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2006
Honorary
Citizen**

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PRECISION ENGINEERING

SUSS MicroTec Opens First Asia-Pacific Facility In Singapore

SUSS MicroTec AG, renowned supplier of precision production and test equipment for the global semiconductor industry, has opened its first facility in Asia. Located in Singapore, the Application & Measurement Center houses state-of-the-art test equipment and will provide application support for customers in the Asia-Pacific region.

"This is the first facility in Asia that is dedicated to supporting our semiconductor probe system business. It is a milestone for the Test Systems Division and is an important investment for the SUSS Group," says Dr Stefan Schneidewind, CEO, SUSS MicroTec.

With this new centre, SUSS MicroTec is able to ensure customer success in deploying sophisticated semiconductor characterisation systems. It would also mean quicker application support for customers, which would improve their measurement accuracy and investments in the process.

"We chose to invest in Singapore because of the high quality of the infrastructure and the highly skilled people that live and work here," says Dr Claus Dietrich, Managing Director, Test Systems Division, SUSS MicroTec. "This is especially important to us as the centre also serves as an important link to our product development team, bringing our organisation even closer to our customers' needs."

PRECISION ENGINEERING

Leading Semiconductor Company Announces Opening Of International Headquarters



(L-R) Richard Hill, Chairman and CEO, Novellus Systems Inc.; Andrew Goh, President, Southeast Asia, Novellus Systems International BV; and Lim Siong Guan, Chairman, EDB

Singapore's semiconductor industry, a key pillar of the island-state's economy, was given a significant boost when Novellus Systems Inc. decided to base its International Headquarters (IHQ) here.

Novellus is the first among the world's top 10 semiconductor equipment makers to select Singapore as its IHQ. It intends to service its Asia businesses in the area of finance, human resource, supply chain management and process engineering support at the advanced technology nodes of 90 to 45 nanometers wafers.

The company's decision to base its IHQ in Singapore is reiterated by Andrew Goh, President, Southeast Asia, Novellus Systems International BV, "The high level of technical expertise and business acumen available here allows us to recruit a strong management team to run our IHQ. Singapore is also an important semiconductor manufacturing centre in its own right. To support the growth of the industry, we will continue to grow our organisation to meet the needs of our customers here."



(L-R): Ken Bloom, Chief Executive Officer, INTRTA, and Lim Kok Kiang, Director, Logistics, EDB

LOGISTICS

INTRTA's Largest Regional Office Opens In Singapore

INTRTA, the world's largest e-commerce platform for ocean freight, has established a Global Service Center for finance and information technology in Singapore. Besides providing accounting and information technology support services, it will be a hub for INTRTA's commercial activities in South-east Asia. It is the company's largest office outside the US.

With 24 of the world's largest ocean carriers in its fleet, INTRTA is a leading technology company that enables shippers, forwarders and carriers to carry out e-business and track ocean shipments electronically using a standardised method of documentation. This helps companies

save time, minimise the need for multiple data entry and achieve greater overall supply chain visibility, making a vital improvement to how business is done.

"Singapore is a second home to us," says William Jennings, Chief Financial Officer, INTRTA. "With a strong maritime industry, geographic proximity to key markets, and an impressive infrastructure, Singapore is an ideal location from which INTRTA can broaden its service offerings."

Just as the new office offers INTRTA a platform for further growth in the region, this investment is also a significant milestone for Singapore. "INTRTA is a fine example of solution providers we want to cultivate in Singapore," says Lim Kok Kiang, Director, Logistics, EDB. "In today's globalised world of just-in-time delivery and supply chain transparency, logistics is now about creating highly effective solutions for companies to stay ahead of the competition."

With the benefit of deep institutional knowledge arising from an established logistics industry, Singapore aims to be an Integrated Global Logistics Gateway in Asia.

CLEAN ENERGY

SolarWorld Asia Pacific Receives International Headquarters Award

One of the world's three largest solar companies, SolarWorld Group established SolarWorld Asia Pacific in Singapore to extend its reach into Asia and bring its products and services to the customers in the region.

With its first foray into the Asia-Pacific market, the clean energy company also received the International Headquarters Award, which recognises the company's contributions and commitment to Singapore. SolarWorld Pacific Asia has been growing steadily with a 50 per cent increase in staff strength.

As the company's regional headquarters, SolarWorld Asia Pacific will provide strategic business planning, general management and technical support for the entire Asia-Pacific region. It will also be responsible for all sales and market-



Ko Kheng Hwa, Managing Director, EDB (left) presenting the award to Frank H. Asbeck, Chairman and CEO, SolarWorld AG

ing activities within the region, providing solar products, systems expertise and solutions for grid-connected as well as off-grid applications such as Building Integrated Photovoltaics (BIPV), Rural Electrification and industrial applications such as telemetry and remote residential systems.

"We are very happy to be in Singapore and honoured to receive the award," says Jörg Walberer, Managing Director, SolarWorld Asia Pacific. "The Singaporean government has identified the solar industry as a growth area and has provided us with a conducive environment to grow our business."

DHL Eyes Further Growth In Asia-Pacific With Its New Regional HQ



(L-R) John Allan, Global CEO, DHL Logistics Division and S Iswaran, Minister of State for Trade & Industry

WITH THIS LATEST DEVELOPMENT, THE GLOBAL LOGISTICS AND EXPRESS PLAYER AIMS TO MEET DEMANDS FOR ITS SERVICES FROM COMPANIES IN THE HEALTHCARE, LIFE SCIENCES AND AVIATION SECTORS.

