

Using Existing Road to Support the Development of New Sections: The case of the North-South Highway in Malaysia

The North-South Highway (over 800km connecting the Thai and Singapore borders) was the first concessioned road in Malaysia and its' success spawned a huge industry which has led to the opening of 9 projects to date, while a further 14 are under construction. The opening of the road opened up the country and has been hugely important in its' economic and social development. Its' traffic has grown rapidly.

The project was originally conceived as a public sector project and over 300kms were built by the Government before the mid 1980s. Then the existing sections were turned over to a concessionaire. The concessionaire was given the right to develop and to toll the complete road. The Federal Roads (Private Management) Act was passed in 1984 to make this possible. The remaining sections were built between 1988 and 1994, with the support of the revenue from the existing sections.

The project has been very profitable for the concession company and the profits from it have been used to secure loans for other concessions, including development of light rail projects in the centre of Kuala Lumpur. However without the initial Government sections and the revenues which they provided during construction it is unlikely that the road would have been profitable on a standalone basis.

For more information on the Malaysian Experience, see *Asian Toll Road Development Program: Review of Recent Toll Road Experience in Selected Countries and Preliminary Tool Kit for Toll Road Development*.