

**OPENING ADDRESS
“ACHIEVING A RESILIENT AND SUSTAINABLE ECONOMY”**

**BY
TUAN YANG TERUTAMA TUN DATO' SERI UTAMA
AHMAD FUZI BIN HAJI ABDUL RAZAK
YANG DI-PERTUA NEGERI PULAU PINANG**

**FOR
PENANG FUTURE FORWARD SUMMIT
25th OCTOBER 2021 (MONDAY), 9.30 AM**

**AT
GRAND BALLROOM (HERITAGE WING) E&O HOTEL, PENANG**

Bismillahirrahmanirrahim

YBhg. Tan Sri Dr. Koh Tsu Koon

Chairman, Board of Governors, Wawasan Open University

Mr. Michel Van Crombrugge

Chairman, MICCI Penang

YBhg. Tan Sri Michael Yeoh

President, KSI Strategic Institute for Asia Pacific

YB. Dato' Haji Abdul Halim bin Haji Hussain

Penang State Executive Councillor

For Trade, Industry and Entrepreneur Development

YB. Yeoh Soon Hin

Penang State Executive Councillor

For Tourism and Creative Economy

Excellencies

Distinguished Speakers & Guests

Members of the Media

Ladies and Gentlemen.

1. Assalamualaikum and Salam Sejahtera.

2. I am pleased to be here today for this 'Penang Future Forward Summit.'

3. I commend the co-organizers, Wawasan Open University (WOU), Malaysian International of Commerce and Industry (MICCI) Penang Branch, and KSI Strategic Institute for Asia Pacific, for organising this Summit, and appreciate the invitation extended to me to deliver the Opening Address.

Ladies and Gentlemen,

4. The Covid-19 pandemic has had a devastating impact on the global economy. To tackle the outbreak, many countries have unleashed record-high amounts of fiscal stimulus, pushing public-debt ratios to unprecedented levels. Meanwhile, long-term growth prospects are grim, raising questions about the sustainability of such high debt levels and the implications of the current situation for economies around the world. The advent of new variants of the virus coupled with economic uncertainty posed further challenges to the economy. With continued lockdowns and later phased reopening of the economy, the measures implemented by the government were giving mixed results.

5. For the rest of the year in 2021 and for much of the beginning of the new year, the core challenge for Malaysia continues to be curbing the spread of the virus while sustaining economic growth. Compared to other states in Malaysia, Penang's economy is uniquely driven by both the manufacturing and services sectors which are set to recover from the upheavals of Covid-19. For more than a decade, Penang has been consolidating its manufacturing strength. It has also diversified from a labour-intensive economy to shared services.

6. The state government realised that it can no longer depend on labour intensive industries, hence the greater focus on research and development and shared services which to date, employs up to 1,000 highly skilled Malaysians. The presence of multinational corporations, part of the global supply chain network, is another indicator that Penang is wired up to global trade and has a role to play, particularly in the production of electronics and electrical (E&E) products.

7. The demand for electrical and electronic (E&E) products are expected to grow due to rapid technological advancements and digitalisation. Penang's manufacturing sector needs to step up quickly to stay in the game or lose out. Penang also needs to start preparing for the future now, as delaying will incur higher cost and risk the state being edged out by competition coming from within and beyond Malaysia, such as Vietnam.

8. There is much at stake as business is expected to pick up with global demand for E&E products forecasted to grow by 30% over the next two years, driven by demand for electronics, automotive, 5G, cloud computing and artificial intelligence (AI) products.

9. The Department of Statistics Malaysia's (DOSM)'s data showed that Malaysia's E&E products exports for the first half of the year – valued at RM213.71 billion – was up by 28.4% compared to the corresponding period of last year. For the whole of 2020, the E&E sector recorded an export revenue of RM386.1 billion.

10. The entry of several Fortune 500 companies into the newly established Batu Kawan Industrial Park is another reason for the state to be optimistic that it can rebound swiftly. Positive actions by the likes of Micron and Intel to reinvest in Penang have also provided additional confidence boosters to the market.

11. To add another dimension is the introduction of the Penang Transport Master Plan, which comes on the back of the proposed Penang Southern Islands reclamation project. These projects are expected to drive domestic consumption and bring value-add to the economy, resulting in a spill over effect which the state can tap into and perhaps make up for the losses incurred by SMEs due to the significant lockdown measures which the country was forced to impose to contain the pandemic.

Ladies and Gentlemen,

12. Penang's economy will not move if there is no right platform to create new economic activities. If we have no room to expand, the state will become stagnant. Our gross domestic product (GDP) is dependent now more than ever on such activities.
13. I believe that efforts are being implemented to reclaim the sea for this purpose. However, I do caution that it must not be at the expense of environmental degradation. We need to strike the right balance to ensure sustainable development.
14. In the last three years, the market capitalisation of small and medium industries in Penang has also grown, of which some listed firms here became firms worth billions of dollars, although the value may have plunged due to the pandemic.
15. However, the tourism sector may take longer to recover while medical tourism may have some advantages as many private hospitals in Penang have recorded good reserves to help them weather the consequences of the pandemic.

