Penang

The next metropolis?

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What makes a great metropolis?
Top 10 cities

From rejuvenated classics to under-the-radar destinations, our travel experts say these charismatic cities deserve a spot on your wish list for 2016.
George Town might be widely known for its Unesco World Heritage-listed streetscape, but of late it’s also emerged as the crucible of an artsy, modern Malaysia. You’re likely to find funky street art amid the traditional Chinese shophouses these days, and versatile exhibition spaces showcasing avant garde art, film, music and dance are springing up left and right. Throw in a few boutique guesthouses and you’ve got a recipe for one of Asia’s most inventive and diverse arts communities.
Geography: 1,050 sq km area

Demography:
- 1.7 million population
- 68.5% working age group
- 94.1% literacy rates
- 250,000 industry workforce

Languages:
- Multilingual - English widely spoken, Malay, Mandarin, Japanese, etc.

Economy:
- RM 63 billion GDP
- 7% contribution to national GDP
- 2.1% inflation rate

Development:
- 40 years of cumulative industrial intelligence
- Home to >300 MNCs
Penang

- Top 4 Best city to visit in 2016 (Lonely Planet)
- The 5th best place to retire outside of the U.S. (Lifehacker, 24th Mar 2015)
- The 16th most livable city in Asia (ECA Intl., Jan 2015)
- UNESCO World Heritage Site since 2008
- George Town Festival is making its name as major Asian arts event - The New York Times
- Top 15 best street art in the world (The Guardian 2013)
- Top culinary spot (Lonely Planet 2014)
- Top 8 islands in the world ‘You must see before you die' (Yahoo! Travel, Feb 2011)
Gateway to North West ASEAN: ASEAN – market of more than 620 million people with GDP exceeding USD2 trillion

Established manufacturing cluster and support services hub with deep talent pool

Multi-lingual workforce with strong English proficiency

Excellent infrastructure & clean governance
Economic Sectors – Penang, 2014

RM 66,907 mil (2010 constant [PERCENTAGE] price)

- Manufacturing: 48.2%
- Services: 2.7%
- Agriculture: 0.8%
- Import duties: 0.1%
- Mining and Quarrying: 2.2%
External Trade – Penang (2014)

Source: Department of Statistics Malaysia.
GDP growth rate, Penang vs. Malaysia

## Penang’s output in Malaysia
(2010 constant price)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Penang 2014</th>
<th></th>
<th>Malaysia 2014</th>
<th></th>
<th>Penang's sector share in Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM billion</td>
<td>Sector share</td>
<td>RM billion</td>
<td>Sector share</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.5</td>
<td>2.2%</td>
<td>93.0</td>
<td>9.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>0.0</td>
<td>0.1%</td>
<td>90.6</td>
<td>9.0%</td>
<td>0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>30.8</td>
<td>46.0%</td>
<td>232.9</td>
<td>23.0%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Construction</td>
<td>1.8</td>
<td>2.7%</td>
<td>43.2</td>
<td>4.3%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Services</td>
<td>32.3</td>
<td>48.2%</td>
<td>541.2</td>
<td>53.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Import duties</td>
<td>0.5</td>
<td>0.8%</td>
<td>11.6</td>
<td>1.1%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Total</td>
<td>66.9</td>
<td>100%</td>
<td>1,012.5</td>
<td>100%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

Source: Department of Statistics and Economic Planning Unit.
Penang contributes 21.8% of Malaysia’s Balance of Trade Surplus

