



NORTHERN CORRIDOR ECONOMIC REGION STRATEGIC DEVELOPMENT PLAN (2021-2025)

COVID-19 IMPACT AND MITIGATION STRATEGIES, PROJECTS & PROGRAMMES

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Logo Rationale

The Northern Corridor Economic Region (NCER) logotype is made up of four stars, a tapering line that is seemingly clasping the stars together and the typeface of the words 'NCER' and 'Malaysia'.

'NCER' is depicted in bold red font to represent the organisation's relentless undertaking to inculcate passion, professionalism and perseverance in the course of executing duties and responsibilities for the well-being of the *rakyat*.

The stars in the logotype previously represented the four states in the Malaysian northern region, encompassing Perlis, Kedah, Pulau Pinang and Perak. Now, the stars also represent each and every i-STAR, i.e. the staff of the organisation, who are recognised as the principal movers of the NCER mandate.

Notably, the stars infer to the symbol of quality. The tapering line clasping the stars refers to the regional approach in the development of NCER. This collective approach also indicates the seamless collaborations in executing initiatives and strategies to make NCER a premier investment region.



(VOLUME 2)

Preface

This document was prepared as an accompaniment to the **Northern Corridor Economic Region (NCER) Strategic Development Plan (2021-2025)** in response to the unprecedented COVID-19 pandemic that has affected the global socioeconomic landscape, including Malaysia.

It contains specific strategies and action plans to mitigate the impact of COVID-19 on the region's economy to ensure that the goals and targets set in the NCER Strategic Development Plan (2021-2025) will ultimately be met for the benefit of the *rakyat*. This is particularly crucial as the original growth targets set for NCER will now require a longer time period to be achieved as a result of the pandemic.

As outlined in this document, a three-pronged approach will be undertaken to mitigate the socioeconomic impact of COVID-19 in NCER, namely, accelerating the growth of private investment, prioritising strategic infrastructure projects and expanding the human capital development programmes, in a concerted effort to bring the region back on track towards economic recovery and subsequently, future growth.

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CHAPTER

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NCER STATES: PROJECTS AND PROGRAMMES

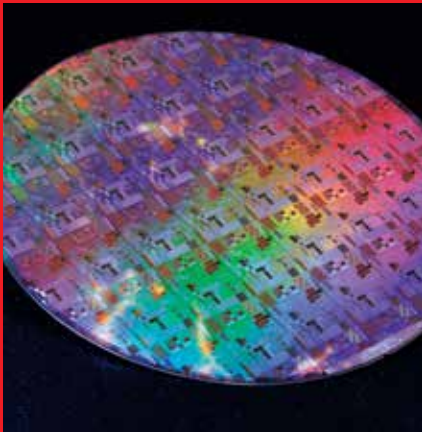
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“Towards becoming a world-class economic region and technology hub”





**SHARED PROSPERITY
THROUGH BALANCED
REGIONAL DEVELOPMENT**



OVERVIEW



The Northern Corridor Economic Region (NCER) was established in 2007 with an aim to accelerate economic growth in the northern region of Peninsular Malaysia, encompassing the states of Perlis, Kedah, Pulau Pinang and Perak. Since then, NCER has evolved progressively and consistently, in line with the government's aspirations to reduce regional imbalances and provide equitable economic growth across the country.

On the back of the solid foundation already established in the region, NCER is now ready to enter its next phase of development as it aims to further increase the well-being of the rakyat in line with the Government's Shared Prosperity Vision 2030. Hence, the Northern Corridor Implementation Authority (NCIA) has prepared the **NCER Strategic Development Plan (2021-2025)** that will help guide the region's development agenda by outlining the future direction and strategies to further advance economic growth and reduce regional imbalances.

Themed **"Shared Prosperity Through Balanced Regional Development"**, the strategic framework aims to **narrow the rural-urban development gap** by driving sustainable economic growth and productivity in key priority sectors. This will be done through a holistic approach which encompasses the **economic empowerment of the rakyat, strengthening of infrastructure** to support connectivity and growth, **social re-engineering**, and **conservation and preservation of the region's biodiversity**.

Under this strategic framework, NCER has set the target of becoming a **RM300 billion economy** by 2025, with a **mean household income of RM10,508** and a **B40 median income of RM4,203** among its population. The region is also expected to attract **RM146.5 billion worth of investments** which will create **161,197 jobs** for the rakyat and **over 40,000 local entrepreneurs**.

However, the sudden outbreak of the COVID-19 pandemic, which was first detected in China in late 2019, had caught the entire world off-guard and caused an unprecedented, devastating economic

impact on a global scale. As countries around the world scrambled to curb the pandemic by introducing physical lockdowns and border closures, this was done at the expense of their local economies where only essential businesses were allowed to operate.

Malaysia too, was not spared from the COVID-19 aftermath. The announcement of the Movement Control Order (MCO) by the Malaysian Government effective 18 March 2020, as part of its drastic effort to curb the outbreak from further spreading, has practically put most economic sectors in the country on a halt, with the exception of essential ones. Among the sectors that were badly hit were Manufacturing, Construction and Tourism, resulting in business closures and unemployment as companies were unable to sustain their business during the lockdown period.

Even after the gradual relaxation of the MCO nationwide, the impact of COVID-19 has been profoundly felt and widespread, resulting in a crucial need for immediate actions to be taken to address the situation in the short-and-medium term. Hence, the Northern Corridor Implementation Authority (NCIA) has taken the proactive step in conducting a detailed study on the impact of the pandemic on the region. Based on the study, NCIA has undertaken a **three-pronged, integrated approach** which consists of **empowering the rakyat, accelerating strategic projects and programmes**, and **accelerating private investment growth**, to formulate the COVID-19 response strategy for NCER.

This post-COVID-19 strategy is especially crucial as the initial growth targets set for NCER will now face a two years' delay to be achieved as a result of the COVID-19 pandemic. **Despite the shift in the timeline, the original framework, goals and targets prescribed in the NCER Strategic Development Plan (2021-2025) remain unchanged** and will continue to be the main reference for NCER's future development, as it progresses forward in the post-COVID-19 world. At the same time, the well-being of the rakyat, especially the **B10 households**, will stand as the key focus.

Chapter

1

NCER REGIONAL POLICY & STRATEGIC FRAMEWORK





Known as the "The Land of Grace", Perak is rich with cultural history and natural beauty which offers great potential in the tourism sector



Integrated Business Centre (IBC) at Chuping Valley Industrial Area (CVIA)



The majestic Alor Setar Tower is a popular landmark of modern Kedah



Pulau Pinang is a vibrant manufacturing hub and popular tourist destination with excellent logistics network

NCER 2019 REGIONAL ASSESSMENT

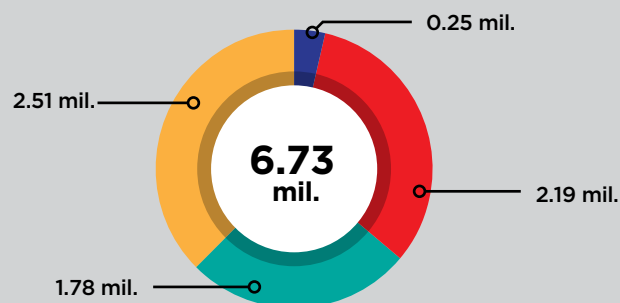
As of 2019, the total population in NCER stood at 6.73 million, an increase of 0.3 million from 2018, with Perak being the most populous state in the region with 2.51 million people. Perlis has the lowest number of population in the region with 0.25 million people.

In terms of outmigration, Perlis, Perak and Kedah reported high outmigration in 2018, with Perak recording the highest rate. This indicates a lack of job opportunities being created in the three states due to limited availability of economic activities. Hence, more effort is required to attract high-value investments and encourage the participation of the private sector in economic activities in these states. This is to stimulate economic growth, which will subsequently create more jobs and entrepreneurship opportunities for the locals in potential industries.

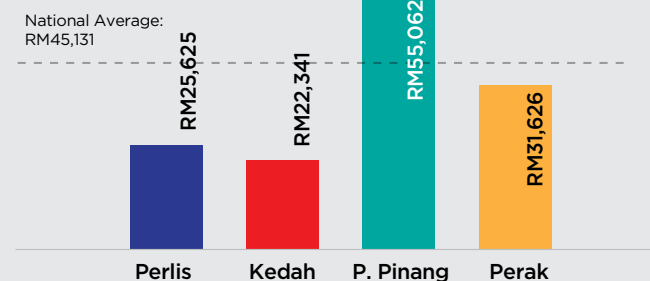
Total GDP for NCER has increased by RM8.7 billion to **RM223.70 billion in 2019** as compared to RM215 billion in 2018, with all the states showing an increase in their GDP for the year. Pulau Pinang's GDP continued to surpass that of other NCER states and is expected to increase to RM95 billion in 2020, indicating that intra-regional economic imbalance still exists within NCER. Hence, a more focused approach is needed for Perlis, Kedah and Perak for their post-COVID-19 mitigation plan to ensure that this gap will not be further widened.

As the most economically advanced state in the region, **Pulau Pinang** also has the **highest GDP per capita** in NCER at **RM55,062** in 2019. Perak, which has the second highest GDP per capita in NCER, trails behind at RM31,626, followed by Perlis (RM28,625) and Kedah (RM22,341) whose respective GDP per capita is below the national average of RM45,131. This further reiterates the economic imbalance within NCER that needs to be addressed urgently.

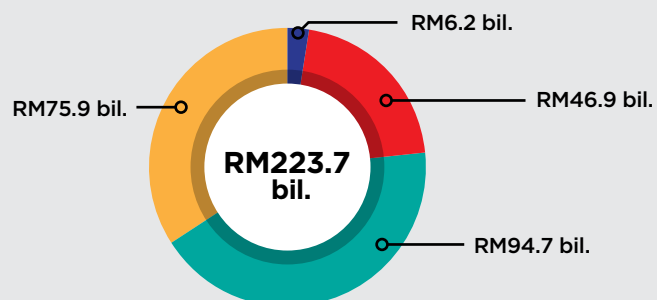
Total Population in NCER



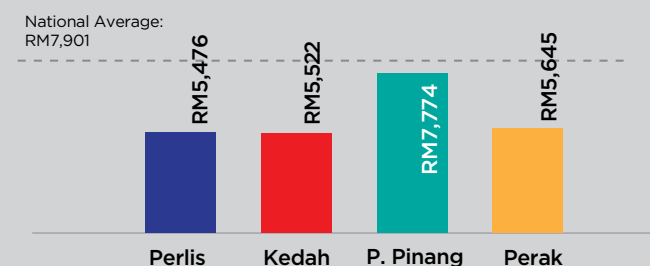
**Total GDP per Capita for NCER
(NCER: RM33,670)**



Total GDP for NCER



**NCER Household Income
(NCER: RM6,104)**



LEGEND ■ Perlis ■ Kedah ■ P. Pinang ■ Perak

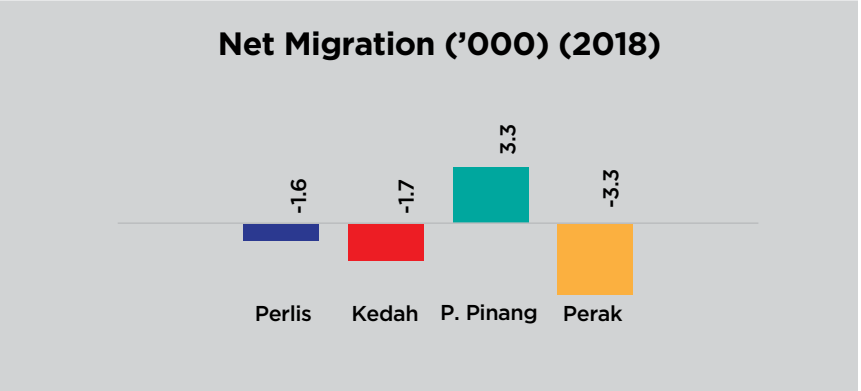
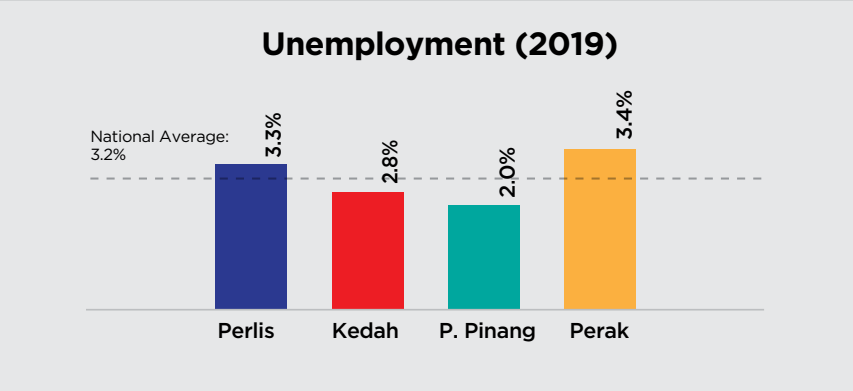
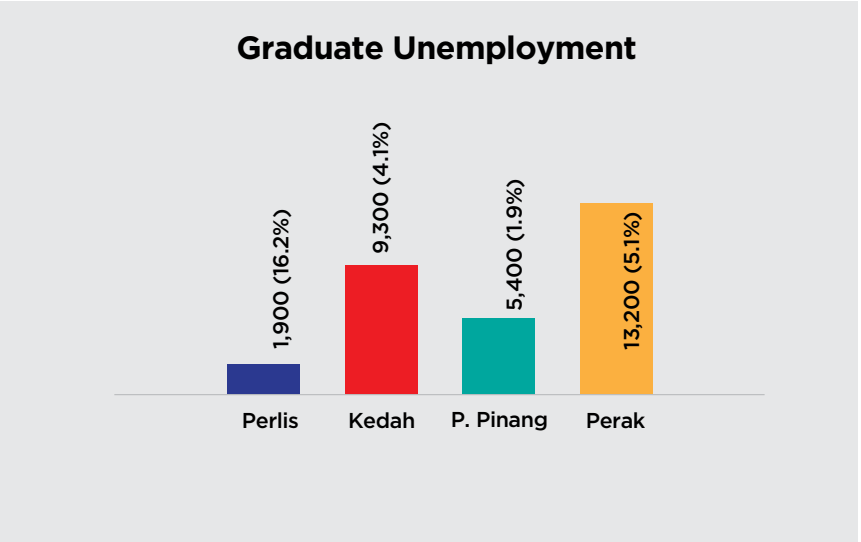
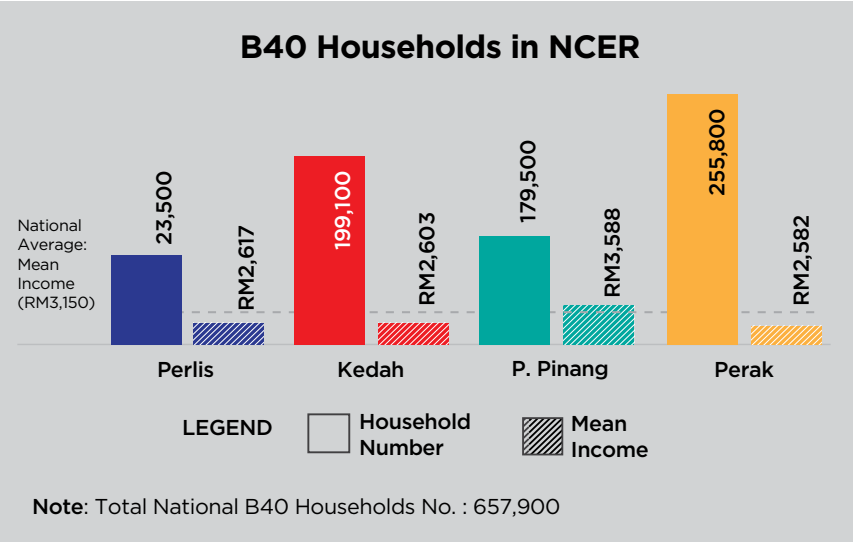
Source: DOSM

All the states in NCER still recorded a **mean household income** that was **below the national average of RM7,901** as of 2019. However, the figure for Pulau Pinang greatly exceeded that of the other three states in the region. Kedah registered the lowest mean household income in the region despite being bigger in size than Perlis. High income disparities within the region is due to the strong high-value **manufacturing and service industries in Pulau Pinang** compared with the other states.

On a positive note, the total number of **B40 households** in NCER has fallen to **657,900** in 2019 compared with 816,525 in 2018. Pulau Pinang, however, has shown an increase in its B40 households to 179,500 in 2019 as compared to 158,410 in 2018. Both Kedah and Perak recorded a high percentage of B40 income earners at 38.8% and 30.2% respectively. The **mean household income of B40 households** in three NCER states were still **below the national average of RM3,150**.

In terms of unemployment, **Perlis** and **Perak** recorded an **unemployment rate** that was **higher than the national average of 3.2%**, with Kedah and Pulau Pinang recording an unemployment rate that was below the national average. The unemployment rate in the region is expected to increase following the COVID-19 pandemic due to massive retrenchment and lesser job opportunities.

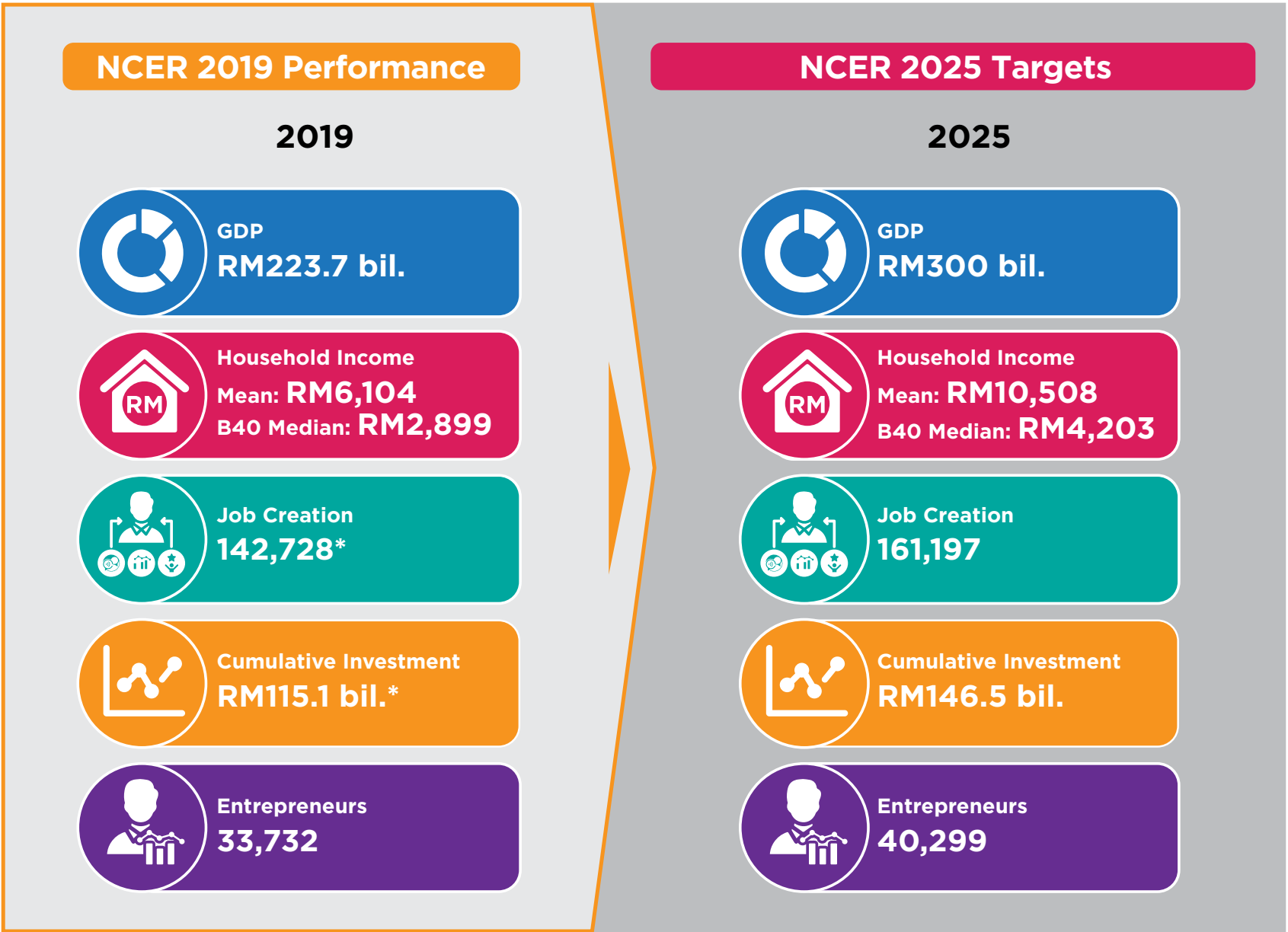
NCER also has a high percentage of **unemployed graduates** with a total of **12,699** first degree holders and above based on Ministry of Education Malaysia’s Graduate Tracer Study (SKPG) conducted in 2018. However, the number of unemployed graduates has since increased further to **29,700 in 2019** according to the Department of Statistics Malaysia (DOSM). Perak still recorded the highest number in NCER with 13,200 graduates in 2019. Overall, unemployed graduates from NCER represented 17.04% from the total national figure in 2019.



PRE-COVID-19 TARGETS FOR NCER BY 2025

Prior to COVID-19, NCER is projected to become a **RM300 billion economy by 2025**, growing by RM76 billion from 2019. By then, the region is targeted to create **161,197 new jobs** and **40,299 entrepreneurs**, while cumulative investment is forecast to grow to **RM146.5 billion** from RM115.1 billion in 2019. The **mean household income** and **B40 median household income** for the region is targeted to reach **RM10,508** and **RM4,203** respectively.

Pre-COVID-19 Targets for NCER by 2025



Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020)

Note:
1. Initial SDP targets has been surpassed by 2019 exceptional performance.
2. For 2018-2025, the average growth rate of NCER GDP is expected at 5% per year in order to reach 2025 target.

IMMEDIATE IMPACT OF COVID-19 ON NCER'S ECONOMY

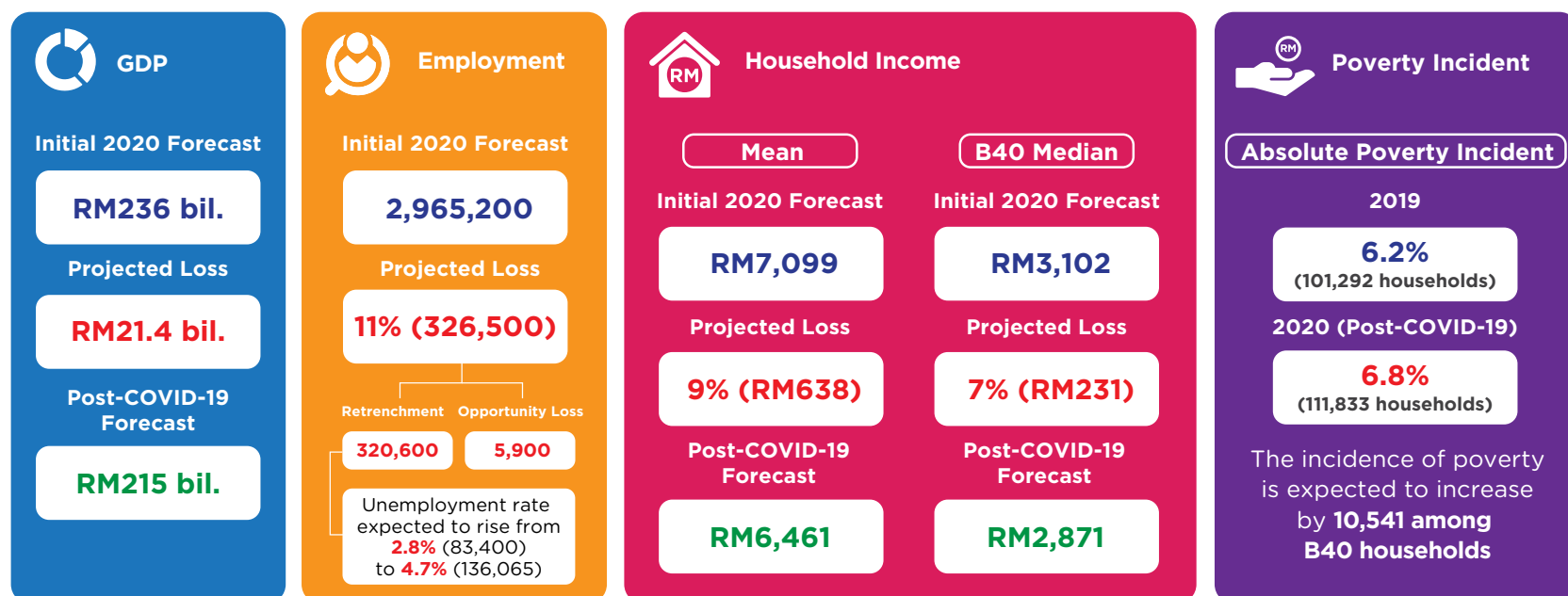
The impact of COVID-19 pandemic has caused a **projected loss** of around **RM21.4 billion** from **NCER's initial 2020 GDP forecast of RM236 billion**. This is largely due to the closure of non-essential businesses and restricted operations of essential businesses during MCO, which is expected to lead to a sharp decline in Q2 2020 GDP. **Significant job losses** and **low consumer confidence** are expected to reduce private consumption for the remainder of 2020. The projected **employment loss** in 2020 is estimated to be at **326,500**, of which 300,600 is attributed to job retrenchment while 5,900 is due to opportunity loss.

The **mean household income** is forecast to experience a **projected loss of RM638 from RM7,099** which was initially forecast for 2020. In addition, the B40 median household income will see a **7% projected loss** due to COVID-19, while **poverty rate** is expected to increase by 10,541 households in 2020.

To address these issues, NCIA has taken immediate action by **prioritising catalytic projects, human capital programmes and investment incentives** in NCER. All these measures are expected to stimulate economic growth and recovery of the region in 2021 and 2022, with an **estimated GDP growth of between 4.8% and 5.4%** during this period. Another factor that will help buoy NCER's economy towards recovery will be the **growth of selected new and existing sub-sectors** in the region which is expected to create jobs that are to be filled by reskilled workers. **Strengthening consumer confidence** is also expected to generate a rebound in consumption.

From 2023 onwards, NCER is forecast to experience an **expected growth rate of 5%** which will be driven by NCIA-led projects and programmes, such as Kedah Rubber City and Silver Valley Technology Park. Reskilled labour force and supply chain diversification are also expected to attract greater FDI into high-value manufacturing sector in NCER in the future.

COVID-19 Economic Impact on NCER's Economy (2020)



Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020) and PwC analysis

Note:

1. The estimated impact is based on worst case estimates of 2020 GDP growth of -4%.
2. Estimations of GDP losses are relative to initial projections for NCER's growth in 2020, and are opportunity losses. GDP growth estimates used have taken into consideration BNM official figures, as well as analyst forecasts from Asian Development Bank, Ambank Research, Kenanga Research, Standard Chartered, S&P Global, UOB, ING, DBS and CGS-CIMB.
3. Estimation of total employment losses was based on estimated sectoral impact from the special survey by DOSM and initial Pre-COVID-19 2020 employment estimations (as at 18/5/2020). Estimation of retrenchment figures was calculated using 2019 employment figures as the base year.

IMPACT OF COVID-19 ON NCER'S 2025 ECONOMIC VISION

The COVID-19 pandemic has impacted NCER's earlier economic projections, particularly in terms of its **Gross Domestic Product (GDP), cumulative investment** and **job creation**.

As a result of COVID-19 impact, NCER's vision of achieving a GDP of RM300 billion by 2025 will now be **delayed by two years** to 2027. The aftermath of COVID-19 has also shifted the targeted deadline for NCER's cumulative investment forecast of **RM146.5 billion** by about **one year**.

The number of job creation in NCER is also projected to fall, particularly during the remainder of 2020. As a result, the impact of COVID-19 will

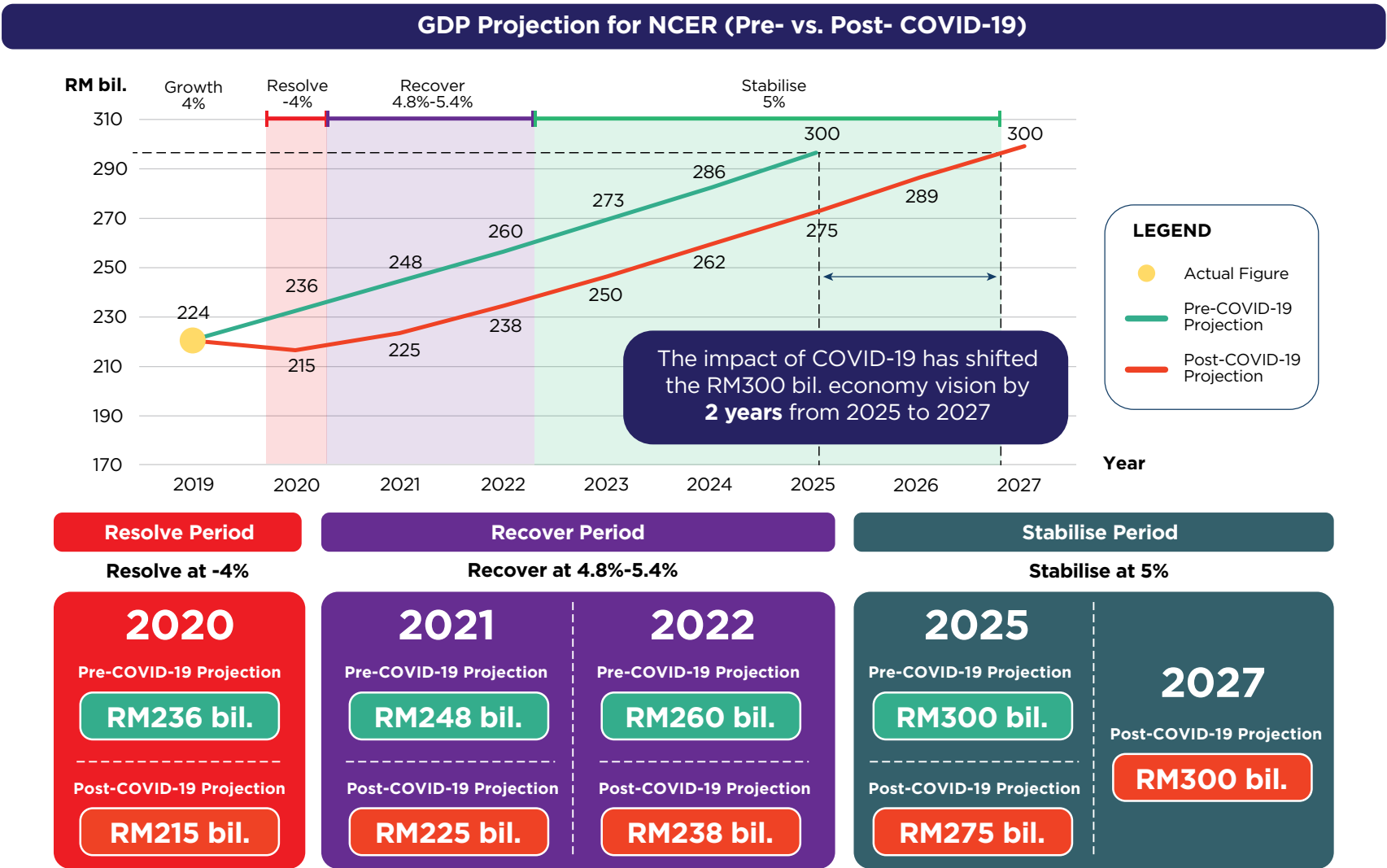
delay NCER's cumulative job creation target of **161,197 by one year** from its original 2025 timeline.

Over the next seven years, NCER's economy will undergo three distinct periods, namely, **Resolve Period** (covering the remainder of 2020), **Recover Period** (2021-2022) and **Stabilise Period** (2023-2027).

Despite the delay in the timeline, the original framework, goals and targets prescribed in the NCER Strategic Development Plan (2021-2025) **remain unchanged** and will continue to be the main reference for NCER's development agenda, especially in the post-COVID-19 world.



The impact of COVID-19 has been felt by the *rakyat* across all socioeconomic levels, especially the B40 and M40

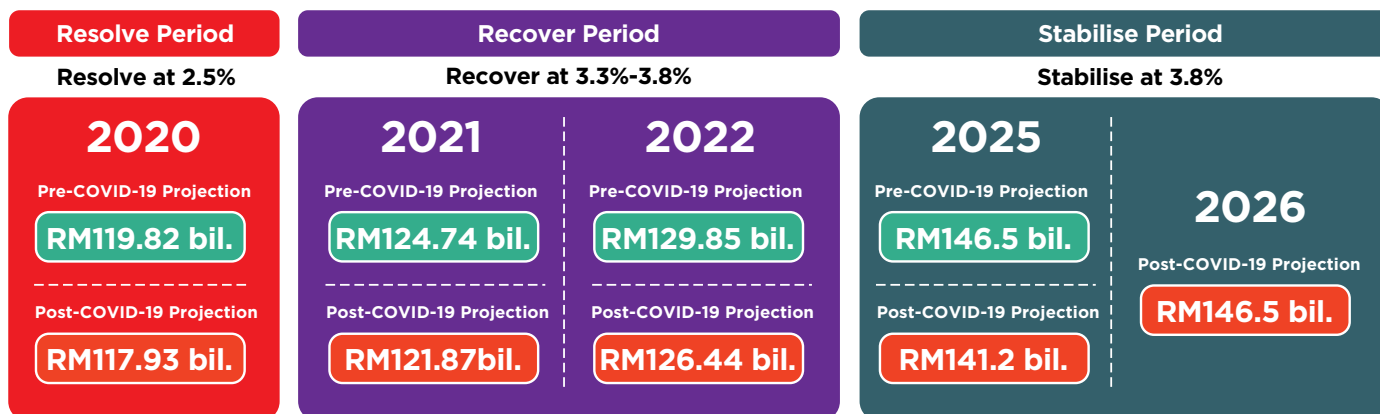
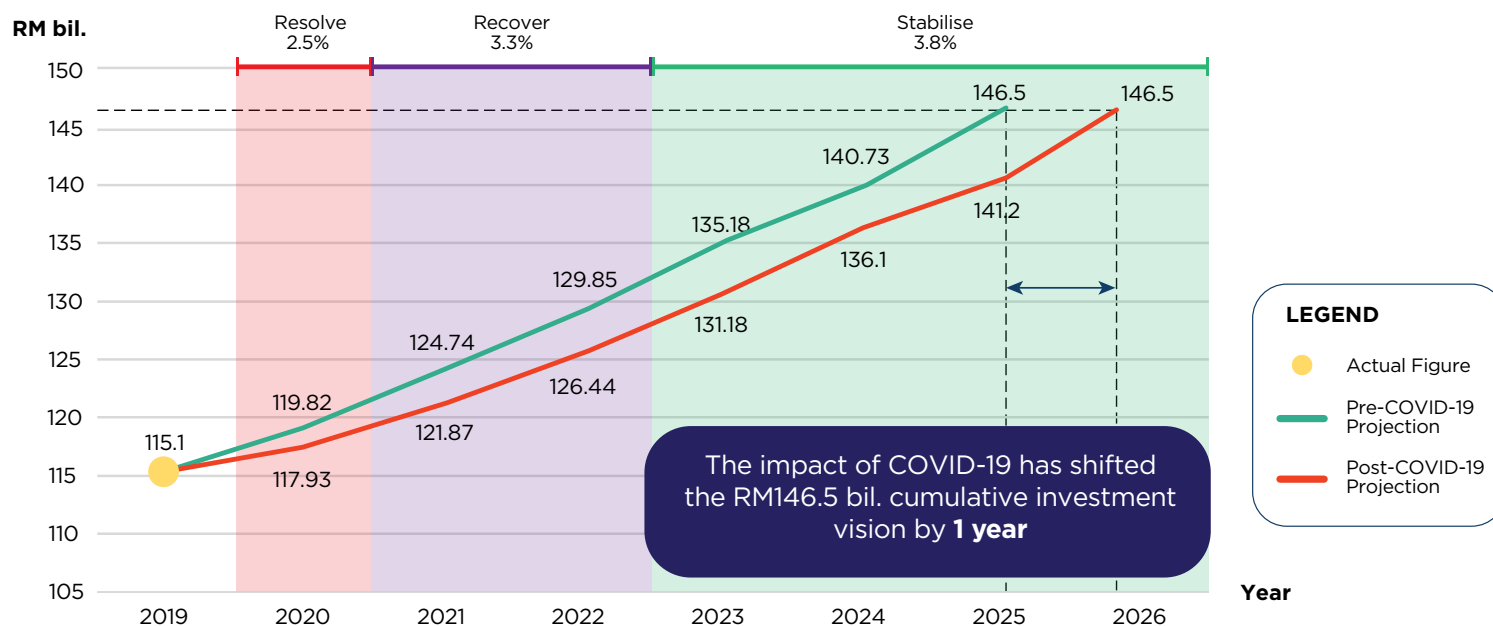


Source: DOSM & PwC analysis
Note: 30-40% shortfall expected.

During the Resolve Period, significant job losses and low consumer confidence are expected to depress private consumption for the rest of 2020. **The region's economy is expected to pick up in 2021, driven by business recovery and private investment growth.** During the **Recover Period**, priority will be given on **catalytic projects** as well as **human capital programmes** and **incentives** to stimulate economic growth and recovery, which will be supported by the gradual recovery of private sector investment.

Economic growth is expected to stabilise from 2023 onwards on the back of NCIA's high-impact projects and programmes. Reskilled local workforce and supply chain diversification are also projected to attract greater Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) into high-value manufacturing.

Cumulative Investment Projection for NCER (Pre- vs. Post- COVID-19)



Source: DOSM, MIDA, UNCTAD, NCIA & PwC Analysis
 Note: 30-40% shortfall expected.

Negative investor sentiments are expected to delay some pre-COVID-19 planned investments during the Resolve Period, with an expected 30%-40% shortfall in investments. However, increased investments in quick-win projects are expected to soften the negative impact of COVID-19.

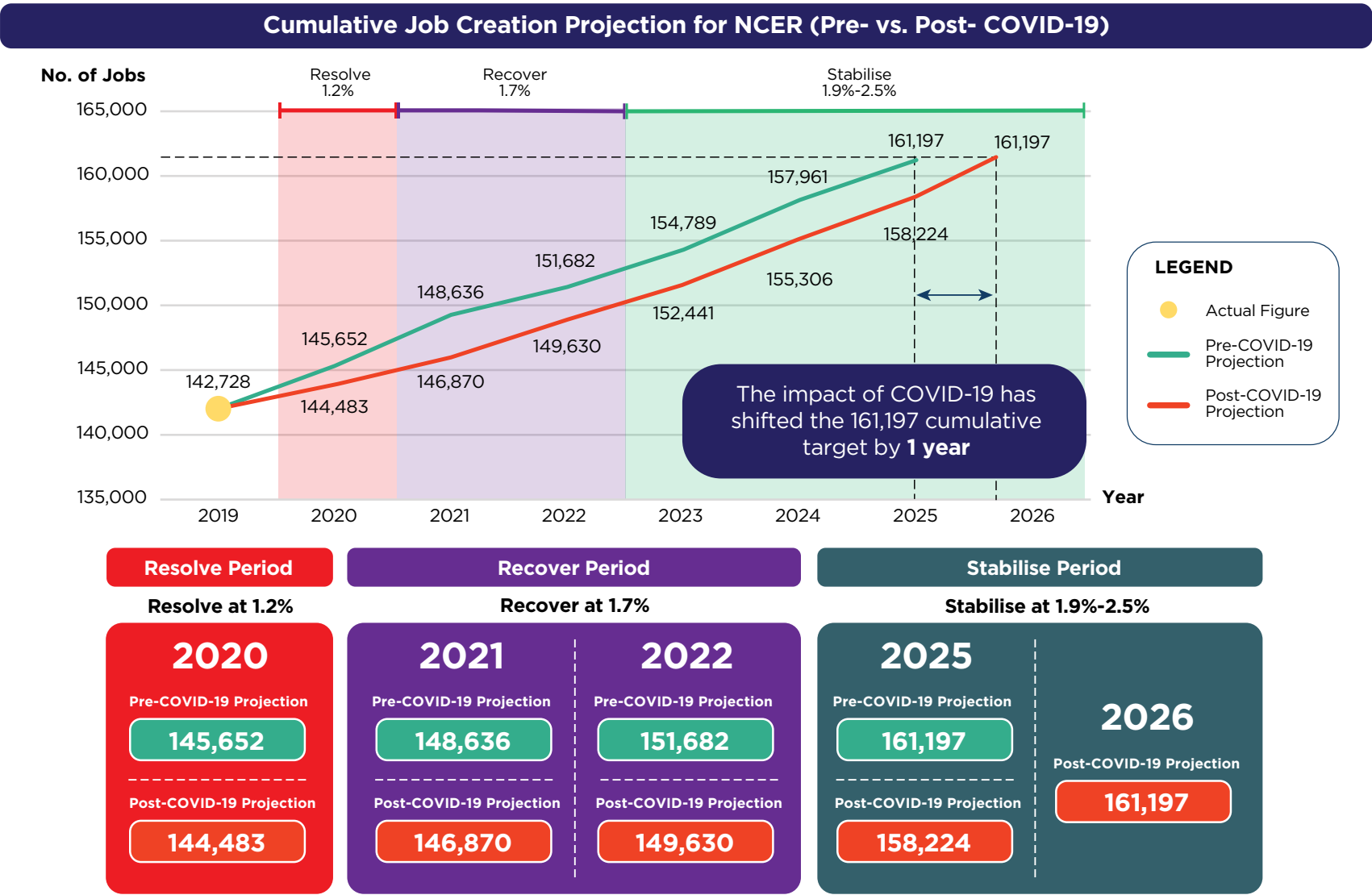
Investor sentiment is expected to gradually recover in 2021-2022, with a growth rate 3.3%-3.8% due to many postponed and new private investments resulting from supply chain diversification

opportunities taking place in this period, thus driving high growth rates. During the Recover Period, NCIA's role in the promotion and facilitation of investments will play a key factor in attracting new private investments.

Infrastructure development, coupled with the reskilling and upskilling of local labour force, is expected to position NCER as an attractive FDI and DDI destination for high-value added activities with cumulative investment projected to reach **RM141.2 billion** by 2025.

Due to the slowdown in investment, the number of job creation in NCER is also projected to fall, particularly during the remainder of 2020. As a result, the impact of COVID-19 will delay NCER's cumulative job creation target of **161,197** by **one year** from its original 2025 timeline.

Nonetheless, **the job figures are expected to recover from 2021 onwards** and stabilise by 2025-2026 period, following the reskilling and upskilling of local workforce to fill in the vacancies for high-value jobs created.













Source: DOSM, MIDA, UNCTAD, NCIA & PwC Analysis
Note: 30-40% shortfall expected.

IMPACT OF COVID-19 ON KEY SECTORS



Overall, the **manufacturing** and **tourism** sectors in the NCER are **severely impacted** by COVID-19, whereby both clusters are expected to experience **slow demand recovery** in the post-pandemic period. The **manufacturing** sector is estimated to experience a **projected loss of RM7.2 billion in output**, while **tourism** is faced with an **estimated tourist loss of 3.5 million** during MCO.

Furthermore, the tourism sector is projected to face the highest number of retrenchment and job opportunity loss compared with other key sectors in NCER, with an **estimated retrenchment of 82,100 workers** and **job opportunity loss of 3,950**.

Projected Loss	 Tourism	 Logistics and Connectivity	 Manufacturing	 Mining and Quarrying	 Agribusiness
Output	3.5 mil. Estimated number of tourists lost during MCO	Up to 64% Year-on-Year decline in commercial flights in April 2020	RM7.2 bil. Estimated GDP decline in 2020	RM27 mil. Estimated GDP decline in 2020	RM714 mil. Estimated GDP decline in 2020
Employment	82,100 Estimated retrenchment 3,950 Estimated job opportunity loss	15,000 Estimated retrenchment 270 Estimated job opportunity loss	29,800 Estimated retrenchment 600 Estimated job opportunity loss	700 Estimated retrenchment 100 Estimated job opportunity loss	30,200 Estimated retrenchment 120 Estimated job opportunity loss
Recovery Outlook	 International tourism expected to decline 60-80% . Poor outlook for medical and health tourism	 Trade volumes expected to rise with relaxation of MCO, but to remain lower than pre-COVID-19	 Medical Devices: Prioritisation of health & safety will increase demand and create jobs	 Gradual recovery of demand for minerals expected with easing of lockdowns globally and resumption of manufacturing activities	 Fast recovery of sector with relaxation of MCO

Source: DOSM, BNM, World Bank, PwC analysis and various research publications

Note:

1. The above data was based on studies conducted by various third parties. Follow-up field studies are to be conducted to validate the findings.
2. Further details on NCER's key economic sectors are available in Volume 1 of NCER Strategic Development Plan (2021 – 2025).



The severe impact on the tourism industry is mainly due to the high cancellation of booking and low occupancy rate, as well as the decline in international tourism which is expected to fall by 60%-80%, with grim outlook for medical and healthcare tourism. Also affected is the **logistics and connectivity sector**, with up to 64% year-on-year decline recorded in commercial flights in April 2020. On a positive note, NCER's tourism sector is set to capture **opportunities in the domestic tourism market** which is expected to remain resilient.

The **agribusiness** cluster is expected to **experience fast recovery** upon the relaxation of MCO, with the prioritisation of **food security** expected to boost productivity-related investments into agriculture. Demand for **medical devices** is expected to increase and create jobs within the sector as health and safety becomes a priority.

Opportunities also exist in capturing the **outflows of FDI for E&E products** as multinational corporations (MNCs) diversify their geographical location. For mining and quarrying, demand for minerals is expected to gradually recover with the easing of lockdowns globally and resumption of manufacturing activities.



COVID-19 IMPACT ON NCER'S SOCIOECONOMIC LANDSCAPE

Subsequent to its impact on the macro-economic level, COVID-19 has also left a devastating aftermath at **society level**. The most affected are the *rakyat* from the **B40 and M40 groups**, especially the **hardcore poor (B10), women and youths, workers from the informal sector, unemployed graduates, retrenched workers** and **rural students**.

Many adults and youths in NCER are experiencing **loss of jobs and income**, while students **struggled with e-learning** due to the lack of good Internet connection.

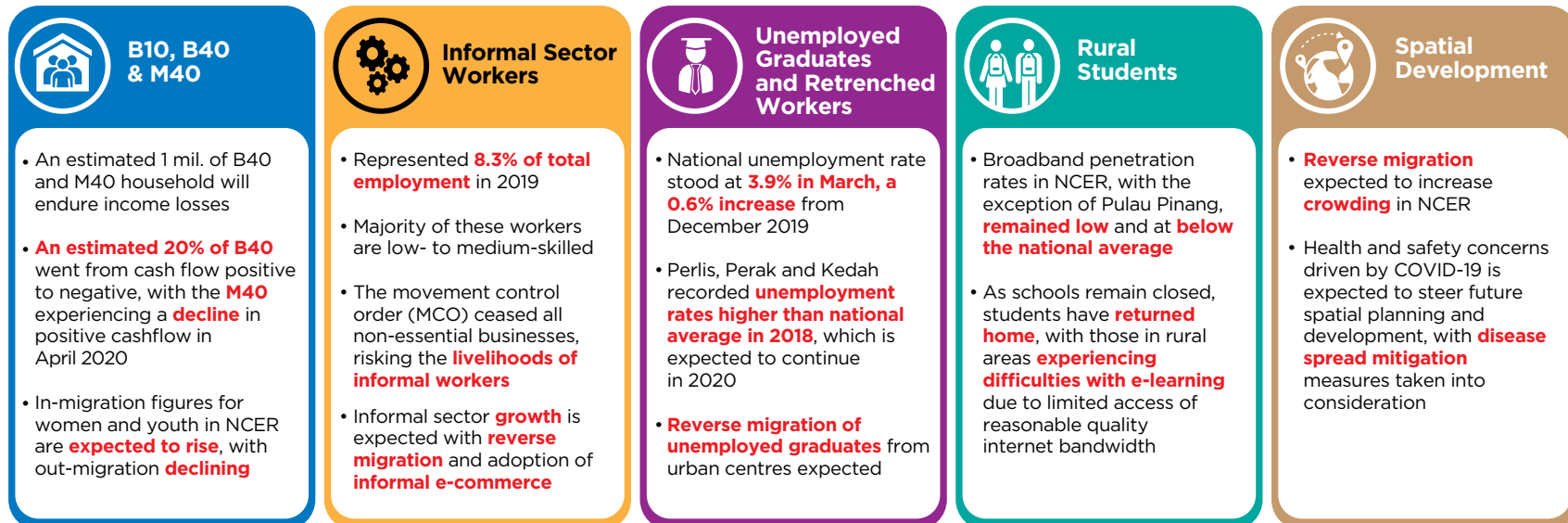
The **business community** in the region was also adversely affected, with the **Small and Medium-Sized Enterprises (SMEs), micro entrepreneurs, farmers** and **hotel** operators among those who were financially hit.

