

MSC : A GLOBAL BRIDGE FROM EUROPE TO ASIA FOR THE WORLD CENTURY

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It is an honour for me to be here at this prestigious Imperial College and I would like to thank the organisers for inviting me to share my thoughts on the major forces shaping the Information Age and some of the opportunities this would create for both Europe's leading information technology companies and Malaysia.

2. That we are having this dialogue is very appropriate as I believe Europe's traditional commitment to the pursuit of knowledge gives it an infrastructure that is critical for developing a highly competitive information sector in your economies.

3. Today, we come together on the eve of what I would like to call the "Century of the World", a century, possibly unprecedented, of worldwide peace and shared prosperity. This is because the forces that drive the Information Age will result in the breaking down of physical, social and economic barriers which can stimulate growth through "mutual enrichment", i.e if we chose so to do.

4. The world has truly entered a new era. In a borderless world the production of goods and services can truly be global. If we chose to cooperate rather than confront and exploit, worldwide economic development and prosperity is possible. Creativity, innovation, and entrepreneurship are the scarce resources in a knowledge economy, and these cannot be confined by borders. These require the free movement of peoples and ideas which will enable companies, countries, and people to benefit from mutual enrichment. Every country and all the world's people should have access to all the competitive advantages of every kind everywhere.

5. Mutual enrichment is possible through the shared creation of value by means of webs of alliances between companies. The best companies will no longer be able to perform all their economic activities within their corporate borders. Like spiders, they would weave ever more intricate webs of relationships with other companies so that each performs the activity they do best. These companies will collaborate across borders unaffected by distances and generate increasing returns as more and more partners and customers join their web. This is possibly the new model of development for the Information Age and it is likely that unless we are flexible and responsive to changes in technology, industry structure, or consumer preferences, we will be by-passed.

6. In an increasingly interdependent world, these webs will be so widespread and so busy trading and partnering that conflict will only hurt everyone equally. The fibres that link these global webs do not break or even bend at country or continental borders or cultural boundaries.

7. Four fundamental forces will be driving this globalisation: A massive communication network that can send information all over the world in real time;

Capital that will truly be global and needing market discipline that transcends geographic or political boundaries; Companies that have aspirations for global market leadership and operations wherever it is economical and rational for them to produce, distribute, or market; and consumers whose taste for, and knowledge of, the world' s best will determine what they will buy.

8. The prophets of doom believe there will be a clash of civilisations. But when business becomes thoroughly international as it will be in a borderless interdependent world, such a scenerio is very unlikely. The civilisations would be so intermixed that the old- fashioned confrontations would be physically impossible. There may be tensions within societies and within nations as the 21st Century forces every country to become multi- ethnic and multi-religious. But such tensions can be contained. Malaysia has the kind of racial and religious mixture that will be common in all the world' s countries of the 21st century, and Malaysia has shown that peoples of different ethnic and religious faiths can live and work together. They clash at their own risk and detriment.

9. The Century of the World will be an Age of Connectivity between peoples, places, information, and ideas. In this context, Asia has a special role to play in the creation of the World Century. For too long, nations have been in the grips of a `beggar-thy-neighbor' mindset. Whether we like to admit it or not, most people and countries envy the success of their neighbours. If they can they would ensure their neighbours, far and near, will not make it. But in Asia today, at least in East Asia, we have jettisoned the "Beggart-hy-neighbour" mindset in favour of a "prosper-thy-neighbour" policy. This is not an altruistic policy. The simple fact is that when neighbours are prosperous we get less trouble from them. Better still they become good trading partners for us. In the last decade or so trade between neighbours in East Asia has grown faster than trade between regions or in world trade. It is the "Prosper- thy-neighbour" attitude which has made ASEAN the fastest growing regional organisation in the world. It is also for this reason that we want to enlarge ASEAN by admitting the last three South East Asian countries.

