Efficient and modern, Terengganu’s offerings of logistics solution are investor friendly.

A seamless web of infrastructure networks and facilities are essential to the smooth running of the Terengganu economy. Hence, the Federal and the State governments have worked hand-in-hand with the private sector to invest billions of ringgit in enhancing and upgrading Terengganu’s infrastructure assets to support business and investment. Today, Terengganu boasts state-of-the-art networks on land, sea and air that are comparable to Asia’s best, and truly make it a gateway to the booming Asia Pacific region.

Ports
Terengganu has taken advantage of its lengthy coastline and deep waters to build first-class ports, many of which are specially geared to meet the needs of the State’s primary industry - oil and gas.

Terengganu’s main port, Kemaman, is one of the deepest seaports in Malaysia and fast emerging as a trusted gateway to the Asia Pacific region. Located in the heart of the promoted Eastern Corridor of Peninsular Malaysia, Kemaman and its surroundings represent a new growth area earmarked for rapid industrial development. As a deep-sea all-weather port operating all year round, it is capable of handling vessels of up to liquid bulk and as large as 150,000 DWT. Kemaman’s other enviable features include a natural shelter and an 850m breakwater that acts as a buffer against the seasonal northeast winds.

Kemaman Port Authority, a statutory body under the purview of the Ministry of Transport, Malaysia, operates the port of Kemaman.

Currently, the integrated port of Kemaman handles some four million tonnes of cargo per year from key tenants, including PETRONAS, Perwaja Steel, Tioxide and See Sen Chemicals. The amount of cargo handled is expected to grow substantially to hit its maximum capacity of 14 million tonnes per year in two years when the operations of iron and steel giant Grange Resources Ltd of Australia comes onstream. Likewise, liquid cargo handled will rise when Kemaman Bitumin Co Sdn Bhd’s plant comes onstream. Kemaman Bitumin will provide about two million tonnes of cargo and will be using the liquid chemical berth. To meet storage demands, a godown with storage facilities of 5,000 m² is also available at the port.
The port of Kemaman has five major terminals:

The **East Wharf** is 648m long with 16.4m draught, and has a berth with capacity of 5.57mn tonnes. The East Wharf is a general-purpose terminal equipped with specialised handling facilities such as a conveyor belt system, pipelines and other automated cargo handling equipment for hazardous and non-hazardous, dry and liquid, general, palleted, bulk and containerised cargo.

The **Liquid Chemical Berth** is 240m with 11.4m draught and a capacity of 1.04mn tonnes. The Kemaman Port Authority manages both the East Wharf and the Liquid Chemical Berth.

The **Kemaman Supply Base (KSB)**, operated by Pangkalan Bekalan Kemaman Sdn Bhd, is a facility specially geared towards the demands of the oil and gas industry and with a capacity of 832,000 tonnes. Notably, KSB is Malaysia’s largest dedicated onshore support base for offshore oil and gas operations and the most comprehensive support facility for petroleum exploration and production. KSB’s services are benchmarked by global best practices and accredited to the international ISO9001: 2000 quality standard.

On its 130-hectare site, KSB provides key support including warehousing, office space, open yard storage, vessel berthing and cargo handling facilities for the major oil companies and their contractors, suppliers and other service providers. KSB also operates as a custom-bonded area and a tax-free facility for the import of machinery and materials and export of goods and finished products.

Today, the many major multinational companies using KSB include Esso Production Malaysia Inc, Petronas Carigali, Japan’s Taiyo, Lasmo Oil, WMC Petroleum and Texaco Exploration. Over 185 support service providers and suppliers operating at KSB provide these MNCs with essential services such as fabrication and engineering works, manufacturing and assembly, wiring and rigging, equipment testing and inspection, and ship supply and chandling.

The **LPG Export Terminal** managed by PETRONAS (the national oil corporation) has a capacity of 1.04 million tonnes. The LPG Export Terminal is specially designed and developed to handle the storage and export of liquefied petroleum gas products such as propane, butane and pressurised mixed gas. The terminal is connected to extensive pipeline transmission systems that can deliver propane and butane directly from gas processing plants in Kerteh.

Kemaman Port’s **West Wharf** plays an important supporting role in the ECER’s vision of turning the East Coast of Peninsula Malaysia into a regional petrochemical hub and developing the eastern deepwater ports as leading maritime trade and logistic centres in the Asia-Pacific region.