Hence, serious efforts will be given to assist the targeted groups which are the B40 households, including the B10 group and Orang Asli.

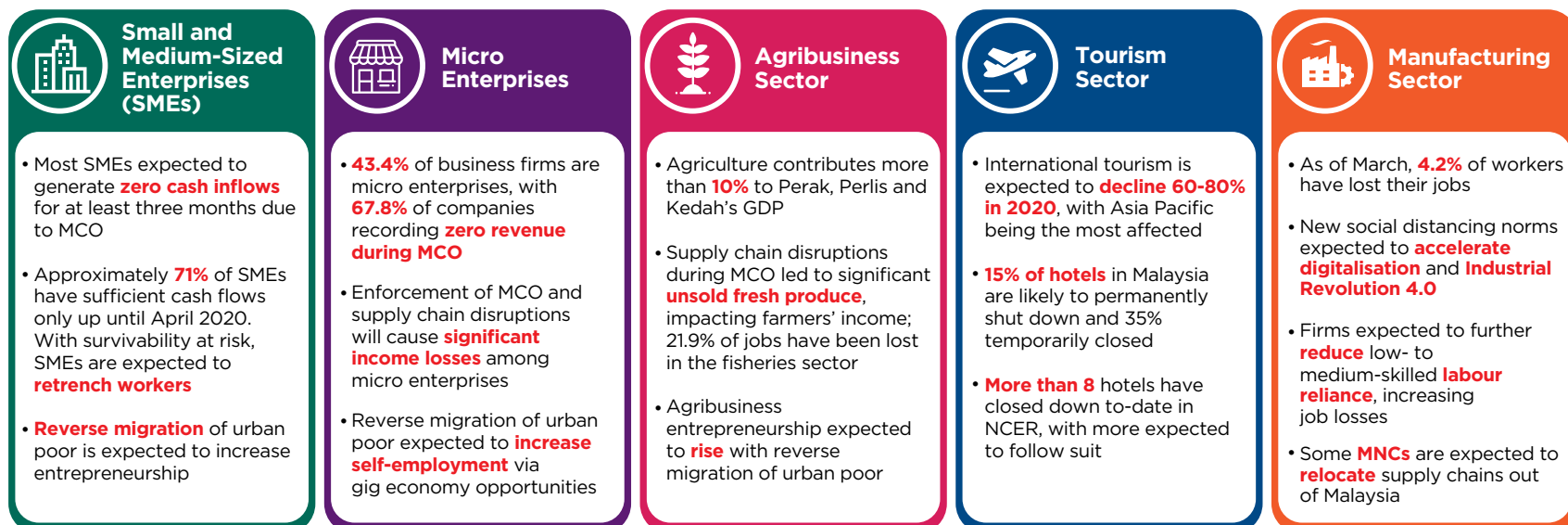


The *rakyat* in NCER are now embracing the “new normal” in the post-COVID-19 era

Rakyat



Business Community

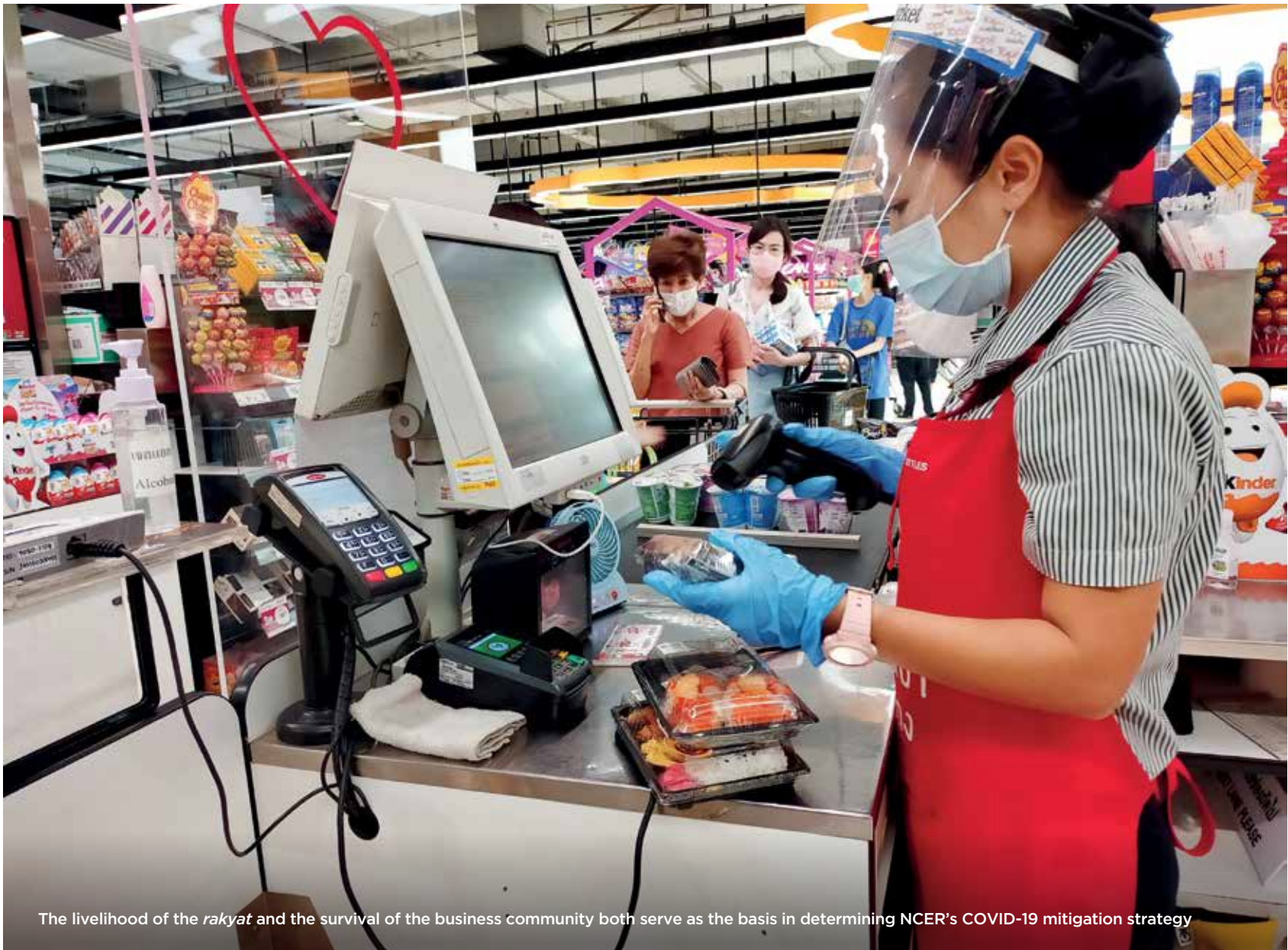


Source: DOSM, MCMC, SME Association of Malaysia, UNWTO, MAH, Ministry of Education (MoE), Massachusetts Institute of Technology (MIT), Informal Sector Work Force Survey, CNA, University of Malaya, Malaysian Employers Federation, AMCHAM & Thomas Reuters Foundation.

POST-COVID-19 POLICY DIRECTION FOR NCER

In determining the future direction and policies for the development of NCER, several key factors will be taken into account to lift the region's economy back into the path of recovery and subsequent growth, while taking advantage of new growth opportunities brought by COVID-19.

Most importantly, this policy framework is aimed at addressing the needs of both the **rakyat** and the **business community**, and will provide the base reference for the development of NCER in the post-COVID-19 era.



The livelihood of the *rakyat* and the survival of the business community both serve as the basis in determining NCER's COVID-19 mitigation strategy

Rakyat



Safeguard Health and Safety

Safeguard and ensure the protection of health and safety of the people from the risk of COVID-19



Increase Local Employment

Accelerate the creation and redeployment of jobs to reach productive employment and decent work for locals



Enhance Entrepreneurship

Enhance entrepreneurship as a stable and sustainable means of securing income and livelihood



Realise Sustainable Community

Ensure equitable access to evolving basic needs and synergise linkages between urban and rural areas as well as promotion of renewable energy



Redevelop Spatial Strategy

Formulate spatial development policies to mitigate COVID-19 impact on regional and local development



Catalyse Digital Economy

Build resilient, inclusive digital infrastructure and foster innovation

Business Community



Build Business Resilience

Build a resilient and sustainable ecosystem for companies to adapt to the 'new normal' and revive consumer demand



Spur Investment Growth

Accelerate and revitalise private investment for sustainable development



Promote Cross-Border Movement

Ensure safety and standards for cross-border movement and interactions of persons and goods



Modernise Agribusiness

Strengthen, enhance and safeguard the agribusiness sector to capture value and ensure food security



Rejuvenate Tourism

Adherence to sustainable tourism practices and greater focus on domestic tourism market to rejuvenate the industry



Future-Proofing Manufacturing

Mitigate impact on the manufacturing sector by accelerating the adoption of Industry 4.0 and development of domestic supply chain

STRATEGIC FRAMEWORK OF NCER IN RESPONSE TO COVID-19

In response to the challenges brought by COVID-19, NCIA has enhanced the **NCER Strategic Development Framework** which has now identified **four immediate priority areas** which are to **safeguard the income and livelihood of the rakyat, generate jobs and employment, encourage entrepreneurship** and **spur the local economy**.

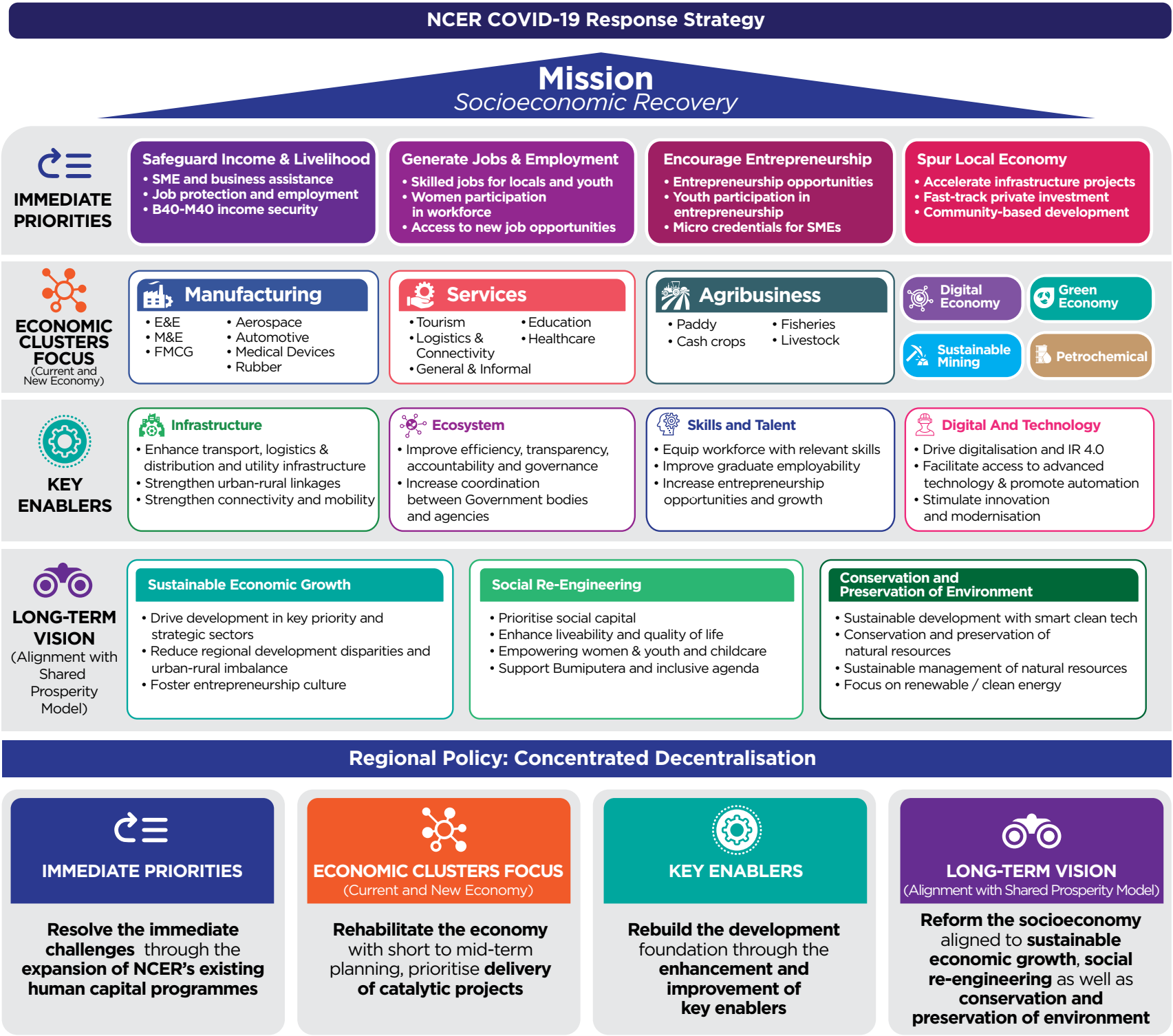
This would involve, among others, **ensuring the survival of SMEs**, a key driver of the economy, via financial and business advisory assistance to restart their business, as well **upskilling the rakyat**, particularly the **B40, M40 and B10 (hardcore poor)** households to improve their access to new job opportunities. In addition, **high-impact catalytic infrastructure projects** will be accelerated to ensure NCER's readiness in capturing post COVID-19 private investment growth opportunities. Focus will also be given on community-based development by **enhancing digital literacy and improving connectivity infrastructure** between urban and rural for sustainable growth.

Under this strategic framework, **tourism, logistics and connectivity, manufacturing** and **agribusiness** will remain as the key economic drivers in the region, while other key priority sectors and subsectors have also been identified, namely **petrochemicals, green economy, sustainable mining** and **education**. Various subsectors under Manufacturing, such as **Fast-Moving Consumer Goods (FMCG), rubber, automotive** and **medical devices** have also been identified for prioritisation.

The long-term vision of the NCER Strategic Development Framework is aligned with the **Government Shared Prosperity Vision 2030** which upholds sustainable economic growth, supports social re-engineering and safeguards the conservation and preservation of the environment.



NCIA has embarked on an immediate response to mitigate the impact of COVID-19 in NCER



ALIGNMENT OF NCER PROGRAMMES WITH PENJANA: ENSURING IMMEDIATE REACH TO THE RAKYAT BURDENED BY COVID-19

As an immediate response to the economic impact caused by COVID-19, the Government has established the **Pelan Jana Semula Ekonomi (PENJANA)** or **National Economic Recovery Plan** to alleviate the burden of the *rakyat* on an **urgent basis**. PENJANA will focus on three key thrusts comprising **Empower People**, **Propel Businesses** and **Stimulate the Economy** to bring the country's economy back to recovery.

In this regard, NCIA with the support of the Prime Minister's Department and the Ministry of Finance has embarked on its own

human capital initiatives that are based on PENJANA. **JomKerja@NCER** and **JomNiaga@NCER** were devised to attract companies to continue with their hiring strategy in the post-COVID-19 era, as well as to develop local entrepreneurs. The programmes are essentially meant to encourage companies in NCER to employ unemployed graduates, retrenched workers, youths and women by providing them with job opportunities and entrepreneurship skills that will help them achieve better quality of life and self-sustainability.

Immediate Intervention via NCER Human Capital Programmes to Address Post-COVID-19 Issues

Reduce the Impact of High Living Cost

Kasih Ibu NCER



Cashless Card

Purchase of basic necessities worth **RM250/month**



Healthcare Benefit

Treatment at private clinics worth **RM500/year**

Targets by 2025 12,000 recipients

Prevent Future Poor Through Education



Tuition Classes Academically weak UPSR, PT3 and SPM students Personal Development Programme



Targets by 2025

30,000
students from mainstream schools



Cashless Card Programme **RM60/month** (primary) and **RM80/month** (secondary)

Computer Literacy Programme 21st Century Classroom and Interactive Learning

Robotic STEM Learning Programme



2,700
students from Orang Asli families



1,000
students sponsored by PETRONAS

Enhance Competitiveness of SMEs and Micro Enterprises



Soft Loan from Maybank and Agrobank

Topping up **50%** of the profit rate

Entrepreneur Development

Domestic and international market penetration or elevate market reach

Targets by 2025

8,160
Entrepreneurs

250 Orang Asli
Entrepreneurs

5,200
Jobs Created

Tippling Point for Bumiputera Investment



Grant of up to **15% or RM2 mil.**
(Whichever is lower)

Grant for **Infrastructure Development & Machineries and Equipment**

Targets by 2025

Investment value of **RM1.5 bil.** from approximately 20-30 Bumiputera companies

Create **1,750** new job opportunities

Address Graduate Unemployment Through Collaboration With Private Sector



Companies:

Investing or expanding in NCER

Participants:

Unemployed graduates, contract workers, part-time workers, graduate trainees, management trainees

- Minimum income of **RM2,500**
- Reimbursement of up to **RM1,000/month** for **12 months**

Targets by 2025

6,250 graduates employed with minimum income of **RM2,500/month**

125 private companies involved in NTEP

JomKerja - Address Graduate Unemployment and Retrenchment in Response to COVID-19



Objective and Outcome

- Employment opportunities for retrenched workers and unemployed graduates
- Ensure skilled workforce to meet industry needs within NCER

Clusters:

- E&E
- High-End Manufacturing
- Medical Devices
- Global Business Services
- Smart Farming

Targets

3,500 participants by 2020

3-month advance payment for hiring in 2020

Hiring within **1st month**

50% of the salary up to **RM1,000/month** for 6 months

Opportunity To Earn Higher Income

Create Economic Activities in Less Developed Areas



Place & Train and Hand-holding

Assist with Business & Marketing Strategy

Customised Skills Training

To be industry-ready and produce marketable goods & services

Profiling

Selection of participants

Outcome Monitoring & Tracer Study

Targets by 2025

14,200 B40 group (2,500 Orang Asli participants)

30 districts

Minimum of **RM1,100** increase in income

50% targeted women participation

80% targeted job placement/ business registered

JomNiaga - Provide Opportunity to Earn Higher Income in Response to COVID-19



Objective and Outcome

- Fast-track programme
- Stimulate the recovery of micro enterprises & SMEs in the informal sector
- Reskilling and upskilling to earn income via job placement or entrepreneurship

Participants:

- Youth, women, single mothers, Orang Asli
- Unemployed graduates, retrenched workers
- Community from less-developed areas
- Micro enterprises in informal sector and SMEs

Targets

4,560 participants

Training conducted within **3 months**

E-commerce compulsory modules

Job placement incentive to companies of **RM600** salary top-up per pax for 6 months

In order to reach out to more participants and to accelerate the application process for JomKerja@NCER and JomNiaga@NCER, NCIA has embarked on an online **e-application system** which was designed to **streamline the application process** and **expedite the approvals**. The web-based system offers various benefits such real-time approval process, personalised outreach with automation, improved customer satisfaction, better management of all communications and interactions with applicants, online claim submission in the reimbursement phase, auto-generation of the Letter of Award (LOA) and trustworthy KPI reporting for the management. The setting up of this system will help ensure that the participants and companies are able to benefit from these programmes **immediately** amidst the challenging time brought by COVID-19.

JomNiaga@NCER PROGRAMME BENEFICIARIES



JomNiaga@NCER has helped local entrepreneurs in the region to sustain their business following the COVID-19 pandemic

empowerNCER ACADEMIC & JomKerja@NCER PROGRAMME BENEFICIARIES

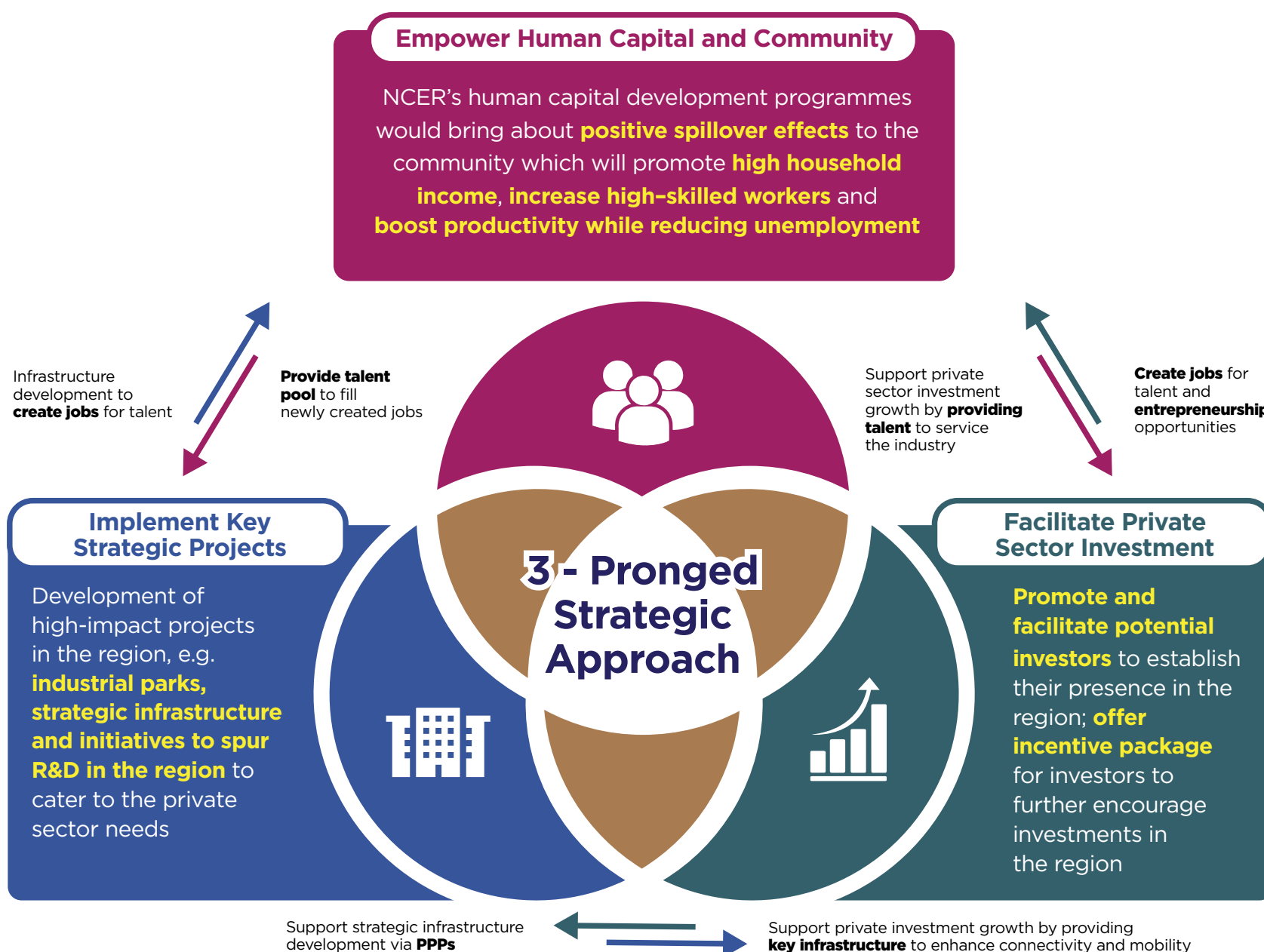


Young students and graduates affected by COVID-19 have also benefitted from NCER's human capital programmes such as empowerNCER and JomKerja@NCER

THREE-PRONGED STRATEGIC APPROACH BY NCER IN RESPONSE TO COVID-19

In formulating the COVID-19 response strategy for NCER, NCIA has undertaken a **three-pronged integrated implementation approach**, which is to **empower the rakyat**, **prioritise strategic projects and programmes** and **accelerate private investment growth**, with each prong forming a symbiotic synergy with one another. The integration of projects and programmes with collaborative partnerships will be essential to the success of achieving the intended outcome.

NCER COVID-19 Response Strategy



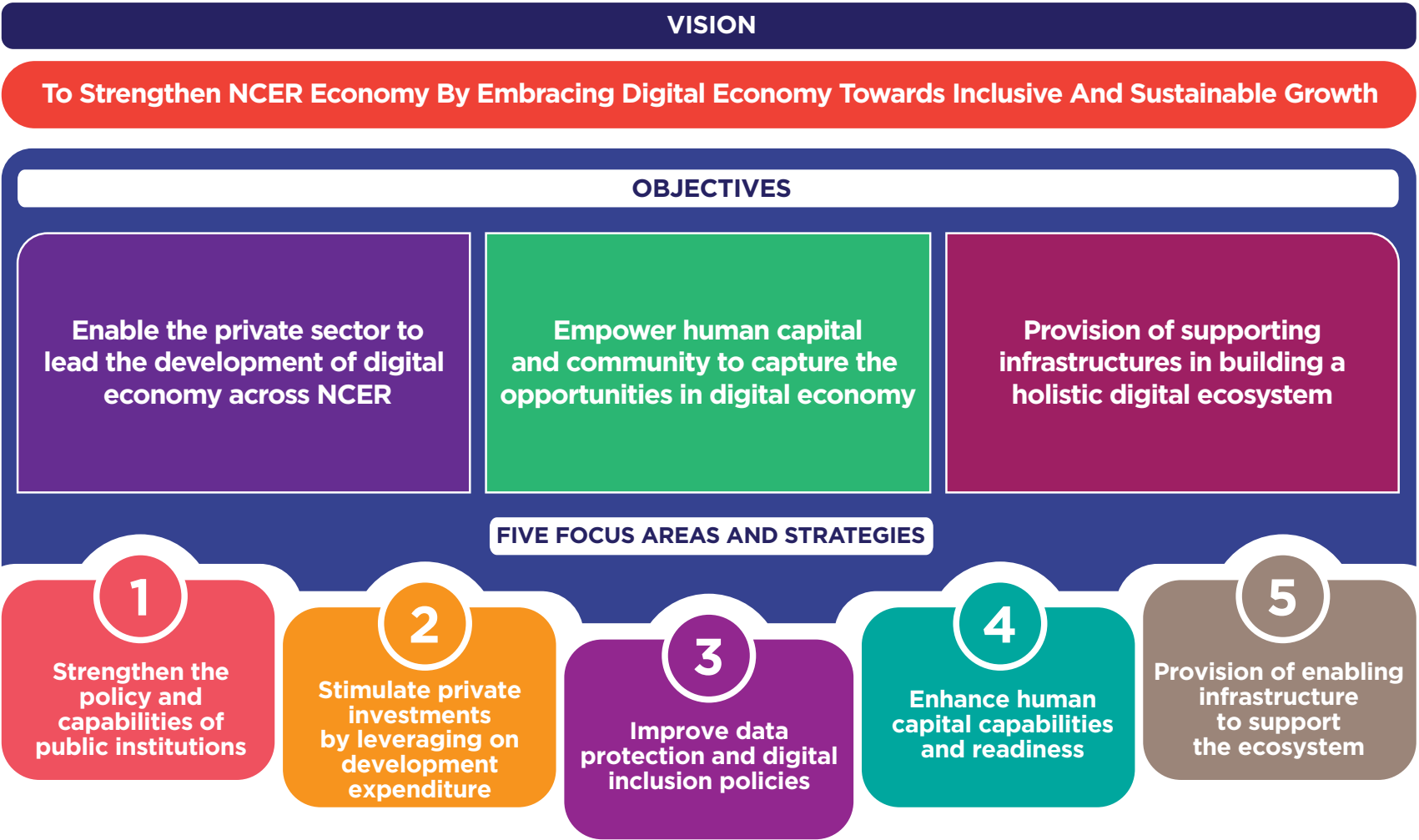
DIGITAL ECONOMY: PROPELLING FUTURE ECONOMIC GROWTH

Digital economy and the **utilisation of new technologies** will play a key role in accelerating NCER’s economic recovery and growth in the post-COVID-19 era. To catalyse the growth of digital economy in the region, **three key objectives** have been established namely, **to enable the private sector to lead the development of digital economy in NCER, to empower human capital and community to capture the opportunities in digital economy** and **to provide the supporting infrastructure in building a holistic digital ecosystem**.

The private sector, especially the **telecommunication companies (telcos)** will play a key role in setting up the **necessary network infrastructure** to ensure the success of NCER’s digital economy agenda. The Government, on the other hand, will play the crucial role in **supporting the local communities**, especially those in **rural areas**, to ensure that they too, will have access to good Internet connection.

This is especially important in the post-COVID-19 era, where the rise of **gig economy** and the surge in technology usage will create more demand for high-quality and affordable digital connectivity.

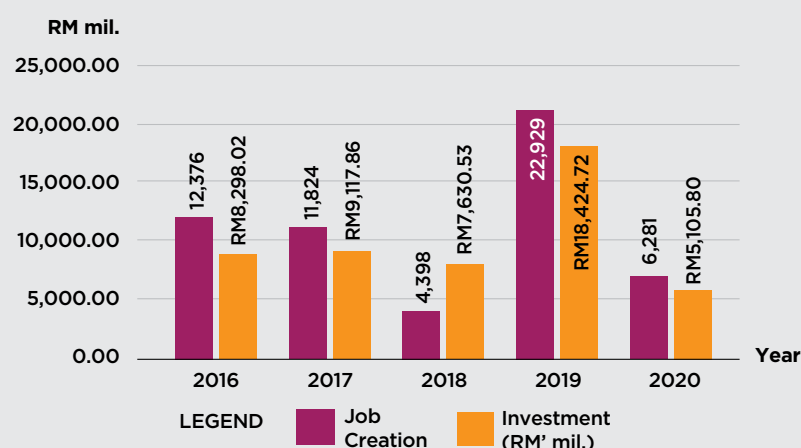
The provision of broadband Internet with an average speed of 30 Mbps in 98% of populated areas and gigabits availability will fulfil the needs of the *rakyat*, including school students, as well as the business community comprising micro entrepreneurs, SMEs, LNCs, MNCs and high-technology industries. High-speed broadband connectivity will help increase digital adoption in NCER and drive new opportunities for all *rakyat* and investors, thus providing a major impetus in boosting the digital economy not only in the region, but also Malaysia as a whole.



ACCELERATING PRIVATE INVESTMENT GROWTH: NCER INCENTIVE PACKAGE

NCER envisions itself as a **world-class economic region** and the **regional hub for advanced manufacturing and technology**. In **2019** alone, cumulative investment in the region has multiplied by almost threefold compared with the previous three years due to the introduction of **NCER Incentive Package**. The highly attractive NCER Incentive Package which consists of both **fiscal** and **non-fiscal incentives** has also helped boost investments in other NCER states that had been previously lagging behind Pulau Pinang.

Breakdown by Reporting Year



The investment achievement in 2019 has increased by almost threefold compared to the previous 3 years due to the introduction of NCER incentives package.

Breakdown by Sector



Sector	Investment (RM mil.)	Job Creation
Manufacturing	85,010.32	84,358
Others	35,190.73	64,671
Grand Total	120,201.05	149,029

Manufacturing has contributed significantly in the overall investment and job creation achievements at **71%** and **57%** respectively.

Breakdown by State

Investment
RM559.29 mil.
Job Creation
3,976

Investment
RM30.78 bil.
Job Creation
37,704









Pulau Pinang

Investment
RM62.89 bil.
Job Creation
81,341

Investment
RM25.97 bil.
Job Creation
26,008

The incentive package has spurred investment figures in other states in comparison to Pulau Pinang.

To attract more investments into the region in the post-COVID-19 era, NCIA will continue **to sustain and further enhance** the NCER Incentive Package in order to jumpstart the local economy and bring it back to pre-pandemic levels. This would involve enhancements in fiscal and non-fiscal incentives offered at **Federal and State levels** to attract more investments into the region, especially high-value and technology-based investments that will create new jobs and entrepreneurship opportunities for the *rakyat*.

States/Categories		 Income Tax Exemption	 Investment Tax Allowance	 Import Duty Exemption	 Stamp Duty Reduction
N1	 KEDAH  PERLIS	100% income tax exemption for up to 15 years	100% allowance for up to 10 years	Exempted	50% reduction on transfer or lease of land
N2	 PERAK  PULAU PINANG	70% income tax exemption for up to 10 years	70% allowance for up to 10 years		Not Applicable
SPECIAL PROMOTED AREAS	Seberang Perai Utara, Seberang Perai Selatan, Seberang Perai Tengah and Barat Daya Pulau Pinang Selama, Kerian, Hulu Perak, Perak Tengah, Kuala Kangsar & Bagan Datuk	Up to 100% income tax exemption for up to 15 years	Up to 100% allowance for up to 10 years	Not Applicable	Not Applicable

Promoted Sectors

 Manufacturing

 Agriculture & Bio-Industries

 Tourism

 Logistics


 Digital Economy


 Petrochemical

 Medical Science R&D and S&T


 Education


Non-Fiscal

 NTEP@NCER
Talent Enhancement Programme





Enhance employability and provide job opportunities to unemployed graduates via private sector partners

 EntrepreneurNCER





Assist micro entrepreneurs and SMEs in NCER through financing and guidance in expanding their businesses

 DUB@NCER
Dana Usahawan Bumiputera



Financial assistance to Bumiputera companies by providing 15% or max. of RM2 mil. from total qualifying project cost as grants

 JomKerja@NCER



Human capital incentive for companies to employ unemployed graduates, retrenched workers and school leavers as contract workers, part-time workers & graduate trainees

ACCELERATING PRIVATE INVESTMENT GROWTH: NCER KEY SECTORS POST-COVID-19

Accelerating private investment growth in NCER will be a main priority to mitigate the impact of COVID-19 pandemic and to do this, **mitigation strategies** for potential **losing sectors**, namely those that are expected to post **the slowest recovery**, are required to **speed up the recovery** and **support all the impacted sectors**. On the other hand, potential **winning sectors** that are expected to **recover fast** have also been identified whereby they present **opportunities** to mitigate the COVID-19 impact.

In this regard, sectors identified as **“potential winners”** will be promoted whereby initiatives will be undertaken to **encourage their growth**. At the same time, measures will also be undertaken to **sustain** economic sectors that have been identified as **“potential losers”**.

Potential losing sectors in NCER include **tourism, aviation, maritime and automotive**, while **potential winning sectors** consist of **pharma and medical devices, e-commerce and gig economy** as well as **agriculture and food security**.



Measures will be undertaken to promote the growth of “winning” sectors as well as to sustain “potential losers”



E&E, M&E and Aerospace

- Enhance talent incentives to stimulate hiring, and address retrenchment and unemployment through JomKerja@NCER

Agriculture and Food Security

- Increasing efficiency, technology adoption and output by leveraging on Industry 4.0
- Target and incentivise investments into seed R&D

Pharma and Medical Devices

- Encourage and incentivise further investments in PPE medical devices
- Target innovative pharmaceutical investments for vaccine security
- Increase emphasis on R&D activities

E-Commerce and Gig Economy

- Promote NCER as a hub for digital economy and e-commerce
- Create awareness on benefits of gig economy and source for technology partners for local stakeholders

Overall Mitigation Strategy

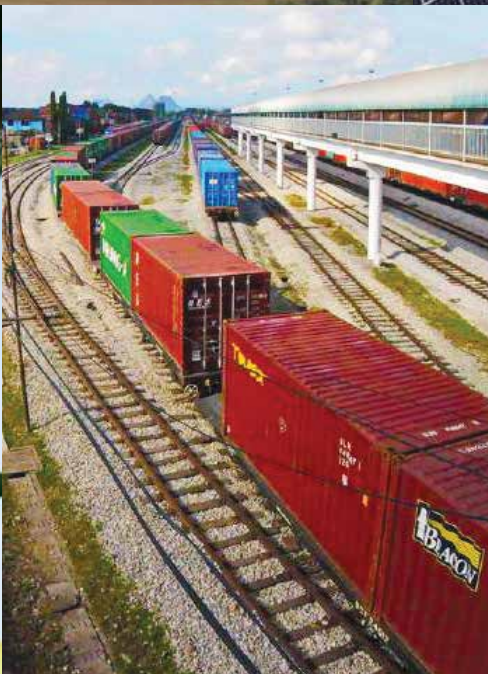
- **Capitalise on outflows of FDI** from Far East e.g. China, Japan, Asian
- Focus on incentivising **DDI and SME development** to restart local economy
- Aggressively **promote JomKerja@NCER** to increase uptake of fresh graduates
- **Leverage on COEs** in NCER to upskill talent pool
- Improve **ease of doing business** to attract investment
- Providing attractive industry-based **customised incentives**
- **Tailor fit FDI and DDI strategies**
- **Pursuing partnership** with other investment agencies

Chapter

2

**NCER STATES:
PROJECTS & PROGRAMMES**





PERLIS



Integrated Business Centre (IBC) at Chuping Valley Industrial Area (CVIA)

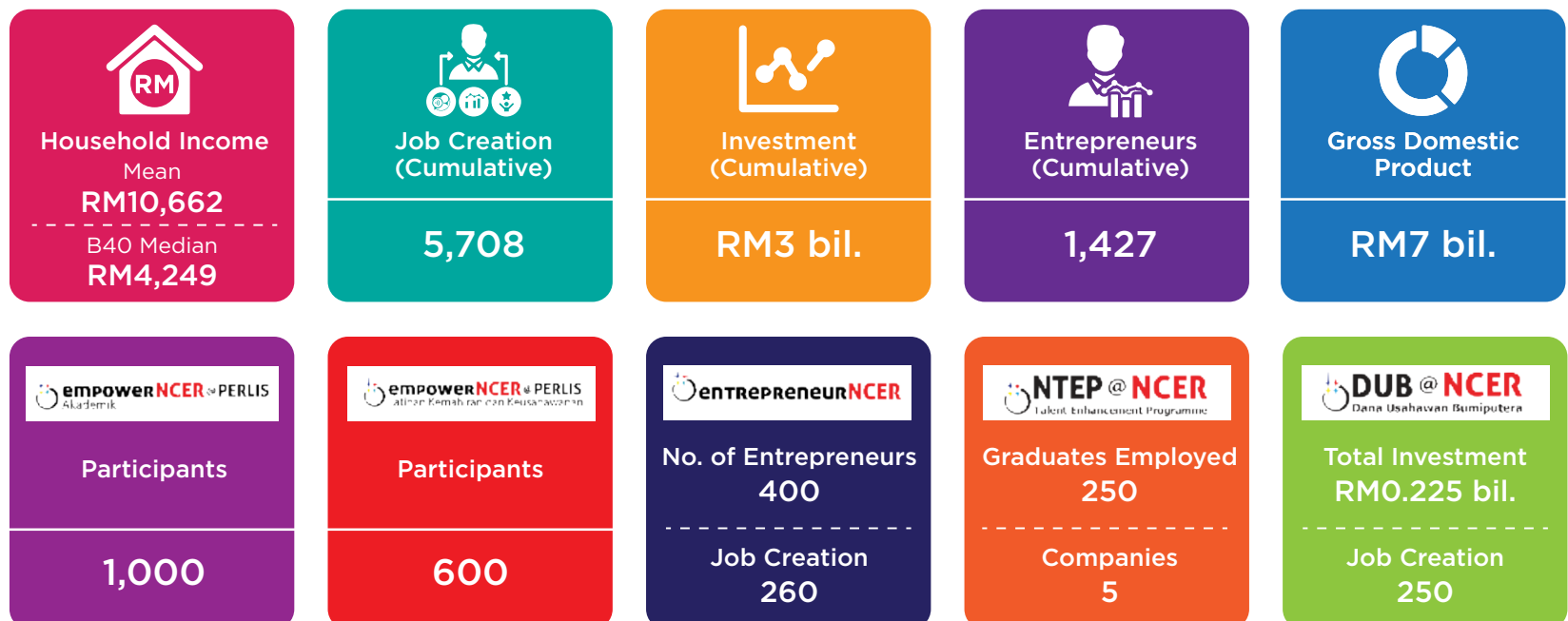
“**PERLIS WILL BE FOCUSING ON ENHANCING ITS LOGISTICS CAPACITIES AND INDUSTRIALISATION TO CREATE MORE JOB OPPORTUNITIES FOR THE LOCALS.**”

Aspirational Vision

Located at the northernmost part of Peninsular Malaysia, Perlis is well-known as the smallest state in the country. Despite its small size, Perlis plays a vital role in connecting the country with neighbouring Thailand through the Padang Besar Railway Terminal, the sole railway connectivity between the two countries. In 2018 alone, some **RM7.7 billion** worth of cumulative **import and export trade** was recorded crossing through this railway terminal. Hence, the **existing strong logistics infrastructure** in this state will be the impetus for other economic activities to be developed in the region, such as **manufacturing, agriculture, services and tourism**.

The NCER's Strategic Development Plan (2021-2025) for Perlis will be focusing on **enhancing its logistics capacities and industrialisation** through key catalytic projects which aim to create more job opportunities for the locals. This is in line with Perlis' aspiration to become a harmonious city-state by 2030 whose economic growth is complemented with infrastructure development to strengthen the State's logistics capabilities. Under this strategic framework, future targets for Perlis by 2025 are as illustrated below:

TARGETS FOR PERLIS BY 2025



PRE-COVID-19 TARGETS FOR PERLIS BY 2025

Prior to COVID-19, Perlis was projected to become a **RM7.1 billion** economy by 2025 with **RM3 billion** cumulative investment that will create **5,708 new job opportunities** and **1,427 entrepreneurs**. The target mean household income for the state's population by then was **RM10,662**, with a target **B40 median household income** at RM4,249.

Pre-COVID-19 Targets for Perlis by 2025

Perlis 2019 Performance

2019



GDP
RM6.2 bil.



Household Income
Mean: RM5,522
B40 Median: RM2,686



Job Creation
3,921



Cumulative Investment
RM0.52 bil.



Entrepreneurs
985

Perlis 2025 Targets

2025



GDP
RM7.1 bil.



Household Income
Mean: RM10,662
B40 Median: RM4,249



Job Creation
5,708



Cumulative Investment
RM3 bil.



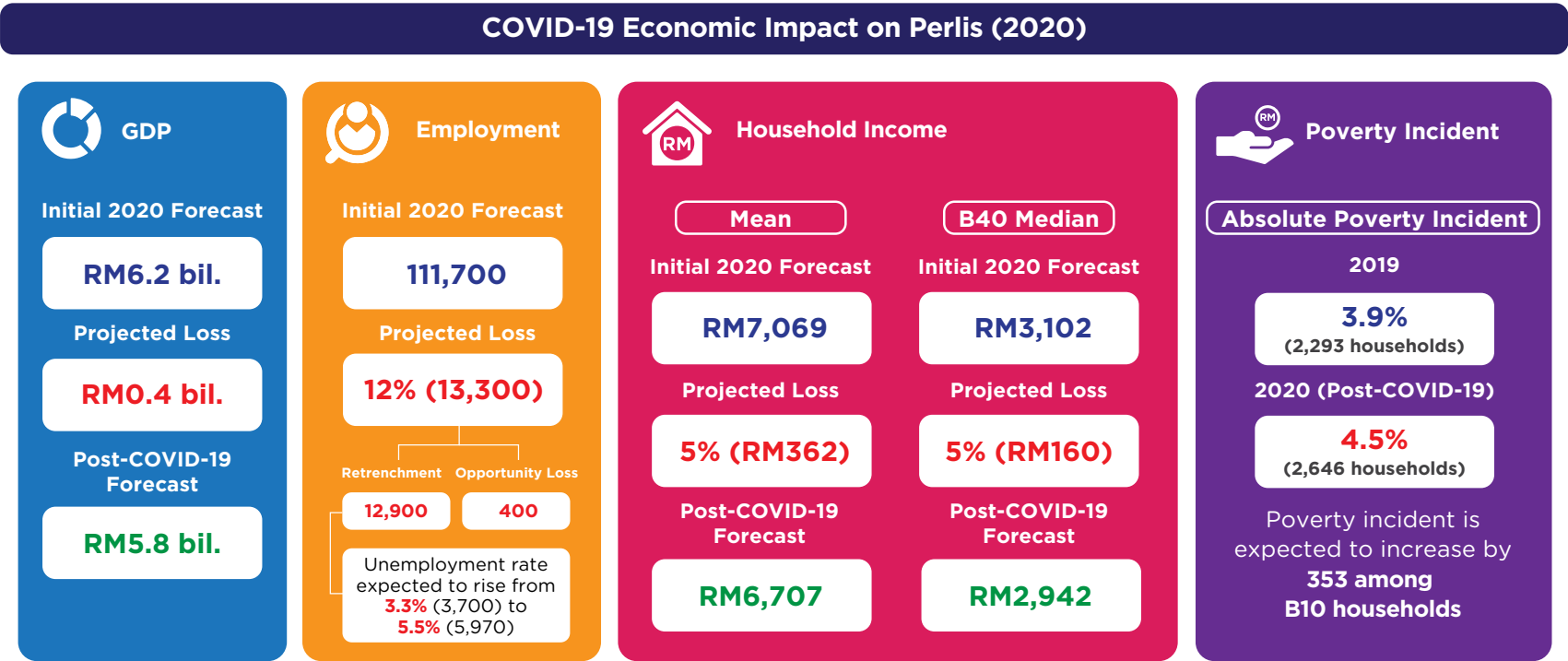
Entrepreneurs
1,427

Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020)

IMMEDIATE IMPACT OF COVID-19 ON PERLIS' ECONOMY

The COVID-19 pandemic has caused a **projected loss** of around **RM0.4 billion** from Perlis' **initial GDP forecast of RM6.2 billion** for 2020, which was largely attributed to the **sharp decline in cement demand** and the halt in border tourism following the MCO. The projected **employment loss** in 2020 is estimated to be at **13,800**, whereby 13,400 is attributed to retrenchment while 400 is due to opportunity loss.

