MALAYSIAN TIN PRODUCTS

NEWSLETTER | QUARTERLY | APRIL - JUNE 2024

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PRINTED BY
Marzuq Print & Trading
No. 38, Jalan SM1A
Taman Sunway Batu Caves
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Selangor Darul Ehsan

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A Publication of The Malaysian Tin Products Manufacturers' Association

THE MALAYSIAN TIN PRODUCTS NEWSLETTER

QUARTERLY | APRIL - JUNE 2024

TABLE OF CONTENTS

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PRESIDENT'S NOTE

LIM CHENG SANG
PRESIDENT
THE MALAYSIAN TIN PRODUCTS
MANUFACTURERS' ASSOCIATION
(MTPMA)

Dear Members,

As we enter the second quarter of the year, it is heartening to note that Malaysia's Gross Domestic Product (GDP) for the first quarter (Q1) of 2024 registered an increase of 4.2 percent compared to 2.9 percent for the fourth quarter (Q4) of 2023. Bank Negara Malaysia (BNM) said that this increase resulted from higher household spending in Q1 2024, which was recorded at 4.7% compared with 4.2% in Q4 2023. In addition, there was an increase in the export of goods and services of 5.2% following a decrease of 7.9% in Q4 2023, and an increase in investment of 9.2 % during Q1 2024 compared with 4 % in Q4 2023.

All economic sectors on the supply side showed better growth in Q1 2024, with the services and manufacturing sectors continuing to propel the overall performance. The growth of the manufacturing sector was driven by the electric and electronics (E&E) sub-sector while the growth in the services sector was driven by the retail, transportation and warehouse sub-sectors. However, headline inflation for Q1 2024 registered a slight increase of 0.1 % to 1.7 %, compared with Q4 2023 of 1.6 %.

Economists on average described the increase in GDP growth for Q1 2024 as exceeding expectations. They felt that this momentum would continue into the second half (2H) of 2024, supported by the recovery in export activities and strong domestic spending, a decrease in the unemployment rate, an increase in wages, and a recovery of the tourism sector. The E&E subsector is expected to continue its momentum into the second half of 2024, and together with the strengthening of the Malaysian Ringgit, would benefit Malaysia's economy. Long-term projects would drive investment activities with initiatives announced by the Government. However, economists cautioned on the risks that would hamper the economic recovery such as weaker-than-expected demand, worsening geopolitical tensions and a decline in domestic commodities production.

At the global front, geopolitical conflicts in Europe and the Middle-East continued. However, elections were the order of the day during Q2 2024. India, Indonesia, Taiwan and Iran had just completed their election process, while a tight race is ongoing between the Democratic President, Joe Biden and the Republican former President, Donald Trump to win the U.S. presidential election which is scheduled to be held on 5 November 2024. Taiwan had its new President sworn in on 20 May while Iran and Indonesia's new Presidents would take office in August and October this year, respectively. At the time of writing, the Labour party in Britain won a landslide victory to form the new Government while France was caught with a hung Parliament.

Another important event to note was U.S. President Joe Biden's administration plan to impose steep tariff increases on imported products from China. According to the Office of the U.S. Trade Representative (USTR), tariff increases on steel and aluminum products, solar cells, electric vehicles (EV), lithium-ion batteries for hybrid and fully electric vehicles, cranes and medical products, and several critical minerals which include manganese, aluminum and tin would be effective from 1 August 2024. This would be followed by tariff increase on semiconductors effective 1 January 2025, while tariff increase for lithium-ion batteries for uses other than hybrid and fully electric vehicles would be effective from 1 January 2026. The rate of increase varies according to the type of products, with some of them such as electric vehicles being subjected to tariff increases from 25% to as high as 100%.

At the local front, the Madani Government launched the National Semiconductor Strategy (NSS), intending to transform our country into a global powerhouse in the semiconductor industry for the next decade. The strategy consists of three phases, with the first phase focusing on leveraging Malaysia's existing industry capacity and capabilities, followed by the next phase which will focus on pursuing cutting -edge logic and memory chip design, fabrication, testing, and integration with major chip buyers. The last phase will focus on supporting the development of a world-class Malaysian semiconductor design, advanced packaging, and manufacturing equipment firms, while at the same time attracting buyers of advanced chips to establish advanced manufacturing in Malaysia.

This quarter also witnessed the Government implementing targeted diesel subsidies in Peninsular Malaysia. The measure is expected to save the Government as much as RM 4 billion annually. Analysts generally welcomed the move, which they considered is important in providing fiscal space to the Government.

Meanwhile, tin prices continued to remain strong in Q2 2024, attributed to continued high demand with the price of the metal reaching its highest level for the quarter at USD 35,685 per tonne on 19 April 2024. Since then, the tin price hovered between USD 31,000 to USD 34,500 per tonne before ending the quarter at USD 33,300 per tonne. The high demand for tin was expected to continue with the tin price remaining strong due to the ongoing closure of Myanmar's Wa State mining activities, Indonesia's potential ban on tin exports and licensing delays, geopolitical tensions in the Middle-East and also in key tin-producing regions, such as the North Kivu province of the Democratic Republic of the Congo, and the recovery in demand for electronics products that would increase tin consumption.

In terms of market performance, solder company members reported that orders during the quarter from their E&E consumer products customers showed a slight decline, while orders from their semiconductor clients which were quite slow in Q1 2024 showed a slight increase in Q2 2024. They also reported that they have yet to see the effects on the demand for their solder products arising from the tariff increases announced by the US Government on products manufactured by companies from China. However, the subsidy adjustment on diesel did result in some operational cost increase among our members.

In the light of these constraining conditions, I would like to urge all members to remain vigilant at all times and to be prepared to absorb the negative impacts into their respective financials, particularly in the eventual adjustment in subsidy on petrol by the Government. Let us keep our spirits and morale high, and stay informed on current economic and industry news and trends, which this Association Newsletter will carry from time to time.

With warmest regards,
C.S Lim
President

NEWS ON ECONOMY

'Robust Growth to Continue'

This is Due to Recovery in Global Demand for Malaysian Products, Says Analyst

Malaysia will likely sustain its robust trade performance this year, in line with the projected four to five per cent gross domestic product growth, said economists. This optimistic outlook was underpinned by recovery in demand for Malaysian products, as well as signs China's economic growth was accelerating, they added. The country's trade grew 12.1 per cent year-on-year in April to RM211.74 billion, its fourth consecutive month of expansion.

The Investment, Trade and Industry Ministry said exports rebounded by 9.1 per cent year-on-year to RM114.72 billion after two consecutive months of contraction. "The growth was contributed mainly by higher exports of machinery, equipment and parts, chemicals and chemical products, crude petroleum, palm oil and palm oil-based agriculture products, and iron and steel products," said the ministry yesterday. Putra Business School lecturer Assoc Prof Dr Ahmed Razman Abd Latiff said trade growth was likely to persist, barring major global conflict affecting demand for Malaysia's products.

Bank Muamalat Malaysia Bhd chief economist Dr Mohd Afzanizam Abdul Rashid said the global manufacturing Purchasing Managers' index (PMI) stayed above the 50-point mark for the fourth consecutive month, suggesting that the sector was likely to expand further. "Given that the manufacturing sector accounted for 85 per cent of total exports, Malaysia should be able to experience the spillover effect from the turnaround in the global manufacturing sector. I would say that exports should maintain a positive growth in the period to come," he said. The ministry said trade, exports, and imports in the first four months of the year recorded their highest values ever. Malaysia also recorded a trade surplus for the 48th consecutive month since May 2020, totalling RM7.7 billion.

"Trade grew by 8.3 per cent to RM912.27 billion compared to the corresponding period last year. Exports increased by 3.8 per cent to RM477.05 billion while imports were 13.7 per cent higher at RM435.22 billion, resulting in a trade surplus of RM41.83 billion," it added. But compared to March, trade, exports, imports, and trade surplus were lower by 9.3, 10.8, 7.6 and 39.4 per cent, respectively, last month. Economist Dr Geoffrey Williams said although total trade in the first four months rose, the trade balance of RM7.7 billion was the lowest since the start of the Covid-19 pandemic in April 2020. For the January-April period, trade surplus was 45.7 per cent lower than a year ago.

"It is the net trade or trade balance that adds to overall economic growth. So the contribution to overall growth is still being squeezed by global conditions despite the increase in total trade. This is due to a faster increase in imports than exports. The trade balance has been flat since the pandemic and on a downtrend since July last year. It appears to be continuing flat or downwards at the moment and is likely to remain so this year."

Williams said he remained optimistic about the outlook of Malaysia's trade performance this year but warned that there were emerging concerns, "Imports are growing faster than exports and this could potentially squeezed the trade surplus. The 48 months of trade surpluses may even come to an end, albeit briefly, this year," he added.

Source: New Straits Times, 21 May 2024

Inflation, OPR Targets Stay for Now

Domestic Policy Factors, Currency Movement, Volatile commodity Prices are Wild Cards in the Near-Term Outlook, say Economists

Economists are maintaining their inflation and Overnight Policy rate (OPR) targets for the year with the caveat that domestic policy changes on subsidies will determine how high inflation goes and its impact on the OPR. Most economists expect inflation to come in between 2.5 per cent and 2.6 per cent, and the OPR to stay at 3.0 per cent. Bank Negara Malaysia has a range of between 2.0 per cent and 3.5 per cent for the year. The headline inflation stayed consistent at 1.8 per cent in April, matching the rates in both March and February despite expectations of a slight uptick. The steady inflation rate in April was largely credited to lower transport price inflation and larger information and communication and clothing and footwear price deflation, which offset the price gains in food and non-alcoholic beverages, health, recreation services and culture, restaurant and accommodation services and personal care, social protection and miscellaneous goods and services.

Core inflation, which excludes volatile fresh food prices and price-administered goods, rebounded to 1.9 per cent after moderating for one-and-a-half years to 1.7 per cent in March. It was also higher than the headline inflation by 0.1 percentage points

> *Continue to Page 6*

< *From Page 5*

(ppt) (March: -0.1 ppt) and above its 2016-2023 long-term average level of 1.8 per cent.

As of April, core inflation averaged 1.8 per cent (January-April 2023: +3.8 per cent). UOB Global Economics and Markets Research senior economist Julia Goh and economist Loke Siew Ting said in a note the reading in April defied their expectation and Bloomberg consensus of a rise to 1.9 per cent. "We maintain our 2024 full-year inflation forecast at 2.6 per cent, which excludes the effects of domestic price policy changes and subsidy rationalisation. In other words, domestic policy factors, currency movement and volatile global commodity prices are wild cards in the near-term inflation outlook," they said. They said given that diesel carries just 0.2 per cent weight in the overall Consumer Price Index (CPI) basket, the direct impact is likely to be minimal. The indirect impact (pass through effects) may bear watching as an increase in diesel price will directly impact logistic costs that will cause a ripple effect on consumer prices.

Prior to the announcement on the fuel subsidy rationalisation, the government had said it would decide on the mechanism to stabilise sugar supply and prices in the second quarter. Electricity tariffs are also due to be reviewed next month. UOB has maintained its OPR projection at 3.0 per cent for the rest of the year given that inflation risks are still tilted to the upside while domestic growth momentum continues to face challenges. OCBC senior Asean economist Lavanya Venkateswaran said the outlook for inflation hinges on the subsidy rationalisation plan. "Our base case remain for Bank Negara to keep its policy rate unchanged at 3.0 per cent for the rest of this year. The details of the fuel subsidy rationalisation suggest that the government is keen to keep the inflationary impact in check. The risk, however small, is that if inflationary pressures become more persistent and pervasive, rate hikes may be back on the table," she added.

Bank Muamalat Malaysia Bhd chief economists Dr Mohd Afzanizam Abdul Rashid said the impact of the diesel subsidy rationalisation on inflation is expected to be minimal due to its small CPI weightage of 0.2 per cent. He said the risk of inflation rising in the second half of 2024 remains, as some businesses may raise prices to increase their profit margins.

Source: New Straits Times, 27 May 2024

'Ringgit Top-Performer among 10 Regional Currencies'

The ringgit emerged as the top performer among 10 regional currencies as of mid-May, thanks to concerted efforts by the Finance Ministry and Bank Negara Malaysia to encourage currency inflows into the foreign exchange market. In a posting on X, the Finance Ministry said the three-month operation helped increase average daily foreign exchange trading volume by US$17.6 billion. The ringgit appreciated 2.0 per cent against the US dollar between February 26 and May 17. In the same period, the Singapore dollar depreciated 0.2 per cent against the greenback and the yen weakened 3.4 per cent against the US dollar. The Chinese yuan also depreciated 0.4 per cent against the US dollar.

The authorities have been actively engaging government-linked companies and government-linked investment companies to repatriate foreign income back into Malaysia, as well as encouraging exporters to convert their earnings into the ringgit. They have also increased monitoring of conversion of export and import earnings and worked to fortify the economy and deliver on promised economic reforms.

