

**Keynote Address by H.E. Ambassador Shikata at
MUFG Semiconductor Seminar, 29 July 2025
(Tue) @ Iconic Marjorie Hotel, Penang**

Mr. Motohide OKUDA, Chief Executive Officer / Country
Head of Malaysia of MUFG Bank Malaysia,

Yang Berbahagia Datuk Sikh Shamsul Ibrahim Sikh
Abdul Majid, Chief Executive Officer of MIDA,

Distinguished guests

Esteemed partners

Ladies and Gentlemen

Good afternoon, and selamat tengahari.

It is a great honour and privilege for me to be
here today to participate in this prestigious
semiconductor seminar hosted by MUFG in Penang.

This distinguished gathering of experts, industry leaders, and forward-thinking individuals reflects our shared commitment to the future of the semiconductor industry, powering our advancements in AI and 5G. It also reaffirms Penang's position as a strategic hub for innovation and high-tech, smart manufacturing in the region, "Silicon Valley of the East".

This year, we have already received several Japanese high-level political visits to Malaysia, highlighting the strength and depth of our bilateral relations. In January, Prime Minister Ishiba Shigeru visited Malaysia, his first official bilateral overseas visit as Prime Minister of Japan. His discussions with Prime Minister Anwar Ibrahim during the visit focused on further enhancing cooperation in maritime security, sustainable economy, disaster prevention, and human resource development. Prime Minister Ishiba also

mentioned the importance of the realization of the Free and Open Indo Pacific (FOIP) and the strategic cooperation between the Malaysian Maritime Enforcement Agency (MMEA) and Japan Coast Guard. This year marks the 20th anniversary of the establishment of the MMEA, and in February, a commemorative event was held in Penang to celebrate this important milestone. I was delighted to participate in this historic anniversary event.

Subsequently, former Prime Minister Kishida Fumio visited Malaysia in May in his capacity as the head of the Parliamentary Association of the Asia Zero Emission Community (AZEC). His visit focused on green initiatives and climate change cooperation, including new green investments, including in Johor, which is becoming a key data center hub in Southeast Asia. Additionally, the planned green energy

connection from Sarawak to Johor — part of the ASEAN Power Grid promoted by Prime Minister Anwar — will provide stable clean energy and create new green investment opportunities in Malaysia for Japanese companies.

Ladies and gentlemen,

Today, I would like to take this opportunity to specifically highlight our robust collaboration between Japan and Malaysia here in Penang.

Since the 1980s, strategic policies implemented by the Federal and Penang State governments, including the establishment of Free Industrial Zones and various incentives to attract foreign direct investment, have drawn numerous Japanese companies especially from the semiconductor industry

to Penang. These Japanese companies have not only made significant contributions to Penang's society but also played a vital role in strengthening the Malaysian economy as a whole, based on mutual respect and shared aspirations.

As you know, Malaysia's Electronics and Electrical (E&E) industry, in particular, has been a key driver of our successful collaboration. In 2024, the E&E sector contributed over RM600 billion to Malaysia's exports, accounting for 40% of total national exports. This underscores the huge scale and strategic significance of the industry to the Malaysian national economy. Within this context, Penang plays a critical global role in the downstream segments of the semiconductor supply chain, particularly in microelectronics assembly, packaging, and testing.

However, the semiconductor industry is evolving at an accelerated pace. Due to global technological shifts and supply chain changes, the Malaysian government is now prioritizing the upstream segments of the semiconductor industry, such as design and development. In this rapidly changing global trade and investment landscape, standing still is simply not an option. I think many of the Japanese companies represented here today are keenly interested in investing in such emerging upstream segments of semiconductor industry in Penang. At the same time, I believe that to advance to the next stage of the semiconductor ecosystem, one thing is essential: investing in people.

Therefore, Japan has long supported Malaysia's efforts to cultivate talent, especially in Penang. A leading example is the Japan Malaysia Technical

Institute (JMTI), which was established in 2000 with the cooperation of the Japanese government. JMTI has provided training in E&E, computer science, mechatronics, and manufacturing, and JMTI has produced around 7,000 graduates to date. These graduates have contributed to the development of advanced industries across Malaysia. JMTI stands as a symbol of the long-standing Look East Policy and Japan's shared commitment to human capital development.

Moving forward, I hope to further deepen this strategic cooperation under a concept which I call, "the Look at Each Other Policy." In addition to Malaysian students learning from Japan, I would like to see significantly more Japanese students studying in Malaysia, especially in Penang, which offers a vibrant ecosystem for education and innovation. We should

create joint programs between Japanese and Malaysian universities in advanced technology fields such as AI, semiconductors, green transformation (GX), and digital transformation (DX). These programs will help us train the next generation of our business leaders — people who can innovate and work across borders. They will also strengthen the trust and friendship between our two nations.

Educational collaboration between Japan and Malaysia is a long-term investment. It not only supports the semiconductor industry, but also enhances Penang's unique strengths and global appeal.

Ladies and gentlemen,

Penang is more than just a global tech hub. It is also a vibrant tourist destination, known for its cultural

diversity, rich history, and delicious cuisine. George Town, a UNESCO World Heritage Site, is a testament to its unique charm. To share these qualities with the world, it is essential to harness digital tools. For example, one of Penang's significant challenges is traffic congestion. Japan's smart city technologies such as real-time AI traffic management systems and Demand Responsive Transport (DRT) can help improve traffic flow and logistics. These improvements will not only enhance the daily lives of residents and visitors, but also ensure Penang remains competitive in the global semiconductor industry. By integrating digital solutions, Penang can effectively promote its cultural and technological strengths simultaneously.

In this way, our comprehensive strategic partnership between Japan and Malaysia will continue to deepen, driven by our shared strengths in

manufacturing, our focus on nurturing talent and technology, and our common goal of building a more sustainable future. Together, we are building a partnership for long-term prosperity.

Finally, I would like to thank MUFG for hosting this seminar. Events like this provide us with precious opportunities to collaborate, share innovative ideas, and shape our own prosperous future. I hope today's seminar will be productive and inspiring. Let us continue to work together to keep Penang at the forefront of global innovation based on our partnership!

Thank you and Terima Kasih.