200 regulatory reform projects. These projects span multiple sectors and ministerial jurisdictions, demonstrating widespread institutional commitment. Such targeted reforms directly contribute to reduced compliance costs, enhanced operational efficiency and improved public service delivery.

Public Service Reform to Reduce Ineffective Bureaucracy

The implementation of bureaucratic reform at the federal and state government levels has been reinforced through the introduction of *Pekeliling Reformasi Kerenah Birokrasi (RKB)* and *Pekeliling Uji Kaji Peraturan*, launched by the Chief Secretary to the government during the National Convention on Public Service Reform 2024 held on 24 November 2024.

The implementation of the RKB circular is expected to eliminate bureaucratic obstacles that often burden the public and businesses, accelerate government processes and procedures and enhance the productivity of the public and private sectors. The Regulatory Implementation Circular introduces the concept of testing regulatory solutions before implementing new or amended regulations or guidelines. Core principles of regulatory experimentation include data and evidence-based approaches, adoption of digital technology, risk-based analysis, transparency in regulatory execution and active stakeholder engagement.

The Government Service Efficiency Commitment Bill 2025

The Government Service Efficiency Commitment Bill 2025 (*Rang Undang-Undang Itizam Kecekapan Kerajaan 2025* or *ILTIZAM*) was unanimously passed by the Dewan Rakyat on 6 March 2025 and by the Dewan Negara on 25 March 2025. *ILTIZAM* marks a new milestone in reforming the public sector's structure and operations, aimed at enhancing service delivery to the public and businesses. *ILTIZAM*'s objectives are to regulate the efficiency of government services, reduce ineffective bureaucracy and regulatory burdens on the public and businesses, as well as streamline governmental processes and procedures to enhance uniformity and ease of service delivery.

The Public Service Department is the lead agency in the formulation, coordination and implementation of the bill. The implementation of the bill will be executed with strong support and cooperation from other government agencies, the Ministry of Economy and MPC.

▲ 15,500 +25.05
+0.50%

▼ 8,945.10



CHAPTER 6 ENGAGEMENT (SLU)

+0.19%

▲ 35,140.50 +150.15 +25.15%

▲ 2,595 +20.05 +0.14%

STRENGTHENING ALLIANCES, SHAPING THE NATION: MITI'S KEY ENGAGEMENTS 2024

As part of MITI's strategic efforts to strengthen policy alignment, inter-agency collaboration and stakeholder engagement, a series of key events were conducted in 2024. These initiatives served to enhance MITI's role in driving national economic growth, industrial transformation and Malaysia's positioning as a leading investment and trade hub in the region:

- **MITI Dialogue 2024**
A key annual platform for MITI to engage directly with industry associations and business councils, gathering industry feedback and policy recommendations to support trade and investment facilitation.
- **MITI Retreat 2024**
An internal strategic session to align ministry-wide priorities, promote collaboration across divisions and reinforce MITI's transformation agenda in line with NIMP 2030 and national aspirations.
- **Joint Committee on the Industrial Coordination Meeting 2024**
A high-level coordination platform to align federal and state industrial strategies, with focus on targeted investments, regional development and high-impact sectors.
- **MITI Day 2024**
A public outreach and stakeholder engagement event to reinforce linkages with MSMEs, promote MITI's programmes and enhance understanding of MITI's role in economic development and sustainability.
- **MITI's Role in the 13th Malaysia Plan (13MP)**
Active involvement in shaping national development planning through bold policy proposals, cross-ministerial coordination and stakeholder consultation to drive structural reforms and economic resilience.
- **Strategic Planning Division Research Projects 2024**
Completion of two strategic studies to provide information of future policy on industry decarbonisation and enhancing the global competitiveness of Malaysian manufacturers through direct investment abroad (DIA).
- **"Opening Pandora's Box"—Official Statistics Course**
Capacity-building programme to improve data literacy among MITI and agency officers, enabling evidence-based decision-making and policy formulation.
- **MITI Budget Announcement 2024**
MITI's endorsement of the national budget, highlighting alignment with MITI's strategic focus areas including industrial transformation, investment promotion, trade facilitation and talent development.

