

Analysis: Long term positive on NIMP initiatives

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KUCHING: Analysts are generally positive on the introduction of the New Industrial Master Plan 2030 (NIMP 2030) last week which aims to revolutionise Malaysia's manufacturing sector and transform the nation into an industrialised high-income country.

The plan focuses on national strategic direction, a reference for investors and to feature the role of government in shaping the economy.

AmlInvestment Bank Bhd (AmlInvestment Bank) viewed that Malaysia has a strong chance of a successful NIMP implementation given the country's strategic location in the middle of busy East-West trade routes, high standard of English-speaking talent, established governance structure, abundant natural resources, quality infrastructures and existing industrial/commercial ecosystem.

"We are long-term positive on NIMP to underpin Malaysia's structural transformation with neighbouring countries such as Thailand, Indonesia, Vietnam and Philippines jostling for foreign investment inflows against the backdrop of multinational corporations recalibrating for



Prime Minister Datuk Seri Anwar Ibrahim (middle) is seen during the launch of the NIMP 2030 last week. Also present were Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi (second left), Minister of Investment, Trade and Industry Tengku Datuk Seri Zafrul Tengku Abdul Aziz (second right), Deputy Minister of Investment, Trade and Industry Liew Chin Tong (right) and MITI Secretary General Datuk Seri Isham Ishak. — Bernama photo

US-China trade tensions via reshoring and friend-shoring strategies," it said in a review report yesterday.

"Together with the recently-launched Madani economic framework, these NIMP initiatives will have a positive impact on all sectors of the country."

Though lofty, the team with Kenanga Investment Bank Bhd (Kenanga Research) commended the NIMP 2030 as a comprehensive and strategic plan to drive the economy towards prosperity and to optimise the true potential of Malaysia's economy through uplifting the

manufacturing and services sectors.

"While the government focuses on mission-based approach to drive the industry transformation, it has to be wary of the ongoing global economic uncertainty and the vagaries of geopolitics given that most missions relies heavily

on international relationship along with technological and skills transfer," it said in its own analysis.

NIMP targets to build Malaysia's industrial capacity and resilience for long-term and sustainable growth by adopting a mission-based approach to galvanise the entire manufacturing ecosystem and drive the country's industrial transformation.

NIMP aims to increase manufacturing value-add by 6.5 per cent annually to RM587.5 billion by 2030 or 61 per cent from 2022, which will encompass high-impact sectors in electrical and electronics, chemical, electric vehicle, aerospace, pharmaceutical and advanced materials (minerals and metal).

This will drive a projected employment growth at 2.3% annually, providing a livelihood for 3.3mil persons by 2030 with the creation of high-skilled jobs as the country advances towards higher value-added activities and improvement in automation and technological advancements.

This will also expand the median salary in the manufacturing sector by 9.6% annually, to more than double to RM4,510/month by 2030 from RM1,976/month in 2022.

This is currently below the national average despite the sector's dominant role in the national gross domestic product.

AmlInvestment Bank believed a single point one-stop centre may be established to provide prompt, efficient and transparent services to investors, to shorten and simplify administrative procedures and guidelines to remove bottlenecks faced by both local and foreign investors in establishing and running businesses in Malaysia.

"The introduction of a progressive wage system could also increase corporate/SME production costs unless accompanied by productivity improvements and clear governmental guidelines to address investor concerns," it added.

"Pending further NIMP investment allocations and incentive details which will be announced during the tabling of Budget 2024 on October 13, 2023, we do not expect a substantive near-term rerating response by the equity market given that the new mission-based framework requires strong long-term execution capabilities and collaborative partnership between government agencies and the private sector."