REFSA BRIEF

# BUDGET 2027: UNLOCKING THE POTENTIAL OF MALAYSIA'S FORGOTTEN CITIES THROUGH TOTAL DEVELOPMENT

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## Executive Summary

Budget 2027 presents an opportunity to give Malaysia's commitment to equitable development a stronger geographical and industrial dimension. The Pre-Budget Statement 2027 recognises that development should respond to the particular strengths and needs of different states, regions and communities, captured in the principle that "resources should follow needs on the ground". This Policy Brief argues that the same principle should extend more deliberately into industrial policy through a selective, place-based approach. The aim should be to build from what Malaysia already has, rather than create new economic centres from scratch. Malaysia already has a number of forgotten cities with productive, institutional and community foundations that can be strengthened and reconnected to the country's next phase of economic transformation. This Policy Brief identifies Muar, Kluang, Segamat, Batu Pahat, Ipoh and Taiping–Kamunting as examples. A stronger focus on these places would also send an important signal to communities beyond Malaysia's main growth centres: that the Government recognises they are more than people and postcodes, and that these places have a history and a heart in this nation. It would tell these communities that the Government sees them, hears them and gives them hope that they can continue to build their lives and futures in the places they call home.

Industrial development must therefore be thought about, understood and advanced through the principle of total development. It is about more than where factories are built or where investment lands. It is about how development can strengthen the country, the places where economic activity takes root, and the lives of the people who sustain it. Total development has three dimensions: macro, meso and micro.

At the macro level, Malaysia should think about how every state and industrial region can contribute to, and benefit from, national progress, and how development in one part of the country can strengthen another through supply chains, logistics, infrastructure, skills, markets and public services.

At the meso level, development should shape the economic ecosystem around a city or industrial region: transport, energy, logistics, industrial land, skills, education, healthcare, housing, technology, environmental management and public services should be planned together over the long term, while related industries, institutions and capabilities are connected rather than allowed to develop in silos.

At the micro level, development must improve what life actually looks like for people who live in and around these places, including their jobs, wages, housing, transport, education, healthcare, public spaces, local services and ability to remain rooted in communities that continue to have economic, social and cultural life.

This approach is more important now given rising geopolitical tensions and how quickly the global economy is changing. Industrial development cannot continue to operate on architectures designed for a different era and expect to solve the challenges of the present. For too long, industrial development has been advanced through artificial labour dependence and an approach of moving fast without thinking long. The result has been a model that attracts investment, expands production and fills labour gaps without asking what kind of economy, workforce and communities it leaves behind.

As we move forward into a new world, starting again from our forgotten cities is one way Malaysia can build back better. A place-based approach allows total development to be put into practice by bringing its macro, meso and micro dimensions together around places that already possess economic and institutional foundations.

This framework matters because Malaysia already has many places with what may be described as a sleeping industrial base. Forgotten cities are often not places without economic foundations. Many already possess factories, SMEs, universities, hospitals, railway lines, industrial land, technical knowledge, social institutions and established communities. Their problem is that these assets have often developed in fragments, become disconnected from one another, or have not been given a clear role in the country's next phase of growth.

Total development provides a way to bring these pieces together around a coherent economic purpose. The pathways will differ from place to place. Some forgotten cities require industrial upgrading; others need diversification, stronger infrastructure, better logistics, deeper university-industry connections or more capable local institutions. In some places, inherited industrial assets may be better repurposed towards new economic, educational, cultural or community uses. The objective is to identify what each place already has, where those capabilities can realistically lead, and what economic ecosystem must be built around them for development to endure.

Johor provides a useful place to begin because several different development archetypes can be found within one state. Muar already possesses a mature industrial ecosystem spanning furniture, semiconductors, engineering and agro-industrial machinery. Its next phase should deepen the intellectual and technological capabilities around that base, with the longer-term ambition of developing Muar into a knowledge-industrial city, the “Boston of the East”. Kluang can become the economic heart of central Johor by using renewed railway connectivity to shape a stronger logistics and industrial ecosystem around agriculture, manufacturing, warehousing, cold-chain facilities, freight movement and skills, while connecting Muar, Batu Pahat, Segamat, Mersing and surrounding districts more effectively to the national rail network and Johor’s ports. Segamat can strengthen its role as northern Johor’s food and agricultural engine by moving further downstream into processing, logistics, cold chain and agri-technology. Batu Pahat can deepen its manufacturing and SME base through stronger links with educational institututions, applied research, automation and technical capabilities

The same framework can extend beyond Johor. Ipoh and Taiping–Kamunting show how older industrial cities can acquire new economic functions while building on infrastructure, institutions, skills and identities accumulated through earlier phases of development. A forgotten city should therefore be understood as a place whose existing capabilities have not yet been connected to its next economic purpose.

Total development does not require a large new fund for every city or the creation of a new economic centre from scratch. The more credible approach is convergence and focus: coordinate existing industrial, infrastructure, skills, university, housing, state, GLIC and private-sector resources around selected places, while directing federal expenditure towards identified constraints that prevent economies from progressing.

Malaysia already possesses many of the ingredients it needs. In its forgotten cities, the firms, workers, roads, universities, hospitals, industrial base and communities are often already there. Budget 2027 should be the catalyst that connects these assets more deliberately, gives these places the confidence and resources to become stronger versions of themselves, and begins building the economic, institutional and social foundations Malaysia will need as it approaches 2030 and beyond. In doing so, Budget 2027 can help create the conditions for Malaysia's next great leap in development towards 2057-Merdeka100 (or 2063-Malaysia100), one hundred years after Merdeka (or Malaysia). The renewal of Malaysia's forgotten cities would also send a larger signal about the country we intend to become by its centenary: one in which opportunity is more widely shared, every part of the country is given the chance to contribute, and no one is left behind.

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## Context

On 18 August 2026, the MADANI Government released the Pre-Budget Statement 2027 (**"PBS 2027"**), setting out ten focus areas that will guide the preparation of Budget 2027. Symbolically and substantively, the first of these is "Social Justice and Development for All". Under this focus area, the MADANI Government conveyed that every state, region and community should enjoy equitable access to economic opportunities, public services and quality basic facilities, while development strategies should be tailored to the particular strengths and potential of each state. Community development is likewise identified as a foundation of people's well-being and domestic economic resilience.

These ideas are articulated through the principle that *"resources should follow needs on the ground"*, which points towards a development approach that is more geographically attentive and responsive to place. This is important because different places have different needs, strengths and development potential, and should therefore not be approached through a uniform or overly centralised model.

This approach also comes at an opportune time, as Malaysia and the rest of the world are being pushed to optimise their resources and productive capabilities amid growing geopolitical tensions, supply-chain disruptions and economic uncertainty. In this context, the geography of development should sit at the forefront of the Budget 2027 agenda in so far as industrial development is concerned.

This policy direction complements the idea of "total development" that I have advanced in my previous policy notes. Building on that earlier formulation, total development as an industrial policy may be understood through three dimensions:

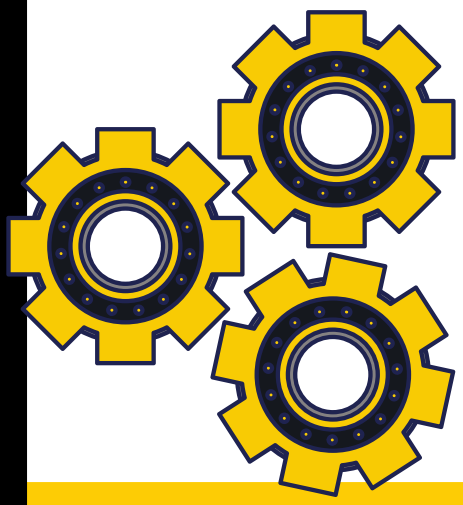
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## 1 Macro Dimension

which would require us to think about how every state and industrial region in Malaysia can contribute to, and benefit from, national progress. Given Penang is already an industrial engine in the north and Selangor in the centre, Malaysia should now unlock Johor as its third and southern engine of growth.

The underlying proposition is that strong investment and growth in one corridor are not sufficient if other places remain weakly connected to higher-value economic activity, supply chains, infrastructure, public services and opportunities. Such lopsided or siloed development can also intensify internal and cross-border migration, as people leave older towns and smaller localities for major city centres (including Singapore) in search of better jobs and opportunities. In doing so, they may leave behind parents and grandparents, established social networks, local culture, shared histories and the sense of belonging that gives those places their identity. Over time, this can hollow out these cities of their younger population and weaken the communities that sustain them.

The macro dimension would therefore also require us to think about how development in one state or district can support the functioning of others, whether through supply chains, logistics, infrastructure, skills, markets or public services, so that progress in one part of the country strengthens rather than bypasses the rest;

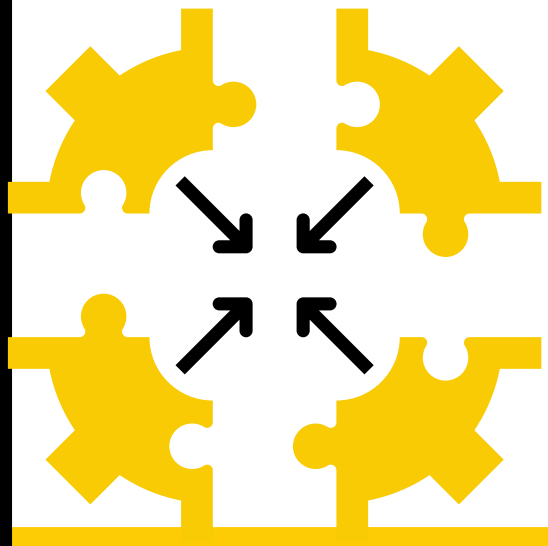


## ② Meso Dimension

which would require us to think about how economic ecosystems and markets are shaped around a city or industrial region. At this level, development must be viewed in toto: transport, energy, logistics, industrial land, skills, education, healthcare, housing, technology, environmental management and public services must be planned together over the long term.

The objective is to create an integrated, connected and sustainable industrial ecosystem in which firms can invest, workers can remain, communities can thrive and related industries can reinforce one another. Government's role is therefore not merely to fund individual projects but to shape the ecosystem around a clear mission and bring the relevant institutions, businesses and communities into that process.

This would also require us to think about how industries connect with one another rather than develop in silos. Malaysia cannot, for example, have two national carmakers without asking whether they are sufficiently integrated with our semiconductor base, advanced electronics, software and materials capabilities, and how those same capabilities can be channelled into strategic areas such as defence technology, or have education and healthcare systems that remain disconnected from those technological capabilities; and



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## 3 Micro Dimension

a micro dimension, which would require us to think about what development actually means for the people who live in, work in and build their lives around these industrial areas. Industrial development should therefore be accompanied by the housing, healthcare, education, transport, public spaces and local services needed for people to build secure and fulfilling lives there.

As people become more rooted in a place, they should also be able to grow with it and contribute to its social, cultural and intellectual life through community events, museums, libraries, historical documentation, civic organisations and community service. Development should, in this sense, deepen not only the economic base of a place but also the institutions, relationships and shared identity that make people want to remain there.

The micro dimension would also require meaningful community participation in development and planning, so that local knowledge, needs and priorities shape how these places evolve. Where appropriate and necessary, this may also require a greater devolution of powers so that more decisions can be made closer to the communities affected by them. Without this, industrial growth may occur while the people around it remain detached from the process, leaving places vulnerable to becoming "forgotten" socially and culturally even as they develop economically.



However, “total development” cannot be pursued indiscriminately across every city, town and region. It must be calibrated to Malaysia’s present capacities, local conditions and the constraints of the external economic environment. Amid greater geopolitical uncertainty, fiscal constraints and competition for investment, Malaysia cannot develop every place in the same way or spread its resources so thinly that they fail to generate lasting outcomes.

