



Ministry of International Trade and Industry

# Weekly Bulletin

DRIVING TRANSFORMATION, POWERING GROWTH

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## TRADE PERFORMANCE IN OCTOBER 2017



“Malaysia continues its growth in trade momentum in October 2017, recording an increase of **19.8 per cent** to **RM154.3 billion** compared with the same month last year.”

**DATO' SRI MUSTAPA MOHAMED**  
INTERNATIONAL TRADE AND INDUSTRY MINISTER  
MALAYSIA

### THE STRONG EXPORT PERFORMANCE IN OCTOBER 2017

	E & E Products	<b>16.9%</b>
	Petroleum Products	<b>21.4%</b>
	Chemicals & Chemical Products	<b>17.5%</b>
	Palm Oil & Palm Oil-Based Agriculture Products	<b>7.9%</b>



Malaysia continues its growth in trade momentum in October 2017, recording an increase of 19.8% to RM154.3 billion compared with the same month last year. In terms of the year-on-year comparison, our October exports increased by 18.9% to RM82.4 billion - the third time we have surpassed the RM80 billion mark in 2017. Meanwhile our imports grew by 20.9% to RM71.9 billion.

The trade surplus of RM10.6 billion recorded this month is the highest since April 2016. Meanwhile, our total trade surplus from January to October this year rose by 14.4% from RM70.1 billion to RM80.2 billion.

For the first ten months of 2017, our total trade amounted to RM1.47 trillion, 21.5% increase compared to the similar period last year. Exports increased by 21.1% to RM772.7 billion while imports grew by 21.9% to RM692.5 billion. The strong export performance in October 2017 was underpinned by higher exports across major sectors namely E&E products (↑16.9%), petroleum products (↑21.4%), chemicals and chemical products (↑17.5%) as well as palm oil and palm-oil based agriculture products (↑7.9%).

Almost all key markets registered double digit export growth in October 2017, including ASEAN, which grew by 19.5% to RM23.9 billion, China (↑20.5% to RM11.5 billion), the USA (↑13.8% to RM8.0 billion) and Japan (↑20.4% to RM5.9 billion). Our exports to the EU also grew by 9.3% to RM7.9 billion.

Malaysia's exports in 2017 thus far have been expanding beyond expectations. We believe that although our export growth will moderate next year due to high-base effect, it will still grow around 3.4% as projected by the Treasury, driven by continued demand for E&E products and commodities such as crude petroleum and palm oil. This is in line with the WTO's projection that there could be a moderation of world merchandise trade volume in 2018 to around 3.2% from 3.6% in 2017.

Against the backdrop of the expected moderation in global trade, we need to certainly do more in our export promotion. MITI through its agency MATRADE will continue to enhance Malaysia's visibility and strengthen our trade ties through consistent engagement with foreign business councils around the globe.



## Malaysia's statement at the 11<sup>th</sup> WTO Ministerial Conference, Buenos Aires, 12 December 2017

*Mr. Chairman, Honourable Ministers and Distinguished Delegates,*

*Let me begin by expressing Malaysia's appreciation and compliments to the Government and people of Argentina for organizing and hosting the 11<sup>th</sup> WTO Ministerial Conference.*

### **Multilateral Trading System**

*Despite Malaysia's participation in numerous bilateral and regional trading arrangements, Malaysia still believes in the primacy of the rules-based multilateral trading system. Our trade policy is reflective of the principles and rules enshrined in the WTO Agreements. We also ensure that all our regional trade arrangements respect the principles and guidelines of the WTO.*

*The WTO has effective rules that provide stability, security and predictability to conduct trade. However, recent display of protectionist sentiments and the introduction of impending non-tariff measures under the guise of unsustainable production can lead to restriction in trade. The WTO membership must be form in dealing with such challenges.*

### **Doha Development Agenda**

*Despite of the delay in concluding the negotiations, Malaysia remains committed to the Doha Round as the means of delivering multilateral trade liberalisation. Malaysia believes that pragmatic, realistic and flexible approaches are needed in order to achieve a positive outcome for all.*

*The finalisation of the WTO Trade Facilitation Agreement (TFA) in Bali 2013, the elimination of export subsidies in Agriculture in Nairobi 2015 and the entry into force of the Protocol Amending the TRIPs Agreement on Public Health in 2017 shows that the DDA is still doable. In Agriculture negotiations, Malaysia is willing to consider any potential approaches in domestic support so long as it could move the process forward and bridge divergences among Members.*

*With regard to fisheries subsidies negotiations, Malaysia is willing to support the initiative to strengthen multilateral disciplines on measures to address subsidies that contribute to overcapacity, overfishing and Illegal, unreported and unregulated fishing (IUU) in line with the Sustainable Development Goal 14.6.*

*On domestic regulation, Malaysia views this as an important aspect in the overall balance of the services negotiation. It is important that disciplines on domestic regulation are not onerous and burdensome to service suppliers and Members should have the right to regulate. As a developing country, Malaysia supports the notion that the needs of developing countries and LDCs in particular, must be given proper attention in line with the overall agenda of the Doha Round. Therefore, development-related issues should be part of the deliverables of MC11.*

*While focusing on the DDA, we must not lose sight of global developments that can alter the traditional trade norms and the way business is conducted. This calls for a collective response in the WTO to make the organisation relevant today.*

*On e-commerce for instance, we cannot hold on to a mandate given 19 years ago. There has been so much development since then, and e-commerce is rapidly changing the mode of trade in many countries. We have to be realistic and eventually address the need for multilateral rules.*

We also think that the time is ripe for the WTO to have a structured work programme to address MSMEs and investment facilitation. The WTO must support the integration of MSMEs into the global value chain considering the fact that MSMEs account for a very high percentage of enterprises in our economies.

*Distinguished Delegates,*

Taking on new issues in the WTO does not necessarily mean we are relegating the importance of concluding the DDA or diminishing the development dimension. It only means that the WTO is being realistic and responding to evolving global developments. In fact, by not addressing these issues, we are only marginalising a large number of the WTO membership as other arrangements will emerge outside the WTO. We believe there is sufficient space in the WTO to deal with the DDA and new/emerging issues.

Finally let me end by expressing Malaysia's hope that this 11th WTO Ministerial Conference in Buenos Aires will be able to produce some meaningful decisions that would set a clearer direction for the WTO negotiations in 2018 and beyond.

## Investment Facilitation for Development in the WTO

Malaysia today joined 37 other WTO Members in calling for a structured discussion in the WTO on investment facilitation for development. A joint statement was issued by these countries prior to the 11<sup>th</sup> WTO Ministerial Conference. The other countries who supported this initiative are: Argentina; Australia; Benin; Brazil; Cambodia; Canada; Chile; China; Colombia; Costa Rica; El Salvador; European Union; Gambia; Guatemala; Guinea; Hong Kong, China; Japan; Kazakhstan; Korea; Lao PDR; Liberia; Macao, China; Mauritania; Mexico; Moldova; Montenegro; Myanmar; New Zealand; Nigeria; Pakistan; Panama; Paraguay; Qatar; Russian Federation; Singapore; Switzerland and Uruguay.

The like-minded group sought for a Ministerial Decision on Investment Facilitation for Development that would initiate a structured discussion in the WTO to develop a multilateral framework on investment facilitation.

The objective of this framework is to enhance investment facilitation, similar to the Trade Facilitation Agreement adopted by WTO members in 2013. It is envisaged that the framework would contain a menu of best practices for facilitating cross border investment.

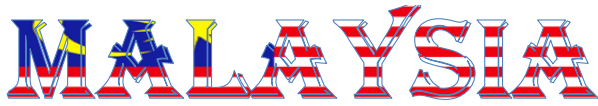
The discussions in the WTO would clarify the relationship and interaction of existing WTO provisions with current investment commitments among Members, and take into account the investment facilitation work of other international organizations. It would not encroach into the sovereignty of members to pass investment laws and regulations. Market access or investment liberalisation, investment protection and Investor-State Dispute Settlement would be excluded from the framework.

The framework shall also be designed to be flexible, adaptable, and responsive to the evolving investment facilitation priorities of Members.

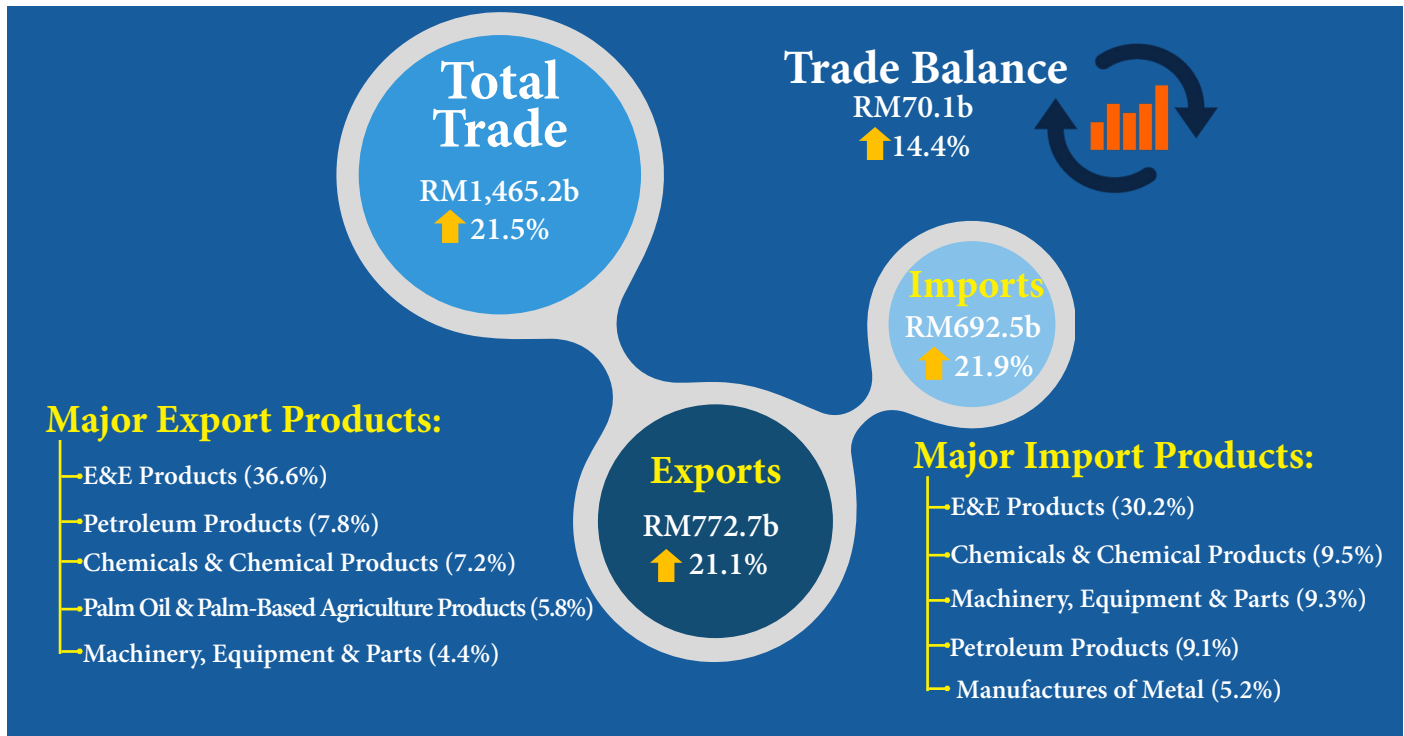
Malaysia has created an ecosystem to facilitate foreign direct investment and at the same time, is increasing investments abroad. A framework in the WTO on investment facilitation would assist Malaysian companies investing abroad.