The DHL Group looks set to cement its position as Singapore's largest logistics and express player and global leader in the air, ocean freight and contract logistics industry with the set-up of its Logistics Division's regional HQ here.

All activities of DHL Global Forwarding and DHL Exel Supply Chain now operate out of Gateway Tower where 400 employees manage logistics operations in over 25 countries, providing customers with the transparent, flexible and efficient services DHL has come to be known for.

This move follows DHL's acquisition of British logistics group Exel for some S\$11.6 billion (US\$7.6 billion) in September 2005. It led to the integration of some 110,000 employees at an estimated 2,250 sites worldwide, and was touted as one of the biggest mergers in the industry's recent history.

DHL's decision to base its regional operations in Singapore was fuelled by the company's strong presence here. Operations were first set up in the 1970s, and to date, DHL Singapore has over 3,100 employees and 200 vehicles which service over 30,000 customers.

"DHL's choice, once again, of Singapore, is based on the country's world-renowned efficiency, extensive connectivity, excellent infrastructure and great human capital," says John Allan, Global CEO, DHL Logistics Division.

EXCITING TIMES AHEAD

DHL will no doubt capitalise on the synergies of these business units' joint location to drive their growth in Asia-Pacific.

And the future remains promising. More than half of the expected growth in world trade over the next five years will be from Asia, driven by growing markets such as China and India, and DHL looks to leverage Singapore's excellent location to gain a foothold in these markets. Asia also enjoys a strong affiliation to two sectors DHL has targeted for operational development; the region is the source of about half of the world's projected or-

ders for aircraft, and home to a significant number of life sciences production sites.

Says Allan, "The biggest growth opportunity is here in Asia for us and for many other companies. It's growing faster than the business as a whole, and we believe it will continue to grow substantially faster than the overall business which we expect to grow in high single digits annually." He adds that he expects DHL to grow globally by up to nine per cent annually, and to see strong growth in terms of demand for logistical services from the healthcare and aviation industries.

This is in line with DHL's recognition of Singapore's potential as a major pharmaceutical and life sciences hub for Asia-Pacific. Last year, DHL Exel Supply Chain invested in a Life Sciences hub here that specialises in the handling and supporting of clinical trials, cold-chain management, hospital logistics, temperature-controlled and dangerous goods storage. There are already plans in the pipeline to further expand DHL's facilities at Changi in order to meet the region's increasing supply chain demands. Talks are also underway with various aerospace manufacturers to provide logistical support.

Opportunities are also expected from the healthcare sector, given the rapid growth of the industry in response to coping with an ageing population. As more and more high-quality drugs and medical services become the order of the day, DHL will be a reliable partner in helping healthcare and life sciences companies meet their challenges.

SECURING THE FUTURE

Through this milestone in her long-standing collaboration with DHL, Singapore also stands to gain. Home to over 7,000 MNCs,



(L-R) Humberto Florez, CEO, DHL Exel Supply Chain, Asia Pacific; Florence Noblet, SVP, DHL Global Customer Solutions Asia Pacific; S Iswaran, Minister of State for Trade & Industry; John Allan, Global CEO, DHL Logistics Division; and Peter Landsiedel, CEO, DHL Global Forwarding Asia Pacific

DHL will be joining 60 per cent of these that have regional management activities here, reinforcing the Republic's position as a conducive business environment.

Besides this, Singapore's vision to be an integrated global logistics gateway in Asia is given a significant push by DHL's commitment to raising the nation's competitive edge in the supply chain management (SCM) arena. Singapore hopes to work closely with logistics companies to develop competencies in innovative and sophisticated SCM expertise and meeting their global supply chain challenges, while sharpening its expertise in this area, invariably improving the nation's standing in this industry. The possession of in-depth knowledge derived from the nation's established logistics industry, supported by excellent connectivity and top-of-class infrastructure, puts Singapore in good stead.

It looks like this industry can expect more key business collaborations in the near future. 

"DHL's choice, once again, of Singapore, is based on the country's world-renowned efficiency, extensive connectivity, excellent infrastructure and great human capital."

– John Allan, Global CEO, DHL Logistics Division



Singapore's 2006 Honorary Citizen – Siemens' Prof Dr Heinrich v. Pierer

Prof Dr Heinrich v. Pierer being congratulated by President Nathan during the ceremony.



(L-R) Mrs Annette v. Pierer; Prof Dr Heinrich v. Pierer, former CEO and Chairman of the Supervisory Board, Siemens AG; S R Nathan, President of Singapore; and Mrs Nathan

IN A SECOND AWARD CEREMONY HELD AT THE ISTANA, PROF DR v. PIERER WAS PRESENTED WITH THE NATION'S HIGHEST RECOGNITION TO COMMEMORATE HIS UNWAVERING BELIEF IN AND SUPPORT OF SINGAPORE.

In the April 2007 issue of *Singapore Investment News*, it was reported that the Singapore government had conferred its 2006 Honorary Citizen Award to both Lee R. Raymond, retired Chairman and CEO, Exxon Mobil Corporation and Prof Dr Heinrich v. Pierer, former CEO and Chairman of the Supervisory Board, Siemens AG.

