MALAYSIA has launched a nationwide crackdown on companies using illegal or unlicensed software amid fears growing piracy could lead the country to be blacklisted by the World Trade Organisation (WTO).

Businesses have one week to stop using pirated software after which enforcement officers, working closely with watchdog Business Software Alliance (BSA), will begin raiding offices, said Zainal Abidin Mohamad Noordin, deputy director-general of the domestic trade and consumer affairs ministry.

According to a BSA survey, Malaysia has a software piracy rate of 68 per cent, higher than the average 55 per cent for the Asia-Pacific region. This compares with 24 per cent in North America and 71 per cent in Eastern Europe.

"We continue to take a hard stand against piracy. Any company and senior management found guilty will not be spared from the heavy penalties," Zainal Abidin said.

Individual offenders could be jailed for up to five years and fined up to 20,000 ringgit ($7400) for each infringement under stricter laws imposed in October, he told a news conference.

Copyright owners would be able to claim damages against companies that use illegal or unlicensed software.

The ministry has also set up a special hotline and will issue rewards of up to 20,000 ringgit for whistleblowers.

The BSA survey said Malaysian industry lost $US99.5 million ($140.5 million) in software revenue in 2002 due to piracy, compared with a loss of $US5 billion in Asia-Pacific that year.

Domestic Trade and Consumer Affairs Minister Shafie Apdal at the weekend voiced fears software piracy could dampen Malaysia's aim of becoming a regional hi-tech hub.

"When piracy becomes difficult to control, Malaysia will be blacklisted by the World Trade Organization as a destination for software piracy. That may hinder the government's efforts to develop the nation to be IT-savvy through the Multimedia Super Corridor (MSC)," he said.

Stretching about 50 km south of Kuala Lumpur to the new international airport, the MSC is a hi-tech enclave launched in 1996 as part of Malaysia's bid to move towards a knowledge-based economy.

Agence France-Presse