REGIONAL CORRIDOR DEVELOPMENT IN MALAYSIA

8 April 2014

ECONOMIC PLANNING UNIT,
PRIME MINISTER'S DEPARTMENT

BRIEFING OUTLINE

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- **INTRODUCTION**
- REGIONAL DEVELOPMENT IN MALAYSIA
- CORRIDOR DEVELOPMENT
- MOVING FORWARD
- CONCLUSION

DEVELOPMENT PHILOSOPHY – Guiding parameters

An open economy

A multi-ethnic nation

A mixed economic system

A federation - 13 states & 3 Federal Territories

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REGIONAL DEVELOPMENT IN MALAYSIA

- **Started in 1970-s**

1. **Introduction of regional planning**
   - Northern, Central, Southern, Eastern, Sabah, Sarawak
2. **Regional Development Authority (RDA)**
   - Open-up new townships, industrial estates in new areas and new land development scheme for export commodities by FELDA & other land development agencies
   - Bring in new people (in-migration from rural areas)
   - Re-develop existing small towns and traditional villages
3. **Integrated Agriculture Development Programmes (IADPs)**
   - Large scale food crop production in selected states

REGIONAL DEVELOPMENT IN MALAYSIA

In the 1990-s

- Development of Growth Triangles at border areas through joint development initiatives among neighbouring countries

  (with Development Partners - Japan, China, ADB, IDB,UNDP, the World Bank)

  - Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT)

  - Brunei-Indonesia-Malaysia-the Philippines Growth Area (BIMP-EAGA)

  - Malaysia-Thailand Joint Development Strategies (JDS)

REGIONAL DEVELOPMENT IN MALAYSIA

Development Impact

- Reduction of poverty and improve accessibilities to infrastructure and services
- Development of economic sectors in remote areas (agriculture, industry and services)
- Development of remote areas – i.e. Jengka, Gua Musang, Sintok, Jerangau, Pengerang
- New road networks
- New employment opportunities and new sources of growth
- 36 new townships with new population
- Reduce development gap between regions

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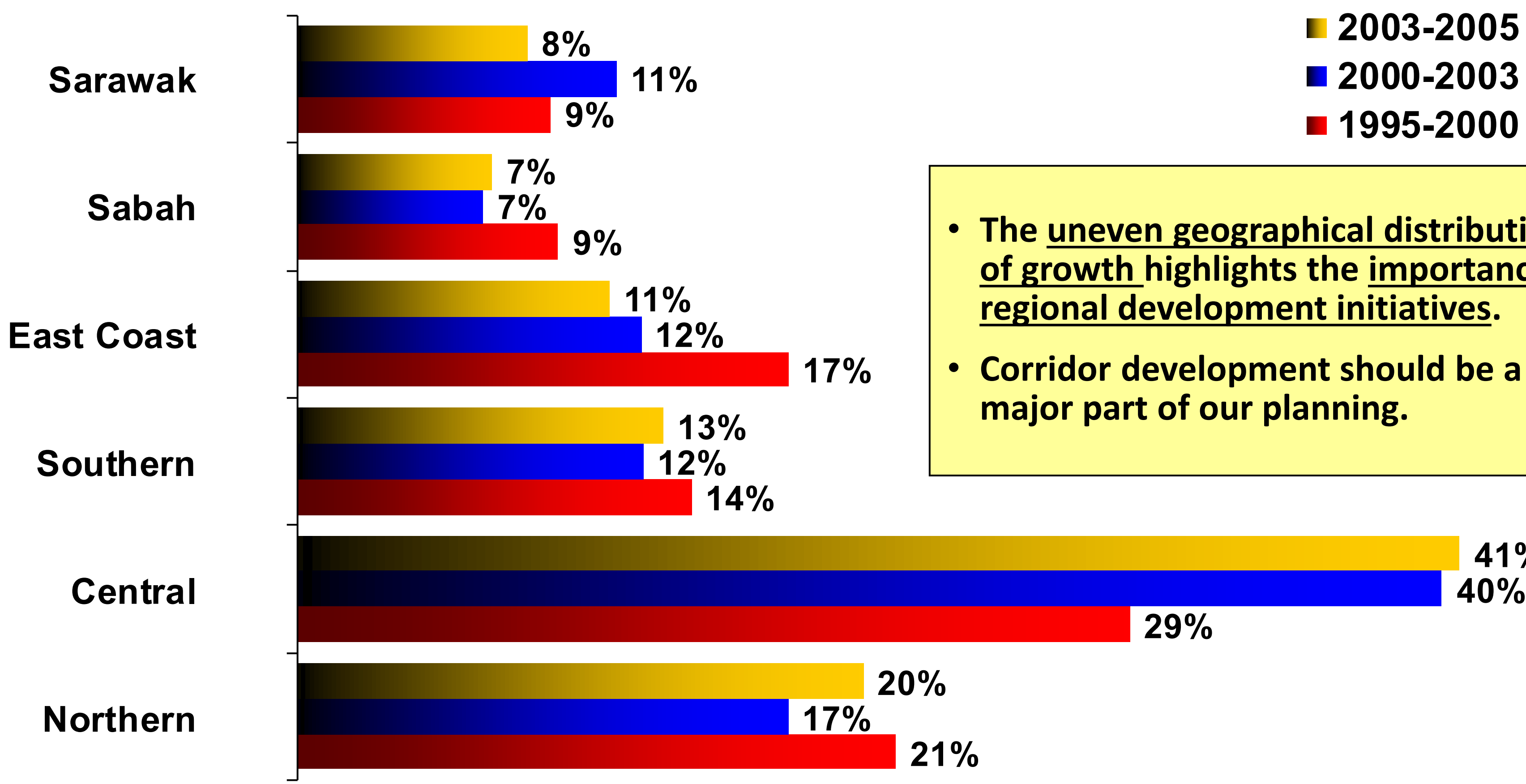
WHY CORRIDOR?

