

# Industrial Development

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distribution and logistics and marketing. The cluster based approach is expected to provide a more cohesive and integrated framework for industrial development which will involve the concomitant growth of the manufacturing and services sectors.

Malaysia is expected to enter a new phase of industrialisation under the Second IMP. Under this Plan, 8 industry groups, namely electrical and electronics, textiles and apparels, chemical industry, resource-based, agro-based and food industry, material industry and machinery industry have been identified to be developed into competitive clusters. Among the clusters identified to be developed include electrical and electronics, petrochemicals, pharmaceuticals, automotive, aerospace, polymers, composites, metals, ceramics, machinery and equipment. The IMP2 will be implemented as a rolling plan over the next 10

years with the active participation of the private sector in order to ensure effective implementation of the Plan.

The share of the manufacturing sector to the GDP is expected to reach 37.5% by the year 2000 and 38.4% by the year 2005. During the first half of the IMP2 (1996-2000), the manufacturing sector is expected to grow at 10.7% per annum, but this growth is expected to decelerate to 8.3% per annum in the second half of the IMP2 (2001-2006). It is expected that out of the total 10 million new jobs created during the IMP2 period, the manufacturing sector is expected to account for 2.8 million.

The industrialisation drive into the next millennium will continue to be private sector and market driven. The private sector is expected to be the main engine of growth with the government acting as a catalyst in realising the industrial goals of the nation for the twenty-first century.

# The New Multimedia corridors

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Corridors for the information superhighway, such as electronic publishers, Internet service providers, software designers, film and television production units, telemedicine and tele-education companies with the offer of substantial tax breaks and other incentives, the prime minister hopes foreign businesses will play a major role in turning the country into a regional information technology hub.

## Telekom Malaysia's Role

A key factor in the success of the project will be the construction of a telecommunication infrastructure backbone by Telekom Malaysia, the PTT

in which the government retains a 68% stake.

Although the telecoms market in Malaysia is being deregulated, the PTT remains the dominant telco. This is likely to remain the case given the unique role in the MSC project has been handed by the government.

The telco has the responsibility for creating the infrastructure within the corridor as well as connecting the backbone to the national and international gateways.

"We at Telekom Malaysia are providing the IT backbone up to the customer access network," explains a business manager. "Other telcos offering service must use our backbone bandwidth. We are the sole provider

for the backbone. To ensure that resources are not duplicated and because the pay-back period will be a long time.

"Our aim is to begin full service from September 1998, when the prime minister moves to Putrajaya." And as if to emphasise Mahathir's personal role, the spokesperson adds: "Whatever the PM needs there, we will follow suit."

"We are spending M\$5 billion between now and 2005 on this project, at no cost to the government. We will offer operator and own it. We will offer broad-band services at speeds of up to 2.5 gigabits, serving the MSC's newly relocated companies and the new government offices being located in it."

Curiously, it seems that the government has declined to regulate the interconnect agreements between Telekom Malaysia and its new rival operators, which include Binariang, TRI and Mutiara. "There is a mutual understanding between us all. The telecoms ministry will oversee it but they prefer us to coordinate it among ourselves," says a Telekom Malaysia source.

## A Major Opportunity for Alcatel

Early beneficiaries of the backbone infrastructure work are likely to include the French telecoms manufacturer Alcatel. Global Telecoms Business has learnt that Alcatel won a tender, in early April, to supply ATM switching for the backbone after a competitive pitch against four other manufacturers: NEC, Ericsson, Nokia and Fujitsu. The contract is likely to be worth around M\$30 million.

"We put the tender out to our five existing switching vendors. Alcatel was the closest fit to our tender requirement. We are impressed by its progress in Europe and even in the US, where they have a proven track record," said the source. "The MSC must have a broadband network. We are looking at delivering IP [Internet Protocol] over ATM. That's the global trend," he added.

Alcatel, which has a manufacturing plant in Malaysia, was unable to confirm the contract award. "It could be that we are the favourites for the contract but the papers have not yet been signed," said Bob Stevens, a senior manager at the company's business systems and switching division.

A further contract for access equipment at the customers' premises, meanwhile, is yet to be decided but is likely to be chased by at least 20 companies in the region, including major computer equipment vendors such as Fore Systems, 3 Com and telecoms companies such as Nortel.

Overall development of the MSC is being coordinated by a new agency, the Multimedia Development Corporation, which is being advised by a 30-member panel that includes the

heads of many of the world's leading electronics and computer giants. These include IBM, Sony, Microsoft, Motorola, Apple and Compaq.

Companies looking to set up in the region will be offered various incentives by the corporation so long as they are granted so-called approval status by the MDC. The criteria for approval are expected to be straight-forward for all of the major IT companies likely to be involved.

Although the MDC was not available for comment, companies with approved status are likely to include Sun Microsystems, NTT, Telekom Malaysia and local Internet provider Mimos. Qualifying investors will be entitled to a business location at Cyberjaya, in the heart

"This is an olive branch to Telekom Malaysia and an incentive to move to the forefront of technology."

of the MSC, where around 1.6 million square metres of office space is being developed for high-tech clients.

