

## INDUSTRY 4.0 DRIVING THE PRODUCTIVITY LEAP OF THE E&E SECTOR



The Malaysia Productivity Blueprint (MPB) launched on 8 May 2017 is one of the strategies under the 11<sup>th</sup> Malaysia Plan to unlock productivity for the country. The Ministry of International Trade and Industry (MITI) has been driving the productivity enhancement initiatives for the Electrical and Electronics (E&E) industry, which has been identified as one of the nine priority subsectors in the MPB. Evidently, the E&E industry is the backbone of the manufacturing industry, contributing 36.7% of total exports and 27.8% GDP share of total manufacturing in 2017.

In an effort to further boost E&E's contribution to the economy, the Electrical & Electronics Productivity Nexus (EEPN) led by industries and supported by the Government was formed in 2017. Key strategies for the E&E industry under implementation by the EEPN include enhancing higher value-added activities, nurturing the E&E talent pool, accelerating the adoption of Industry 4.0 and strengthening the development of local E&E small medium enterprise (SMEs). To ensure the success of the initiatives under EEPN, the Delivery Management Office (DMO) of Malaysia Productivity Corporation (MPC) undertakes the role to coordinate, monitor and evaluate delivery efforts of the MPB with YBhg Dato' Wong Siew Hai as the Chairman of the EEPN. This Next Gen Manufacturer Conference 2018 jointly organised by Intel and EEPN in MITI today is an initiative under the key strategy to accelerate adoption of Industry 4.0. The event exemplifies the synergy of cooperation between industry players and the Government in spurring the productivity growth of Malaysian E&E companies.

The Conference aims to accelerate Industry 4.0 adoption amongst the E&E industry by bringing industry players, ecosystem providers and key Government agencies together to discuss about the real things that matter to companies when starting the Industry 4.0 journey. Besides the sharing of thoughts and views by panellists and technical experts, the Conference today features a unique Workshop that took the 400 participants through a to-do list for embarking on the Industry 4.0 journey.

"I am pleased to note EEPN and INTEL's active role in undertaking such awareness programmes to drive the adoption of Industry 4.0, in line with the Government objectives. It is important for industry players and public sector to collaborate to drive the Industry 4.0 agenda for the country. More importantly, adoption of Industry 4.0 should be a bottom-up approach instead of top-down where industry players themselves need to take charge and push for rapid adoption." said Dato' Seri Ong Ka Chuan.

Dato' Seri Ong emphasised, "as a developing country that has aspirations to become a high income nation by 2020, the greatest challenge in facing this disruptive revolution is mindset change. Thinking that Smart Manufacturing, Industry 4.0 and factory modernization are only for large multinational companies is a general misconception. With the race towards Industry 4.0 on, our industry especially SMEs must be more innovative and creative to continue moving up the global value chain with the help of new edge technology."

Besides providing a platform for the Malaysian E&E ecosystem to network, conferences such as this, hope to provide Malaysian E&E manufacturers the impetus to quantum leap to become the drivers of Industry 4.0 adoption in the quest for productivity optimisation. Strong collaborations between stakeholders from multiple expertise and backgrounds are essential towards ensuring that the potential value available is unlocked and fully utilised to propel Malaysia's industry towards global market in this era of new revolution.

## Manufacturing Sector Performance, February 2018

Sales Value

RM 62.3 billion  
↑ 4.9%

Malaysia's Manufacturing Sales Recorded **RM62.3 billion**, an increase of **4.9%** in February 2018

Number of Employees

1,065,849 Persons  
↑ 2.2%

Salaries & Wages

RM 3,758.8 million  
↑ 16.7%

Note: % refer to Y-o-Y Growth

## Manufacturing Top Seven Sub-sectors

Sales Value , February 2018

Petroleum, Chemical, Rubber & Plastic



↑ 6.6%

Food, Beverage & Tobacco



↑ 0.8%

Electrical & Electronics Product



↑ 5.7%

Textile, Wearing Apparel, Leather & Footwear



↑ 1.6%

Transports Equipment & Other Manufacturers



↑ 2.4%

Non-Metalic Mineral Products, Basic Metal & Fabricated Metal Products



↑ 5.1%

Wood, Furniture, Paper Products & Printing



↓ 2.3%

Note: % refers to year-on-year change  
Source: Department of Statistics, Malaysia

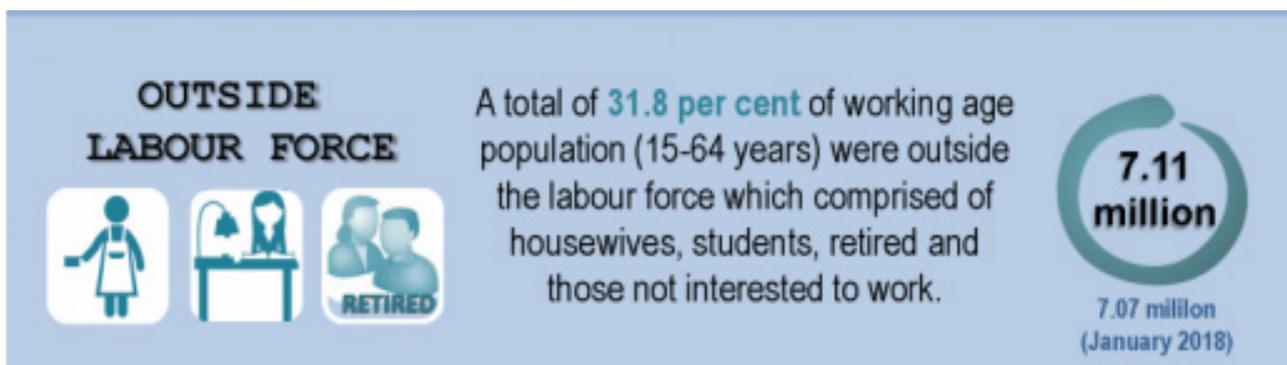
# Labour Market, February 2018

The number of labour force increased **0.3 per cent** in February 2018 as compared to the previous month.



**Notes :**

- Labour force participation rate is defined as the ratio of labour force to the working age population, expressed as percentage.
- Unemployment rate is the proportion of unemployed population to the total population in labour force.



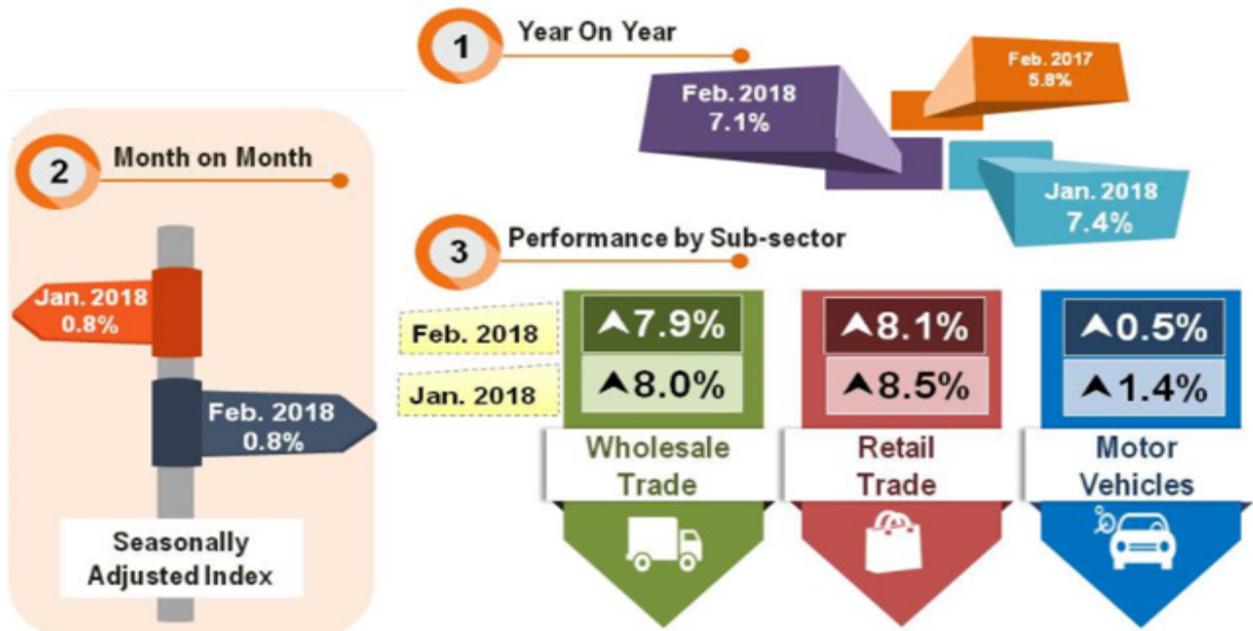
**Note:**

Outside Labour Force : All persons not classified as employed or unemployed as stated above are classified as outside labour force. Includes housewives, students (including those going for further studies), retired, disabled persons and those not interested in looking for a job.

