

## **THE CANADIAN INVESTORS CONFERENCE**

OTTAWA, CANADA, 21 NOVEMBER 1997

( Delivered by Education Minister, Dato Seri Mohd. Najib bin Tun Abdul Razak )

I am delighted to be here today and to address such a distinguished gathering of representatives from the Canadian business community.

2. The Internet and the explosion in global communications have brought mankind to the threshold of the cyber revolution. Information Technology is moving literally with the speed of light -- opening up endless opportunities and undreamed of options for businesses to explore. I'd like to share with you this morning some thoughts about the forces that will shape our common digital future B- the promise it holds and the strategic response we in Malaysia are making to take advantage of that promise. Specifically, I would like to introduce the Multimedia Super Corridor which we are currently developing, and to invite the active participation of Corporate Canada in this quite unprecedented initiative.

3. Transforming the world as we know it are two major forces B- the new phenomenon of globalisation and the relentless advance of technology. We have no option but to traverse the Information Superhighway. From the moment the microchip was invented our whole existence was transformed. It changed the way we live and the way we do business. For all of us, an I.T Agenda becomes imperative if we are to reposition ourselves for this new Information Age.

4. Malaysia's Multimedia Super Corridor or MSC is not just a physical location -- it is not just another industrial park -- it is not a Far Eastern imitation of Silicon Valley -- it represents a new paradigm in the creation of value for the Information Age. MSC is envisioned to be a hi-tech test-bed which will unlock the full potential of multimedia. We aspire to be a world centre for the applications and testing of leading edge I.T. advances and discoveries. For us, this will be primarily the vehicle for our country's entry into the new knowledge-based economy, moving us from labour intensive to hi-technology industry and so on to the information age. It will also be our fast track to the fully developed status we have targeted for ourselves in the second decade of the next century, which we call our Vision 2020.

5. To you, this may seem somewhat audacious on the part of a small developing country. We are the first to admit that we are only just taking our first steps into the complex and sophisticated world of multimedia. But we can provide an ideal environment for technology to flourish. In fact, being a developing country helps. We offer a genuinely green field site B- unencumbered by industrial practices and legacies or entrenched interests, a site dedicated to new age electronic commerce.

6. We have before us the example of the U.S. Whilst Britain fathered the Industrial Revolution, it was America that brought it to its full development. America was then, one huge green field site B- with the opportunity to create the

optimum conditions for technology and business to flourish, to be the catalyst for Industrialisation. We have taken this as a model. In a modest way, we too, hope to assume a catalytic role. Our task will be to create an ideal environment for I.T and multimedia B- one which will encompass the physical, economic, regulatory and policy framework that will unleash the creative dynamics for innovation and advances in this field.

7. For a country like Malaysia, which is far less developed in the new multimedia dimension, this will demand one giant technological leap. We have a lot to learn. We turn to you and others like you. We know the MSC can only be accomplished by an enormous collaborative effort, and we seek to collaborate with the whole world. We invite you to bring your hi-tech operations, your R&D, your Information Technology know-how to experiment and to try on your own or alongside Malaysian companies in the MSC. We need a cross section of telecommunications, information and software companies, among many others, to help realise the vision we both have, to exploit the potential, for the benefit and enrichment of humankind really.

8. We are today already reconciled to the prospect of a borderless world in terms of communication. It will not destroy our identity but we will develop into a knowledge-based society, which is of great significance -- for there are no frontiers to knowledge and no frontiers to technology. The idea of competitive advantage disappears in favour of a universal sharing of resources and skills -B and Information Technology will provide the instrument to achieve this.

9. The forces that drive the Information Age B- like the massive communication network that can transmit information all over the world in real time -B will serve to break down physical, social and economic barriers. This will then stimulate growth through mutual enrichment, should we choose to take up the opportunity. The mechanism will be that same principle of collaboration -B in many different ways B- across borders, unaffected by distance, involving alliances and permutations of alliances amongst corporations whose economic activities can no longer be contained within their respective borders. This is the platform on which the MSC is premised. It will be a `web' of collaborating companies in the I.T field -- a multi-cultural web of mutually dependent international and Malaysian companies collaborating to deliver new products and new services across an economically vibrant Asia and beyond. And like a spider, it will weave ever more intricate webs of relationships and synergies amongst participating companies. Such a web could be the new model of development for the Information Age.

