

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE M.S.C. MALAYSIA INTERNATIONAL ADVISORY PANEL MEETING
AT PUTRAJAYA INTERNATIONAL CONVENTION CENTRE, PUTRAJAYA
18 MAY 2007**

ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH AND GOOD MORNING

YAB DATO' SERI NAJIB BIN TUN ABDUL RAZAK
DEPUTY PRIME MINISTER OF MALAYSIA

HONOURABLE MINISTERS

MENTERI BESAR AND CHIEF MINISTERS

I.A.P. MEMBERS AND REPRESENTATIVES

SENIOR GOVERNMENT OFFICIALS

LADIES AND GENTLEMEN

1. IT GIVES ME GREAT PLEASURE TO WELCOME YOU TO THIS 10TH M.S.C. MALAYSIA INTERNATIONAL ADVISORY PANEL (I.A.P.) MEETING. I WOULD LIKE TO THANK YOU FOR YOUR ACTIVE SUPPORT OF M.S.C. MALAYSIA AND FOR MAKING THE EFFORT TO ONCE AGAIN COME TOGETHER TO DISCUSS, DELIBERATE AND RECOMMEND THE WAY FORWARD FOR THIS IMPORTANT INITIATIVE.

2. IT IS ALSO MY PLEASURE TO SAY 'SELAMAT DATANG' OR WELCOME TO OUR TWO NEW I.A.P. MEMBERS, MR. SHINICHIRO ISHIKAWA FROM GONZO DIGIMATION HOLDING AND MR. MAHMOUD BOUNEB FROM AL-JAZEERA . WE LOOK FORWARD TO YOUR INPUT AND PERSPECTIVES TOWARD BUILDING UPON THE SUCCESS OF M.S.C. MALAYSIA.

3. FOR THE BENEFIT OF I.A.P. MEMBERS, I WOULD ALSO LIKE TO TAKE THIS OPPORTUNITY TO INTRODUCE TO YOU THE NEW CHIEF EXECUTIVE OFFICER OF MULTIMEDIA DEVELOPMENT CORPORATION (M-DEC) DATO' BADLISHAM GHAZALI. AS SOME OF YOU MAY BE AWARE, DATO' BADLISHAM TOOK OVER THE HELM OF M-DEC LAST YEAR FROM DATUK DR. ARIFF NUN. SINCE THEN, HE HAS EFFECTED MANY POSITIVE CHANGES WITHIN THE ORGANISATION AND ACROSS THE I.C.T. SECTOR. I HAVE EVERY CONFIDENCE THAT DATO' BADLISHAM WILL BE ABLE TO INFUSE NEW THINKING INTO M-DEC AND THE M.S.C. MALAYSIA INITIATIVE, WHILE FULLY IMPLEMENTING ITS POLICIES, PROGRAMMES AND ACTIVITIES.

LADIES AND GENTLEMEN,

4. THIS YEAR'S I.A.P. MEETING IS SPECIAL AS IT IS THE FIRST MEETING TO TAKE PLACE AFTER THE TENTH YEAR OF M.S.C. MALAYSIA'S INCEPTION. AFTER 10 YEARS, M.S.C. MALAYSIA IS NOW A VIBRANT REALITY. MANY OF YOU MAY REMEMBER THE VERY FIRST I.A.P. MEETING WHERE WE DISCUSSED THE VISION AND IDEA OF CREATING THE MULTIMEDIA SUPER CORRIDOR (M.S.C.). I AM SURE THAT YOU SHARE OUR PRIDE IN SEEING M.S.C. MALAYSIA GROW AND TAKE SHAPE

OVER THE YEARS. I AM PROUD TO SAY THAT M.S.C. MALAYSIA HAS NOW BECOME A MODEL FOR MANY DEVELOPING COUNTRIES WISHING TO DEVELOP A KNOWLEDGE-BASED ECONOMY. SOME OF THESE COUNTRIES HAVE SOUGHT OUR ASSISTANCE TO EMBARK ON SIMILAR INITIATIVES. WE ARE, OF COURSE, ONLY TOO HAPPY TO SHARE OUR KNOWLEDGE AND EXPERIENCE, AS WE CONTINUE TO DEVELOP FRIENDSHIPS AND PARTNERSHIPS WITH OTHERS.

