

FEDERATION OF MALAYSIAN MANUFACTURERS (FMM)

51ST ANNUAL DINNER

YAB DATO' SERI DR. WAN AZIZAH WAN ISMAIL

DEPUTY PRIME MINISTER OF MALAYSIA AND

MINISTER OF WOMEN, FAMILY AND COMMUNITY DEVELOPMENT

Federation of Malaysian Manufacturers (FMM)

51st Annual Dinner

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Venue: - ONE WORLD HOTEL, PETALING JAYA

Assalamualaikum Warahmatullahi Wabarakatuh and Salam Sejahtera.

Saya bersyukur ke hadrat Allah S.W.T. kerana dengan limpah kurnia dan izin-Nya dapat kita bersama-sama untuk merayakan ulang tahun ke-51 Persekutuan Pekilang-pekilang Malaysia atau Federation of Malaysian Manufacturers (FMM) pada malam ini.

Izinkan saya untuk menyambung ucapan dalam Bahasa Inggeris.

I thank FMM for inviting me here today and I would like to take this opportunity to share some of the Government's aspirations for the country's economy.

I will be focusing on the important role and contributions of the manufacturing sector in the country's new economic model, "Shared Prosperity Vision 2030".

This economic model advocates shared prosperity, with a target to provide a "decent standard of living for all Malaysians" by 2030 regardless of economic class, race, and geographic location.

In 2018, the global economy proved fairly resilient in the face of challenges.

The world economy grew 0 per cent while Malaysia's GDP growth was at 4.7 per cent.

Despite being affected by major policy changes and inward looking policies by some economies, last year turned out to be better than expected and amid the phase of global uncertainty, it is heartening to note that Malaysia retained its standing as a key competitive nation.

This year, our economy remained resilient in the second quarter with a growth of 9 per cent, supported by strong domestic demand.

In terms of investments, the Malaysian economy continues to evolve and tap on opportunities arising from the global trade patterns and higher market integration.

The investment performance demonstrates continued investor confidence in Malaysia.

The manufacturing sector emerged as the leading industry, recording a significant margin with approved investments totalling 4 billion in 2018, a notable 36.3 per cent higher, as compared with RM64.1 billion in 2017.

In 2019, total approved investments from January to July recorded 1 billion (36.0%) for Manufacturing, RM55 billion (59.8%) for Services and RM3.9 billion (4.2%) in the Primary Sector (agriculture, plantation and mining).

International trade is an important contributor to Malaysia's economic growth and development.

Trade is central to our vision to move into the ranks of a developed nation.

Supported by stronger than expected export growth, Malaysia's total trade in 2018 remained resilient, expanding by 6.3 per cent to RM1.883 trillion.

As a trading nation, the year 2019 has so far been a challenging year for us.

For the first 7 months of 2019, total trade stood at RM1.057 trillion, declining by 1.4 per cent compared with the same period in 2018.

Nevertheless, the Government is committed to lead Malaysia forward, against the backdrop of an increasingly protectionist and uncertain global trading landscape, with many strategies and action plans in place.

Over the last decade, the value-added contribution of the manufacturing sector to GDP has remained significant around 22 per cent.

The growth of manufactured exports has grown from an average of 6 per cent in 2011 to around 10 per cent in 2018.

The manufacturing sector also accounts for a high number of jobs totalling more than 2 million in 2018, while wage growth has improved by around 8 per cent in 2018.

While these achievements are laudable, we believe there is much more room for expansion in the future.

Moving forward, it is imperative that the role of the manufacturing sector be strengthened.

Ladies and gentlemen

The Malaysian manufacturing sector, being a key economic sector in generating economic wealth and employment, is identified as a strategic sector in driving Malaysia to achieve the objectives underlined under Shared Prosperity Vision 2030.

Reindustrialisation is a key strategy focus under this important policy.

The Government is prepared to encourage and provide the necessary support to investors in the manufacturing sector to effect a paradigm shift.

We must move away from the current manufacturing ecosystem which is highly dependent on labour and capital.

We urge manufacturers to shift towards knowledge-based, high-skilled, high technology and high value-added industries which also includes new growth sectors.

This is in line with the objectives of Industry 4.0, which will support the achievements of the Shared Prosperity goals.

Investments in the manufacturing sector should aim to transform Malaysia from a “consumer nation” to a “producer nation”.

We must produce high domestic value-added finished products with our own local designs and brand names that meet international standards, amongst others.

Ladies and Gentlemen,

The Government recognises the challenges involved in industrial transformation.

However, the shift is of the utmost necessity and needs to be carried out diligently and immediately.

Malaysia has to move in tandem with the rapid advancements in technology.

Otherwise, we risk being left behind and this will result in us having difficulty in remaining relevant and competitive in the global supply chain.

We have to accept the fact that technology, innovation and skills are the order of the day.

