





Box 1 explains the reason why the rankings/indices of some countries improved while some deteriorated. The factors that contributed to the rankings of the seven countries in Table 1 are shown in Table 2.

Table 2: Ranking of Growth Competitiveness Component Indexes

Country	Technology Index Rank	Public Institutions Index Rank	Macroeconomic Environment Index Rank
Singapore (4)	18	6	1
Taiwan (7)	4	24	15
Korea (23)	9	44	8
Malaysia (30)	22	39	20
Thailand (33)	39	42	16
China (39)	53	50	6
Philippines (48)	40	64	28

Source: Global Competitiveness Report, 2001

Singapore, China and Korea are very strong in Macroeconomic Environment Index, with rankings among the top 10 placing. Malaysia and Philippines have comparatively weaker Macroeconomic Environment indices among the 7 countries in Table 2. On the other hand, Taiwan and Korea are strong in Technology Index while Singapore is strong in Public Institutions Index. Malaysia is almost at par at 22<sup>nd</sup> placing with Singapore's 18<sup>th</sup> placing in terms of Technology Index. This results in a wider gap between Malaysia and countries like Thailand, Philippines and China in terms of rankings in technology.

Another competitiveness index that also emphasizes the conditions that support productivity is the Current Competitiveness Index. Table 3 shows the Current Competitive Index Rankings.

Table 3: Current Competitiveness Index Ranking

Country	u/d	Current Competitiveness Ranking 2001	Growth Competitiveness Ranking 2000
Singapore	<b>d</b>	10	9
Taiwan	-	21	21
Korea	<b>u</b>	28	27
Malaysia	<b>d</b>	37	30
Thailand	<b>u</b>	38	40
China	<b>d</b>	47	44
Philippines	<b>d</b>	54	46

Source: Global Competitiveness Report, 2001

Note: Current Competitiveness Ranking 2001: 1. Finland, 2. US, 3. Netherlands  
Current Competitiveness Ranking 2000: 1. Finland, 2. US, 3. Germany

As in the case of Growth Competitiveness Index, the Current Competitiveness Index of a country also depends on various factors. With regard to this, the Current Competitiveness Index of a country depends more on business strategies and environment rather than institutional, technology and macroeconomic environment. Table 4 explains the rankings of the seven countries in Table 3.



**Box 2:**

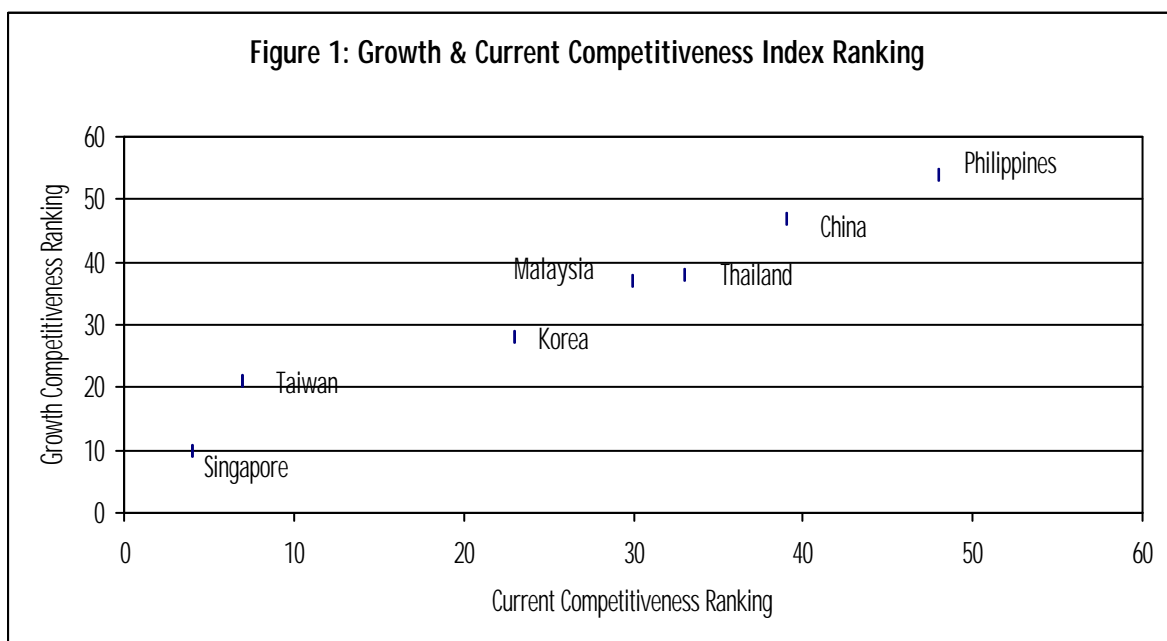
*Current Competitiveness Index (CCI)* aims to identify the factors that underpin high current productivity and hence current economic performance, measured by the level of GDP per person. It reflects microeconomic fundamentals, with one sub-index that focuses on company sophistication and another, on the quality of business environment. These factors explain why some countries can sustain a higher level of prosperity than others.

