



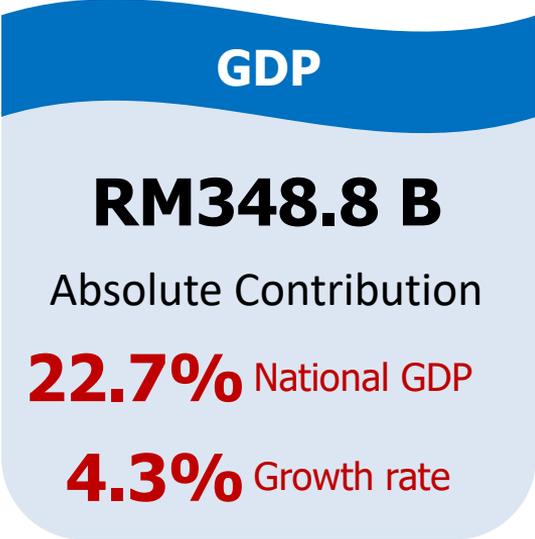
MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

# Industry4WRD: National Policy on Industry 4.0

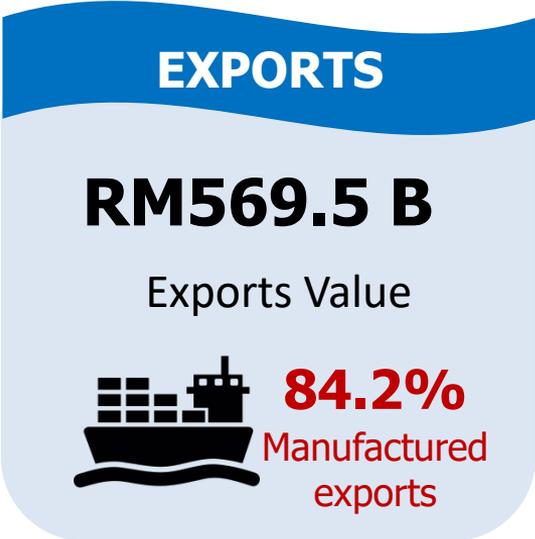
*Internal Compliance Programme (ICP) Enhancement Outreach  
Perdana Hall, MITI Tower, 17 October 2019 (Thursday)*

# Manufacturing Landscape

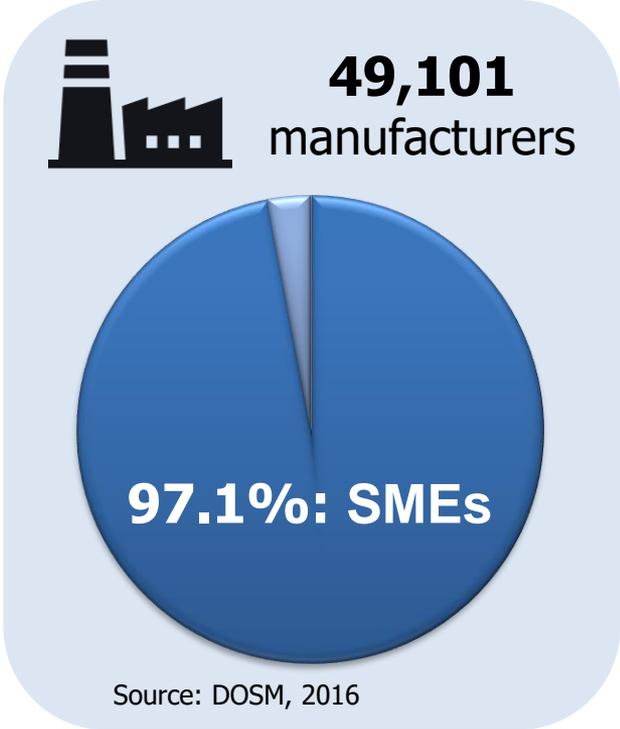
The **MANUFACTURING** sector remains as the backbone of economy...



Source: DOSM, 2<sup>nd</sup> Quarter 2019



Source: MATRADE, Jan-July 2019



...supported by **SMEs**.

