

BACKGROUND ...

AN OVERVIEW OF THE SINGAPORE ARMED FORCES

The missile gun boats are armed with harpoon and gabriel anti-aircraft guns, as well as 57mm and 40mm Bofors anti-surface and anti-aircraft guns. The navy is also planning to acquire another squadron of 6 Missile Corvettes armed with harpoon anti-ship missiles, a 76mm Oto-Melara Super Rapid Gun and anti-submarine torpedoes.

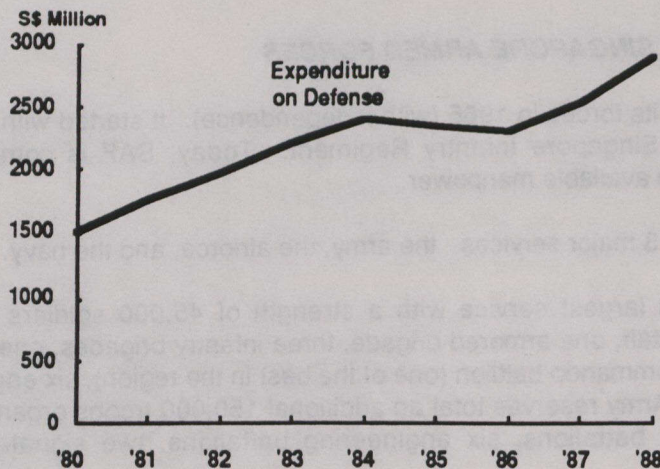
In order to enhance training, shore-based simulators and trainers are used extensively.

Paramilitary forces include 7,500 policemen, gurkha guard units and approximately 30,000 people's defense force personnel.

CURRENT SITUATION - DEMAND FOR DEFENSE EQUIPMENT

Government expenditure on defense is estimated to be 6% of gross domestic product (GDP). Between 1980 - 1988, the market for defense equipment grew from 1.5 billion to 2.9 billion.

**EXPENDITURE ON DEFENSE
(BASED ON 6% OF GDP ESTIMATE)**



The market for defense equipment is divided into 3 categories - equipment replacement, training equipment, and new technologically advanced equipment.

The replacement market is one that is difficult to penetrate despite the market being open to technological improvements and upgrades. Difficulties arise from replacements/upgrades having to be compatible with existing equipment. Furthermore, price is a major consideration in this market.

In contrast, there is a large potential for foreign suppliers of training equipment. Because of the limited geographic size of Singapore, maintenance (e.g. technician training) and tactical systems (e.g. computer aided instruction systems and aircraft simulators) are used extensively. There is also an on-going move from simple technical training to the more advanced tactical systems.

The market for new and advanced equipment, like that of training equipment offers a large potential for foreign suppliers. However, this area is very competitive and involves a substantial amount of R&D and capital investment by the supplier.