It is in this context that the MADANI Government is urged to turn greater attention to Malaysia’s “forgotten cities”. It is recommended that Budget 2027 should adopt a more deliberate and selective place-based approach to industrial development by identifying cities or townships that already possess:

## ① Credible Productive Foundations



A base of firms, workers, infrastructure, educational institutions and local businesses that can support, sustain and deepen industrial and commercial activity.

## ② Credible Cultural and Knowledge Foundations




A base of universities, schools, libraries, museums, cultural institutions and historical assets that can build, sustain and enrich human capital, intellectual life and local identity.

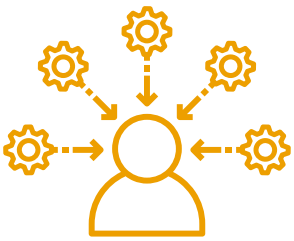
Some of these places can be understood as possessing a "sleeping industrial base". They are not necessarily economically inactive, in absolute decline or neglected by the current federal administration. Rather, their productive assets may already exist but remain underutilised, insufficiently recognised or weakly connected to Malaysia's next phase of economic transformation.

This gives rise to three questions:

1. whether Malaysia should adopt a more deliberate place-based approach to industrial policy by identifying selected cities or townships with existing productive capabilities and supporting their development;



2. whether such an approach can advance the objective of total development; and



3. if such an approach is workable how such an approach can be operationalised through Budget 2027.



This Policy Brief considers how a place-based approach can strengthen selected secondary or forgotten cities by building on their existing productive foundations and using coordinated public policy to unlock, deepen and sustain their potential.

This approach is not entirely without precedent under the MADANI Government. Since taking office, the Anwar administration has shown elements of a more devolved, place-sensitive and participatory approach to development. In Sabah and Sarawak, implementation of MA63 has included the transfer of electricity regulatory powers to Sabah, the recognition of Sabah technical departments with authority to approve certain federal procurements up to RM50 million, the transfer of Bintulu Port to Sarawak and greater state representation within federal institutions such as the Inland Revenue Board. At the community level, Anwar's May 2026 visit to PPR Taman Desa Mutiara illustrates a similar instinct: after announcing RM1 million for urgent improvements, he directed that the residents' committee and local representatives identify priorities through consultation rather than having improvements determined entirely from the centre.

The Government has also intervened to revive delayed and abandoned housing projects, with KPKT reporting hundreds of troubled projects restored since the establishment of its dedicated task force in late 2022, while initiatives such as Warisan KL and the restoration of Seri Negara and the Sultan Abdul Samad Building demonstrate an effort to preserve and reactivate inherited historical assets rather than simply replace them with new development. Taken together, these measures suggest that the MADANI developmental approach already contains elements of decentralisation, community participation, rehabilitation and adaptive reuse.

The same principle can be extended to industrial development: rather than trying to create new economic centres from scratch, Budget 2027 can be a catalyst to empower existing places, work with local institutions and communities, and restore or deepen productive capabilities that are already embedded within them.

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# Spatial Dimension to Industrial Development in Malaysia

Malaysia has a chronic illness when it comes to industrial development. For too long, policy has placed disproportionate emphasis on FDI, headline investment figures and the architecture of attracting projects, rather than on what those investments build around them. This narrow and short-term conception of development, compounded by weak long-term planning and poor strategic decision-making, gradually turned Malaysia into a nation of property developers. Ironically, we became better at building buildings than building a nation. The consequences are visible in everyday life: homes are built ever farther from jobs and amenities, people spend more time in traffic, car ownership becomes a necessity rather than a choice, and even in central Kuala Lumpur, something as simple as walking safely and comfortably from one place to another remains unnecessarily difficult.

Under the MADANI Government led by Prime Minister Anwar Ibrahim, Malaysia has begun to see a cultural and philosophical shift in how industrial development is understood and pursued. This shift is reflected in several policy documents such as Ekonomi Madani, New Industrial Master Plan 2030 (**"NIMP 2030"**) and the New Incentive Framework (**"NIF"**). In totality, they all point towards an industrial policy and the building of nation that emphasises the following:

(1) raising both the ceiling and the floor which essentially means being more ambitious about the kinds of industries, technologies and higher-value activities Malaysia seeks to build, while at the same time ensuring that growth protects and strengthens society through better wages, stronger opportunities and more inclusive economic outcomes;

(2) deepening domestic linkages, by strengthening local supply chains, increasing domestic value-added and enabling Malaysian firms, particularly SMEs, to participate more meaningfully in the growth generated by major investments;

(3) developing and strengthening industrial clusters, by accelerating the growth of existing core clusters while building new clusters in emerging sectors such as advanced manufacturing, digital and green industries;

(4) improving inclusivity across states and regions, by using investment and industrial development to raise participation and productive capacity in less-developed states, rather than allowing growth to remain concentrated in a small number of established economic centres; and

(5) strengthening economic security and resilience, by reducing supply-chain vulnerabilities, supporting domestic firms and industrial clusters, and broadening participation in economic activity.

The challenge for Budget 2027 is not to invent a new direction but to translate these ambitions into expenditure and implementation in a more strategic and selective manner. This has become more important in the present global environment. Ongoing conflicts, geopolitical fragmentation and supply-chain disruptions can place greater pressure on Malaysia's fiscal position while complicating its wider economic ambitions. In such circumstances, the question is not simply how much the Government spends, but where it spends and whether those resources are concentrated in places where they can generate the greatest and most durable returns. Budget 2027 must therefore be more deliberate about the scale, sequencing and geography of industrial expenditure.

This inevitably brings the question of place to the forefront. Industrial development does not occur in isolation. A factory depends on workers, suppliers, roads, utilities, logistics and skills; workers depend on housing, transport, schools, healthcare, childcare and functioning local communities; and local businesses depend on the purchasing power and economic activity generated around them. The value of industrial policy therefore depends not only on the individual programmes being funded, but also on whether these different interventions are brought together within particular local economies so that they reinforce one another.

A stronger place-based approach would do precisely that: coordinate industrial, infrastructural, educational and social interventions around selected local economies with credible productive foundations.

The next question is therefore one of selection: if industrial policy is to be organised more deliberately around a place, where should it be prioritised?

## The Tale of a "Forgotten City"

The answer cannot be every city. Regional development should not be interpreted as the equal geographical distribution of government spending. Industrial development necessarily requires some degree of concentration because firms benefit from suppliers, workers, knowledge institutions, infrastructure, logistics and markets. Attempting to create identical industrial ecosystems in every district would dilute resources and weaken the agglomeration advantages that allow productive centres to grow.

It is suggested that the MADANI Government focus on what may be described as "forgotten cities". The term is distinct from the more familiar concepts of "secondary cities" or "neglected cities". A forgotten city is not defined by size, administrative status or economic decline. Rather, it is a place that may no longer sit at the centre of Malaysia's growth story despite retaining many of the foundations needed for its next phase of development. These may include firms, workers, infrastructure, educational institutions, industrial know-how and established communities that either continue to exist or were built up over earlier periods of growth. In that sense, a forgotten city possesses a sleeping industrial base: productive capacity that remains embedded within the place but has yet to be fully reconnected to Malaysia's next phase of economic transformation.

The proposition is not that such cities or townships are identical or necessarily in decline. Many continue to produce, employ, export and contribute meaningfully to their states and to the national economy. The question is whether their accumulated productive assets can be mobilised more effectively through better access to investment, skills, infrastructure, higher-value supply chains and public resources. The objective is also not to impose a single programme across every forgotten city, but to understand the starting point of each place and determine the form of intervention best suited to its existing strengths and constraints.

This requires, first, a clear set of parameters for identifying and assessing places with a credible sleeping industrial base. The following framework is therefore proposed:

| Criterion | Relevant Question |
|---|---|
| **Existing or latent productive base** | Does the city already possess, or did it previously possess, manufacturing, agriculture, services or another scalable economic specialisation? |
| **Business ecosystem** | Are SMEs, suppliers and supporting businesses already operating locally, or capable of being reactivated? |
| **Labour and population base** | Are there sufficient local workforce and community to support expansion and sustain economic activity? |
| **Industrial infrastructure** | Are industrial estates, utilities, business facilities and other productive infrastructure already present or readily upgradeable? |
| **Connectivity** | Can the city connect efficiently to highways, ports, railways, logistics networks or major markets? |
| **Skills, knowledge and institutions** | Are universities, TVET institutions, schools, research bodies or technical organisations available to support upgrading and knowledge formation? |
| **Community and cultural foundations** | Are housing, healthcare, schools, commercial centres, public services, cultural institutions and community networks sufficiently established to support long-term settlement and liveability? |
| **Spillover potential** | Can further investment strengthen local suppliers, jobs, skills, businesses and surrounding communities rather than remain economically isolated? |
| **Identifiable constraint** | Is there a clear bottleneck or coordination failure that targeted public intervention could realistically address? |
| **Strategic fit** | Would developing the city strengthen regional balance, economic resilience, supply-chain security or Malaysia's wider industrial priorities? |

***Table 1:***
***Proposed Screening Criteria for Identifying "Forgotten Cities" with a Sleeping Industrial Base***

The screening criteria draw on the place-based regional-development literature, particularly the work of Barca, McCann and Rodríguez-Pose, cluster and agglomeration approaches associated with Porter, and the World Bank's work on economic geography and competitive cities. They are also consistent with the concept of "total development" and NIMP 2030's emphasis on regional industrial clusters.

The inclusion of community and cultural foundations is deliberate. A productive centre is not sustained by firms and infrastructure alone. Workers and businesses also depend on housing, schools, healthcare, commercial activity, public services and a functioning urban environment. Industrial development should therefore strengthen the wider locality around it and create the conditions for people to build secure and fulfilling lives within their own communities.

REFSA's earlier work on Johor reflected the same principle. Northern and central Johor were not treated as economically inactive, but as places whose productive potential could be strengthened through better connections to higher-value investment, infrastructure, supply chains and public services. The objective was not to distribute economic activity evenly across the state, but to enable more places to contribute to, and benefit from, Johor's broader growth.

This is the central proposition of a forgotten-cities agenda. In many cases, the population, firms, roads, universities, industrial estates and communities are already there. What may be missing is the deliberate intervention needed to connect these assets, strengthen the surrounding ecosystem and direct them towards a common path of development. The question is therefore not whether every Malaysian city should receive the same level of support, but which places possess sufficient latent productive capacity for targeted public intervention to generate wider economic and community returns.

# From Tale to Test: Where Are Malaysia's "Forgotten Cities"?

The next step is to test that proposition against actual places. Johor provides a useful starting point. It must be noted that Johor is not necessarily more "forgotten" than other states. Rather, it offers a practical setting in which to deploy the idea of total development in a place-based manner. There is also a wider strategic imperative to unlock Johor as Malaysia's southern engine of growth, particularly by ensuring that the benefits of the state's major growth corridors are not confined to their immediate centres. The completion of the Gemas–Johor Bahru electrified double-track railway (**"Southern Rail Network"**) is especially significant in this regard, as it creates a new spatial spine through the state and strengthens the case for connecting productive centres more deliberately to one another **[See: Figure 1]**.

That makes Johor **[See: Figure 2]** particularly useful for testing how total development should work in practice, because these different development archetypes can be found within one state. They include mature industrial clusters that may require upgrading and deeper local value capture; regional centres that may need stronger coordination between infrastructure, firms, institutions and surrounding settlements; agricultural economies that may benefit from greater downstream processing, logistics and related services; and smaller towns whose main opportunity may lie in better connectivity to larger productive centres rather than in standalone industrial programmes. The value of beginning with Johor is therefore that it allows total development to be applied according to the different starting points, strengths and constraints of each place, rather than through a uniform model.