The mean household income in Perlis will experience a **projected loss** of RM362 from **RM7,069** which was initially forecast for 2020. In addition, the state's **B40 median household income** will see a **5% projected loss** from the initial target due to COVID-19, while **poverty incident** is expected to increase by 353 households in 2020



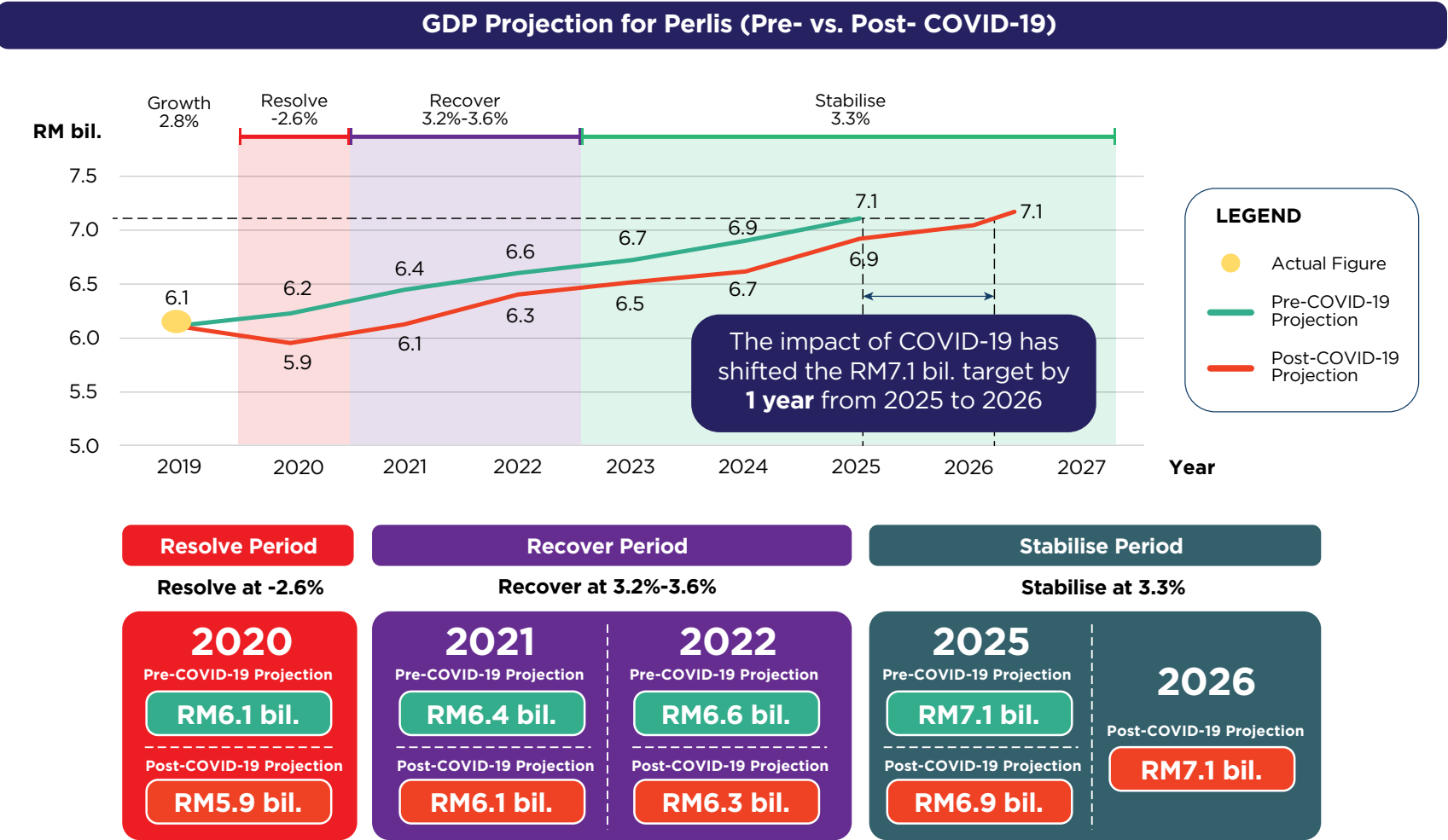
Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020) and PwC analysis

Note:

1. The estimated impact is based on worst case estimate of 2020 GDP growth of -4%.
2. Estimations of GDP losses are relative to initial projections for NCER's growth in 2020, and are opportunity losses. GDP growth estimates used have taken into consideration BNM official figures, as well as analyst forecasts from Asian Development Bank, Ambank Research, Kenanga Research, Standard Chartered, S&P Global, UOB, ING, DBS and CGS-CIMB.
3. Estimation of total employment losses was based on estimated sectoral impact from the special survey by DOSM and initial Pre-COVID-19 2020 employment estimations (as at 18 May 2020). Estimation of retrenchment figures was calculated using 2019 employment figures as the base year.

IMPACT OF COVID-19 ON PERLIS 2025 VISION

As a result of COVID-19 pandemic, the timeline for Perlis to achieve its **RM7.1 billion GDP target has shifted by one year** from 2025 to 2026, while pushing its **RM3.06 billion investment target** by approximately **1.25 years**. The pandemic has also delayed the state's target to have **5,708 new jobs** by 2025 by **slightly more than a year**.

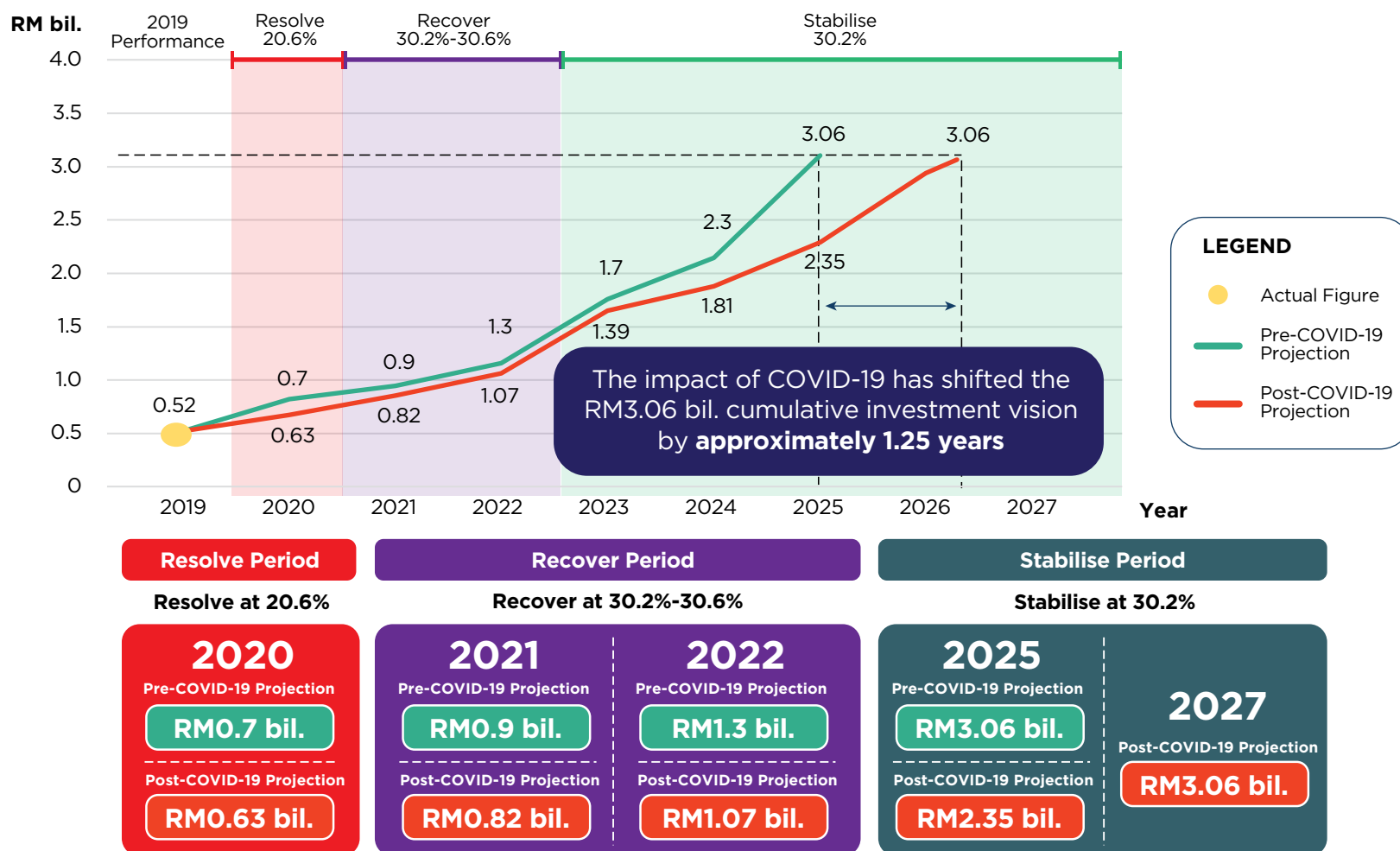


Source: DOSM, PwC analysis

Following the **2.6% decline** in GDP in the **Resolve Period**, Perlis' economy is expected to recover and record strong growth in 2021 and 2022, buoyed by **growth in Halal products, increased investment in integrated dairy farming and recovery in the logistics sector**. During this period, Perlis is forecast to have an estimated GDP growth of between **3.2% and 3.6%**.

From 2023 onwards, Perlis is foreseen to experience an **expected growth rate of 3.3%**, which will be mainly driven by growth of **halal and solar technology manufacturing**, as well as full resumption of **border-related activities**.

Cumulative Investment Projection for Perlis (Pre- vs. Post- COVID-19)



Source: DOSM, MIDA, UNCTAD, NCIA & PwC Analysis

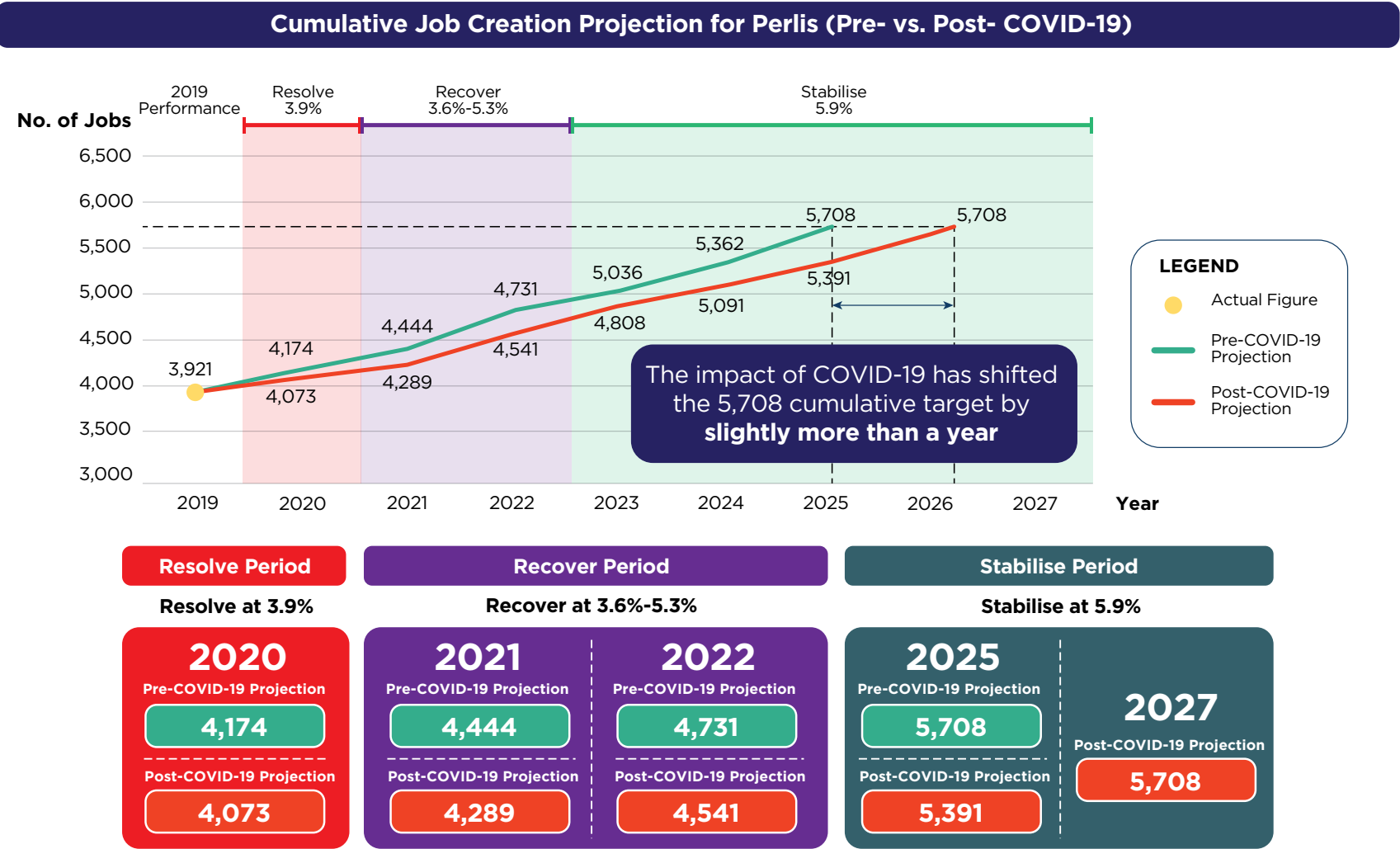
Note:

- 2019 figures are actual cumulative investment figures for the year. Post-COVID-19 Cumulative Investment projections are based on assumptions of 40% loss to targeted annual investment in 2020 and 10% loss to targeted annual investment in 2021 (based on assumptions of 40% loss stretching until Q1 2021). Assumptions of 40% loss used are based on MIDA and UNCTAD's 2020 Asia Investment Loss forecasts of between 30 and 45%.
- Cumulative Investment is assumed to grow at 16.5%, i.e. the SDP growth rate, from 2022 onwards.
- 2019 figures for cumulative job creation are actual figures. Post-COVID-19 job creation projections are based on assumptions of a 40% loss to targeted annual job creation in 2020 and 10% loss in 2021, in accordance to investment decline.
- Cumulative job creation is assumed to grow at 5%, the SDP growth rate, from 2022 onwards on assumptions of a return to normalcy.

At present, Perlis manufacturing sector has attracted a combined RM30.1 million investment, with 35 jobs expected to be created. Negative investor sentiment is expected to delay some pre-COVID-19 planned investments, where a **40% shortfall** is expected due to COVID-19. However increased investment in quick wins is expected to soften the negative impact of COVID-19.

Investor sentiment is expected to gradually recover in **2021-2022**, with a growth rate of between **30.2% and 30.6%** due to many postponed and new private investments resulting from supply chain diversification opportunities taking place in this period, thus driving high growth rates. Cumulative investment in Perlis is projected to reach **RM2.53 billion** in 2025, before hitting **RM3.06 billion** by 2027.

JOB CREATION PROJECTION FOR PERLIS (PRE- VS. POST-COVID-19)



Note:

- 2019 figures are actual cumulative investment figures for the year. Post-COVID-19 Cumulative Investment projections are based on assumptions of 40% loss to targeted annual investment in 2020 and 10% loss to targeted annual investment in 2021 (based on assumptions of 40% loss stretching until Q1 2021). Assumptions of 40% loss used are based on MIDA and UNCTAD's 2020 Asia Investment Loss forecasts of between 30 to 45%.
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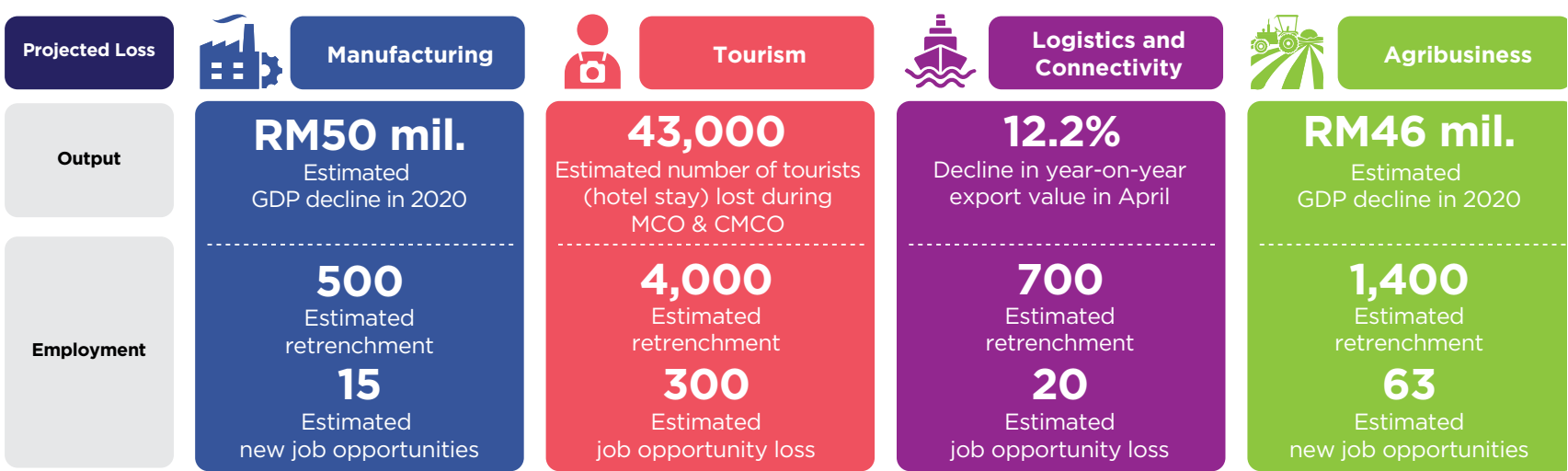
During the Recover Period, cumulative job creation in Perlis is forecast to experience a growth rate of between **3.6% and 5.3%**. NCIA's role as an investment promotion and marketing body becomes a key factor to attract new private investments, which will ultimately lead to the creation of new jobs.

Infrastructure development as well as the **reskilling and upskilling of labour force** are expected to position Perlis as an attractive FDI and DDI destination for high-value added activities, with a cumulative job creation of **5,391 by 2025** and **5,708 by 2027**.

IMPACT OF COVID-19 ON PERLIS KEY SECTORS

The **manufacturing** and **tourism** sectors in Perlis are severely impacted by the COVID-19 pandemic and are expected to experience slow demand recovery in the post-pandemic period. The manufacturing sector is estimated to experience a **projected output loss of RM50 million**, whereas tourism experienced an estimated **loss of 43,000 tourists** during MCO.

Between February and March 2020, **hotels** in the state recorded a **revenue decline of 74.8%**. Furthermore, the tourism sector is projected to face the highest number of retrenchment and job opportunity loss compared to the other key sectors in Perlis, with an estimated **retrenchment of 4,000 workers** and **job opportunity loss of 300**.



Source: DOSM, BNM, World Bank, PwC analysis and various research publications

Note:

- 1. The above data was based on studies conducted by various third parties. Follow-up field studies are to be conducted to validate the findings.
- 2. Further details on Perlis' key economic sectors are available in Volume 1 of NCER Strategic Development Plan (2021-2025).

Despite being heavily impacted, **domestic tourism** in Perlis is expected to remain **resilient** following the expected surge among local tourists who are keen to go on a holiday after being stuck at home for months during the MCO. Hence, opportunities exist to capture the **domestic travel rebound market** which will help create new jobs for the *rakyat* and offset some of the industry's retrenchment during the lockdown.

Demand for Halal products in Perlis' manufacturing sector is also expected to remain **resilient** with growth expected to continue; hence, job losses are foreseen to be limited. Demand for **cement** however, is expected to fall further following the expected slowdown in construction.

For **logistics and connectivity**, trade volume is expected to rise with the relaxation of MCO, albeit at lower-than-pre-COVID-19 levels in the short term. Longer term move towards **greater intra-regional trade**, coupled with **greater e-commerce volume**, are expected to limit job losses, and create opportunities for Perlis to benefit from **higher border trade activities with Thailand**.

The **agribusiness** sector is expected to recover fast upon the relaxation of MCO with the **prioritisation of food security**, which is likely to boost productivity-related investments into agriculture. Import substitution opportunities for products such as dairy and fruits also exist and are likely to create new jobs in Perlis.

IMPACT OF COVID-19 ON PERLIS' SOCIOECONOMIC LANDSCAPE

The impact of COVID-19 can be felt across all spectrum of the society in Perlis, comprising both the *rakyat* and business community, as summarised in the table below:



Source: DOSM, MCMC, SME Association of Malaysia, UNWTO, MAH, Ministry of Education (MoE), Massachusetts Institute of Technology (MIT), Informal Sector Work Force Survey, CNA, University of Malaya, Malaysian Employers Federation, AMCHAM & Thomas Reuters Foundation.

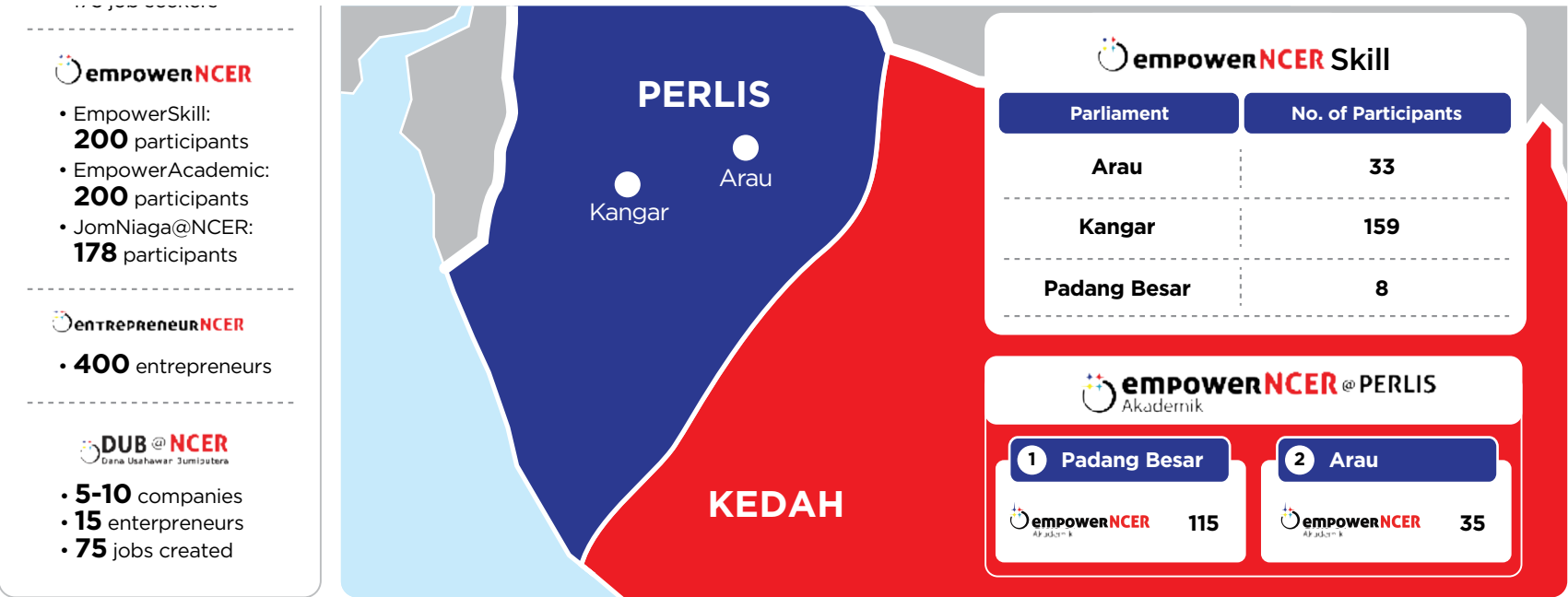
IMMEDIATE INTERVENTION VIA PERLIS HUMAN CAPITAL PROGRAMMES TO ADDRESS POST-COVID-19 ISSUES (2020-2025)

The impact of COVID-19 on *rakyat's* livelihood has prompted NCI to introduce **immediate quick wins** to ease their burden via the expansion of NCER's existing human capital programmes, such as empowerNCER, entrepreneurNCER, NTEP and Dana Usahawan Bumiputera.

The total number of participants targeted under **empowerNCER** is **400 by 2020**, of which **178** are targeted under the **JomNiaga@NCER** programme. **JomKerja@NCER**, which is an extension of **NTEP**, aims to assist 175 job seekers in Perlis, particularly among unemployed

graduates, retrenched worker and school leavers, while also acting as a human capital incentive for companies in the region.

Meanwhile, **entrepreneurNCER** aims to assist **400 entrepreneurs** in Perlis by 2020, while **DUB@NCER** is targeted to benefit **5-10 companies, 15 enterprises** and **75 job seekers**. The **Kasih Ibu NCER** programme is expected to benefit **3,600 recipients** in Perlis who will receive cashless card to purchase basic necessities as well as healthcare benefits at private clinics.



Number of participants for NCER Human Capital Programmes in Perlis by 2021

Strategic Positioning

Under the NCER Strategic Development Plan (2021-2025),

four Key Development Zones have been identified in Perlis based on the resources, population concentration and economic potential of each location.

The Key Development Zones are **Perlis-Kedah-Thailand Strategic Border Zone**, **Perlis-Satun-Langkawi Biodiversity Zone**, **Kuala Perlis-Kangar-Kota Raja Growth Corridor** and **Perlis National Food Security Zone**.

12MP Niche Activities



Border & Logistics
Economic Activities



Renewable Energy
Generation



Green & Halal
Manufacturing



Integrated High-Value
Agriculture



Border &
Ecotourism

Strategic Development Framework Map of Perlis



Z1

PERLIS - KEDAH - THAILAND STRATEGIC BORDER ZONE

Padang Besar Border Gateway

- Logistics
- Border Trade
- Border Tourism

Chuping Agro Valley

- Agriculture
 - Integrated Modern Farming
 - Superfruits Initiatives
 - Dairy Industry Initiatives

Chuping Integrated Area

- Perlis Inland Port
- Chuping Valley Industrial Area
- UniKL Asia Sustainable Transport Institute
- Renewable Energy Generation/Independent Power Plant (IPP)

Z2

PERLIS - LANGKAWI - SATUN BIODIVERSITY ZONE



Perlis State Park

- Biodiversity Conservation
- Ecotourism
- Geopark

Kaki Bukit / Wang Kelian Ecotourism Gateway

- Community-based Tourism
- Cottage Industries

Z3

KUALA PERLIS - KANGAR - KOTA RAJA GROWTH CORRIDOR

Kuala Perlis Maritime Town

- Kuala Perlis Maritime Terminal Area
- Improvement District
- Tourism
- Logistics
- Aquaculture

Kangar City Centre

- Administrative Township
- Financial Centre
- Retailer
- Heritage Tourism

Kota Raja Development Corridor

- Arau
 - Heritage Tourism - Education Hub
 - Royal town
 - Arau District Improvement Areas
- Pauh Putra
 - Education Hub
 - Bio-Industries

Z4

PERLIS NATIONAL FOOD SECURITY ZONE

Simpang Empat

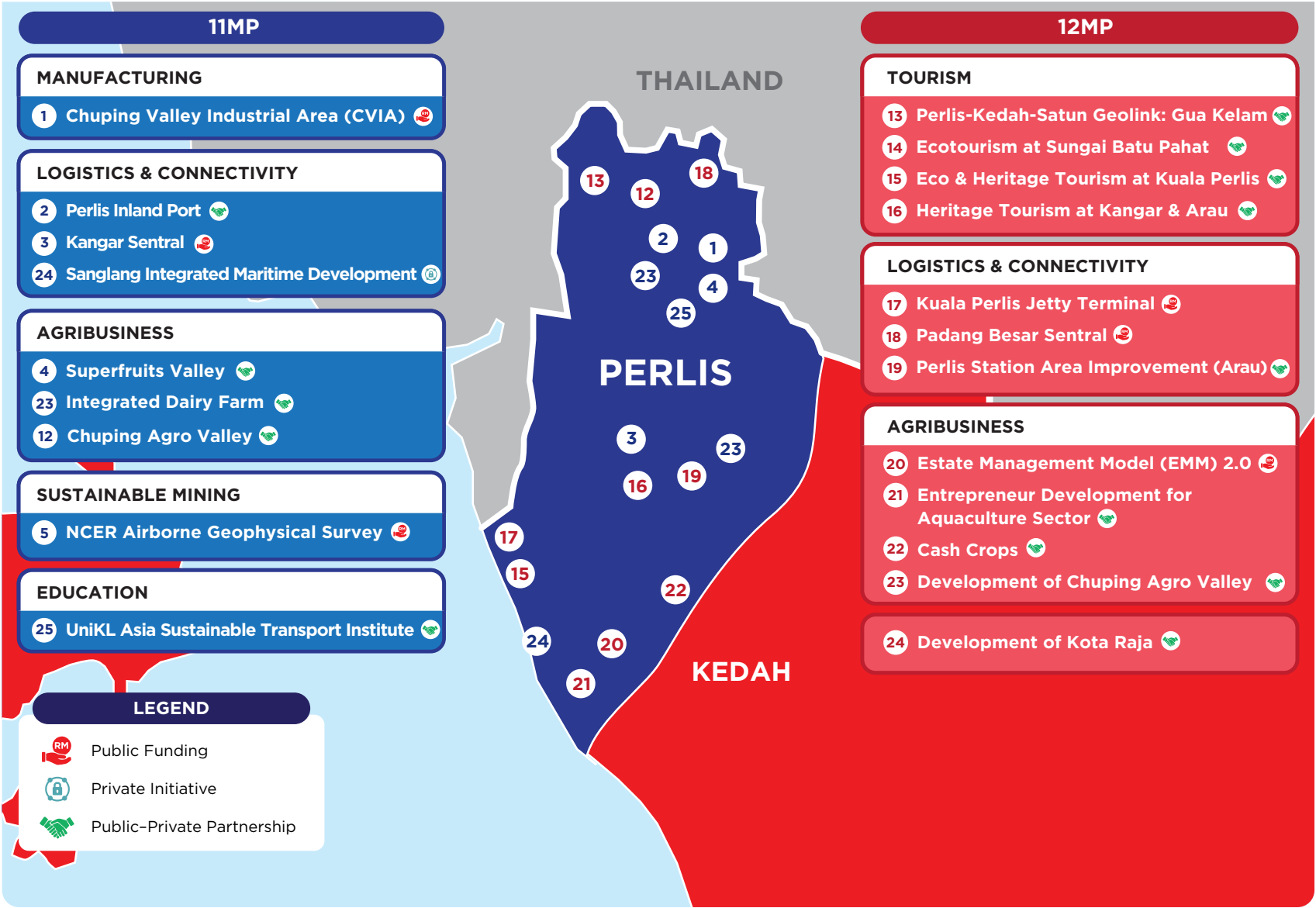
- National Granary Area
- Estate Management Model 2.0
- Community-based Tourism
- Cottage Industries

Sanglang Integrated Maritime Development Zone

- Tourism
- Logistics
- Fisheries
- Aquaculture

OVERVIEW OF STRATEGIC PROJECTS AND PROGRAMMES: HIGH-IMPACT DEVELOPMENT PROJECT COMPONENTS IN PERLIS (2020-2022)

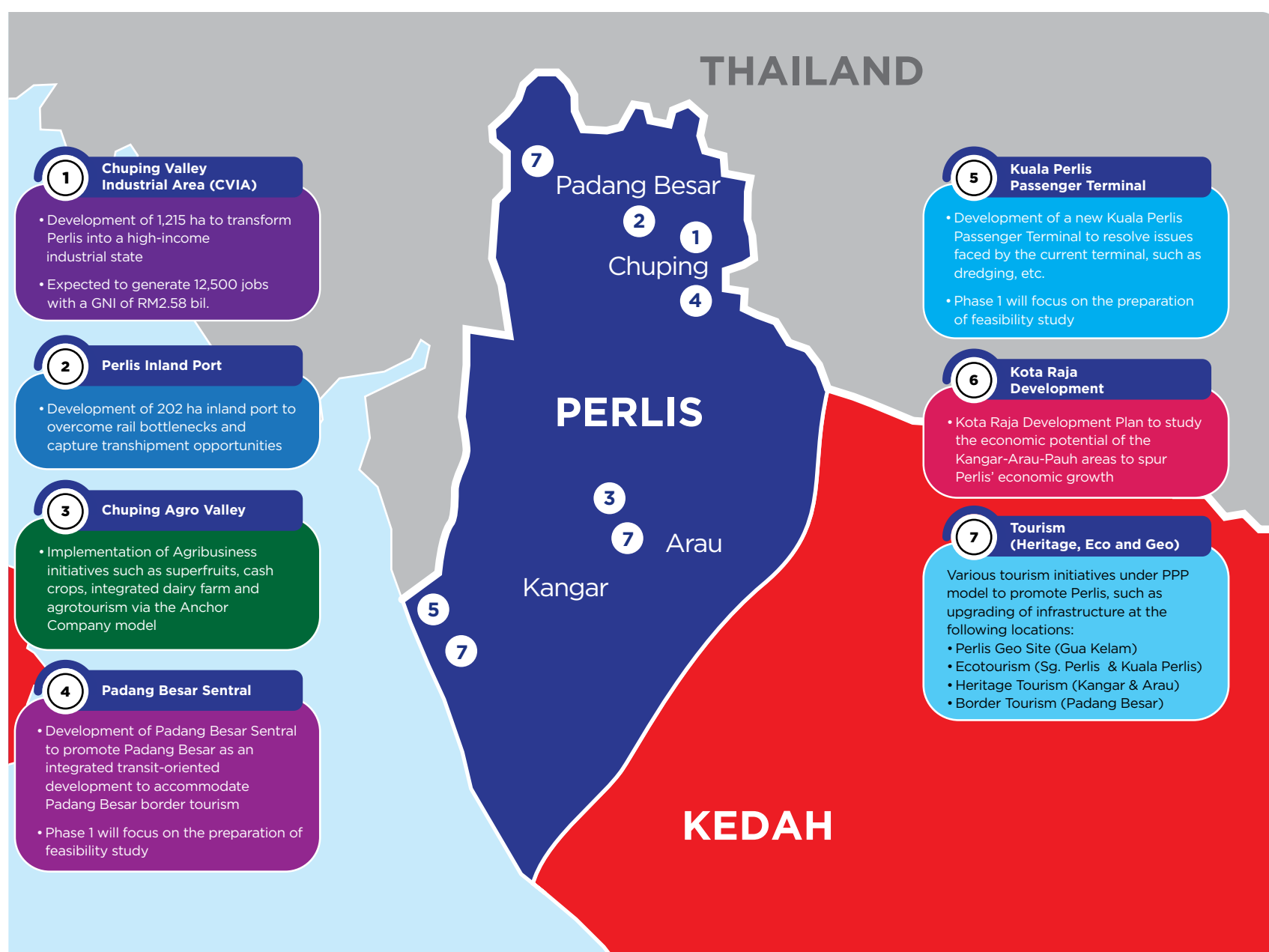
The investment opportunities in Perlis are geared towards catalysing the **agribusiness** and **manufacturing sectors** by leveraging on the Malaysia-Thailand border at **Padang Besar**. The **five key high-impact projects** that will drive Perlis' economic growth in the 2021-2025 period are **Chuping Valley Industrial Area (CVIA)**, **Chuping Agro Valley**, **Special Agro Economic Zone**, **Perlis Inland Port** and **Tourism at Kaki Bukit-Wang Kelian, Kuala Perlis and Kota Raja**.



PRIORITISING STRATEGIC PROJECTS AND PROGRAMMES: HIGH-IMPACT DEVELOPMENT PROJECTS IN PERLIS (2020-2022)

The high-impact strategic projects in Perlis consist of **sectoral development**, **infrastructure development** and **productivity improvement** projects. In the **immediate** and **medium-term** period following the COVID-19 pandemic, **Chuping Valley Industrial Area (CVIA)** will lead the growth of the **manufacturing** sector in Perlis, supported by **logistics and connectivity projects** such as the **Perlis Inland Port**, **Kangar Sentral** and **Sanglang Integrated Maritime Development**.

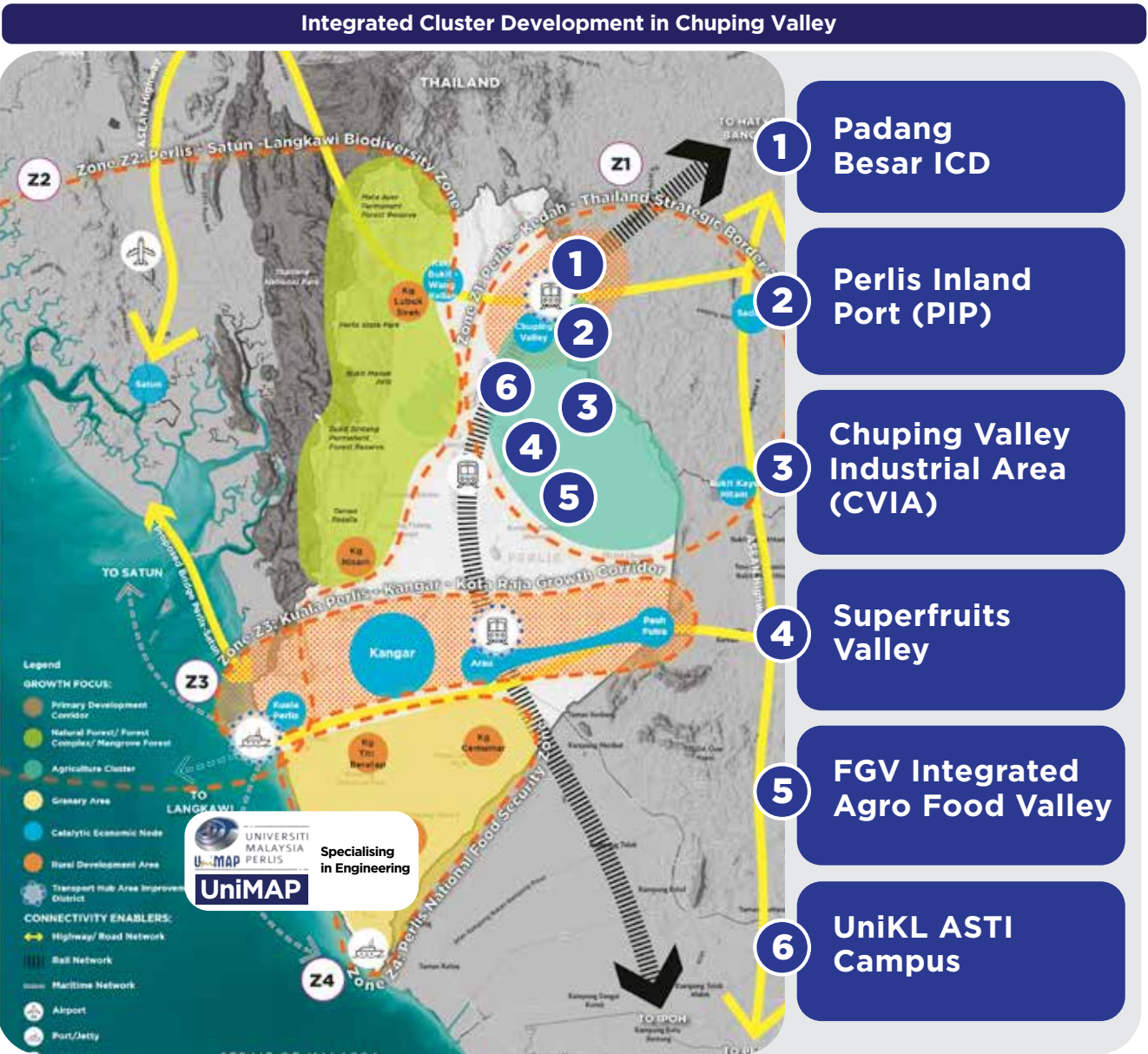
Meanwhile, the growth of **agribusiness** in Perlis will be spurred by **Superfruits Valley**, **Integrated Dairy Farm** and **Chuping Agro Valley**.



CLUSTER DEVELOPMENT APPROACH IN ATTRACTING INVESTMENTS POST-COVID-19

To enhance Perlis' competitiveness as an **investment destination**, NCIA will undertake a **cluster development** approach by encapsulating key projects such as **CVIA, Padang Besar Inland Container Depot (ICD), Perlis Inland Port, Superfruits Valley** and **FGV Integrated Agro Food Valley** under a single area known as **Chuping Integrated Area**. This area will be at the forefront of development in Perlis, whereby projects are synergistically linked with each other in the industries' supply chain, thus providing **a more holistic and comprehensive business ecosystem in the area**.


The development in Chuping Integrated Area will benefit from the positive outlook of the respective industries as concerns over **food security** and **self-sufficiency** create new import substitution and export opportunities in **agribusiness**. Increased regionalisation of trade is expected to provide export opportunities in manufactured goods, and increase demand for logistics.



Integrated Cluster Development in Chuping Valley


1 Padang Besar ICD

Upgrading of existing inland port to cater to immediate needs




2 Perlis Inland Port (PIP)

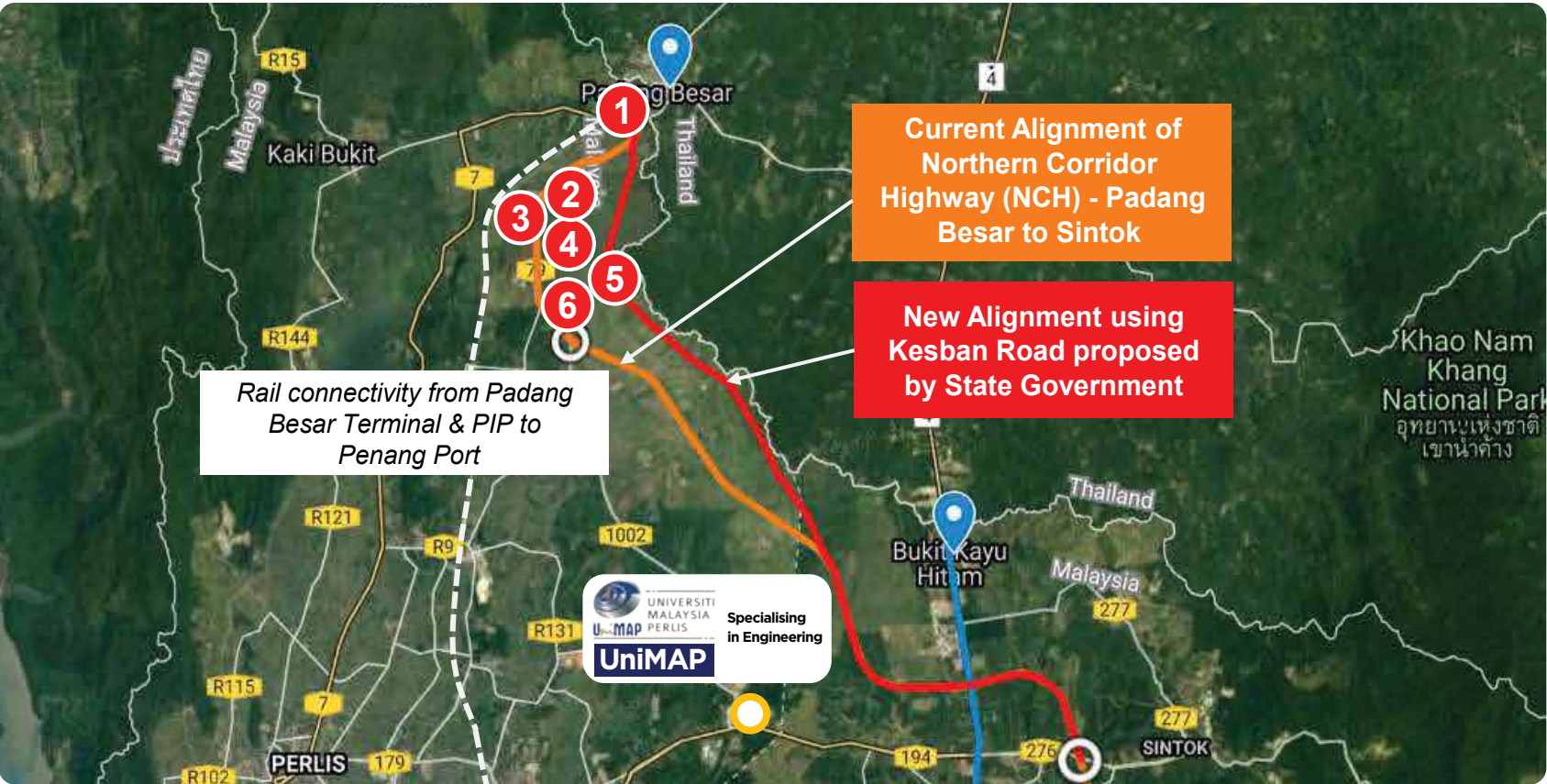
New inland port to cater to medium-long term needs



3 UniKL ASTI Campus

A new UniKL campus in Perlis, focusing on logistics





4 Chuping Valley Industrial Area (CVIA)

An industrial park that is focusing on halal industries, green manufacturing and renewable energy generation



5 Superfruits Valley

One of the largest superfruits farms in Southeast Asia



6 Chuping Agro Valley

Integrated AgroValley: Private investment by FGV



PERLIS PROJECT HIGHLIGHTS

Chuping Valley Industrial Area (CVIA)

Spanning an area of 2,468.76 acres, the Chuping Valley Industrial Area (CVIA) is poised to become an industrial park which mainly focuses on **renewable energy generation (REG), green manufacturing and Halal hub industrial cluster**. CVIA will be developed in two phases: Phase 1 consists of the development of an Integrated Business Centre (IBC) building and industrial plots with common infrastructure on 440 acres of land, while Phase 2 will involve the development of the remaining acreage.

IBC was completed in 2020 and has already been in operations. The development of industrial plots under Phase 1 has already commenced in June 2020, whereby a sectional completion of 60

acres is targeted to be completed by January 2021. The development of the remaining Phase 1 is targeted to be completed by May 2022.

Currently, there are four local investors who have shown their interest to invest in CVIA. The combined investment is expected to bring in an estimated investment of **RM415 million** and create **500 jobs** in the **healthcare** field. In addition, three foreign investors have also shown their interest in investing in CVIA. The total estimated FDI from these potential investments stood at **RM553.6 million** which will create **5,100 new job opportunities** in the **E&E** field.



Integrated Business Centre (IBC) at Chuping Valley Industrial Park



CVIA is part of the Chuping Integrated Area development which also covers the Padang Besar Inland Container Depot (ICD), Superfruits Valley and a proposed integrated dairy farm

Objectives of CVIA

To develop CVIA to become an economic catalyst, nurturing high-technology industries that employ skilled and semi-skilled workers, encouraging competitiveness and creating social inclusiveness

To complement and maximise the potentials and opportunities of CVIA arising from the surrounding developments

To develop a sustainable model with industries, relevant supporting functions and Institutions of Higher Learning (IHLs) coexisting as part of a mutually beneficial network

KEDAH



The resplendent Masjid Zahir in Alor Setar is one of the most beautiful mosques in Malaysia

“FOR KEDAH, EFFORTS WILL BE CHANNELLED IN DEVELOPING ITS BORDER AND LOGISTICS ECONOMY, ECOTOURISM, GEOTOURISM AND HERITAGE TOURISM, MODERN AGRICULTURE AND AGRIBUSINESS, AS WELL AS THE NEW INDUSTRY OF AEROSPACE WHICH OFFERS GREAT POTENTIAL FOR DEVELOPMENT.”

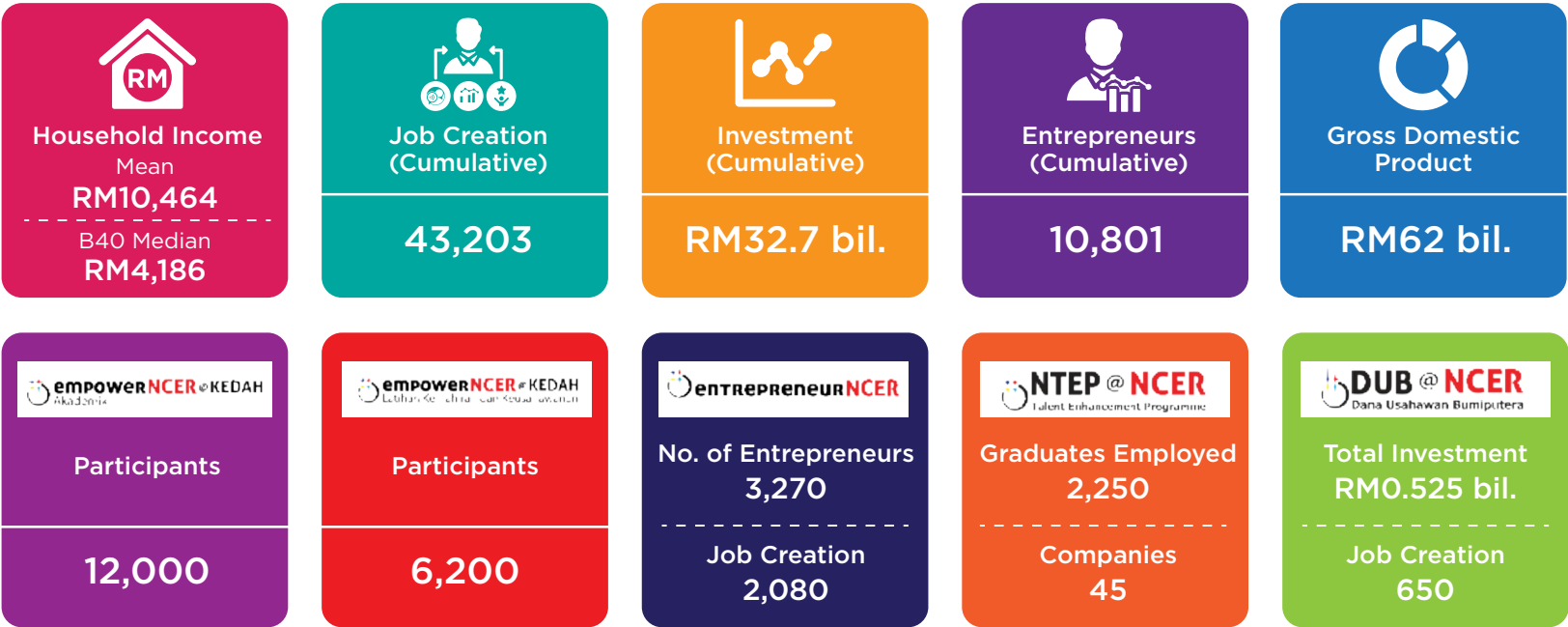
Aspirational Vision

A Northern Malaysia State fronting the ever-busy Straits of Malacca, Kedah is positioned to be the preferred business destination among investors and entrepreneurs. This State is also the main producer of rice and contributes up to one third of the rice production in the country, hence, its popular reference as the “Rice Bowl of Malaysia”.

