



MITI : Policy Outlook

Malaysian Dutch Business Council
Annual General Meeting

19 June 2023



MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY

Presentation Outline

Vision & Mission

Malaysia-Netherlands Key Statistics

International Trade Policy Approaches

National Investment Policy (NIP)

New Industrial Master Plan (NIMP)

Environmental, Social and Governance (ESG) Framework

VISION

Malaysia as the preferred investment destination, sustainable industrial and competitive trading nation

MISSION

- **Attract quality and high value investments, strengthen and maintain the existing investments**
- **Provide a conducive business environment for sustainable and resilient industrial development**
- **Strengthen the export ecosystem and enhance the ability of Malaysian companies to remain relevant in the international market**



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MALAYSIA-NETHERLANDS KEY STATISTICS

Malaysia-Netherlands Key Statistics 2022

- Netherlands was Malaysia's:
 - 14th largest global trading partner;
 - 13th largest export destination; and
 - 25th largest source of imports.
- Malaysia was Netherlands':
 - 26th largest global trading partner;
 - 57th largest export destination; and
 - 15th largest source of imports.

	Total Trade			Total Export			Total Import		
	RM bil.	USD bil.	Change	RM bil.	USD bil.	Change	RM bil.	USD bil.	Change
2021	36.01	8.68	33.4%	42.08	9.58	35%	5.96	1.36	23.2%
2022	48.04	10.93		31.17	7.52		4.84	1.17	
2023 (Jan-Apr)	13.13	2.98	-16.6%	1.68	0.38	-11.6%	11.44	2.60	-17.3%



Netherlands Investments in Manufacturing Sector

APPROVED (as of March 2023)

- 410 projects
- RM145.5 billion (USD35.9 billion)
- 89,782 potential employment

IMPLEMENTED (as of December 2022)

- 286 projects
- RM130.4 billion (USD32.1 billion)
- 50,809 potential employment

Major Netherlands Companies in Malaysia



Dutch Lady Milk
Industries



NXP Semiconductor
Malaysia Sdn. Bhd.



KLM (Royal Dutch Airlines)



