



**LUNCHEON TALK BY**

**H.E TUN DATO' SERI UTAMA AHMAD FUZI BIN HAJI ABDUL RAZAK  
YANG DI-PERTUA NEGERI OF THE STATE OF PENANG**

**PENANG ECONOMIC FORUM 2024**

**25<sup>th</sup> JUNE 2024 (TUESDAY) 1.00PM  
AUDITORIUM PENANG INSTITUTE, GEORGE TOWN**

*Bismillahirrahmanirrahim.*

**YB Tuan Zairil Khir Johari**

Penang State Executive Council of the Infrastructure, Transport & Digital,

**YBhg Tan Sri Abdul Wahid bin Omar**

Chairman of Bursa Malaysia Berhad,

**Mr. Raschada Jiwalai**

Consul General of the Kingdom of Thailand,

**YBhg Datu Dr Muhammad Abdullah bin Zaidel**

Deputy State Secretary (Economic Planning and Development) of  
Sarawak,

**YBhg Dato' Dr Ooi Kee Beng**

Executive Director, Penang Institute,

**Yang Mulia Tunku Afwida Tunku Abdul Malek**

Chairman, Affin Hwang Investment Bank,

**YBhg Datuk Wan Razly Abdullah Wan Ali**

Chief Executive Officer, Affin Bank Berhad,

**Mr Nurjesmi Mohd Nashir**

Chief Executive Officer, Affin Hwang Investment Bank,

Distinguished Panelists & Moderators,

Ladies and Gentlemen.

*Assalamualaikum Warahmatullahi Wabarakatuh* and a very good  
afternoon.

1. I wish to thank Affin Hwang and Penang Institute for inviting me to speak at this Penang Economic Forum 2024 this afternoon. My congratulations to the organisers for holding this timely Forum in Penang.

2. I would like to focus on just three major aspects pertaining to Penang.

3. Firstly, the overall success and achievements made by Penang under successive State governments.

4. Secondly, the challenges and difficulties faced by Penang as the second smallest State in Malaysia against the backdrop of a rapidly changing and turbulent world.

5. Thirdly, the strategy and ideas that could be considered by the State government with the support of the Federal government to make Penang future ready and to bring the State to the next level of socio-economic development.

6. Let me start with what we have achieved. We can proudly say that Penang is a success story, based on various achievements made.

- i. Firstly, we have successfully formulated and implemented the Penang Vision 2030 covering various sectors, to create a family-focused smart and green State that inspires the nation. The overall progress and achievements made thus far have been quite impressive.
- ii. Secondly, rapid industrialisation, beginning with the “8 Samurais”, and the development of various industrial zones on the island and on the mainland, have turned Penang into the Silicon Valley of the East and with an impressive 32% share of the country’s export amounting to RM41.152 billion.
- iii. Thirdly, we continue to remain an attractive investment destination, evident in the impressive RM71.9 billion in investment flows in 2023, RM61.7 billion or 85.8 % of which are FDIs in the E&E sector.

- iv. Fourthly, we are the only State to have achieved 2 UNESCO listings, namely the UNESCO World Heritage Status attached to George Town, and the UNESCO Biosphere Reserve attained by Penang Hill. Penang's Botanical Garden could potentially be yet another UNESCO listing. At the same time efforts made at designating the Middle Bank area as the Marine Sanctuary, aimed at preserving Penang's natural marine ecosystem are also commendable.
- v. Fifthly, to meet the goal of achieving equality in housing in Penang, we have successfully increased the development of affordable housing from 180,000 units to 220,000 units to be completed by 2030, of which 71.4 % has been achieved.
- vi. Sixthly, to reduce congestion and enhance transportation facilities and services within the State, we have successfully embarked on several infrastructure projects like the Bayan Lepas LRT, Jalan Bukit Kukus, the ongoing Ayer Itam -Tun Dr Lim Chong Eu bypass, robust bus system with free Mutiara Pass, free Central Area Transit (CAT) services around the island and a fully subsidised ferry services for passengers to cross between the Island and the Mainland.

New highways to bypass existing congested highways are also being planned for implementation on the Mainland.

- vii. Seventhly, we are undergoing rapid digital transformation with the establishment of Digital Penang and Penang STEM to develop Penang's STEM ecosystem by setting up the Penang Skills Development Centre, the Penang Science Cluster, @CAT Penang, Tech Dome Penang, the Karpal Singh Learning Centre, the Penang Digital Library and TVET facilities.
- viii. Last but not least, we have successfully transform Penang into a major tourist destination including for medical tourism with the setting up of new private hospitals, the latest being Northern Heart Hospital and the Taiwan Advance Medtech Centre, and promoting the State as a popular food paradise and an attractive destination for foreigners to participate in the Malaysia My Second Home Programme.

7. I must also add that, as a State, Penang has also successfully established the Happiness in Penang Index and implemented a gender equality policy in respect of 30% participation of women in Government Agencies including Village Community Management Councils.

8. All these achievements speak well of the effective leadership, good governance and dedicated service displayed by the State government against the backdrop of relative peace, harmony and political stability in Penang.

Ladies and gentlemen,

9. Whilst we are happy with the success achieved by the State thus far, we are reminded of the various challenges faced to further enhance our socio-economic development.

- i. Firstly, Penang suffers from scarcity of land to expand our economic base via-a-vis developing new industrial economic zones, agro-farms, dairy farms, solar farms, large scale plantations and housing development.
- ii. Secondly, we lack the financial resources necessary to implement high impact socio-economic projects, as to become dependent on the Federal government.

