

CHAPTER 3

STATEMENT OF NEED

3.1 Introduction

Chapter 3 highlights the need to establish the proposed Green Paper Industry Park development in the Project area. The first part would discuss the Project description, its effect on the local environment, social and economic factors that support the proposed Project. It is essential to look into these factors in order to predict the success of the Project while giving enough consideration to attain long-term sustainable environment in Mukim Padang Meha, District of Kulim, Kedah Darul Aman.

3.1.1 Background of Project

The proposed paper factory with a total acreage of 300 acres on Lot 441, Mukim Padang Meha, District of Kulim, Kedah Darul Aman is owned and to be developed by XSD Paper International Sdn. Bhd. The proposed Project is developed in line with the surrounding areas such as Padang Meha Industrial Park, INOKOM-Sime Darby Motors and Kulim Hi-Tech Park which are other industrial areas; as well as Taman Desa Aman, Kg. Padang Meha and other residential areas which will benefit from the proposed green paper industry park by means of providing job opportunities.

Based on the Sundaily press (www.thesundaily.my/business) dated 29th November 2018, Zhejiang XSD has inked a memorandum of understanding (MoU) with Invest Kedah for the Project on 29th November 2018. The MoU was signed by Invest Kedah Senior General Manager En. Zafir Anuar Ghazali and Zhejiang XSD President Mr. Lee ShengFeng. The MoU will allow Invest Kedah to facilitate, promote and assist Zhejiang XSD in the development of green paper industry that will be carried out on a 300 acres of land in Padang Meha, Kulim.

Following the MoU, Zhejiang XSD also signed a sale and purchase agreement for the 300 acres of land with Sime Darby Property Berhad. Zhejiang XSD's investment will contribute an annual output of RM1.8 billion, while generating RM1.5 billion through the

export of products. This will also create an escalating effect by driving the development of all related paper making in the region and even throughout Malaysia. In addition, the company also plans to cooperate with a local technical university to further improve the paper making skills here in Malaysia.



Plate 3.1:

View of the Signing Ceremony for Development of Green Paper Industry Park between Zhejiang XSD Holding Group with Invest Kedah Berhad & Sime Darby Property Berhad.

The collaboration is also expected to enable the Kedah State Government, Northern Corridor Implementation Authority (NCIA), Invest Kedah and Sime Darby Property to work closely together and to help attain the Northern Corridor Economic Region (NCER)'s vision in sustaining the development interventions and creating job opportunities while contributing positively to balancing the socioeconomic inequality within the states in NCER.

Development of the paper factory is supported with a comprehensive plan, which blends the physical construction with proper environmental care and protection. The project comprises heavy industrial development which includes main process area, industrial effluent treatment plant (IETS), warehouses, storage area. The rest of the area is used for infrastructure, and other facilities e.g. site office building, workers quarters, detention pond, green area, water tank and drain reserve. Appropriately sized buffer zones have been designated to abide by the requirements of the Department of Environment document "Environmental Essential For Siting Of Industries In Malaysia (ESSIM)". This involves setting primary and secondary buffer zones that meet overall buffer zone requirements for each industry type. In doing so, the concern regarding potential

disturbances to the neighbouring residential areas during construction and future operations can be alleviated.

The project site is strategically located to connect to other townships for logistic purposes. The need for the proposed Project is based on the following objectives and further elaborated in **Table 3.1**.

3.2 Statement of Need

The need for the proposed Project is based on the following rationale and further elaborated in **Table 3.1**.

- Due to its strategic location, where it is located close to Penang Port within proximity of 30km that is facing the Straits of Malacca. This is important to generate the project site into an industrial area where there is provision for easy transportation and cargo handling services for the products manufactured from the green paper industry for its import and export activities.
- There is a comprehensive road network system i.e. Butterworth-Kulim-Baling Highway (BKE) and Federal Route 4 (FR4) Jalan Kulim – Gerik which links the proposed site to major developed areas surrounding the proposed site.
- The proposed development to promote job opportunities to the locals and people residing at the surrounding areas besides increasing the economic standard of the area.
- The proposed development is parallel to the National policies mainly National Physical Plan 3, Kedah Structure Plan 2020 and Local Plan of Kulim 2035. The proposed development is believed to boost the country's manufacturing industry that comprises of large and medium industry and small medium enterprises.
- Existing topography which is generally a flat terrain enables the building construction to be carried out without involving major earthwork activities, hence minimum dust dispersion and construction noise nuisance.
- Well-established road accessibility and efficient communication system surrounding, to and from the Project Site. Apart from that, the surrounding infrastructure and supporting utilities are also well established.

Table 3.1: Statement of Need

Aspect	Description
Strategic Location & High Accessibility	<ul style="list-style-type: none"> • There is a comprehensive road network system i.e. Butterworth-Kulim-Baling Highway (BKE) and Federal Route 4 (FR4) Jalan Kulim – Gerik which links the proposed site to major developed areas surrounding the proposed site. • Areas like Kulim, Baling, Bukit Mertajam, within its vicinity and efficient communication system surrounding, to and from the Project Site will benefit from the proposed Project Site.
Landuse Optimization would increase the land value and give higher revenue to the state government	<ul style="list-style-type: none"> • Proposed Green Paper Industry Park development would upgrade the economic state of the land. Zhejiang XSD's investment will contribute an annual output of RM1.8 billion, while generating RM1.5 billion through the export of products • The proposed Project will optimize the usage of land, which is presently covered with oil palm trees and undergrowth. • The development will indirectly increase the value of property in the surrounding areas and probably spur development at the adjacent areas.
Environmental Consideration	<ul style="list-style-type: none"> • From an ecological point of view, the current biodiversity of the flora and fauna composition of the site will be slightly affected as the current oil palm trees will have to be sacrificed during the construction state. • The proposed development includes in its concept the development of lush green areas and appropriate buffer zone between the paper factory and its surroundings (i.e., Kg. Padang Meha).
Other Supporting Matters	<ul style="list-style-type: none"> • Expands the employment market ranging from laborers (i.e. construction phase) to office/clerical works (i.e. operational phase of the paper factory) by provide more than 1,200 job opportunities to the locals over 3 phases development. • Increases state and nation's revenue through issuance of licenses and collection of taxes.