In the manufacturing sector, Kedah is well on track to become a **centre for high-value industries** in the region, particularly with the presence of Kulim Hi-Tech Park, Malaysia’s first ever high technology park. In addition, the State is strategically located bordering Thailand and has significantly contributed to the nation’s international trade via its border gateway town of Bukit Kayu Hitam.

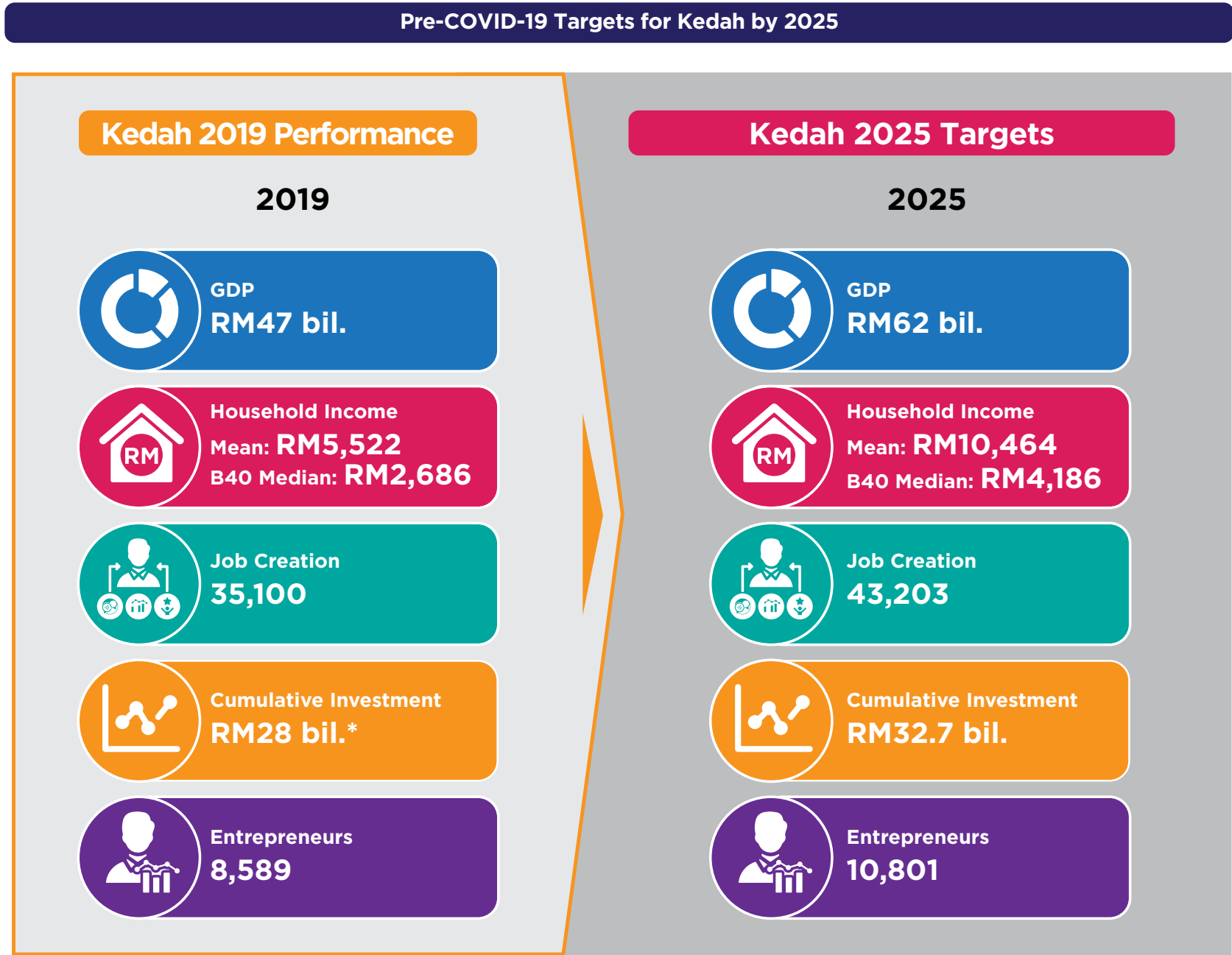
Under the NCER Strategic Development Framework (2021-2025) for Kedah, efforts will be channelled **in developing its border and logistics economy, ecotourism and heritage tourism, geotourism, modern agriculture and livestock**, as well as the new industry of aerospace which offers great potential for development. This is in line with the State’s vision for a thriving and liveable Kedah as encapsulated in the Kedah Strategic Development Plan 2035.

TARGETS FOR KEDAH BY 2025



PRE-COVID-19 TARGETS FOR KEDAH BY 2025

Prior to COVID-19, Kedah was projected to be a **RM62 billion** economy by 2025 with cumulative investment of **RM32.7 billion** that will create **42,203 new jobs** and **10,801 entrepreneurs**. The target for **mean household income** and **B40 median household income** for Kedah was set to be at **RM10,464** and **RM4,186** respectively.



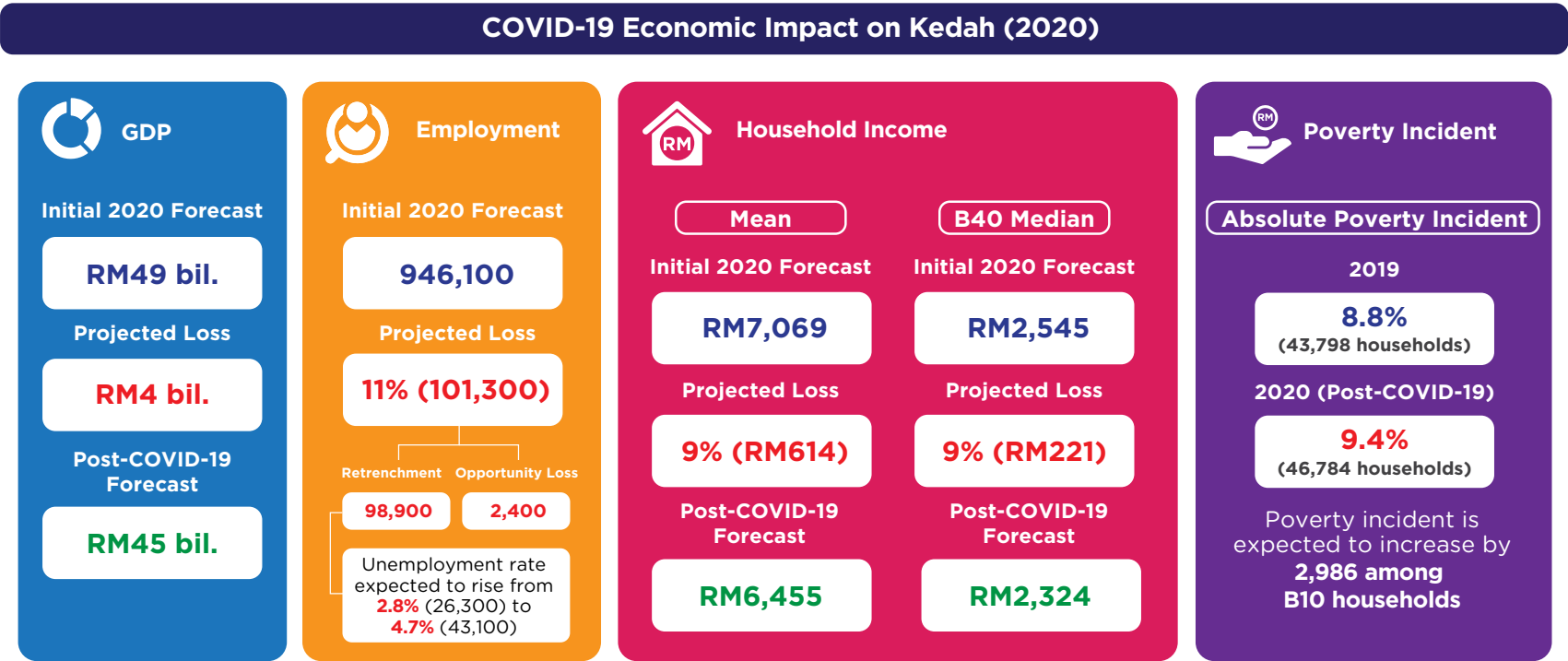
Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020)

Note:
1. Initial SDP targets has been surpassed by 2019 exceptional performance.

IMMEDIATE IMPACT OF COVID-19 ON KEDAH ECONOMY

As a result of COVID-19, the GDP for Kedah in 2020 is forecast to experience a **projected loss of around RM4 billion to RM44.9 billion**, representing a 3.5% drop from the economic growth in 2019. This sharp decline in GDP is mainly attributed to the **decline in demand for aerospace products** and the **standstill in tourism sector**. The projected **employment loss in 2020** is estimated to be **101,300** where **98,900** is attributed to retrenchment while 2,400 is due to **opportunity loss**.

The mean household income will experience a **projected loss of RM614 from RM7,069** which was initially forecast in 2020. In addition, **B40 median household** income will see a **9% projected loss** in 2020 due to COVID-19, while **poverty incident** is expected to increase by **2,986 households**.



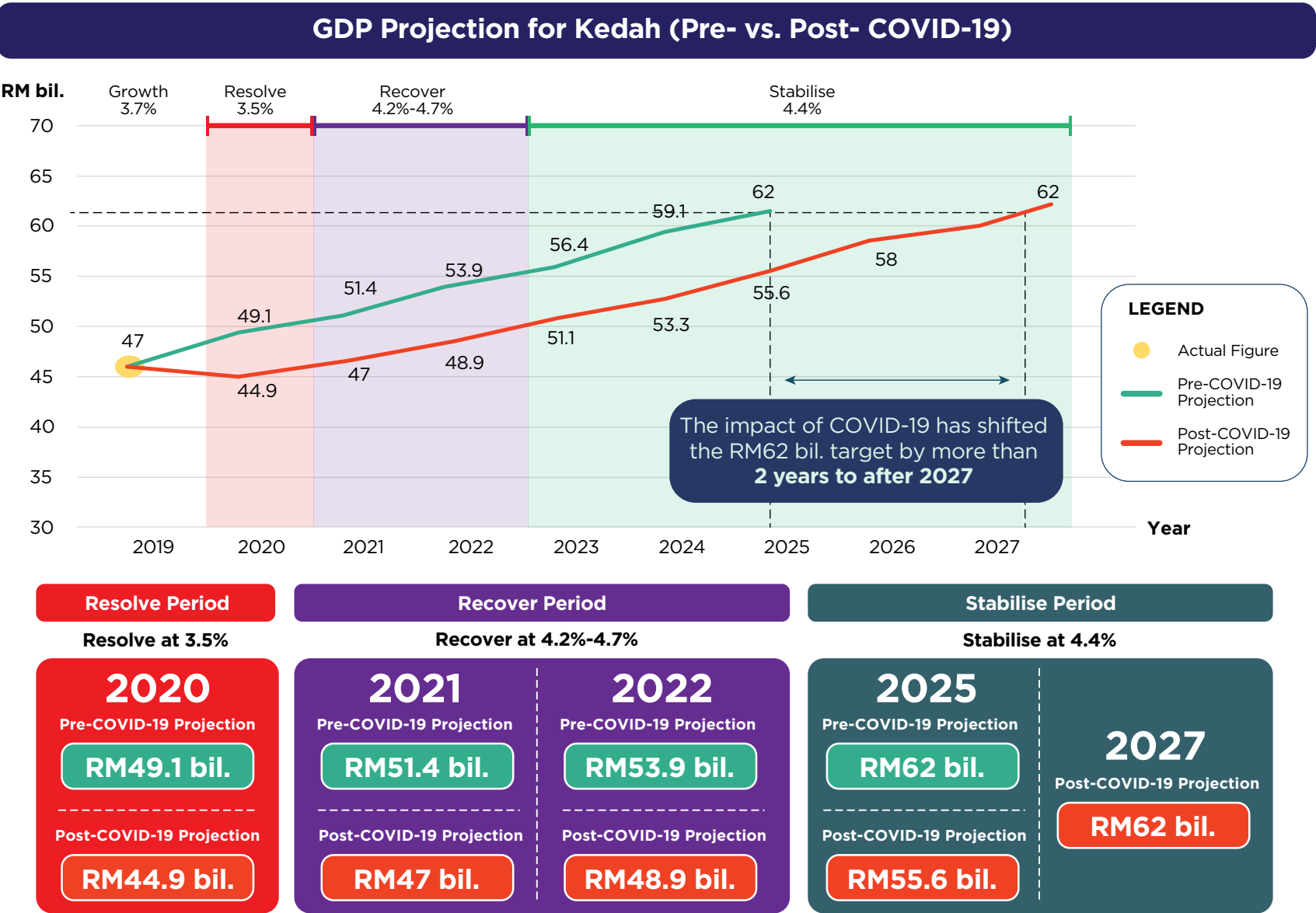
Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020) and PwC analysis

Note:

1. The estimated impact is based on worst case estimate of 2020 GDP growth of -4%.
2. Estimations of GDP losses are relative to initial projections for NCER's growth in 2020, and are opportunity losses. GDP growth estimates used have taken into consideration BNM official figures, as well as analyst forecasts from Asian Development Bank, Ambank Research, Kenanga Research, Standard Chartered, S&P Global, UOB, ING, DBS and CGS-CIMB.
3. Estimation of total employment losses was based on estimated sectoral impact from the special survey by DOSM and initial pre-COVID-19 2020 employment estimations (as at 18 May 2020). Estimation of retrenchment figures was calculated using 2019 employment figures as the base year.

IMPACT OF COVID-19 ON KEDAH'S 2025 VISION

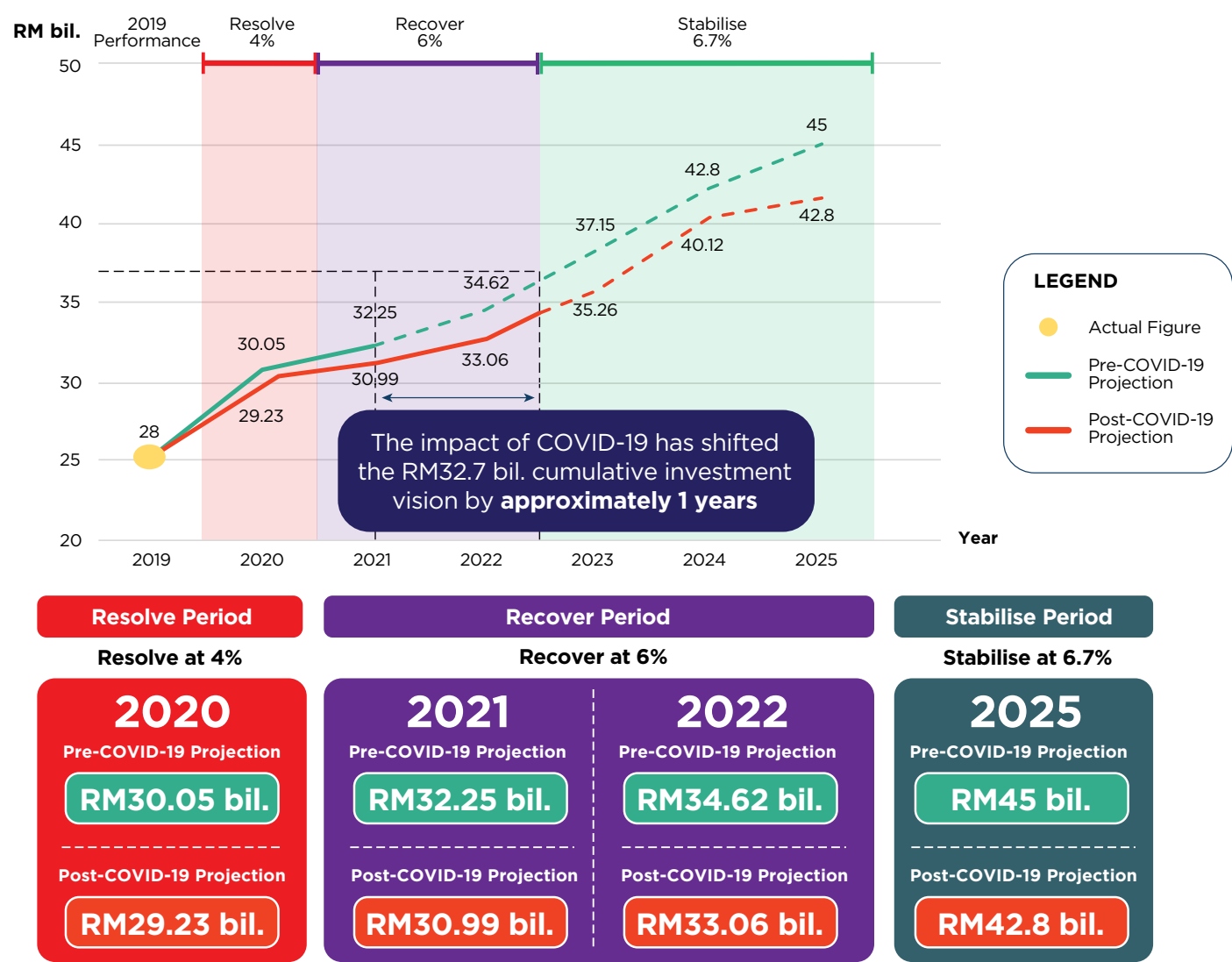
As a result of COVID-19 pandemic, the timeline for Kedah to achieve its **RM62 billion GDP target** has shifted by more than two years from 2025 to 2027 due to the anticipated slow recovery of international tourism and aerospace industry, while pushing its **RM32.7 billion investment target** by approximately **1.4 years**. The pandemic has also delayed the state's target to have **42,203 new jobs** by 2025 by **about a year**.



Source: DOSM & PwC analysis

Higher demand for **rubber products** and recovery of **agribusiness** and **logistics** are expected to create **high growth** in **2021 and 2022**, where it is expected to stimulate economic growth and recovery of Kedah with an estimated **GDP growth** of between **4.2 and 4.7%**. From **2023** onwards, Kedah's GDP is forecast to stabilise at a growth rate of **4.4%**.

Cumulative Investment Projection for Kedah (Pre- vs. Post- COVID-19)



Source: DOSM, MIDA, UNCTAD, NCIA & PwC Analysis

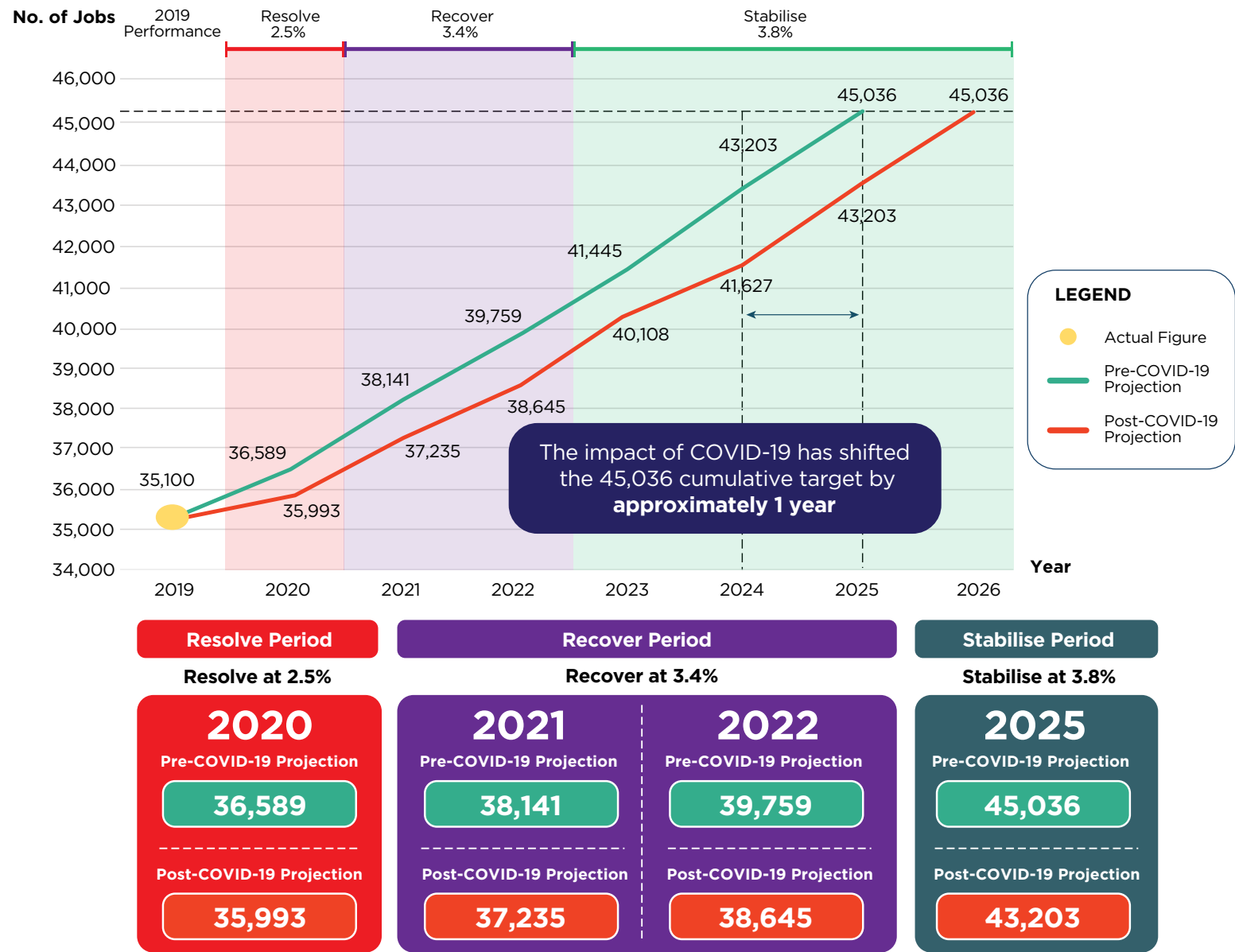
Negative investor sentiment is expected to delay some pre-COVID-19 planned investments where a **40% shortfall** is expected due to the pandemic. However increased investment in quick wins is expected to soften the negative impact of COVID-19.

Investor sentiment expected to **gradually recover in 2021-2022**, with a growth rate of between **6% and 6.7%** due to many **postponed and**

new private investments resulting from supply chain diversification opportunities taking place in this period, thus driving high growth rates.

Infrastructure development, together with **reskilling and upskilling of labour force** are expected to position Kedah as an attractive FDI and DDI destination for high-value added activities, with cumulative investment in the state projected to reach **RM42.8 billion** in 2025, before hitting **RM45 billion** by 2027.

Cumulative Job Creation Projection for Kedah (Pre- vs. Post- COVID-19)



Source: DOSM, MIDA, UNCTAD, NCIA & PwC Analysis

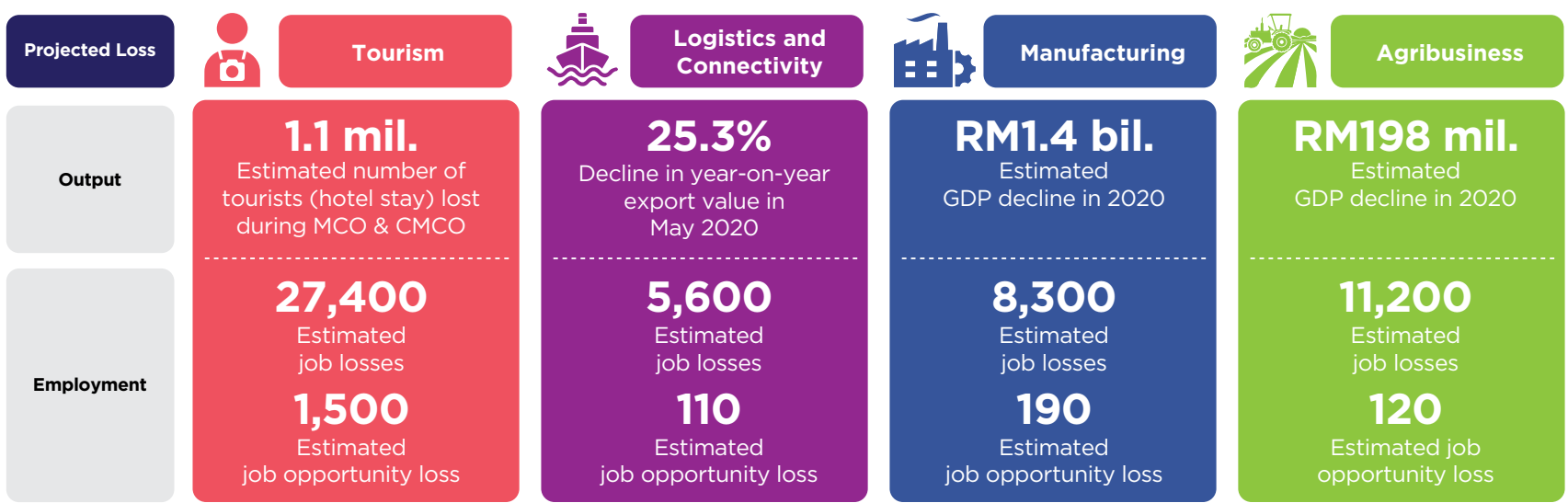
Cumulative **job creation** in Kedah is expected to grow by between **3.4%** and **3.8%** during the Recover Period, with NCIA's role as an investment promotion and marketing body becoming one of the key

factors in attracting new private investments. This will help improve the number of job creation in the state which is expected to reach **45,036** by **2026**.

IMPACT OF COVID-19 ON KEDAH KEY SECTORS

Overall, **tourism** and **logistics and connectivity** in Kedah have been severely impacted by COVID-19, and demand recovery is expected to be slow. The logistics and connectivity sector is estimated to experience a **21% decline** in year-on-year export value in April 2020, while tourism faces an **estimated tourist loss of 1.1 million** during MCO.

Furthermore, the tourism sector is projected to face the **highest number of retrenchment and job opportunity loss** compared with other key sectors in Kedah with an estimated **retrenchment of 27,400** and **job opportunity loss of 1,500**. Despite being heavily impacted, the tourism sector in Kedah is set to capture opportunities in **domestic tourism market** which is expected to remain resilient.



Source: DOSM, BNM, World Bank, PwC analysis and various research publications










Note:
1. The above data was based on studies conducted by various third parties. Follow-up field studies are to be conducted to validate the findings.
2. Further details on Kedah's key economic sectors are available in Volume 1 of NCER Strategic Development Plan (2021-2025).

Agribusiness is expected to experience **fast recovery** upon the relaxation of MCO as the **prioritisation of food security** is expected to boost productivity-related investments into agriculture. Furthermore, **import substitution opportunities** exist for Kedah in products such as **paddy** and **vegetables** and are likely to create jobs for the *rakyat*.

For **manufacturing**, opportunities are abound to capture the **rise in demand for medical devices** made from **rubber** as health and safety becomes priority. For **logistics and connectivity**, **trade volume is expected to rise** with the relaxation of MCO but remains lower than pre-COVID-19 levels in the short term.

IMPACT OF COVID-19 ON KEDAH SOCIOECONOMIC LANDSCAPE

The impact of COVID-19 can be felt across all spectrum of the society in Kedah, comprising both the *rakyat* and business community, as summarised in the table below:

Rakyat				
 B10, B40 & M40 <ul style="list-style-type: none"> More than 57% of total households in Kedah were B40 and M40 in 2019 An estimated 20% of B40 went from cashflow positive to negative, with the M40 experiencing a decline in positive cashflow in April 2020 In-migration figures for women and youth in NCER are expected to rise, with out-migration declining 	 Informal Sector Workers <ul style="list-style-type: none"> Majority of these workers are low- to medium-skilled The movement control order (MCO) ceased all non-essential businesses, risking the livelihoods of informal workers Informal sector growth is expected with reverse migration and adoption of informal e-commerce 	 Unemployed Graduates and Retrenched Workers <ul style="list-style-type: none"> Majority of job losses in Kedah expected to be from the tourism (27%) and agribusiness (15%) sectors Graduate unemployment in Kedah totaled 9,200 in 2019, and is expected to increase as job opportunities decline Reverse migration of unemployed graduates from urban centres expected 	 Rural Students <ul style="list-style-type: none"> Fixed broadband penetration rate in Kedah remains low at 4.7%, and below the national average in 2018 As schools remain closed, students have returned home, with those in rural areas experiencing difficulties with e-learning due to limited access to reasonable quality internet 	 Spatial Development <ul style="list-style-type: none"> Reverse migration expected to increase crowding in NCER Health and safety concerns driven by COVID-19 is expected to steer future spatial planning and development, with a particular focus required on development of rural areas with higher than proportionate B40 and M40 such as Baling and Yan
Business Community				
 Small and Medium-Sized Enterprises (SMEs) <ul style="list-style-type: none"> 5.4% of total SMEs in Malaysia in 2016 were located in Kedah Approximately 71% of SMEs have sufficient cashflows only up until April 2020. With survivability at risk, SMEs are expected to retrench workers Reverse migration of urban poor is expected to increase entrepreneurship 	 Micro Enterprises <ul style="list-style-type: none"> 43.4% of business firms are micro enterprises, with 67.8% of companies recording zero revenues during MCO Enforcement of MCO and supply chain disruptions will cause significant income losses among micro enterprises Reverse migration of urban poor expected to increase self-employment via gig economy opportunities 	 Farmers and Agribusiness <ul style="list-style-type: none"> Agriculture contributes more than 12% to Kedah's GDP Supply chain disruptions and low demand during MCO led to significant unsold fresh produce, significantly impacting sales value of fisheries Agribusiness entrepreneurship expected to rise with reverse migration of urban poor 	 Tourism Sector <ul style="list-style-type: none"> International tourism expected to decline by 60-80% in 2020 66% of hotel guests in Pulau Langkawi are foreign visitors Hotel occupancy rates in Pulau Langkawi fell to between 10% and 30% during MCO Hotel closures are expected 	 Manufacturing Sector <ul style="list-style-type: none"> New social distancing norms expected to accelerate digitalisation and Industrial Revolution 4.0 Firms expected to further reduce low- and medium-skilled labour reliance, increasing job losses Some MNCs are expected to relocate supply chains out of Malaysia

Source: DOSM, MCMC, SME Association of Malaysia, UNWTO, MAH, Ministry of Education (MoE), Massachusetts Institute of Technology (MIT), Informal Sector Work Force Survey, CNA, University of Malaya, Malaysian Employers Federation, AMCHAM & Thomas Reuters Foundation.

IMMEDIATE INTERVENTION VIA KEDAH HUMAN CAPITAL PROGRAMMES TO ADDRESS POST-COVID-19 ISSUES (2020-2022)

COVID-19 has left a devastating impact on the livelihood of the *rakyat* and NCIA strives to empower them through the expansion of its existing human capital programmes such as entrepreneurNCER, empowerNCER, NTEP and DUB@NCER.

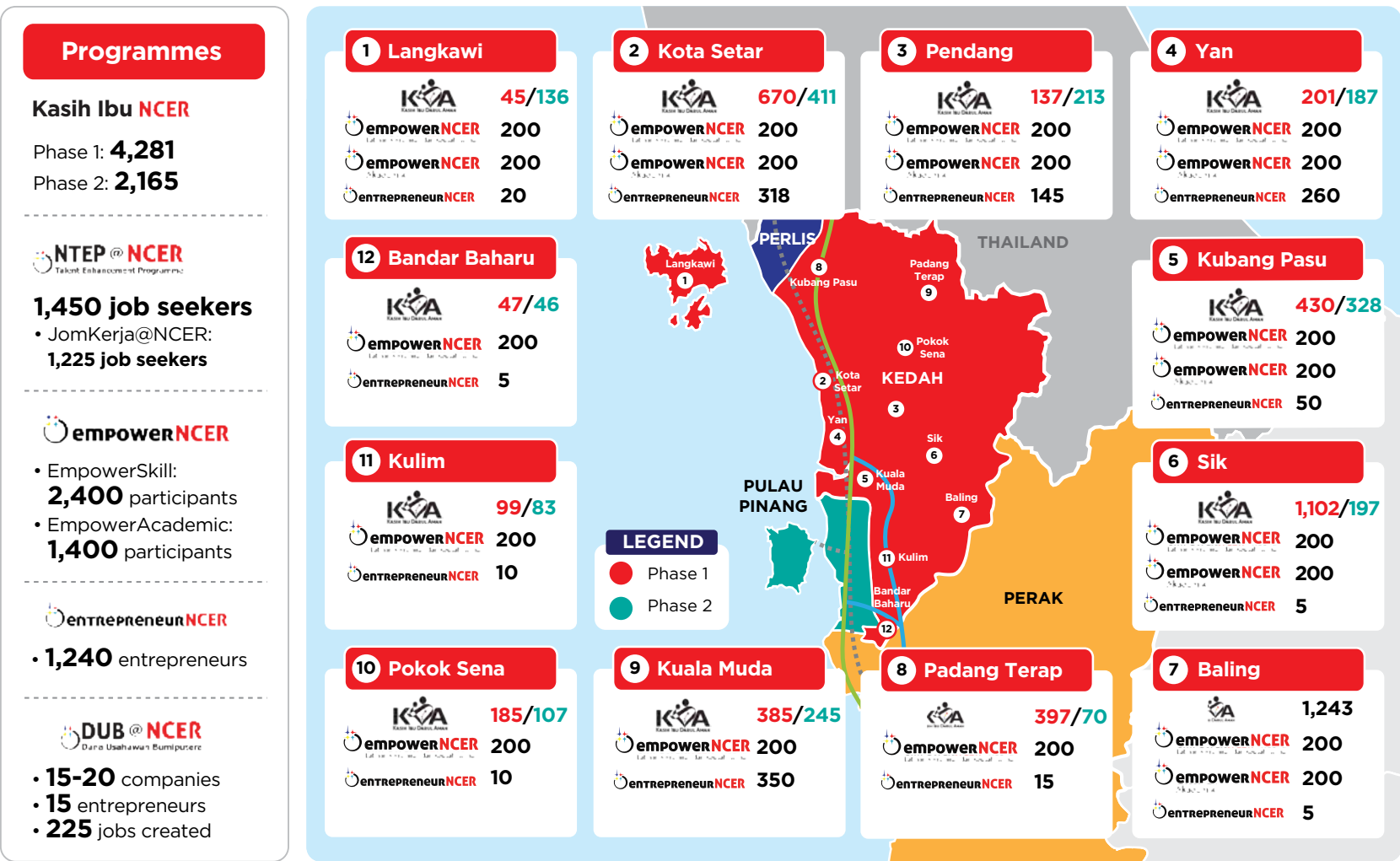
entrepreneurNCER aims to assist micro entrepreneurs and SMEs in NCER through financing and guidance in expanding their businesses, whereby it is targeted to benefit **1,240 entrepreneurs** in Kedah.

empowerNCER is aimed at upskilling the B40 group including youths, women, single mothers and retrenched workers via academic and entrepreneurship training to empower the community in NCER. Total number of participants

targeted under this programme is **5,400 participants**, of which **1,600** is targeted under the **JomNiaga@NCER** programme.

JomKerja@NCER targets to assist **1,225 job seekers** comprising unemployed graduates, retrenched workers, school leavers in Kedah by hiring them as contract workers, part-time workers and graduate trainees, while serving as a human capital incentive for investors.

DUB@NCER aims to benefit between **15 and 20 companies**, **45 entrepreneurs** and **225 job seekers** by 2020. The Kasih Ibu NCER programme is targeted to provide assistance to **7,446 beneficiaries** in Kedah through the cashless card system to purchase basic necessities and provision of healthcare services at private clinics.



Number of participants for NCER Human Capital Programmes in Kedah by 2021

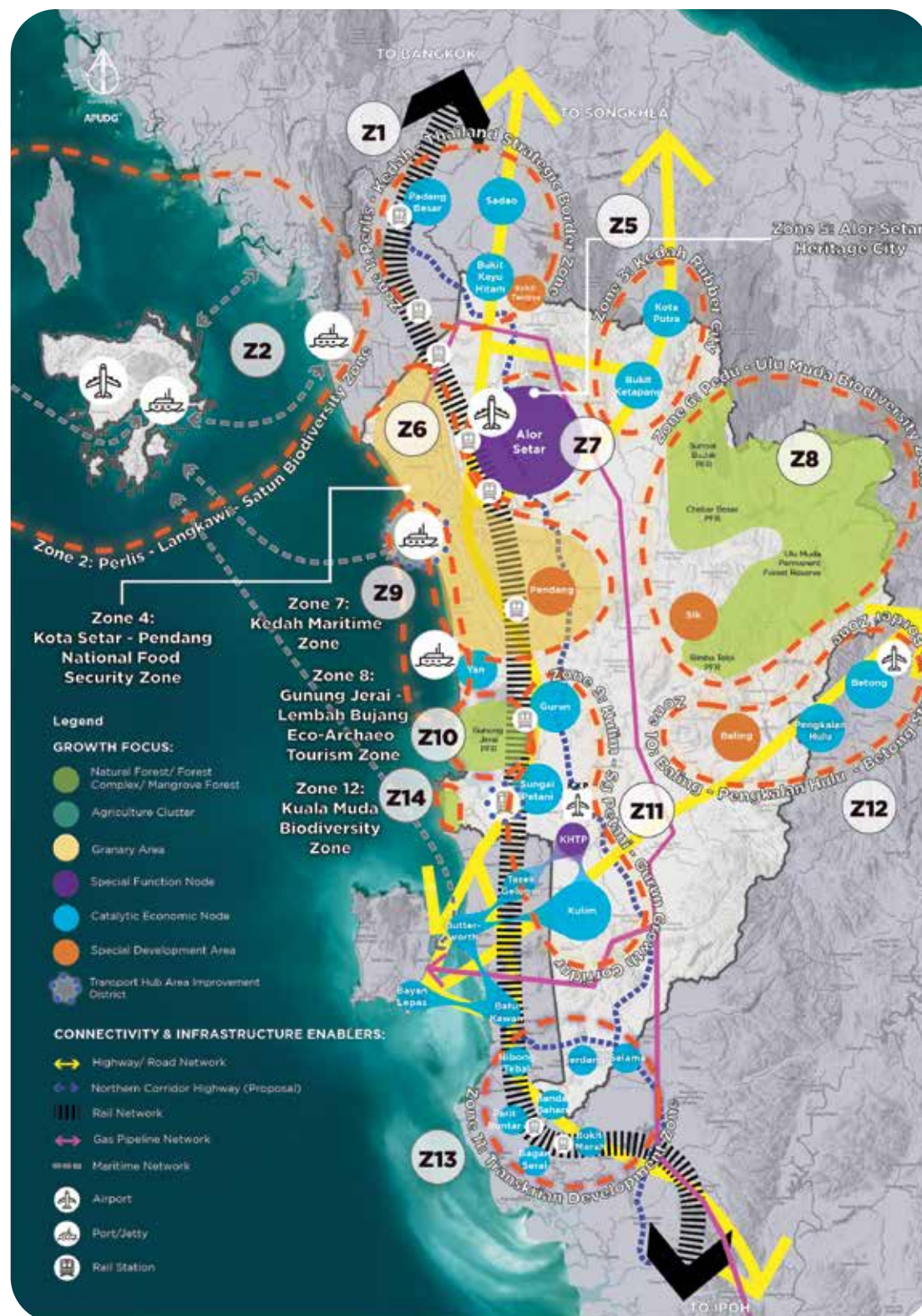
Strategic Positioning

Under this strategic development plan, a total of **12 Key Development Zones** have been identified in Kedah, namely, the **Perlis-Kedah-Thailand Strategic Border Zone**, **Perlis-Satun-Langkawi Biodiversity Zone**, **Kedah Rubber City**, **Kota Setar-Pendang National Food Security Zone**, **Alor Setar Heritage City**, **Pedu-Ulu Muda Biodiversity Zone**, **Kedah Maritime Zone**, **Gunung Jerai-Lembah Bujang Eco-Archaeo Tourism Zone**, **Kulim-Sungai Petani-Gurun Growth Corridor**, **Baling-Pengkalan Hulu-Betong Border Zone**, **Transkrian Development Zone** and **Kota Kuala Muda Biodiversity Zone**.

12MP Niche Activities

-  Border & Logistics Economic Activities
-  Aerospace Industry
-  Rubber & Bio-Based Industry
-  Sustainable Mining & Downstream Activities
-  Integrated High-Value Agriculture
-  Archaeotourism & Ecotourism

Strategic Development Framework Map of Kedah



Z1 BUKIT KAYU HITAM SPECIAL BORDER ECONOMIC ZONE

Bukit Kayu Hitam Special Border Economic Zone

- Bukit Tangga New Integrated Agriculture Centre
- Kedah Science and Technology Park
- Border trade
- Education hub
- Bukit Kura New Agriculture Centre
- Logistics hub
- Energy generation – IPP

Z2 PERLIS – LANGKAWI - SATUN BIODIVERSITY ZONE

Langkawi Global Geopark

- Island tourism
- Heritage tourism
- Ecotourism
- Geotourism
- Low-carbon island
- International gateway (Langkawi International Airport/Ferry Terminal)
- Langkawi Cruise Home Port/Cash Crop
- Agribusiness – Paddy Estate Management Model, Fisheries

Z5 KEDAH RUBBER CITY

- Rubber City** • Manufacturing • KRC Smallholders Programme
- Kota Putra Border City** • New border township

Z6 KOTA SETAR – PENDANG NATIONAL FOOD SECURITY ZONE

- National Granary Area** • Agrotourism • Agribusiness – Paddy EMM & cash crops
- Pokok Sena** • SME Development Programme

Z7 ALOR SETAR HERITAGE CITY

- Creative / Knowledge economy
- Heritage tourism
- Brownfield rejuvenation
- Royal town
- Education hub
- Kedah Trade Centre

Z8 PEDU – ULU MUDA BIODIVERSITY ZONE

- Pedu – Ulu Muda Biodiversity Zone** • Biodiversity conservation
- Retirement resort
- Ecotourism
- Renewable energy
- Sustainable Biodiversity Harnessing Programme
- Sik** • Agribusiness – Paddy EMM, organic paddy, organic hemp & cash crops
- Integrated Economic Centre (i-CON@NCER): - Community-based tourism - Cottage & resource-based industries

Z9 KEDAH MARITIME ZONE

- Kuala Kedah** • Kuala Kedah Maritime Terminal
- Heritage tourism
- Pulau Bunting** • LNG
- Aquaculture
- Island tourism

Z10 GUNUNG JERAI – LEMBAH BUJANG ECO - ARCHAEO TOURISM ZONE

- Lembah Bujang / Sg. Batu Archaeology
- Jerai Geopark
- Kuala Muda Mangrove
- Tanjung Dawai – Pantai Merdeka Ecotourism
- Adventure sport tourism

Z11 KULIM – SUNGAI PETANI – GURUN GROWTH CORRIDOR

Kedah Aeropolis

- Kulim International Airport (KXP)
- Sidam Logistics, Aerospace and Manufacturing Hub (SLAM)

Kulim

- Kulim - Penang Single Campus
- Expansion Kulim Hi-Tech Park
- Medical/Wellness Industries

Sungai Petani

- Sg. Petani Station Area Improvement District
- Renewable Energy Generation

Gurun

- Petrochemical
- LNG
- Heavy Industrial Park

Z12 BALING – PENGKALAN HULU – BETONG BORDER ZONE

Baling

- Gunung Pulai Ecotourism
- Heritage tourism
- Sustainable mining
- Kensui Orang Asli Community & Heritage Programme
- Agribusiness – Cash Crop

- Special Development Zone (SDZ): - Community-based tourism - Cottage & resource-based industries

Z13 TRANSKRAN DEVELOPMENT ZONE

Bandar Baharu – Serdang – Selama

- Agribusiness – Paddy EMM, cash crops
- Durian industry
- Ecotourism
- Education Hub
- Heritage tourism
- Kedah Medical
- Science City
- Special Development Zone (SDZ): - Community-based tourism - Cottage & resource-based industries

Z14 KUALA MUDA BIODIVERSITY ZONE

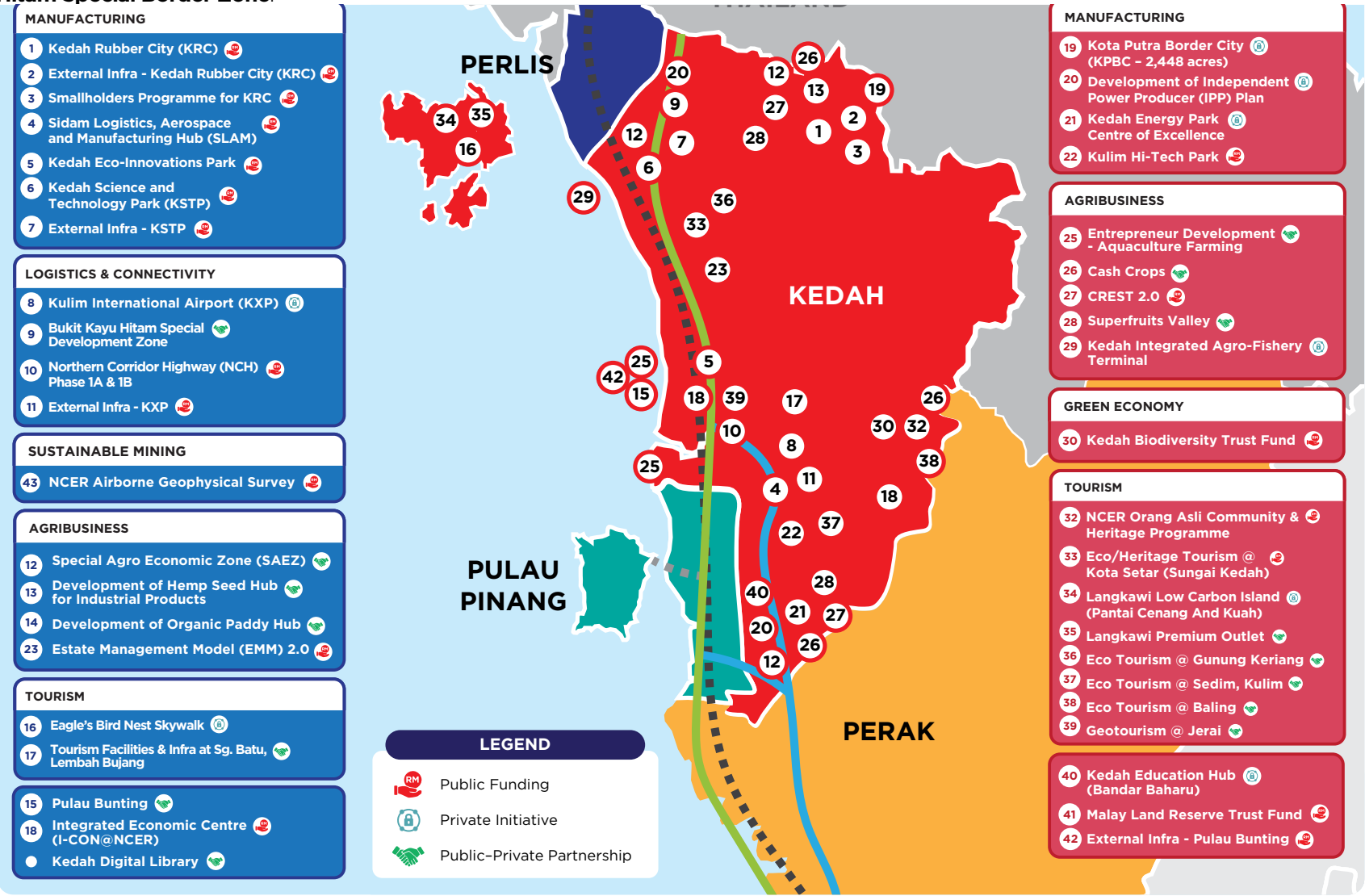
- Ecotourism
- Agribusiness – Fisheries
- Kota Kuala Muda Mangrove Conservation
- Heritage tourism

OVERVIEW OF STRATEGIC PROJECTS AND PROGRAMMES: HIGH-IMPACT DEVELOPMENT PROJECT COMPONENTS IN KEDAH (2021-2025)

Kedah's high-impact strategic projects are mainly focused on **sectoral development**, **infrastructure development** and **enablers**. The **Manufacturing** sector in the state will be catalysed by the development of **Kedah Rubber City (KRC)**, **Sidam Logistics, Aerospace and Manufacturing Hub (SLAM)**, **Kedah Eco Innovation Park** and **Kedah Science and Technology Park**.

