

19 January 2009



EDB SHARPENS FOCUS ON PRESERVING AND CREATING JOBS

Rolling Out Capability Development Schemes and Incentive Extensions

1. The Economic Development Board (EDB) met investment forecasts in 2008, and expects 2009 to still yield more than \$10 billion in fixed asset investments (FAI). In view of the global economic uncertainty, EDB's focus in 2009 will be to preserve and create jobs by extending assistance to companies with major operations in Singapore as well as redouble efforts to keep up the pipeline of new investments for the future. Projects coming onstream will open up about 6,000 vacancies in the coming months. The downturn also presents unique opportunities for companies, working with the EDB, to look to Singapore to pre-position themselves for the upturn.

(I) YEAR 2008 IN REVIEW

2. In 2008, EDB attained S\$18 billion in FAI and S\$7.8 billion in total business spending (TBS) from committed projects in both the manufacturing and services sectors. 16,400 skilled jobs will be created when these projects are fully implemented.

3. The investment forecasts for 2008 were met. Aside from the number of skilled jobs, commitments in FAI, TBS and value added (VA) also exceeded 2007 investment levels. The following table gives a summary of our results:

Indicator	2007 Actual	2008 Forecast	2008 Actual
Total Value-Added (VA) ¹ per annum (S\$ billion)	11.6	12.0 - 14.0	14.7
Total Fixed Assets Investments (FAI) ² (S\$ billion)	17.2	17.0 - 19.0	18.0
Total Business Spending (TBS) ³ per annum (S\$ billion)	7.7	7.5 - 8.0	7.8
Total Skilled Jobs	18,500	16,000 - 19,000	16,400

4. Capital-, knowledge- and innovation-intensive (CKI) activities are key to the sustained development of Singapore's economy. They offer good and exciting jobs for Singaporeans and people in Singapore. The strong momentum of investment interest in Singapore that started in 2006 continued in 2008. Major projects which had groundbreaking or commencement of operations in 2008 included (please see Annex B):

- **Soitec (France)** is building Singapore's first silicon-on-insulator (SOI) water fabrication plant.
- **Renewable Energy Corporation (Norway)** is building the world's largest integrated solar manufacturing complex in Singapore.
- **Applied Materials (USA)** is establishing its largest manufacturing and consolidation centre in Asia for semiconductor equipment.
- **Goodrich Corporation (USA)** opened its new 530,000 square-foot campus in Singapore for the maintenance, repair and development of aircraft components and systems.
- **Siltronic-Samsung (Germany/Korea)** commissioned one of the world's largest 300mm wafer production fab in Singapore.
- **3M (USA)** is building its most advanced coating facility outside the USA in Singapore, which will produce a wide variety of specialty films.

¹ VA directly contributes to Singapore's GDP when the projects are fully implemented.

² FAI refers to capital investment in facilities, equipment and machinery.

³ TBS refers to a project's annual operating expenditure when it is fully implemented.

5. Other CKI projects that were announced last year included (please see Annex C):
 - **Halliburton (USA)** inaugurated its manufacturing and technology center in Singapore.
 - **Autodesk (USA)** opened its new R&D facility for software development in Singapore.
 - **Ubisoft (France)** established its first Southeast Asia games development studio in Singapore
 - **Vestas (Denmark)** opened its global wind technology R&D centre at Fusionopolis.
 - **Toll Holdings (Australia)** commits S\$400 million to redevelopment of its Loyang Offshore Supply Base.
 - **Procter & Gamble (USA)** selected Singapore as the location for its first perfume plant in Asia.
 - **Eli Lilly (USA)** expanded research activities to be the largest corporate R&D centre in Singapore.

6. Sentiments turned bearish in the fourth quarter. This has affected various companies' ability to invest. Some projects have had to be delayed and could potentially be cancelled because of the sharp drop in demand, or difficulty in securing financing. While this will not have a major impact on 2009 investment numbers, it will affect investment commitments in 2010 if global economic sentiments do not improve over the coming year.