Source: New Straits Times, 27 May 2024

Malaysia 1Q Economy Grows Faster than Expected

Malaysia's economy grew faster than expected in the first quarter of 2024, helped by household spending and a turnaround in exports, although some analysts say the rebound could be short-lived with price pressures set to increase. Gross domestic product rose 4.2% in the January to March period from a year earlier, central bank and government data showed recently, surpassing the 3.9% growth forecast by a Reuters poll and advance estimates released by the government. Annual growth in the final quarter of 2023 was revised down slightly to 2.9%. Exports rose 2.2% on an annual basis in the first quarter, after three consecutive quarters of contraction, Bank Negara and the Statistics Department said at a joint press conference. "Exports are expected to improve for the year supported by sustained demand," governor Datuk Abdul Rasheed Ghaffour said. Risks to expansion include weaker-than-expected global growth, lower commodity prices, and further escalation of geopolitical conflicts, he said.

On a quarter-on-quarter seasonally adjusted basis, the Malaysian economy grew 1.4%, compared with a 1% contraction in the fourth quarter of last year, the data showed. The central bank maintained its 2024 economic growth projection of 4% to 5%. The economy expanded 3.7% in 2023, a sharp drop from a 22-year high of 8.7% in 2022. It projected headline inflation at 2% to 3.5% for the year, taking into account planned subsidy and price control adjustments. Last year, it was 2.5%. Malaysia is seeking to do away with broad-based subsidies as it looks to boost revenue and better channel aid to lower-income groups. Analysts said consumer spending could be affected by rising costs, while the recovery in exports may slow down amid weaker demand from the United States, a major trade partner.

"The possibility of higher overnight policy rate is something that we can't totally rule out," Mohd Afzanizam Abdul Rashid, chief economist at Bank Muamalat Malaysia said, referring to a potential rise in the overnight policy rate, Bank Negara's benchmark interest rate. Shivaan Tandon of Capital Economics said Malaysia's economic growth was encouraging but unlikely to be sustained. "The softening labour market, tighter fiscal policy and soft foreign demand are all likely to weigh on economic activity in the coming quarters," Tandon said. Bank Negara has held its policy rates steady since May 2023, when it was raised by 25 basis points to 3.00%. At the last policy meeting, the central bank flagged inflation risks as it continued measures to shore up the ringgit. Abdul Rasheed had said monetary policy remained supportive of the economy. - Reuters

Source: The Star, 27 May 2024

GDP Growth Surprises as Recovery Accelerates on Private Spending

Malaysia's economy grew faster than initially estimated in the first quarter, driven by private spending and a rebound in exports. Gross domestic product (GDP) expanded 4.2% in the January-March period, according to Bank Negara and the Statistics Department in a joint briefing recently. That's higher than the 3.9% advance estimate as well as the median forecast in a Bloomberg survey. On a sequential basis, the economy grew 1.4% from the previous three months. While strong services sector and manufacturing output helped drive the economy, a better than previously expected out-turn in farm and construction segments contributed to lifting overall growth. Agriculture output grew 1.6% in the quarter, up from 1.3% seen previously. Construction output expanded 11.9% versus 9.8% seen initially.

Forward-looking indicators point to continued growth for the Malaysian economy, Bank Negara governor Datuk Rasheed Abdul Ghaffour said at a briefing in Kuala Lumpur. He expects consumer spending to improve, aided by higher income levels, sound balance sheets and support from the government. Malaysia's economic outlook for 2024 looks brighter after tepid global demand caused growth to moderate last year. A sustained recovery in China - its largest trading partner - could help Malaysia's manufacturing sector and boost tourist arrivals as well an investment. Bank Negara expects GDP to expand between 4% and 5% this year on improving external demand. The risk of slowing domestic spending, a key growth driver, also looks to be fading.

The central bank anticipates that inflation, which had been below 2% since September, may average as much as 3.5% this year should subsidies be phased out. The inflation forecast is based on the assumption that the government will unwind the fuel subsidies in a "gradual and sequential" manner, Abdul Rasheed said. - Bloomberg

Source: The Star, 27 May 2024

Govt will be able to Reinvest in More Crucial Areas, says Amir

The planned targeted subsidy plan is intended to benefit the right groups and free up the government's fiscal space. Finance Minister II Datuk Seri Amir Hamzah Azizan said the reforms focused on getting the basics right, with a priority on servicing and delivering back to the population. He said one of the key roles for the Finance Ministry was to ensure that the government had the fiscal capacity.

"In the past, we did a lot of interventions through subsidy methodologists. And subsidies are a very generic form of intervention to facilitate rebalancing or levelling up of society," he said during a panel discussion at the Global Forum on Islamic Economics and Finance yesterday. "Unfortunately, if you do not target the subsidies well, the fiscal burden of the government will enlarge. One of the key reforms we are going is to get the basics right. If you want to intervene, support and lift society in the right form, it is by making sure that the targeting is done better."

He said a "freed" fiscal space would allow the government to invest in more important things, including improving basic infrastructures. A better fiscal capacity would also enable the government to improve the national education system so that more talents were available to meet industry requirements, he added. Last week, the cabinet agreed to kick off the country's fuel subsidy rationalisation programme with a targeted diesel subsidy initially. This is expected to save the government about RM4 billion annually. Subsequently, the Finance Ministry announced a diesel subsidy programme involving a monthly allocation of RM200 each for eligible individuals as well as agriculture and commodity smallholders. The eligibility criteria for the Budi Madani programme require applicants to be Malaysian citizens and own a private diesel vehicle registered with the Road Transport Department.

Source: New Straits Times, 29 May 2024

Manufacturing Sector Most Affected with Output Price Up 0.12pc, Study Shows

A study has shown that while electricity tariff adjustments impact input costs for the wholesale and retail trade sector the most, the manufacturing sector sees the most impact in output prices. According to the Statistics Department's Malaysia Economic Statistic Review report, the study focuses on the significant effects of raised electricity tariffs on intermediate input costs and output price changes across different sectors. The findings show that manufacturing sector requires the highest electricity demand, and with a five per cent increase in electricity tariffs raising output prices the most.

They also highlight the interdependence of sectors within the economy, with both other services and electricity and gas sectors playing a central role in sourcing inputs from and contributing outputs to other industries. The study aggregated 12 sectors for the purpose of the analysis. The report was authored by Nurul Izzati Sydina, Nur Suaidah Rosli, and Siti Rabiah Abdul Rauf from the department's economic indicators division. "The manufacturing sector was observed to have the highest electricity demand (0.0218) while the finance and insurance sector used the least amount of electricity (0.0010)," the report said. The wholesale and retail trade sector experienced the most impact from the five per cent electricity tariff increase, with a change of input cost by 0.26 per cent. The report said this was followed by the other services sector, with input cost increasing by 0.25 per cent.

"The accommodation and food and beverages and electricity and gas sectors are poised to experience an increase in the cost of input by 0.24 per cent from a five per cent tariff increase," it said. Overall, the report said the rise in electricity tariffs was expected to affect the costs of producing goods and services across all sectors of the economy. It said the manufacturing sector would see an increase in output price by 0.12 per cent from the five per cent tariff increase. "This is followed by the accommodation and food and beverages sector with the output price rising by 0.11 per cent. A five per cent tariff increase will lead to a marginal 0.09 per cent increase in the overall price of output in the economy," the Statistics Department added.

Source: New Straits Times, 4 June 2024

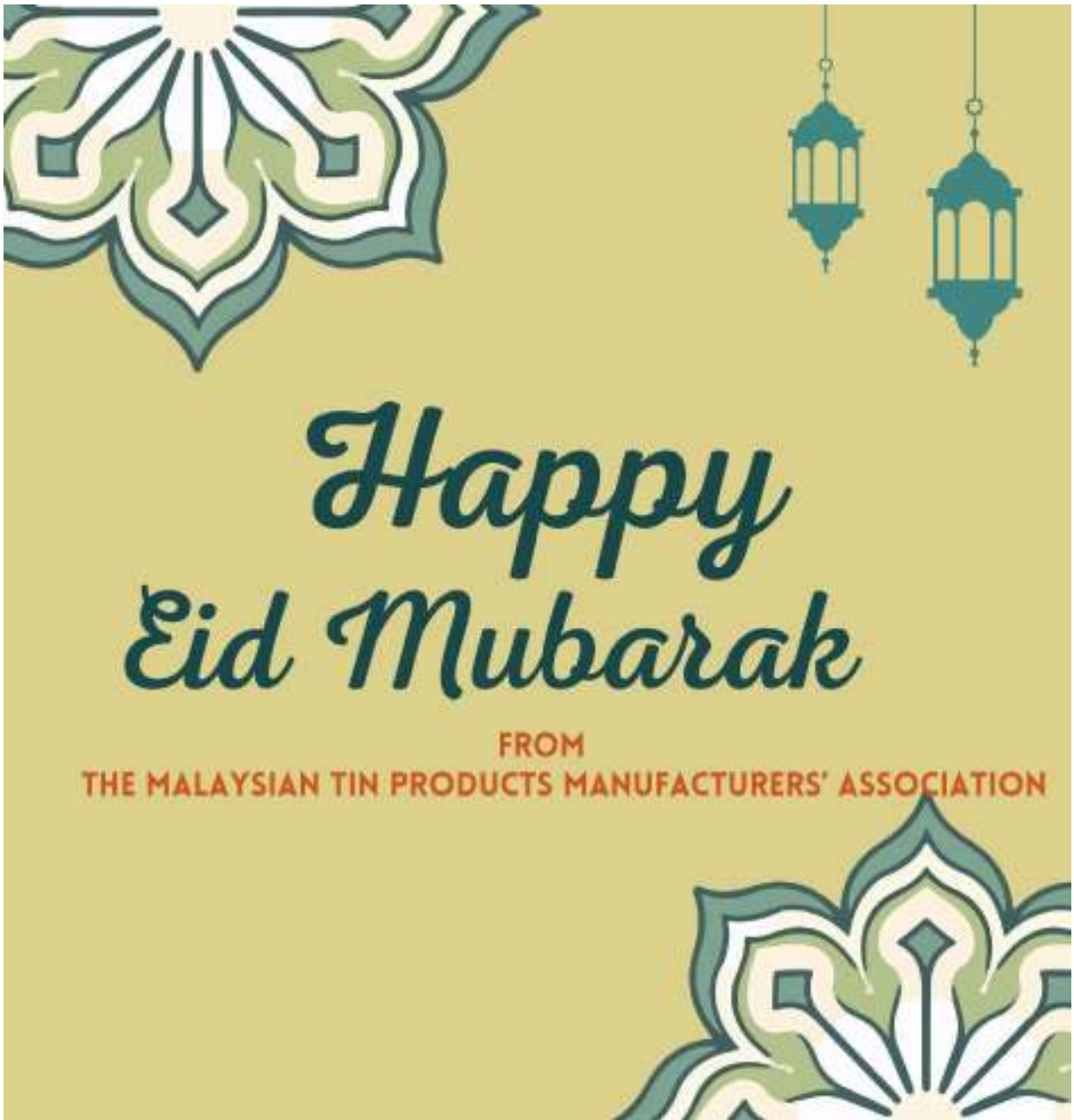
Manufacturing PMI Rises to 50.2 in May 2024

The seasonally adjusted S&P Global Malaysia manufacturing purchasing managers' index (PMI) rose to 50.2 in May 2024 from 49.0 in April 2024, signaling a renewed improvement in manufacturing sector conditions following 20 months of moderation. "The latest PMI reading suggested that gross domestic product (GDP) growth is running at a slightly improved rate than that seen in the first quarter of 2024, as well as pointing to modest year-on-year (y-o-y) improvements in official manufacturing production data," S&P Global said in a statement yesterday.

S&P Global Market Intelligence economics associate director Pan Jingyi said the latest PMI data revealed that business conditions in the Malaysian manufacturing sector started to improve again midway through the second quarter of 2024. This indicates a turnaround from the period of subdued conditions previously and hints at an acceleration in growth of GDP into the second quarter, she said.

"It was encouraging to see employment conditions improve with manufacturers acquiring more headcounts on account of rising new orders. And while the expansion in new orders and production was accompanied by rising inflation, the rates of increase in both input costs and output prices were subdued by historical standards," she said. Pan said the overall sentiment also stayed positive, with firms expecting higher output in the coming year. "The level of confidence eased, which affected manufacturers' willingness to acquire input inventories. These will be areas to monitor for further signs of a turnaround," she added. - Bernama

Source: The Star, 5 June 2024



NEWS ON
SEMICONDUCTOR INDUSTRY

Semiconductor Industry Offers Chance for Growth

The semiconductor industry presents Malaysia with a "once-in-a-generation" opportunity for exponential economic growth and industry players are advised to capitalise on this billion-dollar sector. Deputy Investment, Trade and Industry Minister Liew Chin Tong said the government is paying close attention to the semiconductor industry, heralding it as the modern equivalent of oil, with a global value estimated at US$580bil this year, projected to reach US$1 trillion by 2030. "Every part of our lives is increasingly connected to semiconductors, whether it's our phones, cars, or smart cities. We believe Penang Kulim and Malaysia in general are playing important roles in this sector," he said in his speech at the opening ceremony of LAM Research's automated warehouse, here.

