



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

Industry4WRD & Its Adoption in MNCs and SMEs

37th MAJECA-JAMECA Joint Conference

1 July 2019 (Monday)

EQ, Equatorial Plaza, Kuala Lumpur

Current Manufacturing Landscape

The **MANUFACTURING** sector remains as the backbone of economy...

GDP

RM304.8 B

Absolute Contribution

22.4% National GDP

5% Growth rate

Source: DOSM, 2018

EXPORTS

RM835.48 B

Exports Value

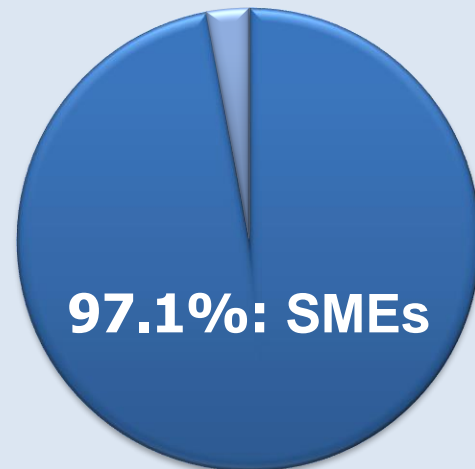


83.7%
Total gross
exports

Source: MATRADE, 2018



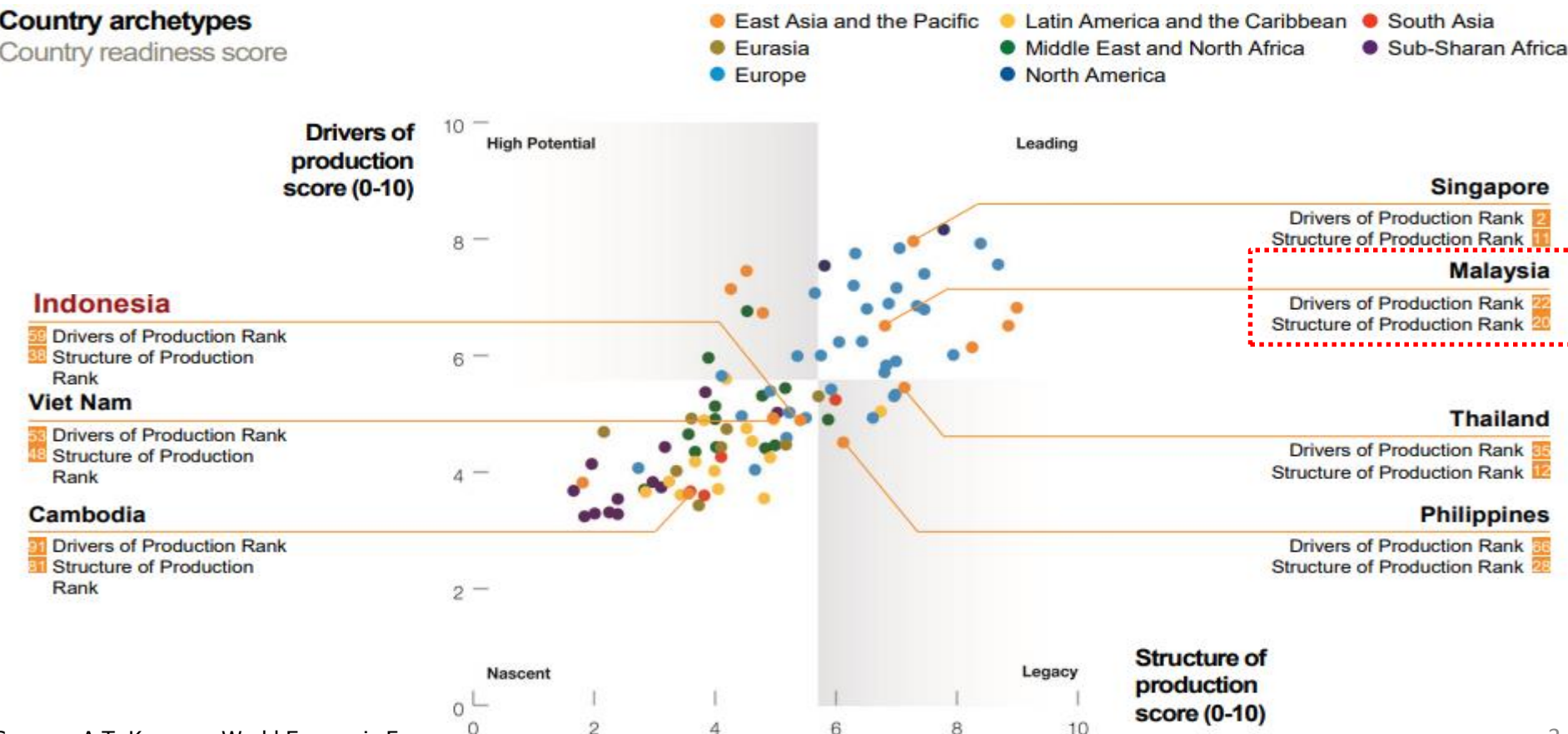
49,101
manufacturers



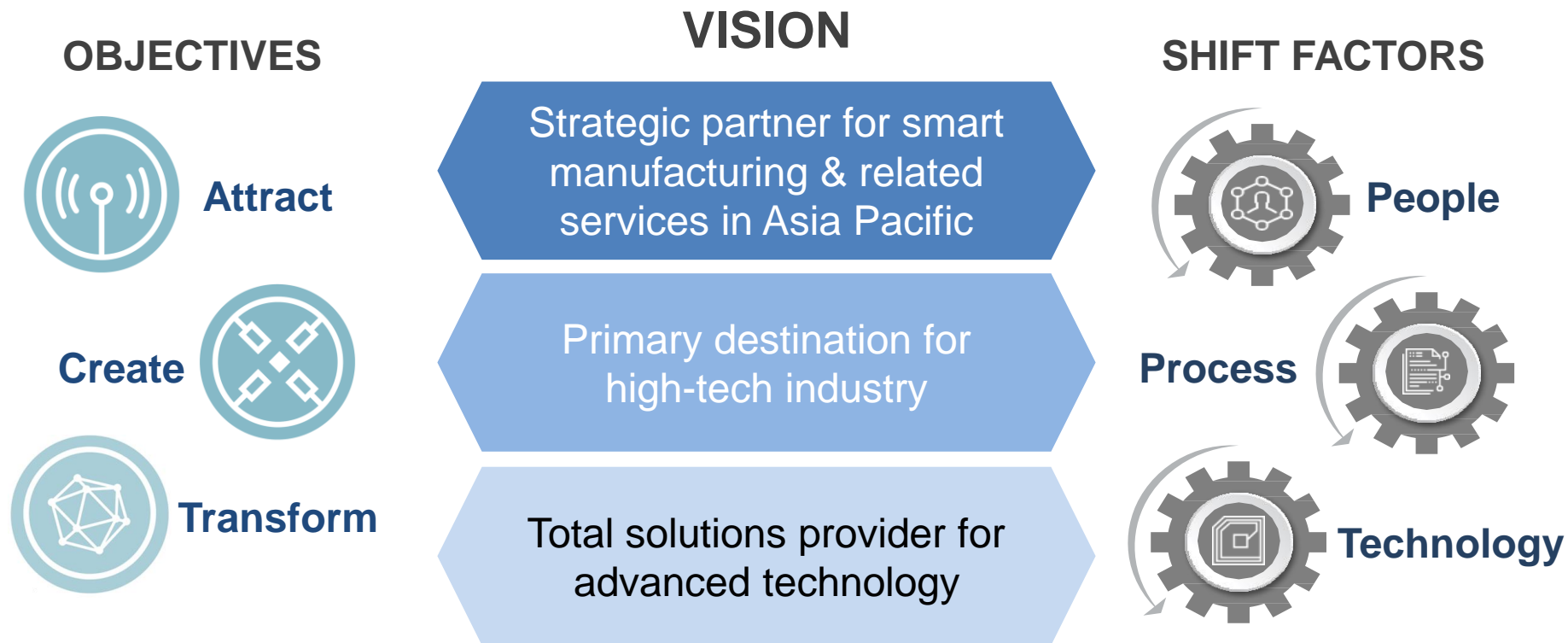
Source: DOSM, 2016

...supported by **SMEs**.

Is Malaysia ready for Industry 4.0?