Source: Department of Statistics, Malaysia

# Volume Index of Wholesale & Retail Trade, February 2018

Volume index rose **7.1 per cent** in February 2018



## Wholesale & Retail Trade Performance February 2018

Sales Value at **RM97.3 billion** in February 2018



Note: % refers to year-on-year change  
Source: Department of Statistics, Malaysia

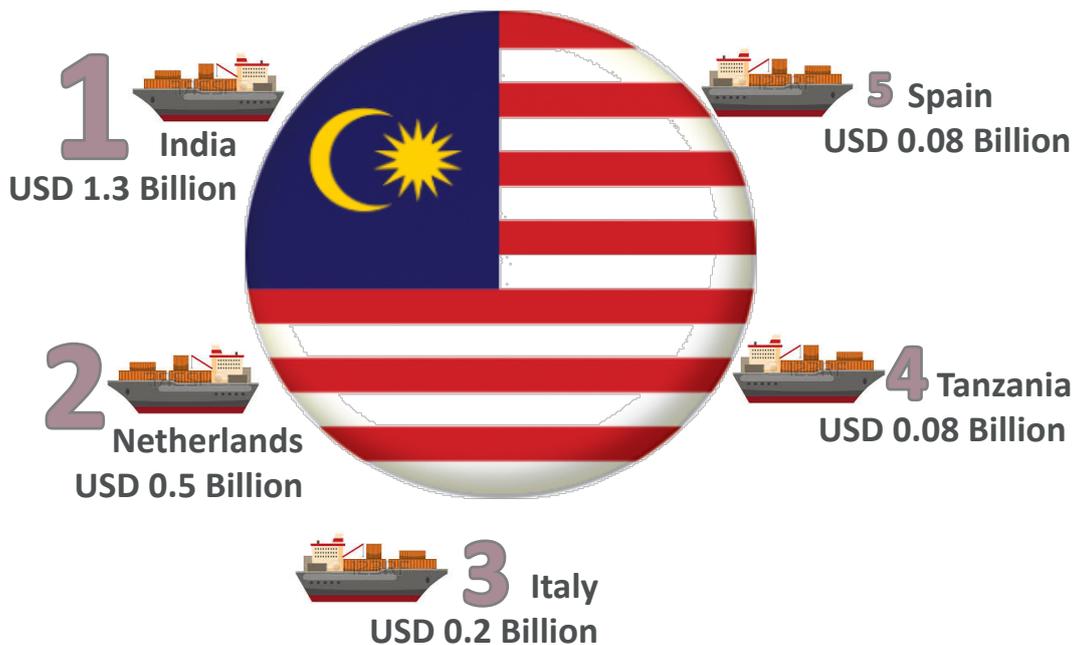
# International Report

## Malaysia as The Second Largest Exporter of Crude Palm Oil, 2016



<b>1</b>	Indonesia USD 3.3 Billion	<b>4</b>	Guatemala USD 0.3 Billion
<b>2</b>	Malaysia USD 2.3 Billion	<b>5</b>	Honduras USD 0.2 Billion
<b>3</b>	Papua New Guinea USD 0.4 Billion		

## TOP FIVE: Export Destinations

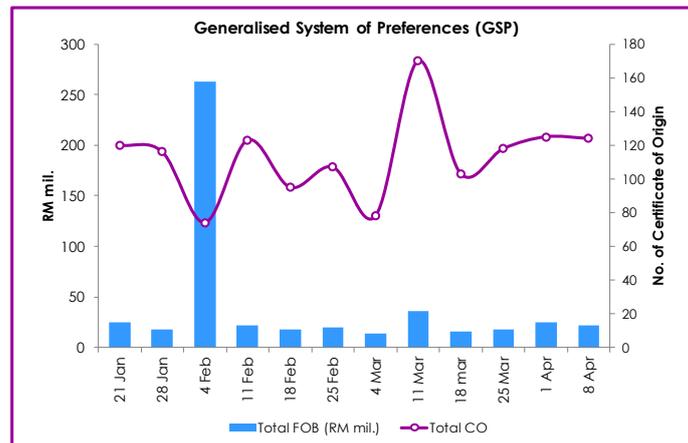
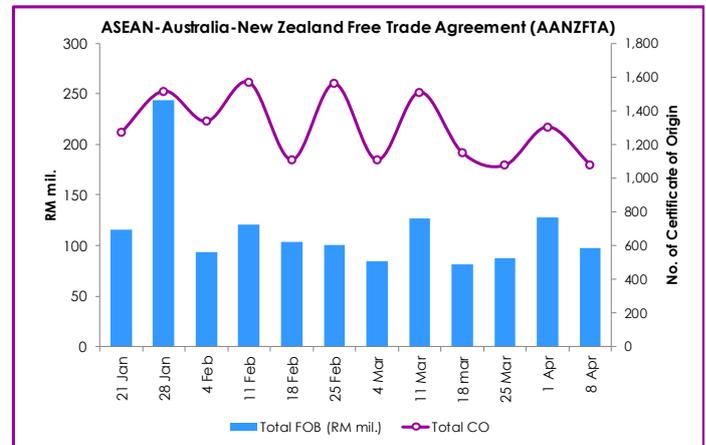
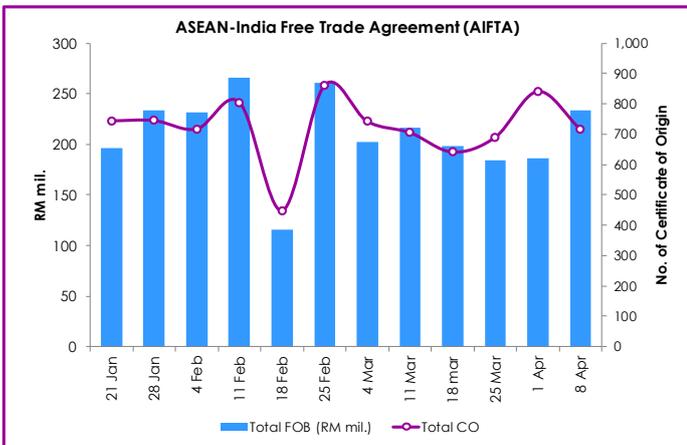
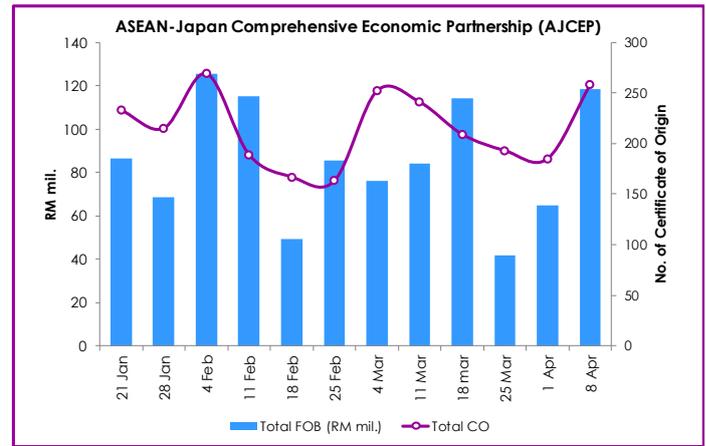
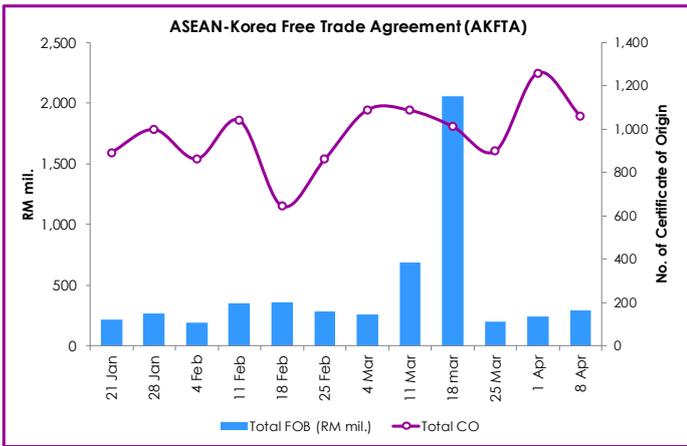
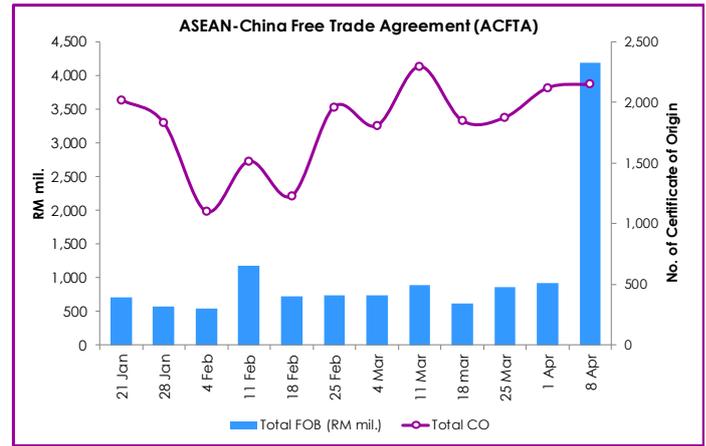
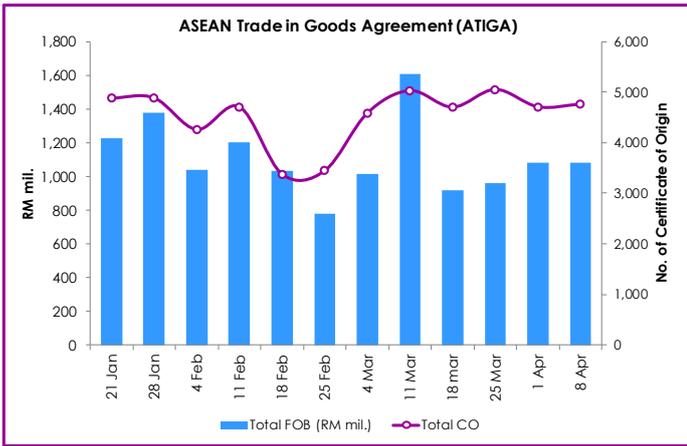