GETTING EVERYBODY ON BOARD: THINK CORRIDORS

Regional Contribution to National Economic Growth
% of absolute increase in Malaysia GDP



- The <u>uneven geographical distribution of growth</u> highlights the <u>importance of regional development initiatives</u>.
- Corridor development should be a major part of our planning.

CORRIDOR DEVELOPMENT

- The five economic corridors was initiated under the Ninth Malaysia Plan to address development imbalances throughout the country while pushing forward the country's economic growth using public-private partnerships (PPP) approach.

OBJECTIVES

1. Promote balanced development;
2. Accelerate the movements towards high-value, knowledge-driven economic activities and high income economy;
3. Establishing Growth Corridors and Growth Corridor Development Authorities;
4. Increasing role of private sector as driving force for regional growth;
5. Identifying anchor investors and supporting investors in each region.

Cont…

OBJECTIVES

6. Addressing key enablers for conducive business environment;
7. Identifying key economic sectors for promotion; and
8. Implementing projects based on the respective regional corridor Master Plans prepared by the GLCs, National Physical Plan and the 5-year National Development Plan.

CONCEPT & APPROACH

1. The concept of Corridor is an initiative to promote and enhance social development in a more balanced manner;
2. Involve development programs / projects that would leads to income generation from productive economic activities as well as to perform social obligations;
3. Implementation of programs / projects are based on the existing strengths and resources as well as economic growth potential within the corridor region;
4. The development approach is comprehensive and integrated, based on location specific and sector specific;
5. The main feature of the corridor development is Private Sector driven, the Key Performance Indicators (KPI) to it success

CONCEPT & APPROACH

6 Programs and projects utilize public fund to build basic infrastructures, school facilities, health centres and other social facilities as well as utilities to encourage private investment from both local and foreign investors that would lead to creation of new growth areas

7 To encourage and ensure the involvement of local communities through the creation of employment opportunities and involvement in the services industries, social and community support

8 The programs / projects are implemented with a model of development that meets the essential characteristics such as viability, sustainability and not rely solely on the provisions of the Government