10. You know you are experiencing problem with the few Asians and Africans living in your midst. But if the south remains poor the trickle of illegal immigrants might become a flood. Malaysia faces this problem. To counter the migration we are investing in labour intensive industries in neighbouring countries. If the world is going to be borderless it will be better for everyone to ensure neighbours become equally prosperous. Otherwise there will be massive migration which is bound to cause tensions in every country. Europe is especially attractive for the poor of the south and the east.

11. We have so far been dealing with the industrial Age and its problems. What will be the problems of the Information Age? We do not know for certain. We can postulate this and that but we have always been wrong when forecasting the future. None of us foresaw the invention of the microchip. But the microchip has already changed our life radically. And now with the advances in telecommunication we are going to undergo even more radical changes which

can make natural borders and therefore nation states almost obsolete.

12. Europe of course has been taking down barriers between states for a fairly long time now. It was not because of the information age coming to Europe earlier. It was simply because you have been fighting such destructive wars against each other so frequently. You know that with the sophistication of modern weapons you cannot afford another European War. And so, beginning with an economic community you have now evolved into a European Union where borders between you no longer mean much. Still, even if you have some experience with a borderless world, you will need to know how it will function in the Information Age.

13. For this, Malaysia offers the Multimedia Super- Corridor as a huge test-bed for trying out not just the technology but also the way of life in the age of instant and unlimited information. With the liberalism and freedom of your society, how will it fare in an environment of total transparency? How will you manage for example the total and absolute corruption of your children through the internet and other nets as they make available ever more gruesome violence and explicit pornography?. How will you deal with the souls who are going to be lost to the point of committing mass suicide, or the access to simple technologies for making cheap bombs and other weapons or even nuclear devices? Will there be anarchy or will the Governments discover themselves just in time before we go over the brink. I don' t think the Multimedia Super Corridor will provide all the answers, but we can become a little bit wiser.

14. In January, I convened the first meeting of the International Advisory Panel of the Multimedia Super Corridor. This panel included industry leaders such as Jim Barksdale (Netscape), Larry Ellison (Oracle), Bill Gates (Microsoft), Nobuyuki Idei (Sony), Lou Gerstener (IBM), Bon Moo Koo (Lucky Goldstar), Jim Manzi, Scott McNealy (Sun), Kenichi Ohmae, Eckhard Pfeiffer (Compaq), Lewis Platt (Hewlett Packard), Hasso Plattner (SAP) and Masayoshi Son (Softbank). They were enthusiastic about our vision because they saw that we are serious about removing the obstacles that Industrial Age policies, laws, practices and attitudes had posed for them. They are of course enthusiastic about the total way we propose to go about doing this.

15. Firstly the Multimedia Super Corridor -- or The MSC, is physically a 15 km wide by 50 km long corridor that runs from the world' s tallest buildings, the Kuala Lumpur City Centre, in itself an intelligent precinct, down to what will be the region' s largest international airport when it opens in 1998. This piece of real estate is almost a greenfield site for the building of state-of-the- art cities and systems. Half way between the KLCC and the Kuala Lumpur International Airport will be two cities; one, the new administrative capital of Malaysia, and the other a cyber city where we will locate industries, R & D facilities, a Multimedia University and institutions, and operational quarters for multinational corporations to direct their worldwide manufacturing and trading activities using multimedia.

16. Both cities will have state-of-the-art communication facilities with fibre to all offices, business premises and houses. They will also be garden cities with large

water bodies so as to make life pleasant and to stimulate creativity among the knowledge workers we expect to live there. The cities will be linked to Kuala Lumpur and the Kuala Lumpur International Airport by a brand new rail line and dedicated highways, while a system of light rail transport will move people within and between the two cities.

17. Putrajaya, the new Federal Government Administrative capital will itself become a test bed for an electronic Government. Equipped with the latest in telecommunication technologies, companies worldwide will have a chance of providing, testing and experiencing electronic Government in a real Government environment. Needless to say supply of Government requirements in this area will favour companies located in the MSC. 18. The Malaysian Government has always been business- friendly. But we are going to be even more friendly to those who participate in our MSC. Knowledge workers will be able to get in and out of the MSC without hassle. They will be treated like special guests. Multiple entry visas will be given. Of course they must be genuine and companies operating in the MSC must vouch for them.