*Table 4: Ranking on Current Competitiveness Component Indexes*

Country	Company Operations & Strategy Ranking	Quality of the National Business Environment Ranking
Singapore (10)	15	9
Taiwan (21)	20	21
Korea (28)	26	30
Malaysia (37)	37	38
Thailand (38)	42	39
China (47)	39	47
Philippines (54)	45	54

Source: Global Competitiveness Report, 2001

It is apparent that Singapore at the 10<sup>th</sup> placing has higher Company Operations & Strategy as well as National Business Environment rankings compared with the other 6 countries. Taiwan and Korea, which achieved higher technology indexes as shown in Table 2 did not fare as well as Singapore in terms of Company Operations & Strategy as well as National Business Environment. Malaysia, on the other hand, is positioned at the midpoint among the 7 countries.



Source: Derived from Global Competitiveness Report, 2001



The indices were generated based on a survey conducted by the World Economic Forum with more than 4,600 business leaders worldwide. The survey combines the perceptions and observations of business leaders who operate in a given country. It is noted that the rankings of US (slipped from 1<sup>st</sup> to 2<sup>nd</sup>), Japan (down by one slot from 20<sup>th</sup> to 21<sup>st</sup>) and several of the Asian economies fell while gains in ranking were posted by several European economies. Finland, which ranked 5<sup>th</sup> in Growth Competitiveness Index is ranked the most competitive economy in the world in 2001.

The decline in ranking in US, Japan and some of the Asian economies are in general connected to the terrorist attack of September 11. According to the Global Competitiveness Report, there is interconnectivity among the international economies. This interconnectivity appears to produce generally similar responses to the current economic downturn as well as the September 11 events. In short, the economic downturn and the terrorist attack on September 11 do not only hit the US but also other nations in this world. This is especially so among economies with high dependency on the US economy.

The economies with growth output closely linked to the US business cycle, particularly the Asian export-oriented economies are significantly affected by the US economic downturn even before the September 11 events. These countries are more likely to bear a heavy burden if the US economy requires a longer period to regain momentum.

Table 5: July 2001 versus July 2000 Exports to US

Country	Exports to US as % of GDP in 2000	Change in Exports to US, July 2000 vs July 2001
Singapore	21%	-30%
Taiwan	13%	-24%
Korea	9%	-22%
Malaysia	29%	-19%
Thailand	13%	-16%
China	9%	-6%
Philippines	19%	-20%

Source: Global Competitiveness Report, 2001

Table 5 shows that all the countries, except China, experienced a significant drop in exports during the period between July 2000 and July 2001. The September 11 events were perceived to aggravate this downward situation. Malaysia's exports to US accounted for 29 per cent of the country's GDP and a drop of 19 per cent will significantly affect the performance of the country's economy. Likewise, Singapore, Taiwan, Philippines and Thailand are also affected with 15 to 30 per cent drop in exports during the same period. Although Korea's exports to the US accounted for only 9 per cent of the country's GDP, the exports dropped a significant 22 per cent during the July 2000 and July 2001 period.

Furthermore, the US has taken extra preventive measures as a result of the September 11 events. These could have resulted in increased cost of freight and insurance, extended delays at customs and lengthened shipping times. These changes will particularly affect the export-oriented economies in Asia, notably Malaysia, Singapore, Taiwan and Korea.

The present economic downturn, coupled with the September 11 events have also shattered the affordability, interest and courage of the people to travel. Malaysia is also reliant on travel and tourism as a source of national income. Holiday cancellations for the short-term will have an impact on Malaysia and it is uncertain how long it will take for the people to regain confidence, particularly in flying.

