

# Blueprint for Northern Corridor

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**KUALA LUMPUR:** The long-awaited master plan for the Northern Corridor Economic Region (NCER) is set for launch by the end of the month, with socio-economic development as the main thrust of the government's growth agenda.

Datuk Ahmad Zubir Murshid, the group chief executive of Sime Darby Bhd, which led in preparing the groundwork for the development blueprint, said Prime Minister Datuk Seri Abdullah Ahmad Badawi would launch the Northern Corridor — covering Perlis, Kedah, Penang and northern Perak — on July 30.

Abdullah is due to visit Kedah and Perlis on July 30, and Penang and northern Perak the following day.

The Northern Corridor is one of the regions identified under the Ninth Malaysia Plan (2006-2010) for the promotion of balanced and equitable national economic development. The economic region, with three main economic thrusts, namely agriculture, manufacturing and services, is to be developed over a period of more than 20 years.

"We are looking at the period from now to 2025 covering four Malaysia Plans. We have completed the master plan, which is under phase one, and presented it to the National Implementation Task Force (NITF) last week. We will hand it over on July 30 to the prime minister," Ahmad Zubir told Bernama at the Sime Darby Convention Centre here.

Chaired by the prime minister, NITF has formed a Private Sector Investment Advisory Panel to examine various issues affecting the private sector. The panel holds regular dialogue sessions and meetings with the private sector to seek input on how to improve the country's investment climate.



**Datuk Ahmad Zubir Murshid says the main thrust is adding value to existing industries**

## NCIA TAKES OVER

"Our (Sime Darby's) basic role is to draw up the blueprint. Once that is ready and launched, we will hand over to the implementation body, the Northern Corridor Implementation Agency (NCIA)," said Ahmad Zubir.

He said the proposed NCIA was responsible for implementing the detailed planning under the initiative and launching a one-stop centre as well as "quick" projects.

It is proposed that the NCIA be a government body under a council to be chaired by the prime minister and comprising the deputy prime minister, the chief minister of Penang and the menteri besar of Perlis, Kedah and Perak, as well as some cabinet ministers.

The master plan also proposes the appointment of a CEO and a board of directors, with representatives of selected government agencies.

He said while representation from the four states was important, independent non-executive directors from the private sector would also be appointed to provide the necessary input.

Under phase two, Ahmad Zubir said, the plan had proposed to "solidify further the foundation, become more focused on the selective zoning that we have highlighted and look at catalytic projects that can be improved further... looking at economic and social focus areas, developing priority infrastructure and then the human capital".

"Phases two and three will see more of the public (sector) involvement in the infrastructure. Phase four is where the public and private sectors start to exchange roles... there will be greater involvement of the private sector.

"Eventually, the private sector will play the major role in phase five. So what we are doing is that, phases two and three will be public (sector-driven) and phases three and four will lean towards more private undertakings.

"By 2012, the private sector takes over when the infrastructure is in place," he said.

## SECOND LOWEST HOUSEHOLD INCOME

In developing the Northern Corridor, emphasis will be on agricultural productivity and rural development, which are the dominant factors behind the socio-economic inequalities in Malaysia.

The figures are revealing. Ahmad Zubir pointed out that the Northern Corridor would cover only about seven per cent of the land area, or 2.4 million hectares, of the four states, yet it accommodates 60 per cent of the combined population of these states.

Of the people in this region, two-thirds are in the padi-growing areas — Malaysia's rice bowl. But the area sees relatively few other forms of economic activity — less than a third of the tourists to Malaysia visit that area and

only about 20 per cent of the manufacturing investments in Malaysia are in this northern belt.

It is little wonder then that more than three-quarters of the households here have an average annual income of around RM2,000 per household, the lowest among the six regions in the country except for the east coast.

"This is our greatest challenge — to bring about a balance in the income level and also to eradicate hard-core poverty by 2010," Ahmad Zubir said.

Malaysia aims to halve the current 5.7 per cent poverty rate and eradicate hard-core poverty by 2010. Twenty-nine per cent of the hard-core poor are in the Northern Corridor.

"This is the main thrust of the Northern Corridor initiative in the economic and social development agenda, that is adding value to the existing industries so that they can deliver with social equity.

"These are very key issues," he stressed.

## UNLEASHING THE POTENTIAL OF THE NORTH

"What we are doing is unleashing the potential of the north, not creating something new but unleashing it."

For the agriculture push, Ahmad Zubir said it was envisaged that NCER would become a modern food zone of Malaysia aimed at, among others, increasing agricultural exports. The main task is to increase income as well as the export level of the region and improve the yield quality of padi.

The focus areas in terms of agriculture include fisheries, aquaculture, animal husbandry, fruits and vegetables and also herbal products.

In the agriculture sector, poverty and national food se-

curity are still the issues.

Besides that, NCER also planned to tap the potential of the downstream industries with the development of an agro park where products were made and processed, putting into practice the waste-to-wealth concept, said Ahmad Zubir.

NCER will see the manufacturing sector positioned as a hi-tech electronic hub. It is also looking at developing the workforce and value-added level of the electrical and electronic (E&E) sector.

Also earmarked for development are the downstream activities of the automotive and agriculture industries, including tapping the potentials of biotechnology and developing materials from some sustainable agricultural crops, as well as the oil and gas sector.

