

**RMKe-12 WEBINAR SERIES:
BOLSTERING MALAYSIA AEROSPACE INDUSTRY
IN THE 12TH MALAYSIA PLAN**

Keynote Speech by YB Dato' Sri Mustapa Bin Mohamed

26TH October 2021

Bismillahirrahmanirrahim

Assalamualaikum Warahmatullahi Wabarakatuh and a very good morning to

Mr. Anand Stanley, President of Airbus Asia Pacific;

Dr. Bicky Bhangu, President South East Asia, Pacific & South Korea of Rolls Royce;

Mr. Scott McLarty, Senior Vice President of Spirits Aerosystem Holdings;

Mr. Rupert Hupfer, Executive Director of Global Supplier Development at Collins Aerospace;

Mr. Shamsul Kamar Abu Samah, Head of National Aerospace Industry Coordination Office, MITI;

Mr. Naguib Mohd Noor, President of Malaysia Aerospace Industry Association;

Ladies and gentlemen,

1. I would like to welcome everyone to another webinar in conjunction with the recent launching of the Twelfth Malaysia Plan. Today's session is the second webinar we have organized focusing on strategic and high impact industries identified in the Twelfth Plan. The first webinar focussed on the E&E sector.

2. As you are aware, the government has identified the aerospace industry to play a catalytic role in the nation's economic recovery by spearheading Industry 4.0 transformation and creating new economic opportunities. We should aggressively explore and secure new opportunities in the changing global aerospace industry to strengthen our footprint in the global value chain.

3. I am delighted with the commitment by industry representatives, government agencies and academia in ensuring the success of the last webinar, as well as this one. This collaboration is crucial in strengthening public-private sector collaboration in the implementation of the Twelfth Plan and the Malaysia Aerospace Industry Blueprint 2030 (MAIB 2030).

Ladies and gentlemen,

4. Malaysia is already at the forefront of aerospace composites technology and is increasing its dominance in the engine and airframe MRO sector. An increasing hard metal capability, exemplified by UMW Aerospace and SAM Aerospace, both specialists in engine components manufacture, shows the breadth of aerospace technology disciplines that Malaysia has mastered. The country is presently home to more than 230 aerospace related companies supporting the Malaysian supply chain,

generating RM16.2 billion total revenue in 2019, making Malaysia the second largest aerospace hub in Southeast Asia.

5. Malaysia is proud to host many global aerospace players such as Spirit AeroSystems, Airbus, GE Engine Services Malaysia, Aerospace Composites, Honeywell, Hamilton Sundstrand, Airbus and Safran. These companies are working together with our local companies like UMW Aerospace, SME Aerospace, CTRM Aero Composite, T7 Aerospace and AIROD which have demonstrated their capabilities in meeting stringent demands of OEMs. Also in the ranks are Sapura, HICOM Teck See and Serba Dinamik, new entrants with strong automotive and Oil & Gas backgrounds. There is a complete ecosystem in Malaysia, ranging from R&D, engineering & design, manufacturing, MRO and human capital development.

6. On investment performance, from 2017 until June 2021, the Government had approved 40 projects with a total investment value of RM3.8 billion, creating some 4,563 job opportunities. These jobs are mostly highly skilled Malaysian technicians and engineers, leading the way forward for high-value and skilled employment. Going forward, the Government will continue to promote and facilitate high-quality foreign direct investments into Malaysia. As outlined in the National Investment Aspiration (NIA) framework, focus will be on attracting high-quality investments.

7. The COVID-19 pandemic has challenged all of us. However, we are confident that the aerospace industry will continue to be a vibrant and thriving industry in Malaysia in the years to come. The trends show Asia

Pacific having the highest growth in new plane deliveries for the next decade, a testament to an expanding economy in this region.

8. The pandemic is also giving us the opportunity to take a look at how we can address issues of competitiveness focusing on high-end, technology driven solutions. The Government views the private sector and academia as co-development partners. We have established the Research Management Unit at the EPU to coordinate R&D spending to ensure focused spending for tangible outcomes. Together we will work to enhance the capabilities of the Malaysian aerospace industry, increasing value creation and reducing inefficiencies.

Ladies and gentlemen,

9. Under the Twelfth Malaysia Plan, the aerospace industry is anticipated to generate RM30 billion revenue and more than 30,000 jobs by the end of 2025. These are high quality employment opportunities which will contribute to enhancing the capabilities of our local manufacturing supply chain going forward.

10. The government is committed to make the aerospace industry, a key contributor to the manufacturing sector, in line with the nations drive towards becoming a high-income economy based on innovation, creativity and high value activities. Strategies have been put in place through various initiatives such as developing a sustainable ecosystem, clustering and zoning of aerospace activities, establishing an aerospace digital system and venturing into sustainable energy.

11. Private sector investments, particularly with strong emphasis on environmental, social and governance (ESG) elements will be prioritised to bolster the industry's development. We expect greater participation and collaboration from all stakeholders, particularly in the areas of talent development, strategies and programs execution as well as technology transfer and creation.

12. The Twelfth Plan also aims to deepen the capabilities of the supply chain. Where possible we aim to leverage on Industrial Collaboration Programs (ICP) to build local capabilities thereby maximising value from government procurement. Going forward, we hope to have greater participation in design & build activities in aircraft programmes, a greater share of the global aero manufacturing and MRO markets as well as greater capabilities in avionics and systems integration.

13. The EPU is pleased to work closely with industry captains and various stakeholders in preparing Malaysia for a rebound in this sector. It is with great pleasure that I welcome all of you to the session. I wish you a successful and productive session.

Thank you.