Notes :

\* Refers to HS 151110

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

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

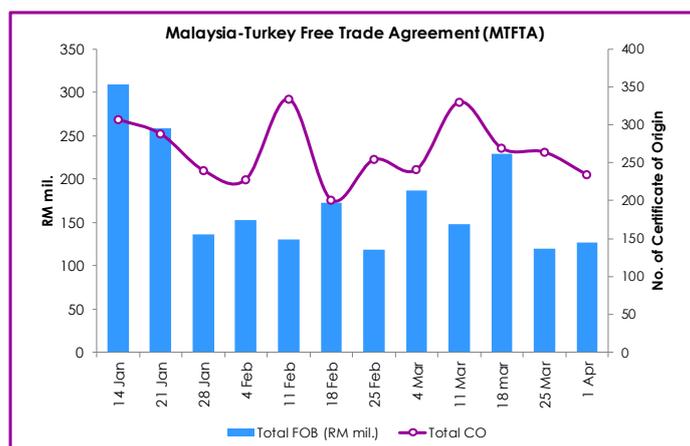
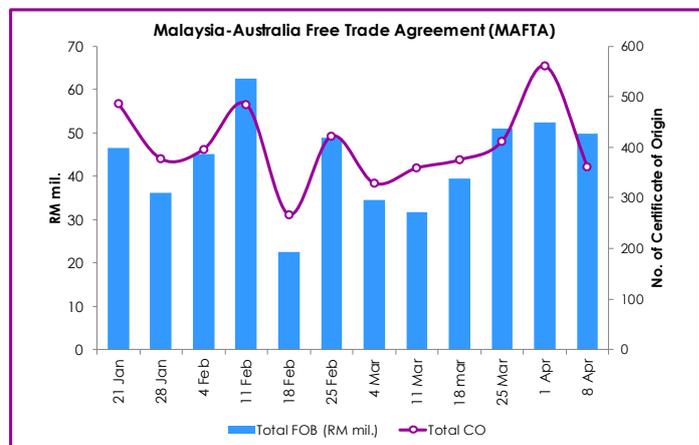
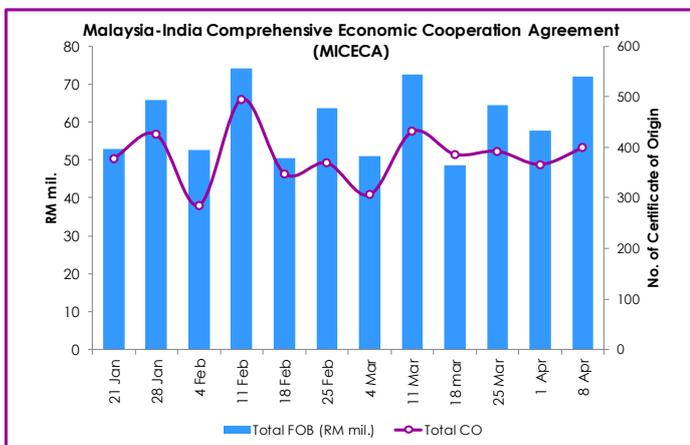
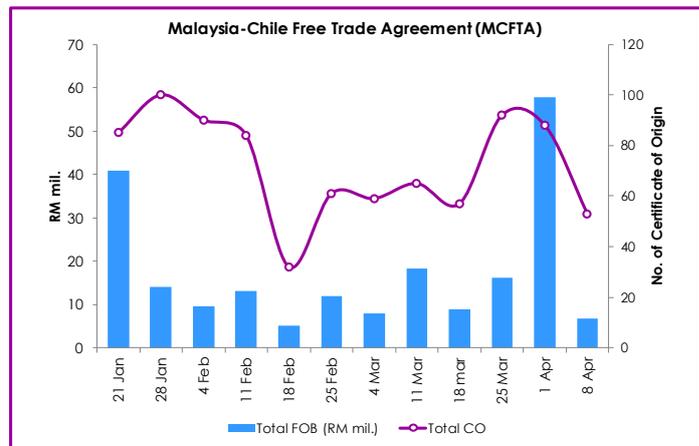
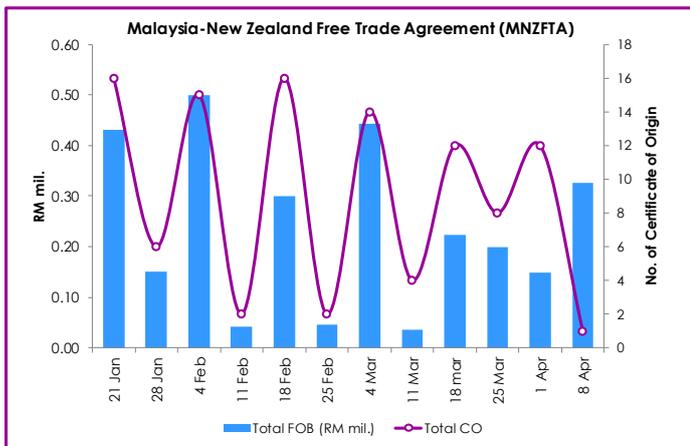
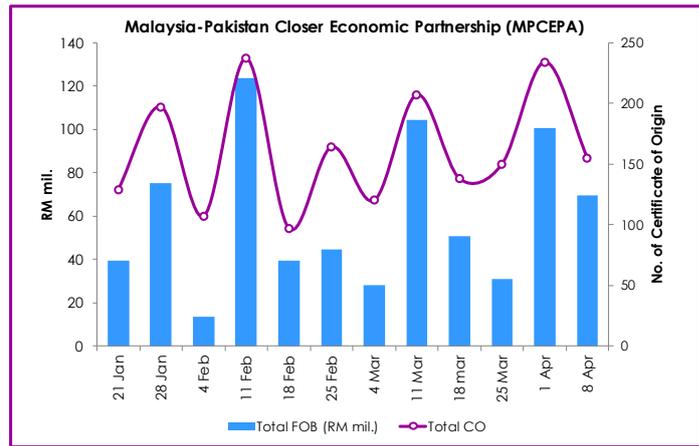
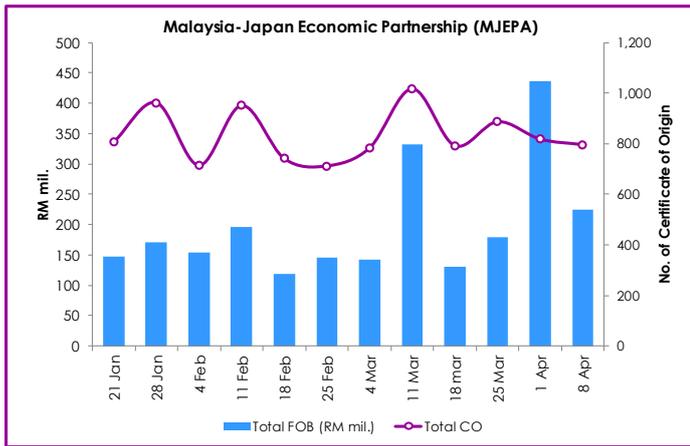


Note: The preference giving countries under the GSP scheme are Liechtenstein, the Russian Federation, Japan, Switzerland, Belarus, Kazakhstan and Norway.

