

## Dream Turns into Reality

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help the country attract leading edge companies and spawn new companies in the areas of information technology.

He says in the long run, IT will raise productivity level of organisations and industries and identify new industries to be developed.

In the short term, the project has already accelerated the growth of human resource development in the field of information technology.

The increase in IT and engineering courses over the past three years has been tremendous.

In the past, local companies were just vendors for other companies and a very few were actually involved in software development.

Now there are 122 companies involved in high value added activities such as software content development, virtual reality, chip design, telemedicine and electronic commerce.

People are now into things that they would never get involved in before the creation of the MSC.

For the man on the street, one of the clear examples, says Othman Yeop is the opening of the country's first two Smart school laboratories at two rural schools in Dengkil.

Other benefits include the multi-purpose card, which will be available soon, electronic government and telemedicine.

Othman Yeop says now that Cyberjaya is up and running, the main area of emphasis is on the development of the human resource needs of investors and further developing the entrepreneurial spirit of local companies.

Cyberjaya will be home to a community of knowledge workers.

Residents will live and work in a comfortable and green living environment.

Thirty per cent of the total area will remain green and the development has been blended with the existing topography and ecology.

This is one area which has been closely monitored to ensure that the development of the city followed the initial plan to stay as close to nature as possible.

In addition to the facilities, residents will also have the benefit of being at the forefront of innovations, especially the seven flagship applications of the MSC.

The City will be the global test bed for the seven applications which have been divided into two distinct categories — those which offer concrete business opportunities to facilitate the MSC's development and those which provide an optimal environment that supports multimedia companies entering the MSC.

The former have long term objectives that reach far beyond the MSC's borders. Supplementing Vision 2020, they prepare to transform core elements of Malaysia's technology infrastructure and social systems in areas such as education and public administration, using multimedia technologies as a critical enabler in the process.

## People : The Greatest Asset

ONE of Malaysia's most important assets is her human resource. Malaysia has an educated and trainable workforce. The literacy rate is high at 93% and school leavers entering the job market have at least 11 years of basic education. English is widely used in Malaysia, especially in business. There is also a large pool of university graduates trained overseas in fields such as engineering and accountancy who can easily adapt to working in an international corporate environment.

Labour productivity has grown steadily at more than 5% per annum, while wage rates in the manufacturing sector are competitive with those in other countries in the region. A large number of public and private training institutions offer skills training to meet the growing needs of the industrial

sector. Output from these institutions total over 30,000 students in 1998.

Industrial relations in the country are harmonious with minimal trade disputes that result in strikes. Malaysia's labour laws safeguard the interests and spell out the rights and responsibilities of employers and employees, thus providing a legal framework for the orderly conduct of industrial relations in the country.

## Developed Infrastructure

MALAYSIA has always placed priority on the development of her infrastructure and today she has one of the most well developed infrastructure among the newly industrialising countries of Asia. Under the Seventh Malaysia Plan, 1996-2000, 31% of development expenditure or about RM21 billion has been allocated for infrastructure. Peninsular

Malaysia's network of well-maintained highways links major growth centres to seaports and airports, providing an efficient means of transportation for goods.

The five international ports in the peninsula — Port Klang, Penang Port, Johor Port, Kuala Lumpur Port and Kemaman Port — are well equipped to handle containerised cargo, while Bintulu Port in Sarawak caters mainly to the LNG industry. Port Klang is the national and regional hub. Its Westport is designed to serve vessels of above 5,000 TEUs and 80,000-tonne displacements.

Air cargo facilities are well developed in the five international airports — the Kuala Lumpur International Airport, Penang International Airport and Langkawi International Airport in Peninsular Malaysia, Kota Kinabalu International Airport in Sabah, and Kuching International Airport in Sarawak.

Industries in Malaysia are mainly located in over 200 industrial parks developed throughout the country. New sites, fully equipped with infrastructure facilities such as roads, electricity and water supplies, and telecommunications, are continuously being developed by State governments as well as private developers to meet demand.

There are also 14 Free Industrial Zones (FIZs) — export processing zones developed to cater to the needs of export-oriented industries. Companies in FIZs are allowed duty free imports of raw materials, components, parts, and machinery and equipment directly required in the manufacturing process. In areas where FIZs are not available, companies can set up Licensed Manufacturing Warehouses (LMWs) which are ac-

corded facilities similar to those enjoyed by establishments in FIZs.