9 The focus of the development is to optimize on the existing infrastructures and utilities in order to reduce costs and maximize on the economic benefits and returns

ECONOMIC CORRIDORS IN MALAYSIA

I. **Iskandar Malaysia in South Johor (IM)** – *Comprehensive Development Plan for South Johor Economic Region*

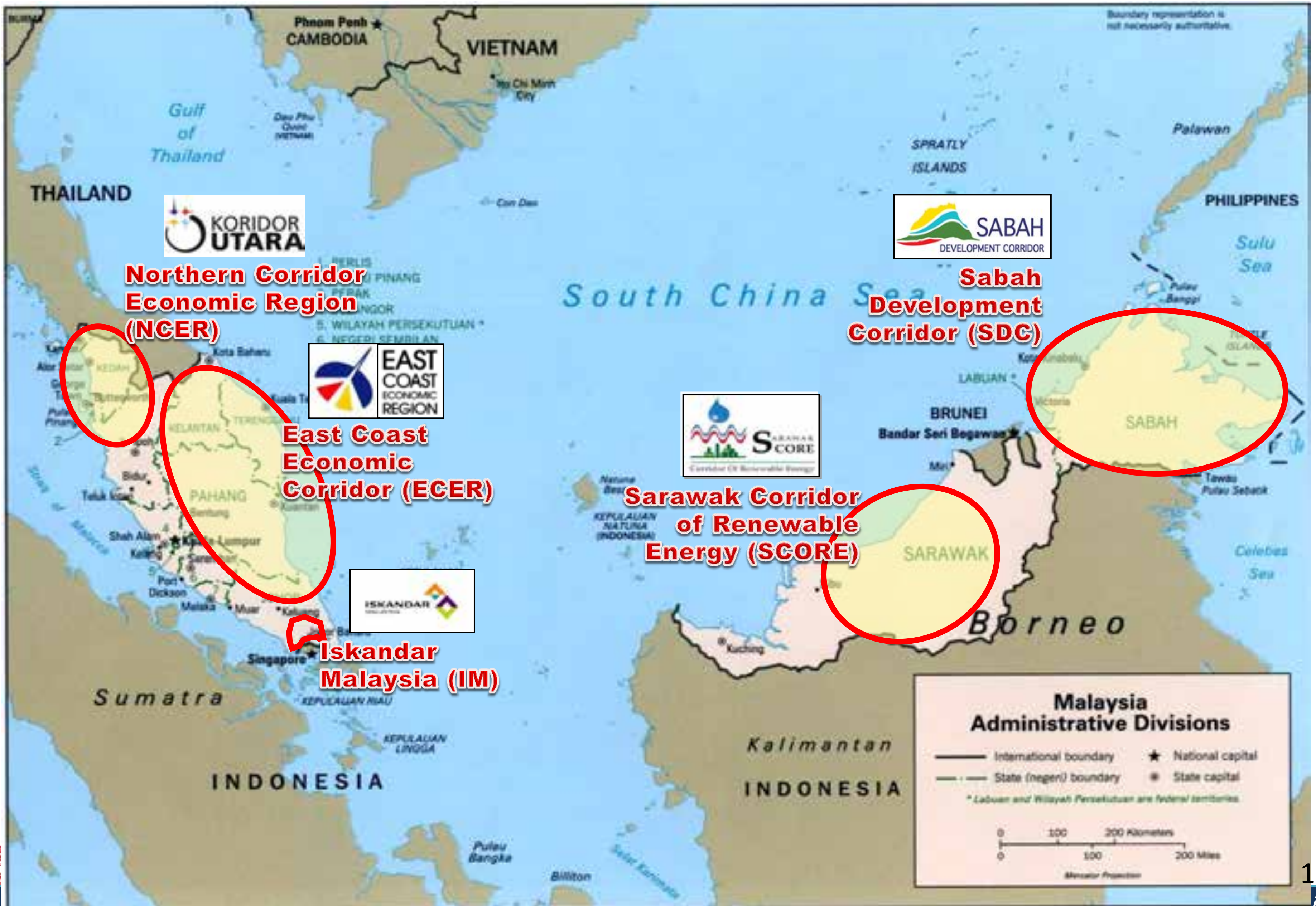
II. **Northern Corridor Economic Region (NCER)** – *Northern Corridor Economic Region Socioeconomic Blueprint, 2007-2025*

