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Malaysia

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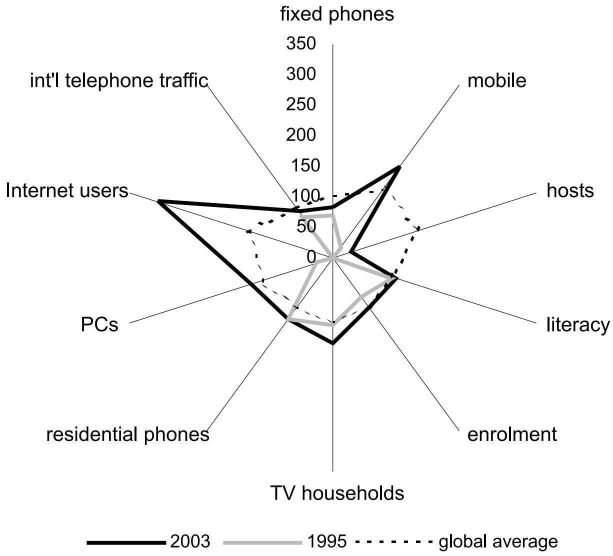

Source: *Monitoring the Digital Divide.* © Orbicom 2004

Overview

The untimely death of a pioneer of the Multimedia Super Corridor (MSC), the exit of Malaysia's longest-serving prime minister, the proposed merger of the country's top two ISPs, the indefensible police raid on the office of Malaysia's premier independent Internet newspaper, *Malaysiakini* – these were some of the main domestic developments in "digital" Malaysia during 2003. Beyond Malaysia's shores, world events such as the US invasion of Iraq, SARS and the bombing in Bali all played important roles in shaping the Malaysian political–economic environment.

In September 2003, Dr Othman Yeop Abdullah, the first executive chairman of Multimedia Development Corporation (MDC), the organisation charged with the coordination and implementation of the MSC project, died of lung cancer at the age of 62. He had retired from the civil service in 1996 after serving at the Ministry of Primary Industries, the Ministry of Energy, Telecommunications and Posts, the Modernisation and Manpower Planning Unit of the Prime Minister's Department, and a local university as vice chancellor. Upon retirement, he was picked by Dr Mahathir to help spearhead the much-heralded digitisation of Malaysia by chairing MDC. Under his stewardship, the MSC surpassed the milestones that had been set for what many have described as Malaysia's most ambitious national project. However, the last few years of his tenure saw increasing criticism of the MSC, as similar initiatives in other countries in the region, most notably Hong Kong and Singapore, had evidently surpassed the accomplishments of the MSC.

The retirement of the feisty prime minister, Dr Mahathir, in October 2003 continues to raise questions about the future of Malaysia's ICT policies and strategies, with many observers still unsure where the new prime minister, Abdullah Ahmad Badawi, will concentrate his priorities. As one MDC senior executive put it in a recent conversation, "At present, we seem to be outside the radar range of the new PM as he targets corruption and other social ills."

On 20 January 2003, the police raided the *Malaysiakini* office, seizing 15 computers and 4 servers, crippling the web-based independent newspaper for about ten hours. In a protracted "investigation" of a purportedly "seditious" letter published in the paper, the police interrogated the senior editors with no formal charges being levelled against them. A year after the raid, *Malaysiakini* donated the remaining computers still under custody to the police.

In the 2004 budget, tabled in Parliament in October 2003, it was proposed that the country's two top ISPs, TMNet and Jaring, be merged. Despite promising cheaper broadband access, the proposed merger sparked an outcry from local users fearing the creation of a monopoly. The merger has since been abandoned by the newly appointed Minister for Energy, Water and Communications, Dr Lim Keng Yaik, who said that his ministry had discussed the proposed merger and had decided in favour of preserving a competitive environment in the ISP market.

Local online content

The bulk of local content available on the Internet is still provided by news and mass media organisations, as evidently is the case with many other countries. The online edition of Malaysia's premier English daily, *The Star*, remains the most popular website. Other newspapers such as *Malaysiakini* and *The Edge* continue to depend heavily on the Internet to convey their news messages, though for different reasons.

Malaysiakini, due largely to its independent and politically critical stance, has been unable to obtain a publishing licence from the Home Ministry, despite having been around for more than four years. This is a problem faced by many other politically "independent" newspapers in Malaysia attempting to present views that, if not critical, are not blindly supportive of the government. The much-criticised Printing Presses and Publications Act 1984 (Amended 1987) has not been further amended, let alone repealed, by the government, despite being petitioned by an overwhelming number of (mainly) mainstream journalists. The act enjoins all regular publications to have a publishing licence before being published. And the licence has to be renewed on a yearly basis. Thus far, the Abdullah administration has not granted *Malaysiakini* such a licence. Hence, despite having become a veritable Malaysian institution in a relatively short time, it hobbles on as a web-based daily newspaper, making losses due largely to the shortage of subscribers and advertising revenue.

