

**SPEECH FOR  
Y.BHG. EN. ARHAM ABDUL RAHMAN  
DEPUTY CEO II OF MIDA**

**INVESTMENT FORUM ON LOGISTICS INDUSTRY-  
“DEEPEENING LOGISTICS SUPPLY CHAIN IN  
SELANGOR, MALAYSIA”**

**10 JULY 2018,  
CONCORDE HOTEL, SHAH ALAM, SELANGOR**

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**Acknowledgement**

**Y. Bhg. Dato’ Teng Chang Khim**

Senior Executive Councillor, Selangor State Government

**Y. Bhg. Dato’ Hasan Azhari Hj. Idris**

CEO of Invest Selangor Berhad

Distinguished Speakers and Panelists

Ladies and Gentlemen,

1.	<b>Introduction</b> - <b>Co-organised with Invest Selangor</b>	<ul style="list-style-type: none"><li>• Good morning. I am happy to join all of you here at the inaugural Investment Forum on Logistics Industry. MIDA is pleased to jointly organise this anticipated event with Invest</li></ul>
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		<p>Selangor.</p> <ul style="list-style-type: none"> <li>• With <b>more than 200 delegates</b> present today, ranging from industry leaders, ministries and government agencies, we are very encouraged by your strong interest and common desire to <b>deepen the logistics supply chain in Selangor.</b></li> <li>• I trust that all of us will benefit from the exchange of ideas and information from the sessions after this.</li> </ul>
2.	<p><b>Logistics industry - the backbone of supply chain growth</b></p>	<p>Ladies and Gentlemen,</p> <ul style="list-style-type: none"> <li>• Malaysia is one of the <b>most diversified economies</b> in the world with the services, manufacturing, agriculture and mining sectors providing the right balance to the economy. Being the world's <b>24th largest trading nation</b>, Malaysia's <b>logistics industry plays an integral role</b> in enabling the growth of the country's <b>supply chain.</b></li> <li>• Furthermore, we recognise that supply chains today are being</li> </ul>

		<p>revolutionised by <b>emerging technologies</b>, resulting in new growth areas such as <b>e-commerce</b> and the last mile delivery markets.</p> <ul style="list-style-type: none"> <li>• Hence, from the logistics infrastructure such as ports, airport, highways and railways to the services providers and government regulators, it is <b>important to develop every element of the value chain</b> to harness the benefits of the <b>current market trends</b>.</li> <li>• We need to do this by <b>working together</b> to embrace the new technologies and strengthen the overall ecosystem towards <b>raising productivity levels, increasing efficiency</b> and building up our <b>local capabilities</b>.</li> </ul>
3.	<p><b>MIDA's role in developing the logistics &amp; e-Commerce industry</b></p>	<p>Ladies and Gentlemen,</p> <ul style="list-style-type: none"> <li>• MIDA works together with the <b>relevant ministries and agencies</b> to address the challenges in the logistics industry and develop new growth areas, namely the e-commerce industry.</li> </ul>

	<p>- <b>ILS &amp; ILS incentives</b></p>	<ul style="list-style-type: none"> <li>• We continue to facilitate Malaysian logistics companies venturing into e-Commerce, particularly the <b>e-Fulfillment segment</b>. In 2003, we introduced specialised facilities such as the <b>Integrated Logistics Services (ILS)</b> and <b>International Integrated Logistics Services (IILS)</b> to encourage the growth of Malaysian companies in the logistics industry. For example, the IILS enables integrated logistics companies to <b>obtain a freight forwarding license</b> and <b>expand</b> their operations <b>globally</b>.</li> <li>• As at <b>April 2018</b>, MIDA has approved <b>89 ILS projects</b> with total investment of <b>RM5.9 billion</b>. Meanwhile, <b>123 companies</b> have been <b>approved with IILS status</b> enabling them the <b>Freight Forwarding License</b> from Customs.</li> <li>• MIDA also has been given the mandate to manage the <b>Domestic Investment</b></li> </ul>
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	<p>- <b>DISF</b></p>	<p><b>Strategic Fund (DISF)</b>, which is a <b>matching grant</b> aimed to accelerate the shift of <b>Malaysian-owned</b> companies in targeted industries to high value-added, high technology, knowledge-intensive and innovation-based industries.</p> <ul style="list-style-type: none"> <li>• As at April 2018, there have only been <b>3 approved logistics companies for the DISF grant</b> to undertake modernisation of their logistics equipment. We encourage <b>more local players to come on board and take advantage</b> of this facility.</li> <li>• My colleague will be elaborating further on the facilities available in the session afterwards.</li> </ul>
<p><b>4.</b></p>	<p><b>Current Trends – Moving into more specialised activities</b></p>	<p>Ladies and Gentlemen,</p> <ul style="list-style-type: none"> <li>• From MIDA’s on-going engagements with the industry, we noticed an increasing trend of companies venturing into more specialised activities. This</li> </ul>

