

Tuesday, Mar 28 2017

## ICP projects to create RM68b economic return

BY EVA YEONG  
sunbiz@thesundaily.com

**KUALA LUMPUR:** Industrial Collaboration Programme (ICP) projects, which require investment, transfer of know-how or technology in return for procurement jobs awarded, worth about RM70 billion in total are expected to create over RM68 billion in economic return to Malaysia, said Technology Depository Agency Bhd (TDA) CEO Datuk Zailani Safari.

"The total procurement by the government up till 2020 right now that has triggered the ICP is about RM70 billion or about US\$17.5 billion. In terms of investment, we would expect that maybe 5% out of that could be done through investment and there



are already a number of OEMs (original equipment manufacturers) that would like to invest in Malaysia due to the fact that economic development has now shifted to this particular region, Asia Pacific.

"Some of these OEMs would like to start their businesses, to have their centres or headquarters in this particular region. So we would like to use ICP as an attracting factor for them to invest in Malaysia," he told reporters at the Global Offset & Countertrade Association Asia Pacific Conference 2017 yesterday.

Implemented in 2011, the ICP aims to maximise value for money for government procurement by having some kind of return to the country such as technology and knowledge transfer and development of local capacity and capability, via collaboration

between suppliers and local industry.

Under a policy published by the Finance Ministry, any government procurement worth more than RM50 million and is awarded to foreign companies will trigger the offset programme.

"We use or leverage money spent on procurement and we create value-add to have a technology together with that procurement. That means you don't have to spend money to get the technology. So it will be on top of that particular procurement to get the know-how, the technology and so on. That's the difference. If you want to do the purchase outright, then of course you have to spend money. But through ICP, it will reduce the cost so it will be much more competitive," he added.

Finance Minister II Datuk Seri Johari Abdul Ghani (pix) who officiated the conference yesterday, said the US\$17.5 billion

worth of ICP obligation in Malaysia is derived from defence and non-defence government procurements up to year 2021.

There are 71 ongoing ICPs with a total of 265 projects, of which seven have been fully completed and registered with a total US\$1.3 billion worth of ICP credit value.

"The nominal value for these programmes is estimated around US\$250 million.

Therefore, it can be concluded that for every US\$1 that is spent on the procurement, the government is getting the returns three to four times higher in the form of quality investment, job creation, technical enhancement and technology transfer," said Johari.

One of the successful ICP implementation is the Mass Rapid Transit Sungai Buloh-Kajang Line procurement, which resulted in the establishment of a rolling stock assembly plant in Rasa, Selangor valued at RM81 million and creation of 200 new high-skill jobs.

SUN DAILY 28/3/17