5. I AM PLEASED TO SAY THAT MALAYSIA CONTINUES TO BE AN ATTRACTIVE PLACE TO INVEST IN. THE PERFORMANCE OF THE MALAYSIAN ECONOMY IN THE LAST FEW YEARS HAS BEEN MORE THAN ENCOURAGING. SINCE 2004, OUR GROWTH MOMENTUM HAS ACCELERATED AND WE HAVE CONSISTENTLY AVERAGED ALMOST 6 PERCENT GROWTH RATES, SURPASSING EARLIER ESTIMATES. THIS YEAR, WE EXPECT THE ECONOMY TO ACHIEVE A 6 PERCENT GROWTH RATE, WITH EXPANSION BEING BROAD-BASED ACROSS ALL SECTORS. INTEREST RATES, INFLATION AND UNEMPLOYMENT ARE AT LOW LEVELS. MEANWHILE, COMMODITY PRICES, PARTICULARLY PALM OIL, ARE AT RECORD LEVELS, WHILE THE KUALA LUMPUR COMPOSITE INDEX HAS RECORDED NEW ALL-TIME CLOSING HIGHS FIVE TIMES IN THE LAST ONE MONTH ALONE, AFTER FIRST BREACHING THE PREVIOUS 1994 ALL-TIME HIGH ON 16TH APRIL 2007.

6. IN ADDITION, MALAYSIA REMAINS TO BE ONE OF THE MOST GLOBALLY-LINKED COUNTRIES IN THE WORLD. WE MAINTAIN ROBUST TRADE RELATIONS WITH MAJOR TRADE PARTNERS SUCH AS THE E.U., U.S., JAPAN AND CHINA. OUR TOTAL TRADE HAS CROSSED THE ONE TRILLION RINGGIT MARK, AND MALAYSIA CONTINUES TO AGGRESSIVELY SEARCH FOR NEW MARKETS AND TO EXPAND OUR CURRENT MARKETS. WE SEEK TO LEVERAGE ON OUR POSITION AS CHAIRMAN OF THE ORGANISATION OF ISLAMIC CONFERENCE (O.I.C.), AS MEMBER OF ASEAN, THE COMMONWEALTH, NON-ALIGNED MOVEMENT (NAM) AND OTHER ORGANISATIONS, TO BUILD MORE STRATEGIC PARTNERSHIPS. IN TERMS OF COMPETITIVENESS, MALAYSIA HAS BEEN RANKED 23RD MOST COMPETITIVE ECONOMY IN 2007 BY I.M.D.. BESIDES THIS, THE 2007 INDEX OF ECONOMIC FREEDOM HAS LISTED MALAYSIA AS THE 8TH FREEST ECONOMY OUT OF 30 COUNTRIES IN THE ASIA-PACIFIC REGION, WITH OVERALL SCORES HIGHER THAN THE REGIONAL AVERAGE. MALAYSIA ALSO ENJOYS HIGH LEVELS OF FISCAL, MONETARY, TRADE AND LABOUR FREEDOMS.

7. TO CAPITALISE ON THIS GROWING ECONOMIC MOMENTUM AS WELL AS TO DRIVE MALAYSIA'S FUTURE ECONOMIC GROWTH, I LAUNCHED THE NINTH MALAYSIA PLAN LAST YEAR. THE NINTH MALAYSIA PLAN —A FIVE-YEAR ECONOMIC DEVELOPMENT PLAN TO 2010 — SETS OUT TO ACHIEVE A STRONGER AND MORE VALUE-ADDED ECONOMY, WHILE GIVING SUBSTANTIAL FOCUS TO UPLIFTING THE QUALITY OF LIFE FOR ALL. THE CORE OF THE NINTH MALAYSIA PLAN IS CENTERED ON MOVING UP THE VALUE CHAIN IN ALL ECONOMIC ACTIVITIES AND TO ENHANCE OUR HUMAN CAPITAL DEVELOPMENT. WITH CONCERTED EFFORT AND CAREFUL IMPLEMENTATION, I AM CONFIDENT THAT WE WILL BE ABLE TO ACHIEVE THE OBJECTIVES OUTLINED IN THE PLAN AND ULTIMATELY PAVE THE WAY TO ACHIEVE THE NATIONAL MISSION OF ATTAINING DEVELOPED NATION STATUS BY 2020.

