

**THE FUKUOKA DIALOGUE, THE DIGITAL CENTURY: OPPORTUNITIES FOR MUTUAL COLLABORATION BETWEEN JAPAN AND MALAYSIA**  
FUKUOKA, JAPAN, 28 MARCH 1997

It is a privilege and an honour for me to be here today to share some thoughts with you on this topic 'The Digital Century: Opportunities for Mutual Collaboration Between Japan and Malaysia'. The digital century or the information age holds a lot of promise especially in the context of a rapidly changing technological revolution worldwide.

2. The digital economy stresses the importance of networking of personnel worldwide or collaboration of human efforts in exploring new and powerful ways to achieve common enrichment through the use of information technology. This is definitely one area in which Japan and Malaysia can reap mutual benefit. Malaysia has manpower skills in certain areas which are relatively cheap and can be accessed by Japanese companies even if not located in Malaysia, while Japan of course has multimedia technology which can play a role in a borderless economic world.

3. For technology companies to be internationally competitive in the growth industries of the 21st century, new industrial global standards need to be re-defined, even as revolutionary I.T. products and services are developed. Digitisation ensures greater accuracy and is said to be the key factor driving the consumer electronics industry in Japan in the 90s. Digitisation in many fields has not yet been fully exploited. With Japan's experience and knowledge in this field and in the use of multimedia, there are almost unlimited possibilities for new industries to be developed and expanded throughout the world with hardly any need for direct face to face interaction of personnel.

4. As we approach the 21st century, fantastic changes are taking place which made 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 drawn 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.

5. In short, the digital 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. 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 will stubbornly oppose any change. Fortunately, these corporate interests have not had time to develop and become powerful in the

developing countries, like Malaysia.

6. Briefly, let me explain to you our plans to develop the IT industry. The Multimedia Super Corridor or the MSC in Malaysia will be the first place in the world to bring together all of the elements needed to create a special environment that will combine world leading IT and physical infrastructure with a comprehensive investment friendly package of incentives and support in which multimedia companies can develop new technologies and applications. The MSC will be 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. This `web' will eventually extend beyond Malaysia's borders and out across Malaysia's multicultural links to our neighbours. In other words, when we produce a product, component manufacturing can be done in China, on machines that are programmed from Japan, with software written in India, and financing coming from the Labuan International Offshore Financial Centre. The product may be assembled in Penang and shipped to global customers direct from our new airport, Kuala Lumpur International Airport within the MSC.

7. The first phase of the MSC should see hundreds of large and small companies working collaboratively with one another and with partners across the Asia-Pacific and the world. Some of these companies will certainly be today's leaders. Many others will be the smaller companies that 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.

8. Ultimately, MSC is envisaged to become a global community living at the leading edge of the Information Society. This will set the stage for Malaysians to enter the digital century.

9. We therefore would like to invite your companies to set up your R&D centres in our `Multimedia Super Corridor' , a green field area which runs from the world's tallest buildings in the Kuala Lumpur city centre, down to what will be the region's largest international airport when it opens next year. We seek your co- operation for collective and mutually-beneficial collaboration in developing the MSC.

10. In addition, an MSC status qualifies companies for a package of financial and non-financial incentives. Companies may enjoy the following financial incentives:

- \* Five-year exemption from income tax, renewable to 10 years ; or a 100 percent Investment Tax Allowance (ITA); And

- \* Duty free importation of multimedia equipment;

In addition to the financial incentives, MSC-status companies will be given the following non-financial incentives:

- \* Unrestricted employment of foreign knowledge workers;

- \* Freedom of ownership;

\* Freedom to borrow funds globally.

11. Other MSC benefits include world-class physical and IT infrastructure, intellectual property protection, globally competitive telecom tariffs, no censorship of the Internet, and excellent educational facilities, including the region' s first Multimedia University.

12. We have defined this path which hopefully will transform Malaysia into a knowledge society. As a first step, by 2000, we expect to see seven flagship applications being developed in the MSC by webs of international and Malaysian companies. These flagship applications are electronic government, a national multipurpose smart card, smart schools, a R&D cluster, telemedicine, a worldwide manufacturing web, and borderless marketing. We intend to be global pioneers in these applications. Other countries have embarked on similar initiatives. However, many are hampered by entrenched interests and most do not provide the needs of the IT industry as comprehensively as we do.

