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**SPEECH BY MR LEO YIP, CHAIRMAN OF SINGAPORE
ECONOMIC DEVELOPMENT BOARD AT THE
GROUNDBREAKING OF TUAS POWER TEMBUSU MULTI-
UTILITIES COMPLEX ON WEDNESDAY, 11 NOVEMBER 2009,
11.00AM ON JURONG ISLAND**

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President of China Huaneng Group

(黄隆)

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Chairman of Tuas Power Ltd

Ladies and gentlemen

Good morning

Introduction

1. I am happy to join you today to celebrate the groundbreaking of Tuas Power's Tembusu Multi-Utilities Complex.

Energy and Chemicals Industry in Singapore for Asia's Growth

2. Notwithstanding the global recession over the past year or so, the long term growth story in Asia remains intact. The IMF has forecast global economic activity to expand by about 3 percent in 2010, after contracting by about 1 percent in 2009. This is expected to be driven by emerging Asian economies, in particular China and India, where real GDP growth is estimated to reach almost 5 percent in 2010. On the other hand, advanced economies are projected to grow sluggishly through much of 2010.

3. The energy and chemicals industry is well positioned to seize the opportunities presented by Asia's growth. Before the recession, Singapore enjoyed a strong wave of energy and chemical projects, including investments in 2 world-scale chemical cracker complexes by ExxonMobil and Shell. These projects remain on track as the companies are investing for the long-term and have confidence in Singapore's strong fundamentals. At the same time, many companies in the industry, despite adopting a cautious approach during the recession, are continuing their project studies on new investments, in readiness for the upturn.

4. Singapore remains fully committed to grow the energy and chemical industry for the long run. We are happy to partner with China Huaneng Group who shares our confidence in the long-term growth potential of this industry in Singapore.

Enhancing Jurong Island's Plug and Play advantage

5. The Singapore energy and chemical industry has grown significantly over the past 2 decades. Today, over 90 leading energy and chemical companies have invested more than S\$31 billion dollars in fixed assets on Jurong Island. The completion of the crackers will bring our ethylene output to 4 million tonnes per annum. This critical mass of feedstock will help develop the downstream chemical industry, and enable the move towards higher value added products like specialties and advanced materials.

6. Our ability to move the energy and chemical industry up the value chain is very much anchored on the success of our integration strategy on Jurong Island. This covers not just product integration, but also integration of a full spectrum of services. As companies concentrate on their core manufacturing competencies, many choose to engage third-party providers in order to benefit from economies of scale for services such as utilities, logistics, maintenance and support services. Competitive utilities options are particularly critical to the energy and chemical industry which is a large consumer of steam and power. We therefore welcome the addition of Tuas Power's Tembusu Multi-Utilities Complex to enhance the range of 3rd party utilities options as well as competitiveness on Jurong Island.

7. Moving forward, the EDB will continue to enhance our "plug and play" environment on Jurong Island. We will do so by investing in infrastructure to ensure robustness of operations, providing companies with access to back-up feedstock and logistics. We are also looking to

optimise valuable resources such as energy, land and water and are working closely with companies to support new measures in addressing environmental challenges.

Singapore as a Platform for Internationalisation

8. With Asia becoming an increasingly important consumer of energy and chemical products, Singapore is well-positioned to be a strategic base for Chinese energy and chemical companies seeking to internationalise and access new markets to drive business opportunities.
9. Today, China is our third largest trade partner and we are home to more than 3,000 Chinese companies. Singapore can provide useful global business connectivity for Chinese companies, with the strong presence here of more than 30,000 international companies, including 3,800 companies from India, and thousands more from South East Asia and other parts of the world. Our strong network of FTAs also facilitates market access for companies here. Chinese companies can also tap on our talent pool of both locals and foreigners, for their internationalisation strategy. The large number of Singaporeans who are fluent in both Mandarin and English, and our strong cultural ties with China, are also capabilities that Chinese companies would find useful in Singapore as an internationalization platform.
10. We warmly welcome China Huaneng Group to Jurong Island and view this as yet another milestone in growing the Singapore-China business connection.

Conclusion

11. In closing, I would like to reiterate our continued support to ensure the success of Tuas Power's Tembusu Multi-Utilities facility. Thank you for your strong confidence in Singapore. This is but the start of an important partnership for Singapore with China Huaneng Group and I very much look forward to growing this partnership in the years to come.

12. I wish the Tuas Power team a safe and successful construction of the Tembusu multi-utilities complex. Thank you.