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( PRIME MINISTER )

EVENT: THE OPENING OF THE LANGKAWI INTERNATIONAL MARITIME AND  
AEROSPACE EXHIBITION 1995

VENUE: LANGKAWI

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TIME:

On behalf of all Malaysians, I wish everyone gathered here today a warm welcome to these islands of many legends and to LIMA '95, or the Langkawi International Maritime and Aerospace Exhibition '95, in particular. The prospect of business opportunities has brought many here to LIMA '95. Those who attended LIMA '91 and LIMA '93 will notice the tremendous progress and growth of the exhibition. You may also be aware that a great deal of business resulted from the previous shows. It will not be surprising if a lot of business will follow this show. You will also note that LIMA is now a recognised aerospace show and is included in the calendar for such events worldwide. The Malaysian Government would like to thank everyone here for the support in making LIMA a Premier Biennial Exhibition in this region. The islands of Langkawi which have now become the permanent venue for the exhibition will certainly be a better known destination because of this exhibition.

2. Malaysia has now made a successful transition from a commodity exporter to a producer and exporter of manufactured goods. Today almost 80 percent of Malaysian exports worth US65 billion dollars in 1995 is made up of manufactured goods. So successful has the switch to manufacturing been that Malaysia is now experiencing labour shortage. In order to continue growing we have to go into high technology and less labour intensive industries. The aerospace industries have been identified as a suitable area for Malaysia to venture into. It is hoped that with the higher skills needed by workers in these industries, their earnings would be enhanced while their numbers would remain low. At the same time the high value added which results from hi-tech industries will contribute towards the continued economic growth of the country. The Government will therefore give every support to the aerospace and aviation sector as an important component of Malaysia's industry.

3. In this context the Malaysian Industry-Government Group for High Technology (MIGHT) has been tasked to formulate an aerospace policy for the country. It will prepare the blueprint on how the investments, transfer of technology, research and development and joint ventures could best be implemented under the Seventh Malaysia Plan (1996-2000). It

is also in the process of negotiating with several leading aerospace companies worldwide to form strategic alliances in the national aerospace and aviation industry. Although the entry point into the aerospace industry is in the area of aircraft maintenance, it is timely for Malaysia to embark on the manufacture of parts, engine and avionic components and training.

4. The worldwide annual turnover for the aerospace and aviation industry is estimated at US\$200 billion, with the Asia Pacific Region expected to account for about 50 percent of the global air transportation market by the year 2010. As local companies begin to realise the opportunities to be found in the aerospace industry, more are coming forward to participate in it. Therefore, aircraft maintenance companies are no longer satisfied with just servicing the domestic and traditional clients, but are also aggressively marketing their services abroad. Malaysian companies are also venturing into other hi-tech areas such as systems integration, simulator development and the manufacture of light aircraft and structural components. Malaysia is anxious to prove to the world that it can manufacture aircraft components to the required standards of the acknowledged aircraft builders. In this respect, Malaysians are justifiably proud that the SME MD3-160, which was introduced at LIMA 93, is now manufactured in Malaysia. Its first clients are the Royal Malaysian Air Force, followed by the Indonesian Ministry of Communication.

5. Malaysia believes that aircrafts manufacturers will continually increase the use of composite material in aircraft manufacture. To gain entry into the production of hi-tech composite materials, Malaysia bought over the Australian-designed Eagle XT-S. As a result, a core group of 30 Malaysian technicians and engineers have gained valuable exposure to advanced composite technology in aircraft components manufacture, sub-assembly and final assembly. The Eagle aircraft project has been instrumental in the setting up of a composite industrial park around the Batu Berendam Airport in Malacca. Already all available land has been fully taken up and new acreage have to be acquired. All are welcome to avail themselves of this specialised industrial park.

6. The Government is keenly promoting a flying culture in the country. It will support the formation of flying school and flying clubs, including experimental aircraft associations, to encourage the public to be interested in learning to fly, and even own their very own light aircraft one day. It is envisaged that as Malaysians become more affluent, they will be ready for recreational, private, commercial and corporate flying, thus creating a domestic demand for general aviation aircrafts. The challenge then is for both the Government and the private sector to explore ways and means of making available low cost aircraft, low cost operation and maintenance, landing strips and aircraft parking facilities.

7. The growth in air travel in the Asia Pacific region has resulted in the rapid expansion of our national airline, MAS and the setting up of a number of feeder airlines and aircraft charter companies. This growth is expected to continue if not accelerate. More aircrafts of various kinds have been acquired by Malaysia since LIMA '91 than at any other period in the history of aviation in Malaysia. And of course other countries in the South East Asia are not going to be left behind. LIMA has really stimulated air travel and private ownership of aircrafts in South East Asia. Investments in satellites and telecommunication have also increased because of LIMA. All these promise to grow in the future.

