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MALAYSIA

Overview on Malaysian Construction Sector

(updated December 2011)

An Overview of the Malaysian Construction Sector (December 2011)

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1. OVERVIEW OF THE MALAYSIAN ECONOMY IN THE THIRD QUARTER OF 2011

Despite the global economic crisis, the Malaysian economy continued to progress well at a pace of 5.8% (in comparison to 4.3% in the second quarter) in the third quarter of 2011. The higher growth is the result of stronger domestic demand from household and business spending as well as higher public sector expenditure. Firm regional demand for Malaysian commodities and non-electrical and electronic goods helped to support this growth. In addition, supportive government policies such as the Tenth Malaysia Plan (2011-2015), Economic Transformation Programme (ETP) and the 2012 National Budget also played an important role in sustaining the strong growth. Overall, most of the economic sectors improved except for mining, as indicated below.

Sectors	2011				
	Q1	Q2	Q3	2011 Estimate	2012
1. Agriculture	-0.2	6.9	8.2	4.7	4.1
2. Services	7.0	6.8	7.0	6.4	6.5
3. Manufacturing	5.5	2.1	5.1	4.5	4.5
4. Construction	3.8	0.6	3.0	3.4	7.0
5. Mining	-4.2	-9.2	-6.1	-2.4	2.5
GDP	**5.2**	**4.3**	**5.8**		
Source : • Department of Statistics, Malaysia (Business Times, 19 November 2011) • Article 'Economic Report 2011/2012 ; GDP to grow 5% to 6% in 2012 (The Edge Malaysia)					

On the supply side, growth in most economic sectors can be seen in this quarter with the manufacturing sector recording significant improvement. Growth increased to 5.1% (2Q 11 : 2.1%) propelled by improvements in the production of both domestic-oriented and export-oriented industries. The domestic-oriented sector was supported by the increased demand in consumer products especially in the normalization in the production of transport equipment and strengthening of the construction-related cluster. Exports on the other hand was supported by the chemicals and chemical products industry which expanded at a faster rate.

Private consumption grew by 7.3% in the third quarter (2Q 11 : 6.4%) as the overall spending was supported by continued income growth, favourable labour market conditions, firm commodity prices and a strong stock market performance. In addition, there was also double-digit growth in the import of major consumption goods. In the mean time, public consumption rose 21.7% (2Q 2011 : 6.6%) owing to the high expenditure on emoluments and supplies and services.

In terms of manufacturing sector, the investments hit RM40.7 billion (Euro 9.55 billion) in the first 10 months of 2011. In comparison, total investments from local and foreign investors in 2010 was RM47.2 billion (Euro 11.08 billion), an increased of 45% from 2009. The main areas invested were electrical and electronics and basic metal products. Major investors were from United States, Japan, Hong Kong, Singapore and Germany. As the government had launched a programme in 2010 to revamp and improve the government's delivery system, eliminating bureaucratic procedures as well as improving transparency and accountability, it had made Malaysia one of the most competitive business locations in the world and thus attracting more investors to this country.

As for others, headline inflation rose to 3.4% in the third quarter of 2011 (Q2 2011 : 3.3%) due to higher prices in the food and non-alcoholic beverages, transport as well as housing, water, electricity, gas and other fuel groups.

Generally, the employment market is stable with the unemployment rate remained unchanged at 3.0%.

Source :
Bank Negara Quarterly Bulletin – Third Quarter 2011
Report on Malaysian Economy (Third Quarter 2011) – Ministry of Finance, Malaysia
Article "Domestic demand to drive Malaysia GDP growth' – New Straits Times, 23rd November 2011
Article 'Domestic activities drive Malaysia growth' – Business Times, 19th November 2011
Article 'Manufacturing investments hit RM40.7b' – New Straits Times, 6th December 2011

2. GOVERNMENT'S SUPPORT FOR THE ECONOMY

Eversince the global economic crisis started in 1998, the Malaysian Government had taken drastic steps to curb the economy from spiraling down further by taking up the following steps :

a) Setting up a 'Stimulus Package' for the economy

During this period, the Government has taken immediate step to boost confidence in market place by implementing two stimulus packages of RM 7 billion (Euro 1.64 billion) and RM 60 billion (Euro 14.08 billion).