(II) RIDING OUT THE STORM

7. What is important in 2009 is to make sure that we continue to attract investments that create new jobs and, at the same time, help companies ride out this period so that as many jobs as possible can be preserved.

New Jobs

8. About 6,000 jobs from previously committed projects will open up in the coming months. Many of these jobs will require science, engineering and technical skills. EDB will actively monitor job openings from our client companies and work with the Ministry of Manpower (MOM) and the Workforce Development Agency (WDA) to facilitate job placements.

Preserving Jobs, Developing Capabilities

9. EDB will help our client companies cope with today's challenging economic conditions so that they can keep their people and train them for the upturn. Developing the capabilities of employees now will help companies better capture opportunities when the economic situation improves and markets expand again. EDB will introduce a \$100 million programme, PREP-UP (PREParing for the UPturn - Please see Annex D), which is a collection of initiatives where EDB co-shares manpower, training and related costs with companies, with special emphasis on enhancing the knowledge and skills of their engineers and technical staff. PREP-UP will also fund on-the-job training opportunities for fresh graduates. It is designed to complement MOM / WDA's SPUR (Skills Programme for Upgrading and Resilience).

Helping Companies

10. Different companies face different challenges in these uncertain times. EDB will consider extending the following kinds of help to individual companies according to their particular needs.
 - For companies facing difficulties in achieving their incentive milestones that are due this year, EDB is prepared to provide such companies with a grace period until 31 March 2010.
 - For companies with Pioneer Status, or Development Expansion Incentives with incentive periods ending this year, EDB is prepared to grant these companies an extension of the incentive period until 31 March 2010, if there is no cutback in their present levels of operation in Singapore.

- For companies which have settled their investment plans with EDB but are finding it difficult to get financing, EDB is prepared to help out in the financing of their capital expenditure provided the projects remain good and viable. This will allow the planned investments to proceed at this time, and not be held back by the credit crunch.

(III) 2009 INVESTMENT OUTLOOK

11. Investment commitments in 2007 and 2008 have been very high due to lumpy investments in sectors such as Chemicals and Electronics. Investments in 2009 would therefore be expected to be lower than in 2008 and 2007, even if there was no economic downturn. Nonetheless, EDB expects total FAI in 2009 to exceed S\$10 billion for the third successive year, after taking into account projects that have been postponed or are likely to be delayed. This is a creditable level of investment when compared with the years prior to 2007. Our forecasts for 2009 are as follows:

Indicator	2008 Actual	2009 Forecast
Total Value-Added (VA) per annum (S\$ billion)	14.7	10.0-12.0
Total Fixed Assets Investment (FAI) (S\$ billion)	18.0	10.0-12.0
Total Business Spending (TBS) per annum (S\$ billion)	7.8	6.0-7.0
Total Skilled Jobs	16,400	12,000 - 15,000

(IV) CONCLUSION

12. “The present global economic uncertainty is very challenging for attracting new investments. However, given Singapore’s strong fundamentals in supporting business, we are cautiously optimistic of achieving a respectable level of investment commitments for 2009,” said Mr. Lim Siong Guan, Chairman of EDB.

13. “Our work does not end with bringing in investments. Our support programmes are tailored to each company’s needs and we will help companies smoothly implement their projects. We will not only look at short term measures to help

companies tide over the current economic difficulties but, very importantly, also help them position for long term success. Companies should capitalize on PREP-UP as well as MOM / WDA's SPUR to upgrade their employees so that they will be better positioned for the upturn.

14. "The aim is for Singapore to emerge even more competitive after the downturn, with quality jobs that match the aspirations of people living in Singapore."

- END -

ABOUT THE EDB

EDB is the lead government agency for planning and executing strategies to enhance Singapore's position as a global business centre and grow the Singapore economy. We dream, design and deliver solutions that create value for investors and companies in Singapore. In so doing, we attract economic opportunities and jobs for the people of Singapore, and help shape our country's economic future.

