

06/12/1997

Khazanah to enter commercial jet industry with BAe deal

Sabry Sharif

KHAZANAH Nasional Bhd, the government investment arm, and British Aerospace Plc yesterday signed a co-operation agreement which will enable Malaysian companies to have access to international aerospace work and future aircraft programmes.

What the agreement means is that overnight, SME Technologies Sdn Bhd, Khazanah's wholly-owned aircraft assembly and manufacturing group, has been given the opportunity to participate in the production of a commercial jetliner.

Khazanah Nasional Berhad managing director Tan Sri Mohd Sheriff Mohd Kassim told the New Straits Times yesterday that SME Technologies would be the direct beneficiary of the agreement.

"With its current skills, SME Technologies can become a parts supplier in BAe's Avro Regional Jet programme.

"But in the long term, we want to become a global player in the aerospace industry," said Mohd Sheriff.

He did not want to identify the parts which SME Technologies could provide for the Avro Regional Jet programme.

However, BAe director (Malaysian operations) Mike Mendoza said one area of manufacturing using the existing equipment and skilled manpower would be to supply wing components.

The Avro RJ is used mainly on short haul routes by commercial airlines in Europe.

Earlier, Prime Minister Datuk Seri Dr Mahathir Mohamad witnessed the signing ceremony between Mohd Sheriff and BAe managing director Alan McDonald at the Mahsuri International Exhibition Centre, adjacent to the Langkawi International Airport.

BAe is one of the exhibitors at the Langkawi International Maritime and Aerospace show held at the MIEC.

The biennial event ends tomorrow.

Asked if Khazanah Nasional would invest in the Avro RJ programme as a shareholder, Mohd Sheriff said this was one of the areas of co-operation.

"But it is too early to discuss the quantum of investment.

"It is premature for me to give a commitment," he said.

To a question, Mohd Sheriff said Khazanah and BAe had identified a number of aircraft programmes undertaken by the leading British aerospace group which SME Technologies could participate.

The agreement calls for BAe to transfer its engineering and manufacturing capabilities to SME Technologies' subsidiaries, SME Aerospace and SME Aviation.

Both subsidiaries which are based in Sungai Buloh, Selangor, are involved in the manufacturing and assembly of the MD3-160, the all metal two-seater trainer aircraft.

A total of 40 MD3-160 had been sold to the Royal Malaysian Air Force and the Indonesian Communications Ministry.

A significant amount of interest in the aircraft is also from buyers in the United States.

This aircraft project was made possible by BAe's provision of engineering and manufacturing assistance as part of the offset programme for the sale of its 28 Hawk advanced jet trainers to the RMAF five years ago.

Mohd Sheriff said the tie-up between Khazanah Nasional and BAe had

nothing to do with the Government's refusal to invest in the ailing Fokker aircraft company.

"That (Fokker) deal is different from what we agreed with BAe today.

"Here, we are looking at BAe to build up our aerospace industry, while trying to become a major aircraft component supplier," said Mohd Sheriff.

McDonald said the tie-up would enable Malaysia to have access to aircraft technologies without having to invest billions of ringgit in major research and development programmes and aerospace infrastructure.

"It is a low-cost, minimum-risk venture, with maximum gain for both parties," he said.

He added that BAe was comfortable with this smart partnership with Malaysia for two reasons.

One is that Britain and Malaysia are influential in their own geographical areas.

"While Britain is a dominant voice in Europe, Malaysia is the prime mover in Asean, and both countries have cemented strong ties.

"Secondly, BAe has had a long relationship with the Malaysian Government and industry involving manufacturing and support programmes with companies such as SME Aerospace, Airod Sdn Bhd and Sime Aircraft Tyre Company producing airborne components and ground support equipment for aircraft in the home and export markets."

McDonald also said BAe was an active player in the Malaysian Government's Multimedia Super Corridor project and had been selected as the project manager of the British Malaysian Institute which would provide manpower for the MSC.

(END)