<table>
<thead>
<tr>
<th>DESCRIPTIONS</th>
<th>2014 (RM billion)</th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Export</td>
<td>Import</td>
<td>Balance</td>
<td></td>
</tr>
<tr>
<td>FOOD</td>
<td>3.0</td>
<td>6.6</td>
<td>-3.6</td>
<td></td>
</tr>
<tr>
<td>BEVERAGES AND TOBACCO</td>
<td>0.3</td>
<td>0.6</td>
<td>-0.3</td>
<td></td>
</tr>
<tr>
<td>CRUDE MATERIALS, INEDIBLE</td>
<td>2.5</td>
<td>4.5</td>
<td>-2.0</td>
<td></td>
</tr>
<tr>
<td>MINERAL FUELS, LUBRICANTS, ETC.</td>
<td>0.8</td>
<td>7.7</td>
<td>-6.9</td>
<td></td>
</tr>
<tr>
<td>ANIMAL AND VEGETABLE OILS AND FATS</td>
<td>0.9</td>
<td>0.1</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>CHEMICALS</td>
<td>6.6</td>
<td>7.8</td>
<td>-1.3</td>
<td></td>
</tr>
<tr>
<td>MANUFACTURED GOODS</td>
<td>8.9</td>
<td>11.3</td>
<td>-2.4</td>
<td></td>
</tr>
<tr>
<td>MACHINERY &amp; TRANSPORT EQUIPMENT</td>
<td>122.8</td>
<td>99.4</td>
<td>23.4</td>
<td></td>
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<tr>
<td>MISCELLANEOUS MANUFACTURED ARTICLES</td>
<td>25.4</td>
<td>9.4</td>
<td>16.0</td>
<td></td>
</tr>
<tr>
<td>MISCELLANEOUS TRANSACTIONS AND COMMODITIES</td>
<td>1.5</td>
<td>7.2</td>
<td>-5.7</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>172.6</td>
<td>154.5</td>
<td>18.1</td>
<td></td>
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Penang contributes 21.8% of Malaysia’s Balance of Trade Surplus: RM 83.1 bn

Source: Department of Statistics.
Projected growth 2016-2020

Under the 11th Malaysia Plan:

<table>
<thead>
<tr>
<th>Growth:</th>
<th>Malaysia</th>
<th>Penang</th>
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</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>5.10%</td>
<td>6.50%</td>
</tr>
<tr>
<td>Services</td>
<td>6.90%</td>
<td>6.10%</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>54,890</td>
<td>67,544</td>
</tr>
<tr>
<td>(RM, in current prices)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Key growth sectors

- **Industry**
  - Electronics & electrical
  - Medical devices
  - Aerospace
  - Halal food

- **Services**
  - Medical tourism
  - SSO/BPO
  - ICT
  - Creative industries
  - MICE
  - Logistics & transportation
Penang’s Future Roadmap
THE 3 DRIVERS OF PROGRESS

IDEAS
- Freedom, justice and equity
- Individual rights, social responsibilities and global welfare
- Aesthetics and nature
- Innovation and entrepreneurship

PRIVATE INVESTMENT
PRIVATE INVESTMENT TO DRIVE EFFICIENCY IN
- Production, and
- Distribution
- subject to regulations to maximize social welfare

PUBLIC INFRASTRUCTURE
PUBLIC SECTOR TO ADMINISTER
- The soft infrastructure (state institutions), to govern society and economy efficiently and fairly; and
- The hard infrastructure (like communications) to provide high quality, cost-effective services

THE 3 SYSTEMIC PROPERTIES

HORIZONTAL INTEGRATION OF THE 3 DRIVERS OF PROGRESS CREATES PROCESSES THAT PRODUCE 3 SYSTEMIC PROPERTIES

ECONOMIC DYNAMISM (ED)
1. The Growth Fundamentals
2. High-Tech Manufacturing
3. Modern Services
4. Moving SMEs up the Value Chain
5. Providing the Required Hard Infrastructure
6. Science & Technology Policy

LIVEABILITY & SUSTAINABILITY (L&S)
1. Sustainable Planning
2. Transport System
3. Affordable Housing
4. Environment
5. Public Spaces
6. Heritage, Culture & Arts

SOCIAL DEVELOPMENT & INCLUSION (SD&I)
1. Combating Poverty, Inequality and Discrimination
2. Family and Community Support
3. Economic Empowerment through Education
4. Democratic Empowerment

For complete info, please visit penangparadigm.com
Penang Paradigm: Self Sustaining Cycle

- Livability & Sustainability
- Social Development & Inclusion
- Economic Dynamism

www.penangparadigm.com
THE 3 DRIVERS OF PROGRESS

IDEAS
PRIVATE INVESTMENT
PUBLIC INFRASTRUCTURE

THE 3 SYSTEMIC PROPERTIES

ECONOMIC DYNAMISM (ED)
LIVEABILITY & SUSTAINABILITY (L&S)
SOCIAL DEVELOPMENT & INCLUSION (SD&I)
Penang Paradigm Strategies