Specialised parks have also been developed in Malaysia to cater to the needs of specific industries. Examples of these parks are the Technology Park Malaysia in Bukit Jalil, Kuala Lumpur and the Kulim Hi-Tech Park in the State of Kedah that cater to technology-intensive industries and R&D activities.

## A Vibrant Business Environment

MALAYSIA has an open economy that welcomes foreign investors in a wide range of manufacturing and related support services sectors. International companies will feel comfortable working in a business environment that is geared towards information technology and where legal and accounting practices are derived from the British system.

A well-developed financial and banking sector has enhanced Malaysia's position as a dynamic export base in Asia. Sophisticated financial facilities are available through do-

mestic and foreign commercial banks and their nationwide network of branches.

Besides commercial banks, merchant banks, finance companies and industrial finance institution are major sources of credit to the nation's industrial sector. Exports in Malaysia can also take advantage of the credit facilities offered by the Export-Import Bank of Malaysia Berhad (Exim Bank), while another institution, Malaysia Export Credit Insurance Berhad (MECIB), offers export insurance cover and guarantees.

Most large Malaysian companies have been involved in trade and industry for generations, and many have excelled in international and regional markets. Thus, foreign investors seeking joint-venture partners in Malaysia will be able to select from a wide range of companies to find one that matches their needs.

The many bilateral business councils, foreign chambers of commerce and trade associations in the country are invaluable sources for general business information as well as trade links for newcomers to Malaysia. These organisations complement the role of government agencies by providing information, advice and assistance to companies involved in trade and industry.

## Malaysia's Heterodox Road to Recovery

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sign, have pushed the KLE Composite Index above the 840 mark and market capitalization has breached RM 500 billion. Malaysia's GDP will grow at least by 1% this year, although others are more optimistic at 2-3%.

Against that backdrop what is the outlook for the country? Certainly the worst is over. Malaysia, as well as the others in the region who have been similarly afflicted by the crisis, are seeing an upturn in activity. Yet any optimism must be seasoned with realism at this point, since many challenges remain. In the near-term, for how long will the United States sustain its bull run without hitting capacity constraints that might renew fears of inflation. When will Japan hit recovery?

Can the EU revive its sluggish economies? The world can take comfort that the financial meltdown did not occur. But the hedge funds are far from diminished. They can resurrect easily, as there is news that international banks are starting to lend to hedge funds again. Equally critical is the issue whether there will be any durable change to the world financial order to protect the developing countries.

Looking back, the 'unorthodox' Malaysian approach has gained increasing support among the international community. In fact the 'no gain, no pain' and 'one size fits all' logic of the IMF has been dismissed as totally inappropriate to any developing country, more so those with multi-ethnic societies. The

character and intentions of the highly leveraged hedge funds are now better understood. It has also become clear that some form of regulation of short-term capital flows is necessary. On its part, Malaysia has strongly argued for greater discipline on the part of currency traders.

The borrowing by currency traders including hedge funds must be captured in the capital adequacy framework to limit the loans by financial institutions to hedge funds.

Malaysia is confident that the recovery will be sustained. But the Government is far from complacent. It is pressing banks to lend particularly to the productive sectors and firms are pushed to export more. Pressure is now on Gov-

ernment agencies to expedite implementation of projects that are intended to stimulate the economy. Malaysia is still hopeful that some form of international sanctioning of short-term capital flows will be instituted soon. The G7 meeting at Cologne, Germany on 18 June has made some headway with the agreement on the need for greater transparency in the operations of hedge funds and the need for a foreign exchange regime that will protect developing countries. But this is far too little for Malaysia to gloat over. Until some form of protection is put in place, it will keep its selective capital controls to insulate ourselves from further attacks on our currency.

— NEAC Secretariat  
Economic Planning Unit.



## Achieving Vision 2020

Malaysia is a nation whose growth has been carefully shaped and guided by strategic five-year development master plans. Providing the ultimate backdrop to these programmes is Vision 2020, a national agenda that sets out specific goals and objectives for long-term development.

