

## **SPECIAL ADDRESS**

### **THE NATIONAL TRANSPORT SUMMIT 2022** ***Building Transport Infrastructure - Investing in the Future***

**YB Datuk Arthur Joseph Kurup**  
Deputy Minister of Works, Malaysia

**22<sup>nd</sup> FEBRUARY 2022 | 12.00 PM**  
**BERJAYA TIME SQUARE HOTEL, KUALA LUMPUR**

Tan Sri Michael Yeoh, President, KSI Strategic Institute for Asia Pacific

Distinguished guests,

Ladies and Gentlemen

Good afternoon and Salam Sejahtera

1. I would like to congratulate the organising committee for successfully organising this event. It is an honour to be invited to deliver the special address at the National Transport Summit 2022.
2. I would also like to express my appreciation to our distinguished speakers who have generously shared their knowledge and expertise. The transportation sector is a critical part country's economy and will play a key and strategic role in the national economic recovery effort. And we are always looking for new insights on how to do things better and more efficiently.
3. Coming from the MOW, we must recognize that we have an inseparable connection to the transportation sector. As the ministry in charge of both construction and the Highway Authority, transportation and connectivity is a key component of our responsibility.
4. A better more efficient construction industry will lead to better transportation infrastructure, which is crucial for mobility, mobility of people, flow of trade, which contributes to more efficient economic activities, reducing travel time and

cost, in a safe and comfortable environment – ultimately leading to better lives and a more prosperous society.

5. The importance of the construction sector was underscored during the MCO. Construction was categorized as an essential sector to ensure communication and transportation remained operational. Post MCO and as we move into pandemic, the construction sector is again identified as a key industry in the government's economic recovery plan – contributing more than double the economic multiplier effects compared to other industries.
6. Economic growth and shared prosperity for Keluarga Malaysia are among the reason why the government makes it a priority to properly plan and improve connectivity.

Ladies and Gentlemen

7. The 12th Malaysia Plan (2021-2025) contains a number of policies and targets for the country's infrastructure sector and highlights three key features namely; transport infrastructure development with a focus to improve connectivity; a stronger drive towards sustainability; and accelerating green infrastructure.
8. Hence, the Ministry of Works developed The Highway Network Development Plan (HNDP) as a national master plan for road infrastructure. With an emphasis on increasing connectivity, the HNDP aims to develop the national highway network that complements the national economic development plan.
9. Simultaneously, this plan targets to improve the efficiency, reliability and safety of road users nationally. HNDP 2030 aims to promote a national and balanced transportation network.

10. Based on the statistics from the Road Traffic Volume Malaysia Report (RTVM), Peninsular Malaysia has over 23.7 million registered motor vehicles. This annual growth in vehicles indicates that road transport is still the primary mode of transport.
11. Developing the HNDP 2030 involves assessing the current road network infrastructure and forecasting the traffic demand to identify the need for new road projects and upgrading projects. This study also prioritizes projects based on forecasted demand that will fit into the 12<sup>th</sup> & 13<sup>th</sup> Malaysia Plans.
12. Although efforts are made to promote public transportation, regardless of the mode of transport however, having easy access and mobility is vital to keeping the economic engine running smoothly, and for this we need the right infrastructures in place.

Ladies and Gentlemen,

13. The COVID-19 pandemic has had a detrimental impact on the global construction industry.
14. The industry is estimated to have incurred a loss of RM42 billion from the Movement Control Order (MCO) from March 2020. RM24 billion was the estimated loss from MCO 1.0 in 2020. While a further RM18 billion was the estimated loss during the MCO 2021. An estimated 10,000 projects were affected by the pandemic.
15. Malaysia now aims to 'Build Back Better', from the MOW's perspective, the pandemic of COVID-19 will pose new challenges and also new opportunities for the government to steer the growth of the new economy post MCO towards a more sustainable and equitable pathway. Scaling-up of investment in green infrastructure is important for Malaysia not only to meet its climate change

commitments – such the Paris Climate Change Agreement – but also to continue pursuing economic development.

16. We must focus on smarter investments and better practices. This does not necessarily mean spending more money, but harnessing technology, Infratech, and building efficiencies based on data so we can do more with less. We also need better ‘infrastructure governance’— including strengthening policies, institutions and investments, better planning, robust project preparation, investment prioritization, more efficient and transparent procurement, and strong attention to resilience, quality, transparency and fiscal sustainability.

17. When it comes to building transport infrastructure that truly delivers economic and social impact, quality is as important as coverage. My Ministry acknowledges the importance of resilience and quality in transport infrastructure service delivery.

18. There are several projects that we have completed and some that are being planned which falls under the low carbon transport sector such as the Sungai Buloh- Serdang-Putrajaya MRT; the East Coast Rail Link (ECRL) Project; the East Coast Expressway 3, the Mass Rail Transit Line 2, the Klang Valley Double Tracking 2, the Johor-Singapore Rapid Transit System and the Baleh hydroelectric project. These projects are part of our infrastructure plans to build better and be more sustainably.

Ladies and Gentlemen,

19. ASEAN is on its way to becoming a powerhouse in the global market and aims to be in the top three by 2030, the Southeast Asian region is looking to strengthen their foothold through large-scale infrastructure-backed growth.

