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(PRIME MINISTER)

EVENT: THE INTERNATIONAL CONSTRUCTION WEEK

VENUE: THE MALAYSIAN INTERNATIONAL EXHIBITION AND SHOWROOM (MINES),
SERI KEMBANGAN, SELANGOR DARUL EHSAN

DATE: 01 SEP 1999

TIME:

Firstly, let me welcome all of you to this auspicious event held in this auspicious setting. To our foreign participants -- welcome to Malaysia.

2. This year's International Construction Week is organised following the successful National Construction Week held in 1998 but with a difference. This time around the call is directed towards international participation and audience; a testimony to the globalised nature of the construction industry today. What was at one time assumed to be within the confines of each nation's sovereignty has now extended beyond physical borders into the realm of the global public domain. And much of it can be attributed to the power of IT, bringing with it not only new opportunities but also new challenges.

3. The construction industry was one of the sectors of the economy that was hardest hit during the economic downturn. But then again this is not something new or peculiar to Malaysia. Time and again, as nations go through their economic cycles, the construction industry will be one of the first to feel the brunt of the economic slowdown and among the last to benefit from the effects of an economic recovery. After all, the construction industry is acknowledged to be one of the barometers of the economic health of any nation.

4. The Malaysian economy is undoubtedly recovering, with one percent positive growth in gross domestic product within our reach this year. The signs are there for all those who care to see. But the construction industry must not be triumphant just yet. Improvement in this important sector will, at most, be in the form of reduction in negative growth. As the economy recovers, the construction industry will have to wait for its turn to move out of the doldrums. This is to be expected as the construction industry depends to a large extent on derived demand and is dependant upon the economic inertia created by the other downstream sectors such as banking and manufacturing which it, in turn, supports the resource-based

industries upstream.

5. As a result of the economic downturn, out of prudence, we unfortunately had to delay a number of large projects which could have brought much benefit to the nation. This included the linear city, the Bakun hydroelectric project, the Monorail and a number of airports and highways, some of which are now beginning to take off again. Projects which were on track and implemented fast, such as the Kuala Lumpur International Airport, and the Light Rail Transit escaped the economic hiccup, and, were successfully implemented. Projects such as these are now providing positive returns since they can now be put to productive use. Projects that were not started did not strain the Government coffers as no fund were needed to finance them. The only projects that created strains on the economy were those that were started but could not be completed to reap the benefits. It is because of this that the Government had to find ways and means to complete as much development projects as possible so that such projects would be able to generate positive income streams and not remain as projects that can neither be used nor abandoned and perpetually generating financial drains on the economy. The Government is aware that the earlier these projects are completed the lesser the financial burden and the faster the return. In this context the construction industry players have a major role to play. By being able to complete a project in the shortest time possible and at the lowest cost, the construction industry can go a long way towards providing the impetus necessary to put the economic infrastructure back in place and thus contribute directly towards expediting economic recovery.

6. Just like the nation's economy, the construction industry growth is cyclical and has a return period of roughly ten years. The last phase was sustained through a period of almost twelve years. Problems in construction exist during times of economic prosperity as well as times of economic difficulty. The former brings with it the problems associated with quality whereas the latter lands the nations with the problems of excess capacity. During times of economic difficulty the opportunity lies outside the borders of the country. In this context the construction industry must learn from the experience of the larger multinational construction corporations and seek means to establish smart alliances with them. However, for a meaningful and sustainable alliance to exist the partners must have comparative advantages that can benefit from the synergy arising out of the alliance. And some of the comparative advantages have been acquired through experience in handling some of the

large and sophisticated projects promoted by the Government. The time is ripe for Malaysians to put into practice all of their experience and knowledge gained in undertaking these Government projects to secure foreign ventures.

7. When the Government decided to proceed with the so-called mega projects there were more than one dimension of tangible and intangible benefits to be realised. There is no denial that large projects, by virtue of their size alone will bring attention to this nation, the first step towards telling the world of our existence. However, of greater importance and more tacitly, is the investment in knowledge that such projects bring forth. The Great Wall of China for instance, gravitated attention to China, but what really made it great was the engineering feat of the project. The Empire State Building, the San Francisco Bridge, the Chunnel (channel-tunnel) linking France to Britain are all great projects, not so much by virtue of their magnitude or mega-sizes, but more so by the engineering challenge they involved and the knowledge capital that was invested that forms the critical factor of success. It is on this very score that multinational construction conglomerates are winning tenders for projects the world over.

8. When Japan started their own industrial revolution it spent much time and money on reverse engineering. What others chided as attempts at copying turned out to be a means of knowledge acquisition. By investing in knowledge and developing it, Japan is what it is now. In construction, reverse engineering is quite impossible. An alternative approach to knowledge development is to provoke the builders' minds with difficult and intellectually challenging assignments. Through association with others more experience in this field, knowledge can be acquired. The numerous large projects have managed to provide the setting for this intellectual build-up.

9. Highways are infrastructures essential for economic efficiency. Malaysia, for example, has vast experience in the construction of highway projects. These include the North-South Highway, the East-West Highway linking Kelantan to Kedah, and the Kuala Lumpur-Karak Highway. Foreign companies partnered Malaysian companies, and in so doing technology was transferred and Malaysians learned from those knowledgeable and experienced in this field. Nowadays we see Malaysian companies undertaking highway projects in India, Bosnia, and the Philippines. This was made possible because we dared to invest in knowledge earlier.

