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Implementation of IMP 3: Textile & Apparel Industry

1. Targets Textiles and apparel are expected to remain important export products for Malaysia. The contribution of the industry to the national economy will remain significant, in terms of investments and export earnings (Table 1.1). Highlights of the targets:

- the industry is expected to attract total investment of RM13.7 billion. Investment are projected to increase in the textiles sub-sector, mainly for the manufacture of synthetic textiles and functional fabric; and
- export are targeted to grow at 5.8 per cent, from RM13.4 billion in 2010 to RM24 billion in 2020. The increase in exports will be contributed by the textiles sub-sector, particular yarns and woven fabric.

Table 1.1 **Projections for the Textiles and Apparel Industry**

	2006-2010	2011-2015	2016-2020	2006-2020	2006-2020
	(RM billion)				Average Annual Growth (%)
Investments	4.0	4.6	5.1	13.7	3.1
Investment per year	0.8	0.9	1.0	0.9	Not Applicable
Export (end period)	13.4	18.2	24.0	24.0	5.8

Source: Ministry of International Trade and Industry

2. Strategic Thrusts Six strategic thrusts have been set for the further development of the industry:

(1) Promoting Investment in Higher Value-Added Textiles and Apparel

Present investment policies will be continued to attract investments in the industry, particularly in the synthetic-based textiles sub-sector. Products and services which will be promoted include:

- industrial and home textiles, including industrial webbings, geo-textiles, non-woven fabrics of various applications, laces, car seats and upholstery fabrics;
- functional fabrics with special features, such as anti-bacteria, fire resistance, water proof, wrinkle-free and ultraviolet protection;
- higher value fabrics and apparel, including *batik* and *songket*.
- key support facilities and services include:
 - a) design houses and fashion centres;

- b) specialized dyeing and finishing facilities;
- c) centralized waste treatment plants;
- d) exhibition services for textiles and apparel; and
- e) distribution centres.

(2) Sustaining The Market Share and Promoting Exports

To promote the export of textiles and apparel, the industry will be encouraged to expand existing markets and explore new markets, such as Japan, the USA, Canada, the EU, West Asia, Africa and Latin America. Measures in sustaining present market shares and promoting exports in new markets include:

- encouraging greater participation in international exhibitions and establishing a dedicated textiles and apparel portal to facilitate trading;
- improving market presence of the industry through the setting-up of sales and distribution offices overseas to enhance the response by manufacturers with direct sourcing;
- promoting in-coming buying missions for fabrics and apparel at international apparel and trade fairs in Malaysia;
- promoting brands through collaboration with international fashion houses;
- linking with major fashion centres and design houses;
- enhancing market access through FTAs;
- enhancing outsourcing of labour-intensive activities; and
- attracting buying houses to locate in Malaysia.

(3) Intensifying Regional Integration

The Malaysian textiles and apparel industry will be encouraged to undertake measures to enable it to benefit from ASEAN's efforts in integrating the industry regionally through:

- outward investments (including relocation of high cost operations to lower cost producing countries);
- regional sourcing of parts and components, and support services;
- expediting the implementation of bilateral and regional cooperation programmes, such as introducing 'green lane' facility, reducing non-tariff barriers and harmonizing customs procedures for textiles and apparel; and
- exporting support services, such as printing, dyeing and finishing.

(4) Enhancing Domestic Capabilities and Facilitating the Utilisation of Technologies

Measures to enhance domestic capabilities and facilitate the utilization of technologies include:

- providing assistance to encourage industrial adjustment and consolidation through mergers and acquisitions (M&As), and restructuring of operations;
- encouraging the utilization of nanotechnology and biological processes for dyeing, printing and finishing; and

- promoting the application of advance systems in technology, such as enterprise resource planning, CAD, CAM and CAE.

(5) Enhancing Skills

Focus will be given to enhance the skills in designing, production and marketing. Measures include:

- providing training programme through internship and apprenticeship scheme, including facilitating industry attachment of graduates specializing in textiles and apparel designs;
- encouraging collaboration between local and foreign colleges and universities in providing twinning diploma or degree programmes in textiles science and technology; and
- promoting on-the-job training and industrial practical training.

