

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE LIMA 2007 OFFICIAL OPENING CEREMONY
AT MAHSURI INTERNATIONAL EXHIBITION CENTER, LANGKAWI
3 DECEMBER 2007**

BISMILLAHIR RAHMANIR RAHIM

ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH AND GOOD EVENING

YAB DATO' SRI MOHD NAJIB TUN RAZAK
DEPUTY PRIME MINISTER, MALAYSIA

EXCELLENCIES

DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. I WISH TO BEGIN BY EXPRESSING PROFOUND SADNESS OVER THE PASSING OF THREE PARATROOPERS YESTERDAY DURING A TRAINING SESSION IN LANGKAWI, AND TO OFFER OUR DEEPEST CONDOLENCES TO THEIR FAMILIES* WE PRAY FOR GOD'S MERCY TO BE WITH THE DEPARTED; WE ALSO PRAY THAT THOSE INJURED WILL GRANTED A SPEEDY RECOVERY BY THE ALMIGHTY, INSYA-ALLAH*

LADIES AND GENTLEMEN,

2. WELCOME TO LIMA 2007* I AM HONOURED TO HAVE BEEN INVITED TO OFFICIATE HERE TONIGHT IN THE PRESENCE OF SUCH A DISTINGUISHED GLOBAL AUDIENCE OF GOVERNMENT AND MILITARY LEADERS AS WELL AS INDUSTRY CAPTAINS* ON BEHALF OF MY GOVERNMENT AND MEMBERS OF THE MALAYSIAN MARITIME AND AEROSPACE INDUSTRIES, LET ME THANK YOU FOR YOUR CONTINUED STRONG SUPPORT FOR LIMA*

3. INDEED, YOUR SUPPORT TAKEN TOGETHER WITH THE MALAYSIAN GOVERNMENT'S COMMITMENT HAS, OVER THE YEARS SINCE ITS INCEPTION, MADE LIMA A TRULY WORLD CLASS EVENT* DURING THAT SAME TIME, LIMA HAS PLAYED A KEY ROLE IN REFLECTING MALAYSIA'S GLOBAL AMBITIONS IN THE MARITIME AND AEROSPACE INDUSTRIES* THAT WE HAVE INVESTED HEAVILY IN MAKING LIMA WHAT IT IS TODAY IS TESTAMENT TO THE GOVERNMENT'S COMMITMENT TO ENHANCING MALAYSIA'S CAPACITY AND CAPABILITY IN THESE FAST GROWING INDUSTRIES*

4. IN FACT, THE LOCAL AND REGIONAL DEFENCE INDUSTRIES HAVE ALREADY BENEFITED IN MANY WAYS FROM THE SUBSTANTIAL INTERNATIONAL EXPOSURE THAT LIMA GENERATES* FOR THE DIVERSE SET OF GLOBAL AEROSPACE AND MARITIME MULTINATIONALS LOCATED THROUGHTOUT THE WORLD, LIMA PROVIDES AN INTERNATIONALLY RECOGNISED AVENUE TO SHOWCASE THEIR LATEST CUTTING EDGE TECHNOLOGY AND PRODUCTS*

LADIES AND GENTLEMEN,

5. THE THEME OF LIMA 2007, REVOLVING AROUND THE ISSUE OF MEETING THE FUTURE NEEDS OF THE DEFENCE INDUSTRY, IS INDEED TIMELY* EXISTING AND EMERGING GLOBAL DYNAMICS HAVE GIVEN RISE TO A SERIES OF NEW AND SIGNIFICANT CHALLENGES* THE NEED TO DISCUSS AND ADDRESS THESE – AS WELL AS THE NEED FOR DEFENCE AND RELATED INDUSTRIES TO ADAPT IN ORDER TO MEET THESE CHALLENGES – REQUIRES THAT INTERNATIONAL FORUMS SUCH AS LIMA GIVE THESE ISSUES THEIR DUE ATTENTION AND FOCUS*

6. SPECIFICALLY SPEAKING, THE MOST IMPORTANT CONTEMPORARY CHALLENGES FACING THE DEFENCE INDUSTRY ARE THE CHANGING NATURE OF SECURITY THREATS AND THE ESCALATING COST OF DEFENCE EQUIPMENT* THE NON-CONVENTIONAL NATURE AND PROFILE OF NEW SECURITY THREATS REQUIRE MUCH HIGHER LEVELS OF SOPHISTICATION IN AEROSPACE AND MARITIME TECHNOLOGY* COUPLED WITH THE INCREASING COST OF LABOUR, OF RAW MATERIALS AND OF R&D, THIS HAS LED TO THE PRODUCTION COST FOR DEFENCE MANUFACTURING INCREASING RAPIDLY*