While Raymond received his accolade from S R Nathan, President of Singapore, in a ceremony held at the Istana earlier in April 2007, Prof Dr v. Pierer received his award in a similar ceremony held on 8 June 2007.

The Honorary Citizen Award is the highest form of recognition for individuals who have made outstanding contributions to the country's growth and development, a quality that has defined and illuminated Prof Dr v. Pierer's time as former CEO and Chairman of Siemens AG's Supervisory Board.

"I am deeply moved and grateful to Singapore for the honour that has been bestowed on me. This honour is also in recognition of Siemens' numerous business and community contributions to Singapore," says Prof Dr v. Pierer. "During my time as CEO of Siemens, we had the opportunity to expand our business with strong support of the government. Undoubtedly, Singapore's belief in innovation, its pro-business environment, and the strong capabilities and attitude of Singaporeans have played a large part in our success."

LEADERSHIP MATERIAL

Under the stewardship of Prof Dr v. Pierer, Siemens AG has been positioned as a global leader in a wide range of businesses - power generation, information and communications, healthcare, automation and control, transportation and lighting. More importantly, he continues to be an ardent advocate of Singapore and has been instrumental in overseeing the expansion of Siemens in the city-state.


Siemens is now one of the largest European companies in Singapore, employing over 2,200 people in a broad range of industries and its activities span across the value chain, from HQ functions, supply chain management and manufacturing to engineering and R&D. In fact, Siemens was conferred the Singapore Economic Development Board's (EDB) Distinguished Partner in Progress Award in 2001 for its significant economic and community contributions to Singapore.

Prof Dr v. Pierer is a firm believer of Singapore's capabilities in complex manufacturing and R&D, championing many high-tech and knowledge-intensive projects in the nation. Some of these projects include the R&D and manufacturing facility for surface mount technology machines, a global water technology R&D and engineering centre, the largest Siemens VDO R&D centre outside Germany, and the leading global R&D and manufacturing site for Siemens hearing instruments.

These activities have greatly bolstered the nation's efforts in developing a knowledge- and innovation-intensive economy.

FIRM ADVOCATE OF SINGAPORE

His commitment and belief in the Republic wasn't just displayed during his tenure at the helm of Siemens; he also preached the benefits of doing business in Singapore while he was Chairman of the Asia-Pacific Committee of German Business (APA) from 1993 to 2006. Through facilities such as the German Centre, which supports German enterprises setting up operations in Singapore, Prof Dr v. Pierer has helped promote closer bilateral relations between Singapore and the German industry.

As mentioned by Lim Siong Guan, Chairman, EDB, during the first award ceremony, Singapore is privileged to have global business leaders who are her strong advocates. "They believe in Singapore, trust Singapore, and are prepared to tell the world how and why Singapore has been good business partners for them. They have played a critical role in helping Singapore build her capabilities and global leadership positions in their business sectors," affirms Lim. Indeed, Prof Dr v. Pierer is one such advocate who befits the title of Singapore's Honorary Citizen. 

Prof Dr v. Pierer is a firm believer of Singapore's capabilities in complex manufacturing and R&D, championing many high-tech and knowledge-intensive projects in the nation.

Back Row (L-R): H.E. Otto Stoecker, German Ambassador to Singapore; Gan Kim Yong, Minister of State for Manpower; Lee Yi Shyan, Minister of State for Trade & Industry; Gerhard Meschke, Charge d'Affaires & Commercial Counsellor, Austrian Embassy; and Ko Kheng Hwa, Managing Director, EDB

Front Row (L-R): Wong Kan Seng, Deputy Prime Minister for Singapore; Prof Dr Heinrich v. Pierer, former CEO and Chairman of the Supervisory Board, Siemens AG; S R Nathan, President of Singapore; Mrs Nathan; and Mrs Annette v. Pierer



Brazilian Jet Manufacturer EMBRAER Expands Regional Presence With S\$61m Investment

WITH ITS LATEST INVESTMENT IN SINGAPORE, THE COMPANY HOPES TO ENHANCE ITS REGIONAL CUSTOMER SUPPORT SERVICES AS WELL AS INCREASE ITS MARKET SHARE.

Singapore's flourishing aerospace industry welcomes its latest addition to the already diverse and vibrant business landscape – EMBRAER. The Brazilian commercial jet manufacturer, the world's largest manufacturer of commercial jets of up to 120 seats, recently announced its plans to invest S\$61.2 million (US\$40 million) to strengthen its presence here in Asia-Pacific through its spare parts logistics centre.

SERVICING THE REGION

The spare parts logistics centre is expected to boost EMBRAER's spare parts distribution capabilities as well as support services for its regional customers. EMBRAER will be partnering Menlo Worldwide – a global provider of logistics, transportation management and supply chain services – to manage and deliver warehousing and inventory management distribution services from its base at the state-of-the-art facility located at Changi Airport's Free Trade Zone.

"EMBRAER is a world-class manufacturer and a recognised force in the aircraft industry. We're very pleased and proud to join EMBRAER in the strategic launch of its commercial aircraft line in Asia and the ongoing support of its customers," says Robert L. Bianco, Jr., President, Menlo Worldwide.

All these activities will be managed by Embraer Asia Pacific Pte Ltd, a wholly owned subsidiary under EMBRAER. The Singapore HQ will also be responsible for the organisation's marketing and sales efforts for new aircraft in the region, with the staff count doubling to more than 40 by this year to support the organisation's regional growth plans.

