

SPEECH FOR YB DR. ONG KIAN MING  
DEPUTY MINISTER OF INTERNATIONAL TRADE & INDUSTRY  
**INDUSTRIAL PARK FORUM FOR NORTHERN REGION**  
“STRENGTHENING THE MANUFACTURING ECOSYSTEM”  
18 OCTOBER 2018, WEIL HOTEL, IPOH, PERAK

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**Acknowledgement**

YB Dato Seri Ir. Haji Mohamad Nizar bin Jamaluddin  
State EXCO and Chairman of the State Investment & Corridor Development Committee

Mr Arham bin Abdul Rahman  
Deputy CEO II  
Malaysian Investment Development Authority (MIDA)

Distinguished Guests,

Members of the Media,

Good Morning.

**Introduction**

1. It is a pleasure to join all of you today. In August, we had the same forum for the southern region industry players in Johor Bharu. It was attended by more than 200 participants from various fields. The turnout by the industry players of the northern region today is equally encouraging.
2. I would like to commend the organisers, MIDA and the Federation of Malaysian Manufacturers (FMM) for their efforts in bringing together the entire spectrum of relevant stakeholders – from local authorities, park developers & managers, utility companies, manufacturers and potential investors at today’s Forum.

Ladies and Gentlemen,

**Attracting Investments through Quality Industrial Parks**

3. The new Government is committed in ensuring that our policies remain business friendly. We will continue to review and re-assess our strategies and approaches in making Malaysia an attractive investment destination in the region, not only for new businesses but also for those that are expanding and diversifying their operations here.
4. Industrial parks are among the important elements of infrastructure that supports the growth of a country’s economy. By providing a location which is well equipped with the right ingredients of the highest standards, it has the potential to transform the area into a thriving city of industry.
5. Over the years, Malaysia’s industrial landscape has evolved from an agro-based economy to a vibrant industrialising and service-oriented nation. The early days of industrialisation saw basic ready-built facilities being provided such as the Bayan Lepas Free Industrial Zone (FIZ) in 1972, and later on more modern concepts such as the Kulim Hi-Tech Park (KHTP) – the nation’s first high technology park, established in 1996.

6. As Malaysia moved full speed ahead in our industrialization journey, more and more areas became designated as industrial parks. I am told that Perak alone has more than 70 industrial estates and parks. Each estate and park would have their unique offerings as well as their own share of infrastructure challenges. MIDA and FMM's Directory of Industrial Parks in Malaysia, which is expected to be finalised and published after the completion of this Industrial Park Forum series, will be a good initial step in assisting investors identify the industrial parks that meet their needs.
7. However, moving forward, there is a need to develop a strategy for industrial parks. The label of an industrial park is a distinguished label that is earned, so that investors know that they can invest in this park and enjoy the benefits of this specific area. I want to consider three points for what makes a good industrial park:
  - i) good infrastructure
  - ii) A strategic ecosystem
  - iii) Dedicated support and facilitation by investment agencies

**i) Proper Infrastructure Needs to Be in Place**

8. On my first point: An industrial park is distinguished by its infrastructure offerings. Malaysia emphasises a strong and effective partnership between the public and private sectors to be cost-competitive, especially when we want to offer world-class infrastructure to our investors. This in turn would enable us to better facilitate businesses and ensure that our procedures and regulations promote a business-friendly environment. This applies to technical agencies and utility providers such as Telekom Malaysia, Tenaga Nasional Berhad, and Gas Malaysia to come on board and be proactive in supporting investors. It is important to find win-win solutions, and not to keep investors waiting for infrastructure to be built especially in the provision of electricity, water and roads, as these are the basic infrastructure needs for any industry to operate.
9. Park developers and relevant stakeholders need to work together in developing the next generation of industrial areas to cater for the whole value chain of the respective industry, from upstream to downstream. Owners of older industrial properties also need to consider upgrading and be well equipped with the state-of-the-art facilities and infrastructure. For companies, you should take advantage of the improved infrastructure to re-evaluate your business models and requirements.
10. On the topic of infrastructure, park developers should also consider the move towards Industry 4.0 and the world of automation. It is important to embrace new strategies and enhance current infrastructure and facilities to meet new demands, such as technical support for electronic devices and smart monitoring equipment, which requires round-the-clock, stable, high-speed internet in the parks

Ladies and Gentlemen,

**ii) Build a strategic Ecosystem for Industrial Parks**

11. Given the changing industrial landscape, the strengthening of our manufacturing ecosystem requires real actions and sustainable progress. We need to put in place strategies for industrial parks that can cater to factories of the future. Forward planning is important to remain competitive and ensure sustainable development.

12. Parks should come with the benefits of the supply chain ecosystem that you design for the park. There are some things that you could do to leverage on the location of your park.