III. **East Coast Economic Region (ECER)** – *East Coast Economic Region Master Plan, 2007-2020*

IV. **Sabah Development Corridor (SDC)** – *Sabah Development Action Plan, 2008-2025*

V. **Sarawak Corridor of Renewable Energy (SCORE)** – *Sarawak Corridor of Renewable Energy*

LOCATION OF REGIONAL CORRIDOR



CORRIDOR AUTHORITY

Iskandar Region Development Authority (IRDA)
(http://www.iskandarmalaysia.com.my)

Northern Corridor Implementation Authority (NCIA)
(http://www.ncer.com.my)

East Coast Economic Region Development Council (ECERDC)
(http://www.ecerdc.com.my)

Sabah Economic Development & Investment Authority (SEDIA)
(http://www.sdc.gov.my)

Regional Corridor Development Authority (RECODA)
(http://www.sarawakscore.com.my)

ROLES OF REGIONAL CORRIDOR AUTHORITY

To fix policy, direction, strategy and initiatives in relation to development in the corridors and the implementation of the Master Plan

To promote, stimulate, facilitate, coordinate, evaluate, and review of any development within the corridor undertaken by any government entity in the corridor.

To plan, stage, coordinate, evaluate and review any activity undertaken by any government entity that is considered by the authorities with strategic interest.

ROLES OF REGIONAL CORRIDOR AUTHORITY

To guide, consult and coordinate role and activities of all government entity in connection with an investment or potential investment in the corridor

To identify development proposals and major/ strategic investments in corridor

To monitor the status of all approval for proposed development or major investment in corridor

ISKANDAR MALAYSIA

Development Period	2006-2025
Vision	*"A Strong and Sustainable Metropolis of International Standing"*
Area	2,216 km^2 (Johor Bahru District and part of Pontian – Mukim Jeram Batu, Mukim Sungai Karang, Mukim Serkat and Pulau Kukup)
Focus Sector / Industry	• Education • Tourism • Health Care • Financial • Logistics • ICT and Creative Industries . Electrical & electronics . Petrochemical . Food manufacturing
Employment Target	1.4 million
Investment Target	RM382 billion
Corridor Authority	Iskandar Region Development Authority (IRDA)

A — **JB CITY CENTRE**
New Financial District
Danga Bay Integrated Waterfront City
Upgrading of CBD
Tebrau Plentong Mixed Devt.
Causeway

B — **NUSAJAYA**
Johor New State Admin Centre
University Park
Medical Hub
International Destination Resort
Southern Industrial Logistics Clusters

C — **WESTERN GATE DEVELOPMENT**
Tanjong Pelepas Port
2nd Link Access
Free Trade Zone
RAMSAR World Heritage Park
Tanjung Piai – Southernmost tip of Asia

D — **EASTERN GATE DEVELOPMENT**
Tanjong Langsat Industrial Park
Kim-Kim Regional Distribution Centre
Pasir Gudang Port
Tanjung Langsat Port

E — **SENAI-SKUDAI**
Senai International Airport
Senai Cargo Hub
Senai Multimodal Centre
Skudai Knowledge Hub
Hi-Tech Park

NORTHERN CORRIDOR ECONOMIC REGION (NCER)

KORIDOR UTARA

Development Period	2007 – 2		
Vision	*"World-Class Economic*		
Area	17,816 k (Pulau Pinang, Kedah, Perlis Includes Hulu Perak, Kerian, Matang-Se		
Focus Sector / Industry	• Human Capital • Tourism • Manufacturing • Logistic • Agriculture		
Employment Target	3.1 million	Investment Target	RM178 billion
Corridor Authority	Northern Corridor Implementation Agency (NCIA)		