10. The Kuala Lumpur International Airport (KLIA) is another example of Malaysia's investment in knowledge. The KLIA not only posed a technology challenge to the construction community but a more ominous challenge came from the field of project management -- the ability to manage such a huge project subjected to a multitude of constraints. This was the real achievement of the project, the provision of world class project management service that successfully achieved its target within the constraints of time, money, labour and quality.

11. On the other hand the knowledge value of another project, the Putrajaya, lies in the ability to harmonise modern built environment with mother nature. There cannot be many who can proudly claim to have been given the opportunity and successfully build a world class city in the centre of an artificial wetland. This jewel of knowledge and experience will be a crucial asset in the environmentally sensitive global development of the next millenium.

12. The technological challenge does not end at the construction project only. Whilst attempting to harmonise the static of the built environment with the dynamic of the natural environment, modern infrastructure facilities need to be further embedded and supported by highly technological operating systems to enhance its value. The KLIA, for example, is backed by the Total Airport Management Systems for efficient airport management. Modern tolled highways can do with less human intervention and delegate menial works to expert systems, a move which is likely to reduce or even eliminate the cost of providing suitable and conducive environment to human operators with its ensuing human problems. The construction of Kuala Lumpur City Centre, the tallest building in the world and another classic example of an engineering feat, needs the support of an efficient and safe vertical transportation system. A building of that height would surely pose a challenge to the technologies of fire fighting, security and maintenance. These are problems that come uniquely with such a unique structure. But problems are opportunities to the innovative. And the ability to surmount such problems technologically opens a rare opportunity towards technological sophistication. It is this technological sophistication that will provide the competitive advantage in the global market.

13. The construction industry is inevitably a knowledge-driven industry. From inception through retirement or reuse, information forms a core part of its tools for the purpose of decision making; and knowledge is its underlying energy for the attainment

of competitiveness and the enhancement of value. If, at one time, construction was the domain of architects, engineers and town planners, nowadays a host of other new knowledge areas and specialisation have developed. Intelligent buildings and intelligent cities need a whole lot of new expertise to be integrated into construction. That this should be so is not at all surprising as knowledge about human needs and human-environmental interaction develops. After all, in the final analysis, there can be no other rationale for a built environment if not to serve the human race.

14. One area that has substantial impact on the life cycle cost of development projects is their operations and maintenance. Malaysians need to upgrade knowledge in this area as the culture of maintenance is quite new to us. With the coming of bigger and more sophisticated projects, and more in the pipeline, knowledge and the ensuing technology in these areas must be developed. Indigenous technology of this nature has far higher market potential in the global market.

15. On the one hand there are those who accused the Government of being extravagant with development projects. These are people who measure value by merely focusing on tangible benefits. But knowledge has an intangible value, yet is as real and this value surpasses most tangible economic value.

16. The Malaysian Government has done its part by setting the stage for the development of knowledge in the construction industry. It is now up to the construction industry players to seize the opportunities available, to prise open overseas markets and to develop global competitive advantage. The development of IT in construction, one of the highlights of this International Construction Week, will make it especially relevant.

17. To the industry players, your success will be testimony to the prudence and validity of the earlier Government policy to embark on sophisticated projects in order to develop the knowledge capital of the construction industry in anticipation of a larger and more challenging global role.

18. The International Construction Week, organised by Construction Industry Development Board (CIDB) in conjunction with Reeds Exhibition Sdn. Bhd, is the most appropriate forum to put together some of the best minds in the world to bring about a paradigm shift in the construction industry. As the world migrate towards being a knowledge society in the Age of Information, the construction industry the world over must reengineer itself to make it relevant to the

current business practices, technological developments and clients' needs.

19. Special mention must be given to CIDB's effort at increasing the skills and knowledge of the youth who were unable to pursue their academic ambitions in the institutions of higher learning. By providing skills and knowledge courses through the Malaysian Construction Academy, CIDB has managed to offer alternative career paths for our youths including those from the 'orang asli' community. Of particular importance are the skills standards developed by CIDB that form the basis for accreditation of these skills. These skills standards are at par with the best in the world and shall be made the accreditation criteria for those local, and foreign workers, who intend to be part of the construction work force. Skill standards that harmonise with those from other more developed nations will not only enhance the skill and knowledge content of the Malaysian workers but will, more importantly, enhance the mobility of the Malaysian workers, and thus, provide them with an ever larger market. This is surely a commendable effort as such programmes will go a long way in providing the skills and knowledge base of the community. It is only through elevating the quality of the Malaysian construction industry through investment in knowledge and skills of the human capital that the industry can achieve excellence and be a global power.

20. Once again I would like to congratulate CIDB for their foresight, initiative and untiring efforts to rejuvenate the construction industry and to develop the construction industry to be at par with the best in the world. The future of construction promises to be both challenging and exciting. Let us turn the experience of the past to be the strength of tomorrow. That first step to the future begins now. On this note, I have the pleasure to declare the International Construction Week open.