

THE LOS ANGELES CONFERENCE FOR INVESTORS ON MSC : GLOBAL BRIDGES TO THE INFORMATION AGE
UCLA, LOS ANGELES, 14 JANUARI 1997

1. First, let me thank the UCLA for inviting me to address you today. In this audience, I see both the present and future shapers of the Information Age. The present is represented by the leadership of many of the area's most dynamic content and high technology companies; the future by the university students who will provide the future leadership of the private and public sectors.
2. I think it is especially appropriate that we are all together today to discuss a practical proposal I have to achieve the full promise of the Information Age. I have come here to the world's entertainment capital, to share a vision of building a bridge between peoples and places, to connect your creativity and entrepreneurship with a very special environment we are creating in Malaysia. By doing so, we can reap rewards together that neither of us would be able to develop alone.
3. The success of a country depends on its ability to adopt and adapt to global forces and not on the basis exclusively of comparative advantages such as natural resources, population, or labour costs. Visionary countries can choose to create value rather than merely struggle to make the most out of existing circumstances. Just as companies cannot succeed by trying to do everything themselves, the same is true of countries -- especially developing countries. Malaysia is not trying to build a replica of Silicon Valley or Hollywood. We would be deluding ourselves if we expect storyboards not to be created in Hollywood or R & D on the highest value- added components not to be done in Silicon Valley.
4. We realise you are more advanced and that we have much to learn, but precisely because you are so developed there are very important things we can do that you cannot. Malaysia is offering the world a special greenfield environment designed to enable companies to collaborate in new ways and reap the rich rewards of the Information Age. There are no legacies of artificial constraints created and perpetuated by entrenched interests. We offer the Multimedia Super Corridor as a gift to the world -- a global bridge to the Information Age that will enable genuine mutual enrichment for our partners possessing the vision to participate.
5. The Multimedia Super Corridor -- or MSC -- is truly a world first - the careful creation of a region with the infrastructure, laws, policies, and practices that will enable companies to explore the Information Age without the usual constraints which frustrate them. The MSC is a 15 km wide by 50 km long corridor that runs from the world's tallest buildings in the Kuala Lumpur City Centre, down to what will be the region's largest airport when it opens in early 1998.
6. More than two years of careful study have gone into developing a package with four key elements which will make the environment within the MSC very special: - First, the MSC will have the best physical infrastructure that can be offered in the world. This includes the Kuala Lumpur City Centre, a new airport,

rapid train links to Kuala Lumpur, a dedicated Highway, and two new intelligent garden cities. Kuala Lumpur City Centre is the Northern gateway to the MSC. The Kuala Lumpur International Airport to be commissioned in 1998 will initially have 80 gates with two parallel runways. The airport will also become an integrated logistic hub with the latest in IT to facilitate movements of people and goods.

- The first intelligent garden city, Putrajaya, will be our new administrative capital where most Ministries will be relocating beginning with the Prime Minister's office in 1998. Putrajaya will be Malaysia's new electronic Government administrative centre served by state of the art communications and transportation systems. The neighbouring Cyberjaya, is a city designed to provide the physical and psychological spaces needed for creativity, the pursuit of information age technologies and businesses and relaxation. It will be built around the new Multimedia University. Cyberjaya will provide top quality intelligent buildings, multimedia enterprise estates, residential housing, leisure and recreational facilities, and state of the art supporting infrastructure. It will support a working population of approximately 150,000 and a living population of over 100,000.

- Second, the MSC will have the world's best soft infrastructure of supporting laws, policies, and practices. This includes a comprehensive framework of societal and commerce-enabling cyberlaws on intellectual property, digital signature, computer crime, distance learning, telemedicine, and electronic Government. For example, our new Digital Signature Act creates a regulatory framework for certifying authorities and severe penalties for cyber-fraud. In addition, we are developing a Multimedia Convergence Act that will merge and update our telecommunications, broadcasting, and information laws to reflect today's rapid technological convergence. Finally, we know how critical skilled workers are and have a series of educational and training initiatives across the country. All schools will be connected to the Internet by the year 2000 and a Multimedia University will produce graduates that will meet MSC companies skill requirements.

