



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

Malaysia

An initiative of the European Union





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01

Introduction and economic policy context

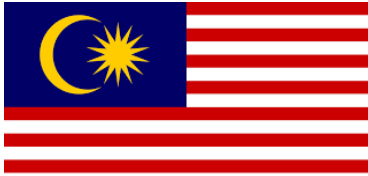


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1. Introduction and economic policy context



This document presents an overview of the cluster policy in Malaysia. Given the importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country in socioeconomic terms can be consulted in the [OECD Economic Survey: Malaysia 2021](#).

The “Economic Surveys” present the major challenges faced by the country, evaluates the short-term outlook, and makes specific policy recommendations.

According to the [OECD Economic Outlook for Southeast Asia, China and India 2023](#), Malaysia’s economic growth is expected to moderate to 4.0% due to the global economic slowdown and tighter monetary policy. Malaysia’s trade surplus is expected to increase in 2023, though the services account will be weak. Malaysia will also benefit from increased demand for semiconductors and as a provider of liquefied natural gas.

In the following, a succinct overview of the cluster policy in Malaysia will be provided. The structure of this factsheet generally encompasses:

- 1) an overview of the national cluster policy,
- 2) an assessment of the state of play of the national cluster policy.

02

National cluster policy, programmes and initiatives



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2. National cluster policy, programmes and initiatives

In this section we provide an overview of the existing Malaysian cluster policies on a national level.




The breakdown is presented in the form of a table, with the first column showcasing information on the aspects which constitute the policy (beginning with 'Policy Objectives', following with 'Policy Focus', etc.) and the second column representing the case of a Malaysian national cluster policy.

Within the table the text presented in bold (black) depicts standardised categories across country factsheets (56 in total for 2023), which are applied for comparative purposes. This is followed by a complementary descriptive text to provide more insights about the cluster policy in Malaysia.

Table 1. Overview of cluster policy in Malaysia

Policy type:	Sectoral policy
Policy name:	MSC Cybercities & Cybercentres
POLICY OBJECTIVES 	<p>Strengthening cooperation between companies or industry and RTDI actors</p> <p>Increasing competitiveness and boosting scale up of SMEs</p> <p>Enhancing the visibility of clusters</p> <p>Fostering R&D activities, technology development and implementation</p> <p>Fostering innovation and strengthening innovation ecosystems</p> <p>Promoting entrepreneurship, start-ups and spin-offs</p> <p>Promoting employment and upgrading skills and competences</p> <p>Based on the concept of industry clustering, Cybercities & Cybercentres are designated areas in which companies from the same sector (especially companies in the field of ICT and ICT-enabled industries) are placed together to spur rapid growth. These companies are housed within a conducive ecosystem to grow their businesses within the framework of Malaysia's developed Digital Economy vision. An environment fostering healthy competition and collaborative networking among technology companies and industry-university linkups encourages innovation and development while increasing competencies on national and regional levels.</p>



Policy type:	Sectoral policy
Policy name:	MSC Cybercities & Cybercentres
POLICY FOCUS 	Sectoral <p>MSC Malaysia Cybercities and Cybercentres are designated areas with a conducive business environment that provide the ecosystem to attract ICT investors and promote the growth of local ICT companies.</p>
RESPONSIBLE AUTHORITIES 	In charge of drafting In charge of implementation Provides funding Oversees the implementation <p>Malaysia Digital Economy Corporation (MDEC) is a unique government-owned corporation under the jurisdiction of the Ministry of Communications and Multimedia Malaysia, established to facilitate the development and promotion of MSC Malaysia, the premier Malaysian ICT initiative. MDEC is tasked to advise the Malaysian Government on ICT legislation and policies, develop MSC Malaysia as a key growth driver of the economy and set breakthrough standards for ICT and multimedia operations. MDEC also promotes MSC Malaysia locally and globally, as well as supports companies which are located within the MSC Malaysia designated areas. As in essence, MSC Malaysia Cybercities/Cybercentres are meant to house MSC Malaysia status companies, they will also be partner to the MDEC.</p>
BENEFICIARIES 	SMEs Cluster organisations Research organisations Academic institutions Start-ups Large firms




Policy type:		Sectoral policy
Policy name:		MSC Cybercities & Cybercentres
		General population Policy makers <p>The State Government will benefit from the Cybercity/Cybercentre status as the respective city can be a new magnet to draw investments and entrepreneurs into the state, which will help to fuel local economic growth. All MSC Malaysia Cybercities/Cybercentres must adhere to certain standards of infra and infostructure, level of service quality, as well as living and working conditions. Through these requirements, the residing communities will gain the benefits of improved and high-quality standards of living through the enhancement and development of new infrastructure and high value employment and entrepreneurial opportunities. Companies would benefit from the conducive business environment with world class infrastructure offered in a Cybercity/Cybercentre. In addition, technology companies could leverage on the value-adding services and support by the Cybercity/Cybercentre Managers (CCM). Locating in a cluster of similar companies would also promote accelerated growth through collaborative networking among technology companies and industry-university linkups. The CCM will be able to leverage on the marketing effort and other services offered by MDEC in attracting potential MSC Malaysia status companies. Future linkup and collaborative networks with other MSC Malaysia Cybercities/Cybercentres will enable best practices to be developed and thus enhance the Cybercity/Cybercentre's competitiveness.</p>
INSTRUMENTS 	Financial	
	Technical assistance	Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc. Support for networking and partnership building (at national and/or international level) Marketing activities: advertising, communication, events, fairs, and so on
	Explanation	Cybercities/Cybercentres provide conducive business environments with world class infrastructure as well as value-adding services and support by the Cybercity/Cybercentre Managers (CCM). The sources do not state what kind of services exactly are offered. The MSC Malaysia Cybercity/Cybercentre status will further be marketed by the MDEC which is expected to result in more high value entities locating in the designated premises. This will lead to a higher chance of collaborative networking among technology companies and industry-university linkups.
	Period	Limited period