	<p><b>Companies encouraged to move into high tech areas</b></p> <p><b>Industry 4.0 in logistics</b></p> <ul style="list-style-type: none"> <li>- <b>Higher readiness to embrace</b></li> </ul>	<p>includes <b>handling and storage of hazardous chemicals, handling of heavy and oversized cargoes and specialised equipment.</b> These activities have contributed in attracting other logistics companies to also make Malaysia as their hub.</p> <ul style="list-style-type: none"> <li>• We would like logistics companies to invest in <b>ICT systems.</b> We believe that this would enable companies to venture into more complex activities in line with the country's shift towards <b>high tech and value added areas.</b></li> <li>• <b>Industry 4.0</b> is expected to <b>increase productivity</b> as well as <b>reduce costs and dependency</b> on foreign labour. Among the industries in Malaysia, the logistics sector shows a <b>higher readiness to embrace this,</b> and it is evident in the implementation of industry 4.0 elements by some of the industry players such as <b>IKEA,</b> the world's largest furniture retailer and <b>YCH</b></li> </ul>
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	<p><b>Industry 4.0</b></p> <p>E.g. IKEA</p>	<p><b>Logistics.</b></p> <ul style="list-style-type: none"> <li>For example, last year in August, <b>IKEA</b> announced the establishment of its Regional Distribution and Supply Chain Centre for ASEAN in Malaysia. With an investment of RM908 million, its specialised warehouse will <b>adopt integrated ICT and automation systems</b>. This will enable the company to <b>reduce dependency on labour</b> and <b>significantly increase the efficiency</b> and <b>accuracy</b> of its inventory management processes.</li> </ul>
<p>5.</p>	<p><b>Upskilling of talent is important</b></p>	<p>Ladies and Gentlemen,</p> <ul style="list-style-type: none"> <li>As we <b>transform Malaysia's logistics industry</b> into becoming more integrated and high tech, we need to address the <b>widening skills gap</b> in the industry.</li> <li>There will be <b>more specialised skilled roles required</b>, such as experienced seafarers, to bring the country's logistics industry</li> </ul>

	<p><b>Government initiatives</b></p> <p><b>Company initiatives</b></p> <p><b>E.g. PKT Logistics &amp; GDEX</b></p>	<p>to the next level.</p> <ul style="list-style-type: none"> <li>• Recognising this, numerous government initiatives have been set in place to continuously <b>increase the supply of talent and skilled labour</b> to meet the needs of the industry.</li> <li>• Notable logistic companies that have undertaken talent development efforts include <b>PKT Logistics</b> and <b>GDEX</b>. These companies are <b>collaborating with the academia</b> to undertake <b>training, talent and internship/apprentice programmes</b> and also <b>logistics courses</b> in order to ensure a <b>sustainable</b> talent pool.</li> <li>• We hope to see <b>more industry players</b> emulating some of these <b>best practices</b> as well as <b>leveraging on the facilities provided</b> by the Government.</li> </ul>
6.	<b>Moving Forward</b>	<ul style="list-style-type: none"> <li>• Being located in the heart of</li> </ul>



		<p>ASEAN which is poised to become one of the <b>world's fastest-growing regions for e-Commerce</b>, there are <b>wide business opportunities</b> awaiting industry players who are ready to embrace them.</p> <ul style="list-style-type: none"><li>• We are confident that <b>continuous engagement</b> between the public and private sectors will <b>boost the development</b> of the logistics and e-Commerce ecosystem in Malaysia. Our end goal is to <b>create more business and job opportunities</b> for the <b>overall wealth and prosperity</b> of the country.</li><li>• On that note, have a productive day ahead, thank you.</li></ul>
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