The Edge, on the other hand, is principally a business paper, and it has a publishing licence with which it publishes a Sunday edition. For the rest of the week, up until 1 December 2003, it ran only a daily Internet newspaper called *The Edge Daily* (*http://www.theedgedaily.com*) carrying real-time business news and also longer features. However, on 1 December 2003, it launched *The Edge Financial Daily*, a printed paper distributed with *theSun*, Malaysia's first free national newspaper. Both belong to the Nexnews Bhd stable after Nexnews acquired 100 percent of Sun Media Corporation and 70 percent of The Edge Communications in October 2003.[1] Unlike *Malaysiakini*, *The Edge* thus far has not been deemed controversial and has had no problem getting a licence and also advertisers for its weekly print edition.

Malaysian artists have also begun utilising the Internet, enriching it with news, features and reviews about the contemporary art and culture scene in Malaysia. One such portal is Kakiseni (*http://www.kakiseni.com*).

Overall, the main complaint remains that of static content with many local websites, principally, though not exclusively, government websites. Disappointingly, even the National Information Technology Council (NITC) website (*http://www.nitc.org.my*) suffers from this malady, declaring the late Dr Othman as an ongoing council member and still addressing Dr Mahathir as chairman and prime minister several months after his retirement. It does not say very much of Malaysia's ICT strategies and plans if simple updating of crucial websites like that of NITC cannot be done.

Online services

Malaysian Internet users have been seeing a steady increase in online services. In this regard, the banking industry especially has capitalised on the Internet, bringing their services to cyberspace. Malaysia's premier bank, Maybank, for example, continues to expand its online services from the initial online banking services to online insurance, bill payment, stock trading, loan and investment services (*http://www.maybank2u.com.my*). Other banks and finance companies have begun to follow suit.

There is a downside to this, though, with increasing cases of attempted fraud. In many of these cases, fraudulent copies of webpages tricked users to send their personal information to the perpetrators.

The Islamic (*Syariah*) court received a boost in January 2003 when the government introduced a three-year project to implement a high-speed computerised court management system. The following month, the government launched the E-Syariah application system "to help speed up the administration of justice under Syariah law".[2] All this seems to suggest that the E-Syariah project will improve the administration of justice in the syariah courts. Realistically, however, one finds it a wee bit difficult to believe that computerising the syariah court system will improve its administration of justice in view of the fact that Muslim women's groups have long levelled charges of discrimination against court officials. Indeed, it is this tendency to look at technology, including ICT, without looking at wider social influences on events and issues that invariably will result in the perpetuation of the real problems.

Industries

The number of companies – Malaysian, foreign and jointly owned – with MSC status continues to increase. MDC figures indicate that the number of such companies grew from 812 in 2002 to 984 in February 2004. Out of the total, 675 are Malaysian owned (share ownership of 51 percent and above), 283 are foreign owned (foreign share ownership of 51 percent and above) and 26 are joint venture companies. The majority (946) are MSC technology companies.[3]

Key national initiatives

Apart from the computerisation of syariah courts, the key national initiatives over the past 12 months appear to have been in the areas of combating piracy, imposing price controls on software and clamping down on spam.

In May 2003, the police and trade enforcement officers began raids and checks on companies in an anti-piracy campaign dubbed *Ops Tulen* (Operation Original). The newspapers happily wrote accounts of music and computer piracy gangs being "crippled". Knowing that such raids were "seasonal" and that the enforcement authorities, being understaffed, could not keep up such a campaign, these gangs had held out. Pirated computer software continue to be displayed and sold by the dozens in many shopping arcades in Kuala Lumpur or Penang.

In June 2003, the Domestic Trade and Consumer Affairs Ministry proposed price controls on music CDs, VCDs and computer software. This sparked off a controversy, but – true to form – in September 2003 new ceiling prices for CDs were announced and were to be imposed on 1 January 2004. However, implementation was deferred to 1 April 2004, presumably because of the probability of an early general election.