Note: \*Provisional Data

Source: Ministry of International Trade and Industry, Malaysia

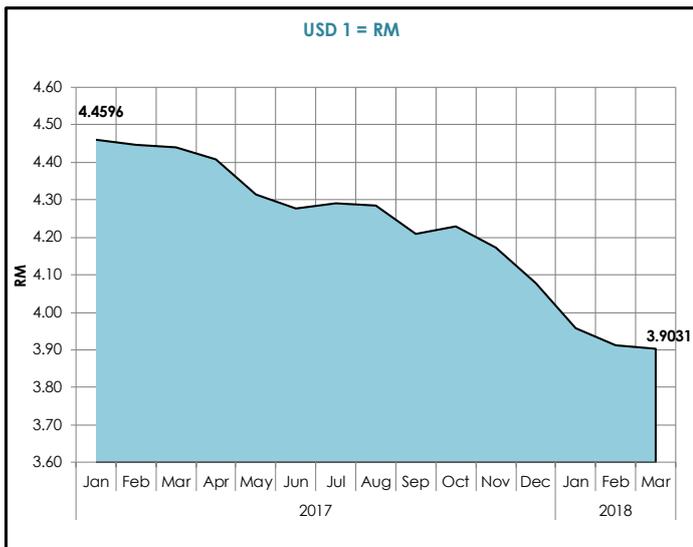
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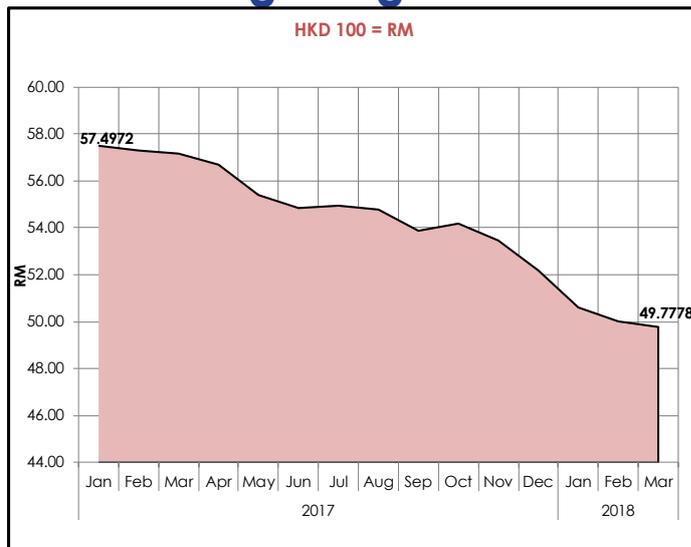
Note: \*Provisional Data  
Source: Ministry of International Trade and Industry, Malaysia

# Malaysian Ringgit Exchange Rate with Selected Countries, January 2017 - March 2018

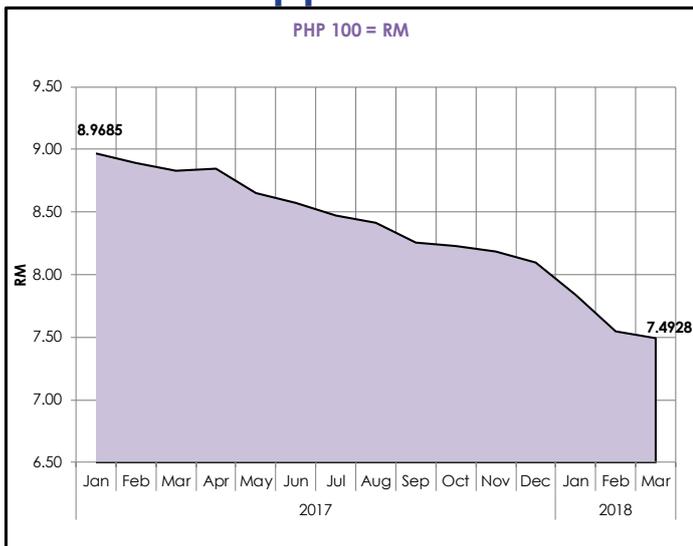
## US Dollar



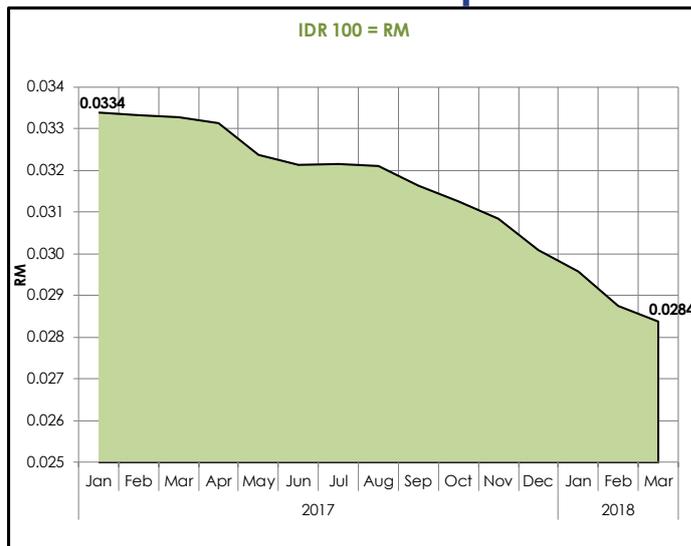
## Hong Kong Dollar



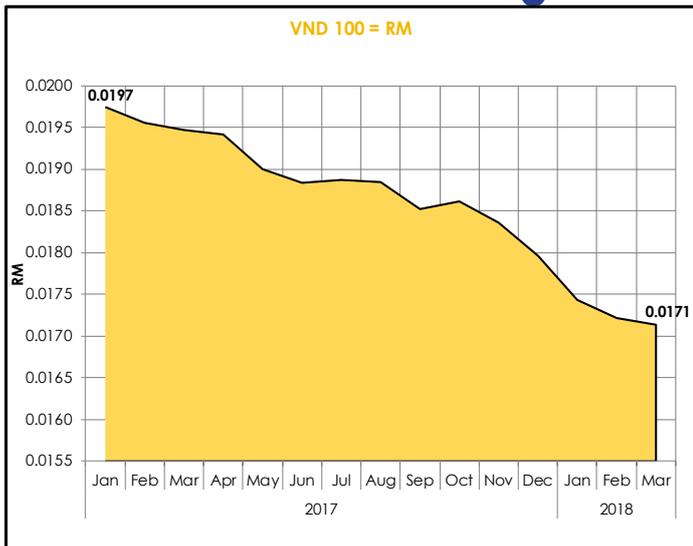
## Philippine Peso



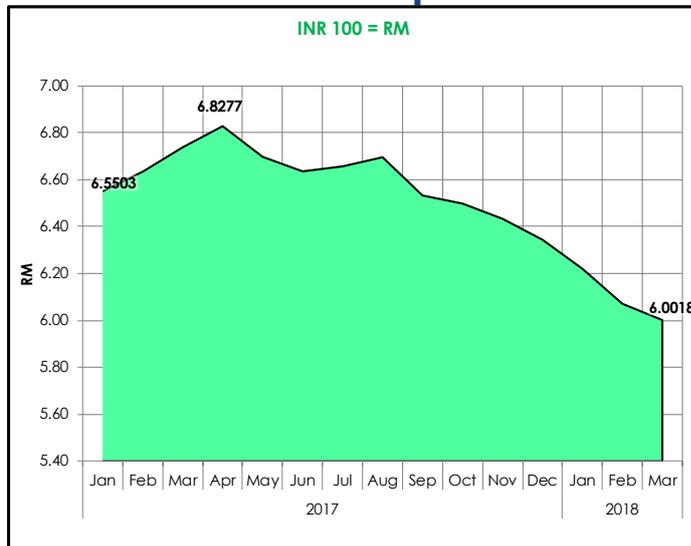
## Indonesian Rupiah



## Vietnamese Dong



## Indian Rupee



Source : Bank Negara, Malaysia

# Commodity Prices



## CRUDE PETROLEUM (BRENT) -per bbl-

13 Apr 2018 : US\$72.6, ▲8.2%\*  
Average Price<sup>i</sup> : 2017: US\$55.0  
2016: US\$45.3



## CRUDE PALM OIL -per MT-

13 Apr 2018 : US\$674.5, ▼0.2%\*  
Average Price<sup>i</sup> : 2017: US\$719.7  
2016: US\$702.2



## SUGAR -per lbs-

13 Apr 2018 : US¢ 12.2, ▼1.1%\*  
Average Price<sup>i</sup> : 2017: US¢15.8  
2016: US¢18.2

## RUBBER SMR 20 -per MT-

13 Apr 2018 : US\$1,398.5, ▲3.4%\*  
Average Price<sup>i</sup> : 2017: US\$1,646.6  
2016: US\$1,394.5

## COCOA SMC 2 -per MT-

13 Apr 2018 : US\$1,662.6, ▼0.6%\*  
Average Price<sup>i</sup> : 2017: US\$1,439.0  
2016: US\$1,609.8

## COAL -per MT-

13 Apr 2018 : US\$59.2, unchanged  
Average Price<sup>i</sup> : 2017: US\$57.2  
2016: US\$45.6

## SCRAP IRON HMS -per MT-

13 Apr 2018 : US\$380.0 (high), ▼5.0%\*  
US\$350.0 (low), ▼9.1%\*  
Average Price<sup>i</sup> : 2017: US\$314.5  
2016: US\$243.2