Vision 2020 is an optimistic, yet realistic, aspiration which draws upon past achievements and embodies the collective hopes of the Malaysian people.

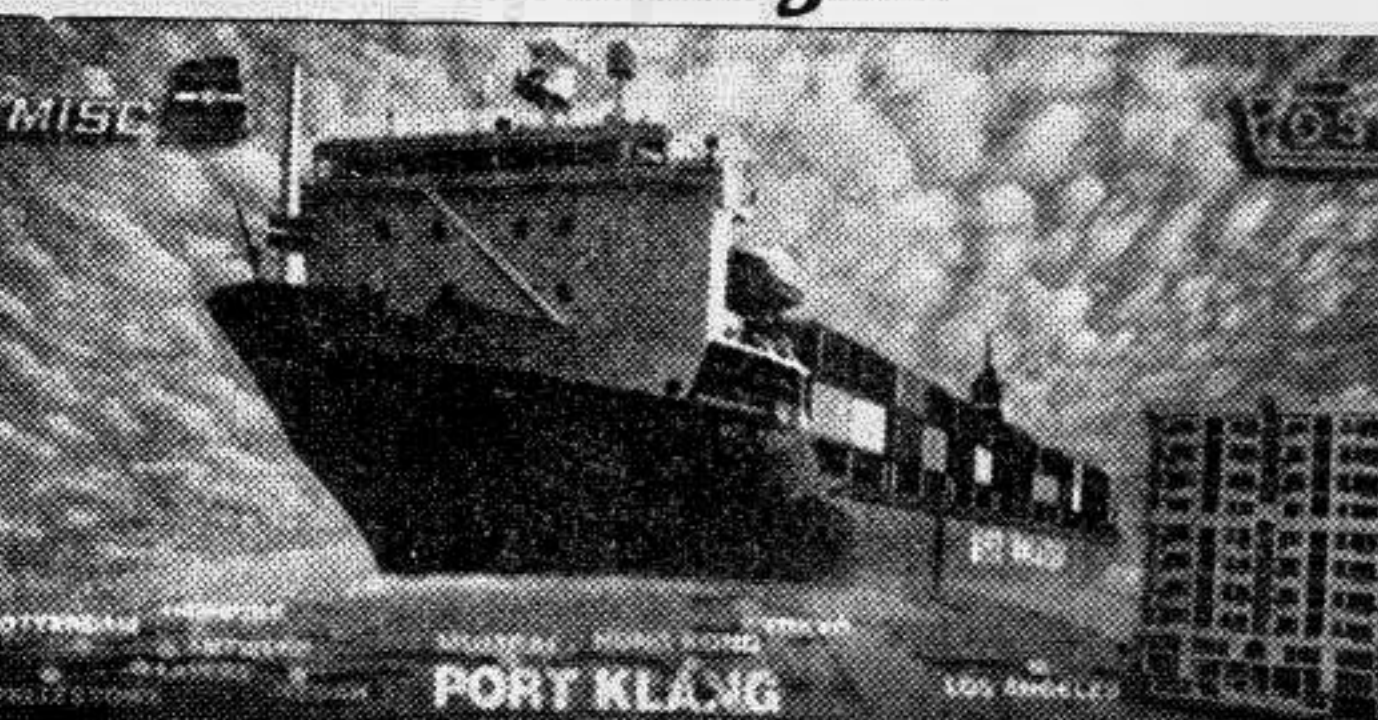
The chief architect of this vision is Malaysia's Prime Minister of 16 years, Dato Seri Dr Mahathir Mohamad. Malaysians have responded robustly to his challenge to become a fully-developed, matured and knowledge-rich society by year 2020.

As a strategy to achieve the vision, Malaysia has embarked on an ambitious plan to leapfrog into the Information Age by providing intellectual and strategic leadership. This means investing in an environment that encourages innovation, helping companies, both Malaysian and international, to reach new technology frontiers, partnering global IT players and providing the opportunities for mutual enrichment and success.

