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Singapore Government

PRESS RELEASE

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**SPEECH BY GEORGE YEO, MINISTER FOR TRADE & INDUSTRY
AT THE OFFICIAL OPENING OF WACKER SILTRONIC'S SILICON
WAFER PLANT AT 10 TAMPINES INDUSTRIAL AVENUE 5 ON 18
FEB 2000 AT 10.00 AM**

National Archives of Singapore

HE Volder Schlegel, German Ambassador to Singapore
Mr Karl Engels, Chairman, Wacker Chemie GmbH

Dr Robert Romer, President & CEO, Wacker Siltronic AG

Distinguished Guests

Ladies and Gentlemen

1 I am delighted to join all of you this morning for the opening ceremony of Wacker Siltronic's US\$380 million silicon wafer plant. This is Singapore's first silicon wafer manufacturing facility. As silicon wafers are the principal starting material in wafer fabrication, Wacker's project fills a critical gap in the material supply chain of our semiconductor industry.

2 There is an auspicious confluence of events this morning. As I speak, Prime Minister Goh Chok Tong is in Woodlands, officiating at the groundbreaking ceremony of Chartered Semiconductor Manufacturing's new wafer fab plant. These two events reflect the high level of activity in the growing semiconductor sector in Singapore.

3 In 1999, Singapore's semiconductor industry achieved a high 22 % growth, bringing its output to nearly \$14 billion. This is 19% of our total electronics output. As market conditions rebounded over the past year, semiconductor companies have stepped up investment in Singapore. In October last year, Silicon-on-Systems Manufacturing Company, a joint venture between Philips and TSMC, held the groundbreaking of a new \$2 billion wafer fab. At the same time, ST Microelectronics launched the construction of its 2nd wafer fab. And this morning, Chartered is marking the groundbreaking of its 6th wafer fab, a US\$2.1 billion facility to manufacture advanced integrated circuits (ICs). This will bring the total number of fabs in Singapore to 12.

Wacker's 1st Manufacturing Facility in Asia

4 Three aspects of this Wacker project express the kind of knowledge-based economy that we are trying to build. First, Wacker's choice of Singapore

to build its first manufacturing facility in Asia is significant. This is a highly capital- and technology-intensive project. As one of the world's largest silicon wafer producers and the world leader in epitaxial [1] wafers, Wacker has traditionally focused on Europe and the US. Apart from a good customer base, Wacker must have also evaluated the quality of our manpower and the opportunities for future expansion. I understand Wacker has plans to increase its investments in Singapore in tandem with technological advancement, for example, the production of advanced integrated circuits (ICs) with a design rule of 0.25 to 0.18 micron.

First Online Single Wafer Tracking System and E-commerce Supply Chain Management

5 The second aspect of Wacker's project of great interest to us is the movement into e-business. Wacker's plant will be the first in the world to develop a totally integrated and online single wafer tracking system. The system will allow Wacker to track each individual wafer on the manufacturing line and detect production line errors at source, thereby reducing yield losses. It will also enable Wacker to respond more quickly to the needs of the wafer fab industry and allow the fabs to reduce their inventories. When completed, the added feature will increase the competitiveness of Wacker and its customers.

6 Recently, Wackers has decided to build an e-commerce supply chain platform providing an efficient interface between itself, its suppliers and its customers. This platform will allow Wacker to integrate horizontally along its product chain and help Wacker distinguish itself against its competitors. EDB is also encouraging Wacker to consider vertical integration, going back one step

in the production process and growing the silicon ingot material in Singapore instead of importing it. This will largely complete the entire material supply chain for the manufacturing of semiconductor components in Singapore.

Regional Headquarters

7 The third important aspect of Wacker's project is its charters for regional business and product lines. Besides manufacturing, Wacker Siltronic has chosen Singapore to base its regional headquarters for the Asia-Pacific region. The regional headquarters will be responsible for procurement, finance, strategic planning and marketing. We encourage more companies to base their regional command and control headquarters here with full responsibilities for business and product charters from product conception to technology development and commercial launch. The world is being re-created in the image of the worldwide web. Instead of one brain, neural networks with web-like connections are becoming the norm for many global organisations. Singapore is positioning itself to be a major node in this global web.

8 Wacker's project mirrors very well the kind of project which EDB is trying to promote under Industry 21 which is our strategy to develop a vibrant high value-added manufacturing sector.

9 It now gives me great pleasure to declare open the new Wacker Siltronic Singapore silicon wafer plant. I wish the owners, management and staff every success in their excellent work.

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Footnote:

[1] Epitaxial wafers are wafers of ultrapure single crystalline silicon with a layer of monocrystalline silicon that is grown along a preferred axis of the substrate.

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