"Asia is an extremely important region for EMBRAER. Recent sales have demonstrated that the market here is well suited to our products and we want to make sure that our new customers in the region can benefit from the best possible support services," says Frederico Fleury Curado, President and CEO, EMBRAER.


In addition, the company is currently in negotiations with a world-class training provider based in Singapore to launch its E-Jets Level D Full Flight Simulator. The cutting edge flight simulator will begin operations in June 2007 while the Technical and Flight Attendant training programme is scheduled to commence in 2008.

"We are delighted that EMBRAER has chosen Singapore as its hub for customer support, simulator training and distribution activities for the Asia-Pacific market. This is the first significant investment in our aerospace industry from Brazil, and will add diversity to our vibrant aerospace industry cluster," says Ko Kheng Hwa, Managing Director, Singapore Economic Development Board (EDB). "It also reaffirms our industrial strengths in supply chain efficiency and aerospace maintenance, repair and overhaul (MRO), and gives a strong boost to our effort to develop Singapore into a premier aviation training hub in Asia.

SUSTAINED GROWTH

EMBRAER's latest investment will certainly be a boost to the aerospace industry, regarded as one of the fastest growing industries in Singapore. The industry posted sterling results last year when it reached growth rates of 19.7 per cent and contributed S\$6.3 billion (US\$4.1 billion) in output.

Furthermore, EMBRAER would be joining other established aerospace players in strengthening its presence in Singapore and furthering its reach in the region with its latest investment. Rolls-Royce, for one, has continued to strengthen its excellent business relationship with the Republic by basing its full suite of services, ranging from MRO, sales and marketing, warehousing, headquarters function and R&D, locally. Similarly, Norelco UMS also recently started on the construction of its S\$30.7 million (US\$20 million) aerospace manufacturing plant based in Changi.

Taken in entirety, EMBRAER's latest investment is just one of many exciting and lucrative business tie-ups in the flourishing local aerospace industry. However, with this investment, the city-state is issuing a statement of intent. Instead of resting on its laurels, the nation and EDB will continue to scour the world for more of such partnerships to bring the industry to its next level of excellence. 

"We are delighted that EMBRAER has chosen Singapore as its hub for customer support, simulator training and distribution activities for the Asia-Pacific market. This is the first significant investment in our aerospace industry from Brazil, and will add diversity to our vibrant aerospace industry cluster."

**- Ko Kheng Hwa,
Managing Director, EDB**

ST Aerospace's Expanding Success Enhances Singapore's MRO Reputation Globally

SINGAPORE TECHNOLOGIES AEROSPACE LTD EXPANDS ITS MAINTENANCE, REPAIR AND OVERHAUL FACILITIES BY OPENING A NEW HANGAR AND GROUNDBREAKING ANOTHER AT SELETAR AEROSPACE PARK.

Originally a maintenance facility for the Republic of Singapore Air Force (RSAF) some three decades ago, Singapore Technologies Aerospace Ltd (ST Aerospace) has grown into the world's largest third-party maintenance, repair and overhaul (MRO) provider. The company has achieved relentless growth over the years, and shows no signs of slowing down.

With a global network of facilities in Asia-Pacific, Europe and the Americas, ST Aerospace operates from Paya Lebar, Changi and Seletar airports, where it has added new hangars every year over the last three years.

In April this year, it saw further local expansion through the opening of a new S\$10 million (US\$6.5 million) single-bay hangar, Hangar 600, and groundbreaking Hangar 700 at the Seletar Aerospace Park. The two hangars will be operated by its wholly-owned subsidiary, ST Aerospace Engineering. ST Aerospace is in turn the aerospace arm of Singapore Technologies Engineering Ltd (ST Engineering).

Hangar 600, constructed and fully operational in just eight months, is equipped to perform heavy maintenance and modification for a range of aircraft types including general aviation, helicopters and commercial narrow-body aircraft such as a Boeing 757.

Meanwhile, the double-bay Hangar 700, will be built at a cost of about S\$17.3 million (US\$11.3 million), and is expected to be operational in 2008. It will have the capacity to simultaneously accommodate up to two narrow-body aircraft.

BUILDING ON SUCCESS

ST Aerospace is also the largest airframe MRO provider in the world, with comprehensive service offerings for a customer base that includes many of the world's leading airlines, airfreight operators and military operators. The company employs a global staff of more than 6,000 engineers and technical specialists.

Hangars 600 and 700 represent growth potential, and reinforce ST Aerospace's strong position in the aerospace industry. Last year, the local aerospace industry had 17,600 employees and posted a growth of 19.7 per cent to reach a record S\$6.3 billion (US\$4.1 billion) output. It is one of the fastest growing industries in Singapore, forecasted to expand even more as growth in Asia is expected to be higher than in other parts of the world.

"The consistent growth of ST Aerospace's operations is a clear testament of Singapore being an ideal location for businesses and investment. The opening of Hangar 600 and the ground-

breaking of Hangar 700 underscores the company's commitment to Singapore as Asia's leading aviation hub," says Lim Hng Kiang, Minister for Trade & Industry, who officiated at the twin ceremonies.


Lim adds that ST Aerospace's commitment to impeccable quality standards and competitive turnaround time has further established its position as a sought-after provider, to the extent that many of its customers include major client companies that choose to fly their planes into Singapore for the sole purpose of maintenance.

