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Penang still a magnet for FDI

PENANG recorded investments worth RM8.2 bil last year, a 109% increase over 2013's. They comprised RM3.1 bil domestic investments and RM5.1 bil foreign ones.

The foreign direct investment (FDI) into the manufacturing sector totalled RM2.34 bil, compared with the previous year's RM1.8 bil.

FDIs are also expected to grow this year with the service sector gaining traction. Companies such as Citigroup Transaction Services Malaysia, IHS, Wilmar and AirAsia have started their shared services outsourcing (SSO) operations in the state.

The establishment of Penang as a BPO-ITO hub aims to create a new cluster of economic development, making the island state a sustainable and innovative urban location with opportunities to live, work, learn and play.

Penang was recognised by KPMG Exploring Global Frontiers Report as the top 31 emerging cities for BPO (business-process outsourcing) operations. The state is advancing to a higher level to support the growth of its SSO through

knowledge process outsourcing (KPO), BPO and information technology outsourcing (ITO).

During a recent roundtable forum on Penang's economic outlook organised by KPMG and Penang Institute, the speakers highlighted that manufacturing, especially the electrical and electronics (E&E) sector, is likely to benefit from the US recovery.

The forum also noted that investments in the service sector such as the Penang International Technology Park (PITP) and the Business Process Outsourcing Prime (BPO Prime) will mean higher degree of convergence between the manufacturing and service sectors, thus enhancing the cluster effect in Penang.

KPMG Penang partner Ooi Kok Seng says the state remains a highly attractive location for local and foreign investors. "We certainly see healthy prospects for Penang across several industries," he says, adding that the second bridge and the Undersea Tunnel connecting Butterworth in Seberang Perai to George Town on Penang island which will begin construction next year, are some of the infrastructure projects that will spur growth.

Ooi notes that the transformation of Penang into a connected city, improved infrastructure, facilities and services, enhanced environmental metropolis helps to transform lives and economic vitality.