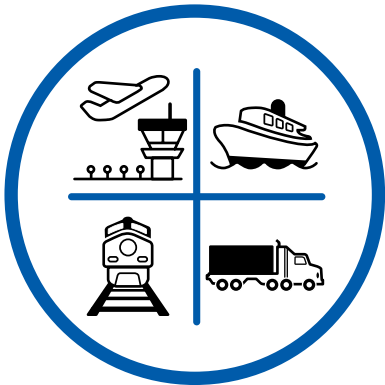


# Transport & Infrastructure



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## TRANSPORT & INFRASTRUCTURE



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# Connections for prosperity

**Malaysia has a well-developed infrastructure system, apart from a few shortcomings in remote areas. Roads, railroads and ports are well maintained, and the government has succeeded in meeting the growing demand for infrastructure.**

When Malaysia became independent, the country inherited a reasonably well-developed set of infrastructure facilities. The government has since built on the original foundations and all categories have expanded manifold, along with the modernisation of facilities. However, infrastructure and transport networks are still unevenly distributed, which has prompted the government to implement the development of basic rural infrastructure in the 10th Malaysia Plan.

To date, large investments have been made in expanding highways, railroads, seaports and airports. More recently, the government played an active role in encouraging development of modern modes of communications such as satellite telecommunications and the Internet. In the late 1990s, the government launched a privatisation programme in the transport and communication sector, which brought private investments,



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**Infrastructure and transport networks are still unevenly distributed, which has prompted the development of basic rural infrastructure.**

allowed more flexibility and provided initiatives for managers to increase profitability and production efficiency. Lately, the private sector has been investing more in infrastructure than the public sector.

Two motives have shaped the scale and pattern of infrastructure development strategies formulated by the Malaysian government. The first is the recognition that infrastructure is vital for the economic development of the country.

In this regard the objective of the Malaysian government is to expand infrastructure facilities to keep abreast of the growing demand for infrastructure arising from the growth and transformation of the economy. Ensuring minimal infrastructure shortages is thus a paramount aim of the government.

However, meeting the growing demand for infrastructure from modernised sectors of the economy,

## TRANSPORT & INFRASTRUCTURE

including the external sector, is not the only objective driving the Malaysian government's infrastructure policy. A second aim is to develop infrastructure to serve socio-economic ends. Here, the focus is on providing infrastructure to promote the development of less developed regions of the country, including rural areas. Improving the accessibility of these regions is intended to bring about a more balanced development of the country and redress economic disparity.

Malaysia is well served by a network of 94,500 kilometers of primary and secondary roads, 70,970 kilometers of which are paved. This includes 580 kilometers of superior quality expressways, which connect Kuala Lumpur with Singapore and with major seaports and other destinations.

However, the road system is still underdeveloped in East Malaysia (Sabah and Sarawak), with most of the roads being in Peninsular Malaysia. With the rapidly growing number of privately owned cars, the roads in the capital and other major cities have become highly congested.

In response to the growing number of cars on the national roads, the government invested in developing the public transport system, including modernising the country's railways and constructing a light rapid-transit system in Kuala Lumpur.

Malaysia has a railway system of about 1,800 kilometers. The major tracks run from Singapore to Kuala Lumpur, and further to Penang and Bangkok. However, the railways are unevenly distributed. There is only one railway track of about 134 kilometers in East Malaysia (Sabah). Malaysia intends to invest heavily into building new railways.

Malaysia's seaports were established during the colonial era and served as merchant ports as well as British naval bases. The major ports today are Kelang, George Town, Penang and Kuantan on the Peninsula, and Kota Kinabalu and Kuching in East Malaysia. In the past few decades, these ports were expanded to serve rapidly growing Malaysian exports and imports. Since then, competition has

# 94,500

**kilometers is the length of Malaysia's primary and secondary road network.**

grown between Malaysia and Singapore for servicing international ships and handling containers.

Malaysia has also promoted development of aviation in order to serve growing tourism and business needs. The country has 32 airports with paved runways, and 83 airports with unpaved runways.

The largest of them, the state-of-the-art Kuala Lumpur International Airport, was opened in 1998. It is capable of handling 25 million passengers and 1.2 million tonnes of cargo annually. Malaysia also transformed its national partly privatised air carrier, Malaysian Airlines, into a world-class company.

In Peninsular Malaysia, electrical power is supplied by the predominantly state-controlled Tenaga Nasional company. Owing to the rapid industrial development and growing demand for electricity, considerable efforts were made to privatise the national utility company and develop private initiatives to build and operate new power generating plants.

To this end, private consortiums, the Independent Power Providers (IPPs), were established. Malaysia has sufficient reserves of oil, gas and coal to meet its energy needs. Additionally, in East Malaysia there is huge potential for building hydroelectric power plants, but their development requires considerable investments and often triggers environmental concerns among the public.

Telecommunications services in Malaysia are provided by several competing companies. The largest is Telecom Malaysia, which formerly had a

state monopoly in the sector. The quality of telecommunication services is up to international standards, thanks to an inflow of private investments and the government's initiatives in developing this sector.

In 1998, the Malaysian government launched the development of the multi-billion-dollar Multimedia Super Corridor. This ambitious project, 15 kilometers wide and 50 kilometers long, and stretching from Kuala Lumpur to Kuala Lumpur International Airport, is being developed to become a so-called 'Malaysian Silicon Valley'.

While most of the investment in infrastructure has gone into meeting the demand for infrastructure from the modernised economic sectors of the economy, mostly located in the west coast states of Peninsular Malaysia, growing amounts are also being invested in the less developed parts of the country to achieve socio-economic objectives of poverty eradication and balanced regional development.

The rural roads programme and the pursuit of universal service provision in the supply of electricity and telecommunications services are examples of developing infrastructure in the rural areas and less developed regions of the country.

The Economic Planning Unit (EPU) of the prime minister's department is the central agency largely responsible for infrastructure planning. The National Implementation Task Force chaired by the prime minister oversees implementation of projects. In the five-year planning cycle of the Malaysia Plans, the EPU finalises infrastructure projects for inclusion in these plans.

The projects are identified by the line ministries and prioritised by them in accordance with availability of resources and allocation of resources ascertained by the EPU. The selection of projects, however, is not done within the context of long-term sector plans. On the contrary, except for the roads sector, which has a master plan for road development, other infrastructure ministries do not have long-term or even medium-term sector plans.