LADIES AND GENTLEMEN,

8. WE HAVE COME ALONG WAY SINCE THAT FIRST I.A.P. MEETING IN STANFORD. MORE THAN 10 YEARS ON, M.S.C. MALAYSIA IS NOW HOME TO ABOUT 1,800 COMPANIES INCLUDING HOME-GROWN COMPANIES AND MULTINATIONALS, OF

WHICH ABOUT 100 ARE LEADING GLOBAL COMPANIES. CREATIVE MULTIMEDIA, SHARED SERVICES AND OUTSOURCING, SOFTWARE DEVELOPMENT, HARDWARE DESIGN, INTERNET-BASED BUSINESSES AND SUPPORT SERVICES ARE THE FOCUS OF MANY OF THESE COMPANIES. AS A WHOLE, M.S.C. MALAYSIA COMPANIES HAVE GENERATED REVENUES OF ABOUT 11 BILLION RINGGIT AS AT END 2006, OF WHICH EXPORTS TOTALED 3.2 BILLION RINGGIT.

9. I AM PLEASED TO NOTE THAT M.S.C. MALAYSIA CONTINUES TO ATTRACT GLOBAL I.C.T. PLAYERS TO ITS FOLD. OUR HIGHLY ADVANCED INFRASTRUCTURE AND FACILITIES, REASONABLE COSTS AND DYNAMIC HUMAN CAPITAL ARE INCREASINGLY SOUGHT AFTER BY COMPANIES. RECENTLY, MAJOR COMPANIES LIKE DELL AND SATYAM HAVE OPENED THEIR GLOBAL DELIVERY CENTRES HERE, WHILE AL-JAZEERA HAS PICKED KUALA LUMPUR AS ONE OF ITS REGIONAL BROADCAST CENTRES.

10. TO DATE, M.S.C. MALAYSIA HAS CREATED MORE THAN 48,000 HIGH-VALUE JOBS. OVER THE NEXT 3 YEARS, WE ARE TARGETING TO GROW AT LEAST 20 LOCAL M.S.C. MALAYSIA COMPANIES INTO BECOMING GLOBALLY-RECOGNISED COMPANIES. WE ALSO HOPE TO CREATE A TOTAL OF 100,000 HIGH-VALUE JOBS IN THAT TIME. FURTHERMORE, WE ARE TARGETING TO NURTURE A SIGNIFICANT NUMBER OF TECHNOPRENEURS THROUGH THE DEVELOPMENT OF I.C.T.-BASED SMALL AND MEDIUM-SIZED ENTERPRISES (S.M.E.).

11. WHILE WE ARE PROUD OF OUR SUCCESSES THUS FAR, WE RECOGNISE THAT THE DEVELOPMENTAL YEARS ARE NOW OVER. WE MUST MOVE FORWARD MORE SURELY AND MORE RAPIDLY. WE HAVE TO PROVIDE GREATER CLARITY ON OUR POSITIONING, OUR FOCUS, OUR NICHE AREAS, AND OUR STRENGTHS. WE NEED TO MARKET AND BRAND M.S.C. MALAYSIA MORE EFFECTIVELY IN AN OVER-CROWDED GLOBAL MARKETPLACE. WE NEED TO ACCELERATE MALAYSIA'S TRANSFORMATION AND BEGIN TAKING M.S.C. MALAYSIA'S BRAND, COMPANIES, PRODUCTS AND SOLUTIONS TO THE GLOBAL MARKET. THE THEME THAT WE HAVE SELECTED FOR THIS YEAR'S I.A.P. MEETING — "TAKING M.S.C. MALAYSIA GLOBAL: DEVELOPING KNOWLEDGE INFRASTRUCTURE AND CREATING TALENT" — IS REFLECTIVE OF OUR INTENSE DESIRE TO DO THIS.

