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MSC investment paying off (HL)

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KUALA LUMPUR, Fri. - Malaysian investment in the Multimedia Super Corridor is beginning to pay off, with exports of MSC-status companies expected to hit nearly RM1 billion by the year end.

Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight he could not imagine what Malaysia would be like if it had not gone ahead with the MSC.

With more MSC-status companies now exporting their products, he said, total exports were estimated to reach US\$260 million (RM988 million) by the year end.

"These are small but sure steps towards success considering our recent entry into the ICT (information communication technology) arena.

"We are now seeing the fruits of our investment," he said in his speech for the Asia Pacific ICT Awards presentation dinner.

His speech was read by Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi.

The 50km by 15km MSC was launched in 1996. The Government had invested RM14 billion in the development, and expects to attract RM20 billion in investments over the next few years.

As of Aug 30, 554 companies had been granted MSC status, of which 363 are locally-based while another 46 are world-class companies. They are involved in, among other things, software development, e-commerce services, application services, systems integration and hardware design.

Dr Mahathir said the MSC had been an important building block and catalyst in transforming Malaysia into a knowledge society.

He also said in a knowledge economy, the small player who is nimble-footed and creative can become a significant player if it found its niche.

Priority, he said, should be given to encouraging indigenous small and medium-sized enterprises.

Malaysia is doing that by giving them incentives, R&D grants, venture-capital/financing, market access, incubator centres and human resource development and training.

The Prime Minister said the Government had a vital role in correcting market imperfections arising from the competitive nature of a borderless economy.

Without policy intervention, capital will gravitate towards the few hubs which had developed a critical mass of users and producers.

Firstly, he said, the Government had to strengthen the education sector to increase the talent pool.

This includes investment in ICT training; entrepreneur development through incubator centres; nurturing a strong R&D tradition and establishing links with top universities.

Secondly, it must provide a good mix of incentives and enabling environment to attract knowledge industries, including soft and hard infrastructure.

"Developing countries will need to address the high cost of infrastructure development. This can be prohibitive, especially for countries which are still trapped with the provision of basic needs like water and electricity."

Dr Mahathir said it was imperative for Governments to promote e-commerce and capitalise on the country's strengths to compete in the global market.

He said it must be recognised that the global marketplace was ruthless and did not make allowances for newcomers.

He added that developing countries had to strive to catch up with developed countries in building the critical mass.

North America, with less than five per cent of the world population, has more computers than the rest of the world combined.

Also 80 per cent of websites are in English which is spoken by less than 10 per cent of the world's people.

He said narrowing the digital divide was crucial to achieve some degree of equity in the potentially lucrative e-business marketplace.

Forrester Research estimates that by 2004, the Asia Pacific will generate US\$1.6 trillion (RM6.08 trillion) in e-commerce revenue while B2B e-commerce in Asia is estimated to reach US\$330 billion.

Dr Mahathir added that the population can be encouraged to acquire computers by having competitive network tariffs, cheaper access devices and incentives.