Key Thrust Area

- Agriculture
- Manufacturing
- Tourism
- Logistic

EAST COAST ECONOMIC REGION (ECER)

Development Period	2007 – 2020		
Vision	*"A Developed Region-Distinctive, Dynamic and Competitive"*		
Area	66,736 km^2 (Pahang, Kelantan, Terengganu & Mersing in Johor)		
Focus Sector / Industry	• Agriculture • Tourism • Manufacturing • Oil, Gas and Petrochemical • Human capital development		
Employment Target	1.9 million	Investment Target	RM112 billion
Corridor Authority	East Coast Economic Region Development Council (ECERDC)		




Growth Node

ECER Key Development Areas (KDA)

1	ECER Special Economic Zone
2	Cross Border Development
3	KTCC – Kenyir – Dungun Triangle
4	Mersing - Rompin KDA
5	Gua Musang – K.Lipis KDA
6	Bentong – Raub KDA

SABAH DEVELOPMENT CORRIDOR (SDC)

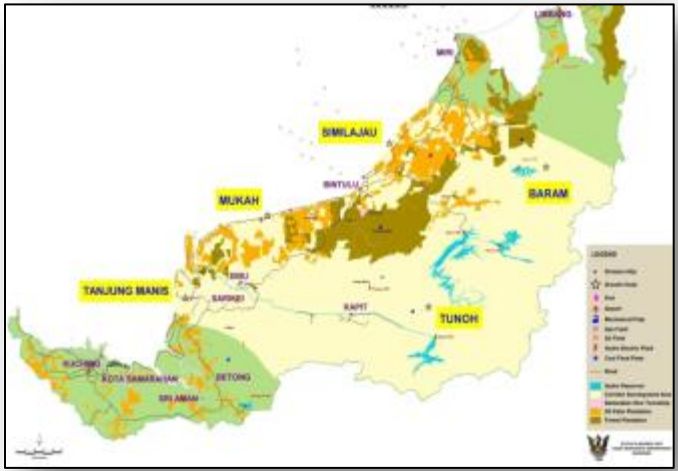
Development Period	2008 – 2025		
Vision	*"Harnessing Unity in Diversity for Wealth Creation and Social Well Being"*		
Area	73,997 km^2 (whole Sabah state)		
Focus Sector / Industry	• Agriculture • Human Capital • Manufacturing • Infrastructure • Tourism • Environment		
Employment Target	2.1 million	Investment Target	RM113 billion
Corridor Authority	Sabah Economic Development & Investment Authority (SEDIA)		

Strategic Development Area (SDA)

- Oil and Gas Industries
- Kinabalu Gold Coast Enclave
- Integrated Development Area
- Food Valley
- Agro-Marine Belt
- Bio-Triangle

SARAWAK CORRIDOR OF RENEWABLE ENERGY (SCORE)

Development Period	**2008 – 2030**
Vision	***"Development and Industrialised State"***
Area	**70,708 km^2 (Tanjung Manis – Similajau and inland region)**
Focus Sector / Industry	• Aluminium • Glass • Marine Engineering • Metal Based Industries • Petrolium Based Industries • Aquaculture • Livestock • Palm Oil • Tourism
Employment Target	**2.1 million** — **Investment Target**: **RM113 billion**
Corridor Authority	**Regional Corridor Development Authority (RECODA)**

