

## **PENANG INSIGHTS**

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### **ABOUT PENANG**

The State of Penang consists of Penang Island and a strip of mainland Malaysia called Province Wellesley. In the Malay Language, they are known as Pulau Pinang and Seberang Perai respectively. The capital George Town is a busy city with comfortable blends of East and West. Both lands are separated by the Straits of Penang. The island nicknamed Pearl of the Orient lies off the north-west coast of Peninsular Malaysia. She was called Prince of Wales Island by her founder Captain Francis Light.

Penang is a tourist haven with rich exotic multi-ethnic cultural mixes, beaches, hawker foods, fruits and hotels. She is also an international centre for meetings, incentives, conventions and exhibitions. Penang has excellent infrastructures for export manufacturing, international trade and tourism. The annual Penang Bridge International Marathon attracts runners around the world. The weather is warm. Penangites are friendly. Languages spoken are Malay, Chinese, Indian and English.

George Town and Melaka were jointly inscribed as the first World Heritage cultural sites in Malaysia by United Nations Educational, Scientific and Cultural Organization (UNESCO) on 7 July 2008. This important event would enhance George Town, and push Penang further in tourism development.

### **TRANSPORT AND LOGISTICS FACILITIES**

Penang Island has an international airport at Bayan Lepas. An international tuna port is located at Batu Maung. Swettenham Pier is a cruise terminal. A ferry service shuttles people, vehicles and goods across the straits. Tanjung City Marina is situated at Church Street Pier. Bayan Lepas, the first free industrial zone in the country provides impetus for the tremendous growth of semiconductor industry and foreign direct investments in the state. Penang is dubbed the Silicon Valley of Malaysia.

Province Wellesley has three major seaport terminals - Butterworth Wharves, Prai Bulk Cargo Terminal and North Butterworth Container Terminal. A vegetable oil tanker pier, ro-ro terminal and tankage facilities are located at the first port. The terminals are collectively called Port of Penang.

Rail sidings alongside port warehouses facilitate the operations of wagon tonnages and containerized groupages. The railway station is for commuters. There are many road vehicles moving people and goods outstation. With container freight increasing in the land and sea modes, box haulages are continuously heavy in demand.

Airfreight has experienced an innovative strategy called i-port system. The cargoes would come by sea and transfer to air by bonded trucks. I-port system fulfills the supply chain management objectives of fast inventory velocity, inventory visibility, timely flow of materials and planned landed costs for the parties.

Bonded trucking and bonded warehousing facilities serve the manufacturers, traders, importers as well as exporters. Cold chain logistics is on the rise. Frozen delicacies such as surimi and tuna are exported. Penang is a halal hub producing Muslim foods. Many factories are now focussing on their core competencies. They are downsizing the labour force and outsourcing their supply chain management to third party logistics companies.

Heavy lift haulage, installation, towing and barging services are frequently engaged. Eight units of 22-tonne heavy lift glass aerobridges discharged at Butterworth Wharves were moved across Penang Bridge to Penang International Airport using long multi-axled hydraulic platform trailers, negotiating sharp narrow bends along the way. A 105-tonne pressurized tank was hauled from Butterworth Wharves to a power plant on the island using similar trailer. A 2000-tonne oil-rig platform was rolled on a flat-top barge despite deep pitching against the waves. A 600-tonne floating restaurant with a 5-storey deck was towed by tugboats from Butterworth to Stulang at Johor Bharu 1000 km south, passing the stern Straits of Malacca during the severe south-west monsoon. The high rigid deck could block the monsoon and cause a capsizing.

Three shipyards are located at Batu Maung, Bagan Dalam and Chain Ferry respectively. All are capable of building and repairing vessels such as fast patrol crafts, tugboats, launches, yachts, pleasure boats, hydrographic and oceanographic survey ships, catering to local and international markets.

Penang Bridge links the island to the mainland. The bridge is 13.5 km long and 8.4 km over the water. To further improve traffic flows, two major projects are underway. Bridge widening would complete in September 2009. The second bridge would be ready in January 2011.

### **INCENTIVES FOR INVESTORS**

Infrastructure incentives such as pioneer status, tax exemptions and regional preferential tariff schemes are provided within the laws. Investors have built factories, international procurement centres and regional distribution centres. The Asean Free Trade Area has pulled a market of 560 million consumers. There are also bilateral free trade agreements completed or in progress with countries like Japan, Pakistan, India, Korea, China and the United States; thereby creating huge markets for the investors.

### **NOTE**

**Penang Insights** - published in **Transport Management Issue 3/2008**.

### **PROFESSIONAL ROLES OF THE AUTHOR**

Prof Dr Ong Khee Lye has the following roles in developing business strategies and market positioning:

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