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Subject: (Embargoed) Speech by Minister Lim Boon Heng, 10 Mar 1999 at 8.30am

Singapore Government

PRESS RELEASE

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SPEECH BY MR LIM BOON HENG, SECRETARY GENERAL OF THE NTUC, AND MINISTER WITHOUT PORTFOLIO AT THE OPENING OF DISKCON ASIA COMPUTER STORAGE CONFERENCE AND EXHIBITION CUM LAUNCH OF THE SKILLS REDEVELOPMENT PROGRAMME FOR THE STORAGE INDUSTRY AT 8.30AM ON 10 MARCH 1999, WESTIN STAMFORD, SINGAPORE

Good morning

Mr Larry Eischen, President of IDEMA [International Disk Drive Equipment and Materials Association]

Mr Vince Mastropietro, Chairman, IDEMA Education Sub-Committee and Managing Director of Western Digital, Singapore

Distinguished Guests

Ladies and Gentlemen

1. The worldwide data storage industry was plagued by excess capacity and price erosion in 1998. This resulted in several companies restructuring their operations to remain competitive. Seagate shed more than 20% of its worldwide workforce and Western Digital recently consolidated its manufacturing operations.

2. Because ours is an open economy, our data storage industry is not insulated from global trends. Last year, the output of data storage products declined by about 2% to \$19.5 billion, compared to 1997. Total headcount dropped by 16% to about 31,700 last year, compared to 1997. Many of those retrenched were unskilled production workers.

3. To put things in perspective, the data storage industry continues to be the major contributor of our electronics industry's output accounting for 32% in 1998. Singapore remains the world's single largest producer of rigid disk drives, manufacturing about 40% of the world's output. We are responsible for about 20% of the world's disk media production.

4. The outlook of the worldwide data storage industry in 1999 is brighter. Inventory levels have come down and demand for rigid disk drives is increasing. Just two weeks ago, Maxtor announced its plans to invest in a second manufacturing facility and increase its headcount by at least 1000 in Singapore. This is a testimony of Singapore's overall competitiveness. It reflects international confidence in our workforce and our ability to help companies set up high-tech facilities quickly. In 1998, the value added per worker of companies in the data storage industry improved by 16.3% to \$121,000 as companies improved their overall productivity.

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5. The rigid disk drive industry is very dynamic because of its rapid price erosion and short product life cycle. In order to survive, companies diversify their operations. As such, they need workers with necessary skills.

6. In line with its Industry 21's vision to become a vibrant and robust global hub of knowledge-driven industries, the EDB is placing more emphasis on developing expertise in R&D, specifically in product and component design, and software applications. Seagate, for example, recently announced the launch of production of its newly designed drive, known as U4. The U4 is one of the first desktop drives to be completely designed and developed by its Singapore R&D team.

7. Most of the challenges centre on having good people and developing them. The government is committed to investing in the training and upgrading of the skills of

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our manpower to support the future needs of this key industry. To build capabilities in leading edge technologies, the government has recently allocated \$500 million more to the grant scheme under the Initiatives in New Technology (INTECH) and \$50 million to the Training and Attachment Programme administered by the EDB.

8. Today, I am pleased to announce the introduction of the Certificate of Competence in Storage Technology to upgrade Singapore's data storage manufacturing workforce.

9. I congratulate IDEMA for taking the initiative to work with Singapore Polytechnic and the SRP in launching this new training programme in partnership with the industry. It will help address the needs of the data storage sector. This is the first training programme in the Asia Pacific hard disk manufacturing industry, if not globally, where the industry is involved in the development of the curriculum. It will certainly help in promoting continuing education and training. It will enable the workforce in the industry to keep up with the rapid technological changes in the storage sector.

10. Leading disk drive makers, Seagate and Western Digital, and suppliers, 3M and Lighthouse Worldwide Solutions, have endorsed the course. IDEMA is confident that up to 1,500 training places will be taken up and workers will benefit from this training course in the very first year.

11. Our workers must keep up with the continuous upgrading of technology. They must remain relevant and it is training that makes the difference. Skills upgrading will ensure that all employees will be fully able to take advantage of the constant stream of new technologies and new customer requirements in today's markets.

12. The Skills Redevelopment Programme, or SRP, is a \$220 million effort to upgrade skills and enhance employability of our workforce. From the time of its inception in December 1996, 175 companies have been involved in reskilling about 9,400 workers.

13. On behalf of the Singapore Government and the labour movement, I would like to thank IDEMA and the data storage industry for their strong support to upgrading of our workforce. I would like to commend Singapore Polytechnic for its academic inputs to this innovative programme; and UWEEI for its active support in this training. We look forward to a highly skilled workforce in the data storage industry as we move confidently into the 21st century.

14. It now gives me great pleasure to launch the Certificate in Storage Technology and to declare open DISKCON 99. Thank you.