Liew emphasised the necessity for collaborative efforts to establish a dynamic, secure, and resilient semiconductor supply chain in Malaysia, one not easily replaceable by other global counterparts. He referenced Prime Minister Datuk Seri Anwar Ibrahim's directive for the ministry to formulate a strategic plan for the semiconductor industry. Expressing optimism, Liew encouraged industry players to collaborate with the government, aiming to establish Malaysia as an exceptional destination for semiconductor production.

Nasdaq-listed Lam Research Corp, a global supplier of innovative wafer fabrication equipment and services to the semiconductor industry, officially opened its new automated warehouse yesterday. The facility complements Lam's manufacturing operations in Malaysia, which is home to the company's largest manufacturing facility. - Bernama

Source: The Star, 8 May 2024

Bid to be Global Semiconductor Hub

Malaysia aims to Court at least RM500bil of Investment in Sector, says PM

Malaysia aims to be a global R&D hub for semiconductors, featuring world-class universities, corporate R&D, and centres of excellence, blending the very best on Malaysian and international talent, says Datuk Seri Anwar Ibrahim. The Prime Minister said through the National Semiconductor Strategy (NSS), Malaysia aims to court at least RM500bil of investment in integrated circuit (IC) design, advanced packaging and manufacturing equipment for semiconductor chips.

"The government will allocate at least RM25bil in fiscal support to operationalise the NSS with targeted incentives, details of which will be announced by Miti (Investment, Trade and Industry Ministry) soon," said Anwar during his keynote address when launching the SEMICON South-East Asia 2024 yesterday. The Prime Minister said that the NSS would also train and up-skill 60,000 highly skilled Malaysian engineers, adding that Putrajaya also aims to establish at least 10 Malaysian companies in design and advanced packaging with revenues between RM1bil and RM4.7bil. In the effort to create higher wages for Malaysian workers, Anwar said the federal administration has set a target of establishing 100 semiconductor-related companies with revenues close to RM1bil.

The Prime Minister said Malaysia is steadfast in promoting technology for humanity's greater good. "Geopolitical dynamics aside, a robust multinational semiconductor production remains vital for humankind's survival, particularly as we are running out of time in our climate action and risk mitigation. Today, I offer our nation as the most neutral and non-aligned location for semiconductor production, to help build a more secure and resilient global semiconductor supply chain. Our key proposition, 'Malaysia: Bridging Technology for Our Shared Tomorrow', reflects our sincere aspiration to promote technology for humanity's greater good by being your leading partner and collaborator in the global semiconductor industry and beyond," he added.

> *Continue to Page 11*

< From Page 10

Anwar said the salient features of the NSS are the crucial elements in ensuring that the country achieves its ambition of becoming a global chip hub. Under the NSS, which is led by Miti, Anwar said the strategy is structured in three phases, which are designed to foster collaboration with companies across Asean, Asia, and the global stage. "Phase one involves building on our foundations; phase two is all about moving to the frontier; and phase three is about innovating at the frontier. To stay flexible and agile, the NSS will be a living document, evolving as needed, but we remain steadfast in our aspiration to make Malaysia a major global player in accessible technology for all, powered by our semiconductor industry," he added.

The Prime Minister also touched on Malaysia's energy transition plan, saying that the government aims to have 40% of the country's primary energy mix from renewable energy sources by 2035. This initiative, he said, aims to reduce carbon dioxide emissions by 10 million tonnes annually and achieve 100% renewable energy by 2050. "The government supports exploring new technologies like green hydrogen, nuclear technology, and large-scale energy storage to reduce dependence on fossil fuels and meet the 2015 Paris Accords' targets," he said.

Source: The Star, 29 May 2024

Timely Push for Chip Sector

Government's Allocation of RM25bil under the National Semiconductor Strategy Poised to Spur Industry

The government's allocation of RM25bil in fiscal support under the National Semiconductor Strategy (NSS) is a watershed moment for the semiconductor industry. It was seen as a much-needed boost for the local chip sector, allowing Malaysia to recover its competitive edge against neighbouring countries. While industry leaders applaud the government's key initiatives outlined in the NSS, all eyes are now on how the RM25bil will be utilised to fully maximise the investment value. One industry player highlighted that the NSS addresses the three crucial elements needed in the sector: talent, funding and government support. "The government also spelt out how much investment is required and government support is going to come in and which are the specific areas. It is just up to the relevant government bodies to work on the details.

"RM25bil is a lot of money for Malaysia. However, if the allocation goes to the wafer fab segment, this amount may not be enough," he told Starbiz. Structured in three phases - building on the country's foundations, moving to the frontier, innovating at the frontier - and encompassing five headline targets, Prime Minister Datuk Seri Anwar Ibrahim said the NSS will be a living document, evolving as needed. "Malaysia is offering itself as the 'bridge' to connect countries open to tech collaboration right here on our shores. Malaysia is already a melting pot of local and international tech talent, making it easy for companies rooted here to be regionally and globally competitive," he said during the unveiling of NSS at the SEMICON South-East Asia 2024 event yesterday.

The government also plans to court at least RM500bil of investments in Phase 1, with domestic direct investment (DDI) focusing on integrated circuit (IC) design, advanced packaging and manufacturing equipment. Meanwhile, foreign direct investment (FDI) will be directed towards wafer fabs and manufacturing equipment. On this note, the industry player said the targeted investments of RM500bil, especially for a wafer fab, may not be enough. "Even a small old wafer fab, we are talking about an investment of US$10bil. Taiwan Semiconductor Manufacturing Co Ltd (TSMC) spends US$20bil on wafer fab." He explained that for a fab to be built in a country, the company would need to spend a minimum of 30% of the total investment while the bulk of the capital would be via the country's coffers.

For example, Micron Technology's fab in India required the government to subsidies 70% of the investment cost. "We are talking about only a small fab, about US$3bil, not a pure foundry. For a pure foundry like TSMC, it is a totally different ball game, he added. He believes the RM25bil should be allocated in segments where the industry faced the biggest gaps such as IC design, front-end, software and advanced packaging. "Out of RM25bil, if we spend RM5bil on IC design, the impact will be huge. This may not be enough but at least we are matching what Vietnam is doing." He said the allocation should also go into further enhancing the back-end services such as packaging, assembly and testing which Malaysia is very strong in. Currently, Malaysia holds 13% of the global market for chip packaging, assembly and testing services.

> Continue to Page 12

< *From Page 11*

He pointed out that companies that will benefit substantially from the NSS are the outsourced semiconductor assembly and test players, such as Inari Amertron Bhd. Meanwhile, Inari group chief executive officer K.C. Lau said the plan is a great initiative as it covers most of the states, balancing the resources and technology development. "It is a very exciting move to bring the country's electrical and electronics sector forward, especially for those who stay relevant in the value chain," he said. While the semiconductor industry offers much growth potential, challenges such as talent shortages remain key for many countries. In February, Vietnam announced its plan to train some 50,000 engineers by 2030. Like the majority of countries, Vietnam is confronted with a chronic shortage of talent to grow its chip industry. Notably, the NSS aims to train and upskill 60,000 high-skilled Malaysian engineers.

Under Phase 2, the goal is to establish at least 10 domestic companies in design and advanced packaging with revenues between RM1bil to RM4.7bil, and at least 100 semiconductor-related companies with revenues close to RM1bil, creating higher wages for Malaysian workers. Siemens Malaysia president and chief executive officer Tindaro Danze said this initiative will not resolve the lack of talent the country is facing but rather it will go hand-in-hand with the upskilling efforts the country is already doing. "The setting up of these companies means there is going to be more demand for talents. This will not discount what the government has done with regards to upskilling the workforce. The question now is how we are going to place the 60,000 upskilled individuals in the industry. With the emergence of new companies, there will also be more opportunities for employment beyond multinational corporations," he told Starbiz.

Tindaro said the NSS's emphasis on not only FDI but also DDI is the right approach. He stated that increased DDI will help establish the local semiconductor ecosystem, which will naturally attract more FDI in turn. "A strengthened domestic semiconductor ecosystem will attract more investment because investors will be confident that the local infrastructure can support their ventures." Malaysia Semiconductor Industry Association (MSIA) president Datuk Seri Wong Siew Hai said if the country can achieve even 50% of its goals set out in the NSS, it will be considered a good accomplishment. "Addressing the talent issue requires a whole-of-nation approach, with long-term, short-term and medium-term strategies. What was mentioned is just one strategy and there are much more that needs to be done. Talent shortage is actually one of the hardest issues to resolve," he said.

Wong said Malaysia should focus on attracting FDI fabs to the country. "SEMI, the global industry association representing the electronics manufacturing and design supply chain, reported that there are over 70 fabs globally, with only eight located in South-East Asia. Therefore, the region needs to produce more fabs, and hopefully Malaysia can secure some of these investments," he added. Meanwhile, QES Group Bhd managing director and president N.W. Chew said the RM500bil target on DDI and FDI is massive and if successful will definitely spur growth of semiconductor related companies operating in Malaysia.

"Attracting both IC design, wafer fabs and advanced packaging companies to invest here is an excellent strategy as Malaysia already has test and assembly knowledge and workforce that can be further trained to complete a total solution for high technology companies to set up here or farm out their requirements to Malaysian semiconductor companies." He added that incentives of RM25bil to further encourage the electrical and electronics products and automated test equipment manufacturing companies augurs well to ensure sustainable growth in these segments. "The local Malaysian companies look forward to the incentives which the details will be announced later through the Investment, Trade and Industry Ministry," he added.

Source: The Star, 29 May 2024

Talent Needed to Move Up the Chain

Malaysia's semiconductor industry stands at a crucial juncture, poised for significant growth yet grappling with notable challenges. As a key player in the global semiconductor market, it contributes 7% of the world's semiconductor output and 23% of the US semiconductor trade. With substantial investments from industry giants like Intel and Infineon, the sector is set to flourish. However, the primary hurdle remains - a shortage of skilled talent.

For decades, Malaysia has primarily focused on the back end of the semiconductor supply chain, such as assembly and testing. While this has established a solid foundation, the real value lies in moving up the supply chain to wafer fabrication and integrated circuit (IC) design. This shift is essential for the country to enhance its value proposition in the global market. According to an industry observer, it is imperative for the government to advance the semiconductor industry. "The rationale for that is that for 50 years, we have been focused on the back-end of the supply chain, and it tends to not have that much value add, as opposed for the front-end, which is wafer fabrication and IC design. So I think it's about time," he tells *StarBizWeek*. Despite the goals set by the New Industrial Master Plan (NIMP) 2030, which aims to move up the value chain, the observer notes a significant gap in government incentives compared with neighbouring countries like Vietnam, Singapore and India.

The NIMP 2023, which aims to revitalise the country's manufacturing sector and increase its value-added turnaround to RM587.5bil by 2023, cost some RM95bil in total investment over the period of its implementation. On the RM95bil required to implement the NIMP 2030, Prime Minister Datuk Seri Anwar Ibrahim said it would be predominantly derived from the private sector mobilised from private

> *Continue to Page 13*

< From Page 12

equity, capital and financial markets, with close to only 10% allocated by the government. In view of this, the observer highlights the financial reality of the semiconductor industry, where building a modern wafer fabrication plant can cost upwards of US$20bil.

He says Malaysia's current approach relies heavily on private sector partnerships this contrast to Europe and the United States, which offer "cash handouts to big semiconductor wafer fabs to set up presence in respective countries".

"Malaysia has not done that. Let's say, I am looking at building a wafer fab, I would look at the incentives offered because at the end of the day it is still a business decision. I'm not going to be putting any money in Malaysia if the government is not going to support it monetarily," he notes.

Meanwhile, former International Trade and Industry deputy minister Ong Kian Ming believes it is a "no brainer" for the country to focus on the semiconductor industry as one of the key industries, owing to the global focus on this sector now. "We already have some capabilities in this sector and what we need to do is to move up the value chain in areas such as advanced packaging, speciality chemicals, and chip design as possible areas of future investment," says Ong, who is also a board member of the Malaysian Investment Development Authority. While both experts agree on the necessity for Malaysia to move up the value chain, they also recognise that the major challenge is talent.

The semiconductor industry, being highly technical and specialised, requires a workforce with advanced skills in engineering, technology, and design. However, Malaysia faces a significant shortage of such talent, which undoubtedly is hampering growth within the industry. "Even locally listed companies like Inari Amerton Bhd and Vitrox Corp Bhd are competing with international giant for the same small pool of qualified professionals. This talent crunch is not something that can be resolved overnight. It requires long-term structural changes and investments in education and training," the industry observer notes.

