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MAHATHIR-MSC

MSIA WILL BE BACKWARD WITHOUT MSC VISION, SAYS DR MAHATHIR

KUALA LUMPUR, Sept 8 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia would be very backward without the Multimedia Super Corridor (MSC) vision.

He said without it, the country will not be able to take advantage of new technologies and new economies.

The country would also face some difficulties, including not knowing how to enhance the capacity of the government and the people without the MSC flagship applications, Dr Mahathir said.

He said this at a press conference after launching the MSC Exposition, held in conjunction with the fourth International Advisory Panel (IAP) meeting of the MSC, at The Mines, Seri Kembangan near here today.

"We will be very backward indeed and we will not be able to understand what is happening around us," said Dr Mahathir, who is also IAP chairman.

Asked on the criticism over the rate of development of the MSC project, he said it was ahead of schedule.

He pointed out that although 50 world class companies were targeted to achieve MSC-status by 2003, 37 had already been granted the status.

The 50 world class companies were part of the total 500 companies targeted to be awarded the status by 2003.

Dr Mahathir said that 362 out of the 500 targeted companies, had been granted the coveted MSC status.

Out of this 362, 37 were world class companies.

Dr Mahathir said all infrastructure had been put in place and Cyberjaya is developing into an intelligent city as planned.

Multimedia Development Corporation (MDC) executive chairman Tan Sri Dr Othman Yeop Abdullah, who was present at the press conference, said that RM2 billion has been invested for the infrastructure development in Cyberjaya and this exclude, other Cyber Cities.

For instance, RM3 billion was spent for the Petronas Twin Towers and another RM9 billion was invested in the KL International Airport in Sepang.

Dr Othman said the investments made would reap tremendous return, pointing to the 362 companies which might invest around RM20 billion in the next five years.

These companies are expected to generate 35,000 job opportunities and will be exporting Malaysian made information technology (IT) applications.

Asked if there would be any special initiatives for venture capitalists to attract them to invest in MSC companies, Dr Mahathir said: "I'm not aware of any new one."

However, he stressed that what the government has done is to provide the necessary laws and environment to make it easy for foreigners to invest in MSC.

Asked on the non-availability of good exit points for venture capital companies to invest in MCS companies, Dr Othman said he believed the Ministry of Finance has put in place the necessary arrangements to ensure that the capital market would flourish in the next two to three years.

"The capital market is developing. You can't afford to see something to blossom overnight," he added.

Venture capital companies, after investing in start-up companies for a specific period of two to five years, need to find an exit point such as through initial public offering (IPO).

Dr Othman also dismissed the perceptions that MSC-status companies are

not getting the attention of foreign capitalists.

"We received quite a number of enquiries from various venture companies from overseas, such as the U.S., Taiwan and Hong Kong."

On another note, Dr Mahathir said that Malaysian financiers needed to have a paradigm shift when it comes to venture capital and the need to train people in this area.

He said that venture capital is still something that many Malaysian financiers and bankers find difficult to practice as they are too used to lending based on collateral.

Dr Mahathir said that venture capitalists are supposed to invest fairly freely with the hope that out of 10 companies that they invest in, one would provide tremendous return to cover the losses by the others.

"If you talk to Malaysian financiers, they think this is crazy. They would rather lend money based on a piece of land worth one-and-a-half times what they lent," Dr Mahathir said.

When the IAP members, who are venture capitalists, were asked to comment on this, Dr Gilbert Amelio, partner of Parkside Group said that the MDC has done a remarkable job in building the momentum to attract venture capital to MSC-status companies.

He said that what occurred in the venture capital industry in Malaysia should not be compared to countries like Taiwan and Singapore which started 10 years ago.

"If you continue to have the tenacity and patience, foreign venture capital will be watching and invest when the right opportunities come along," he added.

Commenting on the IAP meeting, Dr Mahathir said this year's attendance of 29 IAP members is a record.

He said that the panelists had very useful discussions and the participation of the IAP members would provide guidelines on how to speed up the implementation of MSC programmes. -- BERNAMA

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