



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

KEYNOTE ADDRESS AND LAUNCH

BY

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

**FOR THE LAUNCH OF MIDF'S
"SECOND CHANCE FINANCING"**

**16 JUNE 2023 (FRIDAY)
MITI TOWER, 7, JALAN SULTAN HAJI AHMAD SHAH
50480 KUALA LUMPUR**

Yang Berbahagia Datuk Seri Isham Ishak,
Secretary General of the Ministry of Investment, Trade and Industry (MITI)

Yang Berbahagia Datuk Bahria Mohd Tamil
Deputy Secretary General, Management & Investment

Yang Berbahagia Datuk Hanafi Sakri
Deputy Secretary General, Industry

Yang Berusaha Encik Hairil Yahri Yaacob
Deputy Secretary General, Trade

Yang Berbahagia Dato' Charon Wardini Mokhzani,
Group Managing Director of Malaysian Industrial Development Finance
(MIDF)

MIDF Board of Directors

Head of MITI Agencies

Members of the media

Distinguished guests and ladies and gentlemen.

Assalamualaikum Warahmatullahi Wabarakatuh and good evening.

1. It is indeed a great pleasure for me to be here this evening. Thank you MIDF for inviting me to deliver the keynote address at this event.
2. Before we talk about what we will launch today, I would like to address an important topic, which is about ensuring the survival of our businesses, particularly SMEs. Indeed, just as many of them started to recover post-pandemic, they began to be affected by global supply chain bottlenecks, persistent inflationary pressures, currency issues and geopolitical dynamics potentially impacting trade.
3. Given how crucial it is to support this sector, which is the lifeblood of our economy and the mark of our nation's spirit of entrepreneurship, there are 2 key topics I would like to discuss today:
 - a. **Firstly, how we have facilitated investments and financing** thus far to support our businesses and SMEs.
 - b. **Secondly, how we can be more strategic in facilitating investments and financing**, and why innovation and inclusivity must underscore our key policies on investments and financing.

Ladies and Gentlemen,

INVESTMENTS TO SUPPORT SMEs & ENTREPRENEURSHIP

4. Malaysia has facilitated quite a few new features in our policies on investments and financing over the past three years (i.e., during and

after the pandemic, such as the Special Relief Facility), particularly in initiating the policy push towards digital and green/low-carbon transition.

5. Such policy push is also seen in terms of the FDI that we have been attracting, as outlined by our New Investment Policy (NIP). This is evident from the key announcements that have been made this year, including by big names such as AWS, Sumitomo, Texas Instruments, and the Yondr Group.
6. While FDI, which has recovered to pre-pandemic levels, has always hogged the media limelight, I would like to stress **that MITI gives equal importance to Domestic Direct Investment (DDI). In fact, DDI has been equally instrumental in ensuring the wellbeing of our local firms and entrepreneurs, and in contributing to the growth of Malaysia's GDP.**
7. **From 2013 to Q1 2023, RM1.37 trillion of DDI has been approved, led by the services sector with roughly RM1 trillion (RM1.0043 trillion or 73.3%), while the manufacturing sector received RM291.8 billion (21.3%) and the primary sector, RM73.9 billion (5.4%).** Many of these investments, particularly in the services and manufacturing sectors, have fostered innovation and enhanced Malaysia's global competitiveness.
8. For the manufacturing, selected services, and primary sectors under MIDA's purview, a total of **9,976 Malaysian-owned projects have**

been approved with investments valued at RM408.0 billion, and with the creation of almost 490,000 (489,561) jobs.

9. In realising the importance of DDI to our GDP growth, MITI, together with Malaysia's key investment promotion agency, MIDA, **have undertaken various initiatives aimed at creating a strong domestic industrial ecosystem and encouraging domestic investments.**

These include:

- a. **First, Supply Chain Coordination Programme**, where MIDA integrates local companies into the supply chains of MNCs and LLCs, whose technological capabilities are leveraged on by domestic companies to enhance their competitiveness. The MIDA-PERODUA Digital Transformation Ecosystems (DTE) is a case in point.
- b. **Second, MIDA's SME Desk**, which operates as a comprehensive 'One-Stop-Centre' offering invaluable advisory services pertaining to government facilitation for SMEs. In 2022, almost **1,200 (1,184) SMEs utilised this platform**, which serves as a catalyst for SMEs to overcome challenges, seize opportunities, and thrive in today's rapidly evolving business landscape.
- c. **Third, the Government has also introduced the Industry4WRD Intervention Fund**, aimed at supporting Malaysian SMEs in the manufacturing and manufacturing-related services sectors to adopt Industry 4.0 technologies. As of

31 May 2023, a total of **335 SME projects, amounting to RM123 million**, have been approved under the Industry4WRD Intervention Fund.

10. On that score, I am also happy to share that for Q1 2023, **Malaysia attracted RM74.1 billion of committed investments, up 60% Year-on-Year**. Most significantly, the **ratio of FDI to DDI is 52.5% to 47.5%**, which is pretty near the 50:50 mark. This reflects domestic companies and businesses' confidence in the current government's policies.

