

# ISU DAN CABARAN KE ARAH KEUPAYAAN BERDIKARI DARI PERSPEKTIF INDUSTRI PERTAHANAN

ISSUES AND CHALLENGES TOWARDS SELF RELIANCE FROM THE PERSPECTIVE OF LOCAL DEFENCE INDUSTRY

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*A nation's sovereignty is its pride and dignity.*

*A nation's ability to protect and defend its sovereignty is the ultimate necessity.*



# Introduction

In Malaysia, our **Local Defence Industry** play a crucial role in our National Defence.

## ► Role of Local Defence Industry:



Support the objectives of  
Self Reliance



Reduce dependency on  
foreign OEM



Reduce Ringgit drain in  
asset procurement and  
MRO

However, there are a lot of issues and challenges to overcome in order to meet these targets.



# Where we are now

## ▷ Current defence industry capability:

SECTOR/CAPABILITY	AUTOMOTIVE	MARITIME	AEROSPACE	WEAPON	ICT
MRO	HIGH	HIGH	HIGH	LOW	HIGH
ASSEMBLY/INTEGRATION	HIGH	HIGH	HIGH	HIGH	HIGH
DESIGN	MEDIUM	HIGH	LOW	LOW	HIGH
MANUFACTURING	MEDIUM	HIGH	MEDIUM	LOW	HIGH
RND	LOW	LOW	LOW	LOW	MEDIUM
PRIME COMPANIES	DEFTECH, WESTSTAR	BOUSTEAD, PRESTON, BDNC	AIROD, ATSC, CTRM, ZETRO	SMEO	SAPURA, SCS

Established industry players within MIDES have proven that the role of industry is **essential to maintain a fully operational and functional Armed Forces.**



# What are the main issues?

Lack of support for  
long-term MRO



Preference to  
local content  
not clearly  
specified

Jobs awarded  
to non-  
performers

Obsolescence



# What are the main issues?

Lack of support for  
long-term MRO



Assets are

- Expensive & complex
- Expected to last >20 years
- Replaced ~ 40 years

Requires a **comprehensive Maintenance, Repair and Overhaul (MRO) plan** that is

- Adequately financed
- Properly executed



# What are the main issues?

## Obsolescence



Modern military equipment

- Relies on Electronics and Computers
- Based on decade-old design and technology

Our military assets need to  
**survive electronic subsystem  
obsolescence.**

- Able to upgrade systems on board
- Spare parts availability



# What are the main issues?

Inconsistencies between

- Government policy makers
- Procurement authorities
- End users

Not enough emphasis is given to

- Track record
  - Experience
  - Capabilities
- of Local Defence Industry players,  
resulting in a **higher risk of project  
failures.**



**Jobs awarded  
to non-  
performers**



# What are the main issues?

Local Defence Industry develops indigenous products and expertise through

- Transfer of technology
- Offset programs
- Its own R&D funding

R&D capabilities prove that local companies **can be as capable and competitive as their foreign counterparts.**