Ministry of International Trade and Industry  
12 December 2017

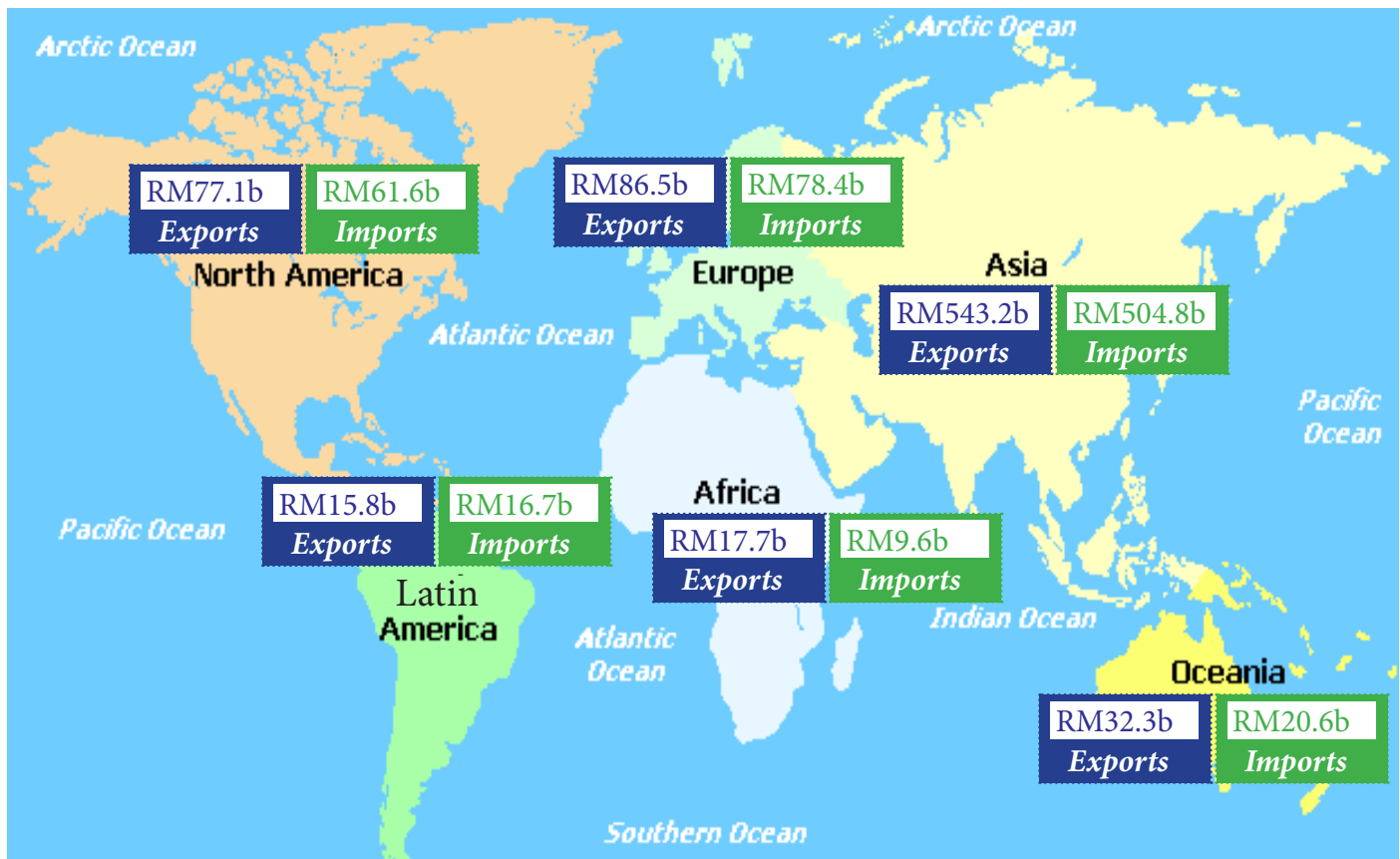
www.miti.gov.my



## Trade Performance, January-October 2017



## Trade by Region, January-October 2017



Source: Department of Statistics, Malaysia



# TOP 5 Export Destinations

- ① **Singapore**  
RM112.7b
- ② **PRC**  
RM103.3b
- ③ **USA**  
RM74.2b
- ④ **Japan**  
RM62.0b
- ⑤ **Thailand**  
RM41.9b



January - October 2017

**Total Exports**  
**RM772.7b**

# TOP 5 Import Sources

- ① **PRC**  
RM134.6b
- ② **Singapore**  
RM76.1b
- ③ **USA**  
RM59.1b
- ④ **Japan**  
RM52.6b
- ⑤ **Taiwan**  
RM45.1b



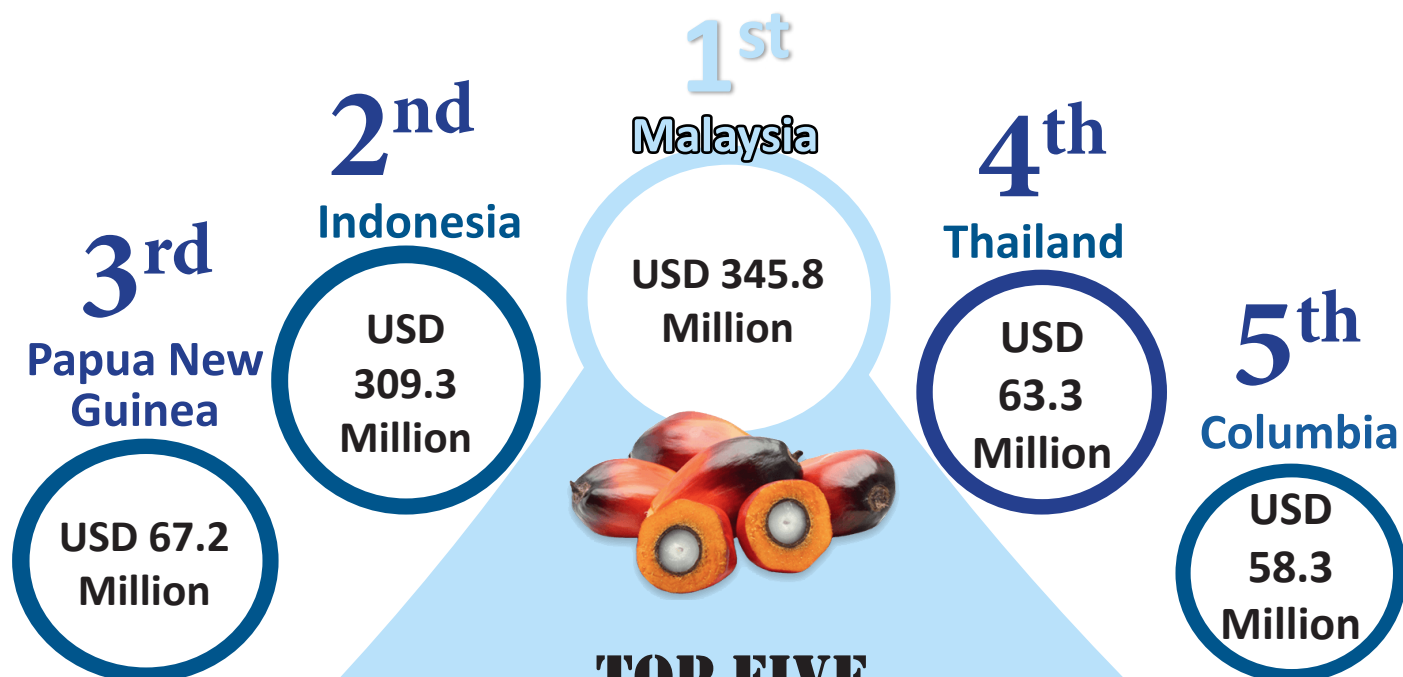
January - October 2017

**Total Imports**  
**RM692.5b**

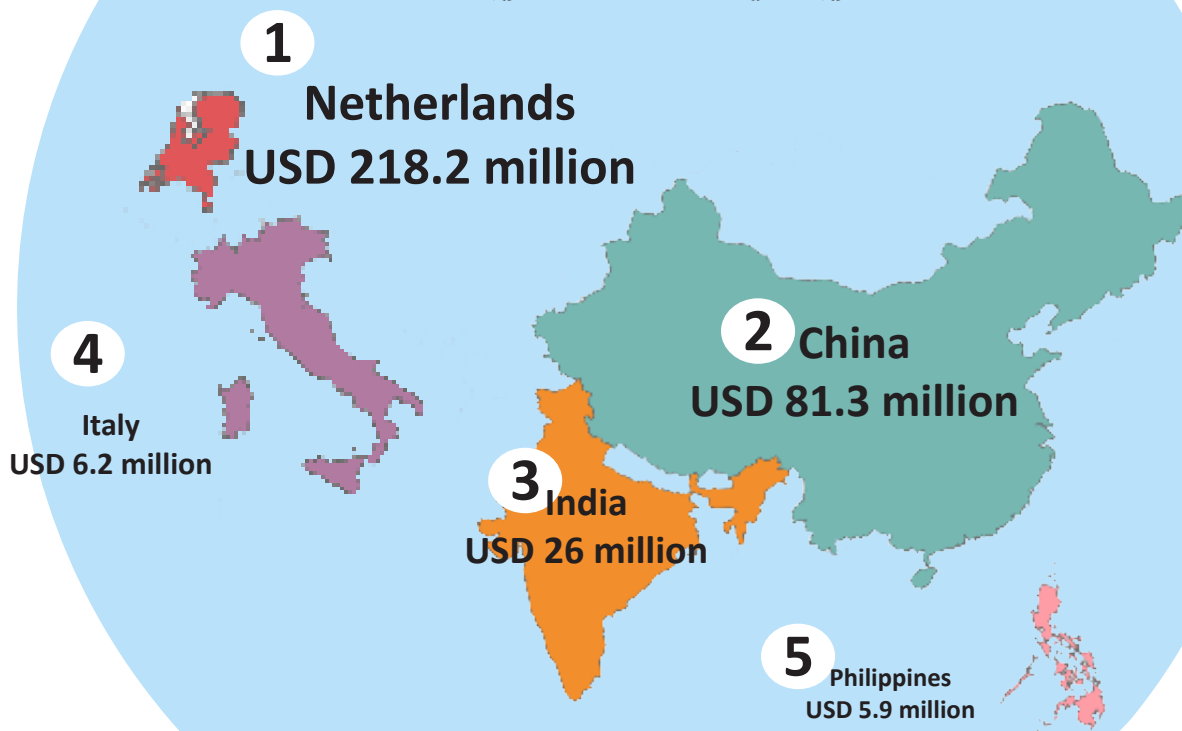
Source: Department of Statistics, Malaysia