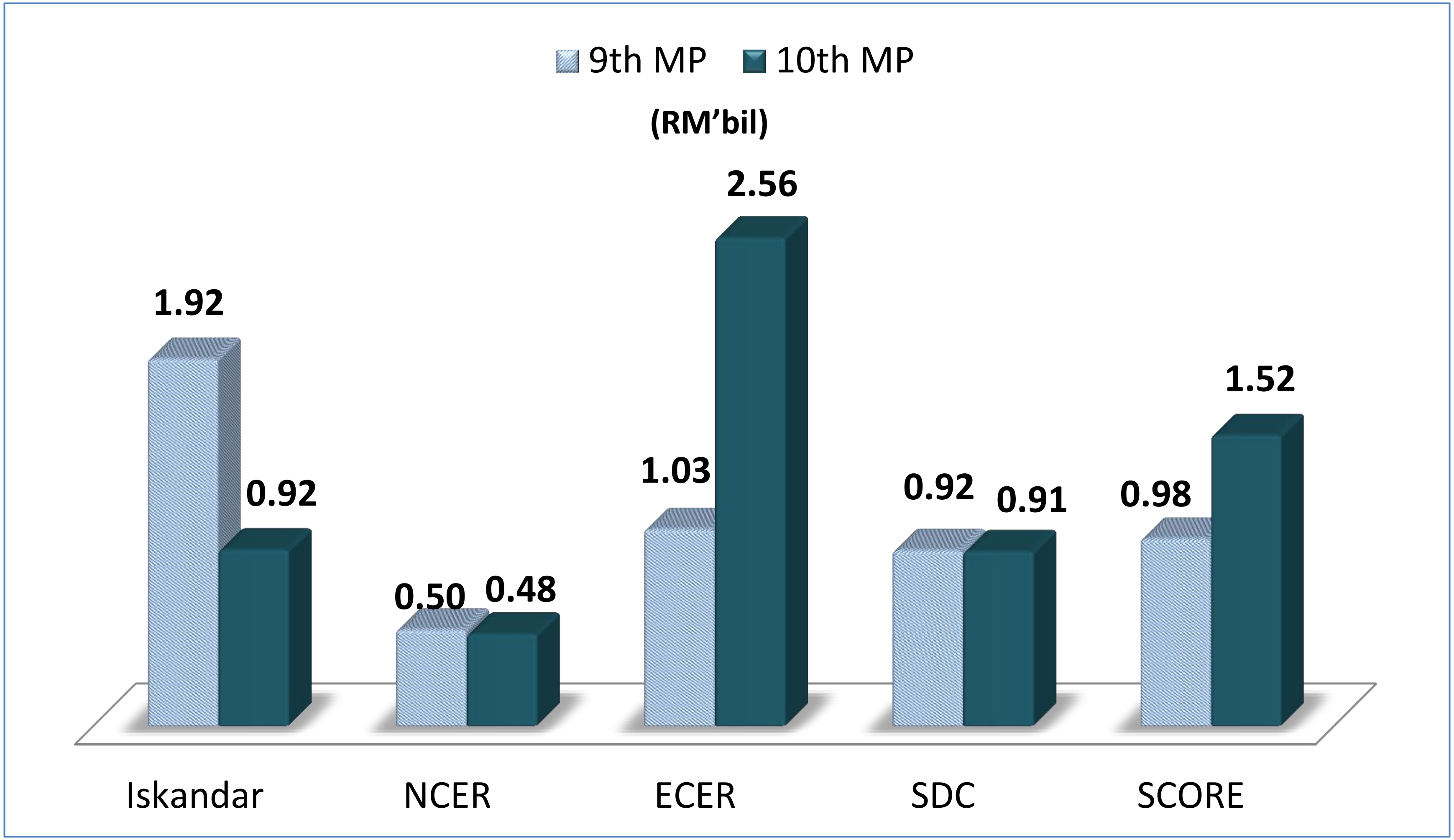


Growth Node	**SCORE New Growth Nodes**
Tanjung Manis	**Halal Park, Ship Building and Resource-based industries**
Mukah	**Services Hub, R&D and Human Capital**
Samalaju	**Heavy and Energy Intensive Industries**
Baram	**Oil Palm, Food Production, Timber and Tourism**
Tunoh	**Oil Palm,Food Production,Timber and Tourism**

Commited Investment & Job Creation

CORRIDOR	Master Plan Target		Achievement (2007 - 2012)	
	Jobs ('mil)	Investment (RM 'bil)	Jobs ('mil)	Investment (RM 'bil)
Iskandar Malaysia (IM)	0.81	384.0	0.15	105.14
Northern Corridor Economic Region (NCER)	1.57	178.0	0.42	29.70
East Coast Economic Region (ECER)	0.56	112.0	0.03	37.00
Sabah Development Corridor (SDC)	0.90	113.0	0.02	114.05
Sarawak Corridor of Renewable Energy (SCORE)	1.6	334.0	0.015	29.10
Total	**5.44**	**1,121.0**	**0.635**	**314.99**

DEVELOPMENT ALLOCATION



Note : [1] Allocation in 10th MP is from 2011 – 2014.