## Smart Cards, Smart Goals

In addition to administering applications for the MSC project — companies that do not receive a rejection within 30 days of application are automatically granted approved status — the MDC will be responsible for: Ensuring that the infrastructure is put in place, that the commitments set out in the bill

of guarantees, such as the handling of foreign work permits, are taken care of and that at least half-a-dozen so-called "visionary" goals are achieved.

These objectives include promoting an electronic, paperless government; smart schools or universities, with the high-tech expertise to upgrade the skills of the workforce and provide home-grown local expertise for MSC projects; telemedicine; R&D clusters; national multi-purpose smart cards used for cash transactions and for carrying an individual's passport and insurance policies on one piece of plastic; encouraging the development of international marketing centres and of regional hubs for design, manufacturing and distribution. Courtesy: Global Telecoms Business

# PETRONAS

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business, PETRONAS has acquired a fleet of LNG tankers to provide greater flexibility in the transportation of LNG to its overseas customers.

## Global Ventures

**Exploration and Production:** As part of its strategy to expand its oil and gas reserves base, PETRONAS began to venture into international upstream activities in 1990 and has acquired interests in exploration and production ventures in Vietnam, Syria, the Philippines, Malaysia-Thailand Joint Development Area (MTJDA), Pakistan, Turkmenistan, Algeria, Iran and Sudan.

## Financial Highlights

The continuing growth and diversification of PETRONAS' operations have resulted in the strong financial standing of the Group, having achieved an "A1" rating by Moody's Investors Services, Inc. and "A+" rating by Standard & Poor's Corporation. For the financial year ended 31 March 1996, the Group's financial position is as follows:

Revenue	RM 22,254 million (US\$ 8,774 million)
Net Profit After Tax	RM 6,763 million (US\$ 2,666 million)
Total Assets	RM 58,050 million (US\$ 22,889 million)
Shareholders' Funds	RM 23,117 million (US\$ 9,114 million)

## Contribution to the Future of the Nation

**Refining and Marketing:** Downstream, PETRONAS maintains a processing arrangement with Yemen's Aden Refining Company to process Middle Eastern crudes for sale to markets in East Africa, Indian Ocean Republics and the Indian Sub-continent. In Phnom Penh, Cambodia, PETRONAS operates an expanding chain of service stations. It has also entered into joint ventures to import, store, bottle, distribute and market LPG in Vietnam, China, Thailand and the Philippines. These projects involve the construction of receiving terminals, storage facilities and LPG bottling plants. In a move to gain greater access to the African and Indian Ocean Rim markets, PETRONAS has acquired a shareholding in Engen Limited, a leading oil company in South Africa.

**Gas and Petrochemicals:** PETRONAS has stake and involvement in Transportadora de Gas del Norte S A gas transmission pipeline in Argentina. PETRONAS also has an interest in the Moomba-Sydney pipeline in Australia. It has

also entered into an agreement with the Petroleum Authority of Thailand to jointly develop downstream gas and petrochemical projects in Southern Thailand to add value to the abundant gas resources in MTJDA.

The petroleum industry is a significant contributor to the nation's growth and industrialisation as well as a major export earner and contributor to the national revenue. As Malaysia sets on its journey towards attaining the fully developed nation status by the year 2020, the petroleum industry will continue to play a key role in fuelling the nation's industrialisation programme. PETRONAS, at the helm of the national petroleum industry, will continue to act as a catalyst for the further development of the nation through on-going technology transfer and technical skills training of Malaysians in the implementation of its various projects. With the experience gained from the past and a strong management team supporting an adaptable and dedicated workforce, PETRONAS looks forward to playing a continuous active role in the further development of the petroleum industry and the economy towards realising the nation's Vision 2020.