(6) Strengthening the Institutional Support

Measures in strengthening the institutional support for the industry include:

- upgrading the existing textiles and apparel production area into a specialised and integrated zone, in collaboration with the State Government. The identified zone will be strengthened with the development of facilities, such as:
 - a) centralized waste treatment plants;
 - b) 'green lane' facility;
 - c) utilization of Port of Tanjung Pelepas (PTP) as load and distribution centre, and for exports; and
 - d) warehouse and distribution centre; and
- providing assistant to the Malaysian Textiles and Apparel Centre, through the allocation of RM2 million under the Ninth Malaysia Plan (RMK-9), to upgrade the existing facilities and expand the skilled training courses of the centre.

IMPLEMENTATION ACTION FOR IMP3 (TEXTILES AND APPAREL)

No.	Strategic Thrust	Implementation Action	Lead Agency
1.	Intensifying the promotion of investments in higher value-added textiles and apparel including key support services	Provide incentives especially on production of functional fabrics	MIDA

No.	Strategic Thrust	Implementation Action	Lead Agency
2.	Sustaining the market share in textiles and apparel and promoting exports of the targeted growth areas	<p>To identify international exhibitions for the participation of the local textiles and apparel industry to gain greater market access</p> <p>To utilised Brand Promotion Grant for the upgrading of contract manufacturers in the apparel sub-sectors to undertake own-design manufacturing</p> <p>To utilised Market Development Grant to help local companies in accessing the new market and increasing existing market penetration</p> <p>To organized more fashion shows involving high-end apparel such as bridal gowns and ethnic fabrics such as batik and songket</p> <p>To promote ethnic fabrics through cultural shows locally and abroad</p> <p>To promote local ethnic fabrics through hotels</p>	<p>- MATRADE</p> <p>- Perbadanan Kraftangan Malaysia</p>
3.	Intensifying regional integration of the industry	<p>To simplify customs procedure for outsourcing</p> <p>To expand the green lane system for outsourcing of textiles and apparel products</p> <p>To continuously propose the inclusion of cumulation provisions in ASEAN-FTAs</p> <p>To participate in regional fashion shows and exhibitions</p> <p>To encourage outsourcing of support activities such dyeing and finishing where it is cost beneficial</p>	MITI
4.	Enhancing domestic capabilities and facilitating the utilization of ICT and new technologies	<p>to identify strategic partners to enable local textiles and apparel industry in gaining knowledge on the application of nanotechnology, biological processes and advanced system in technology</p> <p>to participate in international technology conventions and exhibitions under Ministry of Science, Technology and Innovation</p> <p>to collaborate with local research institutions such as SIRIM and FRIM as well as institutions of higher learning in utilising new scientific processes that will help increase productivity</p> <p>to utilise existing funds provided by the relevant government agencies for the application and commercialization of advanced technology in the production of textiles and apparel</p>	Kementerian Sains, Teknologi dan Inovasi
5.	Enhancing the skills of the workforce in designing, production and marketing	<p>to encourage more internship and apprenticeship schemes, in particular industry attachment</p> <p>to collaborate with Ministry of Higher Education, public and private local institutions of higher learning to offer new courses as well as upgrading existing syllabus to produce skilled workforce especially fashion designers</p> <p>MARA to encourage greater participations of Bumiputera in technical training for textiles and apparel industry</p>	<p>- Kementerian Pengajian Tinggi (Professional Workforce)</p> <p>- Kementerian Pembangunan Usahawan & Koperasi through Majlis Amanah Rakyat (skilled and semi-skilled workforce)</p>

No.	Strategic Thrust	Implementation Action	Lead Agency
6.	Strengthening the institutional support for the further development of the industry	<p>To utilise the RM2 million provided under RMK-9 for the upgrading of MATAC</p> <p>To collaborate with State Governments in establishing specialized and integrated textiles and apparel industrial clusters</p> <p>To increase frequency of shipping from Port of Tanjung Pelepas and other designated ports</p>	<p>- Ministry of Finance</p> <p>- MIDA</p> <p>- Kementerian Pengangkutan</p>

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