The RM7 billion (Euro 1.64 billion) first Economic Stimulus Package announced on 4 November 2008 was aimed at compensating the shortfall in private sector demand and encouraged private spending. The fund was being spent on small-scale construction, maintenance of social infrastructure and public amenities and development projects that included the building of low and medium-cost houses as well as measures to boost private consumption. The RM60 billion (Euro 14.08 billion) second Stimulus Package announced on 10 March 2009 included wide-ranging measures to support domestic economic activities and strengthened capacity for future growth. Of the total, RM15 billion (Euro 3.52 billion) was allocated for fiscal injection, RM25 billion (Euro 5.87 billion) for Guarantee Funds, RM10 billion (Euro 2.35 billion) for equity investments, RM7 billion (Euro 1.64 billion) for private finance initiative and RM3 billion (Euro 0.70 billion) in the form of tax incentives.

With the stimulus plan, the Government had successfully generated and increased construction projects in the country and inevitably kept the activities going.

Source :

- *Master Builders Association of Malaysia*
- *Construction Industry Development Board of Malaysia*
- *Bank Negara Malaysia – Quarterly Bulletin, First Quarter 2009*

b) Liberalisation of the economy

Apart from the stimulus of RM 67 billion (Euro 15.73 billion) injected into the economy, the Malaysian government has liberalised the economy since 2009 to attract foreign investment.

The liberalisation has been applied to the services sector with the aim of creating a condusive environment to attract investments, technology and create higher-value employment opportunities. The services sector is in fact an important component of the national economy, contributing 55% to the gross domestic product in 2008. The government then aimed to increase the target to 60%.

Apart from that, *Bumiputera quota of 30% on equity ownership (which was previously imposed) in 27 services sub-sectors has been removed. Recognising the growth potential in the services sector, the government decided to immediately liberalise 27 services sub-sectors with no equity conditions imposed. Prior to this, companies in the services sector must offer 30% of its equity to bumiputeras.

The sub-sectors involved were health and social services, transport, business, computer industry and most importantly tourism services. The tourism services encompassed the development of theme parks, convention and exhibition centers as well as hotels and resorts and became the driving force to boost the construction sector.

Source :

- *Prime Minister's Department*
- *New Straits Times news article – 23rd April 2009*

* *Bumiputera refers to the indigenous people of Malaysia*

3. END OF 9TH MALAYSIA PLAN – IMPORTANT ERA THAT HELPED CONSTRUCTION SECTOR TO GROW

The 'Malaysia Plan' is a 5-year economic programme set by the Malaysian government to run the country and improve the welfare status of its nation.

The 9th Malaysia Plan (9MP) was a five-year blueprint of the National Mission, which was a carefully constructed framework that comprised of policies and implementation plans for the nation during the period of 2006-2010. The 9MP outlined the policies and key programmes that were designed to accomplish the following thrusts :

- To move the economy up the value chain
- To raise the capacity for knowledge and innovation and nurture first class mentality
- To address persistent socio-economic inequalities constructively and productively
- To improve the standard and sustainability of quality of life
- To strengthen the institutional and implementation capacity

Several strategic initiatives were established and implemented to attain the goals and among the initiatives were construction projects involving economic and social amenities.

During the period of 2006-2010, a total of RM220 billion (Euro 51.63 billion) was allocated for the 9MP, an increase of 17.6% over the 8MP. Of this, a development budget of RM200 billion (Euro 46.94 billion) was for Strategic Initiatives and RM20 billion (Euro 4.69 billion) for the Private Finance Initiatives (PFI) mechanism which supported the private sector-led growth strategy. Under the 9MP, the Government has further streamlined, adopted new approaches and mechanisms, to enhance the efficiency of the privatisation programmes.