In August 2003, the Malaysian Communications and Multimedia Commission proposed "several measures to clamp down on spam, including defining spam for regulatory purposes, imposing mandatory measures on service providers, and a multi-tier plan to resolve spam-related complaints and disputes".[4]

Enabling policies and regulatory environment

Several new cyber laws were scheduled to come into force in 2004. These include the Personal Data Protection Act, the Electronic Transactions Act and the Electronic Government Activities Act. The first act is aimed at protecting the privacy of personal data residing in computer systems and those transmitted. The act, it is believed, will increase confidence in online transactions. The second act is aimed at boosting e-commerce by providing legal recognition of electronic transactions. The last act is aimed at facilitating online government interactions with the public.[5]

The Third MSC International Cyberlaws Conference, held in 2004, had as its theme the intriguing title “Advancing Cyberlaws: Educate, Regulate, Practise and Enforce”. The meeting was aimed at, among other things, “advancing Malaysia’s cyberlaws and to propose strategic directions for the future”.[6] MDC, one of the main organisers, said that legal issues related to personal data protection, telehealth, wireless technology and open source software would be highlighted. It would seem, going by the initial reports of this meeting, that the regulatory environment is one area that has remained static and that discussions on how to improve it are ongoing.

However, it needs to be stressed that empowering though the cyber laws of Malaysia may turn out to be in the end, we cannot simply ignore the existence of numerous other laws that have been around way before the introduction of ICT – more encompassing laws that disempower. Hence, while advancing cyber laws sounds good and progressive, we must not forget the realities in Malaysia of the existence of laws

The e-village and Malaysia’s creative industry

There are bound to be hiccups, or indeed failures, with even the most well-thought-out major initiatives. And that has been the case with some of the “flagship” projects associated with phase 1 (1996–2004) of the Multimedia Super Corridor (MSC). A combination of factors, including lack of leadership, poor implementation and red tape, has been blamed for failed flagship projects such as the telemedicine project and the e-village. It is public knowledge that the company responsible for the telemedicine project failed to deliver and the Ministry of Health had to endure constant delays before finally being forced to take over the implementation of the project.

More recently, news of George Lucas’s company, Lucasfilm, setting up digital animation facilities in Singapore and not in Malaysia raised new questions about the failed e-village project. The project was initially aimed at providing a hub for Malaysia’s creative industry to enable it to compete and, according to some pundits when it was first mooted, to meet – if not surpass – the technical and aesthetic standards of Bollywood, if not Hollywood. The village was supposed to have been built in Cyberjaya; but akin to the stuck telemedicine flagship, e-village did not really get off the ground because the company awarded the contract to build and develop the village went bankrupt and had to pull out, leaving Multimedia Development Corporation (MDC) to pick up the pieces.

To be fair to MDC, recent reports suggest that more thought is being put into the development of the e-village under MSC phase 2. However, one gets the nagging feeling – at least from the anecdotal accounts available from some news reports – that MDC would need substantially more than the present funds it is getting from the government to make e-village a success in phase 2.

The two main grants currently available for companies in the creative industries are from MDC and the Malaysia Venture Capital Management Bhd (Mavcap). As of August 2004, Mavcap’s Cradle Investment Programme offered grants of up to RM 50,000 (US$13,300) to individuals, while MDC had provided grants of up to RM 600,000 (US$160,000) for students to embark on two-year projects on digital storytelling, the final products being short films or animations. But these amounts are clearly peanuts in an industry which needs to spend millions on production costs alone.

Singapore has allocated RM 440 million (US$117 million) to develop the country’s creative hub. In the meanwhile, Malaysia has allocated RM 42 million (US$11 million) “to finance local creative content development” under its five-year Eighth Malaysia Plan, a fraction of Singapore’s budget. And a large portion of Malaysia’s budget reportedly has already gone towards infrastructural costs.

The idea of an e-village may bear fruit in the longer term; but under current funding circumstances, and also considering the lack of skills and creative talents locally, as evident in the “old” media of television where storylines and character development remain pathetic, perhaps it would be wise for us not to hold our breath.

Sources: *The Edge Weekly*, netv@lue2.0, 12 July 2004; 30 August 2004.

such as the Sedition Act, the Printing Presses and Publications Act, the Official Secrets Act, and of course the Internal Security Act, all of which work in tandem to make the wider regulatory environment rather restrictive. Moreover, despite the assertions of greater accountability and transparency by Abdullah's administration, it is quite clear thus far that very little will be done to amend or repeal these laws and develop a more liberal environment.

Open source movement

The open source movement in Malaysia, while not exactly firmly gripping the imagination of the public, nonetheless has seen some positive developments over the past year. As far as deployment is concerned, it has been reported that small and medium enterprises are using open source software (OSS) more than larger corporations. OSS is quite prolific

Malaysiakini – A different "success" story

If successes were simply measured in terms of financial and economic viability, it would be extremely difficult to count *Malaysiakini* as a success. Indeed, five years after it was set up as Malaysia's first daily alternative news website, *Malaysiakini* is still struggling to make ends meet, still desperately trying to get enough paying subscribers to enable it to become fully self-sustaining.

