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PM: Let's prepare for online commerce

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KUALA LUMPUR, Fri. - Datuk Seri Dr Mahathir Mohamad today proposed the setting up of an Asean Framework on E-Commerce to facilitate discussions on Asean's position in the new electronic age of commerce.

In his speech at the Roundtable on Electronic Communities in Asia, the Prime Minister said the framework could provide a platform for a collective vision on the emerging digital marketplace.

"It can also outline the key issues as the region enters the new era."

The roundtable conference was organised by the London-based Economist Group, an information provider for companies establishing and managing operations internationally.

A total of 150 participants from 120 Malaysian and international companies took part in the two-day talks.

Some members of the International Advisory Panel for Malaysia's Multimedia Super Corridor who attended the second two-day IAP meeting in Cyberjaya also took time off to attend the conference.

Under the new digital economy, business activities would be possible with minimal physical movement of people, money and, in many cases, products, Dr Mahathir said, adding that contracts and transfer of value and accumulation of assets would be conducted by electronic means.

"Whether we like it or not, statistics show that e-commerce will become part of our lives - very soon in the future," he said.

Analysts have predicted that total annual sales over the Internet will grow to more than US\$7.3 billion by the year 2000, and in excess of US\$186 billion by the 2005. The magnitude and impact of this growth will have far-reaching implications, not only in the commercial world, but also in governance.

The Prime Minister said a regional initiative might be necessary to address the prevalent issues and to catalyse the growth brought about by the digital economy and e-commerce.

"The opportunity to develop e-commerce present itself to other countries in the Asean region which are in a good position to leapfrog into the Information Age."

Reiterating Malaysia's commitment to support the growth of e-commerce through the MSC, Dr Mahathir said the Government was dedicated to the development of multimedia technologies that would remove barriers for business and promote borderless marketing.

"We like to invite our Asean neighbours as well as everyone interested in ironing out possible wrinkles in the progress towards the electronic world to join us in this endeavour."

Although still in its infancy, the Prime Minister said, e-commerce represented the new frontier that would revolutionise the way business was transacted globally.

Among the prevalent issues associated with e-commerce are finance-related such as customs and taxation, electronic payment, Internet banking and Internet stockbroking.

Dr Mahathir said Malaysia had taken the pragmatic approach where it preferred to experiment and try out in near real-life situation rather than be swept along by transient technologies and fads.

Where possible, he added, Malaysia chose "not to merely ride the waves, but to master them".

"That is why we have kept abreast with global trends, conducted trials

to study their implications to the nation, co-operate in research and seek to develop the appropriate strategies.

"It is in this context that we have developed an Information Technology Agenda which among others outlines various strategies which will help us achieve a knowledge society through the development of people, infrastructure and applications.

Dr Mahathir said Malaysia had started building the foundation to support this knowledge society, "and this is in the form of the huge MSC, which is our first major investment in the future".

However, he added that there were some critics who had labelled the MSC as an "ambitious, grandiose, mega project".

"I will admit that it is an ambitious project, but it is not for us Malaysians to implement alone.

"We will participate actively of course, but the MSC is for the whole world. We conceived it as a giant test-bed for everyone to use, everyone from everywhere."

Dr Mahathir said the MSC was progressing well ahead of schedule.

Response had been beyond expectations and to date 110 companies have been accredited with the MSC status, of which 78 have begun operating.

Since April last year, the Government received 178 applications for MSC status, 39 per cent of which are from foreign companies, 35 per cent from Malaysian companies and 26 per cent from joint ventures between Malaysian and foreign companies.

Barely a year since MSC was launched on Aug 1, 1996, it is already beginning to see the value created from the Information Age business.

Multimedia Development Corporation statistics on the MSC status companies showed increased investment in high value-added activities, with a revenue to investment ratio of about 3 to 1.

There are also signs showing the formation of new service-based industry clusters, specifically in software development, content creation, animation and broadcasting and telecommunications.

For all the companies which have applied for MSC status, the combined revenue projected by the fifth year of operations is around RM13 billion, while the projected profit close to RM5 billion. Investment is put around RM4 billion.

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