

# Rousing a sleeping beauty

Amid claims state has lost its lustre, Penang works to polish its image

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THERE is a saying among residents of Penang that the Malaysian island is like a sleeping beauty who desperately needs to be awakened from her deep slumber if she wants to continue attracting foreign investment and tourists. They are right.

The state – long known as the Pearl of the Orient – was thrust into the spotlight recently thanks to scathing media reports citing dirty streets, run-down historic sites and diminished appeal.

Some residents of Penang, which is predominantly Chinese, say the state has been in decline for decades. They add there is now a rising challenge from China and India, both for tourist dollars and the attention of multinational corporations.

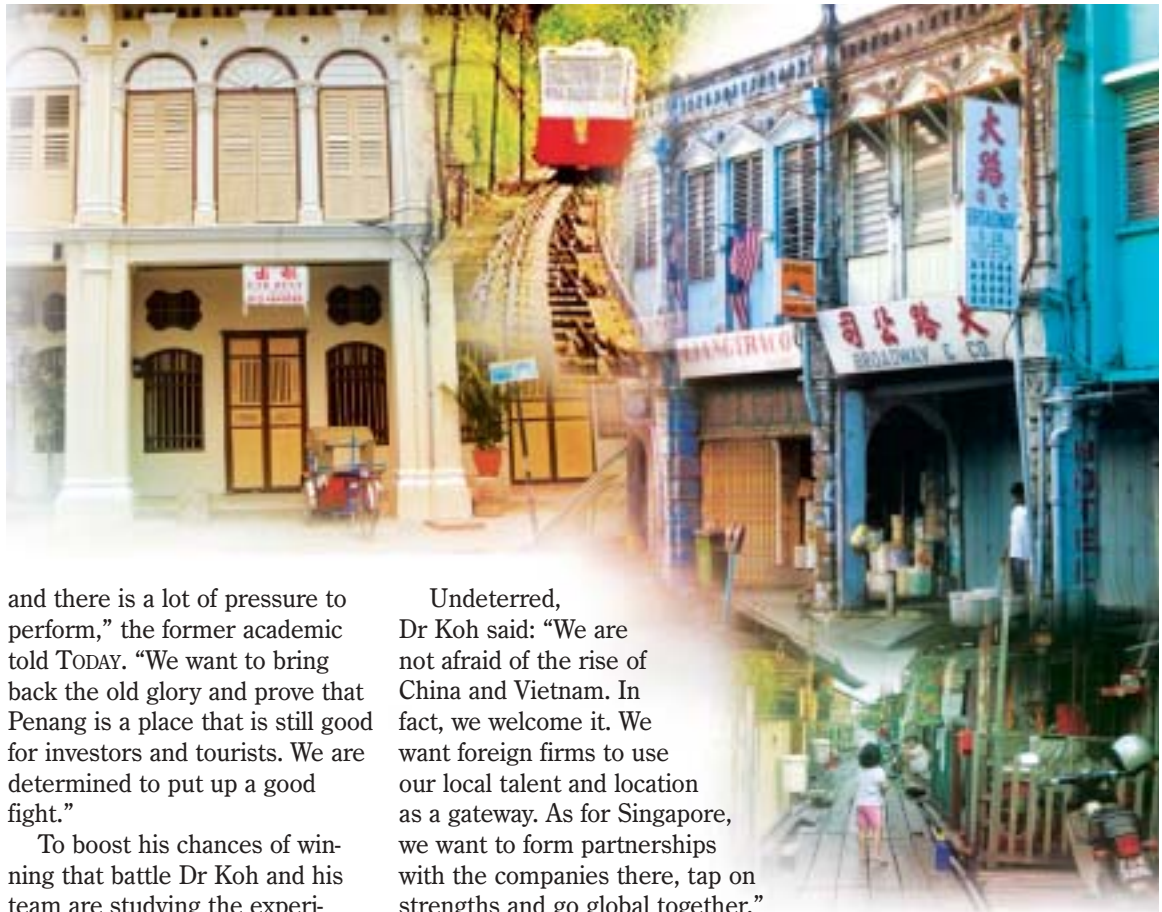
“It’s about time that there is some action. If not, Penang will just fall off people’s radar screens,” said town planner, Penangite and conservation activist Lim Hooi Siang.

Freelance tour guide Lim Tek Choon, who says many of his peers have already left for work in Kuala Lumpur, added: “Most tourists are now bypassing Penang and flying to China.”

The man who is bearing the brunt of the barrage, Chief Minister Dr Koh Tsu Koon, is determined to prove the critics wrong.

Although the island is already under intense public scrutiny – coupled with the extra pressure of having Prime Minister Abdullah Ahmad Badawi as an *anak Pulau Pinang* or Penangite – Dr Koh said he has begun a race to save Penang and “bring back its shine.”

“Everyone is watching us closely to see how we are faring. The PM visits every two weeks,



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and there is a lot of pressure to perform,” the former academic told TODAY. “We want to bring back the old glory and prove that Penang is a place that is still good for investors and tourists. We are determined to put up a good fight.”

To boost his chances of winning that battle Dr Koh and his team are studying the experiences of territories ranging from Singapore to Hawaii to see what lessons they can learn.

While critics dismiss these efforts as too little, too late, Dr Koh is confident that his two key agencies, InvestPenang and the State Tourism Development and Environment Committee, will be the next miracle makers.

The challenge will be an uphill one. With lower-cost economies such as China and Vietnam grabbing a larger share of funds, investment in Penang-based manufacturing by foreign companies slid from RM\$3.6 billion (\$1.6 billion) in 2000 to RM\$1 billion last year, although Malaysian companies are now investing more.

Economic growth last year was 6.9 per cent – almost half the rate in the early 1990s. And while the island once famed for its beaches and historic town centre welcomed 3.78 million visitors in 2000, that number was down to 3.52 million last year, having dipped to just 3.03 million in 2003.

Undeterred, Dr Koh said: “We are not afraid of the rise of China and Vietnam. In fact, we welcome it. We want foreign firms to use our local talent and location as a gateway. As for Singapore, we want to form partnerships with the companies there, tap on strengths and go global together.”

Penang made a name for itself in the IT sector, drawing companies that produce everything from consumer electronics to semiconductors. Its appeal was boosted by the country’s pegging in 1998 of the ringgit to the US dollar, ensuring much-needed currency stability in the wake of the Asian financial crisis.

While the island is home to about 270 foreign companies, observers said the shortage of new firms setting up business in the state is worrying. Among recent losses was high-tech group Seagate, which employed 2,000 workers in its labour-intensive operations. But Dr Koh, who’s been chief minister since 1990, said such departures are rare.

“Of course we feel the pinch. But what we want now is to find partners to tap our expertise in research and development, so that we can offer a value-added service to their operations,” he said. “We want to focus less on the labour-intensive jobs.”

The state faces comparable

challenges to those that confronted Singapore in the early 90s when policymakers realised that the country needed to move quickly from a labour-intensive manufacturing economy to a knowledge-based one.

And Dr Koh admitted that the Singapore experience has provided Penang with a good learning platform. His brainchild, the investPenang agency, was set up in January this year and mirrors Singapore’s Economic Development Board.

The agency focuses on marketing the island’s expertise in areas such as software and electrical engineering. It also looks at what is needed to develop the state’s infrastructure and talent pool.

It also consults multinationals on the services and skills that they need to support their operations in Penang and is involved in helping home-grown, small and medium-sized firms to upgrade

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