Rabo Bank

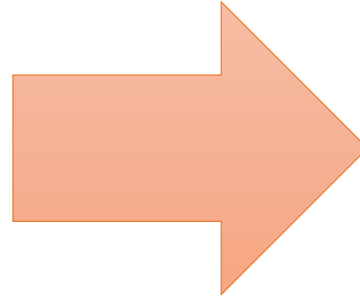
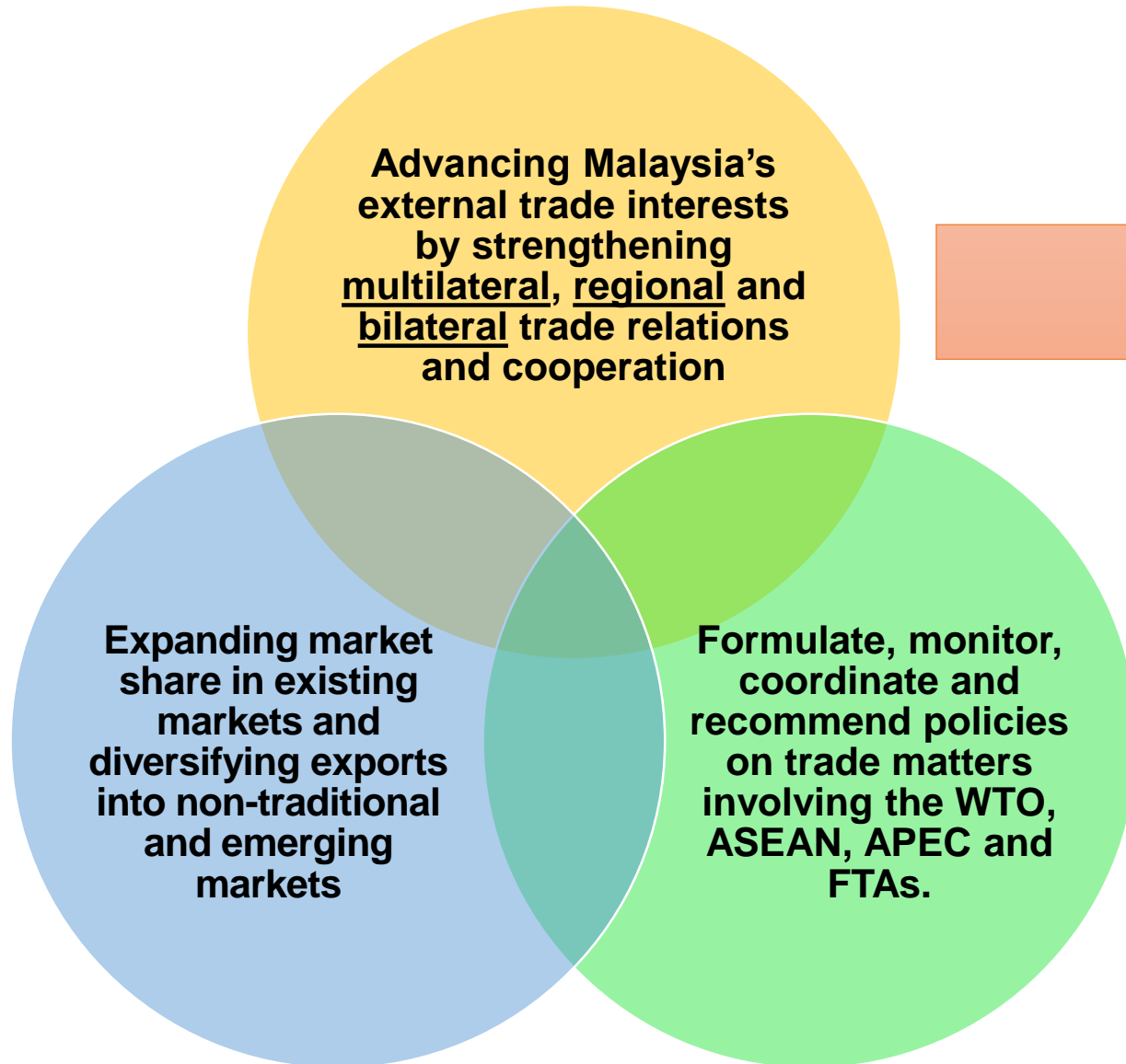


Netherlands Maritime
Institute of Technology



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INTERNATIONAL TRADE POLICY APPROACHES



TRADE LIBERALISATION

- As an **open economy** with a **small domestic market**, Malaysia needs to look beyond the borders for trade, investment and economic growth.
- Ways for trade liberalisation:
 - Unilateral liberalisation;
 - Multilateral and regional engagements; and
 - Free trade agreements (FTAs)



National Trade Blueprint (NTBp) 2021-2025

Launched - 25 October 2021

Objectives:

-  Enhance export competitiveness through strengthening of the business ecosystem;
-  Improve Malaysia's position as a leading exporting country in the merchandise sector;
-  Align with current and future trade landscape and business community needs;
-  Complement other policies including RMK-12 by:
 - Converging objectives
 - Reconciling initiatives
 - Bringing together various stakeholders in the value chain

Export target under RMK-12: RM1.252 trillion in 2025.





