

**WEBINAR WITH MEDEF INTERNATIONAL**

**YB DATUK LIM BAN HONG,  
DEPUTY MINISTER OF INTERNATIONAL TRADE & INDUSTRY  
MALAYSIA**

**4 SEPTEMBER 2020 (FRIDAY), 4.00 PM**



## MALAYSIA

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Joint web-meeting organized by MEDEF International, the Embassy of Malaysia in France and the Malaysian Investment Development Authority (MIDA),

*with the participation of*

**H.E. Datuk Lim Ban Hong, Deputy Minister**

Ministry of International Trade & Industry (MITI)

*and*

**Mr. Arham Abdul Rahman, Deputy Chief Executive Officer**

Malaysian Investment Development Authority (MIDA)

*chaired by*

**Mr. Philippe Gautier**

**CEO of MEDEF International**

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**4 SEPTEMBER 2020 (FRIDAY) – FROM 1600 TO 1730HR (M'SIA TIME) | 10:00 TO 11:30 (PARIS TIME)**  
Webinar (Zoom)

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## PROVISIONAL PROGRAM

15 h 45	Opening of the web-platform
16 h 00 – 16 h 05	<b>Opening Remarks</b> by Mr. Philippe Gautier Chief Executive Officer (CEO), MEDEF International
16 h 05 – 16 h 10	<b>Welcoming Remarks</b> , H.E. Dato' Dr. Azfar Mohamad Mustafar, Malaysian Ambassador to France
16 h 10 – 16 h 25	<b>Keynote Address on Situational Update, Economic &amp; Financial Outlook &amp; Ongoing Reforms</b> H.E. Datuk Lim Ban Hong, Deputy Minister of International Trade & Industry,
16 h 25 – 16 h 45	<b>Business Opportunities in Malaysia Post Covid-19, Investments &amp; Strategic Projects</b> Mr. Arham Abdul Rahman, Deputy Chief Executive Officer Malaysian Investment Development Authority (MIDA)
16 h 45 – 17 h 25	<b>Q&amp;A session</b> Moderated by Mr. Philippe Gautier, CEO of MEDEF International
17 h 25 – 17 h 30	<b>Closing remarks</b> by Mr. Philippe Gautier, CEO of MEDEF International

**KEYNOTE ADDRESS:**  
**YB DATUK LIM BAN HONG,**  
**DEPUTY MINISTER OF INTERNATIONAL TRADE & INDUSTRY**  
**MALAYSIA**

**Topics of covered:**

- (i) Bilateral trade and investment relations, amid COVID-19
- (ii) The impact of COVID-19 on the Malaysian economy
- (iii) Malaysia's journey towards economic recovery
- (iv) Ongoing reforms in investment regime
- (v) Malaysia and France looking beyond the pandemic

**Salutations**

His Excellency Dato' Dr. Azfar Mohamad Mustafar,  
Malaysian Ambassador to France

Mr. Philippe Gautier  
Chief Executive Officer of MEDEF International

Mr. Arham Abdul Rahman  
Deputy Chief Executive Officer of MIDA

Ladies and gentlemen

**Opening Remarks**

1. Greetings from Malaysia. Regardless of where you are joining us from, I hope everyone is safe and in good health.
2. I would like to thank MEDEF International, the Embassy of Malaysia in Paris and Malaysian Investment Development Authority (MIDA) for organising this webinar, focusing on adding value to our French industry stakeholders by sharing the situational update in Malaysia during these trying times.
3. Today, I will be focusing on five (5) main points:
  - a) Bilateral trade and investment relations, amid COVID-19;
  - b) The impact of COVID-19 on the Malaysian economy;
  - c) Malaysia's journey towards economic recovery;
  - d) Ongoing reforms in investment regime; and last but not least
  - e) Malaysia and France looking beyond this pandemic.

## **Bilateral trade and investment relations, amid COVID-19**

4. The COVID-19 outbreak, as well as the continuing US-China trade friction and global economic uncertainties have stirred the current trade and investment landscape.
5. Nevertheless, in 2019, France was Malaysia's 18<sup>th</sup> largest global trading partner and 3<sup>rd</sup> largest trading partner among the European Union member states (including the United Kingdom). The Economist Intelligence Unit (EIU) forecasted that the COVID-19 crisis will lead to a 25 per cent fall in world trade volumes this year and an even bigger fall in investment flows. In line with the EIU prognosis, Malaysia's trade with France recorded a substantial decline of 37.1 per cent in the first seven (7) months of this year.

*[Note: In 2019, decline in exports were contributed by electrical and electronic products; while drop in imports were contributed by transport equipment. In 2019, France was Malaysia's 18th largest global trading partner and 3rd largest trading partner among the European Union member states (including the United Kingdom). Total trade with France decreased by 25.5% to RM17.07 billion (USD4.12 billion). More than half of Malaysia's exports to France were electrical and electronic products whereas major imports from France included transport equipment].*

6. In the investment spectrum, I am happy to note that French companies continue to have confidence in Malaysia as their preferred investment destination in this region. From 1980 to 2019, a total of 126 manufacturing projects with French participation have been implemented worth RM4.36 billion (USD1.31 billion), creating 10,913 jobs.

