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## Will Malaysia become a high-tech nation?

*The spirit of 'togetherness' in embracing technology by the govt, industry players, academia and rakyat would be vital to remain competitive*

### LETTER TO THE EDITOR

PRIME Minister (PM) Tan Sri Muhyiddin Yassin in a dialogue session with industries organised by the Ministry of International Trade and Industry (MITI) on April 15, 2021, urged the private sector to embrace new technologies in order to accelerate the economic recovery for the country.

Malaysia previously was set to achieve a high-technology nation status by 2030 in the National Policy on Science, Technology and Innovation 2021-2030 (NPSTI 2021-2030).

However, looking at the current situation of Malaysia in comparison to other Asean countries, achieving the status only by 2030 might be deemed too late for us to bounce back in competing with the other Asean members.

According to a United Nations Conference on Trade and Development report, Indonesia, Singapore and Vietnam received more than 80% of the US\$156 billion (RM644 billion) foreign direct investment pulled by Asean countries in 2020. Only 5% or just US\$7.8 billion went to Malaysia.

Singapore has been an attraction to many foreign investors mostly due to its advancement in infrastructure, skilled workers, a simple regulatory system, tax incentives, a high-quality industrial real-estate park, political stability and the absence of corruption; while the rise of Vietnam and Indonesia was mostly due to the lower cost of operations (especially labour), political stability, as well as attractive investment packages, which are just about the same range with what Malaysia has been offering.

Malaysia could craft a strong competitive path by offering the best package in between.

On top of the need for Malaysia to have better stability in politics and a unique package to attract investments, advancements in technology, infrastructure and a good supply of high-skilled workers at a lower cost than Singapore could be attrac-



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tive to distinguish Malaysia from Vietnam and Indonesia.

As reported in the Shared Prosperity Vision 2030 (SPV 2030) document, the country is still clustered in a low value-added category, with low adoption of technology even in the two most important sectors, ie manufacturing and services, with 37% and 20% respectively in 2018. How about now? Is there still hope for Malaysia to catch up?

A country can be considered a high-technology nation when the degree of which cutting-edge technologies become a critical driver of productivity and competitiveness for the whole economy, not only in the tech sector.

How can we achieve high-technology nation status together?

Last year, Malaysia was ranked

eight in Asia and 33rd in the world of Global Innovation 2020, second in Asia and 26th in the IMD World Digital Competitiveness Ranking 2020, as well as 11th as emerging start-up ecosystem in the world by Startup Genome (2020). The status acknowledges Malaysia's competitiveness, but of course, there is still a lot to be done to successfully bring Malaysia back on the right track as an Asian Tiger.

While pessimists would straight away jump to a conclusion that Malaysia could "NOT" achieve the status even in 2030, simply because of our current economic and political conditions, there are still a lot of optimists who believe that we can do something about it.

A survey conducted through a public Facebook group known as the "Entrepreneurs and Startups in

Malaysia", which has about 56,300 members, indicates that there are a few crucial actions that need to be taken to spur a conducive ecosystem to attain the said target.

In Malaysia, 98.5% of business establishments are small and medium enterprises (SMEs), which contribute about 38.9% to our GDP, and employed about 7.3 million people (48.4% of the country's employment) before Covid-19.

The focus on SMEs for such a target is imperative as they are much more agile to adopt high technology and can be pushed to lead the economy in the desired direction.

Continuous high dependency on commodities would lead us to a trap, especially in semiconductors, as we are going to fight an uphill battle to compete with nations that have a competitive advantage, such as Indonesia and Vietnam, where the labour cost is much cheaper.

However, in boosting the SMEs to take up the challenge, a proper guiding plan is necessary as many SMEs in Malaysia are family-owned businesses and led by those aged between 50 and 60 years old. A solely merit-based business loans and grants could be one of the initiatives to encourage growth.

Transitioning to a higher skill service economy is equally important and can be made possible by improving our innovation pipeline. We need to identify areas in which Malaysia could have an edge and drive towards the target. Limitation of data availability and access are among the challenges in our innovation pipeline that requires

immediate attention by relevant stakeholders.

Furthermore, the talent pipeline also warrants scrutiny to support the initiatives. Hence, a revamp of our education system — to ensure that the people (especially the young adult generation) get properly trained (with a mix of theory and practical) in specific technologies — would be an instrumental step.

A comparative study on how other countries have implemented their strategies in high-technology transformation would also be beneficial for Malaysia to learn from the successes and mistakes of other countries.

Just like any other aspirations of our country, to attain the high-technology nation status focuses on structural reforms highlighted in SPV 2030, such as good governance, high integrity and transparency between the government and the rakyat are not mutually exclusive. Bribery must be eradicated at all levels and more engagements with the industry players should be conducted to ensure inclusive strategies in reaching this target.

In this regard, the establishment of the High-Tech Council, which reports directly to the National Science Council, chaired by the PM, is a good initiative by the government to address these issues. On top of that, with SMART (specific, measurable, achievable, relevant and time-bound) goals and follow-through on the tracking, measuring and reviewing processes, Malaysia would come back stronger on its track to become a high-technology nation sooner than 2030.

Ultimately, Malaysians must always support Malaysians at every step of the way to realise this achievable aspiration. Criticisms should be constructive instead of destructive. The spirit of "togetherness" in embracing technology by the government, industry players, academia and the rakyat would be vital to remain competitive in the region and Malaysia could eventually become a high-income nation.

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*The views expressed are of the writer and do not necessarily reflect the stand of the newspaper's owners and editorial board.*