

Forecast for Year 2000

Penang's GDP is forecast to grow by 6.7% in 2000. The manufacturing sector is expected to lead again with a growth of 10.5%, followed by the tertiary sector (4.1%).

The electronics industry is expected to contribute to the growth of the manufacturing sector again, especially with the influx of investments in the electronics & electrical industry in 1999 (96.8% of total investments approved in the State in 1999).

The growth in the tertiary sector is anticipated to improve over the 1999 figure, stimulated by further growth in the retail trade sector as well as property sector. The retail trade sector, which was badly affected by the economic crisis picked up in 1999, and is expected to improve further in most of the areas other than the sale of electronics components and products. The property sector, which had already picked up slightly in 1999, is expected to improve in 2000 with increases in property transactions, assisted by the present government intervention in relaxing procedures for loan approvals and expediting issuance of certificate of fitness. This is likely to contribute to the growth of the construction and quarrying sectors. **§ Anna Ong**

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Penang: Gross Domestic Product, 1998-2000

<i>GDP (RM Million in 1987 Prices)</i>	1998	1999	2000(f)
Agric,forestry,fishing	223.2	225.5	227.7
Mining and quarrying	191.1	191.1	193.0
Manufacturing	6390.4	7005.8	7738.2
Construction	414.2	414.2	418.2
Tertiary	7959.4	8174.1	8510.8
Total GDP at producers value	15178.3	16010.6	17087.9
Total.GDP at purchasers value	14455.0	15372.7	16407.0
<i>Share (%)</i>		1999	2000
Agric,forestry,fishing	1.5%	1.4%	1.3%
Mining and quarrying	1.3%	1.2%	1.1%
Manufacturing	42.1%	43.8%	45.3%
Construction	2.7%	2.6%	2.4%
Tertiary	52.4%	51.1%	49.8%
Total GDP at producers value	100.0%	100.0%	100.0%
<i>Change (%)</i>	1997-1998	1998-1999	1999-2000
Agric,forestry,fishing	0.0%	1.0%	1.0%
Mining and quarrying	-23.7%	0.0%	1.0%
Manufacturing	-11.5%	9.6%	10.5%
Construction	-23.0%	0.0%	1.0%
Tertiary	-1.0%	2.7%	4.1%
Total GDP at producers value	-6.7%	5.5%	6.7%
Total GDP at purchasers value	-8.5%	6.3%	6.7%

Toward Ecotourism In Penang

Of the 3.4 million tourists who visit Penang annually, probably only a small percentage can be considered genuine ecotourists given that the extent of urbanisation in the state means its natural attributes cannot compare with states like Sarawak and Pahang.

Nonetheless, it is important to lay some stress on ecotourism in Penang in order to ensure long-term sustainability of the tourism industry in the state as a whole. Ecotourism can be defined as the "purposeful travel to natural areas to understand the culture and natural history of the environment, taking care not to alter the integrity of the ecosystem, while producing economic opportunities that make conservation of natural resources beneficial to local people".

It injects an important element of awareness that tourism can both be a boon and a bane, depending on how well it is managed. The tourist volume in Penang has reached a level where "green tourism" – promoting tourist activities without degrading the natural and social environment – is not just desirable but necessary.

The Penang Tourism Action Plan has already specified that all future development in this sector must take into consideration the following "green" factors:

- 1) Ecological sustainability – sensitive areas such as hill slopes and water catchment areas should be preserved and conserved
- 2) Carrying Capacity – there is a need to ensure that recreational and tourist facilities are not overloaded
- 3) Maintenance of environmental quality – enforcement is needed to ensure that the environment is well protected
- 4) Financial and economic viability – this has to be determined before permitting and commencing with development projects
- 5) Social equity and community participation – there needs to be a balance between tourism development and local needs

It is important to note that promoting "green consciousness" in tourism is not done at the expense of the tourist dollar. It is in fact a lucrative sector as more and more travellers are interested in exploring the natural environment and incorporating a learning experience into their tours. It is a matter of attracting a different kind of tourist, indeed a kind of tourist who often exhibit greater respect for the local environment and culture and in this way ensure the long-term viability of the tourism industry.