MITI Dialogue 2024: Reinforcing Commitments for Malaysia's Reindustrialisation

MITI Dialogue is an annual programme that involves the participation of industry associations/ chambers of commerce and business councils. Led by Senator Tengku Datuk Seri Utama Zafrul Aziz, the MITI Dialogue 2024 emphasises focused execution and public-private collaboration. The focus remains on driving Malaysia's reindustrialisation agenda outlined in the NIMP 2030. These entities are invited to put forward a memorandum that contains the issues faced by the industry in respect of the business operations of their members and suggested solutions.

The programme was held on 29 January 2024 at MITI Tower. In this 2024 edition, the dialogue witnessed the participation of 167 industry associations, chambers of commerce and business councils, alongside 29 other ministries and agencies. A total of 60 memoranda were received, highlighting 163 issues categorised into 32 key areas covering critical industry concerns such as taxation and incentives, and the cost and ease of conducting business, among others.

The main objectives of the dialogue are:

- To provide a platform for MITI to convey the policies and focus of the ministry in the immediate term to enhance investment and international trade performance.
- To address issues related to the industry and also gather important feedback from the associations.



MITI's top management addressing industry representatives during MITI Dialogue 2024.

MITI Retreat 2024

MITI convened its 2024 retreat on 2 to 3 at February SIRIM Shah Alam, focusing on aligning priorities for the year and fostering a culture of collaboration. The retreat underscored MITI's rebranded vision: positioning Malaysia as Southeast Asia's leading trade and investment hub and nurturing "the world's most welcoming economy".

A key theme that emerged was the opportunity to further promote teamwork as a core value within MITI. Participants consistently highlighted the need to improve collaboration across departments, enhance inter-agency relationships and establish more robust onboarding processes to boost morale. In response, retreat groups identified talent development, leadership engagement and proactive information sharing as top priorities to foster a more connected and empowered organisational culture.

In the retreat, MITI outlined a set of bold strategic targets aimed at consolidating Malaysia's trade performance, investment landscape and global competitiveness. These objectives are closely aligned with the priorities of NIMP 2030, including the development of the semiconductor industry, the EV ecosystem and resilient supply chains. Reinforcing MITI's transformation from a regulatory body to a development-oriented agency, the Deputy Minister underscored the need for close collaboration with other ministries and the private sector to attract and retain quality investments. External panellists also emphasised emerging opportunities in areas such as digital technology, AI, capital markets and high-value industries.

In essence, the retreat was a clarion call for cultural transformation, strategic alignment and decisive execution to position Malaysia at the forefront of Southeast Asia's evolving economy.



From left: MITI Minister, Deputy Minister and Secretary-General at MITI Retreat 2024, SIRIM, Shah Alam.



Participants and committee with MITI leadership during MITI Retreat 2024 at SIRIM, Shah Alam.

Delegation from the UAE National Defence College Visits MITI

On 29 February 2024, MITI hosted a delegation from the UAE National Defence College, led by His Excellency Brigadier-General Pilot Saif Khamis al-Yamahi. The visit was aimed at providing insights into Malaysia's strategies in international trade, investment and industry, as well as Malaysia-UAE bilateral economic cooperation and relations.

The session, led by Mrs Nor Hasnah Badroddin, Senior Director of the Bilateral Economic and Trade Relations Division (BETR), included a comprehensive briefing on Malaysia's trade policies, global trade performance and economic engagement with the UAE. Both parties also exchanged perspectives on key global economic trends and challenges. As of 2023, the UAE remains Malaysia's second-largest trading partner and export destination in the West Asian region.



Delegates of the UAE meeting with MITI's officials at MITI Tower.