LADIES AND GENTLEMEN,

12. WE HAVE TO ACKNOWLEDGE THAT DIFFERENT PHASES OF DEVELOPMENT REQUIRE DIFFERENT INGREDIENTS AND INFRASTRUCTURE SUPPORT. THE CURRENT KNOWLEDGE-INFRASTRUCTURE MAY NOT SERVE US AS WELL AS BEFORE. WE MUST CONTINUOUSLY UPGRADE AND ENHANCE OUR K-INFRASTRUCTURE SO AS TO MATCH UP TO THE EVER CHANGING ENVIRONMENT AND INCREASING COMPETITION. WE MUST EMPLOY THE RIGHT STRATEGIES TO MOVE MALAYSIA'S ECONOMY INTO THE NEXT DECADE AND BEYOND.

13. TO ENHANCE OUR K-INFRASTRUCTURE, WE NEED TO BEEF UP OUR FINANCIAL AND EDUCATIONAL SYSTEMS AS WELL AS OUR R&D, INTELLECTUAL PROPERTY AND TECHNOLOGY TRANSFER REGIMES. THESE EFFORTS NEED TO BE SUPPLEMENTED BY DEVELOPING INNOVATIVE FIRMS AND ENTREPRENEURS, AND BY STRENGTHENING COOPERATION BETWEEN GOVERNMENT AND INDUSTRY.

14. MY GOVERNMENT IS COMMITTED TO PROVIDING A COMPREHENSIVE AND EFFECTIVE K-INFRASTRUCTURE. AS A START, I AM PLEASED TO INFORM YOU THAT

LAST YEAR, WE LAUNCHED A PRE-SEED FUND PROGRAMME TO ASSIST SMALL-SCALE TECHNOPRENEURS. SMALL-SCALE TECHNOPRENEURS IN MALAYSIA HAVE TRADITIONALLY FACED PROBLEMS IN SECURING FUNDS FROM CONVENTIONAL COLLATERAL-BASED BANKS WHO ARE MORE RISK-AVERSE. UNDER M-DEC'S TECHNOPRENEUR PRE-SEED FUND PROGRAMME, WE AIM TO FUND AND DEVELOP A TOTAL OF 400 PROJECTS BY 2010. I WOULD LIKE TO CALL UPON THE I.A.P. MEMBERS AND REPRESENTATIVES TO PROVIDE INSIGHTS AND RECOMMENDATIONS AS TO WHAT MORE MALAYSIA CAN DO TO FURTHER ENHANCE ITS K-INFRASTRUCTURE.

15. MORE THAN INFRASTRUCTURE, HIGHLY-SKILLED, INNOVATIVE AND DYNAMIC HUMAN CAPITAL IS THE MOST CRITICAL FACTOR FOR COMPETITIVE ADVANTAGE IN THE K-ECONOMY. WHILE WE HAVE PRODUCED MANY KNOWLEDGE WORKERS, WE NEED TO PRODUCE EVEN MORE WITH THE RIGHT SKILLS, KNOWLEDGE, ATTITUDE AND MENTALITY. MALAYSIAN UNIVERSITIES AND COLLEGES ARE EMBARKING ON PROGRAMMES TO CREATE THOUSANDS OF PROFESSIONALS WHO CAN CONTRIBUTE TO THE POOL OF TRAINED AND CAPABLE I.C.T. MANPOWER. MANY PLAYERS IN M.S.C. MALAYSIA ARE ALREADY REAPING THE BENEFITS OF OUR HOME-GROWN K-WORKERS. BUT WE NEED TO CHURN OUT AN EVEN A HIGHER NUMBER OF I.C.T. PROFESSIONALS. WE ALSO NEED MORE SCIENTISTS, ENGINEERS, TECHNICIANS AND OTHER SPECIALISTS.

