

THE MEETING WITH SILICON VALLEY CHIEF EXECUTIVE OFFICERS OF HIGH TECHNOLOGY COMPANIES

WESTIN HOTEL, SANTA CLARA, CALIFORNIA, 17 JANUARY 1997

I would like to thank Dr. Leonard Liu for organising this conference for us to share our plans for developing the Multimedia Super Corridor, or MSC as we call it. This week, we have enjoyed an overwhelmingly positive response from the entertainment companies in Southern California and the high technology companies we saw at Stanford. I also received some excellent suggestions yesterday from my International Advisory Panel. Bill Gates, Idei-san from Sony, Scott McNealy from Sun, Larry Ellison from Oracle, and several other distinguished multimedia leaders spent the day with me brainstorming on the MSC.

2. It has become clear to me that, as we all 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 new world of 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 ways.

3. 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. Trade surpluses and deficits measuring the movement of physical goods are increasingly irrelevant because they don't measure flows of information or services. There is a tremendous opportunity for those companies and countries with the courage to embrace these changes. For a limited time, there is 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 wealthier developed countries are locked into obsolete industrial structures and legislative frameworks. 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.

4. In Malaysia, we are creating the Multimedia Super Corridor to harness these new forces. We hope this will accelerate our economic development and create exciting opportunities that our international partners cannot pursue elsewhere. The 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 any of the usual constraints that frustrate them. The MSC is a 15 km wide by 50 km long corridor that runs from the world's tallest building, the Kuala Lumpur City Centre, down to what will be the region's largest airport when it opens in 1998.

5. The MSC will have the best physical infrastructure that can be offered in the

world. In addition to the Kuala Lumpur City Centre, there will be a new airport, rapid train links to KL, a Smart-Highway, and two new intelligent garden cities. The first garden city is Putrajaya -- our new administrative capital -- where most of government will be relocating beginning with the Prime Minister' s office in 1998. The neighbouring garden city is Cyberjaya, an area designed to provide the physical and psychological spaces needed for contemplation, creativity and relaxation. It will be built around a new Multimedia University. The first phase of Cyberjaya will be open in 1999. Cyberjaya will provide top quality intelligent buildings, multimedia enterprise estates, residential housing, leisure and recreation facilities, and state of the art supporting infrastructure.

6. 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. The set of cyberlaws will be enacted by Parliament over the next few months. In addition, we are developing a Multimedia Convergence Act that will update our telecommunications, broadcasting, and information laws to reflect today' s rapid technological convergence. We hope to enact this new law before the end of 1997. Finally, we know how critical skilled knowledge workers are and have a series of educational and training initiatives across the country. All schools will be connected to the Internet by 2000 and the Multimedia University is planned to operate in partnership with MSC companies to ensure its graduates meet their skill requirements.

7. Third, the MSC will leapfrog available information infrastructure with a 2.5-10 gigabit Open Multimedia Network. This 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 Japan, North America, Europe, and other ASEAN countries. This will be operational by 1998.

8. Fourth, a fully empowered one-stop called the Multimedia Development Corporation (MDC) has been created to manage and market the MSC. The mission of the MDC is to create the best environment for private sector companies to pursue multimedia activities. 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. One of these will be here in Silicon Valley. The Deputy Prime Minister and I will personally oversee the activities of the MDC and will resolve issues brought to our attention.

9. The MSC is a pilot project for harmonising Malaysia with the global forces shaping the Information Age. Phase 1 involves making the MSC a success by learning from our partners and the experience we gain; Phase 2 will link in other islands of excellence within Malaysia and around the world; and Phase 3 involves making all of Malaysia a Multimedia Super Corridor. I expect we will be in the final phase by 2020 as we become a developed nation.

10. No other country is even considering anything similar. We are not adapting a new 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. We do not see multimedia merely as a new type of information technology, but rather we see it as tool to both create a knowledge-based society and harvest its potential economic, social, and cultural rewards.

11. You may be thinking, this is all very interesting but `Why Malaysia' ?

12. First, we have language skills and cultural knowledge that can be very helpful. Most Malaysians speak English as well as one or more languages such as different Chinese or Indian dialect, or Malay. With the new airport and communications infrastructure being built, Malaysia' s central location in Asia enable it to 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. 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 existing laws or policies that are obstacles to achieving the aspirations of multimedia companies.

13. Finally, we are highly committed to making the MSC a success and we have a track record of meeting our commitments. 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.

14. To address the needs of leading multimedia companies, 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 of 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 provide a high powered implementation agency to act as an effective `one-stop shop' to ensure the MSC meets company needs.

15. This Bill of Guarantees was developed by talking to hundreds of leading companies around the world. We are targeting seven specific `flagship applications' to be pursued in this special environment. These include electronic government; smart schools and distance learning; telemedicine; a single multipurpose card with citizen ID, government, and financial applications; borderless marketing and customer care; and worldwide manufacturing webs. I hope you will consider participating in one or more of these by locating in Cyberjaya.

16. We realise we have much to learn from Silicon Valley which is more advanced than Malaysia. But precisely because you are so developed, there are very important things we can do that you cannot. The role of government will be to remove the obstacles created by policies that were successful in the Industrial Age but must be changed to unleash the full potential of the Information Age. We offer the Multimedia Super Corridor as a gift to the world to help all of us successfully meet the challenges of the 21st Century. None of us can continue to succeed in this increasingly borderless world by ourselves, and we invite those of you who share our vision to be our partners in exploring these exciting new frontiers.

17. Thank you very much for listening. I look forward to hearing your reactions and suggestions.