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(2001 - 2008)

Table A: Contribution by 2008 Manufacturing Investment Commitments

Industry	VA per annum (S\$ billion)	Mfg FAI (S\$ billion)	Mfg TBS (S\$ billion)	Skilled Emp
Biomedical Manufacturing	0.5	0.7	0.1	300
Electronics	1.2	2.9	0.9	2400
Chemicals	2.1	11.6	1.6	600
Precision Engineering	0.5	0.4	0.3	700
Transport Engineering	0.6	0.6	0.6	1200
General Manufacturing Industries	0.1	0.2	0.1	400
Total	5.0	16.4	3.6	5600

Table B: Contribution by 2008 EDB-promoted Services Investment Commitments

Industry	VA per annum (S\$ billion)	Svcs FAI (S\$ billion)	Svcs TBS (S\$ billion)	Skilled Emp
Infocomms & Media	4.6	0.3	1.3	3100
HQ & Professional Services	3.2	0.6	1.5	3500
Engineering & Environmental Services	1.4	0.1	0.8	2800
Logistics	0.4	0.6	0.5	800
Education	0.1	0	0.1	500
Healthcare Services	0.01	0.01	0.01	100
Total	9.7	1.6	4.2	10800

Table C: Industry R&D Indicators

Indicator	2006	2007	2008
Total research investments committed for the year (S\$ billion)	1.6	2.4	2.8
Total employment creation for researchers, scientists and engineers for the year	1,588	2,796	2369
Total number of R&D projects committed for the year	158	114	70
Number of local R&D projects committed for the year	102	50	17

Chart 1: Total Expected VA to be Generated by Investments Committed (1999 - 2008)

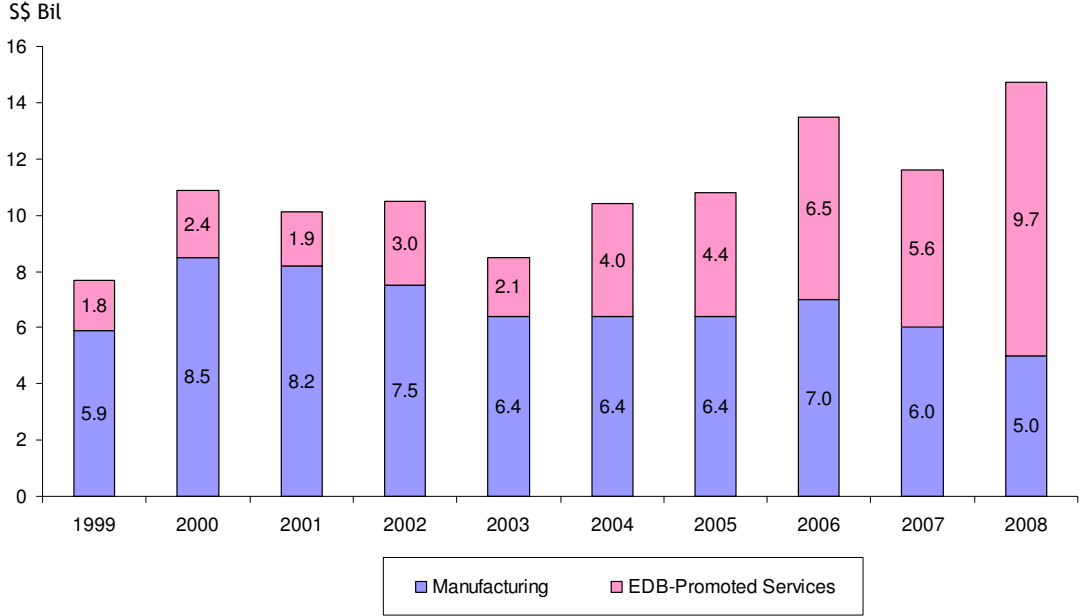
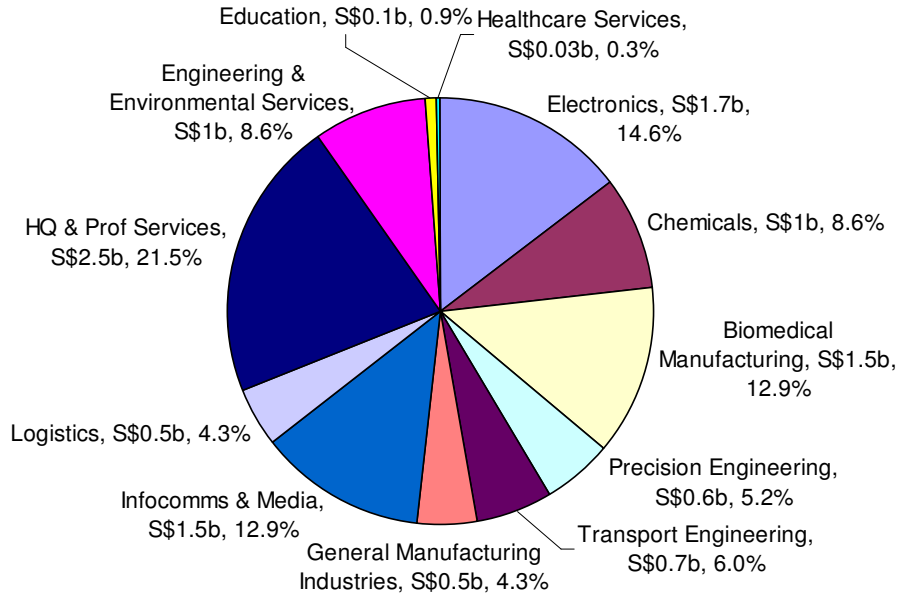