These will be further supported by **logistics and connectivity** projects such as the **Kulim International Airport (KXP)** and the **Bukit Kayu Hitam Special Border Zone**.

The growth of **agribusiness** in Kedah will be spearheaded by the **Special Agro Economic Zone (SAEZ)**, **Estate Management Model 2.0** and the **development of organic paddy hub**, while various **tourism projects** comprising **archaeotourism**, **ecotourism** and **geotourism** will be undertaken.



PRIORITISING STRATEGIC PROJECTS AND PROGRAMMES: HIGH-IMPACT DEVELOPMENT PROJECTS IN KEDAH (2020-2022)

Over the longer term, investment opportunities in Kedah are geared towards catalysing the **manufacturing sector** that will be positioning itself as part of a strong **Single Campus ecosystem**. This ecosystem would include the **Kedah Eco Innovation Park, KRC, SLAM** and **Kulim Hi-Tech Park (KHTP)**. These projects will be complemented by the **Bukit Kayu Hitam Special Development Zone** and **KXP**.

The **NAEZ** will further enhance Kedah's strength in the **Agribusiness** sector while the development of **Pulau Bunting, Langkawi Geotourism, Alor Setar Heritage Tourism** and **Lembah Bujang Archaeotourism** will be well-positioned to capture the opportunities in **tourism** sector for Kedah.



1 Kedah Rubber City (KRC)

A national-level strategic project, bringing downstream rubber activities close to where upstream/midstream activities are found

- GDP contribution of **RM14.7 billion** by 2030
- **14,500** jobs created
- **RM10 billion** investment in 10 years

2 Sidam Logistics, Aerospace and Manufacturing Hub (SLAM)

An economic and industrial transformation project, with the vision of becoming a hub of high-value activities in aviation, aerospace, logistics and manufacturing

- **RM2.4 billion** annual GDP contribution by 2050
- **19,400** jobs by 2050
- **RM5.5 billion** investment by 2020

3 Kulim International Airport (KXP)

Covering approx. 9,841 acres development of 3 main components - Kulim International Airport (KXP), Kedah Aerotropolis and Sidam Logistics, Aerospace and Manufacturing Hub (SLAM).

- To contribute **RM1.18 billion** to national GNI
- **2.54%** GDP push for Kedah

4 Kedah Eco-Innovation Park (KEIP)

Eco-industrial park focusing on biopolymer, agriculture and food-based products, guided by 3 key elements - Innovation, Sustainability and Synergy

- GDP contribution of **RM103.7 billion** by 2050
- **4,500** jobs to be created

5 Bukit Kayu Hitam Special Development Zone

Covering approx. 11,000 acres development of integrated logistics services with dedicated industrial hub (FTZ) and free commercial district

- To create **23,242** new jobs for the locals
- To contribute approximately **RM72.7 billion** to Malaysia's GDP

6 ICON@NCER

New approach to drive rural economy by generating wealth, sustainable income, job opportunities and entrepreneur opportunities to reduce outmigration to urban area. The development of SDZ will be based on the local potential of Yan, Sik and Baling

- Investment of **RM900 million** for 15 years
- **6,000** job and entrepreneurship opportunities for locals

7 Pulau Bunting

Development focus on 3 industries: Industrialised Offshore Aquaculture, Community-Based Tourism and LNG Terminal & Energy Generation

- 10-year GDP contribution of **RM22.1 billion** with **2,580** jobs to be created

8 NCER Agri Economic Zone (NAEZ)

Dedicated economic zone focusing on integrated development of primary, secondary and tertiary industries in agribusiness, to be promoted similarly to Special Economic Zones

- Complete Agribusiness Ecosystem
- Catalyst for national food security and agribusiness advancement

9 Northern Corridor Highway (Phase 1A)

Development of a new highway in NCER from Serdang to Sungai Petani (70 km)

10 Tourism (Eco, Heritage, & Archaeo)

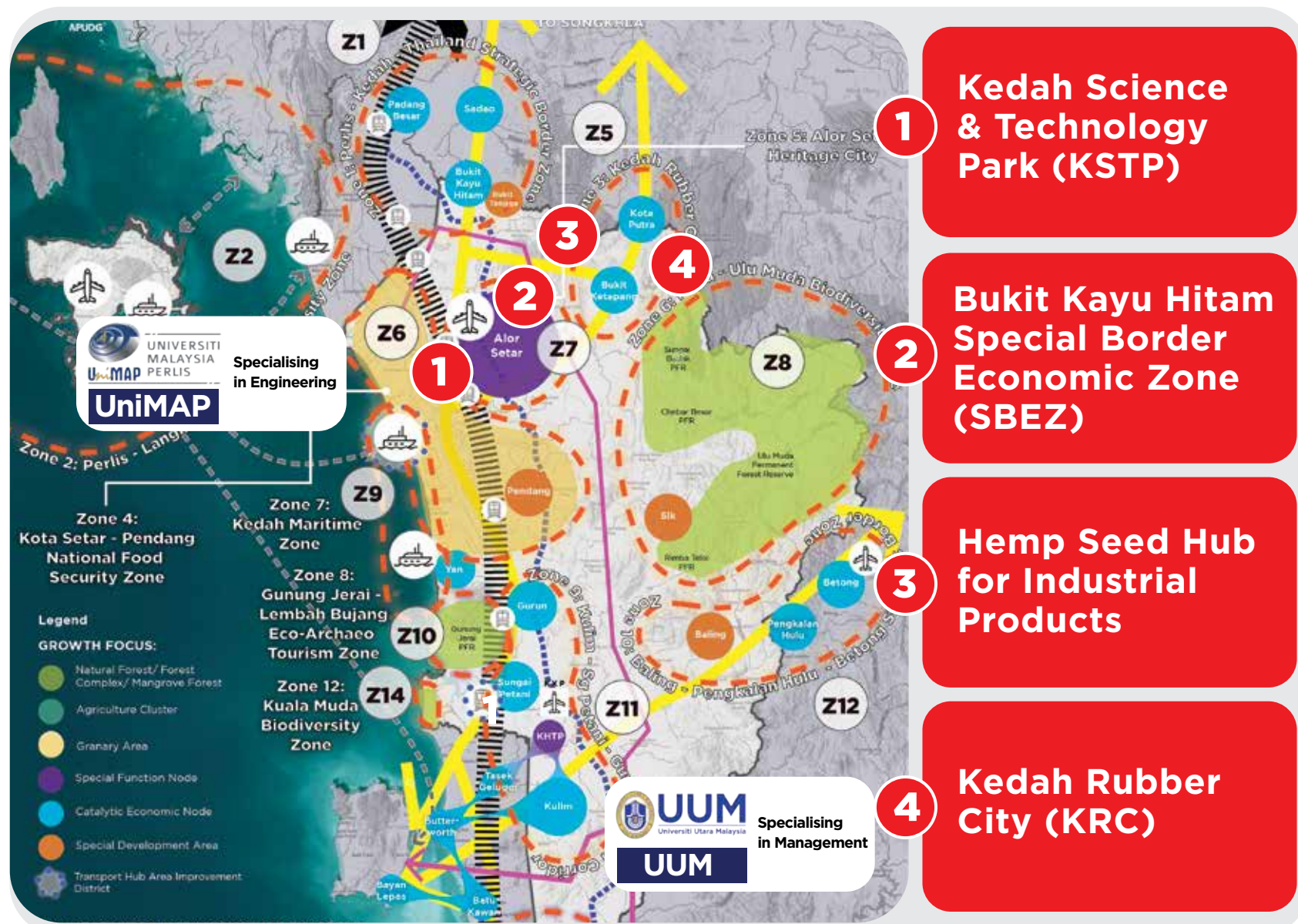
Various tourism initiatives to promote Kedah at the following locations:

- Lembah Bujang
- Langkawi
- Gunung Jerai
- Enhancement of Sungai Kedah and Sungai Anak Bukit

CLUSTER DEVELOPMENT APPROACH IN ATTRACTING INVESTMENTS POST-COVID-19

In enhancing Kedah's competitiveness as an investment destination, NCIA will undertake a cluster development approach by encapsulating key projects in the states within specifically designated areas. In this regard, three main development clusters have been identified namely, **Kedah Border Areas**, **Gurun and Yan**, and **Kedah Aerotropolis**.

Cluster Development at Kedah Border Areas



Cluster Development at Kedah Border Areas

1 Kedah Science & Technology Park (KSTP)

A science & tech park with a vision to be world-class in the commercialisation of Applied Research & Technology



2 Bukit Kayu Hitam Special Border Economic Zone (SBEZ)

An integrated Development consisting of Free Industrial Zone, Inland Container Depot and Free Commercial Zone



3 Hemp Seed Hub for Industrial Products

The first commercialised hemp seed centre in Malaysia



4 Kedah Rubber City (KRC)

An industrial park which focuses on rubber clusters. Part of IMT-GT Rubber Cities Initiative

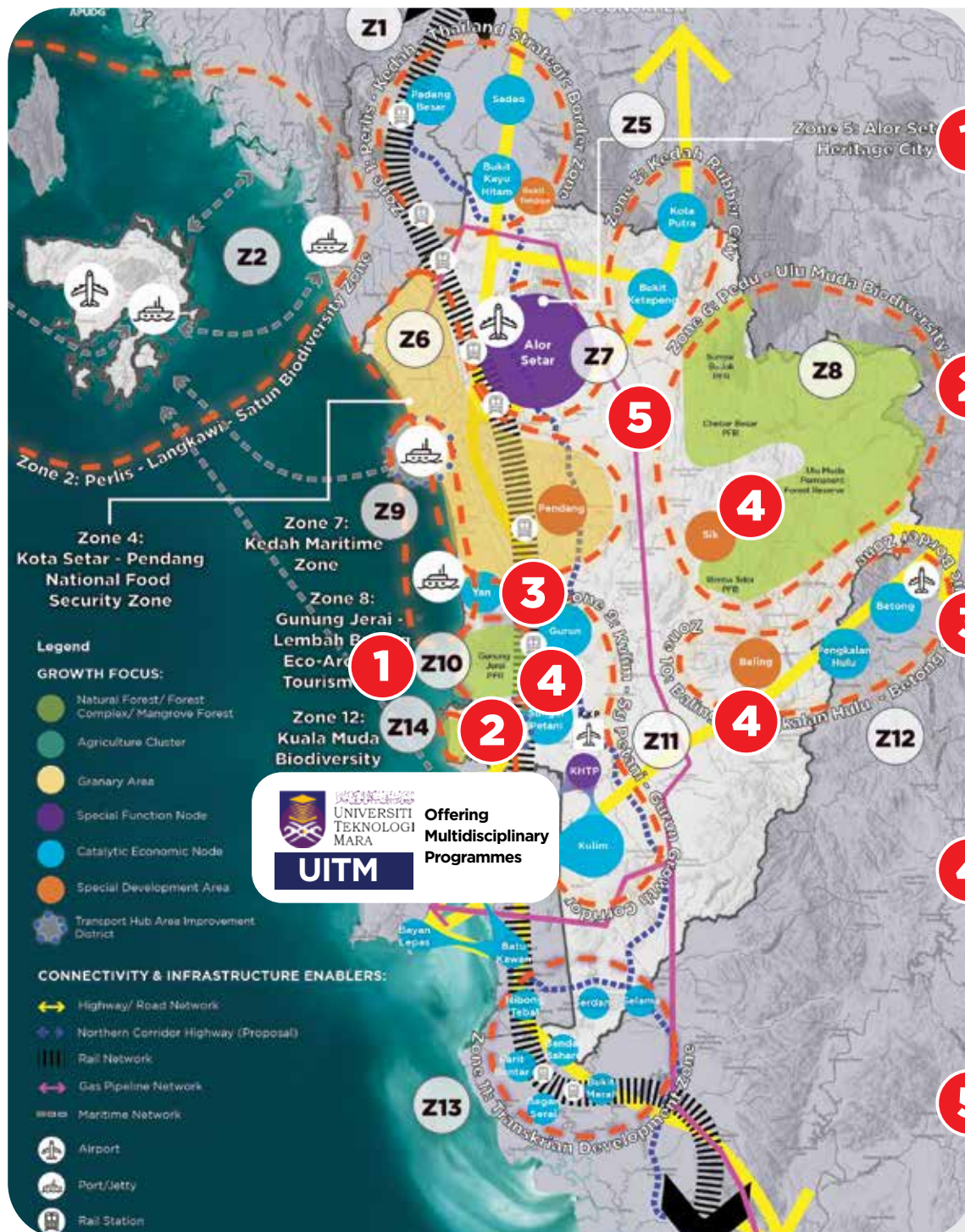


LEGEND

- Clusters
- Northern Corridor Highway (NCH)
- North-South Expressway (E1)

CLUSTER DEVELOPMENT APPROACH IN ATTRACTING INVESTMENTS POST-COVID-19

Cluster Development in Gurun & Yan



1 Integrated Development of Pulau Bunting

2 Geo & Archaeo Tourism

3 Kedah Eco-Innovation Park (KEIP)

4 i-CON@NCER

5 Estate Management Model (EMM) 2.0



Offering
Multidisciplinary
Programmes

Cluster Development in Gurun & Yan

1 Integrated Development of Pulau Bunting & Its Surrounding Areas

Integrated Development of LNG Terminal, aquaculture and tourism



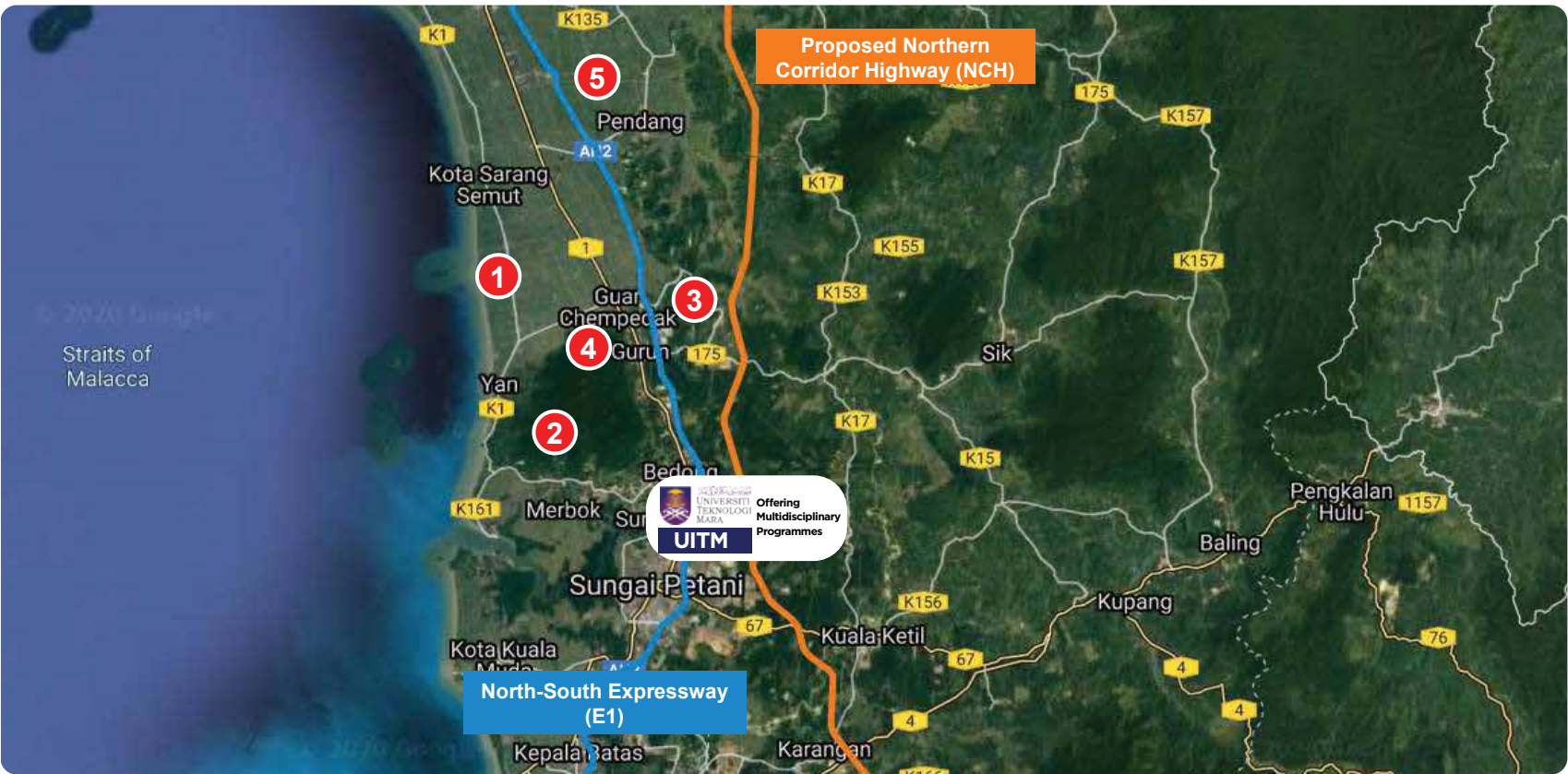
2 Geotourism & Archaeotourism

Development of Geotourism & Archaeotourism Sites at Gunung Jerai and Lembah Bujang



3 Kedah Eco-Innovation Park (KEIP)

A petrochemical industrial park which focuses on agro-based chemicals. Synergy with the existing Petronas Fertiliser Plant



4 i-CON@NCER

Special Development Zone located in Yan to catalyse development in less-developed areas. Will also be developed in Sik, Baling and Pengkalan Hulu



5 Estate Management Model (EMM) 2.0 in Pendang

An industrial park which is focusing on rubber clusters. Part of IMT-GT Rubber Cities Initiative

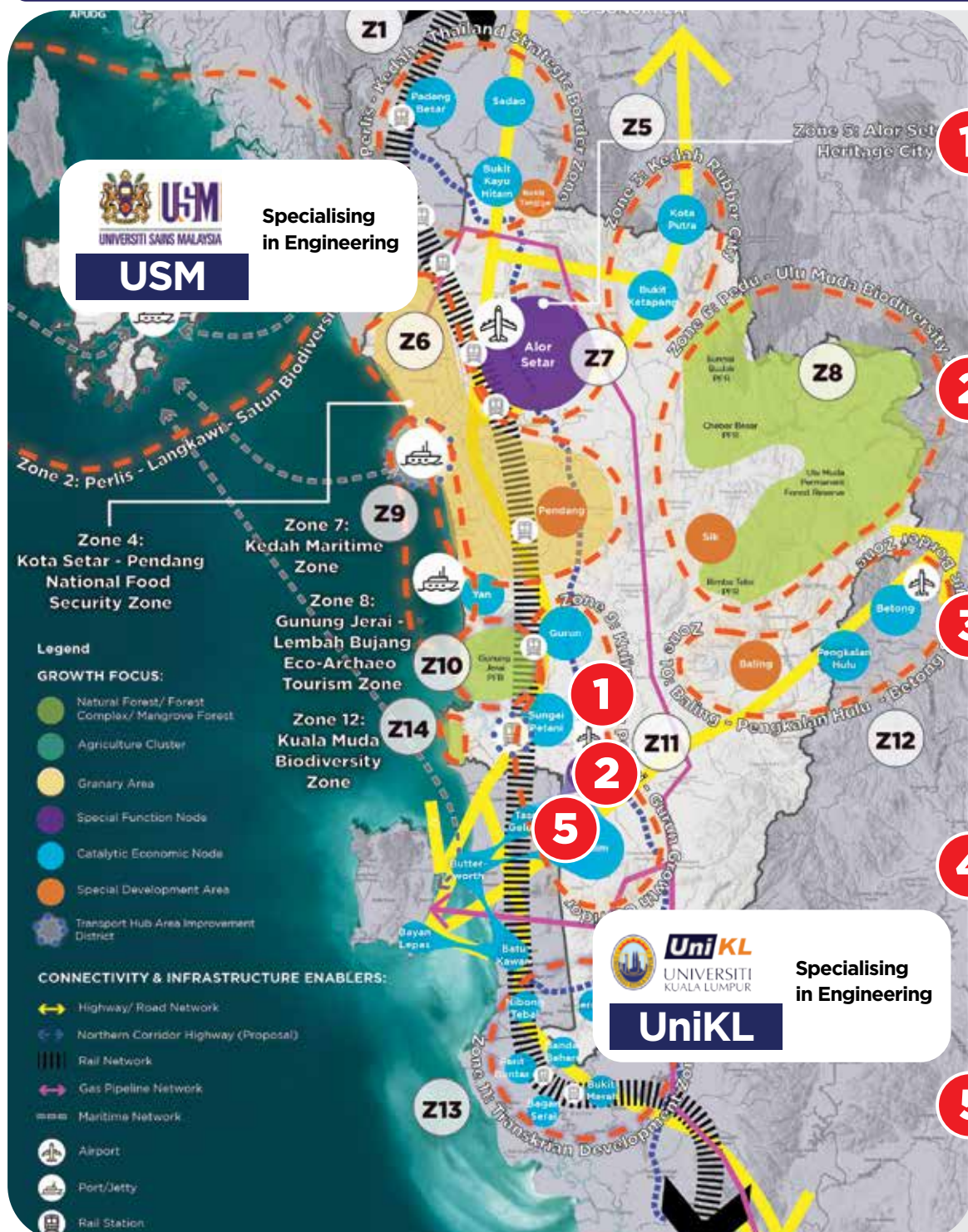


LEGEND

- Clusters
- Northern Corridor Highway (NCH)
- North-South Expressway (E1)

CLUSTER DEVELOPMENT APPROACH IN ATTRACTING INVESTMENTS POST-COVID-19

Cluster Development at Kedah Aerotropolis



1
Kulim International Airport (KXP)

2
Sidam Logistics, Aerospace & Manufacturing Hub (SLAM)

3
Road & Rail Connectivity

4
Northern Corridor Highway (NCH)

5
Kulim Hi-Tech Park (KHTP)

Cluster Development at Kedah Aerotropolis

The development of Kedah Aerotropolis will boost Kedah GDP by up to 3% and catalyse the development of Seberang Perai and Northern Perak



1

Kulim International Airport (KXP)

A new international airport to be developed in Kedah, envisioned to be the catalyst of Aerotropolis in NCER



2

Sidam Logistics, Aerospace & Manufacturing Hub (SLAM)

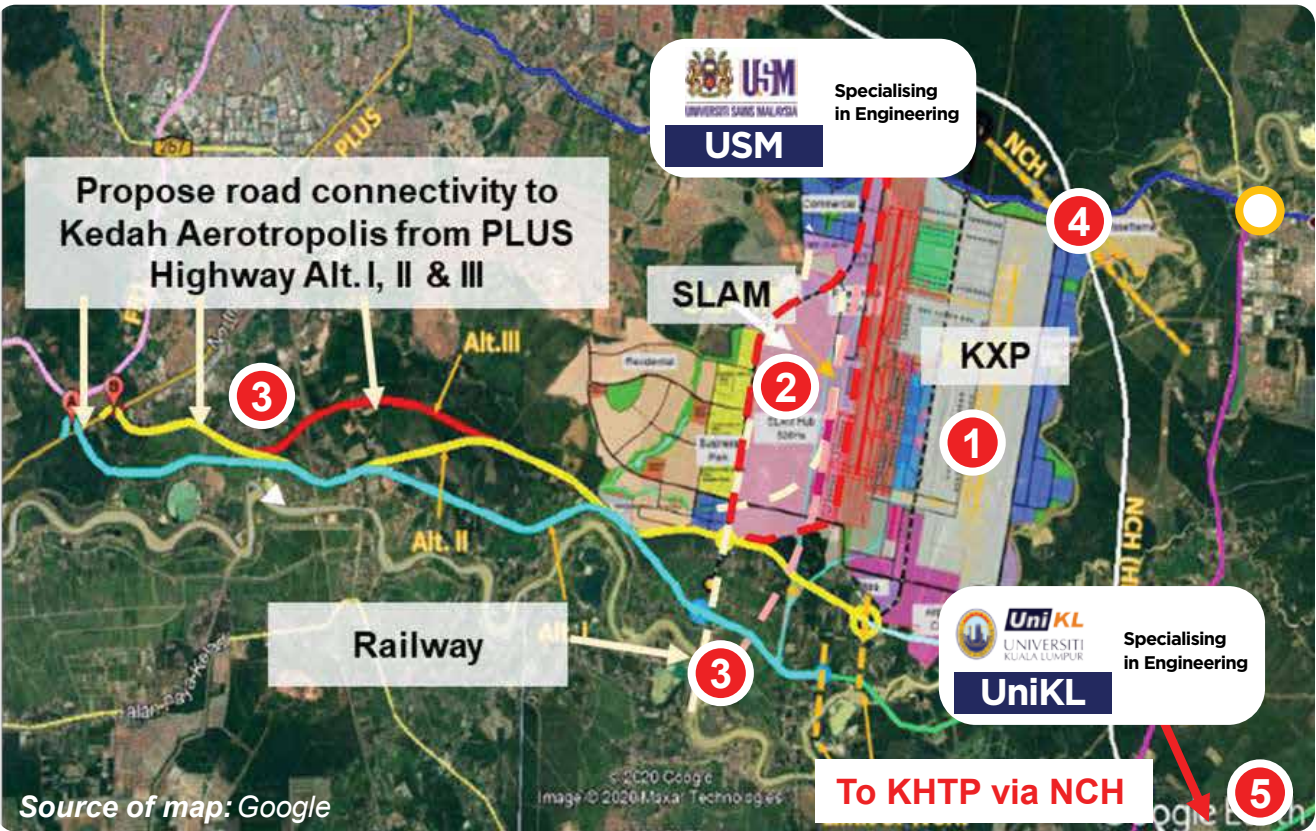
Newly planned high-value manufacturing industrial park in Kedah to complement KXP and cater to the industrial needs in the northern region



3

Road & Rail Connectivity

Proposed railway spur line and road connectivity to the Aerotropolis





4

Northern Corridor Highway (NCH)

Development of new expressway with proximity to the proposed Aerotropolis. Spanning 77 km from Sg. Petani to Serdang (Phase 1A)



5

Kulim Hi-Tech Park (KHTP)

The expansion of KHTP will further enhance P. Pinang - Ipoh - Kulim as a Single Campus

LEGEND

●

 Clusters

—

 Northern Corridor Highway (NCH)

—

 North-South Expressway (E1)

KEDAH PROJECT HIGHLIGHTS

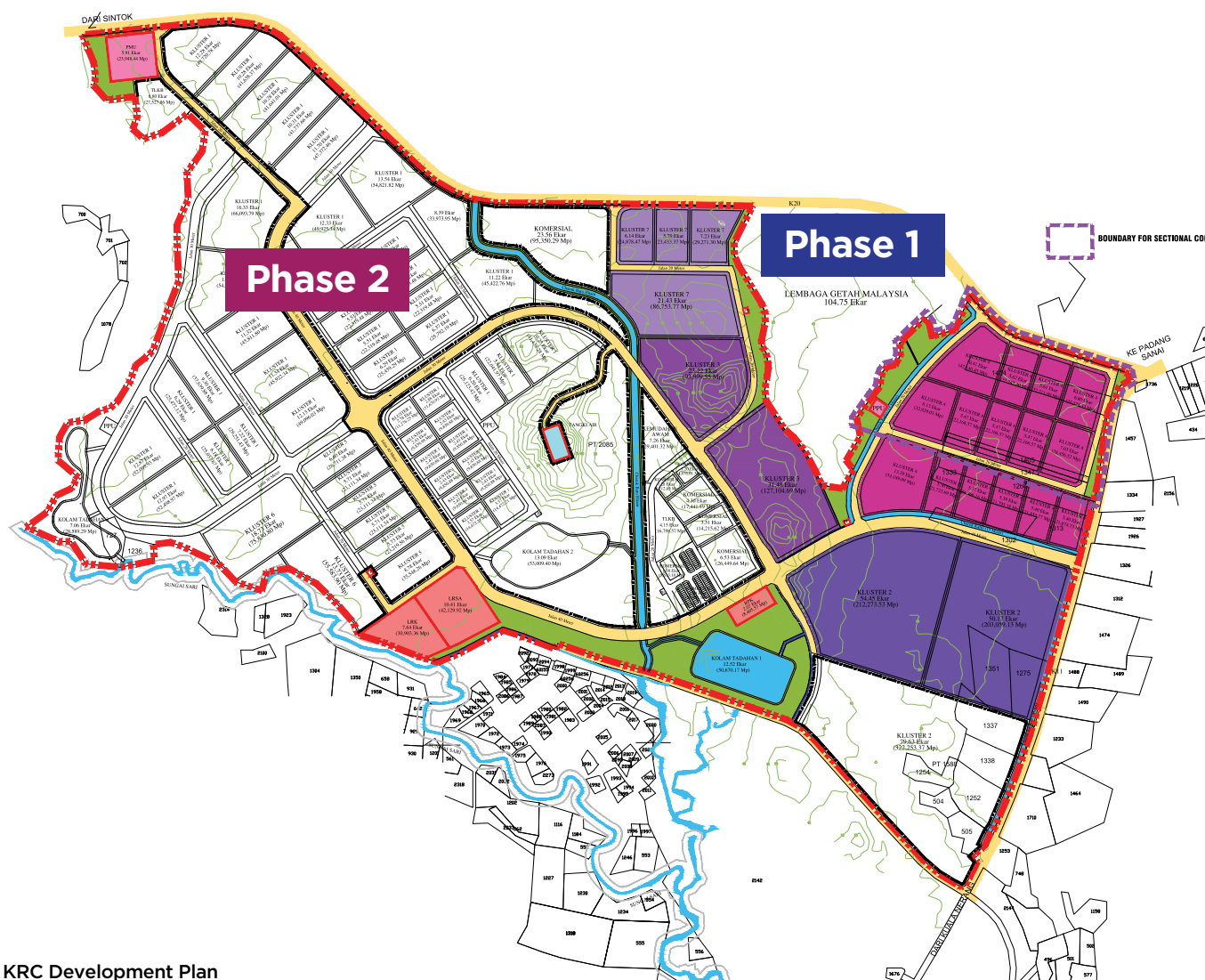
Kedah Rubber City (KRC)

Located at Ladang Bukit Ketapang, KRC will be developed into a “Rubber Corridor” that would link together the region’s major rubber producers in Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT). Overall, the project is expected to contribute **RM14.7 billion** to the country’s GDP and create **14,500 jobs** within 15 years once it is fully completed by **2030**.

Spanning an area of nearly 1,250 acres, KRC will be developed in two phases: Phase 1 development covering 504.21 acres has started in December 2019 and is expected to be completed in

2022. Of the total Phase 1 development, 60 acres are expected to be completed by end-September 2020 to cater to the need of potential investors. The development of Phase 2 will commence in 2022.

As of August 2020, three local investors have shown their interest in investing in KRC with an estimated total investment of **RM574 million** that will create 662 job opportunities. These investments will involve a combined land area of 35 acres.



KRC Development Plan



KRC will be focusing on the manufacturing of rubber-based products



Ongoing development works at Phase 1 of KRC as at July 2020

PULAU PINANG



Penang Second Bridge

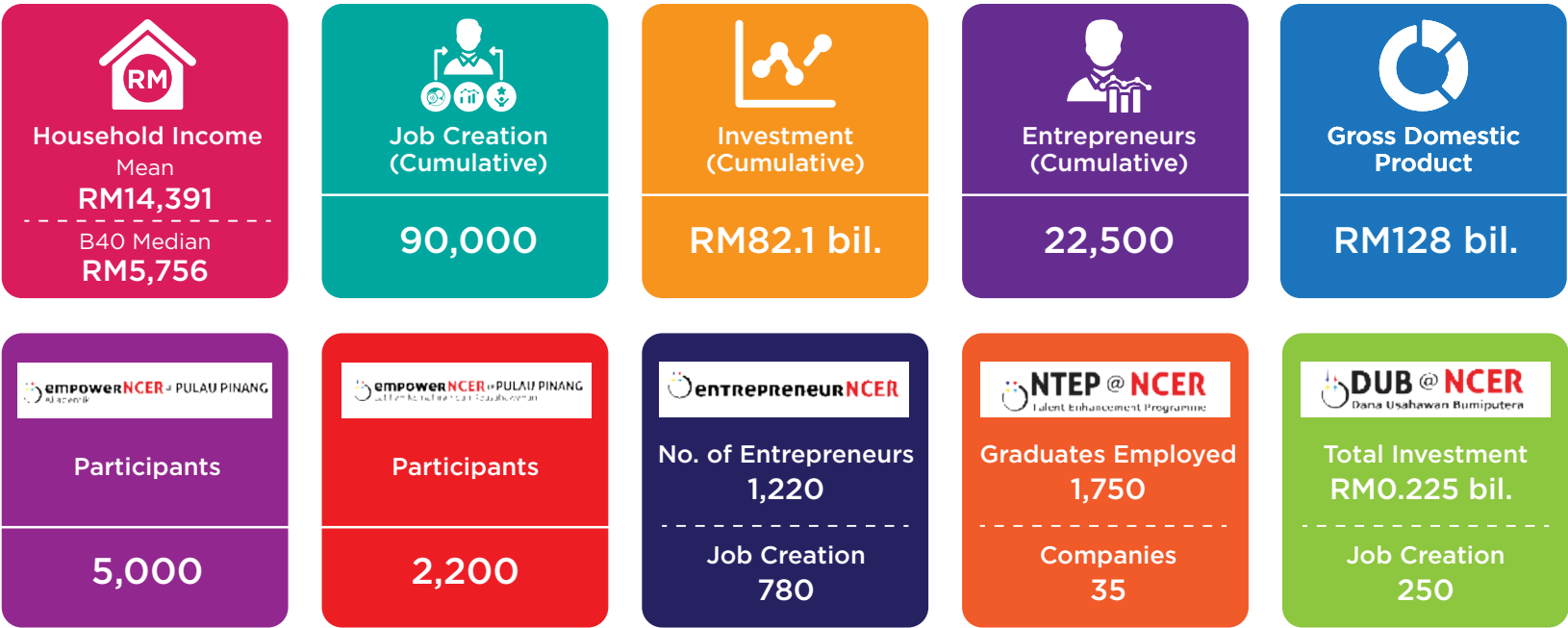
“THE STATE’S STRATEGIC POSITIONING UNDER THE NCER STRATEGIC DEVELOPMENT PLAN (2021-2025) IS AIMED AT INTENSIFYING THE R&D&C SECTOR IN PULAU PINANG, TOGETHER WITH OTHER SECTORS SUCH AS LOGISTICS AND TOURISM.”

Aspirational Vision

Pulau Pinang’s competitive edge lies in its skilled workforce, robust supply chain, top-notch infrastructure and Government support, making it a preferred destination for companies to establish their presence in the state. The State also acts as the **main international trade hub in NCER** with the existence of Penang Port, the third largest cargo seaport in Malaysia. With excellent rail and road connection to Southern Thailand and the northern Malaysia states, the Penang seaport provides strong logistics support for the importation of raw materials and exportation of finished products.

The State’s strategic positioning under the NCER Strategic Development Plan (2021-2025) is aimed at **intensifying the R&D&C sector** in Pulau Pinang, together with other sectors such as **logistics**, as well as **health, archaeo** and **heritage tourism**. As envisaged in “Penang2030” vision, Pulau Pinang will continue to leverage on its strengths to achieve a balanced development and create a family-focused, green and smart state that inspires the nation. Under this framework, the targets for Pulau Pinang by 2025 are as shown below:

TARGETS FOR PULAU PINANG BY 2025

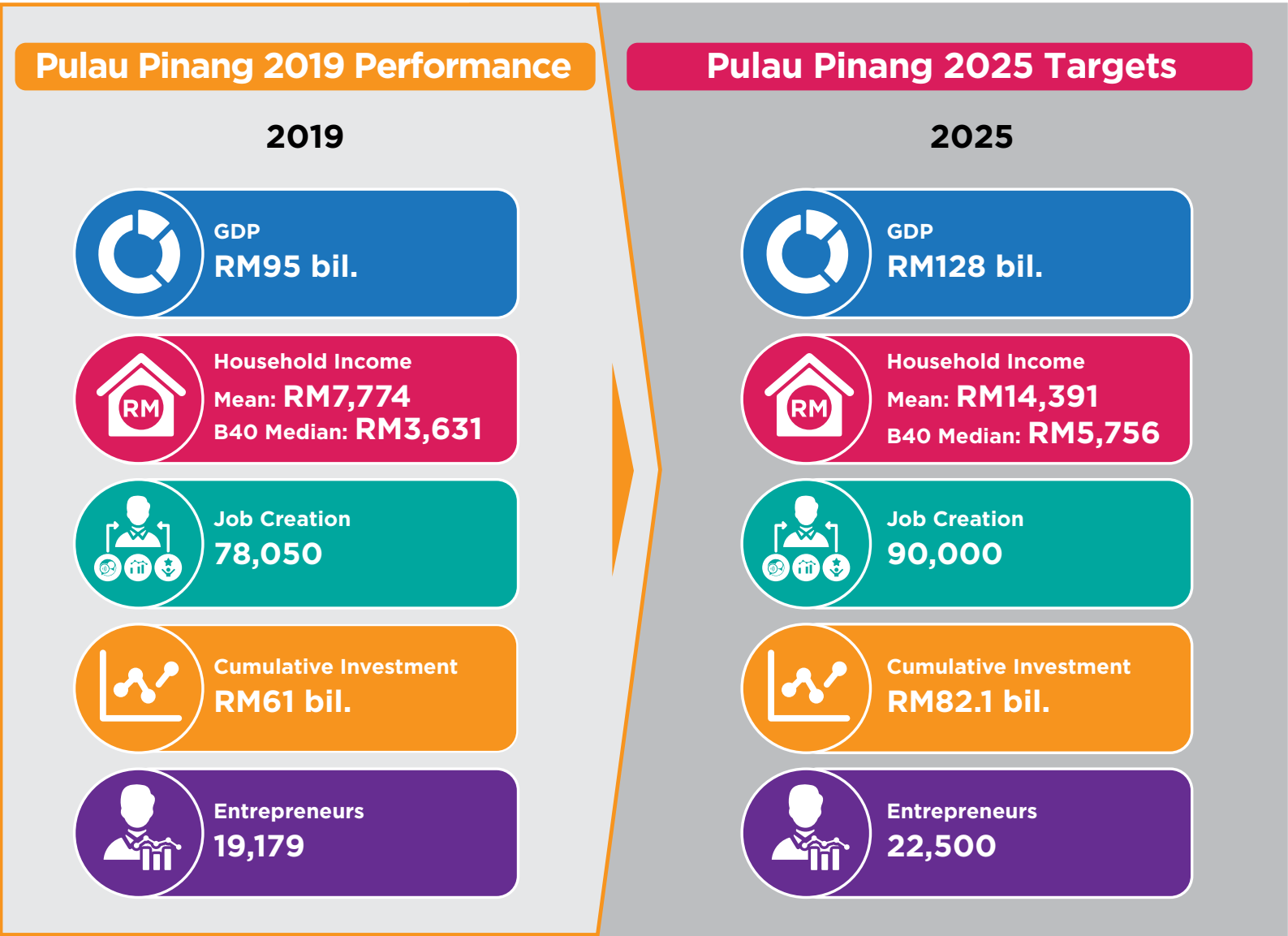


PRE-COVID-19 TARGETS FOR PULAU PINANG BY 2025

Under the NCER Strategic Development Framework (2021-2025) for Pulau Pinang, the **R&D sector** in the state will be further intensified, together with other sectors such as **logistics** as well as **health, archaeotourism** and **heritage tourism** to boost the state economy. This is in line with the state’s “Penang2030” vision, where it will continue to leverage on its strengths to achieve a balanced development and

create a family focused, green and smart state. Prior to COVID-19, Pulau Pinang was projected to achieve a GDP of **RM128 billion** by 2025 with cumulative investment of **RM82.1 billion** that will create **90,000 new jobs** and **22,500 entrepreneurs**. The initial target for **mean household income** and **B40 median household income** for Pulau Pinang was set to be at **RM14,391** and **RM5,756** respectively by then.

Pre-COVID-19 Targets for Pulau Pinang by 2025

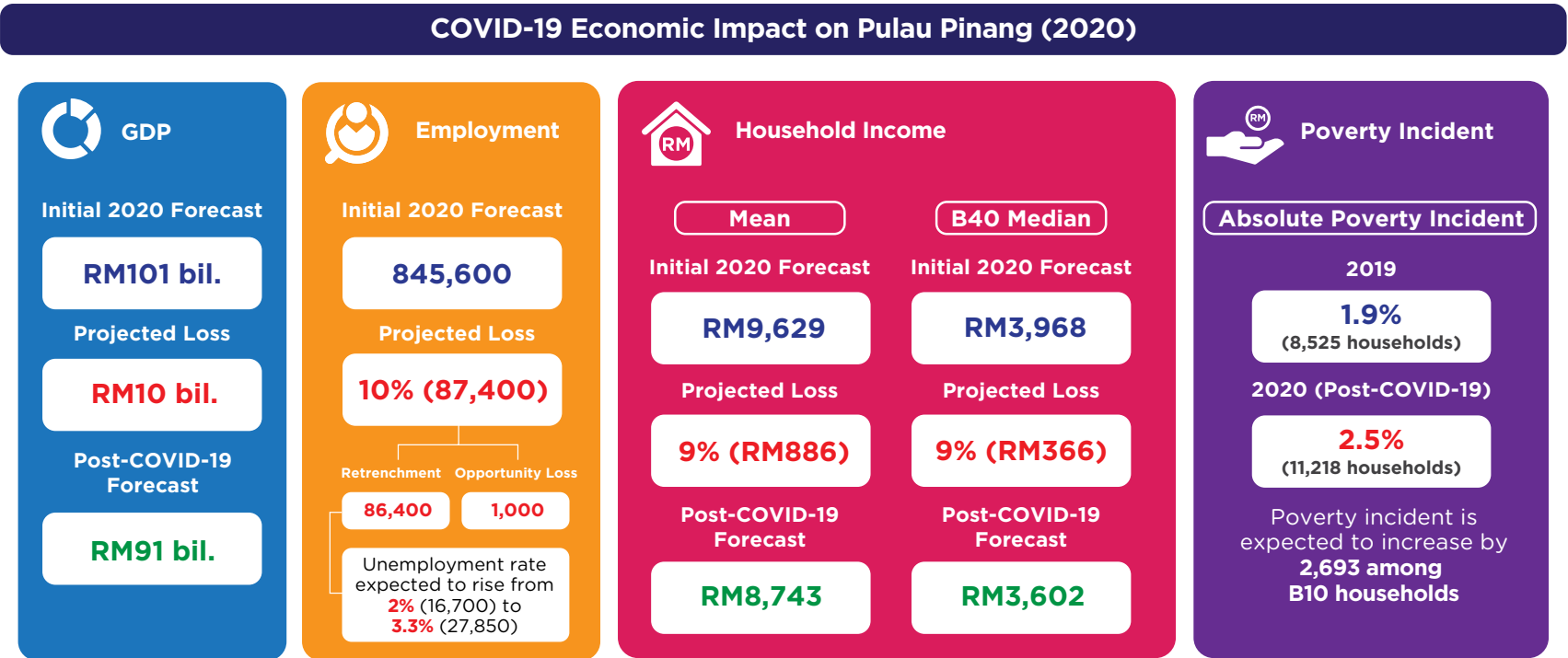


Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020)

IMMEDIATE IMPACT OF COVID-19 ON PULAU PINANG’S ECONOMY

As a result of COVID-19, the GDP for Pulau Pinang is forecast to experience a **projected loss of around RM10 billion to RM91 billion** in 2020, representing a **4.3% drop** from the economic growth in 2019. This sharp decline in GDP is mainly attributed to **the standstill in tourism sector** during MCO and **contraction in demand for E&E products**. The projected number of **employment loss in 2020** is estimated to be **87,400**, where **86,400** are from **retrenchment** while

1,000 are from **opportunity loss**. The mean household income in Pulau Pinang is expected to experience a **projected loss of RM886 from RM9,629** initially forecast in 2020. In addition, **B40 median household income** would see a **9% projected loss** in 2020 due to COVID-19, while **poverty incident** is expected to increase by **2,693 households**.