# INTERNATIONAL REPORT

**IN 2016, MALAYSIA WAS THE LARGEST EXPORTER OF CRUDE PALM KERNEL OIL\***



## TOP FIVE EXPORT DESTINATIONS

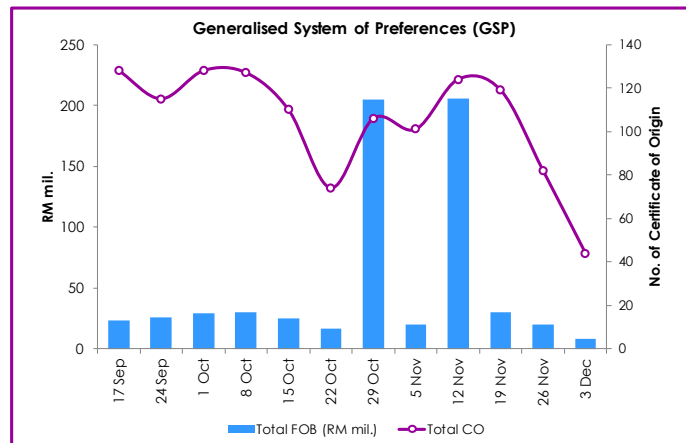
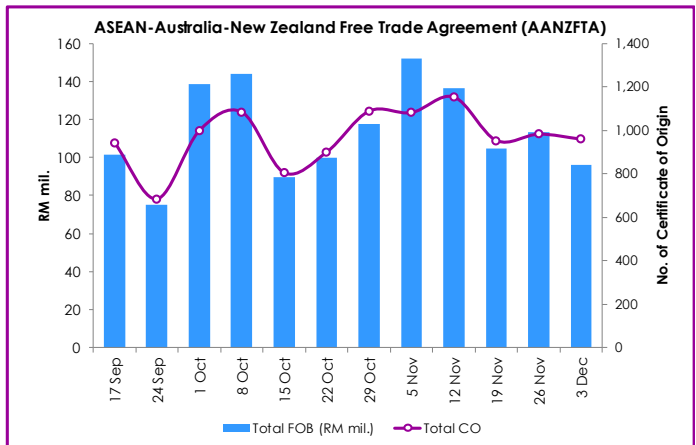
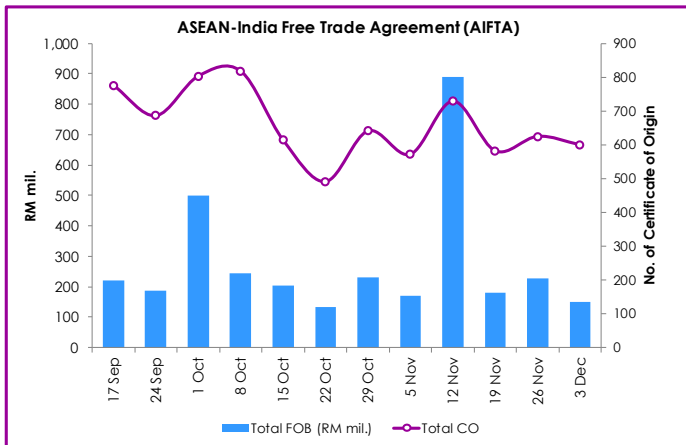
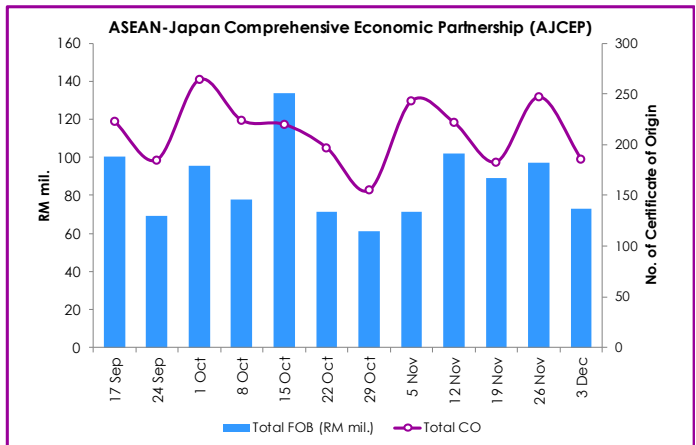
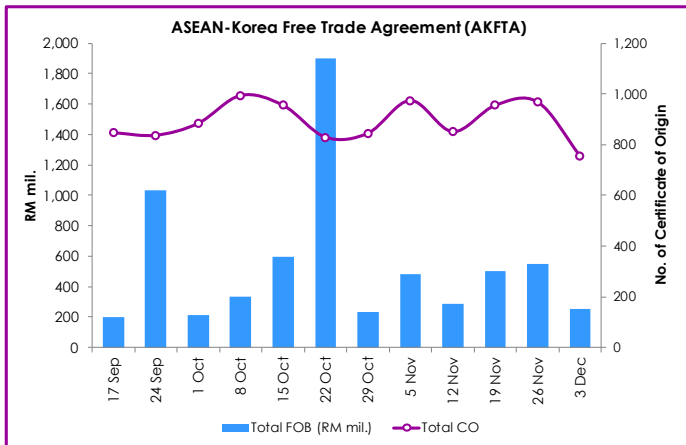
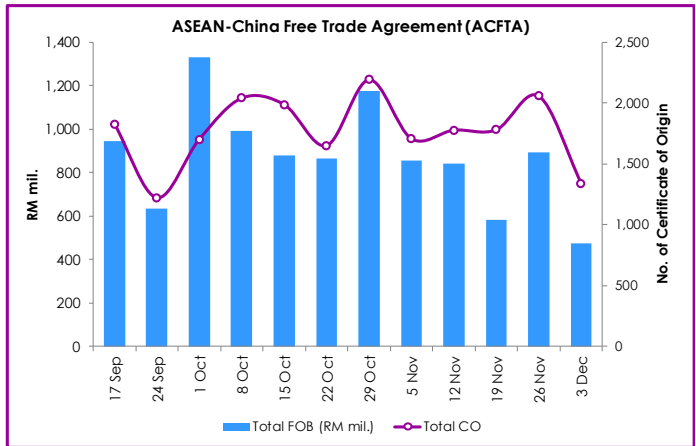
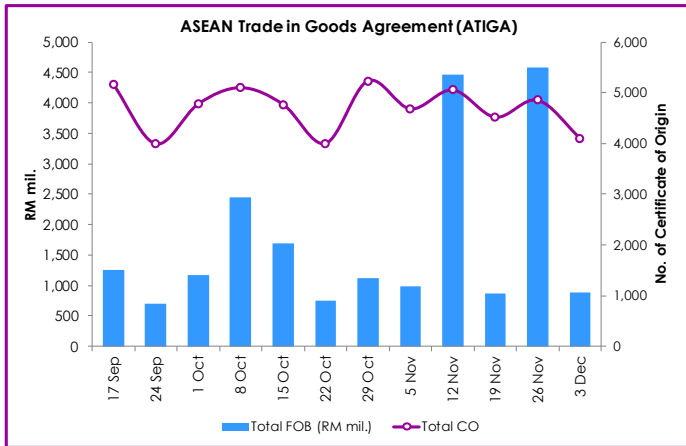


