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An integrated approach will deliver SDGs

PIP to transform NCER socioeconomic landscape

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THE dynamics in the northern region of Peninsular Malaysia are set to change once the RM1.2 billion Perlis Inland Port (PIP) at the border of Malaysia and Thailand is operational.

PIP, with rail connectivity to facilitate trade movements between Malaysia and Thailand, as well as to Kunming and interior China, is indeed a game changer for the region.

The PIP is an iconic Public-Private-Partnership (PPP) infrastructure project, and part of the Northern Corridor Economic Region's (NCER) border development programme. PIP will move into full speed construction in the fourth quarter this year. Construction of the first phase is scheduled for completion by third quarter 2024. At present, preliminary work is progressing.

Prime Minister Datuk Seri Ismail Sabri Yaakob, at the launch of the project on March 15, said the development of the PIP would spur the growth of Malaysia-Thailand cross-border trade, as both nations strive to achieve RM126 billion in bilateral trade by 2025.

Being strategically located near the Malaysia-Thai border, PIP is a key tactical project for the region that is well-positioned to reap the economic and trade benefits of cross-border businesses between the neighbouring countries.

"As far as the Northern Corridor implementation Authority (NCIA) is concerned, PIP will alter the landscape of the NCER and create jobs and new opportunities for the business community," NCIA chief executive Mohamad Harris Kader Sultan told the *New Straits Times* in an exclusive interview on the sidelines of NCIA's 3rd Teh Tarik Session at its headquarters in Penang recently.

There are two sources of funds for this project namely the public and private sectors. The government, through NCIA, will develop three external infrastructures, specifically the bonded road between PIP and customs complex, railway spur line and flyover connecting PIP to public access. These



Wan Ahmad Zaheed Wan Mohamad

external infrastructures will facilitate seamless cargo movement into PIP and connectivity to the existing railway line at Padang Besar.

"We welcome this project as a testament of how public-private partnerships can work together for the betterment of the economy."

PIP will strategically support the industrial parks under development in the NCER, namely the Chuping Valley Industrial Area (CVIA), Kedah Rubber City (KRC), Chuping Agro Valley (CAV) and Kedah Science and Technology Park (KSTP).

"We saw how Penang Port supported growth in the north before this. You are going to see different dynamics in the next five to 10 years once PIP is fully operational," said Mohamad Harris.

Mutara Perlis Sdn Bhd (MPSB), a privately funded joint venture with the Perlis state government, will develop PIP in three phases, with the first phase comprising a Rail Park (three rail sidings and open yard) and a Logistic Park (pack-houses, warehouses, and storage silos). Once completed, PIP will provide an integrated one-stop centre for logistics activities.

"We undertook a study to understand the needs at the Thai border and the movement of cargo from South Thailand to Malaysian ports. Thailand is also upgrading ports, building new ports and studying the viability of the land bridge project. There is a need for a bigger logistics facility with multiple entry and exit points near the border such as PIP," said MPSB managing



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director and chief executive officer Wan Ahmad Zaheed Wan Mohamad.

At present, the Padang Besar Container Terminal (PBCT) is the freight rail market leader with 60 per cent market share operating on a mere 4.85-hectare site. Padang Besar in Perlis is an important gateway for cargo from South Thailand, and PIP will further enhance the positioning by offering various other value-added services such as pack-houses, stuffing and destuffing cargo and repair of containers among others within its 202ha infrastructure.

PIP's size offers immense potential beyond borders for global scale of business and supply chain. "If you look at the China market alone, it is huge. From the study, we estimate a sizeable percentage of PIP's 202ha will be just for the China market, not to mention the other connections beyond China," Wan Zaheed pointed out.

"The competitive edge is for PIP to be the gateway because Perlis is connected to Penang and there are various electronics, electrical, computer components, chips, and semiconductors from Penang that will go as far as Chengdu and Chongqing in China," added Mohamad Harris.

"NCER's KRC and CVIA will become more attractive because investors will have access to modern logistical facilities just next door to them at PIP. NCIA will facilitate incentives and basic infrastructure that will help the private investors to grow. Once investors come in, jobs and local vendors will be created," said Mohamad Harris.

"This is how we open up new areas in the north. Penang has always been the champion but there are new areas like Padang Besar and Padang Terap in Kedah. So, we start creating new nodes

and closing the regional gaps."

Mohamad Harris said they were in Thailand two months back and found that the Thais were receptive to PIP and NCER's border development programme. They see this project as complementary to their own growth.

"The Consul-General of Thailand in Penang, Raschada Jiwalai, attended the Teh Tarik Session. The Thais are interested to partner us, in the spirit of what the prime ministers of both countries had announced, to increase trade."

"The Consul from the Consulate General of the People's Republic of China in Penang, Zheng Fang and Luo Ling Ling, were also present. They also see opportunities for China to participate in this development."

"Parallel to PIP, Penang Port is also expanding in anticipation of increased movement of cargo from this region to the rest of the world, especially to and from China post-pandemic. If PIP comes up and Penang Port does not expand, then there will be a bottleneck. The two projects must be developed in tandem," said Mohamad Harris.

He also added that globally, many of the border towns progressed well, citing Johor Baru enjoys development as a border town.

"The Thai side of the border is progressing better, however, on our side, the development has not kept up with the potential of a border town. Therefore, initiatives like PIP will boost the economy of Perlis in particular, and the region in general."

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nomy of the state. The spur line for PIP will be connected to Penang Port. So, to go to Penang Port, it must go through Kedah as well. This means the whole stretch will benefit from the spillover impact."

"In the case of the PIP, we are talking about 500 high value jobs and at least another 2,000 normal jobs even during the construction phase itself. The economic spill over to the people surrounding will increase. Ordinary folks will benefit from this project."

"The objective of NCIA is to overcome regional imbalances for the NCER. At the end of the day, we aspire for the other three states to be on par with Penang," concluded Mohamad Harris.

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PIP is strategically located 9.5km from Chuping Valley Industrial Area (CVIA) and near the Malaysia-Thai border.