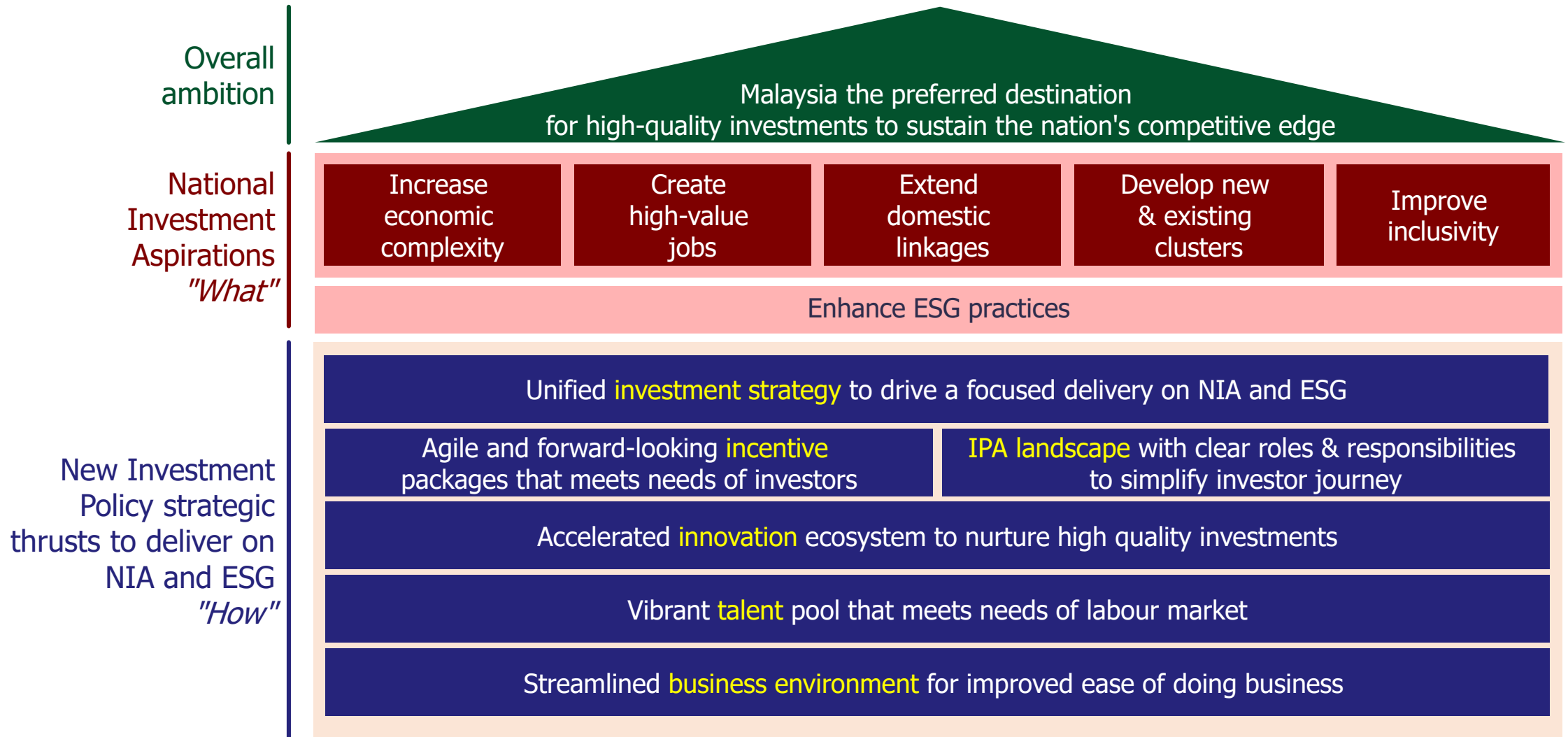
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MALAYSIA'S NEW INVESTMENT POLICY (NIP) BASED ON NATIONAL INVESTMENT ASPIRATIONS (NIA)

