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A partnership committed to excellence

MAJOR defence equipment players should expand their businesses in Malaysia, Prime Minister Datuk Seri Dr Mahathir Mohamad said at the Langkawi International Maritime and Aerospace Exhibition two years ago .

"Companies should offer attractive industrial programmes and bring technology and capability to Malaysia's aerospace and marine transport industries," he said.

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

In the aftermath of the Prime Minister's statement, one of the first ports of call for advice from companies seeking "the right balance" is the BAE Systems international office in Jalan Ampang, Kuala Lumpur.

The UK's No. 1 exporter of manufactured equipment continues to bring value to Malaysia's aerospace industry in work packages that develop technology, skills and capabilities.

These initiatives are, however, not necessarily linked to procurement deals and offset programmes.

"We've been partners with Malaysia since the early 1990s when we were looking to satisfy BAE Systems' offset obligations associated with the sale of the Hawk aircraft to the Royal Malaysian Air Force," said BAE Systems regional managing director Steve Meighan.

He added: "However, people tend to forget that those obligations were fully served out by 1993 and were exceeded by more than 200 per cent in value. The relationships that we developed over that short period of time placed us in a fortunate position where we could continue to help in developing key areas of aerospace technology in Malaysia. The partnership has moved from strength to strength ever since."

The continued commitment of the company has helped its partners in Malaysia gain a faster track towards aerospace engineering capability development through companies such as SME Aerospace (SMEA), Aero Composite Technologies (ACT), Composites Technology Research Malaysia (CTRM) and Excelnet.

SMEA was established in 1993 to spearhead the Malaysian aerospace parts and component manufacturing capability, with help from BAE Systems as part of the Hawk offset programme. (BAE Systems transferred the capability to manufacture Hawk pylons as well the MD3 light aircraft parts.)

The success of the transfer of technology, capability and the developing partnership on the RMAF Hawk pylons led directly to SMEA participating on other BAE Systems Hawk programmes, including the supply of pylons for Hawks in Indonesia, Saudi Arabia and Australia. SMEA has manufactured more than 250 pylons for BAE Systems programmes.

Today, SMEA is the preferred Hawk pylon supplier for the majority of new builds, spares and refurbishments across the world.

The future pylon workload prospects look good, with a projected requirement of 150 Hawk pylons.

SMEA's chief executive officer, Col Ir Chee Eng Boon, has been involved since the earliest stages of the partnership and he recognises the added value that co-operation can bring. "I cannot over-emphasise the importance of BAE Systems' role in supporting the development of some of our core capabilities over the years.

"It is an ideal partnership based on mutual support and the benefits are

still manifesting themselves today with significant Malaysian workshare continuing on new BAE Systems Hawk aircraft exported from the UK to customers world-wide," he said.

The relationship with Aero Composites Technology of Malaysia (ACT) has progressed rapidly since BAE Systems recognised the Malaysian composite company's potential in the mid-1990s.

Today, BAE Systems and Airbus UK provide ACT with a high percentage of its total revenue for the coming years through technology work packages to develop leading and trailing edge wing panels for Airbus aircraft.

BAE Systems is a major share-holder and partner in the Airbus consortium.

The first 98 aircraft wing sets of A300 work placed with ACT in April 2000 was the beginning of the strategic development of subcontract composite wing capability in Malaysia.

The initial package provided a low-risk entry option for ACT to develop skills, resources, capabilities and partnership in what was then a young and inexperienced organisation.

The contract for Composites Technologies Research Malaysia (CTRM) to supply A320 Leading and Trailing Edge Panels over a five-year period to BAE Systems was signed in June 2002.

At over 300 aircraft sets per year, this was the largest ever aerospace part and components manufacturing contract to be placed in Malaysia. The work package includes the free issue of detail tooling, materials for 100 wing sets and extensive technical support to help in setting up the production and process management of the project.

It is expected that the contract will be extended through the Airbus A320 "life of programme", increasing the potential value of the work to more than RM500 million.

In 2002, Airbus UK signed a design and manufacturing contract in Malaysia for CTRM to supply leading and trailing edge panels for the new Airbus A380 aircraft.

The deal worth RM800 million ensures a steady workload through CTRM for the life of the Airbus A380 programme.

Also, BAE Systems has since awarded contracts to CTRM for composite panel work valued at more than RM105 million over the next five years.

Meighan said: "While continuing our established partnership with aerospace companies in Malaysia, we are also turning our attention towards Malaysia's marine industry.

"As owners of UK's major ship-yards, I'm sure there is much we could bring in the way of shared process, technology, skills and knowledge." He added that BAE Systems recognised Malaysia's requirement for more frigates similar to those built by BAE and delivered into service in 1998 and saw this as a chance to venture into the marine industry in Malaysia.

"Thanks to years of proactive partnerships with our friends in Malaysia, companies such as CTRM and others can now demonstrate their capability in design, project management, manufacturing, assembly and support in military and civil programmes.

"The fact that the support from BAE Systems has continued outside the normal parameters of 'offset obligations' underlines our commitment to the industrial vision outlined in the Eighth Malaysian plan," he said.

He said that as the capability of Malaysia's armed forces developed, the country's aerospace and marine engineering industries would develop too.

"In my view, Malaysia's aerospace and marine design, development, manufacturing and support facilities are well positioned to become a regional and international industrial force to be reckoned with.

"We are proud to be associated with the success achieved by Malaysia thus far and we are determined to play a key role as a pre-ferred

industrial partner in the future," he said.