# Malaysia has the potential to grow...

**1** Rising **labour productivity**

**2.4%**  
Value added per  
hours worked



**2.4%**  
Growth in  
hours worked

Source: DOSM, 2<sup>nd</sup> Quarter, 2019

**2** Attractive location for **investment**

**RM60.2 B**  
Approved Investment



**77%**  
FDI

Source: MIDA, 2019

**3** **#3** most attractive market for manufacturing

Source: Cushman & Wakefield, 2018

**4** Has large pool of **skilled workers** in East Asia

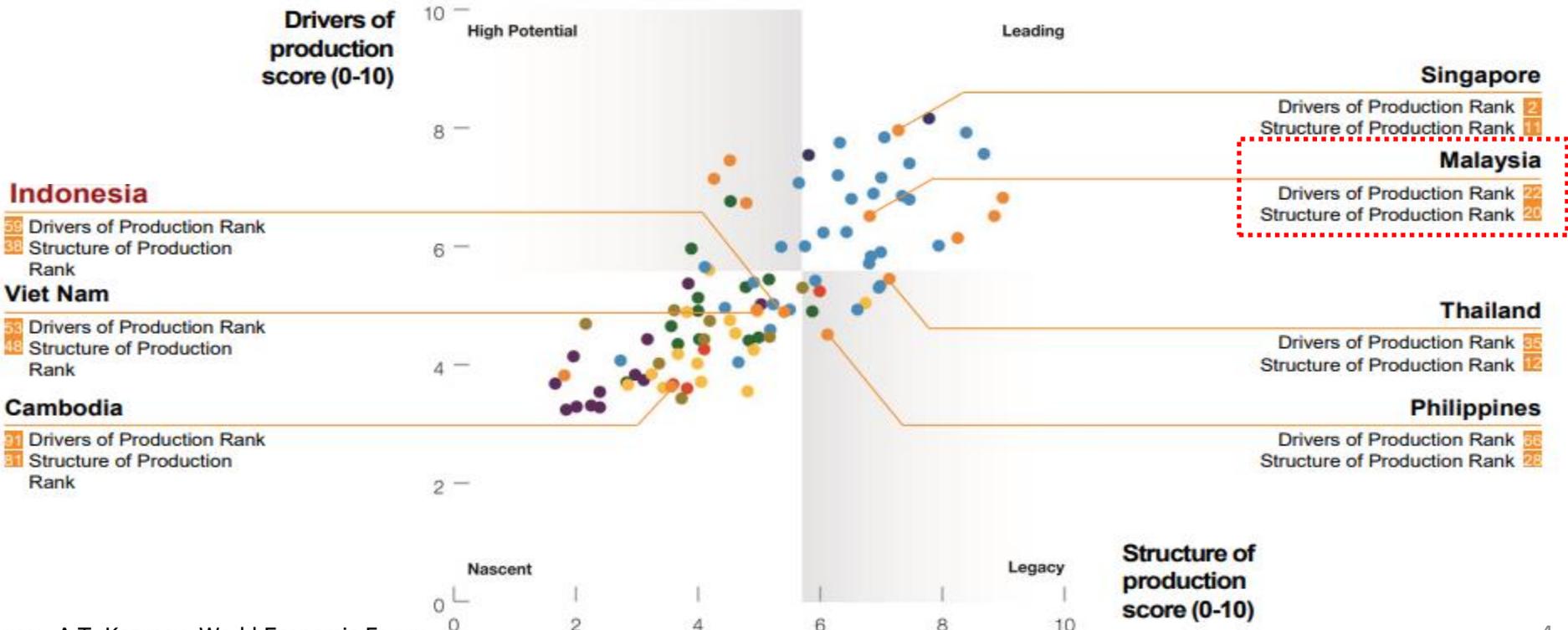
Source: WEF, 2017

# ...and is ready for Industry 4.0

## Country archetypes

Country readiness score

- East Asia and the Pacific
- Latin America and the Caribbean
- South Asia
- Eurasia
- Middle East and North Africa
- Sub-Saharan Africa
- Europe
- North America



