



INSTITUTE OF SOUTHEAST ASIAN STUDIES, SINGAPORE

LOCATION FACTORS AND LINKAGES AT THE INDUSTRIAL ESTATES OF MALACCA TOWN

Anton van Naerssen

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Research Notes and Discussions Paper No. 16

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**LOCATION FACTORS AND LINKAGES AT THE
INDUSTRIAL ESTATES OF MALACCA TOWN**
Implications for a Regional Development Policy
in Peninsular Malaysia

by

Anton van Naerssen

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PUSTAKA PERDANA



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PREFACE

Regional development policy is particularly concerned with a more equal distribution of national wealth over the regions. Exploitation of natural resources and migration are often used as tools for a better regional balance. In the case of Peninsular Malaysia, with regional disparities illustrated by the Gross Domestic Product (GDP) ranging from M\$1,917 per capita in Selangor to M\$589 in Kelantan (1975), regional policy instruments are varied. They are summed up in the Third Malaysia Plan 1976-80. Most of these instruments relate to existing factors in the spatial economy, like the location of land settlement schemes, forestry schemes and the exploitation of oil and gas.

However, the author is of the opinion that it is equally important to decentralize manufacturing industries, which so far have tended to concentrate in the Klang Valley Metropolitan Area.* Malacca is one of the few middle-sized towns where this aspect of the Malaysian industrialization policy has been effected. It is therefore important to know whether any specific lessons can be drawn from this experience which may be useful for a regional development policy related to decentralization of manufacturing industries.

The analysis presented here must be regarded as tentative since the regional development policy of Malaysia will be examined at greater length in a publication now under preparation. The data were gathered during a survey in the period June-July 1978 and complemented with information obtained from a survey by the Malacca State Planning Unit (MSPU) and the Malacca State Development Corporation (MSDC) in January 1978.

The Dutch Foundation for Scientific Research in the Tropics (WOTRO) provided a grant for this research project. Acknowledgements are due to Sheikh Ahmad (MPSU), Abdul Ghani Sulaiman (MSDC) and several managers of firms at the industrial estates. Special thanks must also go to Jean Currie,

* In 1959 Selangor accounted for about 26% of the gross value of the industrial output in Peninsular Malaysia. This figure has risen to 44% in 1973. See Malaysia, Department of Statistics, "Census of Manufacturing Industries," 1959 and 1973. Of the 2,296 projects approved by the Federal Industrial Development Authority (FIDA) over the 1971-76 period, about 27% (617) were located in Klang Valley. See FIDA, *Annual Report 1976*.

former economic adviser to MSPU, and to Susan and Raymond Lee, who were carrying out research in related fields. The comments of Ad de Bruijne, who went through this manuscript, and of Paul Hesp, who translated the original version, are much appreciated. The views expressed in this publication are, however, not necessarily held by those mentioned above.

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Anton van Naerssen

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