- iii. Thirdly, we also face lack of water resources including insufficient raw water from Sungai Muda with the three major dams - Air Itam, Teluk Bahang and Mengkuang Dams - unable to fully meet Penang's increasing water requirements and the need to purchase treated water from Perak and Kedah. Hopefully, the Federal government's agreement in principle to allocate RM4 billion to pipe raw water from Sungai Perak to the Bukit Merah Dam, would help to cater the supply of treated water to Penang as well.
  
- iv. Fourthly, unending migration of talents to better income countries like Singapore and the Middle East, causing many MNCs in Penang unable to expand their operations due to shortage of engineers and skilled professionals. As a country Malaysia itself is short of between 7200 and 8000 skilled engineers, especially in the E&E sector.
  
- v. Fifthly, the threat of the rise in sea level of up to 68 cm by the end of the 21st Century, that is expected to affect a large part of the coastal areas of the Mainland.



10. As a State within Malaysia, Penang is of course affected by the challenges faced by the country as a whole. The latest International Institute for Management Development (IMD) World Competitiveness Ranking, identified 5 challenges faced by Malaysia, namely in terms of :

- i. Increasing investment in research and development to boost business resilience;
- ii. Optimising the labour market to maximise workforce productivity;
- iii. Updating policies and regulations to improve global competitiveness;
- iv. Leveraging advanced technologies to accelerate productivity growth, and
- v. Mitigating increasing costs through strategic productivity enhancements.

11. This means that the challenges that Penang face and what Penang can do are inextricably linked to the challenges faced by the country as a whole as well as what are determined and implemented at the Federal level.

Ladies and gentlemen,

12. Whilst the challenges mentioned above look formidable, I believe they are not insurmountable.

13. Penang needs to look at the big picture, by considering the formulation and implementation of new transformative policies, strategies and approaches, as well as new, exciting and bold, yet practical ideas, attractive enough to excite investors and entrepreneurs and to secure the resources required with the support of the Federal government.

- i. Firstly, we need to develop the right mindset that size of land does not really matter, and is not necessarily an impediment to becoming a high income State within Malaysia.

In this regard it would be useful to look at the existing business and economic models developed and implemented by many small but economically successful countries like Singapore and the Netherlands that can be adapted to Penang's advantage.

- ii. Secondly, compensating the lack of land by considering to undertake a comprehensive land reclamation Master Plan for the whole of Penang, for the long term need and development of the State, whilst having regard to environmental and ecological preservation and a balanced ecosystem.
- iii. Thirdly, exploring new and creative sources of revenue, including from new reclamation developments mentioned above, and securing the Federal government's agreement on the return of 20% of the tax revenue collected from the State, as requested by YAB CM recently, notwithstanding the need to resolve the legal implications involved. At the same time, the idea of undertaking value engineering of all government process and practices to reduce cost is indeed timely.

- iv. Fourthly, undertaking more STEM related programmes in secondary schools with a view to eventually produce more engineers and high skilled professionals required by the industry. At the same time to undertake State initiated programmes with the support of the Federal government, to attract qualified professionals, including engineers, from the relevant countries to work in Penang as a way of balancing those migrating to work overseas.
  
- v. Fifthly, undertaking high impact projects with foreign investments like the establishment of desalination plants, data centres, hydrogen production, solar farms, senior citizens wellness homes and the development of Pulau Jerejak, Pulau Aman and Balik Pulau as potential tourist destinations.
  
- vi. Sixthly, undertaking more dynamic urban redevelopment in George Town to transform kampungs like Kampung Dodol, Kampung Makam and Nusantara into new, modern and thriving townships. A similar approach can be undertaken in selected kampungs on the Mainland.

- vii. Seventhly, capitalising on Penang's reputation as a major tourist destination and food paradise by turning George Town into a clean, green and bright garden city with designated popular waterfront attractions ala Dubai and the Mediterranean, properly designed and accessible food outlets, and designated Malay, Indian and Chinese enclaves with their respective places of worship and cultural centres.
  
- viii. Eightly, optimising Penang Hills potential by introducing more globally attractive tourist products including upgraded restaurants, a tropical garden, bird park and glass bridges, in addition to the proposed cable car project, to attract high end tourists.
  
- ix. Ninthly, bringing back economic dynamism and excitement to the business community in Penang to encourage them to expand their business potential and invest more in Penang. Coffee shop talks seem to suggest that Penang has a lot of filthy rich businessmen who are not investing enough in the State but preferring to do so or to deposit their money overseas.

- x. Lastly, accelerating the process of integration between the Island and the Mainland in a more strategic and policy oriented manner, to ensure balanced development, and to remove the current stigma associated with the more laid back socio-economic status and image of the Mainland.

Ladies and gentlemen,

14. I have long admired the Sarawak State government's proactive approach to driving economic growth through innovative ideas and initiatives. Their strategic takeover of Bintulu Port, establishment of a Sovereign Wealth Fund, acquisition of MASwings Sdn Bhd to launch their airline, increased investment in Affin Bank, record planting of 35 million trees since 2021 and readiness to offer Sarawak to Co-host the 2027 Sea Games with Putrajaya demonstrate their bold vision for a greater Sarawak.

15. I believe that while it may not be practical or necessary for Penang to blindly follow similar initiatives, it may be useful for the State to be sufficiently inspired to develop its own niche and identity to protect its own long term interest within the Federation.

Ladies and gentlemen,

16. Let me conclude by saying that Penang is currently on the right track with well-proven track records and a stable government dedicated to pursuing rapid economic development. However, more can be done to achieve greater success, despite the various challenges faced.

17. I believe many of you here are experts in your own fields and highly knowledgeable about Penang. It is my sincere hope that what I have stated above does not come across as a boilerplate speech but is taken in good faith to trigger productive discussions, as expected by the organizers of this Forum.

Thank you and

*Wabillahitaufik Walhidayah*

*Wassalamualaikum Warahmatullahi Wabarakatuh*