

Sector briefing

Aerospace Opportunities in Malaysia

Why Malaysia?

Malaysia has one of the fastest growing commercial aerospace sectors in the Asia-Pacific region. With an average growth 11% year on year from 2004 – 2008, the turnover from the commercial aerospace sector in 2008 is RM25 billion (£5 billion; assuming £1 = RM5.00).

The Malaysian Government has targeted the aerospace industry to be one of its main engines for growth in the next decade. To achieve this, the Government has set up the Malaysian Aerospace Council to steer the development of the local aerospace sector. The importance of this Council can be seen by the fact that Dato' Seri Mohd Najib, the Prime Minister of Malaysia himself chairs it. It is hoped that through its intervention, Malaysia will become a major aerospace player in 2015 and a world-class supplier by 2020.

For more general information on the Malaysian market conditions, please visit [UKTI's website](#). [The Doing Business Guide](#) for Malaysia gives an overview of the economy, business culture, potential opportunities and an introduction to other relevant issues regarding doing business in Malaysia.



“Malaysia’s ambition is to become a major aerospace player in the Asia-Pacific region by 2015 and a world-class supplier by 2020”

Opportunities

Opportunities for UK aerospace companies in Malaysia are increasing – important areas are detailed below: -

Commercial Aviation

Malaysian two main operators namely, Malaysia Airlines (MAS) and AirAsia continue to expand their domestic and international routes. In the previous two years, MAS has ordered more than 50 aircraft (A380s, B737s, A330s and ATR72-500s) whilst, AirAsia is set to become the biggest A320 operator in the world with 70 A320s currently in service with another 150 A320s on order from Airbus.

First tier suppliers like Airbus, Rolls-Royce, Boeing and others continue to find Malaysia a lucrative market and this trend is set to continue as the growth of airtravel in the Asia-Pacific region continue to surpass that of Europe and North America.

Maintenance, Repair & Overhaul (MRO)

The MRO sub-sector is the second largest contributor to the total turnover of the Malaysian aerospace sector with RM4 billion (£0.8 billion) turnover in 2008.

In 2010, this sub-sector's overall turnover is expected to increase further. With the increasing number of commercial, military and general aviation aircraft operating in Malaysia, more MRO activities will be generated. Moreover, the trend of outsourcing MRO work to low cost centre, especially in the Asia-Pacific region has increased in recent years. Malaysia is well-placed to capture these new opportunities. For example, Malaysian Aerospace Engineering (MRO subsidiary of Malaysia Airlines)'s revenue for third party work increased from 12% of total turnover in 2005 to 30% in 2009.

Aerospace Manufacturing

Malaysia has a rapidly growing aerospace manufacturing industry and the Government sees its development as a vehicle to improving the country's overall manufacturing expertise and research & development capability. Currently, Malaysian companies are receiving many work packages for various aerospace and defence programmes as more European and American companies are outsourcing their lower-end manufacturing due to costs concern.

In Malacca, Composite Technology Research Malaysia (CTRM) is involved with the manufacture of composite parts for various Airbus models including the latest A380. The company is also a supplier to US-based Goodrich Aerostructures.

In 2009, US-based Honeywell Aerospace established a manufacturing facility in Malaysia. The products manufactured at this US\$150 million facility are avionics integrated systems, control systems, communication systems and many others

In early 2010, Spirit AeroSystems (Malaysia) Sdn Bhd – Spirit is the world's largest independent supplier commercial aircraft assemblies and components – commenced operations in a 242,000 sq. foot (total investment around US\$150 million) manufacturing facility in Subang. Currently, this facility is producing parts and components for A320 family but future work will include the design and production of parts and components for Airbus newest aircraft, the A350.

Aerospace Education & Training

The Malaysian Government, through the Malaysian Aerospace Council, recognise that in order to sustain growth of the industry, there must be a continuous supply of quality workforce. The up skilling of local institutions for aerospace education & training are given a high priority by the Government. These local institutions are constantly on the look out for co-operation opportunities with suitable foreign institutions with the right expertise.

If you have any questions on the opportunities above, contact the UKTI Malaysia Aerospace contacts named in this report. Business opportunities aimed specifically at UK companies are added daily to UKTI's website. These leads are sourced by our staff overseas in British Embassies, High Commissions and Consulates, across all sectors and in over 100 markets.

You can be alerted to business opportunities on a regular basis by registering on the UKTI website. [Find out more on UKTI's business opportunities service on the UKTI website](#)

Major events and activities

Find full details of all Malaysia aerospace events on the **UKTI website**. New export events are added daily to the site and [you can register to be alerted to them](#) on a daily, weekly or monthly basis

UKTI's Tradeshow Access Programme (TAP) provides grant support for eligible Small & Medium Sized Enterprises (SME's) to attend trade shows overseas. Find out more about [UKTI support](#) for attendance at overseas events

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Next steps - How UKTI can help

British companies wishing to develop their business in the **Malaysian** market are advised to undertake as much market research and planning as possible in the UK. UKTI's team in **Malaysia**, with its wide local knowledge and experience, can provide a range of services to British-based companies wishing to grow their business in global markets.

This can include:

- Provision of market information
- Validated lists of agents/distributors
- Key market players or potential customers in the Malaysian market
- Establishment of interest of such contacts in working with you

- Arranging appointments
- Organise seminars or other events for you to meet contacts and promote your company in the Malaysian market

This work is available via our [Overseas Market Introduction Service \(OMIS\)](#) a chargeable service which assists British-based companies wishing to enter or expand their business in overseas markets.

To find out more about commissioning this work, or accessing other UKTI services and specialist advice, please visit the UKTI website to find [contact details for your local UKTI office](#).

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