

SPEECH BY MR S. ISWARAN, MINISTER FOR TRADE AND INDUSTRY (INDUSTRY) AT THE OPENING CEREMONY OF AFTON CHEMICAL'S LUBRICANT ADDITIVE PLANT, ON TUESDAY 17 MAY 2016, 7.00PM, ARTSCIENCE MUSEUM

Mr Teddy Gottwald, Chief Executive Officer, NewMarket Corporation,

Mr Robert Shama, President, Afton Chemical,

Distinguished guests,

Ladies and Gentlemen,

Good evening.

Introduction

1 It is my pleasure to join you today, to celebrate the official opening of Afton Chemical's lubricant additive manufacturing plant. It is noteworthy that this is Afton's first greenfield manufacturing investment in 35 years. I would like to thank the teams from NewMarket and Afton for their vote of confidence in Singapore, and extend my congratulations on this significant investment.

Singapore continues to see strong growth potential for specialty chemicals

2 The Energy & Chemicals industry is an integral part of our economy, contributing about a third of Singapore's manufacturing output in 2015. While many of you would be familiar with the refineries and petrochemical complexes on Jurong Island, what might be less well-known is the growing number of specialty chemical investments in Singapore. For instance, over the past three years, Singapore has secured S\$1.6 billion in fixed asset investments from the specialty chemicals sector, creating more than 1,100 skilled jobs, the majority of them filled by locals.

3 The success of Singapore's venture into specialty chemicals is underpinned by our strong foundations in refining and petrochemicals, as well as the fast growing Asia Pacific market.

Lubricant Additives is a growth area for Singapore's specialty chemicals sector

4 The rising Asia Pacific middle class, which will account for 40% of global middle class consumption by 2030¹, is driving demand for the automotive industry and, consequently, lubricants and lubricant additives. In fact, the Asia-Pacific region has emerged as the leading market for lubricant additives, accounting for 30% of global

¹ Source: Reuters : <http://www.reuters.com/middle-class-infographic>

market share in 2015². Coupled with an increase in inter- and intra-country transportation because of larger trade volumes, the lubricant additive market in the Asia Pacific is poised for strong and sustained growth.

5 Companies seeking these opportunities can leverage Singapore to grow their Asian businesses, develop innovative solutions focused on Asia's growing needs, and harness regional talent. Singapore has a conducive environment for companies to chart and execute their regional growth strategies. In particular, Singapore's strong Intellectual Property (IP) protection regime and connectivity to a well-established base of finished lubricant producers are key competitive advantages from which lubricant additive companies can benefit. Let me elaborate a little more about each of these aspects.

6 First, Singapore's IP protection regime continues to be one of the strongest, if not the strongest, in Asia. Companies, such as Afton, can manufacture in Singapore knowing that their IP in formulations and manufacturing processes will be well protected. Their customers are also assured of the quality of the products manufactured in Singapore.

7 Second, Singapore has a well-established base of finished lubricant producers, which are the key customers of lubricant additive companies. Four of the top five finished lubricant companies have located their headquarters and manufacturing operations here.³ One of these is ExxonMobil, which produces its flagship Mobil1 synthetic engine oil in Singapore.

8 We welcome Afton to the growing base of specialty chemical companies with key functions, including high-value manufacturing, in Singapore. With the addition of Afton, Singapore is now home to three of the top four lubricant additives companies for the manufacturing of high-value and IP-sensitive products.⁴

Singapore will continue to strengthen our public sector innovation capabilities to support the specialty chemicals sector

9 Singapore will also continue to invest in innovation to support the growth of our specialty chemicals sector. As the needs of the Asian market are diverse and different from that in other parts of the world, we aim to be a strong partner to the industry in developing new applications and formulations to better serve their regional customers.

10 For example, the A*STAR Institute of Chemical and Engineering Sciences (ICES) has a specialty chemicals programme that builds upon our existing strengths in basic chemistry and polymer science to develop new differentiating technologies for end markets like lubricant additives, personal care and oilfield chemicals. Apart from ICES, companies can also tap on the materials research and computing capabilities

² Source: Lubricant additives market size worth USD\$18.85 billion by 2024: Grand View Research, Inc.

³ The five companies are Shell, ExxonMobil, BP, Total and Chevron. Other than BP, the rest have manufacturing operations in Singapore.

⁴ The four companies are Lubrizol, Afton, Chevron Oronite and Infineum. Other than Lubrizol, the rest have lubricant additive production in Singapore.

that reside in the Institute of Materials Research and Engineering (IMRE) and the Institute of Higher Performance Computing (IHPC) respectively.

11 We will continue to facilitate open innovation and partnerships between the industry and our public sector institutions to create greater value for the industry and Singapore. Enabling such two-way collaboration is one of the focus areas under the Committee on the Future Economy (CFE), which aims to develop new economic strategies that that can strengthen and sustain Singapore's competitiveness, and create competitive niches for our economy over the next decade and beyond.

Conclusion

12 I am confident that this lubricant additives manufacturing plant will well position Afton for the growth opportunities in the region, as well as strengthen Singapore's growing specialty chemicals sector. My congratulations once again to the teams from NewMarket and Afton on the opening of this new plant, and I wish you every success. Thank you.

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