

**EMBARGOED TILL AFTER DELIVERY
PLEASE CHECK AGAINST DELIVERY**

SPEECH BY MR MANOHAR KHIATANI, DEPUTY MANAGING DIRECTOR, SINGAPORE ECONOMIC DEVELOPMENT BOARD, AT THE SEMICON SINGAPORE 2009 ON WEDNESDAY 20 MAY AT 10 AM AT LEVEL 4 SUNTEC INTERNATIONAL CONVENTION & EXHIBITION CENTRE

Mr. Paul Davis,

President SEMI Singapore and Executive Vice President of SEMI,

Ladies and gentlemen,

Good morning

1 I am delighted to join you today at the Opening of **SEMICON and SOLARCON Singapore 2009**. I congratulate SEMI on this 16th Year of SEMICON Singapore which has become an important annual event for industry players in the region. I am also pleased to note that this year also marks the inaugural SOLARCON Singapore.

The Semiconductor Industry in Singapore

2 Over the past 30 years, Singapore has developed a vibrant and comprehensive semiconductor landscape that has seen a compounded annual growth rate of 14% since 2001. In 2008(p), the semiconductor industry produced an output of S\$37.3b, accounting for 11% of the global semiconductor output. Today, the semiconductor industry is a key pillar of our economy, offering the full value chain of activities, from IC design to manufacturing to supply chain management. This includes 40 IC design outfits, 14

operating silicon wafer fabrication plants and 20 assembly and test houses.

- 3 With more than 60% of the world's spending on equipping frontend semiconductor fabs in Asia, there is an increasing shift of the centre of gravity of major equipment manufacturers to be closer to their Asian customers. For example, Applied Materials broke ground for its Asia Operations Center last year in Singapore, and KLA-Tencor opened its manufacturing plant here, its first in Asia. Today, the advanced semiconductor equipment cluster in Singapore spans the entire product spectrum from front-end such as vertical diffusion furnaces and advanced wafer inspection systems, to back-end such as wire and die bonders. It also spans the activity spectrum from R&D, supply chain management to manufacturing.

Development of the Clean Energy Industry

- 4 Building on Singapore's strengths and experience in the semiconductor industry, we have identified clean energy as an area of growth. In the area of solar technology, Singapore is able to leverage on many of the commonalities in processing technology with semiconductor to provide high value-add and create meaningful jobs. For example, the phase 1 of Norway's REC project in Singapore, a S\$3 billion integrated solar manufacturing complex, is slated to be the world's largest, creating 1,300 jobs. Recognizing the potential of this industry, the Government has provided S\$350 million in funding to develop research and manpower capabilities. The Solar Energy Research Institute of Singapore, SERIS, was established to lead our Solar R&D initiative. Specialized

programmes were also launched at our Universities and Polytechnics to develop manpower for this sector.

- 5 In tandem with the growing global demand for energy, urbanization will also be a significant demand driver for solutions in, for example, clean energy, transportation, water. Being a highly urbanized nation ourselves, Singapore can offer its experience in urban planning as well as science and technology, to conceptualize, co-create and test-bed new urban solutions for global markets. In essence, Singapore can serve as a living lab for companies to create new ideas, new products and new services. The inaugural Solarcon Singapore event held in conjunction with Semicon Singapore is therefore timely in showcasing the cross-disciplinary capabilities required to meet the challenges of creating new urban solutions.

Facing current economic challenges

- 6 After years of solid growth, the global semiconductor industry faces great challenges in today's environment. However, given its criticality, ingenious and resilience the industry is certain to bounce back and continue on its growth trajectory. Singapore, too, is well equipped to ride out the storm because of our strong economic fundamentals, secure financial system and stable political leadership. In 2009, the government announced an unprecedented S\$20.5b budget with focus on helping companies and employees to prepare for the upturn. To help retain jobs, the job credit scheme provides employers with a cash grant to reduce the cost of employing workers at this time, while the Skills Programme for Upgrading and Resilience (SPUR) provides training

support and absentee pay for approved courses. In addition to this, companies can also tap into EDB's S\$100m programme, Preparing for the Upturn, or PREP-UP. It is a collection of initiatives for EDB to co-share manpower, training and related costs with companies, with special emphasis on enhancing the knowledge and skills of their engineers and technical staff for their continued growth in Singapore. This is the Government's commitment as an industry partner to help companies weather the current downturn challenges.

- 7 Long-term prospects here remain good. The investment climate is stable, our economy remains competitive despite slower growth. Being in the heart of rapidly growing Asia and with established physical and IT links to both developed and developing economies, Singapore sits ready to serve as a global base for businesses to enjoy the best of all worlds - the safety of a stable business operating environment, the proximity to new markets and the capabilities to support mission critical operations.

- 8 SEMICON Singapore represents a long history of partnership between the semiconductor industry and its supporting communities. This has and will continue to contribute to the development of the industry here. On this note, I wish you a successful event. Thank you.