Successful ecotourism will fulfil the following four goals:


1. Economic Goal – To maximise contribution of the tourism industry to the economy and to increase participation
2. Environmental Goal – To ensure that the environment is developed and managed sustainably without degrading it
3. Social Goal – To enhance access to quality, authentic experiences for visitors and to ensure favourable social outcomes of tourism by diversifying the product base, raising industry standards, protecting public interests and respecting the integrity of the local communities
4. Support Goal – To give support in conducting research, promoting, planning, coordinating, training so as to boost this relatively new industry

The Penang Tourism Board has identified a number of ecotourism products for development. These include:


- ***Establishment of Pantai Aceh Forest Reserve as a National Park***

The aim is to conserve, conduct research, education, recreation and tourism. This project will be implemented by the Department of Wildlife and National Parks

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and the Penang State Government. An expedition, conducted by the Malaysian Nature Society (MNS) is now in progress. The objective is to collect data on the 1,200 ha forest reserve to complete a detailed proposal to the State Government.

- **Creation of a Heritage Trees Trail in Georgetown**

The State Tourism Product Planning Committee has approved this concept which can now be implemented by the non-governmental organisations such as the Malayan Nature Society and the Penang Heritage Trust. In 1998, Penang participated in the National Tree Campaign. A total of 40,855 trees were planted along the roadsides and in urban spaces in Penang that year. This initiative needs to be sustained through the participation of other civil organisations.

- **Re-construction and Re-Establishment of the Penang Aquarium**

This is in line with the aim to make Penang an educational centre for marine and fresh-water fish, aquatic life, commercial aquaculture and exhibition. It is suggested that the new fisheries centre will be located at Batu Maung. The Penang State Government and the Fisheries Research Institute will take the lead in establishing the aquarium which will be re-opened to the public.

In addition, nature trails in Penang Hill, Balik Pulau and Relau offer the physically active a different kind of experience. The expanded Botanic Garden will be an added attraction.

Limited though Penang's natural assets may be, with care and foresight, they can be developed into tourist products of great potential. *§ Tan Pek Leng & Tasha Merican*

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Office Space

Existing stocks of Office space for Q1 2000, amounted to 551,219 sq. m. A overhang of 114,037 sq. m. was recorded in the same period. A further 121,744 sq. m. is under construction. Future stocks are 43% of existing stocks. This indicates that an addition of 235,781 sq. m. will be available in the market in the near future. Please refer to Chart 3.

Occupancy rates for Penang Island was 74% in 1999 whilst that of Seberang Perai was only 48%. The average occupancy rate for office space in the State is 55%. *§ Khor Hung Teik*

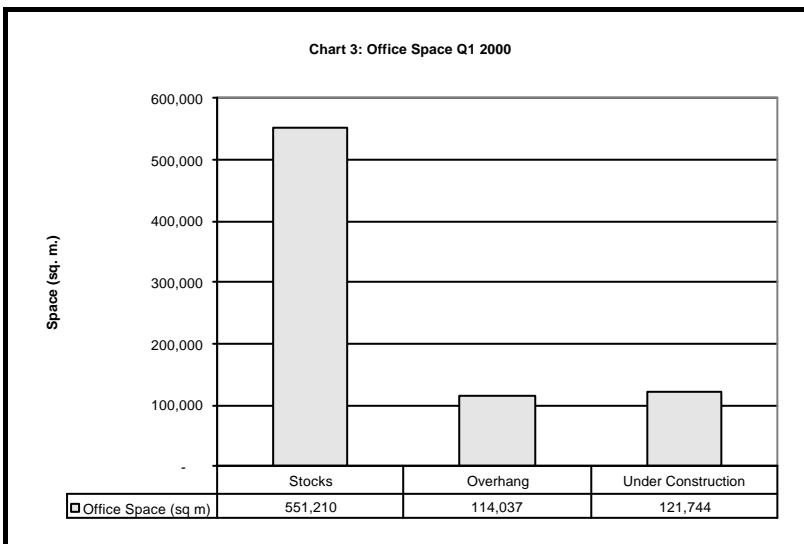


Table 3: Summary Table for the Different Property Types in Penang State for Q1 2000

Property Type	Existing Stocks	Overhang	Under Construction
Residential (units)	182,744	2,814	31,098
Shop Lots (Units)	30,731	453	1,301
Industrial Lots (Units)	5,460	297	46
Commercial Space (sq m.)	663,101	275,683	149,407
Office Space (sq m)	551,210	114,037	121,744

Derived from NAPIC, Valuation & Property Services Department data.

Empowerment Through The Knowledge-based Economy

Does a knowledge-based economy necessarily lead to greater empowerment for the people or can it, in fact, become a source of inequality? This was one of the questions addressed at the Second Global Knowledge Conference (GKII) held in Kuala Lumpur recently. As our country poises itself to embark on the fashionable k-economy, it might be prudent to examine some of the related issues that were raised by the GKII participants.