GROWING FURTHER

Hangar expansion is just one of many initiatives to strengthen Seletar Aerospace Park's infrastructure for further development and ultimately, global growth. It is expected that by 2018, Seletar's contribution to the industry and Singapore's economy will be about S\$3.3 billion (US\$2.2 billion) a year in direct and indirect value-add, and it will create some 10,000 knowledge-intensive jobs.

The new hangars will contribute towards four significant growth areas already identified for Seletar - the design and manufacturing of aircraft systems and components for aerospace companies; the creation of a regional training campus to cater to growing manpower needs; the establishment of Singapore as a business aviation hub in the region; and the hosting of MRO activities for smaller aircraft such as helicopters and narrow-body jets.

It is hoped that these initiatives will attract more business, address the growing global shortage of aerospace manpower, increase business aviation traffic in Singapore through tourism developments such as the integrated resorts and extend the existing strengths in MRO for larger commercial aircrafts respectively.

Investments will continue to be made in new capabilities and capacities to increase the volume of business ST Aerospace brings to the Singapore aviation industry, as the government and other industry players work closely together to support growth in the years to come. 



EDB Invests S\$8m To Boost Talent Pool In Wafer Fabrication Sector

COLLABORATING WITH NUS AND NTU, EDB HOPES TO TRAIN 900 ENGINEERS OVER THE COURSE OF THREE YEARS TO JOIN THE FLOURISHING SEMICONDUCTOR INDUSTRY.

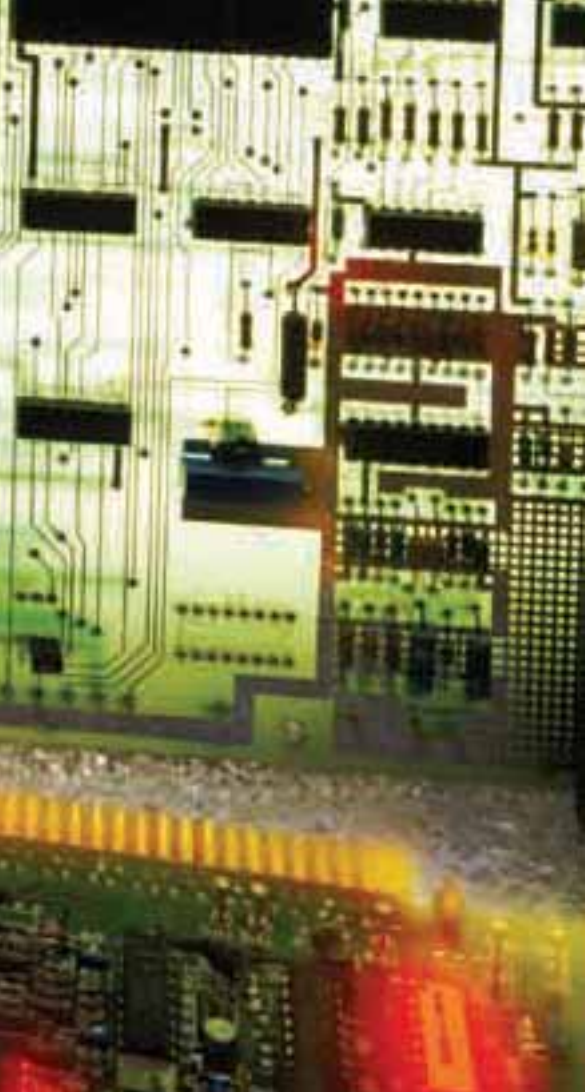
In the 1960s, Singapore started its ambitious project of growing the semiconductor industry by introducing assembly and test activities. Fast forward to the present and the flourishing industry has now grown to encompass integrated circuit (IC) design and wafer fabrication, in addition to its original capabilities.

Recognising the need for a constant source of readily available talent pool that is in touch with the increasingly sophisticated technology used in the industry, particularly in the wafer fabrication sector, the Singapore Economic Development Board (EDB) has decided to invest S\$8 million (US\$5.2 million) into the training of wafer fabrication engineers. The Wafer Fabrication Specialist Manpower Programme (SMP) will be a collaborative effort between EDB and the nation's top two universities, National University of Singapore (NUS) and Nanyang Technological University (NTU).

The SMP aims to attract undergraduates from the schools of Electrical, Electronics, Mechanical, Materials and Chemical Engineering to specialise in wafer fabrication through this final year focused track programme. It hopes to train 900 engineers over the course of three years.

ABUNDANT OPPORTUNITIES

Elaborating on the necessity for such a programme at this juncture, Lim Swee Nian, Executive Director, Electronics, EDB, says, "Singapore's semiconductor industry is growing rapidly. Besides the continued expansion of existing wafer fabrication plants, new players are attracted to Singapore for its advanced technologies. As such, there are tremendous opportunities for



wafer fabrication engineers in Singapore to work on cutting edge technologies.”

Financial incentives and guaranteed job opportunities are some of the benefits that EDB is hoping would entice more undergraduates to consider taking up the SMP. Financial incentives vary depending on the number of years the undergraduate spends completing the programme; students specialising for a year will get a monthly stipend of S\$1,080 (US\$706) while those who take two years get a monthly stipend of S\$540 (US\$353) throughout the duration of the programme. All sponsored students under the SMP can also expect guaranteed job offers upon graduation.