Technically, the funds for construction under 9MP should have been utilized and the period of 2011-2012 sees the execution and implementation of the projects.

Source :

- *Construction Industry Development Board of Malaysia (Construction Opportunities in the Ninth Malaysia Plan)*
- *Ninth Malaysia Plan 2006-2010 (Economic Planning Unit, Prime Minister's Department)*
- *The Star press article – 10th August 2009*

4. DEVELOPMENT IN THE CONSTRUCTION SECTOR, 2010-2011

As the 9th Malaysia Plan came to an end in 2010, all parties involved tried to implement the proposed projects before 2010 ended and as such there was a spill over in 2011. As projects were being speed up, recovery was seen in the industry.

Led by recovery in the residential and non-residential sectors, the first half of 2011 saw the construction sector expanded by 2.1% as compared to 6.2% for the same period in 2010. Meanwhile, activities in the civil engineering area moderated as some of the project under the stimulus package came to completion. However, with the acceleration of 10th Malaysia Plan projects, the industry is expected to grow 3.4% in 2011.

Construction activity in the residential sub-sector rebounded on the back of favourable economic and business conditions, rising household income, favourable labour market conditions as well as accommodative financing. The number of housing projects increased in tandem with the demand for medium-priced houses as well as houses priced above RM500,000 (above Euro 117,000). Young working adults are targeting at the medium-priced houses given the government support of 50% stamp duty exemptions.

As for civil engineering sector, the public civil engineering projects moderated as compared to the private projects. Private sector construction activities have increased especially in the area of LNG regasification (oil & gas) and the development of oil terminal. Other activities that supported the growth of the construction sector include upgrading, repair and maintenance works of public buildings, construction of rural roads and works on improving the rural basic infrastructure.

In the first half of 2011, the non-residential sub-sector, the demand for office space and space in shopping complexes has increased. Occupancy rate has been stable, supported by favorable business activities and increased consumer spending. There were also 103 hotels with 52,000 rooms under construction during the review period, reflecting growing confidence in the tourism sector.

4.1 Indicators of the construction sector :

Construction Indicators	2010		2011		
	3Q	4Q	1Q	2Q	3Q
	Annual change (%)				
New sales & advertising permits	8.6	13.0	25.1	11.6	6.0
Housing approvals	43.1	31.7	31.6	14.1	54.1
Production of construction-related materials	9.3	22.2	22.1	17.4	18.6
Loans approved for construction	77.0	49.7	29.3	31.8	-20.5

Imports of construction materials and mineral products	13.7	23.1	-1.2	23.3	24.4

Source :
Bank Negara Malaysia Quarterly Bulletin, Third Quarter 2011
Ministry of Housing and Local Government, Department of Statistics, Malaysia and Bank Negara Malaysia

4.2 Number and value of projects awarded by status of contractors and project category as of September 2011

- Top row refers to value in Ringgit Malaysia million and bottom line in Euro million
- Exchange rate : Euro 1 = RM 4.2606

