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M'SIA'S COMPOSITES MANUFACTURING VENTURE WILL SUCCEED, SAYS DR MAHATHIR

KUALA LUMPUR, Feb 14 (Bernama) -- Malaysia's venture into world class composites commercial aircraft parts production will not be hampered by the economic turmoil in the region, Prime Minister Datuk Seri Dr Mahathir Mohamad said here today.

He said since the regional economic problems would not last forever, the prospect of the composites-manufacturing venture as a long term investment should not be questioned.

Dr Mahathir said this at a press conference after witnessing a joint venture signing between conglomerate Sime Darby Berhad, Malaysia Helicopters Services Bhd (MHS), Boeing and Hexcel Corporation to set up the manufacturing plant at the Bukit Kayu Hitam Industrial Park in Kedah.

"We are quite sure businesses which are long term in nature will eventually find that they can not only survive, but succeed as well.

"This is an investment for the future which will take time to build up the factory, skills and others...By that time we hope the haze in the financial world as well as the other haze will disappear," he explained.

In a statement released today, Boeing said given the current economic and market forecasts, the company and Hexcel did not anticipate any layoffs resulting from this joint venture.

Boeing's chairman and chief executive officer, Phil Condit who signed for Boeing at the ceremony, said that the project was not the company's offset programme but "definitely an investment by Boeing for the long term."

He sees a lot of opportunities for the joint venture company because for Boeing alone, it was producing an average of 43 aircraft per month.

Under the agreement, all four partners will hold equal equity interest in the plant through a joint venture company, Asian Composites Manufacturing Sdn Bhd.

Composites parts produced by Asian Composites Manufacturing would be supplied to Hexcel's facility in Kent, Washington for final assembly and shipped to Boeing and to other customers worldwide in the future.

Boeing is the world's largest consumer of composites materials while Hexcel is the world's largest manufacturer of advanced composites materials.

Chairman of Malaysia Airlines Tan Sri Tajudin Ramli, who also witnessed the signing, said the construction of the plant, costing RM153 million, would start in April this year and is expected to be completed in about 22 months.

He also said that the plant will employ 270 Malaysians as direct personnel and 78 other Malaysians as indirect personnel.

Condit also said that he was confident that Asia could ride through the economic crisis but expected some airlines to make adjustments, especially with a drop in passenger traffic.

Among other things, the aircraft maker expects a delay in the delivery of some 60 airplanes in the next three years, he added. -- BERNAMA

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