Industry4WRD in a nutshell



Four (4) goals for the nation

Productivity

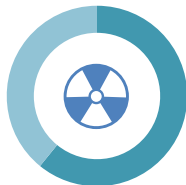


30%

Productivity of the manufacturing industry per person.

from **RM106,647**

GDP

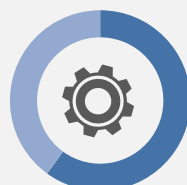


RM392 B

Absolute contribution (RM) from the manufacturing sector to the national economy

from **RM254.7 B**

Innovation



Top 30

Strengthen innovation capacity and capability: Global Innovation Index ranking

from **#35**

Employment



35%

Skilled workers employed in the manufacturing sector

from **18%**

Targets by 2025, developed from 2016 baseline figures

Alignment with 11MP: Catalytic & High Potential Sectors

Electrical & Electronics



The leading industry in Malaysia's manufacturing Sector, contributing significantly to the country's exports and employment

Machinery & Equipment



One of the key areas for growth and development, focusing on high value-added and high technology industry

Chemical



One of the catalytic industries in the country with rapid growth due to the availability of oil and gas as feedstock

Medical Devices



Spans across an extremely wide range of industries from rubber and latex, plastics, machinery and engineering support and electronics

Aerospace



A strategic sector with high growth potential in the country's industrialisation and technological development programme

Other Sectors



- Automotive
- Transport
- Textiles
- Pharmaceutical
- Metal
- Food Processing
- Furniture
- Services

Five (5) Strategic Enablers



Financing & Outcome-based Incentives



Enabling Ecosystem & Efficient Digital **Infrastructure**



Regulatory Framework & Industry Adoption



Upskilling Existing & Producing Future Talents



Access to Smart **Technologies** & Standards

Strategy F1:

Provide outcome based incentives

Strategy F2:

Introduce dynamic and innovative financial products

Strategy I1:

Strengthen the digital connectivity in and between industrial, education and training

Strategy I2:

Enhance the digitalisation and integration of government processes and infrastructure

Strategy I3:

Involve services providers for industry 4.0 and link them to manufacturing firms

Strategy R1:

Increase awareness on Industry 4.0 technologies

Strategy R2:

Create a mechanism to help firms assess and develop their Industry 4.0 capabilities

Strategy R3:

Improve data integrity, standards, sharing, and security

Strategy S1:

Enhance the capabilities of the existing workforce

Strategy S2:

Ensure the availability of future talent

Strategy T1:

Establish digital/technology labs and collaborative platforms, especially public-private partnerships (PPP)

Strategy T2:

Establish and implement standards for interoperability, quality and safety for Industry 4.0 technologies.

Strategy T3:

Intensify Research, Innovation, Commercialisation and Entrepreneurship (RICE) programmes

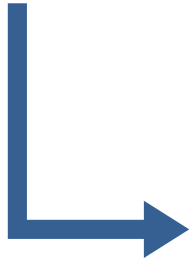
What does *Industry4WRD* mean for business?

Government Intervention

5 Strategic Enablers

13 Strategies

38 Action Plans



Industry Adoption

Business Improvement

Competitiveness

Optimisation

Flexibility

Quality

Speed



Industry4WRD Readiness Assessment (RA)

A comprehensive programme to help firms in the **manufacturing sector & its related services** to understand their **present capabilities & gaps** in terms of **people, process & technology**, & provide **recommendation** on **intervention strategies** to adopt Industry 4.0

**The module for manufacturing related services (MRS) is expected to be included in RA by Q2 2019.*

**READINESS
ASSESSMENT
(RA)**

Government-funded RA for 500 SMEs

Tax deduction on expenditure of RA fee of up to RM27,000

Industry4WRD related Incentives

GRANTS

Industry4WRD Intervention Fund

- Matching grant of 70:30
- Up to RM500,000
- For min 60 SMEs which have undertaken RA

Industry4WRD Domestic Strategic Investment Fund (DISF)

- Matching grant of 60:40
- Local companies which have undertaken RA

Automation Capital Allowance

- 200% allowance on the first RM4 mil/ RM 2 mil expenditure incurred within 5 years (labour intensive industries/ other industries)
- www.mida.gov.my

LOANS/ GUARANTEE

Soft Loan for Automation and Modernisation (SLSAM)

- Manufacturing firm with min 51% equity held by Malaysians
- Financing amount: RM50,000 – RM20 mil
- Interest rate: 4% (SME); 5% (non-SME)
- www.midf.com.my