Hence, we need to revive and rejuvenate the economy that will support the development of higher levels of industrialisation, capacity and labour skills.

Ladies and Gentlemen,

It is insufficient to only set growth targets for the manufacturing sector on an upward trend.

The entire manufacturing sector's current supply chain must be lifted to a higher production level.

Therefore, the Government introduced initiatives like Industry4WRD (The National Policy on Industry 4.0), Technical and Vocational Education and Training (TVET) Empowerment and the National Entrepreneurship Policy to ensure Malaysia advances in parallel with the rest of the world.

Realising the importance of rejuvenating the manufacturing sector, the Government ensures these programmes include financial assistance and incentives, training as well as marketing support, particularly for the small and medium enterprises (SMEs), to help smooth the transformation process, despite fiscal constraints.

I strongly encourage the industry, especially the SMEs, to avail themselves of these opportunities and to take up the assistance and support programmes readily available.

Ladies and Gentlemen,

As employers, the manufacturing business owners can achieve win-win outcomes through the re-skilling and up-skilling of their employees and by offering reasonable remuneration that will motivate and uplift their employees' innovation.

Competency and good work attitudes should be rewarded and this will elevate the employees' standard of living.

The Government understands the industry's concern over the insufficient supply of a skilled workforce and poor work discipline, especially among youths.

Efforts are being undertaken to upskill our graduates and as you all heard lately, over 38 courses were withdrawn from our public universities that were considered irrelevant for present conditions and that could not meet the needs of the industries.

I would like to appeal to all stakeholders to assist the Government by continuing to provide their commitment to help make investments and economic growth more inclusive.

Besides that, I hope that all of you will provide a platform to our young graduates to work and progress together with your businesses.

In order to achieve the objective of elevating our manufacturing sector, the Government and the industry must work closely to overcome local manpower issues which will ensure the industry's sustainable growth.

We need the industry, as employers, to help provide competitive remuneration packages, while the Government will ensure that the education and training system provides better quality skills and talent which are needed by the industry.

We hope the industry will then be able to tap these new breed of graduates who we hope will contribute towards higher productivity, are competent in technical skills and are equipped with innovative capacity.

In this respect, the Government is working hard to look into ways to bridge the gap by reviewing the education system, particularly through industry participation in TVET empowerment.

I am glad that the FMM President, Tan Sri Soh Thian Lai, is heading the Ministry of Education's TVET Empowerment Technical Committee which allows the Government to hear directly from the industry.

Ladies and Gentlemen,

I would like to remind FMM members and manufacturers that dependency on low-skilled foreign workers is a short term measure and not a strategic solution.

It has already become increasingly difficult to recruit and retain foreign workers as their home countries' economies develop and industrialise and they are needed there.

This further justifies the need for our industries to shift from dependence on low-skilled labour towards adoption of automation and Industry 4.0 technologies which create higher skilled jobs.

The intention of international labour commitments, including the United Nation's Sustainable Development Goal No. 8, is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

It includes the target to protect labour rights and promote a safe and secure working environment for all workers, including migrant workers.

Malaysia is committed towards the Sustainable Development Goals and International Labour Organization principles.

This requires all stakeholders, including manufacturers, to fulfil their respective responsibilities and obligations as caring employers.

A key policy initiated by the Government is the expansion of the Workers Minimum Standards of Housing and Amenities Amendment 2019 which will be enforced in 2020.

This amendment should promote and ensure our employers provide quality housing to workers.

Ladies and Gentlemen,

Last but not least, I would also like to remind the manufacturing sector of our other obligations under the various Sustainable Development Goals such as sustainable consumption and production.

This includes efficient use of natural resources, sound management of our environment by minimising waste generation; greater energy efficiency and protecting life on land and below water against pollution and extinction.

I understand that FMM has a Working Committee on Sustainable Development Goals, which is working with the United Nations Country Team Malaysia on the National Sustainable Development Goals (SDG) Solutions Platform.

I have also been informed that FMM has agreed to focus first on three SDGs, namely SDG 5 – Gender Equality, SDG 8 – Decent Work and Economic Growth and SDG 12 – Responsible Consumption and Production.

I commend the FMM and its leadership for making a clear stand on its commitment to contribute towards our country's SDGs efforts.

I hope these efforts are sustained and will succeed in expanding and securing the commitment and contribution of all FMM members and the manufacturing sector towards the SDGs.

I am also impressed that FMM has a Women in Business Working Committee as well.

I hope more women will be able to participate actively in all levels of the manufacturing industry.

Ladies and Gentlemen,

It is my sincere hope that the manufacturing sector will heed the government's call in making our Shared Prosperity Vision 2030 a reality.

On that note, it is with great pleasure that I conclude by congratulating the FMM on the occasion of its 51st Annual Dinner.

Thank you.

Wabillahi Taufik Walhidayah,

Assalamualaikum Warah Matullahi Wabarakatuh.

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