			Local Contractors				**Foreign Contractors**			
Category	**Number of projects**	**Project Value**	**Government Projects**		**Private Projects**		**Government Projects**		**Private Projects**	
	Total	**Total (RM mil)**	**Total**	**Value (RM mil)**	**Total**	**Value (RM mil)**	**Total**	**Value (RM mil)**	**Total**	**Value (RM mil)**
2009 **(Euro mil)**	7,018	74,091.73 17,389.97	3,013	31,934.19 7,495.23	3,953	38,973.88 9,147.51	1	1,313.99 308.40	51	1,869.67 438.82
Residential **(Euro mil)**	1,697	14,226.34 3,339.04	174	2,003.19 470.17	1,520	12,192.05 2,861.58	-	-	3	31.10 7.30
Non Residential **(Euro mil)**	2,085	22,709.32 5,330.07	524	6,215.71 1,458.88	1,523	15,467.59 3,603.38	-	-	38	1,026.02 240.81
Social Ameneties **(Euro mil)**	1,498	15,197.48 3,566.98	1,300	13,680.17 3,210.85	194	1,050.05 246.45	-	-	4	467.26 109.67
Infrastructure **(Euro mil)**	1,738	21,958.59 5,153.87	1,015	10,035.12 2,355.33	716	10,264.19 2,409.09	1	1,313.99 308.40	6	345.29 81.04
2010 **(Euro mil)**	7,015	85,236.66 20,005.79	1,837	19,037.84 4,468.35	5,070	57,180.69 13,420.81	1	316.22 74.22	107	8,701.91 2,042.41
Residential **(Euro mil)**	2,007	21,923.67 5,145.68	117	1,324.25 310.81	1,883	19,780.44 4,642.64	-	-	7	818.98 192.22
Non Residential **(Euro mil)**	2,474	29,646.70 6,958.34	354	3,041.40 713.84	2,039	21,982.96 5,159.60	-	-	81	4,622.34 1,084.90
Social Ameneties **(Euro mil)**	827	8,577.31 2,013.17	568	5,748.87 1,349.30	258	2,827.78 663.70	-	-	1	0.66 0.15
Infrastructure **(Euro mil)**	1,707	25,088.98 5,888.60	798	8,923.32 2,094.38	890	12,589.51 2,954.87	1	316.22 74.22	18	3,259.93 765.13

2011 (Euro mil)	3,802	49,365.40 11,586.49	1,018	11,577.87 2,717.43	2,729	28,347.80 6,653.47	2	623.54 146.35	53	8,816.19 2,069.24
Residential (Euro mil)	1,090	12,356.55 2,900.19	56	519.07 121.83	1,032	11,393.99 2,674.27	-	-	2	443.49 104.09
Non Residential (Euro mil)	1,292	16,079.08 3,773.90	128	1,118.31 262.48	1,122	12,820.48 3,009.08	-	-	42	2,140.29 502.34
Social Ameneties (Euro mil)	428	3,482.69 817.42	298	2,229.97 523.39	129	1,247.07 292.70	-	-	1	5.65 1.33
Infrastructure (Euro mil)	992	17,447.08 4,094.98	536	7,710.52 1,809.73	446	2,886.26 677.43	2	623.54 146.35	8	6,226.76 1,461.47

- Total may not necessarily add up due to rounding

Source : CIDB – Construction Industry Development Board, Malaysia

5. The 10TH MALAYSIA PLAN AND THE IMPACT ON THE CONSTRUCTION SECTOR

Recently, the Malaysian Government has come up with several programmes such as the 1Malaysia concept, New Economic Model, Government Transformation Programme (GTP) and Economic Transformation Programme (ETP) aimed at improving the country's social status, integration, higher income status and economic transformation.

The end of 2010 marked the end of 9th Malaysia Plan and now the country is run by the 10th Malaysia Plan which lasts from 2011 until 2015 (5-year plan). The implementation of the development programmes and projects spill-over (from the 9th Malaysia Plan) will be realized through the Tenth and Eleventh Malaysia Plans (10MP and 11MP).

Briefly, the Economic Transformation Programme (ETP) is a detailed programme on what need to be done with Malaysian economy over the next ten years, to achieve high-income nation status. It is anchored on a clear implementation roadmap with strong performance management and transparency.

The Economic Transformation Programme (ETP) is anchored on 12 National Key Economic Areas (NKEAs)**,** which are drivers of economic activities that have the potential to materially contribute to the growth of Malaysia. The 12 NKEAs are : oil, gas and energy ; communications content and infrastructure ; tourism ; palm oil ; business services ; financial services ; healthcare ; wholesale and retail ; education ; agriculture ; electrical and electronics ; and greater KL (dynamic city).