Notes : Data taken are in year 2016

\* Refers to HS151321

Source : <http://www.trademap.org/Index.aspx>

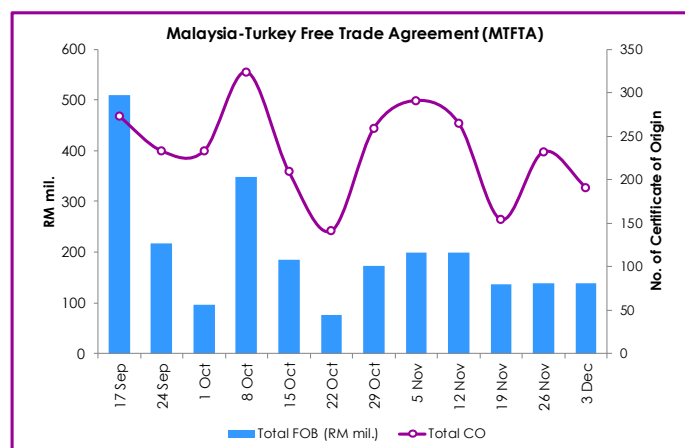
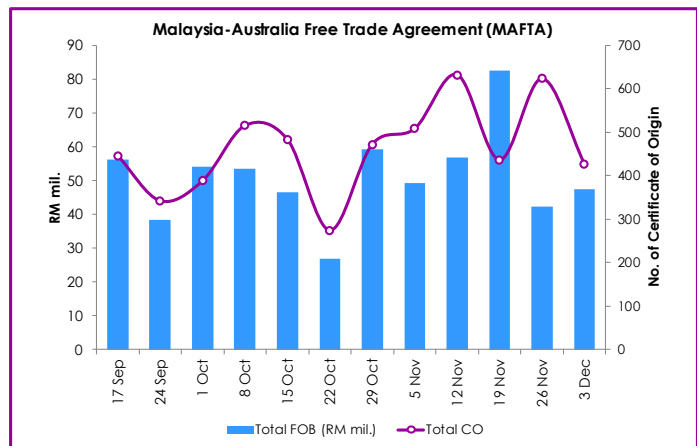
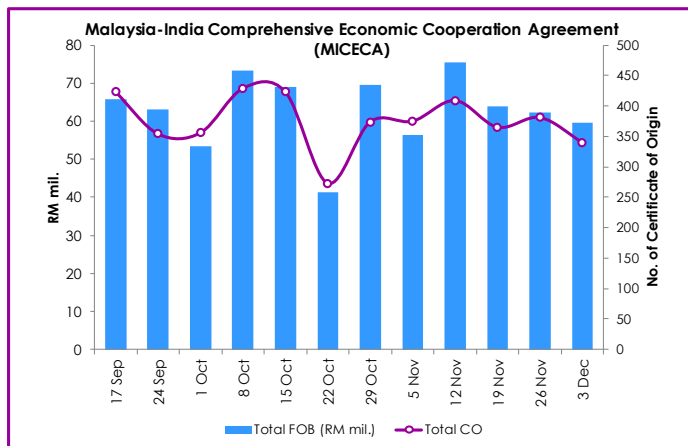
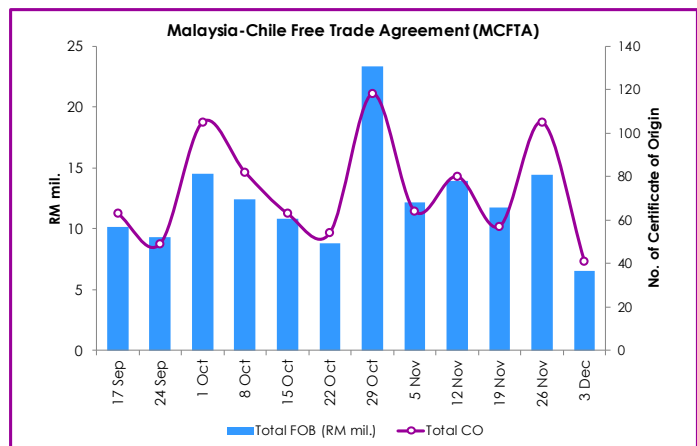
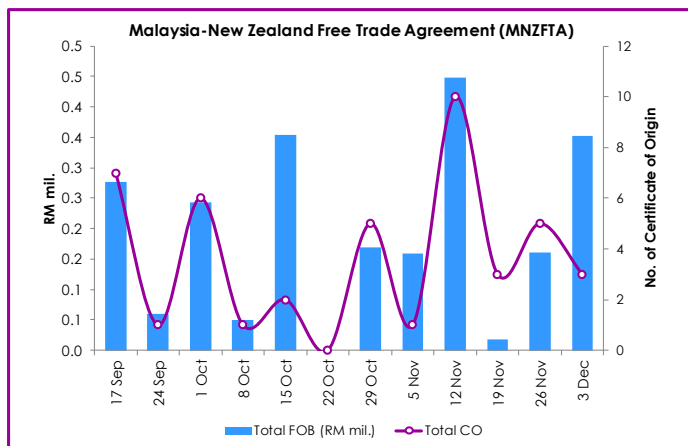
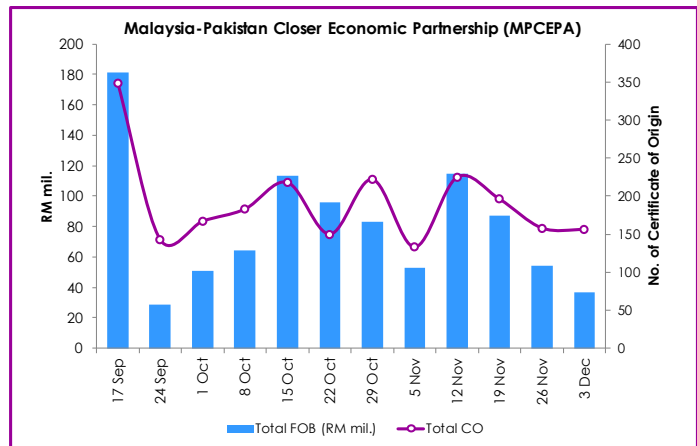
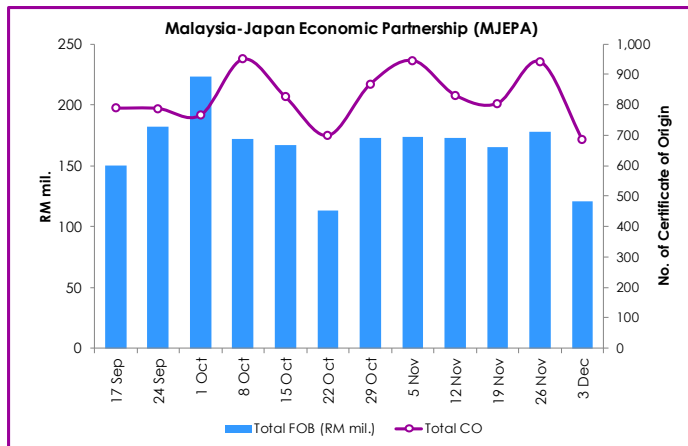
# Number and Value of Preferential Certificates of Origin (PCOs)



Note: The preference giving countries under the GSP scheme are Cambodia, Japan, Kazakhstan, Norway, Russia, Switzerland, Belarus, Liechtenstein and Viet Nam

Note: \*Provisional Data  
Source: Ministry of International Trade and Industry, Malaysia

# Number and Value of Preferential Certificates of Origin (PCOs)

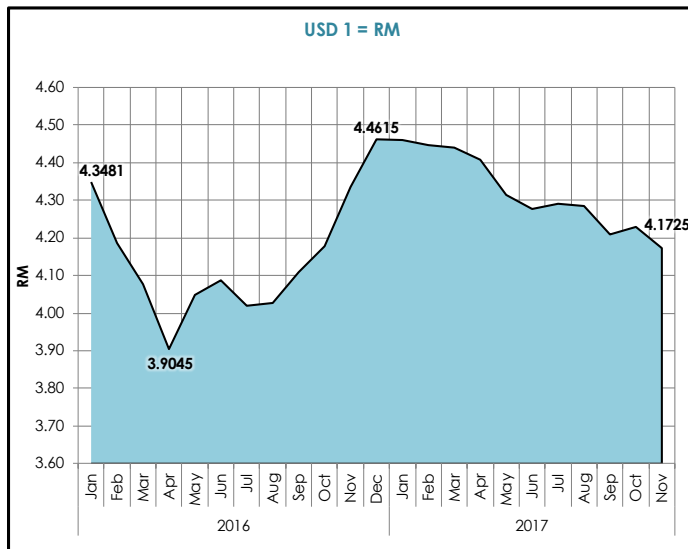


Note: \*Provisional Data  
Source: Ministry of International Trade and Industry, Malaysia

