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**PRESS RELEASE**  
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## **AMCHAM Penang Dialogue 2020:**

*Resetting for Tomorrow: Malaysia's Opportunity in Global Value Chains*

**KUALA LUMPUR, October 26, 2020** – The American Malaysian Chamber of Commerce (AMCHAM) took their annual signature event the Penang Dialogue virtual for the first time, in consideration of the current developments surrounding COVID-19 in the country.

With this year's theme of "*Resetting for Tomorrow: Malaysia's Opportunity in Global Value Chains*", discussions throughout the day-long event revolved around how Malaysia is responding to a rapidly evolving global business environment as well as on the local initiatives for both short- and long-term growth. The collective takeaway from almost every participant focused on the importance of nurturing and enhancing the talent pool for Malaysia to capture future high-value chains.

Choices today will determine Malaysia's role in global value chains across many sectors as it is now a critical partner for many after decades of growth. Malaysia also stands at the edge of becoming a high-income nation; a multi-decade goal, soon to be achieved but beset with issues that could delay or even reverse that trajectory.

Addressing an audience of predominantly electronic & electrical (E&E), semiconductor and life science industries, the event kicked off with a keynote from John Neuffer, President and CEO of the U.S. based Semiconductor Association. He spoke of Malaysia's significant role as a leading hub for semiconductors - seven percent of total global semiconductor trade flows Malaysia. He highlighted the global challenges ahead and the need for resiliency in supply chains, access to global markets and the need to develop the workforce by funding research and investing in education. The same key issues were addressed by the three panel sessions of the event.

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Another predominant question involved the US-China trade war, which has put Malaysia in a prime position to capture new investments higher up in the value chain, with greater sophistication and technology. To date, Malaysia has captured some successfully but missed other opportunities, some of which known and others, unknown. Will it be able to reset for tomorrow's needs?

Malaysia should position itself as the "best-cost country." Malaysia is no longer a low-cost country and we can no longer afford it. Increasingly, Industry 4.0 and A.I. make the labor-cost component an increasingly smaller portion of the total cost. "Best-cost" means that we should be world-class in as many aspects of the supply-chain solution as we can. It has to be supported by moving upscale in design, supply-chain management, Industry 4.0. Automation and A.I.," said Dato' YJ Lim, APAC President of Plexus Manufacturing Sdn Bhd.

The first panel delivered insights as to why Malaysia is an attractive destination for billions of dollars of investments. It tackled critical emerging issues that are causing investors to attribute more question rather than check marks for future investments into the country. Coming off over five decades of consistent growth and minimal competition, Malaysia's approach to the new challenges will determine its future.

Resiliency in supply chains demands constant attention. The second panel addressed key factors to stay a part of that value chain: accelerating digital transformation across the supply chain ecosystem, rely on embracing global standards, maintain stability in the regulatory environment and, most of all, invest to ensure the best people are in the country while increasing focus on a well-rounded education, knowledge transfer and talent mobility.

"A resilient, high-value supply chain is dependent on strong partnerships across the entire ecosystem, from MNCs, to local suppliers and the government." said Dato' Shidah Ahmad, Vice President and General Manager of Keysight Technologies' Global Order Fulfillment and Supply Chain. "Accelerating the Digital Transformation will be critical to enable and further strengthen this partnership and collaboration."

The last session of the day focused on that critical piece, talent. Investors are keen to know that the country will have a talent pool to support future growth. Being open to developing a vibrant talent pool will be critical to Malaysia as this will encourage innovation and strengthen the country's role across value chains.

Malaysia's natural talent diversity is also one of its more attractive factors. Discussions at the Penang Dialogue also focused on improving the inclusion of women into the workforce and allowing young foreign talent to participate alongside local graduates which will encourage collaboration and drive innovation. The mobility of talent will also play a central role to the region's growth, including Malaysia.

Penang's continued role in Malaysia's growth was the centrepiece of the program featuring both the Chief Minister of Penang, Y.A.B. Tuan Chow Kon Yeow, and the U.S. Ambassador to Malaysia, H.E. Kamala Shirin Lakhdhir.

The Dialogue highlighted large investments and entry into the State by new players like LAM Research and Dexcom, along with recent increased commitments made by existing U.S. investors Plexus, Keysight and others. Y.A.B. Tuan Chow Kon Yeow highlighted that Penang captured 47% of the nation's manufacturing FDI in the first half of 2020, demonstrating the critical role the state plays in driving the economy.

"In line with state's Penang2030 vision to upgrade the economy, the State will continue to attract more technology-intensive projects, that will generate higher quality jobs and, in turn, increase household incomes and boost the overall well-being of our communities. I am pleased to see that with the collective efforts from our business community, we are leading the way towards the realization of the Penang2030 vision and in making Penang as a role model that will inspire the nation, especially in modernizing the country's manufacturing industry", said Y.A.B. Tuan Chow Kon Yeow.

The U.S. Ambassador talked about how critical partnerships often go beyond capital investments. Most recently, the relationship between investor and community was critically exposed in the face of COVID-19. American firms, along with the American Chamber using its MY AMCHAM CARES platform, showed that it was not just FDI that U.S. firms bring to Malaysia, but along with it a culture of social responsibility and community. Working together with its members and coordinating with immediate needs, MY AMCHAM CARES was able to deliver

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USD1.13 million in donated PPE and raised USD521,000 in cash contribution—this was only the tip of the iceberg with over USD1.52 million also contributed directly by U.S. companies.

Ambassador Lakhdhir said “The U.S. has historically been the leading source of Foreign Direct Investment in Malaysia, and U.S. businesses have been a part of the community here for over 100 years. Most U.S. companies in Malaysia are led by Malaysian leadership, they have thrived in Malaysia thanks to wonderful human capital and the reliability of the regulatory environment. We hope that predictability continues going forward. In addition, as members of the Malaysian community, U.S. companies have contributed approximately RM seven million to COVID-19 response and relief efforts in Malaysia alone, and the E&E community has been a large part of that.”

Resetting for a future that contains many unknowns will rely on a deeper partnership and greater collaboration in many aspects. Tackling COVID-19 has shown how critical it is to work together to achieve our shared futures. Malaysia is already standing tall in the global value chains and is a valued partner; collaboration will help us all reset for the future.

“I am very proud that AMCHAM continues to play a central role in developing a fertile business environment for our members, and that we are able to provide engagement with the government that lead to meaningful developments. Our goals are compatible - Malaysia’s stability and growth supports and enriches the commitment of American firms, and reinforces their decision to make Malaysia a part of their global value chain,” said Siobhan Das, CEO of AMCHAM.

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**ABOUT AMCHAM MALAYSIA**

The American Malaysian Chamber of Commerce (AMCHAM) was founded in 1978 as an international, non-profit, private-sector business association. It comprises of more than 1000 members representing about 260 American, Malaysian and other international companies with strong ties to American business. The Chamber is a member of the Asia Pacific Council of American Chambers of Commerce (APCAC).

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