8. The space age is upon us, affecting our everyday lives. Malaysia has no choice but to join the ranks of countries that wish to reap benefits from the exploitation of space resources or be left behind. The scope is indeed very broad, with opportunities in research and development, derivative industries, commercial applications of technology and technical and professional services in related fields.

9. Meanwhile, the government is encouraging and planning the launching of satellites for both commercial and scientific research purposes. Two commercial projects are being undertaken by Binariang Sdn. Bhd. under the Malaysia East Asia Satellite System, also known as MEASAT. MEASAT I will be launched on December 20 this year from the Kourou Space Centre in French Guyana, followed by MEASAT II in July, 1996. These satellites will help to increase and improve telephone communications, video conferencing, data transmission, direct television and radio broadcasts.

10. The Government plans to launch the first micro-satellite in July 1997, and the second, in the year 2000. Unlike MEASAT, which is meant purely for commercial purposes, the micro-satellite programme will include a scientific mission. It will facilitate research by universities and extensive commercial and scientific activities including low earth orbit environment studies, atmospheric sciences, ozone monitoring and remote sensing for resource management, land use and environmental protection. The Government encourages more Malaysian companies to explore opportunities in this new industry.

11. Global efforts in the advancement of aviation and aerospace technologies should be focused towards improving the quality of life for mankind. Space exploration and numerous scientific researches that are being undertaken should aim at creating and producing products that would help to alleviate world poverty, hunger and suffering. Advanced technologies should never be used to promote a country's superiority over others and create equipment that can be used for destruction or for a show of force over weaker nations.

12. Just like the aerospace/aviation industry, the maritime industry has great potential for growth and its importance is duly recognised by the Malaysian Government. With the Asia Pacific emerging as the centre of economic activity for this decade and into the 21st century, demands for air and sea transport are expected to register high growth. For example, sea transport, particularly containers in the East Asian Region, is expected to grow faster than the world average of 6.7 percent and will account for 30 percent of world trade.

13. The growth of the Malaysian economy has similarly placed great pressures on the maritime industry. It is therefore imperative that the maritime industry be developed efficiently and effectively.

14. Given the considerable opportunities for further growth of the maritime industry, steps will be taken to augment its capacity and operations. Malaysia plans to have more of its international trade carried in its own ships, especially in the export of its commodities and manufactured products. In line with this, the Government may consider giving more incentives to traders and freight forwarders to export or import using our own vessels and ports.

15. Larger cargo volumes and increasing competitiveness have exerted pressure on Malaysian ports to improve efficiency and provide more cost effective services. The Government, on its part, has allocated a large portion of its development budget for infrastructural development including building a second port in Johor and completing the West Port in Port Klang each served by good road and rail access. The Government is also looking at ways to improve operational efficiencies through the application of hi-tech equipment and systems and manpower training. Suppliers of hi-tech equipment and consultancy services will find ample opportunities to work together with Malaysians in the upgrading of our port facilities.

16. The Leisure Craft Industry is also being actively promoted by the Government as more Malaysians take to a "boating lifestyle". The growth of the leisure craft industry is evident with the increasing number of Marinas and seaside resorts being built in the country. At least 10 Marina projects are expected to be operational by 1997. It is undeniable that, properly operated, Marinas not only stimulate employment and income, but also provide additional property, sales and other tax revenues to the Government. In its effort to capture the bulk of the region's boating development and to account for a significant proportion of the industry's revenues by 1995, the Government has eliminated import duties on luxury boats and relaxed boating regulations as a means of increasing boat-related activities.

17. Malaysia is also encouraging the development of lake resorts. Such developments would result in higher demand

for leisure craft and boating facilities. Float planes and amphibians aircrafts would be used for transportation of visitors from principal airports to and between lakes.

18. In the midst of all these developments in the Maritime industry, Malaysia is also mindful of the need to preserve its marine environment while ensuring its safety standards. Towards this end, steps are being taken to ratify several international conventions which deal with the safety of navigation and preservation of the Marine environment.

19. As the Straits of Malacca is one of the busiest straits in the world, the threat of pollution from oil spills and the illegal discharge of sludge is very real, posing a great danger to the marine environment and to the sustainability of our coastal marine resources including the leisure industry. We are therefore actively pursuing the idea of trans isthmus transport of goods and petroleum as one of the triangle of growth projects involving Indonesia, Malaysia and Thailand. This project, if it materialises, will reduce the risks of collision and oil spills in the Straits of Malacca.

20. I am glad that LIMA '95 now has an added feature, that is, the convening of an international conference on aerospace, which is organised by the Asian Strategy and Leadership Institute (ASLI). This Conference marks an important milestone in the development of LIMA. I hope that the deliberations at the Conference will result in the formulation of new strategies for the development of the aerospace and aviation industry.

21. LIMA has once again brought together high ranking Government officials from many countries and captains of the aerospace and maritime industry which should result in some Smart Partnerships between Malaysia and neighbouring countries with multinational firms in the relevant industries.

22. It now gives me great pleasure to declare open The Langkawi International Maritime and Aerospace Exhibition, '95.