Industry Digital Transformation Fund

- Min 40% Malaysian owned
- Financing amount: up to RM 200 mil
- Interest rate subsidy: 2% p.a.
- www.bpmb.com.my

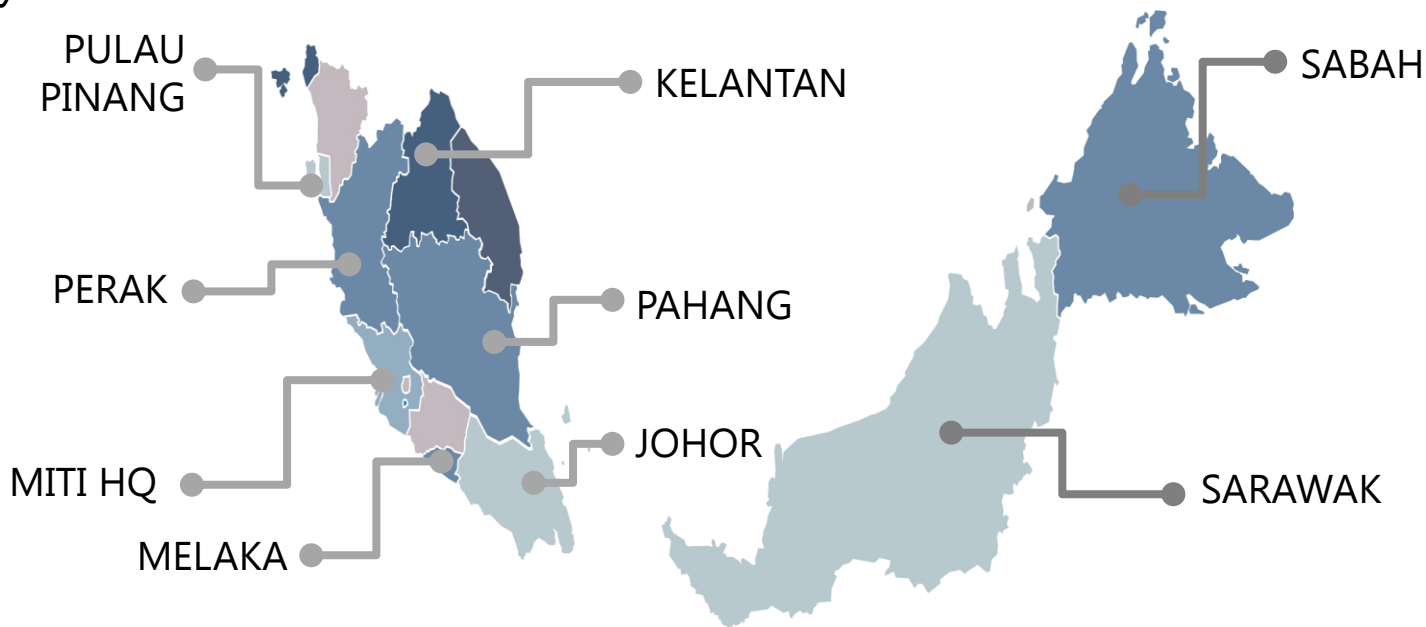
Business Loan Guarantee Scheme (SJPP)

- Fund size: RM2 bilion
- Business guarantee up to 70%
- Guarantee fee: 1%
- www.sjpp.com.my

Nationwide Outreach Programme

Supported by:

MITI
Wilayah
Offices



MITI
Agencies



Developing Local Solution Providers



Online Portal



Industry4WRD Summit
(30-31 October 2019)

Increase visibility
Facilitate business matching
Develop total solution providers

International Collaborations



Malaysia – Japan Collaboration on Smart Manufacturing *(launched on 2 May 2019)*

Capacity and capability building; industry standards development; technology innovation and commercialisation & workshops on smart manufacturing



SME Workshop in collaboration with USABC *(to be held on 22 July 2019, tentatively)*

Foster vendor development programme by US MNCs to assist digital transformation of local SMEs in the value chain



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

THANK YOU

i4.0@miti.gov.my

MENARA MITI

No. 7, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur, Malaysia

Tel: 603-8000 8000 | Fax: 603-6206 4693 | Email: webmiti@miti.gov.my | Website: www.miti.gov.my