**Preference to local content not clearly specified**



# What can be done to address these challenges?

Establish niche areas for less dependence on foreign OEMs



Enforce commonality of equipment and systems



Recognize capability and competency



Collaborate in research and development



Develop cyber-defence capabilities



Maximize the Offset Program





# What can be done to address these challenges?

**Establish niche areas for less dependence on foreign OEMs**

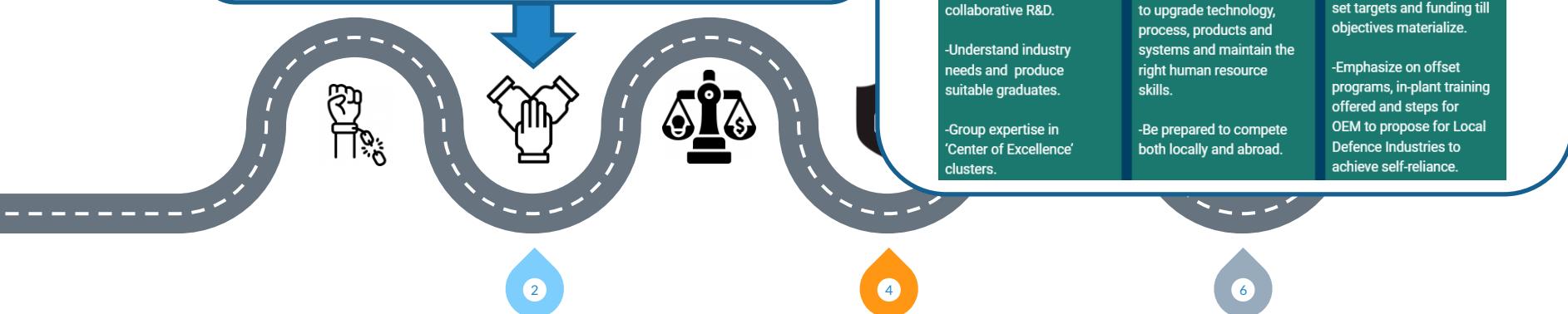


- Reduce the cost of life cycle support
- Be self-sufficient in these areas
- Be able to export our products and services overseas



# What can be done to address these challenges?

- Especially in areas of design, R&D and manufacturing
- To acquire the knowledge, skills and technology that are needed to be self-reliant
- To strategically define a list of targets that are achievable in the short, medium and long term.



**Collaborate in  
research and  
development**



## Role of Universities

- Provide training and collaborative R&D.
- Understand industry needs and produce suitable graduates.
- Group expertise in 'Center of Excellence' clusters.



## Role of Local Defense Industry

- Commit to funding R&D to upgrade technology, process, products and systems and maintain the right human resource skills.
- Be prepared to compete both locally and abroad.



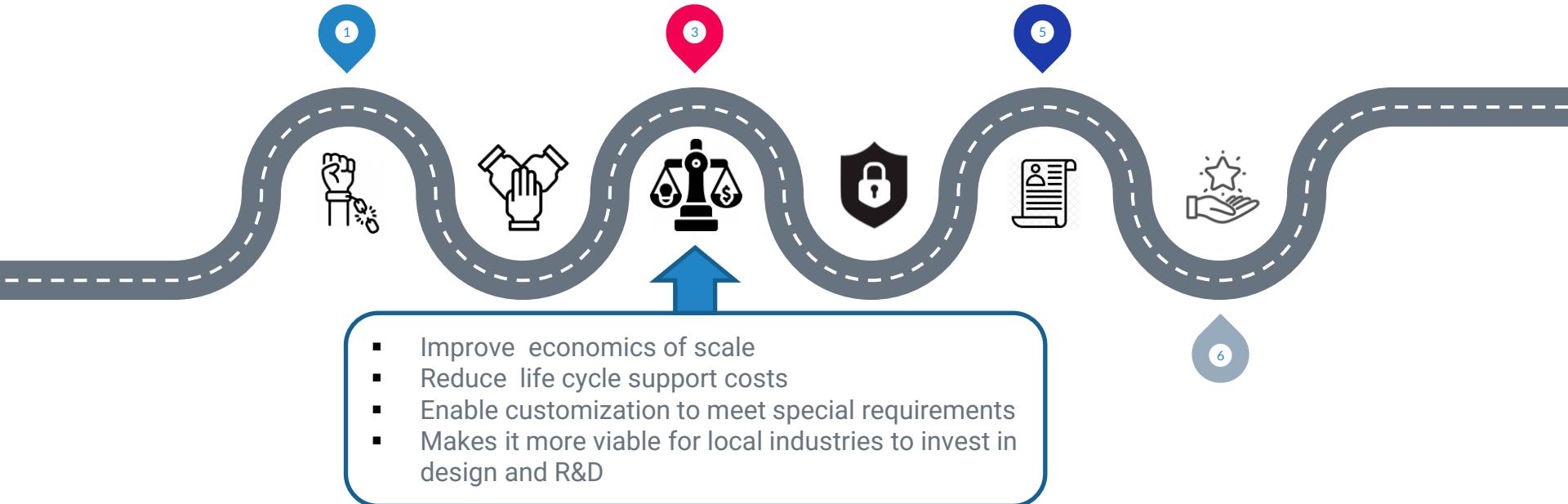
## Role of Government

- Be committed to meet set targets and funding till objectives materialize.
- Emphasize on offset programs, in-plant training offered and steps for OEM to propose for Local Defence Industries to achieve self-reliance.



