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SPEECH BY MR S DHANABALAN,
MINISTER FOR TRADE & INDUSTRY
AT THE INAUGURATION CEREMONY OF
SIEMENS COMPONENTS PTE LTD'S NEW FACTORY
ON THURSDAY 18 FEBRUARY 93 AT 11.00 AM

I am pleased to join you today for the opening of the Siemens Components'
factory.

2.   The manufacturing sector is the backbone of Singapore's economy. It is
important for Singapore to maintain long term competitive advantage in this sector.
The sector has evolved over the last 30 years from low skill, labour-intensive
beginnings to a technology and knowledge intensive one today.   To remain
competitive, we must move ahead even more aggressively.

3.   The electronics industry is an important part of our manufacturing sector.
The market for the electronics industry worldwide is projected to reach US$1,000
billion annually by the year 2000. Many new and exciting technologies and products
to satisfy the world's changing demands will be introduced in this decade. This will
be a huge and competitive market in which only companies and countries that are
ready and willing to advance with the changes will succeed.

4.   Within the electronics industry, the manufacture of semi-conductor
devices is one of the key activities. At the end of 1992, the semi-conductor industry
in Singapore employed some 15,000 people, or three per cent of the total
manufacturing workforce. Demand for semi-conductor devices in Singapore in 1991,
amounted to an estimated $5 billion, of which some 90 per cent were imported. This
represented a compounded average growth rate in excess of 20 per cent per year over
the last five years. We believe this trend will continue in Singapore as well as in the
other fast growing markets in the Asia-Pacific region.

5.   This industry faces an ever-shortening product life-cycle as customers demand unending improvements. Semi-conductor companies in Singapore have therefore integrated their operations to cover the entire business value-chain to better serve the needs of this market. They have extended their activities from mere assembling to marketing, designing, and research and development. They have also highly automated their assembly and testing operations and gone into advanced semi-conductor wafer fabrication.

6.   The semi-conductor industry has also attracted in its train numerous overseas companies and local enterprises to set up supporting services. Such services include the design and manufacture of automated production equipment and the provision of technical support services.

7.   The government will assist the Singapore electronics industry in meeting new challenges and opportunities. In terms of R&D, the National Science and Technology Board and the research institutes under its purview will be at the forefront in developing a national R&D infrastructure. To reinforce our strengths in manpower development, we will continue to train and upgrade our technical workforce. We will also maintain and improve our conducive business environment to meet the increasingly complex needs of today's businesses.

8.   Siemens Components began here 22 years ago as one of the pioneer manufacturers in Singapore's semi-conductor industry. Siemens Components has today successfully nurtured a pool of engineering and development personnel in the areas of integrated circuit design and package development, and test software development. This effort reflects the company's long term commitment to developing generic capabilities in its Singapore operation.

9.   I congratulate the company on its plan to establish, over the next three to five years, a major technology development centre in Singapore. We believe this

will complement Siemens' worldwide semi-conductor research and development efforts.

10.   I am confident that the continued partnership between Siemens and Singapore will be a mutually beneficial one. On this note. I would like to wish the management and staff of Siemens AG and Siemens Components Pte Ltd every success in the years ahead. It now gives me great pleasure in declaring the Siemens Components' factory open.

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