



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

KEYNOTE ADDRESS BY

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DEPUTY MINISTER OF INVESTMENT, TRADE AND INDUSTRY (MITI)**

AT THE

**DATA CENTRE NEXUS
POWERING DIGITAL GROWTH, CONNECTING INDUSTRIES**

**THURSDAY, 8 MAY 2025
CONNEXION CONFERENCE & EVENT CENTRE, BANGSAR SOUTH**

Dato' Hanafi Sakri

Deputy Secretary General (Industry), MITI

Datuk Sikh Shamsul Ibrahim Sikh Abdul Majid

CEO, MIDA

Professor Dr. Ong Kian Ming

Program Director, Philosophy, Politics and Economics, Taylor's University Lakeside Campus

Leaders from the data centre industries - Amazon Web Services, Google, Princeton Digital Group, ByteDance, YTL DC and K2 Strategic Infrastructure Malaysia

Representatives from Gamuda Engineering, Maytech Cleanroom Manufacturing, Dunham-Bush and In-Winn

Distinguished guests, Ladies and Gentlemen

Salam Malaysia MADANI and a very good morning to everyone.

I thank MIDA for organising the inaugural Data Centre Nexus, with the theme of "Powering Digital Growth, Connecting Industries". A special mention goes to OCBC Bank and HSBC Bank for supporting this meaningful gathering.

I hope we can build a broad-based consensus among all stakeholders to ensure that data centre sector in Malaysia will achieve the following three objectives at once:

1. The sector will grow sustainably in the financial as well as environmental senses;
2. There will be a "whole-of-value-chain" growth from renewable energy sources to local equipment supply chain, to a robust service sector that develops expertise in the building and maintenance of data centres;
3. The development of the sector will bring maximum benefit to Malaysia and Malaysians to maintain the social license and broad-based public support for the sector.

While data centres are not new to Malaysia, the idea of Malaysia as a data centre hub that fulfills not just domestic usage but also external demand is quite new. The new wave only took off in a big way in 2021, thanks to the entry of the hyperscalers and the ecosystem around them.

Now, even though Malaysia is still building the "regulatory ship" while sailing it, the data centre sector is no longer an "infant industry". Instead, it is at the mature level that we need to have a thorough conversation about what would be the next phase.

Knight Frank SEA-5 Data Centre Opportunity Index ranked Malaysia top in the Southeast Asia data centre sector for two consecutive years (2023-2024).

Malaysia attracted RM278.0 billion (US\$62.8 billion) in digital investments from 2021 to December 2024. Of which, RM184.7 billion (US\$41.7 billion) investment is for data centre-related projects including data centres, cloud computing, data hosting and others.

Yet there are concerns about the lack of jobs created by the data centre sector, the massive energy required, and the over-reliance on imported equipment, which is showing up in the balance of payment.

There is also a challenge of potential speculative build of data centres that may create false competitions for energy sources and other resources which is not healthy for the overall sector development.

Another concern is that the data centre sector doesn't generate sufficient tax revenue - directly or indirectly - to the national coffer.

I am sharing these points candidly with you because I want to see the stakeholders in this sector grow sustainably. And I hope the stakeholders will come together to do more for Malaysia so as to achieve multiple "wins" for all.

Malaysia is on the cusp of a once-in-a-generation transformation while the global trading system is facing potentially the greatest change since 1945. From the colonial era up until the 1960s, Malaysia was essentially trading commodities such as tin, rubber and palm oil. Since the 1970s, Malaysia has been in outsourced manufacturing with the United States as the final destination for export. It is the "Made in Malaysia for MNCs" era.

Under the leadership of Prime Minister Datuk Seri Anwar Ibrahim, Malaysia launched the New Industrial Master Plan 2030 (NIMP 2030) and the National Energy Transition Roadmap (NETR). We intend to embark on a "Made by Malaysia" journey. We want to design, innovate, create and produce not just for the United States but for the rest of the world as well.

Malaysia aspires to move from just seeing ourselves as a "trading nation" to a "technology nation".

I believe the data centre sector could be the catalyst for Malaysia to become a technology nation.

The data centre can be the largest off-takers to boost Malaysian technologies, helping Malaysia to achieve its industrial and energy transition aspirations by adopting a "whole-of-value-chain" investment approach.

I see three missions that the data centre sector could take:

First, leading the way in energy transition

The world is seeing a massive shift away from coal to low-emissions sources in power generation. In the UAE, the share of low-emissions sources in power generation reached 35% in 2024, up from only 3% in 2019. In Saudi Arabia, the annual growth for renewable power generation is estimated to average around 55%.

In Malaysia, energy transition is so much slower compared to UAE and Saudi Arabia, not to mention other countries.

As the most important factor in the growth of energy demand, I would like to see the data centre sector becoming the most dynamic offtakers for renewable energy in Malaysia.

Second, **investing in a Malaysian equipment supply chain**

The impact of data centre equipment is now showing up in the balance of payment significantly, especially in 2024. There is an urgent need to localise the supply chain for a variety of reasons but chief among which is that I strongly believe that with the data centre sector as offtakers, we could build a non-US, non-China supply chain which will eventually serve the world. And I would like to see the data centre sector investing in this together so as to create a “Build by Malaysia” era. More horizontal connection between the data centre sector with the semiconductor industry is something I hope to see developed as quickly as possible.

Third, **creating data centre service jobs for Malaysia and the region**

As more and more data centres are built in Malaysia, we would like to see a concerted effort to nurture a new generation of engineers in both the construction, maintenance and operations of the data centres. A significant leader in the sector shared with me how Irish engineers were everywhere in the data centre business because Ireland was ahead of other European countries in building data centres for hyperscalers. I would like to see more emphasis on job creation across the board in the whole-of-value-chain of the data centre sector.

Let me thank MIDA and other collaborators again for this important meeting. The data centres in Malaysia have scaled many folds over the last four years. Let's work together to create the whole value chain thus bringing more benefits to Malaysia and Malaysians.

Thank you very much.