

Sleaze in Malaysia's defence industry
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COMMENT Defence spending accelerated across the board after Prime Minister Najib Razak, called "the driving force" behind Malaysia's military modernisation programme by Foreign Policy in Focus, became defence chief in 2000 - his second tenure in the ministry.

azlanHis shopping list included battle tanks from Poland, Russian and British surface-to-air missiles and mobile military bridges, and Pakistani anti-tank missiles, F/A 18 jet fighters, submarines from France and Russian Sukhoi Su-30 fighter aircrafts.

The BN government has been far from transparent in its arms purchases. Instead of calling for competitive bidding on defence contracts, the government has insisted that its military procurement be conducted through private negotiations because of security considerations.

Very often, contracts are given to companies which have links to political leaders. Approving officers, for obvious reasons, then approve projects forwarded by relatives or friends of political leaders.

azlanOnce in a while, compromises in the Malaysian armed forces are revealed by retiring civil and armed service personnel. For example, on Aug 8, 1996, on the eve of his optional retirement from the Air Force, RMAF Chief Lt Jen Abdul Ghani Aziz took to task ex-RMAF officers-turned-defence-equipment-suppliers for selling unsuitable and obsolete equipment, and thus compromising the safety of their former colleagues.

The account of how DCNS International of France and the Spanish shipmaker won the contract to build two Scorpene-class submarines for the Malaysian Navy is an example of the non-transparent manner in which defence contracts are awarded and the importance of political connections in gaining these contracts.

The following are some of the sleaze involved in Malaysia's military procurement:

The 'arms for aid' scandal

The 'Arms for Trade' scandal involving the funding of the Pergau hydroelectric dam in Malaysia, revolved around the linking of arms sales (worth RM5 billion) to British overseas aid in the form of Aid-and-Trade Provision (ATP) funding.

The linkage came to light when a senior civil servant in the British Overseas Development Administration (ODA), Tim Lankester, objected to the funding of the un-economical and environmentally damaging dam in 1991 but his objections were over-ruled by the then foreign secretary, Douglas Hurd.

The investigations by the British press into the reasons for the UK government's proceeding with the funding of the dam project in Kelantan centred on the linkage of the two deals, which was against stated government policy.

The scandal highlighted the links between arms transfers and aid provision in the Conservative government's record. It was stated British government policy that there could

be no such linkage. This government policy was based on the 1966 Overseas Aid Act.

NONE Allegations of corruption were levelled at the Malaysian government, specifically in the Sunday Times.

It provoked a backlash by Mahathir Mohamad's government which announced a 'Buy British Last' policy in 1994.

Soon after, the editor of the Sunday Times at the time, Andrew Neil lost his job as editor because of the political impact of the investigations of Pergau.

While the mainstream press in Malaysia published hardly anything on the 'Arms for Aid' scandal which had erupted in Britain in 1994, the British press had a field day which subsequently led to Mahathir's second trade boycott against Britain.

Grisly murder of Altantuya

It took the brutal murder of a Mongolian national, Altantuya Shaaribuu in 2006 to shock the nation and for questions surrounding the purchase of two Scorpene submarines to be asked in this country and in France. Altantuya, a Mongolian translator, was shot in the head on Oct 19, 2006, and then blown up with C4 explosives which are available only from Malaysia's military.

altantuya razak baginda mongolian murder case 030907 According to testimony in the trial, Altantuya accompanied her then-lover Abdul Razak Baginda to Paris at a time when Malaysia's Defence Ministry was negotiating through a Kuala Lumpur-based company, Perimekar Sdn Bhd, to buy two Scorpene submarines and a used Agosta submarine produced by the French government under a French-Spanish joint venture, Armaris.

Perimekar at the time was owned by a company called Ombak Laut, which was wholly owned by Abdul Razak, who is a close associate of then defence minister Najib. The contract was not competitive.

The Malaysian Defence Ministry paid 1 billion euros (RM4.5 billion) to Armaris for the three submarines, for which Perimekar received a payment of 114 million euros (RM510 million). The total cost of the submarines purchase after including infrastructure, maintenance, weapons, etc, has since risen beyond RM7 billion.

Deputy Defence Minister Zainal Abidin Zin told the Parliament that the money was paid to Perimekar for "coordination and support services" although the fee amounted to a whopping 11 percent of the sales price for the submarines.

Altantuya, by her own admission in the last letter she wrote before her murder, said she had been blackmailing Abdul Razak, pressuring him for US\$500,000. She did not say how she was blackmailing him, leaving open lots of questions.

While two former bodyguards of the then deputy prime minister and defence minister were subsequently found guilty of her grisly murder, it raised suspicion of an official cover-up since their motives were never divulged to the public nor probed in court.

military malaysia navy french built submarine scorpene class Altantuya had had a relationship with Abdul Razak Baginda, a defence analyst from the Malaysian Strategic Research Centre think-tank, which has close ties to Najib. She had worked as Abdul Razak's

translator on a deal to purchase Scorpene submarines from France.

In October 2006, the French newspaper Liberation claimed that Altantuya was informed that the commission paid by Armaris, the French-Spanish consortium involved in Malaysia's acquisition of the submarines of one billion euros (RM4.7 billion), had been deposited in a bank account in Malaysia.

The commission of 114 million euros was allegedly paid into the account of Perimekar, a company that Razak Baginda controlled and Altantuya had flown to Kuala Lumpur with her cousin to demand her share of the commission, which was to have been US\$500,000.

Altantuya was reported missing on Oct 19, 2006 by her cousin who lodged a police report and sought help from the Mongolian embassy in Bangkok. She was later discovered murdered and her remains were found in a forested area in Shah Alam.

Two jet engines stolen

Experts say that Malaysia's Air Force suffers from too many aircraft types and aircrafts that fail to keep up with recent purchases by its neighbours. The recent case of the missing jet engines was by no means exceptional when seen in the light of these scandals.

Two F-5E fighter aircraft engines costing RM50 million from the Royal Malaysian Air Force went missing in May 2008 and a police report was lodged in August that year. It was only towards the end of 2009 that the theft of two jet engines was reported in the media.

The possible reason the government did not disclose the loss in 2007 was because the general elections was nearing. Had they done so, the opposition would have had a gala time ridiculing the government.

According to Najib, there was no cover-up on the theft of the jet engines. The jet engines went missing when he was the defence minister in Abdullah Ahmad Badawi's cabinet. It was reported that a brigadier-general and 40 other armed forces personnel had been sacked over the incident.

They were not charged. There was no court martial. It appears the general and several others lost their pension but upon appeal they got it back.

NONEThe thefts and subsequent sale of the parts would have affected national security and also have international implications. The United States, which sold the hardware to the RMAF, would surely want to know who the buyers were. Indeed, there is a good possibility that investigations will go international.

N Tharmendran (photo), one of the accused, has since emerged to accuse the RMAF of torture and persecution.