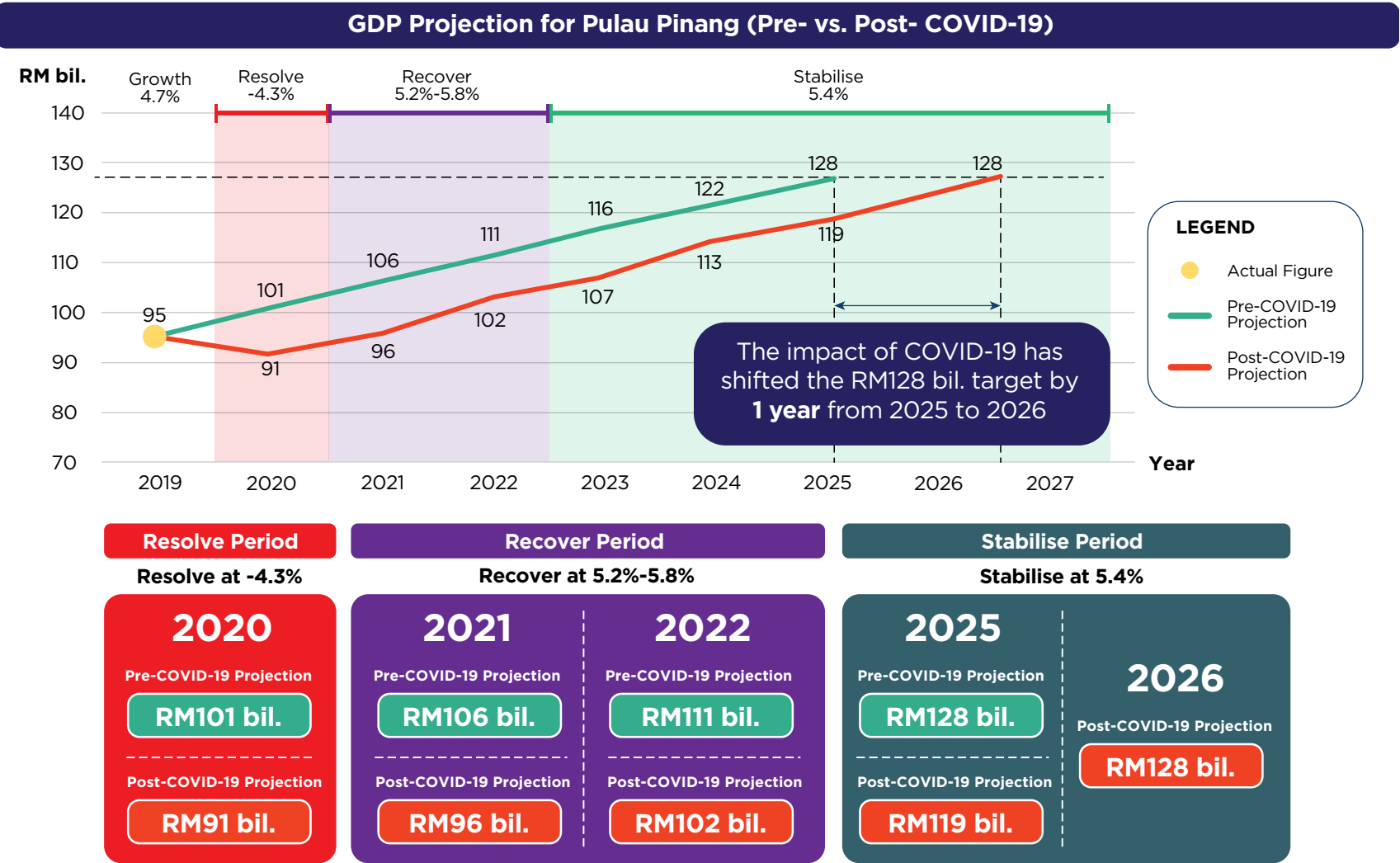
Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020) and PwC analysis

Note:

1. The estimated impact is based on worst case estimate of 2020 GDP growth of -4%.
2. Estimations of GDP losses are relative to initial projections for NCER's growth in 2020, and are opportunity losses. GDP growth estimates used have taken into consideration BNM official figures, as well as analyst forecasts from Asian Development Bank, Ambank Research, Kenanga Research, Standard Chartered, S&P Global, UOB, ING, DBS and CGS-CIMB.
3. Estimations of total employment losses are based on estimated sectoral impact from the special survey by DOSM and initial Pre-COVID-19 2020 employment estimations (as at 18 May 2020). Estimations of retrenchment figures was calculated using 2019 employment figures as the base year.

IMPACT OF COVID-19 ON PULAU PINANG 2025 VISION

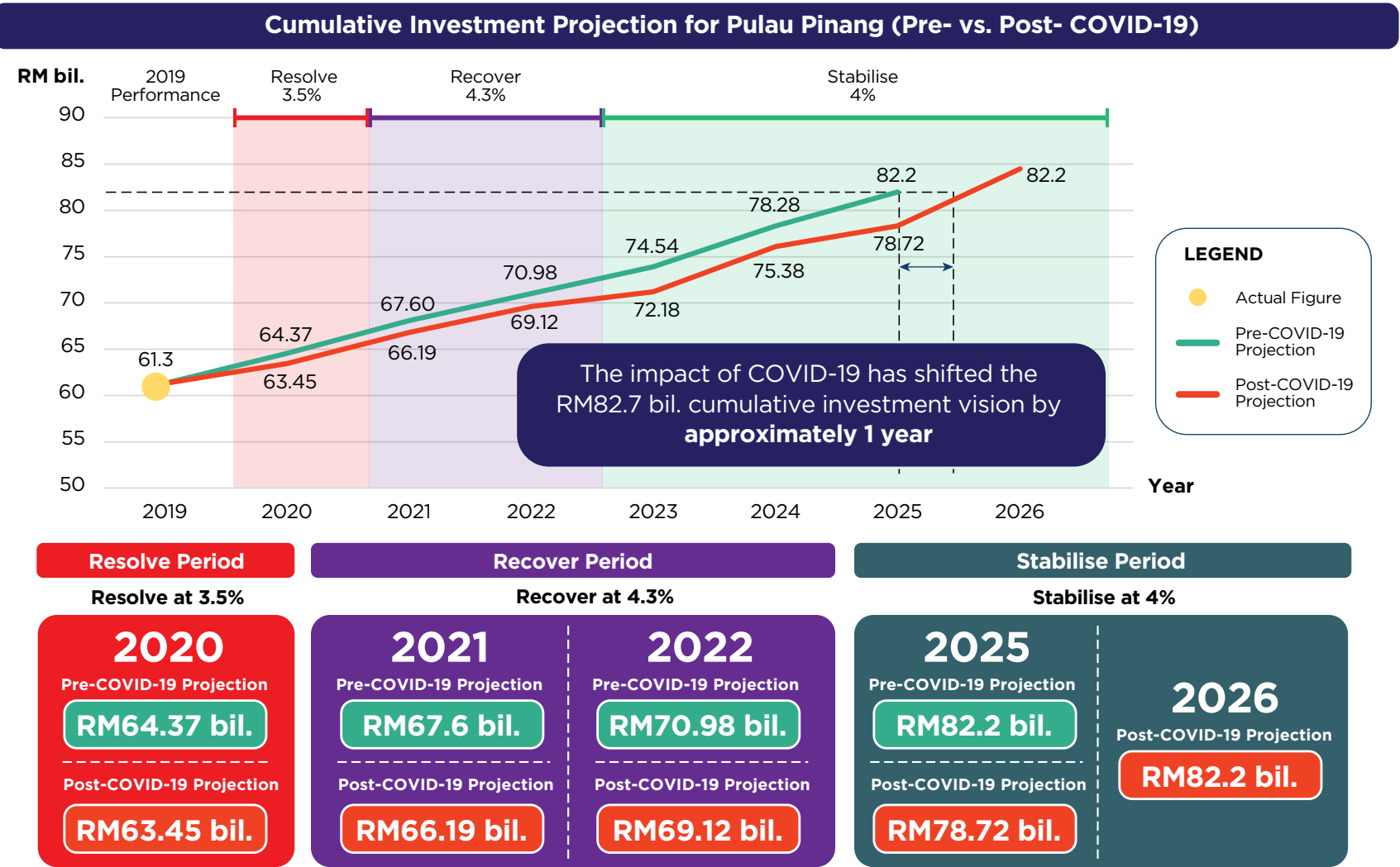
As a result of COVID-19 pandemic, the timeline for Pulau Pinang to achieve its **RM128 billion GDP target has shifted by one year** from 2025 to 2026, while pushing its **RM8.22 billion investment target** by approximately **five months**. The pandemic has also delayed the state’s target to have **90,000 new jobs** by 2025 **by about eight months**.



Source: DOSM, PwC Analysis

High growth driven by **Electrical and Electronics (E&E) consumption recovery** and **high-value medical devices manufacturing** is expected to take place in **2021 and 2022**, whereby it will help stimulate the growth and recovery of Pulau Pinang’s economy which is expected to post a GDP growth of between **5.2% and 5.8%** during this Recover Period.

From 2023 onwards, Pulau Pinang will experience an expected growth rate of **5.4%** whereby its 2025 GDP targets is expected to be reached by **early 2027** due to growth in **medical devices manufacturing, seed centre** and **E&E manufacturing**.



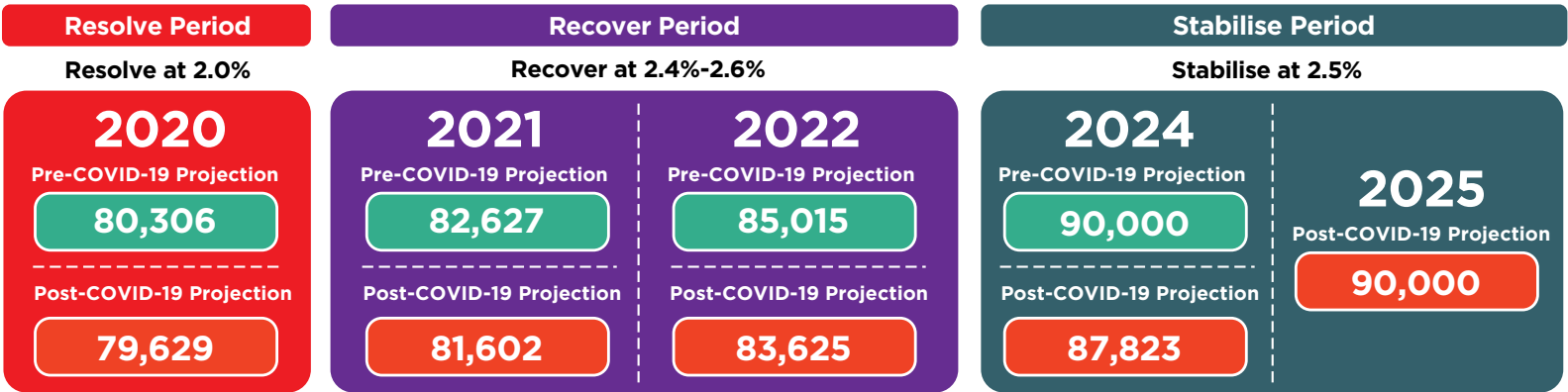
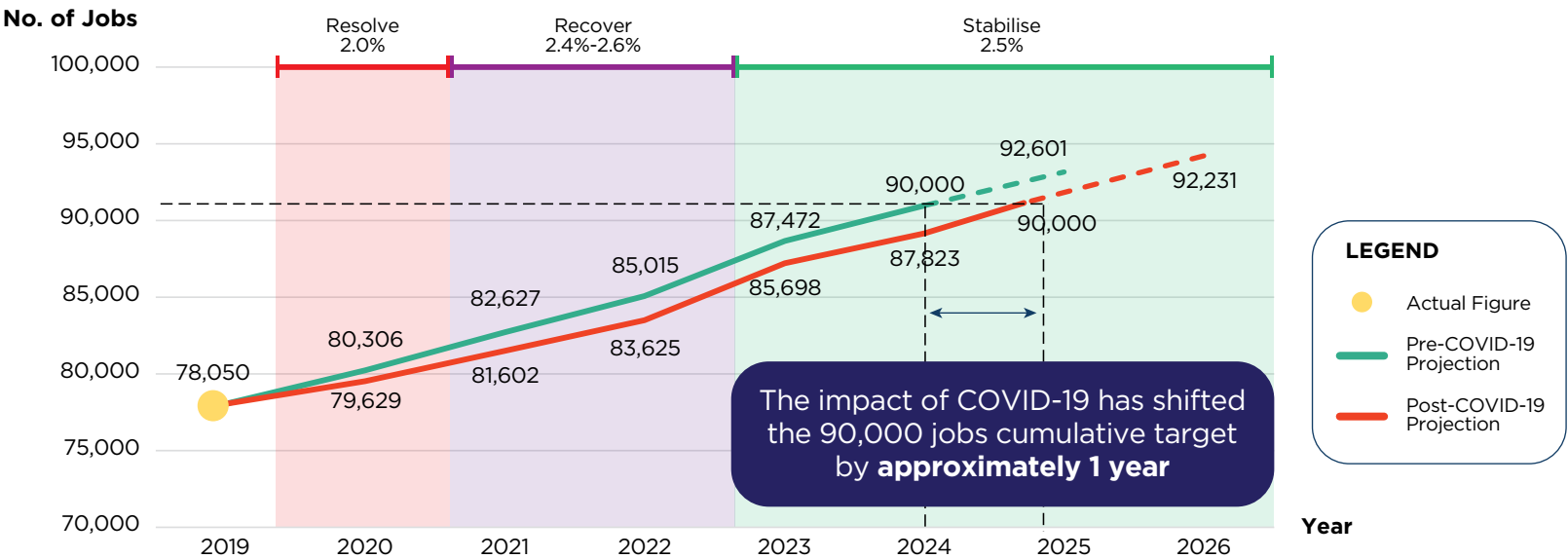
Source: DOSM, MIDA, UNCTAD, NCIA & PwC Analysis

Negative investor sentiment is expected to delay some pre-COVID-19 planned investments where a **30% shortfall** is expected in the Resolve Period. Nevertheless, increased investment in **quick wins** is expected to soften the negative impact of COVID-19 during this period.

Investor sentiment is expected to **gradually recover in 2021-2022** with a growth rate between **4.8% and 5%** due to many **postponed and new private investments** resulting from **supply chain diversification** opportunities **taking place** during this period, thus driving high growth rates.

Moving forward, **infrastructure development** together with the **upskilling of labour force** are expected to position Pulau Pinang as an attractive FDI and DDI destination, where investment growth rate is expected to **stabilise at around 5%** from **2023 onwards**.

Cumulative Job Creation Projection for Pulau Pinang (Pre- vs. Post- COVID-19)



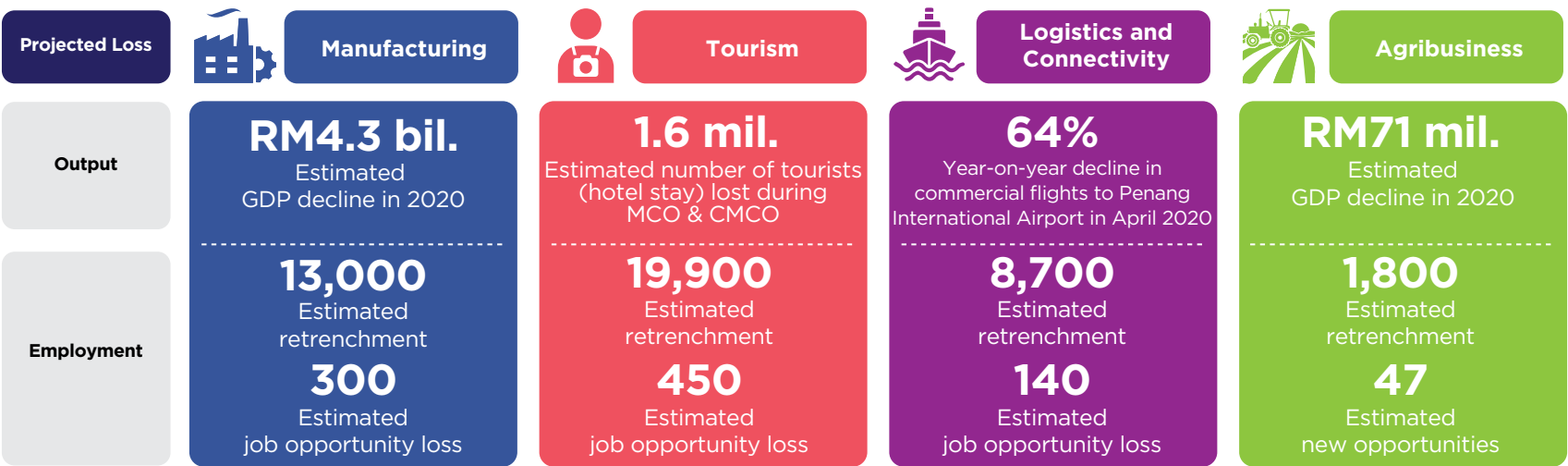
Source: DOSM, MIDA, UNCTAD, NCIA & PwC Analysis

Cumulative **job creation** in Pulau Pinang is expected to grow by between **2.4% and 2.6%** during the Recover Period with the number of job creation in the state expected to reach **90,000** by **2025**.

IMPACT OF COVID-19 ON PULAU PINANG KEY SECTORS

Overall, **tourism** and **logistics and connectivity** in Pulau Pinang have been severely impacted by COVID-19 and recovery is expected to be slow for these sectors. The logistics and connectivity sector is estimated to experience a **64% decline** year-on-year in terms of **commercial flights** to Penang International Airport in April 2020.

The state's tourism sector also lost some **43,000 tourists** during MCO and is projected to face the **highest number of retrenchment and job opportunity loss** compared with the other key sectors.



Source: DOSM, BNM, World Bank, PwC analysis and various research publications

Note:

- 1. The above data was based on studies conducted by various third parties. Follow-up field studies are to be conducted to validate the findings.
- 2. Further details on Pulau Pinang's key economic sectors are available in Volume 1 of NCER Strategic Development Plan (2021-2025).

Moving forward, **international tourism is expected to decline** by 60-80% with poor outlook for **medical and healthcare tourism**. Subsequently, severe job losses are expected due to insufficient cash flow among industry players. **Domestic tourism** however, is expected to **remain resilient**; hence opportunities still exist to capture the rebound in domestic travel following the relaxation of MCO.

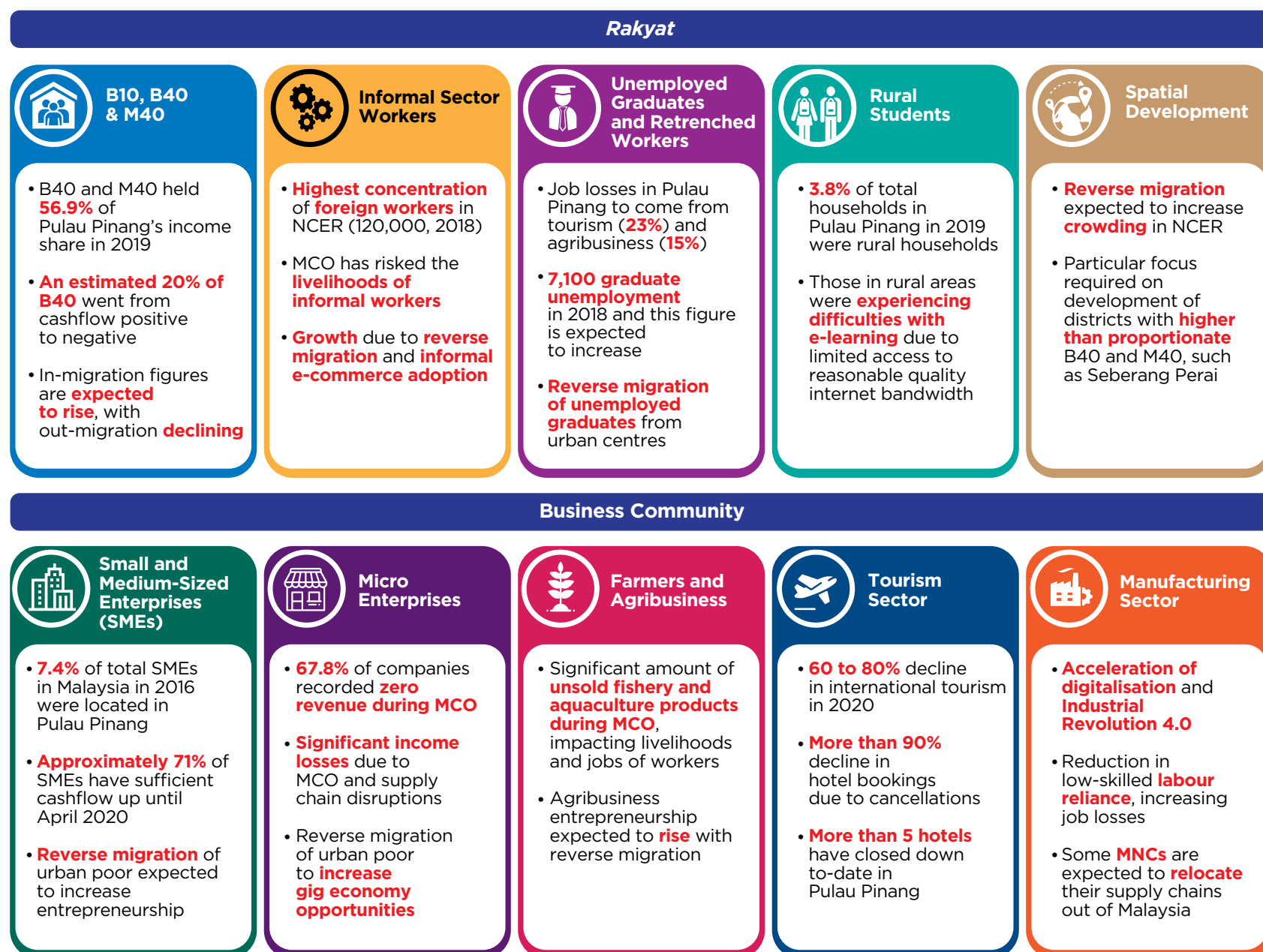
Meanwhile, **agribusiness** and **manufacturing** are expected to experience fast recovery as MCO begins to ease. Agribusiness will benefit from the prioritisation of **food security** which is expected to boost productivity-related investments into the sector.

For manufacturing, **prioritisation of health and safety**, coupled with the **outflows of FDI from other countries by MNCs** will present opportunities for the manufacturing of medical devices and E&E respectively.

For logistics and connectivity, opportunities also exist to leverage on the **existing infrastructure connectivity** to develop Pulau Pinang as a key logistics hub in Malaysia.

IMPACT OF COVID-19 ON PULAU PINANG'S SOCIOECONOMIC LANDSCAPE

The impact of COVID-19 can be felt across all spectrum of the society in Pulau Pinang, comprising both the *rakyat* and business community, as summarised in the table below:



Source: DOSM, MCMC, SME Association of Malaysia, UNWTO, MAH, Ministry of Education (MoE), Massachusetts Institute of Technology (MIT), Informal Sector Work Force Survey, CNA, University of Malaya, Malaysian Employers Federation, AMCHAM & Thomas Reuters Foundation

IMMEDIATE INTERVENTION VIA PULAU PINANG HUMAN CAPITAL PROGRAMMES TO ADDRESS POST-COVID-19 ISSUES (2020-2022)

COVID-19 has left a devastating impact on the livelihood *rakyat*, and Pulau Pinang too was not spared. To mitigate the impact of the pandemic, NCIA strives to empower the *rakyat* through the expansion of its existing human capital programmes such as entrepreneurNCER, empowerNCER, NTEP and DUB@NCER.

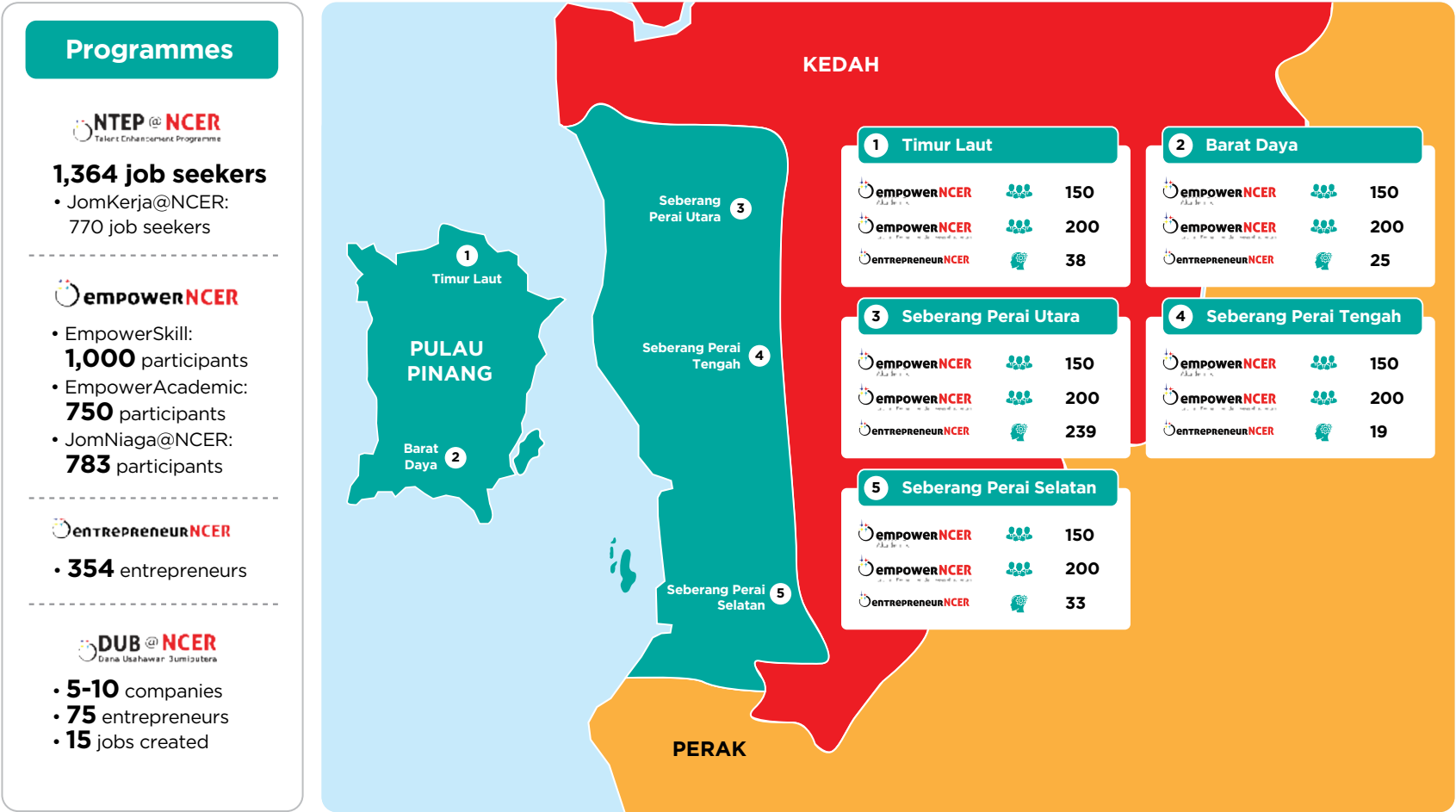
entrepreneurNCER aims to assist micro entrepreneurs and SMEs in NCER through financing and guidance in expanding their businesses, whereby it is targeted to benefit **354 entrepreneurs** in Pulau Pinang.

empowerNCER is aimed at upskilling the B40 group including youths, women, single mothers and retrenched workers via

academic and entrepreneurship training to empower the community in NCER. The total number of participants targeted under this programme is **2,533 participants**, of which **783** are targeted under the **JomNiaga@NCER** programme.

JomKerja@NCER targets to assist **770 job seekers** in Pulau Pinang comprising unemployed graduates, retrenched workers, school leavers in Kedah by hiring them as contract workers, part-time workers and graduate trainees, while serving as a human capital incentive for investors.

DUB@NCER aims to benefit between **5 and 10 Bumiputera companies**, **15 entrepreneurs** and **75 job seekers** in Pulau Pinang by 2020.



Number of participants for NCER Human Capital Programmes in Pulau Pinang by 2021

Strategic Positioning

A total of **9 Key Development Zones** have been identified in Pulau Pinang, namely,

Batu Kawan Industrial Zone, Greater Butterworth-Permatang Pauh-Bukit Mertajam Growth Corridor, Kepala Batas-Tasek Gelugor Growth Node, Seberang Perai Aquaculture Zone, George Town Development Zone, Transkrian Development Zone, Penaga-Kepala Batas Food Security Zone, Balik Pulau-Teluk Bahang Biodiversity Zone and Kuala Muda Biodiversity Zone.

12MP Niche Activities



Logistics Hub
(Air, Land, Rail & Sea)



E&E, M&E and
Medical Devices



R&D&C&I
Activities

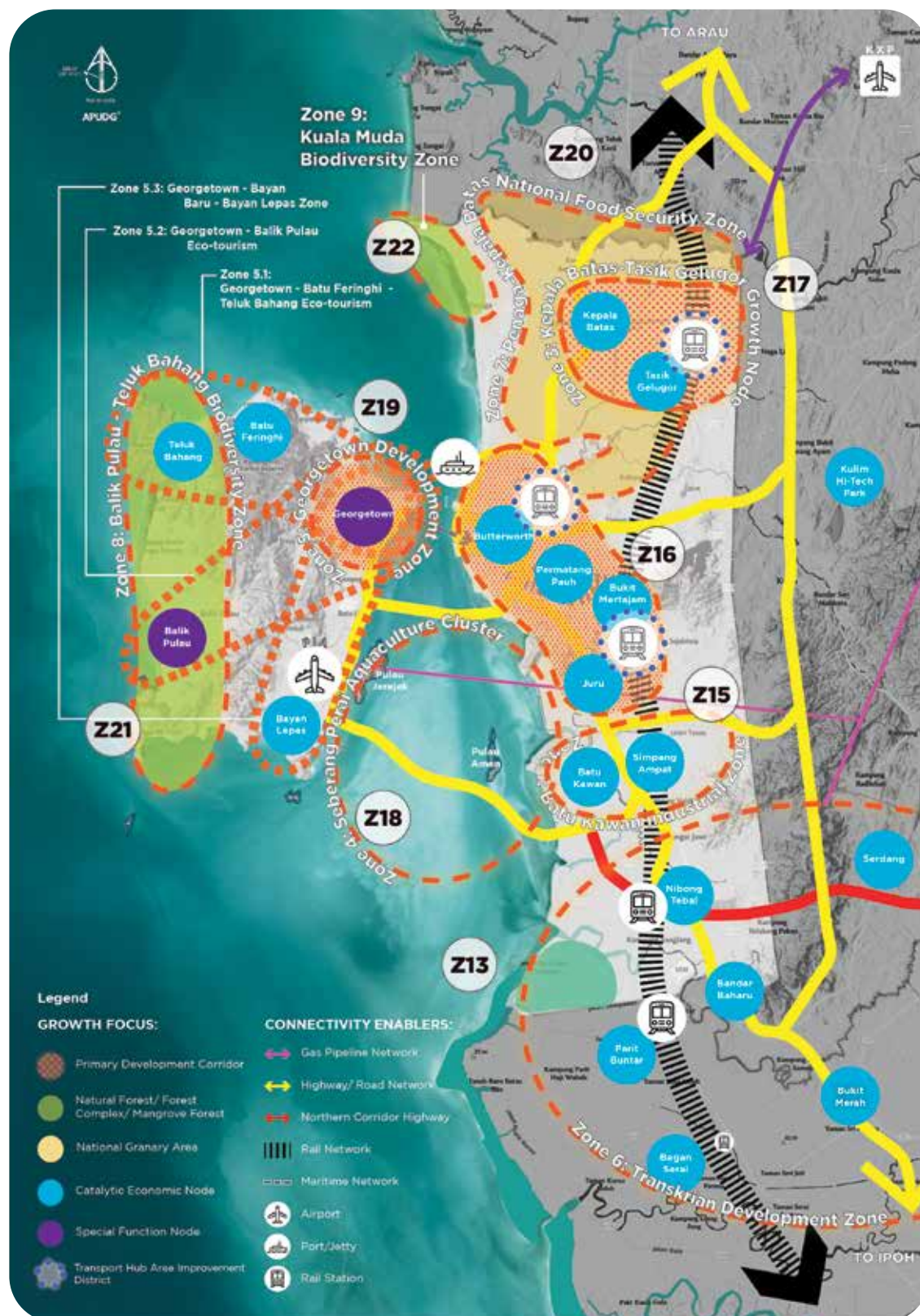


High-Value Seed
& Aquaculture Centre



Heritage Tourism
& Ecotourism

Strategic Development Framework Map of Pulau Pinang



Z15 BATU KAWAN INDUSTRIAL ZONE

Batu Kawan – Simpang Ampat

- Hi-Tech Park
- Manufacturing
- Science Park
- Halal Park
- Simpang Ampat Station
- Regional retail outlets
- Area Improvement District
- Sports tourism

Z16 GREATER BUTTERWORTH – PERMATANG PAUH – BUKIT MERTAJAM GROWTH CORRIDOR

Greater Butterworth

- Penang Sentral (Transit-Oriented Development)
- Manufacturing
- Penang Port
- Waterfront development
- Hi-Tech Park
- Logistics hub
- Tuna port
- Harbour-related manufacturing

Z17 KEPALA BATAS – TASIK GELUGOR GROWTH NODE

Kepala Batas

- Administrative
- Commercial
- Manufacturing

Bandar Bertam

- Education Hub
- Kubang Menerong New Rail Station

Tasek Gelugor

- Station Area Improvement
- Agriculture
- Business services
- SME Industrial Park

Z18 SEBERANG PERAI AQUACULTURE ZONE

- Pulau Jerejak – Pulau Aman – Pulau Gedung
- Aquaculture (shrimp, oyster & abalone)
- Ecotourism
- Pulau Jerejak Biodiversity Zone

Z19 GEORGE TOWN DEVELOPMENT ZONE

- George Town
- Heritage tourism
- Waterfront business hub
- Logistics
- Transport hub
- Cruise tourism
- Penang Transport Master Plan

George Town – Batu Ferringhi – Teluk Bahang Ecotourism

- Ecotourism

George Town – Ayer Itam – Balik Pulau Ecotourism

- Durian Industry
- Superfruits
- Education Hub
- Relau Agrotourism Centre
- Aquaculture
- Ecotourism
- Medical and wellness

George Town – Bayan Baru – Bayan Lepas Zone

- Penang International Airport
- Global Business Services
- Penang South Waterfront
- Logistics
- Manufacturing

Z13 TRANSKRIAN DEVELOPMENT ZONE

Nibong Tebal

- Durian Industry
- Superfruits
- Ecotourism

Z20 PENANG KEPALA BATAS NATIONAL FOOD SECURITY ZONE

- Penaga – Kepala Batas Granary Area
- Agrotourism
- Paddy EMM & cash crops

Z21 BALIK PULAU – TELUK BAHANG BIODIVERSITY ZONE

- Ecotourism
- Organic paddy & cash crops
- Durian Industry
- Agrotourism
- Oyster farming

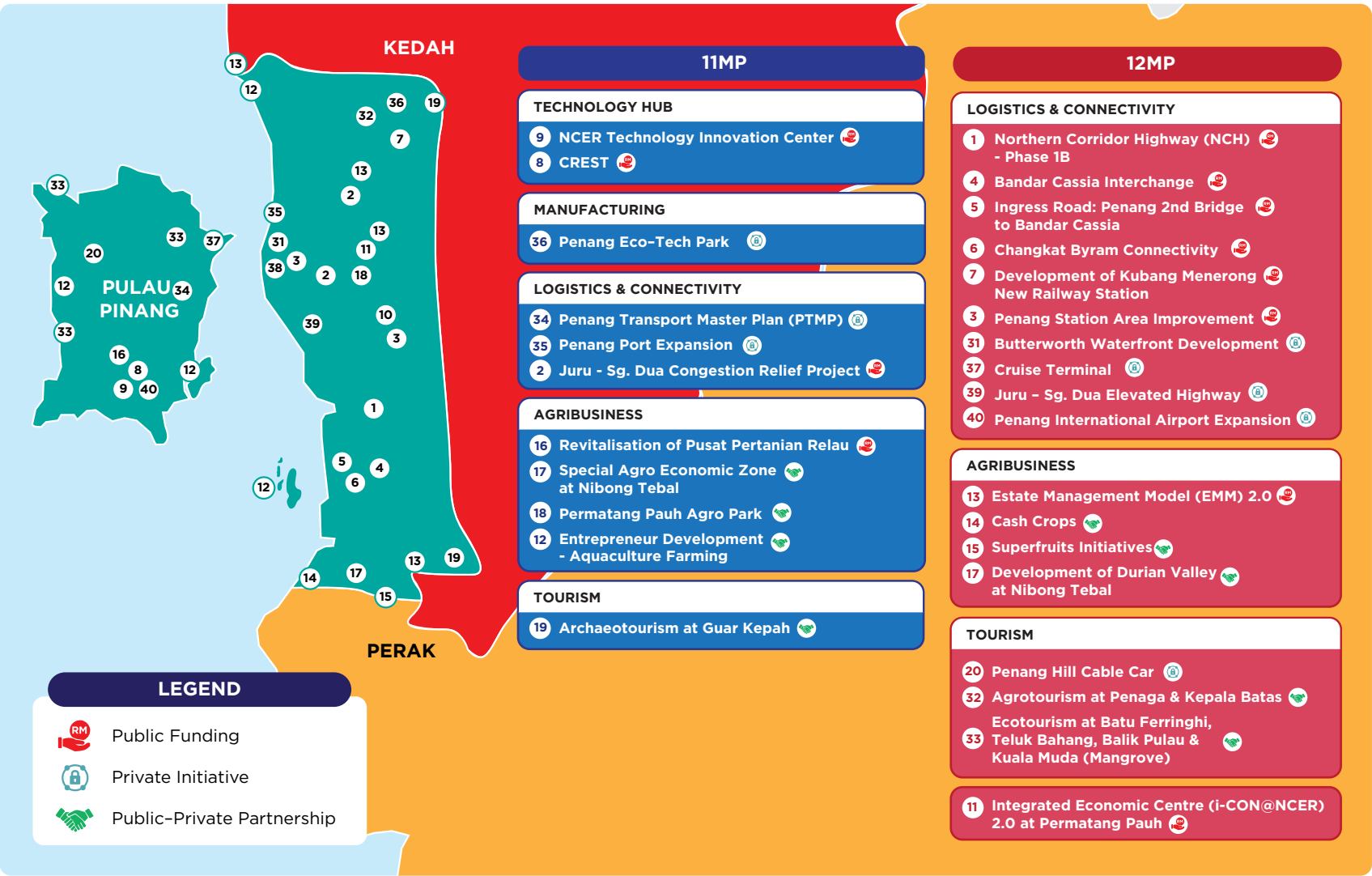
Z22 KOTA KUALA MUDA BIODIVERSITY ZONE

- Ecotourism
- Aquaculture

OVERVIEW OF STRATEGIC PROJECTS AND PROGRAMMES: HIGH-IMPACT DEVELOPMENT PROJECT COMPONENTS IN PULAU PINANG (2021-2025)

Pulau Pinang’s high-impact strategic projects cover sectoral development in both the island and the mainland. Penang Eco-Tech Park will lead the growth of the manufacturing sector in **Pulau Pinang**, supported by **logistics and connectivity projects** such as the **Penang Transport Master Plan**, **Penang Port Expansion** and **Juru-Sg. Dua Congestion Relief Project**. The **NCER Technology Innovation Centre (NTIC)** and **Collaborative Research in Engineering, Science and Technology (CREST)** will both serve as a catalyst for E&E sector in the state.

Meanwhile, **Pusat Pertanian Relau, Permatang Pauh Agro Park** and the **NCER Agri Economic Zone (NAEZ)** will spearhead the growth of the **agribusiness** sector. **Tourism projects** which are lined-up under the 12th Malaysia Plan (12MP) include the **Penang Hill Cable Car**, **Agrotourism at Penaga and Kepala Batas** and **Ecotourism at Batu Ferringhi, Teluk Bahang, Balik Pulau and Kuala Muda**.

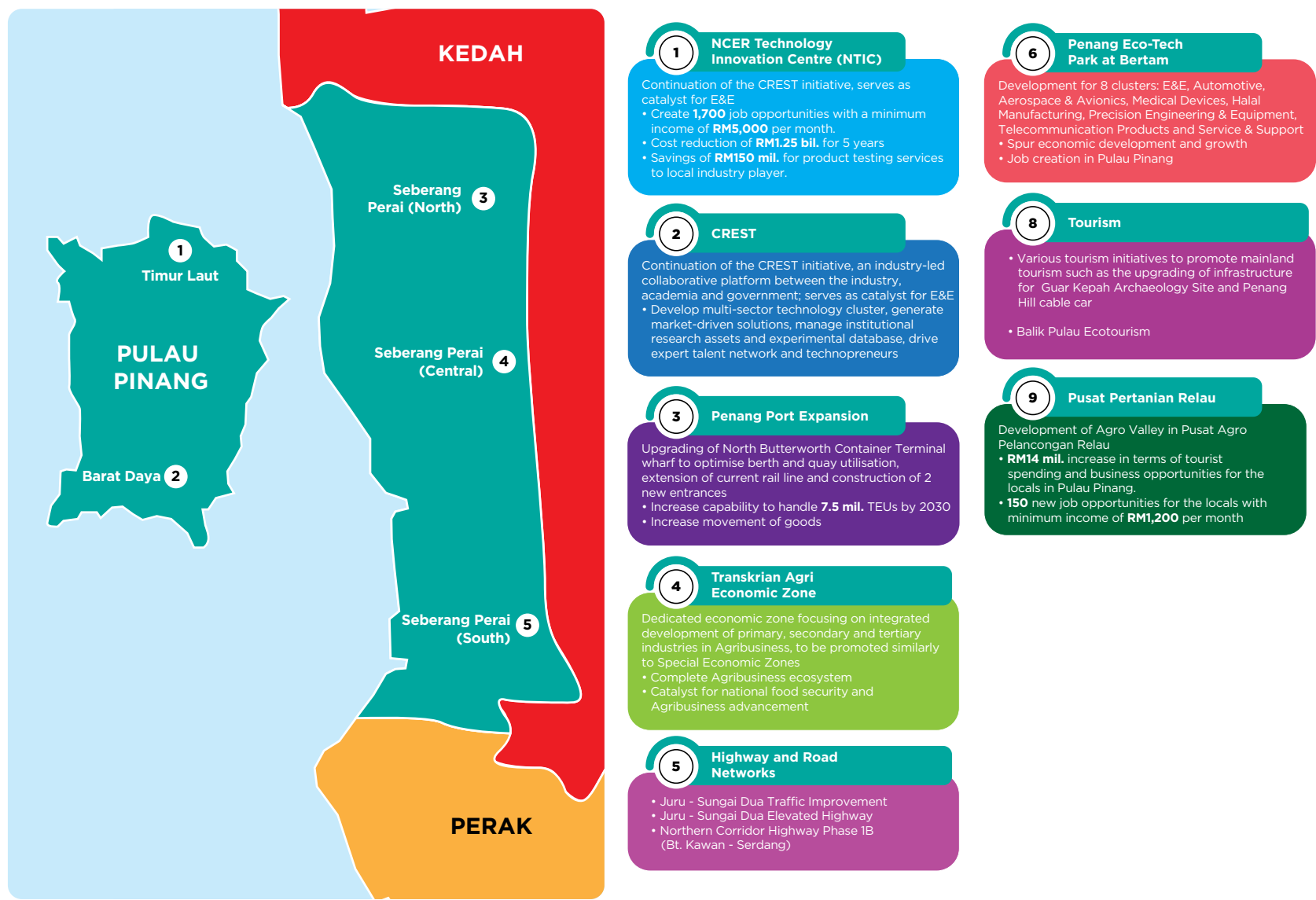


PRIORITISING STRATEGIC PROJECTS AND PROGRAMMES: HIGH-IMPACT DEVELOPMENT PROJECT COMPONENTS IN PULAU PINANG (2021-2025)

Over the longer term, the **mainland** side of Pulau Pinang presents great investment opportunities and its attractiveness as an investment destination can be further boosted with the introduction of the **Single Campus Initiative**. The key projects on the mainland are the **Penang Eco-Tech Park**, **Byram SME Industrial Park** and **Penang Port**. In this regard, **CREST** and **NTIC** will serve as a catalyst for the **E&E sector** in Pulau Pinang, forming a key component in the Single Campus Initiative.

A key tourism project for Pulau Pinang is **Guar Kepah Archaeotourism** which involves the upgrading of tourism attractions and supporting facilities to support the development of archaeotourism in Guar Kepah.

The state is also set to capture the opportunities in the agribusiness sector with the development of **aquaculture projects**, as well as **Pusat Pertanian Relau**, **Permatang Pauh Agro Park** and the **NAEZ** at **Transkrian Nibong Tebal**.

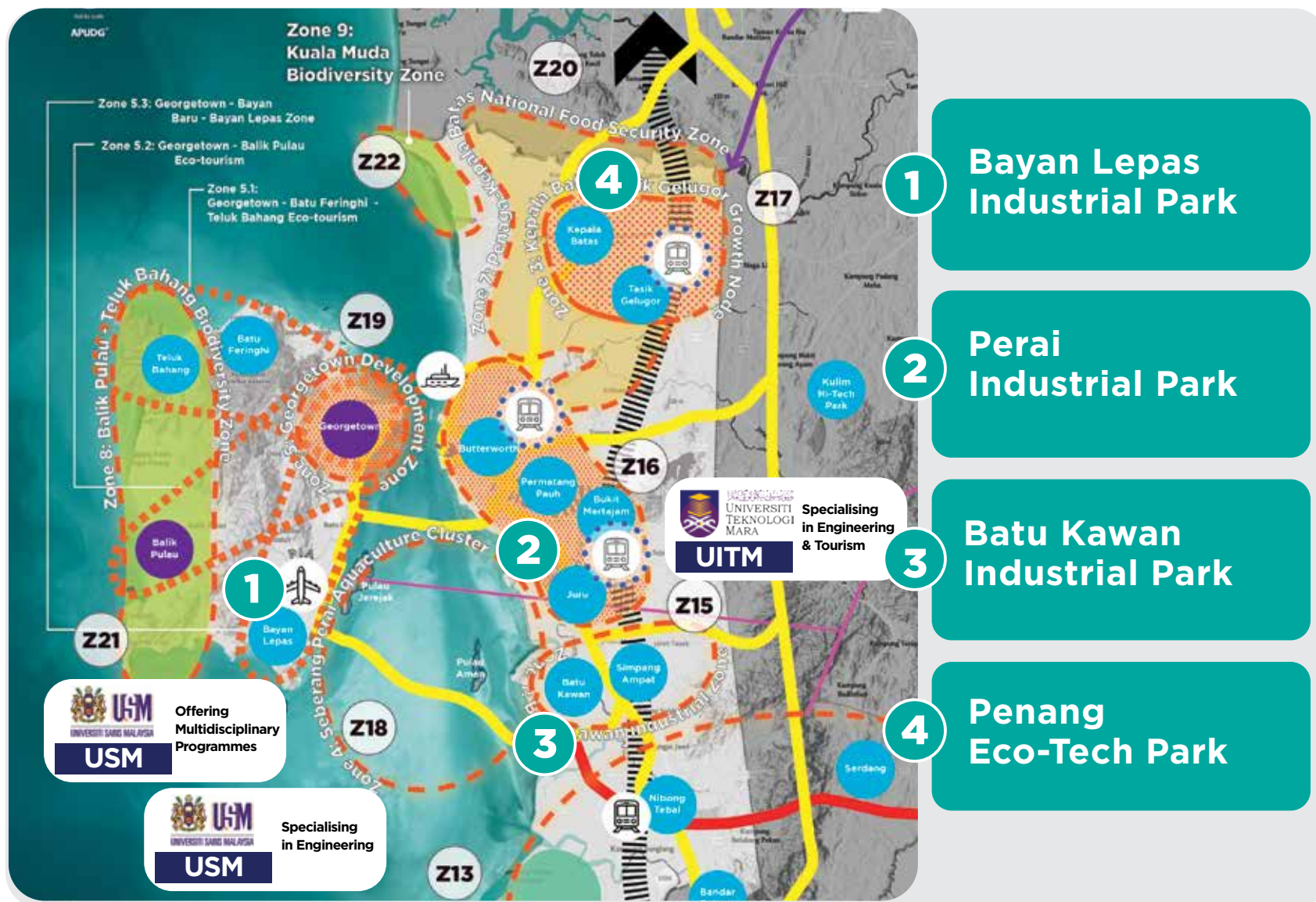


CLUSTER DEVELOPMENT APPROACH IN ATTRACTING INVESTMENTS POST-COVID-19

To enhance NCER's competitiveness as an investment destination, NCIA will undertake the **Single Campus Initiative** to position **Ipoh-Pulau Pinang-Kulim** as a single campus to encourage collaboration and create a more conducive ecosystem for a holistic sector development. Under this initiative, **NTIC** will serve as the R&D hub and spoke for the region.

The **Batu Kawan Industrial Zone** will be further developed to complement the industrial activities in Bayan Lepas. To increase its investment appeal, infrastructure connecting to the park will be improved, such as the **Batu Kawan-Changkat Byram Connectivity Link** project which will be fully financed by the public sector.

