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Mahathir-E-business

CREATE CRITICAL MASS TO COMPETE EQUALLY IN E-BUSINESS, SAYS MAHATHIR

KUALA LUMPUR, Sept 7 (Bernama) -- Regional economies need to narrow the digital divide and create a critical mass to be equally competitive in the lucrative e-business marketplace, Datuk Seri Dr Mahathir Mohamad said.

The prime minister said e-business opportunities in the Asia Pacific region were astonishingly abundant.

However, developing countries needed to be certain that they did not lag behind in capitalising on the opportunities that a networked world offered.

He said this in his speech which was delivered by his deputy, Datuk Seri Abdullah Ahmad Badawi, at the Asia Pacific Information and Communication Technology (ICT) awards presentation here tonight.

Backing his optimistic e-commerce outlook for the region, he said that Forrester Research estimated that by 2004, Asia Pacific would generate US\$1.6 trillion (US\$1 = RM3.8) in e-commerce revenues.

"This is second only to the United States, and is expected to exceed other regions of the world," Dr Mahathir said.

In the same year, business-to-business (B2B) e-commerce in Asia was estimated to reach US\$330 billion, he added.

Going hand-in-hand with the region's astounding growth in the e-commerce industry would be its rate of computer ownership, he said, adding that the compounded annual growth rate of personal computer ownership was expected to surpass 10 per cent in most Asian countries from 2000 to 2003.

The prime minister said there had been an escalation of e-business but the flow of trade and the terms of trade might still be in one direction.

The opportunities and benefits commonly flowed from the developing to the developed economies due to the latter's lead in technology and economic wealth.

If developing countries and their industries were not ready to adopt and exploit new technologies, they would just trail behind in the new economy as had happened in the old economy, he noted.

The key challenge was to move at a speed that would catch up with developed countries and build the required critical mass.

Governments needed to address the digital divide problem to evolve into truly knowledge-based economies Dr Mahathir said, noting that the lack of access to the Internet would cause knowledge to accentuate the growing digital divide.

He also said that there was a need to ensure competitive network tariffs, cheaper access devices, and adequate support to the population for acquiring personal computers (PCs).

Developing countries needed to ensure that this effort remained aggressively pursued to the extent that it could promise continuity in growth.

This was to ensure that the continuity of growth in Internet subscriber growth for developing countries not only met but surpassed estimates, the prime minister said.

He said Gartner Dataquest recently forecast that by 2003, Internet subscribers in Asia Pacific would soar to 183 million.

Reaching that mark would mean that Asia Pacific Internet subscribers had exceeded that of the US which has 163 million subscribers.

Dr Mahathir said this was due to falling access costs and improving

telecommunications infrastructure in Asia Pacific countries.

There were also issues to be harmonised across borders to ensure a conducive environment for players to operate and the industry to flourish, he said.

These issues are related to intellectual property protection, definition of point of sale for goods and services sold electronically for taxation purposes, consumer protection, dispute resolution and security and other regulatory frameworks.

As for the pros and cons of liberalisation, Dr Mahathir liberalisation would reduce the point of entry for foreign players.

This would allow emerging economies to attract inflows of capital, encourage competition, cost reduction, cheaper cost of funds and innovation.

However, accelerating into the liberalised global economy has its risks, he said.

"Countries that are inadequately prepared might need to exercise some caution in pursuing liberalisation policies," he added.

Dr Mahathir said accelerated liberalisation might cause a nation to lose profitable segments of their economy to foreigners.

In view of this highly competitive nature of the liberalised global economy, governments needed to play a vital role in correcting market imperfections.

If the issues were not addressed via policy interventions at government and business level, capital would gravitate towards a few selective "hubs".

As the hubs had successfully developed a critical mass of users and producers, the gravitation would further widen the digital divide, he said.

Several policy interventions needed to be considered by developing countries, the prime minister said.

There was a need to strengthen the education sector to ensure the growth of the talent pool and to provide a good mix of incentives and enabling-environment, which would attract knowledge-based industries.

This included both the soft as well as hard infrastructures, he said.

In developing the latter, developing countries would need to address the high cost of infrastructure development.

This could be prohibitive, especially to countries which are still trapped with the provision of basic needs like water and access to electricity, he said.

The inaugural Asia Pacific ICT Awards or APICTA is one of the key initiatives of the Multimedia Super Corridor (MSC) to stimulate the growth of small and medium enterprises (SMEs).

Dr Mahathir said APICTA was a good platform to promote and encourage interest in ICT research and development.

It served as an avenue to bond ICT industry players in the region via networking opportunities among themselves and also with venture capitalists.

He said the awards recognised the creativity, innovation and cutting edge applications developed by technopreneurs in the region.

This international awards programme will benchmark companies against each other and raise the level of awareness on the desired assets of competence.

The award recipients displayed products and services in categories ranging from education to e-commerce and multimedia to entertainment.

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