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## Our heartfelt felicitations on the 42<sup>nd</sup> Independence Day of Malaysia



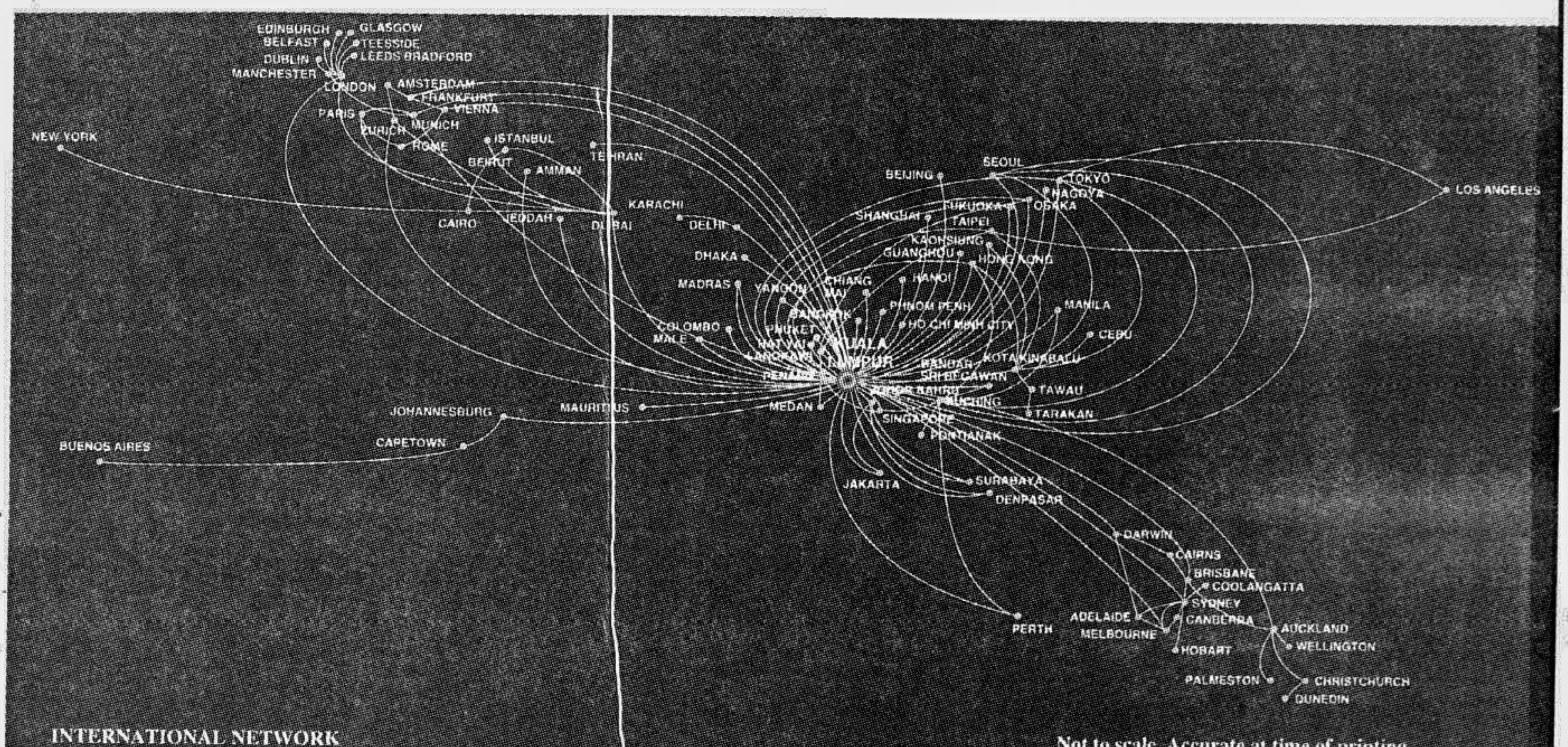
### FLIGHT SCHEDULE

DAYS	FLT #	CITY / DEPARTURE	CITY / ARRIVAL	ACFT
MON	MH 196	KUALALUMPUR / 2210	DHAKA / 2359	74 D
WED, FRI	MH 196	KUALALUMPUR / 2210	DHAKA / 2359	A330
TUE	MH 197	DHAKA / 0130	KUALALUMPUR / 0715	74 D
THU, SAT	MH 197	DHAKA / 0115	KUALALUMPUR / 0700	A330

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