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The Prime Minister

EVENT: The Opening Of Multimedia Asia On Multimedia Super Corridor (MSC)

VENUE: Putra World Trade Centre, Kuala Lumpur

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I would like to welcome you all to Multimedia Asia -- both those who are physically present here in Kuala Lumpur but also those who are with us through the magic of the Internet. I am delighted to have this opportunity to use this new medium for a live broadcast which will later be available on the MSC homepage for reference.

2. Our goal for this conference is to launch the Multimedia Super Corridor (MSC) and explain to the world all that we are doing to make it a reality. I hope you will all leave here with a full understanding of what we truly believe is a world-first the careful creation of a region with an environment especially crafted to meet the needs of leading edge companies seeking to reap the rewards of the Information Age in Asia.

3. No other country is even considering anything similar. I see the MSC as a global facilitator of the Information Age, a carefully constructed mechanism to enable mutual enrichment of companies and countries using leading technologies and the borderless world. Other plans may sound similar because they all use "IT, Cyber, or Multimedia" to market one or another development. But we are not adding new facilities to existing ones; we are building and installing the latest on a huge 15 km x 50 km greenfield site. We are not just upgrading.

4. We are talking here about something much more far-reaching. We are talking about changing the way we live and work within the MSC. This special area will be a global 'test-bed' for the new roles of Government, new cyber laws and guarantees, collaborations between Government and companies, companies and companies, new broadcasting and new types of entertainment, education, delivery of healthcare, and applications of new technologies. We are taking a single-minded approach to developing the country using the new tools offered by the Information Age. The MSC will be the R&D centre for the information based industries, to develop new codes of ethics in a shrunken world when everyone is a neighbour to everyone else, where we have to live with each other without unnecessary tension and conflicts.

5. Malaysia had industrialised so rapidly that where once commodities made up 100 percent of our exports, today manufactured goods constitute 78 percent of our exports valued at US\$75 billion. Yet we are not a developed country. To become a developed country according to our Vision 2020 we cannot continue with conventional manufacturing industries. We have to move into the Information Industry. We need to tap the talents of the whole world in order to do this. As in the past those who respond to our invitation to invest in Malaysia will reap a rich return.

6. As usual in Malaysia we move very fast. In the information age and instant communication, there would be people working at any time in 24 hours who will want to be serviced. Malaysia takes this fact seriously. Not only do we work 24 hours a day to construct and manufacture, but we expect to provide information service 24 hours a day through our MSC. Consequently we have already readied a blue print for the massive 750 sq. km. site. We have almost completed the Kuala Lumpur International Airport and the Kuala Lumpur City Centre at both ends of the corridor, started work on the new wired high tech intelligent administrative capital to be served by dedicated road and rail linkages. New cyber laws are being formulated and a Bill of Guarantee is being worked out to ensure hassle-free operation by foreign and local companies operating out of the MSC.

7. The MSC is both a physical area and a new paradigm for creating value in the Information Age. Physically, the MSC will be a 15 x 50 km square area spreading south of Kuala Lumpur. It begins with the Kuala Lumpur City Centre in the North and runs to Kuala Lumpur International Airport at Sepang in the South. It is bounded by the North-South Highway in the East and the new Coastal Link Highway in the West. The MSC includes two other mega-projects in its centre -- Putra Jaya, the new administrative capital, and an IT City, a development of smart buildings with the latest information infrastructure that is being tailored to meet both the living and business needs of the knowledge worker. Most of these projects are underway and each is exciting in its own right:

KLCC is the Northern gateway to the MSC and is graced by the tallest towers in the world. They already dominate our skyline at 450 metres each and constitute a city within a city.

KLIA will be ready before the Commonwealth Games in 1998 and will have initially 80 gates with two parallel runways. It will be an airport in the forest to ensure it is an appropriate international gateway to the environmentally beautiful MSC. KLIA will also become an integrated logistic hub with the latest in IT to facilitate movements of people and goods.

Putra Jaya is Malaysia's new electronic government administrative centre and will also be developed as an 'intelligent' garden city. It will provide a balanced urban environment for 250,000 people served by state of the art communications and transportation systems.

IT City will be located in West Putrajaya and provide top quality business facilities, residential housing, leisure and recreation, facilities, and state of the art supporting infrastructure. It will support a working population of approximately 150,000 and a living population of over 100,000.

8. In between these megaprojects, there will be ample land to be developed especially for the multimedia industry and other companies using leading edge information infrastructure to provide products and services to their clients. The entire area will be served by a 2.5-10GB, 100 percent digital fiberoptic network that will directly link the MSC with ASEAN, Japan, U.S. and Europe. There will also be high speed road and rail links. Its location between the airport and KL puts the MSC in the most convenient location for industrial IT innovators and knowledge workers.

9. That describes the physical aspect of the MSC, but we are talking about creating something much greater. The best way to fully describe the MSC is to provide a vision of what it will hopefully become by the year 2020.

10. As we 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 Information Age. Borders are disappearing due to ease of global communications, capital flows, the movements of goods and people and location of operational headquarters. 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.