It cannot be denied that Malaysia's growth prospects are very much linked to the growth of the US economy and the Malaysian economy will only recover once the US economy recovers. With the existence of the shortfalls that Malaysia is experiencing today, Malaysia needs to build a strong foundation to prise itself out of the present 30<sup>th</sup> placing to achieve a better ranking for both the Growth Competitiveness Index and Current Competitiveness Index.

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## Population Trends Of Penang

Demographic trends have a definite effect on economic and social development. A high population growth rate can have both negative and positive impact, depending on how social and economic policies are moderated to accommodate them. In a generally labour stressed state like Penang, increased population can help to ease the labour shortage, however, a higher than desirable population density can put social infrastructure and the environment under pressure. To overcome the problem of manpower shortage, Penang has preferred to transit to a more capital intensive economy that reduces the dependency on labour. Nonetheless, service industries like tourism will continue to be highly labour intensive.

Another important consideration is the age structure. An aging population is generally less productive and increases the need for social amenities, especially in the area of health. Also, the older generations usually have less spending power and therefore may not be able to contribute as much to boosting the domestic economy. The critical cohort is the working population, generally defined as those in the 17-65 years age group. Their productive capacity is the determining factor for the health of the economy.

The link between demographics and socio-economic development makes it relevant to examine the latest census statistics of Penang to glean some insights on how the trends may be in the coming decade. These statistics were obtained from the nation-wide Population and Housing Census of 2000, conducted by the Department of Statistics.

### *Findings of Population Census, 2000*

The total population of Penang for the year 2000<sup>1</sup> is 1,313,449. This figure shows an increase of 23.4% since 1991. The female population now outnumbers that of male, with the male population constituting about 49.8% (654,064) of total population and women 50.2% (659,385). This trend is a continuation from 1991, 49.7% (554,700) for men and 50.3% (562,100) for women.

The distribution by administrative districts is 33.9% (444,923) in Timur Laut followed by 23.9% (313,607) in Seberang Perai Tengah, 19.8% (259,823) in Seberang Perai Utara, 12.9% (169,442) in Barat Daya and finally 9.5% (125,654) in Seberang Perai Selatan. As is to be expected, the highest population concentration is in the Timur Laut district. However, in terms of population growth, the Seberang Perai Selatan district recorded the biggest increase. In comparison with the situation in 1991<sup>2</sup>, the population in Seberang Perai Selatan district has increased by 48.2%, followed by Barat Daya (38.0%), Seberang Perai Tengah (32.7%), Seberang Perai Utara (15.7%) and Timur Laut (12.4%).

With a total area of 1,031 square kilometers, Penang has a population density of 1,274 per square kilometer. According to the Population and Housing Census of Malaysia 2000, the average annual population growth rate for the period 1991-2000 for Penang is 1.8%. Penang's growth rate is 0.8 per cent, lower than the national average and has fallen to the 10<sup>th</sup> position.

Penang the third most urbanized state in the country, with its urban population making up 80.1% of the total. As is to be expected, Wilayah Persekutuan Kuala Lumpur ranked first, with 100% of its population classified as urban and Selangor took second place with 87.6%. Almost all Penang residents are Malaysian citizens (96.3%), with only 3.7% being non-Malaysian citizens.

In terms of ethnic composition of Malaysian citizens, the situation in Penang differs from that in other states. The Chinese constitute about 46.5% of the total population, followed by the Bumiputeras 42.5%, Indians 10.6% and others 0.4%. The ethnic breakdown is shown in Figure 1. At the national level, Bumiputera accounted for 65.1% of the population, followed by the Chinese (26.0%), Indians (7.7%) and others (1.2%). However, with regards to religious affiliation, the largest group are the Muslims (44.2%), followed by Buddhists who made up 33.7%. The followers of Confucianism / Taoism / other traditional Chinese religion constitute about 8.8% followed by Hindus (8.7%), Christians (3.6%) and others (0.3%).