*[Note: France is the 4<sup>th</sup> largest investors among the EU member states. Notable companies with French participation in Malaysia include ST Microelectronics, Arkema, Airbus, Safran, Saint-Gobain, Air Liquide, Monin, Technip FMC and Decathlon. In the first quarter 2020, one manufacturing project with French participation i.e. Air Liquide has been approved worth RM9.5 million (USD2.2 million) as expansion project].*

## **The impact of COVID-19 on Malaysian economy**

Ladies and gentlemen,

7. The COVID-19 outbreak has impacted the social and economic activities across the globe. Malaysia, as an open trading nation is not spared from the pandemic's impact. This includes elevated business risks and impacted entire supply chains from raw material producers, manufacturers, transporters and end-users.

8. However, on this platform today, I must acknowledge the French companies such as L'Oréal, Decathlon, Air Liquide and Servier for their partnerships with Malaysia, from all walks of life, spanning from corporate social responsibility programmes such as the Women in Science Young Talents Programme to contribution of face masks, gloves and hand sanitisers.
9. Malaysia introduced our Movement Control Order beginning 18 March 2020 for almost two months, followed by its gradual easing through the Conditional and Recovery Movement Control Orders which is expected to be on-going until the end of the year. Although most economic sectors are in full operation, there are stringent Standard Operating Procedures (SOPs) in place that are mandatory for all to comply.
10. This difficult decision to balance public welfare and livelihood has had direct implications on local and global supply chains. Although we encountered a decline in trade performance at the beginning of the lockdown, but the situation has gradually improved with our exports in June 2020 increased by 8.8 per cent and 3.1 per cent in July 2020 as compared to June 2019 and July 2019 respectively. The employment rate has also reduced to 4.9 per cent in June 2020 as compared to 5.3 per cent in May 2020.
11. Given this, the Government's ultimate priority is to ensure that the pandemic is not only contained but also to ensure that this health crisis does not mutate into an economic crisis.

### **Malaysia's journey towards economic recovery**

Ladies and gentlemen,

12. Malaysia introduced our National Short-Term Economic Recovery Plan called PENJANA on 5 June 2020. This comprehensive package amounting to RM35 billion (US\$8.2 billion) aims to regenerate the national economy, focusing on three main components: empowering the people, propelling businesses and stimulating the economy.
13. PENJANA looks to achieving these three main components through four key thrusts. First is to enable work and reduce unemployment, second is to ensure affordability and providing liquidity, third is on digitalisation and operating in the New Norm and the fourth is to increase consumer and investor confidence.

14. This package is only the beginning of the Government's six-phase plan to revive Malaysia's economy. Called 6R, the 'R's represent Resolve, Resilience, Restart, Recovery, Revitalise and Reform. We are currently in the Recovery phase, and MITI together with its agencies have developed strategies to assist companies and industries to get back on track.
15. Among the strategies introduced include the recently announced Malaysia's Lighthouse Programme. This initiative compels industry players in Malaysia to model companies that have embraced digital manufacturing and Industry 4.0 into their business model and supply chain. Given the new norm brought upon by the pandemic, having more companies adopting the best practices of innovation and operational efficiency will undoubtedly reinforce Malaysia's position as one of the top global manufacturing nations in the world.
16. The Government, through MIDA has also established a dedicated team, aptly named PACU or the Project Acceleration and Coordination Unit to facilitate the speedy implementation of manufacturing projects in the country. This initiative, coupled with our new online module, e-Manufacturing License (e-ML) enables companies to obtain approvals for their manufacturing projects within two (2) working days, will tremendously increase the ease of doing business in Malaysia, directly benefiting investors that are seeking to expand their footprint into the country and the region.

### **Ongoing reforms in investment regime**

17. The Government is committed in realigning the country's major policies to ensure that Malaysia's economic growth is on solid footing, which is important for restoring investors' confidence. MITI acknowledges that the role of the Government is more of an enabler with the private sector as the driving force in transforming the country's economy.
18. The Government has given its assurance that Malaysia will remain pro-business with prudent and pragmatic policies to ensure conducive environment as we continue to seek both capital and technology injection into the Malaysian economy. Therefore, foreign companies are encouraged to utilise their experience and expertise to venture to Malaysia's shores for business opportunities in mutually beneficial partnerships.
19. Investment promotion adopted by Malaysia is not solely based on fiscal incentives; Malaysia is known to offer a dynamic and vibrant business environment and ecosystem. Our market oriented and open economy played an important role in attracting investors.

