Greater Kuala Lumpur & Klang Valley

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GREATER KUALA LUMPUR & KLANG VALLEY

Planning for a cleaner, greener city

Tourism Malaysia

The multicultural metropolis of Kuala Lumpur and the surrounding Klang Valley region have to overcome problems of connectivity, urbanisation and liveability if they are to continue attracting investments. The economic and cultural core of Malaysia, home to approximately six million people, is slated for just such a 21st century makeover.

Deriving its name from the fork formed on the southern corner of Masjid Jamek by the confluence of the Klang and Gombak Rivers, Kuala Lumpur – or "muddy estuary" in Bahasa Malayu – is Malaysia's capital and home to the iconic Petronas Towers, once the world's tallest buildings at the time of completion in 1998.

Together the Greater Kuala Lumpur and Klang Valley (Greater KL/KV) region had a population of approximately six million as of 2010: As part of the Kuala Lumpur National Conurbation, it is the largest urban center in the country.

This region is defined as ten neighbouring municipalities, which are governed by local authorities: the largest being DB Kuala Lumpur (DBKL) with around 1.7 million people, followed by MP Klang (747,000), MP Kajang (743,000), MP Subang Jaya (583,000), MB Petaling Jaya (577,000), MP Selayang (559,000), MB Shah Alam (528,000), MP Ampang Jaya (142,000), Perbadanan Putrajaya (89,000), and MD Sepang (82,000).

The Greater KL/KV region accounts for 20 per cent of Malaysia's population and added RM263 billion to gross national income (GNI) in 2010, or 30 per cent of the nation's total. Yet this country of 29 million is still very much in the initial steps of unlocking the economic potential associated with more developed nations who have created specialised and highly productive urban centers.

According to the Economic Transformation Programmes (ETP), the country's roadmap for economic growth, Malaysia has an urbanisation level of 67 per cent and GNI per capita of RM22,000, compared to more developed nations such as the US with 83 per cent and RM 153,000 respectively, and the UK with 87 per cent and RM108,000 respectively.

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Currently Malaysia is behind other regional urban hubs when it comes to attracting foreign companies and workers. According to research published in the ETP, there are 1,600 foreign companies with offices in Malaysia, whereas other Asian cities have clearly proven to be more alluring: 4,000 foreign companies are in Beijing, 6,000 in Singapore and 17,000 in Shanghai.

In order to bring in and keep global talent and multi-national corporations (MNCs) – as well as herald a return of the Malaysian diaspora (the majority of which are currently residing in Singapore, the US, the UK and Australia) – an urban center with efficient regional and intercity transportation, sound sewage and sanitation systems, and a liveable and green environment is needed. Unfortunately, current trends and global rankings depict a city facing

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numerous challenges: Public transport is in decline, with modal shares that have slipped from 34 per cent in 1985 to 20 per cent in 1997 and now stand at 12 per cent as of 2009; the Economist Intelligence Unit's global liveability index ranked Greater KL/KV 79th out of the 130 countries which were surveyed.

However, beyond charming foreigners with improved infrastructure and additional commercial centers along a cleaned up Klang River (see below), Malaysia has made conspicuous displays to lower the cost of doing business, especially for those who qualify under the revisited qualifications for operational headquarters status, as outlined in the ETP, which includes having total parent company assets of over RM300 million, a minimum paid-up capital of RM5 million from the parent company, a sustained size of companies outside of Malaysia, and a workforce in which over 50 per cent are deemed as skilled for employment through relevant certifications.

Currently the operational headquarters status awards a tax exemption period of five to ten years. In addition, the cost of doing business has been made even lower by creating the option of a single-window service online, integrating agencies and sliming paperwork to three procedures over the course of three days with the standard Malaysia company identification number (MyCoID).

In another bid to promote the region, InvestKL, a government-run marketing agency, has been tasked to write brochures and compile press kits highlighting Greater KL/KV and send them off to MNCs in industries that Malaysia already shows comparative advantages in, such as Islamic finance, retail, palm oil production and manufacturing.

The website (www.investkl.gov.my) is published in English and Chinese and features praise from a number of key players of world-renowned companies, such as Schlumberger, IBM, Toshiba, PayPal, Citibank, Tesco and GlaxoSmithKline. As reported on the InvestKL site, the agency is also involved with showcasing Malaysian MNCs through events set up by Bursa Malaysia and Maybank Investment Bank Bhd.

The logistical nightmares that bottleneck supply chains in poorly managed urban centers are trying to be avoided so that Greater KL/KV can continue attracting MNCs and move up the ranks of the international city surveys. What is being called "Malaysia's largest infrastructure project" can get Kuala Lumpur over this hurdle.

The proposed three-line Klang Valley Mass Rapid Transit (MRT) system – also known as the Greater KL MRT – will usher in the construction of about 141 kilometers of additional rail lines that will be integrated with the current LRT and KL Monorail transit systems. The new MRT system is expected to attend to over 11 per cent of traffic through Klang Valley and 64 per cent of travel through Kuala Lumpur city center. About 90 new stations are being planned, and funding will come in by leveraging the best principles of private-public partnerships (PPP) and encouraging capital investments with offerings of cross-subsidised property rights next to the new stations. Construction is currently in progress and being undertaken by MRT Corporation, a group of privately help companies involved in engineering, construction, architecture, military supplies, surveillance and more.

Beyond charming foreigners with improved infrastructure and additional commercial centers along the Klang River, Malaysia has made conspicuous displays to lower the cost of doing business.

Likewise, beyond plans to become a more interconnected city, talks of building a high-speed rail (HSR) link between Kuala Lumpur and Singapore are bouncing about the news. Though still in the feasibility stages of research, the National Key Economic Area laboratory, the government committee behind the project, has heard presentations from UEM Group-Hartasuma, China Infraglobe Consortium-Global Rail and YTL Corp, reported the *New Straits Times* in April 2012. The HSR trains, sometimes known as "bullet trains", which travel at an average of 350 to 450 kilometers per hour, have seen a noticeable rise in popularity over the past decade in Taiwan, South Korea and China, though they were first introduced in Japan in the 1960s.

HSR links have been known to dramatically increase passenger travel in the past, and analysts expect that the 9.2 million trips made between the two cities every year could surge upwards as much as three to six times. By the same token, with the new link Greater KL/KV will begin to attract additional business from Singapore because of high labour costs in the city-state's service sector – which are approximately two to three times greater than Greater KL/KV – and due to knocked down travel time that will become two hours faster than flying.

Bringing more greenery into the region will also improve quality of life for KLites. Currently KL city center has only 12 meters of green space per capita, just below the 16-meter standard set by the World Health Organisation (WHO), as noted in the ETP. Plans to expand existing tree planting schemes from 25,000 trees a year to 100,000 trees in KL city center will bring a bit of the Malaysian forest back to urban dwellers.

To support beautification projects, the city will also promote recycling and begin implementing solid waste management fees. In 2009, Malaysia had a recycling rate of just 11 per cent, far behind that of developed nations, such as Denmark (42 per cent) and Singapore (57 per cent).

Campaigns with the goal of obtaining a recycle rate of 2020 will be made, and the public will be informed that by 2012 unsorted solid waste will not be collected.