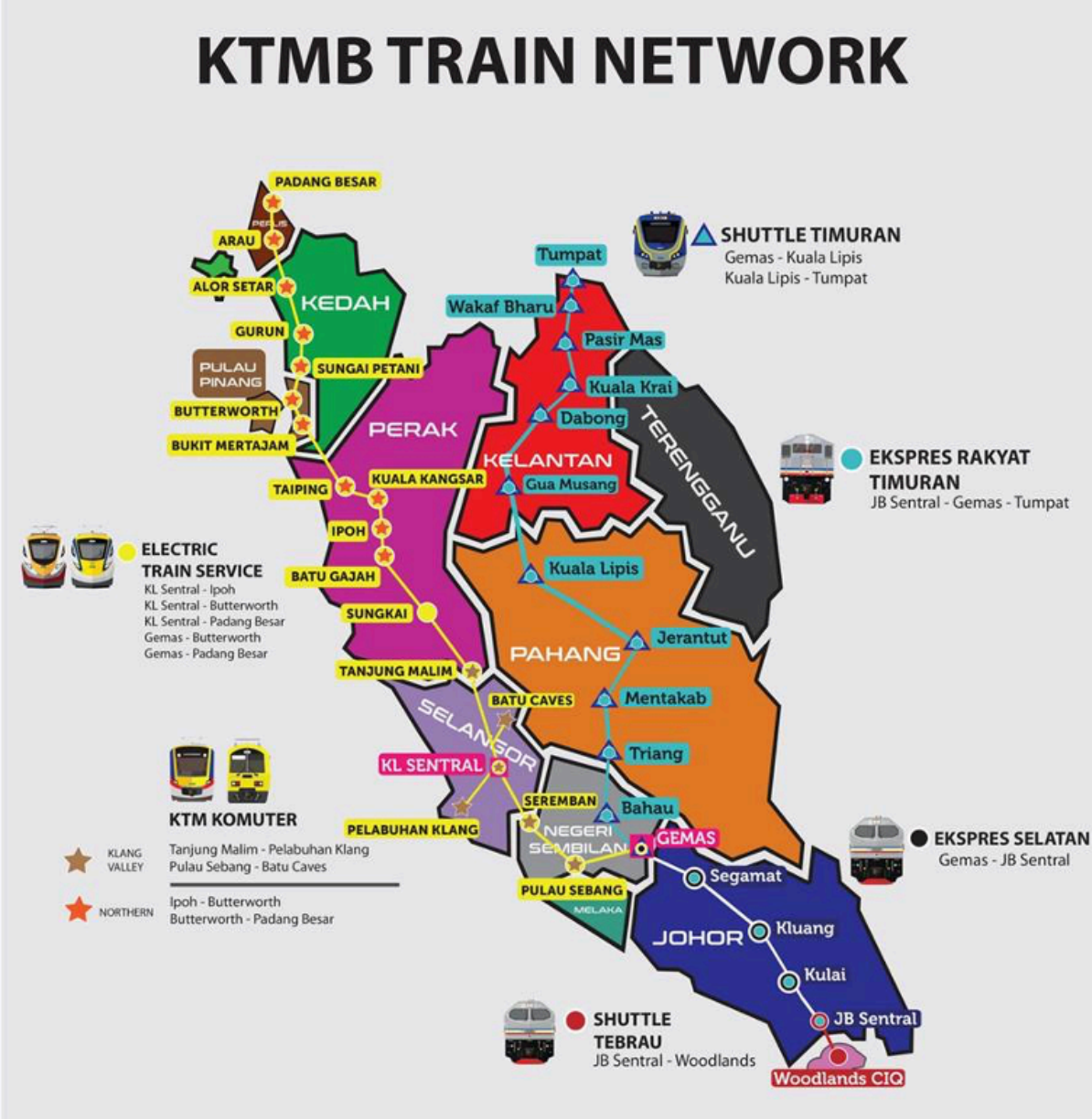



***Figure 1:***
***KTMB Rail Network Connecting Johor to the Wider Peninsular Malaysia Rail System***
*(Source: Keretapi Tanah Melayu Berhad)*




***Figure 2:***
***Map of Johor***
*(Source: Visit Selangor, "Map of Johor State")*

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# Kluang: The Heart of Central Johor

Kluang occupies a distinctive position in Johor's economic geography. Located in the centre of the state, its development has historically been shaped by transport and agriculture. The modern town grew in the early twentieth century alongside the expansion of the railway and plantation economy, showing how connectivity and productive activity can reinforce one another. Kluang **[See: Figure 3]** also has the population and economic base to play a larger regional role. According to Department of Statistics Malaysia (DOSM), the district had approximately 335,200 people in 2025, while district GDP stood at approximately RM9.13 billion in 2020. Its labour market is sizeable, with 172,500 people in the labour force in 2023, while its population remains concentrated in the working-age groups. This gives Kluang the people and productive base needed to support a broader logistics, agro-industrial and services role within central Johor.

The completion of the Southern Rail Network strengthens Kluang's potential to function as a central transport node in Johor. Its location allows it to facilitate the movement of goods between northern and southern Johor and connect surrounding districts to the national rail network. The Johor State Government has already identified Kluang as a future logistics hub. The railway, however, should not itself be treated as development. Its economic impact will depend on the infrastructure, planning and systems built around it. In short, the railway is an enabling platform to develop an ecosystem where both businesses and people can thrive.

It is thus argued that Kluang's central location makes it suitable as an inland consolidation and distribution point. Goods entering Johor from the north could be unloaded or consolidated in Kluang before being distributed to surrounding districts, while cargo destined for Johor Bahru and southern Johor could continue south by rail. In the opposite direction, goods from Johor's ports **[See: Figure 4]** and southern industrial areas could move northwards through Kluang before being redistributed towards northern Johor and the rest of Peninsular Malaysia.

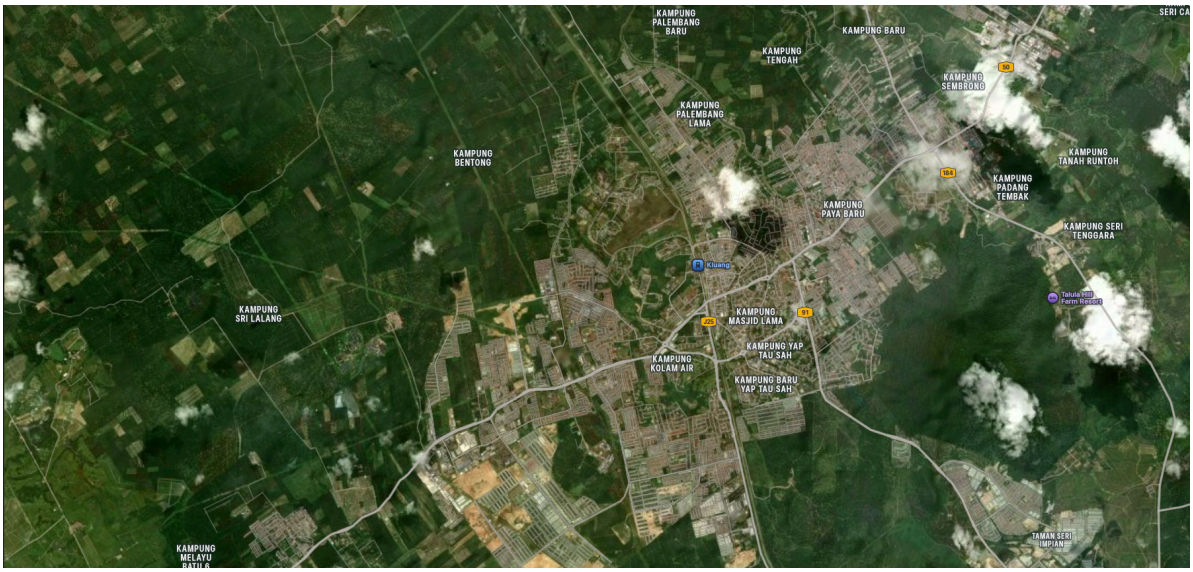



***Figure 3:***
***Satellite View of Kluang and Surrounding Areas***
*(Source: Apple Maps, 2026)*

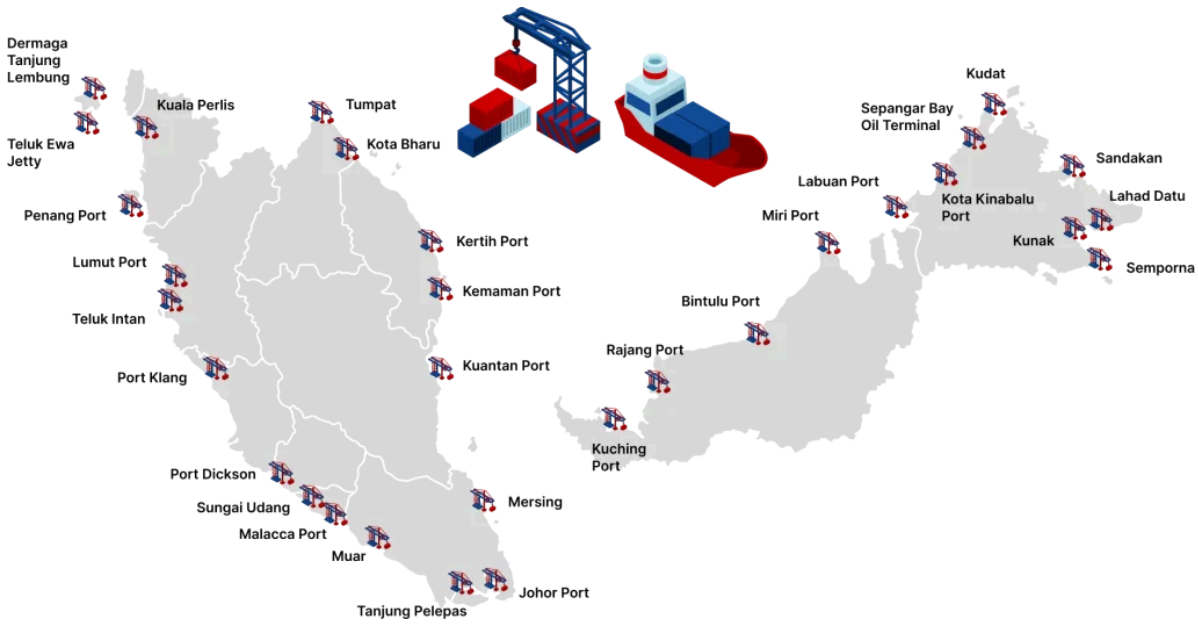



***Figure 4:***
***Major Ports in Malaysia***
*(Source: MADANI Digital Trade, "Major Ports in Malaysia")*

Kluang can also serve districts that do not sit directly on the main electrified rail corridor. Goods from Muar and Batu Pahat, as well as from Mersing in eastern Johor, could be moved by road to Kluang and transferred onto rail for longer-distance journeys north or south. For this model to be commercially viable, the interchange between road and rail must be seamless. A lorry carrying furniture from Muar, for example, should be able to reach Kluang, enter the freight facility, unload its cargo for onward movement by rail and return to Muar with minimal delay. This requires efficient road access, sufficient loading and unloading capacity, coordinated train schedules, digital cargo management and streamlined freight-handling procedures.

The scale of the potential shift is significant. Transport Minister Anthony Loke said that a 40-wagon freight train can replace around 80 lorries. The broader objective should therefore be to reduce the need for heavy vehicles to travel long distances through urban areas and, where they remain necessary, to minimise the time they spend on the road. Rail can take on a larger share of long-distance freight, while lorries concentrate on shorter feeder and last-mile journeys between farms, factories, ports and freight terminals. This would reduce congestion, improve road safety, lower emissions and lessen the wear imposed by heavy vehicles on roads.