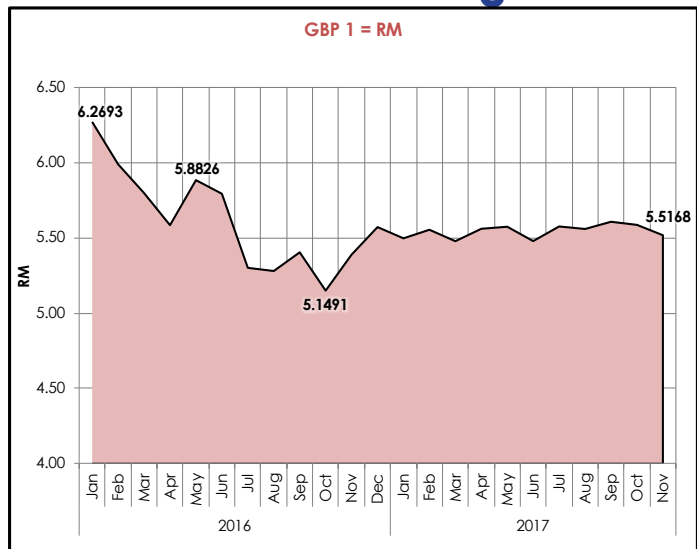


# Malaysian Ringgit Exchange Rate with Selected Countries, January 2016 - November 2017

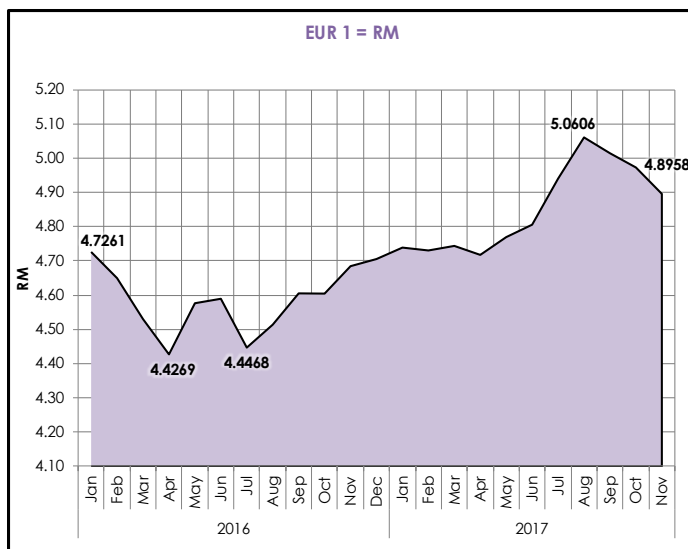
## US Dollar



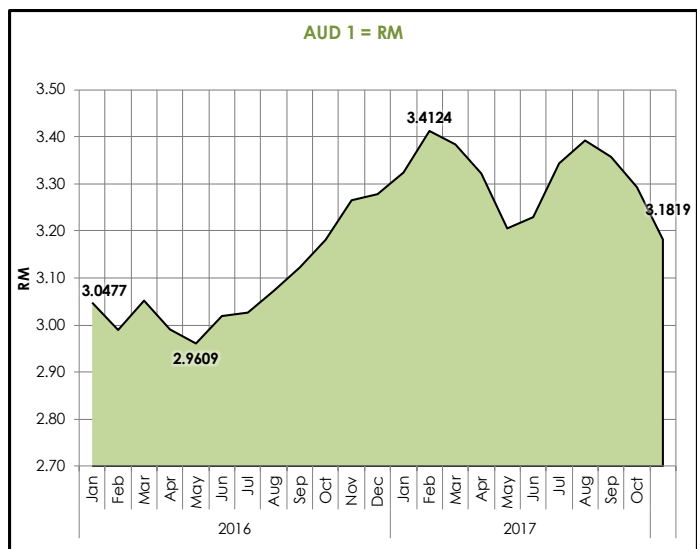
## Pound Sterling



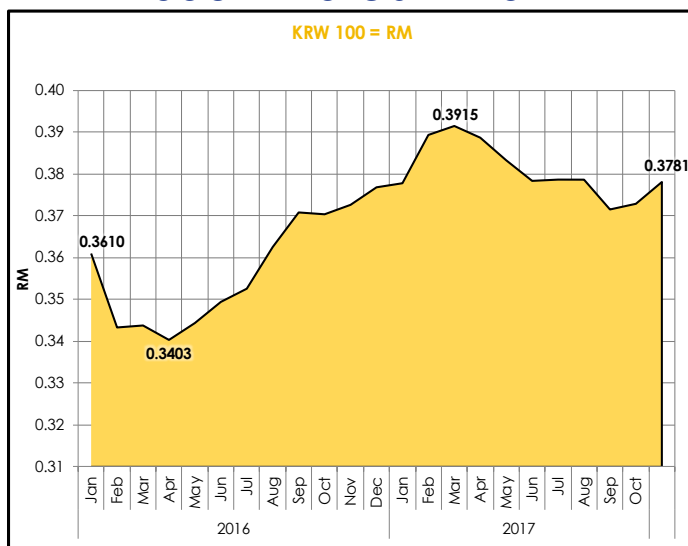
## Euro



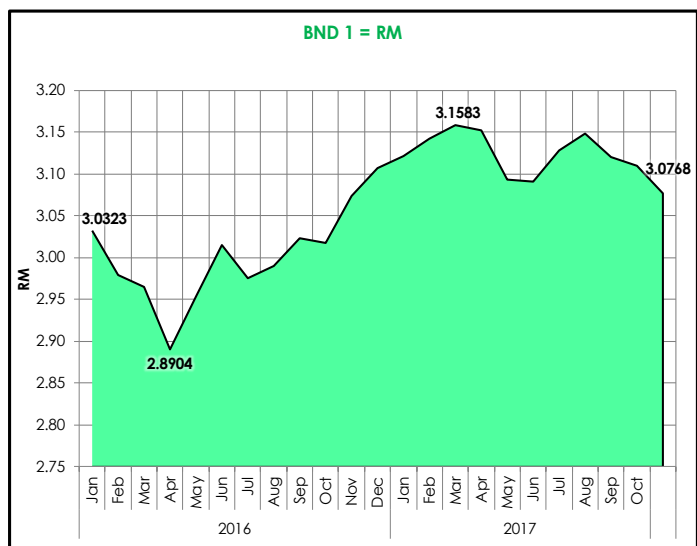
## Australian Dollar



## South Korean Won



## Brunei Dollar



Source : Bank Negara Malaysia

# Commodity Prices



## CRUDE PETROLEUM (BRENT) -per bbl-

8 Dec 2017 : US\$63.4, ▼ 0.5%\*  
Average Price<sup>i</sup> : 2016: US\$45.3  
2015: US\$53.6



## CRUDE PALM OIL -per MT-

8 Dec 2017 : US\$693.0, ▲ 0.1%\*  
Average Price<sup>i</sup> : 2016: US\$702.2  
2015: US\$616.9



## SUGAR -per lbs-

8 Dec 2017 : US¢ 14.1, ▼ 6.2%\*  
Average Price<sup>i</sup> : 2016: US¢18.2  
2015: US¢13.2



## RUBBER SMR 20 -per MT-

8 Dec 2017 : US\$1,416.5, ▲ 1.4%\*  
Average Price<sup>i</sup> : 2016: US\$1,394.5  
2015: US\$1,364.3



## COCOA SMC 2 -per MT-

8 Dec 2017 : US\$1,259.8, ▼ 12.7%\*  
Average Price<sup>i</sup> : 2016: US\$1,609.8  
2015: US\$2,077.0



## COAL -per MT-

8 Dec 2017 : US\$65.0, unchanged  
Average Price<sup>i</sup> : 2016: US\$45.6  
2015: US\$49.9



## SCRAP IRON HMS -per MT-

8 Dec 2017 : US\$350.0 (high), unchanged  
US\$340.0 (low), unchanged  
Average Price<sup>i</sup> : 2016: US\$243.2  
2015: US\$239.6

## HIGHEST and LOWEST 2016/2017

### Crude Petroleum (Brent) -per bbl-



#### Highest

24 Nov 2017 : US\$63.9  
30 Dec 2016 : US\$56.8

#### Lowest

23 June 2017 : US\$45.5  
15 Jan 2016 : US\$28.9

### Crude Palm Oil -per MT-



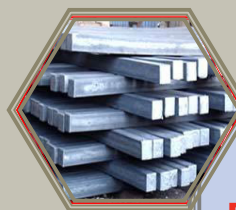
#### Highest

20 Jan 2017 : US\$843.0  
30 Dec 2016 : US\$797.5

#### Lowest

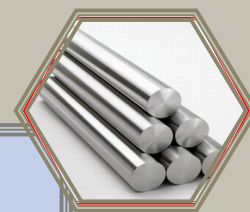
30 June 2017 : US\$650.0  
15 Jan 2016 : US\$545.5

## Domestic Prices 8 Dec 2017



#### Billets (per MT)

RM2,200 – RM2,300



#### Steel Bars (per MT)

RM2,450 – RM2,550

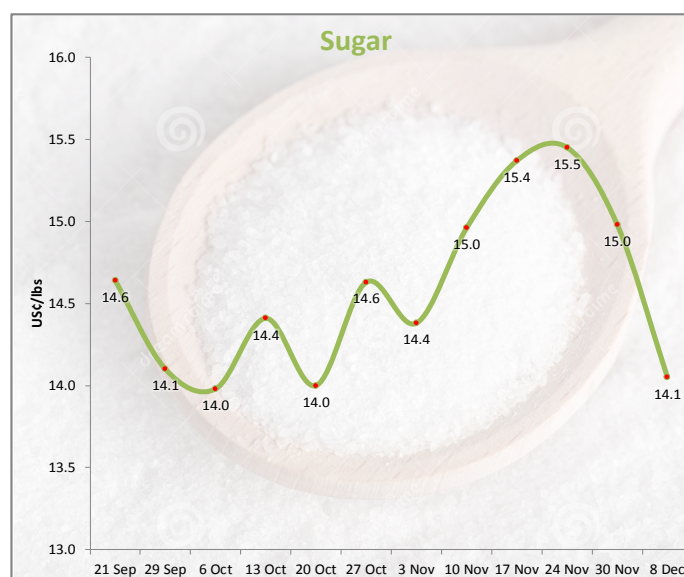
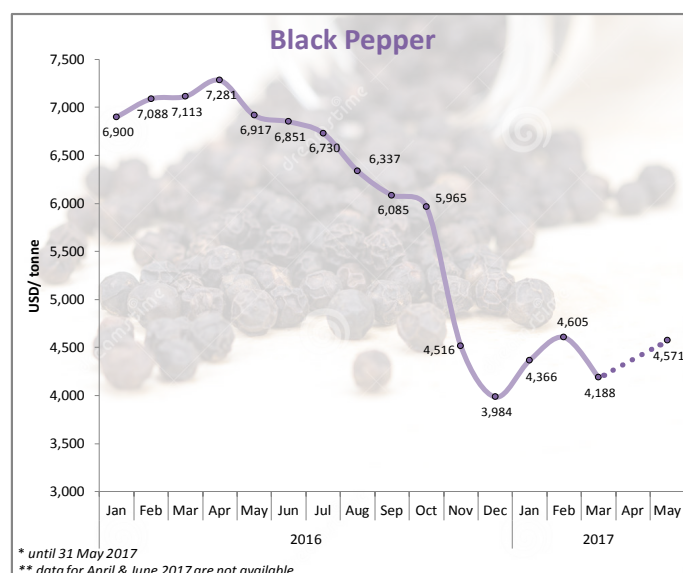
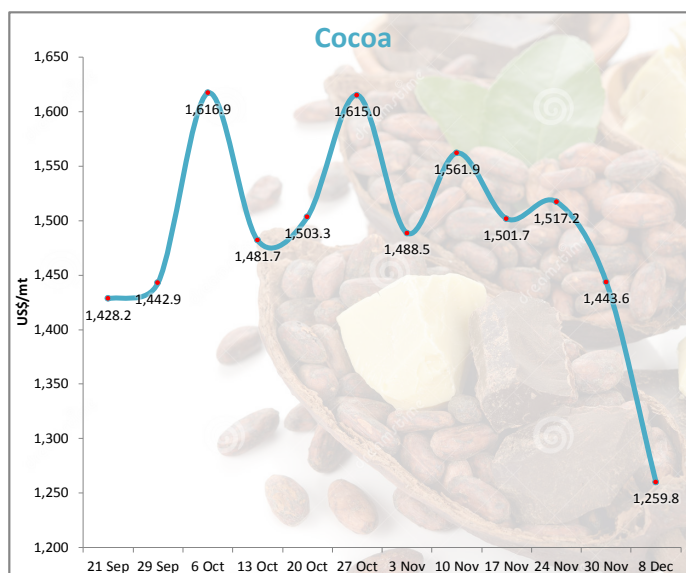
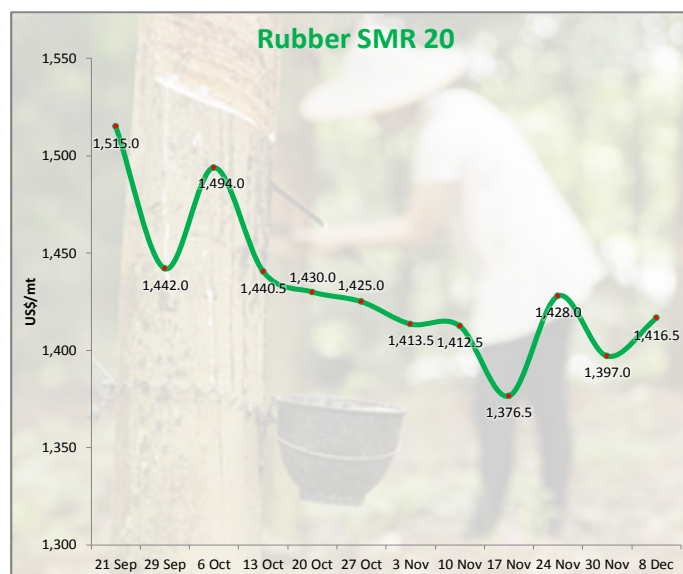
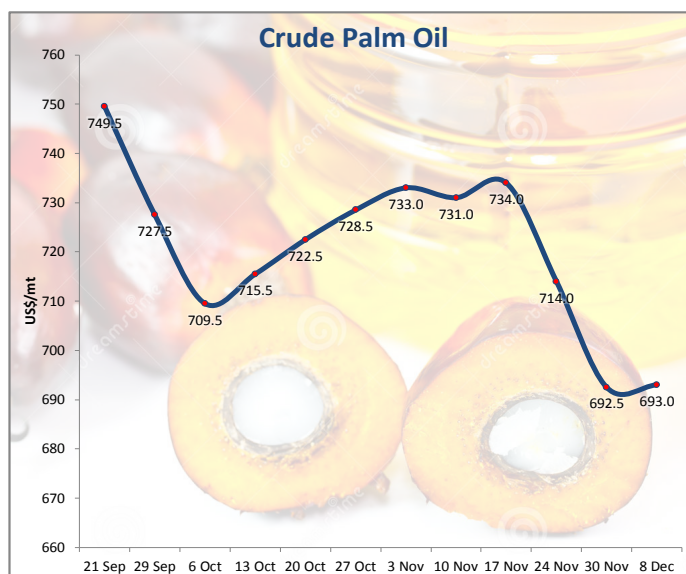
Notes: All figures have been rounded to the nearest decimal point

\* Refer to % change from the previous week's price

<sup>i</sup> Average price in the year except otherwise indicated

Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, and Bloomberg.

