

# Singapore gains toehold in world arms industry

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Singapore, better known for its clean-cut image and electronics exports, is seeking a place in the global arms industry by exploiting technological expertise honed on its own amply funded military.

From armoured personnel carriers used by British forces in Afghanistan to ammunition and firearms, the city-state is trying to enlarge the overseas market for its homegrown weapons and defence systems.

Its arms exports were in the limelight recently when India's defence ministry banned six weapons manufacturers for alleged involvement in a 2009 bribery case -- one of them a relatively little-known company from Singapore.

ST Kinetics, part of the multibillion-dollar ST Engineering industrial group, swiftly and vigorously denied the accusation but the mere mention of the firm underscored Singapore's growing ambitions in the world arms market.

Singapore's Straits Times newspaper said ST Kinetics was bidding for a contract to supply India with howitzers when the process was put on hold over the bribery allegations.

Its parent ST Engineering, with revenues of Sg\$5.99 billion (\$4.72 billion) in 2011, was the only Southeast Asian firm on the Stockholm International Peace Research Institute's list of the world's top 100 defence manufacturers released last month.

Partly owned by state investment agency Temasek Holdings, ST Engineering dominates the defence industry in Singapore. It says it is one of the world's top suppliers of 40mm ammunition as well as portable weapons like its CIS 40mm Automatic Grenade Launcher.

The company was the biggest exhibitor at last month's Singapore Airshow where among the equipment on display was a new version of the Bronco, an armoured all-terrain troop carrier used by British forces in Afghanistan.

"Our things are battle-proven. If you need something special, we can also customise to give you an edge over other people," Patrick Choy, executive vice-president for international marketing at ST Engineering, told AFP at the show.

The British Army's 115 Broncos -- first deployed in Afghanistan in 2010 and dubbed the "Warthogs" -- are ST Engineering's pride, and billed as the first armoured vehicles built for a Western army by an Asian firm.

Britain has around 9,500 troops in Afghanistan, the second-largest foreign contingent after the US troops in the coalition, operating in the the difficult terrain of Helmand province.

Jon Grevatt, a defence specialist for IHS Jane's, a global security think tank, said the firm "has done a grand job with the Bronco" but noted that "the British Army heavily customised it to suit its operational needs in Afghanistan".

Beyond Britain, ST Engineering exports weapons and military equipment to other countries but refuses to divulge details.

According to the Stockholm institute, Singapore has sold defence products to Indonesia, Chad, Nigeria, the Philippines, the United Arab

Emirates and Brazil since 2000, generating \$1.75 billion in 2010 alone.

Despite its diverse customer profile, ST Engineering is still heavily dependent on the Singapore Armed Forces (SAF), Grevatt said.

Singapore has the largest defence budget in Southeast Asia, thanks to public funds generated by its phenomenal economic growth. It has set aside Sg\$12.28 billion (\$9.68 billion) for defence in 2012, at 24.4 percent the largest single allocation in the government's total budget.

Surrounded by far larger neighbours, Singapore has pursued a robust defence strategy since its acrimonious split with Malaysia in 1965, and was initially advised by Israel.

All able-bodied Singaporean men are required to devote two years of full-time military service upon turning 18, providing additional manpower on top of the estimated 20,000 armed forces regulars.

"As a defence manufacturer ST is driven largely by what the SAF needs... which is still conventional systems," Grevatt said.

"ST's conventional land systems for the SAF will be difficult to sell outside [Singapore](#) because several factors are against it... the Western market is in decline and conflicts are also winding down."

However, ST Engineering's non-defence sectors contribute about 60 percent of revenues, with the diverse portfolio bolstering growth potential, he added.

Apart from its defence business, the company has worldwide operations in commercial land systems, aerospace, the marine industry and engineering, with over 100 subsidiaries in 23 countries.

Its aviation arm ST Aerospace is the largest independent aircraft maintenance, repair and overhaul provider in the world.

"Defence manufacturers today have to be diverse and have their fingers in many pies to survive," Grevatt said.

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