Policy type:		Sectoral policy
Policy name:		MSC Cybercities & Cybercentres
HISTORY 	Ending year <i>(for policies with limited period)</i>	2020 (but policy status is ongoing)
	Starting year	1996
	Explanation	The planned end date for the MSC Malaysia program, which also includes the Cybercity/Cybercentre program, was 2020. However, the references give the strong impression that MSC Malaysia is being continued under the name of Malaysia Digital.
BUDGET 	Overall	The sources do not provide information on the amount of the funding budget.
	Annual	The sources do not provide information on the amount of the funding budget.
	Source of funding	The sources indicate that funding comes from both the public and private sector.
POLICY EVALUATION 	Availability	No policy evaluation
	Results	-



Policy type:	Sectoral policy
Policy name:	MSC Cybercities & Cybercentres
POLICY ALIGNMENT WITH THE EU PRIORITIES 	Digitalisation



03

State of cluster policy



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3. State of cluster policy

This section presents an overview on the state of play of Malaysian cluster policy in the form of a qualitative assessment across four categories of analysis – policy scope, continuity of cluster policies, evidence of performance, and the range of cluster support instruments. Please refer to the **Annex** for the detailed overview of the categories and the scoring system. The table below presents an overview of the **state of play of Malaysian cluster policy** for 2023.

Table 2. State of Play

MALAYSIA	State of play
POLICY SCOPE	Absence of cluster policy
	Broad policy
	Sectoral policy
	National and/or regional cluster policy
CONTINUITY	No cluster-specific policy available
	Cluster policy established recently
	Cluster policy established between over 2 and 10 years
	Cluster policy established over 10 years ago
EVIDENCE OF PERFORMANCE	No evaluation and / or monitoring available
	Existence of evaluations of past policies
	Existence of monitoring or an ongoing / interim evaluation
	Existence of monitoring and ex-ante or ongoing / interim evaluation
CLUSTER SUPPORT INSTRUMENTS	No instruments for cluster development
	Financial support for cluster development in the broader and / or sectoral policy
	Financial or technical support for cluster development in dedicated cluster policy
	Financial and technical support for cluster development in dedicated cluster policy

Source: ECCP (2023)

The text below provides a **qualitative description** of the state of play of the cluster policy in Malaysia.

Policy scope

The development and strengthening of clusters is only mentioned in sectoral national industrial and/or development policies.

Continuity

The Malaysian government acknowledges the importance of clusters in several documents. One of the first documents emphasising the development of industrial clusters was the second Malaysia

Industrial Master Plan 1996-2005. The third Industrial Master Plan 2006-2020 again highlights and promotes research-based industrial cluster development on the national and regional (ASEAN) level. The document also mentions developing clusters in the automotive, petrochemicals, furniture and textile industry. It furthermore commits to the facilitation and encouragement of the development of domestic and regional cluster, but no concrete measures are mentioned.

Evidence of Performance

For all the broader national policies (e.g., Industrial Master Plans, Malaysia Plan) no official evaluation is available.

Cluster Support Instruments

The Malaysian Cluster offers different technical support instruments on a national level such as the provision of infrastructure, for instance coworking spaces, offices, incubation and accelerator spaces, research centres and technology parks. In addition, there is support in networking and partnership building at national and/or international level is and help with marketing activities such as advertising, communication, events and fairs.

References



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Annex

Table 3: Analytical framework for the state of cluster policy

Criterion of maturity assessment	Description	Categorical variables
Policy scope	assessment whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies, e.g. foreign trade policies, labour and social policies or specific sectoral policies, e.g. industrial policy tourism policies, agriculture policies	absence of cluster policy existence of broader policies existence of specific sectoral policies existence of targeted cluster policies
Continuity of cluster policies	assessment of the duration and experience of the country in carrying out cluster policies. This criterion assesses only existence of targeted cluster policies and not broader policies or sectoral policies	absence of policies supporting cluster development cluster policy established recently (within the last 2 years) cluster policy established between over 2 and 10 years cluster policy established over 10 years ago
Evidence of performance	assessment whether there are evaluations of past and ongoing policies and a monitoring system in place. The existence of monitoring and evaluation mechanisms determines the degree of policy development in the country	no evaluation and / or monitoring available existence of evaluations of past policies, e.g. ex-ante existence of monitoring or an ongoing / interim evaluation existence of monitoring and ex-ante or ongoing / interim evaluation
Cluster Support Instruments	assessment whether the policies provide any instruments to support the policy implementation, being these financial and/or technical support	no instruments for cluster development financial support for cluster development in the broader and / or sectoral policy financial or technical support for cluster development in dedicated cluster policy financial and technical support for cluster development in dedicated cluster policy

Source: ECCP (2023)