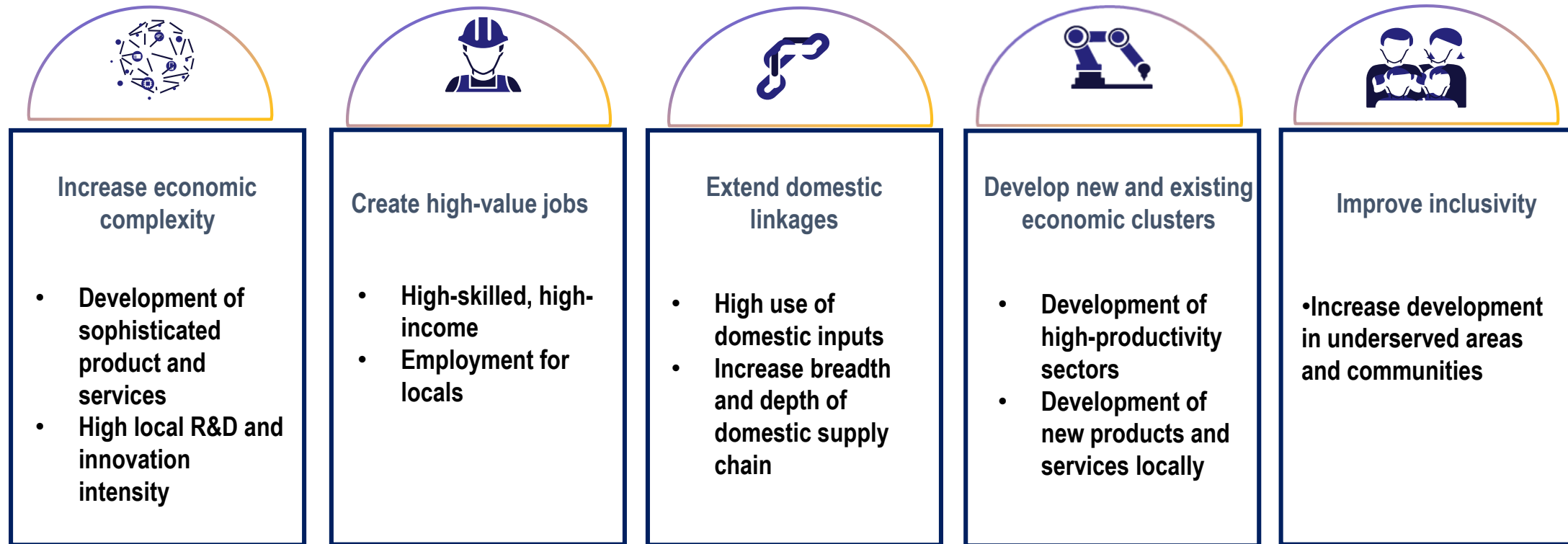
New Investment Policy (NIP) based on National Investment Aspirations (NIA)



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New Investment Policy (NIP) based on National Investment Aspirations (NIA)



ESG

Objectives to be incorporated in key national plans

Economic
Recovery Plan

12th Malaysian Plan
(2021-2025)

New Industrial
Master Plan
(2021-2030)

•6 strategic thrusts...



•Unified **investment strategy** to drive a focused delivery on NIA and ESG



•Agile and forward-looking **incentive** packages that meets needs of investors



•**IPA landscape** with clear roles and responsibilities for simplified investor journey



•Accelerated **innovation** ecosystem to nurture high quality investments



•Vibrant **talent** pool that meets needs of labour market



•Streamlined **business environment** for improved ease of doing business

•...to strengthen Malaysia's foundations

•Enable coordinated and whole-of-government approach in policy-making to attract high quality investments, de-risk ESG factors and capture new growth opportunities

•Enhance attractiveness of incentive packages to accelerate high quality investments that deliver against national targets

•Deliver outstanding investor services and simplified investor journey

•Provide supportive environment, backed by strong ecosystem collaboration and enhanced IP protection regime to become an investment destination for next-generation innovation activities

•Expand support system to better nurture local talent and enhance access to high-skilled foreign talent

•Deliver improved investor experience operating in Malaysia, with facilitative regulations, extensive trade links and world class government services

New Investment Policy addresses investment challenges at national and sector-level



National-level

Overarching national-level initiatives to address systemic challenges and deliver on the NIA



Unlocks **investments** across all sectors

Fundamental reforms across investment ecosystem



Sector-level

Sector-specific initiatives to unlock specific investment opportunities aligned to the NIA



