



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

SPEECH BY

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**FOR THE
LAUNCH OF THE CHEMICAL INDUSTRY ROADMAP 2030 (CIR2030)**

**4 AUGUST 2023 (FRIDAY)
PERDANA HALL, MITI TOWER**

YBhg. Datuk Seri Isham Ishak

Secretary General, MITI

YBhg. Datuk Dr. Abd Hapiz Abdullah

President Chemical Industries Council of Malaysia (CICM)

CEOs and Heads of MITI Agencies, Representatives from other Ministries

CICM Exco Members

CICM Responsible Care Programme Award Recipients

CEOs, and Captains of Industries

Members of the media

Distinguished guests

Ladies and Gentlemen

Assalamualaikum w.b.t, Good Afternoon and Salam Malaysia Madani.

1. First and foremost, thank you for joining us today for the launch of the Chemical Industry Roadmap 2030 (CIR2030). This CIR2030 is the first Roadmap dedicated to the chemical industry. It was developed in collaboration with the Malaysian Investment Development Authority (MIDA),

PETRONAS, Chemical Industries Council of Malaysia (CICM) and other key industry stakeholders.

2. Personally, this is a momentous occasion for me, as the CIR is the first sectoral policy launched by MITI since I took office nine months ago. I would like to express my deepest appreciation for the tremendous effort undertaken by the team comprising representatives from MITI, various agencies, PETRONAS, the chemical industry association, as well as other regulators and associations who have contributed valuable inputs towards finalising the roadmap.

3. I was informed that the entire journey of developing the roadmap was undertaken almost virtually due to the pandemic and movement controls. Thanks to technology, discussions – even across borders and time zones – continued without disruption. Despite those challenges, the team stayed on course and delivered the roadmap within the two-year target time frame. Congratulations to the whole team for your focus, and to all contributing parties for your unwavering support.

NURTURING OUR CHEMICAL INDUSTRY'S GROWTH

Ladies & Gentlemen,

4. Before I zero in on the chemical industry, let me just briefly discuss the manufacturing sector and how important the chemical industry is within that ecosystem.
5. **Malaysia's manufacturing sector is the second largest contributor** to the nation's **gross domestic product (GDP)**, accounting for **about 24% in 2022**. Our trade also showed a remarkable performance in 2022 where exports reached RM1.552 trillion, exceeding the Twelfth Malaysia Plan projection for 2025 by 24%, and three years ahead of the target. This sector **employs over 2.6 million workers**, equivalent to **17% of Malaysia's total workforce**.
6. **The chemical industry**, in particular, is among Malaysia's most valuable strategic industries, **contributing 6% to GDP in 2022**, and **employing almost 293,000 workers**, or 12.5% of the 2.6 million total manufacturing employment.
7. The **chemical and petrochemical sector** alone is the **third-largest contributor to Malaysia's trade of manufactured goods** with strong forward linkages to other sectors such as E&E, automotive, agriculture, and

pharmaceutical. All this data showcases the importance of the chemical and petrochemical industry to the overall manufacturing sector, and to the national economy through its positive spillover impact.

Ladies & Gentlemen,

8. In recent years, the chemical industry has experienced a substantial shift catalysed by key global megatrends, changes in demand patterns, and the growing focus on Environment, Social and Governance (ESG). which drives major changes to investment decision-making for companies to adapt and remain globally competitive.
9. The CIR was crafted to address these major challenges, to help the industry adapt and remain globally competitive. ESG requirements as well as the restructuring of global and national energy policies, for example, demand companies to seriously consider energy transition and energy security aspects of their operations. This is where a clear roadmap serves to identify strengths, challenges and opportunities to provide a sustainable growth path for the industry.
10. Currently, there is also a **clear window of opportunity for Malaysia to capitalise on, as investors from other**

regions are actively looking to invest, re-shore or friend-shore (through the China+1 policy) in Southeast Asia to secure their supply chains. There is also a growing global need for chemicals-based products. Malaysia must capture all these opportunities to benefit our national chemical industry.

