



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

SPEECH BY

**YB DATUK SERI UTAMA TENGKU ZAFRUL AZIZ
MINISTER OF INVESTMENT, TRADE AND INDUSTRY MALAYSIA**

**AT THE
PROTON GLOBAL INVESTORS & VENDORS CONVENTION 2023**

**17 JULY 2023, 3.00pm
W Hotel, Jalan Ampang KL**

YBhg. Datuk Wira Arham Abdul Rahman

CEO of the Malaysian Investment Development Authority (MIDA)

YBhg. Tan Sri Syed Faisal Albar

Chairman of PROTON and Group Managing Director of DRB-HICOM

Dr Wei Mei

Senior Vice President and COO of Geely Holding Group

Mr Richard Wang

Vice President, Geely Automotive Group Purchasing Company

YBrs. En Azrul Reza Aziz

CEO of Malaysia Automotive, Robotics and IoT Institute (MARii)

YBhg. Dato Seri Abdul Aziz Shahar

Advisor to Yayasan Al-Bukhary

Dr Li Chunrong

CEO of PROTON

YBrs. Encik Azri Zaharuddin

COO, Properties & Corporate Strategy, DRB-HICOM

YBrs. Encik Roslan Abdullah

Deputy CEO of PROTON

Participants of the Global Investors and Vendors Convention

Members of the media, Ladies and Gentlemen

A very good afternoon and salam Malaysia Madani.

1. Firstly, thank you to the team from PROTON and Geely, particularly Tan Sri Syed Faisal Albar and Mr Dai Qing for inviting me to deliver the keynote address at this convention.
2. I believe this is the fifth PROTON-related event that I have attended thus far, and the third one involving Geely. This shows the Government's recognition of the automotive industry's contribution to Malaysia, particularly on multiple initiatives to develop SMEs in its vendor ecosystem, as well as the 700,000 jobs it currently provides to Malaysians.
3. I would also like to personally welcome our guests from China, from both the vendors and Geely who have made this trip to Malaysia. **This period holds a special significance for both countries, as 2023 marks the 10th anniversary of the establishment of the Comprehensive Strategic Partnership (CSP), while next year will be the 50th anniversary of Malaysia-China diplomatic relations.**
4. **China is Malaysia's largest trading partner, a position it has held for 14 consecutive years** and last year alone, total **trade between both countries was valued at RM487.13 billion**. In terms of **FDI**, China also **topped the list in 2022, with RM55.4 billion worth of approved investments in Malaysia.**

5. So, we would like to thank you not only for your confidence in our investment and trading landscape, but also for your contribution in developing Malaysia's automotive industry.

BIG-PICTURE POLICY ENABLERS FOR INVESTORS & INDUSTRIES IN MALAYSIA'S MANUFACTURING SECTOR

Ladies and Gentlemen,

6. Before I get into further specifics on PROTON and Geely, I would like to share where and how the automotive industry fits into our bigger New Industrial Master Plan 2030 (NIMP2030) which will be launched in August.
7. Briefly, the NIMP2030 has identified four key enablers to drive and sustain the expansion in Malaysia's manufacturing sector which are (1) **mobilizing the financial ecosystem**; (2) **fostering talent development** and attraction; (3) **establishing best-in-class investor journey** for ease of doing business; and (4) **mobilising whole-of-nation framework to maximise our success rate**.
8. We envisage that the NIMP2030 will support the automotive sector's further growth in a few key ways:
9. **First, we are all aware that the E&E sector feeds into the automotive sector.** I want to share that the E&E sector has been

identified as one of the five key target sectors¹ to help us transform Malaysia into a high-knowledge, high-income economy.

10. **NIMP2030 will proactively develop new and existing domestic linkages in these five key sectors, particularly localization activities, to drive Malaysia as a regional export hub, including for the automotive sector.**
11. **Sector-wise, our National Automotive Policy's (NAP) vision is to make Malaysia a regional manufacturing powerhouse for Next Generation Vehicles (NxGV), Electric Vehicles (EV) and Energy-Efficient Vehicles (EEV).** While the ministry is happy with a strong automotive market, we are also focused on sustainably growing our manufacturing capacity and capabilities to make Malaysia an attractive hub for global automotive manufacturers.
12. Currently, there are over 30 manufacturers and vehicle assemblers who leverage on Malaysia's well-established automotive ecosystem to meet the growing demand for their brands. The **success of the NAP** has been evident in this sector's significant **capacity development** in various **sub-fields of automotive engineering, including mechanical, electrical, electronic, software, and safety engineering.**
13. But I am confident we CAN and MUST do more for investors. This is where the Automotive High Tech Valley (AHTV) comes into play.

