

09/04/2001

MSC companies expected to invest RM6.4b this year

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THE 473 companies, which have been awarded the Multimedia Super Corridor (MSC) status as at March 30, are expected to spend a total cumulative investment of RM6.4 billion this year.

Based on the companies' five-year plan, the Multimedia Development Corp (MDC) said a total of 31,156 knowledge workers are expected to be employed by these companies during the same period.

Of the total companies awarded the MSC-status, the MDC said 130 were Malaysian-owned, while 150 were foreign-owned.

"The remaining 17 were awarded to institutions of higher learning," MDC said. It also said 130 companies were joint ventures.

Of the total, 420 of them are operational, and have invested some RM95 million so far.

This, according to MDC executive chairman Tan Sri Othman Yeop Abdullah, is considered miniscule compared to the activities carried out.

Of the MSC-status companies in operation, 52 have made direct investments in research and development. They include NTT, Lucent, CSA, Articulate Online, Motorola and British Telecoms.

As such, Othman said the MSC still has the potential and will continue to attract quite a number of foreign investors.

He was responding to a news report which claimed that the MSC has not attracted much interest from global technology companies and that it is not contributing to the economy.

The news report quoted a study by international consultants McKinsey & Co which said MSC is hobbled by too much red tape and suggested that much more needed to be done to attract technical and venture-capital expertise. The MDC, which oversees the MSC project, had engaged McKinsey in 1998 to prepare a progress report.

Prime Minister Datuk Seri Dr Mahathir Mohamad admitted that MSC has not contributed (to the economy) as much as the Government had expected.

But, he had said as far as interest in the MSC is concerned, and the investments or commitment to invest, the MSC is way ahead of the programme.

The Prime Minister had said while there are some structural weaknesses, no one can deny that the project is raising Malaysia's competitive edge by driving the transition of the traditional industrial society to one that is based on knowledge.

The 750sq km MSC was launched in 1996 to spearhead the development of a k-economy. It stretches from the Petronas Twin Towers in Kuala Lumpur to the KL International Airport in Sepang, Selangor.

Despite the shortcomings, industry players remain positive about the MSC's potential, although some problems will need to be resolved expeditiously.

Some have suggested that the Government continue with the programme as the long-term gains far outweigh the short-term drawbacks.

"The MSC is so much inter-linked with the k-economy, and that alone is reason enough for Malaysia to push ahead. Like all big opportunities, there is a business risk involved," an international industry player said.

Some have pointed out infrastructure as one of the main problems that the authorities need to address to woo global industry players to the MSC.

Another area, which the MSC companies hope to see is an improvement in the development of a suitable environment to test technology. They said

the physical boundaries of the MSC are not appropriate.

There is also the big question of funding, with venture capitalists still not very forthcoming in their support for the companies.

In this regard, Othman said the MDC will take steps to improve the procedures and incentives based on the recommendations of the Implementation Council Meeting report.

The MSC is also expected to set up a one-stop agency to approve special incentives. This is aimed at cutting short the processing time, and thereby prevent companies from losing interest and deciding to move elsewhere.

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