16. TOWARDS THIS GOAL, I WOULD LIKE TO MENTION THAT M-DEC HAS ESTABLISHED THE "M.S.C. MALAYSIA K-WORKERS DEVELOPMENT INSTITUTE" TO DEVELOP WORLD-CLASS I.C.T. PROFESSIONALS. THIS IS AN IMPORTANT INITIATIVE BY M-DEC TO SUPPORT THE OVERALL EFFORT TO MAKE MALAYSIA A PREFERRED GLOBAL I.C.T. HUB. I AM PLEASED TO ANNOUNCE THAT THIS INSTITUTE, TOGETHER WITH THE HIGHER EDUCATION MINISTRY AND INFOSYS, HAVE DEVELOPED A NEW SOFTWARE ENGINEERING CURRICULUM FOR MALAYSIAN UNIVERSITIES. I UNDERSTAND THAT THE NEWLY-DEVELOPED COURSE WILL BE AVAILABLE IN OUR LOCAL UNIVERSITIES BEGINNING JULY 2007. I AM PLEASED WITH THIS DEVELOPMENT AND HOPE THAT MORE SUCH COLABORATIONS WILL TAKE PLACE IN THE FUTURE.

17. MEANWHILE, OUR EDUCATION SYSTEM WILL CONTINUE TO TAKE A HOLISTIC APPROACH TO HUMAN CAPITAL DEVELOPMENT. WE WILL FOCUS ON LIFE-LONG EDUCATION AND BROAD-BASED KNOWLEDGE ACQUISITION, AS WELL AS SKILLS ENHANCEMENT. CLOSE GOVERNMENT-INDUSTRY LINKAGES WILL BE VITAL IN BUILDING CAPACITY IN I.C.T., ENTREPRENEURSHIP, SCIENCE AND TECHNOLOGY. MY GOVERNMENT IS THEREFORE COMMITTED TO PROVIDE ALL THE NECESSARY SUPPORT, INCENTIVES AND FACILITIES TO BOOST R&D AND INNOVATION, AND TO CREATE MORE TECHNOPRENEURS.

LADIES AND GENTLEMEN,

18. MOVING AHEAD, WE WILL CONTINUE TO BE MORE TARGETED AND FOCUSED IN MAKING M.S.C. MALAYSIA MORE ATTRACTIVE AS AN I.C.T. INVESTMENT DESTINATION. WE WILL CONTINUE TO DEVELOP SECTORS WHERE WE ALREADY HAVE A COMPETITIVE ADVANTAGE, WHILE DEVELOPING NEW ONES IF VIABLE. M.S.C. MALAYSIA HAS ALREADY BUILT A STRONG NICHE IN "SHARED SERVICES AND OUTSOURCING", WHERE WE HAVE CONSISTENTLY BEEN RANKED THIRD MOST ATTRACTIVE S.S.O. INVESTMENT DESTINATION BY A.T. KEARNEY AND BY FROST AND SULLIVAN.

19. CREATIVE MULTIMEDIA IS ANOTHER NICHE AREA WHICH WE HOPE TO DEVELOP. IN APRIL LAST YEAR, I LAUNCHED THE "M.S.C. MALAYSIA – CREATIVE MULTIMEDIA CONTENT INITIATIVE" UNDER THE NINTH MALAYSIA PLAN. THIS IS PART OF A BIGGER INITIATIVE TO CREATE TECHNOPRENEURS AND TO FIND NEW TALENT FROM AMONG OUR I.C.T. PROFESSIONALS. TO MOVE FORWARD QUICKLY, OUR HOMEGROWN TALENT MUST BE AT THE FOREFRONT, APPLYING THE LATEST TECHNOLOGIES. THIS WILL GENERATE INNOVATION, UNLEASH NEW ENTREPRENEURS AND CREATE NEW JOB OPPORTUNITIES.

20. THERE ARE TREMENDOUS OPPORTUNITIES IN THE ANIMATION INDUSTRY. GLOBALLY, ANIMATION IS CURRENTLY A 60 BILLION U.S. DOLLAR INDUSTRY AND IS POISED TO INCREASE TO 80 BILLION U.S. DOLLARS BY 2010. MALAYSIA WILL STRIVE TO COMPETE AND COLLABORATE WITH JAPAN AND SOUTH KOREA, TWO COUNTRIES AT THE FRONTLINES OF ANIMATION. I AM HAPPY TO NOTE THAT SOME STATE GOVERNMENTS IN MALAYSIA HAVE ALREADY BEGUN TO AGGRESSIVELY PROMOTE ANIMATION INDUSTRIES, ALLOCATING FUNDS AND TRAINING LOCAL CREATIVE TALENTS TO MEET INDUSTRY NEEDS.