Access

An issue that immediately came to the fore was that of *access*. The cost of infrastructure, such as hardware, software, telephone lines, can prove prohibitive for many communities. Rural areas in many countries lack basic amenities like electricity and telephone lines and have no way of accessing the k-economy. The high software and internet costs are additional stumbling blocks.

Perhaps too much hype is being placed on computers currently and as a result other cheaper, existing technologies which may be just as effective have been ignored. Delegates noted that for the dissemination of information, radio and television are often overlooked, even though they are more than adequate for the task. One delegate from Africa noted that while it would be an overwhelming task to bring computers into an acceptable number of homes (due to lack of basic infrastructure, resources, high costs, etc), almost every home had at least one radio already. Thus, in the context of empowering people through the provision of knowledge, the delegates agreed that although computers and the internet are generating a lot of attention at the moment, one must not be 'caught up in the hype' to the degree that existing technologies, which may be much cheaper and more viable (such as radio, TV, and printed media), are overlooked.

Another issue brought up in this discussion was that of language. In places such as India and Africa, where even small regions may contain many different dialects and/or languages, the question of accessibility naturally arises, as the predominant language of the Internet is English. How

then was this to be resolved?

One group called for more websites set up in local languages, but there are several problems with this. First is that language support in hyper-text markup language (HTML) is severely limited. Most personal computers only support English and languages which use English letters, and to be able to read other languages, additional programs/supporting programs need to be added, or the language put into graphics (a very tedious and time-consuming task). Second, and perhaps more importantly, is the vast proliferation of languages that would arise out of this. The internet is about connecting people globally, and if each ethnic group with its own language were to put up its own site in its own language, which would only reach out to its own members, that defeats the very purpose of the internet, which is about bringing out one community's voice to other groups. As most people in the world are usually not able to learn even a few of the world's major languages, it would be ridiculous to expect them to learn all of them.

Another group noted this point, and called for more emphasis on 'global languages' (such as English) in education systems. This group claimed that English should no longer be looked at as a symbol of colonialism—indeed, its original creators have become a dialect of the greater whole—but rather as a fact of reality, as an international language owned by none and by all. After some discussion, the group concluded that although it was still important to preserve indigenous languages, if the key was to reach out to the world, a corresponding site in an international language should also be set up to transmit that community's message to the world. Also, there was a call for more work to be done in the development of translation software, which already allows for limited translation of several major languages.

Empowerment

On the issue of *empowerment*, the discussion mainly centred around that of rele-

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vance. Many delegates noted that technologies and ideas have been "dumped" into areas without being tailored to the needs of the communities in that area, or even considering if such technology is needed in those communities at all. They noted that often, in such cases, the wrong people are targeted or the information/technology provided is not needed or not utilized to its fullest potential, thus signifying a waste in resources.

Another focus of discussion was the 'interactive' ability of the internet, which allows for two way communication. Delegates noted that this is a very powerful aspect of the internet that could help give a greater voice to the people, not only to the 'silent majority', but especially to minority groups and other marginalized groups. As such, in promoting good governance and the empowerment of people through the k-economy, delegates noted that the internet could become a powerful tool which could be used to disseminate *as well as* collect information, thus creating not only a transparent and accountable government, but also a well-informed and participatory society.

Governance

On the matter of *governance*, delegates noted that many governments were not always transparent and accountable (especially regarding transnational companies with conflicting agendas). Also, some governments were not always in touch with the grassroots/end users. On this issue, many felt that effective policy and consultation required information from "the bottom-up."

Many delegates felt that there was a need for clearer and more comprehensive guidelines to govern the k-economy. As the k-economy is still relatively new, many of the rules and guidelines are still fuzzy and, in many cases, still developing. However, for the same reason, it is understandable that the rules and guidelines would still be somewhat opaque, and thus, some suggested that 'tri-sectorial' ICT bodies (consisting of the government, private sector, and NGOs) be set up at national levels to formulate appropriate ICT policies. Moreover, these national bodies should interact, exchange experiences and share best practices with one another, so as to

promote international standards for all to abide by.

Lessons to be Learnt

Although Malaysia may not be facing the same problems that other countries in a lesser state of development may confront, it would still do us well to heed some of the lessons learned so as not to repeat mistakes made in the past. Most notable of these is to make sure new technologies and policies are not blindly implemented without first analyzing and assessing its relevance to our culture and our needs.

This is a mistake that has been made quite frequently in the past by many developing countries, in an effort to modernize. Mistaking the result of development for the actual process, such countries blindly adopted these products of developed countries, while thinking they could forgo the hard work and internal development that was necessary to be able to support these results

Thus, the big lesson to be learned is to carefully study new policies, and to tailor them to the needs of the society that it is to be implemented in. In the context of ICT, the end must justify the means, and not the other way round. If the main object is merely to disseminate the information, then radio and TV may suffice. However, if one wants to take it a step higher, and have an interactive model of dissemination and feedback, then computers and the internet will be required.

