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#### RM153m aircraft components venture

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TWO Malaysian and two US-based companies are teaming up to manufacture in Malaysia composite parts for secondary structures for the Boeing Commercial Airplane Group as well as other customers worldwide.

The companies are Sime Darby Bhd, Malaysia Helicopters Services Bhd (MHS), Seattle-based Boeing and Washington-based Hexcel Corp.

They will sign an agreement formalising the establishment of the joint venture company, to be known as Asian Composite Manufacturing Sdn Bhd, in Kuala Lumpur today. The signing ceremony is expected to be witnessed by Prime Minister Datuk Seri Dr Mahathir Mohamad.

The four partners will hold equal stakes in the new company.

Boeing, the world's largest civil airplane maker, is the biggest consumer of composite materials while Hexcel is the top manufacturer of advanced composite materials.

Asian Composite Manufacturing's facility, which will see a capital investment of RM153 million, will be located on a 31-acre site at the Bukit Kayu Hitam Industrial Park in Kedah.

Composites are produced by combining two or more materials such as fibres and resins to create final products of exceptional structural properties.

The facility, which will employ some 400 workers, is expected to be completed between 18 and 22 months and the first components delivered to customers in mid-2000.

It will fabricate parts for secondary structures of commercial aircraft, including wing fairings, fixed or movable surfaces, inspection-access doors and similar parts for the global market.

It is understood that the Malaysian-made composite parts will be shipped to Hexcel's facility in Kent, Washington, for final structural assembly before being forwarded to Boeing and other customers.

Sources said the Bukit Kayu Hitam facility will operate along the same lines as the arrangement involving Boeing, Hexcel and Aviation Industries of China (Avic). Boeing, Hexcel and Avic are in final discussions to enter into the manufacturing and supply of composite parts for secondary structures and interior applications for commercial aircraft at the Tanggu marine high-technology development zone in Tianjin, China.

Boeing has a long-standing relationship with the Malaysian aviation industry, having delivered Malaysia Airlines' first 737-200 in 1971. To date, it has delivered more than 100 commercial jetliners to the national carrier.

It is also working with Malaysia on an industrial participation programme through McDonnell Douglas, which merged with Boeing last year. The offset scheme was initiated following Malaysia's purchase of eight F/A-18 Hornets from McDonnell Douglas in 1993.

Meanwhile, in a statement released in Kuala Lumpur yesterday, Boeing affirmed its commitment to support its Asian business partners in facing the current Asian economic problems.

"The Boeing Co recognises the difficulties its long-time business partners in Asia are facing. We are working hard to support efforts to stabilise these economies," its chairman and chief executive officer Phil Condit said.

Condit, who arrived in Malaysia yesterday, is on a week-long visit to Asia. He will meet government and business leaders to assess the current

situation and convey Boeing's continued support.

"Boeing strongly supports the Clinton Administration's initiatives to secure International Monetary Fund resources to replace funds used to restore financial stability and economic growth for the Asian economies," he said.

He described the relationship between Boeing and Malaysia as a "smart partnership which has resulted in win-win opportunities for both parties."

"The work that we are doing in Malaysia will provide a strong foundation to serve Malaysia's Vision 2020," he added.

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