Ong, on the other hand, emphasises the need for creative solutions to expand the talent pool. These include working closely with training institutions, technical and vocational education and training centres, and universities to develop relevant curricula and training programmes. "The country should also look at allowing foreign students in critical occupations including in science, technology, engineering and mathematics to remain in Malaysia to work after they graduate and providing incentives to foreign direct investment which are tied up with training and human capital development," he adds.

Noticing the shortage of talent, the government, through the National Semiconductor Strategy (NSS) has already outlined five targets, including to train and upskill about 60,000 engineers. Anwar says the government would allocate at least RM25bil in fiscal support to operationalise the NSS with targeted incentives, details of which would be announced by the Miti. Commenting on the NSS, Ong says: "To achieve the NSS, we need a whole of government approach that can shift the public thinking of semiconductor from a purely manufacturing play to a 'Making Semiconductors Sexy' approach where the deployment of semiconductor applications and services also forms part of the value chain." Apart from the talent, the industry observer highlights the importance of infrastructure, which he believes the country already has in Penang.

"Ecosystem means, when you set up a wafer fab, you need all your auxiliary players in place, such as the ones who are the ones who are doing sheet metal fabrication, the ones who are doing the testing and packaging, and all these different aspects of it, which Penang has. On top of that, you throw in the fact that Penang is very well connected in terms of road, rail, ports, airports as well. The whole country is now on 5G as well, which is also a prerequisite. There are no power cuts. So the infrastructure is there," the industry observer says. "Infrastructure is essential, but without the right talent, we cannot fully capitalise on our advantages. Investing in education and creating a supportive environment for talent is crucial for attracting and retaining the investments needed to propel Malaysia's semiconductor industry forward," the observer adds. Beyond infrastructure and immediate talent solutions, Ong points out that long-term strategies are also critical.

"We need to avoid the negative effects of the changing prices in the semiconductor space to ensure that good jobs in this sector remain stable. This would include increasing the activities related to research and development and other 'sticky' activities which track the long-term growth and development of this sector," he says. While Malaysia's semiconductor industry faces challenges, particularly in talent acquisition, the country has the potential to overcome these obstacles through strategic investments in education, infrastructure, and incentives. With the right measures, Malaysia can solidify its position as a leading player in the global semiconductor market. This in turn will drive the country's long-term economic growth.

Source: The Star, 1 June 2024

Getting the Right Connections Vital for IT to Work

Challenges for Chip Sector include Shortage of Engineers and Wage Factor

For the longest time, Malaysia has been trying to move up the value chain of the semiconductor industry. The apex of the industry is in the design of integrated circuits (ICs) and those massive production houses called wafer fabricators. And yet success has eluded the country thus far, after five decades. But that is not to say that the country's semiconductor industry is small. It remains a key economic contributor in terms of gross domestic product (GDP) and employment, and it continues to bring in big foreign investment.

Malaysia is one of the world's top back-end players, made up mainly of an ecosystem of semiconductor packaging, assembly and testing players. It holds 13% of the global market for this segment. However, local firms have yet to move into IC design in a big way. Two past government funded wafer fabricators also failed to live up to their expectations, despite billions of ringgit being spent. On a global perspective, semiconductors have become the attention of many governments considering the importance that ICs play. The trade and political tussle between the United States and China have a lot to do with semiconductors, from which countries like Malaysia have been benefiting from. But competition is heating up as Vietnam and India are raising their game, throwing a lot of money and effort at boosting their own semiconductor segments.

This week, the Malaysian government revealed yet another new plan to bolster the sector. The National Semiconductor Strategy (NSS) has some big targets. A key one is an allocation of RM25bil to boost the sector, not a small figure for a government with strained coffers. Details of how that money will be spent or accounted for are in the works. One outcome envisaged is for the country to have 10 Malaysian companies in design and advanced packaging with revenues between RM1bil and RM4.7bil. A key challenge of running IC design and advanced packaging companies is their high cost of operations, which can run into the tens of millions of ringgit. The NSS plan has naturally piqued the interest of Fong Swee Kiang, who heads SkyeChip Sdn Bhd, one of the few home-grown IC design houses.

While it isn't yet known how the RM25bil will be spent towards the sector, Fong points out how it is done in China, something that Malaysia ought to consider. "Subsidies in China go into different parts of IC design development, which help lower the cost of operations. Subsidies go into research and development (R&D) expenses, procurement of tools and prototyping costs, especially if the design house is creating house is creating its own product design house is creating its own product design as opposed to merely providing its services to other firms. The focus is on intellectual property development." He cites another interesting example from China, where the government subsidises the high salaries of senior engineers that the company is able to recruit from abroad.

Talent Crunch

It is a well known fact that the biggest challenge for the semiconductor industry is talent scarcity, which incidentally is also a global problem. But following the massive amounts of investments in this sector that have come into Malaysia over the last five years, the problem has become more pronounced. Industry veteran Datuk Seri Wong Siew Hai has been harping on this issue for a while. At this week's SEMICON South-East Asia 2024 in Kuala Lumpur, where the NSS was revealed, Wong reiterated the solution to the problem: Malaysia needs to hire more foreign engineers.

"Top companies in the United States have been using foreign talent to help them be successful. The engineers studied in the United States and go on to work there, eventually getting their permanent residency. Can we emulate the same model? Even Singapore is doing it," he says. Notably though, the NSS plan does not say anything about the hiring of foreign talent. Instead, the plan is to train 60,000 Malaysians to become high-skilled engineers. It listed some big targets for Malaysia to become "a global R&D hub for semiconductors, featuring world-class universities, corporate R&D, and centres of excellence".

> *Continue to Page 15*

< From Page 14

The question is, is this feasible without bringing in foreign talent? The CEO of Oppstar Bhd, a listed IC design house, Ng Meng Thai, says universities in Malaysia can only produce around 5,000 E&E engineers a year, while the demand is around 10 times more. Another outcome expected from the NSS is for Malaysia to have more sizeable homegrown companies involved in IC design. Fong of SkyeChip explains that convincing engineers working in MNCs to start their own IC design companies can be challenging as there are multiple factors needed for a startup to succeed. These include having sufficient talent, securing the market opportunities and fundraising. It is also not an easy feat to persuade Malaysian expatriates to return to Malaysia.

"I think the better bet is to bring in talent from neighbouring countries. This is what the United States is doing whereby the government offers scholarships for students to pursue Master's programs after they have received their Bachelor's degrees in good universities across India, Taiwan, Malaysia, or China," he says. Fong adds the country can leverage on Malaysian talents working overseas by capitalising on their established networks and reputations to assess more talents or customers within the markets where these individuals are employed. "They do not necessarily need to return to the country but can be a bridge for us to gain access to more talents and customers," he says.

Wage Factor

Wages are another contentious point - are our semiconductor companies not paying high enough salaries to retain and attract talent? Oppstar's Ng says that that is not an accurate reflection of the industry. "There are companies announcing they are going to pay RM5,000 to RM6,000 to fresh graduates. So, from an engineering point of view, engineers who work in IC design, advanced packaging and software are receiving a high starting pay, compared with those in civil, mechanical or chemical engineering," he says. Ng notes the 60,000 target put forth in the NSS is an aggressive one, but it nevertheless achievable should the government implement comprehensive measures like urging universities to increase the intake of engineering students, and prioritising relevant engineering degrees programs rather than civil or technical engineering degrees.

Building on Success

Meanwhile SEMI chief financial and business operations officer Kevin Bauer notes that Malaysia has done well thus far. "The Malaysian government has done a phenomenal job of making the country a compelling destination for foreign direct investments with investment-friendly policies. That stated, we are seeing the impact of government incentives for the industry around the world, as countries are determined to strengthen their domestic semiconductor ecosystems given the strategic importance of chips to economic growth and national security. It must continue its efforts to provide a favourable environment for the semiconductor industry to flourish in order to remain competitive in the current landscape," he says.

SEMI is the global industry association representing the electronics manufacturing and design supply chain. Industry players also say that it is not too late for Malaysia to strive to go higher up the semiconductor value chain. Datuk Foong Wei Kuong of JF Technology Bhd says: 'While established players dominate the landscape, the current global chip shortage and evolving technological landscape present unique opportunities for Malaysia to carve out its niche. Malaysia's existing strengths, especially advanced packaging, provide a strong foundation for further growth. It is not about being the biggest, but about being the best in specific areas where Malaysia can offer unique value and expertise," he says.

Another aspect of growing the industry is about facilitating more collaboration between the industry players. Dutch national John Blankendaal sees this need. He points out that while a decent ecosystem does exist in Malaysia, most players function as outsourced partners for their clients. Instead, he says, there should be more "entrepreneurial cooperation", referring to the idea of entrepreneurs working together to develop new products and suss out new opportunities. Blankendaal is the managing director of Brainport Industries which makes high tech equipment for the semiconductor industry.

One-Stop Centre

Malaysia's largest semiconductor listed company is Inari Amertron Bhd. The company which makes radio frequency chips for Broadcom Inc, enjoys a market capitalisation of RM12.2bil, is clearly one of the biggest success stories of Malaysia's semiconductor sector. Group chief executive officer Lau Kean Cheong says Malaysia continues to be well poised to strengthen the sector and the NSS bodes well for it. "Malaysia is an overall one stop centre, from design to box build solutions, compared with other countries in the region. We also have more than five decades of experience. It is never too late to give a bigger push into the sector. Higher end applications like AI and cloud computing are at their beginnings. Malaysia's strong ecosystem can step up to meet such opportunities," he says.

Source: The Star, 1 June 2024

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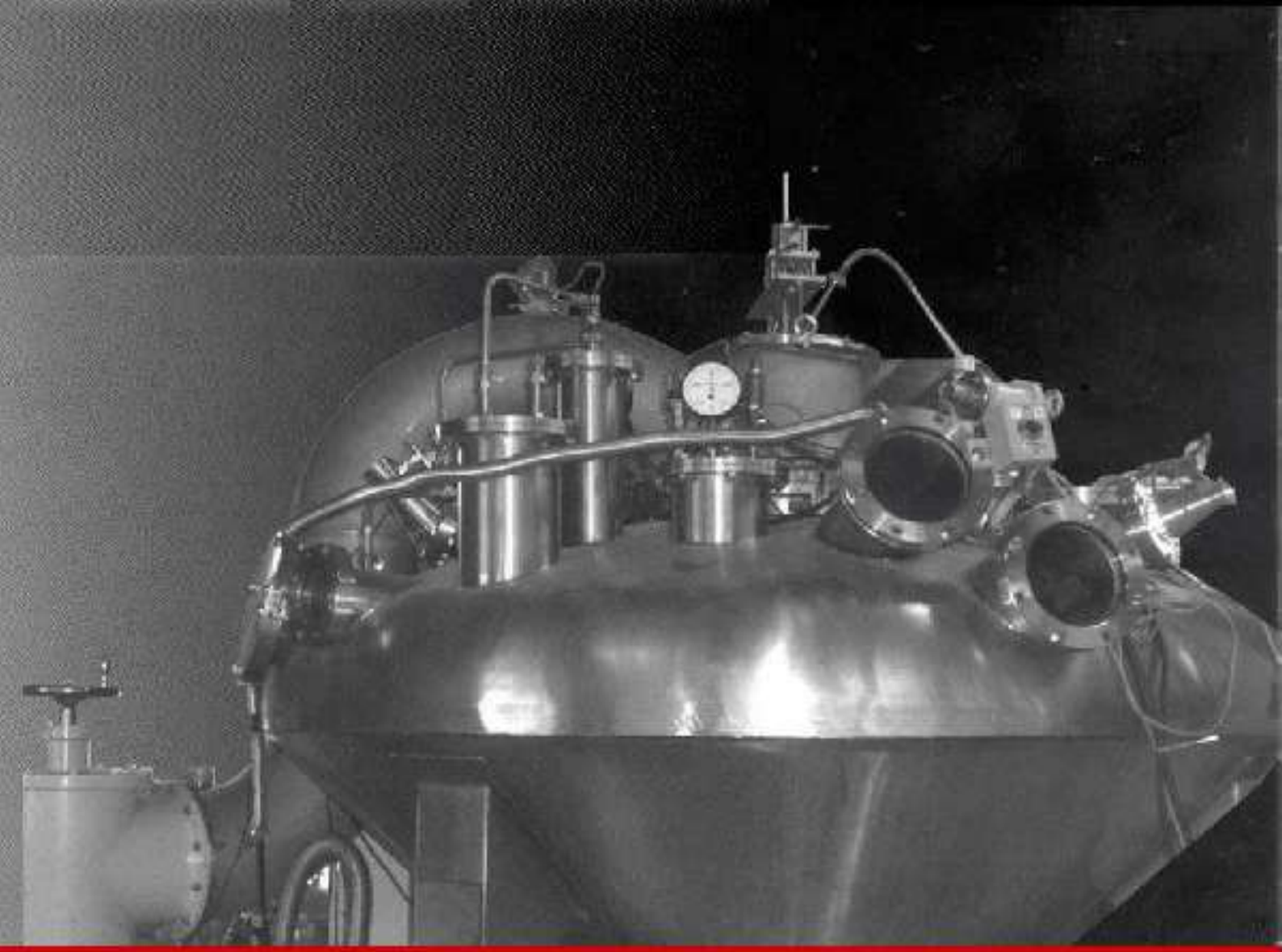

