

SPEECH BY: DATO' SERI DR. MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

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"The Malaysian Aerospace Industry: Its Strategy
Towards Global Competitiveness"

It is indeed a pleasure for me to be with you this morning. I would like to thank the Asian Strategy and Leadership Institute (ASLI) and Le Proton Lima Sdn Bhd, the joint organisers of the LIMA International Aerospace Conference 1995, for inviting me today to officiate the opening of this conference.

2. I am honoured to be present among the distinguished personalities consisting of captains of industries and senior Government officials from not only the region but also from Australia, Britain, France and the United States who shall be sharing their insights and experiences with participants at this conference. This conference is indeed a new and welcome addition to the LIMA programme of exhibitions and air-shows.

3. The Malaysian Government accords priority to the LIMA Exhibition and Conference because we are keen to develop our aerospace industry. The aerospace industry is one of the new frontiers for Malaysia. We have successfully ventured into the automotive and electronics industries and we believe we can do likewise with the aerospace industry. Developing an aerospace industry for Malaysia would help complete the transformation of the Malaysian economy as envisaged in Vision 2020.

4. Vision 2020 has laid out a target for Malaysia to become a developed nation by the year 2020. This shared vision stresses that Malaysia should not only be developed economically, but also politically, socially, spiritually, psychologically and culturally. What is more important is that, in our efforts towards becoming a developed nation, we want to also create a scientific society; one that is able to keep abreast of technological developments.

5. Malaysia wishes to be a player in the aerospace industry. While the aviation market contributes to an estimated 1.2 billion passengers and 20 million tonnes of freight last year, with a turnover of US\$250 billion, the aerospace industry, on the other hand, has a world-wide

annual turnover of US\$20 billion.

6. The demand for aircraft in the Asia Pacific region by the year 2015 is estimated to make up a quarter of the global demand. This has put Asia in a strong position to propagate the continuous development of the aerospace industry. Even our own Malaysia Airlines is in the market for new aircrafts.

7. In aviation infrastructure development, Asia has established itself as a focal point of aerospace and aviation activities with many nations embarking on multi billion dollar airport projects. A case in point is the new Kuala Lumpur International Airport (KLIA) in Sepang. The KLIA is designed to be a modern airport city that is harmonious with its environment. We envisage the KLIA to be one of the better and more advanced airports in the world. It will truly be a pride of Malaysia. This airport development project will enable aerospace companies, airlines and any other relevant and supporting industries, to locate their regional headquarters there.

8. In this regard, Malaysia must establish the necessary framework to accelerate its industrialisation process in the aerospace industry. With the Malaysian economy anticipated to continue growing at over 7 percent per annum until the year 2020, the aerospace and aviation industry is seen as a critical sector which offers abundant opportunities for the transfer of advanced technologies in engineering, electronics, composite materials as well as manufacturing and system integration. Malaysia welcomes the world's leading aerospace and aviation companies to take advantage of Malaysian infrastructure and other facilities in order to serve the Asean region. The business-friendly Government will always adopt a pro-active and flexible approach to promote the growth of the aerospace industry.

9. In its effort to develop the nation's aerospace industry, the Government is willing to give reasonable support and incentives to encourage interested parties to embark on this high technology industry. The Government is also willing and has been investing heavily in infrastructure projects which will facilitate the local aerospace and aviation industry.

10. The Malaysian Government is committed to the development of an aerospace industry. The rationales for having a fully developed aerospace industry are as follows:-

a. The aerospace industry will have numerous indirect benefits in line with Malaysia's Development Strategy. There are linkages and spin-offs which can contribute to our industrialising process.

b. The adoption and utilisation of advanced technology in aerospace encourages and facilitates technical innovation and competition which in turn

encourages higher productivity and improves quality standards of products. Other industries will benefit from the technology and productivity.

c. The individual earnings of its workforce will be enhanced as it acquires greater skills and competence in modern technology.

d. Aerospace products and services which cater for the foreign market will generate foreign exchange and increase exports.

e. When the new Kuala Lumpur International Airport in Sepang is opened, the present airport at Subang will provide a very good site indeed for all kinds of aerospace industries and activities.

11. The aerospace industry in Malaysia is neither in its infancy nor is it mature yet. The level of technology in Malaysia consists only of aircraft repairs and limited re-manufacturing of parts and components. Malaysia's aerospace industry has only managed to reach the support stage and has yet to get to the production stage primarily due to the absence of necessary transfer of technology.

12. I believe that there is a need to strengthen the following areas:-

a. The consolidation of the current local aerospace industry structure in order to achieve synergy among local aerospace major players;

b. Establishing the KLIA Sepang into a regional hub in order to attract airlines and support industries to relocate their activities to Sepang; and

c. Encouraging local SMIs and existing vendors particularly in the automotive, oil and gas and other high technology industries to participate in a national vendor development programme for aerospace.

13. For these reasons, the Malaysian Industry-Government Group for High Technology (MIGHT) has been established to promote Malaysia's entry into the aerospace and aviation industry. One of the roles of MIGHT is to prepare the national strategic plan for the aerospace industry. The process of building the national strategic plan, began in February this year, has already entered its final stages. With the "blueprint" of the strategic plan, it is hoped that the strategic plan will help construct a truly consolidated aerospace industry in Malaysia. The Government therefore welcomes the views and inputs of the private sector, particularly those attending this conference. They will be factored into our long-range strategic plans.

14. The global trend in civil aviation and continuing demand for international travel and freight will fuel the growth of the global aerospace and aviation industry. However, although the cold war has ended, the so-called peace dividend has not yet resulted in any significant decrease of global armaments trade. Military aviation will continue to lead technological innovations in the aerospace industry as nations build their defence deterrence and invest in new military aircrafts. Southeast Asia, being in the centre of a rapidly growing region, offers vast opportunities for the manufacture of military aircrafts and defence equipment. Malaysia is also upgrading its own defence capability and is investing in new aircrafts and equipment for our defence forces. There is therefore room for foreign investors to come into the Malaysian market. However it is hoped that there is sincerity in helping us develop our aerospace industry through off-set programmes and transfer of technology.

15. Let me, however, assure our neighbours that we are no threat to anyone. We in Asean are peace-loving people preferring dialogues to threats, cooperation rather than confrontation, and peace and stability, instead of hostilities and uncertainties.

16. On this note, I am pleased to officially declare open this conference.