## HIGHEST and LOWEST 2017/2018

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



#### Highest

13 Apr 2018 : US\$72.6  
29 Dec 2017 : US\$66.9

#### Lowest

9 Feb 2018 : US\$62.8  
23 June 2017 : US\$45.5

### Crude Palm Oil -per MT-



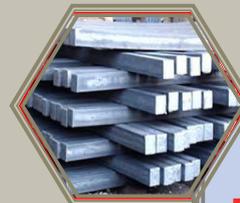
#### Highest

9 Mar 2018 : US\$691.5  
20 Jan 2017 : US\$843.0

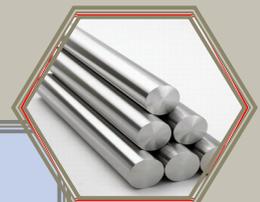
#### Lowest

23 Feb 2018 : US\$653.5  
30 June 2017 : US\$650.0

## Domestic Prices 13 Apr 2018



**Billets**  
(per MT)  
RM2,200 – RM2,250



**Steel Bars**  
(per MT)  
RM2,530– RM2,680

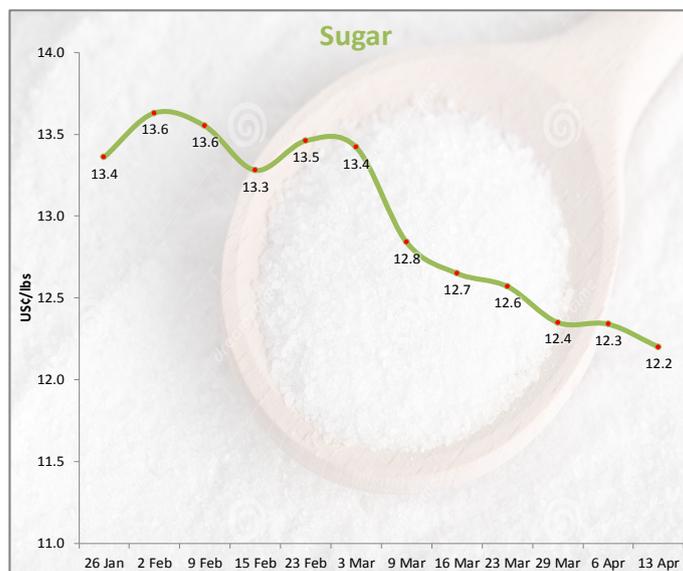
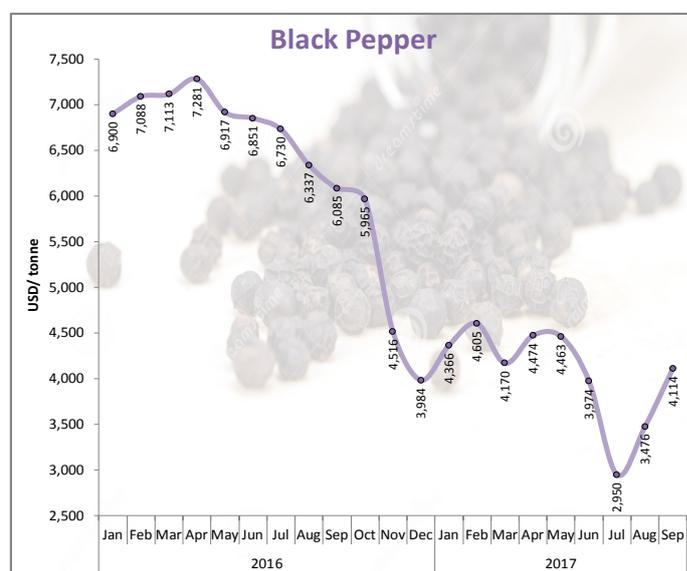
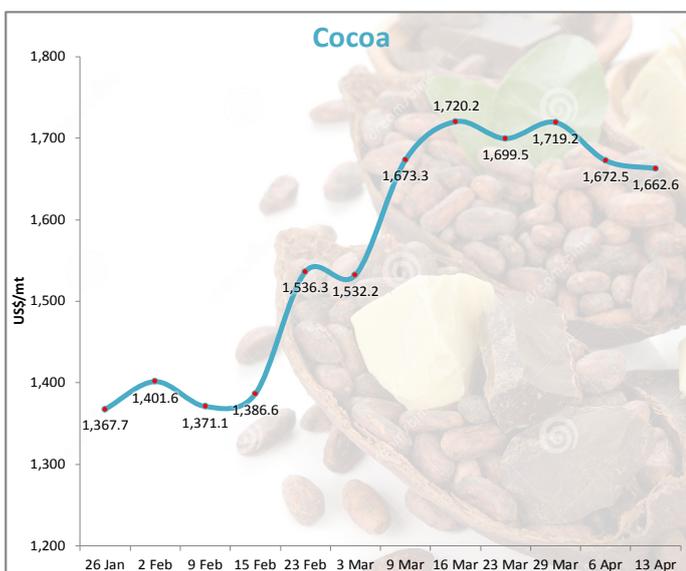
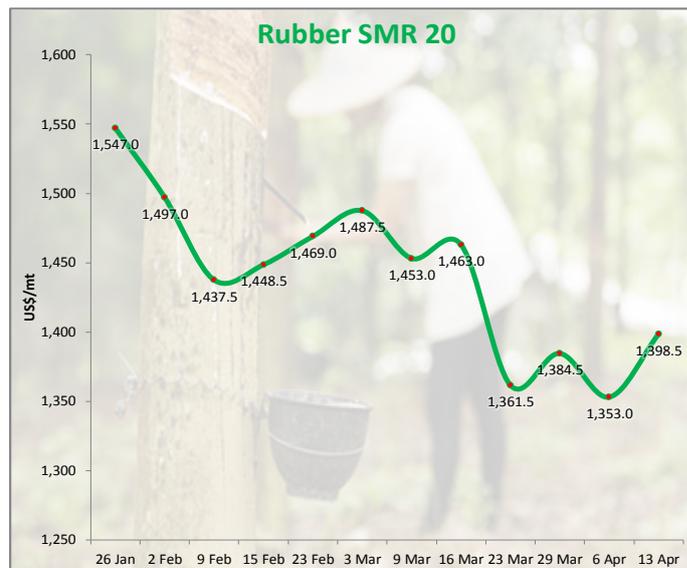
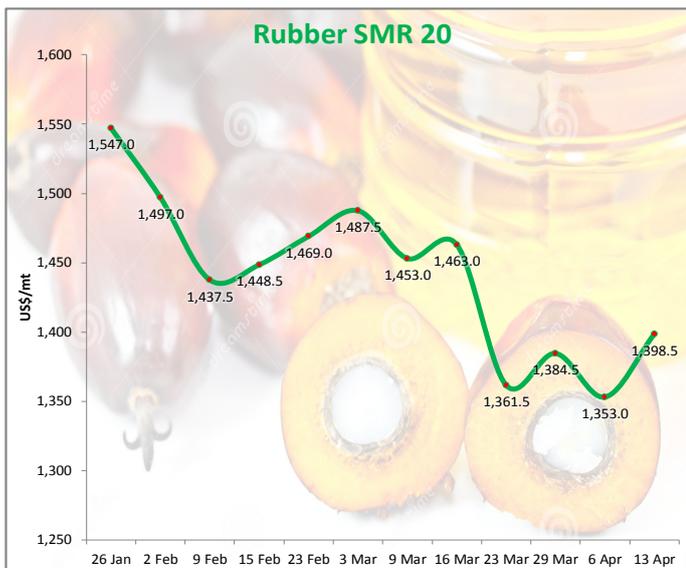
Notes: All figures have been rounded to the nearest decimal point