If the ambition is for Kluang to become the heart of central Johor and play a part in unlocking Johor as the southern economic engine for the country, then the mission should be larger than building a logistics hub or generating growth. It should be tied to a clear public purpose: moving people and goods more safely and efficiently, reducing the number of heavy vehicles on the road, and reducing Malaysia's reliance on petrol and diesel through transport electrification. That gives Kluang's sizeable and relatively young population a clearer stake in the mission, while ensuring that growth remains an outcome rather than the mission itself.

That mission would require more than rail tracks and freight terminals. Road access, warehousing, cold-chain facilities, industrial land, digital freight systems, energy infrastructure and future transport needs must be planned together.

The Government should, for example, plan ahead for sufficient grid capacity and high-capacity charging facilities around the Kluang freight and rail precinct so that shorter feeder journeys can progressively shift from diesel to electric trucks while rail takes on a larger share of long-distance freight.

It would also require co-participation across the Kluang economy. Federal and State agencies, local authorities, KTMB, Johor's ports, logistics operators, manufacturers, farmers, businesses and local communities should all have a role in shaping how the hub develops. The views of industries in Muar, Batu Pahat, Segamat, Mersing and other surrounding districts should also be taken into account, particularly where they may rely on Kluang to access the national rail network and connect more efficiently with Johor's ports. Regulation and enforcement must also prevent businesses from circumventing these objectives through overloading, poor maintenance or substandard vehicle standards. Ultimately, Kluang rail must be made the most attractive and practical option for businesses and freight operators to use.

The same thinking should guide the passenger economy. The mission is to make Kluang a place where people want to stop, stay and spend. Rail connectivity can bring in visitors from northern and southern Peninsular Malaysia, as well as Singapore, but the experience upon exiting the station must be easy and seamless, supported by walkability, feeder buses, last-mile transport and convenient access to the town centre and surrounding attractions.

Kluang's agricultural base can support a wider tourism and food-security agenda. DOSM's MyAgriStats 2024 identified pineapple as Kluang's largest agricultural crop by value, with production of 149,600 tonnes worth RM363.4 million, followed by durian valued at RM98 million and mustard greens at RM27.4 million. These existing strengths can be expanded into eco-tourism and edu-tourism through farm visits, educational programmes, tasting experiences and agro-based attractions. Done well, this can encourage visitors to stay longer in Kluang and spend more within the local economy, supporting hotels, food outlets, transport providers, retailers and small businesses.

According to the Food and Agriculture Organization (FAO) of the United Nations, pineapple value chains can contribute to food security by supplying nutritious and affordable food while also generating employment and income across farming, packhouses, logistics and other supporting activities. At the same time, the FAO cautions that expanding tropical fruit production can compete with land and resources used for other food crops, so Kluang's food-security strategy should remain diversified rather than being built around pineapple alone. The recently established padi cultivation area in Kahang can help support that effort by expanding local rice production and strengthening resilience.

The same agricultural base can support related industries. Pineapple residues, for example, can be used for biogas, bioenergy, biodegradable materials and natural-fibre composites. The aim is to strengthen the ecosystem around what Kluang already has, with new industries introduced where they complement and add value to that base. Local communities, businesses and farmers should also participate in shaping that ecosystem. They understand how land is used, where supply chains are weak, what infrastructure is missing, the type of waste that would be generated and what opportunities are commercially realistic. The role of Government should be to shape that ecosystem and get everyone on board.

This is where Budget 2027 can make the difference. It should provide funding with a clear mission in mind, bring all relevant stakeholders around that mission, and help shape Kluang's economy in that direction. At the very least, Budget 2027 should signal that this is the path Kluang is being set on, giving local communities a clearer sense of their role in the nation's future. The Southern Rail Network has already given central Johor a new spine. The task now is to give it a heart — and that heart should be Kluang.

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# Segamat: Johor's Northern Agro-Industrial and Logistics Gateway

Segamat represents another form of the forgotten-city proposition. Rubber, oil palm, FELDA and FELCRA activities and fruit production have long shaped the district. Segamat occupies a strategic position at the northern edge of Johor. Its location allows it to connect northern Johor with Melaka, Negeri Sembilan and southern Pahang, while the Southern Rail Network connects Segamat directly with the rest of Johor. According to DOSM, the district had approximately 204,300 people in 2025, while district GDP stood at approximately RM4.92 billion in 2020. Its demographic profile also shows a sizeable concentration of residents in their twenties and thirties, giving Segamat a workforce that can support a larger agro-industrial, logistics and manufacturing role. If Kluang is to become the heart of central Johor, Segamat can function as the northern node linking Johor to neighbouring states and wider markets.




***Figure 5:***
***Satellite Imagery of Segamat and Surrounding Areas***
*(Source: Apple Maps, 2026)*

The reactivation of the Segamat Inland Port gives this role a practical foundation. The facility is intended to consolidate cargo from northern Johor, southern Pahang, Melaka and Negeri Sembilan before moving it by rail to major ports and markets. Manufacturers from Segamat, Muar, Batu Pahat and surrounding areas can consolidate containers there for onward movement to Port Klang, Pasir Gudang, the Port of Tanjung Pelepas and other destinations.

The Inland Port is connected to KTM's main line through a dedicated spur line, allowing cargo trains to enter the terminal, load or unload and return to the main railway without disrupting other services. Customs facilities also allow import and export clearance to be carried out on site. At full operations, the facility is expected to handle between 50,000 and 60,000 TEUs annually, equivalent to two to three block trains a day, while taking an estimated 40,000 heavy vehicles off the roads each year.

This places Segamat firmly within the Government's wider road-to-rail agenda. Transport Minister Anthony Loke has described the Inland Port as part of efforts to move more cargo by rail, reduce congestion and lower carbon emissions. The Inland Port operator has also estimated that businesses could reduce logistics costs by between 10% and 15% by shifting freight from road to rail.

Segamat should therefore be developed as a four-state logistics node linking northern Johor with Melaka, Negeri Sembilan and southern Pahang. Goods moving north from southern Johor can also be channelled through Segamat, where they can be consolidated before continuing onward through the national rail network. This would reinforce Segamat's role as Johor's northern gateway while linking the Southern Rail Network more efficiently with markets further north.

Kluang and Segamat should not compete for identical freight flows. Kluang can develop the broader central consolidation and distribution role within Johor, particularly for cargo moving across the state and towards the southern ports, while Segamat builds on its existing Inland Port to serve as the northern gateway into the wider national rail network. Businesses in districts such as Muar and Batu Pahat may use either node depending on the destination and the most efficient route.

Segamat's logistics role also creates a stronger basis for its food-security and manufacturing agenda. Agriculture has long shaped the district through oil palm, rubber, FELDA and FELCRA activities, fruit production and other rural industries. The next step is to retain more value locally through processing, storage, cold-chain logistics, packaging, certification, machinery, agri-technology and distribution.

There is already significant momentum. Segamat secured RM2.6 billion in committed manufacturing and agriculture investments in the first quarter of 2025, including an 860MW hybrid solar power plant, an integrated coconut processing mill, a smart broiler poultry farm, a plastic product and packaging facility, and a biomass facility converting empty fruit bunches into palm pellet fuel. These projects are intended to strengthen rural supply chains and contribute to national food and energy security.

These investments show how Segamat's agricultural base can support a wider agro-industrial economy. Food processing can sit alongside packaging; poultry can connect with precision farming and feed systems; oil-palm waste can support biomass; and renewable-energy investment can support more energy-intensive processing and manufacturing. The focus should be on strengthening the ecosystem around activities that already exist and allowing related industries to grow around them.

This is particularly relevant to food security. Food security depends not only on how much is produced, but also on whether food can be processed, stored and moved efficiently without unnecessary loss. A stronger cold-chain, processing and logistics base in Segamat can improve the reliability of supply while generating more economic activity around agricultural production.

Labis and Bekok can fit naturally within this system. Their farms, small businesses and surrounding agricultural areas can feed into Segamat for processing, storage, certification, logistics, education and healthcare. They need not compete for identical investments. A stronger Segamat can provide the infrastructure and market access that allows surrounding towns to participate in the same northern Johor economy.

Segamat's education and social infrastructure can also support that role. UiTM Johor and community-college institutions provide platforms for technical skills, research and industry collaboration, while Hospital Segamat and the surrounding primary-care network provide an established healthcare base. Agricultural science can be connected more closely with farms, technical education with machinery and processing, and research with the practical problems faced by producers and manufacturers.

Segamat can also build a stronger technology and monitoring capability. Following the 2025 tremors in Johor, the Federal Government announced a new seismic monitoring station for Segamat to improve the detection of earthquakes and low-magnitude tremors. That investment can support local capabilities in monitoring technology, data collection, geospatial systems and applied research, potentially involving universities, technical institutions and relevant public agencies.

The mission for Segamat can therefore be framed around three connected objectives: strengthen food security, capture more value from northern Johor's agricultural and manufacturing base, and connect that economy more efficiently, sustainably and safely to neighbouring states and wider markets. Government should shape the ecosystem around that mission while allowing farmers, manufacturers, logistics operators, educational institutions, businesses and local communities to participate in it.

In the longer term, this could do more than to "awaken" Segamat's existing industrial base. Better connectivity, logistics and supporting infrastructure could also strengthen surrounding industrial and agricultural areas, while creating the conditions for new clusters and businesses to emerge around them.

Budget 2027 can help Segamat build the ecosystem it needs to fulfil this role. Funding should be channelled towards the capabilities and infrastructure required to strengthen its agro-industrial, logistics and technological base, allowing Segamat to grow into Johor's northern gateway connecting the state with Melaka, Negeri Sembilan, southern Pahang and the wider national economy.

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# Muar: Building the "Boston of the East"

Muar is a historic and productive city whose significance extends far beyond its physical size. Its political and economic history reaches back to the formative period of the Malay Peninsula. Official and traditional historical accounts link the area to the movement of Parameswara after his departure from Temasik and before the establishment of Melaka, while Muar later developed into an important administrative and commercial centre under Johor.

In this respect, Muar bears an interesting resemblance to Boston, which likewise occupies a place in American history far larger than its size might suggest. Founded in 1630, Boston developed into a major colonial port and later became one of the principal theatres of the American Revolution. The resemblance also extends to geography. Muar sits along the Straits of Malacca **[See: Figure 6]** while Boston opens onto the Atlantic Ocean **[See: Figure 7]**. Both were therefore connected early to major maritime trade routes that helped shape their commercial importance and will continue to influence their strategic relevance today. At the same time, Boston sits within the north-eastern corridor of the United States, close to New York City and Washington, D.C., while Muar lies within relatively easy reach of Johor Bahru, Kuala Lumpur and Putrajaya, and even Singapore. Both cities therefore benefit from proximity to larger centres of capital, government and commerce while retaining their own distinct economic and cultural identities.

Their economic histories are equally instructive. Boston did not remain prosperous by preserving a single economic function. It repeatedly reinvented itself, from a port and trading centre to a manufacturing city, and eventually into a knowledge economy built around technology, finance, higher education and healthcare.

