

Brandt believes if Malaysia pursues bilateral collaboration in German technology, it could distinguish itself from other Asean countries



## Building on our strengths

- **Malaysia** should play to its strengths and build its oleochemical industry by taking advantage of German technology
- **One** avenue for growth is to be agile and engage with foreign partners and solutions by actively searching for them through exhibitions like ACHEMA
- **SMEs** need larger exposure and incentives to reach out to foreign partners



by Tan Jee Yee

**M**ALAYSIA-German Chamber of Commerce and Industry (MGCC) general manager Thomas Brandt has a wish for companies in the country – that they take advantage of German technology to get a leg up in the region.

Germany is the largest European investor in the country, with corporations like Bosch and Osram producing and exporting their products from here.

“We are proud that large corporations are in Malaysia, contributing greatly to its development and providing the people with the necessary skills,” Brandt says.

However, he observes that Malaysian exports are higher than its imports as the country is not producing cars and machines for export, but rather, foreign investors import their products, add value, and re-export them. He estimates that for every one unit exported, Malaysia imports 0.4.

An example, Brandt says, is the solar industry. Malaysia is the third largest producer of photovoltaic panels (value of exports, according to the Malaysian Investment Development Authority, was RM11.1 billion in 2016), yet these are all from foreign investors.

This, of itself is a good thing, but Brandt – and by extension, the MGCC – hopes that Malaysia could differentiate itself from other Asean countries by leveraging on German technologies.

“Germany is the leader in the latest technologies. We, as a chamber, believe if Malaysia puts money on Germany, or at least bilateral collaboration, it could distinguish itself from other Asean countries and largely stay

ahead by implementing its technology in the country,” he says.

### Playing to our strengths

By playing to Malaysia’s strengths, Brandt believes the country could set itself apart from its neighbours.

To start with, Malaysia is already a market leader in the petrochemical and oleochemical industry.

For oleochemicals in particular, last year Malaysia produced and exported a total of 1.2 million tonnes. “It’s wiser to build on these industries. These are your strengths,” said Brandt.

Thanks to the abundance in natural resources in the country, especially rubber and palm oil, not to mention a slight edge in research as compared to neighbouring oleochemical producers like Indonesia and Thailand, Brandt believes Malaysia can take great strides ahead of the competition.

This is where the implementation of German technologies can come in, and where exhibitions like ACHEMA can function as a window of opportunity for Malaysians to tap into resources its entrepreneurs can’t generate themselves.

ACHEMA 2018, a global trade fair for the process industry will take place from June 11–15 at Frankfurt am Main in Germany.

It is held every three years and is the world forum for chemical engineering, process engineering and biotechnology.

Brandt says ACHEMA’s 3,000 exhibitors from over 50 countries and 170,000 visitors could only benefit from Malaysia’s industrial growth.

“We believe Malaysians need to be present at ACHEMA. We need Malaysian corporations to come and find technology and distribution partnerships,” he says.

### Growing our SMEs

However, the Malaysian presence that Brandt truly hopes for isn’t just the large corporations. Rather, MGCC believes it’s the small- and medium-sized ones that need to actively participate in such exhibitions.

“Because this is what we need to support [the SMEs] in order to bring Malaysia up to the industrial level,” he says.

The backbone of Germany’s economy, he says, are small and medium businesses – 95% of German patents come from its SMEs.

These companies will be present in ACHEMA, and their solutions could undoubtedly help Malaysian SMEs in the process industry.

In Malaysia, 97% of business establishments are SMEs, contributing 37% to the country’s GDP, 65% to employment, and nearly 18% of exports. Getting the SMEs to actively seek foreign partners is a challenge, Brandt says.

A majority of enquiries directed to the MGCC, he says, comes from German clients hoping to find business partners in Malaysia.

“But we feel that Malaysian companies, especially the small- and medium-sized ones, have to become international as well. We seldom see them coming over to our offices to look for partners,” he says.

This networking could be done by visiting international industry exhibitions, though Brandt says it could be done through their individual effort as well.

Malaysian SMEs are less engaging compared to Chinese, Singaporean and Taiwanese companies, which he says are more agile and would, if need be,

fly to Germany in order to make enquiries and find partners.

“Other countries too are becoming more agile in how they handle their own destinies.

“You cannot sit and be complacent, but actively go out and pursue business and technology as well. That is crucial for your own development,” he says.

### Required changes

While it may be Malaysian SMEs’ own prerogative to pursue partnerships internationally, Brandt feels there should be a more streamlined incentive structure from the government for SMEs.

In Germany, there is a variety of incentives for its SMEs to go abroad. German companies that approach and pay the MGCC to network in Malaysia, for instance, sometimes have the fees subsidised by German support schemes.

Brandt says while the government provides some incentives through the Malaysia External Trade Development Corporation, it is mainly only to attend trade fairs.

He feels there should be incentives for Malaysian SMEs to go abroad on their own volition and time, and pursue their own partnerships overseas.

“These are the support structures through which Malaysian companies can expand abroad,” he says.

### Investing appropriately

In the meantime, SMEs may have to spend their own money to venture abroad. Yet, as Brandt puts it, it is a necessary investment.

“It is the same everywhere. German companies too invest their time and money and may even pay service fees to find partners overseas.”

The idea here is to think internationally, but even so, SMEs will need to approach the matter with care.

Brandt offers a practical approach in an exhibition setting. If one visits a trade fair like ACHEMA, the thousands of exhibitors there could be overwhelming.

Instead, visitors would fare better doing their homework beforehand to ensure they get to meet with the right industries and exhibitors.

That way, not only can they meet the appropriate organisations that may help grow their businesses, they can maximise their time in Germany.

This can be applied to seeking partnerships outside of exhibitions as well.

Expanding one’s networks abroad may require spending money, but organisations need to approach this smartly to get their money’s worth.

This means doing the right amount of research on organisations that could be good partners and approaching them accordingly.

It’s not merely about seizing opportunities that come, but actively going out to grab them. This may be the catalyst for Malaysian growth. FocusM



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