

PLEASE TRACK AGAINST DELIVERY



**KEYNOTE ADDRESS BY
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MINISTER OF ECONOMY**

KL20 Summit 2024

**22 April 2024 | Monday | 10.00 AM
Plenary Hall, Level 1, Kuala Lumpur Convention Centre**

Central message:

- **Malaysia must take advantage of the rare constellation of events: Global dry powder built up to unprecedented levels, geopolitical tension favouring neutral ground, and the world recognising Malaysia's inherent strengths.**
- **Malaysia is a gateway to the East. It must be well-positioned to take advantage of the second wave of VC capital.**
- **KL20 goes beyond plans and blueprints, instead, it is steeped in action that goes live today. This includes the VC Golden Pass, Innovation Pass, Unicorn Golden Pass, GPU Scheme, Innovation Belt, and the Single Window.**
- **Today's deals-signing by sovereign wealth funds, venture capital firms, and tech companies is the start of something new.**

SALUTATIONS

- YAB Dato' Seri Anwar Ibrahim, Prime Minister of Malaysia
- YB Chang Lih Kang, Minister of Science, Technology, and Innovation
- YB Dr Zaliha Mustafa, Minister in the Prime Minister's Department (Federal Territories)
- YB Gobind Singh Deo, Minister of Digital
- Fellow Ministers, Secretary-Generals, Members of Government
- Honourable ambassadors, speakers, investors, founders, participants of KL20, and friends of media

A time like this does not come often in the history of Malaysia. Global dry powder has built up to an unprecedented level as investors look for profitable and safe places to invest. According to Bain & Company's 2024 Global Private Equity Report, the private capital industry is now sitting on an unprecedented US\$ 4 trillion in unspent capital.

2. At the same time, geopolitical tensions mean that geography is important, and Malaysia's active neutrality and openness to trading partners put us at a unique position to attract investments. The renewed attention to profitability in startups also favours Malaysia, as a middle-income country that is often the first market to turn profitable for Southeast Asian startups.

3. The first wave of VC capital in Southeast Asia has come and gone, leaving useful lessons on business models, profitability pathways, and valuations. In the impending second wave of capital, Malaysia must be well-positioned to capture it.

4. It was only recently that the international news have spotlighted Malaysia's semiconductor industry, as the world starts to appreciate Malaysia's strategic role in the supply chain, and the many inherent advantages that we have built for decades.

5. Malaysia is **closely linked – geographically and culturally – to the largest markets in the world**: Southeast Asia, East Asia, India, and the Middle East. Our **diverse domestic population**, combined with **high-quality digital amenities and affordable cost**, makes us an ideal testbed for product launches and pilots. We are also home to world-leading industries, like semiconductors, energy, agriculture, and Islamic finance, that have domain expertise and vast opportunities for innovation.

6. Malaysia is a **microcosm and gateway to the East**.

7. "KL20" represents our ambition to bring Malaysia to the Top 20 startup ecosystems in the world. Within this concept is an **emphasis on pragmatism and action**.

8. Beyond the Action Paper that we will launch today, we will introduce schemes that could go live immediately. Beyond ideas for the startup ecosystem, we will sign a series of deals to show a sense of progress on the ground. Beyond a tech summit, we will focus on actionable insights and dealmaking by assembling global experts, both funders and founders.

9. The KL20 Action Plan outlines new initiatives that will accelerate the critical areas of a startup ecosystem: **Capital, talent, and quality of startups**. The ambition is for Malaysia to be the choice destination for early-stage and growth capital; to be the centre for world-class entrepreneurs and skilled talent; and to be the home for world-leading startups looking to strat, grow, and scale.

10. Under the **VC Golden Pass**, we want world-leading VCs, with venture-sourcing sophistication and a global reach, to make Malaysia its home. We are offering a series of incentives, including LP funding access opportunities, subsidised office spaces, expedited licence registrations, and exempted fees for employment passes. Our hope is that with more international sophisticated VCs in Malaysia, innovative startups within the

country will have access to more funding, network, and mentorship that will help them cross the chasm and scale to other markets.

11. Under the **Innovation Pass**, we are looking to enlarge the pool of high-skilled talent within the country. We are introducing a multi-tier employment pass program that gives tailor-made benefits to founders, senior management, high-skilled talent, and general talent in tech. This will enable the cross-pollination of ideas between Malaysians and international talent that will have a net positive to the ecosystem.

12. With the right investors and right talent in Malaysia, we will make Malaysia the Southeast Asian base for the global technology companies, under the **Unicorn Golden Pass**. We want to attract global unicorns to enter Malaysia, so that high-skilled and high-value jobs are created, besides developing a pipeline of future entrepreneurs and senior leaders in tech. In return, we are offering a package of incentives, including exempted fees for employment passes for senior management, subsidised rental, concessionary tax rates on corporate profits, relocation services, and a startup concierge that handles the backroom registration at the start.

13. However, even with all of this, we know that the best and brightest in tech will not come to Malaysia if the AI infrastructure is not well supported. Malaysia will focus on securing greater capacity of high-compute chips within our data centres. And also making the usage of GPUs more affordable, by offering a rebate scheme for all firms deploying high-compute use cases. That is why we are rolling out the **KL20 GPU Scheme**. We want our startups and tech firms to work on breakthrough solutions at the forefront of AI technology, and giving the necessary infrastructure to do so is key.

14. To magnify the impact of these programs, we will congregate the ecosystem players in geographical clusters, with a critical mass of startups, talents, investors, corporates, and academia. We will achieve this via an **Innovation Belt**, where startups and investors benefit from proximity and chance meetings, and a series of incentives will encourage this movement.

15. Bringing these initiatives and Malaysia's inherent strengths together, we will also make it easy and seamless to operate in Malaysia. That is why we will launch the **Startup Single Window**, that acts as a one-stop center on information and application for the startup ecosystem. The minor

inconveniences and hiccups in the journey is often what derails the experience, and we are addressing them today.

16. Being a former startup founder myself, I am in a unique position to understand how the startup ecosystem works through my lived experience. I was lucky then, as I had many investors who believed in the products and platforms we introduced to the market. But I could relate to the trials and tribulations of building a venture from nothing. This history also gives me a particular burden in wanting to see things change for the better.

17. The policies and schemes we introduce today will only be effective if they are widely adopted. Today, we shall witness the commitment and entry of sovereign wealth funds, venture capital firms, and high-tech companies in Malaysia. We will also see a city-to-city partnership that will provide the critical and immediate market access – making real the story of Malaysia as a gateway to the East. While by no means providing a guarantee of success, today shall represent the start of something new.

18. I am honoured and thankful that everyone who will come on stage today took a chance on Malaysia, and continued to believe in the spirit of collaboration and entrepreneurship as the driver of our economies.

19. In the map of global innovation, this is Malaysia's time to find its place as a gateway to the East.

Thank you very much for your time. I wish you a fruitful time at KL20.

RAFIZI RAMLI
Minister of Economy
22 April 2024