



**MIDF AUTOMATION AND DIGITAL FORUM SERIES  
“DRIVING BUSINESS THRU DIGITALISATION AND AUTOMATION – THE  
JOURNEY TOGETHER”**

**1 MARCH 2023**

**KEYNOTE ADDRESS AND FORUM SERIES LAUNCH  
BY  
YB SENATOR TENGKU DATUK SERI UTAMA ZAFRUL  
MINISTER OF INTERNATIONAL TRADE & INDUSTRY**

---

Bismillahirrahmanirahim.

Yang Berbahagia Dato' Charon Wardini Mokhzani,  
Group Managing Director of MIDF

Head of MITI Agencies

MIDF Group Board of Directors

Mr. Yap Keng Teck, Forum Co-organiser and Managing Consultant of Bizsphere Sdn.  
Bhd. and Smart4WRD co-founder

My fellow colleagues from MITI, MIDF and MITI agencies,

Distinguished forum sponsors and ecosystem partners,

Distinguished moderators, panelists and participants of today's Forum.

Assalamualaikum Warahmatullahi Wabarakatuh and good afternoon.

1. It is indeed a great pleasure for me to deliver the keynote address and launch MIDF's Automation and Digital Forum Series today titled "Driving Business Thru Digitalisation and Automation: THE JOURNEY TOGETHER". I would like to express my appreciation to the organisers - MIDF, Bizsphere and Smart4wrld for giving me the opportunity to launch today's programme. We look forward to the continuation of more informative programmes like this throughout the year that also serve as a great platform to convey information to the business community about the Government's efforts in assisting businesses to grow and more importantly, to encourage automation and digitalisation towards Industry 4.0.

Ladies and Gentlemen,

2. Malaysia's manufacturing sector plays an important role in the country's economic transformation. Its contributions to the nation's export revenue and job creation ensured the country's growth despite global economic uncertainties. The priority will remain on producing high value-added, diverse and complex products, particularly in the catalytic sub-sectors, namely electrical and electronics (E&E), machinery and equipment (M&E), and chemicals and chemical products.
3. Talent pool development and Industry 4.0 remain as the main focus areas of Malaysia's manufacturing sector, revitalising many mature industries and creating new opportunities for other sectors. Companies are urged to improve their productivity by increasing automation and innovation.
4. In addition to undertaking research, development and commercialisation (R&D&C), implementing green and sustainable production practices, and leveraging on industry associations in sharing best practices, it is crucial now, more than ever, for companies to improve productivity by integrating digital

technology into all areas of a business, fundamentally changing how businesses operate and deliver value to their customers.

5. When we bring up the subject of automation, digitalisation or IR4.0, we must anticipate the challenges that come with them. To overcome these challenges, we must be more progressive and forward-thinking as we seek to form a Malaysia that is competitive, resilient, durable and dynamic.
7. Allow me to digress a little. I would like to share that I am currently reading a book called *Chip War* by Chris Miller, an economic historian. Apart from tracing the fascinating evolution of the chip and semiconductor industry, a key takeaway from the book is that microchips are, indeed, the new oil. The microchip powers so many of our daily conveniences - things that we take for granted – such as our mobile phones, the electronics hidden within our cars, public transport, apps that make our lives easier.
8. In short, microchips have become part of our lives. In fact, so much of our modern world, industries and economies depend on this as a key resource. I would also like to share one ‘fun fact’: Today, a country like China apparently spends more money annually importing chips than it spends importing oil. It is also fast developing its chip-building initiative to catch up with the developed markets!
9. And all these should be the basis on which policy makers, the private sector and companies approach the discussion in this MIDF series on automation and digitalisation. Where will our industries stand, for example, if we are not able to get our hands on chips and semiconductors that power our industrial machinery?
10. Apart from overcoming those digital challenges discussed in today’s panel sessions, we must also be cognizant of the fact that securing our supply to the right technology is crucial to move up the global value chain and be ahead of our competitors. This competitiveness is reflected by our policies that foster our industry’s ability and agility to respond to shifting market demands and technology trends.