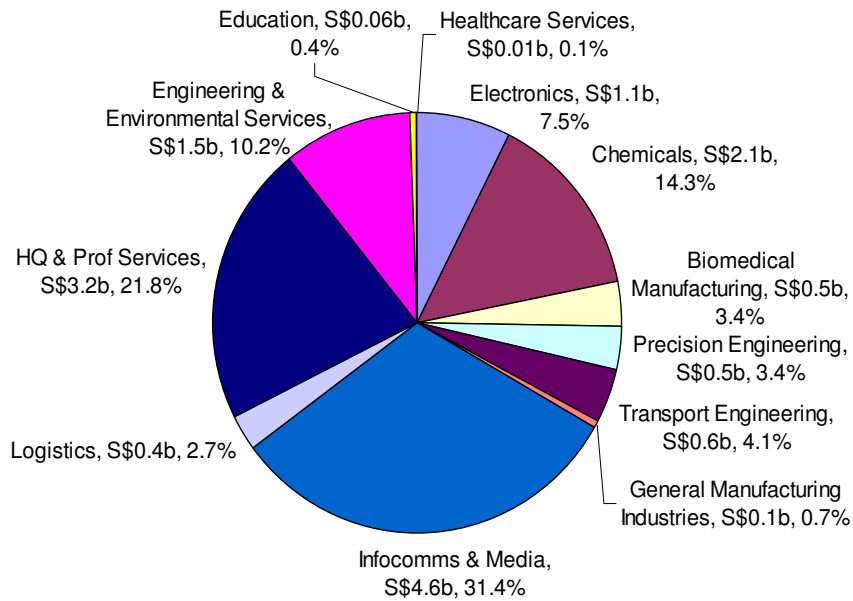
Chart 2: Total Expected VA Generated by Industry (2007, 2008)

2007



Total: S\$11.63 billion

2008



Total: S\$14.67 billion

Chart 3: Total FAI Commitments (1999 - 2008)