BRIEFING OUTLINE

WAY FORWARD

- Holistic Eco-system

- Improve marketing & delivery system

- Enhance infrastructure & connectivity

- Increase private sector & SME participation

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CONCLUSION

- Corridor development helps to reduce development gap between regions through focus and integrated initiative of cluster development within the corridor;

- The government provides the necessary infrastructure while the private sector using the concept of public-private partnership (PPP) is expected to play a more important role to enhance economic growth in the corridors; and

- The key success factors are:
  - Effective development strategy;
  - Sufficient fund;
  - Appropriate incentives;
  - Focus on implementation; and
  - Close co-operation between the public, private sector and the Government.

KEY ECONOMIC INDICATORS

- Malaysia GDP by State, 2005 - 2012

State	2005		2010		2012	
	Contribution (RM)	Share Rate (%)	Contribution (RM)	Share Rate (%)	Contribution (RM)	Share Rate (%)
Johor	50,058	9.2	60,679	9.0	68,791	9.2
Kedah	17,829	3.3	21,998	3.3	25,307	3.4
Kelantan	9,031	1.7	11,991	1.8	13,461	1.8
Melaka	15,049	2.8	19,689	2.9	21,953	2.9
Negeri Sembilan	19,736	3.6	25,177	3.7	27,717	3.7
Pahang	23,061	4.2	27,484	4.1	30,750	4.1
Pulau Pinang	39,186	7.2	48,161	7.1	52,530	7.0
Perak	27,733	5.1	34,576	5.1	39,627	5.3
Perlis	2,845	0.5	3,318	0.5	3,535	0.5
Selangor	113,185	20.8	155,739	23.0	176,239	23.5
Terengganu	15,562	2.9	18,487	2.7	19,627	2.6
Sabah	32,427	6.0	42,101	6.2	44,434	5.9
Sarawak	57,700	10.6	66,947	9.9	71,874	9.6
FT Kuala Lumpur	67,017	12.3	97,830	14.5	114,106	15.2
FT Labuan	2,146	0.4	2,646	0.4	3,181	0.4
MALAYSIA	543,578	100.0	676,650	100.0	751,470	100.0

KEY ECONOMIC INDICATORS

- Malaysia GDP per Capita by State, 2005 - 2012

State	2005	2010	2012
Johor	16,298	21,329	24,574
Kedah	9,811	13,744	15,814
Kelantan	6,075	9,322	10,617
Melaka	20,410	28,328	33,550
Negeri Sembilan	20,768	28,586	32,511
Pahang	16,534	23,008	26,197
Pulau Pinang	26,833	33,601	37,006
Perak	12,320	17,341	20,569
Perlis	12,761	16,175	18,119
Selangor	23,494	31,457	36,135
Terengganu	15,863	20,581	22,733
Sabah	11,134	17,118	19,010
Sarawak	25,291	34,136	40,414
FT Kuala Lumpur	42,414	62,075	73,931
FT Labuan	26,552	32,387	39,682
MALAYSIA	**20,870**	**27,890**	**32,084**