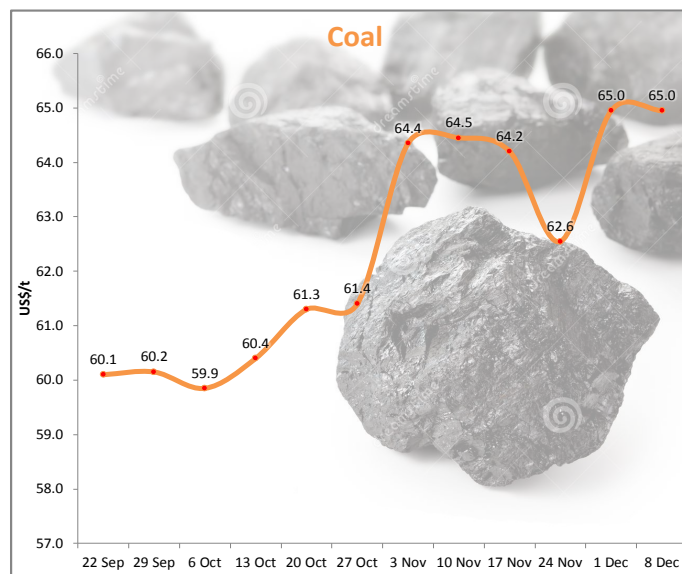
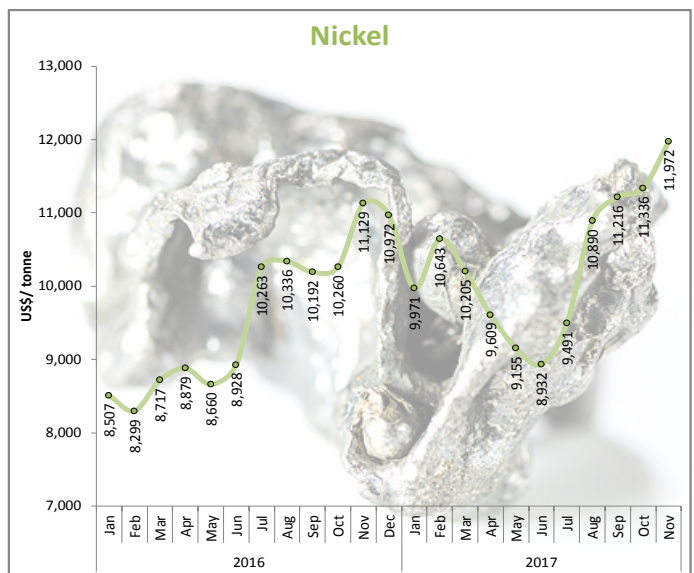
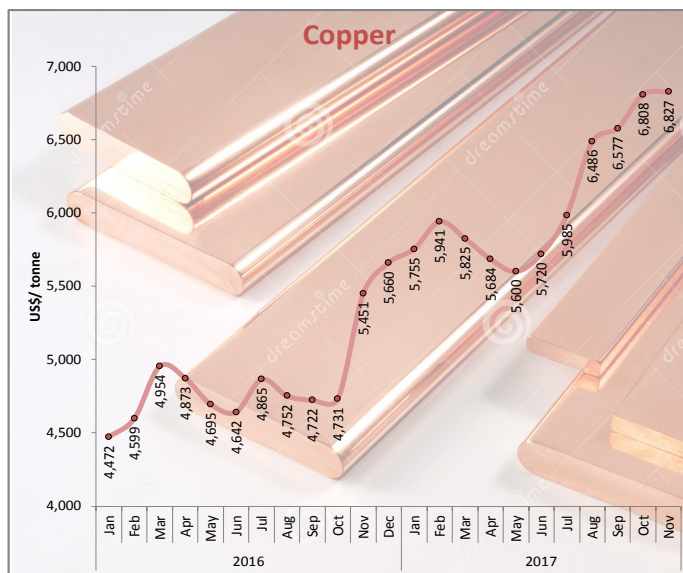
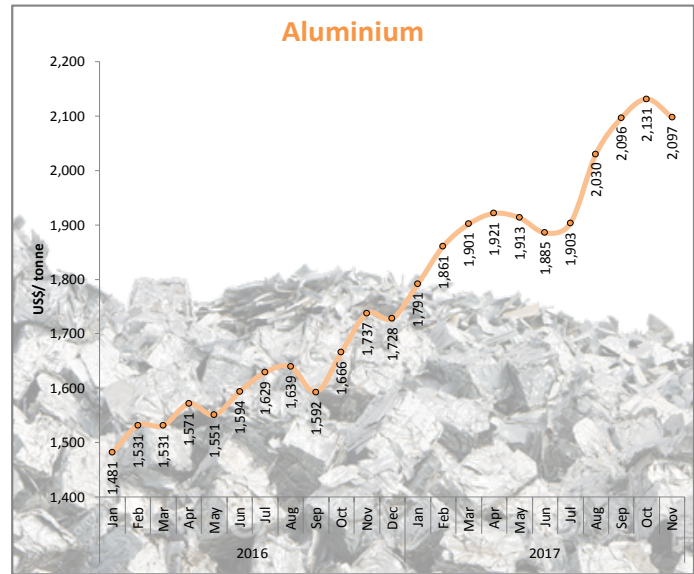
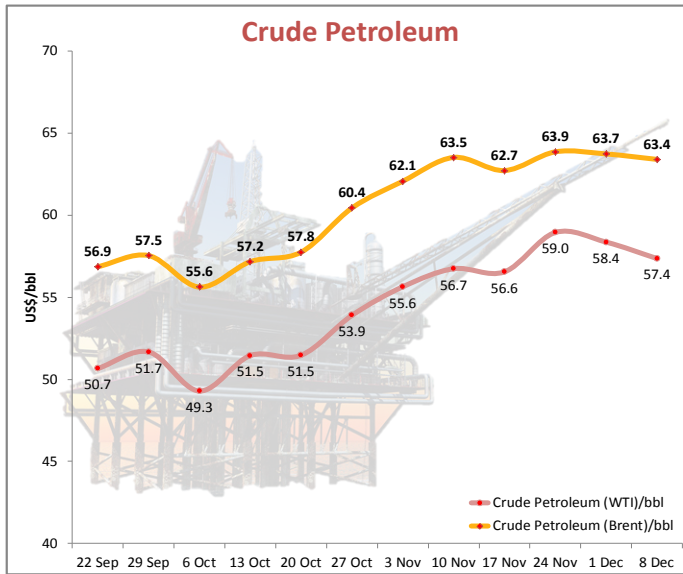
# Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

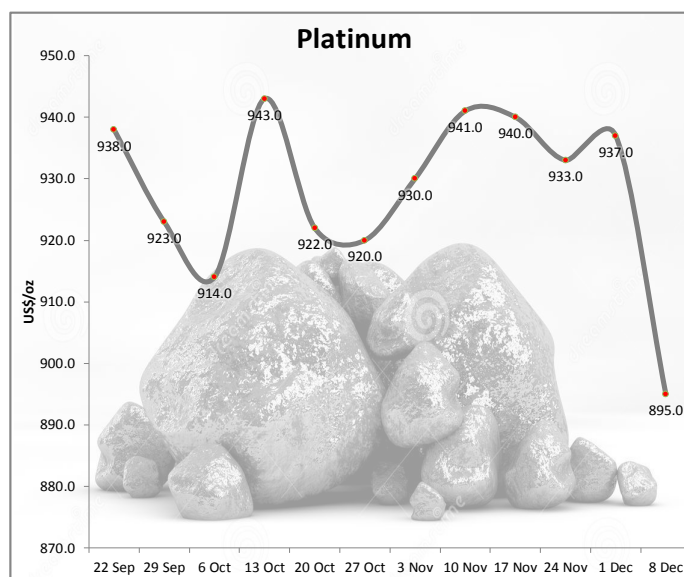
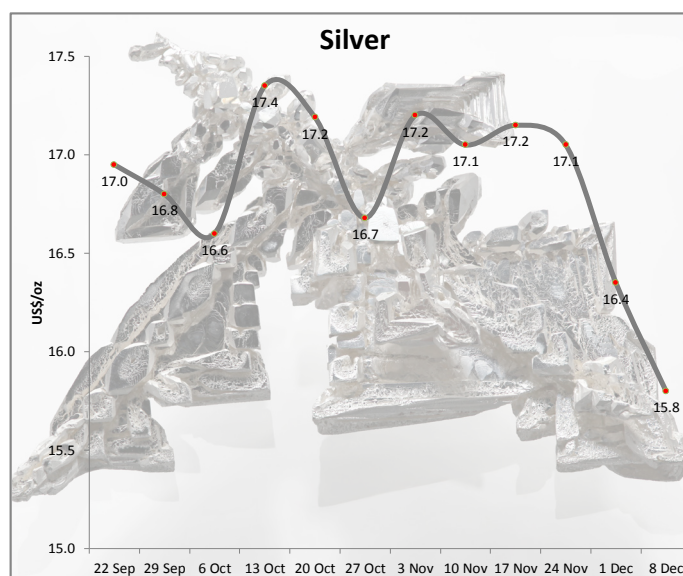
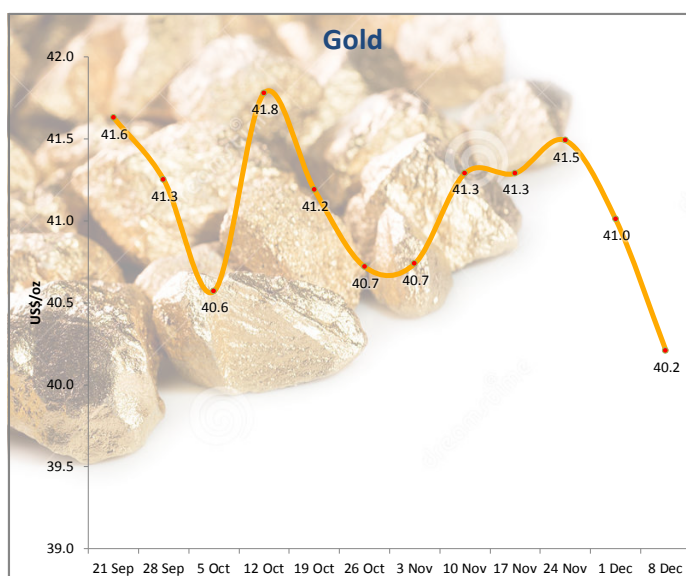
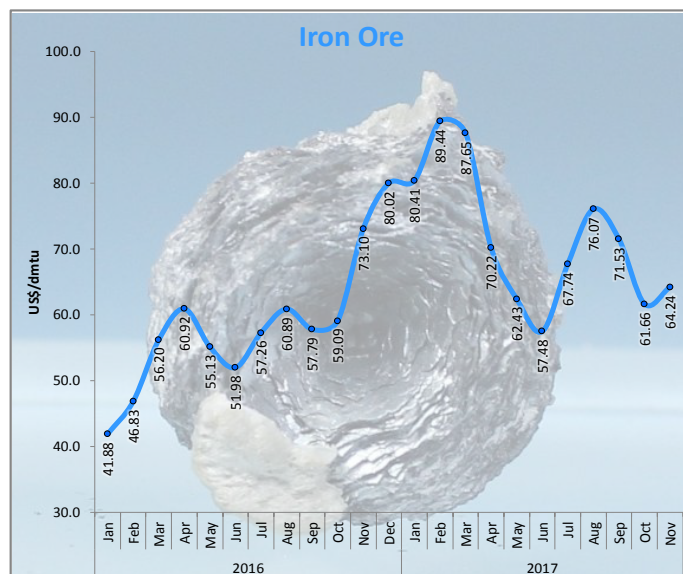
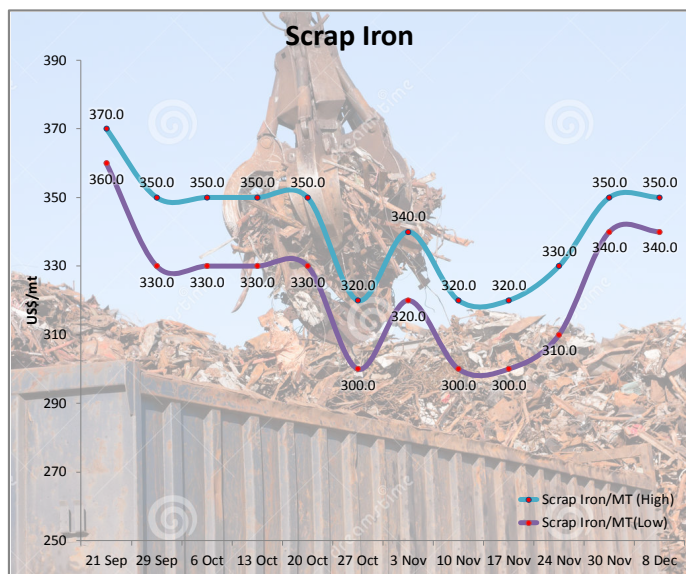


# Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

# Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.



# MITI PROGRAMME

## The Launching of ASEAN Next Entrepreneurs Exchange Track, MITI Tower, 5 December 2017





# MITI PROGRAMME

## Hi-Tea with MITI, MITI Tower, 11 December 2017





# Glossary

## of Technical Terms

### **Wafer Fabrication**

Procedure composed of many repeated sequential processes to produce complete electrical or photonic circuits.

### **Withholding tax**

A tax that is collected at source, before the taxpayer has seen the income or capital to which the tax applies. In other words, that part of the income or capital due in tax is withheld from the taxpayer, who therefore cannot easily avoid paying the tax. Withholding taxes are frequently imposed on interest and dividends.

### **WO**

Wholly Obtained

### **WTO**

World Trade Organization. Established on January 1, 1995, to replace the Secretariat of the General Agreement on Tariffs and Trade

### **WTO Ministerial Meeting**

The WTO's top decision-making body.

Meeting of the full membership of the WTO once in two years.

### **WTO Sectoral Initiatives**

Tariff elimination for selected sectors, with the requirement of participation by members contributing 90 per cent of world trade. Developed members want key developing members such as China, India and Brazil to be part of sectoral initiatives.

### **Zero For X Tariff Reduction**

Developed countries to undertake immediate elimination compared to developing countries.

### **Zeroing**

An investigating authority usually calculates the dumping margin by getting the average of the differences between the export prices and the home market prices of the product in question. When it chooses to disregard or put a value of zero on instances when the export price is higher than the home market price, the practice is called "zeroing". Critics claim this practice artificially inflates dumping margins.

Source: <http://www.miti.gov.my/index.php/glossary>





# EXPO NEGARAKU 2017

@ Dataran Merdeka

15-15 | 10-10  
NOV DIS PAGI MLM



EXPO NEGARAKU 2017 diilhamkan oleh YAB Perdana Menteri, Dato' Sri Najib Tun Razak bagi mempamerkan projek-projek infrastruktur semasa dan masa hadapan yang dirancang dan dilaksanakan oleh Kerajaan Malaysia demi menyediakan kehidupan yang lebih bermakna buat seluruh rakyat Malaysia.

Ekspo ini menawarkan satu pengalaman baharu buat para pengunjung untuk merasai sendiri denyut nadi pembangunan negara secara lebih dekat, sambil mengecapi satu pengalaman yang menyeronokkan.

Inilah peluang untuk anda dan keluarga atau rakan taulan untuk bersama-sama menyaksikan sendiri jaringan pembangunan yang telah dirancang selama ini, demi Negaraku Malaysia. Expo Negaraku berlangsung selama sebulan di Dataran Merdeka, Kuala Lumpur yang sarat dengan sejarah.

- |                              |  |
|------------------------------|--|
| TUAH DIKONGSI<br>BERSAMA     | 1 Pengembaraan anda bermula di Kubah 1 dengan tayangan video yang menyelami kehidupan rakyat Malaysia yang dilimpahi buah hasil daripada kemajuan infrastruktur negara.  |
| KEMUDAHAN<br>INFRASTRUKTUR   | 2 Membawa anda melihat sendiri segala kemudahan infrastruktur yang membawa transformasi kepada kehidupan rakyat Malaysia. Dari jalan raya, lapangan terbang, sistem transit aliran massa hinggalah ke penajaan kuasa. Rasailah sendiri kemudahan-kemudahan ini dengan cara yang berbeza.                                       |
| KEHIDUPAN &<br>KESEJAHTERAAN | 3 Apa kata rakyat Malaysia tentang segala kemudahan ini? Kubah 3 mengupas testimoni benefisiari-benefisiari pelbagai program dan inisiatif yang menjana pertumbuhan ekonomi dan menambahbaik tahap kehidupan dan kesejahteraan rakyat.   |
| GAYA HIDUP<br>MALAYSIA       | 4 Saksikan sendiri panorama Kuala Lumpur dari Menara PNB118, lanskap Pulau Langkawi yang menakjubkan dari puncak kereta kabel, serta infrastruktur moden sepanjang Lebuhraya Utara-Selatan. Semuanya secara interaktif di Kubah 4 yang membawa anda mengembara sepanjang infrastruktur pelancongan dan kebudayaan di Malaysia. |
| MASA DEPAN<br>GEMILANG       | 5 Paparan visual 360 darjah di Kubah 5 pasti akan menakjubkan anda ! Masa depan Malaysia di depan mata menerusi pembangunan Bandar Malaysia, Malaysia Vision Valley dan MyHSR. Segalanya untuk kita dan generasi seterusnya.   |

## ACARA-ACARA SAMPINGAN

### MINGGU 1

#### Kesihatan & Kesejahteraan

- Upacara Pembukaan
- Zumbation
- Kejohanan Futsal Expo Negaraku

### MINGGU 2

- Citarasa Kita
- Pesta Fiesta 2017
- Pesta Buah-buahan

### MINGGU 3

#### Kebudayaan & Pelancongan

- Kenali Budaya Negeri-Negeri di Malaysia
- Malam Bersama Pelawak Terkemuka
- Penghargaan Tokoh-tokoh Malaysia

### MINGGU 4

- Aktiviti & Permainan
- Permainan Rakyat
- Go-Kart
- Majlis Penutup



# DFTZ™

## DIGITAL FREE TRADE ZONE



Help SMEs to export their products globally with ease

### Objective



Enable global market places to source from Malaysian manufacturers and sellers



Make Malaysia the regional fulfillment hub for global brands to reach ASEAN buyers



Nurture an ecosystem to drive innovation in e-commerce and internet economy

### The three components



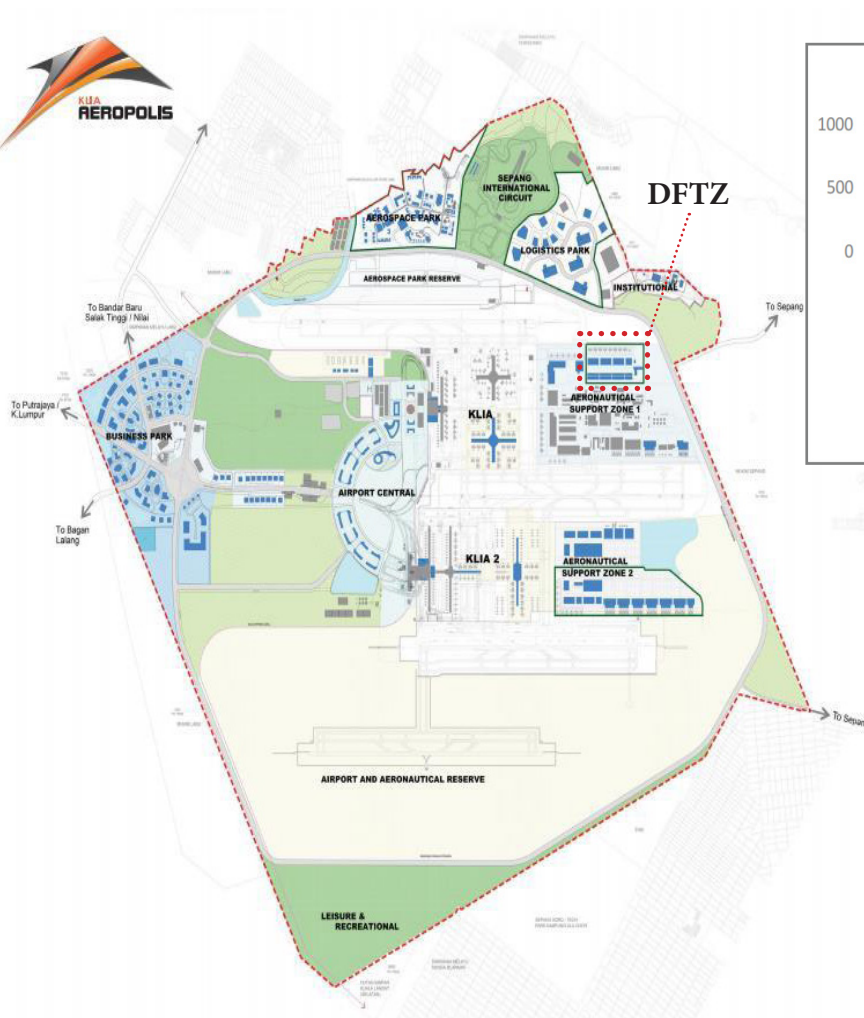
eServices Platform



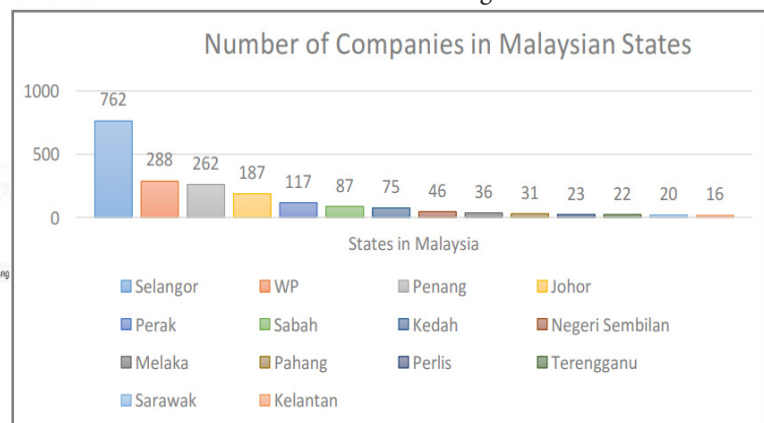
E-Fulfillment Hub



Satellite Services Hub



SMEs breakdown according to states:



Top 10 product categories preferred by Malaysian SMEs on Alibaba:

Industry	No. of Companies
Food & Beverage	385
Beauty & Personal care	196
Furniture	116
Health & Medical	84
Packaging & Printing	76
Apparel	63
Agriculture	61
Rubber & Plastics	59
Automobiles & Motorcycles	58
Others	225

Kindly visit <https://mydftz.com/dftz-goes-live/> to get more information on DFTZ.