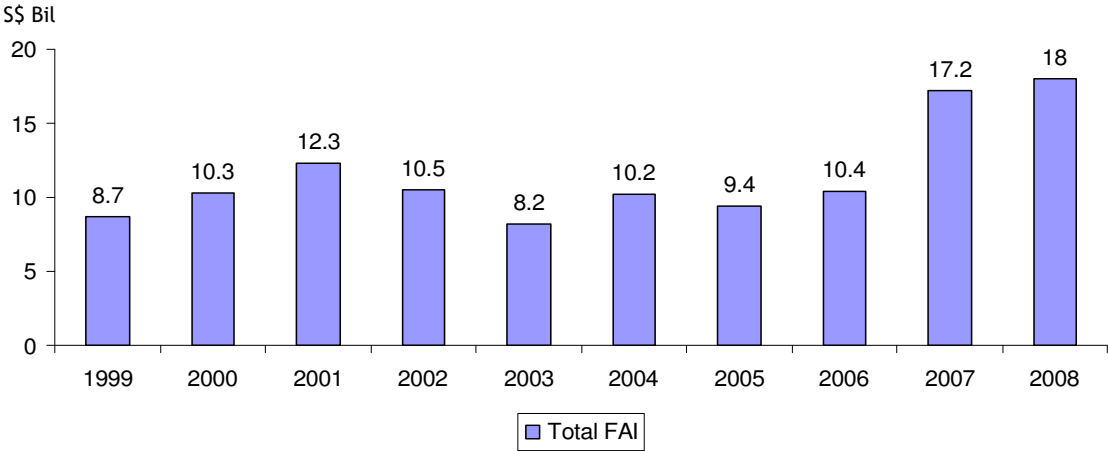
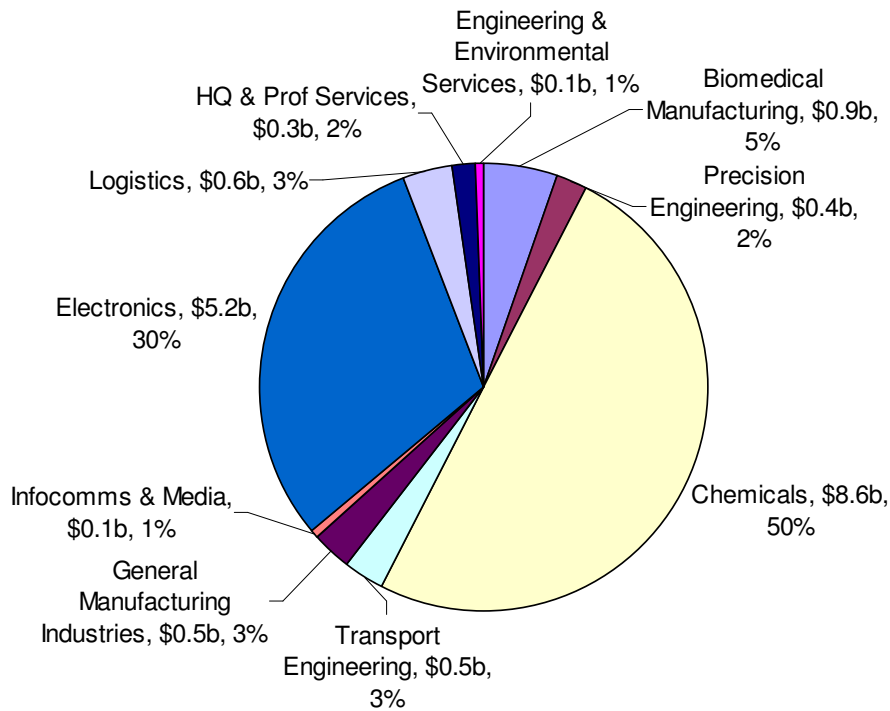


