



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

SPEECH BY

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MINISTER OF INVESTMENT, TRADE & INDUSTRY**

**FOR THE
CREDIT GUARANTEE CORPORATION'S
28th FI/DFI & SME Awards 2022**

**7 July 2023 (FRIDAY)
4.00 – 6.00 pm
Grand Hyatt Kuala Lumpur**

Yang Berbahagia Dato' Mohammed Hussein

Chairman, Credit Guarantee Corporation Malaysia Berhad (CGC)

Yang Berbahagia Datuk Mohd Zamree Mohd Ishak

President & Chief Executive Officer, CGC

Chairmen and CEOs of Financial Institutions and Development
Financial Institutions

Representatives from Non-Financial Institutions, CGC Partners and
MSMEs winners of this year's CGC Awards

Members of the Media

Distinguished Guests

Ladies and Gentlemen

Assalamualaikum Warahmatullahi Wabarakatuh,

Salam Malaysia Madani and Good Afternoon.

1. Thank you, CGC for inviting me to your 28th FI/DFI & SME Awards 2022. I remember attending the same CGC awards in 2020, 2021 and 2022 as the Minister of Finance, and I feel honoured to be here again, this time as the Minister of Investment, Trade & Industry.
2. Firstly, I would like to commend CGC for continuously evolving in meeting Micro, Small, and Medium Enterprises (MSMEs)' financing needs.

3. Indeed, CGC has progressed from being a traditional credit guarantee provider to a financially sustainable institution, providing not just guarantees, but also financing, and non-financial advisory for MSMEs. As a result, MSMEs have been enabled to thrive and reinvent themselves to meet current demands and market requirements.
4. While CGC turned 50 last year, I just turned fifty 12 days ago. I must say how proud I am to associate myself with my fellow 'five-series', **the CGC**, who **as of 31 December 2022**, had provided **over 522,000 guarantees, and financing valued at over RM90.3 billion, assisting nearly 370,000 MSMEs.**
5. Even when I was the CEO of a banking group, we had worked closely with CGC to enable many of our SME clients to get the financing they needed, despite having less-than-stellar credit scores.
6. MITI is aware of CGC's important role in fostering the growth and sustainability of MSMEs in Malaysia by providing access to financing and facilitating guarantee for MSMEs; by assisting MSMEs to enhance their skills, knowledge and management capabilities; and by providing access to financing and advisory services on market access.

Ladies and Gentlemen,

FACILITATING SMEs FOR MALAYSIA'S SUSTAINABLE & INCLUSIVE GROWTH

7. So, today, I would like to discuss all that facilitation, but from the lens of MITI's upcoming **New Industrial Master Plan 2030 (NIMP2030)**, which is set to transform the core of Malaysia's manufacturing capabilities.

8. I would like to focus my speech on **how CGC can support the Government's NIMP2030 vision to generate broad-based economic growth for Malaysia, by supporting MSMEs that are part of the manufacturing and export sectors' ecosystems.**

9. In re-imagining the core of our manufacturing industry, MITI is **moving away from the sectoral approach** of previous industrial plans and is looking at a mission-based approach. **We have identified four key missions:**

10. **FIRSTLY, we want to advance Malaysia's economic complexity.** To that end, we have identified five key industries to be nurtured, which we believe will help enhance Malaysia's economic complexity and propel us onto a sharper economic growth trajectory. These are **aerospace, chemicals/petrochemicals, digital economy, E&E (including medical devices) and pharmaceuticals.**

11. We encourage financial institutions (FI's) and development financial institutions (DFI's) to start allocating more resources to these sectors. While the Government understands that **these sectors are typically dominated by larger players, our key ask is for CGC to support and encourage SMEs to integrate themselves into those sectoral players' supply chain and ecosystem.**

12. Yesterday, CGC just attended MITI's NIMP2030 Open Day. I am excited to see how the Government (through MITI) and CGC can work together to help move our SMEs further up in global value chains that contribute to our economic complexity and provide higher-value opportunities and revenues for them.

13. **Given that MSMEs make up 97.4%¹ of all registered businesses in Malaysia, helping them benefit from global supply chains in high-value industries is arguably one of the fastest ways to generate broad-based growth in Malaysia.** (I must, however, add that just because those five sectors I mentioned earlier will be heavily promoted, it does not mean that other sectors will be de-prioritised. I will get back to this a little later)

14. **SECOND, we want industries to tech-up quickly so we can be a digitally vibrant nation.** NIMP2030 will feature specific pilot projects to help SMEs tech-up quickly. It is **no longer**

¹ According to SME Corp, there were 1.23 million registered MSMEs in 2021.

sufficient for them to go digital, they must BE DIGITAL, by embracing tech capabilities as much as possible across all aspects of their operations.