But a success story *Malaysiakini* undoubtedly is, especially in the context of a country which, when *Malaysiakini* came on the scene in 1999, was still reeling from the economic and political crises brought about by the Asian financial "meltdown" and the Anwar Ibrahim saga.

It was a time when the credibility of the Malaysian media was, arguably, at an all-time low. It was indeed a time when the Malaysian public was confronted by a cowed mainstream media that allegedly was churning out more misinformation than information, a time when cries of *reformasi* (reform) were still reverberating, albeit mainly on the streets of the federal capital, Kuala Lumpur.

Into this scenario came *Malaysiakini*, essentially, according to its co-founder and editor-in-chief, Steven Gan, "to advance press freedom and to ensure that there can be such a thing as an independent media".[a] Whether one supports or opposes it, it cannot be denied that *Malaysiakini* thus far has done that, breaking stories that others have been too afraid to handle and following up with hard-hitting reports.

But perhaps what has really endeared *Malaysiakini* to its largely urban audience is its lively "Letters" page, which allows its readers to freely comment on current issues with little censorship, if at all. This is quite unlike the situation with the letters page in many of the mainstream newspapers, which evidently will not entertain discussion of certain "sensitive" topics. One clear example of this media self-censorship involves a callous and inflammatory speech by an official from UMNO (United Malays National Organisation, the country's dominant political party) at the September 2004 UMNO General Assembly warning certain Malaysians not to question the special rights of Malay Malaysians. While much of the mainstream media chose not to discuss, let alone criticise, the speech, *Malaysiakini* allowed its readers to provide critique. It even provided space for its regular columnist and respected academic Dr Farish Noor to write a damning critique of the shameful comments made by the official.

Malaysiakini has had to pay a price for its independent stand. The government has thus far not granted the publisher a licence to publish a weekly print version of *Malaysiakini*, more than two years after an application for the licence was made in September 2002. And harassment has been widely reported. Its office has been raided by the police, and many pieces of its computer equipment taken away, after the youth wing of UMNO made a police report about *Malaysiakini* having published an allegedly seditious letter. Its founders have been summoned by a senior government official for a "chat" on its activities and its (unproven) links with "foreign elements". But such forms of apparent intimidation clearly point to the fact that this small media organisation is making an impact.

More than simply projecting itself, *Malaysiakini* more recently has introduced new social commentators to a wider Malaysian public. Thus, it provides links to independent – and non-*Malaysiakini* – writers such as blogger Jeff Ooi, whose critical – but certainly refreshing and thought-provoking – blogs have raised the ire of people in high places.

Whether *Malaysiakini* survives, let alone succeeds financially, in the long term would very much depend on the support of a very fickle and often politically and socially apathetic Malaysian middle class. But on the basis of its contributions to press freedom thus far, *Malaysiakini* certainly deserves more than its share of breaks.

a. *The Edge Weekly*, netv@lue2.0, 1 December 2003.

in public universities, with, for example, Universiti Sains Malaysia having a Linux laboratory and the International Islamic University running Oracle on Linux for its student registration exercises.[7]

In May 2003, the Open Source Compatibility Centre (*http://www.mncc.com.my/oscc*), supported by a number of organisations and vendors, was opened in the capital, Kuala Lumpur. Its joint operators are the Malaysian National Computer Confederation, training company Advanced Technological Studies Sdn Bhd, and software solutions developer and integrator Adfunk Solutions (Malaysia) Sdn Bhd. The centre aims to provide “opportunities for developers to test the compatibility, interoperability, coexistence, ease of use and performance of multiple networked servers and clients running various Linux distributions and different Unix flavours, Microsoft server operating systems, FreeBSD, MySQL, OpenOffice Suite and other open source and proprietary operating systems and applications”.[8] It also conducts demonstrations of OSS deployment in numerous environments.

In October 2003, the government set up a US$36 million open source fund for start-ups developing OSS. Called the OSS-Platform Investment Programme, the fund aims to form 40 commercially active OSS companies over the next two years.[9]

The government unveiled the Malaysian Public Open Source Software Master Plan in July 2004 calling for OSS to be procured as the preferred choice. Procurement will be made on the basis of interoperability, security and value for money. The government announced at the same time that the Open Source Compatibility Centre will serve as the focal point for its work in implementing the plan. The master plan has set some immediate targets. These include having 60 percent of all new servers and 20 percent of all computer labs in schools running on OSS by 2005. More than 50 government agencies already run some form of OSS within their offices. The software used includes email clients, browsers, firewalls, server applications and office suites.