Ladies and Gentlemen,

FINANCING TO SUPPORT SMEs & ENTREPRENEURSHIP

11. Then there is also **financing to support or supplement domestic firms' expansion and growth**. This year alone, through **Budget 2023**, the Government has allocated **RM40 billion in the form of financing and guarantees for businesses and SMEs**.
12. In terms of financing, specifically, through MITI and its agencies, existing and current measures include:
 - a. **Firstly, MIDA's Domestic Investment Collaboration Programme (DICP)**, which supports domestic companies in securing funding through banks and initial public offerings (IPOs), as well as alternative financing options. The programme also involves identifying local champions for introduction to Venture Capitals and Private Equity firms. DICP also assists

local companies in preparing for IPOs, such as Oppstar's successful IPO in the ACE market. Oppstar exemplifies a DICP-supported home-grown company that has successfully showcased its resilience, innovation, and competitiveness in the global marketplace.

- b. Secondly, the recently launched EXIM Bank's GO EXPORT ACE**, a programme specifically catered to Anchor Companies in building and maintaining a resilient supply chain ecosystem, as well as improving the business continuity of their vendors. Vendors benefit from getting quick access to funds and enjoy great flexibility in credit terms.
- c. Third, the EXIM GO EXPORT GREENTECH**, a comprehensive, sustainability-driven financing programme designed to help exporters grow and expand their businesses in strategic sectors such as automation, digital tech, green tech and biotechnology.
- d. Fourth, we also have MIDF that provides financing at government-supported rates to corporates and SMEs** for their working capital, as well as other business needs such as procuring property, machinery/ equipment, IT hardware/software and commercial vehicles.

BEING MORE STRATEGIC IN INVESTMENT & FINANCING MEASURES

13. All these are well and good, but I now would like to discuss the second question, which is more pertinent to our nation's growth, moving forward. To recap, my question was: **how we can be more strategic in facilitating investments and financing, and how these can be underscored by innovation and inclusivity.**
14. This is where the NIP, and its enabling blueprint, the upcoming **New Industrial Master Plan 2030 (NIMP 2030)** come into play. **Through the NIMP2030, we are placing an equally strong emphasis on enhancing domestic investments because we recognise DDI's significant contribution to the economy.**
15. As such, the **NIMP2030** also aims to facilitate the growth, competitiveness, and participation of home-grown companies in higher value-added sectors by enhancing the overall product complexity of our manufacturing industry, **tech-ing up industries to make us a digitally vibrant nation; facilitating them towards achieving Malaysia's net zero targets and safeguarding their economic security and inclusivity.**
16. **Through the NIMP2030 that MITI is finalising now, we want to create an environment that, among others, fosters the transfer of FDI benefits into the domestic economy, and stimulates DDI.** Backward and forward linkages between FDI and DDI rarely happen on their own. Without the appropriate policy push to enhance such

linkages, FDI could end up operating as an “enclave” or in isolation within our economy.

17. **One of the key enablers for all these is to craft and mobilise a financing ecosystem that is more innovative and inclusive for domestic businesses and SMEs to survive, thrive and benefit from that FDI ecosystem.**
18. Today, I am happy to see that **MIDF has, indeed, applied that innovative and inclusive criteria in its new financing scheme, the “Second Chance Financing”.**
19. In our challenging and ever-evolving economic landscape, it is not uncommon for companies to encounter tough times. A sudden shift in market conditions, unforeseen disruptions, or internal struggles can push commercially promising companies to the brink of failure. It is, therefore, crucial that we consider such companies’ potential for recovery and the longer-term benefits of supporting them to get back on their feet again.
20. Without such support, we could be stifling innovative companies with valuable ideas, products, or services that could bring about significant advancements in their respective industries, and our society. **MIDF’s Second Chance Financing extends a lifeline to enable these companies to continue their operations, redefine their strategies and ultimately contribute to the growth and development of our economy.**

21. Did you know that when Walt Disney created Mickey Mouse in 1928, he had had a string of failures, and he was rejected by more than 300 bankers before one agreed to fund his work? We hear similar stories by global brands such as Apple (from being nearly-bankrupt to a ~USD3-trillion market valuation) and Fedex Corporation (from having just USD5,000 in funds at one point to becoming a listed logistics provider with a USD57-billion market valuation).
22. Moral of the story? **Companies with a decent business model do get unlucky sometimes, and unless we place some faith in them, we will never know if they are at an inflexion point that requires just a little support for them to recover and start growing again.** More importantly, giving them a financing lifeline also supports their whole operational ecosystem, which comprises of their suppliers, customers, and employees, all of whom collectively contribute to the nation's socio-economic growth.

Ladies and Gentlemen,

23. It is important to emphasise that **access to Second Chance Financing is still subject to responsible lending criteria, careful assessment of the company's viability, and appropriate monitoring by MIDF.** What is key now is to market this to as many businesses and SMEs as possible,

24. I hope businesses and SMEs facing a tough time will take advantage of **MIDF's Second Chance Financing** and other facilities to stay afloat, and eventually thrive. By taking this **strategic approach**, we are **effectively fostering innovation, preserving jobs, and preventing systemic disruptions, to lay the foundation for a stronger, more resilient business environment** in Malaysia.

25. On that note, Ladies and Gentlemen, dengan lafaz Bismillahirrahmanirahim, I hereby launch the Second Chance Financing scheme. Wabillahi Taufik wal Hidayah Wassalamualaikum Warahmatullahi Wabarakatuh. Thank you.