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Malaysia may sign ITA in July

Zainul Arifin in San Francisco

MALAYSIA hopes to sign the proposed Information Technology Agreement in July, once it is satisfied that it will not be disadvantaged by it.

Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia had some reservations on the ITA and had wanted to study it first before agreeing to it.

"We will have to give ourselves time to study it. And if we find that it will not have harmful effects on the country, then we will sign it," he told reporters after meeting a group of Silicon Valley senior executives in Santa Clara, about an hour's drive from San Francisco.

The meeting was part of the mission he led to woo high technology computer-based companies to the Multimedia Super Corridor.

The US-sponsored ITA is aimed at being a multilateral mechanism to liberalise the industry and eliminate, where possible, global barriers in the areas of telecommunication and information technology.

It is a comprehensive proposal that covers all aspects of the industry, including the services element of the industry.

It was brought up at the inaugural World Trade Organisation ministerial meeting in Singapore in December last year.

A ratification of the ITA could see further drop in the prices of telecommunication and information technology products at home. Malaysia had over the past few years been whittling down tariffs and duties for the import of these products.

More importantly it could see unlimited access by foreign telecommunication giants into Malaysia, and this could affect the fledgling domestic industry. But on the upside, Malaysian firms with enough confidence, could venture abroad unhindered.

However, Dr Mahathir said the success of the MSC was not dependent on whether Malaysia ratifies the ITA or not, as the proposed project was already blessed with several incentives which included allowing unlimited import of equipment.

The call for the ratification of the ITA had more to do with the desire of some countries to open up new markets in the areas of telecommunication.

"Of course, people here want us to open up for the whole country but that is a separate thing (from the MSC)."

The ITA has been formally endorsed by 28 countries representing 85 per cent of global IT trade.

In addition to the US and European Union members, countries that signed the agreement are Australia, Canada, Taiwan, Hong Kong, Iceland, Indonesia, Japan, Korea, Norway, Singapore, Switzerland and Turkey.

Under the agreement, expected to be signed by next year, participating countries will have to eliminate import tariffs on certain IT products in stages by the year 2000 at the latest.

Under the ITA, products to come under the zero-tariffs category include capacitors, photocopiers, fibre optic cables, computer monitors, telecommunication equipment, graphic display tubes, all computer software and semi conductors.

Tariff cuts will take place from July this year in four stages up till Jan 1, 2000 at the latest.

During the question and answer session, Dr Mahathir was also asked whether the Government would provide a guarantee on the proposed cyberlaws

governing the activities in information technology in the MSC.

The laws, he said, would be guaranteed forever but there would be occasions when amendments need to be made to accommodate the changes in technology and its use over time.

Dr Mahathir also spoke of the possibility of the venture capital fund being extended to small foreign firms involved in areas that would be of strategic interest to Malaysia. For the moment, venture capital facilities are mainly for domestic small- and medium-sized companies.

Several members of the audience also posed questions on the availability of skilled workers to feed the MSC.

Dr Mahathir said efforts are being made from the school level upwards. For example, plans are under way to make schoolchildren computer literate by linking up all schools to the Internet.

A teachers' re-training scheme was also being worked out for the purpose.

Also, the proposed multimedia university in MSC would be operated in collaboration with the Government and the private sector.

Dr Mahathir left for Japan yesterday for the final leg of leading the mission to promote the MSC. He arrived in Los Angeles last Sunday and came to the Silicon Valley on Wednesday.

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