

KL risks losing attractiveness as business centre

BY LEVINA LIM

Malaysia will have to face the consequences of falling foreign direct investments (FDIs) and continued leakage of its talent pool if it allows its attractiveness as a business centre of choice to drop below that of its Asean peers.

Cities of Opportunity 6, a survey by PricewaterhouseCoopers on global cities and the fac-

tors contributing to their success, finds Kuala Lumpur climbing in the overall ranking to 17th from 18th in 2012. It fared poorly in terms of intellectual capital and innovation, technology readiness, sustainability and the natural environment, health, safety and security.

According to PwC managing partner Sridharan Nair, popularly known as Sri, should KL lose its comparative attractiveness vis-à-vis its neighbours — whether as a business hub or a city to live in — the consequences may be difficult to reverse.

"The other cities won't stay stagnant and will continue to improve. We are a more attractive city [to investors] now so you may not see it in the short term. But if we don't up our game, this may change in the distant future," he says.

Asian cities like Bangkok and Jakarta are increasingly viewed by multinationals and foreign investors as viable destinations for the setting up of businesses and shared service centres.

Singapore, Hong Kong and Jakarta ranked 3rd, 8th and 29th respectively. Cities that have the greatest attraction drew the most talent, promote innovation and possess a high degree of technology usage and liveability.

According to the survey, KL is distinguished as a business-friendly city with low costs. However, despite ranking among the top 10 globally in terms of cost competitiveness, it has fallen to the 8th spot from the 3rd in 2012.

"In many of the metrics, we find that KL is somewhere in the middle of the scale. If we want to progress beyond that, there's a need to do something that's more concerted and focused in the areas that we lack," says Sri.

According to Patrick Tay, executive director of economics advisory at PwC Malaysia, the survey also shows a disconcerting indicator of brain drain with 31.4% of respondents stating that they are either likely or very likely to leave KL for cities like London, Sydney, New York or Singapore within the next two years. These cities are ranked overall among the top 10, out of the 30 cities surveyed.

"Rapid urbanisation is occurring throughout the world with 54% of the world's population residing in cities. Cities will drive the future growth of the economy ... there is a spillover effect," he says, adding that intellectual capital will congregate where job opportunities lie.

Sri notes that while the improvement of base metrics, such as intellectual capital, innovation and technology, is an important factor in attracting human capital and FDIs, it is insufficient to propel KL to the top rungs of the world's most attractive cities.

What needs to be done, he says, is to go beyond the basic measures to improve the attractiveness and liveability of KL as a city through a more concerted collective effort by both the public and private sectors.

He advocates a model that emulates cities that have either successfully improved or reversed their declining attractiveness like Melbourne, Stockholm and New York through "committees for cities".

"Stockholm is a great example where they have transformed it into a centre of economic growth by investing heavily in broadband and so on to become one of the most attractive and liveable cities in the world.

"If you look at it from that sense, there is no reason why a medium-sized city like KL cannot also progress," he says.

These committees, which typically consist of 100 to 200 members and include individuals and organisations, are intensely committed to improving the attractiveness and liveability of their cities in their respective capacities through the contribution of ideas, funds and activity.

"KL is progressing well as a centre of economy and growth, but if we want to compare ourselves with the great cities of the world, and it's not too far-fetched to make that comparison, we must do something that we have not already tried," says Sri.

Tay cites Melbourne as another example, as the city was seen as a declining one relative to Sydney in the 1980s, prior to it arresting its decline by instituting concerted efforts through a Committee for Melbourne.

"If you look at it from the Asean context, it may not be too much to hope for that KL in 20 years may outpace its neighbours if this effort begins today," he says, adding that having a group that is impartial to politics will face less resistance in the implementation of ideas.

On the areas that Malaysia should focus on for greater competitive advantage as a nation, Tay opines that it will have to move away from its traditional strengths of resource-based industries like oil and gas and palm oil.

"If you look beyond that, the urban challenge also generates opportunities and we will likely see innovative businesses created by talented KL residents who are globally competitive in future," he says.



designed to accommodate world-class exhibitions, meetings, concerts and sporting events, BEXCO should leave discerning MICE planners and corporate travellers suitably impressed.