Under tourism, NCER is basically looking at high-yield tourism activities, among others becoming a regional entry point by capitalising on the existing infrastructure.

NCER is also aiming to increase the value of medical tourism and tourism spending. In this area, there are plans to develop Langkawi into a national tourist centre targeting the high-end market.

Human capital development features prominently in the blueprint with the setting up of a centre of excellence for micro electronics, a skills development centre and a research and development centre.

Vocational training and an agriculture faculty in a northern public university are being planned as avenues for school-leavers and to generate agriculture graduates, who will become modern farmers.

The skills centre will train 15-year-olds.

"We found that 26,000 people drop out every year, and 10,000 of them are 15 years and below.

"We are looking at giving these young people a different curriculum in terms of modern farming, padi cultivation, agro businesses and others that will support the local industries," said Ahmad Zubir.

## DEVELOPMENT IN THE NORTHERN CORRIDOR

The master plan proposals include an inland container depot and developing Perlis' border town Padang Besar, a Sime Darby research centre to develop seed cultivation as well as a climatic fruits production cluster.

Penang will be made a regional transportation hub under the NCER.

"Penang will basically focus on infrastructure, such as airport and port extensions, an integrated public transport system, a micro electronic centre of excellence and the development of Penang City," Ahmad Zubir said.

The RM2.7 billion second bridge, which will link Batu Maung on the island to Batu Kawan on the mainland, is also set to create spin-offs for the state, especially in the property sector. The 24km bridge is likely to ease the congestion at the present 13.5km bridge, which is already 21 years old.

The construction of the second bridge, which will be the longest crossing in Southeast Asia, will itself create about 2,000 jobs.

The container wharves at Penang port will be deepened while on the mainland, food processing centres (including a halal hub) will be set up to handle agriculture products from Kedah, Perlis and northern Perak.

For Kedah, the plan proposes to enhance international and health tourism in Langkawi and developing the

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# Development projects target local investors

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Kulim Hi-Tech Park into a premier industrial park.

Others include building coastal roads to help develop agriculture ventures, not just padi but also aquaculture. Also in the pipeline are irrigation and flood mitigation schemes and tourism clusters on the mainland.

Perak will see, among others, linkages between the Northern and Eastern Corridors and upgrading of the East-West Highway between Grik and Jeli.

Others include extending the E&E cluster to Taiping and for Selama to be a cluster for modern husbandry.

The Belum and Grik areas will be developed for eco-tourism as well as herbal farms and biotech research activities.

## NCER AND IDR

Ahmad Zubir spelt out the differences between the NCER and the Iskandar Development Region (IDR) in southern Johor.

"As opposed to the Iskandar Regional Development Authority (IRDA), the NCIA will not be an authority nor a one-stop centre. We will be responsible for economic and social development."

While IRDA involves a single state, NCIA covers four states.

On whether the NCER would attract as much investor interest as the Iskandar, Ahmad Zubir said: "It is slightly different. In the IDR, you need foreign investment to come in because it is also a financial and services hub."

For the Northern Corridor, the focus is on local investors,

especially in agricultural development and infrastructure.

For infrastructure, besides the main highways, irrigation will be the major focus in the region.

"This is where you bring in local investors and contractors to participate. This is the beauty of the NCER as opposed to the Southern Corridor, where you are talking about foreign and big companies. Here, in NCER, you are bringing in local investors, local companies and local contractors."

## NCER FOR THE RAKYAT

"The NCER provides more opportunities for the rakyat. The blueprint is for the rakyat, in line with the prime minister's promise in the previous general election.

"This is meant to create

more value for the rakyat... we bring in foreign investors only for the E&E and the high-end industries, like tourism and hotels while not forgetting that the rakyat must benefit."

Abdullah's vision is to see the modernisation of the agriculture sector, focusing on higher value-added and commercial-scale production.

"Here is where we look at the rakyat, how the rakyat will benefit in many ways. For instance, in high-end tourism, the rakyat can be involved in handicraft and the small- and medium-sized enterprises in the food business," said Ahmad Zubir.

In the agriculture sector, the plan is to draw participation from local contractors, especially in infrastructure development.

"Not the huge infrastructure. We are talking about up-

grading roads and canals, in which the Class F, Class A and Class B contractors can participate.

"We don't need super contractors to come in and grab billion-ringggit projects."

## COMMITMENT, MINDSET CHANGE AND SUPPORT

To achieve success, Ahmad Zubir said the Northern Corridor needed the commitment of everyone — the states, the federal government as well as the rakyat.

"Mindset change is also needed because we have to move from the traditional mindset to entrepreneurship. There is a need for high-productivity modern farming and estate management style.

"The major challenge is the buy-in at the various levels, the acceptance of the

blueprint and commitment. The implementing body must be strong enough to be able to carry out the duties."

Asked how confident Sime Darby was about the NCER, Ahmad Zubir said both the blueprint and its implementation were "doable".

"It is a viable project. We have gone through every potential area thoroughly. The key success factors will be implementation, support and buy-in of the public, the private sector as well as government agencies."

He said the NCER was expected to create employment for about half a million people by 2012, and about a million people by 2020.

On investments expected to flow into the Northern Corridor, he said: "The prime minister will make the announcement." — Bernama