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

i Average price in the year except otherwise indicated

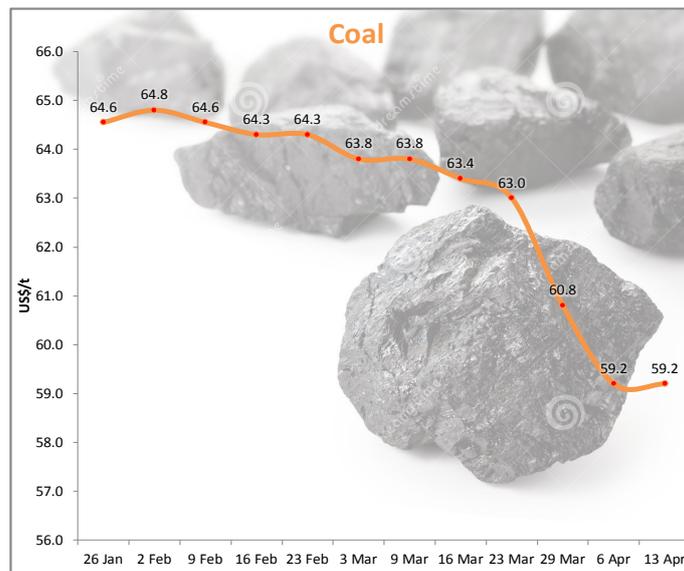
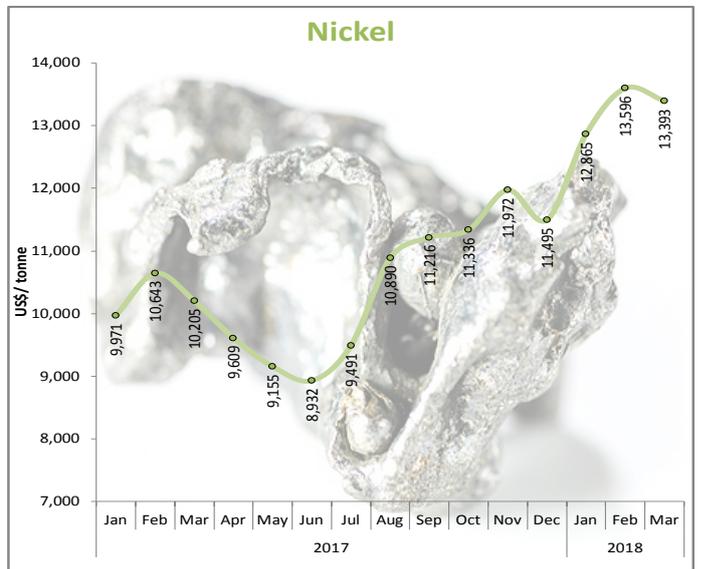
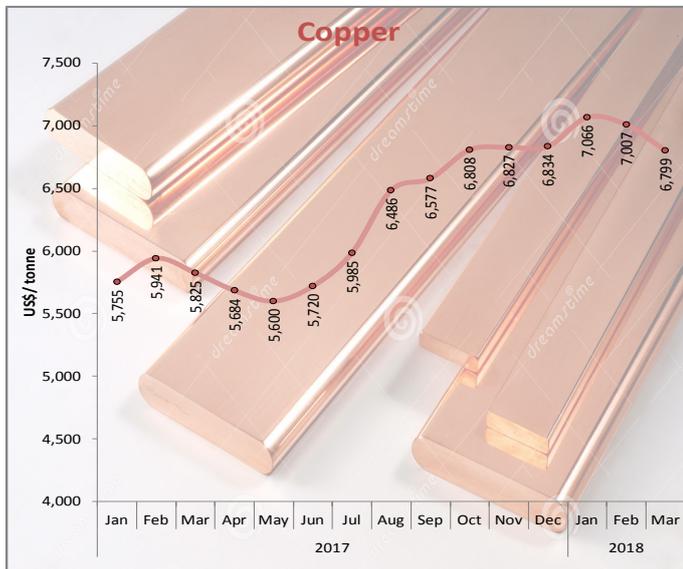
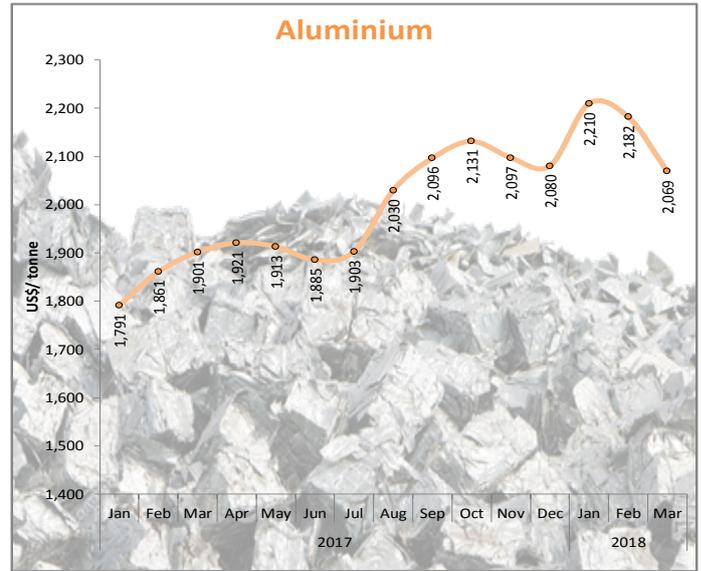
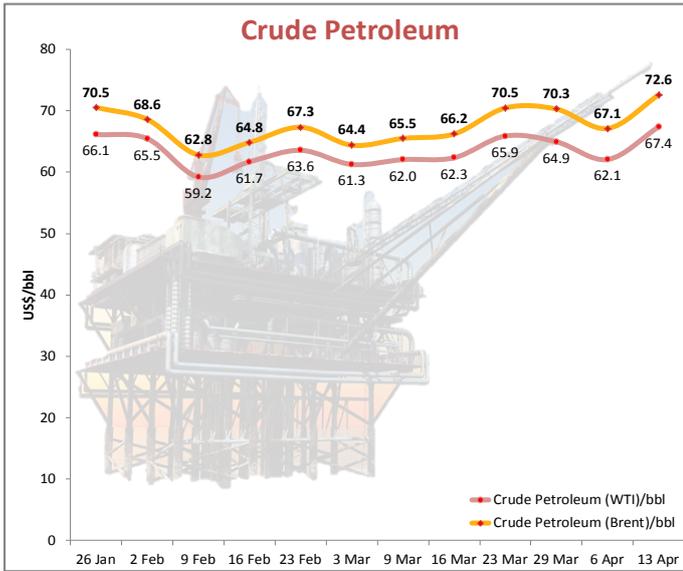
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, and Bloomberg.

