



PRIME MINISTER, MALAYSIA

MESSAGE

The implementation of two Industrial Master Plans in the last two decades has laid a firm foundation for, and contributed to, the dynamic acceleration of industrial development in Malaysia. The launching of the Third Industrial Master Plan (IMP3), 2006-2020, is expected to drive industrialisation to a higher level of global competitiveness, through the transformation and innovation of the manufacturing and services sectors.

Indeed, achieving global competitiveness over the next 15 years is a critical endeavour in the context of the National Mission to attain developed nation status, in our own mould, under Vision 2020. Such pursuit of competitiveness must involve developing the necessary strength and resilience, as well as the capacity, to rise above the challenges of increasing globalisation and liberalisation. Moreover, to be fully developed 'in our own mould' by 2020 requires a full partnership and fair economic participation among all ethnic groups and regions in every sphere of development. Therefore, the need to achieve industrial growth with equitable distribution will continue to be a key element of the country's industrialisation strategy.

Targeted industries and services will be able to enhance their competitiveness through strategies and policies outlined in the IMP3. To become globally competitive, domestic firms will need to undertake higher value-added activities, enhance total factor productivity through efficient management and utilisation of human capital and resources, enter into new growth areas and activities of high potential, be involved in research and development, and be integrated in the regional and global production, distribution, marketing and supply networks.

The IMP3 places significant emphasis on an integrated approach towards industrial development. This is to enable targeted industries and services to develop their potential, without undue constraints, as well as maximise the various synergies and positive externalities that emanate from such a holistic approach. Areas of concern which have been taken into consideration in the development of industries and services include making available human capital that are highly skilled and knowledgeable, establishing an efficient network of logistics services, adopting and applying the latest technologies, providing a broader coverage of information facilities and services, creating a more conducive business and investment climate, and strengthening institutional support, in particular, the regulatory regime and Government delivery system.

By adopting an integrated approach, the Government expects domestic firms and service providers to be able to enhance their capacities and capabilities in developing their potential to the fullest. They will be encouraged and facilitated to become Malaysia's own multinational corporations, with first-class products and services, professionally managed, technologically advanced, complying with international standards and certifications, having their own networks and brands, and having regard to corporate social responsibility.

The Plan has been formulated jointly by representatives from both the public and private sectors. This task has been undertaken well. However, the bigger challenge is in the Plan's implementation. In this respect, a high level of collaboration, coordination and commitment is required to enable the strategies and policies in the Plan to be undertaken effectively, and the targets achieved successfully, in realising the overall objective of making Malaysia globally competitive.



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Putrajaya
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**MINISTER OF INTERNATIONAL
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FOREWORD

Following the progress achieved by the First and Second Industrial Master Plans in laying a firm foundation for industrial development and transforming the manufacturing sector to become a major contributor to economic growth, the Third Industrial Master Plan (IMP3), 2006-2020, serves as an important planning instrument in expanding the sources of growth and positioning Malaysia's long-term industrial competitiveness. Apart from the manufacturing sector, the non-Government services sector will be targeted for greater development.

In the pursuit of the long-term industrial competitiveness, industries and services will be encouraged to shift towards higher value-added activities and undertake productivity-driven growth initiatives, as well as adopt and apply higher levels of technology. The manufacturing and services sectors will be progressively integrated into the regional and global production networks and supply chains.

Human capital will be developed to match the requirements of the industries and services. Efforts will focus on making available technically-skilled, knowledgeable, creative and ICT-trained workforce. At the managerial level, the focus will be on nurturing corporate leadership capabilities and skills, in areas such as product branding and international marketing.

Investments, both foreign and domestic, will continue to be important, in the efforts to achieve further growth of the targeted industries and services. With the intensification of competition for foreign investments, Malaysia will adopt a more focused approach in its drive to attract foreign investments into the identified and promoted sectors. To support efforts in expanding the operations of Malaysian companies overseas, strategic outward investments will be encouraged.

The manufacturing sector, including agro-based industries, will continue to remain an important source of growth during the IMP3 period. The sector is expected to contribute 28.5 per cent to the Gross Domestic Product (GDP) in 2020. The services sector will generate further growth and contribute 59.7 per cent to the GDP in 2020.

The implementation environment of the IMP3 will be more challenging, with greater uncertainties in the global economic and business scenario. Competition will be more intense in both the markets for inputs and final products. Different approaches will be required to develop the growth areas in the industries and services, and new skills and capabilities will need to be nurtured.

Against such a background, the implementation of the Plan will require concerted efforts and greater resolve by both the public and private sectors, to successfully meet the challenges. While the Government will continue to make the investment environment more conducive, through enhancing the institutional and infrastructure support, in particular the regulatory regime and the delivery system, domestic firms and private sector institutions will need to be more committed, in undertaking measures to enhance productivity, efficiency and competitiveness.

I would like to express my appreciation to everyone who was involved in the preparation of the IMP3. I hope that the collaboration and commitment, which had been forged, will be continued and sustained, in the implementation of the Plan.



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