Another issue to be considered is that of policies, guidelines and security. E-commerce and ICT is still in its infancy, even in the United States, which can be considered its pioneer. There needs to be more attention and cooperation given to the formulation of policies and guidelines, as well as the further development of security on the internet. As can be seen in the recent hacker attacks on many of the major sites, the issue of security stands out as a painful, festering sore in this new and highly touted technology.

The internet is a technology like nothing seen before, as it is able to bring people together in more ways than ever before. It has quite effectively reduced the aspect of time and distance to mere inconveniences, and is therefore a very powerful and promising technology. However, the main message to heed is that although ICT is a new and exciting technology that holds much promise, there are also risks and pitfalls along the way that need to be addressed. **§ Terence Too**

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Seventy six percent (76%) of low cost flats (6,158 units) under construction in the State are located in Seberang Perai. They are found mainly in the Central District. Another 8,191 units are in the pipeline and 85% of these are situated in Seberang Perai with the majority again in the Central District.

Shop houses/Shop Office

Presently (Q1 2000), there are 30,731 units of shop houses/shop-office in stock and an overhang of 453 units valued at RM137.7 mil. Another 27 schemes with 1,301 units are under construction. If these units come on line in the near future, they represent only 6% of the present stocks. Please refer to Table 2.

The majority of transactions for shop houses & shop-offices occurred in the Central District as well in 1999. There are a total of 1,677 units of shop house /shop-office under construction at the end of 1999. Most of these are double storey shop houses and they are located in Southern District. Similarly, out of the 1,340 units in the pipeline, 40% of these are again situated in the Southern District.

Industrial Property

Present stocks for Industrial property stood at 5,460 units in the first quarter of this year. Overhang of industrial lots for 297 units are valued at RM86.0 mil. However there are only 4 new schemes under construction with 46 units. Please refer to Table 2.

Industrial property was mainly transacted in the Central District as well for the year 1999. Industrial properties in the pipeline (266 units) are mainly located in the Southern District. Future stocks as a percentage of existing stocks is only 6%.

Table 2: Shop Houses /Shop-office and Industrial Property (till 31 Mac 2000)

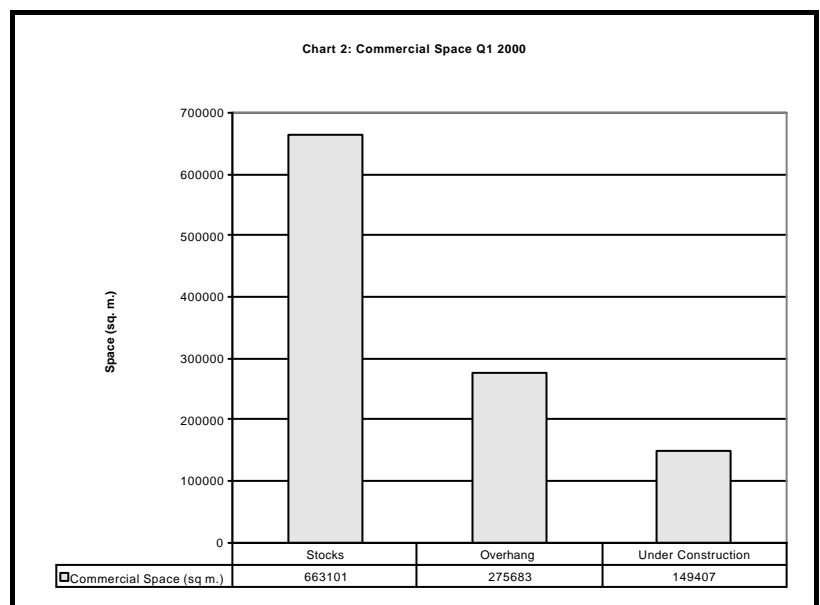
Type	Present Stocks	Overhang	Under Construction	Future Stocks	Future Stocks as % of Present Stocks
Shops Houses / Shop-Office (Units)	30,731	453	1,301	1,754	6%
Industrial Property (Units)	5,460	297	46	343	6%

Source: NAPIC, Valuation & Property Services Dept.

Commercial Space

Stocks for commercial space amounted to 663,101 sq. m. at the end of Q1 2000. There was also an overhang of 275,683 sq. m. In addition to this, 149,407 sq. m. are under construction. Future stocks that will become available totals 425,090 sq. m. which amounts to 64% of existing stocks. This clearly shows an over supply of commercial space in the State. Any future approvals of applications for more commercial space should bear in mind the present oversupply. Please refer Chart 2.