10. It is in this spirit of mutual enrichment that we invite Canadian companies to join the MSC. We in Malaysia have for some time now been advocating a policy of `Prosper-Thy-Neighbour' to replace the `Beggar-Thy- Neighbour' mindset of the present selfish mentality B- where one party' s gain is another' s loss. Partnerships should not be a zero-sum game. Instead both parties can gain and the total can be more than the sum of the two.

11. We have already promoted our concept of this multimedia haven in

Hollywood, Silicon Valley, the United Kingdom, Hungary and Japan, where it received a heartening response. We have special reason to hope that Canadian companies will soon be represented in the MSC, along with our other distinguished pioneers.

12. Bell Canada are already involved in the MSC. The Chairman, Mr Lynton Wilson has accepted our invitation to serve on the distinguished International Advisory Panel set up to counsel Malaysia on the development of the MSC. And Simon Fraser University is the lead consultant recruited to help set up our Multimedia University located in the Corridor. We are also aware that Canada is at the forefront of fibre optic technology and supplied the first submarine cable from Europe to Newfoundland. A fibre optic network with the capacity to transmit 2.5 to 10 gigabit-per-minute will provide the backbone for the MSC.

13. We consider Canada as a world class IT country. The 400 multimedia companies operating here in 1995, have now increased to 600 -B serving education, information and the entertainment industries, as well as corporate needs. Your cable, telephone and computer penetration is amongst the highest in the world. Business leaders in a recent survey, ranked Canada second amongst the G-7 countries for information technology B- just below the U.S. It is no wonder that you have your own answer to California -B your Silicon Valley North.

14. Canada' s Nortel was a key player from the start in the industry=s early beginning. Today, it is among the giants in the field, with already five plants in Malaysia. We have a special interest in Nortel. It has 8,000 scientists and engineers engaged in every aspect of communications research and spends 14 percent of sales revenue on R&D -B the kind of R&D spending we want that will translate into commercial production.

15. Although your renowned expertise in ice hockey cannot be emulated in my country because of its tropical climate, we look to you for technology and the transfer of technology. Canada, I am happy to say has been generous in this respect, and I thank you for it.

16. But I must warn you that whilst continuing to rely on the transfer of technology, we are getting even more ambitious. We don' t want to be just passive recipients, but active participants -- and with the help of people like yourselves, we have set ourselves the goal of developing new technologies indigenous to Malaysia. Specifically, we are hoping to attract R&D operations. We want to be part of the global industry' s endeavour to develop intelligent multimedia solutions to manage today' s exploding range of information options. But most of all, when the world gets the next generation of hi-tech start ups -B Malaysia wants to be there.

17. There is already some foundation, a case for affinity between Malaysia and Canada that supports the idea of collaboration between us. We have a lot in common -B not least, the factor of cultural diversity. Malaysia is a Federation. Imposing a Federal structure on a number of widely divergent States

compounded by the multi-racial, multi-religious profile of our population, was not easy. You will understand this. But we succeeded to become an exponent of Federalism as a practical solution to the management of ethnic diversity. Our 'Web' is a multi-cultural one.

18. The other consideration in coming here is the strong reputation this country has for internationalism. Canadian business is also no stranger to Malaysia. Two way Canadian-Malaysian trade doubled in three years between 1993 and 1996 from just over US\$1 billion to US\$2.1 billion. In 1996, the value of Canadian exports to Malaysia totalled US\$536.5 million, while Malaysia's exports to Canada accounted for US\$1.6 billion, a balance in Malaysia's favour. Your exports to Malaysia include paper and paper key board, organic chemicals and space craft. Main imports are electrical machinery parts, machinery, rubber and rubber products, and clothing. In addition to merchandise trade, Canadian services exports are estimated at a further US\$200 million to US\$250 million per year.

19. We look forward to expanding our business links with you. In particular, we commend to you the ample business opportunities inherent in the Multimedia Super Corridor. What we are proposing is a smart partnership. It is presented not just as an exciting and innovative idea, but as a carefully conceived and sound business proposition. We have worked long and hard -- and meticulously -- for the past two years, developing the idea and deploying modern planning techniques, in which we may justly claim we have a long-established capability.

