

**SPEECH TEXT**  
**YB DATO' SRI DR. ADHAM BIN BABA**  
**MINISTER OF SCIENCE, TECHNOLOGY AND INNOVATION MALAYSIA (MOSTI)**  
**“TECHNOLOGY AND INNOVATION AS NEW DRIVERS OF ECONOMIC GROWTH”**  
**ASIA ECONOMIC AND ENTREPRENEURSHIP SUMMIT (AEES) 2022**  
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**Salutations**

**Tan Sri Michael Yeoh**

President, KSI Strategic Institute for Asia Pacific

**Datuk Seri Mohamed Iqbal Rawther**

Chairman, Economic Club of Kuala Lumpur

Excellencies, speakers and ladies and gentlemen,

Assalamualaikum Warahmatullahi Wabarakatuh and good afternoon.

1. I would like to thank KSI Strategic Institute for Asia Pacific and the co-organisers for the honour of delivering the luncheon address at this Asia Economic and Entrepreneurship Summit 2022.
2. The theme of this Summit is “The Great Reset – Asia Megatrends and Opportunities Post-COVID”. This is a bold yet important discourse for us to engage to discuss challenges and opportunities in the region. I have been informed that the Summit has successfully brought an array of corporations, international organisation, civil society organisations and ambassadors.

3. I have been asked to speak on the topic of “Technology and Innovation as New Drivers of Economic Growth.” This is a timely and relevant topic for us, especially for the Ministry of Science, Technology and Innovation.

## **MALAYSIA’S ECONOMY IS HEADING TOWARDS THE RIGHT DIRECTION**

Ladies and gentlemen,

4. Allow me to set the context for this topic. In the fight against the Covid-19 pandemic, Malaysia has turned the corner. Our economy has reopened with social and business activities continuing. However, we must be clear-eyed because there are many challenges on the horizon. We are grappling with the food insecurity, climate change and pandemics – Covid-19 and beyond. We have seen how the global supply chain has been disrupted by geopolitics, conflict in Ukraine and prolonged lockdowns in China.
5. Notwithstanding the challenges, Malaysia is clearly on the path of national recovery. I can safely say that our economy is heading towards the right direction. We exceeded expectations by recording a solid 5% in our gross domestic product or GDP growth in first quarter of this year. Inflation is under control at 2.2% as we increased subsidies for petrol, some food items and essential items.
6. I am optimistic of Malaysia’s growth prospects for 2022 and beyond. Bank Negara Malaysia in its most recent forecasts has projected the economy to grow between 5.3% and 6.3% this year. Unemployment rate has significantly declined from a peak of 5.3% in May 2020 to 4.1% last month. Our economic fundamentals are sound. These figures bode well for Malaysia as we emerge from the pandemic stronger and more resilient.
7. Asia plays an important role for Malaysia as a trading nation. As one of the world’s top 30 of biggest importers and exporters of goods and services, most of our

biggest trading partners are in the region. According to the World Bank's latest data, Malaysia's top 5 biggest trading partners are China, Hong Kong, Singapore, Japan with the only exception being the United States.

## **THE POTENTIAL OF THE DIGITAL ECONOMY IN ASIA AS A \$1 TRILLION OPPORTUNITY**

Ladies and gentlemen,

8. Asia, specifically ASEAN is the fastest growing internet market in the world. According to the latest e-Conomy Southeast Asia report by Google, Temasek and Bain & Company, the digital economy is projected to reach \$1 trillion US dollars in gross merchandise value or GMV by 2030. What is fascinating is the fact 80% of the 440 million internet users in ASEAN are digital consumers, defined as having purchased at least one digital service. That is a massive market!
9. The pandemic has accelerated the adoption of digitalisation in ASEAN. Over the past two years alone, over 60 million new users have come online, bringing the internet penetration to 75%. The trend is here to stay with 9 in 10 consumers who tried a new digital service in 2020 continued to use the service last year.
10. In Malaysia, the digital economy is projected to reach \$35 billion US dollars in GMV by 2025. In fact, Malaysia leads Southeast Asia in digital consumption. 88% or 22 million are digital consumers and that number is only growing.
11. The question is why is this important? In Malaysia, the digital economy is expected to contribute 22.6% of our GDP and create about 500,000 jobs by 2025. There are emerging industries that will be new drivers of economic growth such as fintech, edtech and healthtech.