Unlock investments in **specific sector opportunities**

Targeted interventions to deliver impact on-the-ground

NIP 22 NATIONAL-LEVEL INITIATIVES

Strategic Thrust



0

NIP Program Management Oversight



Unified investment strategy
to drive laser-focused delivery
on NIA and ESG

1

Harmonised investment strategy
and policies, aligned to NIA

2

In-depth sectoral roadmaps to
guide industry transition towards
national sustainability targets

3

Clear standards and strengthened
regulation for ESG disclosures



Agile and forward-looking
incentive packages that
meets needs of investors

4

Tiered and pre-approved incentives, with greater focus
beyond fiscal and financial incentives

5

Incentive review process overseen by NCI to ensure
outcomes align to NIA targets



IPA landscape with clear
roles and responsibilities for
simplified investor journey

6

Harmonised &
streamlined KPIs
across IPA landscape

7

Centralised national
coordinating body for
promotion & marketing

8

Empowered subnational
IPAs as lead touchpoints
for deal negotiations

9

Empowered PACU to
accelerate investment
implementation

10

Empowered subnational
IPAs as lead touchpoints
for investor aftercare



Accelerated **innovation**
ecosystem to nurture high
quality investments

11

Enhanced coordination &
communication of R&D
ambitions

12

World class IP protection
and services

13

Enhanced innovation
ecosystem to accelerate
commercialization of R&D

14

Accelerated adoption of
digital tech by MSMEs
and MTCs



Vibrant **talent pool** that
meets needs of labour
market

15

National strategic workforce
planning to future-proof local talents

16

Strengthened industry participation
across all education pathways

17

Fast and hassle-free access to
high-skilled foreign talents



Streamlined **business
environment** for improved
ease of doing business

18

Streamlined,
digitalised, & tiered
Customs process

19

Expanded National
Regulatory Sandbox to
modernize regulations

20

De-regulations drive for
improved ease of doing
business

21

Enhanced industry
utilization of FTAs

22

Accelerated digital
infrastructure roll-out

Legend:



MITI/MIDA led



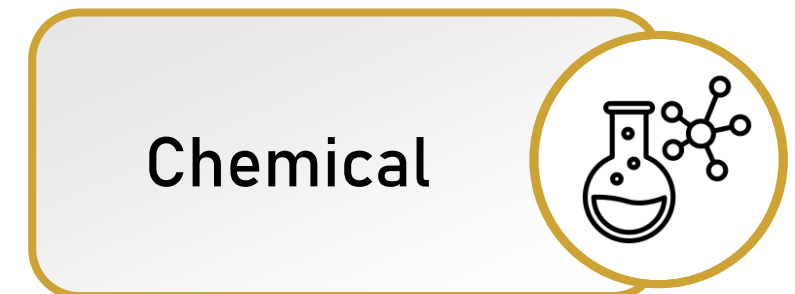
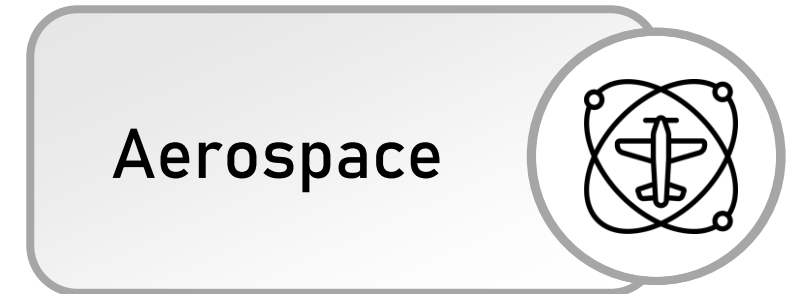
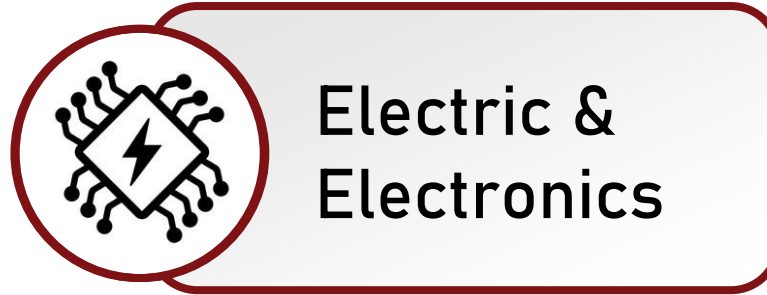
Joint MITI/MIDA & other ministry