# What can be done to address these challenges?

## Enforce commonality of equipment and systems





# What can be done to address these challenges?

Developed locally so that our solutions are:

- Unique and resilient to foreign intercepts and compromise
- Continuously improved (fast-moving target)

Steps to be taken include:

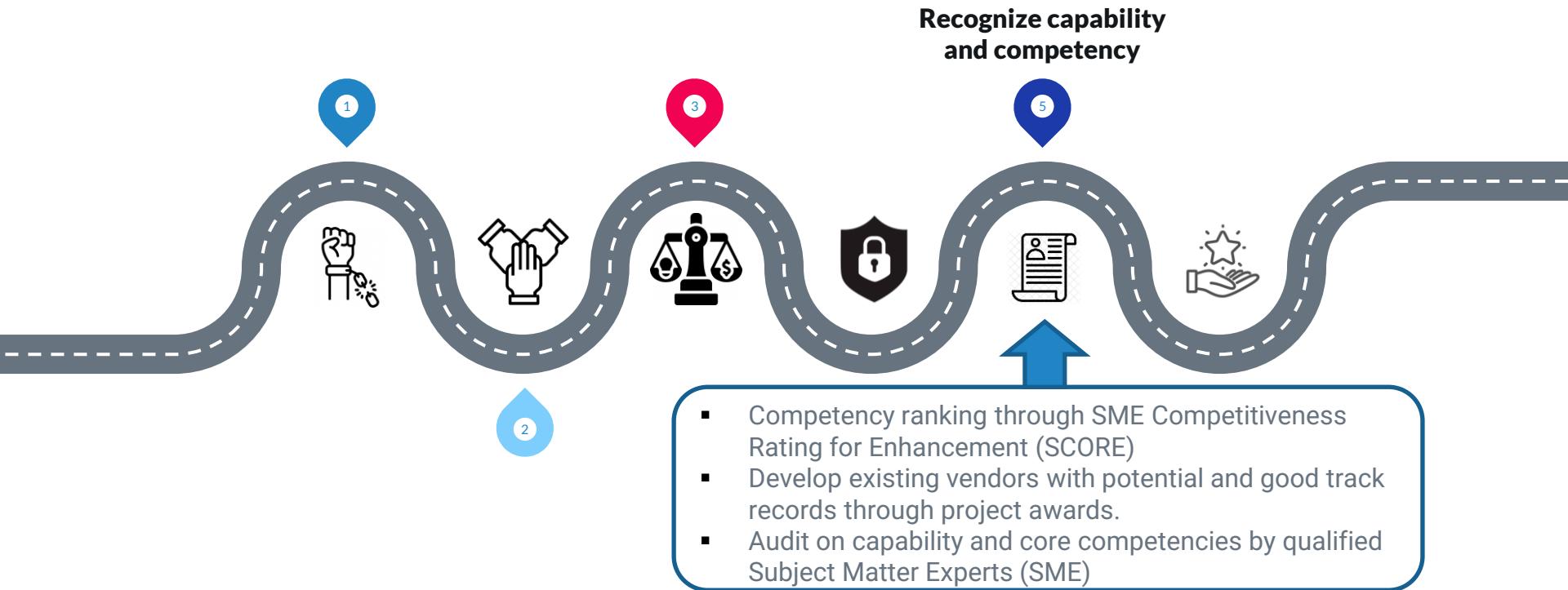
- Upgrading defence capabilities
- Strengthening jointness across security agencies
- Increasing security awareness and defence preparedness



**Develop cyber-  
defence  
capabilities**



# What can be done to address these challenges?





# What can be done to address these challenges?

- Offer offset based on technology needed, and successful transfer of technology as criteria of acceptance
- Post-transfer assessment, on whether they achieved the objectives.
- Include training of reliable local companies as an offset element, responsible to maintain the system throughout its life.





# Conclusion

- Achieving self reliance in national defence is a long-term effort and requires commitment and resolve from the Government, MAF and Industry.
- To succeed, it needs:



A clear and consistent Defence Policy (**Defence White Paper**) that has to be implemented.



Funding commitment and political will for the vision to be achieved in the long term.



Issues such as obsolescence, policy ambiguity and implementation support to be discussed together in order to come to a mutual understanding on the action plan and possible way forward.



# Conclusion

*Malaysia is a nation that is blessed with natural resources with a multi-ethnic, well educated, hardworking human capital.*

*With proper vision and resolve, we hope to be a nation that attains a resilient, dependable and effective defence posture; a strong presence within the ASEAN region and globally.*

*InsyaAllah.*

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THANK YOU