12. Therefore, Malaysia has placed priorities on expanding the adoption of digital consumer tools such as e-commerce and digital payments). In addition, we are also attracting, training, and retaining digital talent. Furthermore, Malaysia is providing fast fiber optics and mobile broadband internet access, as well as coordinating innovation between universities, businesses and digital authorities to foster digital entrepreneurship.

13. This is a big opportunity for businesses and governments alike. Therefore, businesses must capitalise on the digital boom. Governments must provide conducive regulatory environment and vibrant ecosystem for businesses. Without fully harnessing this opportunity, all of us will lose out.

## **MAINSTREAMING SCIENCE, TECHNOLOGY AND INNOVATION FOR ECONOMIC GROWTH**

Ladies and gentlemen,

14. The Government of Malaysia is cognisant of the the importance of the digital economy. In fully leveraging of its potential, Malaysia aims to become a high-tech nation by 2030. Malaysia has recently launched the Malaysia Digital Economy Blueprint (MyDIGITAL) to help guide the country's transformation into a digitally-driven, high-income nation and a regional leader in the digital economy.

15. In tandem with MyDIGITAL, MOSTI has embarked on an initiative to mainstream Science, Technology and Innovation or STI as the main driver of economic growth. This is necessary for Malaysia to remain globally competitive.

16. The mainstreaming of STI leverages the power of digitalisation based on emerging technologies. These technologies include 5G/6G, sensors, 4D/5D printing, advanced intelligent systems, blockchain, bioscience and neurotechnology. It's important to understand the technology is not an end to itself; rather, as a means

to an end. We will be using these technologies to promote economic growth in various sectors and industries such as energy, healthcare, smart cities, agriculture, education and so on.

17. You might be thinking all of this sounds abstract and high-level. Allow me to provide two examples. First is the MOSTI on-campus 5G Experience Centre, namely Malaysian Research Accelerator for Technology and Innovation or MRANTI. MRANTI is in the midst of developing the first artificial intelligence (AI) park in Malaysia, a designated 300-acre plot which will serve as the platform for the development of AI solutions. There is also a drone tech centre of excellence named Area 57, a five-acre dedicated land bank for flying, testing, research and development activities.

18. The second example is Malaysia's 5G and AI Innovation Hub. Through the partnership of MIMOS, Maxis and Huawei Malaysia, this hub is a facility equipped with 5G network infrastructure and AI instruments to accelerate the creation of industrial use-cases enabled by 5G, AI and other advanced technologies in the country.

## **SPEARHEADING SCIENCE, TECHNOLOGY AND INNOVATION TO DRIVE INCLUSIVE AND SUSTAINABLE GROWTH**

Ladies and gentlemen,

19. There is no doubt that sustainability is very important in light of extreme climate and unpredictable weather patterns. The MyDIGITAL Blueprint will further strengthen and elevate the sustainable development of the digital economy by providing a collaborative platform and market demand for digital solutions. These solutions are to be developed and deployed by local digital technology startups and small and medium enterprises both in the form of devices and systems. It will place Malaysia on the trajectory to become a high-tech producer nation.

20. Let me provide an example. During the COVID-19 outbreak, MOSTI introduced public health vaccination infrastructure that can be deployed during emergency pandemic situations. The Vaccine Management System (VMS) is a system to enable the pharmacist, medical and relevant officers to track and trace the vaccine supply chain from the manufacturers until the patients. VMS was developed by MOSTI via its agency MIMOS using blockchain technology.

21. Malaysia sees sustainable development goals in a bigger picture to support planetary health, which has become more important than ever before. MOSTI will lead the formulation of a national action plan on planetary health using science, technology and innovation to protect and manage the environment. Malaysia, through MOSTI, is always open to forging strategic partnership with global institutions in the area of digitalisation.

## **ADAPT OR PERISH**

Ladies and gentlemen,

22. It is clear that the world has changed and rapidly changing. Change is the only constant. All segments of society must adapt or perish. It can be a sobering thought. However, I would see it as meeting a challenge as we navigate our way through the 21st century.

23. Once again, thank you to the KSI Strategic Institute for Asia Pacific and co-organisers for inviting me to deliver this address. I wish all of you a fruitful Summit. Wassalamualaikum Warahmatullahi Wabarakatuh. Thank you.