



**OPENING ADDRESS
"PENANG - STRIVING FOR GREATER UNITY,
PROGRESS AND PROSPERITY"**

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

**FOR
SECOND PENANG FUTURE FORWARD SUMMIT 2023
"FUTURE PROOF PENANG FOR THE NEW GLOBAL ECONOMY"
14TH MARCH 2023 (TUESDAY) 9:00AM
AT GRAND BALLROOM, G HOTEL GURNEY, PENANG**

Bismillahirrahmanirahim

The Honourable Tan Sri Abdul Majid Khan,

Chairman KSI Strategic Institute for Asia Pacific,

The Honourable Datuk Seri Mohd Iqbal Rawther,

Deputy Chairman, KSI Strategic Institute for Asia Pacific & Chairman,

Economic Club of Kuala Lumpur (ECKL),

The Honourable Tan Sri Michael Yeoh,

President, KSI Strategic Institute for Asia Pacific,

Excellencies,

Distinguished Speakers & Guests,

Ladies and Gentlemen,

Assalamualaikum Warahmatullahi Wabarakatuh and a very good morning.

1. I would like to thank the KSI Team for this invitation and for organising this “Penang Future Forward Summit”, for the second time in Penang.

2. I welcome this gathering of business leaders, captains of industries, academia, community leaders and all stakeholders to keep ourselves abreast on the latest developments in Penang and to discuss its future.

3. The first time we met was in October 2021. Much has happened since then, in the world, and in Malaysia. The war in Ukraine has been raging for over a year now with no clear end in sight. The worst is yet to come. The daily news have not been good. Not only have supply chains been disrupted, the sense of insecurity throughout the world is getting stronger and the negative narrative surrounding it has expanded in various ways. Inflation has hit most parts of the world as well, caused directly and indirectly, to a large extent by the conflict.

4. On the home front, here in Malaysia, we have slightly better news. There is a sense of healing going on within the country politically, and the hope is for the process of healing to spread further, to significantly enhance the feel-good factor nationwide.

5. In Penang, there is a state election coming up, and my hope is for the election to be held peacefully within the country's democratic system.

Ladies and Gentlemen,

6. As a major economic hub in the region, Penang is deeply affected by the ebbs and flows of the global economy. The future of Penang and the global economy are closely intertwined, and what happens in Penang can also have ripple effects around the world.

7. One key trend worth noting is the perpetual rise of Asia. Countries like China and India are already among the largest economies in the world, and the potentials of Indonesia and Thailand are not to be overlooked. It is important that we keep abreast of these economic powerhouses to ensure that we are not made irrelevant but remain as one of the key players in the region.

8. In this new global and national context, let me now say a few words about Penang.

9. There has been much good news. The State Government has done a good job raking in sizeable foreign direct investments and the outcome was particularly good in recent years. This is a reflection of the confidence that investors have towards the State. For instance Penang has garnered a total of RM 149 billion approved manufacturing investment over the past 10 years (2012-2021). What's more the State has managed to record RM 76 billion in 2021 alone, which was an all time high.

10. On the other hand, the services sector recorded a total approved investment of RM 36 billion from 2019 to 2021, which is critical to the State's economic growth and development. The sector contributes significantly to job creation, labour productivity, income generation and international competitiveness, making it an essential component of any modern economy. From January to September 2022, Penang was also among the top contributors of our country, registering as much as RM 9.2 billion of total approved investments in it's approved manufacturing investment.

11. According to the Department of Statistics Malaysia, on average, Penang contributed 65% of the country's export of professional, scientific, and controlling instruments and apparatus (including medical devices) each year since 2017.

Sustaining its excellence, Penang is on the right track of becoming the MedTech hub for Asia, equivalent to the world's top offshore manufacturing hubs like Puerto Rico, Ireland and Costa Rica.

12. With such productivity, the need for skilled labour including in the field of engineering, keeps rising. The State Government is fully aware of the growing importance of technology and innovation and everything is being done to meet the demand for talents. Penang is investing heavily into education and training programmes including providing opportunities for lifelong learning so that our workforce will be ready for the jobs of the future.

13. In addition, Penang is also a model of unity in Malaysia through its well diversified food scene, inclusive celebrations of cultural and religious festivals, rich history and cultural heritage.

14. But the challenge for Penang is not only to successfully implement the Penang Vision 2030, including some of the major infrastructure projects, but also how to differentiate itself from other States in Malaysia so as to ensure that the State remains a thriving and vibrant economy.

15. Given the potentials available, we need to show boldness. Boldness in ideas. Boldness to go global. Boldness to take a fresh look at what other successful economies are doing. And boldness to consider new models of development. In other words, to dare to imagine policies, programmes and action plans beyond the ordinary.

Ladies and Gentlemen,

16. History has shown that most successful societies are built on the creation of new wealth and the ability to fairly distribute the newly created wealth.

17. If we look at the modern history of Penang, it was thanks to the foresight, wisdom and initiative of the generation of leaders that took over Penang in 1969, led by the late Tun Dr Lim Chong Eu, that the economic crisis that Penang suffered following the withdrawal of its Free Port Status, was finally brought to an end.

