

Sources within the Ministry of Defence (Mindef) indicate that substantial additional purchases are planned and have been put forward to the government for approval and inclusion in the Sixth Malaysia Plan 1991 - 1995. While details are confidential, press and journal articles over the past year indicate that the following projects are under active consideration:

- purchase of new armoured personnel carriers.
- update of existing frigates.
- replacement of the Skyhawk A4's.
- upgraded avionics for the F-5E's.
- re establishment of a former Air Force airfield in Kelantan.
- construction of a new naval base in Sabah.
- refurbishment of warships to carry helicopters.
- purchase of additional helicopters.
- construction of a new Armed Forces Staff College.

### 3.0 LOCAL CAPABILITIES

#### 3.1 Local Production

The range of local capabilities in the manufacturing of defence and defence related products is fairly limited and includes the following: combat rations; field kitchens and related products; tyres; some aerospace components; uniform/cloth/webbing materials; boots; batteries; vehicles; and selected electronic/telecommunication equipment. The quality of these are variable according to industry observers.

Some ammunition is also produced but the limited size of the Malaysian market generally means that it is not economically viable to produce weapons locally unless there is also an export market. While the government will encourage local production through joint ventures with foreign firms, it sees production as limited to in-country need and is not looking towards weapons export at this stage.

In July 1989, the government-owned firearms manufacturer, Malaysian Explosives Sdn Bhd signed an agreement with Steyr-Daimler Puch AG of Austria to jointly manufacture 100000 Steyr rifles over ten years for the Malaysian Army. Malaysian Explosives will make between 50 and 60 per cent of the components with the major parts to be made by Steyr-Daimler Puch and imported.

#### 3.2 Aircraft Maintenance

Airod Sdn Bhd is a joint venture company established in 1985 between Aerospace Industries Malaysia (AIM) and Lockheed Aircraft Services International (LASI). AIM's shareholders are the Ministry of Defence, Malaysia Airlines and United Motor Works.