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MSC-status firms to make RM5bn profits: Dr M

Kamarul Yunus in Hanover

HANOVER, Fri: By their fifth year of operations, MSC-status companies will be major contributors to the Malaysian economy, with collective revenues reaching RM13 billion and profits nearing RM5 billion.

These companies would have by then invested RM4 billion in the Multimedia Super Corridor, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

To date, 180 companies - 34 per cent of them foreign - have applied to become MSC-status companies. The Government has granted the status to 110 companies, of which 84 are already operating in the corridor.

Dr Mahathir shared these official projections with international investors at an MSC conference held in conjunction with the CeBIT '98 exhibition here today.

He arrived here yesterday for a three-day working visit to Germany.

In his address, he unveiled some of the visions under phase two of the MSC that would see the corridor linked to other cities in Malaysia and worldwide.

He said by the year 2020, the entire country will be a MSC, with a total of at least 12 intelligent cities linked to the global information super highway and thus becoming a link to all the other intelligent cities worldwide.

"By then, we expect in excess of 250 companies within the MSC and its participants will have risen to 500 world class enterprises," he said.

He said statistics provided by Multimedia Development Corp (MDC), a company managing the implementation of the MSC, showed increased investment in high value-added activities, with revenue to investment ratio of about three to one.

"Barely a year since we first launched the MSC, we are already beginning to see the value created from the Information Age business," he added.

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

Describing the information technology (IT) and multimedia industry as the second engine of growth after the manufacturing sector, Dr Mahathir said the IT agenda is "sine qua non" - or the essential condition or requirement - to realise Malaysia's goal of becoming a developed nation by 2020.

"Studies have shown that in order to reach fully-developed nation status, our annual growth rate has to average 7 per cent a year until the targeted year of 2020.

"It is expected that the manufacturing sector's contribution to the gross domestic product will peak at 38 per cent by 2005. Therefore, we need a second engine of growth for the economy and we believe that this will come from a thriving IT and multimedia industry which will, in turn, fuel productivity in other industry sectors," he added.

Among other things, he said, Malaysia's IT agenda outlines various strategies which will help the country become a knowledge society through the development of people, infrastructure and applications.

"We have started building the foundation to support this knowledge society, and this is in the form of the MSC, our first major investment for the future.

"For us, this will be primarily the vehicle for our country's entry into

the Information Age," he said, adding that this is Malaysia's first steps into the complex and sophisticated world of multimedia.

Dr Mahathir said the MSC, a 50km by 15km dedicated area for IT and multimedia development, provides an ideal environment for technology to flourish.

For a country like Malaysia, which is far less developed in terms of the multimedia, he said the MSC project will demand technological leap and need the support and participation from foreign companies to ensure its success.

"This (MSC project) is not something which we can embark on our own ... we can only do it in mutually beneficial partnership with world class companies from all around the globe," he said, while inviting German companies to participate in the project.

Siemens, which has been in Malaysia for a long time and is now one of its leading corporate players, is already involved in the MSC. Its chairman Dr Heinrich von Pierer sits on the MSC's International Advisory Panel with other leading IT names in the world to counsel Malaysia on the development of the corridor.

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