

# Launch of Malaysia's Kertih Plastics Park

*The East Coast Economic Region (Ecer) Development is an initiative which the Malaysian government is pushing aggressively. The latest project to take off is the launch of Kertih Plastics Park, also known as KPP, on the 2<sup>nd</sup> of December 2008. The following contains the main body of the speech delivered by the former Prime Minister of Malaysia, Dato' Seri Abdullah bin Ahmad Badawi, which highlights the importance of the project as well as the impact it is expected to create.*

**K**PP's launch is a significant milestone that indicates that ECER is ready to receive both local and foreign investors. It is also a reflection of investors' confidence to the foundations that make this region more competitive.

We are proud of ECER's achievement in attracting investments despite global economic uncertainties. The progress made by ECER is in line with the objectives of the country's third industrial master plan (IMP3) which aims to add value to the economic chain via the domestic manufacturing sector.

I am grateful for the support and cooperation shown by all parties, mainly PETRONAS (as the lead agency for the development plan of Kertih Plastic Park), the Terengganu state government, and all the government agencies which have played an important role to make ECER a hub for Malaysia's first integrated plastics industry cluster.

The importance of ECER towards the well being of the east

coast community is very clear. As a socio-economic development plan which is people friendly, ECER aspires to develop the east coast region by 2020.

Thus far, I am very pleased with the encouraging progress made by the ECER Development Council. Barely a year after the launch of this regional development plan in October 2007, many projects have been rolled out and much progress made.

Of the 105 ECER planned projects, 77 projects are on going and will kick-start by mid 2009. Apart from providing basic infrastructure to attract investors, high impact projects in the agriculture, manufacturing and education sectors have successfully commenced.

To implement these projects, the government has allocated a total of RM2.6 billion (approximately US\$740m) which has been approved under the mid-term review of the 9MP. These projects are expected to continue under the 10<sup>th</sup> Malaysia Plan.

ECER is committed in its social

development initiatives to eradicate poverty. As an example, the Agropolitan Project involving nearly 9,000 hard core poor over 25,000 hectares of land has begun. This is in line with the government's objective to eradicate hard core poverty by 2010.

Over the next 12 years of implementation from 2008 to 2020, ECER is expected to attract RM112 billion (approximately US\$32b) in investments, the bulk of which amounting to 47 per cent is attributed to local and foreign private investors. I am optimistic this sizeable investment will benefit the east coast community, and contribute to the good of Malaysia as a whole.

The oil, gas and petrochemical industry is one of the biggest contributors to the country's gross domestic product (GDP). In Kertih, the oil, gas and petrochemical cluster is an established industry, having been initiated by PETRONAS 35 years ago. To date, I have been informed that PETRONAS and its joint venture companies have in-

vested a total of RM70 billion (approximately US\$20b) to develop the PETRONAS Petroleum Industry Complex (PPIC).

I am told that the Kertih Integrated Petrochemical Complexes (KIPC), which is located in PPIC, provides investors with the ability to create downstream product applications, especially in plastics and polymer. It is my understanding that the entire industry has recorded a rise in investments and sales.

Based on this rationale, ECER has created Kertih Plastics Park, Malaysia's first fully integrated plastics industry park. KPP's main attractions to plastics industry investors are its integrated approach; with ready access to reliable and just-in-time feedstock

supply from KIPC which translates into savings in logistics and warehousing costs.

Assuch, the development of KPP will be fast-tracked, especially in the provision of basic facilities and infrastructure for the convenience of investors. The government is also offering incentives to attract potential investments. To qualify for ECER incentives, the projects must obtain approval from the ECER Development Council and start operations before 31 December 2015.

Through government support and attractive incentive packages, KPP is expected to draw in up to RM2 billion (approximately US\$570m) investments and create 7,000 jobs. For the local residents, KPP can stimulate the

manufacturing and other related sectors such as packaging, medical equipment, construction, composite and automotive, as well as boost SME participation.

I am pleased to announce that there are five investors who are interested in KPP. Two of them have sealed their commitment by building factories while another two have booked land to build their factories. Meanwhile, a foreign company has expressed interest in KPP.

Considering the global market uncertainties, I wish to acknowledge these four companies' commitment.

I am honoured today to also present the certificate of accreditation as an ECER investor to Hi Essence Sdn Bhd as one of the





two companies which has commenced to build its plant. Hi Essence is also collaborating with Hua Eng Wire and Cable Company, a Taiwan company, in the development of wire and cable products.

In addition, we are grateful for the participation of other local plastics companies namely Latenfield Pipes Industries, F.M.D Polypipe Industry, and of great significance, PETRONAS Polymer Technology Centre. I am given to understand that PETRONAS will establish a research and technology development centre which will enhance technical services in plastics applications here.

I am confident that KPP will contribute the development of

the national plastics industry and Terengganu, in particular. With these new opportunities created through KPP, I am optimistic ECER's economic development will be stimulated, resulting in an increase in income and quality of life for the ECER population.

In addition, the ECER, backed by support from the state governments, will provide assistance and cooperation to accelerate and ensure KPP's success. As the chairman of the ECER Development Council, allow me to assure you of ECER's commitment to continue to develop KPP.

It is my wish that the east coast population will play its respective roles, to ensure that ECER's objectives and targets are met.

The government is confident that KPP will bring about well-being which is collectively shared, taking the country to economic sustainability and raising its standard of living, especially in the east coast.

I pray that all initiatives will be carried out successfully. I now officially declare the Kertih Plastics Industry Cluster open.

**HA**

This publication thanks the former Prime Minister of Malaysia, Dato' Seri Abdullah bin Ahmad Badawi, and the Prime Minister's office, for kindly consenting to make available for publication this speech.