Idea

- Strengthening talent pipeline
- German Dual Vocational Training
- Penang Future Foundation scholarships
- Penang Education Hub Batu Kawan
- Penang Science Cluster/Science Fair
- Penang Tech Dome

Private Investment

- FDIs / Private health care facilities
- Integrated industrial parks
- BPO Prime – Bayan Baru, 1.2m sq ft
- BPO Park – Bayan Lepas, 3m sq ft
- Penang International Technology Park, Batu Kawan – Temasek, 200 ac
- Batu Kawan Industrial Park – PDC 1,500 ac
## Penang’s manufacturing investment by industry, 2014

<table>
<thead>
<tr>
<th>Industry</th>
<th>No.</th>
<th>Employment</th>
<th>Domestic</th>
<th></th>
<th></th>
<th>Total Capital</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>RM million</td>
<td>share (%)</td>
<td>RM million</td>
<td>Share (%)</td>
<td>RM million</td>
<td>share (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Domestic</td>
<td>%</td>
<td>Foreign</td>
<td>%</td>
<td>Total Capital</td>
<td>%</td>
</tr>
<tr>
<td>Food Manufacturing</td>
<td>9</td>
<td>734</td>
<td>123.8</td>
<td>4.1</td>
<td>49.0</td>
<td>1.0</td>
<td>172.7</td>
<td>2.1</td>
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<tr>
<td>Beverages &amp; Tobacco</td>
<td>1</td>
<td>90</td>
<td>6.0</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
<td>6.0</td>
<td>0.1</td>
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<tr>
<td>Wood &amp; Wood Products</td>
<td>5</td>
<td>54</td>
<td>15.9</td>
<td>0.5</td>
<td>8.9</td>
<td>0.2</td>
<td>24.9</td>
<td>0.3</td>
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<tr>
<td>Furniture &amp; Fixtures</td>
<td>2</td>
<td>33</td>
<td>5.3</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
<td>5.3</td>
<td>0.1</td>
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<tr>
<td>Paper, Printing &amp; Publishing</td>
<td>2</td>
<td>247</td>
<td>9.1</td>
<td>0.3</td>
<td>0.7</td>
<td>0.0</td>
<td>9.8</td>
<td>0.1</td>
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<tr>
<td>Chemical &amp; Chemical Products</td>
<td>8</td>
<td>500</td>
<td>48.0</td>
<td>1.6</td>
<td>102.8</td>
<td>2.0</td>
<td>150.8</td>
<td>1.8</td>
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<tr>
<td>Petroleum Products (Inc. Petrochemicals)</td>
<td>2</td>
<td>83</td>
<td>90.1</td>
<td>3.0</td>
<td>97.5</td>
<td>1.9</td>
<td>187.6</td>
<td>2.3</td>
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<tr>
<td>Rubber Products</td>
<td>1</td>
<td>34</td>
<td>1.6</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>1.6</td>
<td>0.0</td>
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<tr>
<td>Plastic Products</td>
<td>10</td>
<td>1,060</td>
<td>164.1</td>
<td>5.4</td>
<td>0.0</td>
<td>0.0</td>
<td>164.1</td>
<td>2.0</td>
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<tr>
<td>Non-Metallic Mineral Products</td>
<td>1</td>
<td>57</td>
<td>0.0</td>
<td>0.0</td>
<td>29.5</td>
<td>0.6</td>
<td>29.5</td>
<td>0.4</td>
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<tr>
<td>Basic Metal Products</td>
<td>5</td>
<td>568</td>
<td>288.4</td>
<td>9.5</td>
<td>23.4</td>
<td>0.5</td>
<td>311.8</td>
<td>3.8</td>
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<tr>
<td>Fabricated Metal Products</td>
<td>32</td>
<td>941</td>
<td>251.1</td>
<td>8.2</td>
<td>13.8</td>
<td>0.3</td>
<td>264.9</td>
<td>3.2</td>
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<tr>
<td>Machinery &amp; Equipment</td>
<td>29</td>
<td>1,791</td>
<td>1,301.9</td>
<td>42.7</td>
<td>63.9</td>
<td>1.2</td>
<td>1,365.8</td>
<td>16.7</td>
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<tr>
<td>Electronics &amp; Electrical Products</td>
<td>34</td>
<td>7,557</td>
<td>337.1</td>
<td>11.1</td>
<td>4,470.6</td>
<td>87.4</td>
<td>4,807.6</td>
<td>58.9</td>
</tr>
<tr>
<td>Transport Equipment</td>
<td>6</td>
<td>331</td>
<td>125.5</td>
<td>4.1</td>
<td>18.3</td>
<td>0.4</td>
<td>143.8</td>
<td>1.8</td>
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<tr>
<td>Scientific &amp; Measuring Equipment</td>
<td>18</td>
<td>3,505</td>
<td>272.5</td>
<td>8.9</td>
<td>235.3</td>
<td>4.6</td>
<td>507.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4</td>
<td>311</td>
<td>8.4</td>
<td>0.3</td>
<td>0.0</td>
<td>0.0</td>
<td>8.4</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>169</strong></td>
<td><strong>17,896</strong></td>
<td><strong>3,048.8</strong></td>
<td><strong>100.0</strong></td>
<td><strong>5,113.6</strong></td>
<td><strong>100.0</strong></td>
<td><strong>8,162.4</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Malaysian Investment Development Authority (MIDA).
Penang Healthcare: Above average doctors per 1,000 persons