20. The ASEAN Connectivity master plan aims to develop a seamless and comprehensively connected region by 2025 through decisive collaboration between member states. The 5 key tenants of this road map all point towards the shared ambition of becoming a sizeable economy that can comfortably compete with larger, more mature markets globally.
21. To achieve these goals, the bloc has outlined plans to build several new key infrastructure to improve logistics and connectivity with the vision of bringing together a population of 620 million people into the folds of a thriving economic hub.
22. Malaysia's strategic location and increasing connectivity make us one of the preferred gateways into the Southeast Asian market. East Malaysia (Sabah and Sarawak) is on the right track for economic development, embracing the development projected in the Borneo region. Neighbouring with Brunei Darussalam and Indonesia's new capitol, Nusantara in East Kalimantan, it will be a catalyst for economic growth and development.
23. The construction of the Sabah Pan Borneo Highway and Sarawak Pan Borneo Highway will increase seamless and toll-free connectivity within the region. The increase in infrastructure spending is aimed not only at spurring growth in the short and medium term, but will also provide more economic opportunities especially in the construction sector.
24. The Sarawak-Sabah Link Road (SSLR) which begun construction on 1 November 2021 aims to create a network of roads connecting Sarawak and Sabah without the hassle of immigration and customs checks at the Sarawak-Brunei border. This 425 km project will enhance interstate connectivity and provide those living in the rural areas better access.
25. Upon completion, surrounding area of the link road can expect economic opportunities that can be capitalised especially in the eco and agro-tourism apart from social benefits such as better access to education and healthcare.

26. Over the last decade Malaysia has seen an impressive increase in container traffic through its ports, leaving behind other emerging economies in the region. Since 2000, Malaysia recorded a 400% growth in container throughput, now taking up almost a quarter of all containers handled in the region. Twenty years ago this was only 10%.
27. As of recent news, the sea freight rates have increased up to 800% in some routes, it is a 100% increase since October last year. This is due to reduced available capacity on shipping lines and container shortage, based on recent feedback received by the Malaysia National Shippers' Council (MNSC). This has caused prices of imported business inputs and export costs to soar.
28. This is no surprise. Malaysia is right at the heart of the region where intercontinental and intra-Asian sea trade routes converge. The logistics sector has been identified as a key economic growth in the 12<sup>th</sup> Malaysia Plan, and will require improved port capacity as well as roads to support the trade flow of goods.
29. Malaysia is set to expand the Sepanggar Bay Container Port in Sabah into a transshipment hub for the BIMP-EAGA sub region. This RM1.03 billion project will upgrade port facilities and equipment, hence doubling the container terminal's capacity to more than a million TEUs (20-foot equivalent units) per year.
30. The expansion of the container port is expected to benefit local industries as it is strategically located near agricultural, aquaculture, and mineral resources, and will improve sea linkages in the BIMP-EAGA region. Sabah is part of the sub region's Greater Sulu–Sulawesi Corridor (GSSC), which also includes North Sulawesi in Indonesia, and Mindanao and Palawan in the Philippines. Sepanggar port is expected to also serve as a gateway to the People's Republic of China, Japan, and the Republic of Korea.

31. Likewise, China itself has increased interest in Malaysia and is doing major investments in infrastructure projects through its global development strategy known as the belt and-road initiative (BRI). On the east coast of Peninsular Malaysia, facing the South China Sea, we have the Kuantan Port which allows direct access to China and East Malaysia without having to go through the Malacca Straits. This port then has access to the ECRL and further access to the Klang Valley including Port Klang on the West Coast. Again this shows how properly planned infrastructure can increase the network and connectivity of people and goods.

32. Moving forward, the Government will prioritise new sources of growth. Fiscal policy will remain expansionary to stimulate the economy, with Budget 2022's initiatives focused on speeding up recovery, strengthening economic resilience, and catalysing reforms. All these initiatives are in line with the themes and core thrusts of the recently announced Twelfth Malaysia Plan (12MP).

33. Despite the uncertainties, the Government believes the nation's economy can withstand any potential headwinds due to its strong fundamentals. We expect GDP growth of between 5.5% and 6.5% in 2022, primarily driven by the reopening of economic and social sectors, as well as increased external demand from major trading partners. Other growth drivers include higher commodity prices, improved labour market conditions, a rapid transition to digitalisation, and the implementation of infrastructure projects with high multiplier effects. <sup>(1)</sup>

(1) Ministry of Finance Economic Outlook 2022

Ladies and Gentlemen,

34. The increase in infrastructure spending will not only boost the construction industry and stimulate economic growth in the short and medium term, but will also provide economic opportunities, improve infrastructure and connectivity, ultimately improving our quality of life.

35. Investing in a more sustainable, equitable transportation system will create jobs and new industries using new technologies that will also help us address climate change, improve safety, and quality of infrastructure and experience of

transport users. But addressing resilience requires more than money. It requires an interdisciplinary effort to address challenges in science, politics, and financing.

36. The Ministry of Works through the National Construction Policy (NCP) 2030 is structured to guide the Malaysian construction sector as a whole to grow in line with the United Nations Sustainable Development Goals (SDG) to ensure that the local construction sector and its overall ecosystem evolves to achieve sustainable growth with fair and equitable distribution across all income groups, ethnicities and geographic regions.
37. Malaysia also has the National Digitisation Policy (Dasar Digital Negara), where the Ministry of Works will focus on implementing the Intelligent Transport System (ITS) Blueprint and Fourth Industrial revolution (4IR) Construction Blueprint to embrace and adapt new technologies in the construction sector such as Building Information Modelling (BIM), Pre-fabrication and Modular Construction, Autonomous Construction, Cloud and Real-time Collaboration and many more.
38. These initiatives will not only further advance the construction industry but will concurrently ensure the adoption of new technology to ensure growth is green and sustainable
39. As mentioned at the start of my address, a modern and efficient construction sector is what we hope to achieve. As a key growth sector for the pandemic economy, as we work towards better infrastructure – which in transportation will contribute to better, safer, more efficient transport – to increase mobility of people and goods, facilitate trade and investments – increase economic opportunities – all in the hope of improving people's lives.
40. With that, I would like to thank KSI for inviting me this afternoon and wish all of you the best at this conference.

Thank you