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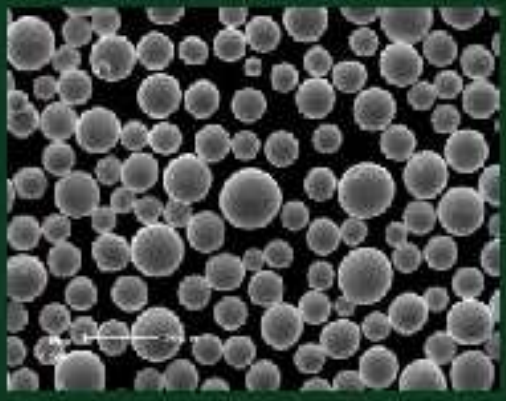

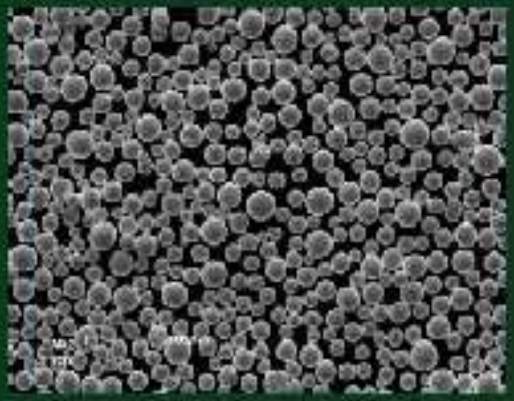

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'Limited Impact from Jatronics Sanctions'

Company has Minimal Dealings with Other Domestic Firm, says Economist

The United States' sanctions on Jatronics Sdn Bhd will not have a significant impact on Malaysia's semiconductor industry due to the company's minimal dealings with other domestic firms, said economists. But more significantly, the move served as a "warning" to Malaysian firms not to breach US sanctions, they added. Jatronics has allegedly supplied Russia's military with crucial electronic components. Sunway University economics professor Dr Yeah Kim Leng said given that the sanctioned firm accounted for a very small share of total industry output, the direct impact on the country's semiconductor production and exports was insignificant.

"A more important impact is that a warning has been shot over the bow for electronics firms in Malaysia not to breach US sanctions. They are now more likely to review their know-your-customers protocols and ensure their clients are not in the US sanctions list. Overall, Malaysia's favourable electronics sector outlook is not expected to be dampened by the unilateral US action, unless the list is expanded to cover Malaysia's export markets and purchasers," he added. Tradeview Capital fund manager Neoh Jia Man expects limited direct impact on the country's semiconductor industry from the sanctions on Jatronics due to its minimal dealings with other domestic semiconductor firms. He added that Jatronics could still conduct transactions via non-US financial accounts as the sanctions were a unilateral action by the country.

Neoh said this was also not the first instance of US sanctions on Malaysian firms. He said in December last year, four firms were sanctioned for their involvement in Iran's drone programme. "In our view, the sanctions on Jatronics show that Malaysian firms remain on US radar. While Malaysia's neutral political stance and strong ties with various trading partners provide local firms with opportunities to circumvent trade barriers, the associated risks can be significant. There is a possibility of further sanctions or even import tariffs being imposed on Malaysian firms if such activities continue unchecked by Malaysian authorities. These measures could materially impact Malaysia's economy, particularly in terms of exports to the US," he said.

Neoh added that US sanctions targeting individual firms rather than the entire country were unlikely to have a significant impact on Malaysia's diplomatic and economic ties with either the US or Russia. It is also unlikely to disrupt any global trade dynamics significantly. Meanwhile, Finance Minister II Datuk Seri Amir Hamzah Azizan said the Investment, Trade and Industry Ministry would look into the issue. "If we look at the sanctions imposed, it is not just on one company but more than 300 worldwide. Give the ministry time to thoroughly investigate the issue," he said on the sidelines for the International Social Well-being Conference 2024 yesterday.

"What is important is that Malaysia will not compromise if anything untoward is found," he added. Business Times had reached out to the Investment, Trade and Industry Ministry and Jatronics. On Monday, Al-Jazeera reported that Kuala Lumpur-based Jatronics was among 300 entities on the US sanctions list over their links to Russia's military suppliers. According to the report, a US State Department spokesman stated that some of the materials shipped by the company to Russia included Tier 1 items on the US List of Common High-Priority Items. The report said Tier 1 items referred to those "of the highest concern due to their critical role in the production of advanced Russian precision-guided weapons systems".

The report also stressed that US officials did not confirm if components produced by Jatronics were used in Russia's military equipment. According to the Centre for Advanced Defense Studies (C4ADS), a Washington-based think tank, Jatronics made more than 50 deliveries to companies in Russia worth more than US$3 million between April 2022 and September last year. The report stated that the materials included microchips, semiconductors and silicon wafers, which were the raw materials for making semiconductors. Jatronics made deliveries to eight different companies in Russia, including 000 Planar, which was sanctioned by the US in March 2022, based on the C4ADS data.

Source: New Straits Times, 5 June 2024

Semiconductors Set to Bolster Industrial Property

The growth of Vietnam's semiconductor industry will facilitate the development of the industrial real estate sector, even as Vietnam needs to focus more on creating favourable conditions for investors, experts say. According to Thomas Rooney, senior manager for industrial services at property consultants Savills Vietnam, the country is becoming a top destination for semiconductor investors. Vietnam has a favourable location in South-East Asia, a large supply of necessary rare-earth elements for semiconductor chip production, and a stable political environment. It is also actively pushing for the development of the semiconductor industry with favourable policies.

According to Savills Vietnam, while customers renting industrial properties in the south are usually rubber, plastic, foodstuff and beverage businesses, more computer and electronics firms do so in the north. As the wave of semiconductor investment grows, it will also facilitate the development of industrial real estate in the north. Rooney noted that rising investment in semiconductor manufacturing is leading to a rise in demand for factories and industrial parks that satisfy the infrastructure requirements of the industry, including a stable power source, high Internet speed and effective water-treatment systems. Upgrading the quality of these factories to attract investors is crucial, he said.

Vietnam's semiconductor industry has a lot of growth potential. It has attracted many top companies in semiconductors over the years, including Samsung, Qualcomm, Infineon and Amkor, with factories and factory-expansion projects worth billions of US dollars, according to experts. For example, in 2022 Samsung opened its largest research and development centre in South-East Asia in Hanoi. The country's semiconductor industry is expected to reach over US$6.16bil by the end of 2024, helping it become one of the world's most important production hubs for semiconductor companies worldwide.

Rooney said the government and businesses need to work together to improve the investment climate, infrastructure and manpower to create suitable conditions for the semiconductor industry and industrial real estate. — Viet Nam News/ANN

Source: The Star, 6 June 2024

Global Chip Market on Upward Trajectory

Sentiment to Improve Due to Demand Recovery

Analysts expect sentiment in the local semiconductor sector to improve further, underpinned by an anticipated healthy recovery in global demand and increasing trade diversion opportunities as a result of the China Plus One strategy. TA Research said the global semiconductor market continued its upward trajectory in April when sales grew by 15.8% year-on-year (y-o-y) to US$46.4bil. On a month-on-month (m-o-m) basis, semiconductor sales rose by 1.1% from US$45.9bil in March.

"This marked a y-o-y sales recovery for the sixth consecutive month, while the sales in April increased on a m-o-m basis for the first time this year. This further confirms that the global semiconductor market is in a recovery mode," the research house said in a report yesterday. TA Research maintained an "overweight" call for the sector, with a "buy" call on Inari Amertron Bhd with a target price (TP) of RM4.30, and "hold" calls on Unisem Group (TP: RM4.37), Malaysian Pacific Industries Bhd (TP: RM41.10), and Elsoft Research Bhd (TP: 58 sen). Additionally, the research house said the Americas and Asia-Pacific regions are expected to see substantial growth in their semiconductor industry, which will be backed by memory and logic categories.

TA Research stated the decent y-o-y improvement was mainly driven by the Americas (up 32.4% y-o-y), China (up 23.4% y-o-y), and Asia-Pacific all others (up 11.1% y-o-y). "By geography, April 2024's sales increase of 1.1% m-o-m was mainly driven by the Americas (up 4.2% m-o-m), Japan (up 2.4% m-o-m) and China (up 0.2% m-o-m). Meanwhile, the slowdown was observed in Europe (down 0.8% m-o-m) and Asia–Pacific all others (down 0.5% m-o-m)," the research house said. Recently, the World Semiconductor Trade Statistics organisation has revised its forecast upwards for global semiconductor sales with 2024's now at US$611bil (up 16% y-o-y) as compared with previous forecast of US$588.4bil (up 13.1% y-o-y). TA Research said the strong growth will be fuelled by robust double-digit growth from memory and logic categories.

"The Americas and Asia Pacific regions are anticipated to experience substantial growth, with projected increases of 25.1% and 17.5%, respectively. Conversely, Europe is expected to see minimal growth of 0.5%, and Japan is forecasted to experience a slight decrease of 1.1%," the research house noted. Meanwhile, the key downside risks include heightened geopolitical tensions weighing on economic growth and disrupting supply chains, weaker-than-expected sales, and weakening of the dollar against the ringgit.

Source: The Star, 11 June 2024

Gradual Comeback Likely for Chip Sector

Industry has Lagged Behind, Hopeful for Clearer Skies Ahead

The growth of Malaysia's semiconductor industry in the second half of 2024 will be gradual despite high hopes and optimism shown at the start of this year. The World Semiconductor Trade Statistics has projected the annual global sales will post an increase of 16% this year and 12.5% in 2025.

Malaysia Semiconductor Industry Association president Datuk Seri Wong Siew Hai told StarBiz that unfortunately, Malaysia is still lagging behind. He said the electrical and electronics (E&E) sector's exports fell 1.9% from January to May this year compared to the same period in 2023.

"If we are looking to grow, we should be growing at par or slightly higher. But we didn't and now most of us are talking about the second half because we feel the demand has sort of flattened and we should focus on the next half of anticipated growth," he said. He was speaking at the 17th Bursa-HLIB Stratum Focus Series – Semicon: Light at The End of The Tunnel conference yesterday.

According to Wong, there are signs that the industry is returning, albeit slowly. "It's a matter of now going into the third quarter and seeing how quickly the growth comes on. It could be a gradual comeback but we definitely foresee next year to be stronger," he said.

On why Malaysia has lagged behind, Wong said that artificial intelligence (AI) drives the industry and the number of AI projects locally showed that it is not sufficient for this to be a key driver at the moment. "Names like Intel are building their fabrication plants but they are not bringing in the volume just yet. In a year or two, we will see that coming on, it is still early days," he said. Wong added that while it is good news Malaysia has by far attracted many world-renowned players in the semiconductor industry, there is urgent need to propel local-based companies so that the industry can move from just being at the back-end. He noted that local companies are very strong in the assembly test area, which is relatively high-tech.

However, what is needed to shift the industry to the next level is the advanced packaging segment. "Companies like Intel and Infineon Technologies have invested in Malaysia to go into this segment, so they are building the capability here. "But the question remains – do Malaysian-owned semiconductor companies have it? I say not quite, we still have very basic advanced technology," Wong said. He added that in countries like China, whose semiconductor industry has been around for some 30 years compared to 50 over years in Malaysia, their local champions have spurred the industry forward.

"The question is how to build local champions, then help them become global players. It's not that we don't have any local companies but they're not big enough to be on the global platform yet," he said. He added that to hit internal targets for investment, he hoped to see more coming from domestic direct investments (DDIs) rather than foreign direct investments (FDIs). "We need to grow this more, maybe 10% of DDI in every couple of years. Right now, the gap between both is very imbalanced. FDI is obviously way higher. If we can build that aspiration, we can maintain our position and goal of becoming a hub for the region," he added.

Meanwhile, Wong said the task of finding and retaining talent has long been a sore point for the semiconductor industry, not just here but globally. He said some companies are looking for very specific skills thus making it harder to find the people they need. He also said it is hard to define the issues in hiring today, be it competency levels, skills or others. For the industry, Wong said he expects hiring to start on a bigger level by the end of this year or early 2025. Another challenge correlated to talent is the global competition, whereby many other countries have proposed plans and set high goals that could impact Malaysia's industry growth. "China aims to be self-sufficient by 2030. There has been US$150bil in semiconductor investment through the Made In China 2025 programme.