#### Leveraging on States' Unique Strengths

13. Recognising that each state in Malaysia has its own comparative and competitive advantages, it is important to develop parks that have synergies with the states' unique strengths.
14. Perak, for example, being the second largest state in Peninsular Malaysia, could leverage on the economic development of its bordering states i.e. Selangor in the south, and Penang in the northwest. Local SME industrial clusters in states like Perak could be further strengthened by tapping into the supply chain of big corporations or multinational companies in Selangor and Penang.

#### Leveraging on Specific Industry Clusters

15. Industrial parks can also leverage on having specific clusters of industries in close proximity, such as placing the upstream and downstream manufacturers together.
16. Developers and local authorities in the northern region could emulate some best practices of the development of the electrical and electronics (E&E) industry cluster in Penang.

#### Example of Successful Industrial Park

17. The successful transformation of Bayan Lepas from muddy rice fields to an industrial zone teeming with electronics factories was considered a turning point for greater industrialisation in the state. The Bayan Lepas Free Industrial Zone (FIZ) had attracted export-oriented manufacturers particularly from abroad, to move their operations there.
18. With concerted promotional efforts by both the Federal and Penang State Governments, eight (8) multinational companies set up their base in the FIZ. It started with Intel, whose factory began operations within six months of the company's initial visit. Other potential investors then visited and made the same decision. These were Litronix (now called Osram Opto Semiconductor), Advanced Micro Devices (AMD), Clarion, National Semiconductor (Fairchild Semiconductor), Hewlett Packard (Agilent), Robert Bosch and Hitachi Semiconductors (now called Renesas). The presence of these MNCs formed the nucleus of the electronics industry cluster in the region, which is now recognised as 'The Silicon Valley of the East'.
19. The planned development of Proton City in Tanjung Malim is another good example as it can be the main catalyst for the development of the automotive cluster in southern Perak and its surrounding areas. This development would not only benefit the manufacturers of auto components but other related services such as logistics, packaging and real estate.
20. On a smaller scale, specialized industrial park developers such as AME in Johor have constructed "plug and play" factories in a fully integrated industrial park with hostel facilities for foreign workers, hotels and conference centers for rental and even sports facilities for the workers in the industrial park to use. As the demands of the industrial players increase, our industrial park developers also have to up your game in order to meet the demand for higher standards.

Ladies and Gentlemen,

**iii) Dedicated support and facilitation**

21. It is essential for the state government and agencies to leverage on the local strengths and capabilities in identifying suitable industry development for the state. The focus needs to be in providing greater opportunities for our people and businesses to contribute significantly and be part of the state industrial development masterplan. In my third and final point, I would like to emphasise that it is also important for industrial parks to have dedicated support from the state.
22. I applaud the Perak state government's initiative in setting up the State Economic Advisory Council (SEAC) with eminent members like Perak Dewan Rakyat Deputy Speaker Mr Nga Kor Ming, former MIDA deputy director-general Datuk J. Jegathesan, former State Secretary Datuk Seri Shamsudin Mat Dubi, KL Kepong's Managing Director Tan Sri Lee Ooi Hian, MK Land's Executive Chairman Tan Sri Mustafa Kamal, former Bernama Chairman Datuk Seri Anuar Zaini and business tycoon Mr Koon Yew Yin, the co-founder of IJM, Gamuda & Mudajaya, in attracting investments to Perak and at the same time contributing in more job creation for the locals.
23. I hope to see more cohesive efforts towards providing a higher ease of doing business here. For a start, the Council could look into establishing a single body to oversee the development and the management of industrial parks. I was told that all the industrial estates in Perak are currently managed independently and scattered throughout the state. By having a single entity in overseeing the industrial parks, I am sure that this would greatly help the investors in accelerating their investment decisions.

Ladies and Gentlemen,

**Conclusion**

24. As the world pivots to Asia, Malaysia is in a good position to seize the growing opportunities. We can expect demand for quality industrial parks and business spaces to only keep increasing. There is a real path forward but the work must start now. It must bring everyone to the table and I urge for more dialogue and closer cooperation between all stakeholders. Infrastructure providers must see the value proposition in providing infrastructure before tenants come in.
25. MITI and its agencies will continue to work closely with all State Governments, private developers and other Federal Government agencies towards creating a business landscape that is better able to attract and retain investment, and maintain Malaysia's competitiveness on the world stage.
26. I trust that today's forum will provide a beneficial platform to address the needs and growth areas of our industrial parks. I hope to see substantive systemic changes to ensure that the enhancement and redevelopment of our industrial parks is sustainably met.
27. And finally, to summarize, I reiterate that industrial parks should be distinguished by certain key criteria, such as: public-private partnerships for world-class infrastructure, an ecosystem strategy for incentivizing and attracting a particular segment of industry and growing the downstream manufacturers, and dedicated support by state investment agencies.

On that note, I wish all of you a productive session ahead. Thank you.