

KEYNOTE ADDRESS
Y.A.B. DATO' SERI ABDULLAH HAJI AHMAD BADAWI
AT THE NATIONAL FORUM ON LEVERAGING ON EMERGING TECHNOLOGIES
AT SHAH ALAM, SELANGOR
31 MAY 2005

ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH AND GOOD AFTERNOON

YB DATO' SRI DR. JAMALUDIN MOHD JARJIS
MINISTER OF SCIENCE, TECHNOLOGY AND INNOVATION

YAB DATO' DR. MOHD KHIR TOYO
CHIEF MINISTER OF SELANGOR DARUL EHSAN

YBHG DATO ZULKIFLI RAFIQUE
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PRESIDENT AND CHIEF EXECUTIVE OF SIRIM BERHAD

DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. IT IS A PLEASURE AND AN HONOUR FOR ME TO BE HERE TO ADDRESS SUCH A DISTINGUISHED ASSEMBLY OF INDUSTRY AND BUSINESS LEADERS, AS WELL AS EMINENT SCIENTISTS AND ENGINEERS FROM AROUND THE WORLD AT THIS FORUM ON "LEVERAGING ON EMERGING TECHNOLOGIES" ORGANISED BY SIRIM BERHAD. I BELIEVE THAT AN UNDERSTANDING AND APPRECIATION OF EMERGING TECHNOLOGIES—ITS ROLE AND IMPACT— ARE CRITICALLY IMPORTANT FOR INDIVIDUAL FIRMS, INDUSTRIES AND THE GOVERNMENT AS THESE TECHNOLOGIES HAVE THE POTENTIAL TO DRIVE THE DIRECTION AND SHAPE OF OUR BUSINESS, ECONOMIC AND SOCIAL LANDSCAPE OF THE FUTURE.

2. BUSINESS LEADERS AROUND THE WORLD FACE A GLOBAL ENVIRONMENT THAT IS INCREASINGLY COMPLEX AND CHALLENGING. THE ENVIRONMENT IN WHICH WE LIVE, WORK AND PLAY ARE NOW BEING SHAPED AND CONSTANTLY RESHAPED BY THE COMBINED DYNAMICS OF THE FORCES OF GLOBALISATION, RAPID TECHNOLOGICAL ADVANCES, DEMOGRAPHIC AND CONSUMPTION PATTERN SHIFTS, AS WELL AS GEOPOLITICAL AND ENVIRONMENTAL DEVELOPMENTS.

3. TODAY, SHORT ECONOMIC CYCLES OF BOOM AND BUST, RAPIDLY CHANGING REGULATORY ENVIRONMENTS, HEAVY RELIANCE ON FOREIGN INVESTMENTS, AND GLOBAL OUTSOURCING OF MANUFACTURING AND BUSINESS PROCESSES, ARE JUST SOME OF THE IMPACT AND CHANGES THAT BUSINESS LEADERS, ANALYSTS, ACADEMICIANS AND POLICY-MAKERS HAVE TO CONTEND WITH. IN ADDITION, RECENT BREAKTHROUGHS IN THE CONVERGING TECHNOLOGIES OF INFORMATION

TECHNOLOGY, BIOTECHNOLOGY AND NANOTECHNOLOGY HAVE MEANT THAT WE MUST MOVE BEYOND JUST CONTENDING WITH RAPID CHANGES TO THE CURRENT ENVIRONMENT. WE ALSO HAVE TO ACCEPT THAT A WHOLE NEW CONCEPTUALISATION OF HOW WE LIVE, WORK AND PLAY MAY BE NEEDED. INDEED, IN SHAPING THE DIRECTION OF THE FUTURE, WE ARE ONLY CURTAILED BY THE LIMITS OF OUR IMAGINATIONS.