As for the Six Government Transformation Programme (GTPs), they are :

- Reducing crime
- Fighting corruption
- Improving student outcomes

- o Raising living standards of low-income households
- o Improving rural basic infrastructure
- o Improving urban public transport

6. PROJECTS

Overall, in the 10th MP, there is an allocation of RM230 billion (Euro 52.26 billion) development fund and RM20 billion (Euro 4.54 billion) facilitation fund where out of the RM230 billion (Euro 52.26 billion), 60% or RM138 billion (Euro 31.35 billion) will be spent on physical development to be undertaken directly by the construction sector. On the other hand, the RM20 billion (Euro 4.54 billion) facilitation fund will

open doors to the private sector and investments worth RM200 billion (Euro 45.44 billion) is estimated to roll in which will involve the construction sector.

In 10MP commencing 2011, the private sector will resume the role as the engine of growth. In 2011, private investment is estimated to expand 12.5% to RM86 billion (Euro 19.54 billion).

The implementation of the 12 National Key Economic Areas (NKEA) is expected to generate investment exceeding RM1.3 trillion or Euro 0.3 trillion and create 3.3 million job opportunities. The private sector will finance 92% of the NKEA and the remaining by the Government.

Government will intensify the Public-Private Partnership (PPP) and several PPP projects identified under the 10MP will be implemented in 2011 through private investment. Some of the projects are as follow :

- Mass Rapid Transit (MRT) system will be implemented beginning July 2011. Involves estimated investment of RM36 billion (Euro 8.18 billion) and will be the largest infrastructure project ever undertaken by the country. Covers 60 km and 35 stations and is expected to be completed by 2020. The MRT will generate 130,000 jobs during its construction. It is also expected to generate a gross national income of between RM3-4 billion (Euro 0.6 – 0.9 billion) per annum from 2011 to 2020 from direct construction and operations and another RM8 billion (Euro 1.82 billion) and RM12 billion (Euro 2.73 billion) as a result of its multiplier impact.

- Mixed development comprising residential properties, commercial properties, industrial and infrastructure facilities at the Malaysian Rubber Board’s land measuring 2,680 acres. Estimated at RM10 billion (Euro 2.27 billion) and expected completion in 2025.

- Public projects involving upgrading and maintenance of schools, construction of new blocks, upgrading hospitals, flood mitigation programme, upgrading of rural infrastructure as well as construction of public houses for low income group. This project will come to a total of RM6 billion (Euro 1.41 billion) and it will be implemented through the ‘Special Stimulus Package’.

- RP2 (Second Rolling Plan) will be implemented starting 2012. The main initiatives under RP2 include the double tracking rail project, highway and road projects and the redevelopment of an old air base. RP2 will be allocated RM98.4 billion (Euro 23.09 billion) with RM49.2 billion (Euro 11.55 billion) each in 2012 and 2013.

- In 2012, the existing five regional corridors will also be further developed. Among the projects to be implemented are the construction of Johor Bahru-Nusa Jaya coastal highway in Iskandar, Johor ; heritage tourism development in Northern Corridor ; agropolitan scheme in the East Coast Economic Region ; palm oil industrial cluster project in Sabah Development Corridor (East Malaysia) and

Samalaju water supply in the Sarawak Corridor of Renewable Energy (East Malaysia).

- To develop Kuala Lumpur International Financial District (KLIFD) valued at RM26 billion (Euro 6.10 billion). The project which is aimed at strengthening the country's position in the financial services sector, will be developed in phases on a 30.35 ha piece of land using green technology to promote sustainable development. Major international banks and professional financial services firms will be located at KLIFD. To accelerate this development, the Government has proposed several incentives including income tax exemption as well as industrial building and accelerated capital allowance.