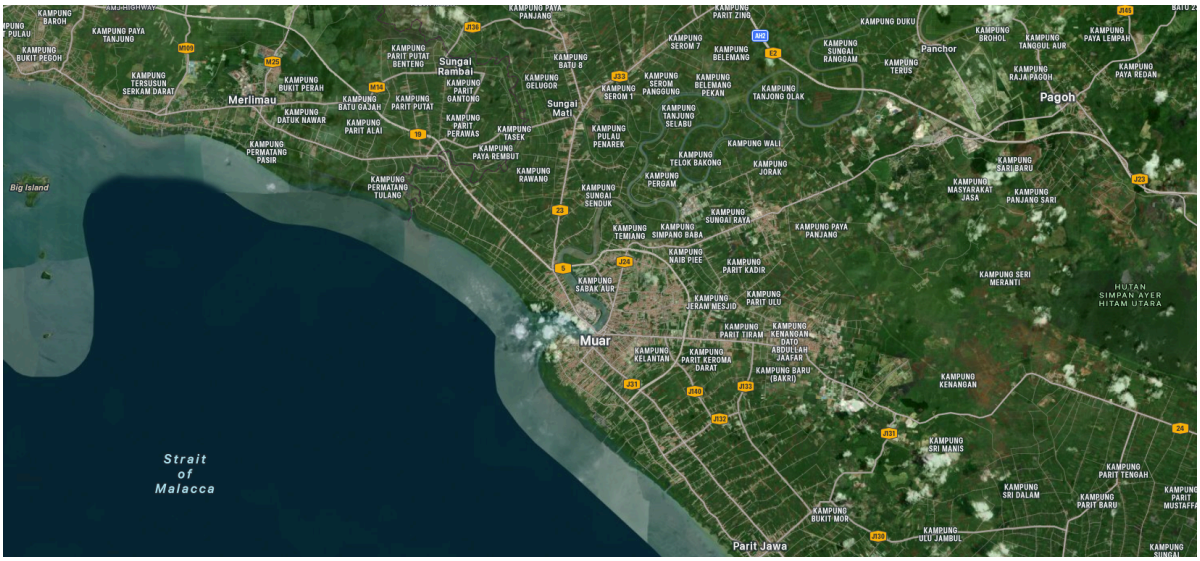



***Figure 6:***
***Satellite Imagery of Muar and Surrounding Areas***
*(Source: Apple Maps, 2026)*

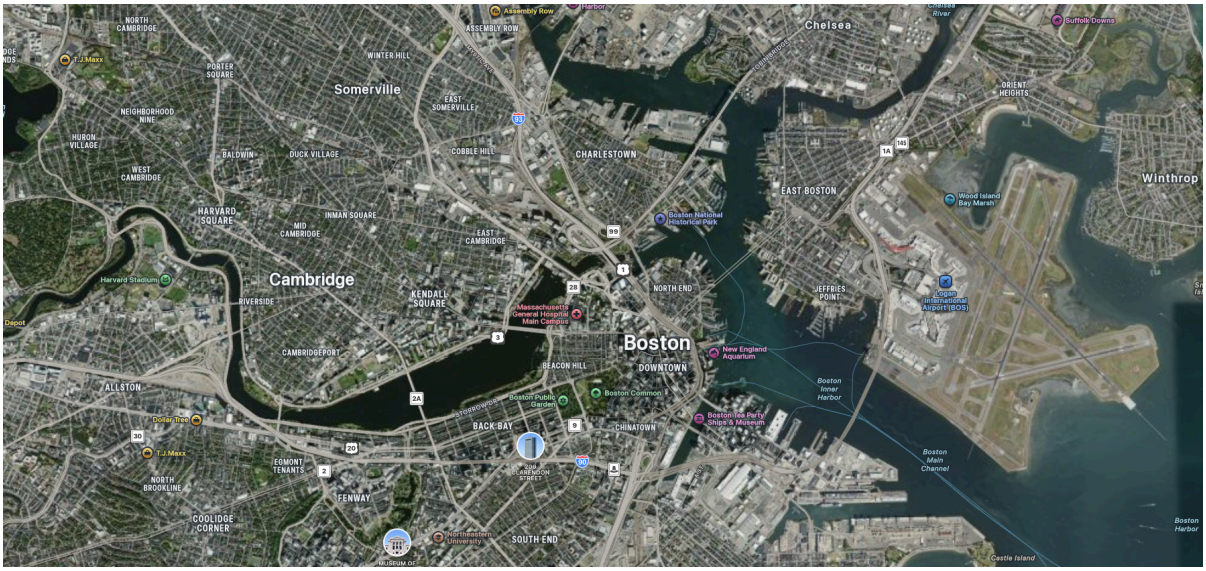



***Figure 7:***
***Satellite Imagery of Boston and Surrounding Areas***
*(Source: Apple Maps, 2026)*

That transformation was made possible by the accumulation of productive knowledge and institutions over generations: commerce created capital and financial capabilities; manufacturing created industrial know-how; and universities and hospitals generated skills, research and innovation. Crucially, these capabilities did not develop in isolation, but within an ecosystem that allowed firms, institutions, workers, researchers and capital to interact and reinforce one another.

The power of that ecosystem can be seen in the concentration of Harvard University, the Massachusetts Institute of Technology, Tufts University and Boston University alongside globally significant firms such as Boston Consulting Group and Bain Capital. Boston also gave rise to companies such as Boston Dynamics, while newer technology firms continue to establish a presence in the wider Boston–Cambridge, Massachusetts ecosystem. Anthropic, for example, has established a base in Cambridge, Massachusetts, reflecting the continuing pull of the area's universities, research institutions, scientific talent and innovation networks. Boston's strength therefore lies not in any single university, company or industry, but in the density of institutions and capabilities that allow ideas, capital, research and talent to circulate, combine and generate new economic activity.

Muar exhibits the beginnings of a similar underlying quality. Its economy evolved from agriculture and riverine trade into rubber and manufacturing, and today encompasses furniture, semiconductors, precision engineering, agro-industrial machinery and other forms of manufacturing. The opportunity is not to build another city around a particular development agenda, but to enable existing places like Muar to build on the capabilities they already possess by creating the conditions for those capabilities to interact more deeply with one another, with educational institutions, and with new sources of technology, research and capital. As the MADANI Government seeks to drive Malaysia's next phase of industrial development and advance the country's ambition of becoming a technology nation, Muar is one of the places where such an effort could begin.

There is already a credible base from which to pursue that ambition. Muar possesses an established concentration of firms, suppliers, workers, industrial infrastructure, educational institutions and supporting businesses. According to DOSM, the district had approximately 323,900 people in 2025, while district GDP stood at about RM7.20 billion in 2020. Its demographic profile also shows a substantial concentration of residents in their twenties and thirties, while unemployment stood at just 1.6% in 2024. This gives Muar a sizeable workforce and productive base from which to deepen its industrial, technological and knowledge capabilities.

Furniture remains the most visible expression of this productive base. Muar is Malaysia's foremost furniture-manufacturing centre, with approximately 800 factories accounting for an estimated 55 to 60% of Malaysia's furniture exports. This activity is not confined to a single industrial park, but is distributed across established clusters in Pagoh, Bukit Pasir, Bukit Bakri, Parit Jamil, Tanjong Agas, Gresik and surrounding areas. It must be understood that, with such a dense concentration of firms and supporting activities, Muar already has an established industrial ecosystem, built on longstanding relationships among manufacturers, subcontractors, suppliers, workers and supporting businesses.

Muar's productive base also extends well beyond furniture. Most notably, it already possesses an advanced semiconductor manufacturing base through the presence of STMicroelectronics and Micron. Around this sits a wider engineering and precision-manufacturing capability. Jecmetal Industries, based in Muar, manufactures for a diversified range of OEM industries including semiconductor equipment, aerospace, oil and gas, industrial automation and industrial controls, demonstrating that the district already contains firms capable of meeting demanding technical and quality requirements across multiple sectors. Muar Cathay Industries provides another example of this industrial depth. The company is a leading Malaysian manufacturer and installer of highway guardrail systems, with capabilities in road-safety infrastructure, steel fabrication and installation, and has participated in major national infrastructure projects.

The same depth can be seen in agro-industrial engineering. Muar Ban Lee Group, headquartered in Bukit Pasir, specialises in palm-kernel expellers, palm-oil machinery and oil-seed crushing systems, and has completed projects for plantations and oil mills in more than 25 countries. Its capabilities extend from plant design and fabrication to installation and commissioning, while its activities have also expanded into biogas and waste-to-energy applications. Together, these firms show that Muar already possesses capabilities spanning semiconductors, precision engineering, infrastructure manufacturing, agro-industrial machinery, automation and many more.

These industries are supported by access to the North–South Expressway and road connections linking the district to major markets and surrounding growth centres. Muar also already possesses much of the social and civic infrastructure needed to sustain a larger urban and industrial role, including the Sultanah Fatimah Specialist Hospital, the Muar Bus Terminal, fire and rescue services, schools (some of which are older than Malaysia), commercial areas and a dense network of mosques, churches and temples. Just as importantly, these institutions sit within a vibrant multicultural community. The significance of these assets is that Muar does not need to build the basic foundations of a functioning city from scratch; many of them already exist and can be strengthened as part of a wider development strategy.

Muar's location outside the Southern Rail Network makes its connections to Kluang and Segamat especially important. Rather than requiring every industrial centre to sit directly on the railway, Muar's manufacturers can use road links to access the nearest suitable rail nodes depending on destination: Kluang for movements within Johor and towards the southern ports, and Segamat for cargo moving northwards into the wider national rail network. The same logic applies to Batu Pahat. This allows Muar and Batu Pahat to remain focused on deepening their own industrial capabilities while Kluang and Segamat provide the rail connectivity that extends their reach.

That is precisely why Malaysia's own experience with spatial development offers an important caution. Cyberjaya, in retrospect, illustrates the limits of attempting to manufacture an innovation ecosystem largely from scratch. An earlier assessment by IDEAS concluded that Cyberjaya fell short of its original ambition to become a world-leading IT entrepreneurial hub and argued that attempting to create an innovation cluster largely from scratch is considerably more difficult than nurturing capabilities that have already emerged organically. Considerable policy attention, infrastructure and institutional energy were directed towards building a new technology city when at least part of that effort could arguably have been concentrated in an established urban centre such as Muar, where firms, workers, schools, commerce, public institutions and community life were already embedded. The lesson is not that government should never build new development centres but that office parks, incentives, branding and technology infrastructure alone do not create an innovation ecosystem; firms, talent, institutions, capital and everyday urban life must be able to interact and reinforce one another over time.

The same issue is relevant to Muar's existing higher-education geography. The Pagoh Higher Education Hub has added important educational capacity to the district and contains UTHM, IIUM, a UTM research centre and Politeknik Tun Syed Nasir Syed Ismail. UTHM describes the campus as strategically located just off the Pagoh Interchange and approximately 20 minutes from Muar. This location provides strong expressway accessibility, but it also raises a legitimate place-based question: how can the educational hub interact more closely with the industrial and civic economy of Muar rather than function principally as a separate institutional enclave? A university ecosystem is strongest when it is integrated into the life of a city rather than separated from it. A more deliberate approach could have concentrated higher education and research activity within or immediately around Muar's city centre, where it could interact directly with the semiconductor and precision-engineering base before extending those links to the High Court, hospital, bus station, fire and rescue services, commercial areas and other civic institutions. At the very least, the Tanjong Agas area would have offered proximity to both the city centre and existing industrial activity. It must be emphsized that universities should not just occupy land but rather they should animate the places around them.

That principle should guide the next phase of Muar's development. If Malaysia intends to establish a new university, technology institution, research centre or major innovation programme, Muar should be considered as a serious candidate, provided that such investments are integrated into the city. New knowledge institutions should be planned where they can interact with industry, courts, hospitals, schools, transport, cultural institutions, local businesses and existing communities. Done properly, such investment could deepen Muar's productive base, retain younger talent, strengthen the links between education and industry, and build the intellectual density required for the city's next phase of development.

To initiate Malaysia's next phase of industrial development and begin its path towards becoming a technology nation, we should start with Muar. Malaysia does not need to build another Cyberjaya. It needs to take a living city with an existing industrial base, established institutions, infrastructure, businesses and communities, and deliberately concentrate the next wave of technology, research, higher education and innovation around it. With that ecosystem in place, Muar can become more than a stronger manufacturing centre. It can become the Boston of the East: Malaysia's intellectual capital and, in time, one of Asia's leading intellectual hubs.