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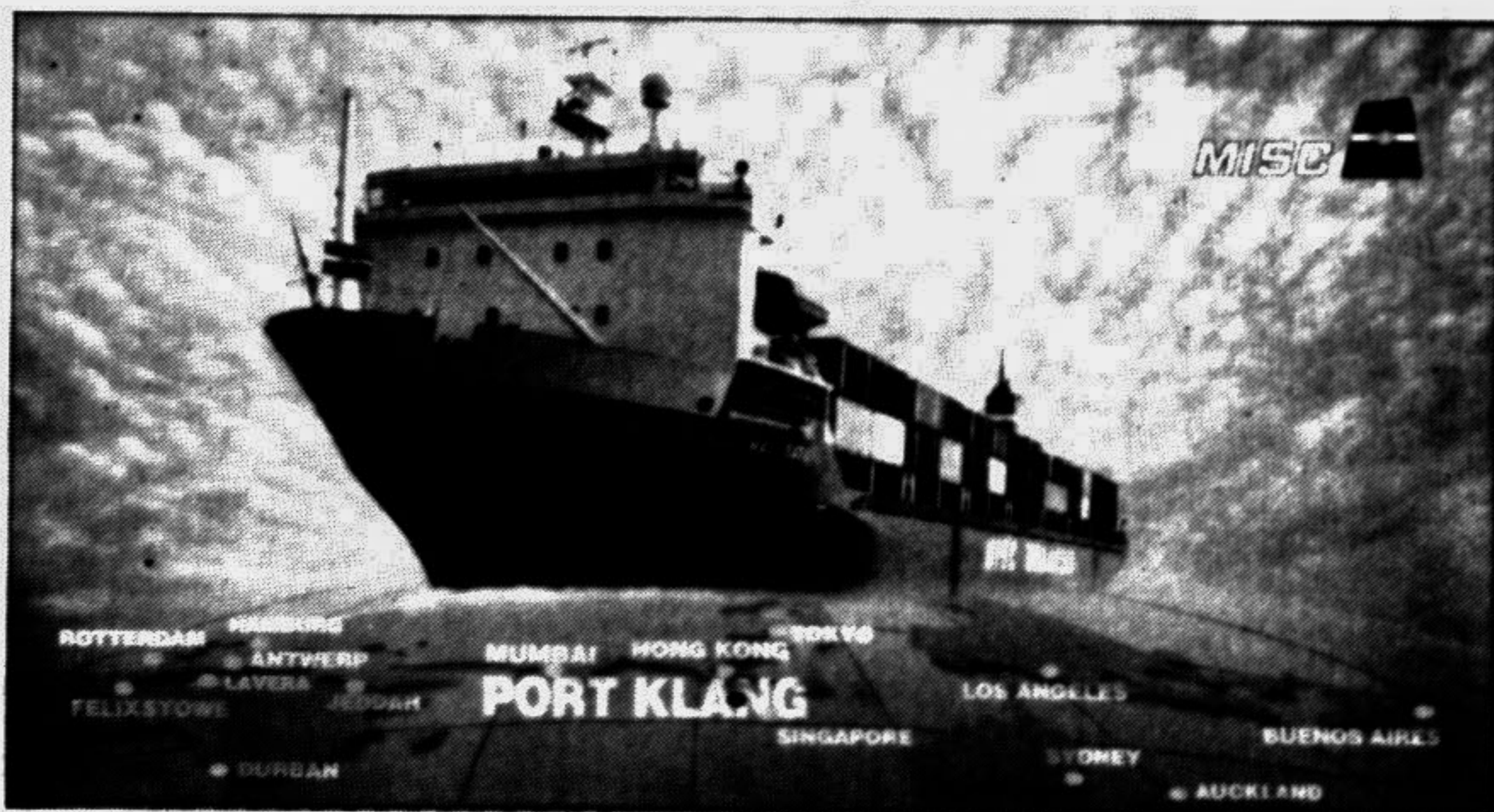
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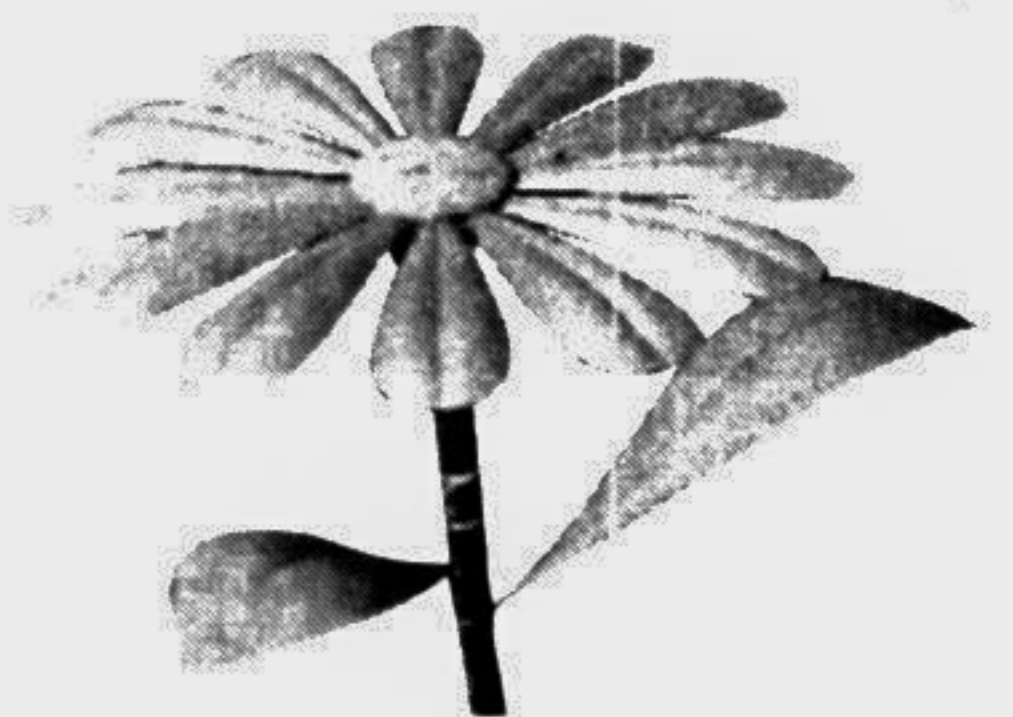
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