“Singapore’s microelectronics industry, in particular the wafer fabrication segment, will continue to see strong growth. It is crucial then that we nurture the engineers to sup-

port this growth,” says Professor Kam Chan Hin, Chair, School of Electrical and Electronic Engineering, NTU. “The new undergraduate courses will provide specialised training for our students, who will be armed with the knowledge and skills for the industry when they graduate.”

EXCITING TIMES

Indeed, the local wafer fabrication sector is riding the crest of development currently, with several exciting investments having taken place in the past year. Just in April this year, Qimonda, a leading supplier of memory chips, announced plans to build its first fully-owned 300mm manufacturing facility in Singapore – also its first in Asia. The S\$4.1 billion (US\$2.7 billion) manufacturing facility is expected to start operations in 2009, and at full capacity, will require more than 1,500 employees.

This comes on the heels of Intel and Micron’s decision in November 2006 to form a new joint venture and add a fourth fabrication facility to its NAND flash memory manufacturing capability; the facility is expected to be operational in the second half of 2008. Soitec, the world’s leading manufacturer of silicon-on-insulator (SOI) wafers and other engineered substrates, is also currently establishing its first 300mm wafer fabrication plant in Asia here.

With such activities spurring the growth of the semiconductor industry, the future looks bright for all involved. Professor Seeram Ramakrishna, Dean, Faculty of Engineering, NUS, supports this optimistic outlook. “The scale of this initiative by EDB and the company sponsors will not only send a strong signal in the upturn of the wafer fabrication segment, it also augurs well for the recipients who are vying for a place in a sector where R&D receives the highest investment. I’m excited about the promising prospects for our engineering students,” says Professor Ramakrishna. 

“Singapore’s semiconductor industry is growing rapidly. Besides the continued expansion of existing wafer fabrication plants, new players are attracted to Singapore for its advanced technologies.”

**- Lim Swee Nian,
Executive Director,
Electronics, EDB**



Dr Florian Doetz, Head of Organic Electronics laboratory, BASF, at the state-of-the-art laboratory

BASF Expands Research Activities In Singapore With Second Competence Centre

THE NEW S\$4 MILLION (US\$2.6 MILLION) R&D FACILITY WILL BOOST GROWTH IN NANOTECHNOLOGY AND ENERGY MANAGEMENT FOR ITS CUSTOMERS IN ASIA-PACIFIC.

Singapore's growing energy management industry received a shot in the arm when the world's leading chemical company, BASF, joined the city-state's vibrant R&D landscape.

Building on last year's successful launch of the Competence Center for Nanostructured Surfaces, BASF announced the set up of a new Competence Center for Organic Electronics in Singapore. This S\$4 million (US\$2.6 million) investment represents the second part of its plan to expand its research activities in Asia-Pacific, which already includes a new project on organic photovoltaics with the Institute of Materials Research and Engineering (IMRE).

The new Competence Center for Organic Electronics follows the S\$6 million (US\$3.9 million) initial investment in the BASF Competence Center for Nanostructured Surfaces in April 2006.

Between 2006 and 2009, the total research expenditure for both centres is expected to be S\$30 million (US\$19.6 million), and the company intends to hire a total of 40 employees by the end of 2007. BASF currently has about 300 employees working in R&D across Asia-Pacific.

KEY BASE FOR R&D

The Asia-Pacific region is playing an increasingly important role as more companies in Asia attempt to carve a niche in the market through innovation. As the base of BASF operations in Southeast Asia since 1978, and one of the company's two regional headquarters, Singapore is instrumental in BASF's plan to generate global annual sales of more than S\$8.3 billion (US\$5.4 billion) from new or improved products and applications that have been on the market for a maximum of five years by 2010.

Says Dr Martin Brudermueller, Member of the Board of Executive Directors, BASF AG, "Our investment will generate innovation for our customers in Asia-Pacific and other regions."


Indeed, the two research centres leverage Singapore's conducive research landscape. According to Dr Florian Doetz, Head of Organic Electronics laboratory, BASF, "Singapore is strategically located in the heart of a world-class, well-connected environment with a strong and stable infrastructure and a strategic focus in R&D. We are convinced that the huge future market size predicted for the technology of organic electronics will translate into high growth potential for BASF."

GROWTH INDUSTRIES

BASF has set aside S\$1.8 billion (US\$1.2 billion) for research into five growth clusters globally, two of which are now anchored in Singapore. The organic electronics lab is a shared technology platform that cuts across nanotechnology and energy management. Its research activities will be in the areas of

Printed Electronics, OLEDs (Organic Light Emitting Diodes), Organic Biosensors and Organic Photovoltaics. Printed Electronics, for one, is expected to provide a powerful path to low-cost manufacturing of integrated transistor circuits for a broad range of applications, such as radio frequency identification (RFID) tags and backplanes for displays.

What is significant is that these research centres are not just aimed at supporting existing markets, but also to provide solutions for emerging challenges like searching for new ways to utilise renewables, leveraging new technologies and materials for energy management, and developing better materials through platform technologies.

Dr Brudermueller adds, "The opening of the R&D centre for organic electronics emphasises and confirms our commitment to Singapore. It also reinforces our determination to contribute to the Clean Energy programme, recently launched by the government, as a responsible corporate citizen." 

"The opening of the R&D centre for organic electronics emphasises and confirms our commitment to Singapore."