Led by other ministry/agency/regulator

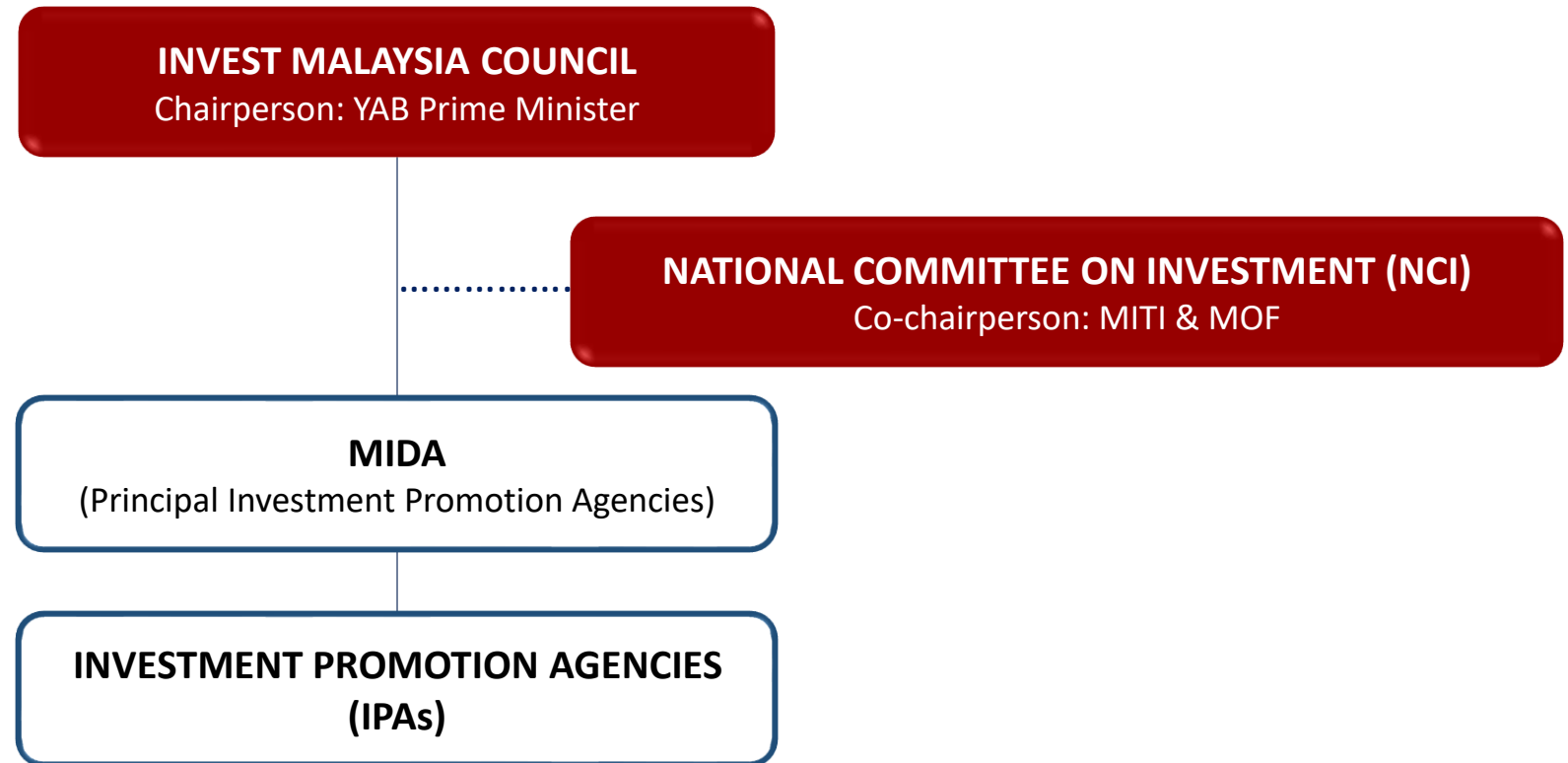
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PRIORITY SECTORS UNDER NIP