"Europe plans to double its share of the global market to 20% by 2030 and Japan wants to double its revenue to US$114bil by 2030. These are just a few of the countries that have set their targets," he said. But rather than view each country trying to have a slice of the pie as a competitor, Wong said he would rather work with them to complement each other on strengths and weaknesses. "For example, Brazil has a vibrant semiconductor industry. We are actually speaking to them to see how we can collaborate to support each other. We've had discussions with the UK about technology. We can leverage each other. There will always be friendly competition but why not work together first as a whole," he said. Wong echoed what Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz had said in his speech, that this is a one generation opportunity Malaysia should capture. "It is critical because if we miss it, it is gone. Developing strategic plans that can be implemented and move the industry is important. There is still much to be done."

Source: The Star, 27 June 2024

NEWS ON ELECTRICAL & ELECTRONICS INDUSTRY

Largest IC Design Park in Southeast Asia to be Built in Selangor

Malaysia is building an integrated circuit (IC) design hub in Selangor, touted to be the largest in Southeast Asia. Prime Minister Datuk Seri Anwar Ibrahim, in announcing this, said works on the ground have already commenced. "I am pleased to announce the largest IC Design Park in Southeast Asia, that will house world-class anchor tenants and collaborate with global companies such as ARM (Ltd). This is done with the backing of the Selangor Information Technology and Digital Economy Corporation (SIDEC) with the Selangor state government, and is proof that momentum is already being built on the ground," he said in his speech at the launch of the inaugural KL20 Summit 2024 today.

In semiconductors, he said, Malaysia's substantial hold on the back-end has made it conducive to pursue high-value front-end work, chiefly in the IC design category. ARM Ltd, a subsidiary of Japanese conglomerate SoftBank, specialises in providing intellectual property (IP) cores and related technologies for processors, the brains of modern electronic devices. By licensing their designs to over 1,000 global partners such as Apple, Microsoft, and Samsung, ARM's energy-efficient technology plays a critical role in enabling the long battery life expected from smartphones and tablets.

Meanwhile, SIDEC said the project, strategically located on a 45,000 sq ft plot of land in Puchong, aimed to position Malaysia as a leader in the global IC design industry. These collaborations will catalyse economic growth, create high-value jobs, and enhance local expertise in Malaysia, it said. It said the initiative would not only strengthen Malaysia's global industry ties, but also boost innovation, skill development, and technological independence, contributing significantly to the nation's long-term economic resilience. "Malaysia must quickly seize opportunities in chip design to move up the semiconductor value chain as competition intensifies. This initiative is not just about technological advancement but also about catalysing economic growth, creating high-value jobs, and enhancing Malaysia's expertise in high-tech industries," read the statement.

Source: New Straits Times, 22 April 2024

UOB Research: Malaysia's E&E Recovery Lagging Behind Regional Peers

Recent datapoints suggest that Malaysia's electrical and electronics (E&E) export recovery is lagging behind its regional peers. UOB Global Economics & Markets research said the lag could possibly be due to still-subdued demand from its top trading partners especially China; or the country's limited exposure to chips that drive Artificial Intelligence (AI), digitalisation and green economy trends. It could also be due to intense competition from other countries in terms of pricing and production capacities. The supply chain diversification into Malaysia concentrated mainly on cyclical products particularly E&E goods following the heightened US-China tech conflicts and accelerated adoption of automation and digitalisation brought about by the pandemic.

On a net basis, Malaysia's overseas shipments of E&E products surged by 32.1 per cent between 2018 and 2023, marking the biggest gainer among export products. Top E&E export markets for Malaysia in 2023 were Singapore (18.6 per cent share), US (16.3 per cent), China (15.2 per cent), Hong Kong (13.1 per cent), EU (8.5 per cent) and Taiwan (4.9 per cent). Various industry surveys suggest that limited exposure to chips that drive AI, digitalisation and green economy is seen as a more probable reason for the lag, whereby Malaysia's advantage and strength is in the lower value-add assembly and testing segment (which is estimated to contribute only ~10 per cent of profits in the semiconductor industry and 5-25 per cent of profit margin). Malaysia has lim-

> Continue to Page 25

< From Page 24

ited involvement in the higher-value add chip segments such as research and development (R&D) (which contributes ~45 per cent of the profit and 80-100 per cent of profit margin) and fabrication (~45 per cent of the profit pool and 60 per cent of profit margin). The report said rising competition and policy risks have also led international companies to expand semiconductor supply chains in Mexico and Brazil to reduce its reliance on Asia.

Meanwhile, India is vying to be the world's top five semiconductor producer in the next five years as it seeks to benefit from companies looking to reduce their reliance on China. "On that note, the New Industrial Master Plan (NIMP) 2030 has set the right national strategic direction to transform Malaysia's E&E sector (one of the five priority sectors or 21+4 focus area), focusing on integrated circuit (IC) design, wafer fabrication, R&D design and advanced packaging," UOB research said. Malaysia announced yesterday that it plans to build a large-scale IC design park in Puchong (Selangor), touted to be the largest in ASEAN to boost its role in the global chip supply chain. UOB research said although the NIMP) 2030 has set the right national strategic direction to transform the Malaysian economy and embrace a new global trade landscape, challenges remain high given that geoeconomic fragmentation and geopolitical tensions could intensify.

"Hence, appropriate industrial policies, a diplomatic balancing act and flexible business strategies will be key elements in driving and sustaining Malaysia's trade prospects in the short and medium term." "Despite the challenges, we remain cautiously optimistic on Malaysia's trade outlook given robust investment approvals and rate of investment realisation. A stable and improved China economy and signing of more free trade agreements are catalysts to boost the trade outlook," UOB research said.

Source: New Straits Times, 23 April 2024

Penang Unveils IC Design Park Plan in Bayan Lepas

Penang has unveiled plans for an integrated circuit (IC) design and digital park, which offers one million square feet of premium office space to cater for high-impact projects. Penang Chief Minister Chow Kon Yeow said this would further solidify Penang's position as a preferred investment destination for businesses and entrepreneurs in these sectors.

"This park is specifically catered to house high-impact activities including IC design, research and development, global business services (GBS), digital technologies investments, and a circular digital economy ecosystem. Encompassing 42.5ha in the Bayan Lepas Industrial Park, the project consists of two phases. The first phase involves the ongoing construction of two pioneering office buildings, GBS By The Sea and GBS. TechSpace, with 350,000 square feet of premium office space at a total cost of RM347mil.

"The second phase of the park involves an establishment of an additional building named GBS@TechnoPlex which will cost approximately RM308mil and provide an additional 500,000 sq ft space to the project," he said at a press conference at the Penang Development Corporation in Bayan Lepas on Saturday (May 4). Chow said the first phase is scheduled to be completed by the fourth quarter of 2024, followed by the second phase by 2027. He said in the past, the state has established its own GBS buildings, which were the first of its kind in the country, namely GBS@Mayang and GBS@Mahsuri, signifying the state's commitment towards a robust ecosystem for digital innovation.

"With the digital economy projected to contribute 25.5% to Malaysia's GDP, Penang currently hosts 200 Malaysia Digital status companies, predominantly from foreign direct investments, showcasing Penang's attractiveness in this sector. Specifically, Penang has attracted over 20 global IC design companies such as Intel, Motorola, AMD, Microchip, UST Global, Siemens, Zebra, Lattice, Synopsys, Efinix and StarFive, over the past 30 years, having created high-value job opportunities," he added.

Source: The Star, 4 May 2024

Prabowo's Bother Building Tin Plant in Batam

A 100 billion rupiah (RM29.5mil) tin-processing plant is being built in Batam by the younger brother of president-elect Prabowo Subianto, with the aim of supplying key raw materials to electronics makers based on the industrial island and in the region. The plant by Hashim Djojohadikusumo's company Solder Tin Andalan will source raw tin from a mine in the tin -rich Bangka Belitung islands off Sumatra, 570km south-east of Batam. That tin mine is operated by Arsari Tambang, a company controlled by Hashim.

He told reporters at the plant's groundbreaking ceremony that he hopes to tap demand from manufacturers such as electronics makers that had relocated from China to South-East Asia. The plant will churn out, among other things, solder paste and solder wire – crucial materials used in printed circuit boards. Hashim said the plant will benefit from the relocation of electronics manufacturers to South-East Asian countries such as Vietnam, Malaysia and Thailand, and he expressed confidence that those relocated plants will likely be buyers of Solder Tin Andalan products. "Among the main sources of solders (for global supply) are Malaysia and India. Our target is to get some of their market share, relying on the tin resources in Indonesia. We can operate more competitively," he said.

Hashim, 69, said the project dovetails with President Joko Widodo's downstreaming policy that prioritises the processing of natural commodities in Indonesia, thus moving the country higher in the industrial value chain. "President-elect Prabowo Subianto has affirmed ... and has vowed that the downstreaming programme will continue. The establishment of this plant is one of his commitments," he said. — The Straits Times/ANN

Source: The Star, 12 May 2024

Fuelling Southeast Asian Electronics Industry Growth

The future of Southeast Asia's electronics industry hinges on its ability to collaborate, innovate, and adapt to a rapidly evolving global landscape, SEMI Southeast Asia president Linda Tan said. Over the past two decades, she said, the semiconductor industry in Southeast Asia had experienced remarkable growth. "Countries such as Malaysia, Singapore, Vietnam, Thailand and the Philippines have emerged to bring unique strengths to the global semiconductor industry and today play key and growing roles in the manufacture of the chips that power the electronic devices that are so important in our daily lives," she added.

Tan pointed out that the electrical and electronics (E&E) industry in Malaysia produces 13 per cent of global back-end semiconductors, driving 40 per cent of the nation's export output and contributing about 5.8 per cent to the country's GDP in 2023. "The country is welcoming more investments in its semiconductor value chain, while also establishing its presence in chip assembly, packaging and testing as well as electronics manufacturing services. Malaysia's New Industrial Master Plan(NIMP) 2030 aspires to develop more front-end capabilities such as integrated circuit design, wafer fabrication, semiconductor machinery and equipment manufacturing in Malaysia," she noted.

Recently, Malaysia introduced two IC design parks in Selangor and Penang to elevate the country's global standing in design, foster economic growth and create high-value jobs. The Selangor IC Design Park will enhance Malaysia's position in the global industry, while the new one million square feet IC design and digital park in at the Bayan Lepas Industrial Park in Penang highlights the state's commitment to innovation, industry growth, and talent attraction. Tan said in recent years, geopolitical tensions had reshaped the global economic landscape and motivated many companies to explore expansion and collaboration opportunities beyond their borders. She said Southeast Asia has emerged as a prime beneficiary of this shift, with its strategic location, skilled workforce, and robust infrastructure, making it an attractive destination for electronics manufacturing and investment.

However, for Southeast Asia to fully capitalise on this opportunity, the region must work together as a cohesive ecosystem. "For collaboration to be successful, all stakeholders, including governments, industry associations, educational institutions, and businesses, must be committed and engaged. The industry must establish platforms for dialogue, knowledge sharing, and joint initiatives that facilitate cooperation and foster a culture of collaboration across borders," she said.

To leverage on this opportunity, Tan said discussions on collaborations amongst Southeast Asia players will take place from May 28-30 at the upcoming SEMI's Semicon Southeast Asia 2024. SEMI said the conference, themed "Boosting Agility and Resiliency of the Global Electronics Supply Chain", will feature more than 500 exhibiting companies and more than 1,000 booths, doubling participation from last year's exhibition and conference. "The event will feature forums that delve into the various Southeast Asia chip sectors and industry trends, as well as roundtable discussions on the importance of collaborative efforts amongst industry players," she said.

Source: New Straits Times, 17 May 2024

'Now's the Time to Boost E&E Industry'

Malaysia has a "once-in-a-generation" opportunity to strengthen the electrical and electronics (E&E) industry following the unveiling of the National Semiconductor Strategy (NSS) on Tuesday. Investment, Trade and Industry Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said this given that the geopolitical tension between the United States and China has become a tech war, coupled with global supply chain diversification to reduce disruptions and geopolitical risks.

"Many global companies are looking at redesigning their supply chain, moving to more secure and resilient locations to mitigate risks. So, we must act now because failing to do so may result in a missed economic advantage that could set us back for years. We already have 50 years of experience, especially in the back end (outsourced semiconductor assembly and test), and we have to build on our existing strength and capabilities now for both local and international companies to (move) into the frontiers, and stay competitive and innovative in the industry," said Tengku Zafrul in a media briefing on the NSS here yesterday.

The NSS focuses on high-end value chain opportunities in integrated circuit designs, high-end manufacturing and equipment-making. In creating 60,000 engineers under the NSS, private companies must be realistic. They need to attract local talents to stay as the demand for engineers is not limited to the E&E industry, he said. Other industries such as financial services, management and consulting firms, among others, are also eyeing the same talent pool. Companies overseas are also "poaching" talents. Malaysia is not the only country facing a shortage of engineers, It is a global issue, he said.