Dinner will be followed by a whirlwind tour of the Shinsegae Department Store at Centum City. Certified by the Guinness Book of Records as the world's largest department store, this modern retail haven is adjacent to Spa Land, an urban spa-radise specializing in jjimjilbang (Korean-style day spa treatments). Before calling it a night, let the Busan Cinema Centre bedazzle everyone with a spectacular light show from its roofed stage that has been fitted with over 120,000 LED lights, befitting its status as the world's first futuristic multi-media cultural and entertainment space.

SUN, SEA AND SKY WALK

Rise and shine on the second day with a quick stopover at the picturesque Gamcheon Cultural Village (Taegeukdo Village). Famously hailed as the Santorini of Korea, be thoroughly charmed by the picturesque hodge-podge of colourfully houses that look out to sea, perched on steep hill slopes and connected via a network of narrow, winding alleyways. Upon returning to Nampodong in the city, visitors will have a chance to soak in the cornucopia of sights and sounds in and around the Busan International Film Festival (BIFF) Square, Fashion Street, Busan Tower, Gukje Market and Jagalchi Fish Market.

Then proceed to the Yeongdo Bridge — Korea's one and only drawbridge to witness the exciting spectacle of it being lifted once a day at noon for 15 minutes. Built in November 1934 to connect the Jung-gu and Yeongdo-gu districts in Busan, the structure was recently restored to its former splendor and is now in fine working order.

A delicious barbecue lunch awaits on board. Yacht B, a leisure cruise vessel docked at the Busan Yachting Center. Aspiring corporate leaders and those with a penchant for politics and world affairs will find APEC House of great interest; the informative displays and relevant memorabilia from the 2005 Asia Pacific Economic Conference (APEC) housed in the three-storey building should fuel their enthusiasm.

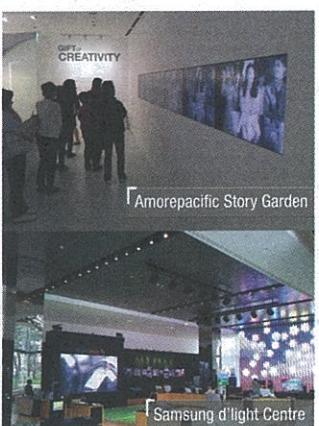
Another major landmark is BEXCO — Busan's premier MICE venue that is spread over eight floors with various multi-purpose halls that are as large as three football fields combined. Fully equipped with state-of-the-art equipment and



Spend a serene morning inspecting the ornate Hong Beop Temple on the last day in Busan. Partake in the rituals of a traditional tea ceremony followed by a light lunch at the temple.

A quick detour to the Busan Aquarium in the afternoon should bring a timely adrenaline rush especially for brave souls who relish the idea of swimming with sharks. This is the opportune moment to test one's nerves by delving into the aqua centre's shark-diving experience.

After dinner, it's off to the Busan Station to catch the Korea Train Express (KTX) that's bound for Seoul. Travelling at a speed of over 300km/hour, the bullet train smoothly whisk visitors to the capital city in just two and half hours.



SEOUL-FULL SELECTION

The Korea MICE Exhibition program in Seoul is headlined by an exclusive visit to the magnificent Korea Furniture Museum. Considered one of the city's best kept secrets, this beautifully landscaped space boasts a private collection of ten ornate Korean hanok (house) structures and period furniture from the Joseon Dynasty.

Following that aesthetically pleasing feast, Samcheonggak — a prominent Korean cultural centre — will whet the gustatory senses further with an exquisite plethora of food and culture during dinner. Before hitting the sack, ample time is allocated for shopping sprees at Dongdaemun Design Plaza and its surrounding vicinity.

Of course, no visit to Korea is complete without lugging home some of its top quality cosmetics and beauty products. For this purpose, a field trip to the Amore factory and Osan (Korean cosmetic products) should delight the beauty-conscious.

Gadget-mad enthusiasts will have a field day at the Samsung d'light Centre which is the final stop of their incentive tour. Located in the Samsung Electronics Building in Seocho-dong, visitors are welcomed to create their own digital content or try out Samsung's latest products at the Mobile Plaza before making their purchases at the d'light Shop. Hopefully the company's history and future visions in the Global Gallery will inspire corporate warriors and incentive travellers that pass through to aim for the skies and reach for the stars.

For more information on incentive tour support, please browse: www.visitkorea.com.my
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