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Liberalise to benefit everyone

IF THE regional financial crisis had created doubts in some minds about Malaysia's seriousness in liberalising its communications sector, Datuk Seri Dr Mahathir Mohamad has put these minds at ease now. Reiterating the Government's commitment to liberalisation and globalisation in front of an august gathering of international and regional players and investors in the capital this week, the Prime Minister said the Government will maximise the internationalisation of its communications sector.

Malaysia is even prepared to set national priorities based on a global perspective through the establishment of a more liberal trade and investment regime to achieve this. Its move to allow foreign investors to increase their stakes in local communications companies signals the intention to ensure that the communications sector will benefit from foreign direct investment besides enabling local companies to leverage for export opportunities. The Government has also taken the necessary steps to review and introduce changes to keep abreast of the rapid evolution in technology and respond to emerging needs of the market. Parliament in July passed the Communications and Multimedia Act to provide the necessary legal framework for a new policy and a regulatory regime for the convergence of the telecommunications, broadcasting and computing industries. A dedicated ministry was established only last week together with a more independent commission to regulate the industry and ensure a healthy and competitive environment.

All Malaysia is asking for is that the foreign companies which have benefitted from these liberal policies and which will gain from the increasingly liberal regime in the near future do not forget the nationalism, pride and sensitivities of the local people. Malaysians will regard as a major sacrifice the decision by the Government to open up the industry further to foreign participation. For years, telecommunications was the monopoly of Telekom Malaysia. This complete dominance was broken down into profitable chunks with privatization. Many local players were created, some very sizeable today, and these include Celcom, Mobikom, Mutiara Swisscom and Time Telekom. With convergence, the field was enlarged to include other players like Binariang, TRI, and the various IT-related companies.

These are the companies that foreign investors are now allowed to participate in, in a big way. Before the crises, these companies were money making entities that could afford to go into billion-ringgit tie-ups with foreigners to tap their technology and knowhow. Foreign direct investment (FDI) in these companies will undoubtedly help them get back on their feet, perhaps stronger than before. Malaysians recognise this and value FDI flows for that and also for having created millions of jobs and improving the standard of living. Names like Ericsson, Motorola, Nokia, Swisscom and Siemens are already household names because they have for years dominated a certain segment of the market. The decision to further liberalise the industry will no doubt benefit them and others who may decide to come into the picture.

As most of these foreign companies are from the developed world, there is a need to remind them that telecommunications is still regarded as a service to the people. There will be heavy investments to be made in the rural areas, which are not always going to be profitable but which the foreign players will have to do as part of their social responsibility.

Malaysia is not asking for too much. Whenever they invest abroad, Malaysian communication companies are also asked not to disregard the sensitivities of the locals. Obviously, the Government is asking the same of foreign players in the local industry because they are expected to be here for the long term. They are expected to invest heavily in improving the infrastructure but they are also expected to make healthy profits. Until the year 2020, the Government estimates that RM125 billion would need to be invested and this is for the expansion and modernisation of existing networks. Including the IT business and the emergence of the Multimedia Super Corridor project, the amount is going to be several folds more.

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