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Subject: (EMBARGOED) Speech By Dr John Chen, 24 Feb 2000, 10.40am

Singapore Government

PRESS RELEASE

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**SPEECH BY DR JOHN CHEN, MINISTER OF STATE FOR
COMMUNICATIONS AND INFORMATION TECHNOLOGY AND
NATIONAL DEVELOPMENT,
AT THE OPENING OF THE SINGAPORE AVIATION SERVICES
COMPANY'S THIRD BAY HANGAR
ON THURSDAY 24TH FEBRUARY 2000 AT 10.40 AM,
AT 11 CHANGI NORTH CRESCENT, SINGAPORE 499611**

Distinguished Guests, Ladies and Gentlemen,

I am pleased to join you at the official opening of the Third Bay (CB3) Hanger of the Singapore Aviation Services Company (SASCO). Investments like this reflect the private sector's confidence in the local aerospace industry. Despite the Asian financial crisis, Singapore's aerospace industry has continued to grow

steadily. In fact, we achieved a growth rate of 6.1% for 1999, which reflects the strong demand for aerospace repair and overhaul services.

2 We are proud to be a leading aerospace hub in Asia Pacific. Our airport has links to more than 120 cities via 64 airlines that fly in and out of Changi Airport round the clock. The industrial output of the aerospace sector reached \$2.32 billion in 1999. It now employs 10,696 workers. The value-added grew by 5.3% to attain \$1.02 billion and this represents a value-added per worker of S\$95,500. Singapore has also attracted international organisations such as the US Federal Aviation Administration (FAA) and the International Air Transport Association (IATA) to set up regional offices here.

3 Even though we have come a long way, we intend to go further, to achieve greater heights. It is our intention to develop Singapore into a key International Aviation Centre (IAC). This vision encapsulates several key clusters. They are: airport-related activities and services, aircraft leasing and financing, aircraft maintenance and manufacturing and aviation-related activities.

Airport-related Services

4 According to Boeing, annual growth of global air passenger and air cargo traffic is expected to be 4.7% and 6% respectively for the next 10 years. To cater to the projected passenger traffic growth, CAAS will be building a new Terminal 3 by the early 2006. This would increase Changi Airport's annual handling capacity to 64 million passengers from the present 44 million. To meet the demand for cargo facilities, an eighth airfreight terminal will be ready by 2001. This will increase Changi Airport's annual cargo handling capacity from the current 1.7 million tonnes to 2.5 million tonnes. CAAS is also redeveloping the old single-storey Cargo Agents Building B into a multi-storey facility to serve the very large agents.

5 Air express is one of the fastest growing segments in the air cargo business. At Changi Airport, the air express traffic has been expanding by more than 31% annually over the past 10 years. It is projected that the express sector will account for 40% of world cargo traffic in 2017 as compared to a 6% share

now. To cater to the increasing importance of air express cargo, an express centre is being developed at Changi Airport for DHL's dedicated use.

Aviation financing, leasing and training

6 The government is also looking into promoting ancillary services such as aviation financing, aircraft leasing and training. An inter-agency task-force has been set up to examine how we can best develop these areas to complement our airport services.

Maintenance, Repair and Overhaul Services

7 Another area that we are developing is the aerospace maintenance, repair and overhaul (MRO) sector. The MRO sector currently contributes \$2 billion to the industrial output and this figure is expected to grow since the global MRO market is expanding. While the global commercial jet transport MRO market was valued at US\$29.3 billion in 1998, it is projected to hit US\$35.9 billion in 2004. The heaviest component of growth of these MRO activities will be in the area of airframe heavy maintenance.

8 Our strategy is to establish Singapore on the global map as a one-stop aerospace repair and manufacturing hub to support the needs of both aerospace companies and airlines. To tap on this potential market, the government will continue to offer training grants to assist companies to develop better supply-chain management and manpower capabilities. We would also administer research grants for the development of new repair processes to further strengthen our core repair capabilities, as well as for the development of new products to be commercialised out of Singapore.

9 In line with the government's objective to develop the MRO sector, SASCO has positioned itself to be a world-class third party aircraft maintenance facility, serving more than 60 airlines from 21 countries. SASCO has also built this new hangar that we are in today. From what I know, the hangar is 83 metres long and 75 metres wide and its comprehensive facility is fully supported with overhead gantries and a full set of integrated maintenance docking system. It can accommodate all the largest commercial aircraft in operation today i.e. the Boeing 747-400 aircraft, which has the widest wing span, and the B777-300, which has the longest fuselage. I believe that with the

use of the latest technology, this new hangar would be able to provide excellent value-added maintenance and repair services to the airlines.

10 On this note, I wish to thank SASCO and its shareholders, Singapore Technologies Aerospace, Singapore Airlines and Japan Airlines on their contributions and I wish SASCO every success in all its future endeavours.

11 It is now my pleasure to declare this new hangar, CB3, open.

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