19. We will allow 100 percent ownership of companies, and unlimited employment of knowledge workers from abroad. We feel sure that where our people qualify, and many are qualified, you will employ them. But we are not going to insist. 20. We will not censor the Internet. But if you download and distribute illegal material you will be subjected to the usual laws of the country. We are hoping that one day there will be worldwide understanding as to what can and cannot go into the internet. But until then you will be free in the MSC.

21. Bureaucratic procedures will be reduced to the minimum. We will use one-stop agencies. Presently, the Multimedia Development Corporation (MDC) will act as a one-stop agency with authority to designate MSC qualified investments. You need only to contact MDC to clear any doubts that you may have or get any official sanctions.

22. Approvals for the few official requirements will be expedited. In Malaysia we move fast. The world's tallest building was built at the rate of one floor every four days. We also build buildings from above down. A good construction consortium will build Cyberjaya and they will undertake to build any building in double-quick time. The first building in Cyberjaya, the Multimedia University, will be up soon. But even before that, the University will already be operational. So if you decide to locate your headquarters or whatever building in the MSC, you can expect construction to be rapid, of a very high standard and at minimal cost. The first building in Putrajaya, the new administrative capital, is already going up and will be occupied next year. And of course many multimedia institutions are already operating in the MSC.

23. But the MSC of course is not a matter of buildings and highways. For the MSC to function we must have the necessary laws, cyberlaws. These laws are designed to facilitate the use of multimedia and include protection of intellectual property, validation of digital signatures and computer transactions, prevention of computer crimes, laws on the convergence between telecoms, broadcasting,

computers and other systems and a host of others not presently covered by existing laws. Some of these laws have already been passed by Parliament while others are being drafted. We don't think they are perfect. Amendments will have to be made as we learn more of the usage of multimedia and as new technology poses new problems.

24. We have also initiated work on seven flagship projects which will test the role of information and multimedia in a real-life human society. We are studying various proposals for one smart card to replace the many smart cards which are beginning to weigh us down literally. It is possible that a single card will contain all information about an individual including his identity, his licences and other official documentation, his electronic purse for daily transactions and his fares for all kind of transport. All information will be secured and exclusive. Through this smart card, we would be able to resolve some of the problems faced by a citizen relating to the society in which he lives.

25. We will also initiate the electronic Government, a multimedia university, media industry clusters, a web to enable companies to operate worldwide without having to do much physical travel, smart schools and the most effective system of distance learning and telemedicine. You can see that there are many areas which multimedia companies can participate in developing the best system for now and for the future. And of course what you develop and test in the MSC you can market throughout the world. There will be innumerable opportunities for business in the information-based industries.

26. But best of all you are going to participate in the shaping of an information age society. Like all things the good will always be accompanied by the bad. Being able to communicate with more people through the Internet will give you the opportunity to make new friends all over the world. But if you are going to be glued to your computer all your waking hours, you may lose the intimacy of personal relations and personal contacts. Your friends will be pictures and words on the screen and pictures and words are not the same as flesh and blood. We will become less than human if we never physically come in contact with our friends, or any enemies, for that matter.

27. People may develop new personalities and they may become quite unbalanced by the masses of information assimilated. We know of the Heaven's Gate people who ended up committing suicide. Are they the only ones? Or are there many others with equally bizarre ideas?

28. A new field of study will be required if we are going to deal with the psychological changes which the information age can bring about. There will be opportunities to make use of the MSC to study these changes. Before we adopt the internet culture as standard culture for the world, wouldn't we like to know the possible contents of that culture, and how we can deal with them or influence them in a practical way? The Information Age should result in a greater world civilisation than any civilisation that we have known in the past. But much depends on our understanding of the new age.

