



# Northern Corridor Implementation Authority (NCIA)

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An exclusive report to be distributed with *THE INDEPENDENT*

Transcription of interview with:

**Dato' Redza Rafiq**

Chief Executive

**WORLD REPORT:** Thank you once more for the opportunity to visit this beautiful part of the country, and to interview you. Please tell us about the reasons behind the establishment of a special development area in the northern region.

**DATO' REDZA RAFIQ:** The government wanted to focus on areas where they already had a competitive advantage. The northern region is the rice bowl of the country with a lot of agricultural activities. There is manufacturing in Kedah and Penang, which I am sure you could see all the way from the airport. Then you have the services sector including tourism and logistics, which is very strong in the north. We are leveraging on these core competencies to take them to the next level and use these as tools to help the agenda of moving the country up the value chain. You have to understand the role of the Northern Corridor Implementation Authority (NCIA) is more of an enabler of economic activities and therefore facilitator of private sector participation. The role is actually to foster economic activities and economic development to spur sustainable socio-economic outcomes as a result of this economic development. The key word here is sustainability. The key points you highlighted are very special to us. The first term you used was medical travel. We use the term medical tourism. We are working very closely with the Penang government to actually build up Penang as a medical tourism hub and to connect dots; to make sure that Penang has a water tight proposition with regards to medical tourism. We are looking at

how to expand these catchment areas. We also want to look at the services that are provided; not in terms of the medical services per se but the supporting services that must come hand in hand with the medical services provided.

**WORLD REPORT: Speaking of supporting services that come with medical travel, does that entail transportation logistics?**

**DATO' REDZA RAFIQ:** Yes, hotels as well. You talk about hospitals but now we are talking recuperation centres, where you can go afterwards. Then what happens to the people who come together with a patient? What do they do? How will they move around? We have a plan to look at what would be the regime of those who are attending to the sick.

**WORLD REPORT: So you are saying that the people who accompany the patients are also important...**

**DATO' REDZA RAFIQ:** Yes, there are definitely spill over effects.

In terms of semiconductors, you see that we are moving away from the bottom areas of assembly on two counts. One is to move up the value chain in terms of going into newer, higher, knowledge-based activities. The second thing is to increase local content in manufacturing. Take for example the two big micro-processing companies. They will take their wafers from Europe, bring them to Malaysia, we cut and piece them together with other stuff and then we export them to the world. Increasing local content means putting more of the value from that wafer component in Malaysia. We are talking about increasing the knowledge-based and value added activity put into the process in Malaysia. But you are right about the word 'semiconductor' about not being appropriate. We use the term 'E&E' for the electrical and electronics industry. Some are support services but they are still in the electronic industry, such as the deoxidisation liquid service providers, for example. They are not linked to semiconductors but they are in the electronics industry.

The next component is green energy. In the 2010 budget, the government has strongly set up its focus on harnessing what we have in the country to have sustainable and renewable sources of energy. They are talking about harvesting the sun and rainwater and many different things. There is also lighting which is very green because it consumes less energy. The reduction in energy consumption is so huge that it can be defined as

'revolutionary'. We are talking about tax breaks for new things such as interceptor systems for the reuse of water and the use of brown water to water the plants. This is good technology. In terms of logistics the Northern Corridor area is the place where the government is investing huge sums of money to upgrade the system. This place is well poised to actually grow as a result of new investments coming in and economic activities derived from this thing. This company PLUS Expressways did the North-South Expressway, which catalyzed a lot of economic activities as a result. Not just the construction stages, but something rose from the existence of that highway. A lot of things happened because of that. Many things have opened and different industries could come into existence. At the same time in the Northern Corridor, you have double-tracking going all the way to China. You have enhancements to the Penang airport and port. Then you have the logistics hubs that were created as a result of this. Then you also have the 2<sup>nd</sup> Penang Bridge.

**WORLD REPORT: Aren't the Chinese building that?**

**DATO' REDZA RAFIQ:** Yes, it is a joint venture. There are many different things but the bridge is a simple example. The bridge starts in a place called Juru, which is on the mainland. We went to Juru last year to visit a shared service facility for biotechnology. They had bovine, avian and rodent testing in their laboratories. It was in the middle of nowhere, only some industrial land. But Juru is the landing point for the second bridge. On the other Jerejak Island side, the bridge goes straight to the airport. Imagine the potential of having a logistics hub there. Customs is there and these things will go straight to the airport or the Penang port, which is nearby anyway. We are also looking at a few things for agriculture. The NCIA is a facilitator. We look at a business case and see how we can facilitate this business case. For agriculture we are looking at sustainable propositions. We are looking at new ways to do farming, new ways to do different economic activities as a result of farming and new ways to increase the yield of crops. This is modern. We are looking at exploring this new engineering-driven agriculture where we use new technology to actually try to improve agriculture yield in a way that has never been done before.