16. I have been informed that some 70% of the members of the Association of Tourist Attractions Penang (ATAP) have been forced to shut their businesses temporarily and some permanently.
17. I hope the state government will be able to work closely with the federal government to put in place appropriate strategies to restore and reactivate the tourism industry, as saving the industry means saving thousands of livelihoods and families.

Ladies and Gentlemen,

18. As one of the most developed states in Malaysia, the economic fundamentals in Penang remain strong. The state can expect to recover faster if the authorities can effectively contain the pandemic through the vaccination drive and the implementation of other measures including the upholding of new norms.
19. The virus and lockdown crisis have forced people to do things differently. Some people have discovered options that will cause them to make different choices in the future.

For example, some businesses will use online meeting technology more intensely in the future, expanding work-at-home opportunities and potentially cutting back on travel to meetings. Some doctors and patients have discovered that online doctor visits work well compared to office visits. Some educational institutions and students may even find that online education works well and is more economical than in-person education. Some people have learned to cook, and others have discovered how to enhance their living spaces.

20. All these changes will exert a positive impact on some sectors of the economy and an adverse impact on others. What the pandemic has done is to change the structure of the economy.
21. Faced with the prospect of increased production costs, reduced availability of migrant workers, less travel, and the need for social distancing, businesses are likely to speed up their adoption of automation and digitalisation in the post COVID world.
22. Working from home (WFH) will accelerate the use of technologies that were previously feasible but not widely adopted. Born out of necessity, WFH could become a regular part of the working week.

23. However, the possibility of remote working is not uniform across industries, states and regions. Whereas most jobs in finance, corporate management, and professional and scientific services could be performed at home, the same cannot be said for jobs in agriculture, hotels and restaurants, and retail. With lockdowns in place, these sectors have suffered greatly, resulting in the loss of livelihoods, and businesses having to wind down.

Ladies and Gentlemen,

24. According to Invest Penang, the state recorded a total investment of RM14.1 billion in 2020 and a record high of RM16.9 billion in 2019. Penang is hoping to record total investments of RM5.0 billion for 2021 after its outstanding investment performances in the last two years. For the first quarter of this year, Penang has already recorded RM1.1 billion in approved manufacturing investments that were derived from 40 projects. Figures from the Malaysian Investment Development Authority (MIDA) had placed 52 per cent of the investments are from domestic direct investments (DDI) while the remaining 48 per cent were contributed by foreign direct investments (FDI).

25. We must also not forget that sustainable productivity growth is reliant on productive capital, people, and the workforce. Measures to reshape the workforce to be more dynamic, agile, and resilient are vital to ensure that a higher level of productivity is achieved. Upskilling and reskilling programmes should be geared towards acquiring the in-demand skills.

Ladies and Gentlemen,

26. As we look to the future, post covid, we need to ensure that we have in place the right policies and framework for reinvigorating the investment landscape as well as enhancing long-term competitiveness. We need to ensure that the state economy is increasingly built on skills-based industries, with significant productive capabilities needed to create high-value products and services. We need to create higher-value job opportunities for Penangites to ensure that our people are equipped with sufficient skills required for the growing future economy.

27. Finally, we must also aspire to improve inclusivity by championing equitable growth for the state, ensuring equal opportunities and adequate safeguards for the people. This aspiration seeks to unlock Penang's full potential, fundamentally lowering barriers to access as well as better integrating the economy.

28. We need to continue pushing the message that productivity and economic growth is a shared responsibility that must be borne by all stakeholders. Most importantly, we must play our respective roles to boost productivity and to accelerate the post pandemic recovery.

29. I am confident that the state government will continue to support and do whatever is necessary to ensure that our industries continue to have the edge to compete productively and win in the regional and global marketplace. Indeed, pursuing a global approach with a wider geographical reach should be an important dimension of our economic strategy in achieving this objective.

Ladies and Gentlemen,

30. It would be remiss of me not to put on record how proud I am of Penang. Long regarded as the Malaysian Food capital, Tropical Penang is a fascinating fusion of modernity and traditions. Being home to a multicultural, multi-ethnic and multi-racial society, Penang is a testament to how harmonious living is possible in a place full of variance and because of the variance.

31. I believe it is incumbent upon all of us to safeguard and strengthen our common values of mutual respect, tolerance and unity. Peace, harmony, political stability and economic progress with social justice can only be achieved if there is racial harmony, tolerance, understanding and cooperation amongst the various communities.

32. In this regard, the government, politicians, the civil service, administrators in schools and other educational institutions, religious leaders, civil society organisations, members of the various communities and individuals each have an important role to play through regular discussions, dialogue and cooperative efforts.

33. The importance of education should be recognised. Beginning with primary schools all the way to colleges and universities, education should continue to be the basis and foundation for building a tolerant society, guided by the principles enshrined in the Federal Constitution and the Rukun Negara.

34. I believe that it is only by working together with a common objective and strategy that our beloved state of Penang could achieve progress to ultimately become more economically developed, prosperous and resilient with continued peace harmony and stability.

Thank you.

Wabillahitaufik Walhidayah,

Wassalamualaikum Warahmatullahi Wabarakatuh.