Source: A.T. Kearney, World Economic Forum

# Clarifying Industry 4.0

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## Fourth Industrial Revolution

Total transformation of all economic sectors:

- Primary: Agriculture, Forestry, Mining, etc.
- **Secondary: Manufacturing, Production, etc.**
- Tertiary: Service Industries (e.g. Finance, Education, Hospitality)
- Quaternary: Value Added Services (e.g. R&D, IT, Marketing)

into new system and/or way of life that will change the way we do businesses

## Industrie 4.0

German's strategic initiative to establish Germany as an integrated lead market and provider of advanced manufacturing solutions.

A paradigm shift towards decentralised smart manufacturing and production made possible by technological advances and convergence into cyber-physical systems.

Other names: Smart Industry, Intelligent Industry, Smart Factory, Smart Manufacturing, Industrial Internet of Things

# *Industry4WRD: National Policy on Industry 4.0*

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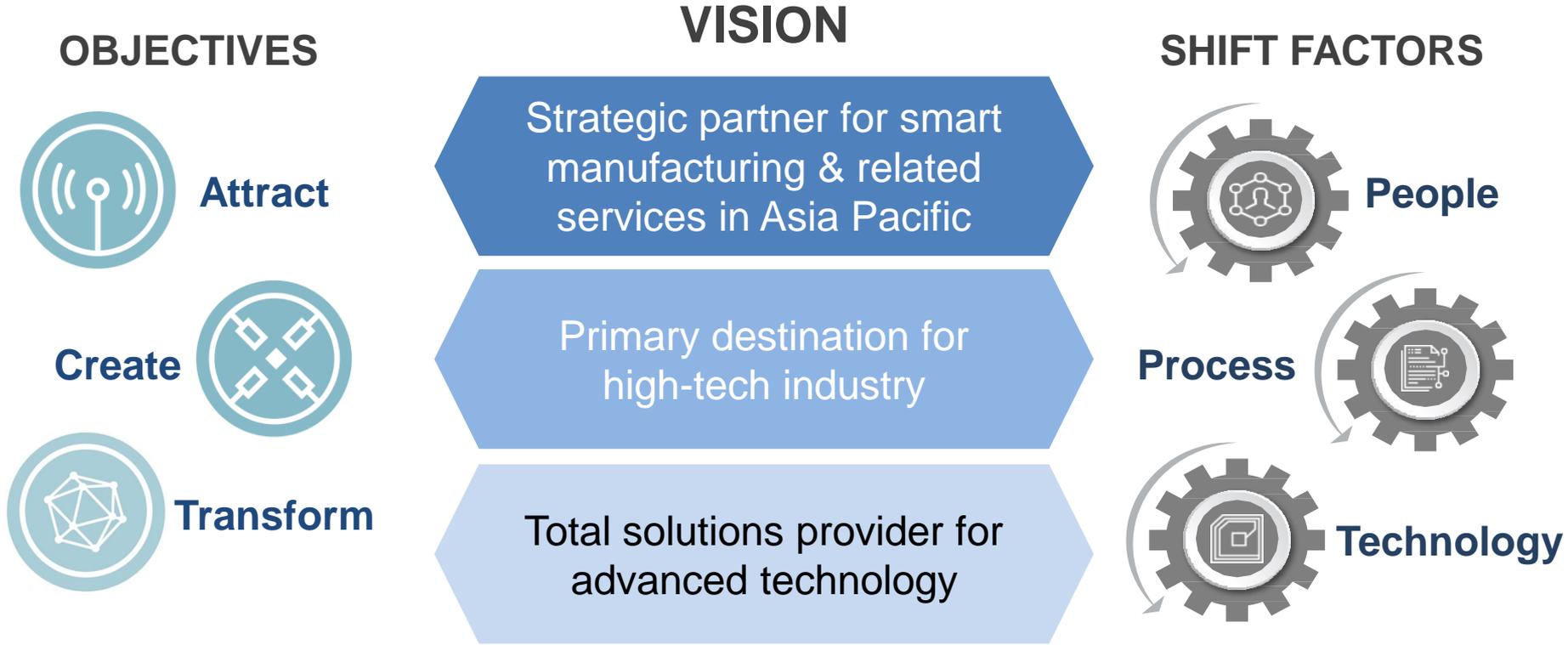
*“Industry4WRD is Malaysia’s response to Industry 4.0 and beyond, that calls for transformation of manufacturing sector and its related services to be smarter and stronger, driven by people, process and technology”*

