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Subject: (EMBARGOED) Speech by Mr Lim Swee Say, 23 Feb 2000, 10.30am

Singapore Government

PRESS RELEASE

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SPEECH BY MR LIM SWEE SAY, MINISTER OF STATE FOR TRADE & INDUSTRY AND COMMUNICATIONS & IT FOR THE MOU SIGNING BETWEEN PRATT & WHITNEY, ST AEROSPACE AND SIA ENGINEERING COMPANY FOR A NEW JOINT VENTURE COMPANY, AND THE OPENING OF A NEW BUILDING FOR TURBINE OVERHAUL SERVICES ON 23 FEBRUARY 2000 AT 10.30 AM AT NO. 5 TUAS DRIVE

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Mr. Robert Weiner , Vice President of Pratt & Whitney Engine Services,

Mr. Tay Kok Khiang , Deputy President & Chief Operating Officer of Singapore Technologies Aerospace,

Mr. Oh Wee Khoo , Vice President, Business Development of SIA Engineering Company,

Distinguished Guests,
Ladies and Gentlemen.

National Archives of Singapore

1. It gives me great pleasure to be here today to witness the MOU signing between three world-class aerospace industry players, namely, Pratt & Whitney, ST Aerospace and SIA Engineering Company. Today's MOU signing marks a milestone in the aerospace repair & overhaul industry in Singapore as the three companies commit to start a joint venture company to bring in some of the world's most advanced aerospace coating technologies to repair turbine airfoils.

2. The three-way joint venture will bring new and critical capabilities in coating to Singapore. Such capabilities will be the first of its kind in Asia, and one of a few in the world. It will allow Singapore to take a quantum leap forward and enable us to repair a new range of turbine airfoil components not previously done in Asia. We believe the new company will be able to draw on the world market of turbine airfoil repair with the addition of such next generation coating capabilities.

3. The joint venture demonstrates the synergy of partnership. Building upon the existing Turbine Overhaul Services facility, the new company will leverage on the combined strengths of its three parents by bringing together the new coating technology, a critical mass in baseload and strong operating competencies. It also shows that our local aerospace companies are truly world-class for world leading aerospace players like Pratt and Whitney to view them as partners for the global market. Singapore is indeed glad to be able to play host to this new venture. It will help to broaden and deepen the scope of our aerospace sector, and pave the way for future growth in the repair and overhaul industry.

4. Singapore's aerospace repair & overhaul industry has come a long way. The first component repair facility started its operations here in 1978. A host of other projects soon followed in 1980s. Many MNCs came to Singapore at that time with the aim of serving the regional market for aerospace component repair. To this end, Singapore served as an excellent business location for them to reach out and serve their regional customers.

5. In spite of the Asia crisis, Singapore's aerospace industry output grew by 6.1% in 1999 to reach S\$2.32 billion. This exceeds the global growth rate of 5%. In 1997 and 1998, the industry achieved a growth rate of 16.7% and 15% respectively. We are targeting double-digit growth in the coming years. Throughout the 1990s, as the industry grew in Singapore, a steady transformation was taking place. We expanded the scope and range of our repair capabilities to cover a broader range of aerospace systems and components. At the same time, the

aerospace markets were also steadily converging towards a global market. So, from a predominantly regional market focus, the aerospace repair industry here has grown and now serves the global market. Over 50% of the market for Singapore-based aerospace repair companies come from outside the Asia-Pacific. This achievement was made possible because our industry was responsive in meeting the changing needs of the markets. It offers fast turnaround times, excellent quality and competitive costs, with performance matching the best aerospace repair locations around the world.

6. We have seen foreign and local aerospace companies such as Pratt & Whitney, GE Aircraft Engines, ST Aerospace, SIA Engineering Company and Honeywell Aerospace grow their repair operations to reach out to an expanded regional and global market with a broad range of product repair capabilities. Pratt & Whitney, for example, has placed one-third of its worldwide aerospace repair capacity in Singapore, making Singapore its Asian repair hub. We will continue to strengthen the critical supporting capability, and encourage companies to innovate and upgrade to remain relevant to the needs of the industry. We aim to house more centres of excellence in Singapore.

7. Today also marks the opening of a new building in Turbine Overhaul Services, which will house part of the new venture. This new building will provide 50% additional production capacity, supporting the expansion of company's sales from US\$78m today to over US\$100m. As one of Pratt & Whitney's leanest component repair facilities staffed by a strong team of employees, Turbine Overhaul Services will undoubtedly provide a firm foundation for the new joint venture company to thrive and grow.

8. We join Pratt & Whitney, ST Aerospace and SIA Engineering Company in celebrating their bold step forward together. I would like to wish them a great success, and many more years of prosperous growth in Singapore. Thank you.