20. Technological advancement has become an integral part of Malaysia's growth as an industrialised nation. With the help of technology, Malaysia is steadfast in providing for the modern-day requirements of investor companies based in the country. Malaysia is one of the most technologically developed countries amongst industrialising nations in the ASEAN region. The nation's persistent drive to engage modern technologies proves to be a great advantage to manufacturers in Malaysia.
21. Malaysia has adapted to change by embracing new opportunities made available through the Fourth Industrial Revolution (Industrial 4.0) mainly through the adoption of smart manufacturing processes and technologies to enhance production flexibility and efficiency. Machine to machine applications are an emerging field and opportunities are available to investors to venture into sensor technology projects in Malaysia. New investments in advanced IoT enabled technologies and eco-system will expand logistics value chains, including warehouse operation and freight transportation.
22. Hence, the objective of reforming/ improving the investment promotion and facilitation is to set path in making Malaysia's investment policies more open, transparent and non-discriminatory. Going forward, this initiative is part and parcel in creating strong, sustainable and balanced growth that are underpinned by productivity improvements and innovation, enabling Malaysia's transition into a higher value-added and higher income economy, which our aim is to make Malaysia the preferred investment destination and among the most globally competitive trading nations.
23. In this regard, the Government continues to undertake series of important measures in attracting high quality and sustainable investments, including:
  - a) continuous regulatory reform in strengthening competitiveness and ease of doing business through the restructuring of Special Task Force to Facilitate Business (PEMUDAH);
  - b) drafting of the New Industrial Master Plan 2021-2030 (NIMP) to set strategic directions for the national development agenda, which among others, to make Malaysia the preferred destination for sustainable investments;
  - c) the Cabinet on 8 May 2019 enhanced the effectiveness of the National Committee on Investment (NCI) by making it the sole approving committee for incentives and MITI and the Ministry of Finance as co-

chairs, cutting red tapes and expediting the processing and issuance of approvals;

- d) consultation and dialogue sessions with various segments of the business community and investors to better understanding of cross-cutting issues, challenges and opportunities for the parties concerned;
  - e) reforming Malaysia's investment legislations which are Promotion of Investments Act 1986, Special Incentives Package and incentives under the Income Tax Act 1967, to ensure investment incentives remain relevant and enabling balanced opportunities to all players;
  - f) negotiating member in the World Trade Organisation (WTO) Framework on Investment Facilitation for Development in promoting transparency, streamlining procedures, international cooperation and cross cutting initiatives that transcend micro, small and medium enterprises, corporate social responsibility and women empowerment; and
  - g) in the ASEAN fora, Malaysia is also committed in addressing non-tariff measures (NTMs) through the National Committee on Non-Tariff Measures (NCNTM) as required by the ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC) to discuss policy and implementation issues related to NTMs; and ASEAN Single Window (ASW) initiative to further facilitate customs release and clearance in the region.
24. Going forward, the Government will strengthen the ecosystem to attract quality investment projects without discounting the importance of investment volume. Efforts will be further intensified to facilitate and realise the implementation of approved quality investments.

### **Malaysia and France, looking beyond the pandemic**

Ladies and gentlemen,

25. As a small trading nation, Malaysia sees great value in engaging with our trading partners through bilateral and regional FTAs. Malaysia currently has signed 14 FTAs. This places Malaysia an attractive hub for your ASEAN operations.
26. Seeing the enthusiastic turn out of this webinar, I am glad that French companies continue to have confidence in Malaysia as their preferred investment destination in this region. I also look forward to engaging with our



French partners through MEDEF, Malaysian French Chamber of Commerce and Industry (CCIFM), as well as the French Embassy in Kuala Lumpur.

27. The pandemic has given rise to exciting new trends within the sphere of global trade, namely the shortening of supply chains, decreasing dependence on China, acceleration of digitisation and automation as well as potential dawn of a new era of de-globalisation.
28. Tapping on this, Malaysia will continue to seek out and welcome high-quality investments into the country. This includes high technology manufacturing projects and emerging industries such as smart manufacturing, digital economy, artificial intelligence, aerospace industry, renewable energy and global establishments.
29. Given France's reputation in the aforementioned fields, I look forward to having more French companies leveraging Malaysia as their profit centre in Asia.

### **Closing Remarks**

Ladies and gentlemen,

30. As restrictions begin to ease coupled with economic stimulus measures by governments around the world, we can expect economic and trade sentiments to improve as well. Malaysia's economy is expected to pick up again in 2021 with industrial production index (IPI) rates rebounding in the 2<sup>nd</sup> half of the year in tandem with global demand. According to the Central Bank of Malaysia, the Malaysian economy is forecasted to grow within the range of 5.5 per cent in 2021, while the IMF and the World Bank expects Malaysia's GDP to grow between 6.3 per cent and 6.9 per cent.
31. I also want to assure investors that the Government of Malaysia will persist in our efforts to encourage open trade and investment policies that are based on the principles of transparency, predictability, accountability and fairness. Our diversified economic structure and the sound track-record of macroeconomic management continue to be conducive in supporting Malaysia's economic fundamentals going forward.
32. Therefore, Malaysia looks forward to welcoming your projects here. Let us seize the moment and make the best from the rising opportunities.

Thank you.