The government had opted for OSS in mid-2002, when preparatory work and consultations began. The planners had visited China, France, Germany and the UK to see how OSS was being deployed in these countries. The master plan was approved by the IT and Internet Committee of the government in February 2004.

In spite of the above efforts, the local open source movement appears to be one made up of small groups of adopters and users, with little clear indication yet of developers and champions coming into the equation to enable open source to evolve more rapidly. Only a few large local vendors, such as DRB-Hicom and MIMOS, are presently supporting the movement. Similarly, very few people are involved in community-style development activity. Despite the fact that MIMOS initiated the Asian Open Source Centre (*http://www.asiaosc.org*), it would seem that the culture of sharing and OSS development is still not there.

There are, of course, numerous reasons one can put forward for this relatively slow adoption of open source. The first is the lack of publicity and marketing, as compared to the strategies employed for the established and highly commercialised systems. Then there is the perceived lack of applications, its supposed “unfriendliness” for general desktop deployment, and confusion about its benefits among the less tech-savvy. In many ways, arguably, it could be seen as a case of David and Goliath, akin to the all-too-familiar struggle between the giant transnational companies and the little one in a competitive, capitalist market. In the Malaysian context, while the political will evidently is present, it has yet to be seen whether this will transfer to political action in a consistent, long-term manner.

Research and development

In a recent article aptly headlined “What R&D Culture?”[10] *The Star* writer L.C. Wong liberally quoted a damning report by Dr Nikolai Dobberstein, a partner in McKinsey & Co. Malaysia, a consulting firm that played a key role in the planning of the MSC. According to the report, currently Malaysia spends only 0.5 percent of its GDP on R&D. More than that, “95 percent of the patent applications in Malaysia in 2001 were based on technology researched elsewhere”. According to Dobberstein’s study, Malaysia has an R&D portfolio that is too diverse and without sufficient resources. Furthermore, limited capability and inadequate private sector input and sponsorships dilute the relevance of public sector R&D efforts.

Trends

If the progress status of the MSC’s flagship applications is anything to go by,[11] it would appear that the digitisation of Malaysia is coming along smoothly and, more importantly, that it will benefit all Malaysians in the long term. Here, I am reminded of what I believe the eminent economist Lord Keynes had to say about “the long term”, namely that in the long term we are all dead. To reiterate, perhaps to belabour, a point made at the end of my chapter for the previous edition, the jury is still out on the real, experienced benefits of digitising the country when other inherent factors are often pushed aside. While the E-Services project, for example, may indeed improve immensely the process of enquiring about and paying traffic summons, it goes nowhere near addressing concerns and first-person reports about abuse of power and police brutality, just as the E-Syariah project goes nowhere towards addressing questions about syariah court officials’ attitude towards women.

Hence, if one wishes to be seduced by the hype that comes with the technology, one could say that, in Malaysia at least, the trends look pretty good. But, as I have tried to illustrate at numerous points in this short essay, we still need to factor in the human dimension and larger questions of power in attempting to discuss trends. To be fair in this regard, after getting a landslide victory in the 2004 general elections, the Abdullah administration appears to be making the right statements, the right overtures. In a keynote address delivered at the Microsoft TechED 2004 developers conference held in Kuala Lumpur in September 2004, the Science, Technology and Innovation Minister, Jamaluddin Jarjis, acknowledged the fact that in this so-called networked world inequalities do exist. Quoting official statistics that indicate only 17 percent of Malaysian homes have PCs and, out of this, only 7 percent of home PCs are in rural areas, Jamaluddin stressed that PC prices in Malaysia were too high, so "the government was undertaking a PC ownership initiative to improve accessibility, affordability and computer literacy".[12] How these statements will be translated into concrete action remains to be seen.

Notes

1. *http://www.sun2surf.com/article.cfm?id=2817*.
2. *The Star In-Tech*, 30 December 2003, 12.
3. *http://www.mdc.com.my/xtras/fact_figures/msc.asp*.
4. *The Star In-Tech*, 30 December 2003, 14.
5. *The Star In-Tech*, 3 February 2004, 3.
6. *The Star In-Tech*, 12 February 2004, 2.
7. *Computerworld*, January/February 2004.
8. *http://www.geocities.com/selngorfreak/OpenSource.htm*.
9. *http://www.silicon.com/software/os*.
10. *The Star In-Tech*, 3 February 2004, 3.
11. See "Welcome to Multimedia Super Corridor – Flagship Updates", *http://www.mdc.com.my/flagship.asp*.
12. S. Patrick, PC Prices Too High to Bridge Digital Divide, 14 September 2004, *http://star-techcentral.com/teched*.