The 510m long West Wharf is capable of handling vessels up to 150,000 mt DWT, and is equipped with one 24-inch crude line and one 10-inch crude pigging line. The West Wharf also serves as a catalyst for development in the adjacent Teluk Kalung Industrial Area in Kemaman, which enjoys excellent logistics and infrastructure, providing cost-effective business solutions for heavy, chemical and petrochemical industries.
TERENGGANU’S second port is the bulk liquid *Kerteh*, located right in the middle of the PETRONAS Petroleum Industrial Complex in the State’s petrochemical hub of Kerteh, about 30km to the north of Kemaman. Fully managed by a PETRONAS subsidiary company, the dedicated port of Kerteh specialises in the shipping of liquid petrochemical products and has six berths that can accommodate vessels as large as 40,000 DWT. It also offers centralised tank facilities with ample storage for liquid petrochemical products such as liquefied petroleum gas (LPG), pressurised LPG, propane, and butane.

The port facilities available supported by a comprehensive multi-modal (road and rail) transportation system assures prompt delivery of cargo, which are in turn supported by superior cargo services. Various companies provide comprehensive containerised cargo transportation services in Malaysia. These include container haulage, freight forwarding, warehousing, bunkering, distribution related services, port and customs clearance, and container repair, leasing and maintenance.

Consignees and clients in Malaysia enjoy speedy, efficient and reliable cargo transportation through a network of local branches and offices. Most companies also offer a good international network of agents. To make logistics easier, Terengganu is served by hundreds of freight forwarding agents offering nationwide freight forwarding services, while cargo bound for international destinations can be forwarded through various international freight forwarders. Freight forwarders can also provide assistance to manufacturers in the processing of applications for required permits, licences and duty/tax exemption for the clearance of goods from the Customs authorities.

**Air**

It has never been easier or more convenient for business and leisure travelers to reach Terengganu by air with the advent of more frequent and discounted flights and the ongoing pledge to improve airport facilities. Terengganu’s main air hub, the Sultan Mahmud Airport in Kuala Terengganu has been expanded and is now fully operational. A new terminal building and runway were constructed for about RM140million to cater for increased passenger and cargo traffic.
Currently, the airport sees around half a dozen flights per day to Kuala Lumpur, which is an hour away by air, on Malaysia Airlines, Firefly and Air Asia. Significant discounts are available through online and advance purchase from all three airlines.

People working in the oil and gas hub of Kerteh can also fly out from the Kerteh airstrip whereas people living in the extreme northwest of Terengganu can opt to use the Kota Bharu Airport in neighbouring Kelantan while residents in south Terengganu can use Kuantan Airport in Pahang.

There is also an airstrip in Redang Island that improves access to this ocean paradise for tourists and dive aficionados. Berjaya Air operates direct flights from Kuala Lumpur and Singapore regularly.

**Roads and Highways**

Terengganu has invested billions in a well-connected network of roads and highways network that link the major towns, seaports, airports and industrial centers in the east, west, south and north of Peninsular Malaysia.

Currently, Terengganu has about 1,071km of Federal roads and about 1,660km of State roads. The main trunk roads are a coastal road that runs from Kuantan in neighbouring Pahang to Kampung Raja in the extreme north, and an intrastate road that cuts across the industrial hinterland.

Safe and comfortable road travel will be expedited further with the targeted completion of Phase 2 of the East Coast Highway in the near future to link Kuala Lumpur to Kuala Terengganu. The Terengganu stretch of the expressway covers over 174km and will cost about RM1.5 billion.

Interstate travel and commerce has also risen with the opening of the Simpang Pulai–Lojing, Kuala Berang road that links the Hulu Terengganu district to Grik in Perak, West Malaysia, which slashes travel time from the East Coast to the West Coast of the Peninsula down to four hours from about ten hours previously.

**Rail**

A 77km dedicated industrial railroad from Kerteh to Kuantan serves companies in the petrochemical corridor. Built and operated by PETRONAS, this railroad transports cargo back-and-forth between the key seaports in Kuantan and Kerteh. Extensions are planned for Paka and Kemaman.

**Electricity**

Terengganu’s three power stations have a power-generating capacity of 2380 MW, and produce surplus power. Two gas-fired plants – the Sultan Ismail Power Station and the YTL Power Station – are located in Paka while the third is the hydro-powered Sultan Mahmud Hydroelectric Plant in Tasik Kenyir, which harnesses Kenyir’s copious water resources.