LADIES AND GENTLEMEN,

21. IN KEEPING WITH OUR GLOBAL ASPIRATIONS, I WOULD LIKE TO STRESS THE IMPORTANCE OF BRANDING AND OF CREATING GLOBAL ICONS FROM MALAYSIA. FOR OVER 30 YEARS NOW, WE HAVE BEEN AMONG THE LARGEST MANUFACTURERS OF COMPUTER CHIPS IN THE WORLD. THE TIME HAS COME TO DEVELOP OUR LOCAL I.C.T. COMPANIES INTO GLOBALLY-RECOGNISED COMPANIES, AS WE SEEK TO CREATE VIABLE GLOBAL MALAYSIAN BRANDS. WE WANT TO BE A KEY PLAYER IN THE GLOBAL I.C.T. MARKET.

22. MY GOVERNMENT IS DETERMINED TO KEEP INVESTING IN AN ENVIRONMENT THAT ENCOURAGES CREATIVITY AND INNOVATION; THAT HELPS COMPANIES BOTH MALAYSIAN AND INTERNATIONAL TO REACH NEW TECHNOLOGY FRONTIERS; THAT PARTNERS GLOBAL I.C.T. PLAYERS; AND THAT PROVIDES THE OPPORTUNITIES FOR MUTUAL ENRICHMENT AND SUCCESS.

23. THIS IS WHERE I BELIEVE YOU, THE DISTINGUISHED MEMBERS OF THE I.A.P., CAN ASSIST AND SUPPORT. WE SEEK YOUR VIEWS AS WELL AS YOUR PARTNERSHIP TO HELP DEVELOP GLOBAL ICONS FROM MALAYSIA. WE APPRECIATE THAT THERE MUST BE A BOTTOMLINE TO ALL OUR ENDEAVOURS; AND THAT BOTTOM LINE IS TO HELP THE I.C.T. TECHNOPRENEURS AND I.C.T. INDUSTRIES MAXIMISE THEIR RETURNS FROM OPERATING HERE IN MALAYSIA. M.S.C. MALAYSIA IS READY AND WILLING TO EMBARK ON SUCH PARTNERSHIPS WITH COMPANIES FROM AROUND THE GLOBE.

24. BEFORE I END, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO INVITE ALL OF YOU TO MALAYSIA NEXT YEAR TO BE A PART OF ONE OF THE MOST EXCITING I.C.T. EVENTS ON THE CALENDER. AS YOU MAY BE AWARE, MALAYSIA IS HOSTING THE "WORLD CONGRESS IN INFORMATION TECHNOLOGY (W.C.I.T.) 2008" NEXT COMING MAY. THE CHOICE OF MALAYSIA TO HOST THIS PRESTIGIOUS EVENT BEARS TESTIMONY TO THE STRONG POSITION THAT MALAYSIA ENJOYS IN THE GLOBAL I.C.T. LANDSCAPE. WE AIM TO MAKE W.C.I.T. 2008 THE BEST EVER CONGRESS, AND A TRULY GLOBAL EVENT WITH INCREASED PARTICIPATION FROM ALL CORNERS OF THE WORLD. I HOPE YOU AND YOUR COMPANIES WILL LOOK AT PARTICIPATING IN W.C.I.T. 2008 IN A BIG WAY.

25. ONCE AGAIN, LET ME EXPRESS MY APPRECIATION TO ALL OF YOU FOR YOUR COUNSEL AND SUPPORT ALL THESE YEARS. I HOPE THIS ASSOCIATION HAS BEEN MUTUALLY ENRICHING, AND I LOOK FORWARD TO YOUR CONTINUED SUPPORT AS WE MOVE M.S.C. MALAYSIA UP TO A HIGHER PLANE. I AM CONFIDENT THAT THIS 10TH I.A.P. MEETING WILL BE FRUITFUL, AND WILL PROVIDE THE NECESSARY IMPETUS FOR US TO TAKE M.S.C. MALAYSIA GLOBAL.

THANK YOU.