GOVERNANCE STRUCTURE



- Members include wider ecosystem stakeholders such as:



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



...various GLICs and GLCs



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NEW INDUSTRIAL MASTER PLAN (NIMP)

New Industrial Master Plan (NIMP) 2030



MITI is currently reviewing the New Industrial Master Plan (NIMP) 2030.



New IMP 2030 is essential to drive industry transformation and would articulate a set of comprehensive strategies and action plans to ensure synergies at both the policy and industry levels, particularly in creating supportive ecosystems to help catalyse Malaysia's industrial development into the future.

Visions for the New IMP:

- i. competitive industry with high economic complexity;
- ii. high income and skilled workforce;
- iii. strong domestic linkages;
- iv. new and existing industry clusters;
- v. balanced and inclusive participation; and
- vi. sustainable development.

New Industrial Master Plan (NIMP) 2030 *(cont)*



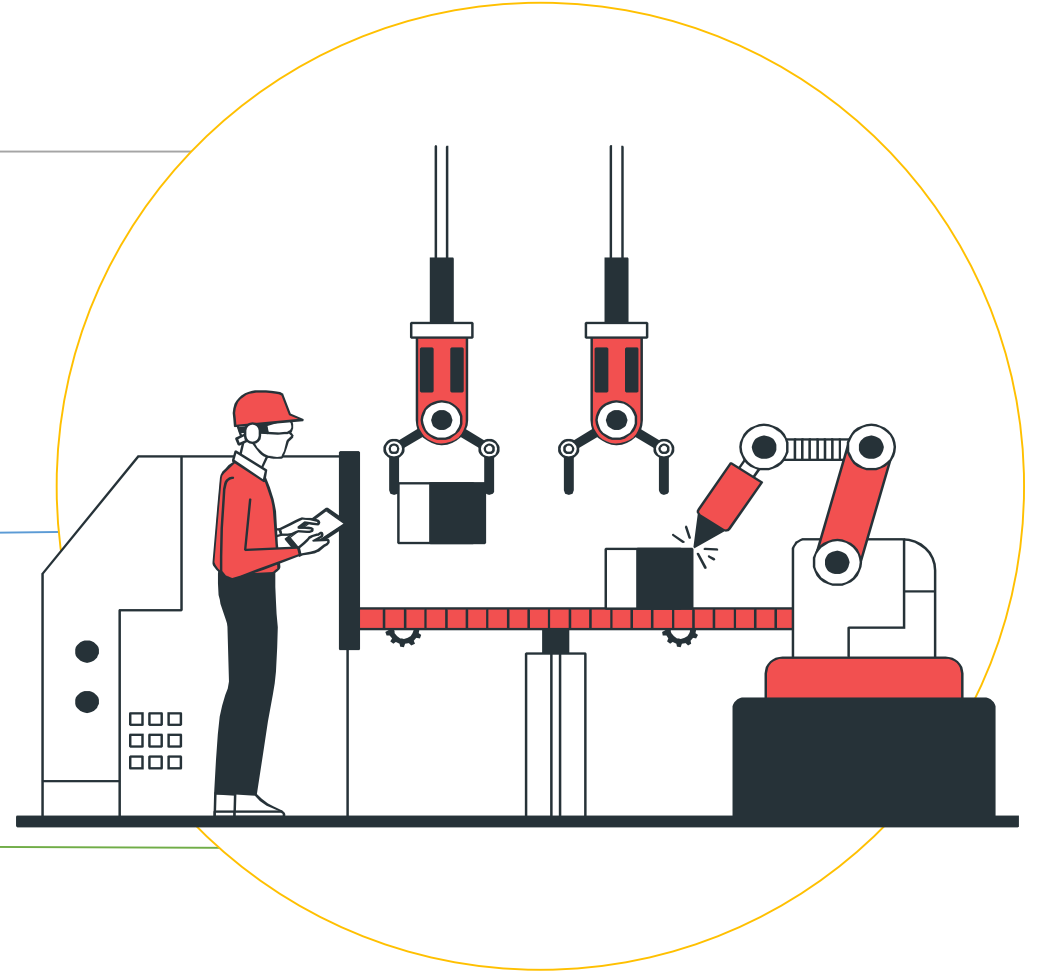
As a guiding principle, MITI has identified several missions to drive industry transformation. These missions are aligned with national aspirations, namely advancing economic complexity, accelerating digitalisation, improving sustainability towards net zero and safeguarding economic security.



