

PRESS RELEASE

MINISTRY OF FINANCE MALAYSIA

FIRST TIER INDUSTRIAL COLLABORATION PROGRAMME AGREEMENT SIGNING CEREMONY BETWEEN THE GOVERNMENT OF MALAYSIA AND BOMBARDIER HARTASUMA CONSORTIUM

The Government of Malaysia is committed to further improving our nation's competitiveness in the global market by developing our national technology and industry sectors in line with the national objective to achieve a high-income nation status.

To support this agenda, the Government is leveraging on the Industrial Collaboration Programme (ICP) platform as one of its strategies to provide opportunities for local industry players to competitively take part in the global supply chain and market. The ICP has been an instrumental process in identifying gaps within the local industry especially in their capabilities and capacities to meet the global standard requirements and elevating them to the next level. The ICP is also regarded as a long-term investment strategy by the companies which have been awarded with government procurement contracts to develop and strengthen their businesses in Malaysia.

The ICP policy is applicable to all government procurement activities related to supplies, services and works which exceeds the following threshold values:

- i. a value of exceeding RM 50 million for all procurement contracts awarded to foreign companies; or
- ii. a value exceeding RM 100 million for all procurement contracts awarded to local companies.

Under the current ICP policy, for every RM1 the Government spends on procurement activities that has triggered the implementation of ICP, the Government will receive an ICP Credit Value (ICV) of RM1 through the programme. These may be in the forms of technology transfer, industrial training, global market access, development of local supply chain, the usage of local content and so forth. Priority is given to activities that contribute to the national aspiration towards achieving the status of developed country.

Technology Depository Agency Berhad (TDA) is an agency under Ministry of Finance which has been mandated to govern the implementation of the ICP and ensure "value-for-money" for our nation.

Today, we witness another instance of ICP implementation in Malaysia in relation to the contract for Bombardier Hartasuma Consortium (BHC) to supply and refurbish trains for Prasarana Malaysia Berhad, as follows:

- i. mid-life refurbishment of 2-car train sets of Kelana Jaya Line (MLR); and
- ii. 27 new train sets for Kelana Jaya Line (KLAV-27).

These procurements have reached the threshold required and therefore, has triggered the implementation of ICP.

For the ICP of KLAV-27, which has a contract value of RM1.7 billion, BHC has committed to maximize the usage of local content at a minimum of 35%, which is estimated at RM600 million. This approach is a catalyst for local industry players to be part of Bombardier's global strategic cooperation and contribute to the Malaysian economic and industrial growth. Furthermore, hundreds of local job opportunities will be created over the next four years through this ICP implementation.

For the ICP of MLR, which has a contract value of RM473 million, BHC has agreed to extend the existing local supplier database in rolling stock by using components and services offered by 14 local companies valued at RM100.7 million. These 14 local companies will be providing components and services at a competitive pricing which will enable them to sustain and boost their business in the rail industry.

These ICP deliverables would certainly benefit Malaysia's growth in the rail industry and indirectly, enable Malaysia to take another step towards becoming a developed nation. This milestone was made possible by the successful ICP project negotiation led by TDA which had taken into account the participation of local industries to grow and to be

competitive from the perspective of technology and industrial adaptation. This is another success story of having ICP as a platform for industrial collaboration which mutually benefits all stakeholders involved.

The ICP for both procurements is now being monitored and managed by TDA. The signing of the First Tier ICP Agreement between the Government of Malaysia and BHC is one of the milestones in the ICP management framework and I look forward to more ICP implementations in the near future.

Sayangi Malaysiaku!

Lim Guan Eng
Minister of Finance

Ministry of Finance Malaysia Putrajaya
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