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The Prime Minister

EVENT: At The Gathering Of Japanese Business Leaders On Multimedia Super Corridor (MSC)

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I would like to thank the organiser, NTT for hosting this prestigious gathering of business leaders.

2. As we approach the 21st century, the world is experiencing changes it has never experienced before, especially in the economic and technological spheres. In the old economy, national borders defined the location for raw materials, energy sources, transportation infrastructures and markets. In the new economy, distance and borders are slowly disappearing. Because of new communication technology, what is becoming more important are the footprints of satellites, areas reached by radio signals and the electronic media, unlimited information and news. Old tastes, social norms, values and even political inclinations are being transformed by the access to information. These linkages in the international economy has opened up and has resulted in truly transnational cooperation making the European Community (EC), North America Free Trade Agreement (NAFTA) and Asia-Pacific Economic Cooperation (APEC) more real than ever before. Manufactured products are no longer just made in a single country, It may be designed in Japan, with components supplied from Taiwan, assembled in Malaysia and finally packaged in Thailand for the world market.

3. The Asia-Pacific region is very much a part of this new economic scenario. As the world economy looks for more profitable locations to manufacture and produce, the old unskilled labour-intensive and resource-intensive sweat-shops of the Asia Pacific are transforming into skilled and capital-intensive industrial economies. The newly-industrialised countries of the Asia-Pacific region are consistently registering positive growth rates. The 1995 World Competitiveness Report records that the GDP of the Asia-Pacific Region excluding China is already 80 percent, that of NAFTA and has surpassed the European Community by 20 percent. The World Development Report estimates that the size of the economy of the Asia side of the Pacific region will overtake that of United States. Because of their strategic position and relatively younger industrial economies, the so-called Asian tigers will be enjoying a much stronger economic growth of 7 to 10 percent annually as compared to those of other countries in the Pacific region.

4. Malaysia is a leading member of the ASEAN countries in terms of economic growth. Guided by Malaysia's Vision 2020, all sectors of industry in Malaysia are undergoing rapid growth. The manufacturing industry grew at 15 percent in 1995, while the services industry grew at 9 percent. Now Malaysia has launched a new strategy and programme to switch to high-tech capital intensive industries with special focus on information and telecommunication-based industries, which include a very ambitious plan for what we call a Multimedia Super Corridor.

5. The Multimedia Super Corridor is located in an area south of the capital of Malaysia, Kuala Lumpur. It encompasses two mega-projects that are already under construction and one mega project under implementation, namely the Kuala Lumpur City Centre Complex, Putrajaya, new administrative capital of Malaysia and the new Kuala Lumpur International Airport. The Kuala Lumpur City Centre is graced by the tallest towers in the world, which at 450 meters each, stand taller than the Sears tower in the USA. It is being designed as a self-contained integrated multiple towered city-within-a-city. It will have the latest in telecommunications infrastructure and will be built as an intelligent building complex surrounded by beautifully landscaped parklands. The new Kuala Lumpur International Airport will be a very green airport in the forest because it will be lavishly dotted with trees, flowering plants and shrubs. It will be in operation before the Commonwealth Games in 1998. For a start there will be 80 gates and 2 parallel runways. Putrajaya is Malaysia's new electronic government administrative centre and will be developed as a garden city with 'intelligent' features. It will provide a balanced urban environment for 250,000 people served by state-of-art communications and transportation systems. These three mega projects will form the nucleus for the Multimedia Super Corridor.

6. In between these three centres there will be ample land to be developed specially for the multimedia industry, both, hardware and software as well as locations for headquarters for design and direction of multinational industries utilising the communication network which will be put in place. Already well-known Telegraph and Telephone companies are planning to locate their headquarters for the international operations in the Multimedia Super Corridor.

7. The Multimedia Super Corridor will be built fresh from the ground. Your input into the design stage and therefore your participation are welcomed. It will house knowledge-intensive and information-intensive industries, the kind of industries that will propel the Asia-Pacific region into the information age. Future high-growth multimedia industries such as remote manufacturing and operations processing, semiconductor development, distance learning, telemedicine, integrated computing and communications solutions can be located in the MSC and can act as a multicultural production and coordinating centre.

8. By leveraging on the current three mega projects that are being implemented, the MSC will have access to one of the world's most modern airports with every likelihood of becoming an important Southeast Asia (SEA) hub. The MSC will be in close contact with the most modern paperless government, thereby facilitating financial and investment activities. The MSC will be close to homes of the knowledge workers, creating very comfortable working conditions. With all this advanced infrastructure and the help of information technology and multimedia, the MSC can enhance your organisation's productivity and reach to the fastest growing economies of East Asia and indeed the world.