4. IN ORDER TO SURVIVE AND FLOURISH IN THE CURRENT AND FUTURE ENVIRONMENT, INDIVIDUALS, FIRMS, AND GOVERNMENTS—NATIONS AS A WHOLE—NOT ONLY NEED TO ADAPT QUICKLY TO THE CURRENT CHANGES, BUT ALSO, IF POSSIBLE, PROACTIVELY CREATE AND SHAPE FUTURE CHANGES. TO BE SUCCESSFUL, NATIONS MUST KNOW HOW TO RECOGNISE KEY GLOBAL TRENDS, FIND A PARTICULAR NICHE FOR ITSELF AND UTILISE FULLY THE RESOURCES THAT IT HAS IN ORDER TO BUILD ECONOMIC STRENGTH AND TO BE GLOBALLY COMPETITIVE. IN A WORLD OF INTENSE AND UNRELENTING COMPETITION, SURVIVAL IS A QUESTION OF BEING FIT, ABLE AND INNOVATIVE.

LADIES AND GENTLEMEN,

5. SINCE ACHIEVING INDEPENDENCE IN 1957, MALAYSIA THROUGH A COMBINATION OF NATURAL RESOURCE ENDOWMENTS AND FOCUSED, DEVELOPMENT-ORIENTED POLITICAL LEADERSHIP—HAS BEEN ABLE TO ACHIEVE RAPID AND SUSTAINED ECONOMIC GROWTH THAT HAS BEEN THE ENVY OF MANY. MALAYSIA HAS BEEN ABLE TO SUCCESSFULLY MAKE THE TRANSITION FROM A TRADITIONAL AGRICULTURAL ECONOMY, TO A MANUFACTURING AND INDUSTRIAL ECONOMY, AND IS NOW POISED TO MAKE THE LEAP TO A KNOWLEDGE-BASED ECONOMY.

6. UP UNTIL QUITE RECENTLY, ECONOMIC SUCCESS FOR MALAYSIA DEPENDED MAINLY ON MAINTAINING LOW PRODUCTION COSTS SO AS TO ATTRACT FOREIGN MULTINATIONALS TO SET UP THEIR PRODUCTION SITES HERE IN THE COUNTRY. AS SUCH, LAND, LABOUR AND CAPITAL—THE FACTORS OF PRODUCTION—WERE ORGANISED IN SUCH A WAY AS TO ENCOURAGE AND MAINTAIN THESE LOW PRODUCTION COSTS. BUT AS MALAYSIA GRADUATES OUT OF ITS CURENT DEVELOPMENT PHASE AND INTO THE KNOWLEDGE-ECONOMY, IT IS CRITICAL THAT WE RECOGNISE THE FACT THAT CERTAIN CHANGES HAVE TO BE MADE IF OUR ECONOMY IS TO REMAIN COMPETITIVE.

7. PAST DEVELOPMENT POLICIES AND STRATEGIES THAT FOCUSED ON FACTOR ACCUMULATION, WHICH WERE HIGHLY SUCCESSFUL AND INSTRUMENTAL IN TRANSFORMING MALAYSIA INTO A DYNAMIC AND VIBRANT ECONOMY, CAN ONLY TAKE US SO FAR. THIS IS ESPECIALLY SO GIVEN THE RAPIDLY CHANGING GLOBAL ENVIRONMENT THAT WE LIVE IN AND OUR OWN NEED TO PRODUCE HIGHER VALUE-ADDED PRODUCTS AND SERVICES TO REMAIN COMPETITIVE. WE HAVE REACHED A POINT IN OUR DEVELOPMENT WHERE A NEW THRUST OF POLICY IS NEEDED TO PUSH MALAYSIA'S DEVELOPMENT TO A HIGHER LEVEL. I STRONGLY BELIEVE THAT THIS NEW THRUST MUST BE INNOVATION.

LADIES AND GENTLEMEN,

8. GIVEN THE HIGH DEGREE OF MARKET INTEGRATION THAT ALREADY EXISTS THROUGH GLOBALISATION, IT COULD BE ARGUED THAT FURTHER GLOBALISATION AND INTEGRATION WOULD MAKE OUR DOMESTIC INDUSTRIES' RUN THE RISK OF LOSING THEIR SHARE OF THE INTERNATIONAL MARKET, PARTICULARLY IF THEY FAIL TO ACHIEVE INTERNATIONAL RECOGNITION IN PRODUCT AND PROCESS INNOVATION.