18. The strategically wise decision to establish Free Trade Zones then, was what kept Penang relevant to the global economy. It opened up new career paths for many of our people, from operators to engineers to tech-entrepreneurs.

19. Today, we are still continuing along that path, becoming ever more important in the supply chain in many sectors, especially in the Electronic and Electrical (E&E), Manufacturing and Engineering sectors and transforming Penang into the Silicon Valley of the East.

20. With the current tensions between the United States and China, that role has become a geo-strategic one, which we must, as much as possible, manage to our advantage.

21. The cultural assets inherited from Penang's history as a major free port serving the Strait of Melaka, the Andaman Sea and the Indian Ocean, have been appreciated by the world, notably in George Town's listing on the UNESCO World Heritage List in 2008, and in the boom in tourism ever since.

22. Serving the maritime region between Calcutta, Yangon, Aceh and Singapore was what made Penang what it is - a trading, educational and cultural hub. This is obvious to us all. But not as obvious is the fact that this heritage has been on the decline since the Free Port Status was ended in the late 1960s.

23. But what we should not forget is that Geography is an eternal asset that should not, and in the long run cannot, be ignored. Penang's geo-economic stature in its immediate environments, in its near-abroad, as it were, always held it in good stead. Penang became home to many cultures, and home to their school systems, to their religious faiths and to their economic practices; and it allowed for cross-fertilisation of these to create what we distinctively know today as Penang characteristics.

Ladies & Gentlemen,

24. I believe it is useful for us to consider revisiting the idea of reviving the Free Port Status of Penang. The economic gains may be obvious to us all, especially business leaders gathered here, but the cultural gains, which in the long run also translate into substantial economic benefits, are even more essential to Penang's cultural depth and affluence.

25. Such a move promises to resuscitate the economic and cultural dynamism in this region where the Ocean, the Sea and the Strait meet. It would be a natural way of Penang taking advantage of its God-given heritage : Its invaluable location on the world map.

26. With the shift in thinking away from the Asia Pacific or the South China Sea or the Strait of Melaka, towards the Indo-Pacific and towards the Belt and Road, we should reconsider our place in the world, not only in geo-strategic but also in geo-economic terms. And given our key role in the global electronic chip industry, it may be hard to separate our economic considerations from our strategic concerns.

27. I know some of you here may consider a call for the return to Penang's Free Port Status to be an outburst of nostalgia, and to be far removed from what is possible. But what is interesting to know is that even the UK Prime Minister, Rishi Sunak, looks upon the establishment of new freeports in the UK, especially Green Freeports, as transformational in encouraging construction, private investment and job creation.

28. I believe any disadvantages associated with the establishment of a freeport can be mitigated by emulating the best practices of successful freeports worldwide, for which there are about 3,500 today, including Singapore, Hong Kong and Dubai.

29. It is here that I would call for some boldness on our part, especially on the part of those currently holding decisive power over Penang's future, to look the 21st Century in the eye, and see if a successful old solution, adopted for a new situation, may not be an excellent path to explore.

Ladies & Gentlemen,

30. The second idea that I thought would be relevant for discussion is to consider the merits of setting up a Penang Sovereign Wealth Fund.

31. With the centralisation of power in the Federation, as demonstrated by the absence of local elections and in the fiscal freedom of state governments, Penang have had to resort to other means in order to inspire the economic growth of the State.

32. What all this means is that the individual States in Malaysia are left at the mercy and discretion of the Federal Government through its various Agencies, for the major portion of their revenue. This tends to leave them pre-occupied with operational matters. Long-term planning becomes a largely vain undertaking. But as with every individual household, the future of any state economy must rely on its ability to save for the future.

33. In this context, it is significant to learn from the State of Sarawak. I am aware that Sarawak's situation is quite unlike Penang's, but it does not hurt to dare to explore the bold policies of others, and to adopt and adapt whatever can be good for Penang in the long run.

34. Just after the last General Elections, the Sarawak legislative assembly unanimously approved the Sarawak Sovereign Wealth Future Fund Board Bill. The main objective of such an exercise, to quote Sarawak Premier Tan Sri Abang Johari Openg, is "to convert non-renewable assets to financial assets, invest in the future through forced savings and secure the continued growth of financial reserves through diversified investments."

35. The key point of this is to generate income for the future without being too dependent and for the State to have the means to aid its own people in education, in skills attainment and in other socioeconomic endeavours.

36. Needless to say, transparency, competency and accountability are key to the success of such a scheme, and it may be wise for us to focus on independence and impartiality as the definitive aspects, if ever such an undertaking were to be considered.

Ladies and Gentlemen,

37. This Summit is designed to discuss the future of Penang. Let me therefore conclude by calling for some out-of-the-box thinking on the part of all stakeholders including participants gathered here today, and submit the two ideas, not so much as definitive proposals, but to inject the necessary trigger points for you to explore in detail various aspects of the proposal in your deliberations.

38. I wish all participants a fruitful and productive Summit.

39. With these words, I have great pleasure to officially open the “Second Penang Future Forward Summit 2023”.

40. Thank you, Wabillahitaufik Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.