9. Malaysia has many other strengths that will place the MSC as a leading multimedia catalyst centre.

10. Malaysia still has a cost advantage as compared to other NIEs in the region. Malaysia has a growing pool of skilled engineers who can cooperate with foreign investors in developing local and regional multimedia content.

Malaysia has cultural links with all the major .1.in the Asia Pacific region. The population of Malaysia also speaks Malay, Indonesian, different dialects of Chinese such as Mandarin and Cantonese and different dialects of the Indo-Pak continent. Most speak English fluently while workers have a working knowledge of the language. So Malaysia can service both East and West from the Multimedia Super Corridor. As an example, the MSC can serve as a multimedia hub that will be able to sell multimedia products designed and produced in the Asia Pacific region on the Western hemisphere. This is possible by using the multicultural resources in the MSC to translate the various languages of the Asia Pacific region into English.

11. The Malayelan legal and governmental system is based on those of the United Kingdom. Additionally, Malaysia has the political will to change any existing laws that may impede the speed and accessibility of the new information age, The advent of multimedia brings with it demands for rethinking and revision in the traditional laws governing communication. The need for using electronic signatures, the admissibility of electronic documents in court, intellectual property laws will have to be changed to accommodate the new multimedia environment. The stability of the Malaysian political scene will ensure that legal and other changes will not be bogged down by excessive politicking. Malaysia's history since independence has shown consistency and predictability so that long-term investments and gestations will not be threatened by the twist and turtle of volatile local politics.

12. Our commitment to the development of information technology and multimedia in the country is proven with the creation of the National Information Technology Council (NITC) in 1994. This Council comprises representatives from both public and private sectors. It formulates strategies for the utilisation and development of IT including the MSC. One of the NITC' s recommendations is the setting up of the Multimedia Development Corporation (MDC) which will be responsible for the operation of the MSC once it is established. The MDC has been approved by the Malaysian Cabinet with an initial, budget of RM30 Million. The role of the MDC will be to serve the clients located in the MSC and to provide for them effective solutions. We are looking into the possibility of the MDC having offices throughout the world to market the MSC and to provide a single point of contact for industries interested in investing and relocating within the MSC.

13. In addition to the MeC, the NITC is already forming an international advisory panel to provide expert advice and help guide Malaysia to ready itself with all the necessary infrastructure. This panel will consist of international players in the field of entertainment, news, multimedia, information technology, and other critical areas. This panel of international experts is being invited to Malaysia to participate in the first Multimedia Asia '96 Exhibition to be held in Kuala Lumpur on the 1st of August. Multimedia Asia '96 will be, with apologies to our neighbours, Asia's premier multimedia exposition and conference. The focus of this major event will be to showcase the MSC to the entire world. You are all most welcome to participate in this exposition.

14. As part of the programme to attract foreign investors to relocate within the MSC, the Malaysian Government is looking into preparing a packet of incentives aimed specifically at the MSC. This packet of incentives will include tax exemptions for five to ten years and other incentives. On top

of this normal set of incentives, because of the nature of multimedia, the Government is looking into a set of guarantees to ensure that foreign investors will be able to maximise their investment in the MSC. This 'bill' of guarantees can include a provision to ensure the availability of world-class physical and information infrastructure so that all the required capabilities and supporting services will be available to investors. The government is looking into providing access to sufficient human resources with the required skills by expanding educational training programmes to teach multimedia and IT skills. Unrestricted access can be provided to foreign expertise and knowledge workers located in the MSC by expediting immigration, procedures and removing stumbling blocks. Employment restrictions in the MSC can be relaxed to enable investors to hire and fire without regard to ethnicity, race and religion. The Malaysian Government will enforce laws that will protect intellectual property in order to encourage creativity and more investment. All these incentives are geared towards making the MSC physically, environmentally and culturally the most attractive place to work as far as multimedia is concerned.

15. I believe this MSC is a one-time opportunity for Japanese industry to get ahead of world competition. The window of opportunity for this project is closing up very rapidly. As we speak, other organisations in the United States and Europe are already planning their multimedia parks and intelligent cities. Malaysia can spearhead this effort in the Asia Pacific region and offer to Japanese industry a chance to extend its enterprises while enhancing profitability and productivity. I therefore would like to invite all of you to look into this opportunity to expand your organisations access to the entire world through the Multimedia Super Corridor in Malaysia.

I thank you for your attention.

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