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# Malaysia: Exports Fostering Future Growth

The Government is encouraging companies to move up the value chain and provide solutions for high-end industries

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The Malaysian M&E industry expanded in tandem with the growth of the manufacturing and agriculture sectors, especially electrical and electronics, automotive and agro-based industries. In the E&E sector, Malaysia is a production basis for the world's top electronics companies. The development of Malaysia's M&E Industry is further enhanced on the ability of local engineering supporting Industry particularly mould & die, machining and metal stamping in supplying parts and components to the M&E Industry.

Over the years, the Industry focuses on the development of high machinery and equipment and specialized machinery and equipment for specific industries, capitalizing on high quality production and emerging innovative capabilities. While production continue to meet domestic demand, the export market will provide the impetus for the continued growth of the Industry.

Malaysia is currently producing a wide range of machinery covering consumer air conditioning machines, automation



Dr Mohd Shahreen Zainooreen Madros, CEO MATRADE

equipment blow-molding machine, pressure vessels, conveyors, welding machines, cranes and power hydraulic machines filling and packaging machines, offshore equipment and oil and gas equipment to meet demands in particularly ASEAN, Latin America, the Middle East and the Indian Subcontinent countries. Malaysia is known as the largest manufacturer of boilers in the South East Asia region. Among Malaysia's largest export success stories is Favelle Favco Cranes SB whose tower cranes and pedestal cranes are exported to major countries in the world.

### Malaysia: a location for "one stop" global outsourcing

The key factors why international buyers prefer to import Malaysian M&E products are the high quality, reasonable costs and excellent service rendered. Malaysian companies have successfully leveraged on their capabilities to produce high value added and high-mixed low-volume products, providing integrated services with niche production concept which require high standards of design and development, stringent quality assurance and short lead time delivery.

In addition, the Government is encouraging more companies to move up the value chain and provide total manufacturing solutions for high-end industries such as the semiconductor, machinery, medical, oil & gas and aerospace industries, in line with Malaysia's efforts to become the preferred location for global outsourcing.

There are currently more than 2,000 ESI companies in Malaysia, providing products and services ranging from moulds and dies to metal fabrication. With non-equity investments on the rise and the emergence of digital manufacturing, Malaysia's ESI is positioned to become a 'One Stop Center' by offering total solutions to clients. As a 'One Stop Center', Malaysia would also offer integrated services ranging from product conception (including design and prototyping) to serial production, while managing the entire process flow including procurement, logistics, packaging, testing and certification.

Malaysia's Government has identified the M&E Industry to be one of the key areas for growth and development under the 3rd Industrial Master Plan (2006 -2020) where growth will focus on the manufacturing of high technology

and high value M&E. The Government is also promoting Malaysia as a regional production, trading and distribution center for M&E. A National Industry 4.0 policy framework is on the way to be established by the Malaysian Government to propel growth of the machinery & equipment industry further.

### MATRADE to address Germany as a Trade Partner at HANNOVER MESSE

MATRADE is proud to be the linkage in the internalisation of the Malaysian M&E Industry. More Malaysian companies are transforming from being contract manufacturers to becoming Original Equipment Manufacturers (OEMs), investing heavily in R&D, engineering design, innovation and system integration. With the availability of high skilled human resources and strong prevailing IP protection laws, Malaysia will remain competitive as a preferred location for manufacturing solutions and production technology.

In 2017, Malaysia's total trade of machinery, equipment & parts were valued at USD27.64 billion. Exports grew by 3.1% to USD9.34 billion while imports grew 16.8% to USD18.30 billion.

**9.34  
BILLION USD**  
MACHINERY EXPORT  
OF MALAYSIA IN 2017

Malaysia's top 5 export destinations for machinery, equipment & parts were Singapore, the USA, Thailand, Indonesia and China. Malaysia's total trade with Germany increased 10.9% to USD12.33 billion in 2017. Germany was Malaysia's 11th largest trading partner within the same period. The Malaysia External Trade Development Corporation (MATRADE) will be organising an Export Acceleration Mission to Hannover Messe 2018, led by its CEO, Ir. Dr. Mohd Shahreen Zainooreen Madros. The mission will comprise of sixteen (16) Malaysian companies with 32 delegates, of which in Stand F48 of the Industry Supply Hall (8 companies) and in Stand F03 of the Integrated Automation, Motion & Drive (IAMD) accommodating 8 companies. The participation of Malaysian delegation is a concerted effort between the E&E, ICT, Machinery & Equipment Division led by Mdm Jamaliah Jamaluddin & Mr Zahiruddin Basiran with MATRADE's Frankfurt Trade Commissioner led by Mr Badrul Hisham Hilal and his team, the Malaysian Engineering Industries Federation (MEIF) led by Mr. N. Sangaran, Federation of Malaysian Manufacturers led by Ms Koh Wee Leng and Hannover Messe Worldwide Sdn Bhd led by Ms Fong Lai Lyn.

- **Malaysia at HANNOVER MESSE**  
**Industrial Supply, Hall 5, Stand F48**  
**IAMD, Hall 16, Stand F03**