Source :
National 2012 Budget
10th Malaysia Plan

7. TOURISM

The tourism industry, which attracted 25 million tourists and generated revenue of RM56 billion (Euro 13.14 billion) in 2010, has the potential to provide more business and employment opportunities as well as further increase the nation's income. To further promote domestic tourism and Malaysia as tourist destination, in particular Pulau Langkawi, the island will be re-developed. The Langkawi Five Year Tourism Development Master Plan will be launched with an allocation of RM420 million (Euro 98.58 million). The re-development includes restructuring the Langkawi Development Authority, setting up a park rangers unit, upgrading museums, beaches and small businesses as well as providing a more efficient transportation system.

In addition, foreign investors are also targeting Malaysia as a suitable destination to expand their groups' operations.

Among the interested groups are France's Accor, the leading operator of hotels in the Asia Pacific which plans to expand its hotel fleet by opening 10 new hotels in Malaysia by end-2014. Some of it will be ready as early as 2012. The range of hotels will include Pullman, Novotel and Ibis-Style. With this development, it is expected that another 2,500 additional jobs will be created.

Apart from that, Bulgari Hotel is also in talk with some interested parties on the possibility of opening up resort hotels in tourist attractions area such as Penang, Langkawi and Kota Kinabalu in East Malaysia.

7.1 LANGKAWI TOURISM BLUEPRINT 2011-2015

To boost tourism in Malaysia, the Government has set to develop the island of Langkawi to become one of the world's top eco-tourism destination.

The Langkawi Tourism Blueprint 2011-2015 was launched on 8th December 2011 with an action plan of RM5 billion (Euro 1.17 billion). For this amount, 52% will be generated by the private sector. The plan aims to develop the island into a top-notch vacation destinations such as Bali, Mauritius, Hawaii and Maldives. With the implementation of the blueprint, it is expected that tourists arrivals in Langkawi will reach 3 million and boost the island's tourism income to RM3.8 billion (Euro 0.89 billion) in 2015.

The blueprint will look into three areas for the plan to materialize, that is to offer the basic needs to the tourists including setting up hotels, restaurants, entertainment and attractive destinations while the second is to put in place good infrastructure to give tourists the 'feel' good experience and thirdly to invest in community development and marketing.

Source :
National 2012 Budget
Article " Accor to add 10 hotels in Malaysia" – New Straits Times, 1st Nov 2011
Article "New Bulgari Hotel could be coming to Malaysia", www.homeguru.com.my, 27th April 2011
Article " Langkawi Action Plan" – The Sun, 9th December 2011

8. DEVELOPMENT IN GROWTH CORRIDORS

In the previous 9th Plan Period, the Government has successfully developed and promoted growth in 5 designated economic corridors such as the ones stated below :

Northern Corridor Economic Region (NECR) Development period : 2007 - 2025 Area : 17,816 sq km Strengths : agriculture, electrical & electronic, oil & gas, biotechnology, automotive, logistics infrastructure Web : www.ncer.com.my	**Iskandar Malaysia** Development period : 2006 – 2025 Area : 2,217 sq km Strengths : urban development, educational facilities and R&D centers, logistic infrastructure, international resorts and theme parks, healthcare Web : www.iskandarinvestment.com
Sarawak Corridor of Renewable Energy	**Sabah Development Corridor (SDC)**

(SCORE) Development period : 2008 – 2030 Area : 70,708 sqm Strengths : oil-based industry, aluminium, steel, glass, palm oil, tourism, timber-based, livestock, acquaculture and marine engineering Web : www.sarawakscore.com.my	Development period : 2008 – 2025 Area : 73,997 sqm Strengths : agriculture, furniture, biotechnology, oil & gas, sustainable materials, logistics Web : www.sdc.net.my
East Coast Economic Region (ECER) Development period : 2007 – 2020 Area :66,736 sq km Strengths : agriculture & acquaculture base, bioresources (oil palm, tobacco), oil, gas and petrochemical, automotive/transport equipment, boat building Web : www.ecerdc.com	

As for the 10th Malaysia Plan, the aim is to :

- Accelerate growth through collaboration with private sector to develop priority industries ;
- Focusing on selected sectors and clusters with definite competitive advantage to maximize impact and focus execution ;
- Creating more employment opportunities through encouraging more private investments and facilitating coordination between agencies and supporting ecosystems ;
- Identify major investors to spearhead development of the corridors ; and

In view of this, RM978 million (Euro 229.5 million) has been allocated in the Budget 2012 for this purpose.