Source: mydftz.com and [www.klia.com.my/document/subsidiaries/pdf\\_aeropolis-master-plan\\_337427522.pdf](http://www.klia.com.my/document/subsidiaries/pdf_aeropolis-master-plan_337427522.pdf)

# ANNOUNCEMENT

We are pleased to inform that  
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## Withholding Tax

For more information on Withholding Tax, please visit LHDN's website via this link:  
[http://www.hasil.gov.my/bt\\_goindex.php?bt\\_kump=2&bt\\_skum=6&bt\\_posi=1&bt\\_unit=5&bt\\_sequ=1&bt\\_lgv=2](http://www.hasil.gov.my/bt_goindex.php?bt_kump=2&bt_skum=6&bt_posi=1&bt_unit=5&bt_sequ=1&bt_lgv=2)



# Industry 4.0

## What is the difference between Fourth Industrial Revolution and Industry 4.0?

- The Fourth Industrial Revolution is an overarching industrial transformation that covers every aspect of industries and economic activities including every aspect of living. It is a total transformation of all sectors into new system and/or way of life that will change the way we do businesses. Current technological advances at times also considered as 'disruptive technologies' due to the convergence of the physical, digital and biological worlds.
- Industry 4.0 is referred to as production or manufacturing based industries digitalisation transformation, driven by connected technologies. Industry 4.0 introduces what is referred to as "smart factory" in which cyber physical systems monitor real time physical progress of the factory and are able to make decentralized decisions. Other terminology includes Smart Manufacturing. Some regard Industry 4.0 as a subset of the Fourth Industrial Revolution.

## What are the benefits of moving on to Industry 4.0?

- Benefits of industries moving in to Industry 4.0 are:
  - i) Increase in flexibility;
  - ii) Increased productivity, efficiency, quality and reduced time to market;
  - iii) More R&D activities; and
  - iv) Development of new skills and talent globally.

## What are the Government measures to promote Industry 4.0 adoption in Malaysia?

- A national policy/framework on Industry 4.0 is currently being formulated by the Government. In May 2017, the Cabinet tasked MITI, MOSTI and MOHE to lead this initiative. A High Level Task Force (HLTF) led by MITI with members from relevant Ministries and Agencies has been established since March 2017 to spearhead development of whole of Government strategy for Industry 4.0 with strong stakeholders' feedback including from the industry.
- The Industry 4.0 HLTF has five (5) Technical Working Groups (TWGs):
  - i) Digital Infrastructure and Eco-system led by KKMM;
  - ii) Funding and Incentives led by MOF;
  - iii) Talent and Human Capital led by MOHR and MOHE;
  - iv) Technology and Standards led by MOSTI; and
  - v) SMEs led by SME Corp.

## What are the main pillars of Industry 4.0?

- The nine (9) technology drives/pillars are:
  - i) Autonomous Robots
  - ii) Big Data Analytics
  - iii) Cloud Computing
  - iv) Internet of Things (IoT)
  - v) Additive Manufacturing (3D Printing)
  - vi) System Integration
  - vii) Cybersecurity
  - viii) Augmented Reality
  - ix) Simulation.

## What are the major countries that have advanced to Industry 4.0?

- "Industrie 4.0" is a term coined by the German Government's strategic initiative to transform its secondary industry (manufacturing) as a leader in advanced manufacturing (or cyber physical system) provider as well as for its domestic manufacturing to be more efficient and cost effective. "Industrie 4.0" is a part of the overall High Tech Action Plan 2020 of Germany.
- Different countries are using different terms to describe their national strategy in terms of Industry 4.0. Among other terms used include:
  - i) "Smart Manufacturing" in the United States;
  - ii) "Made in China 2025" for China;
  - iii) "Manufacturing Innovation 3.0" (South Korea);
  - iv) "Industrial Value Chain Initiative" Japan; and
  - v) "Smart Nation Programme" (Singapore).

## What are the focus sectors under the proposed National Policy on Industry 4.0?

- The current economic plans (IMP3 and RMK11) are still relevant and remain as Malaysia's mid-term policy guide until 2020. RMK11(2016-2020) has identified the three (3) catalytic (E&E, M&E and Chemical) plus two (2) new growth (Aerospace and Medical Devices) sectors as game changers for the manufacturing sector. These sectors will continue as the focus sector together with other sectors such as automotive, petrochemicals, textiles and services.
- The overall National Policy is still being developed as such the list of focus sectors will be finalized later.

## What is the vision for the Industry 4.0 National Policy?

- The targets and vision is being deliberated in detail with stakeholders and industry before announcement on the policy is made.

Source: <http://www.miti.gov.my/index.php/pages/view/industry4.0?mid=559>



# Industry 4.0 (continue...)

## FREQUENTLY ASKED QUESTIONS

### 8 Will there be any allocation provided by the Government to promote the adoption of Industry 4.0?

- Targeted incentives and funding to promote adoption of Industry 4.0 will be deliberated in detail under the TWG for Incentives and Funding.
- As the benefits of Industry 4.0 adoption impacts directly to companies, the private sector/industry on their own accord should invest in digitalization efforts. Industry efforts already exist but more concerted efforts from industry leaders need to be seen.

### 9 What is the current status of our industry?

- Malaysia's manufacturing sector as a whole varies in terms of where they are currently ranging between 2.0 (mass production) and 3.0 (automation). However, there are industry leads already in the process of moving towards Industry 4.0 or becoming Industry 4.0 compliant on their own.
- The E&E, aerospace and the automotive sectors are more advanced in terms of Industry 4.0 adoption. The success stories by industry captains will be showcased as Industry 4.0 examples that can be emulated going forward.

### 10 What are the major challenges faced by industries in moving towards Industry 4.0 adoption?

- Major challenges faced by industries in moving towards Industry 4.0 adoption include:
  - Lack of awareness on the concept of Industry 4.0 and its benefits;
  - No clear comprehensive policy and coordination on Industry 4.0 in Malaysia;
  - Infrastructure gaps particularly the digital infrastructure as well as ecosystem gaps;
  - Lack of targeted incentives to incentivize more companies to move to Industry 4.0;
  - Mismatch skillsets and lack of right talent/human capital; and
  - Lack of standards resulting in difficulty of integrating different systems and reliability issue.
- There is also different challenges faced between MNCs and SMEs particularly where majority (40%) of SMEs are of the view that they do not need the internet based on FMM's study on its SME members in 2016 done by Monash University.

### 11 What are the benefits for a company to adopt Industry 4.0 technologies when cheap/low-skilled labour can be obtained through employing foreign workers?

- The Government is committed to move away from low-skilled/foreign workers dependency particularly for the manufacturing sector. Adopting new technology to ensure companies be more efficient and productive will be in tandem with global trends.
- Cheap labour is unsustainable in the long run and prone to human errors thus reducing the quality of products produced. A prime example is China that is moving towards digitalization on a large scale despite the abundance of cheap labour in the country. The adoption of Industry 4.0 in this type of organization will increase efficiency and promote zero-defect outputs.
- A study by The Boston Consulting Group has stated that rapid adoption of Industry 4.0 could boost labour productivity by as much as 30 percent by 2024.

### 12 With the fast changing nature of technology, is adopting Industry 4.0 sustainable?

- Yes, because every organization needs to constantly reinvent itself and the adoption of Industry 4.0 can be considered as part of the upgrading process.
- To ensure sustainability in the long run, digital transformation must be done with the aim of solving important business issues faced in the manufacturing process.
- Global trends show companies that are not confined to the traditional way of doing things and utilize technology to its advantage have a higher chance of remaining relevant and successful in the long run.

### 13 As Industry 4.0 utilizes cyber physical systems, are cyber security risk issues properly addressed and what are the steps taken to eliminate cyber-crime?

- Cyber security is key in achieving a truly digital nation. Hence, one of the technology driver in the nine (9) pillars is Cybersecurity. Our Government through CyberSecurity Malaysia has instituted a broad range of innovation-led cyber security programmes and initiatives to fulfill its mandate accordingly.
- Malaysia is currently ranked third globally among 193 International Telecom Union members, in terms of the level of national commitment to addressing cyber-security risks. Malaysia is also among the top scorers in the Technical Performance Index of the Global Cybersecurity Index 2017.

### Is there a starting point/checklist for companies to adopt Industry 4.0?

- There is no one size fits all solution in moving towards Industry 4.0 at the firm level as it depends on the aim of each company. Any improvements either incremental or leap frogging towards Industry 4.0 will result in positive improvements at the firm level in terms of productivity and efficiency.
- Each company must decide what would be its end goal before finding out the technological options available for use. More often companies would need to be convinced or test run solutions before they can run with its full implementation. They first need to be aware of where they are currently and to ensure that it has its value stream map/an overall mapping out of the whole production line from sourcing raw materials to production until products are shipped to the intended customers.
- There are various platforms showcasing possible solutions including at Penang Skills Development Centre (PSDC) and German Malaysia Institute (GMI) that can be a starting point for companies to see possible technological solutions currently available.

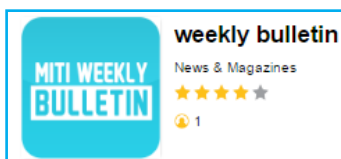
Source: <http://www.miti.gov.my/index.php/pages/view/industry4.0?mid=559>

## Word of the day...

“The world will be unkind to you;  
It will not be able to see you  
You must learn at such times to be  
able to see yourself;  
Life as a creative person is like  
walking on tight rope;  
I have to keep balancing;  
I have to keep the balance;  
I begin to lose myself in my own melodrama;  
It is frustrating that I find myself  
Living up to other peoples’ interpretation of what I ought to be;  
And when faced with dissent or unappreciation;  
I start losing my love affair with my own audience;  
It becomes a tight balance act to keep doing what I do best;  
And not be bothered by the reaction of the people I do it for in  
the first place...”

~ Shah Rukh Khan, Indian film actor, producer and television personality ~

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