New IMP 2030 will also outline policies, mega trends and way forward at sectoral level which in line with other important policy documents such as the 12th Malaysia Plan and National Investment Policy (NIP).



New IMP is scheduled to be launched in the third quarter of 2023.





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Environmental, Social and Governance (ESG) Framework

Environmental, Social and Governance (ESG) Framework

- A key priority of the NIP is to introduce initiatives to strengthen Malaysia's foundations in adopting internationally recognised ESG standards.
- To ensure Malaysia remains a competitive destination for high-value investments which can deliver sustainable and holistic economic growth.
- MITI is currently formulating the National ESG Industry Framework (i-ESG) for the manufacturing sector.
- The Framework is expected to be launched in Q3 2023 and will assist the transition towards sustainability and meet Malaysia's commitment to be Net Zero Greenhouse Gas (GHG) emissions earliest by 2050.



Environmental, Social and Governance (ESG) Framework

The Framework focuses on **four (4) pillars**:

i. Standards

- Creating a set of clear, consistent and coherent guidelines for companies, especially MSMEs to embark on their sustainability reporting.
- To enable companies to map their current practices, identify gaps (including risks and opportunities), prioritise the material topics, set targets and objectives, collect data, monitor, evaluate and report.

ii. Financing

- Working with BNM to develop a market place that will match ESG projects with relevant financing/funding facilities to provide affordable green financing for the industry and MSMEs.



Environmental, Social and Governance (ESG) Framework

iii. Capacity Building

- Collaborating with SME Corp and HRD Corp in designing modules and implementing training programmes for the industry, particularly for MSMEs to be equipped with knowledge on ESG and to enable them to embark on sustainability reporting.
- This is essential as SMEs form 37.4% of Malaysia economy and could potentially lose RM29 billion in revenue due to non-ESG compliance.

iii. Market Mechanism

- Market mechanism through carbon pricing instruments (CPI).



Check for more information via MITI Portal

www.miti.gov.my



The image shows the header and main banner of the MITI Portal. The header is dark blue with the Malaysian coat of arms on the left, the hashtag #EconomicFrontliners, and navigation links for EN BM, INTRANET, and various service icons. Below the header, the text 'OFFICIAL PORTAL OF THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY' is displayed. A secondary navigation bar contains links for ABOUT MITI, TRANSFORMING INDUSTRY, PROMOTING TRADE, PROMOTING INVESTMENT, EVENTS, CONTACT US, and OUR SERVICES. The main banner features a night cityscape with a digital grid overlay and three circular icons labeled 'TRADE' (globe), 'INDUSTRY' (factory), and 'INVESTMENT' (factory). A text prompt at the bottom left says 'Click the icons for more details.' and a series of dots at the bottom right indicates a carousel.

#EconomicFrontliners

EN BM | INTRANET

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MINISTRY OF INVESTMENT, TRADE AND INDUSTRY

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THANK YOU



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