15. To that end, our **Industry4WRD program will be further strengthened** to accelerate those efforts and enhance productivity by promoting automation and the adoption of IR4.0 solutions.
16. Another key aspect of digitalization is **fostering innovation and nurturing the development of local indigenous solutions, including startups**. We are looking to support homegrown talent and encourage disruptive ideas, so Malaysia can transition from being a tech user to a tech creator.
17. **THIRD**, we are pushing for net zero. On this, MITI is also developing the **National Industry Environmental, Social and Governance framework (i-ESG) for the Manufacturing Sector, to be launched by end-2023**. The framework comprises four key components – standards, financial support and incentives, capacity building and market mechanisms – to **encourage the manufacturing sector to embrace ESG practices by providing clear guidelines and enablers for companies, including SMEs**.
18. I understand that CGC has already built up a database on their clients' credit score/risks, so perhaps CGC can now think

about compiling the SME's ESG risks. On this, let's **work more closely with MITI, and our key agencies, to see how we can use tech to facilitate the disclosure of standardised data sets, to manage those risks in the supply chains of investors, manufacturers, and exporters.**

19. I am sure such **data** will also be **key for further development of green financing products and services**, which will **support the decarbonisation of the manufacturing, industrial and export sectors, as well as the SMEs in their respective supply chains.**

20. To that end, I would also like to invite CGC to help counter SMEs' key concerns on ESG, such as the **cost and complexity of compliance, confusion on the numerous ESG standards, and capacity issues.** I would like to request for **CGC, the FI's and DFI's to help us address these concerns by promoting the narrative that SMEs have plenty of opportunities in Southeast Asia's green economy estimated to reach USD200-billion² by 2030.**

21. Related to that, apart from the five key sectors that I mentioned we will actively promote and develop, there are other equally important enabling/supportive sectors with the potential to eventually be standalone sectors in their own right.

² McKinsey & Co, 2022.

These include sectoral decarbonisation, renewable energy, electric mobility, hydrogen energy, large-scale carbon capture, utilisation and storage (CCUS), as well as technologies on circular economy, green manufacturing and green infrastructure.

22. SMEs can benefit from that USD200-billion Southeast Asia's green economy by being part of bigger manufacturers and exporters' supply chains in those sectors. **The Math is pretty straightforward: if we can mobilise a much bigger 'team' of industrial players – comprising both MNCs and SMEs – to be in the green economy ecosystem, it will be easier to achieve our net zero target, and perhaps even earlier than 2050.**
23. Apart from that, **financing SMEs on building their ESG capacity will also go a long way towards helping them remain in key supply chains** that will only become more and more ESG-demanding in the years to come.
24. On financing, one of the projects proposed is the **development of a platform to show all available funding options by various banks including from the capital market**. I am glad to note that **CGC has already developed this**, and SMEs have already begun to leverage on the platform. Thank you for helping us tick off 1 box from our NIMP2030 to-do list.

25. Indeed, one of the things we will do under the **NIMP2030** is to **create a real-time, centralised dashboard to monitor the progress of measures and programmes**. This will **prevent duplicative and overlapping measures, while facilitating cross-leveraging of precious resources – including incentives and grants – across key agencies**.
26. **FOURTH**, the NIMP2030 aims to **safeguard economic security and inclusivity**. We must move the needle on this mainly through **broad-based growth, and through our industries and businesses, particularly the SMEs**. I understand that financial inclusion is CGC's key agenda, where alliances with leading FI's and DFI's have provided solid initiatives for MSMEs, such as expansive and accelerated access to financing through various Portfolio Guarantee (PG) and Wholesale Guarantee (WG) schemes.
27. **Enabling and empowering as many as possible the 1.23 million SMEs that we have is one of the fastest ways to rebuild our SMEs and middle class that was severely impacted by the pandemic**.
28. The key issue is, despite their sheer number, MSMEs contributed only 37.4%³ to Malaysia's GDP, and only 11.7%⁴ to the nation's total exports. I am confident that these numbers can be improved if **CGC, FI's and DFI's can help SMEs in**

³ As of 2021

⁴ As of 2021

key manufacturing and export sectors, thereby fulfilling our NIMP2030 agenda to develop resilient supply chains; strengthen industrial clusters; and develop an inclusive workforce in our effort to safeguard economic security and inclusivity.

29. So today, I would like to invite CGC, the FI's and DFI's to **proactively direct part of your guarantees and financing towards the sectors and areas** I mentioned earlier, to help the country **reform our manufacturing industry, which by extension, will also transform our investment and export sectors for our nation's more sustainable socio-economic growth.**

Ladies and Gentlemen,

CLOSING

30. In closing, I would like to stress that MITI sees tremendous opportunities for collaboration with CGC to create more opportunities for MSMEs to flourish and expand their businesses domestically and regionally.
31. Congratulations again, CGC on your 50-year effort in strengthening credit supplementation for MSMEs to spur their development. To today's winners, may your success spur you on to greater achievements underscored by sustainability and resilience in the years ahead. With that, I hereby officiate CGC's 28th FI/DFI & SME Awards 2022. I wish CGC, its partners and all winners the very best. Thank you.