Malaysia has to be more open and allow high-skilled talented engineers from outside the country to enter, while local talents are upscaled and upskilled according to industrial relevance if the country is to become a talent hub, Tengku Zafrul said. He further said MITI was also finalising incentives with the Human Resource Ministry to attract local talents working abroad to return.

The NSS, announced by Prime Minister Datuk Seri Anwar Ibrahim on Tuesday, consists of three main phases, with the industry expected to woo at least RM500 billion of investments in the plan's first phase in five years. Tengku Zafrul said the ministry expected to make several "big announcements" in the coming days as a result of the recent Cyber Security Bill 2024 that was passed in April. He said the passing of the bill was important to the industry as it protects and enhances the nation's cyber security through compliance with specific measures, standards and processes in managing cyber security threats. As the trajectory for AI innovation and regulation evolves, it said a more comprehensive regulatory framework is urgently needed to complement the newly introduced Asean Guide on AI Governance and Ethics.

Source: New Straits Times, 30 May 2024

Joining BRICS will not Affect E&E Sector

Malaysia's plan to join intergovernmental organisation BRICS (Brazil, Russia, India, China and South Africa) will not adversely impact its electrical and electronics (E&E) sector, says Science, Technology and Innovation Minister Chang Lih Kang. He said Malaysia is prepared to join the grouping as this is seen as offering numerous benefits to the country including in terms of research and development in the E&E sector.

"We continue to maintain our neutrality (amid United States-China tensions). The bid to join BRICS is for mutual benefit as BRICS encompasses nine countries that account for 45% of the global population. This is a very large market and we hope to gain access to the market. I do not see the entry into BRICS as changing our neutral stance. We remain neutral but are joining BRICS for economic benefits," he said when asked to comment on Malaysia's plan to join BRICS.

Earlier, Chang attended the pre-launch of the Industrial Technology Innovation Centre (ITIC) and official opening of the Semiconductor Research Consortium and Mimos Academy at Kulim Hi-tech Park. The minister said the country's participation in the BRICS economic bloc will be a participation in a multilateral platform in addition to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and similar platforms.

"BRICS is just one of the multilateral platforms that we are joining. Many other countries besides Malaysia are also interested in joining BRICS including the United Arab Emirates and Saudi Arabia," he added. On the pre-launch of ITIC, Chang said it marked a major achievement in the development of industrial technology. ITIC is composed of four centres, each managed by a different agency under the Science, Technology and Innovation Ministry. Mimos will focus on the E&E sector, the Malaysian Research Accelerator for Technology and Innovation will specialise in drone and robotic technology, the Malaysian Industry-Government Group for High Technology will focus on smart city technology, and the Malaysian Space Agency will concentrate on aerospace technology. — Bernama

Source: The Star, 24 June 2024

MALAYSIAN TIN STATISTICS

(In Tonnes)

Period	Production of Tin-In-Concentrates	Imports of Tin-In-Concentrates	Refined Tin Production	Local Consumption	Exports of Tin Metal
2019	3,611	25,644	24,387	1,441	24,418
2020	2,963	22,288	22,367	1,512	22,597
2021	3,013	322	16,634	1,156	16,441
2022	3,517	18,043	19,442	1,152	19,299
2023*	3,767	19,598	20,797	1,161	20,834
2021					
Jan.	278	28	1,639	145	1,770
Feb.	257	29	1,847	70	1,765
Mar.	290	46	2,041	113	1,982
Apr.	294	47	1,680	115	1,836
May.	262	26	1,861	91	1,638
Jun.	44	0	695	86	894
Jul.	204	21	973	84	507
Aug.	233	19	1,115	86	1,085
Sep.	262	59	1,221	85	1,599
Oct	292	16	1,349	98	1,165
Nov.	270	10	1,086	91	1,172
Dec	294	21	1,127	92	1,028
2022					
Jan.	234	1,173	1,332	106	1,305
Feb.	252	1,162	1,160	108	1,017
Mar.	306	1,258	1,653	89	1,659
Apr.	273	1,511	1,417	117	1,431
May	276	1,660	1,143	82	1,333
Jun.	285	1,729	1,730	76	1,481
Jul.	303	1,475	1,886	100	1,494
Aug	338	1,397	2,211	94	2,402
Sep.	325	1,313	1,592	83	1,948
Oct.	322	1,842	1,692	82	1,431
Nov.	271	1,454	1,702	117	1,622
Dec.	331	2,069	1,924	98	2,176
2023*					
Jan.	327	1,482	1,780	94	1,388
Feb.	301	1,715	1,561	118	2,015
Mar.	316	1,920	2,054	113	2,138
Apr.	297	1,374	1,513	89	1,651
May	315	1,617	1,848	103	1,730
Jun.	304	1,416	1,453	87	1,724
Jul.	316	2,096	1,912	75	1,557
Aug.	309	1,485	1,664	57	1,778
Sep.	290	1,837	1,591	73	1,535
Oct.	355	1,631	2,076	132	2,062
Nov.	312	1,879	2,013	109	1,823
Dec.	326	1,129	1,332	110	1,433
2024*					
Jan.	433	922	1,273	n.y.a	1,774
Feb.	415	609	1,389	n.y.a	1,277
Mar.	501	688	2,852	n.y.a	1,534
Apr.	479	706	1,351	n.y.a	n.y.a
May	n.y.a	n.y.a	1,171	n.y.a	n.y.a

* : Preliminary

Sources : Department of Mineral and Geoscience Malaysia
Malaysia Smelting Corporation Bhd.

n.y.a : not yet available

MALAYSIA'S DOMESTIC TIN CONSUMPTION

(In Tonnes)

PERIOD	TOTAL CONSUMP-TION	SOLDER *	TINPLATE	PEWTER	OTHERS *
2019	1,441	695	639	19	88
2020	1,512	738	626	8	140
2021	1,156	395	710	6	45
2022	1,152	400	639	9	104
2023	1,161	555	485	5	116
2021					
Jan.	145	73	66	1	5
Feb.	70	30	37	0	3
Mar.	113	40	68	0	5
Apr.	115	39	68	1	7
May	91	40	46	0	5
Jun	86	29	50	0	7
Jul.	84	20	64	0	0
Aug.	86	25	57	0	4
Sep.	85	30	53	2	0
Oct.	98	29	69	0	0
Nov.	91	20	69	2	0
Dec.	92	20	63	0	9
2022					
Jan.	106	27	56	0	23
Feb.	108	35	69	1	3
Mar.	89	24	58	1	6
Apr.	117	39	67	1	10
May.	82	24	54	0	4
Jun.	76	20	50	0	6
Jul.	100	25	62	2	11
Aug.	94	30	54	0	10
Sep.	83	40	35	1	7
Oct.	82	30	41	1	10
Nov.	117	57	50	1	9
Dec.	98	49	43	1	5
2023					
Jan.	94	60	31	0	3
Feb.	118	68	40	1.5	8
Mar.	113	79	29	0.1	5
Apr.	89	41	39	1	8
May	103	50	38	1.1	14
Jun.	87	55	30	0.1	2
Jul.	75	20	48	0.1	7
Aug.	57	20	27	0.1	10
Sep.	73	27	42	0.2	4
Oct.	132	55	56	0.1	21
Nov.	109	40	52	0.1	17
Dec.	110	40	53	0.1	17
2024					
Jan.	n.y.a	n.y.a	49	n.y.a	n.y.a
Feb.	n.y.a	n.y.a	42	n.y.a	n.y.a
Mar.	n.y.a	n.y.a	35	n.y.a	n.y.a
Apr.	n.y.a	n.y.a	41	n.y.a	n.y.a
May.	n.y.a	n.y.a	34	n.y.a	n.y.a

Sources : Malaysia Smelting Corporation Bhd
Perstima Bhd

* : The figures include high-grade tin (99.9% Sn) imported for consumption.

Note : Local consumption of tin metal refers to the use of tin in a particular application.

Sales to manufacturing industries have been used as proxy for consumption except in the case of manufacture of tinplate which are actual tin consumption data.

n.y.a : Not yet available

WORLD STOCKS OF REFINED TIN

(In Tonnes)

Period	LME Stock	Total Country Stocks	US Strategic Stockpile
2017	2,235	19,245	4,020
2018	2,165	16,790	4,020
2019	7,130	23,217	4,020
2020	1,890	22,129	4,020
2021	2,045	21,737	4,020
2022	2,880	21,827	4,020
2023	7,685	n.y.a	n.y.a
2021			
Jan.	820	22,366	4,020
Feb.	1,745	23,044	4,020
Mar.	1,740	21,579	4,020
Apr.	1,245	21,589	4,020
May	755	21,589	4,020
Jun.	2,015	21,539	4,020
Jul.	2,290	21,499	4,020
Aug.	1,395	21,487	4,020
Sep.	1,235	21,508	4,020
Oct.	670	21,508	4,020
Nov.	1,285	21,508	4,020
Dec.	2,045	21,737	4,020
2022			
Jan.	2,390	22,051	4,020
Feb.	2,245	22,076	4,020
Mar.	2,000	21,941	4,020
Apr.	2,010	22,267	4,020
May	1,990	22,248	4,020
Jun.	2,765	22,352	4,020
Jul.	3,330	21,827	4,020
Aug.	4,065	21,787	4,020
Sep.	9,440	21,827	4,020
Oct	4,255	21,857	4,020
Nov	2,930	21,827	4,020
Dec	2,880	21,827	4,020
2023			
Jan.	3,015	n.y.a	4,020
Feb.	2,950	n.y.a	n.y.a
Mar.	2,345	n.y.a	n.y.a
Apr.	1,525	n.y.a	n.y.a
May.	1,895	n.y.a	n.y.a
Jun.	3,490	n.y.a	n.y.a
Jul.	5,275	n.y.a	n.y.a
Aug.	6,370	n.y.a	n.y.a
Sep.	7,350	n.y.a	n.y.a
Oct.	7,355	n.y.a	n.y.a
Nov.	8,110	n.y.a	n.y.a
Dec.	7,685	n.y.a	n.y.a
2024			
Jan.	6,605	n.y.a	n.y.a
Feb.	5,910	n.y.a	n.y.a
Mar.	4,570	n.y.a	n.y.a
Apr.	4,805	n.y.a	n.y.a
May.	4,995	n.y.a	n.y.a
Jun.	4,770	n.y.a	n.y.a

Source : World Bureau of Metal Statistics

* : at producer

n.y.a : Not yet available

KLTM & LME TIN PRICES

Period	KLTM			LME CASH
	Average Price (*)		Total Turnover	Average Price
	(USD / Tonne)	(RM / Kg)	(Tonnes)	(USD / Tonne)
2017	20,029	86.12	8,890	20,098
2018	20,151	80.99	9,075	20,168
2019	19,168	79.11	6,445	18,671
2020	17,504	72.97	4,088	17,134
2021	26,589	108.88	1,955	32,584
2022	41,007	171.75	21	31,384
2023	N.T	N.T	N.T	25,973
2020				
Jan	17,014	69.42	406	17,056
Feb	16,536	68.85	354	16,457
Mar	16,417	69.47	236	15,321
Apr	CLOSED	CLOSED	CLOSED	15,039
May	15,110	65.65	268	15,410
Jun	16,605	71.03	374	16,806
Jul	17,287	73.79	358	17,452
Aug	17,515	73.47	343	17,672
Sep	17,846	74.12	444	17,946
Oct	18,026	74.9	383	18,154
Nov	18,433	75.84	413	18,568
Dec	19,693	79.9	509	19,727
2021				
Jan	22,085	89.25	314	21,955
Feb	25,965	105.05	456	26,717
Mar	26,162	107.64	494	27,396
Apr	27,106	111.89	327	28,427
May	31,132	128.61	298	32,524
Jun	31,857	131.49	61	32,678
Jul	CLOSED	CLOSED	CLOSED	34,183
Aug	CLOSED	CLOSED	CLOSED	35,205
Sep	CLOSED	CLOSED	CLOSED	35,048
Oct	CLOSED	CLOSED	CLOSED	37,962
Nov	CLOSED	CLOSED	CLOSED	39,333
Dec	39,500	166.58	5	39,574
2022				
Jan	41,007	171.75	21	41,807
Feb	N.T	N.T	N.T	44,118
Mar	N.T	N.T	N.T	44,249
Apr	N.T	N.T	N.T	43,122
May	N.T	N.T	N.T	35,945
Jun	N.T	N.T	N.T	31,777
Jul.	N.T	N.T	N.T	25,173
Aug.	N.T	N.T	N.T	24,520
Sep.	N.T	N.T	N.T	21,258
Oct.	N.T	N.T	N.T	19,406
Nov.	N.T	N.T	N.T	21,136
Dec.	N.T	N.T	N.T	24,099
2023				
Jan	N.T	N.T	N.T	28,081
Feb	N.T	N.T	N.T	27,070
Mar	N.T	N.T	N.T	24,014
Apr	N.T	N.T	N.T	25,886
May	N.T	N.T	N.T	25,610
Jun	N.T	N.T	N.T	27,263
Jul.	N.T	N.T	N.T	28,751
Aug.	N.T	N.T	N.T	25,995
Sep.	N.T	N.T	N.T	25,559
Oct.	N.T	N.T	N.T	24,618
Nov.	N.T	N.T	N.T	24,221
Dec.	N.T	N.T	N.T	24,606
2024				
Jan	N.T	N.T	N.T	25,211
Feb	N.T	N.T	N.T	26,157
Mar	N.T	N.T	N.T	27,446
Apr	N.T	N.T	N.T	31,845
May	N.T	N.T	N.T	33,153
Jun	U.V.L	U.V.L	U.V.L	32,229

Note : As from 1 February 2001, KLTM price is quoted in US Dollar

(*) KLTM's monthly average price is arrived at on a weighted average against total tonnage basis.