- Third, the MSC will leapfrog available information infrastructures with 2.5-10 gigabit Open Multimedia Network that will use the latest ATM switches to provide Fiber to the Building. This network will have a 5 gigabit international gateway with direct links to the U.S., Japan, Europe, and other ASEAN countries. This will be operational by 1998. Value-added service providers will be able to compete freely on this network with no restrictions on foreign ownership and cost-based interconnect tariffs. Telecom Malaysia has committed to offer competitive tariffs that are comparable or better than other global carriers and will provide world class network performance standards.

- Fourth, a fully empowered one-stop shop called the Multimedia Development Corporation (MDC) has been created to manage and market the MSC. The MDC will be opening ten offices around the world over the next two years so it can be close to the companies who will be its clients. In addition, the MDC has been incorporated under the Companies Act so it will be able to operate independent of civil service rules and regulations. The MDC has a free hand to hire the best

people in the world, and a business plan to serve the needs of companies relocating to the MSC both before and after they decide to establish operations in Malaysia. The Deputy Prime Minister and I will personally oversee the activities of the MDC and will resolve issues brought to our attention.

7. Malaysia will be changing the way its people live and work particularly within the MSC. This special area will be a global 'test-bed' for new roles of Government, new cyber laws and guarantees, collaborations between Government and companies, companies and companies, education, delivery of healthcare, and applications of new technologies. We are looking for 'Smart-Partnerships' -- win/win/win relationships between companies and the Government. For example, we will no longer require multimedia companies to go through a traditional Request for Proposal (RFP) process that requires us to have a crystal clear concept of exactly what the company must deliver. Leading companies told us this was inappropriate for new areas of multimedia where the solutions are developed rather than assembled from existing knowledge. Instead of traditional tenders and RFPs, we will ask companies for 'concept proposals' that describe the approach they would take to developing solutions or achieving the benefits we have requested. This allows us to select a consortium of companies as a smart-partner to innovate new products and services in the MSC. We will be doing this in several application areas that I will describe shortly.

8. In short, Malaysia is taking a single-minded approach to developing the country using the new tools offered by the Information Age. The MSC will be the R&D centre for the information based industries, to develop new codes of ethics in a shrunken world where everyone is neighbour to everyone else, where we have to live with each other without unnecessary tension and conflicts. Indeed, the MSC is a pilot project for harmonising our entire country with the global forces shaping the Information Age. Phase one involves making the MSC a success by learning from our partners and the experience we gain; Phase two will link up with other islands of excellence within Malaysia; and Phase three involves making all of Malaysia a Multimedia Super- Corridor that is connected to other smart-regions around the world. I expect Malaysia to be in the final phase by 2020 by which time we hope to be a developed nation.

9. To our knowledge no other country is even considering anything similar. Other plans may sound similar because they all use 'IT, Cyber, or Multimedia' to market one or another development. But we are not adding new facilities to existing ones or adapting a concept to an existing area; we are building and installing the latest on a huge 15 km x 50 km greenfield site designed to realise the full potential of multimedia. I hope others will link with our Multimedia Super Corridor and become one of the central pillars in our global bridge connecting the smart-cities of the world. It is in our mutual interest to collaborate rather than undermine each other because we both will benefit from a better bridge.

10. As we approach the 21st century, fantastic changes are taking place which make what was impossible in the old economy of the Industrial Age suddenly possible in the Information Age. For practical purposes, borders have already

disappeared because knowledge, capital, company activities, and consumer preferences ignore lines on a map. Where countries once competed with one nation' s trade surplus resulting in another' s trade deficit, in the future both countries can benefit because networks of companies collaborate across borders to deliver value to customers in the most economically sensible way. Although none of this activity is captured by the economic statistics developed in the Industrial Age, its impact is clear and will require new types of international institutions. In short, the Information Age has created conditions for the first time in history that will enable countries and companies to mutually enrich one another - it is no longer a zero sum game with winners and losers. This is a tremendous opportunity for those companies and countries with the courage to embrace these changes. For a limited time, there will be a relatively level playing field where developed and developing countries can work together in ways that create benefits for both. This is because many of the healthier developed countries are locked into obsolete industrial structures and legislative frameworks and vested interests in these systems stubbornly oppose any change. Fortunately, these corporate interests have not had time to develop and become powerful in developing countries like Malaysia.