11. In short, 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. I believe neighbours prosper more when they help each other than when they are selfish or envious. Sometimes neighbours need new ideas and tools to help them move beyond petty conflicts of the past. These may be frightening at first -- because they require fundamental attitudinal changes but once accepted, people will forget their petty jealousies simply because they are racially or nationally different. If we can imagine how our grandparents felt about the freedom of movement when automobiles were first introduced, we can appreciate the sense of freedom which the Internet for example make possible in the Information Age. Many of us are of course still afraid to go for a test drive.

12. I hope the MSC will change this in Malaysia. The MSC is the first place in the world to bring together all of the elements needed to create the kind of environment to engender this mutual enrichment. I see the MSC in 2020 as 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. I fully expect that this 'web' will extend beyond Malaysia's borders and out across Malaysia's multicultural links to our neighbours. Component manufacturing can then be done in China, on machines programmed from Japan, with software written in India, and financing coming from the Labuan IOFC. The product may be assembled in Penang and shipped to global customers direct from, our new airport at Sepang.

13. Malaysian companies are already working with world-class international companies and technology transfer is taking place because each company will really be adding value to the product. Moreover, companies and neighbouring countries are benefiting as well because parts of the product are produced in other locations. The consumer benefits most of all because they get a top quality product at the best possible price. In short, all parties touched by this 'web' will benefit and are enriched through their contribution to it.

14. By 2020, I see the MSC having hundreds of large and small companies working collaboratively with one another and with partners across Asia. 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. I hope the MSC will be far more than a business development by 2020. I see a global community living at the leading edge of the Information Society. Their smart homes will be connected to a network through which they can shop, receive information, be entertained, interact with one another, and educate themselves. Of course when they grow tired of all these new fangled things they can enjoy the pristine environment which we have preserved in Malaysia.

15. By 2000, I expect to see seven specific applications being developed in the MSC by 'webs' of international and Malaysian companies:

First, Malaysia will be a pioneer in electronic government. This will be a multimedia-networked paperless administration linking Putra Jaya to government centres around the country to facilitate inter-governmental collaboration and citizen access to government services.

Second, Malaysia will be a regional centre for telemedicine. With our Chinese, Ayurvedic, and Western medical knowledge, we are a natural hub. Rural clinics can be connected to medical experts from Malaysia and to the great clinics worldwide using new tele-instruments for remote diagnosis. The doctor no longer has to be in the same room as the patient. Key information can be gathered using new instruments such as 'electronic stethoscopes' operated by nurses or technicians. This can be viewed and compared with other patients by the world's best doctors and of course data on millions of patients already in the world's computers.

Third, I hope the MSC will become a collaborative cluster of universities and corporate R & D centres, using distance learning to produce world-class graduates and next-generation innovations.

Fourth, I hope the MSC will be a remote manufacturing coordination, and engineering support hub that electronically enables companies in high cost countries to access plants across Malaysia and Asia as a virtual extension of their domestic operations.

Fifth, the MSC should become a multimedia customer service hub leveraging Malaysia's unique multicultural links to provide electronic publishing, content localisation, telemarketing and remote customer care to a market of 2.5 billion people. For example, a Japanese company's catalogue can be translated into Chinese or Tamil or Hindi by a company that takes orders through a system that automatically localises the sizes and the currencies.

Sixth, the MSC will be an environmentally beautiful and highly convenient financial haven with direct multimedia links to the Labuan International Offshore Financial Centre and the world's financial centres. This will enable 'reverse investment' outward from Malaysia and will benefit our neighbours.

Finally, Malaysia will have the world's first national multipurpose smart card. One card will have the individual's ID and electronic signature and access to government, banking, credit, telephone, transport and club services. Of course, security will be critical but the technology enables all of these services to be on one secure platform. Imagine the convenience as we are freed from having to carry

a huge pack of plastic cards and selecting one every time we need to use a card.

16. In short, I see the MSC as the leading edge of a new national strategy for Malaysia to achieve the goals described in our country's Vision 2020. I fully expect to see a few world-class Malaysian 'companies' emerge from the MSC. It will accelerate the development of a strong services sector to balance our already strong manufacturing sector while helping to improve the productivity and quality of living in the nation. Equally important, the MSC will provide a platform to tie us together and celebrate our culture while helping to educate us in new and different ways. It will allow us to bring together our multicultural knowledge and relationships to mutually enrich our partners, neighbours and ourselves.

17. What I have just described has probably never been attempted anywhere else in the world. You may be thinking, "Why Malaysia?"

18. First, Malaysia's physical location at the center of ASEAN and its multicultural links with the biggest Asian markets is unique. We have language skills and cultural knowledge that can be very helpful. Most people speak English as well as one or more languages such as different Chinese or Indian dialects, or Malay. With the new airport and communications infrastructure being built, Malaysia will be a highly efficient and effective hub for the region.

19. Second, Malaysia still has a cost advantage as compared to other NIEs 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 any existing laws or policies that impede the ability of companies to capitalise on the benefits afforded by the Information Age. We will not be bogged down by excessive politicking in Malaysia.