# Commodity Price Trends



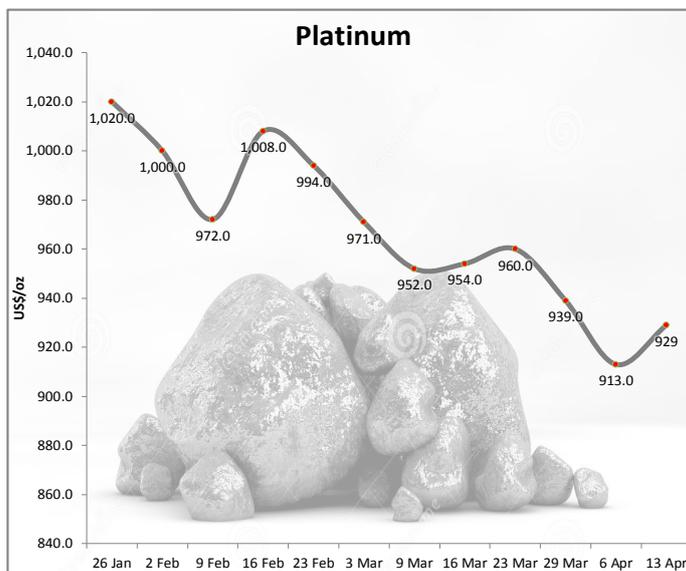
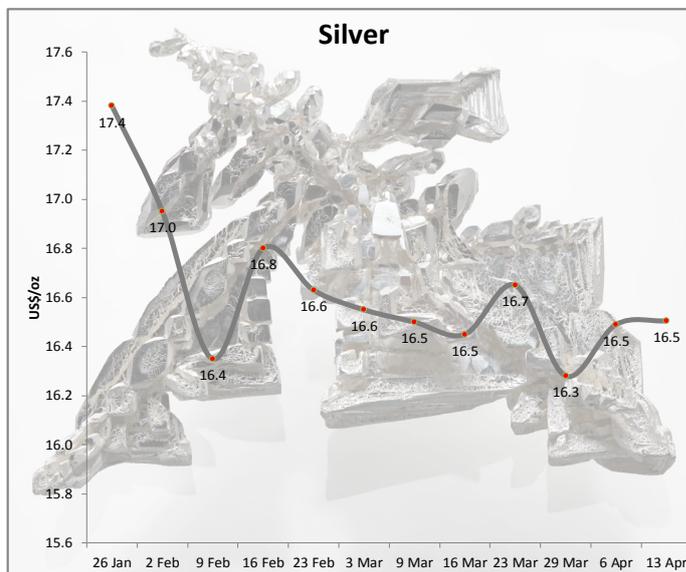
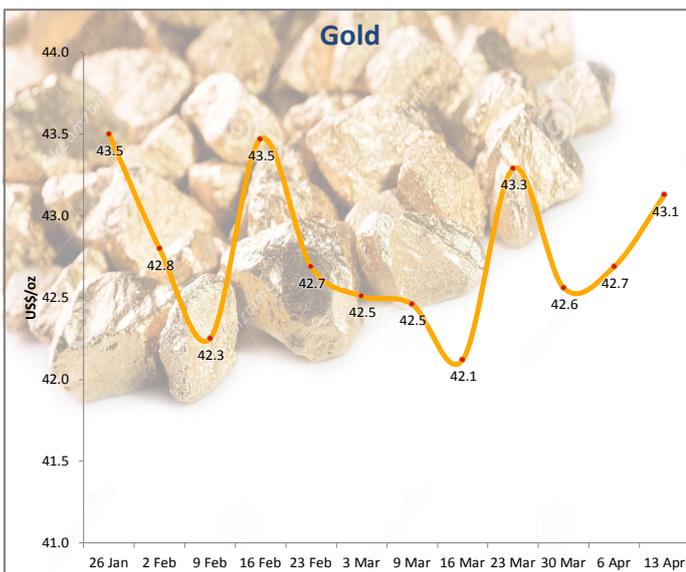
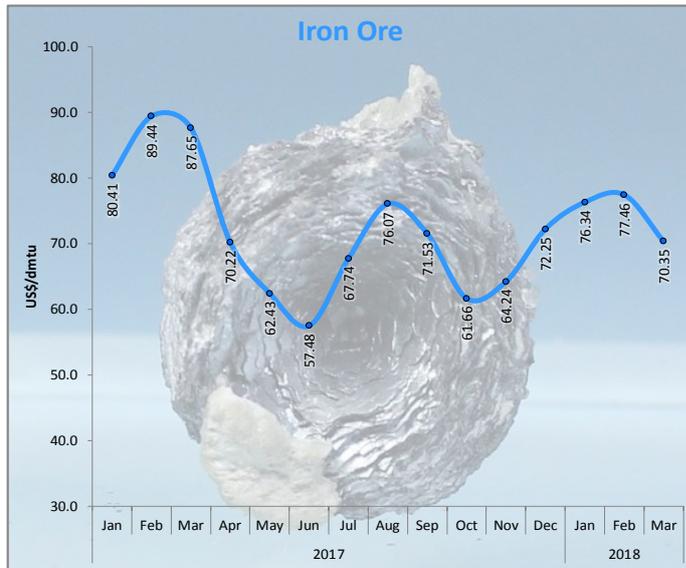
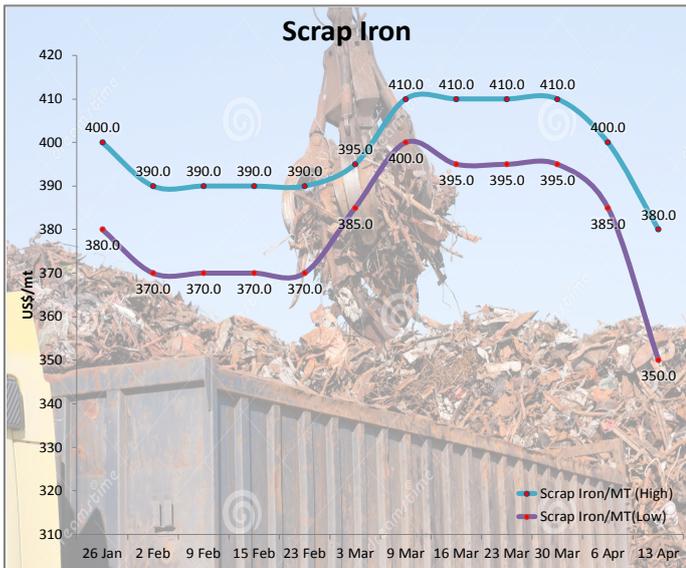
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

# 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 Minister at Sek. Keb. Gual Jedok, Tanah Merah Kelantan, 14 April 2018



# MITI Deputy Minister (Trade) at Programme Batik Fun Run, Kg. Desa Temu Jodoh, Segamat, 14 April 2018



# MITI Deputy Minister (Industry) with Chinese Association, Pontian, Johor, 14 April 2018





## VALUE INNOVATION CENTRE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

**NBOS**  
STRATEGI LAUTAN BIRU KEBANGSAAN

The idea to establish Value Innovation Centre (VIC) in all ministries was mooted by YAB Dato' Sri Mohd Najib bin Tun Abdul Razak, the Prime Minister, on 7 November 2017 in his speech during Prime Minister's Innovation Award 2017 Ceremony. This is in line with the Government's endeavour to mainstream and add value to innovation initiatives which will enhance public service delivery.

The NBOS Summit on 13 December 2017 agreed that the work to establish VIC to be led by the Chief Secretary to the Government with the collaboration between Public Service Department (JPA), National Strategy Unit (NSU), Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), Prime Minister's Office (PMO) and all ministries. NSU and MAMPU are the main facilitators that coordinate the implementation of initiatives planned by VIC.

The establishment of VIC in 25 ministries came into effect on 1 February 2018 with the following objectives:

- to generate creative and innovative ideas based on the National Blue Ocean Shift (NBOS) principles;
- to ensure rapid execution by promoting creative collaboration; and
- to share innovative ideas across ministries and agencies.

The institutionalisation of VIC integrates the existing functions such as innovation, quality, transformation, and NBOS which were previously carried out by various divisions/departments under the ministry. It serves as a facilitator/reference point for NBOS principles and methodologies, and other problem solving methods that focus on people-centric solutions to promote and cultivate innovation-oriented culture in ministries and government agencies. The centre is headed by a Chief Value Innovation Officer.

The roles of VIC are:

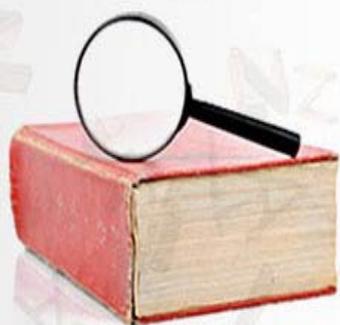
- to drive the systematic development and coordinate the implementation of transformation and innovative initiatives, programs and value innovation projects based on NBOS methodology and principles (high impact, fast implementation, low cost and sustainable);
- to facilitate the designing and implementation of quality programs in accordance with the standards and guidelines set by MAMPU;
- to study the effectiveness and report the progress/status of implementation of NBOS, transformation, innovation and quality initiatives to stakeholders;
- to promote the NBOS, transformation, innovation and quality practices among MITI and Agencies;
- to provide award and reward programmes to innovative ideas;
- to outreach and disseminate information on the effectiveness of NBOS, transformation, innovation and quality practices of MITI to the Rakyat (feel good factor);
- to establish networking with the public and private agencies related to innovation and transformation;
- to implement capacity building and character building programs and skills to all VIC team members; and
- to perform secretarial duties for relevant meetings and committees.

VIC MITI welcome ideas, suggestions and views related to innovation, quality, transformation and NBOS. Do come and visit us at Level 22, MITI Tower, or feel free to contact us at [vicmiti@miti.gov.my](mailto:vicmiti@miti.gov.my).



Meet the VIC MITI team!

From left (standing): Pn. Salwa, Pn. Asfira, Ms. Eleen, Pn. Hazwani, Pn. Shamala  
From left (sitting): Ms. Azza, Pn. Azlina



# Glossary

## of Technical Terms

### **Employed**

Refers to all persons who, at any time during the reference week work at least one hour for pay, profit or family gain (as an employer, employee, own account worker or unpaid family worker).

### **Enabling Clause**

Derogates from the MFN principle. It allows members to give better treatment through preferential trading arrangements for trade in goods.

### **Equipment Manufacturing Services**

Companies that test, manufacture, distribute, and provide return/repair services for electronic components and assemblies for original equipment manufacturers (OEMs)

### **Export Competition**

Export competition refers to export subsidy or other measure which acts to maintain producer's price at levels above those prevailing in international market. This is one of the major pillars negotiated under the Doha Round and consists of Export Credits, Export State Trading Enterprises and Food Aid.

### **Export Credit Guarantees**

The Export Credit Guarantees is provided by government entities to guarantee credit up to 100% of the export value on a short-term to long term basis.

### **Export Credit Insurance**

It is issued by Exim Bank to cover the following risks:

- Commercial Risks (e.g. insolvency of buyer)
- Economic Risks (e.g. blockage or delay in the transfer of payment to Malaysia, Imposition of import restrictions or the cancellation of valid import licenses)
- Political Risks (e.g. war, revolution or other similar civil disturbance in buyer's country and unforeseen events)

### **Export Credits**

Export credit is provided by a bank in exporter's country to finance exports.

### **Export Subsidies**

Aims to encourage export of goods and discourage sale of goods in the domestic market through low-cost loans or tax relief for exporters, or government financed international advertising or R&D. An export subsidy reduces the price paid by foreign importers, which means domestic consumers pay more than foreign consumers. The WTO prohibits most subsidies directly linked to the volume of exports.

### **Exports**

Refer to goods (locally produced or manufactured or imports for subsequent exports) which are taken out of the country. The value of exports refers to free on board (f.o.b.).

### **FDI**

Foreign direct investment (FDI) - is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.

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

TO BE  
CONTINUED...