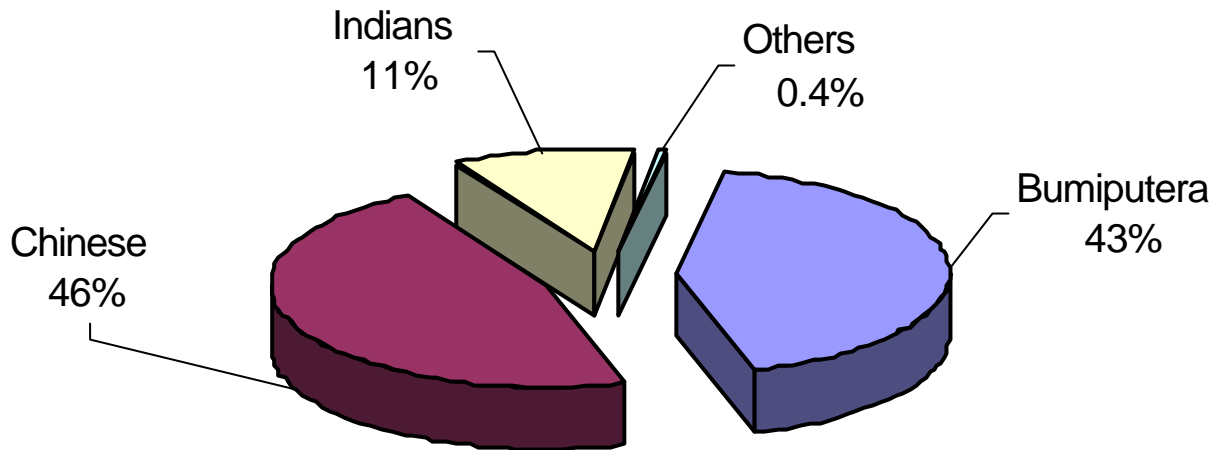
The median age for the Penang population is 27.0. This figure is the highest among the states in Malaysia. The population aged 0-14 years makes up only about 26.9% and is the second lowest in the country. The dependency ratio for Penang is 46.8%, which is the third lowest after Wilayah Persekutuan Kuala Lumpur and Selangor. The "ever-married population" aged 15 years and over for male is 40.6% compared to 34.3% for females, with a mean age at first marriage at 29.3 for males and 26.3 for females. The breakdown of population by age and gender is illustrated in the Figure 2.

### *Some Observations*

The population data that is of greatest relevance to social and economic planning is the age structure. Median age of the population in Penang is the highest in the country, meaning that it can expect to have a high proportion

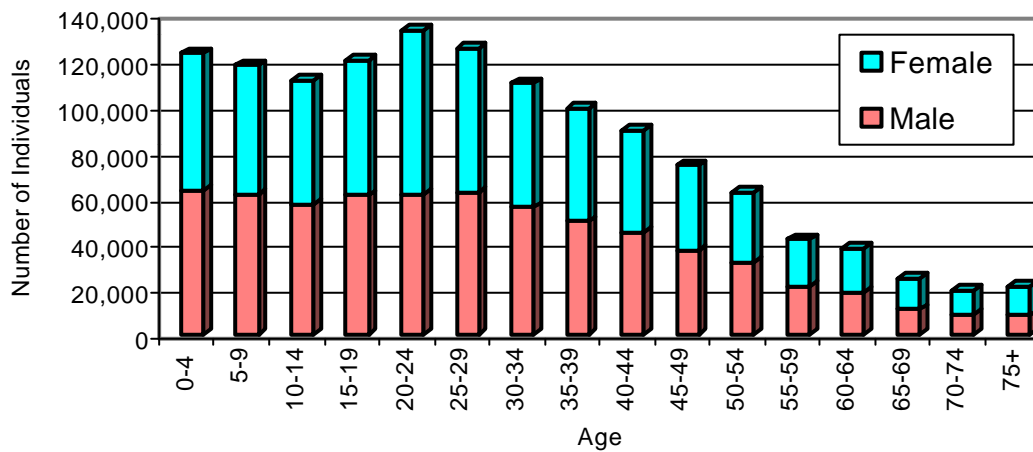


Figure 1: Ethnic Group Composition of Penang Citizens



Source: Population and Housing Census of Malaysia 2000, Department of Statistic Malaysia

Figure 2: The Breakdown of Population By Age and Gender



Source: Population and Housing Census of Malaysia 2000, Department of Statistic Malaysia

of senior citizens in the coming years and provisions should be in place to provide for their needs. Some of these provisions that have been included in the Second Penang Strategic Development Plan (PSDP2) include ensuring that the physical environment is barrier-free for the elderly, providing day-care centers for the senior citizens and providing affordable social housing and community facilities for them.

However, it should also be noted that despite the high median age, the dependency ratio is low, and this has to do with the small proportion of young population, that is those aged between 0-14 years. This is another indication that the age structure of Penang will continue to shift upwards, bearing implications for economic productivity.

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