*“I believe that the Industry4WRD: National Policy on Industry 4.0 would enable the manufacturing sector to move into Industry 4.0 and along the way contribute to fulfilling Malaysia’s commitment to the United Nation’s Sustainable Development Goals (SDGs).”*

*YAB Tun Dr. Mahathir bin Mohamad  
31 October 2018, MITI*

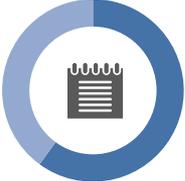


# Industry4WRD in a nutshell...



# Four (4) goals for the nation

## Productivity

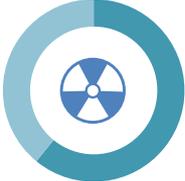


**30%**

Productivity of the manufacturing industry per person.

from **RM106,647**

## GDP



**RM392 B**

Absolute contribution (RM) from the manufacturing sector to the national economy

from **RM254.7 B**

## Innovation



**Top 30**

Strengthen innovation capacity and capability: Global Innovation Index ranking

from **#35**

## Employment



**35%**

Skilled workers employed in the manufacturing sector

from **18%**

**Targets by 2025, developed from 2016 baseline figures**



**Financing & Outcome-based Incentives**

**Enabling Ecosystem & Efficient Digital Infrastructure**

**Regulatory Framework & Industry Adoption**

**Upskilling Existing & Producing Future Talents**

**Access to Smart Technologies & Standards**

**Strategy F1:**

Provide outcome based incentives, including tax incentives to encourage investments in, and adoption of, industry 4.0 technologies & processes.

**Strategy F2:**

Introduce dynamic and innovative financial products to encourage adoption of Industry 4.0 technologies and processes.

**Strategy I1:**

Strengthen the digital connectivity in and between industrial, education and training hubs to remove connectivity bottlenecks in adopting Industry 4.0 technologies.

**Strategy I2:**

Enhance the digitalisation and integration of government processes and infrastructure along supply and manufacturing value chains.

**Strategy I3:**

Involve services providers for industry 4.0 and link them to manufacturing firms to help implement technologies, processes and skill development.

**Strategy R1:**

Increase awareness of the need, benefits and opportunities of Industry 4.0 technologies and business processes among manufacturing firms.

**Strategy R2:**

Create a platform and mechanism to help manufacturing firms, especially SMEs, assess and develop their Industry 4.0 capabilities.

**Strategy R3:**

Improve data integrity, standards, sharing, and security to facilitate seamless integration of manufacturing value chains and to support intra-ministerial coordination for effective Industry 4.0 programs.

**Strategy S1:**

Enhance the capabilities of the existing workforce through national development programmes specially designed for specific manufacturing sectors and support re-skilling and upskilling.

**Strategy S2:**

Ensure the availability of future talent by equipping students with the necessary skillsets to work in the Industry 4.0 environment

**Strategy T1:**

Establish digital/technology labs and collaborative platforms, especially public-private partnerships (PPP), to create awareness and understanding, foster the adoption of new technologies, and facilitate the transfer of knowledge.

**Strategy T2:**

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

**Strategy T3:**

Intensify Research, Innovation, Commercialisation and Entrepreneurship (RICE) programmes and activities in specific Industry 4.0 technologies and processes that support and advance priority sectors.