20. Finally, we are highly committed to making the MSC a success and we have a track record of meeting our commitments. We are a pragmatic Government which has consistently proven our critics wrong even when we adopt unconventional policies and strategies. Malaysia's history, since independence has shown consistency and predictability so that long term investment will not be threatened by the twists and turns of volatile local politics. The Malaysian government sees multimedia as the strategic sector to achieve vision 2020, i.e. the attainment of developed country status through productivity-led growth, and the MSC is at the leading edge of this key sector. We are actively talking to companies to understand their needs, and creating advisory panels to ensure we in government fully understand all that is required to provide the perfect regulatory, administrative, and social environment within the MSC.

21. We have been very busy over the last several months to understand your needs and respond to them by making the required changes in the MSC. We conducted a comprehensive study last year and a follow-up study this year and identified several key factors for success. These are access to sufficiently skilled human resources and flexibility in hiring; access to world-class telecoms and information infrastructure; liberalised financial environment with no local content/ownership/partnership requirements; quality of life as good as home countries with every convenience and ease

of doing business.

22. To address these, we are undertaking several major initiatives.

First, the Prime Minister's Office will be setting an example for the rest of the country. It will be paperless by 1998 when the office moves to Putra Jaya. Ministries will need to interact with the Prime Minister's Department electronically which I hope will encourage them to make themselves paperless.

23. Second, all schools within the MSC will be connected to the Internet by 1998 and the rest of the country will follow. The Education Ministry is leading several initiatives to increase the role of multimedia in education. We plan to dramatically increase the number of engineers graduating every year. Teachers will need to change their role in the electronic classroom from being information providers to counsellors in order to help the students know how to select information sources, to make judgements about what they are downloading. In short, high tech requires high touch because the key to success in the Information Age will be making the right judgements between an awesome array of choices. We are examining our education system to create a curriculum where people learn how to learn so they can continue their education throughout the rest of their lives. The measure of our success in 2020 will be the number and quality of our people who can add value to information. To that end, we will be creating a Multimedia University and technology schools within the MSC.

24. Third, while these long-term solutions are important, we also need to close the gap immediately if the MSC is to succeed. This will require us to undertake an experiment and allow MSC companies the unrestricted import of knowledge workers for the next ten years. In addition, there will be no employment restrictions on MSC companies and there will be no restrictions on foreign ownership within the MSC.

25. These commitments, along with several others, will be part of a Multimedia Bill of Guarantees for MSC companies-;

1. Multimedia/IT is the priority sector for achieving Vision 2020 and the MSC will be home to Malaysia's leading edge multimedia development.
2. The MSC will have the best environment in Asia by creating MSC specific laws, policies and practices.
3. The MSC will have a world-class physical and information infrastructure.
4. MSC companies will have access to a workforce of sufficient size and skills.
5. The MSC, will become a regional center of excellence in multimedia education, research and leading edge applications.
6. There will be no employment or ownership restrictions for MSC companies.
7. The MSC will become a leader in multimedia regulations; 'cyber-laws' for using IT to deliver value in new ways (e.g.

telemedicine, distance learning, electronic signature), and intellectual property protection will be legislated.

8. The MSC will offer the best, tailored incentives and financial/venture capital environment.

9. Key MSC infrastructure contracts will be tendered to companies willing to use the MSC as their regional hub.

10. The Multimedia Development Corporation will be empowered to act as a 'one-stop shop' to ensure the MSC meets company needs.

26. The incentives uhaul will be made available to MSC companies are still being detailed but will include the following for companies committing to the MSC within the next year.

- Corporate tax exemption for S10 years depending on proposed applications to be performed within the MSC
- Infrastructure contracts will be awarded on a preferential basis to MSC companies
- Opportunity to sit on advisory panel to provide direct input to the Prime Minister or the Deputy Prime Minister on the environment provided within the MSC.

27. We have invited multimedia experts and CEOs from foreign countries to sit on the Distinguished International Advisory Panel. The Panel will be chaired by me and provide advice on a continuing basis about the quality of the overall MSC environment. I look to the members of this panel as partners in ensuring the success of the MSC.

28. In addition, the cabinet has set up the Multimedia Development Corporation with the mission to ensure MSC companies have the world's best environment for harnessing multimedia services. It has a mandate to be the 'one-stop shop' to manage and market the Multimedia Super-Corridor. The MDC will, have governmental powers but will be run like a private corporation that serves MSC companies as its clients. The Government has approved the appointment of Tan Sri Dr. Othman Yeop Abdullah as the Chairman of MDC.

29. The Multimedia Development Corporation will be taking applications for companies seeking MSC designation. This entitles the company to the incentives and Multimedia Bill of Guarantees described above. You can electronically file the application through the MSC homepage.

30. We hope you will become our partners in this exciting endeavour. The Multimedia Super-Corridor cannot succeed alone. Its power comes from harnessing the energy, capabilities and vision of many leading edge companies who are prepared to collaborate in a new environment. By bringing these pioneering companies together with Malaysian and Asian companies, we believe we can spin a web that will mutually enrich all those participating or coming into contact with it. At the same time, it will serve as a better interlink for the global village and give the world a place where the full potential of the Information Age can be explored without any artificial limits.

Thank you.