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SPEECH BY MINISTER FOR TRADE AND INDUSTRY, MR LIM HNG KIANG, AT ROLLS-ROYCE'S SELETAR CONSTRUCTION LAUNCH CEREMONY ON 1 FEBRUARY 2010, 4PM

His Excellency Paul Madden, British High Commissioner to Singapore

Mike Terrett, Chief Operating Officer of Rolls-Royce

Distinguished Guests

Ladies and Gentlemen

Introduction

1. It gives me great pleasure to be here for Rolls-Royce's Seletar Construction Launch Ceremony.

Seletar Aerospace Park

2. In 2006, we announced the launch of our 300ha Seletar Aerospace Park dedicated to the development of our aerospace industry. Within three years, the Park has caught the eye and imagination of several top aerospace companies which have indicated strong interest to set up operations in the Park.

3. We are confident that the aerospace industry will grow from strength to strength, given our hub role in the fast growing Asian region. Indeed, projects such as this Rolls-Royce Campus reaffirm our decision to make this significant commitment at Seletar.

Rolls-Royce in Singapore

4. The start of Rolls-Royce's relationship with Seletar originated in the late 1940s. The British Royal Air Force based Supermarine Spitfires and de Havilland Mosquitoes, powered by Rolls-Royce's *Merlin* engines, in Seletar Air Base. Since then, Rolls-Royce has been a key partner in Singapore's progress, setting up its representative office in the 1950s and growing in tandem with our economy through the decades.

5. Today, Rolls-Royce employs about 1,400 people in Singapore, with activities ranging from aerospace maintenance, repair and overhaul, R&D, marine systems and services, and power generation. As a corporate citizen, Rolls-Royce has contributed significantly to our local aerospace engineering and R&D talent pool, awarding scholarships amounting to S\$100,000 to undergraduates at Singapore universities; as well as mentoring postgraduate students in its research laboratories. We are delighted that in just the past two years, Rolls-Royce has made significant decisions to locate its aero-engine assembly and test facility and Global Marine Headquarters (HQ) in Singapore.

6. In addition, Rolls-Royce also recently decided to co-locate a wide chord fan blade manufacturing plant alongside the engine assembly and test facility in its Seletar Campus. This Campus will house R&D activities, HQ functions and a Regional Training Centre, generating around 500 additional skilled jobs. The Seletar Campus represents the single largest aerospace investment in Singapore and is a momentous decision that will open a new chapter in our partnership with Rolls-Royce.

Spin Offs to Local Industry

7. One of Rolls-Royce's key priorities, as part of ensuring the successful implementation of the Seletar Campus, is to develop a supply chain in Asia. This is a topic of great importance to us and we will work closely with Rolls-Royce to build up an aero-engine manufacturing cluster to support its operations.

8. Indeed, the fan blade manufacturing plant is our first success in establishing the Asian supply chain. The plant will house some of Rolls-Royce's most complex and sophisticated manufacturing technologies. We hope to build on Rolls-Royce's rapidly expanding base in Singapore to attract more companies to broaden the base of aerospace suppliers.

9. We are also actively assisting local suppliers to develop the necessary capabilities to support Rolls-Royce. Many suppliers are already serving sophisticated industries with rigorous requirements similar to the aerospace industry such as medical technology and oilfield services. These suppliers are well-positioned to expand into the aerospace sector.

Positive Outlook for Aerospace Industry

10. 2009 was a difficult year and aerospace companies have seen slow or flat growth. However, the outlook is starting to improve. Passenger and air traffic volumes for Changi Airport are at a 12-month record high. Singapore Airlines and other airlines have increased the frequency of their services on key routes, and are beginning to report a return to profitability. The much-awaited Boeing 787 "Dreamliner" test flight took place in December, generating much excitement in the aerospace industry. Given

these positive signs, it is timely for us to work closely with companies such as Rolls-Royce to take full advantage of the industry recovery.

Conclusion

11. Today's construction launch will position Rolls-Royce and Singapore for growth in demand for aero-engines. The recent decisions by Rolls-Royce are testament to our long-term partnership and reaffirm Singapore's competitiveness in aerospace. The strong work ethic of our people; our strong technology orientation, logistics connectivity and widespread success in applying lean concepts in manufacturing were factors which played significantly in Rolls-Royce's decision to grow its presence here.

12. On behalf of the Singapore Government, I would like to convey our appreciation to Rolls-Royce for your trust and confidence in us. You can be assured that we will work closely with you to ensure timely implementation of your Seletar Campus. I look forward to the day when the first "Assembled-in-Singapore" engines will be assembled here on this site.

Thank you.