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Subject: [EMBARGOED] Speech by BG (NS) George Yeo, 11 Jan 00, 11.15am

Singapore Government

PRESS RELEASE

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**SPEECH BY GEORGE YEO, MINISTER FOR TRADE & INDUSTRY
AT THE OFFICIAL GROUNDBREAKING CEREMONY OF THE
BASELL EASTERN PTE LTD'S STYRENE MONOMER/
PROPYLENE OXIDE (SM/PO) COMPLEX AT
JURONG ISLAND ON 11 JAN 2000 AT 11.15AM**

Dr Volker Trautz, Member of the Board of Executive Directors, BASF AG

Dr George Lefroy, Executive Vice President, Asia Pacific & Middle East, Shell
Chemicals

Distinguished Guests

Ladies and Gentlemen

BASF and Shell

1. It gives me great pleasure this morning to join all of you for the first official event in the new millennium on Jurong Island – the groundbreaking ceremony of Basell Eastern's styrene monomer/propylene oxide (SM/PO) complex.
2. This event seals the strategic partnership between two chemical giants, BASF and Shell Chemicals, combining the best technologies and resources of both companies. The Basell Eastern complex is modelled after the successful Basell plant at Modejirk in the Netherlands. This investment is also the first major manufacturing activity by BASF in Singapore; Shell has of course been in Singapore for a long time and is one of our largest foreign investors here. The decision to proceed with this investment was made while the Asian economies were badly affected by the economic crisis. It demonstrated BASF's and Shell's confidence in the economic fundamentals of Singapore and the growth opportunities in the region.

Jurong Island Chemical Hub

3. Jurong Island is the centrepiece of Singapore's chemical industry. It has come a long way since 1994 when the decision to join together the original seven islands was made. Today, we have around S\$21 billion of fixed investments from over 50 companies in chemicals manufacturing, oil refining and supporting facilities on Jurong Island, with a total estimated employment of 6,300. We are now reclaiming more land to provide for the future growth of the industry.
4. Our hope is to develop Jurong Island as a world-class chemicals hub, based on the integration of petroleum and petrochemical activities. Such integration and the sharing of common facilities enable the companies to operate as a cluster and exploit synergies. To further improve the competitiveness of Jurong Island, we are working on several initiatives to develop manpower capabilities, engineering services and IT applications.

Manpower Development

5. The availability of skilled manpower is crucial to the growth of the industry. To address this area, the Chemical Industry Manpower Advisory Council (CHIMAC) was formed in 1997, with representation from the industry and tertiary institutes, to advise on matters like supply, training and retention of manpower. CHIMAC has worked well. It has enabled the industry to share best HR practices and provide feedback. For the chemical industry to flourish, we need a whole range of manpower skills which our tertiary institutes must help to provide.

Engineering Services

6. We also need a strong local engineering services capability to support the development of Jurong Island especially in process engineering and plant maintenance. EDB has initiated a Process Industry Local Industry Upgrading Programme (LIUP) under which MNC principals assist local contractors to upgrade their capabilities, improve productivity and lower costs. The MNC-local contractor partnership has been very successful. Two MNCs have awarded term contractors worth around S\$60 million for 'plot concept' maintenance to their contractors. This shows a high level of confidence in local contractors. The process industry LIUP programme has led to the use of new technologies like robotic desludging, pigging for the decoking of furnaces and bundle-pulling for the maintenance of heat exchangers. EDB encourages such companies to upgrade their capabilities and provide better support to the chemical industry.

Jurong Island IT Masterplan

7. The Jurong Island IT Masterplan, a new initiative of EDB, JTC and the newly-formed IDA (Information Development Authority), is aimed at facilitating paperless workflow and reducing cost. We have identified four modules: Integrated Logistics; Maintenance Repair & Engineering Services; Safety, Health & Environment; and Training & Online Trade. A committee is now evaluating proposals for the first two modules which should be implemented by mid-2000. The greater application of IT in supply chain and maintenance management will save cost and time. We also hope that the IT

Masterplan will accelerate the use of e-commerce in the industry and give it an additional competitive advantage.

8. If we succeed in all this, Jurong Island will grow to become one of the more important hubs for the chemical industry in the world with first-class infrastructure and capabilities.

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Conclusion

9. We are delighted that BASF and Shell Chemicals have jointly decided to build this new SM/PO complex. This is a vote of confidence in Singapore and we must make sure that being located here gives you a competitive advantage. I congratulate Shell Chemicals and BASF on the occasion of the official groundbreaking today and wish you great success in the years to come.

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