

# Long-term contracts to support defence industry

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THE Defence Ministry is mulling on the possibility of awarding long-term contracts to inspire and support the local defence industry.

Its Minister, Datuk Seri Mohd Najib Abdul Razak, said the present short-term contracts, with a tenure of one or two years, is not viable to support the defence industry in the country.

"The short-term contracts such as grass cutting and cleaning contracts cannot provide the necessary support to develop the local industry.

"However, if it is for a long-term, we would be able to gauge the performance of the concessionaire and extend the contract if they have shown their capability," he said at the opening of the inaugural dialogue between the ministry officials and representatives of the defence industry in Kuala Lumpur yesterday.

At the same time, Najib said the industry players must possess a well planning strategy to ensure sustainability in the industry.

For instance, he said it would be meaningless for them to spend huge investment in the non-competitive and viable industry.

"Instead, if they invest in selective and viable industry and the contract is for a long-term, they may reap the benefits from it," he

said. Later when speaking to newsmen, Mohd Najib urged the industry players to look into the potential of offset programmes where transfer of technology would take place.

"Such a programme would not only benefit the industry players but the Malaysian armed forces in their preparation to face the future challenges, are based on the knowledge-economy," he said.

Najib also said the industry players must ensure that they have back-up support for their projects, particularly in the field of maintenance and after sales services.

"Many people would like to see the Malaysian armed forces acquire new and sophisticated assets. But only a few would ever think of how to maintain and support the existing and new military equipment.

"If we can provide the maintenance and services to the assets, I am sure the local defence industry will survive," he said.

In ensuring that the local industry would be able to get the necessary support, Najib said the end users, such as the armed forces and the police should discuss and if possible come up with a common list of needs for their respective sector.

For instance, he said the police and armed forces can acquire the

same type of ammunition from the local defence industry.

"This was one of the proposals concluded during the National Information Technology Council (NITC) meeting yesterday.

"The NITC members have decided to take this approach of having the commonality needs to support the local industry, not only in the defence sector but others as well," he said.

Prime Minister Datuk Seri Dr Mahathir Mohamad chaired the NITC meeting in Kuching on Monday.

Najib said the police have agreed in principle to work with the armed forces incoming up with a common list of their necessities to ensure sustainability and support of the local industry.

He also said the brainstorming session yesterday would assist the ministry to formulate its policies and strategies to beef up the Malaysian armed forces as well as develop the defence industry.

He also welcomed any proposals from the industry players to beef up the Malaysian armed forces.

"The armed forces officials must be brave enough to study the proposals and if there is a need for a change in policy following the recommendation, we will do it," he said. — **By Kamarul Yunus**