Manufacturing Clusters In Pulau Pinang



Manufacturing Clusters In Pulau Pinang

1

Bayan Lepas Industrial Park

A prominent industrial hub in NCER, with major contributions to the nation's E&E industry



2

Perai Industrial Park

One of the major industrial parks in Pulau Pinang and strategically located nearby the Penang Port for import & export activities





3

Batu Kawan Industrial Park

A newly developed industrial park to support the industrial growth of Pulau Pinang



4

Penang Eco-Tech Park

A new eco-industrial park (EIP) which will be led by the private sector



LEGEND

Clusters

Northern Corridor Highway (NCH)


North-South Expressway (E1)

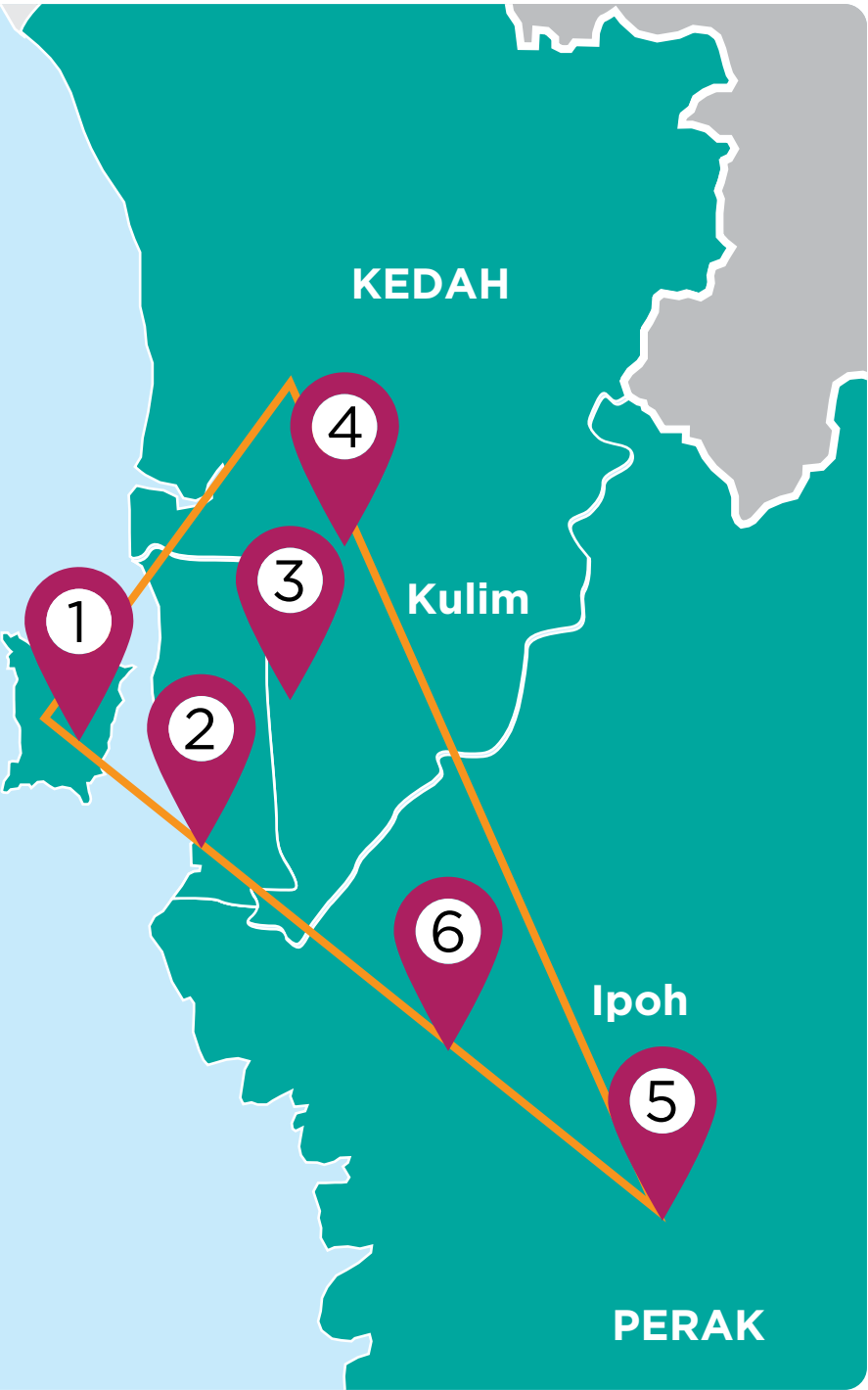
PULAU PINANG - KULIM - IPOH SINGLE CAMPUS

PULAU PINANG -
KULIM -
IPOH SINGLE CAMPUS

To position Ipoh -
Pulau Pinang - Kulim
as a “Single Campus”
to create a more conducive
ecosystem for advanced
manufacturing cluster

LEGEND

-  Campus
-  Coverage Area



Key Development Accelerators



Collaborative Research in Engineering,
Science and Technology Centre (CREST)

A catalyst for Research, Development and
Commercialisation (R&D&C) ecosystem



NCER Technology Innovation Centre (NTIC)

NTIC is expected to drive the industrial
ecosystem through the **strengthening of high
value-added activities**

1

BAYAN LEPAS

Key Clusters:
E&E, M&E, Automotive, Medical
Devices, Aerospace, LED,
Solar and Electronic
Manufacturing Services (EMS)

3

KULIM

Key Clusters:
E&E, M&E, Automotive, Medical
Devices, Aerospace, LED,
Solar and Electronic
Manufacturing Services (EMS)

5

IPOH

Key Clusters:
Manufacturing - Automotive
Services - GBS and
Education

2

BATU KAWAN

Key Clusters:
E&E, M&E, Automotive, Medical
Devices, Aerospace, LED,
Solar and Electronic
Manufacturing Services (EMS)

4

SIDAM

Key Clusters:
Aerospace, Avionics,
High-Value Manufacturing
and Logistics

6

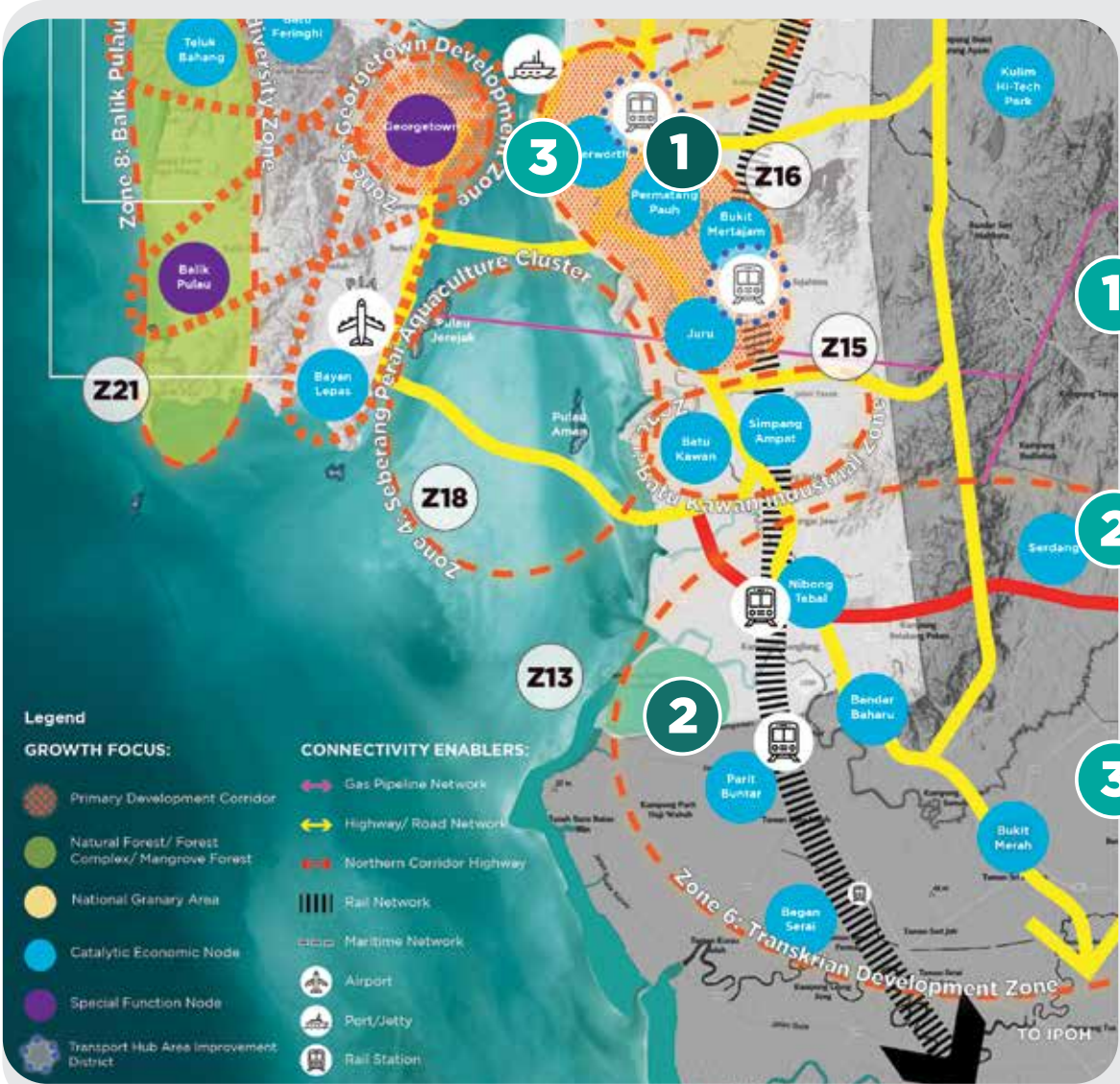
TAIPING

Key Clusters:
Heavy Industries,
Rubber Products and
Medical Devices

CLUSTER DEVELOPMENT APPROACH IN ATTRACTING INVESTMENTS POST-COVID-19

As the main international trade hub in NCER, efforts will be focused on further enhancing and developing the major infrastructure in Pulau Pinang to increase the logistic capabilities for the import and export of E&E products and others.

Enhancement of Infrastructure in Pulau Pinang



1
**Juru - Sg. Dua
Congestion
Alleviation Plan**

2
**Northern Corridor
Highway (NCH)
Phase 1B**

3
**Penang
Port Infrastructure
Enhancement**

Enhancement of Infrastructure in Pulau Pinang

1 Juru – Sg. Dua Congestion Alleviation Plan

Infrastructure enhancement to reduce traffic congestion and improve travel time to / from Batu Kawan



2 Northern Corridor Highway (NCH) Phase 1B

NCH will unlock the development in Batu Kawan and Changkat Byram by providing connectivity to WCE

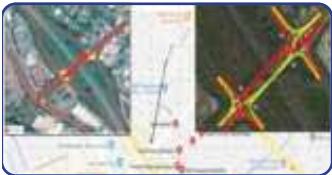


3 Penang Port Infrastructure Enhancement

The enhancement will increase the efficiency of Pulau Pinang Port as trade gateway and NCER's overall competitiveness



SHORT- TO MEDIUM-TERM PROJECTS



Contra Flow @ Jln. Kebun Nenas, Juru



Directional Ramp @ BKE Roundabout

LONG-TERM PROJECT

Juru - Sg. Dua Elevated Highway

LEGEND

- Red circle: Clusters
- Orange line: Northern Corridor Highway (NCH)
- Blue line: North-South Expressway (E1)

PULAU PINANG PROJECT HIGHLIGHTS

Penang Port Expansion Plan

Located in the north-west of Peninsular Malaysia, Penang Port is the oldest and longest established port in the country. The port serves as the primary gateway to the Northern region of Malaysia and Southern Thailand, serving the basins of the Straits of Malacca and the Gulf of Bengal.

The importance of Penang Port as the **maritime gateway for trade and tourism** in NCER will be further enhanced with its expansion which involves the upgrading of the **North Butterworth Container Terminal (NBCT)** and **Swettenham Pier Cruise Terminal (SPCT)**.

With the port expansion and infrastructure development at NBCT, Penang Port will be positioned as a **smart, modern port** that is capable of handling **7.5 million TEUs of cargo per year** by 2030 onwards.

Meanwhile, SPCT will be upgraded to accommodate up to **1.7 million cruise passengers annually** by 2021. The upgrading will enable the cruise port to handle 12,000 passengers from 8,000 passengers currently and two mega-sized ships at any one time.

Penang Port Plays a Strategic Role as the Maritime Gateway for Trade and Tourism in NCER



Trade getaway for all states in NCER & Southern Thailand



Cruise tourism



Business attractiveness

Strategies To Enhance Penang Port

1

Attract Potential Investors to Penang Port


- To attract foreign major investors in shipping and logistics companies to expand their business in Pulau Pinang
- A few major players have expressed interest to invest in Penang Port

2

Positioning Penang Port As A Smart Modern Port & Heart Of Economic Activities


- Bring port and harbour- related investments to Pulau Pinang and the hinterland

3

Penang Port Expansion Plan & Infrastructure Development


- Expansion of Penang Port infrastructure

2019	2.32 mil. TEUs
2021	2.73 mil. TEUs
2022	5.03 mil. TEUs
2030	7.5 mil. TEUs

The Upgrading of Swettenham Pier Cruise Terminal

Berth Extension:
Lengthening of jetty to 793 metres (2 mega cruise ships); inner berth improvement

Concourse & Gangways:
Reconstruction of narrower pavilion to improve apron width and vertical clearance; new link bridges

Terminal Expansion:
Improved circulation/transport at terminal building and ferry pontoon

North Butterworth Container Terminal (NBCT)

Development Plan A

2019-2020:
Upgrading
of NBCT

Development Plan B

2021:
Extension of
railway line
and acquisition
of additional
Super Post-
Panamax cranes

Development Plan C

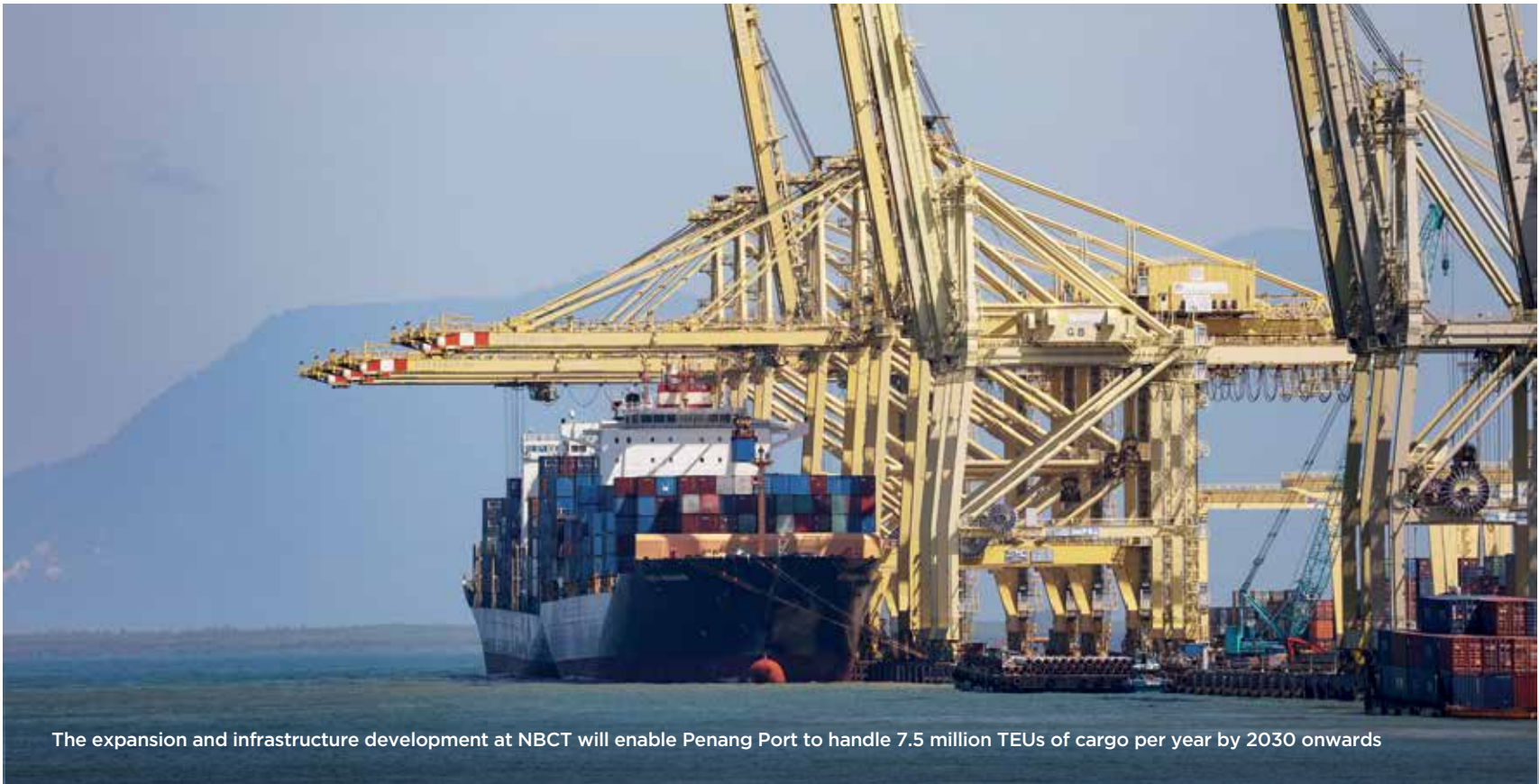
2022:
Expansion of new
container yard and
construction of new
in and out gate

Development Plan D

2030 onwards:
Construction of
additional entrances
to NBCT and
expansion of
current berth

Development Plan E

Enhancement of
port equipment, e.g.
rail mounted
gantry cranes
(RMGs), rubber-tyred
gantry cranes (RTGs)
and quay gantry
cranes (QGCs)



The expansion and infrastructure development at NBCT will enable Penang Port to handle 7.5 million TEUs of cargo per year by 2030 onwards

PERAK



Ipoh is a city rich in history, as well as great potential to become a city of the future

“SEVERAL KEY PRIORITY SECTORS HAVE BEEN IDENTIFIED TO LEVERAGE ON PERAK’S UNIQUE STRENGTHS WHICH INCLUDE ECOTOURISM AND HERITAGE TOURISM, MODERN AGRIBUSINESS, AUTOMOTIVE AND AN ECONOMIC HUB FOR CREATIVE INDUSTRIES.”

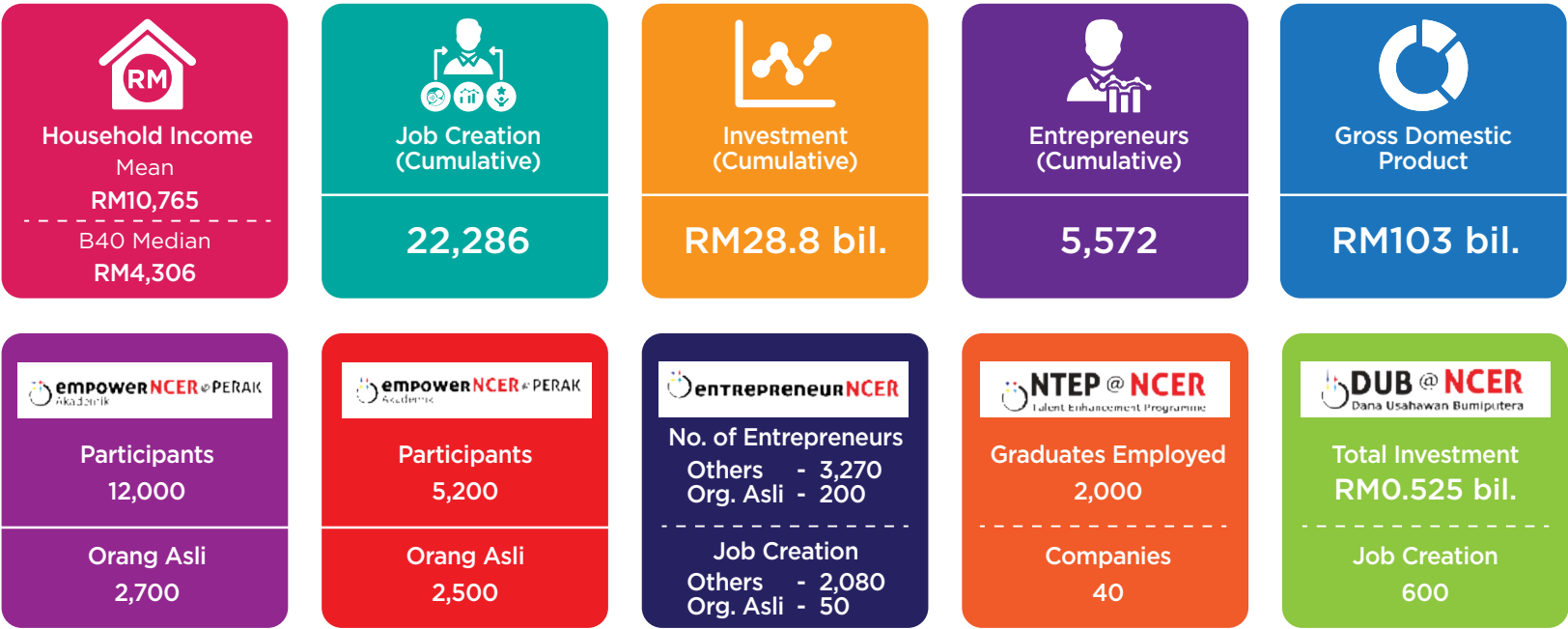
Aspirational Vision

Prior to COVID-19, Perak was projected to achieve a GDP of **RM103 billion by 2025**, with cumulative investment of **RM28.8 billion** that will create **22,286 new jobs** and **5,572 entrepreneurs**. The target for **mean household income** and **B40 median household income** for Perak was set to be at **RM10,765** and **RM4,306** respectively.

Moving forward, the state is also **diversifying its industrial portfolio** to include other economic verticals, such as **E&E products**, as well as **logistics** and **transport equipment**.

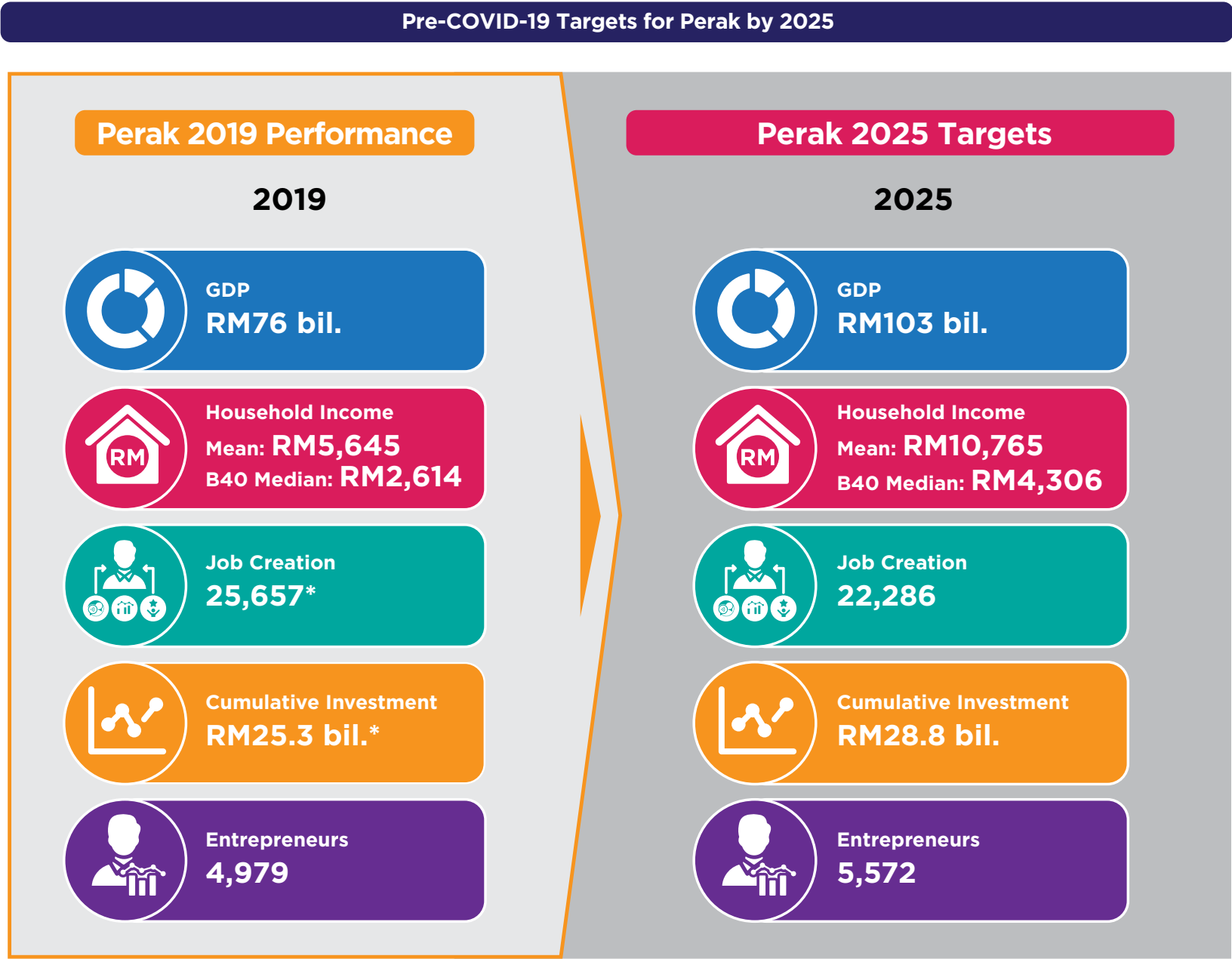
Under the NCER Strategic Development Plan (2021-2025), several key priority sectors have been identified to leverage on Perak’s unique strengths, which include **ecotourism** and **heritage tourism**, **modern agribusiness**, **automotive** and an economic hub for **creative industries**.

TARGETS FOR PERAK BY 2025



PRE-COVID-19 TARGETS FOR PERAK BY 2025

Prior to COVID-19, Perak was projected to achieve a GDP of **RM103 billion by 2025**, with cumulative investment of **RM28.8 billion** that will create **22,286 new jobs** and **5,572 entrepreneurs**. The initial target for **mean household income** and B40 median household income for Perak was set to be at **RM10,765** and **RM4,306** respectively by then.



Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020)

Note:
1. Initial SDP targets has been surpassed by 2019 exceptional performance.

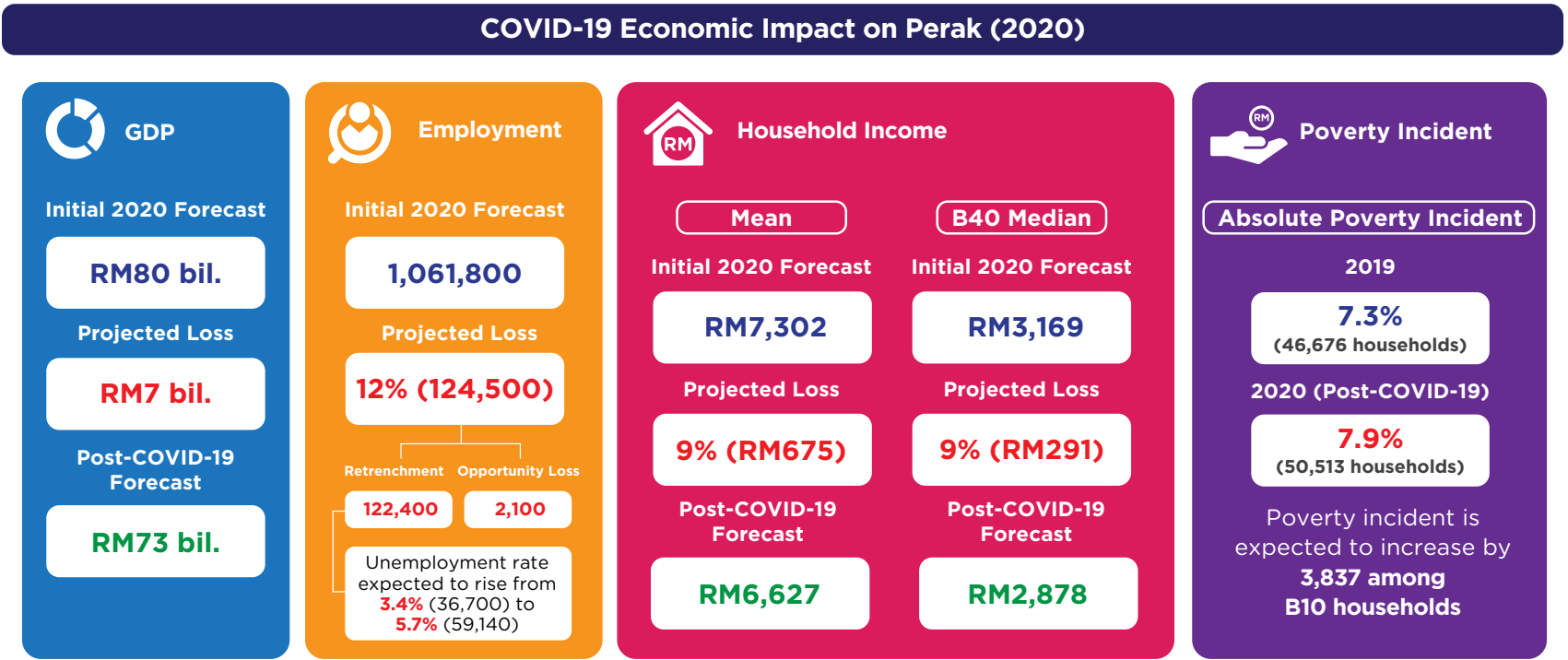
IMMEDIATE IMPACT OF COVID-19 ON PERAK’S ECONOMY

As a result of COVID-19, the GDP for Perak is forecast to experience a **projected loss of around RM7 billion to RM73 billion** in 2020, representing a **4% drop** from the economic growth in 2019. This sharp decline in GDP is mainly attributed **the standstill in tourism sector** during MCO and **contraction in demand for automotive products**. The projected number of **employment loss in 2020** is estimated to be **124,500**, where **122,400** are from **retrenchment** while **2,100** are from **opportunity loss**.

The mean household income in Perak is expected to experience a **projected loss of RM675 from RM7,302** initially forecast for 2020. In addition, **B40 median household income** will see a **9% projected**

loss in 2020 due to COVID-19 while poverty incident is expected to increase by **3,837 households**.

The mean household income in the state is expected to experience **a projected loss of RM675 from RM7,302** which was initially forecast for 2020. In addition, **B40 median household income** will see a **9% projected loss** due to COVID-19 while **poverty rate** is expected to increase by **3,837** households in 2020.



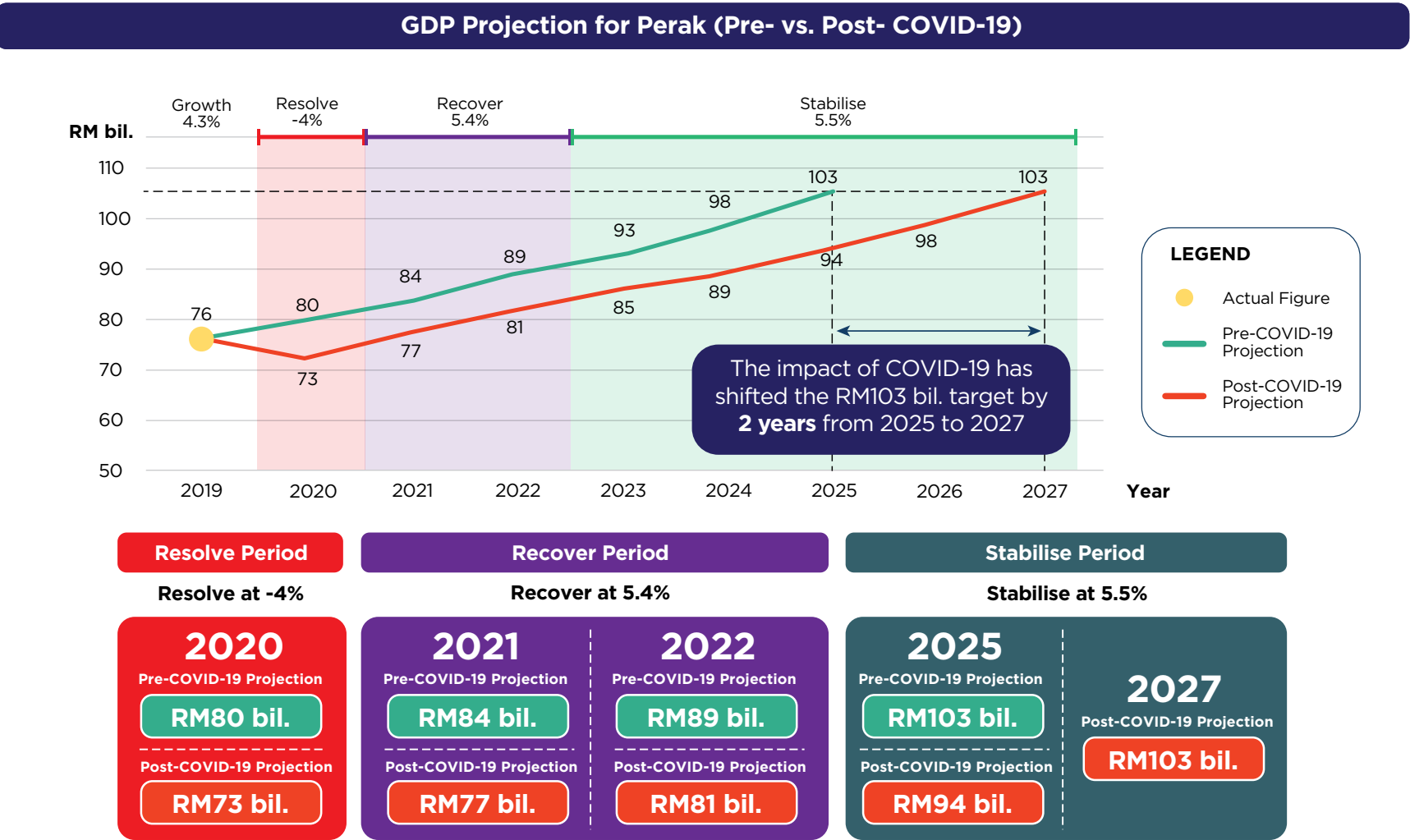
Source: DOSM (Socioeconomic Report 2019 released on 6 August 2020 & HIS Report 2019 released on 10 July 2020) and PwC analysis

Note:

- The estimated impact is based on worst case estimate of 2020 GDP growth of -4%.
- Estimations of GDP losses are relative to initial projections for NCER's growth in 2020, and are opportunity losses. GDP growth estimates used have taken into consideration BNM official figures, as well as analyst forecasts from Asian Development Bank, Ambank Research, Kenanga Research, Standard Chartered, S&P Global, UOB, ING, DBS and CGS-CIMB.
- Estimations of total employment losses are based on estimated sectoral impact from the special survey by DOSM and initial Pre-COVID-19 2020 employment estimations (as at 18 May 2020). Estimations of retrenchment figures are calculated using 2019 employment figures as the base year.

IMPACT OF COVID-19 ON PERAK 2025 VISION

As a result of COVID-19 pandemic, the timeline for Perak to achieve its **RM103 billion GDP target has shifted by two years** from 2025 to 2027, while pushing its **RM37.4 billion investment projection** by approximately **five months**. The pandemic has also delayed the state’s target to have **37,157 new jobs** by 2025 by about six months.

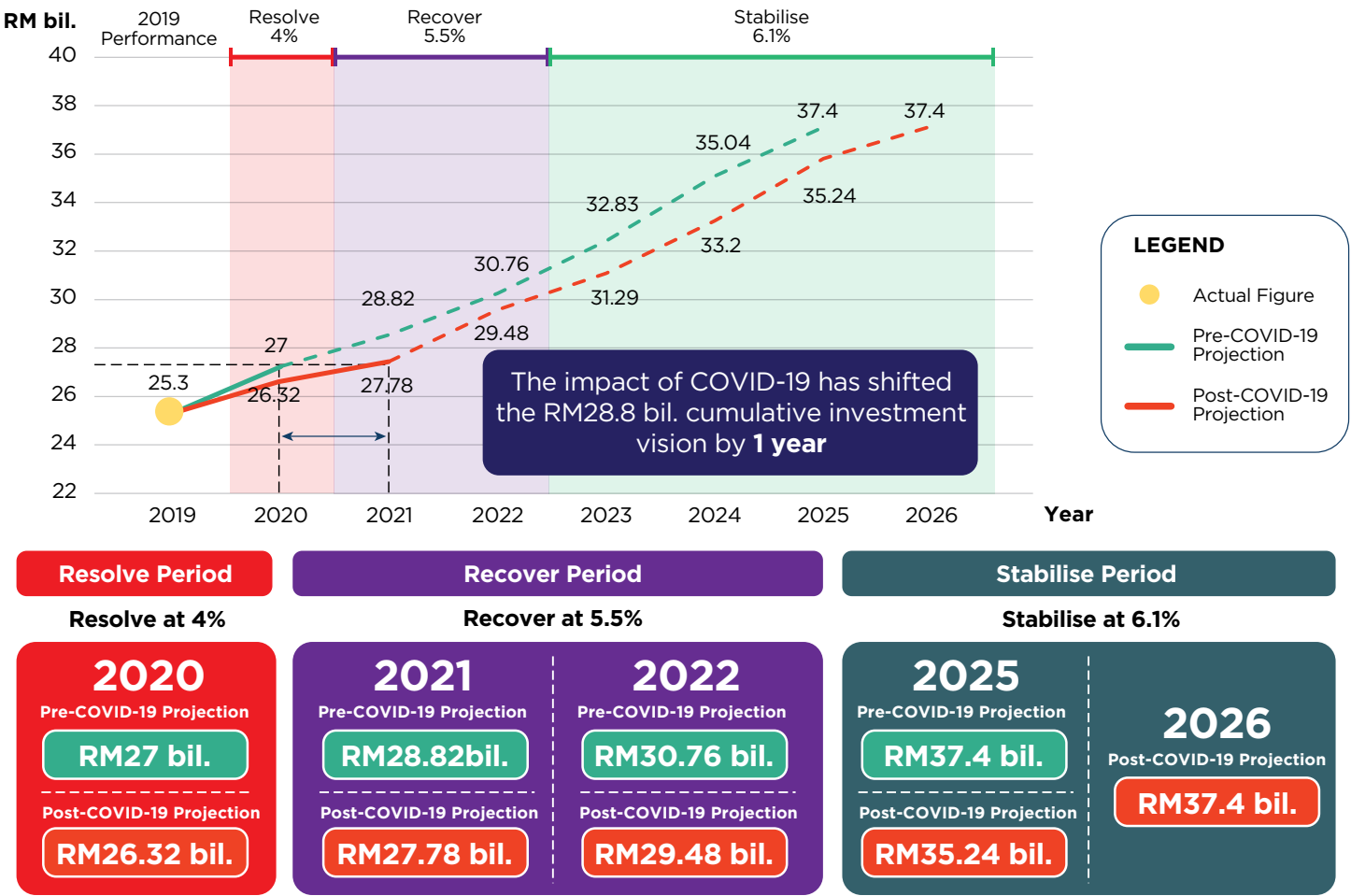


Source: DOSM, PwC analysis

After a projected 4% decrease during the Resolve Period, Perak’s economy is expected to rebound during the Recover Period (2021-2022) on the back of high growth led by the **agribusiness** sector, **recovery in E&E** and investments into **digital and knowledge-based industries**. During this period, Perak is forecast to experience an estimated GDP growth at **5.4%**.

From **2023** onwards, Perak is projected to experience an expected **growth rate of 5.5%** with its initial 2025 GDP target expected to be reached in 2027, spurred by growth in **digital and knowledge-based industries** and recovery of **automotive manufacturing**.

Cumulative Investment Projection for Perak (Pre- vs. Post- COVID-19)

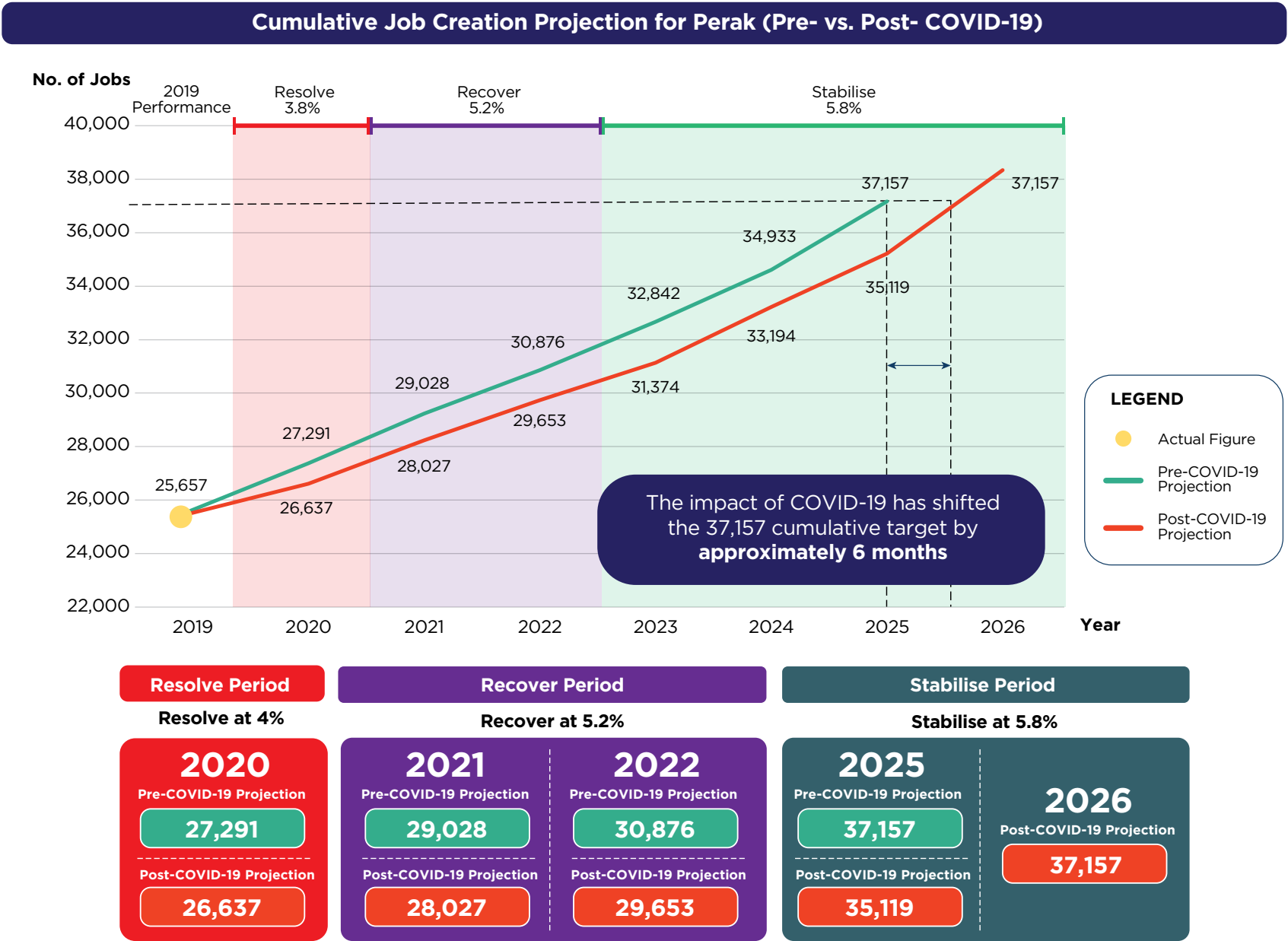


Negative investor sentiment is expected to delay some pre-COVID-19 planned investments in Perak where a **40% shortfall** is expected in the Resolve Period. Nevertheless, increased investment in **quick wins** is expected to soften the negative impact of COVID-19 during this period.

Investor sentiment is expected to **gradually recover in 2021-2022** with a growth rate between **5.5%** due to many **postponed and new private investments** resulting from **supply chain diversification opportunities taking place** during this period, thus driving high growth

rates. During the Recover Period, NCIA's role in promoting NCER as an investment destination will play a major factor in attracting new private investments.

Moving forward, **infrastructure development** together with the **upskilling of labour force** are expected to position Perak as an attractive FDI and DDI destination, as the economy enters the **Stabilise Period** from **2023 onwards**.



Source: DOSM, MIDA, UNCTAD, NCIA & PwC Analysis

Cumulative **job creation** in Perak is expected to grow by between **5.2% and 5.8%** during the Recover Period (2021-2025) as investor sentiment improves. In the Stabilise Period, **infrastructure development** and

the **reskilling and upskilling of labour force** are expected to position Perak as an attractive FDI and DDI destination for high-value added activities.

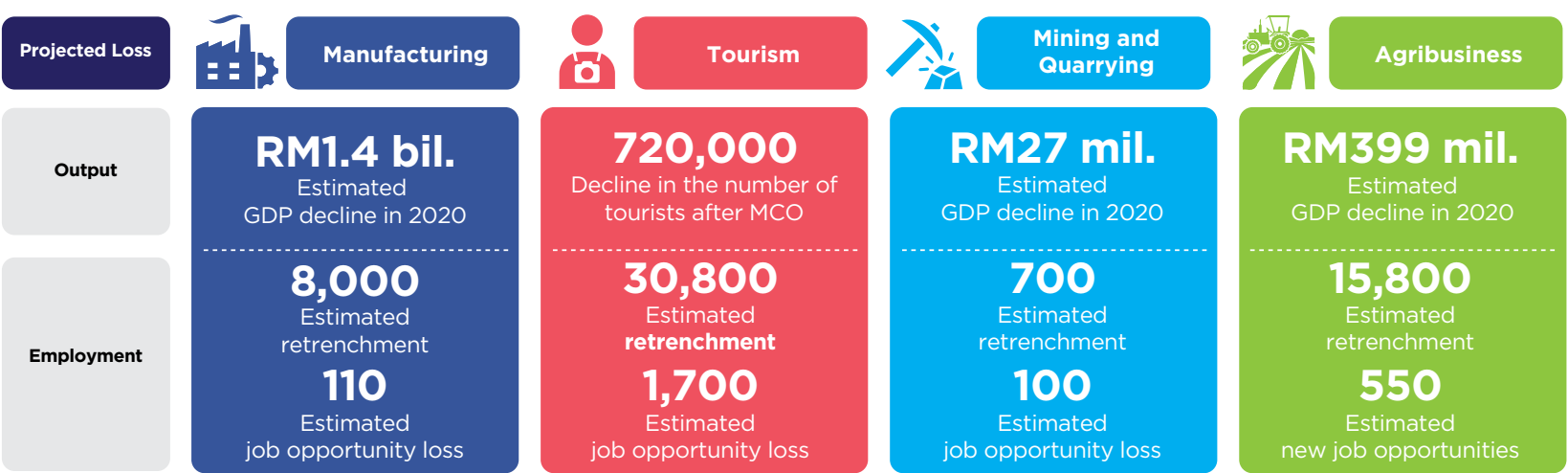
IMPACT OF COVID-19 ON PERAK KEY SECTORS

Compared with other manufacturing sectors in the state, **manufacturing** and **tourism** have been severely impacted by COVID-19 and recovery for both sectors is expected to be slow.

The manufacturing sector is estimated to experience a **projected loss of RM1.4 billion** in **output** while tourism was impacted with an **estimated tourist loss of 720,000** during MCO. The state's tourism is also projected to face the highest **number of retrenchment and**

job opportunity loss compared with the other key sectors, with an estimated retrenchment of 30,800 workers and job opportunity loss of 1,700.

Moving forward, **domestic tourism** is expected to remain resilient; hence, opportunities still exist to capture the rebound in domestic travel following the relaxation of MCO that will help create new jobs.



Source: DOSM, BNM, World Bank, PwC analysis and various research publications

Note:
1. The above data was based on studies conducted by various third parties. Follow-up field studies are to be conducted to validate the findings.
2. Further details on Perak's key economic sectors are available in Volume 1 of NCER Strategic Development Plan (2021-2025).

Meanwhile, **agribusiness** is expected to experience fast recovery as MCO begins to ease, where it will benefit from the prioritisation of **food security** which is expected to boost productivity-related investments into the sector. Furthermore, import substitution opportunities exist for Perak in products such as **cash crops** and are likely to create new job opportunities.

For **manufacturing**, food protectionism practices and food price spikes during the lockdown has driven the need to develop **self-sufficiency in staple food production**. As for the **automotive sector**, total industry

volume (TIV) is expected to contract 20% year-on-year despite the reduction in sales tax as consumers slash their discretionary spending on big ticket items.