¹ The other four sectors are aerospace, chemicals/ petrochemicals, digital economy and pharmaceuticals.

14. As you have heard from the previous two speeches, and as I was briefed in Beijing during the Malaysia–China business forum in April, **the grand vision of AHTV will transform Tanjung Malim into a hub where automotive industry professionals can live, work and develop new technologies that will be used in Next Generation Vehicles (NxGV), EVs and EEVs.**
15. Further, for your information, **AHTV is the only automotive cluster in Malaysia to be officially recognised as an NxGV and EEV hub.** Hence, the Government is offering **an attractive incentive package, including tax exemptions for land development, the manufacturing of parts and components, and the establishment of research centres and educational institutions.**
16. To that end, we see **AHTV as a key driver for automotive investors who are considering to further secure their regional or global supply chains.** We also see AHTV as a major player towards **growing the automotive sector’s contribution to the country’s GDP from RM64.5 billion (2022) to RM104.2 billion by 2030.**
17. Additionally, the NAP is also targeting **RM12.3 billion worth of CBU vehicle exports by 2030,** so MITI and Malaysia’s main Investment Promotion Agency, MIDA, have placed the **AHTV as one of our top priorities in 2023 and in the coming years.**
18. In short, there are plenty of opportunities for investors in Malaysia’s automotive sector and I personally hope that more projects will result

from today's event. Please feel free to approach any of the MIDA staff present here today to take advantage of these opportunities, whether through the AHTV's special status or in other sectors.

19. **Second, NIMP2030 is also proactively de-risking our economy by pushing for net-zero by 2050, and by taking active steps to decarbonize our manufacturing industry.** This is where the NAP is also key in supporting the NIMP2030, as the NAP takes a holistic approach to develop new mobility solutions that are efficient, sustainable, and customer-centric. This includes the promotion of Next Generation Vehicles (NxGV), including EEVs and EVs.
20. In fact, the Government is so serious on this that we have elevated our EV Task Force to a **National EV Steering Committee**, a Cabinet Committee comprising nothing less than the relevant Ministers, such as from the Ministry of Transport (MOT) and the Ministry of Local Government Development (KPKT). One key KPI is to have **10,000 EV charging stations nationwide by 2025, which will certainly alleviate consumers' range anxiety and encourage more ownership of EV vehicles.**
21. The commercial opportunities are abundantly clear. The **Asia-Pacific EV Market is valued at almost USD230 billion² in 2021 and is**

² Actual figure is USD229.39 billion. Source: <https://www.mordorintelligence.com/industry-reports/asia-pacific-electric-vehicle-market>

expected to reach roughly USD778 billion³ in 2027, representing a CAGR of 19.1% for the period 2022-2027.

22. **Further, mass electrification from the automotive sector and from Malaysia's manufacturing industry fits in well with the ESG and net zero agenda of not only Malaysia, but also this region.** As such, we have already started pushing for higher EV penetration within Malaysia and are targeting to have 15% total industry volume (TIV) contributed by electrified vehicles (EV and hybrid) by 2030, and 38% of TIV by year 2040.
23. **In getting investors to support the region's ESG agenda, I would like to highlight that Malaysia is already a major E&E manufacturing hub in Southeast Asia. As such, automakers and automotive investors can seamlessly leverage on this capacity to secure their supply chains for growing their production of NextGeneration Vehicles (NxGVs).** The components' sub-sector can be capitalized on to service the whole automotive value chain, from semiconductors, sensors, automotive electronics, transceivers, batteries, and vehicle assembly.
24. A more mass uptake of EVs will lead to a reduced carbon footprint, to help us mobilise greener and more sustainable modes of transportation, to support the net zero pledges of not just Malaysia's (by 2050), but also other markets within Asia.

