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**SPEECH BY PROF S JAYAKUMAR, DEPUTY PRIME MINISTER AND
COORDINATING MINISTER FOR NATIONAL SECURITY AT THE MAXA 2008
AWARD CEREMONY ON FRIDAY 7 NOVEMBER 2008 AT 12.23 PM AT THE
NORTH BALLROOM, CONRAD CENTENNIAL HOTEL, SINGAPORE**

Mr Tan Choon Shian, Assistant Managing Director, Economic Development Board,
Distinguished MAXA Judges,

Professor Lord Kumar Bhattacharyya,

Dr Yoshiyuki Kaneda, and

Mr Tan Teik Seng,

Distinguished guests,

Ladies and gentlemen,

INTRODUCTION

MAXA 2008 ceremony recognises companies in Singapore for their manufacturing excellence. This is the third year of MAXA and this year, I understand we have a group of very exceptional companies in spite of the current economic climate. In these uncertain times, strong fundamentals are vital to ensure that our economy remains stable. It is important that we continue to share best practices which will benefit others and the economy as a whole. In Singapore, we have worked hard to establish our fundamentals. MAXA is a demonstration of that. In fact, the three qualities which exemplify a MAXA winner, namely operational excellence, innovation and sustainability also represent Singapore's factors for continued success.

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OPERATIONAL EXCELLENCE

2 The first pillar of MAXA, Operational Excellence, refers to a first-rate and successful operating system. A good example of this is one of the MAXA finalists, Keppel FELS. This is a Singapore company that has grown over the years which now has a global presence. It pursues progress relentlessly, resulting in the company developing strong competencies in design engineering, project management and manufacturing. In the area of manufacturing, Keppel FELS brought a unique manufacturing methodology to its rig building operations. Another MAXA finalist, United Microelectronics Corporation (Singapore Branch), demonstrated organisation-wide commitment to quality improvements and setting world-class standards.

3 Singapore has established operational excellence as the firm basis of our success. We have established this “operating system” by which I refer to our pro-business government, sophisticated physical, IT and social infrastructure, unparalleled connectivity to markets, as well as the availability of high quality talent. These factors have given businesses here distinct advantages in industries such as electronics, chemicals, transport engineering, precision engineering and pharmaceutical manufacturing. We are today recognised as a total business hub that adds value to businesses which have chosen to site their operations here.

4 The number of exciting investments in Singapore’s manufacturing sector over the years, clearly demonstrates the companies’ confidence in our strong fundamentals. In this year alone, we have seen many new projects being announced in the key growth manufacturing sectors, for example Neste Oil’s renewable diesel plant, Berg Propulsion’s propeller plant, ExxonMobil’s second world-scale petrochemical plant and Samsung-Siltronic’s 300mm wafer fabrication plant, just to name a few.

5 These strong fundamentals have also allowed Singapore to spin-off new growth industries in clean energy, environment and water. Let me cite the clean energy industry as an example. It has developed very quickly since EDB announced our intention to grow this industry because we are building on our existing strengths.

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We now have Renewable Energy Corporation which is building in Singapore the world's largest integrated solar manufacturing complex. We also have Oerlikon which will host its only Asian site to manufacture and undertake R&D in solar manufacturing equipment, as well as NorSun, which has chosen Singapore for its solar wafer manufacturing facility.

6 Besides attracting investments in clean technology, Singapore is also urging companies to adopt clean technology in their operations here for sustainable manufacturing. Another MAXA finalist, GlaxoSmithKline (or GSK), has in place systematic and structured processes in managing their operations' impact on the environment. I understand that 13 per cent of the company's energy is from renewable energy sources. It stands as a great role model for manufacturing companies not only in Singapore, but in the region, that sustainable environmental management practices can also make good business sense.

INNOVATION

7 Establishing fundamentals is not enough. Companies have to work towards improving processes and finding new and better ways of delivering good products to their customers. This is the second pillar which is innovation. Innovation will ensure that they stay ahead of the game and also prepare for the future. Innovation is dependent on the ability to imagine and to invent. Panasonic Factory Solutions Asia Pacific, a MAXA finalist, has demonstrated such qualities. The company's journey from a manufacturer to a service centre and now a total solutions provider is a good example. By constantly innovating, has brought them tangible benefits and great success.

