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**PRESS CONFERENCE ON RESTRUCTURING OF
JTC CORPORATION (JTC)
MONDAY, 21 NOVEMBER 2005**

OPENING REMARKS BY MINISTER FOR TRADE AND INDUSTRY LIM HNG KIANG

Good evening. Thank you all for coming for today's press conference. Basically, we are setting the way forward

Restructuring of JTC

2. Going forward, JTC will focus on two key areas :

3. First area is to undertake strategic industrial developments that require huge capital investments that have a long payback period. So, examples of this would be the chemicals hub in Jurong Island, and one-north – the biomedical sciences hub at Biopolis, and the Fusionpolis – the infocomm and media hub

4. The second focus of JTC will be to do R&D on industrial estates to look at cutting-edge development, say for example, the underground caverns. So these are the new ideas and new developments that would sharpen Singapore's competitive edge in the years to come.

Why JTC is Restructuring

5. So, why is JTC making these changes? If you look back about 10 years ago, the government decided on Government Land Sales (GLS) to try and develop more players in the industrial properties market. So over the last 10 years, I think we have done reasonably well – more players are now in the market. The products of the GLS in fact exceeded what JTC put on the market in recent years.

6. Secondly, JTC has also incorporated or brought in the private sector in some of the new developments. So these are the partnership programmes that JTC has. So JTC as a developer together with the private sector players go forward and embark on these developments on a joint venture basis. So, new players are now brought into the fold

7. So with this, I think the private sector now is in a position to participate more actively in the industrial property market.

Exit of JTC from Development of Ready-Built Factory Space

8. What it means specifically is that JTC will exit from certain sectors of the industrial property to free up the space for the private sector players. So more specifically, JTC will exit from the flatted factory sector because there are already sufficient private sector players.

9. JTC's market share of the flatted factory sector is actually quite small, so JTC can exit from that sector. When I talk about flatted factories, it's not just flatted factories but also stack-up factories and ramp-up factories. These are some of the new designs where you provide vehicle access at every floor through ramp-up facilities.

Divestment of JTC's Industrial Property Portfolio

10. The second area that JTC will exit will be warehousing, high-rise warehousing - a very small development they have in Clementi they will also divest the development. They will also move out of workshops because this is an area where the private sector is quite active in and they will also move out of workers' dormitories

What is Not Divested

11. What JTC will retain will be the very critical areas where they will play a very important role. Meaning strategic industrial land where JTC, together with EDB and A*STAR, goes out and markets Singapore and brings in key players as we build up clusters of capability whether it is the chemicals sector, the pharmaceutical sector or the new sectors that we are promoting.

12. The other sector that JTC will retain will be the standard factories because JTC right now has about 50% of the market share. That is a fairly dominant share and JTC cannot divest that in this phase. We will look at this in subsequent phases.

The Way Forward

13. So this is the way forward for JTC. How they will go about doing it - they don't have the in-house expertise so they will go out and look for financial consultants who will look at

what is the best way of divesting these properties. They will engage them over the next weeks and months.

14. We expect that the financial consultants will give us the proposals and we will be in a position to announce actually how we will go about this divestment exercise sometime in the second quarter of next year.

Assurance to Customers

15. What we would like to say at this stage is to give an assurance to all tenants in JTC's premises that this will be done in a gradual manner and it will not upset the market. This is a good time to undertake this divestment exercise because the market is very stable and there is no shortage of industrial properties.

16. Any tenant can find premises at very competitive rates. These changes that we envisage over the next months, and one or two years, will not cause any upset to the industrial property market, so that is the reason why we chose this timing.

17. It is also timely because if you look at the developments over the past 10 years, this is the systematic way by which government moves out of sectors of the property market and leaves it to the private sector to play a more significant role in the property market, including the industrial property market.

18. Now, I ask JTC to give you more details of how the process will take place.

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