11. The MSC is the first place in the world to bring together all the elements needed to create the kind of environment to engender this mutual enrichment. I see the MSC as a multicultural `web' of mutually dependent international and Malaysian companies collaborating to deliver new products and services to customers across an economically vibrant Asia and the world. I fully expect that this `web' will extend beyond Malaysia' s borders and out across Malaysia' s multicultural links to our neighbours. Component manufacturing can then be done in China, on machines programmed from Japan, with software written in India, and financing coming from Malaysia' s Labuan International Offshore Financial Centre. The product may be assembled in Penang and shipped to global customers direct through our new airport.

12. Malaysian companies are already working with world- class international companies and technology transfer is taking place. Moreover, companies and neighbouring countries are benefiting as well because parts of the product are produced in other locations. The consumer benefits most of all because they get top quality products at the best possible price. In short, all parties touched by this `web' will benefit and are enriched through their contribution to it.

13. Phase 1 of establishing the MSC will be complete when the MSC is home to hundreds of large and small companies working collaboratively with one another and with partners across the Asia-Pacific region and the world. Some of these companies will certainly be today' s leaders. Many others will be the smaller companies which are members of each of these companies `web' . Hopefully, a few of tomorrow' s leaders will be from Malaysia with new products and services in the MSC. I like multimedia because the most successful companies are those which collaborate with many partners and truly transfer technology to them-- not out of charity but out of collective self-interest. These companies know that they cannot stay at the leading edge if they try and do everything themselves. They

realise that a web of smaller companies working to common standards can deliver more benefits to the consumer. I hope to see some multicultural Malaysian companies alongside international companies thus mutually strengthening the capabilities of both.

14. Phase 2 of linking the MSC with other islands of excellence will be complete when the MSC becomes far more than a business development. By then, the MSC will be a global community living at the leading edge of the Information Society. Citizens' smart homes will be connected to a network through which they can shop, receive information, be entertained, interact with one another, and educate themselves. Phase 3 of leapfrogging all of Malaysia into the Information Age will be complete when the entire country is living and working in these new ways. Of course when they grow tired of all these new tangled things they can enjoy the pristine environment which we have preserved in Malaysia.

15. To achieve this vision, I think it is important to define a path that leads to it. By 2000, I expect to see seven specific applications being developed in the MSC by 'webs' of international and Malaysian companies:

- First, Malaysia will be a pioneer in electronic Government. This will be a multimedia-networked paperless administration linking Putrajaya to Government centres around the country to facilitate inter-Governmental collaboration and citizen access to Government services. It will start with the Prime Minister's office when it moves to Putrajaya in 1998 and roll out across the other ministries as they relocate.

- Second, Malaysia will have the world's first national multipurpose smart card. A single platform will have the individual's ID and electronic signature and access to Government, banking, credit, telephone, transport and club services. Of course, security will be critical but the technology is, I believe, already here to enable all of these services to be on one secure platform. Imagine the convenience as we are freed from having to carry a huge pack of plastic cards and selecting one every time we need to use a card. Imagine the opportunity for companies of having no uncertainty that this one card will be in the hands of every Malaysian.

- Third, Malaysia will have a comprehensive programme for smart-schools. All schools will be connected to the Internet. A new curriculum is being developed, and our teachers will be retrained so they can work with technology to do far more than convey knowledge in the traditional way. World-class distance learning facilities will be built at the Multimedia University and we hope to hold virtual classes with teachers and students in other universities around the world. We will use our schools to help students learn the judgement and skills required to choose between the overwhelming amount of information that will be available to them.

- Fourth, I hope the MSC will become a collaborative cluster of academic and corporate R & D centre, using distance learning to produce world-class graduates and next-generation innovations. Multimedia University will be the

centre for this, and I would like to invite faculty and students from UCLA to help develop our new institution in Malaysia through exchanges of students and faculty. I would also like to invite companies interested in partnering with Multimedia University to contact us. This university will have close links to MSC companies to ensure it will produce graduates with the right skills.