9. IN THAT SENSE, MALAYSIAN COMPANIES ARE AT RISK OF LOSING GROUND GIVEN THE RAPID CHANGES TAKING PLACE IN THE WORLD. MALAYSIAN S.M.E.S ARE PARTICULARLY VULNERABLE IN THE NEW ECONOMY. THIS IS DUE TO A VARIETY OF FACTORS, INCLUDING LACK OF INVESTMENT IN R&D AND THEIR LOW AWARENESS OF TECHNOLOGICAL AND BUSINESS PROCESS ADVANCEMENTS. S.M.E.S, WHICH COMPRISE OVER 92 PER CENT OF COMPANIES IN MALAYSIA, CURRENTLY CONTRIBUTE ONLY 6 PER CENT TO THE COUNTRY'S GDP AND 7.7 PER CENT OF TOTAL EMPLOYMENT. THIS IS SIGNIFICANTLY LOWER THAN THE GLOBAL AVERAGE OF 80 PER CENT OF S.M.E.S CONTRIBUTING TO 50 PER CENT OF G.D.P.. WITH A RELATIVELY WEAK S.M.E. SECTOR, FURTHER GLOBALISATION AND INTEGRATION COULD SEE A MAJORITY OF S.M.E.S HAVING TO UNDERGO PAINFUL RESTRUCTURING OR CLOSURE AS THEY FAIL TO COMPETE.

10. I BELIEVE THAT A STRONG COMPETITIVE S.M.E. BASE IS ESSENTIAL FOR A STRONG ECONOMY, BUT A COMPETITIVE S.M.E. BASE CAN ONLY BE BUILT ON A STRONG FOUNDATION OF INNOVATION. I BELIEVE THAT OUR S.M.E.S HAVE TREMENDOUS OPPORTUNITIES BEFORE THEM, PROVIDED THAT THEY APPLY NEW PRODUCT AND PROCESS INNOVATION, BUILD BUSINESS AND TECHNOLOGY FORESIGHTING CAPABILITIES AND GROW MARKET SHARE BEYOND DOMESTIC BORDERS.

11. AS SUCH, I WOULD CALL UPON ALL S.M.E.S TO GEAR UP FOR THE FUTURE AND TO INVEST IN INNOVATION—THAT IS, IN THE TECHNOLOGY, PEOPLE AND PROCESSES THAT ENABLE INNOVATION—SO AS TO ENSURE THE CONTINUOUS DEVELOPMENT OF NEW PRODUCTS AND SERVICES THAT CAN COMPETE IN GLOBAL MARKETS. INSTITUTIONS SUCH AS SIRIM SHOULD ENGAGE ITSELF FULLY IN PROVIDING ASSISTANCE TO DESERVING S.M.E.S IN THE FORM OF GENERATING FORESIGHT STUDIES, PROVIDING AWARENESS AND TRAINING PROGRAMMES, CONDUCTING RESEARCH AND DEVELOPMENT—BASICALLY TO DO ALL THAT IS NECESSARY TO ACTUALLY MAKE INNOVATION HAPPEN.

12. I WOULD ALSO CALL UPON ALL BUSINESS LEADERS AND POLICY-MAKERS TO MOBILISE RESOURCES TO ENHANCE R&D AND INNOVATION ACTIVITIES IN THEIR RESPECTIVE AREAS. COLLECTIVELY, WE MUST CREATE AN ENVIRONMENT IN MALAYSIA WHERE INNOVATION THRIVES. ONLY THEN WILL WE BE ABLE TO BUILD A SOCIETY THAT IS PROGRESSIVE AND FORWARD-THINKING AND AN ECONOMY THAT IS GLOBALLY COMPETITIVE AND RESILIENT.

LADIES AND GENTLEMEN,

13. AN AWARENESS OF AND APPRECIATION FOR THE IMPACT OF EMERGING TECHNOLOGIES IS CRITICALLY IMPORTANT FOR FIRMS, INDUSTRIES, AND EVEN WHOLE ECONOMIES. AFTER ALL, EMERGING TECHNOLOGIES HAVE THE POTENTIAL TO MAKE OR BREAK FIRMS AND INDUSTRIES.

