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MSC: IT giants show enthusiasm (HL)

Mustapha Kamil in Los Angeles

LOS ANGELES, Mon: Big international names in information technology (IT) have responded enthusiastically to Malaysia's Multimedia Super-Corridor (MSC) project and expectations of prospective participants are high.

Progress made in the project has been "tremendous", said Malaysia's Multimedia Development Corp (MDC) executive chairman, Tan Sri Dr Othman Yeop Abdullah, here today.

Outlining the programme for the five-day working visit of Prime Minister Datuk Seri Dr Mahathir Mohamad to California beginning today, he noted that this is the first time Dr Mahathir is actually reaching out to attract investors to the corridor.

He said the visit, organised by the MDC, is crucial for the project.

The international parties, mostly American IT giants, are watching the project closely, and would be interested in seeing whether Malaysia can resolve certain issues related to the MSC during the Prime Minister's visit, he said.

Some 30 leaders of international IT companies have agreed to sit on the MSC project International Advisory Panel (IAP) chaired by Dr Mahathir himself.

However, five, including Microsoft chief executive Bill Gates, have said they could not attend the first IAP meeting scheduled for Thursday. Gates is instead expected to meet privately with Dr Mahathir later this week.

Those who have confirmed their attendance will include chief executives and senior officials of computer firms like Acer, Apple, Hewlett Packard, Oracle and Netscape.

Meanwhile, Othman said the working visit is aimed at achieving five goals, first of which is the promotion of the MSC itself.

He explained it is also to give the American public and target companies a better understanding of Malaysia in general and as an investment destination in particular.

This is part of the reason why the schedule has included one-on-one interviews with the Prime Minister by a select group of the American press.

The visit is also aimed at encouraging targeted major IT companies to participate in the project.

The fourth goal is the ironing-out of cyberlaw issues, which Othman said will be one of the key matters participating IT companies will scrutinise during discussions.

Some of these companies had expressed dissatisfaction over Malaysia's laws that deal with matters such as intellectual property rights, which they feel are inadequate.

"Microsoft has complained previously of what it called non-stringent moves by Malaysia against manufacturers and distributors of pirated computer software," he said.

Participants as well as the American press are expected to question the Prime Minister on this issue, Othman said, adding that the meeting will seek to clarify all matters related to it before the MSC actually takes shape.

The fifth objective is the promotion of collaboration and joint ventures between Malaysian and international IT companies. So far, he said, some 80 Malaysian firms are set to establish various forms of partnerships with their US counterparts.

Partnerships will be classified under four categories. Firstly, firms may continue to produce their existing products but will have to use the MSC as their gateway to international markets.

Secondly, they may undertake research and development (R and D) activities in the US but house their production facilities in the MSC, under a worldwide manufacturing web concept.

The third category comprises partnerships that set up all their facilities - R and D, production and marketing - in the MSC.

Lastly, partnerships in IT human resources development are also encouraged.

It is understood that the Malaysian Government has several attractive incentives in store for investors in the MSC.

Among them is the granting of a special status to such companies, applications for which the MDC is guaranteeing a 30-day turnaround time.

MSC-status companies will enjoy substantial financial incentives such as a tax-free environment for up to 10 years or a 100 per cent investment tax allowance; and no duties will be imposed on multimedia equipment.

The firms will also have access to a world-class physical and information infrastructure, guaranteed by the Government, with unrestricted employment of local and foreign skilled workers.

Apart from being guaranteed competitive telecommunications tariffs, such companies will also be free to source capital from international capital markets.

Dr Mahathir is expected to visit certain established operations in the IT sector here, including the Todd-AO animation studio.

He is also scheduled to address a gathering of Los Angeles' entertainment and community leaders, which will be jointly hosted by the Mayor of Beverly Hills, the Asia Society and the Beverly Hills Chamber of Commerce.

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