20. In physical terms, the Multimedia Super Corridor is a relatively large area 15 km by 50 km, or 9 by 30 miles. By concentrating IT and multimedia operations in one dedicated area, a very special environment can be created, better facilitated and more efficiently managed. The Corridor begins at the Kuala Lumpur City Centre, which currently houses the world's tallest twin towers. Canadian technology contributed to the sky- bridge at the 41st - 42nd levels. It runs south down to the new Kuala Lumpur International Airport, which when it opens in March next year, will be the largest in the Asia Pacific and will become a regional communications hub.

21. Two futuristic, future proof, intelligent cities -- Putrajaya and Cyberjaya -- will form the nuclei of the Corridor. Putrajaya is the country's new administrative capital; the other is a cyber city B- a Mecca for IT companies providing operational quarters for multinationals to direct their worldwide manufacturing and marketing activities in multimedia, as well as their production and marketing of multimedia products and services.

22. It is not easy to describe in a few words the wide- ranging concept of the MSC. It will be purpose built with the intent to provide a fertile base for business to focus their unique skills and resources to develop the new age communications industry. It will have to incorporate many technologies and a technologically oriented business focused setting. We hope this concentration of companies in the one place will enable a strong collaborative environment to be created that will encourage linkages. But we are not just talking buildings,

facilities and systems. The idea is to provide both the physical and the psychological space for creativity. We see the MSC as a place of enquiry and of intellectual curiosity. The concept is not new. The Cavendish Laboratory at Cambridge is just such an assembly of scientific intelligences. It has produced some of the world's greatest physicists. The MSC, being more business oriented, will be developing the practical applications of the multimedia for commerce and to meet the business and personal needs of the 21st century knowledge worker. It will be a global test bed where new technologies can be tried out.

23. Putrajaya, the new administrative centre will be a test-bed for Electronic Government -B providing companies with the opportunity to provide and validate a near-paperless bureaucracy in the conditions of a real Government environment. Social research will be included B- testing the implications for society of instant unlimited information.

24. Malaysia will provide the physical setting B- 7,000 hectares of lush green tropical forest, palm oil plantations and rolling countryside. Much of the green space will be preserved. Government will provide the incentives, groundbreaking commerce-enabling cyberlaws, business friendly policies and regulations. The private sector, it is hoped, will seize the entrepreneurial opportunity.

25. To test out this vision, we convened the first meeting of the International Advisory Panel for the MSC at Stanford University, California. Industry leaders of worldwide repute, subjected the proposal to the most stringent evaluation. We are talking of people like Jim Barksdale (Netscape), Bill Gates (Microsoft), Scott McNealy (Sun) and many others. They gave it an enthusiastic thumbs-up. This, I feel, is due mainly to the fact that in addition to its intrinsic merit, we were serious about removing the outdated obstacles that Industrial Age policies, laws, practices and attitudes had posed for them. The IAP will continue to monitor the progress of the MSC and advise on policy at the strategic level.

26. Work is already well underway at the MSC. The `hard' infrastructure is being put into place on a fast track basis. However, we see the `soft' infrastructure as the area where we probably need to innovate most. The Malaysian Government, always business friendly and accustomed to dealing with foreign investors, promises to be even more friendly to the peoples of the MSC.

- Knowledge workers who fall within the category of special guests will get in and out of the Corridor without hassle or delay;

- We will allow 100 percent ownership of companies and unrestricted employment of knowledge workers from abroad;

- Incentives are generous with up to 10 years tax holiday;

- We will not censor the Internet -- but of course, if you download, and distribute certain undesirable illegal material, pornography for example, you will be subjected to the usual laws of the country;

- Companies will find a breath of fresh air coursing through the regulatory

system. Bureaucratic procedures will be reduced to a minimum. Official requirements will be few and approvals expedited B- a hassle free 30-day turn around on work permit applications, for instance, and multiple entry visas;

- A one-stop agency system will streamline the entire process, handled by the Multimedia Development Corporation, to whom all your enquiries should be directed. This is where you obtain any official sanctions you may need;

- We have dispensed with the traditional and often cumbersome tenders in favour of `concept proposals' again simplifying the whole procedure.