³ Estimated figure of USD777.62 billion. Source: <https://www.mordorintelligence.com/industry-reports/asia-pacific-electric-vehicle-market>

25. **Third, NIMP2030 will also work on developing best-in-class investor journey to provide a seamless investor experience in Malaysia.** To our existing and future investors sitting in the audience today, I just want to share that in terms of establishing this best-in-class investor journey, let me highlight this pertinent point: **although Malaysia itself may not offer the same market size as some of our neighbours, many investors appreciate Malaysia's unique value proposition**, which include:
- One, our **strategic location** in the middle of one of the world's busiest trade routes;
 - Two, the **abundance of English-speaking and skilled talent** in this country;
 - Three, **Malaysia's strong rule of law, which provides regulatory and legal certainty for investors**; and
 - Four, **good quality digital and physical infrastructure.**
26. In making our value proposition even better, I would like to reiterate **three latest key policy announcements**:
- **Firstly, the streamlining of roles and functions of 31 Investment Promotion Agencies in Malaysia, with the ultimate goal of addressing all the investors' pain points along the investor's journey in Malaysia.** These pain points include faster approvals, skilled talent pipeline, as well as better transparency and clarity on incentives. Ultimately, our focus is to

provide investors, both foreign or domestic, with a simple and seamless journey facilitated by clear roles and responsibilities of each approving authority.

- **Secondly, exactly four days ago, our Prime Minister had announced that Malaysia will issue the Strategic Investor Pass (SIP)** which enables entry into Malaysia on a multiple-entry basis for approved investors. This incentive will be facilitated by MITI, through MIDA to enable strategic investors to remain in the country for a minimum of five (5) years, with a possible subsequent 5-year renewal.
- **Thirdly, also last Friday, the Government announced that the Digital Nomad Pass will be extended to cover manufacturing-related skillsets, to help address critical higher-skill and professional industrial talent shortage.** So, eligible professionals such as E&E IC designers, for example, can move to Malaysia on a freelance basis for up to two (2) years.

27. All these enablers prove that the Malaysian Government has listened to investors and has quickly taken proactive steps to address key issues. We at MITI are always open to constructive feedback. As such, I would like to invite both existing and new investors to share their experience and suggestions on how we can eliminate other pain points and further improve the investor's journey in Malaysia.

28. In the meantime, rest assured that MITI and its agencies are working hard to improve the ease of doing business in Malaysia, to ensure that we can truly promote Malaysia as a pro-investment, pro-trade and pro-industry regional gateway.

MALAYSIA'S NATIONAL AUTOMOTIVE SECTOR WILL GROW FROM STRENGTH TO STRENGTH

Ladies and Gentlemen,

29. I believe most of us sitting here realise not just the importance of the automotive industry to Malaysia, but also its immense potential. Last year the Malaysian automotive industry achieved record sales and grew by 41.6% year-on-year, surpassing 720,000 (720,658) units, due to strong demand post-pandemic.
30. While many felt this would be hard to repeat, Malaysia's vehicle sales for the first six months of 2023 **grew by a further 9.4% year-on-year, to nearly 363,000 units. I have also been informed that PROTON grew their own sales by three times as much, so congratulations on your achievement!**
31. In growing this sector further, MITI has stipulated clear goals and KPIs under Malaysia's National Automotive Policy (NAP), and we will ensure all strategic projects will be implemented, and the KPIs closely tracked.

32. But we need to do more, and to provide sufficient key enablers within Malaysia's own manufacturing ecosystem to help grow Malaysia's automotive industry, which currently supports over 4.4% of the Malaysian workforce and contributes approximately 4% - 5% to the nation's GDP on average.

33. Guided by both the NAP and NIMP2030, let us work together to enhance the Malaysia's automotive capacity, while ticking all the right ESG boxes by extending domestic linkages, creating higher-paying jobs, and prioritising ESG considerations. It is mainly this holistic approach that will ensure a balanced and inclusive growth for the nation and our region. The automotive industry must also bear in mind that **many markets are becoming increasingly ESG-sensitive** which demands exporters to quickly develop their own ESG capacity.

CONCLUSION

Ladies and Gentlemen,

34. Before I end my speech, I would like to thank the convention organisers once again for inviting me today. MITI sees so much potential for the automotive industry and I am confident all of you in this room will be able to find common ground to initiate investments into the AHTV. As per a Chinese proverb, one bee cannot produce honey, one grain of rice cannot produce a meal: in short, it needs joint effort to achieve anything worthwhile.

35. I wish all of you a productive series of meetings, as well as the forging of lasting and successful connections with your existing and potential business partners.

Thank you.