# ANNOUNCEMENT



Access to TFIS & Bumiputera Special Share Allocation System  
will be interrupted  
from 8.00 a.m to 10.00 p.m on 21 April 2018 (Saturday)  
due to annual disaster recovery simulation.

VISIT THE  
MITI PAVILION AT  
**DEFENSE SERVICES ASIA (DSA) 2018**

16 - 19 APRIL 2018  
MITEC, KUALA LUMPUR



Booth No.  
**30620** Level 3



## Industry 4.0

For more information on Industry 4.0, please visit MITI's website via this link:  
<http://www.miti.gov.my/index.php/pages/view/industry4.0?mid=559>

## Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

For more information on Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) please visit MITI's website via this link: <http://fta.miti.gov.my/index.php/pages/view/71?mid=40>

## 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)

# Pan Borneo Highway Sarawak

The origins of a planned trunk road connecting the expansive states of Sarawak and Sabah with Brunei in between date back to the 1960s when it was known as the Trans-Borneo Highway.

The impetus for improved road connectivity across Sabah and Sarawak grew in the '70s, leading to a plan by the Governments of Malaysia (both Federal and State), Brunei and Kalimantan Indonesia to develop further the idea of constructing a highway along the coastline of Borneo. It would be called the Pan Borneo Highway.

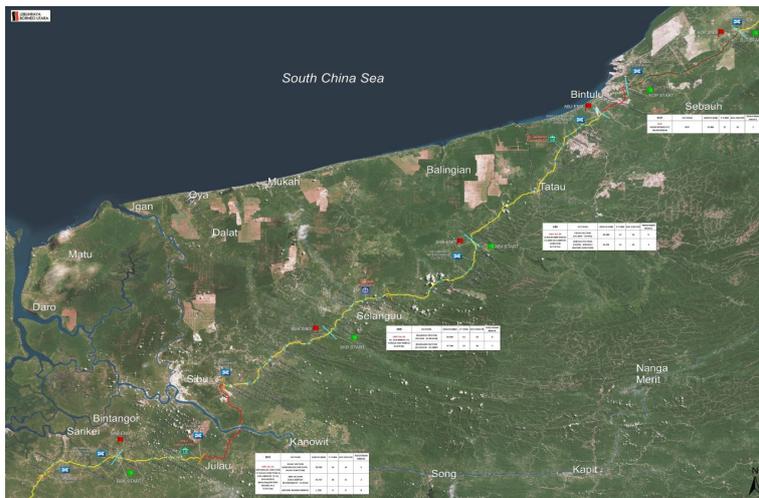
Fast forward 50 years later and Sarawak's major trunk road system today is the Federal Route 1, part of the Pan Borneo Highway or Trans Borneo Highway. It is mainly a 2-lane single carriageway of JKR R3 standard design. Only 144 km (13%) of the trunk road from Sematan to Lawas is a 4-lane dual carriageway of JKR R5 standard. Travel across the vast state of Sarawak continues to be a long journey – up to 19 hours from Sematan to Miri currently.

To accelerate the social and economic growth of Sabah and Sarawak, a major effort to fully develop and upgrade the Pan Borneo Highway was announced by Malaysia's Prime Minister in April 2013 as part of the ruling political party Barisan Nasional's "AkuJanji" manifesto to the Nation. This was followed by a commitment in Budget 2015.

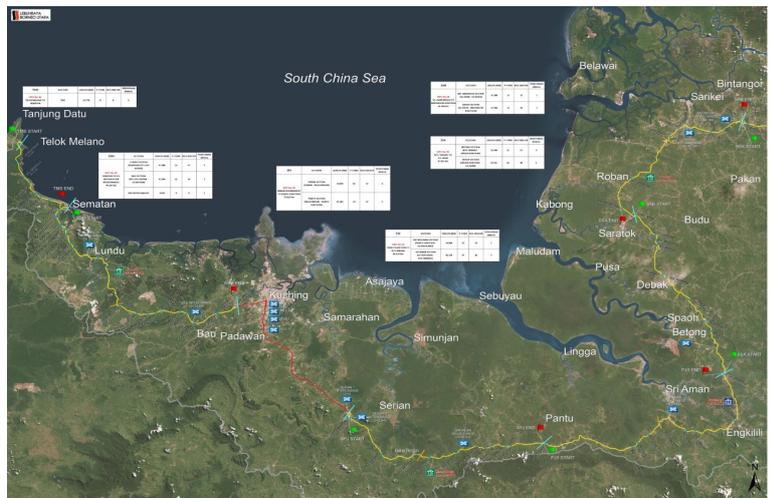
Pan Borneo Highway Sarawak was officially launched by the Prime Minister in Bintulu on 31 March 2015. Construction works along a 43 km stretch from the Nyabau to Bakun junctions began soon after.

When completed in early 2022, Pan Borneo Highway Sarawak from Telok Melano to Merapok will span a total distance of 1,060 km. Pan Borneo Highway is slated to be THE transportation backbone of the states of Sabah and Sarawak and will play a major role to open up economic corridors and opportunities

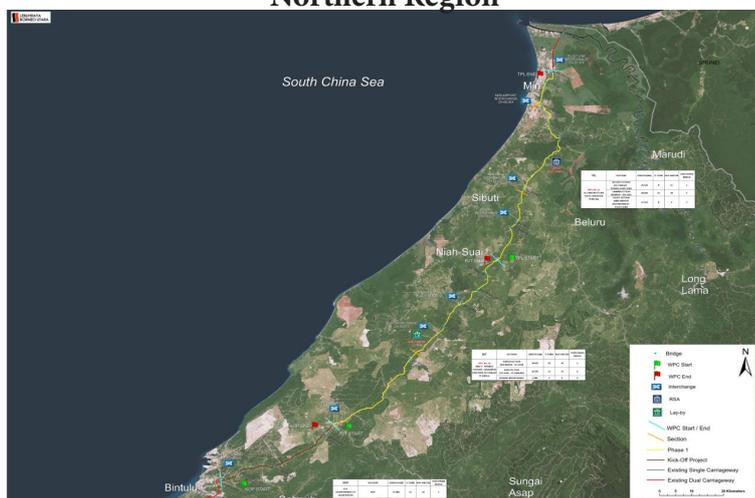
## Southern Region



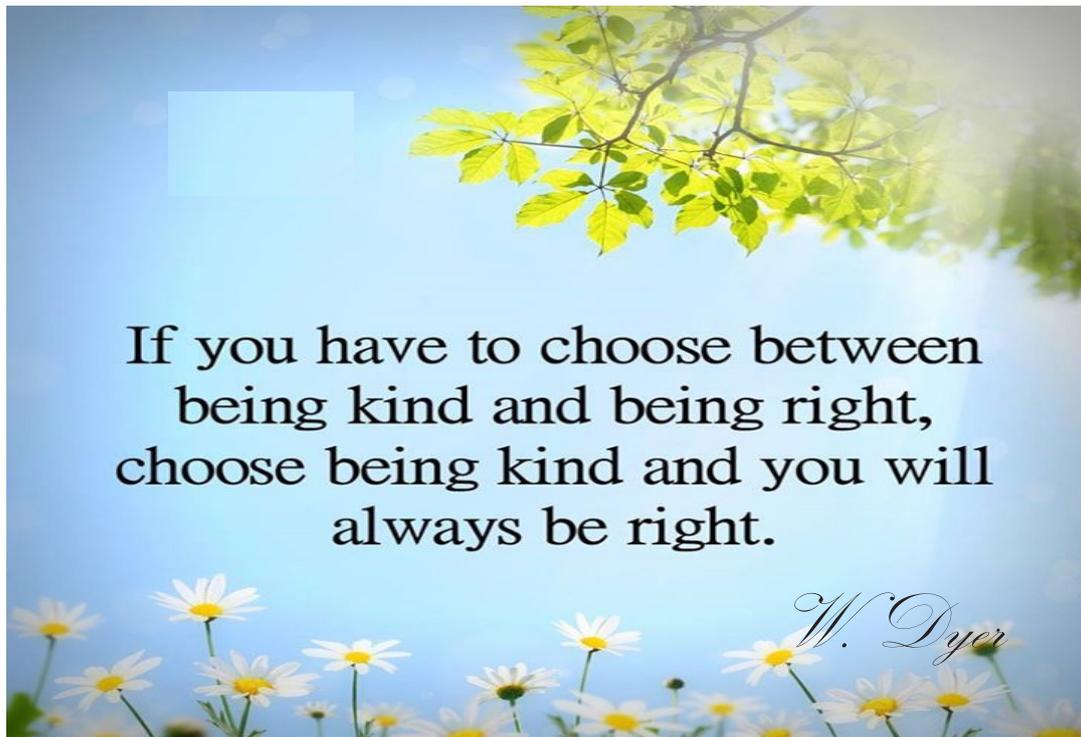
## Central Region



## Northern Region



Source: <http://www.panborneo.com.my/about-us/>



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