**WORLD REPORT: We are not just speaking about palm oil...**

**DATO' REDZA RAFIQ:** No, this runs across the whole spectrum. We are even talking about pineapples and chillies.

## **WORLD REPORT: Rice as well?**

**DATO' REDZA RAFIQ:** Of course. It would not be right for us not to talk about rice. With that comes the biotechnology component. We are exploring how to use biotechnology to augment the agriculture component and also the pharmaceutical side because of the medical facilities that are there. You can see the synergies we have in the region. But this is not a green field development so you will not see NCI doing huge pedestrian crossings or interchanges going three stories high. We will be catalysing business activities, economic growth and private sector involvement. This is the critical part. We are going in this direction because the government has identified that the private sector will be leading the economic growth during the 10<sup>th</sup> Malaysia Plan (10MP). They are laying the groundwork for this.

**WORLD REPORT:** Speaking of the private sector; on one hand your role is to develop the northern region here in Malaysia by attracting investment through transitioning into high value added industries. On the other hand, what comes along with the development of the region is the local population getting involved and having access to employment, education and all of the benefits that can arise from economic development. But you are also attracting foreign capital into the northern region.

**How do you ensure that the local population receives as many benefits as the foreign capital, which comes into the area?**

**DATO' REDZA RAFIQ:** We do not favour one over the other because an investment, be it local or foreign, is the same for us. We approach it to varying degrees. We believe in addressing the needs because each investor and business entity will have their own unique needs, corporate requirements and idiosyncrasies. It is our job to identify them, discuss with and engage them to find out what these are and address them accordingly in order to make it a real value proposition for these companies. For the locals – I am not talking about local companies or the local private sector, but the local people – we believe that we should continuously engage those who are interested to find out what the industry wants. That way we can provide the industry with an industry-relevant supply of skilled labour and knowledgeable workers who would be 'fit for purpose' for the industries that

come in. We have training programmes. The most important component in driving economic growth and the government's economic agenda for the Northern Corridor is the human capital component, without which we would not be able to optimise the effects.

**WORLD REPORT:** For instance, if you compare NCER to Cyberjaya, there are no restrictions on foreign employment for the companies that decide to set up there and are Malaysia Super Corridor (MSC) certified. Being the former Managing Director of Cyberview you would be familiar with that...

**DATO' REDZA RAFIQ:** I was involved from the start in crafting that...

**WORLD REPORT:** It is a great initiative especially if you look at the foreign capital in Cyberjaya today. But I wanted to ask you about the Northern Corridor; are there many restrictions when it comes to employment of foreigners and foreign capital setting up operations here?

**DATO' REDZA RAFIQ:** Cyberjaya was done in that manner because it was a generic, information and communications technology (ICT) related industry. So a blanket kind of deal would be OK for that. But in this case there are many industries within the three thrust areas. For us to actually come up with a similar blanket arrangement would not do justice to anyone. We have approached it on a case-by-case basis, depending on the unique needs of each company and corporate entity. It is all about understanding the needs and addressing them accordingly. We will approach things on a case-by-case basis and the best answer is that engineering term 'fit for purpose'.

**WORLD REPORT:** Just to highlight some specific figures, I understand that you wish to increase investment, particularly in the manufacturing sector, by up to 24.3 billion ringgit by 2025. How confident are you that the Northern Corridor will succeed?

**DATO' REDZA RAFIQ:** When the blueprint was done, the economy hadn't yet entered the economic crisis. When a crisis of this nature happens we are forced to reconsider priorities. Even now we have adapted our priorities in terms of the focus areas for economic development. So the figures need to be changed as well. It is still too early to actually give you the targets but I can clearly say that right now we are reprioritising and

restrategising what will be the real targets. Previously things were different. It is actually a two-edged sword. To give you an example, we have been quoting a company for a while, that has always been lukewarm in terms of response. But by the end of 2008 they had to declare losses in excess of \$1 billion because of the crisis. Suddenly they were forced to look at new ways of doing things and relocation options. Now we are very close to clinching the deal for them to come in with a bigger presence in Penang. On one hand production gets decimated. For a trading nation like Malaysia where our trade volume is 200 times our gross domestic product (GDP), this is highly unusual. It is not like the United Kingdom or the United States. This is incredible for a small country but our GDP is not so big. We were bound to be affected once the bubble burst.

**WORLD REPORT: But as you said, in every crisis there is an opportunity.**

**DATO' REDZA RAFIQ:** This is a surprising thing for us. We did not expect this. But bring it on.

**WORLD REPORT: It is wonderful to see that optimism, energy and motivation. You have got your eye clearly on the goal and you're not letting any challenge stop you.**

**Thank you for your comments.**