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# Batu Pahat: Manufacturing, SMEs and the University–Industry Link

Batu Pahat adds another Johor archetype to the forgotten-cities framework. Its modern growth emerged from commercial and administrative development around the Batu Pahat River before expanding into manufacturing, food processing and a broad base of local enterprises stretching from Batu Pahat **[See: Figure 8]** town through its industrial areas and Parit Raja towards UTHM, Ayer Hitam and the North–South Expressway.

Batu Pahat's growth has long depended on the interaction between connectivity and productive activity, with transport, commerce and agriculture helping drive its early expansion. It also has the scale to sustain a larger regional role. According to DOSM, the district had approximately 511,800 people in 2025, while district GDP stood at approximately RM14.33 billion in 2020. Its demographic profile also shows a sizeable concentration of residents in their twenties and thirties, while unemployment stood at just 1.3% in 2024.

This gives Batu Pahat a substantial workforce, consumer base and productive economy from which to deepen its manufacturing, SME and applied-technology capabilities. Its economic base is also broad. In 2020, services contributed approximately RM7.36 billion to district GDP, manufacturing RM3.95 billion and agriculture RM2.68 billion. Batu Pahat was also the second-largest agricultural district in Malaysia by value added that year. This combination of manufacturing, services and agriculture gives the district several productive bases that can reinforce one another.

Its position outside the Southern Rail Network does not make it peripheral. Instead, Batu Pahat can complement the rail-based roles of Kluang and Segamat. Manufacturers can continue to rely on road transport for shorter feeder journeys, while using Kluang or Segamat as access points to the national rail network depending on destination.




***Figure 8:***
***Satellite Imagery of Batu Pahat and Surrounding Areas***
*(Source: Apple Maps, 2026)*

The district already possesses a diversified industrial base spanning food processing, electronics, furniture and other local enterprises. The task is to deepen that base through technology, skills, logistics and stronger university–industry links.

UTHM is particularly important because it places engineering and technical capability within the same local economy. University–industry collaboration should therefore form part of Batu Pahat's industrial strategy through applied research, placements, technical assistance, automation, commercialisation and closer collaboration with local firms. Previous REFSA work similarly identifies manufacturing modernisation, food processing, SME digitalisation and stronger logistics as priorities for Batu Pahat.

Batu Pahat can also complement Muar. Both sit outside the Southern Rail Network and possess substantial manufacturing bases but their strengths need not be developed in isolation. Stronger road and logistics links between the two, combined with shared access to Kluang and Segamat for rail freight, can create a wider western Johor productive corridor. Muar's strengths in furniture, semiconductors, precision engineering and agro-industrial machinery can sit alongside Batu Pahat's SME base, food processing, technical education, agriculture and applied engineering capabilities.

The objective is to strengthen that existing ecosystem. Better road and logistics connections, stronger university–industry linkages, upgraded SMEs, technical skills and the housing, healthcare, education and local services needed to retain workers and families should reinforce one another. In this sense, Batu Pahat can become a stronger manufacturing, SME and applied-technology centre for western Johor, with UTHM serving as one of the principal engines of industrial upgrading and with Muar, Kluang and Segamat extending the reach of that local economy.

# Beyond Johor: Ipoh and Taiping–Kamunting as Other Possible "Forgotten Cities"

The forgotten-cities framework need not stop at Johor. Ipoh and Taiping–Kamunting present a different but equally relevant archetype: older urban centres whose economic identities were historically shaped by tin mining, railways and colonial administration but which have since had to diversify into new forms of industry and services. Their importance lies precisely in the fact that they already possess accumulated urban, institutional and industrial assets. The policy question is therefore about how to build on the capabilities and character left behind by earlier phases of development.

Ipoh **[See: Figure 9]** is perhaps the clearest example. Its historical growth was closely tied to the Kinta Valley tin economy but the city has since evolved into Perak's principal administrative and services centre, with established capabilities in tourism, education, research and manufacturing. The wider Kinta industrial base also remains active and capable of further upgrading. This makes Ipoh a natural candidate for a place-based strategy centred on post-industrial diversification: strengthening advanced manufacturing, research and education while using the city's existing urban scale, services and heritage to retain talent and attract new activity.

Taiping–Kamunting presents a related but distinct opportunity. Taiping's **[See: Figure 10]** development was similarly tied to tin mining and colonial administration, while the Taiping–Port Weld railway, opened in 1885, was the first railway in Malaya and was built principally to support the mining economy.

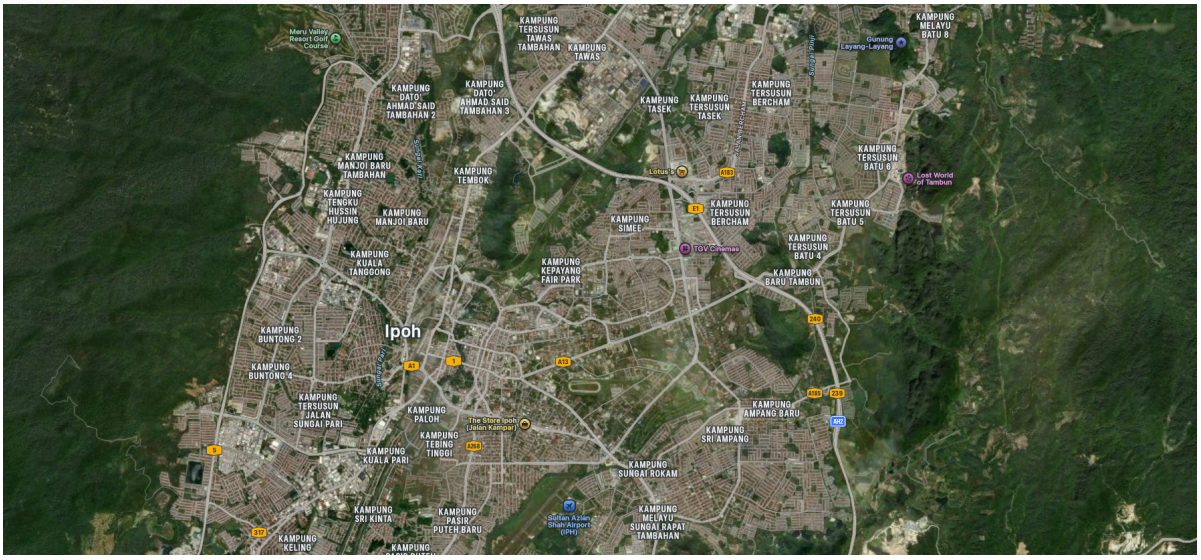



***Figure 9:***
***Satellite View of Ipoh and Surrounding Areas***
*(Source: Apple Maps, 2026)*




***Figure 10:***
***Satellite View of Taiping and Surrounding Areas***
*(Source: Apple Maps, 2026)*

Today, however, Taiping's heritage, tourism, administrative and service functions sit alongside an established manufacturing base in Kamunting. Recent industrial diversification includes advanced manufacturing serving semiconductor, EV, pharmaceutical and data-centre markets, as well as investment in aquaculture-feed production.

Taiping–Kamunting also has much of the social and skills infrastructure needed to support its next phase of development. Hospital Taiping already plays an important regional healthcare role, while institutions such as ADTEC Taiping provide technical capabilities in areas including mechatronics and microelectronics. These assets should be tied more closely to the local economy. Manufacturing, food-related industries, technical training, healthcare and tourism can reinforce one another rather than be planned separately. Taiping–Kamunting therefore has the basis to develop a stronger productive economy without losing the heritage and urban character that distinguish it.

Ipoh and Taiping–Kamunting therefore strengthen the wider argument of this Policy Brief. A forgotten city need not be economically inactive, nor must it share the same industrial history as Muar, Kluang or Segamat. What matters is whether a place already possesses enough productive, institutional and community foundations for targeted public intervention to generate wider local spillovers. In that sense, these Perak cities demonstrate that the forgotten-cities agenda can become a genuinely national one: identifying places with accumulated capability, understanding the economic history that produced it, and using coordinated public policy to help each place move into its next phase of development.

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# The Political Economy of “Forgotten Places”

Identifying the right cities is only the first step. Once a forgotten city or older industrial city has been identified, the next question is what the Government should do with it. The answer will not be the same for every place. In some cities, the appropriate strategy may be to reactivate and upgrade an existing industrial base. In others, it may be to diversify towards new industries and services. Where the original industrial function is no longer commercially viable, the better approach may instead be to repurpose industrial assets towards education, culture, tourism, recreation or other forms of economic activity.

The case for doing so is not purely economic per se. Persistent geographical inequality can also produce political consequences where communities perceive that national growth, investment and opportunity are increasingly concentrated elsewhere. The issue is particularly acute when weaker economic opportunities are accompanied by population loss, deteriorating public services or the perception that national institutions no longer pay sufficient attention to a locality.

Recent developments in the United Kingdom illustrate how geographical rebalancing has moved from regional-development policy into mainstream economic strategy. Prime Minister Andy Burnham has placed greater devolution, regional re-industrialisation and what his Government describes as “good growth in every postcode” at the centre of its economic agenda. Drawing on his experience as Mayor of Greater Manchester, Burnham has argued that places outside London should have greater power and resources to set their own ambitions and shape their economic futures, particularly because local and regional institutions may be better placed to understand and respond to the economic and social conditions of their own communities.

This approach builds on a longer British policy concern with what has been described as “older industrial Britain”: towns, former coalfields and regional cities across the Midlands, North, Scotland and Wales whose economies were historically shaped by coal, steel, engineering, textiles and other industrial activities. Many of these places continue to experience weaker job growth, lower earnings and the loss of younger and better-qualified residents to stronger labour markets elsewhere.

One earlier response was the Long-Term Plan for Towns, launched in 2023. Around two-thirds of its initial 55 towns were classified as older industrial areas. That programme has since been absorbed into the Government’s Pride in Place Programme, under which the original 75 places remain eligible for up to £20 million over ten years, alongside a much larger group of communities added subsequently. The current model places greater emphasis on locally led Neighbourhood Boards and long-term plans shaped around local priorities.

A parallel reform has taken place in the way regional funding is organised. Greater Manchester and the West Midlands became the first areas to receive Integrated Settlements in 2025–26, consolidating funding from several policy areas into a more flexible settlement. From 2026–27, the model has expanded to other mayoral regions. The principle is relevant to Malaysia: if local and regional institutions are expected to respond to the particular strengths and constraints of their places, the resources available to them should also be capable of being coordinated around those needs rather than arriving through disconnected programmes.

The United States provides another useful model. Its policy literature refers to older industrial cities such as Akron (Ohio), Cleveland (Ohio), Pittsburgh (Pennsylvania), St. Louis (Missouri) and Detroit (Michigan). Many of these places were once engines of American manufacturing and retain firms, knowledgeable workers, infrastructure, universities and technological capabilities even after undergoing difficult industrial transitions. The policy opportunity lies precisely in these remaining assets.

Grand Rapids (Michigan) is particularly instructive for the Malaysian context. Historically a major centre of American furniture manufacturing, the city did not abandon its industrial inheritance as the wider manufacturing economy changed. Regional institutions instead built upon its existing capabilities while supporting diversification into areas including advanced manufacturing, food processing, life sciences and information technology. The regional development organisation, The Right Place, has worked across firms and communities to attract investment and build new economic opportunities, while previously vacant urban areas have also been redeveloped for commerce, education and culture.

Grand Rapids demonstrates how an older industrial city can retain its historical specialisation without being trapped by it. Its industrial base became the foundation for upgrading and diversification rather than a relic of an earlier economic era. This is relevant to Malaysia because some forgotten cities may similarly possess a sleeping industrial base: firms, workers, infrastructure, educational institutions and accumulated knowledge are already present, but the connections required to convert those assets into the next stage of development remain incomplete.

Germany demonstrates another possibility. Where an older industrial base can no longer be revived, the landscape itself can be given a new economic and social purpose. In the Ruhr, the IBA Emscher Park programme brought 17 cities and numerous partners together through 117 projects that transformed abandoned industrial sites and infrastructure into parks, cultural venues, visitor destinations and walking and cycling links. In doing so, the region built a new identity around liveability, tourism and heritage while retaining its industrial past.