14. THUS, AN UNDERSTANDING OF KEY TRENDS AND POTENTIAL IMPACT OF EMERGING TECHNOLOGIES, PARTICULARLY IN INDUSTRIES THAT MALAYSIA IS ACTIVELY ENGAGED IN, IS VITAL. BOTH THE PRIVATE AND PUBLIC SECTOR MUST BE ABLE TO APPRECIATE THE POTENTIAL OF EMERGING TECHNOLOGIES TO COMPLETELY CHANGE THE WAY WE CONDUCT OUR BUSINESS AND EVEN ORGANISE OUR DAILY LIFE. THE INTERNET AND MOBILE PHONE TECHNOLOGY ARE JUST TWO OF THE "DISRUPTIVE" TECHNOLOGIES THAT HAVE RADICALLY CHANGED THE WAY WE THINK, LEARN, CONDUCT BUSINESS AND EVEN SOCIALISE. ESSENTIALLY, IF WE CAN UNDERSTAND WHERE THE TRENDS IN TECHNOLOGY ARE LEADING US, WE CAN TAKE ADVANTAGE OF THIS KNOWLEDGE AND TAKE THE LEAD IN BUILDING CAPACITY IN THE APPROPRIATE TECHNOLOGY AREA. WE CAN ALSO MOVE QUICKLY TO UPGRADE OR ADAPT OUR CURRENT TECHNOLOGY OR PROCESSES TO MAKE SURE THAT WE DO NOT LAG BEHIND THE TECHNOLOGY FRONTIER.

15. AN EQUALLY IMPORTANT IMPACT OF EMERGING TECHNOLOGIES IS ITS POTENTIAL TO REDUCE THE COST OF PRODUCTION AND RAISE THE EFFICIENCY AND EFFECTIVENESS OF PROCESSES AND TRANSACTIONS. FOR EXAMPLE, IN THE AREA OF MANUFACTURING, THE ADVENT OF COMPUTER-AIDED DESIGN CAPABILITIES HAS SIMPLIFIED THE DESIGN PROCESS AND CUT PRODUCTION TIME SIGNIFICANTLY, EFFECTIVELY REDUCING THE OVERALL COST OF PRODUCTION. IN THE AREA OF EDUCATION, THE ADVENT OF THE INTERNET AND THE WORLD-WIDE-WEB HAS FOREVER CHANGED THE WAY WE RECEIVE AND DISSEMINATE KNOWLEDGE, ENABLING GEOGRAPHICALLY DISPERSED ACCESS TO KNOWLEDGE AT A FRACTION OF PREVIOUS COSTS.

16. FIRMS AND ORGANISATIONS THAT CREATE, OR ARE ABLE TO HARNESS THE POTENTIAL OF AN EMERGING TECHNOLOGY WOULD BE ABLE TO MOVE FORWARD, IN DIRECT CONTRAST TO FIRMS AND ORGANISATIONS THAT ARE NOT EVEN AWARE OF THE TECHNOLOGY UNTIL IT IS TOO LATE, BY WHICH CASE THEY ARE DRIVEN OUT OF BUSINESS. THIS ALL POINTS TO THE FACT THAT IN ORDER FOR FIRMS, ORGANISATIONS AND EVEN NATIONS TO STAY COMPETITIVE IN THIS DYNAMIC, AND GLOBAL BUSINESS ENVIRONMENT, THERE IS A NEED TO CONSTANTLY INNOVATE AND STAY AHEAD OF THE GAME.

17. UNFORTUNATELY, IN MALAYSIA, OUR CULTURE OF INNOVATION REMAINS RELATIVELY UNDER-DEVELOPED. AS I MENTIONED EARLIER, OUR BUSINESSES SUFFER FROM A LACK OF INVESTMENT IN R&D, A LACK OF INVESTMENT IN LONG-TERM STRATEGIC PLANNING AND FORESIGHT STUDIES, A LACK OF INVESTMENT IN BUSINESS INTELLIGENCE GATHERING, AND A LACK OF EXPOSURE TO CUTTING-EDGE TECHNOLOGIES. THIS MALAISE HAS NEGATIVE RAMIFICATIONS FOR

MALAYSIA'S FUTURE ECONOMIC PERFORMANCE, SOME OF WHICH WE ARE ALREADY STARTING TO SEE.