8 Singapore too is positioning itself for the future. We have been investing heavily in R&D, and paying full attention to encouraging innovation and growing high-tech industries. We have distinct advantages in the R&D arena, due to our robust standards of intellectual property protection, the availability of specialised infrastructure, and our compact size, which has allowed us to create a truly integrated environment to harness the synergies of interdisciplinary research. We now have R&D centres in many fields of manufacturing, such as the Nitto Denko's

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Water R&D Centre, EMC's data storage laboratory, Pfizer's clinical research centre and Infineon Technology's R&D centre which will house over 500 researchers, scientists and engineers.

9 Even as we work on attracting leading experts to drive our R&D activities, we are also nurturing our own home-grown talent with an increased emphasis on engineering and technology-related courses. Just recently, a group of students from NUS High School represented Singapore in the Stockholm Junior Water Prize Competition, where they presented a low-cost portable water purification unit which distills contaminated water or seawater. This example demonstrates how even young students with new ideas can help advance technology through innovative products.

SUSTAINABILITY

10 The third attribute for businesses is long-term sustainability. All the MAXA finalists, including Applied Biosystems BV and STATS ChipPAC, have demonstrated that in order to ensure long-term business continuity and sustainability, it is imperative that they are always future-oriented.

11 In the same way, Singapore has been positioning itself for the future. The Economic Development Board has identified a new strategy, Future•Singapore (*pronounced Future-Dot-Singapore*), which positions Singapore as a city of the future, one which is open to innovation and new approaches. We want to grow and anchor new businesses, whilst strengthening our existing industry clusters.

12 We hope that Singapore can become an early developer and adopter of new technologies, products and services, where new and exciting technologies and trends are developed and test-bedded before being exported to the world. In particular, Future•Singapore should place us at the forefront in the use of technology for urban live-ability, healthcare and quality living.

13 Future•Singapore leverages Singapore's reputation as a preferred business location. Given our political stability, transparent legal regime, pro-business environment, availability of skilled and talented workforce, well-educated population,

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Singapore can be the choice location where new ideas and concepts can be nurtured and grown into future businesses.

MAXA – A JOURNEY TOWARDS EXCELLENCE

14 Manufacturing remains a very important pillar of our economy and economic growth. Together with other engines of growth, it will help develop the growth of our services sector, creating demand for services such as finance, logistics and IT, while providing for good jobs across the entire chain of activities. Manufacturing also creates a robust platform for technology development and innovation development. All the MAXA companies here today have made important contributions to Singapore's manufacturing sector. You have proven that we have a world-class manufacturing industry here and MAXA is the recognition for your efforts.

15 I have been told that the teams have learned a lot from participating in MAXA, especially with the site visits and assessment by the MAXA partners, McKinsey & Company and the Singapore-MIT Alliance comprising the Massachusetts Institute of Technology, Nanyang Technological University and the National University of Singapore. I am sure that the evaluation process has helped you to clarify your business objectives, improve your operations, and encourage you to think harder about your future, and bring your team closer.

16 As we congratulate the winners today, we need to remember it is not just about winning, but it is the MAXA journey, which is equally important. Last year's winner, Tetra-Pak said that winning the award had boosted the pride of their team, increased the team's effectiveness and also helped attract and retain talent in the company. I hope that today's MAXA winners will value the advantages of participating in MAXA and help encourage other manufacturing companies to participate in future.

CONCLUSION

17 Finally I thank the distinguished panel of judges who have given us their valuable time and shared their expert knowledge. And to the MAXA partners, thank

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you also for the many hours your teams have put in, and for your shared commitment to the objectives of MAXA.

18 We envision MAXA to not only be a recognition of manufacturing excellence in Singapore, but also a sharing of thought leadership and best practices. Through MAXA, and collectively, we can raise the standards of manufacturing in Singapore, draw more companies and talent here to make Singapore an even more dynamic and innovative economy, and ensure the sustainability and contributions of the manufacturing sector into the future.

Thank you.

~ End ~

