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Good offset programmes from OEMs needed: Dr M

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IN A move to further accelerate industrial growth, Malaysia looks favourably to defence equipment suppliers who can offer industrial offset programmes along with their proposals. The supplier offering the most attractive offset programmes, in terms of value and types of technology with sustainable business opportunities, will command substantial weightage.

Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia will be looking for more local contents and more sincere efforts in the transfer of technology process.

"This transfer of technology process should be more industry-focused and not merely offering some unproductive training programmes that do not address specific industrial or project requirements.

"We encourage vendor development or joint venture with Malaysian companies in the manufacture, design and even research and development of original equipment manufacturer (OEM) projects or of completely new products," he said at the opening of the Sixth Langkawi International Maritime and Aerospace show in Langkawi yesterday.

Malaysia had in the past some good offset programmes such as the BAE Systems Hawk aircraft offset programme, which in 1992 helped in the creation of SME Aerospace, an aerospace manufacturing company. SME Aerospace today has an excellent facility and capability to manufacture a variety of metal-based aerospace products for the export market.

Meanwhile, the 1994 purchase of the MiG29s saw the setting up of an aerospace school in Universiti Sains Malaysia while the purchase of the Hornets F/A-18C/Ds saw the Boeing Co transferring, among others, its rapid prototyping expertise to Sirim Bhd.

"We need more of such programmes. I would like to see more OEMs responding positively towards their offset obligations.

"We should focus on a win-win strategic partnership between the international vendors and the Malaysian companies.

"Our defence requirements are 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 render them obsolete," he said.

Makers of the Super Hornets F/A-18E/Fs and Sukhoi Su-30s are expected to respond to the Prime Minister's call by offering attractive packages. Boeing has said that it is looking at, among others, trade-in of the existing eight Hornets in the Royal Malaysian Air Force (RMAF) fleet to offset the cost for the Super Hornets while the Russians are looking at counter-trading the Su-30s for palm oil.

Both the American and Russian fighter jet makers are vying for the RMAF's contract for a full squadron of the planes.

At present, Malaysia is capable of designing and manufacturing certain aircraft parts under sub-contracts from the OEMs. The country has also ventured into high-tech areas such as systems integration and simulator development.

The first ever Malaysian Unmanned Aerial Vehicle (UAV) is an example of Malaysia's capability in the aerospace industry. The aircraft is a two-seater Malaysian Eagle 150 aircraft manufactured by Composites Technology Research Malaysia while the electronics and associated systems are

supplied by BAE Systems. The aircraft modification and systems integration are carried out jointly by local company, Excelnet, and BAE Systems.

Dr Mahathir said the importance of UAV in operations and the unprecedented variety deployed today is growing.

"I will not be surprised that one day battles will be fought primarily using UAVs. The UAVs can also be used for non-military purposes including coastal surveillance and monitoring of open burning, illegal logging, piracy and the movement of illegal immigrants," he added.

The Prime Minister, however, said Malaysia will have to retain the conventional weapons because "we still believe in the old adage that to have peace we must prepare for war. We must arm ourselves to the teeth to deter our enemies".

"Unfortunately against terrorists, it is not enough to arm ourselves to the teeth with the weapon we are familiar with.

"The weapons against terrorists will be very different. There will have to new systems for intelligence gathering, new electronic devices, new surveillance capacities, better photography from outer space, more sensitive listening devices, early detection of poisonous chemicals, remote controls of aircraft and a whole lot of new ideas and gadgets.

"The great research institutions will have to apply themselves to these things even as world leaders try to identify the causes of terrorism and try to remove them," Dr Mahathir said.

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