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Malaysia to sign deal with British Aerospace

MALAYSIA, which two years ago set itself to become an active player in the aerospace industry, will sign a co-operative agreement with a leading British conglomerate to give its companies access to international commercial aircraft manufacturing contracts.

Although the details are sketchy, the New Straits Times has learnt that the agreement with British Aerospace is part of the Government's two-pronged approach to improve the status of the local aerospace industry.

While the agreement is seen as an industry-led initiative, the Government will provide the environment and incentives for investment in human resource development and infrastructure.

This strategic alliance together with the Government's resolve to jump-start its aviation industry will be the theme of Prime Minister Datuk Seri Dr Mahathir Mohamad's announcement today on the blueprint for the development of the national aerospace industry.

The NST has learnt that the Cabinet approved the tie-up between Khazanah Nasional Berhad and British Aerospace. The agreement will be signed at the Mahsuri International Exhibition Centre.

It is the aerospace venue of the fourth Langkawi International Maritime and Aerospace show.

Khazanah Nasional managing director Tan Sri Mohd Sheriff Mohd Kassim and BAe managing director Alan McDonald will be the signatories.

Although it could not be confirmed immediately, the tie-up is expected to pave the way for Malaysia's main aerospace company, SME Technologies, to be involved in the commercial aircraft manufacturing business of the British aerospace group.

Currently, SME Technologies' subsidiaries, SME Aerospace and SME Aviation, are involved in aircraft component manufacture and assembly of the first Made-in-Malaysia two-seater light trainer aircraft, the MD3-160 or Aerotiga.

BAe, as part of an offset programme for the sale of 28 Hawk advanced jet trainers to the RMAF five years ago, assisted in building up engineering and manufacturing competency at SME Aviation and SME Aerospace.

Today, SME Technologies is the sole supplier of the wing pylons for Hawk aircraft, outside the United Kingdom.

Aviation industry officials say the tie-up fits into Dr Mahathir's vision of Malaysia participating in the manufacture of commercial jetliners.

The timing was right as BAe was the prime mover for the formation of a holding company which will group all the assets of Airbus Industrie, the world's second largest commercial aircraft company, after the Boeing Company of the United States.

BAe, together with CASA of Spain, Aerospatiale of France, Daimler Benz Aerospace and DASA of Germany, are now the consortium partners. But in the new entity, they will be shareholders.

"What this means for Malaysia is that it will have a shot at investing in that entity," an aviation analyst said.

It is learnt that Aerospatiale recently agreed to the setting up of the holding company.

Meanwhile, the Government is expected to set up a policy body to oversee the development of the aerospace industry and a corporation to co-ordinate and manage all aerospace activities.

Malaysia Industry-Government Group for High Technology chief executive officer Dr Ahmed Tasir Lope Pihie said the two bodies were proposed by MIGHT.

He said Dr Mahathir would release the names of the two bodies when he makes his announcement on the blueprint for the national aerospace industry.

"We have also set up a pro-tem committee to oversee the follow-through with the implementation of the blueprint once it is announced," he told newsmen after speaking at the 1997 Lima International Aerospace Conference.

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