

ISU DAN CABARAN KE ARAH KEUPAYAAN BERDIKARI DARI PERSPEKTIF INDUSTRI PERTAHANAN

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

NATIONAL WEBINAR ON DEFENCE SCIENCE & TECHNOLOGY (S&T) 2021

Datuk Khalilur Rahman Ebrahim
Executive Chairman, System Consultancy Services Sdn Bhd





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

Obsolescence



Jobs awarded to non-performers



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**

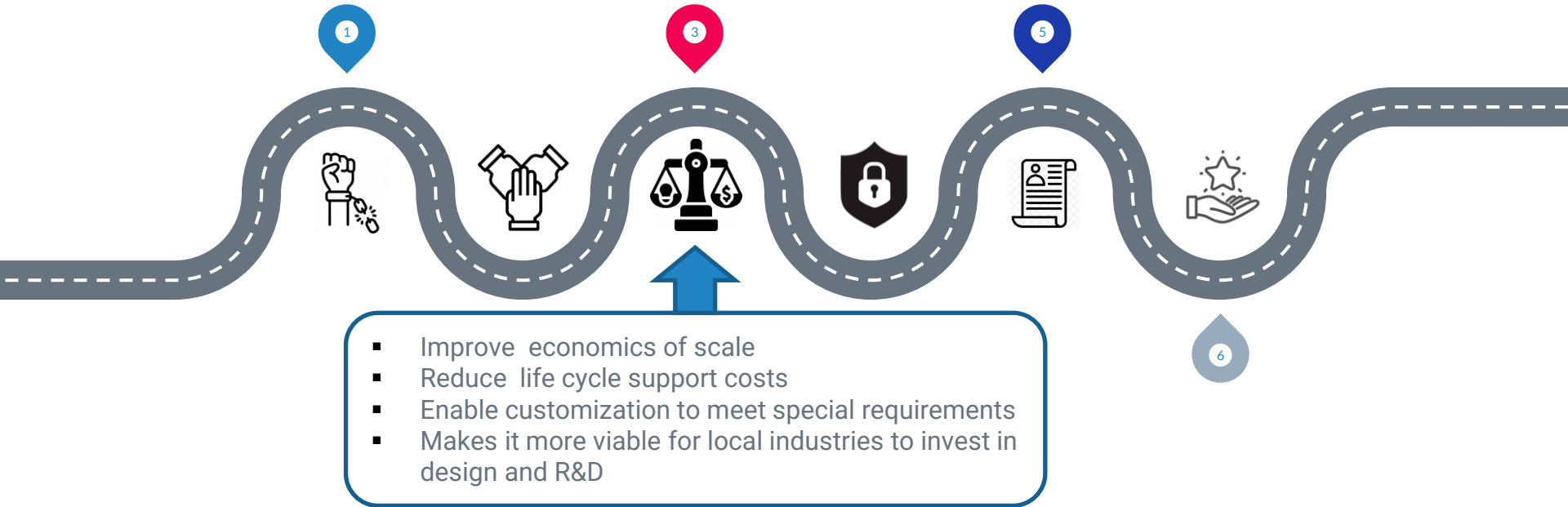


 Role of Universities	 Role of Local Defense Industry	 Role of Government
<ul style="list-style-type: none">- Provide training and collaborative R&D.- Understand industry needs and produce suitable graduates.- Group expertise in 'Center of Excellence' clusters.	<ul style="list-style-type: none">- Commit 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.	<ul style="list-style-type: none">- 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





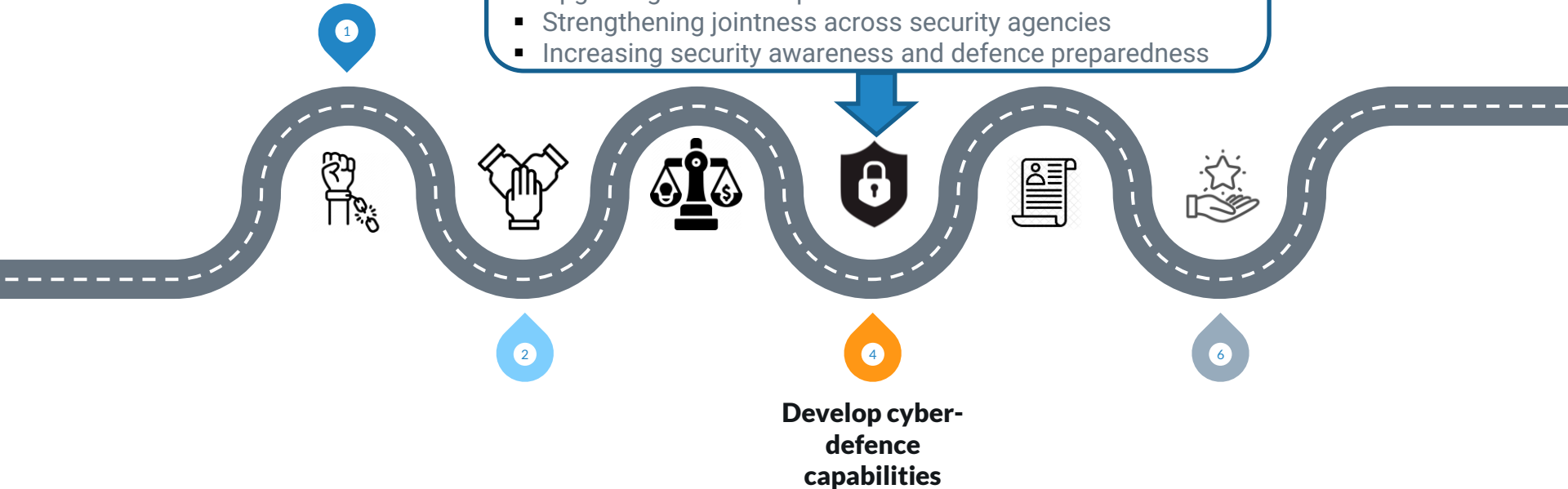
What can be done to address these challenges?

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



What can be done to address these challenges?



Recognize capability and competency



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.



**Maximize the
Offset Program**

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.



THANK YOU