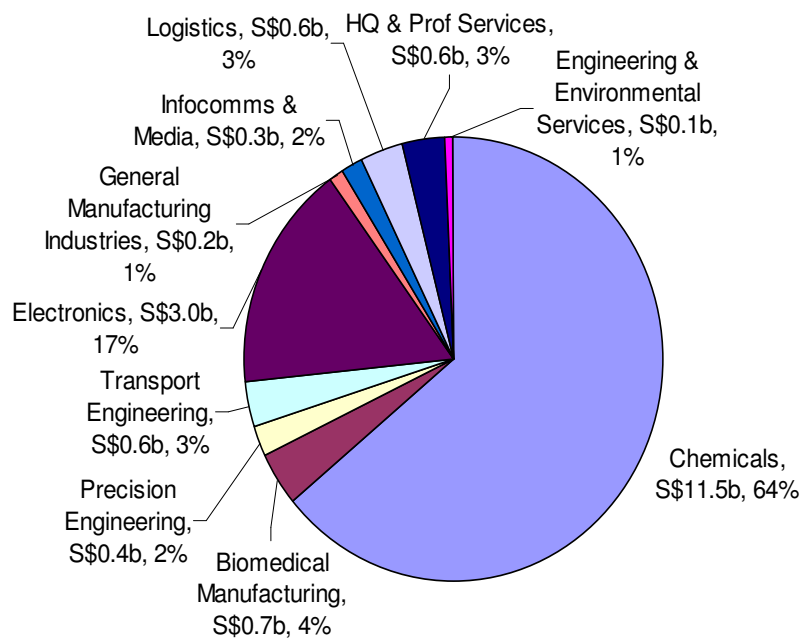
Chart 4: Total FAI Commitments by Industry (2007, 2008)

2007



Total: S\$17.2 billion

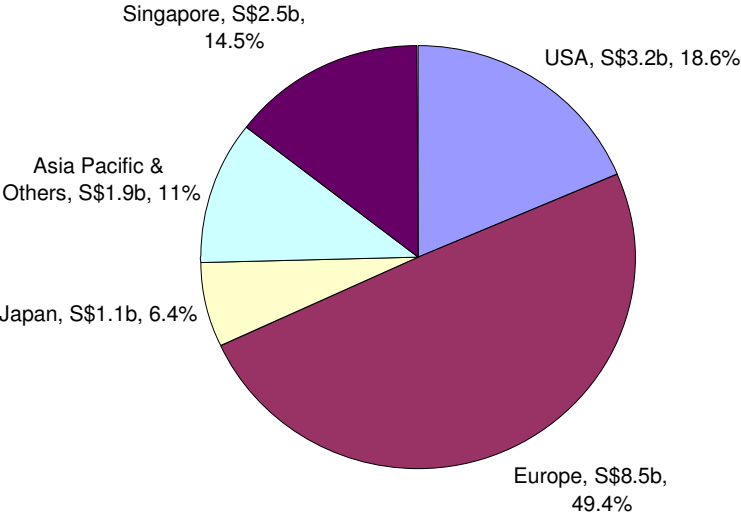
2008



Total: S\$ 18.0 billion

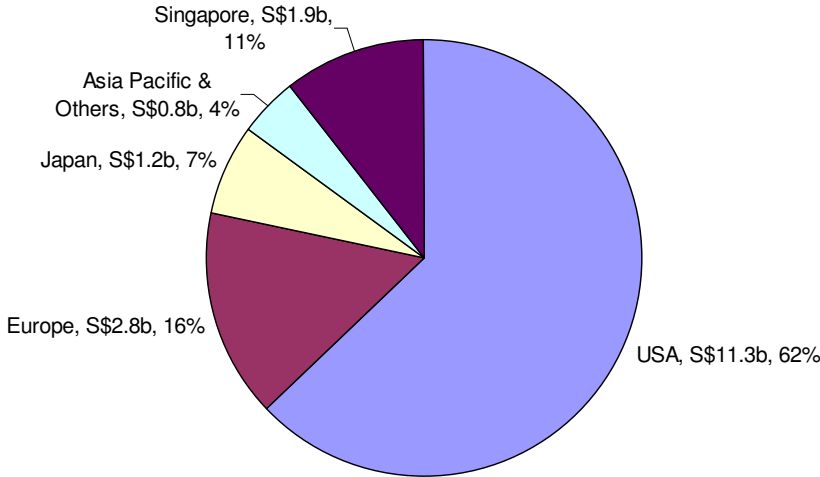
Chart 5: Total FAI Commitments by Region (2007, 2008)