13. 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.

14. In this context, it will be exciting for a project champion to be identified for each of the areas of the Flagship application of the MSC. No company can be the champion for every application. As such, we can co- operate to find out which company can champion the application in which they can be the best in, and work with their respective counterparts, whether it be Japanese or Malaysian. They can then develop the identified application into one which can be used as a model for the world.

15. On the top of the priority list for mutual co- operation we will be recreating and building paths that lead us back to the basics of humanity. For all the new technologies, strategies and structures, both physical and invisible ones that are taking place inside organisations today, the one central element crucial for the continued growth of mankind is the one which focuses on mobilising human intellect and spirit. Only by bringing back that humanity and self-identity elements can organisations hope to compete in this digital century, which has been described by Lester Thurow as an era of man-made brain power industries.

16. With all the dazzling effects of information technology, we must never forget that artificial intelligence can never replace the human intellect. People - and specifically, managers of corporations - must lead business and society with a social responsibility that displays not only a balanced set of values of humanity and ethics into their organisations but one that will inculcate the spirit of corporate integrity. In the digital century, in which everything is reduced to bits and bytes, one needs to have something solid and real to fall back on. As such, we will look towards the corporate leaders from our two countries to propagate our own philosophy of knowledge that is imbued with our own sets of Asian values.

17. Japan and Malaysia should co-operate to create the electronic communities that would actively produce the indigenous content suitable to our needs. In this regard, the MSC will provide the perfect opportunity for this to take place. Again, we invite and welcome Japanese businessmen, I.T. and technology experts to our MSC to share with us their skills and knowledge, and together, develop localised contents for multimedia applications that will be of world class standards.

18. In the face of the information onslaught, we should adopt a proactive approach towards counter-balancing the western dominance of the cyberspace. We are not saying that western influence is all bad. What we are emphasising is that by being digital, being I.T. literate and being technologically advanced does not mean that our Asian values are not irrelevant. If anything, they will be even more relevant for our men and women as they search for their own niche and identities in a borderless environment.

19. Our nations need more than industries and I.T. competent men and women to stay ahead of the race in the digital millennium; we will need also the zest of creative imagination and free spirits, as expressed in the arts and creative sciences. It will only be possible if leaders can continue to create the means to mobilise the energy and spirit and inner-strength of the workforce.

20. Malaysia has much to learn from Japan. In fact, we have adopted a Look-East Policy for almost 15 years, in which we look to Japan as a model for our development. We are particularly keen to learn about your work ethics, your industrial practices and your technology. We have been sending students to Japan to learn more from Japan. Our bilateral relationship has therefore grown from strength to strength.

21. In this context, Japanese companies can form strategic alliances with Malaysian companies for business collaboration in Third World Countries. Such smart partnerships will benefit all three partners. More such trilateral relationships can be explored meaningfully as we move into the digital century.

22. Malaysia and Japan can together move into countries of the South. Together, we can combine our resources and achieve synergies in getting into Africa, Central Asia and Latin America. Malaysia' s pivotal position among the G-15 countries and Islamic nations can be of strategic advantage to Japan. We can together, identify opportunities in these nations, bringing to them the technologies they need to help them move ahead into the digital century.

23. We have always welcomed Japanese investors in Malaysia. Japan is currently Malaysia' s biggest foreign investor. Investments from Japan increased by 91.2 percent from RM2.3 billion in 1995 to RM 4.4 billion in 1996. Japan ranked first both in terms of number of applications and proposed capital investments, in which a discernible concentration was in the electrical and electronic products industry. The Plaza Accord have brought large numbers of Japanese investors to southeast Asia in the mid 1980' s, and helped Japan

overcome the problems caused by the endaka.

24. As we are poised to enter the digital century, we should look at the structure and momentum of Japanese investments in Malaysia in particular and South East Asia in general. We in Malaysia require more capital intensive and high technology investments and Japan is in a position to meet this requirement especially in the Information Age Where Japanese expertise is well-known.