- Dr Martin Brudermueller, Member of the Board of Executive Directors, BASF AG



Dr Florian Doetz (right), conducting a tour of the facility for Guest-of-Honour, Lim Siong Guan, Chairman, EDB (left)

Tate & Lyle

Unveils Its First S\$300m Manufacturing Facility In Singapore

THE ORGANISATION'S LARGEST INVESTMENT IN ASIA IS EXPECTED TO HELP MEET INTERNATIONAL DEMAND FOR SPLENDA® SUCRALOSE.

The global economy is constantly changing and in order to stay competitive in this challenging business landscape, Singapore is focusing on knowledge-intensive and high value-added investments to fuel its economic development. This initiative was given a boost with the opening of Tate & Lyle's SPLENDA® Sucralose facility in Singapore at the start of 2007. The S\$300 million (US\$196.1 million) facility also represents the company's largest investment in Asia.

The facility, completed in January 2007, is currently in the process of ramping up to full capacity, which is expected to take 12 to 18 months. Once fully operational, it would complement the production capacity of sucralose at the company's manufacturing facility in Alabama, USA, in order to meet the global demand for the product.

"The new plant will broaden our manufacturing base and help facilitate improved access to the Asian and European markets. SPLENDA® Sucralose has enjoyed success in Japan since the first products were launched there in 1999 and we aim to replicate this success across the region," says Iain Ferguson, Chief Executive, Tate & Lyle.

INNOVATIVE TRAILBLAZER

Tate & Lyle, a leading manufacturer of renewable food and industrial ingredients, is an innovator in the specialty ingredients industry. It uses cutting-edge technology to transform corn, wheat and sugar into value-added ingredients for its customers in the food, beverage, pharmaceutical, cosmetic, paper, packaging and building industries. In fact, it's the sole manufacturer of SPLENDA® Sucralose, a zero calorie sweetener that's 600 times sweeter than sugar.

This is a boost to the specialty ingredients industry in Singapore that is growing rapidly due to global demand and the Singapore Economic Development Board's (EDB) drive to develop the industry. Over the past five years, the specialty ingredients industry has grown at a compounded annual growth rate of 17 per cent in value-added and 15 per cent in its manufacturing output. As specialty ingredients are an integral part of end-consumer products such as food, beverages and personal care products, it also contributes significantly to the growing consumer industry on a broader scale.

Furthermore, Tate & Lyle is joining a strong list of the leading specialty ingredients companies based in Singapore. These include Givaudan, Takasago, International Flavours & Fragrances, Toshiaki Pigment (an affiliate of Nikko Chemicals), Riken Vitamins, Croda and Danisco. The strong presence of such renowned companies is down to the unique value proposition that Singapore offers, namely a strong intellectual property protection regime and a highly educated and skilled workforce.

VALUE PROPOSITION


The importance of having a strong intellectual property regime for companies such as Tate & Lyle cannot be understated. The company holds over 30 patents for the manufacturing process of SPLENDA® Sucralose and requires an investment destination that would protect its interests and technological expertise.

This is recognised by the Singapore government as it places great emphasis on having the necessary legislative infrastructure to protect companies' innovations and proprietary technologies.

This key proposition was reiterated during the facility's opening ceremony by Lim Hng Kiang, Minister for Trade & Industry. Says Lim, "[This] plant speaks volumes about the trust Tate & Lyle places on Singapore and our reputation as a secure location for knowledge-intensive manufacturing."

Similarly, a ready pool of highly skilled workers proved to be another factor that appealed to Tate & Lyle. Drawing from the strengths of established and complementary industries, such as biomedical sciences and chemicals, the EDB is looking to fuel the growth in the specialty ingredients industry with a local workforce skilled enough to adapt to several industries. "One of the reasons we were attracted to Singapore was the expert local workforce," Ferguson affirms.

Not content in just offering manufacturing capabilities, the EDB is also looking to encourage investments in other areas of the industry. Banking on its strong intellectual property regime, diversified base of talent, and the comprehensive suite of professional service providers to support HQ functions, such as brand & IP management and supply chain management, companies can leverage the various strengths offered by Singapore to expand their businesses into the region. Besides this, the city state's cosmopolitan and multi-ethnic make-up provides companies the ideal consumer base to conduct R&D for the consumer industry. Coupled with 15 years of experience in the sciences, the EDB believes that Singapore is an ideal location to create products for the Asian market.

With a clear plan mapped out, and the essential infrastructure in place, the consumer industry looks set for an exciting season of growth. 

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10 Reasons For A Singapore HQ

ERNST & YOUNG'S TAX PARTNERS, LIM GEK KHIM AND CHONG LEE SIANG, DISCUSS TAX INITIATIVES WHICH HELP MAKE SINGAPORE A REGIONAL HEADQUARTERS HOTSPOT.

Singapore can stake its claim as the location of choice for MNCs seeking to set up regional headquarters, owing in part to its business-friendly tax policies. The Republic has all the ingredients that make it an excellent choice as a nerve centre for companies with operations in the Asia-Pacific.

There is a strong infocommunications infrastructure, a stable political climate, a pool of skilled professionals and a strategic location. Its favourable tax policies also boost Singapore's allure as a launch pad for investments into the region.

We take a look at some of these tax trump cards which enhance Singapore's attractiveness as a regional holding and headquarters location for MNCs.

LOW CORPORATE TAX RATE

Singapore has been steadily reducing its corporate tax rate to enhance competitiveness. This is evident from the 2007 Budget announcement to reduce Singapore's headline corporate tax rate by a further two per cent to 18 per cent with effect from the year of assessment 2008. With this cut, Singapore's corporate tax rate will be only marginally higher than Hong Kong's 17.5 per cent.