# Industry4WRD Readiness Assessment (RA)

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

*\*The module for manufacturing related services (MRS) is currently being developed.*

## Government Incentives (2019)

Government-funded Industry4WRD RA for 500 SMEs

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

# Industry4WRD RA Target Industry

**MARKET  
SEGMENT**

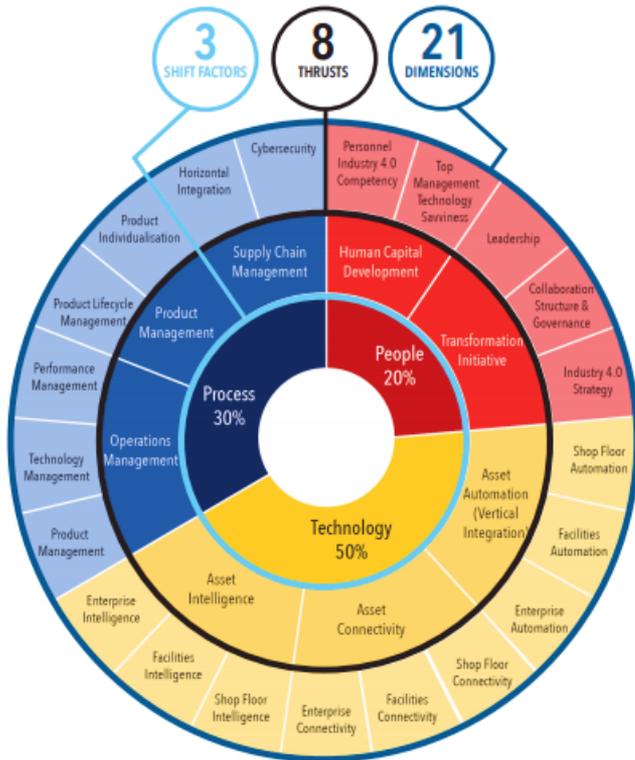
**MANUFACTURING**

**MANUFACTURING-  
RELATED SERVICES**

**ELIGIBILITY**

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

# Industry4WRD RA Criteria Model



Focuses on people and the entire organisation.

Emphasis on strategies towards having a right set of workforce



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

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



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

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

# Process Flow: From RA to Intervention

READINES ASSESSMENT



Apply online at [www.miti.gov.my/industry4wrd](http://www.miti.gov.my/industry4wrd)



Evaluation by Technical & Steering Committees



Onsite assessment



Receive RA report

BUSINESS INTERVENTION



Implement intervention plan



Apply for financial incentive (MIDA, MIDF, BPMB, SJPP, etc.)



Develop Intervention proposal



# Industry4WRD related Incentives

## GRANTS

### Industry4WRD Intervention Fund

- Matching grant of 70:30
- Up to RM500,000
- For minimum 60 SMEs which have undertaken RA

### Industry4WRD Domestic Strategic Investment Fund (DISF)

- Matching grant of 60:40
- Local companies which have undertaken RA

### Automation Capital Allowance

- 200% allowance on the first RM4 mil/ RM 2 mil expenditure incurred within 5 years (labour intensive industries/ other industries)
- [www.mida.gov.my](http://www.mida.gov.my)

## LOANS/ GUARANTEE

### Soft Loan for Automation and Modernisation (SLSAM)

- Manufacturing firm with min 51% equity held by Malaysians
- Financing amount: RM50,000 – RM20 mil
- Interest rate: 4% (SME); 5% (non-SME)
- [www.midf.com.my](http://www.midf.com.my)

### Industry Digital Transformation Fund

- Min 40% Malaysian owned
- Financing amount: up to RM 200 mil
- Interest rate subsidy: 2% p.a.
- [www.bpmb.com.my](http://www.bpmb.com.my)

### Business Loan Guarantee Scheme (SJPP)

- Fund size: RM2 billion
- Business guarantee up to 70%
- Guarantee fee: 1%
- [www.sjpp.com.my](http://www.sjpp.com.my)

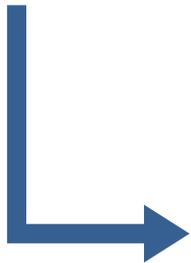
# What does Industry4WRD mean for business?

## Government Intervention

5 Strategic Enablers

13 Strategies

38 Action Plans



Industry Adoption

## Business Improvement

Competitiveness

Optimisation

Flexibility

Quality

Speed





MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

# THANK YOU

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