The same principle can operate at a smaller scale. In the eastern German city of Plauen, former textile sites have been repurposed in different ways. One former industrial site was redeveloped for creative start-ups, an abandoned bleachery was converted into a vocational college for more than a thousand students, while another former textile factory became the headquarters of a regional bank.

These experiences suggest at least three possible pathways for Malaysia's forgotten cities: reactivate, diversify or repurpose. Where the industrial base remains commercially viable, the Government can support upgrading and stronger links between firms, suppliers, skills and infrastructure. Where existing capabilities can support new sectors, public policy can facilitate diversification. Where the original industrial purpose has largely disappeared, former industrial assets may instead support tourism, culture, education, recreation or new forms of commercial activity.

This is relevant to cities such as Muar, Batu Pahat, Segamat, Kluang, Ipoh and Taiping, just to name a few. As this Policy Brief has identified, many of these places already possess substantial productive and community foundations, including firms, workers, infrastructure, educational institutions, commercial ecosystems and accumulated knowledge. They should not be treated as identical, nor should a common industrial template simply be imposed on each of them. The answer is instead to awaken and reactivate their existing potential: to determine what remains within each place, identify what can realistically be upgraded, diversified or repurposed, and bring the relevant public agencies, businesses, educational institutions, local communities and other stakeholders together around a clear direction for the next phase of development. Planning should look well beyond the immediate investment cycle and consider how each place can evolve over the coming decades, so that infrastructure, skills, institutions, housing, transport and productive activity are developed in a coordinated manner rather than as disconnected interventions.

There is also a political reason to do this before genuine decline takes hold. International experience shows that when younger people leave, employment opportunities weaken and public investment appears increasingly concentrated elsewhere, communities can develop the perception that national progress is occurring somewhere else. In the United States, the concern over older industrial cities has therefore extended beyond economic performance towards the consequences of uneven development for social cohesion and political discontent.

Malaysia should therefore not wait until an older industrial city has become an abandoned industrial city. By the time factories have disappeared, younger residents have left, infrastructure has deteriorated and local institutions have weakened, the cost and difficulty of regeneration become considerably greater. The better approach is to identify cities where productive and community foundations remain present but underutilised and intervene while there remains something meaningful to activate.

Through this frame of reference, a “forgotten city” is not necessarily a failed city. It may instead be a city whose economic potential has not been sufficiently activated or whose next purpose has not yet been identified. Place-based development requires the Government to determine whether the appropriate response is to reactivate what already exists, diversify towards something new, or repurpose the assets of the past towards a different future.

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# Total Development: As An Industrial Development Strategy

Once a forgotten city's direction is identified it must be accompanied by development in totality. There is a reason for it. Industrial development is taking place in a very different world from the one that shaped the old model of globalisation. For decades, advanced economies responded to labour and skills gaps in two ways: at home, by competing for highly educated migrants and global talent; and abroad, by relocating production to lower-cost countries, either to benefit directly from cheaper local labour or to create production environments in which those countries themselves became reliant on imported third-country workers to keep labour costs down.

That model delivered growth, but it also encouraged a form of artificial labour dependence without the (corresponding and more necessary) task of building entrenched local communities capable of sustaining economic activity on their own over the long term. By keeping certain forms of labour artificially cheap and readily available, it also reduced the incentive for firms to innovate, automate and incorporate technology into lower-value activities that might otherwise have been upgraded.

Embedded within that model were two assumptions. First, that local populations would progressively move out of certain forms of work as they climbed into more sophisticated, higher-skilled and better-paid occupations. Second, that the jobs left behind could then be filled indefinitely by workers from poorer foreign communities, effectively treating some forms of labour as work to be performed by people from elsewhere. That is problematic because it embeds and perpetuates inequality through a hierarchy that is both economically and socially questionable: that some jobs are inherently more valuable than others, that some segments of society are expected to perform the less desirable work, and that a country will eventually "progress" beyond having its own poorer, less-educated or lower-skilled citizens.

In reality, every society will continue to contain people with different levels of education, income and capability, just as every economy will continue to require a wide range of occupations. Human society cannot be programmed to be equal or perfect. Appreciation, recognition and dignity must be accorded to all segments of society. A development model that assumes undesirable work can simply be passed permanently to poorer or foreign communities therefore risks creating a self-reinforcing hierarchy of inequality, while mistaking social mobility for social elimination.

More fundamentally, no economy can operate indefinitely on the assumption of continuous social upgrading or something approaching human perfection. Every functioning society will continue to require people across a wide range of occupations, skill levels and sectors. Where an economy increasingly depends on the youth and labour of other countries to perform those functions, it creates a vulnerability that may remain largely invisible during periods of prosperity. OECD evidence shows that foreign-born workers have become important contributors to labour-force growth in many advanced economies and that migration can alleviate labour shortages but also that migration alone cannot sustainably offset ageing and shrinking working-age populations.

The vulnerability becomes more apparent when this dependence interacts with economic and social stress. If younger local workers already face stagnant wages, unaffordable housing, weak career progression, uneven regional development or the sense that opportunities are concentrated elsewhere, visible reliance on imported labour can produce at least the perception that local people are being displaced, overlooked or asked to compete within an economy that no longer appears to be organised around them. That perception may not accurately describe the economics of migration. However, perceptions themselves can become politically consequential.

This is when social dissatisfaction that may appear manageable in normal times can become something much more volatile. Economic insecurity, housing pressures, demographic change, regional inequality and perceptions of displacement can reinforce one another until accumulated frustration erupts into wider social angst, anxiety and anger. The deeper problem is an economic model that relies increasingly on highly mobile external labour while failing to invest with equal seriousness in domestic skills, local opportunity, family formation and the communities expected to sustain economic life across generations.

In this regard, a global economy built around artificial labour dependence and an extremely mobile workforce carries costs that become most visible during periods of stress. Industrial strategy cannot assume that workers can simply be imported whenever shortages arise or that local populations will perpetually move into ever more sophisticated occupations. The rapid advance of artificial intelligence may compound many of the pressures already described above, particularly where existing concerns over wages, job security, regional inequality and access to opportunity are combined with the displacement of established forms of work and the uneven creation of new ones. These pressures may be further intensified if the gains from AI, including higher productivity, capital returns and technological ownership, become concentrated among a relatively small number of firms and places. Industrial strategy must therefore pursue and build entrenched, self-sustaining communities in which people across different socio-economic positions and skill levels can find dignified work, progress economically, raise families and see themselves as participants in the future of the places in which they live.

There is therefore no better time to rethink what industrial development itself should seek to achieve. Industrial development in the present and future should be guided by the principle of total development, and Malaysia should seek to pioneer this approach. Growth should not be judged only by investment, output or productivity, but also by whether it strengthens the communities that sustain economic activity over time.

A community that is sufficiently rooted, cohesive and capable of holding itself together is more likely to generate social stability, preserve trust and institutions, and withstand periods of economic stress. Total development therefore requires industrial policy to build not only firms and factories, but also the skills, public services, institutions and community foundations that allow people to remain invested in the places in which they live and carry that development forward across generations. It must also support demographic renewal by creating conditions in which younger generations can remain, form families and raise the next generation, so that population ageing is not compounded by the continued loss of young people.

For Malaysia, industrial development in forgotten cities should go beyond attracting investment and meeting firms' labour needs. It should create credible pathways for local young people to acquire skills, access higher-productivity jobs, earn better wages, and build their futures within their own communities, irrespective of the sector or segment of work in which their capabilities and interests lie. Foreign workers will continue to play legitimate and necessary roles in parts of the economy, but migration should complement, rather than substitute for, sustained investment in Malaysian workers. A forgotten-cities strategy should therefore be judged in part by whether people growing up in these places can see a viable path to better livelihoods and upward mobility within their own communities, irrespective of the sector they work in or the segment of the labour market they occupy. This requires intervention across several connected areas.

First, total development should begin with the productive base already embedded within each forgotten city. As the examples of Kluang, Segamat, Muar and Batu Pahat illustrate, the starting point will differ from place to place: rail and logistics in Kluang, agriculture and agro-industry in Segamat, manufacturing and technology in Muar, and manufacturing, SMEs and university-industry linkages in Batu Pahat. Budget 2027 should therefore identify the industries, firms, skills and supply chains that have accumulated within each place and support their upgrading according to the city's particular productive strengths.

The same should apply across different productive capabilities. In food and agribusiness, the objective should be to strengthen links to processing, cold-chain logistics, agricultural technology and related services. In industrial machinery and engineering, policy should deepen domestic engineering and machinery capabilities. In semiconductors and advanced manufacturing, the priority should be to create stronger connections with local suppliers, technical education, engineering talent and higher-value industrial services. The precise intervention will differ from place to place, but the principle is the same: existing productive capabilities should be used as the foundation for the next layer of economic activity.

Second, building on the policy foundations established under NIMP 2030 and the NIF, Malaysia should deepen the shift in its investment philosophy from promoting and facilitating investment towards shaping and, where necessary, enforcing the developmental outcomes attached to it. At the level of institutional philosophy, the Malaysian Investment Development Authority (MIDA) should see itself not merely as an investment promoter, but as an investment and industrial shaper, responsible for influencing the character, direction and developmental quality of the investments Malaysia attracts. That role should extend beyond approval and facilitation to active monitoring and enforcement on the ground. MIDA should have the capacity to verify whether investors have fulfilled the conditions attached to incentives and approvals, whether promised investments, jobs, wages, training, local procurement, technology transfer and other commitments have actually materialised, and whether the intended developmental outcomes are being achieved in practice.

This requires attaching conditions and measurable outcomes to public incentives and facilitation, monitoring delivery, and holding supported investments to the commitments on which that support was premised. The expedited repeal of the Industrial Co-ordination Act 1975 and the pursuit of a new Industrial Development Bill should be the legislative hammer needed to break with outdated assumptions about industrial policy. This is necessary not only to give the Government stronger tools to shape Malaysia's industrial and investment ecosystem but also to build greater resilience into that ecosystem.

Malaysia, through MIDA, the Ministry of Investment, Trade and Industry (MITI) and the Ministry of Finance (MOF), should send a clear signal that the country remains open to capital and can offer a stable industrial base, established supply chains, creative and technical talent, strategic access to regional markets and a competitive operating environment. At the same time, access to public incentives and preferential support should increasingly come with an expectation of developmental reciprocity. Investments receiving significant government support should be expected, where appropriate, to contribute to Malaysian employment and wage growth, develop local suppliers, transfer technology and know-how, support apprenticeships and technical training, undertake research and development, create locally anchored intellectual property, and strengthen the productive ecosystems of the places in which they operate.

A central measure of that developmental reciprocity should be the extent to which investment deepens the economy around it. Major investments should create opportunities for Malaysian firms to participate more deeply in surrounding supply chains, including materials, machinery, packaging, logistics, digital services, design, marketing, maintenance, professional services and e-commerce. Supplier-development programmes should therefore accompany major investment incentives so that anchor firms become platforms through which local firms acquire capabilities, technology, markets and opportunities to move into higher-value activities.

This approach is not a restriction on investment but a win-win proposition, particularly at a time when firms are placing greater emphasis on supply chain resilience. It is to recognise that investment policy is itself a tool of industrial development. Malaysia should be prepared to distinguish between capital that merely locates economic activity within the country and investment that leaves behind deeper capabilities, stronger firms, better workers and more resilient communities. MIDA's role should accordingly extend beyond the value of investment approved or realised to include greater attention to the domestic capabilities, linkages and measurable economic outcomes generated by those investments over time.