CIR2030 SETS A CLEAR DIRECTION FOR GROWTH

Ladies and Gentlemen,

11. CIR2030 aims for the Malaysian chemical industry to become a leading chemical player in the Asia Pacific by:
 - i. Increasing the value add from building blocks through diversification into higher value-added products such as specialty chemicals.
 - ii. Enhancing industry integration between upstream chemical production and downstream industries, building local advantage and resilience.
 - iii. Increasing competitiveness of the chemical industry to improve export potential, while positioning Malaysia as a strong chemical hub within the Asia Pacific region

- iv. Improving the sustainability of the industry from production processes to end-product use, supporting Malaysia's overall climate ambitions to reduce the carbon intensity of the economy, and enhancing the socioeconomic contribution of the chemical industry to the Malaysian economy.
 - v. Introducing new technology to advance the state of the overall chemical industry, creating a large base of high-skilled jobs.
12. The Chemical industry is broad, supporting our daily lives through a wide range of products, including the daily toiletries, foods and pharmaceutical products that we consume. Chemicals are also present in batteries, mobile phones, cars, laptops, electronic devices, and even the fuel in our vehicles.
13. Given this broad range, the CIR's product segmentation was determined by established principles of assessment, based on market attractiveness, strategic relevance and its natural advantage to offer the most attractive development proposition for Malaysia.

14. In essence, CIR2030 outlines three major priority segments, namely:
- i. base chemicals & intermediaries such as fertilisers; oleochemicals and C1 Intermediates;
 - ii. plastics & polymers such as high-performance composites; synthetic rubber and plastic; and
 - iii. specialty chemicals, for example agrochemicals; care chemicals; nutrition chemicals; electronic chemicals and construction chemicals.
15. Each of these product segment has been identified with specific strategies for further growth based on its potential and future demand.
16. To ensure this roadmap is rigorously implemented, the CIR has introduced **10 enablers with details of key activities, milestones, KPIs, roles and responsibilities**. There will also be **a dedicated governance team and task force**. We will ensure **enablers and initiatives are tracked, monitored and implemented** on time to meet the CIR2030 aspirations.
17. MITI strongly believes that with the implementation of the CIR, the industry's **Gross Value Add (GVA) to the overall economy is expected to increase from 3.4% today to**

more than 4.5% by 2030, which would imply **adding approximately RM40 billion** in value.

NIMP2030

Ladies & Gentlemen,

18. This CIR2030 is not a standalone document. It will be complemented by the much-awaited New Industrial Master Plan 2030 (NIMP 2030) to be launched also in this month. The NIMP 2030, with its mission-based approach, is a national integrated plan for industrial transformation and resilient industrial development until 2030.
19. Its four missions of enhancing complexity, digitalisation and automation, pushing for net zero as well as safeguarding economic security and inclusivity provide the key fundamentals for future policy development and industry enablement.
20. Within the NIMP 2030, the **Chemical, Petroleum Products and Petrochemicals sectors** are provided for via **16 action plans** that are all **aligned to NIMP's four missions, including a specific focus on deepening our specialty chemical verticals.**

21. It is therefore critical for the industry to be aware of our policy direction as our future conversations on industrial development will centre around these missions and strategies to develop more complex and sophisticated products in our manufacturing sector.

INDUSTRY'S CONTRIBUTION TO SOCIETY

Ladies and Gentlemen,

22. I am also heartened to know that the Chemical industry is also focused on improving productivity and sustainability. This year, in fact, marks the **16th year of CICM's annual Responsible Care Programme Award**, which recognises signatories that have made the most progress in implementing the Responsible Care's Codes of Management Practices in their respective organizations.

23. I commend and congratulate the 22 companies receiving their awards today. I hope your success will inspire other companies to also enhance their capabilities towards meeting ESG and sustainability goals.

CLOSING

Ladies and Gentlemen,

24. I would like to re-emphasise that the **CIR2030** is a perfect showcase of **a successful public-private collaboration for the benefit of the industry, the economy and the nation.**

25. **The close partnership between the Government, CICM and PETRONAS has also set the tone for future collaborations** to realise our nation's MADANI goals and targets.

26. On that note, and with *lafaz Bismillahrrahmanirrahim*, I hereby launch THE CHEMICAL INDUSTRY ROADMAP 2030.

27. I wish everyone a memorable and enjoyable dinner event later tonight. All the best and I look forward to the continued success of this industry. Thank you.