Malaysian Ringgit to US Dollar exchange rate was unpegged on 22.8.2005

N.T : No transaction

U.V.L : Under voluntary liquidation

LEAD

LME PRICES & STOCKS

Period	Cash Settlement (US$ / Tonne)	Stocks Period End (Tonnes)
2019	1,899.25	66,200
2020	2,018.60	133,175
2021	2,304.79	54,375
2022	2,212.48	24,283
2023	2,036.39	130,743
2021		
Jan	2,214.93	96,775
Feb	2,085.75	94,625
Mar	1,960.76	119,550
Apr	2,006.33	110,575
May	2,185.92	97,325
Jun	2,188.98	80,250
Jul	2,336.98	59,750
Aug	2,428.52	52,250
Sep	2,257.25	51,000
Oct	2,339.45	55,000
Nov	2,347.57	56,775
Dec	2,304.79	54,375
2022		
Jan	2,342.70	54,006
Feb	2,299.90	49,196
Mar	2,359.48	39,846
Apr	2,396.74	39,355
May	2,145.17	38,485
Jun	2,067.38	39,141
Jul.	1,976.26	39,324
Aug.	2,077.91	38,599
Sep.	1,874.45	35,047
Oct.	1,988.10	30,148
Nov.	2,099.39	27,207
Dec.	2,212.48	24,283
2023		
Jan	2,208.17	22,052
Feb	2,098.90	23,170
Mar	2,114.78	25,477
Apr	2,149.14	29,454
May	2,087.50	33,301
Jun	2,118.36	38,527
Jul.	2,106.88	47,957
Aug.	2,151.73	55,826
Sep.	2,252.86	63,544
Oct.	2,136.39	101,134
Nov.	2,185.07	135,017
Dec.	2,036.39	130,743
2024		
Jan	2,087.50	118,223
Feb	2,084.24	160,155
Mar	2,056.90	217,749
Apr	2,129.67	271,623
May	2,221.26	222,531
Jun	2,147.83	204,520

COPPER

LME PRICES & STOCKS

Period	Cash Settlement (US$ / Tonne)	Stocks Period End (Tonnes)
2019	6,062.43	144,675
2020	7,755.24	105,800
2021	9,550.31	88,725
2022	8,367.23	84,804
2023	8,394.11	174,247
2021		
Jan	7,970.50	74,275
Feb	8,460.25	74,200
Mar	9,004.98	143,775
Apr	9,335.55	137,400
May	10,183.97	120,700
Jun	9,612.43	211,975
Jul	9,433.59	238,650
Aug	9,357.19	252,725
Sep	9,324.07	217,175
Oct	9,778.50	131,300
Nov	9,765.48	78,625
Dec	9,550.31	88,725
2022		
Jan	9,775.93	90,478
Feb	9,941.35	76,775
Mar	10,237.59	77,259
Apr	10,183.13	118,741
May	9,362.81	168,371
Jun	9,033.13	121,468
Jul.	7,529.79	132,827
Aug.	7,960.98	126,592
Sep.	7,734.70	114,064
Oct.	7,621.21	137,107
Nov.	8,029.95	89,600
Dec.	8,367.23	84,804
2023		
Jan	8,999.79	81,888
Feb	8,955.20	65,944
Mar	8,835.72	71,398
Apr	8,814.00	58,283
May	8,234.28	83,939
Jun	8,386.23	87,876
Jul.	8,445.26	61,300
Aug.	8,351.77	88,376
Sep.	8,270.86	143,368
Oct.	7,939.66	179,488
Nov.	8,173.95	178,472
Dec.	8,394.11	174,247
2024		
Jan	8,344.30	157,193
Feb	8,310.74	131,904
Mar	8,675.63	112,513
Apr	9,482.43	119,761
May	10,129.07	109,394
Jun	9,641.60	144,969

SILVER

LONDON SPOT PRICES

Period	London Spot (US Cents / Troy Oz)
2019	1,711.00
2020	2,488.74
2021	2,246.81
2022	2,318.06
2023	2,420.87
2021	
Jan	2,592.84
Feb	2,734.60
Mar	2,561.35
Apr	2,564.03
May	2,746.32
Jun	2,698.16
Jul	2,575.32
Aug	2,401.64
Sep	2,330.73
Oct	2,329.64
Nov	2,419.64
Dec	2,246.81
2022	
Jan	2,312.85
Feb	2,346.50
Mar	2,524.02
Apr	2,454.11
May	2,190.55
Jun	2,149.03
Jul.	1,907.62
Aug.	1,975.00
Sep.	1,883.57
Oct.	1,936.31
Nov.	2,099.89
Dec.	2,318.06
2023	
Jan	2,374.81
Feb	2,200.95
Mar	2,191.65
Apr	3,757.36
May	2,419.37
Jun	2,340.84
Jul.	2,404.10
Aug.	2,343.86
Sep.	2,323.86
Oct.	2,232.16
Nov.	2,338.84
Dec.	2,420.87
2024	
Jan	2,294.82
Feb	2,268.52
Mar	2,444.80
Apr	2,758.43
May	2,907.06
Jun	2,958.50

Source : London Metal Exchange

STANLOY®

Specialty anodes in lead and tin

- ► Extruded wave anodes
- ► Extruded solid round anodes
- ► Extruded hollow round lead anodes
- ► Cored anodes
- ► 12-point extruded solid star anodes
- ► 12-point extruded hollow star anodes
- ► Extruded octagonal section anodes

Small parts in lead and tin

- ► Metering and security seals
- ► Diving weights

Pewter alloys

Chemical service

- ► Extruded lead coils and pipes
- ► Bearing / anti-friction metals

Lead acid battery components

- ► Battery terminals
- ► Lead oxides
- ► Lead burning sticks
- ► Extruded cooling coils
- ► Busbars
- ► 12-point extruded hollow star anodes
- ► Extruded octagonal section anodes

Radiation containment

- ► Radioactive isotope containers
- ► Lead bricks
- ► Radiation protection doors and mobile shields

Sailboat / yacht accessories

- ► Boat keels / bulbs

MATERIAL AVAILABILITY

All our casting and extruded products are produced from high purity materials and are available in the following chemical composition: -

- ► Pure lead of 99.97% minimum
- ► Antimonial lead alloys of up to 6% antimony content
- ► Pure tin of 99.85% and its alloys

SELAYANG METAL INDUSTRIES SDN. BHD.(64855-U)

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EMAIL: biz@selayang-metal.com

ASSOCIATION MEMBERS

Currently, membership of the Association comprises one associate and 13 ordinary members covering the three main sectors of Malaysia's tin-based products manufacturing industry, namely the tinplate, solder and pewter sectors, as listed below:

ORDINARY MEMBERS:

TINPLATE

Perusahaan Sadur Timah Malaysia Bhd (PERSTIMA)

SOLDER

Nihon Superior (M) Sdn Bhd
Premium Metal Sdn Bhd
RedRing Solder (M) Sdn Bhd
Rian Resources Sdn Bhd
Selayang Metal Industries Sdn Bhd
Selayang Solder Sdn Bhd
Senju (M) Sdn Bhd
Shen Mao Solder (M) Sdn Bhd

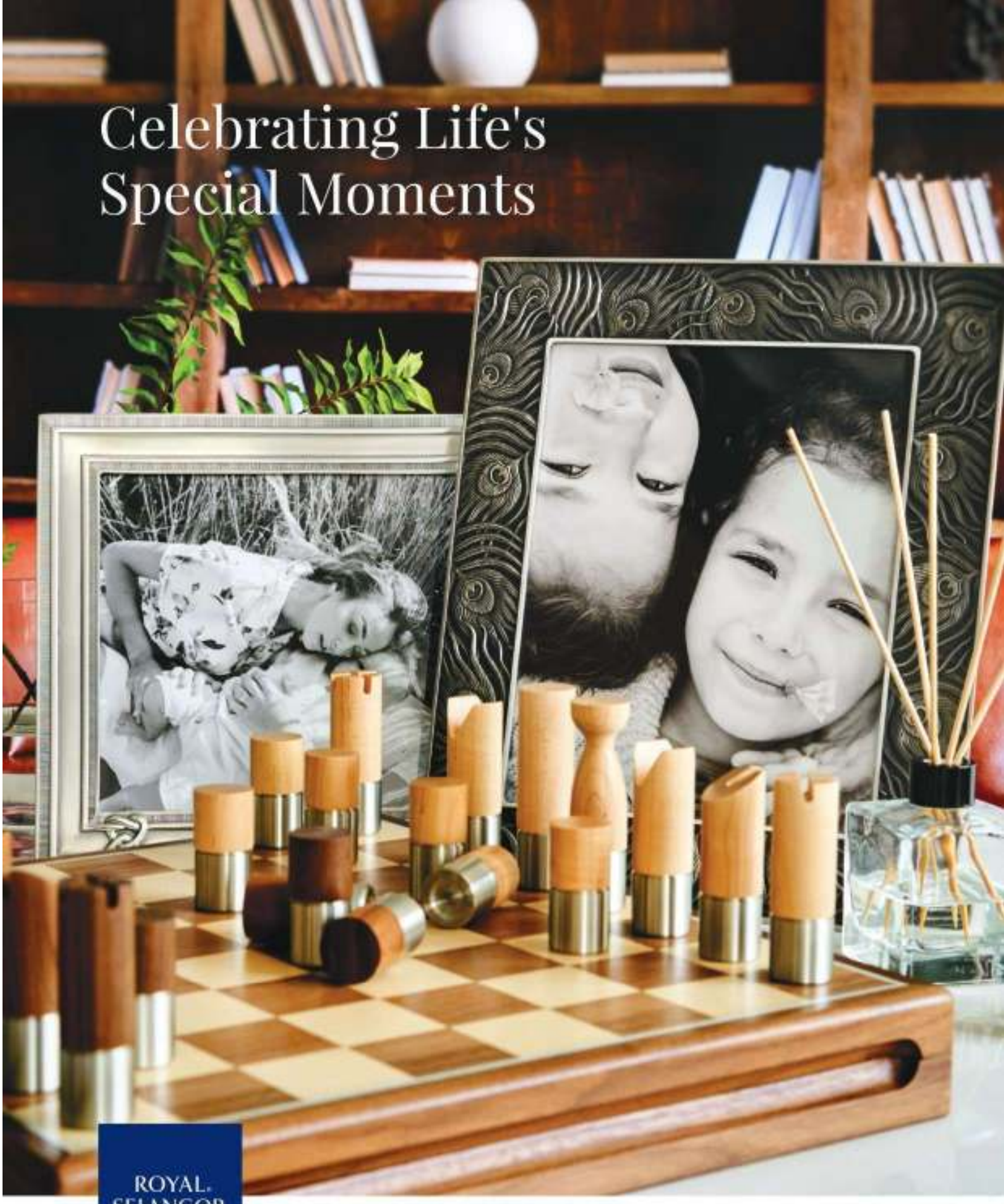
PEWTER

Oriental Pewter Sdn Bhd
Royal Selangor International Sdn Bhd
Selwin Pewter Sdn Bhd
Tumasek Pewter Sdn Bhd

ASSOCIATE MEMBERS:

Malaysia Smelting Corporation Bhd

Celebrating Life's Special Moments



ROYAL. SELANGOR

Modernist Chess Set, Amoroso Photoframe 8R & Splendour Photoframe 8R

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Contact +603 4145 6000 / visitorcentre@royalselangor.com

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PREMIUM METAL SDN BHD

SERVICES PROVIDED

- Collect tin scrap and secondary waste
- Re-melt into solid metal
- To refine and remove impurities
- We have facility to check and analyse element content
- To recycle and refine tin waste become tin alloy ingot for reuse purpose

TIN ALLOY INGOT AVAILABILITY

- Tin / Lead Ingot
- Tin / Copper Ingot
- Tin / Copper / Silver Ingot
- Tin / Silver Ingot

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