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(PRIME MINISTER)

EVENT:THE LIMA '99 OFFICIAL OPENING CEREMONY

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TIME:

First of all, on behalf of all Malaysians, I would like to extend to each and everyone of you, gathered here this morning, a very warm welcome, and "Selamat Datang" to Langkawi and in particular, to the fifth Langkawi International Maritime and Aerospace Exhibition or in short LIMA '99.

2. I am indeed very proud and honoured again to be here this morning for such an auspicious event and in the presence of so many distinguished personalities. The participation of yet another record number of companies both local and international from both the aerospace and maritime industries indeed bears testimony to the fact that the LIMA exhibition has earned for itself international recognition as an important aerospace and maritime biennial international show. Malaysia is very proud of this recognition and today LIMA serves as a meeting point for aerospace and maritime exhibitors and traders to showcase their latest state-of-the-art defence and civil products of interest to the countries in this once again dynamic region. As the recession retreats the civil and defence needs are once again occupying the attention of national Governments and their maritime and air transport industries. Here at LIMA, exhibitors and potential buyers can reestablish or form new relationships for their mutual benefit.

3. LIMA '99 is fully supported by the Malaysian Government in line with the concept of Smart Partnerships and Malaysia Incorporated. The LIMA series of exhibition is of particular importance to the Malaysian Government, as we deepen and intensify efforts to build up a strong technological base to become fully developed by the year 2020. Towards this end, both the aerospace and maritime industries have been identified as strategic industries to help promote industrial and technological advancement. In particular, our aerospace blue print has outlined how foreign and domestic investments, transfer of technology, research and development, together with

smart partnerships could best be implemented under our industrial master plan.

4. I am proud to note that our local aerospace industry has begun negotiating with leading aerospace companies worldwide to form strategic alliances to embark in the manufacture of aircraft parts and components under license and sub-contract. This achievement is timely, and I have been told that there will be a number of contracts, purchase orders and MoUs to be signed during this LIMA for both the aerospace and maritime industries, between the foreign and our local companies. For example, I am to witness the contract signing between SME Aerospace and British Aerospace and between SME Aerospace and Alenia Aerospazio of Italy.

5. I am also told, our Malaysian aerospace companies are also venturing into other hi-tech areas such as systems integration and simulator development. Malaysia has today moved a big step forward in its ability to participate meaningfully in the aerospace and maritime industries with established OEMs (Original Equipment Manufacturers) abroad.

6. Just like the aerospace industry, the importance of our maritime industry is also duly recognised by the Malaysian Government. With the Asia Pacific region emerging from the financial crisis and the economic slow down, the demand for sea transportation is expected to register a high growth. Given the considerable opportunities for further growth of the maritime industry, steps have and will be taken to augment its capacity and operations.

7. An area of growth to note in the maritime industry, is the development of the leisure craft industry. It is being actively promoted by the Government as more Malaysians become affluent and acquire a taste for "yachting lifestyle". The increasing number of marinas and seaside resorts being built speaks for itself. To complement this new lifestyle is the development of lake resorts. It is obvious that this development would result subsequently, in higher demand for leisure craft and boating facilities, thereby creating many more spin-offs for industrial growth in the country. Lake-hopping using amphibious aircrafts is a tourist product which we are keen to pursue. The beauty of Malaysia's lakes are yet to be discovered.

8. Another pertinent development in the maritime industry is the number and capacity of our local shipbuilding and repair yards which have increased many

folds over the years. The current acquisition of frigates and the launching of the Royal Malaysian Navy's patrol vessels project undertaken by NSD-Naval Dockyard together with the German Naval Group are Government efforts to further stimulate shipbuilding and ship repair activities, while enhancing indigenous technical know-how through various means of transfer of foreign technology. Already we are able to build high-speed ferry boats for export all over the world. In this hi-tech area, it is very much desired that the maritime industry embarks upon a more aggressive role in such technologically high end activities as warship design and development. This would eventually stimulate the development of local capabilities in the field of naval architecture, marine engineering, marine communication and others. In line with our promotion of the "Multimedia Super Corridor" project, the maritime industry should also aggressively embark upon "Smart Partnerships" towards incorporating more IT based technology and automation in maritime activities. I would like to draw your attention to the fact that in a global market place, only the strong survives. To succeed, we need to find our own niches. We need to build upon our strengths and focus on our competitiveness through continuous improvements in our products, services, productivity, quality and cost control. In cases where competitions are overwhelming, we should think of strategic partnerships or even mergers in order to be more competitive.

9. One significant feature which is new in the series of LIMA exhibition is the introduction of the Malaysian Pavilions in LIMA '99, where leading Malaysian aerospace and maritime companies will showcase some of their products and services. Through this effort, I hope it will give the necessary exposure for our local companies to potential international partners to forge a mutually beneficial business relationship.

10. It is Malaysia's hope that it would not be long before more Malaysian companies are able to compete and win international contracts in both the aerospace and maritime sectors. I believe the Asia Pacific region as a whole, still presents abundant business opportunities in the field of aerospace and maritime for everyone of you exhibitors present this morning, as we all enter the new millennium.

11. Defence spending, for most ASEAN countries in particular, has not been much reduced, despite the slow economic recovery. I am confident that as the Asia-Pacific economies recover, there will be a definite surge in the demand for more sophisticated military and commercial aircrafts, submarines and

patrol vessels, as well as support weapons and equipment. Needless to say, this will create numerous spin-offs, as there will be a corresponding increase in the demand for renewing and upgrading facilities to support the increasing number of military and commercial aircraft, leisure as well as naval and maritime vessels in the Asia Pacific region.

12. I am sure all of you present here realise that the aerospace and maritime industries are technology-intensive industries with high value-added, and are undoubtedly a catalyst for the development of new technologies and for industrial growth. So, it is expected that foreign industries will strive to develop and achieve meaningful and sincere smart partnerships in every sense of the word, with our local growing aerospace and maritime industries. In this way, they not only can secure stronger and longer lasting business partnerships and access to the burgeoning market in this region, but can also take advantage of our competitive rates, skills as well as disciplined work force. Language is also not a problem as Malaysians are generally very at home with the English language.

13. In the context of smart partnerships, I would like to say a few words here, about the role of our newly formed "Malaysian Defence Industry Council or in short "MDIC", which was launched recently in August this year. In the context of achieving future business ventures, MDIC can serve as a useful platform for foreign aerospace and maritime companies to network themselves with their "potential counterparts" in Malaysia, and maximise whatever strengths Malaysian companies can offer.

14. Indeed, Malaysia has seen yet another milestone in the development of its aerospace industry, a testimony of the spirit of "Malaysia Boleh".

15. I would also like to note here, that some of our local companies have started to progress into designing and manufacturing their own products. Therefore, our local efforts must be integrated further with some international interest and participation through "Smart Partnerships", so as to create a "win win" situation for those involved.

16. I sincerely hope that for those of you who have similar organisations to "MDIC" in your own country, you will take advantage of them to enable your companies to network with our local companies towards promoting each other's capabilities and facilities, as well as keeping abreast with current defence technologies for future collaborative and business

partnerships. For those of you who do not have such an organisation, you can network directly with our local companies or through the MDIC Secretariat at the Ministry of Defence.

17. I would like once again to thank all of you for your attendance and participation at LIMA '99 and a special thank you to those who have contributed in many ways to make this LIMA '99 a success. I hope you will all have a fruitful and enjoyable stay in Langkawi, and clinch some business deals before you leave for home.

18. On that note, I have great pleasure to declare open the Langkawi International Maritime and Aerospace Exhibition '99.