7. GIVEN THIS, MANY GLOBAL COMPANIES HAVE STRUCTURED THEIR SUPPLY CHAINS INTERNATIONALLY TO BEST MEET CURRENT ECONOMIC REALITIES* OUTSOURCING OF CERTAIN STAGES OF PRODUCTION OR OF CERTAIN PRODUCTION COMPONENTS, WHILE MAINTAINING HIGH DEGREES OF SPECIALISATION THROUGHOUT THE SUPPLY CHAIN, IS INCREASINGLY MORE COMMONPLACE*

8. IT IS WITHIN THIS EMERGING TREND THAT DEVELOPING COUNTRIES LIKE MALAYSIA SEEK TO PLAY A KEY ROLE* WITH THE ONGOING DISTRIBUTION OF THE SUPPLY CHAIN OF ORIGINAL EQUIPMENT MANUFACTURERS (O.E.M.'S), MALAYSIA IS COMPETITIVELY POSITIONED TO CAPTURE A SUBSTANTIAL SHARE OF THESE OPPORTUNITIES* A SOLID INFRASTRUCTURAL BASE COUPLED WITH A STABLE POLITY AND A ROBUST ECONOMY PROVIDES FERTILE GROUND FOR JOINT VENTURES BETWEEN INTERNATIONAL O.E.M.'S AND DOMESTIC COMPANIES TO GROW AND DEVELOP*

9. THIS COULD BE SUCCESSFULLY ACCOMPLISHED THROUGH STRATEGIC PARTNERSHIPS AND ALLIANCES ACROSS DIFFERENT SEGMENTS OF THE INDUSTRY, INVOLVING DESIGN AND DEVELOPMENT; TESTING AND CERTIFICATION; MANUFACTURING; SYSTEMS INTEGRATION; MAINTENANCE, REPAIR AND OVERHAULS (M.R.O.); AND LIFECYCLE MANAGEMENT*

10. CERTAIN O.E.M.'S IN MALAYSIA HAVE ALREADY SHOWN CONSIDERABLE COMMITMENT TOWARDS DEVELOPING SUSTAINABLE PARTNERSHIPS* THEY HAVE WORKED TO ESTABLISH IN-COUNTRY OPERATIONS, AND HAVE CHOSEN MALAYSIA AS THEIR INDUSTRIAL HUB, THEREBY GENERATING EMPLOYMENT, DEVELOPING A VENDOR BASE, ENHANCING LOCAL SKILLS, AND TRANSFERRING TECHNOLOGY TO THE DEFENCE AS WELL AS RELATED INDUSTRIES* THIS IS INDEED IN LINE WITH THE MALAYSIAN GOVERNMENTS ASPIRATIONS TO BUILD LONG-TERM SUSTAINABLE PARTNERSHIPS WITH A VIEW TOWARDS MEETING GROWING REGIONAL DEMAND, AND SUBSEQUENTLY, TOWARDS SERVING GLOBAL MARKETS*

11. GLOBAL O.E.M.'S AND OTHER MULTINATIONAL COMPANIES CAN PLAY A KEY ROLE IN BUILDING BUSINESSES WITH MALAYSIAN PARTNERS* ON ITS PART, MY GOVERNMENT REMAINS COMMITTED TO CREATING A CONDUCTIVE ENVIRONMENT

FOR INVESTMENT AND TO DEVELOP MALAYSIA A STRONG BASE FROM WHICH TO CAPTURE REGIONAL MARKETS* INsofar AS LOCAL COMPANIES ARE CONCERNED, THEY SHOULD CONTINUOUSLY SEEK TO IMPROVE THEIR TECHNOLOGICAL EDGE THROUGH LONG-TERM R&D PROGRAMMES, EVENTUALLY BUILDING-UP THEIR CAPABILITIES TO PENETRATE THE INTERNATIONAL MARKET VIA GLOBAL PARTNERSHIPS AND OTHER MEANS*

12. INDEED, OVER THE COURSE OF THE NEXT FEW DAYS, THE GLOBAL O.E.M.'S AS WELL AS LOCAL COMPANIES SHOULD TAKE ADVANTAGE OF BEING HERE AT LIMA TO NETWORK AND SUBSEQUENTLY, TO IDENTIFY WAYS AND MEANS IN WHICH COLLABORATIVE ENTERPRISES CAN BE ENTERED INTO*

13. BEYOND THE DEFENCE RELATED INDUSTRIES, THERE ARE VARIOUS CIVIL RELATED SECTORS OF THE AEROSPACE AND MARITIME INDUSTRIES WHICH ARE EXPERIENCING STRONG GLOBAL GROWTH AND HAVE THE POTENTIAL TO STRONGLY EXPAND IN THE REGION* THE EXPLOSION IN LOW-COST AVIATION, AND THE ENSUING BOOM IN DEMAND FOR RELATED AEROSPACE PRODUCTS AND MAJOR MAINTENANCE PROGRAMS, IS AN EXAMPLE WHERE MALAYSIA HAS SUCCESSFULLY MANAGED TO CAPTURE AND EXPAND ON A GLOBAL INDUSTRY TREND*

