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MSC could keep economy buoyant

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MUCH has been said about the Multimedia Super Corridor since its inaugural launch by Prime Minister Datuk Seri Dr Mahathir Mohamad, on Aug 1 1996.

Dubbed as the Silicon Valley of the East by Wall Street Journal, the MSC boasts of cybercities, state-of-the-art information technology facilities, intelligent buildings, technologically-advanced telecommunication and transportation infrastructure, all contained within an area slightly larger than the island of Singapore.

The MSC is set to revolutionise the lifestyle of Malaysians.

From the beginning, plans for the MSC have been ambitious and aggressive. An area of 15km by 50km extending from Kuala Lumpur in the north to the new Kuala Lumpur International Airport in the south was set aside for this multi-billion ringgit multimedia city.

Encompassing mammoth projects such as the Kuala Lumpur City Centre, Malaysia's new administrative capital of Putrajaya and the KLIA, set to be Asia's largest airport, the entire project is scheduled to fully achieve its aim of being a mature multimedia catalyst centre catering to the regional and world multimedia markets by the year 2020.

Even the list of names in the International Advisory Panel spearheading the planning of the MSC is impressive and reads like the Who's Who of the IT world.

The objectives of the MSC will be three-phased: the setting up and development of the MSC as a multimedia centre, the linking of the MSC to other cybercities in Malaysia and worldwide and finally culminating in the development of Malaysia as an IT-based nation.

With lofty promises of attractive investment opportunities, free flow of information, freedom of foreign participation, cyberlaws and a Government-backed Bill of Guarantees, the MSC has sparked both praise and criticisms, the latter from those who doubt Malaysia's ability as a developing nation to cope with the exhausting technological demands that a project of this size would require.

Citing Malaysia's lack of strong high technology fundamentals and more recently, the currency crisis, they question whether Malaysia is able to sustain a project of such gargantuan proportions without sacrificing the growth of other sectors in the economy.

One year after its launch, Malaysia may just prove its critics wrong. Dr Mahathir and Multimedia Development Corporation (MDC), the Government-backed administrator of the MSC, have marketed the MSC aggressively in the regional and world IT markets.

The promotional trips have paid off and to date, more than 50 companies, both Malaysian and foreign, have obtained MSC status, a title which confers on the companies the right to a business presence in the MSC and to tax incentives and benefits.

More than 100 applications are currently being processed with many more pouring into the MDC every week. Participation in the MSC is balanced yet varied, ranging from large international IT players to local SMEs, and from service providers to the end services and products users.

As the administrative procedures in the application for incentives, work permits, etc remain unclear to date, the issuance of guidelines will certainly facilitate the application process.

What may have been seen initially as a dream of a growing economy and aggressive government is now fast crystallising. To Malaysians, this is

hardly surprising since in the last 10 years, Malaysia has achieved what it has set out to do.

The paradigm of the Malaysian economy has shifted from agriculture to industrialisation, and if all goes well, it may well shift towards IT-industrialisation in keeping with the developed world.

The MSC agenda has been closely observed and monitored by the MSC Implementation Council headed by Dr Mahathir and the Deputy Prime Minister, Datuk Seri Anwar Ibrahim, with assistance from the MDC.

To date, most projects are within schedule; to name a few, the KLIA is expected to be functioning prior to the commencement of the 1998 Commonwealth Games held in Kuala Lumpur and the Multimedia University in Sepang is expected to be completed next year.

Cyberlaws are already in place with the Digital Signature Act 1997, Computer Crimes Act 1997, Telemedicine Act 1997 and Copyright Amendment Act 1997 passed by Parliament in May this year. The Multimedia Convergence Bill 1997 is scheduled to be tabled at the next Parliamentary session.

Seven flagship applications have been identified to start the multimedia ball rolling. They are electronic governance and public administration, telemedicine, smart cards, smart schools, research and development clusters, worldwide manufacturing webs and borderless marketing centres.

Concept Request for Proposals, drawn up by the joint initiative of the MDC, private-sector representatives and leading IT agencies, were launched on July 26.

More than a mere set of regulations and technical specifications, the CRFPs define the objectives and targeted benefits and aid the collaboration of the Malaysian Government and the private sector in bringing about innovative solutions.

Deadlines have also been set for the move towards electronic governance. The Government, in its new seat at Putrajaya, will pave the way to the Information Age by utilising multimedia products in its internal operations and its dealings with the public.

Smart cards, which are to replace identity cards and driving licences, will be tested at the Commonwealth Games next year. In addition, the Prime Minister's Office will lead other Government bodies and agencies in aiming to be paperless by the year 2000.

Teething problems are naturally expected as the changes are fundamental and affect the bureaucracy and mindset of civil servants. However, these are not expected to impede the success of the MSC.

The main threat now to the smooth implementation of the MSC programme may be the weaker ringgit.

If the current value of the ringgit is sustained, the set-up costs of the project could prove to be very high due to the heavy reliance on foreign technology and infrastructure.

On the other hand, the low foreign exchange rate could also give the MSC a competitive edge over its foreign competitors in the form of lower investment costs. This is contingent, however, on the health and stability of the Malaysian economy.

According to Government research, the MSC is expected to pump in US\$25 billion (RM77.5 billion) into the Malaysian economy in the first five years of its implementation.

In addition, according to the deputy director-general of the Malaysian Administrative and Manpower Planning Unit, Prof Datuk Anuar Maarof, per capita gross domestic product is expected to increase by more than three times by the year 2020.

The MSC, if it is successful, will, due to its sheer enormity, catapult Malaysia from a labour-intensive economy to one which is capital-intensive.

If the above projections hold true, then the MSC could be just what the doctor ordered to keep the Malaysian economy buoyant for a long while. Bhupinder Singh is executive director of Arthur Andersen HRM (Tax Services) Sdn Bhd.

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