

Completion Report

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What Were the Observations

We observe that there are a complex set of challenges impacting Malaysia's defence manufacturing:

- Lack of policy continuation from Defence Procurement Establishments
- Smaller Market Size, mostly procured by Malaysia government with no overseas market
- Resulting in smaller revenue, impacting R & D and skills development

The Results of Research

A. On Current Challenges Facing the Defence Manufacturing Industry

- Relatively smaller defence expenditure budget of the Malaysian government, which procures almost entire output
- As senior defence procurement officers change at end of their tenure, the ongoing R & D, procurement and contract discussions get stalled.

B. On Expectations for Defence Manufacturing Collaboration from Foreign Partners:

- The partnership must include technology transfer not impeding Malaysia achieving technology self-sufficiency .

C. On Regional Defence Co-operation among SEA Countries

- There is a real demand and need for defence co-operation because of geo-political threats and instability in the South China Sea

D. On Availability of Funds of Defence Capability Expansion

- Public banks in Malaysia are supportive of defence manufacturing as they are assured of paybacks
- Private funding including equity or foreign investors are not available, seriously limiting R & D investment and expansion

E. On the Status of Malaysia's Defence Sub-Contractor Supply Chain

- Most mid to lower tier sub-contractors rely on a few major contractors with limited defence contracts, leading to cash flow and revenue shortages.

F. On Availability of Engineering Skills

- Defence manufacturing struggles to get experienced and qualified personnel
- Leading to major contractors hiring and training engineers from other industries when there is a major contract, which is unsustainable.

Opportunities:

There are several opportunities for defense cooperation between Japan and Malaysia. Some examples include: Maritime security, Humanitarian assistance and disaster relief (HADR), Military training and exercises, Defense industry cooperation, Cyber security, Peacekeeping, Defence technology transfer,

Recommendations:

While there are immense opportunities for Japan's defence contractors and for Sumitomo in helping expand Malaysia's defence manufacturing capabilities, significant amount of multi-lateral work needs to be done.

Japan's stakeholders could involve Japan government, defence, engineering, trade and development ministries, funding institutions JICA, JBIC, JSTOR and JETRO. Major corporations like Sumitomo, Kawasaki, Mitsubishi, Toshiba and IHI Corporation, should be partnering to create JVs and approach Malaysian defence ecosystem.

Sumitomo to participate in regional defence policy meetings and facilitate bilateral govt-govt discussion. Identify equipment know-how areas for potential future technology transfer to Malaysia.

Publication of the Results of Research Project:

<p>Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)</p> <ol style="list-style-type: none"> 1. Malarvizhi et al (2021), “Malaysia-Japan Collaboration Strategy for Defence Manufacturing: A Conceptual Study Based on the RBV Theory” , <i>Proceedings of 37th IBIMA Conference, Cordoba, Spain, (SCOPUS)</i>. 2. Malarvizhi et al (2020), Malaysia-Japan Defence Industry Collaboration Prospects: Rejuvenation of The Look East Policy (LEP), <i>Proceedings of 31st EBES Conference, Warsaw, Poland</i>. 3. Malarvizhi C.A. et al (2019), Exploring the framework for alliance performance between Malaysia-Japan Defence Manufacturing Companies - A conceptual study, <i>Asia Proceedings of Social Sciences (APSS), 5th Asia International Conference 2019, Kuala Lumpur, Malaysia. (SCOPUS Proceedings)</i>.
<p>Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)</p> <ol style="list-style-type: none"> 1. Malarvizhi C.A et al (2021), “Malaysia-Japan Defense Industry Collaboration Prospects: Rejuvenation of the Look East Policy (LEP)” . In: Bilgin M.H., Danis H., Demir E. (eds) Eurasian Business and Economics Perspectives. Eurasian Studies in Business and Economics, Vol 18. Springer, Cham. https://doi.org/10.1007/978-3-030-71869-5_8 2. Malarvizhi C.A et al (2020), “Identification of the Issues for Successful Collaboration Between Malaysia and Japan: Synergising Defense Manufacturing Capabilities” , International Journal of Psychosocial Rehabilitation, Vol 24, Issue 6, DOI: 10.37200/IJPR/V24I6/PR261406 (SCOPUS-Q4).
<p>Book Chapter (Publisher and Date of the Book, Title and Author of the Book, etc.)</p> <p>Malarvizhi C.A et al, (2021), “Malaysia-Japan Defense Industry Collaboration Prospects: Rejuvenation of the Look East Policy (LEP)” . In: Bilgin M.H., Danis H., Demir E. (eds) Eurasian Business and Economics Perspectives. Eurasian Studies in Business and Economics, Vol 18. Springer, Cham. https://doi.org/10.1007/978-3-030-71869-5_8</p>