14. OTHER EMERGING AREAS, SUCH AS GENERAL AND CORPORATE AVIATION, THAT HAVE ALREADY EXPERIENCED LONG PERIODS OF SUSTAINED GROWTH IN DEVELOPED MARKETS, HAVE SIMILAR POTENTIAL FOR ROBUST EXPANSION IN SOUTH EAST ASIA, SPECIFICALLY, AND ASIA, MORE GENERALLY* MALAYSIA, WITH ITS READY INFRASTRUCTURE AND SUPPORTIVE POLICY ENVIRONMENT, STANDS POISED TO ACT AS A REGIONAL HUB WHICH CAN FACILITATE THE STRONG EXPANSION OF THESE EMERGING INDUSTRIES*

LADIES AND GENTLEMEN,

15. IN TERMS OF NATIONAL DEFENCE PROCUREMENT POLICY, MALAYSIA WILL CONTINUE TO PURSUE MORE HIGH TECHNOLOGY PLATFORMS, WEAPONS AND SYSTEMS IN LINE WITH OUR DEFENCE MODERNISATION PLANS AND OUR MARITIME SURVEILLANCE AND ENFORCEMENT INITIATIVES* UNDER THE NINTH MALAYSIA PLAN, WHICH RUNS FROM 2006 TO 2010, THE MALAYSIAN GOVERNMENT HAS ALLOCATED 14.5 BILLION RINGGIT TOWARDS BUILDING THE DEFENCE CAPABILITIES OF OUR ARMED FORCES* THESE RESOURCES ARE GEARED TOWARDS ENSURING THAT THE MALAYSIAN ARMED FORCES HAVE THE CAPACITY TO MEET ANY SECURITY CHALLENGES IN THIS CHANGING 21ST CENTURY ENVIRONMENT, RANGING FROM ACTS OF TERROR TO DRUG TRAFFICKING TO MARITIME PIRACY*

16. IN ADDITION, MALAYSIA TAKES THE VIEW THAT ANY ARRANGEMENTS ARRIVED AT WITH O.E.M.'S AND OTHER MULTINATIONALS SHOULD INCORPORATE MEANINGFUL OFFSET PROGRAMMES* IN LINE WITH OUR DRIVE TO MAKE MALAYSIA A REGIONAL HUB FOR STATE-OF-THE-ART MARITIME AND AEROSPACE MANUFACTURING AND SERVICES, THESE OFFSET PROGRAMMES COULD INCLUDE THE SETTING UP OF IN-COUNTRY FACILITIES, MANUFACTURING, MAINTENANCE AND PROVIDING WHOLE-LIFE SUPPORT TO THE EQUIPMENT PURCHASED*

17. IN THE PAST, MALAYSIA HAS BEEN ABLE TO UTILISE DEFENCE PROCUREMENT TO BUILD OUR OWN INDIGENOUS INDUSTRIAL DEFENCE BASE, TO FACILITATE COUNTER PURCHASES AND TO ALSO CREATE SPIN-OFFS IN THE NON-DEFENCE

SECTORS* DOMESTIC DEFENCE INDUSTRY COMPANIES SUCH AS DEFTECH, SAPURA DEFENCE, C.T.R.M., S.M.E. AEROSPACE, AIROD AND ZETRO, TO NAME BUT A FEW, ARE BENEFICIARIES OF THESE PROGRAMMES* ABOVE AND BEYOND THIS, OUR SUCCESSFUL ANGKASAWAN INITIATIVE IS A GOOD EXAMPLE OF HOW OFFSETS IN DEFENCE PROCUREMENT CAN BE UTILISED TO ACHIEVE BROADER NATIONAL OBJECTIVES, NOT EVEN NECESSARILY – OR DIRECTLY – RELATED TO DEFENCE*

LADIES AND GENTLEMEN,

18. IN CONCLUDING, I WISH TO CONGRATULATE DATO' SRI MOHD NAJIB TUN ABDUL RAZAK AND OUR FELLOW CABINET COLLEAGUES FOR BEING THE DRIVING FORCE BEHIND LIMA* I WOULD ALSO LIKE TO TAKE THIS OPPORTUNITY TO THANK ALL GOVERNMENT AGENCIES ALONG WITH THE ORGANISERS, WORLD AEROSPACE AND H.W. LIMA, FOR WORKING TIRELESSLY TOWARDS THE SMOOTH AND SUCCESSFUL RUNNING OF THIS EVENT* LAST BUT CERTAINLY NOT LEAST, I WOULD LIKE TO THANK THE HEADS OF GOVERNMENT, CHIEFS OF ARMED FORCES AND SERVICE CHIEFS, GOVERNMENT DIGNITARIES, EXHIBITORS AS WELL AS TRADE VISITORS, WHO HAVE ARRIVED FROM ALL CORNERS OF THE GLOBE, FOR YOUR CONTINUED STRONG SUPPORT* ON THIS NOTE, IT GIVES ME GREAT PLEASURE DECLARE LIMA 2007, OPEN*

THANK YOU*