

06/09/2001

Plan to buy Russian fighter jets expected to be revived (HL)

Eirmalasang Bani

MALAYSIA's proposal to buy the Russian fighter aircraft Sukhoi Su-30, a plan shelved four years ago due to the Asian financial crisis, is expected to be revived.

A barter trade arrangement is likely to be pursued for this second arms deal between the two countries, involving shipments of Malaysian palm oil to pay for the aircraft which are understood to cost at least US\$35 million (US\$1 = RM3.80) each.

Malaysia had bought 18 MiG-29 Fulcrum fighter jets in 1994 for a total of US\$600 million (then RM1.56 billion), under an offset programme which took 24 months to negotiate.

It involved a cash payment of US\$450 million, palm oil shipments worth US\$95 million, and supply of other Malaysian products worth RM55 million.

The palm oil was to be delivered to Russia over a period of five years, which incidentally ends this year.

According to the Malaysian Defence Industries Council (website), the offset programme included the manufacture of MiG-29 tyres in Malaysia and the setting up of the Aerospace Engineering School at Universiti Sains Malaysia.

The offset agreement commits Russia to transfer technology and assist in the development of the Malaysian defence industry.

Russian news agency Interfax reported last week that there are strong prospects for Russia to sell medium- and short-range air defence systems, light warships and rocket launchers to Malaysia.

The report, quoting an arms expert, said Kuala Lumpur needs these types of weapons and Russia's offers are quite competitive. The Sukhoi deal is expected to be discussed when Prime Minister Datuk Seri Dr Mahathir Mohamad visits Russia next week, it added.

The Prime Minister will be in Russia on September 12-16.

A Malaysian government team, who included representatives from the Royal Malaysian Air Force (RMAF), had met Irkutsk Aviation Production Association (IAPO) officials in Russia late last month, a source told Business Times.

"The Government wants to sign the agreement at the upcoming Langkawi International Maritime and Aerospace (LIMA 2001, October 9-14)," the source said.

IAPO manufactures the Su-30 and Su-27 fighters, as well as the Be-200 amphibious aircraft.

Interfax had reported in July that IAPO was participating in a Malaysian government tender for the delivery of a multimode tactical aircraft. The aircraft-maker sent Malaysia a test Su-30MKI aircraft that incorporates the latest features of the newer Su-35 and Su-37 models, according to the report.

"It is a major purchase but the Government has not made any decision yet," said a Defence Ministry official.

The Government's annual allocation for defence amounts to RM2 billion but the ministry has recently asked for an increase under the Eighth Malaysian Plan (2001-2005).

The allocation is only about 2.5 per cent of the gross domestic product, compared to 5 or 6 per cent in the neighbouring countries.

It is understood that RMAF is undertaking a modernisation programme, which includes the formation of a full squadron of 16 fighter aircraft.

Discussions are said to have also been held with Boeing Military Aircraft and Missile Systems of the US for its new generation F/A-18E/F Super Hornet jets.

(END)