Singapore's corporate tax rate is further reduced if a company qualifies for tax incentives, and all companies will now enjoy partial tax exemption on the first S\$300,000 (US\$196,141) of chargeable income. Therefore, the effective tax rate of many companies may be lower than the headline rate of 18 per cent.

ABSENCE OF CAPITAL GAINS TAX

Singapore does not tax capital gains. This provides a viable exit strategy that is crucial to the planning of an overseas expansion strategy.

To provide even more certainty on this, the government announced in Budget 2006 an initiative to exempt from tax gains on disposal of shares in subsidiaries that have been held for at least 18 months by approved holding companies.

ONE-TIER CORPORATE TAX

The introduction of the one-tier corporate tax system in 2003 removed a tax impediment that previously required dividends to be franked. The removal of this tax obstacle allows Singapore-based holding companies or headquarters to repatriate capital gains from divestments to their home countries without any Singapore tax leakage.

FOREIGN INCOME EXEMPTION

Singapore adopts a territorial basis of taxation. Foreign-sourced income is taxed only when it is repatriated back into Singapore. In addition, tax is not levied on foreign-sourced dividends remitted back into Singapore provided the dividends are received from a country with a headline corporate tax rate of at least 15 per cent, some tax was paid in that country (such as withholding tax paid on the dividends or income tax paid on the profits out of which the dividends were paid) and the exemption is beneficial to the Singapore company.

If tax was not paid in the foreign country as a result of a tax incentive for carrying out substantive economic activities in that foreign country, specified documents need to be submitted to qualify for a tax concession to treat the tax-paid condition as met.

Singapore-based holding companies or headquarters can therefore generally repatriate dividends from their directly held foreign subsidiaries to Singapore free of Singapore tax. Those whose foreign subsidiaries are engaged in substantive economic activities but are unable to meet the qualifying conditions for this tax exemption may apply for a specific exemption.

WIDE TAX TREATY NETWORK

Regional headquarters here can tap Singapore's extensive tax treaty network with over 50 countries to benefit from the reduced withholding taxes on dividends, interest and royalties. Tax treaties can also help to reduce instances of creating a taxable presence in foreign countries. Companies heavily involved in cross-border deals will find this useful to mitigate double taxation.



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REGIONAL HQ INCENTIVE

To encourage multinational companies to set up their regional headquarters here, the Economic Development Board offers the Regional Headquarters (RHQ) and the International Headquarters (IHQ) incentives. Companies which are conferred the RHQ status enjoy a concessionary tax rate of 15 per cent for qualifying income arising from headquarters activities and operations carried out from Singapore. Those awarded IHQ status enjoy even further attractive tax rates of between zero and 10 per cent.

NOT ORDINARILY RESIDENT SCHEME

To attract talent to relocate to Singapore, the NOR scheme was introduced in 2002. Individuals exercising employment in Singapore but whose duties are regional, requiring them to spend at least 90 days a year outside Singapore may apply for the NOR scheme for their Singapore employment income to be taxed on a time-apportionment basis for up to five years of assessment. This is subject to a minimum threshold tax rate of 10 per cent.

Employees who travel extensively can benefit from this scheme to reduce their personal Singapore income tax if specified conditions are satisfied. For those on tax equalisation, this scheme will help to reduce the operating costs of the regional headquarters company.


WRITING-DOWN ALLOWANCE (WDA) FOR INTELLECTUAL PROPERTY (IP)

Regional headquarters which use Singapore as an international IP holding location may claim WDA for the cost of acquisition of the IP. Previously, this WDA was applicable to IP acquisition costs incurred in the five years from 1 November 2003 but this concession will be extended by another five years to 31 Oct 2013, according to Budget 2007.

ADVANCE PRICING ARRANGEMENTS (APA)

On the surface, APAs may not appear to be an important feature. However, the transfer pricing guidelines issued by the Inland Revenue Authority of Singapore in February 2006, that set out the procedures for applying for APAs and Mutual Agreement Procedure facilities, provide good guidance to MNCs on how they can take advantage of these facilities to avoid double taxation. This is an important consideration for regional headquarters, given that transfer pricing is one of the most important tax issues facing multinational companies today.

PROACTIVE REGULATORS AND AGENCIES

Last but not least is the readiness of our regulators and promoting agencies to regularly adapt and improve the tax framework and incentives to promote Singapore as a relevant regional headquarters location for MNCs. Many countries in the region are in the race to be the choice regional holding or headquarters location. In the face of such competition, the responsiveness of our government is key to ensuring that Singapore continues to stay ahead in the race to be the preferred regional headquarters hub. 

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The Economic Development Board (EDB) is the lead government agency responsible for planning and executing economic strategies to enhance Singapore's position as a global hub for business and investment. We are the one-stop agency that facilitates and supports local and foreign investors in both the manufacturing and services sectors as they seek more value-creating operations, higher sustainable returns and new business opportunities.

Singapore commands global leadership positions in many areas. EDB is expanding and extending existing industry clusters, as well as exploring new growth areas to create good jobs and secure Singapore's future competitiveness. Our emphasis is on capital-intensive, knowledge-intensive and innovation-intensive activities.

For more information on how EDB can help in your business and investment, please visit www.sedb.com.

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