11. Countries and manufacturing companies that have adopted Industry 4.0 technologies and processes are moving towards integrating new technologies, including Internet of Things (IoT), cloud computing and analytics, and AI and machine learning into their production facilities and throughout their operations.
12. Digitalisation or business transformation or adopting IR4.0 technologies, is not just about transforming a set of processes through apps, APIs and servers; it is also about transforming talent. And on that, our people, must not only be upskilled, but must also have the right frame of mind to embrace technology in every aspect of the organization and manufacturing/production process.
13. On this score, I am happy to share that the Ministry of International Trade and Industry (MITI) and its relevant agencies are committed to strengthen the role of SMEs and industries in Malaysia, not only in aspects such as access to financing, business development, and market access, but also in embracing digital.
14. In 2018, MITI had launched the Industry4WRD policy to facilitate and encourage digital transformation in the manufacturing sector, including SMEs, by providing comprehensive and systematic guidelines towards embracing digital technologies. The policy aims to position Malaysia as a strategic partner for smart manufacturing, primary destination for high-technology industries and total solution provider for the manufacturing sector and related services in the region.
15. Various programmes were introduced to encourage and support the adoption of IR4.0 technologies under the policy. Among them include the Industry4WRD Readiness Assessments (RA) on small and medium enterprises (SME) managed by Malaysia Productivity Corporation (MPC), from which eligible companies can apply for the Industry4WRD Intervention Fund which is managed by the Malaysian Investment Development Authority (MIDA). To date, 287 companies have received a total of RM104.3 million from this fund for their digitalisation and automation projects.

16. Through MIDF, too, the Government had channelled funds to assist Malaysian companies in their Automation and Digitalisation journey. Among the funds managed by MIDF specifically for Malaysian companies' are the Soft Financing Scheme for Automation and Modernisation (SFSAM) and the Soft Financing Scheme for Digital & Technology (SFDT) which offer financing of up to RM20 million for CAPEX, as well as working capital at a fixed financing rate of as low as 4% per annum.
17. But with all these policies, funds and Government assistance, and as much as we recognize the importance of digitalization and automation, we must always ask ourselves whether we, as a country, are doing enough? Is it enough to promote smart public-private partnerships to promote industry growth? How do we invest in our talent by pushing for more serious private-sector collaborations with the numerous higher-learning and vocational training institutions that are available in the country?
18. Businesses especially SME manufacturers cannot afford to delay their effort to digitalise and to automate, or they risk losing their market share, or the ability to capture new business opportunities. There is also the pressure of ESG-related demands especially from more developed markets.
19. This is why MITI has decided to review the New Industrial Master Plan 2030 (or NIMP 2030), which will articulate a set of comprehensive strategies and action plans to ensure synergies at both the policy and industry level. We want to create supportive ecosystems to help catalyse Malaysia's industrial development into the future.
20. Post-review, NIMP 2030 will be the main reference document in charting the future of Malaysia's industrial development until the year 2030. The task force is mandated to deliberate on key issues such as enhancing the nation's economic complexity, creating the right ecosystems for targeted industries, as well as building SMEs' capacity via automation and digitalization, and for embracing ESG principles to prepare them for global market demands.

21. I myself will be chairing this Review Task Force, and to assist us with this comprehensive review, we have appointed subject matter experts in various fields including economics, industry development, business, finance, investments, corporate strategy and planning, productivity improvement and talent development. But this does not mean that we do not accept feedback and inputs from forum participants like you. The CEO of MIDF is, in fact, also part of the Review Task Force, so I am sure he will collate and provide your feedback to the Task Force.
22. Recommendations to improve the NIMP 2030 are expected to ensure an agile, comprehensive policy that is aligned with the Unity Government's MADANI concept, the nation's 2050 net-zero carbon objective, and key MITI policies such as the National Investment Aspiration (NIA), National Investment Policy (NIP) and Industry4WRD. We will present the revised NIMP in the third quarter of 2023.
23. So, on that note, I hope that through this Forum and its series, you will leave with a better understanding of the automation and digitalisation journey and what it takes to evolve from where your businesses currently are towards being IR4.0 ready. I strongly urge SMEs to be more proactive in improving productivity automation, preparing for the era of IR4.0 and beyond.
24. Malaysian companies particularly the SMEs are urged to get the right and comprehensive information on access to financing facilities and other incentives provided by Government agencies especially MIDF to help develop their businesses. Bank Negara Malaysia, through Budget 2023, has also been given a big allocation to incentivise SMEs with a RM1 billion facility for process automation and operational digitalisation such as adopting accounting and inventory management software.
25. Before I end my speech, with the recitation of Bismillahirrahmanirrahim, I officially launch the MIDF Automation and Digital Forum Series entitled "Driving Business Thru Digitalisation And Automation – THE JOURNEY TOGETHER". Thank you.