- Fifth , Malaysia will be a regional centre for telemedicine. With our Chinese, Ayurvedic, Malay and Western medical knowledge and vast biogenetic resources, we are a natural hub. Rural clinics can be connected to medical experts from Malaysia and to the great clinics world-wide using new tele-instruments for remote diagnosis, therapy, or even surgery. The doctor no longer has to be in the same room as the patient and our new cyberlaws will make this legal. Key information can be transmitted using new instruments such as electronic stethoscopes operated by nurses or technicians. This can be viewed and compared with other patients by the world' s best doctors and the data on millions of patients already in the world' s computers.

- Sixth , I hope the MSC will be a remote manufacturing coordination and engineering support web that electronically enables companies in high cost countries to access plants across Malaysia and Asia as virtual extensions of their domestic operations. While we have real strengths in manufacturing, we recognise the need for companies to operate a network of facilities around the region.

- Seventh , the MSC should become a marketing and multimedia customer service hub leveraging Malaysia' s unique multicultural links to provide electronic publishing, content localisation, telemarketing and remote customer care to a market of 2.5 billion people. For example, a Japanese company' s catalogue can be translated into Chinese or Bahasa Malaysia/Indonesia or Indian languages by a company that takes orders through a system that automatically localises the sizes and currencies.

16. Over time, each of these Flagship Applications will generate a web of world-class and Malaysian companies collaborating to develop and deliver innovative products and services. They will take root and grow in an environment that provides the required lifestyle, infrastructure, laws, and policies. Equally important, I expect links will develop which will connect each of these webs together into one large MSC web. Indeed, it is these links which will allow the MSC to sustain its competitiveness over time. Malaysia is a country with a vision and a strategy to achieve the vision called Vision 2020. Our goal is to attain developed country status by the year 2020. These interlinked webs will allow us to achieve the goals of Vision 2020 by developing a strong services sector to balance our already strong manufacturing sector while helping to improve the productivity and quality of life in the nation. Equally important, the MSC will provide a platform to tie us together and celebrate our culture while helping to educate us in new and different ways.

17. Beyond Malaysia, the MSC becomes a global bridge when its web is interlinked with those of other regions around the world. This bridge will, I hope,

connect with the digital entertainment community in Hollywood and to the high-tech companies in Silicon Valley. For example, storyboards can be developed in California but animation be executed in the MSC, electronically transmitted back to LA for editing, sent back to the MSC for colour-balancing, and then transmitted to the studio for final approval and distribution. Let us explore ways to mutually enrich our companies and countries through this gift being provided by Malaysia.

18. The breadth of what I am describing has probably never been attempted anywhere else in the world. You may be thinking, 'Why Malaysia?'

- First, Malaysia's physical location at the centre of ASEAN and its multicultural links with the biggest Asian markets is unique. The Malaysians are made up of people of Malay, Indonesian, Indian and Chinese origin. We are only a few hours flight from the major Asian capitals. We have language skills and cultural knowledge that can be very helpful. Most people speak English as well as one or more languages such as different Chinese or Indian dialects, or Malay. With the new airport and communications infrastructure being built, Malaysia will be a highly efficient and effective hub for the region.

- Second, Malaysia still has a cost advantage as compared to the 'tigers' in the region. In fact, a recent study done by international consultants on the cost of doing business in Malaysia indicated it is among the most competitive in the ASEAN region. To sustain this the Government will continue to provide the enabling environment. Our people are among the most productive in Asia.

- Third, the newness of multimedia to Malaysia provides an important advantage -- we have no inherited systems or entrenched interests determined to defend their current positions. We have the political will and the power to rapidly change any existing laws or policies that impede the ability of companies to capitalise on the benefits afforded by the Information Age. We will not be diverted by excessive politicking in Malaysia. In Malaysia things that need to be done will be done quickly unobstructed by corruption.

