



**KEYNOTE ADDRESS**

**BY**  
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**ON**  
**AIRBUS MALAYSIA CONNECT WEBINAR**

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Ladies and gentlemen.

1. Let me begin with a reminder that Malaysia has been an 'Aerospace Nation' for more than 50 years, being involved from the operations through to the maintenance and manufacture of aircraft components. I am pleased to note that Airbus has been our partner for the most part of this journey and we look forward to a bright future for this relationship. In this day and age when entrepreneurs like Elon Musk and Jeff Bezos are embarking on private space exploration, drone deliveries and air mobility, Malaysia's deep aerospace design, build and maintenance know-how are key enablers to us being part of this future. This sector opens the pathway for future technologies as will be reflected in the upcoming 12th Malaysia Plan.
2. Today's webinar is therefore most opportune and, in the absence of the customary air show, vital in fostering engagement between the aerospace industry and the Government which recognises the aerospace sector as a strategic industry.
3. The COVID-19 pandemic has battered the global economy sparing no sector whatsoever. With international and domestic travels being restricted, among the hardest hit is the aerospace industry where the supply chain was upended. This impacted airliners, airport operators, aviation fuel providers, food and beverage suppliers as well as aerospace manufacture, maintenance, repair and overhaul.

4. Since the implementation of key initiatives in the Malaysian Aerospace Industry Blueprint 2030, led by the National Aerospace Industry Coordinating Office (NAICO) under MITI, the domestic aerospace industry has demonstrated steady growth in terms of revenue and export value. We aspire to be a leading aerospace nation in the next 10 years where the industry is expected to generate an annual revenue of RM55.2 billion and create 32,000 jobs.
5. The Malaysia Aerospace Industry Association (MAIA) today boasts 74 members ranging from the large MNC's down to homegrown SME's. All these companies are embarking on digitisation and automation transformations in line with the expectations of OEM's such as Airbus.
6. Malaysia has benefitted immensely from economic integration with the global economy in the form of trade, investments, mobility of workforce and international collaboration. Major global aerospace giants have set their sights on Malaysia, investing not only in infrastructure but also in equipping and training our people with the required skills, know-how and technology in key aerospace sub-sectors such as MRO, Aero-Manufacturing, Systems Integration and Engineering & Design.
7. Malaysia is home to Airbus' largest source of suppliers in Southeast Asia and one of its top five sources of composite parts worldwide. Even more gratifying is the knowledge that aerospace parts stamped with the words "Made in Malaysia", are flying on the complete Airbus civil aircraft product line. Some domestic companies, like CTRM, have gained international recognition as a major composite supplier.

Ladies and gentlemen.

8. The COVID-19 pandemic continues to weigh heavily on our national economy. Malaysia's aerospace revenue shrunk between 20 per cent and 30 per cent in 2020 compared to 2019's revenue of RM16.22 billion.
9. Commercial aviation is the most impacted sub-sector due to the closure of international borders and limitation of domestic travel. It was reported that both aerospace manufacturing and MRO businesses have been experiencing deferment of orders and heavy maintenance services. Most of the manufacturing and services activities of aerospace were halted, while some of the workforce were laid off due to the worldwide travel restrictions, grounding commercial and business aircraft.
10. As aircraft manufacturers temporarily revised production rates downwards to adapt to the new depleted market environment, I am pleased to note that there are those in the supply chain ecosystem that took advantage of the demand slowdown to re-set their finances in new technology and capability development.
11. On its part, as reflected in the national budget, the Government announced five aerospace projects aimed at reviving the industry and maintaining its competitiveness globally.

12. A total of RM15 million was allocated for the industry's development programs covering the promotion of the Malaysian aerospace industry ecosystem, the empowerment of the National Aerospace Centre of Excellence, competency enhancement through digital systems and Industry 4.0, and the development of bio-based aerospace materials.
13. In the recently announced PEMERKASA stimulus package, RM50 million has been allocated to further support the recovery of the aerospace and medical devices industries. Under this initiative, NAICO is identifying potential areas for Malaysia to bid and secure new work packages from the OEMs, Tier-1 Companies and global service providers. This initiative offers matching grants to aerospace companies that successfully secure new contracts that will benefit the local supply chain as well as retain employment for skilled workforce.
14. Going forward, we anticipate the aerospace industry to rebound and regain pre-pandemic revenue levels as early as next year if Malaysia can continue to capture new work packages with a positive impact on the whole ecosystem through product localisation. The recovery will be expedited if the industry can further expand its air cargo services, business aviation, MRO as well as professional training services.

15. In line with global developments in the area of ESG benchmarks, the domestic aerospace sector will also help contribute to reduction of carbon emissions, through the use of greener materials using Malaysian-grown biomasses, bio-jet fuel, and advanced technologies. It is encouraging that manufacturers are reassessing their product plans and airlines, moving to more fuel-efficient fleets.
16. Another key potential focus area is the development of unmanned aerial vehicles (UAVs) and drones. There is no lack of local talents in this area. Aerodyne a Malaysian drone services company today has offices in 23 countries providing inspection services for wind turbines in Europe and to our own TNB grid infrastructure. They are no 2 in Global rankings today and we look forward to them achieving “Unicorn” status. Definitely, we want to develop an ecosystem that is not limited to UAVs and drones, but also vertical or short take-off and landing (VTOLs) and autonomous flying objects, for the local and export markets. That is the future we are keen to capitalise on.
17. In closing, I would like to commend our aerospace players for demonstrating resilience as well as resourcefulness in the face of adversity and the manifold challenges of the past year. Nonetheless, even as we begin to see the silver lining, I urge the aerospace community to continue to adapt and be ready for whatever lies ahead. As they say, tomorrow belongs to those who prepare for it today.
18. As we forge ahead to seize new opportunities, it is imperative that the Government and the industry work together strategically to get this key economic sector flying

high again, and soar to new levels of achievement and excellence.

Thank you.