Thus, the Malaysia's 5 Regional Economic Growth Corridors present great opportunities to the construction sector through the development of infrastructure. For the period of 2011-2015, the focus of each corridor will be as follows :

Iskandar Malaysia

This corridor is located in Johor, a southern state in Peninsula Malaysia which has attracted investment worth RM59 billion (Euro 13.84 billion) as at February 2010 with 38% actualized in the area of manufacturing, properties, utilities, tourism and logistics. For the whole development period of 10th Malaysia Plan, more investments will be channeled into the areas of education, healthcare, finance, creative industry, logistics and tourism. Among the projects now are the Johor Premium Outlet and MSC Cyberport City. The mentioned development will create economic spin-offs and thus boost the infrastructure projects including road construction in the city center, improvement in the public transport system and City Transformation Project.

Northern Corridor Economic Region (NCER)

As mentioned in the name itself, the area covers mainly 4 states in the northern region of Peninsula Malaysia. The states are Kedah, Pulau Pinang, Perlis and four northern districts in Perak. The nature of activities in this area are agriculture, manufacturing and services. The key targeted projects include :

- Transforming the area into technology driven and efficient food production hub.
- To move up the manufacturing value chain with high-value added activities.
- To be a premier tourist destination.
- Leveraging on its modern and equipped logistics system to become a major trading center in this region.

East Coast Economic Region (ECER)

Covers the state of Kelantan, Pahang, Terengganu and a part of Johor. Rich with its natural resources, the ECER development plan during the 10^{th} Malaysia Plan would be to develop the sector of tourism, oil, gas and petrochemical manufacturing, agriculture and education. Specific focus is given to special gazetted area namely ECER Special Economic Zone (ECER SEZ).

Sarawak Corridor Renewable Energy (SCORE)

SCORE is known for its abundant resources for renewable energy especially hydropower. Located in the central region of Sarawak, the state boasts of many rivers that can be used to generate hydropower and thus is a target for investments in power generation. Among the projects to be developed are the development of Port City and Halal Hub, development of new heavy industry center, marine engineering and tourism. Greater private industries participation is likely to promote growth in these sectors.

Sabah Development Corridor

The Strategic Development Area (SDAs) has been targeted for the development of Sabah Corridor. Sectors involved are mainly Agro-related including better production of food crops, livestocks, fisheries and aquaculture, halal products as well as utilizing biotechnology in the process. Apart from that, Sabah is also similar to Sarawak in having rich supply of oil and gas. Thus, one of the aim is also to develop its oil and gas cluster which involves setting up petrochemical complex, creating oil and gas support services, oil refineries and tank farms as well as power plants.

Source :

- *2012 Budget Report*
- *10^{th} Malaysia Plan*

CONCLUSION

The Malaysian construction scene will see a major transformation with the implementation of the 10th Malaysia Plan. Given the development allocations and facilitation funds, the industry is set to benefit from the abundant opportunities that will arise from the plan. These opportunities including high impact projects will create multiplier effects that will enhance the demand and domestic growth for the entire economy especially the construction sector. Niche areas such as the development of green townships and using green technology for sustainable development is also an area which Malaysia is exploring further. Apart from technology, human expertise is also needed to propagate the achievement of an high income economy. The industry needs to transform its resources in the area of knowledge, entrepreneurial, competency and innovation. As such, the opportunities for foreign collaboration and partnership are great.