Third, industrial upgrading in forgotten cities should be supported by the wider physical, institutional and social ecosystem needed for firms, workers and communities to grow together. Industrial areas should develop into more complete productive ecosystems, with road access, drainage and flood resilience, reliable electricity and water supply, sewerage, high-quality broadband, logistics facilities, testing and certification infrastructure, waste-management systems and supporting commercial services. Budget 2027 should prioritise genuine missing links and accelerate infrastructure that allows existing productive centres to function more efficiently.

Universities, TVET institutions and other education providers should form part of the same ecosystem and be more closely connected to the productive economies around them. Their role should extend towards industry-linked training, apprenticeships, engineering and technical skills, automation, design, testing, research and development, and other capabilities required by local firms.

The same applies to the wider conditions that allow people to remain and build their lives in these places. Affordable housing, schools, healthcare, childcare, local transport, digital connectivity, recreational facilities, commercial services and a functioning urban environment should be treated as part of the development ecosystem. The aim is to give people a genuine choice: to stay, return or build their careers and families in these places without having to move elsewhere simply to access better opportunities. These conditions affect whether workers, families and businesses are willing to remain in a locality and whether economic growth can mature into stronger and more durable communities.

These interventions should also be coordinated spatially within each forgotten city and its surrounding economic area. Town centres, industrial estates, universities, transport links and surrounding communities should be treated as interconnected parts of the same development system.

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# Can Budget 2027 Afford a Forgotten Cities Agenda?

The question of whether Malaysia can afford a programme of total development must begin with an important qualification: total development does not require the Federal Government to spend indiscriminately or establish a large new fund for every forgotten city. The approach proposed in this Policy Brief is principally about using existing public resources more strategically, coordinating programmes geographically and directing additional expenditure towards identifiable constraints that prevent existing productive assets from reaching their potential. Fiscal discipline and place-based development are therefore not contradictory.

Malaysia enters Budget 2027 with comparatively strong economic momentum. The economy expanded by 6.0% year-on-year in the second quarter of 2026, bringing growth for the first half of the year to 5.7%, compared with 4.5% over the corresponding period in 2025. Growth was supported by domestic demand, investment and exports, with manufacturing among the sectors recording continued expansion. At the same time, approved investments reached RM218.5 billion in the first half of 2026, 11.7% higher than a year earlier. Foreign investment accounted for RM126.9 billion, while domestic investment reached RM91.6 billion, and the approved projects are expected to create more than 99,000 jobs. These figures do not guarantee future realised investment but they indicate that Malaysia continues to attract substantial commitments from both domestic and international investors.

Malaysia's fiscal position has also improved materially from the immediate post-pandemic period. The Federal Government deficit fell from 5.5% of GDP in 2022 to 5.0% in 2023, 4.1% in 2024 and 3.7% in 2025, while new borrowing declined from around RM100 billion in 2021 and 2022 to RM75.6 billion in 2025. The Government remains on a consolidation path towards a deficit of around 3% of GDP by 2028.

This improvement matters because the case for development expenditure becomes stronger when additional resources are directed towards investments that expand future productive capacity rather than permanently increasing recurrent obligations. Total development should therefore be pursued within, rather than against, the broader fiscal-consolidation framework.

The financial system also provides Malaysia with an important source of resilience. Malaysia possesses a deep local-currency bond market supported predominantly by domestic investors. The Asian Development Bank reported that Malaysia's local-currency bond market had reached approximately RM2.3 trillion by the end of the first quarter of 2026, while domestic investors accounted for almost four-fifths of government bond holdings. This reduces dependence on foreign-currency borrowing and gives Malaysia greater financial depth than many developing economies. Foreign participation nevertheless remains significant, while Fitch has maintained Malaysia's sovereign rating at BBB+ with a stable outlook and recognised the progress made in fiscal consolidation. None of this removes the need for prudent debt management, and Government debt remains substantial but it provides a more credible financing environment for well-designed productive investment.

This makes the timing of Budget 2027 particularly important. The present global transition represents a once-in-a-generation opportunity for Malaysia. Changes in global supply chains, technology, energy systems and artificial intelligence create an opportunity to reconsider not only what Malaysia develops but where development takes place. A new phase of industrial transformation should not simply reinforce the economic map inherited from the previous generation. It should also ask which Malaysian cities already possess firms, workers, infrastructure, institutions and communities that can participate more fully in the next phase of industrialisation. This does not mean reversing fiscal consolidation or attempting to develop every locality simultaneously but using available fiscal space selectively to strengthen Malaysia's future productive capacity.

| Indicator | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| Fiscal deficit (% GDP) | 5.00% | 4.10% | 3.70% | 3.5% target |
| New federal borrowing | RM92.6bn | ~RM77bn | RM75.6bn | — |
| Federal revenue | RM315.0bn | ~RM322.1bn | ~RM334.1bn | RM343.1bn estimate |
| Development expenditure | ~RM96.1bn | ~RM84bn | ~RM80bn revised | RM81bn |

***Table 2:***
***Malaysia's Fiscal Indicators, 2023–2026***
*(Source: Ministry of Finance, Fiscal Outlook 2025 and 2026; Pre-Budget Statement 2027)*

Malaysia's fiscal position has therefore improved since 2023. The fiscal deficit has narrowed, new federal borrowing has fallen and federal revenue has increased. At the same time, development expenditure has stabilised at around RM80 billion to RM84 billion, while the Government remains bound by medium-term fiscal targets under the Public Finance and Fiscal Responsibility Act 2023. Higher energy costs have also absorbed part of the fiscal savings generated through subsidy reform. The implication is that Budget 2027 has some fiscal room, but not enough to justify a large new nationwide spending programme for forgotten cities. The fiscal case for total development must therefore rest on selective investment, better coordination of existing expenditure and targeted intervention where identifiable gaps prevent existing productive assets from reaching their potential.

The fiscal logic of total development is therefore one of convergence rather than a new mega-fund. Existing industrial, infrastructure, skills, university, housing, SME and other relevant resources should be coordinated around selected places, with additional federal expenditure directed principally towards the genuine gaps that prevent those local economies from progressing.

Kluang provides a clear example. The Southern Rail Network has already been completed; the next question is whether complementary investments in road access, freight facilities, warehousing, energy infrastructure, digital systems and town-centre connectivity can allow that existing asset to generate wider economic value. The fiscal proposition is therefore not to fund an entirely new development model, but to make an existing major public investment work harder.

Additional federal spending should then be directed principally towards genuine missing links that prevent the wider ecosystem from developing. These may include roads, utilities, sewerage, logistics, digital infrastructure, flood resilience or other forms of enabling infrastructure. Firm-level incentives should similarly be tied to measurable outcomes such as productivity, wages, Malaysian employment, supplier development, research and development and export diversification.

The same logic should apply to existing industrial and development programmes. Funding under NIMP 2030, MIDA programmes, SME support, skills and university allocations, state agencies, infrastructure ministries, GLICs and private investment can be coordinated more deliberately around common place-based development objectives. Across places such as Muar, Kluang and Segamat, many of the necessary resources already exist across different institutions; what is often missing is the mechanism that brings them together around a shared mission.

Budget 2027 should therefore adopt a place-based total development approach for selected cities with established productive foundations and identifiable constraints. Existing industrial, infrastructure, skills, housing, SME and other relevant programmes should be coordinated geographically around a common development mission for each place.

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## Conclusion

Budget 2027 presents an opportunity to change not only what Malaysia develops but where and how development takes place. The argument here is not that every city should receive the same level of investment, nor that government should manufacture new growth centres throughout the country. It is that Malaysia should identify forgotten cities where productive, institutional and community foundations already exist, understand what prevents those places from progressing, and use total development to connect those assets towards their next economic purpose.

The examples considered in this Policy Brief demonstrate why the approach must remain selective and differentiated. Muar should deepen an already sophisticated industrial base by adding greater technology, research and intellectual density. Kluang should use its renewed connectivity to become the economic heart of central Johor. Segamat should capture more value from the agricultural economy of the north and be the connecting point for Johor and the its surrounding states. Batu Pahat should bring manufacturing, SMEs and technical education closer together. Ipoh and Taiping–Kamunting demonstrate that older industrial cities can diversify and repurpose inherited assets without erasing the economic history and identity on which those places were built.

Malaysia should also act before underutilisation becomes genuine decline. Once younger people leave, firms disappear, skills are lost, infrastructure deteriorates and institutions weaken, regeneration becomes considerably more difficult and expensive. A forgotten-cities agenda should therefore be preventative as much as restorative. The task is to recognise productive and community foundations while they remain alive, determine whether the appropriate pathway is to reactivate, diversify or repurpose, and intervene before another generation of accumulated capability is lost.

There is also a social purpose. In a global economy increasingly dependent on highly mobile labour, development must also create entrenched and self-sustaining communities. People across different socio-economic positions and skill levels should be able to find dignified work, progress economically, raise families and participate in the future of the places in which they live. A broader geography of opportunity can also foster a positive and constructive sense of nationalism and patriotism. People living outside Kuala Lumpur and the major growth centres should be able to feel that they too have a place in Malaysia's great ambitions, that their communities matter to the country's future, and that national progress is something in which they can participate and take pride. A community that is rooted, cohesive and capable of holding itself together is also better placed to preserve social stability and withstand periods of economic stress. This is why Malaysia's forgotten cities (through total development) must sit at the heart of Malaysia's next industrial-development strategy.

Budget 2027 can pursue this without abandoning fiscal discipline. Total development does not require another mega-fund or another layer of bureaucracy. The more credible approach is to make existing expenditure work better: coordinate industrial, infrastructure, skills, university, housing, state, GLIC and private-sector resources around selected places, and provide additional federal expenditure where genuine missing links prevent existing productive assets from reaching their potential. The question is how effectively the roads, universities, hospitals, industrial estates, firms and programmes Malaysia is already paying for can be made to work together.

The timing is important. Malaysia is entering a period of global economic transition shaped by technology, artificial intelligence, energy transformation, supply-chain restructuring and geopolitical uncertainty. The ongoing conflict in the Middle East further strengthens Malaysia's strategic position as firms and investors look for more stable and resilient locations. If this is indeed a once-in-a-generation opportunity, Malaysia should use it not only to attract investment, but to broaden the geography through which that investment drives national development.

The period to 2030 should therefore be treated as Malaysia's window for structural and governance repair. The next few years should address the bottlenecks that continue to constrain development: fragmented planning, weak coordination between industry and place, insufficient local capability-building, uneven regional opportunity and outdated assumptions about industrial development. Government should also improve coordination across ministries, agencies, states and local authorities, while using data more effectively to identify local strengths, target resources and measure whether interventions are working. By 2030, Malaysia should have the foundations of a more coherent development model that connects firms, workers, institutions, infrastructure and communities. The period from 2030 to 2057 (or 2063) should then become Malaysia's great leap. With stronger foundations in place, the country can focus on scaling deeper technological capability, stronger Malaysian firms, higher productivity and wages, more resilient cities and regions, and a broader geography of opportunity.

A stronger focus on forgotten cities would also send an important signal to communities beyond Malaysia's main growth centres: that Government recognises these places as more than people and postcodes, and that each has a history and a heart in this nation. It would tell these communities that they are seen and heard, and give them hope that they can continue to build their lives and futures in the places they call home.
Ultimately, a forgotten city is a place waiting for its next purpose. The forgotten-cities agenda is also an opportunity to bring the hammer down on outdated assumptions about how industrial development should work. Success should be measured by what investment leaves behind.

Budget 2027 can allow the MADANI Government to signal something larger than an annual or electoral budget cycle: a longer-term national development project extending towards 2030 and, ultimately, 2057 (or 2063). The forgotten cities of today should not remain forgotten. Their renewal should signal the Malaysia we want to build by its centenary: a country in which progress reaches beyond the major centres, opportunity is more widely shared, communities across the country can see themselves in the national project, and nobody gets left behind.

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