

SOUTH THAILAND SPECIAL ECONOMIC ZONE

'GO BEYOND FOOD, RUBBER SECTORS'

Attract private firms and start-ups to special zone, say experts

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THE proposed Southern Thailand Special Economic Zone (SEZ) should go beyond the traditional sectors of rubber and food, to include private firms and start-ups.

Prime Minister Datuk Seri Anwar Ibrahim, who is also finance minister, said this was discussed during his meeting with Thai Foreign Minister Maris Sangiampongsa.

"We discussed the outcome of my working visit with Thai Prime Minister Srettha Thavisin to Sungai Golok, Thailand, and Rantau Panjang, Kelantan, on Saturday.

"Maris mentioned that other than the rubber and food sectors, the proposed special economic zone may include the private sector and start-ups," Anwar said in a post on Facebook.

He said the participation of the companies could attract more investments to the SEZ.

Anwar said he also suggested that Kelantan build a commercial area near Sungai Golok.

"Maris and I also discussed deepening Sungai Golok to address the annual flooding.

"I also expressed Malaysia's commitment towards the peace process in Southern Thailand."

He said both countries had agreed that Malaysia would host the seventh annual consultation between the prime ministers of both countries on Sept 19.

EXPERTS LAUD PROPOSAL

Experts said the proposed SEZ would boost the economy by attracting investments and fostering economic activities.

Associate Professor Dr Norlin Khalid from Universiti Ke-

bangsaan Malaysia's Faculty of Economics and Management said the inclusion of the private sector and start-ups could diversify the industrial base beyond the rubber and food, and create jobs and increase economic output.

"The enhanced infrastructure and commercial developments, such as the proposed commercial area along Sungai Golok, will stimulate economic growth and development in the region" she told the *New Straits Times*.

Norlin said the region's low-value-added upstream industries, such as rubber and food, could be transformed into high-value-added downstream industries.

"Additionally, the rise in demand for goods and services related to SEZ operations can indirectly stimulate job growth in Malaysian businesses."

She said incorporating start-ups in the SEZ could drive innovation and technological advancement, contributing to the overall economic growth of the region, she said.

"Start-ups are often agile and can quickly adapt to market demands, which can introduce new products and services, increase competition, and improve efficiency.

"This can lead to a more vibrant and dynamic economic environment, attracting further investments and creating a positive feedback loop for growth."

She estimated that a one percentage point (ppt) increase in gross fixed capital formation would raise nominal gross domestic product by 0.05 ppt and employment by 0.07 ppt.

ATTRACTING START-UPS

Universiti Teknologi Mara's SME Development and Entrepreneurship Academy coordinator Mohamad Idham Md Razak



Associate Professor
Dr Norlin Khalid



Mohamad Idham
Md Razak



Prime Minister Datuk Seri Anwar Ibrahim meeting Thai Foreign Minister Maris Sangiampongsa in Putrajaya on Tuesday. With them is Foreign Minister Datuk Seri Mohamad Hasan, PIC FROM PM'S FACEBOOK PAGE

said partnering with the private sector and start-ups would likely maximise investments and activities in the SEZ.

He said efforts must be made to attract start-ups.

"This includes proper technical infrastructure and logistical support to construct a solid framework for enterprises.

"Secondly, financial incentives in the form of tax exemptions, grants and subventions can considerably cut down the set-up cost of start-ups.

"Thirdly, business-enabling policies, like simplified company registration and permit procedures, will ease business operations."

HAVE CLEAR POLICIES

However, both experts warned about bureaucratic hurdles, political flux and lack of access to skilled labour.

Idham said the government would have to develop clear and consistent policies to attract start-ups to the SEZ.

"However, increased red tape and political flux can complicate the implementation of such policies.

"Moreover, integrating start-ups into the economy to allow a seamless exchange of goods, labour and services among private firms and government bodies is also a challenge.

"Training a workforce with the

requisite skills and securing financial resources are fundamental challenges to this."

He added that collaboration between the public and private sectors were crucial to develop the SEZ.

"The public sector does tend to pose a hindrance due to the differing nature of priorities and operational styles between the two sectors of the economy."

Idham said balancing the interests of start-ups and large companies in the SEZ required a multifaceted approach.

Implementing policies that fostered an inclusive business ecosystem would ensure that start-ups and established firms thrived, he said.

"This includes offering targeted incentives, such as tax breaks and grants, that are specifically designed to meet the unique needs of start-ups while simultaneously providing infrastructure support and regulatory stability that benefit larger companies.

"Additionally, facilitating partnerships and collaboration between start-ups and established firms can lead to mutual growth and innovation, leveraging the agility and creativity of start-ups alongside the resources and market reach of larger corporations.

"This balanced strategy promotes a dynamic and sustainable economic environment within the SEZ," he said.