



Prime Minister Datuk Seri Anwar Ibrahim arriving in Berlin, Germany, on Sunday night. With him are Foreign Minister Datuk Seri Mohamad Hasan (left) and Malaysian ambassador to Germany Datin Paduka Dr Adina Kamarudin (fourth from right). BERNAMA PIC

### 3 COMPETITIVE ADVANTAGES

# 'MALAYSIA STILL HAS THE EDGE IN ASEAN'

**Country remains attractive to global investors despite supply chain woes, says Tengku Zafrul**

**BERLIN**

**M**ALAYSIA'S loss of advantages, such as cheap labour, to neighbouring countries, including Thailand, Indonesia and Vietnam, does not necessarily signal the death knell for our industries.

Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said Malaysia still had distinct advantages over its neighbours.

Speaking to Malaysian media here yesterday during Prime Minister Datuk Seri Anwar Ibrahim's visit to Germany, Tengku Zafrul said Asean as a whole had benefited massively.

Asked whether Malaysia was facing challenges from Asean countries in securing major foreign investments, including from Europe, Tengku Zafrul replied in the affirmative.

He acknowledged that neighbours such as Vietnam, Thailand and Indonesia now offered what Malaysia used to, like cheap labour. But he believed Malaysia



**NAJMUDDIN NAJIB**

was still attractive to investors.

"Yes, we have competition in the region. The good news is that Asean as a region has benefited from the redirection of flows, especially investment flows, given the realignment of the supply chain.

"If we look at the global FDI (foreign direct investment) in line with the slowing down of the global GDP (gross domestic product), global FDI has gone down 12 per cent, whereas the FDI into Asean has gone up five per cent. As such, Asean is actually bucking the trend. Of course, Malaysia stands to benefit from that, being one of the Asean countries.

"But at the same time within Asean, we are competing."

Tengku Zafrul did not believe that it was a zero-sum game.

"Even if, let's say, Vietnam or Singapore next door secures an investment, there will be spillover to Malaysia if we have the right ecosystem to support that.

"For example, we've seen the advancement of data centres sup-

porting AI (artificial intelligence), where because of Singapore, the spillover effect is being felt in Malaysia.

"Similarly, when we talk about the EV (electric vehicles) ecosystem, we have a very established E&E (electrical and electronics) sector in Malaysia for over 50 years now. We have a strong global market share as well, where the E&E share in semiconductors, especially in testing and assembly, is over 12 or 13 per cent of global market share."

He said Malaysia still had three competitive advantages.

The first was a strong ecosystem for sectors such as E&E, which had helped convince companies to come to Malaysia.

The second was talent, which companies in Malaysia, including multinationals, had built over the years.

The third was Malaysia's strength in the green and digital economy, key sectors which could drive growth and spillover effects for Malaysians and Malaysian companies.

"We have strong natural resources. We have land and the right policies and incentives that have remained consistent over the years," Tengku Zafrul said.

He said Malaysia must be mindful that "the gap is narrowing, and that Malaysia will be competing with others with similar advantages in the future".

*Continued next page*

# PM meeting German govt leaders, captains of industry

» *From Page 2*

Tengku Zafrul is part of the prime minister's delegation in his six-day official visit to Germany.

Besides programmes in Berlin and Hamburg with potential and existing investors, Tengku Zafrul was expected to travel to Munich to discuss business opportunities with automotive giant BMW and aircraft manufacturer Airbus.

Germany has been Malaysia's largest trading partner in the European Union since 2000. For Germany, Malaysia is the largest trading partner among Asean member states.

In 2023, Malaysia's total trade with Germany rose by 5.9 per cent to RM63.45 billion, from RM59.87 billion in 2022.

Anwar arrived in Berlin on Sunday night. He was greeted upon arrival at 10.29pm at the Berlin Brandenburg Airport by Foreign Minister Datuk Seri Mohamad Hasan, Malaysian ambassador to Germany Datin Paduka Dr Adina Kamarudin and German government representatives.

Also part of the trip is Entrepreneur Development and Cooperatives Minister Datuk Ewon Benedick.

Anwar, in his first official visit to Germany and Europe as prime minister, is scheduled to attend programmes involving German government leaders, representatives of major businesses, as well as captains of industry.

Yesterday Anwar met German President Frank-Walter Steinmeier at Bellevue Palace here.

He was accorded an official welcome by German Chancellor Olaf Scholz with full military honours at the Federal Chancellery.

Anwar's schedule includes a tour of the Siemens Energy plant, a roundtable meeting with more than 30 captains of industry, as well as one-to-one sessions with key German companies.

Anwar was set to meet German Vice-Chancellor Robert Habeck before attending the Mittlestand, also known as SME Future Day, an annual small and medium enterprises conference, to deliver a keynote address.

In Hamburg, Anwar will have a meeting with Nexperia, attend the 101st East Asia Friendship Dinner by the German Asia-Pacific Business Association. He will also meet the Malaysian diaspora at a mosque for Ramadan and engage with Muslims in Germany.