29. Clearly the role the MSC can play is unlimited. True almost every country has a project which will test the technologies of the Information age and Multimedia. All of them are important and probably quite unique. They may result in us knowing more about the applications of Multimedia and instant unlimited information. But I would like to claim that the MSC is the most comprehensive Test Bed devised for the purpose of learning and testing the technologies and their application in the Information Age.

30. Malaysia is quite conscious that it is not the master of leading edge technologies in any field. Even in the industrial age we lag behind, having achieved perhaps the status of a newly industrialising country. Certainly we are not leading in the field of Multimedia. We are not even experts in the needs of multimedia and the Information Age to be able to foresee and prepare the necessary infrastructure.

31. But we are prepared to listen to advice and act on them. In Malaysia, we hold extensive budget dialogues with the private sector, with trade unions, with NGO' s yearly before we prepare our budget. The Minister of Trade and Industry holds similar dialogues with the private sector to get direct feedbacks and suggestions on what the Government should do in order to grow the economy, in order to cater to the needs of the private sector. And we keep our ears close to the ground for political feedbacks because we believe political stability is essential for a country' s development.

32. And so for the MSC we have set up a powerful International Advisory Panel on which sit practically all the big names in information technology from America, Europe and Asia. We are serious about listening to them on how we should configure the MSC. And we know they are serious too, for many of them have already started operating out of Malaysia, have booked sites for their facilities in the MSC. Some 1000 serious enquiries have been received, and 30 of the major players are among those who have committed themselves to the MSC.

33. These companies are already involved in the structuring of the MSC. Companies such as Microsoft, Sun Microsystems, Netscape, EDS and IBM have dedicated more than 50 full-time experts to work with the Telecom Ministry employees and its consultants, McKinsey & Co, to draft a new type of RFP or Request for Proposals to maximise the scope for the bidding consortia to pioneer new standards and solutions. The MSC may still fail of course but the chances are quite remote. Those who do not come on board now may find the going tough later. And remember, we are not developing the MSC just for ourselves. It is our contribution to the World Century of the Information Age. What you do and what you discover in the MSC will have worldwide impact and application for you and for the world at large. We are not being altruistic. There is a lot in this project for us but there is also a lot in it for everyone. It is truly an exciting experiment and you must admit that it has stirred up worldwide interest within the industry and outside.

34. Just in case you are still not convinced we are serious and we are business-

friendly, I would like to give further proof of our commitment.

35. 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 within the physical boundaries of the MSC:

- Malaysia will provide a world-class physical information infrastructure;
- Malaysia will allow unrestricted movement of knowledge workers in and out of the country with no employment restrictions;
- Malaysia will ensure freedom of ownership of companies;
- Malaysia will allow freedom of sourcing capital globally for MSC infrastructure and freedom of borrowing funds;
- 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;
- The MSC will become a regional leader in intellectual property protection and cyberlaws;
- Malaysia will ensure no censorship of the Internet;
- The MSC will have globally competitive telecoms tariffs;
- Malaysia will tender key MSC infrastructure contracts to leading companies willing to use the MSC as their regional hub; and
- Malaysia will provide a high powered implementation agency to act as an effective 'one-stop shop' to ensure the MSC meets company needs.

36. As you may know this is the third stop in my odyssey to drum up interest and support for the Multimedia Super Corridor. I feel quite sure that European Companies active in the field of Information Technologies will respond well to the project. We need your advice and your help. We need of course your investments, which will benefit us and will benefit you as well.

37. Europe is now a union of many linguistically and also culturally different countries. But the unification of systems in Europe has not been easy. And it is also difficult to change Europe' s laws, industrial practices and policies to cater for the Information Age. In the MSC we are offering European multimedia companies an environment that is not hamstrung by policies and practices that cannot be easily changed to accommodate a whole new set of businesses, business practices and technologies. I am sure that European Companies are as ready to take up the opportunities and the challenges which have been taken up by leading edge-companies of America and Japan. I would like to invite you to join us in the creation of the Century of the World through Infotech provided by Malaysia' s Multimedia Super Corridor.