KEY ECONOMIC INDICATORS

- GDP & GDP Per Capita by State, 2000-2010

State	*GDP Growth (%)*		*GDP Per Capita Growth (%)*	
	'01-'05	*'06-'10*	*'01-'05*	*'06-'10*
Southern Region				
Johor	*5.1*	*6.2*	*5.3*	*6.3*
Northern Region	*4.4*	*5.9*	*5.4*	*6.1*
Kedah	*4.1*	*5.9*	*5.0*	*5.8*
Perlis	*3.4*	*5.3*	*4.6*	*5.5*
Pulau Pinang	*5.0*	*6.1*	*5.6*	*6.6*
Perak	*4.1*	*5.7*	*5.4*	*6.3*
Eastern Region	*3.5*	*5.7*	*4.2*	*5.5*
Terengganu	*3.4*	*5.7*	*3.8*	*5.3*
Kelantan	*3.3*	*5.2*	*4.1*	*5.2*
Pahang	*3.9*	*5.9*	*4.6*	*6.1*
Central Region	*4.6*	*6.2*	*4.8*	*6.4*
Melaka	*4.2*	*6.0*	*5.0*	*6.2*
Negeri Sembilan	*3.8*	*5.8*	*4.7*	*6.2*
Selangor	*5.2*	*6.4*	*5.1*	*6.5*
FT Kuala Lumpur	*3.8*	*6.1*	*4.1*	*7.2*
Sabah & FT Labuan	*4.3*	*5.8*	*3.6*	*6.4*
Sarawak	*4.6*	*6.1*	*5.0*	*6.2*
Malaysia	*4.5*	*6.0*	*4.8*	*6.3*

KEY ECONOMIC INDICATORS

- Development Composite Index by State, 2005

Rank	State	Economy Index	Social Index	Development Composit Index
1	WP Kuala Lumpur	114.4	104.8	109.6
2	Pulau Pinang	109.0	102.4	105.7
3	Melaka	106.4	102.1	104.2
4	Selangor	108.4	98.0	103.2
5	Negeri Sembilan	101.8	102.9	102.3
6	Johor	102.9	98.1	100.5
7	Perak	99.7	101.2	100.4
8	Perlis	95.0	104.9	99.9
9	Kedah	95.5	100.2	97.8
10	Pahang	96.3	99.0	97.6
11	Sarawak	94.8	98.4	96.6
12	Terengganu	91.5	100.8	96.2
13	Kelantan	91.9	94.4	93.1
14	Sabah & FT Labuan	82.8	97.2	90.0
	Malaysia	**100.0**	**100.0**	**100.0**

KEY ECONOMIC INDICATORS

- Incidence of Poverty, 2007 - 2012

State	2007 (%)	2009 (%)	2012 (%)
Johor	1.5	1.3	0.9
Kedah	3.1	5.3	1.7
Kelantan	7.2	4.8	2.7
Melaka	1.8	0.5	0.1
Negeri Sembilan	1.3	0.7	0.5
Pahang	1.7	2.1	1.3
Pulau Pinang	1.4	1.2	0.6
Perak	3.4	3.5	1.5
Perlis	7.0	6.0	1.9
Selangor	0.7	0.7	0.4
Terengganu	6.5	4.0	1.7
Sabah & FT Labuan	16.0	19.2	7.8
Sarawak	4.2	5.3	2.4
FT Kuala Lumpur	1.5	0.7	0.8
FT Putrajaya	-	-	-
MALAYSIA	3.6	3.8	1.7

KEY ECONOMIC INDICATORS

- Mean Monthly Gross Household Income by State, 2007 – 2012

State	2007 (RM)	2009 (RM)	2012 (RM)
Johor	3,457	3,835	4,658
Kedah	2,408	2,667	3,425
Kelantan	2,143	2,536	3,168
Melaka	3,421	4,184	4,759
Negeri Sembilan	3,336	3,540	4,576
Pahang	2,995	3,279	3,745
Pulau Pinang	4,004	4,407	5,055
Perak	2,545	2,809	3,548
Perlis	2,541	2,617	3,538
Selangor	5,580	5,962	7,023
Terengganu	2,463	3,017	3,967
Sabah & FT Labuan	2,866	3,144	4,089
Sarawak	3,349	3,581	4,293
FT Kuala Lumpur	5,322	5,488	8,586
FT Putrajaya	5,294	6,747	8,101
MALAYSIA	**3,868**	**4,025**	**5,000**