

**By : DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK
PERDANA MENTERI MALAYSIA**

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Ladies and gentlemen,

1. I stand before you today in unique circumstances. I have served as Defence Minister, as Deputy Prime Minister, and as Prime Minister; I have spoken at this exhibition, and others like it. But this is the first time I have done so whilst an internal security situation is ongoing. So with that in mind, I hope you will allow me to reflect a little on the operations in Sabah.
2. Six weeks ago, a group of armed militants landed on Borneo's eastern shore, pursuing a grandiose territorial claim that is without merit or basis in fact. It was the beginning of the biggest internal security threat since the communist insurgency ended in 1989.
3. Weeks of attempted negotiation – and repeated requests by both the Philippines and Malaysian governments – yielded no progress. On Xth March, we decided that the presence of what amounted to an invading force was no longer tolerable, and military and policy operations began. It was the first time troops had been deployed on Malaysian soil since 19xx.

Ladies and gentlemen,

4. Many of you have served your nation, either in the armed forces or in government. You have made big decisions about defence procurement and policy, advised companies and forces on spending and strategy. As a former defence minister, I had faced such decisions before: about committing troops in Bosnia and Somalia, and about peacekeeping operations in Lebanon.

5. These were big questions. They involved potential loss of life, and deployment of national resources. But they do not adequately prepare you for a situation like that which emerged in Sabah. What was initially a policing matter soon became a live operation, with members of each of the forces committing themselves to protecting our sovereignty.

6. On behalf of all Malaysians – from Langkawi to Lahad Datu – I would like to express my thanks and record my appreciation to those who are serving in Sabah, using their skill and professionalism to bring an end to what could have become a diplomatic incident.

7. I urge the men and women currently on duty in Sabah to remain steadfast and vigilant. Our prayers are with you always. There is no price higher than the sacrifices made by our security forces in fighting armed intruders.

8. It is the responsibility of the government to assure our people are given the best equipment we can afford, and to show that the lives of men that we lost in protecting our sovereignty was not lost in vain. I would like to take this opportunity to pay tribute to our fallen heroes from the Royal Malaysian Police and the Malaysian Army who have sacrificed their lives in the line of duty, keeping Malaysia safe from harm. You shall not be forgotten.

Ladies and gentlemen,

9. This year marks the 12th edition of the Langkawi International Maritime and Aerospace Exhibition. I have attended almost all of the previous editions, so I know how important this event is; yet even by the standards of the past, there is much to look forward to. Over the next few days, a hive of activity will grow within these walls, with new programmes dedicated to exposing opportunities here in Asia.

10. This focus is not surprising. Much has been made of America's recent 'pivot to the Pacific', but – as is so often the case – diplomacy and strategy tend to lag behind the markets. After all, whatever your business, over the past decade investors have been focusing relentlessly on Asia.

11. So it should come as no surprise either that Asia is a hugely important growth market for aerospace and maritime spending, both in the defence and commercial sectors.
12. Aviation in particular, will develop significantly in the next few years, with considerable increases in air travel, infrastructure investment and new policies. Much as the potential growth in Asia's vehicle ownership is causing multinational car companies to shift their design focus to the East, so aviation manufacturers are looking to Asian markets for medium-term opportunities.
13. Military modernization programs continue to drive defence spending in ASEAN. Acquisition of ships and aircrafts, drones and armoured vehicles will continue to be the focus of procurement within the region, and is expected to form the majority of defence procurement spending till 2020. According to Jane's, South East Asian countries increased their defence spending by 13.5% last year; and for the first time, Asia's military spending is set to overtake Europe's.
14. Against this backdrop, this exhibition is poised to become a gateway to this vibrant marketplace. This year, we have nearly 427 companies from 29 countries present with us – a 10% increase on last year, with global maritime and aerospace market leaders well represented. With 78 aircraft and 62 warships on display, the Langkawi International Maritime and Aerospace Exhibition offers delegates and companies from Asia and the world an opportunity to see some of the latest defense and commercial technology – and perhaps a little of this beautiful island, too!

Ladies and Gentlemen,

15. I am sure your schedules will be packed during your time here, much to the dismay of my colleague the Tourism Minister. But actually, what happens within these walls is just as important for Malaysia, for we have identified the maritime and aerospace industries as key sectors for investment and support.
16. Two years ago, we launched the Malaysian Shipbuilding / Ship Repair Industry Strategic Plan 2020 here at this very conference. The recent inclusion of shipbuilding and ship repair industry in our Economic Transformation Program is a clear acknowledgement of the importance of the industry – not just for accelerating Malaysia's growth, but also for providing new high income jobs.

17. We have also pushed aviation to the centre of our industrial policy. Through the Malaysian Aerospace Council, we have successfully steered the development of the aviation industry. An industry that registered some RM8.2 billion of turnover in 1998 is now worth RM30 billion, with more than 230 active companies and a workforce of 65,000.

18. Our strategy – a specific incentive package for the aerospace industry – has attracted continuous new investments from major foreign and domestic players. Last year, the aerospace industry recorded RM2.3 billion of investment, which is expected to generate more than 2,700 new employment opportunities.

19. These numbers are impressive; they illustrate not only the potential for further growth here in Malaysia, but also our desire to transform our economy as we strive to become a high-income nation.

20. Situated as we are – in the heart of one of the most vibrant maritime and aerospace markets, with strong connections to Asia and an open, business-friendly economy – I believe the future prospects for growth are strong. And if this year’s exhibition is anything to go by, that future is not very far away at all.

21. I commend the organisers, along with Defence Minister Dato’ Seri Ahmad Zahid Hamidi, for their commitment to staging such a successful event. I would also like to thank the Armed and Security Forces, the Ministry of Transport, the Ministry of Trade and Industry, the Ministry of Science Technology and Innovation and the Ministry of Higher Education for their collective contribution to the programme.

I wish you all the best for the rest of the exhibition.

Thank you very much.