18. IN ORDER TO ARREST THIS SLIDE, WE MUST INCREASE OUR PRODUCTIVITY AND EFFICIENCY ACROSS THE BOARD. WE MUST ALSO INVEST AND BUILD UP OUR INNOVATION CULTURE. FUNDAMENTALLY, THIS MEANS THAT BOTH GOVERNMENT AND THE PRIVATE SECTOR MUST BEGIN TO INVEST MORE IN R&D AND INNOVATION ACTIVITIES. THERE IS ALSO A NEED TO ENSURE THAT PUBLIC AND PRIVATE SECTOR R&D ACTIVITIES ARE FOCUSED AND DIRECTED IN THE RIGHT AREAS, THAT IS, IN THE AREAS WHERE WE HAVE A STRONG COMPARATIVE ADVANTAGE. IN THAT SENSE, FORESIGHT STUDIES AND SCENARIO PLANNING MUST, AS FAR AS POSSIBLE, BE MADE A KEY PART OF LONG-TERM STRATEGIC DEVELOPMENT PLANS. WE MUST ALSO INVEST MORE IN TECHNOLOGY AND BUSINESS INTELLIGENCE GATHERING. AFTER ALL, BUSINESSES MUST BE AWARE OF KEY TRENDS IN ORDER TO TAKE ADVANTAGE OF THE OPPORTUNITIES OUT THERE.

19. ON THE WHOLE, STRATEGIES AND POLICIES, WHETHER AT THE NATIONAL OR FIRM-LEVEL, MUST BE GEARED TOWARDS TRANSFORMING THE NATURE OF MALAYSIA'S DEVELOPMENT FROM ONE OF TECHNOLOGY ASSIMILATION-LED ECONOMIC GROWTH TO DISCOVERY-LED ECONOMIC GROWTH. MY GOVERNMENT IS IN THE PROCESS OF DEVELOPING A VISION FOR R&D IN THE 9TH MALAYSIA PLAN. THIS WILL ENSURE THAT SUFFICIENT FUNDING WILL BE ALLOCATED FOR SPECIFIC PROGRAMMES AND TO RELEVANT RESEARCH ORGANISATIONS TO ENSURE THAT INNOVATIONS ARE CREDIBLE AND REACH THE MARKET PLACE.

LADIES AND GENTLEMEN,

20. THE ONLY WAY TO SUCCEED IS TO LOOK FAR BEYOND THE HORIZON, THINK OUT OF THE BOX AND ACT RADICALLY ABOUT HOW TO ACCELERATE THE INNOVATION PROCESS. I WOULD LIKE TO GIVE MY ASSURANCE THAT MY GOVERNMENT REMAINS COMMITTED TO STRENGTHENING THE THREE-WAY NEXUS BETWEEN GOVERNMENT, ACADEMIA AND THE PRIVATE SECTOR IN THIS AREA AS IT IS A KEY FACTOR IN CREATING A CONDUCIVE ENVIRONMENT TO GROW AND DEVELOP A CULTURE OF INNOVATION IN THE COUNTRY. GOING FORWARD, I HOPE WE MAY ALL WORK TOGETHER TO CREATE A STRONG GROUP OF INTERNATIONALLY COMPETITIVE MALAYSIAN BUSINESSES THAT CONSTANTLY INNOVATE AND SUCCESSFULLY COMPETE IN THE NEW ECONOMY.

21. ON THAT NOTE, IT IS NOW MY PLEASURE TO DECLARE THE NATIONAL FORUM ON "LEVERAGING ON EMERGING TECHNOLOGIES" OFFICIALLY OPEN. I WISH ALL OF YOU A FRUITFUL SUCCESSFUL FORUM.

THANK YOU.