27. We recognised early on the importance of intellectual property rights and the need for a special category of Cyberlaws. The Multimedia Convergence Act 1997, already on the statute book, is designed to support companies engaged in electronic commerce and to resolve some of the issues with the convergence of the communications, computing and broadcasting industries.

28. Cyberlaws already tabled in the House take the regulatory and legislative controls further than any tried before B- a brave attempt to control computer crime, illegal access, commercial espionage and theft, using methods of validating digital signatures and computer transactions, together with a host of other protections not covered by existing laws. We realise at the same time that Cyberlaws are still evolving. Amendments are sure to follow, to cater for new usages of multi media and as new technologies pose fresh problems. But there is sufficient legal framework already to raise the comfort level of would be investors and to make Malaysia a regional leader in intellectual property protection.

29. But while the system is in place, we also recognise that the pursuit of business is the pursuit of opportunity. The investment potential is wide and open ended, but we would like to draw your attention to some specific opportunities embedded in our 7 Flagship Projects B- key areas of multimedia use aimed at spearheading the development of the multimedia industry within the MSC. They are calculated to test the role of information and multimedia in real life situations, and in human society as we know it.

30. For instance, we are currently studying various proposals for one national smart card to replace the plastic tyranny of all the multiple cards we are expected to carry in ever-increasing number. This will be a single all-purpose card with which all Malaysian citizens will be issued to serve as an identity card, credit card, electronic purse and many others. Ultimately, it will be used in all electronic transactions with the Government.

31. The other flagship applications are equally innovative. Electronic Government, using multimedia technology, will be introduced in Putrajaya. Its ultimate aim is for a more efficient and cost-effective delivery of government services to the people. Another example is Telemedicine. The key elements here include remote consultation, diagnosed treatment, virtual patient records and a natural electronic medical network. This is quite uniquely suited to the needs of

our remote rural population.

32. Research and development, which is a top MSC priority, will be furthered by collaborative R & D centres and linkages between the corporate sector and the Universities. The Multimedia University is of course industry focused and will spearhead the emergence of an I.T research community and the creation of more knowledge workers. We are trying to accumulate more intellectual assets and build up our intellectual capital. The MSC will accelerate the process.

33. As you can see, in developing the main components of the MSC, we have tried to be proactive in anticipating the world of the future and the world outside Malaysia. There are many areas here in which forward-looking companies can engage.

34. At the same time, we realise that a concern of the private sector is that Government does not always understand the reality of operating a business on the ground, in terms of operating conditions and constraints. In Malaysia, we have a highly developed process of consultation with private enterprise which was built into the development of the MSC from the outset. MSC-Status Companies have direct access to me, as the Chairman of the MSC Implementation Council and International Advisory Panel, and to the Deputy Prime Minister, who heads the Founders Council.

35. If any further proof is needed of our serious intent and the good faith behind our business friendly philosophy, it will be found in our ten-point Multimedia Bill of Guarantees. The Government of Malaysia formally commits to all companies receiving MSC status, the following:-

- 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. All that remains is a forward look. Phase Two of the MSC project will see the Corridor linked to other cities in Malaysia and around the world. By then, we expect in excess of 250 companies within the MSC. By 2020, the entire country will be a Multimedia Super Corridor with a total of at least 12 intelligent cities linked to the global information super highway and thus becoming a global link to all the other smart cities on this planet Earth. MSC participants will have risen to 500 world class enterprises.

37. It will even have a Cyber Court of Justice. And in terms of social concern, we hope that in addition to it being a test bed for new technologies it will help to develop and influence the new culture of global information, grappling as we must with the conflict between control and licence and offsetting the adverse social effects of a massive unremitting onslaught of instant, uncensored information.

38. There is nothing new B- no technological breakthrough in what we offer B- but we believe that this initiative is organised on a scale and is of a comprehensiveness hitherto unrivalled. When we invite you to participate, it is first as a matter of collective self-interest. Quite simply, we think it is a good deal for all, for you and for us.

39. We therefore invite you, Ladies and Gentlemen, to be with us as we seek to catch the dawn of the 21st Century.