The average occupancy rate for all commercial space is 66.7%. Penang Island averages 71% occupancy rate whilst, Seberang Perai has an occupancy rate of 57%.



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Penang Property Market Outlook Q1 2000

Recent statistics released by the Department of Valuation and Property Services show that the number of property transactions for Jan-Mac 2000 has increased by 23.8% compared to the same period last year. Values of the transactions have increased by 40.31% from RM499 million (Jan-Mac 1999) to RM670mil (Jan-Mac 2000).

Comparing the above figures with the previous quarter (Oct – Dec 1999), the number of transactions fell by 21.87% from 4,107 (Q4 1999) to 3,209 (Q1 2000). The value of these transactions dropped by 16.39% from RM 837mil (Q4 1999) to RM670 mil (Q1 2000). The high number of transactions during the Quarter 4 2000 may be due to the second national Home Ownership Campaign. This Campaign held from October 29 to December 7 1999 raked in RM217.5 mil. with a total of 1,186 units sold in Penang. Penang ranked 3rd in sales after Selangor/KL and Johor. Most of the units sold consisted of medium cost residential units.

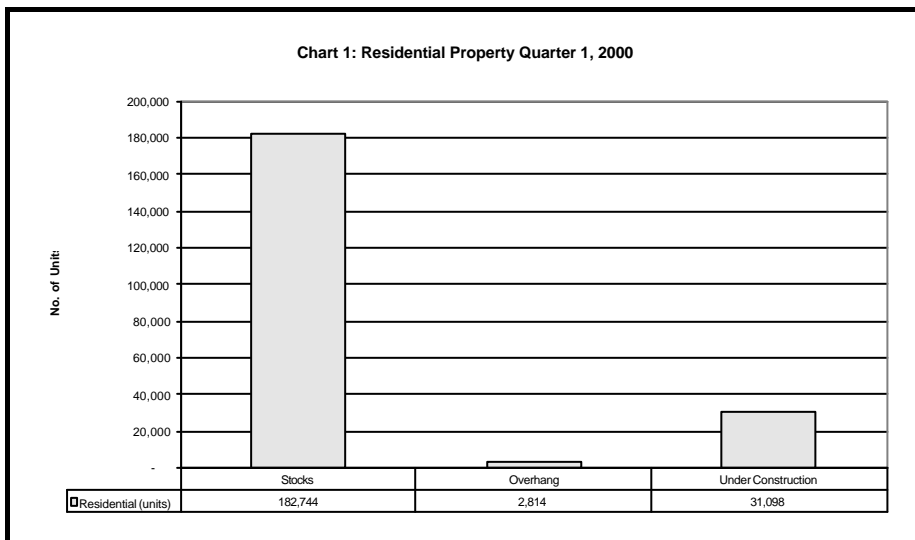
Table 1: Number of Transactions and Value

	Jan - Mac 1999	Jan - Mac 2000	Difference %	Oct - Dec 1999	Jan - Mac 2000	Difference %
Transactions	2,592	3,209	23.80	4,107	3,209	(21.87)
Value	498,854,920	699,924,573	40.31	837,132,225	699,924,573	(16.39)

Source: NAPIC, Valuation & Property Services Dept.

Residential Property Sector

Stocks for Residential Property stood at 182,744 units at the end of 31 March 2000 and there is an overhang of 2,814 units valued at RM849.0 mil. There are a total of 120 housing schemes with 31,098 units under construction for this period. This indicates that a total of 33,912 units of residential housing are expected to come online in the near future and this amounts to 19% of present stocks.



A majority of transactions pertaining to residential housing involved flats and terraced houses for 1999. Transactions involving flats occurred mostly in the North-east District while those involving terraced houses occurred in the Central District in Seberang Perai.

Residential property completed last year (1999) as well as future supply are located mainly on Penang Island. In the Air Itam /Paya Terubong / Bukit Bendera /Relau and Sg. Ara area alone there were 10,180 units of flats (not low cost) under construction. These alone accounted for 52% of the total number of flats under construction in the State. Another

30% of the total number of flats in the pipeline is also located in this area.

Low cost flats completed in 1999 amounting to 1,926 units, were located mainly on the Island (74%). These are found mainly in the Bayan Baru / Bukit Jambul /Bukit Gambier/ Bayan Lepas / Batu Maung /Telok Kumbar area, Air Itam /Paya Terubong /Bukit Bendera /Relau and Sg. Ara area, and Balik Pulau and surroundings.

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