Roundtable Meeting with Captains of Industry, Melbourne, Australia

A roundtable meeting with captains of industry, held in Melbourne, Australia, from 4 to 7 March 2024, was a key event during Malaysia's Prime Minister Dato' Seri Anwar Ibrahim's official visit to Australia. This meeting occurred in conjunction with the 2nd Malaysia-Australia Annual Leaders' Meeting and the ASEAN-Australia Special Summit. The roundtable meeting was intended to foster trade and investment cooperation between Malaysia and Australia, bringing together senior business leaders from both nations to discuss opportunities for collaboration and economic growth.

The meeting focused on deepening bilateral ties under the Comprehensive Strategic Partnership framework, with particular emphasis on trade, investment, the digital economy, cybersecurity, education and youth development. It served as a platform for Malaysian and Australian business leaders to explore strategic partnerships and highlight Malaysia's competitive business environment, robust infrastructure and skilled talent pool. The Prime Minister reaffirmed Malaysia's commitment to being a premier investment destination, echoing messages delivered at similar international engagements in Qatar and China. The roundtable meeting, held in conjunction with Invest ASEAN Melbourne 2024, also featured one-on-one investor meetings facilitated by MITI, with the active involvement of the Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz.



Delegates from Malaysia and Australia at the roundtable meeting.

Outreach Session with Soonicorn Collective

An outreach session with the Soonicorn Collective was held at MITI Tower, Kuala Lumpur, on 25 June 2024. The session focused on opportunities available to Malaysian startups and the role of the Soonicorn Collective in fostering growth of high-potential companies. The Soonicorn Collective, a peer-driven network, aims to contribute to the ecosystem, economy and nation-building.



Participants at the Soonicorn Collective was held at MITI Tower.

The session included discussions on Malaysian and SEA economies and how startups may navigate challenges and achieve success. It also featured close dialogues, curated sessions with experts and confidential discussions to foster connections among high-growth founders. The event underscored the Soonicorn Collective's commitment to nurturing companies with unicorn potential and advancing Malaysia's innovation-driven economy. The initiative continues to seek promising startups and individuals, aiming to vitalise Malaysia's regional and global competitiveness.

Meeting on Joint Committee on Industrial Coordination 2024

The Joint Committee on Industrial Coordination (*Jawatankuasa Bersama Penyelarasan Industri* or JBI) Meeting for 2024, was held on 29 July 2024, in collaboration with the Government of Sarawak. The meeting was chaired by the Minister of the MITI together with the Deputy Premier of Sarawak. The primary objective of the meeting was to provide a platform for MITI and the Government of Sarawak

to deliberate and establish policy directives regarding investment, trade and industrial development. Furthermore, it serves as a means to coordinate policies and initiatives to ensure alignment with federal government objectives, thereby promoting the integrated and consistent implementation of strategies designed to attract both domestic and foreign investments in the country.

MITI, through National Aerospace Industry Corporation (NAICO), presented the Federal Government's initiative to position Sarawak as the aerospace hub for Borneo, aimed at driving regional economic growth. Several proposals from both the Sarawak State Government and MITI were discussed, focusing on strategic industrial development, geographic advantages and enhancement of existing trade zones. The proposed priority sectors align with the NIMP 2030 and National Investment Aspirations (NIA). Both governments affirmed their commitment to advancing high-impact investments through heightened collaboration and coordinated implementation.

Malaysia's MITI Hosts Budget Dialogue 2025 to Shape Economic Future

On 6 August 2024, the MITI convened a Budget 2025 Dialogue Session with key industry stakeholders. Chaired by Minister Tengku Datuk Seri Zafrul, the session featured participation from MITI agencies, including MIDA and MATRADE, as well as representatives from other relevant government ministries and agencies. This was to underscore MITI's commitment to inclusive policymaking, ensuring that diverse voices contribute to Malaysia's economic roadmap.

