

Mahathir backs Huawei - China's helping Malaysia find its 5G spot

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- **Malaysia prepares to embrace the 5G revolution as it eyes the use of the technology in education and farming**
- **Its approach mirrors that of China's and relies on Chinese equipment**

Nearly 30 years ago, Malaysia set its sights on achieving self-sufficiency and full industrialisation by 2020. Although it has not yet reached some of its targets, there have been several major developments: a change in government for the first time since independence; reforms resulting in improving institutional scores on international indices; and now, the promise of commercial 5G technology.

Malaysia last week launched demonstration projects, dubbed the Langkawi Trials after Prime Minister Mahathir Mohamad's constituency where they were staged, which will be rolled out in the third quarter of this year.

"The convergence of 5G and different industrial sectors such as agriculture, education, health care, manufacturing, smart transport and tourism presents new opportunities for industries, society and individuals to advance their digital ambitions and deliver new and better services," Mahathir said at the trials.

He added that the technology was in line with the government's philosophy of "Shared Prosperity", which aims to minimise inequality and bolster inclusive growth.

But despite the swift deployment of 5G technology, it could be another decade before the full economic impact is observable, according to a report by the Malaysian Institute of Economic Research (MIER). In the short term, 5G would help create about 39,000 new jobs and bring about an estimated economic benefit of 12.7 billion ringgit (US\$3.1 billion) from 2021-25, the report said.

Malaysia's approach to 5G mirrors that of China - it offers airwaves for networks at little cost to carriers, forgoing revenue and reducing the investment required. This approach differs from that of nations such as Germany and the US, where money is raised through spectrum auctions.

A consortium of carriers would be given airwaves from April this year, allowing for an environment of "coexistence and interoperability" among operators, said Al-Ishsal Ishak, the chairman of Malaysia's Communications and Multimedia Commission (MCMC).

Tech experts have lauded Malaysia's strategy for avoiding unnecessary duplication of resources, particularly as domestic telecoms operators endure declining margins in a saturated market.

China also used this method when rolling out 5G technology last year: its Ministry of Industry and Information Technology issued commercial licences to the nation's three main telecoms firms, in

Beijing's bid to corner the global market on 5G.

The US and its allies claim Huawei has links with the Chinese military, although the firm has rejected these claims.

"A dedicated spectrum for 5G instead of other services - such as dedicating the C-band which in the Asean region is also used for fixed satellite services - implies that, incrementally, the nation is taking steps towards a fully connected 5G network," said Farlina Said, an analyst with Malaysia's Institute of Strategic and International Studies' Foreign Policy and Security division.

5G in Malaysia was being touted as a gateway to leverage on an industrial revolution fuelled by computing prowess, artificial intelligence and hyperconnectivity through the Internet of Things, she said, adding that privacy and security concerns could not be overlooked.

"The 5G network, said to have greater advantages such as network slicing and service-based architecture, means that there would be a lot of data that would be managed by builders of the 5G core. That the concerns do fracture along geostrategic lines as security concerns - articulated through conversations such as the US' response to Britain's decision to use Huawei equipment in the 5G networks - would indicate potential complications to intelligence-sharing alliances, particularly if information networks are seen as the theatre of operations," she said, describing it as a balancing act between economic development and cybersecurity capabilities.

On Wednesday, the European Union issued a set of guidelines on tech from high-risk suppliers to mitigate risk, although it stopped short of issuing a blanket ban on Huawei despite saying that companies based in non-democratic countries could be excluded from the procurement of certain core components, following assessments by security agencies.

Malaysia, on the other hand, has defended Huawei. Mahathir last year accused Western nations of hypocrisy in their concerns and dismissed the prospect of his country joining the US and its allies in banning government purchases of Huawei products.

Mahathir said he was "quite sure for a long time, the CIA has been reporting on everything that is done in Malaysia and China. We did not carry out a boycott of America because of that".

Tech experts have underlined the importance of security as 5G is being implemented.

"Huawei is the world's largest telecommunications equipment vendor and has reported that it had already secured some 60 commercial 5G contracts in October 2019," said Shamir Amanullah, principal adviser at Ecosystem, a Singapore-headquartered private equity-backed digital research and advisory platform. "According to industry estimates, Huawei has over 3,300 declared 5G patents, significantly outstripping their competitors. In Southeast Asia, Huawei is expected to be used in all countries except Vietnam," Shamir said.

"To date, there has not been consensus from the Five Eye nations, as the United Kingdom and Canada have yet to rule out using Huawei, and it has been reported that New Zealand could be relaxing its stance," he said. "Malaysia will adopt a position with the majority."

This week, British Prime Minister Boris Johnson ended months of dithering by his country when he decided - in the face of US pressure - that Huawei would be allowed a "limited role" in building Britain's 5G network.

Shamir said it was vital for Malaysian firms to invest in cybersecurity infrastructure. "It is essential that a robust cybersecurity framework is in place, as 5G will drive digital transformation in

enterprises, power the Digital Economy and provide a critical core infrastructure for Industry 4.0,” he said.

“Operators need to ramp up investment in cybersecurity technology, processes and people. A telecom operator’s compromised security can have countrywide, and even global, consequences. As networks become more complex with numerous partnerships, there is a need for strategic planning and implementation of security, with clear accountability defined for each party.”

The government has identified nine areas of focus for 5G technology use, including agriculture, education, smart cities and health care. The Langkawi Trials involved telco players and their partners testing their 5G capabilities and refining the technology to ensure a more efficient nationwide roll-out “when we are ready”, said deputy trade and industry minister Ong Kian Ming. His ministry is keenly monitoring the impact on manufacturing.

“We’re pretty excited to see how the roll-out of 5G can complement the move towards [industry] best practices, including for pillars such as big data and the internet of things,” said Ong, adding that cybersecurity concerns would be addressed.

Another key sector was agriculture, said MCMC chairman Al-Ishsal, suggesting that 5G could attract younger people to a sector often regarded as too demanding.

Malaysia’s agriculture sector contributed 99.5 billion ringgit to the nation’s GDP in 2018, with palm oil the sector’s major contributor at 37.9 per cent.

The industry has come under increasing pressure from the European Union, which is looking to phase out biofuels, and is experiencing tensions with key importer India. As a result, Malaysian policymakers have been calling for more emphasis on agriculture, and for the farming industry to be cultivated to reduce unemployment and expand revenue.

5G will also be used to improve access to education in rural areas, enabling teachers in urban areas to “phone in” to underserved schools. It is also envisioned that virtual reality could be used to give students a more hands-on approach to learning. For instance, a digital learning initiative by communications service provider Maxis’ “E-Kelas” would enable students to virtually explore the different parts of the human body or animal cells. Gokhan Ogut, Maxis’ chief executive officer, said digital inclusion was important and Maxis wanted to do its part to “ensure the benefits of technology were realised by all”.

Currently, only 8.2 per cent of Malaysian households are connected to fixed broadband - compared to 26.1 per cent in neighbouring Singapore - while nearly 75 per cent of businesses have fixed connections. However, mobile broadband penetration is at 121.6 per cent, with about 82 per cent 4G coverage.

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• “Forget Britain’s Huawei fumble, China’s helping Malaysia find its 5G spot”. South China Morning Post. Published: 8:00am, 2 Feb, 2020:

<https://www.scmp.com/week-asia/economics/article/3048473/forget-britains-huawei-fumble-chinas-h>

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