Perak's **mining and quarrying** sector is expected to see **gradual recovery** in demand for minerals with the easing of lockdowns worldwide and resumption of manufacturing activities. However, demand and prices for mineral are forecast to be lower than pre-COVID-19 levels as private consumption is expected to remain depressed.

IMPACT OF COVID-19 ON PERAK'S SOCIOECONOMIC LANDSCAPE

The impact of COVID-19 can be felt across all spectrum of the society in Perak, comprising both the *rakyat* and business community, as summarised in the table below:

Rakyat				
 B10, B40 & M40 <ul style="list-style-type: none"> B40 and M40 held 55% of Perak's income share in 2019 An estimated 20% of B40 went from cashflow positive to negative In-migration figures are expected to rise, with out-migration declining 	 Informal Sector Workers <ul style="list-style-type: none"> Second highest concentration of foreign workers in NCER (90,000 in 2018) MCO has risked the livelihoods of informal workers Growth due to reverse migration and informal e-commerce adoption 	 Unemployed Graduates and Retrenched Workers <ul style="list-style-type: none"> Job losses in Perak to be from tourism (24%) and agribusiness (17%) 13,200 graduate unemployment in 2018; this is expected to increase Reverse migration of unemployed graduates from urban centres 	 Rural Students <ul style="list-style-type: none"> Fixed broadband penetration rate in Perak is below the national average Those in rural areas are experiencing difficulties with e-learning due to limited access of reasonable quality internet bandwidth 	 Spatial Development <ul style="list-style-type: none"> Reverse migration expected to increase crowding in NCER Particular focus is required on development of districts with higher than proportionate B40 and M40, such as Hulu Perak and Hilir Perak
Business Community				
 Small and Medium-Sized Enterprises (SMEs) <ul style="list-style-type: none"> 8.3% of total SMEs in Malaysia in 2016 were located in Perak Approximately 71% of SMEs have sufficient cashflow only up until April 2020 Reverse migration of urban poor expected to increase entrepreneurship 	 Micro Enterprises <ul style="list-style-type: none"> 67.8% of companies recorded zero revenue during MCO Significant income losses due to MCO and supply chain disruptions Reverse migration of urban poor to increase gig economy opportunities 	 Farmers and Agribusiness <ul style="list-style-type: none"> More than 10% of Perak's GDP is contributed by agriculture Cash crop sales fell 70% in the first week of MCO Agribusiness entrepreneurship expected to rise with reverse migration 	 Tourism Sector <ul style="list-style-type: none"> 90 to 95% of hotel bookings in Ipoh were cancelled 80 to 100% revenue losses for tour agencies and operators during MCO More than 3 hotels have closed down in Perak to-date 	 Manufacturing Sector <ul style="list-style-type: none"> Acceleration of digitalisation and Industrial Revolution 4.0 Reduction in low-skilled labour reliance, increasing job losses Some MNCs are expected to relocate supply chains out of Malaysia

Source: DOSM, MCMC, SME Association of Malaysia, UNWTO, MAH, Ministry of Education (MoE), Massachusetts Institute of Technology (MIT), Informal Sector Work Force Survey, CNA, University of Malaya, Malaysian Employers Federation, AMCHAM & Thomas Reuters Foundation.

IMMEDIATE INTERVENTION VIA PERAK HUMAN CAPITAL PROGRAMMES TO ADDRESS POST-COVID-19 ISSUES (2020-2022)

COVID-19 has left a devastating impact on the livelihood *rakyat*, and Perak too was not spared. To mitigate the impact of the pandemic, NCIA strives to empower the *rakyat* through the expansion of its existing human capital programmes such as entrepreneurNCER, empowerNCER, NTEP and DUB@NCER.

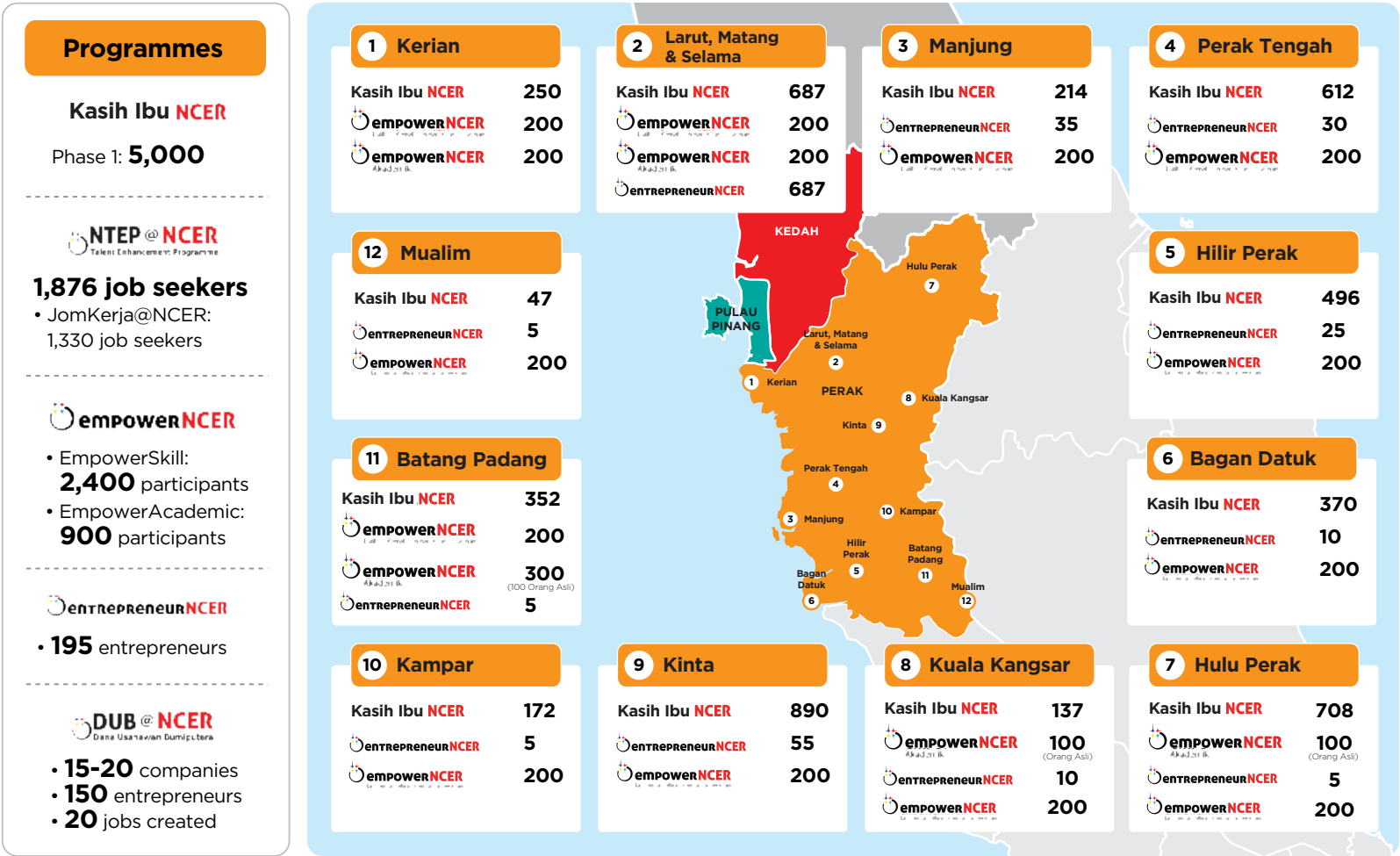
entrepreneurNCER aims to assist micro entrepreneurs and SMEs in NCER through financing and guidance in expanding their businesses, whereby it is targeted to benefit **192 entrepreneurs** in Perak.

empowerNCER is aimed at upskilling the B40 group including youths, women, single mothers and retrenched workers via academic and entrepreneurship training to empower the community in NCER. Total number of participants targeted under this programme in Perak is **5,533 participants**, of which 1,353 are targeted under the **JomNiaga@NCER** programme.

JomKerja@NCER targets to assist **1,330 job seekers** in the state comprising unemployed graduates, retrenched workers, school leavers by hiring them as contract workers, part-time workers and graduate trainees, while serving as a human capital incentive for investors.

DUB@NCER aims to benefit **15 Bumiputera companies, 20 entrepreneurs** and **150 job seekers** in Perak by 2020.

Kasih Ibu NCER aims to provide assistance to **5,000 beneficiaries** through the use of cashless card to purchase basic necessities and provision of healthcare services at private clinics.



A total of **10 Key Development Zones** have been identified in Perak, namely, the **Royal Belum Biodiversity Zone, Baling-Pengkalan Hulu-Betong Border Zone, Greater Ipoh-Taiping-Pangkor Growth Corridor, Slim River-Sungkai Biodiversity Zone, Tanjung Malim Automotive Hub, Transkrian Development Zone, South Perak National Food Security Zone, Larut Matang Biodiversity Zone, Lenggong UNESCO World Heritage Site** and **Tapah Education City.**

-  Digital Economy & Creative Industry
-  High-Tech Manufacturing
-  Integrated High Value Agriculture
-  Sustainable Mining And Downstream Activities
-  Heritage Tourism, Geotourism & Ecotourism

Z23 ROYAL BELUM BIODIVERSITY ZONE**Royal Belum Biodiversity Area**

- UNESCO World Heritage Site
- Ecotourism

Gerik

- Ecotourism Gateway Town
- Rest & Refresh
- Tourism Service Centre

Temengor

- Sustainable mining

Z12 BALING – PENGKALAN HULU – BETONG BORDER ZONE**Pengkalan Hulu**

- Sustainable mining
- Border tourism
- Archaeotourism

- Ecotourism

- Special Development Zone (SDZ):
 - Community-based tourism
 - Cottage & resource-based industries

Z24 GREATER IPOH – TAIPING – PANGKOR GROWTH CORRIDOR**Greater Ipoh**

- Digital economy
- Financial administrative centre
- Urban tourism
- Heritage tourism
- Medical tourism

- Tanjung Tualang Niche Tourism
- Education
- Urban revitalisation
- Ipoh Station Area Improvement District
- Geopark

- Ipoh Airport
- Manufacturing
- Sustainable mining
- Renewable energy generation
- Silver Valley Technology Park

Seri Iskandar / Perak Tengah

- Education hub
- Dairy farm
- Pasir Salak Heritage Tourism
- Agribusiness (Paddy EMM & cash crops)

Taiping / Kuala Kangsar

- Royal Town
- Manufacturing
- Heritage tourism
- Bukit Larut ecotourism

Pangkor Island

- Pangkor Duty Free Island
- Fishery & Aquaculture
- Ecotourism
- Island tourism

Manjung

- Lumut Port
- Logistics
- Heavy industry
- Aquaculture – Oyster & Abalone

- Maritime industry
- Segari Turtle Conservation
- Livestock
- Cash crops

Z25 SLIM RIVER – SUNGKAI BIODIVERSITY ZONE**Titawangsa Range Ecotourism Belt**

- Ecotourism
- Forest conservation
- Orang Asli Community & Heritage Programme

Slim River – Sungai Bil Tourism Node

- Community-based tourism
- Cottage & resource-based industries

Natural / Renewable resources

- Underground water tapping
- Renewable energy generation

Z26 TANJONG MALIM AUTOMOTIVE HUB

- Automotive
- Education hub
- Tanjong Malim Station Area Improvement District
- Ecotourism

Z13 TRANSKRIAN DEVELOPMENT ZONE**Parit Buntar / Bagan Serai National Granary Area**

- Paddy EMM & cash crops

- Bukit Merah Ecotourism

Z27 HILIR PERAK NATIONAL FOOD SECURITY ZONE**Sg. Manik**

- National Granary Area
- Modern Agriculture

Bagan Datuk

- Coconut
- Aquaculture and fisheries
- Superfruits
- Hutan Melintang Jetty

Teluk Intan

- Heritage tourism
- Oleochemical
- Aquaculture and fisheries industries

Z28 LARUT MATANG BIODIVERSITY ZONE

- Ecotourism
- Mangrove conservation
- Aquaculture and fisheries

Z29 LENGGONG UNESCO

- Archaeo-ecotourism
- Mixed agriculture
- Sustainable mining

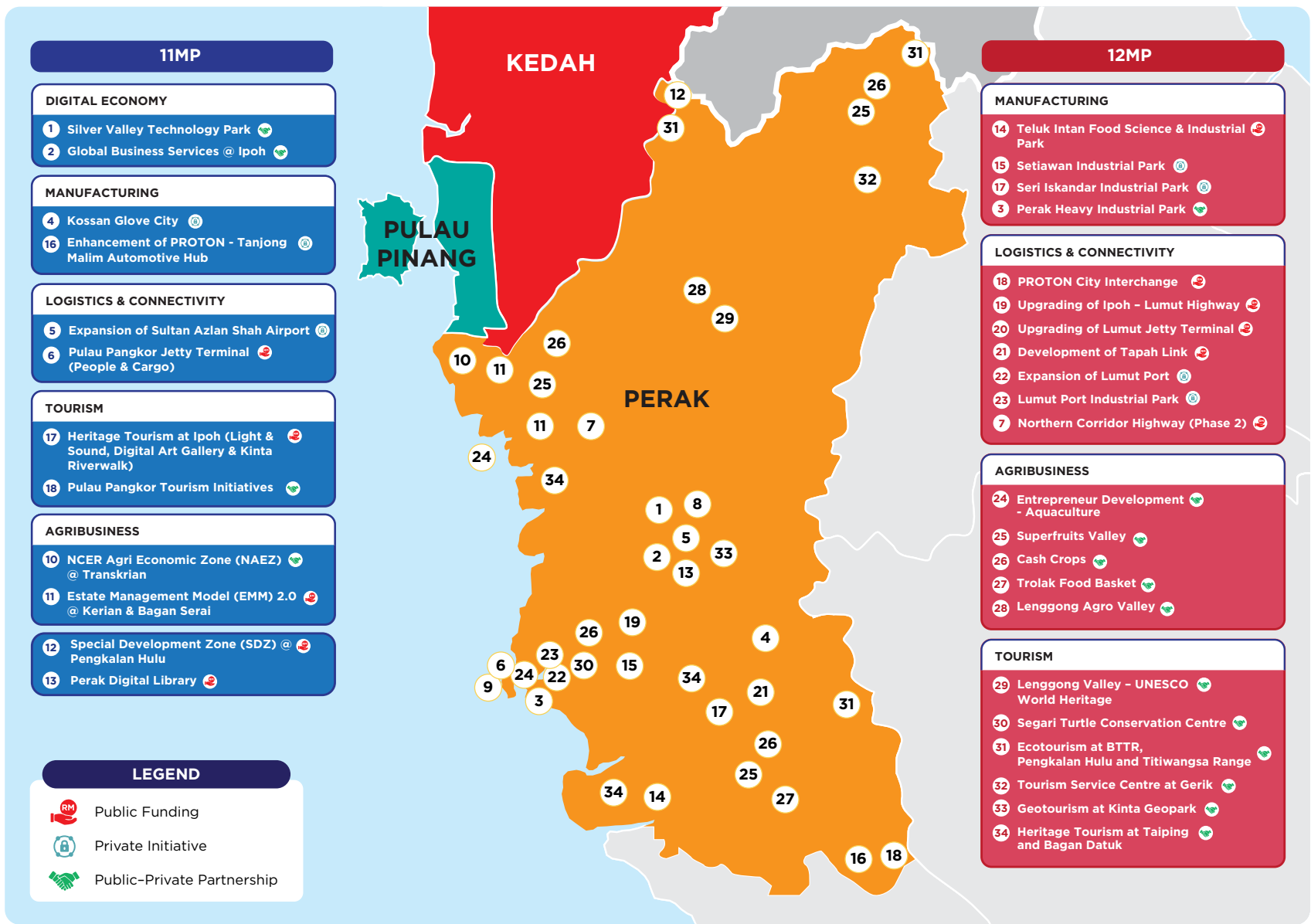
Z30 TAPAH EDUCATION CITY

- Ecotourism
- Orang Asli Inclusivity Programme
- Underground water tapping
- Kossan Glove City

OVERVIEW OF STRATEGIC PROJECTS AND PROGRAMMES: HIGH-IMPACT DEVELOPMENT PROJECT COMPONENTS IN PERAK (2021-2025)

Perak’s high-impact strategic projects are focused on **sectoral development**, **infrastructure development** and **enablers**. The **Silver Valley Technology Park (SVTP)** and **Global Business Services (GBS@Ipoh)** will catalyse the growth of digital economy in Perak. The state’s **logistics and Connectivity** sector will be further enhanced with the expansion of **Sultan Azlan Shah Airport** and the **Pulau Pangkor Passenger and Cargo Jetty Terminal**.

The **NCER Agri Economic Zone (NAEZ)** and **Estate Management Model 2.0 (EMM 2.0)** will spearhead the growth of the **agribusiness** sector in Perak. In the tourism sector, high-impact projects that will be undertaken include the **Ipoh Heritage Tourism**, **Pulau Pangkor Tourism Initiatives**, **Lenggong Valley** and **Geotourism at Kinta Geopark**.

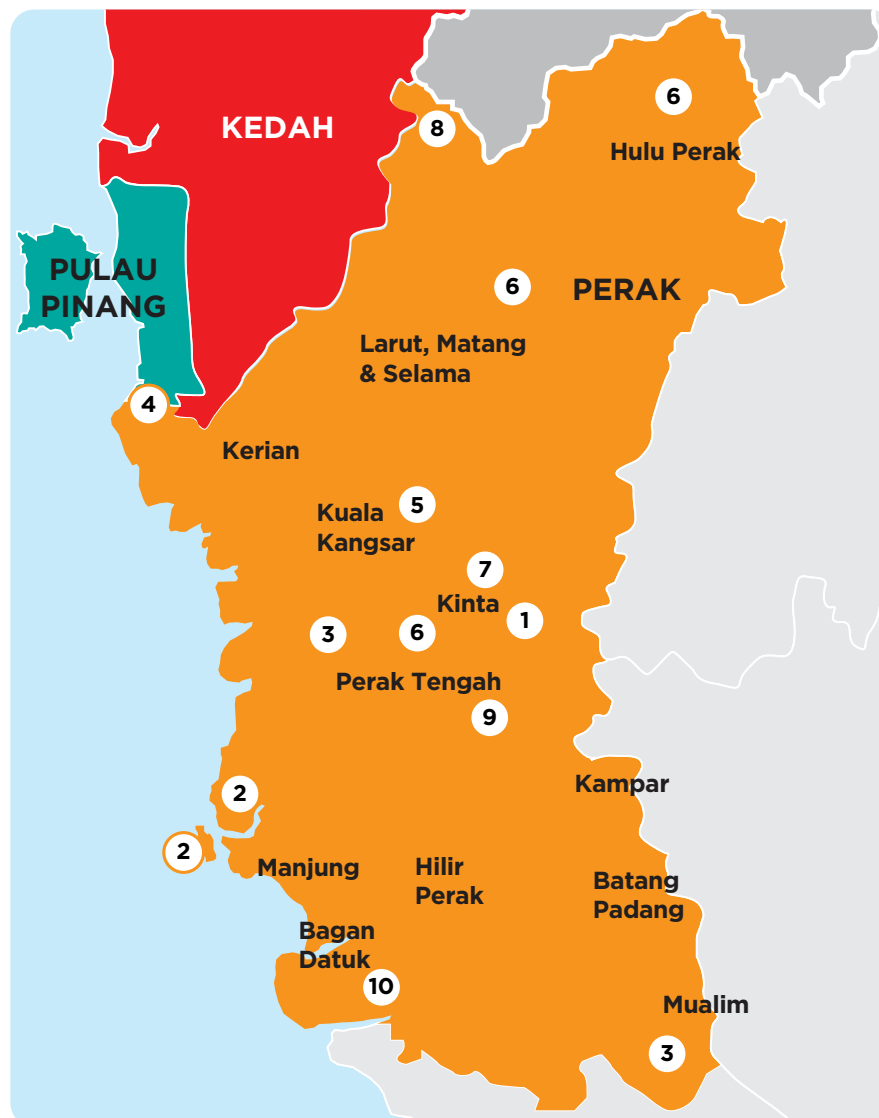


PRIORITISING STRATEGIC PROJECTS AND PROGRAMMES: HIGH-IMPACT DEVELOPMENT PROJECTS IN PERAK (2020-2022)

Perak's current and planned **industrial parks**, coupled with the **Single Campus Initiative** as well as the **Silver Valley Initiative**, will be leveraged to capture high-value investment opportunities in **advanced manufacturing**.

The **Silver Valley Technology Park (SVTP)**, a conceptual "industrial region" focusing on four sectors comprising **Medical Devices & Pharmaceuticals, E&E, Smart Agriculture Technologies** and **Unmanned Aircraft System (UAS)**, will be the catalyst for economic growth in Perak. Its development will form synergies with Seri Iskandar Industrial Park, Tanjung Malim Automotive Hub, Perak Heavy Industrial Park and GBS@Ipoh.

The **NCER Agri Economic Zone (NAEZ)** is a dedicated economic zone focusing on the integrated development of primary, secondary and tertiary industries in agribusiness and will be promoted similarly to Special Economic Zones. The development of **Pangkor Duty-Free Island** and **Ipoh Heritage Tourism** will be well positioned to capture the opportunities in tourism sector for Perak.



1 Silver Valley Technology Park

A conceptual "industrial region" focusing on 4 sectors - Medical Devices & Pharmaceuticals, E&E, Smart Agriculture Technologies and UAS

- Potential GDP contribution of **RM36 bil.** over 20 years with **11,000** jobs created

2 Pangkor Duty-Free Island

Development of Pulau Pangkor through a focus on 3 key economic drivers - Aquaculture & Agro-based sector, Tourism and Duty-Free

- GDP target of **RM787 mil.** by 2025, a RM138 mil. increase from 2020 forecast

3 Tanjung Malim Automotive Hub

Development of a complete automotive industry chain in Perak

- To support the Proton ecosystem and spur economic development & growth
- Potential **RM4.5 bil.** investment and **8,200** jobs over the next 7 years

4 NCER Agri Economic Zone (NAEZ) at Transkrian

Dedicated economic zone focusing on the integrated development of primary, secondary and tertiary industries in Agribusiness, to be promoted similarly to Special Economic Zones

- Complete Agribusiness ecosystem
- Catalyst for national food security and Agribusiness advancement

5 Highway and Road Networks

- Development of NCH from Serdang to Changkat Jering (37 km)

6 Tourism

Various tourism initiatives to promote Perak, such as the upgrading of infrastructure at the following locations:

- Ipoh Heritage Tourism (Light & Sound, Digital Art Gallery & Kinta Riverwalk)
- Hulu Perak (BTTR, Gerik & Lenggong Valley - UNESCO World Heritage)
- Kinta Geopark

7 GBS @ Ipoh

Development of GBS industry which includes sharing renovation, promotion and marketing costs, as well as training and operating expenditure

- To attract more than **RM250 mil.** potential investment and create **1,500 new high-income and high-skilled jobs** in Perak

8 ICON @ NCER

New approach to drive rural economy via generating wealth, sustainable income, job and entrepreneurship opportunities

- Provide job opportunities for locals
- Entrepreneurship opportunities for locals
- Enhance investment in the rural areas
- Potential area: Pengkalan Hulu

9 Perak Heavy Industrial Park

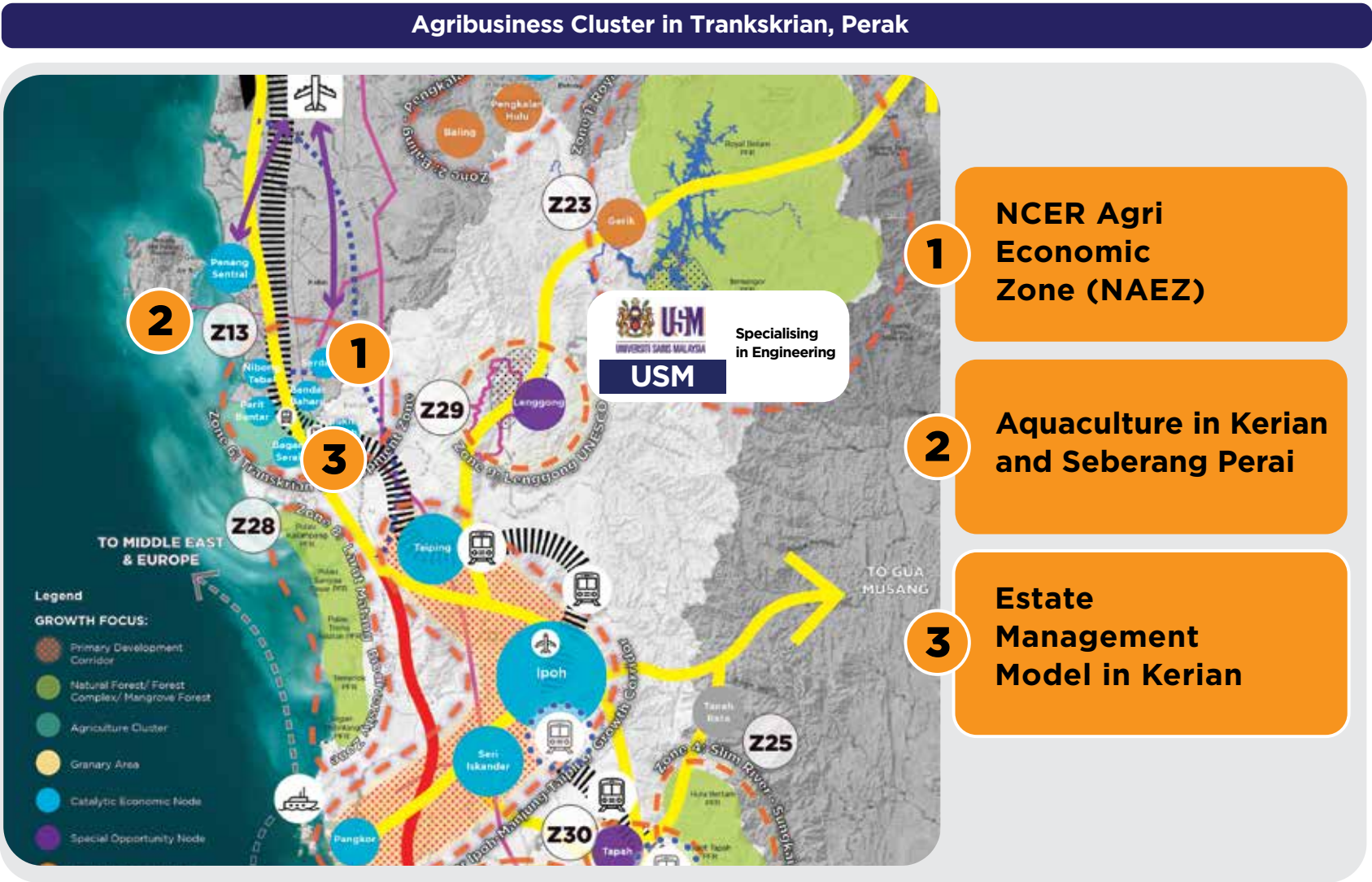
An industrial park focusing on Bulk & Container terminal activities, Oil & Gas processing hub, power plant and steel mill production plant

- **USD10 bil. to USD12 bil.** projected investment

CLUSTER DEVELOPMENT APPROACH IN ATTRACTING INVESTMENTS POST-COVID-19

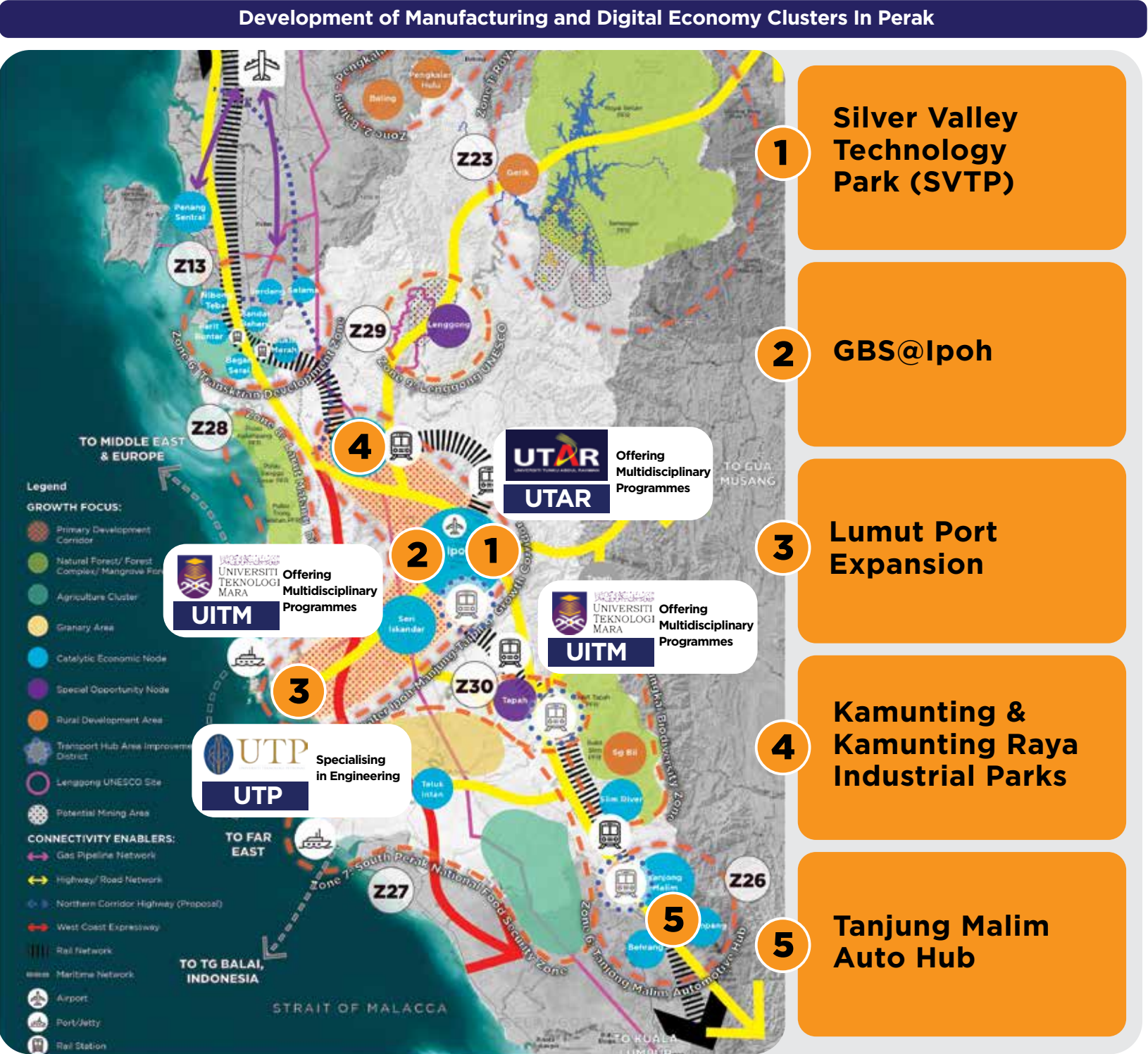
The **Silver Valley Initiative** is a concept that was introduced to drive dynamic social, environmental and cultural activities into a single, concentrated area in Perak that will also help position it as an industrialised state. **SVTP** will spearhead the Silver Valley Initiative as it focuses on capturing opportunities in emerging **high-tech industries** such as **Healthcare, Smart Agriculture** and **E&E**. The project is expected to create 1,700 job opportunities and form strong synergies with Perak Heavy Industrial Park, Seri Iskandar Industrial Park, Lumut Port Industrial Park, GBS@Ipoh, Kamunting Industrial Park and Tanjung Malim Automotive Hub.

NAEZ is a new development approach that will serve as a catalyst for **national food security** and enable Malaysia's advancement in the agribusiness sector. It will be developed within the **Transkrian Development Zone** due to the area's fertile soil and adequate rainfall. NAEZ will serve as an integrated development of the primary, secondary and tertiary industries that will be promoted to coordinate **rural and urban development** within Transkrian. The project will further complement the development of Superfruits Valley, EMM 2.0 and cash crops cultivation located nearby.





CLUSTER DEVELOPMENT APPROACH IN ATTRACTING INVESTMENTS POST-COVID-19



Development of Manufacturing and Digital Economy Clusters In Perak

1

Silver Valley Technology Park (SVTP)

SVTP will serve as a platform to facilitate the development of emerging applied technologies

2

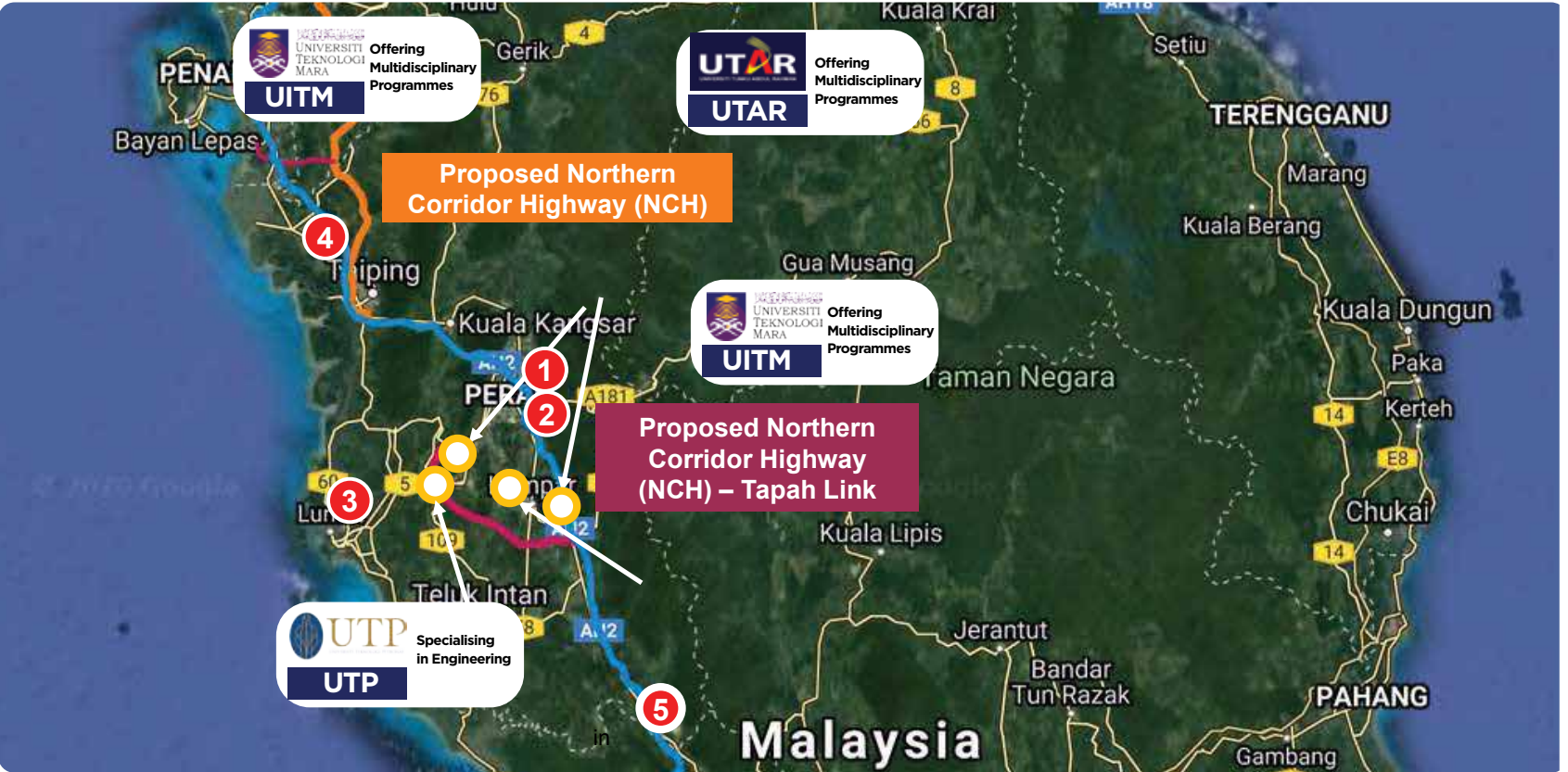
GBS@Ipoh

Global Business Services (GBS) centre in Ipoh to support the development of SVTP

3

Lumut Port Expansion

Development of new terminal and upgrading of existing terminal



4

Kamunting & Kamunting Raya Industrial Parks

Enhancement of industrial parks in Kamunting to continue attracting major industry players

5

Tanjung Malim Auto Hub

To enhance Tanjung Malim's positioning as one of the prominent automotive hubs in NCER

LEGEND

●

 Clusters

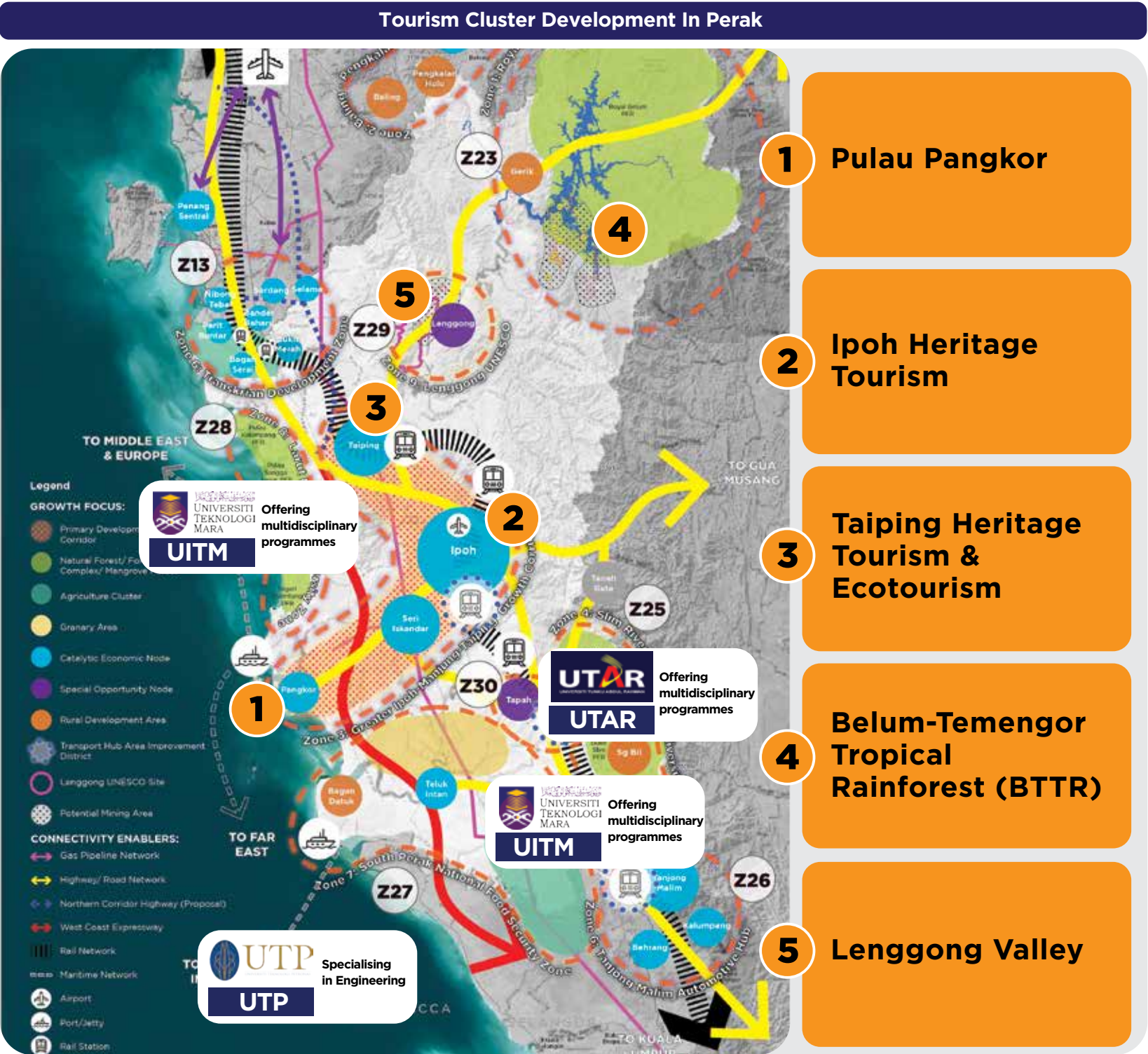
—

 Northern Corridor Highway (NCH)

—

 North-South Expressway (E1)

CLUSTER DEVELOPMENT APPROACH IN ATTRACTING INVESTMENTS POST-COVID-19



Tourism Cluster Development In Perak



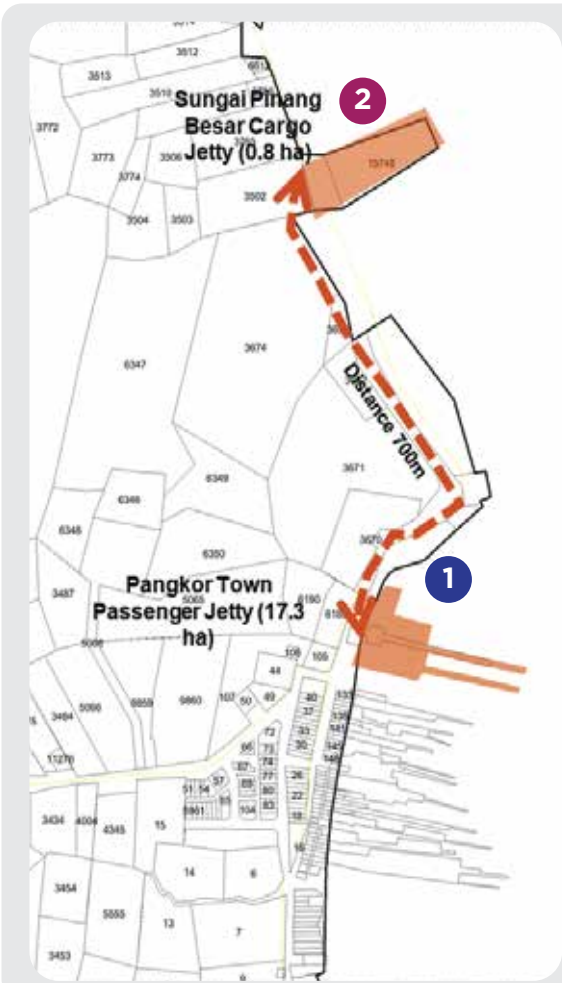
PERAK PROJECT HIGHLIGHTS

Pulau Pangkor Duty-Free Island Infrastructure Enhancement

Pangkor is envisioned to become a **niche duty-free island** and **sustainable tourism destination**. Leveraging on Pangkor’s existing economic activities, priority sectors will include **ecotourism, fisheries and aquaculture** and **seafood processing**. New economic sectors linked to the island’s duty-free status and aspiration to become a smart island have also been identified comprising **specialised repair services, green economy** and **digital economy**. Hence, key infrastructure on the island will be further improved to support and stimulate these sectors.

In this regard, the upgrading of **Pangkor Island Passenger Jetty** at Pangkor Town and **Pangkor Cargo Jetty** at Sungai Pinang Besar will be the main focus in the 2020-2025 period to facilitate higher volume of tourists and cargo arrivals as a result of its duty-free island status. Human capital programmes to empower the *rakyat* and tourism initiatives will also be implemented to ensure that the local people and businesses are ready to capitalise on the new economic opportunities.

Enhancement Of Pangkor Passenger And Cargo Jetty



Pangkor Town Passenger Jetty

- 1 An upgraded jetty complemented by an integrated taxi and public transport terminals, CIQ facilities, upgraded jetty berthing structure and staff accommodation. The proposed passenger terminal will be developed within the existing 18-acre government land where construction works will be done in stages. The proposed extended jetty structures can accommodate up to six vessels at any time.

Project impact and outcome

160 jobs supported

RM15 million
Value-add (GDP)

RM100 million
Tourism receipts

Sg. Pinang Besar Cargo Jetty

- 2 A cargo ferry terminal with an integrated warehouse and logistic hub as well as an upgraded slipway to accommodate higher and wider roll-on, roll-off vessels. Enhancement would include demolition of existing buildings. Works will be carried out in stages to avoid the need for a temporary terminal. Based on the conceptual plan, an acre of land will be acquired to facilitate logistic movements of lorries as well as ingress and egress to site.

Project impact and outcome

50 jobs supported

RM5 million
Value-add (GDP)



Artist's impression of the brand new Pangkor Passenger Terminal



Artist's impression of the brand new Pangkor Cargo Terminal

ACKNOWLEDGEMENTS

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Our heartfelt appreciation goes to:

1. YAB Prime Minister of Malaysia
2. YAB Deputy Prime Minister of Malaysia
3. YAB Menteri Besar of Perlis
4. YAB Menteri Besar of Kedah
5. YAB Chief Minister of Pulau Pinang
6. YAB Menteri Besar of Perak
7. YB Minister of Finance
8. Minister in the Prime Minister's Department (Economy)
9. YBhg. Chief Secretary to the Government
10. Members of the Northern Corridor Implementation Authority Council
11. Members of the State Steering Committee Meeting for Perlis
12. Members of the State Steering Committee Meeting for Kedah
13. Members of the State Steering Committee Meeting for Pulau Pinang
14. Members of the State Steering Committee Meeting for Perak
15. Prime Minister's Department
 - a. Prime Minister's Office
 - b. Economic Planning Unit (EPU)
 - c. Implementation Coordination Unit (ICU)
 - d. Department of Statistics Malaysia (DOSM)
 - e. Jabatan Kemajuan Orang Asli (JAKOA)
16. Ministry of Finance
 - a. Public-Private Partnership Unit (UKAS)
 - b. Statutory Body Strategic Management Division (SBM)
17. Ministry of Agriculture & Food Industries
 - a. Department of Agriculture
 - b. Department of Fisheries
 - c. Department of Veterinary Services
 - d. Muda Agricultural Development Authority (MADA)
 - e. Malaysian Agricultural Research and Development Institute (MARDI)
 - f. Integrated Agriculture Development Area (IADA)
18. Ministry of Rural Development
 - a. Majlis Amanah Rakyat (MARA)
 - b. Lembaga Kemajuan Wilayah Kedah (KEDA)
 - c. Lembaga Kemajuan Wilayah Pulau Pinang (PERDA)
19. Ministry of Housing & Local Government
 - a. Federal Department of Town and Country Planning Peninsular Malaysia (PLANMalaysia)
 - b. Local Government Department
20. Ministry of International Trade & Industry
 - a. Malaysian Industrial Development Authority (MIDA)
21. Ministry of Tourism, Arts and Culture
22. Ministry of Education

23. Ministry of Works
24. Ministry of Transport
25. Ministry of Home Affairs
 - a. Immigration Department of Malaysia
26. Ministry of Science, Technology and Innovation (MOSTI)
27. Ministry of Environment and Water
28. Ministry of Energy and Natural Resources
29. YB State Secretary of Perlis
30. YB State Secretary of Kedah
31. YB State Secretary of Pulau Pinang
32. YB State Secretary of Perak
33. State Executive Council of Perlis
34. State Executive Council of Kedah
35. State Executive Council of Pulau Pinang
36. State Executive Council of Perak
37. State Assembly of Perlis
38. State Assembly of Kedah
39. State Assembly of Pulau Pinang
40. State Assembly of Perak
41. State Economic Planning Unit, Perlis
42. State Economic Planning Unit, Kedah
43. State Economic Planning Unit, Pulau Pinang
44. State Economic Planning Unit, Perak
45. PLANMalaysia@Perlis
46. PLANMalaysia@Kedah
47. PLANMalaysia@Pulau Pinang
48. PLANMalaysia@Perak
49. State Economic Development Corporation, Perlis
50. State Economic Development Corporation, Kedah
51. State Economic Development Corporation, Pulau Pinang
52. State Economic Development Corporation, Perak
53. State Development Office of Perlis
54. State Development Office of Kedah
55. State Development Office of Pulau Pinang
56. State Development Office of Perak
57. The people of the State of Perlis
58. The people of the State of Kedah
59. The people of the State of Pulau Pinang
60. The people of the State of Perak



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