The session featured robust discussions on fostering innovation, boosting trade partnerships and ensuring sustainable industrial progress. Industry leaders, policymakers and economic experts convened to provide input on Malaysia's fiscal and economic policies, aligning with the government's vision for a resilient and competitive economy.

Key highlights included a focus on boosting Malaysia's position in global trade markets, with an emphasis on digital transformation and green technology initiatives. Participants underscored the importance of supporting SMEs, enhancing export capabilities and attracting high-quality foreign investments to drive economic diversification.



Q&A session at the Budget 2025 Dialogue.

6th ASEAN Economic Integration Forum

MITI and the Institute of Malaysian and International Studies (IKMAS) at Universiti Kebangsaan Malaysia (UKM) cohosted the 6th ASEAN Economic Integration Forum (AEIF) on 7–8 August 2024, at MITI Tower, Kuala Lumpur. The event witnessed collaboration from the ASEAN University Network (AUN), Kaneka Corporation, Institute of Developing Economies (IDE-JETRO), ERIA and the Society of Chartered Professionals ESG Practitioners.

The 6th AEIF gathered over 150 participants from various sectors and highlighted MITI's dedication to engaging multiple stakeholders, in preparation for Malaysia's 2025 ASEAN chairmanship. The Deputy Minister of MITI, Liew Chin Tong, delivered the opening address, underscoring ASEAN's vital role in addressing today's complex global challenges. He reaffirmed ASEAN's commitment to neutrality and the development of a strong middle-class as a foundation for regional stability and growth.

MITI Secretary-General, Dato' Hairil Yahri Yaacob, shared MITI's vision for ASEAN's post-2025 economic integration, aiming to position ASEAN as a leading global economy. Dr Sugumari S Shanmugam, Senior Director of the Asean Economic Integration Division also outlined Malaysia's preparations for the chairmanship, in alignment with the ASEAN Community Vision 2045 and the AEC Strategic Plan 2026–2030. The 6th AEIF highlighted MITI's dedication to engaging multiple stakeholders in preparation for Malaysia's 2025 ASEAN chairmanship.



Dato' Hairil Yahri Yaacob and Professor Suffian Jusoh of Universiti Kebangsaan Malaysia delivering speeches.

MITI Day 2024

MITI Day 2024, held on 1 October at MITI Tower, Kuala Lumpur, served as a platform to highlight Malaysia's economic progress, investment performance and industry development. The event was aimed to bridge the gaps between the public, businesses—particularly MSMEs—and MITI's initiatives, fostering collaboration and promoting greater awareness of government support for business growth and national economic development.

The event also featured the Mini Malaysia Auto Show, where leading automotive brands showcased their latest EV models in support of the NAP 2020 and the promotion of green, mobility. Additionally, the event highlighted the importance of Technical and Vocational Education and Training (TVET), offering over 2,600 employment opportunities through the participation of 25 employers and investors.

MITI Day 2024 also marked the launch of the MITI Sustainability Report 2023, reaffirming the Ministry's commitment to sustainable governance and responsible business practices. Other highlights include attractive sales by electronics manufacturers, MITI and agencies' educational booths, informative sessions on Sustainability, World Expo Osaka 2025, IPO shares and export opportunities, supported by 35 booths by MSMEs and 14 food vans.

In addition, it also featured strategic collaboration with various government agencies, including the Royal Malaysia Police (PDRM), which provided on-site services such as summons' payment counters. The event attracted 5,110 visitors, including over 2,000 job seekers, enhancing public awareness of MITI and its agencies' roles in driving Malaysia's economic development.



The launch of the MITI Sustainability Report 2023 during MITI Day 2024 at MITI Tower.

ASEAN–Malaysia Business Forum 2024

The ASEAN–Malaysia Business Forum (AMBF) 2024, held on 9 December 2024 at Dewan Perdana, MITI, was the first ASEAN event in Malaysia organised by MITI and the Association of Socioeconomic Knowledge and Leadership (MYSKALA) to commemorate Malaysia's ASEAN chairmanship in 2025. The forum was officiated by the MITI's Minister, Tengku Datuk Seri Zafrul Abdul Aziz Tengku Zafrul Aziz.

