

# Offer attractive offset schemes, suppliers told

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## It should be industry-focused, says PM

MALAYSIA will be looking very favourably at the proposals of defence equipment suppliers who can offer attractive industrial offset programmes to accelerate the country's growth in the aerospace and marine transport industries.

Prime Minister Datuk Seri Dr Mahathir Mohamad said this yesterday when opening the Sixth Langkawi International Aerospace and Maritime exhibition.

He said suppliers who could offer the most attractive industrial offset programmes in terms of value and types of technology with sustainable business opportunities would command substantial weightage.

This process, according to the Prime Minister, should be more industry-focused and not merely offer unproductive training programmes that did not address specific requirements.

The Government encouraged vendor development or joint venture with Malaysian companies in the manufacture, design and even R&D of OEM (original equipment manufacturer) products of completely new products.

"In the past, we had some good offset programmes being managed here in Malaysia, such as the BAe Systems Hawk aircraft programmes which in 1992 helped in the creation of SME Aerospace, an aerospace manufacturing company," he said.

"I would like to see more OEMs responding positively to their offset obligations. We should focus on a win-win strategic partnership between the international vendors and the Malaysian companies," said the Prime Minister.

The country's defence requirements, he said, were not big but "for us they are still considerable".

"Like everyone else, we need to make the most out of buying things, costly things which we



hope we will never need to use but which will need replacement and renewal as new technology renders them obsolete," he said.

Speaking before top aircraft manufacturers, equipment makers and aerospace experts at the Mahsuri International Exhibition Centre, Dr Mahathir said the Government's allocation for industrial development under its Eighth Malaysian development plan was quite substantial.

Also present were Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi, Kedah Menteri Besar Datuk Seri Syed Razak Syed Zain Barakbah and Defence Minister Datuk Seri Najib Razak.

Dr Mahathir also touched on the progress of the country's aerospace industry and capability in designing and manufacturing certain aircraft parts under sub-contract from the OEMs.

Malaysia has also ventured into high-tech areas such as systems integration and simulator development.

To showcase this modest development, the Prime Minister said the first ever Malaysian unmanned aerial vehicle (UAV), the two-seater Malaysia Eagle 150 aircraft manufactured by Composite Technology

Research Malaysia, would take to the air during this show.

The electronics and associated systems were supplied by BAe Systems, and aircraft modification and systems integration carried out jointly by local company Excelnet and BAe Systems.

The UAV can be used for coastal surveillance and monitoring of open burning, piracy and movement of illegal immigrants.

Dr Mahathir also called on Malaysian companies to market their capabilities and products worldwide. To achieve this, they were advised to participate in international aerospace, maritime and defence exhibitions elsewhere too.

They were also advised to develop an aggressive marketing strategy to compete successfully in the international market.

Touching on the Sept 11 attacks in the US, Dr Mahathir stressed the need for new systems of intelligence gathering, new surveillance capacities, better photography from outer space, more sensitive listening devices, early detection of poisonous chemicals, remote controls of aircraft and other new ideas and gadgets to fight terrorism.