**Water**

Terengganu’s 17 water plants produce more than 5.614 million m³ of treated water annually, which guarantees ample clean water for industrial and commercial purposes. Syarikat Air Terengganu Sdn Bhd manages the State’s abundant water sources. Given its capacity, Terengganu is self-sufficient in water and could build a future core competency in water export.

**Information and Communications Technology**

The State government is working hand-in-hand with the Federal Government and the private sector on the East Coast Multimedia Corridor, a new ICT initiative modeled on Malaysia’s Multimedia Supercorridor that will drive the use and expansion of information and communications technology and support the State’s aim of creating a knowledge-based value-added economy.
The State government has identified several strategic locations for setting up ICT hubs and incubators, and private investors are welcome to participate. The initial ICT development applications that have been established are:

- ICT Community Centre or Bestari.comm
- e-FARM (ICT Human Capital Development)
- e-Goverment (T-eG)
- e-Graduates

Terengganu’s new ICT strategies are supported by the most competitive telecommunications charges in the region and across the globe, while quality of connectivity and services are world class. Investors enjoy unlimited access to a superb and integrated fixed line, mobile and satellite communications infrastructure that supports a holistic range of domestic and international services encompassing voice, video, data and other advanced communications services. The leading telcos and assorted service providers operate under an equal access regime, where prices are capped under a ceiling fixed by regulators, resulting in value-for-money rates and excellent service.

Fixed and wireless Internet services are widely available in Terengganu, via the major ISPs (Internet Service Providers) that offer a full range of high-speed and top-quality audio, data and video services using their modern and fully-digitised networks. The East Coast Multimedia Corridor will be further supported by Terengganu-Net, a fibre-optic backbone with hubs in every district. This facility enables industries to link up to gain access to various internet protocol applications.

UNLIMITED: Terengganu offers competitive telecommunication charges with world-class connectivity and services.
**Industrial Estates**

Industrial estates in Terengganu have been strategically designed with comprehensive infrastructural facilities to enable businesses and projects to get off the ground swiftly. To cater to the specific needs of the oil and gas industry, the State has taken steps to create a dedicated integrated township in the Development Corridor of Paka-Chukai, in collaboration with PETRONAS.

Currently, there are 25 State-run and privately managed industrial estates in Terengganu, occupying slightly more than 6,000 hectare or 0.5 percent of total land use in the State. These estates offer investors a host of benefits: strategic sites near transportation hubs, a wealth of natural resources, robust supporting industries, abundant and cheap manpower, ready accommodation, as well as commercial and administrative amenities.

Despite their impressive facilities, Terengganu’s estates are among the most competitively priced in Malaysia; prices range from RM0.18 until RM5.60 psf for industrial land and from RM93 to RM99 psf for a ready-built factory. Land premiums are also among the lowest in Malaysia, ranging from just RM30 in the up-and-coming district of Gong Medang to RM45 in the capital of Kuala Terengganu and reaching a high of RM60 to RM70 in the petrochemical hub of Kerteh.

Terengganu offers an impressive array of incentives to soften the impact of land premiums on property acquisitions. Currently, the State offers investors a choice of discounts and rebates on land premiums and assessment rates. Qualified investors can get a discount of between 20 to 50 percent on land premium, based on factors like location, size of area, value of purchase, number of jobs created and the project’s strategic value and economic spillover effect.

Alternatively, investors can opt to defer the payment of their land premium, or get a rebate of 20 to 50 percent of the undiscounted land premium upon completion of the project within two years of approval, or get a discount of 20 to 50 percent on the assessment rate for up to the first three years of operation based on location, size and economic spillover. State government officers constantly monitor the industrial estates so that investors enjoy problem-free operations.

**Business Premises and Accommodation**

Investors are spoilt for choice when it comes to renting or purchasing commercial and factory space, which is plentiful in Terengganu.

Rent for office premises in Kuala Terengganu start from only RM15 to RM20/m² whereas offices in districts like Jerteh and Kampung Raja offer lower rentals ranging from RM8 to RM12/m².

Factory rentals are similarly reasonable. Factory space in areas like Kuala Terengganu and Chukai is available for rentals of RM7 to RM8 per m². For outright purchases of factory space, investors pay between RM93.00 and RM99.00 (US$29.06 - $30.94) psf.

Terengganu also offers quality and value-for-money accommodation that fits the needs of residents and expatriates. In fact, Terengganu’s housing prices and rentals rank among the lowest in Malaysia. Tourist and business visitors to the State also enjoy ample accommodation with a choice of over 200 hotels, resorts and chalets.