- Finally, we are highly committed to making the MSC a success and we have a track record of meeting our commitments. We are a pragmatic Government which has consistently proven our critics wrong even when we adopt unconventional policies and strategies. Malaysia's history since independence has shown consistency and predictability so that long term investment will not be threatened by the twists and turns of volatile local politics. The Malaysian Government sees multimedia as the strategic sector to achieve our Vision 2020, the attainment of developed country status through productivity-led growth, and the MSC is at the leading edge of this key sector. Consequently, we simply cannot and will not allow the MSC to fail.

19. We have been very busy over the last two years working with leading companies such as NTT to understand the future needs of world-class companies. McKinsey & Company has interviewed hundreds of companies to understand their requirements and is working with us to learn lessons from the

experience of other countries.

20. To ensure that the MSC will not fail, Malaysia is offering a ten point Multimedia Bill of Guarantees. The Government of Malaysia formally commits the following to all companies receiving MSC Status from the Multimedia Development Corporation:-

- a. Malaysia will provide a world-class physical and information infrastructure;
- b. Malaysia will allow unrestricted employment of knowledge workers from overseas;
- c. Malaysia will ensure freedom of ownership of companies;
- d. Malaysia will allow freedom of sourcing capital globally for MSC infrastructure and freedom of borrowing funds;
- e. Malaysia will provide competitive financial incentives including no income tax or an Investment tax allowance for up to ten years, and no duties on the import of multimedia equipment;
- f. The MSC will become a regional leader in intellectual property protection and cyberlaws;
- g. Malaysia will ensure no censorship of the Internet;
- h. The MSC will offer globally competitive telecom tariffs;
- i. Malaysia will tender key MSC infrastructure contracts to leading companies willing to use the MSC as their regional hub; and
- j. Malaysia will ensure that the newly established MDC, a high powered implementation agency, will act as an effective `one-stop shop' to meet company needs.

21. These companies must be providers/heavy users of multimedia/IT products and services and employ a substantial number of knowledge workers. The Multimedia Development Corporation is registering interested companies and will be taking formal applications for companies seeking `MSC Status' in March. In addition to seeking world class companies, the MDC is also seeking world class employees to help it build the MSC.

22. To the students, I invite you to submit your resumes to the MDC and fill out the employment application on its website. There are opportunities at its ten worldwide offices and at headquarters in Malaysia. To the companies, I welcome your participation and input. We need your vision, creativity, entrepreneurship, and skill to give life to the MSC. To the international community, we offer you a perfect environment to try and find solutions to some tough questions whose answers must cross borders:

- (a) How will value that is collaboratively created in several countries but sold in another be taxed?;

(b) How can intellectual property rights of knowledge-based products and services be defined and protected?;

(c) How can responsibility for the accuracy and integrity of information on the Internet be ensured? Finally, how can society be protected from new forms of fraud, counterfeiting, piracy, and viral attacks on the systems that run companies or even countries? In Malaysia, we are looking at the possibility of creating a new Cyber- Court of Justice as an international centre to look into these issues.

23. We may sound very ambitious for a small country, but America itself was a small country in the 19th Century. At that time, England launched the Industrial Revolution but America won it. Why? Because the technology could be moved to an environment much more conducive to realising its full potential. Malaysia has come late to industrialisation, and this has given us the will and skill to make sweeping changes that others cannot because we have much less to lose. The MSC provides all the critical components required to create the perfect environment to achieve the promise of the Information Age. Today, it is much easier to move technology and knowledge than it was 100 years ago. This is why we believe we can build the global bridge needed to move beyond the limits of the Industrial Age. While I may be an optimist, I believe this path to prosperity will be chosen over the alternative of hegemony and win-lose economic relationships. The globalising and harmonising forces of the Information Age will prevent a clash of civilisations or the Century of Asia. It will create the World Century, the true Commonwealth of the World.

24. We hope you will become our partners in this exciting endeavour to build a bridge to the promise of the Information Age. The Multimedia Super-Corridor cannot succeed alone, or we will have an island instead of a bridge for the global aspirations, capabilities and vision of many leading edge companies who are prepared to collaborate in a new environment. We hope you will join us in constructing an enduring bridge into the Information Age and realise the promise of the upcoming World Century.