AMBF2024 highlighted three key drivers of ASEAN economic growth: SMEs for innovation and job creation, Women in Leadership to promote gender diversity in business and Youth Entrepreneurship to spearhead the digital economy and regional development.



MITI's Leaderships and delegates at the forum.

MITI's Role in the 13th Malaysia Plan

The 13MP, set to run from 2026 to 2030, is Malaysia's strategic roadmap to realise the national vision of MADANI Economy. Its core goals are to accelerate economic growth, position Malaysia as a leading economy in Asia and enhance the wellbeing and quality of life for all citizens. To achieve this, the plan focuses on narrowing socioeconomic and regional disparities, implementing targeted policies and shifting the economy toward greater domestic consumption.

Led by the Ministry of Economy, the development of the 13MP officially began in September 2024 with the first meeting of the Inter-Agency Planning Group (IAPG). The process is now in full swing, with Ministry of Economy actively consulting stakeholders—including state governments, industry leaders and the public—to gather insights and recommendations.

MITI, through its Strategic Planning Division, has played a key role in shaping the 13MP by leading efforts to enhance industrial growth and global competitiveness. Extensive engagements with ministries, agencies, academia and industry stakeholders led to the submission of 121 strategic proposals, with 26 identified as “Bold and Radical” initiatives. These proposals will undergo review and endorsement by the Implementation and Action Planning Group (IAPG) before the draft plan is presented to the Cabinet in mid-2025.

Strategic Planning Division Research Project 2024

The Strategic Planning Division as a policy custodian for Projek Penyelidikan Strategik MITI completed two studies under the funding of 12MP from Ministry of Economy in 2024:

- The Study on Malaysia's Pathway Towards Industry Decarbonation Based on Greenhouse Gas (GHG) Emissions Reductions Modelling.
- Enhancing the Competitiveness of the Malaysian Manufacturing Industry through Direct Investment Abroad (DIA).

Opening Pandora's Box: Making Sense of Official Statistics Course

The course was held on 13–15 November 2024 at Lexis Hotel, Port Dickson, Negeri Sembilan. It was designed to expose MITI and agency staff to statistics commonly used in the ministry for policy development and decision-making. It was also aimed at providing insights into the processes, challenges and limitations of official national statistics' collection and compilation. Among the invited speakers were officials from the Statistics Unit, Strategic Planning Division (MITI), MIDA, DOSM and also the Royal Malaysian Customs Department (RMCD). The topics presented were related to the Official National Statistics, Differences between FI and FDI, Statistics of International Trade in Services and Malaysian External Trade Statistics. This course was also expected to provide participants with a deeper understanding, in addition to learning methods, for using data and statistics based on available sources from various website such as eStatistik, MySIDC, Stats@MITI and the international website Trade Map.



Participants of the Opening Pandora's Box course held from 13 to 15 November 2024 @ Lexis Hotel, Port Dickson.

MITI Budget Announcement 2024

MITI welcomed Budget 2025 for its measures to raise the economic ceiling, including positioning Malaysia as a competitive investment destination and promoting quality investment. In this regard, MITI welcomed the allocation of RM 2.184 billion, reflecting the importance of the role and contributions of MITI and its agencies in terms of investment, industrial development and trade to further strengthen the global competitiveness of the Malaysian economy.

Key initiatives supported by the budget are:

- Industrial transformation (NIMP 2030) which included semiconductors, industrial digitalisation, Net Zero (EV Focus), green transition, and industrial funds.
- Talent development (NIMP Enabler).
- Trade & export promotion.
- Productivity & competitiveness.

These initiatives aim to position Malaysia as a competitive investment hub, drive high-quality investment, foster innovative industrial development and achieve sustainable economic growth.