Further investments by:

- Gleneagles Medical Centre
- Hospital Lam Wah Ee
- Island Hospital
- Loh Guan Lye Specialists Centre
- Mount Miriam Cancer Hospital
- Pantai Hospital Penang
- Penang Adventist Hospital
- Penang General Hospital (main)
- Columbia Hospital (future)

Source: Penang Health Department.
Batu Kawan

Snapshot of projects in Batu Kawan Island (6,717 ac) Next growth centre (Leisure & Entertainment, Medical, Education, Tourism, IT Park)

- Comprehensive master plan
- Eco-friendly township – work, live & play
- World class technology and innovation led industries
- Supply chain at SME Village
- Education hub
- Affordable housing – 11,800 units

Education Hub & Talent Pool

Innovation Led Manufacturing

- University of Hull
- KDU University College
- VAT
- Seagate
- Bose
BPO PRIME / BPO Park

- Penang BPO Prime - Bayan Baru (2.75 ha / 6.8ac)
  - Mixed-use development project with an estimated gross development value (GDV) of around S$500 million (RM1.2 billion) on a 2.7 hectare site
  - Timeline: Q1 2015-Q1 2017
  - Penang BPO Park, Bayan Lepas (28 ha / 70ac)
  - To capitalize on second bridge link, completing a multi-node live-work-play and learn environment.
Penang International Technology Park (PITP)

- Strategic waterfront and directly next to 2nd Penang Bridge
- Integrated and complementary land uses
- Employment opportunities close to home
- Provision of facilities and amenities for residents and workers
- Heart of the “The Greater Penang”
- 80 ha; GFA: 1.8million sqm
- Advanced manufacturing / technology park, residential space, mixed used & commercial (business space / retail space)
## Penang Paradigm Strategies

### Public Infrastructure

#### Hard infrastructure

- Penang Master Transport Plan
- Penang Heritage Arts District – Ilham Penang @ Sia Boey
- Creative Animation Triggers – Wisma Yeap Chor Ee
- Komtar refurbishment
- Changkat Byram south of Batu Kawan (5,000 acres acquired; Sime Darby JV)

#### Soft infrastructure

- Governance: Competency Accountability Transparency
- Open tender system
- Public declaration of assets
- Prudent state financial management
- Aga Khan Trust for Culture - George Town Conservation and Development Corporation (GTCDC),...
Creative Animation Triggers

- Rejuvenation of George Town
- 100 year old buildings retrofitted with state of the art infrastructure and deco, while maintaining old colonial charm
- To incubate and provide subsided office space for creative sector (animation, interactive content, mobile content, IOT etc)
- GF: ~12,000 sqft (Penang Science Council)
- 1st Floor: ~12,000 (Creative Animation Triggers)
- 2nd Floor: ~12,000 (Creative and Technology Accelerator)
Changkat Byram

Expansion of BKIP

- LAND ACQUISITION IN PROGRESS
  750 Acres

- LAND ACQUISITION IN PROGRESS
  5,000 Acres
About us...

• We are the Penang State Government public policy think tank, with research focusing on economics, socio-politics, urban studies, heritage and Nusantara.

• Thank you!

• [www.penanginstitute.org](http://www.penanginstitute.org)