2007



Total: S\$17.2 billion

2008



Total: S\$ 18.0 billion

Chart 6: TBS Commitments (1999 - 2008)

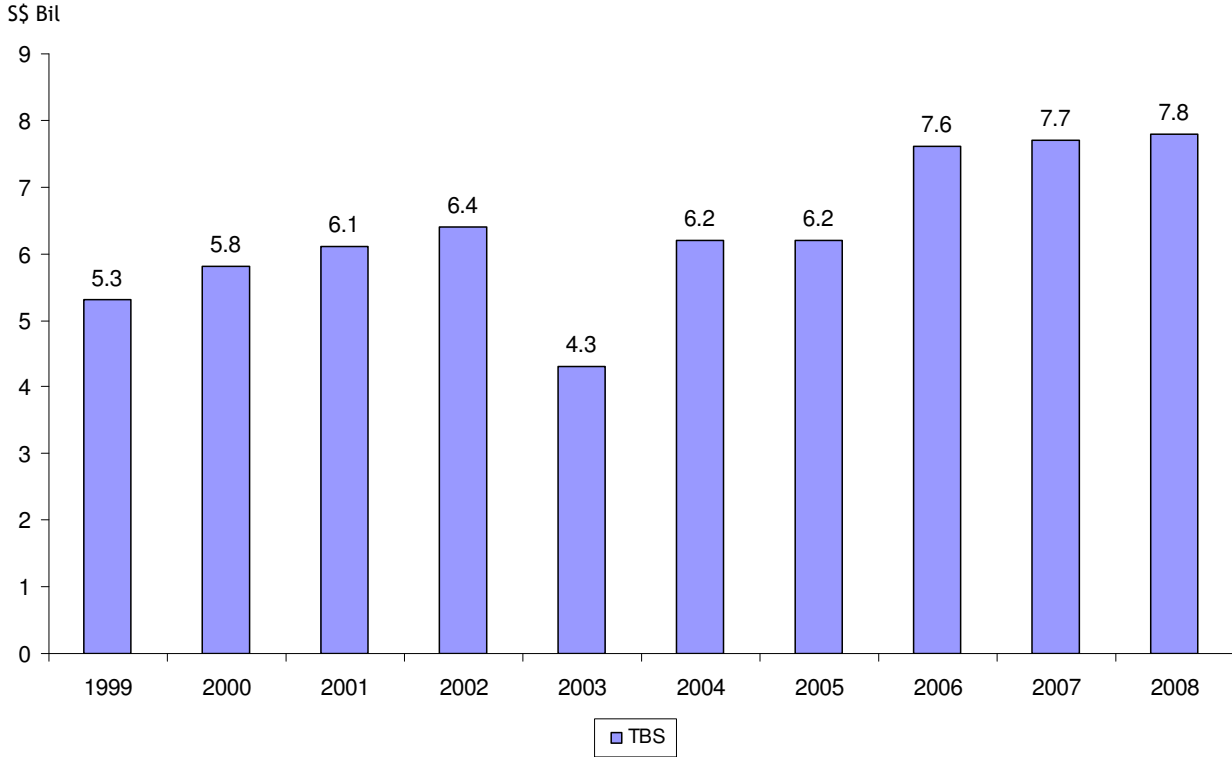
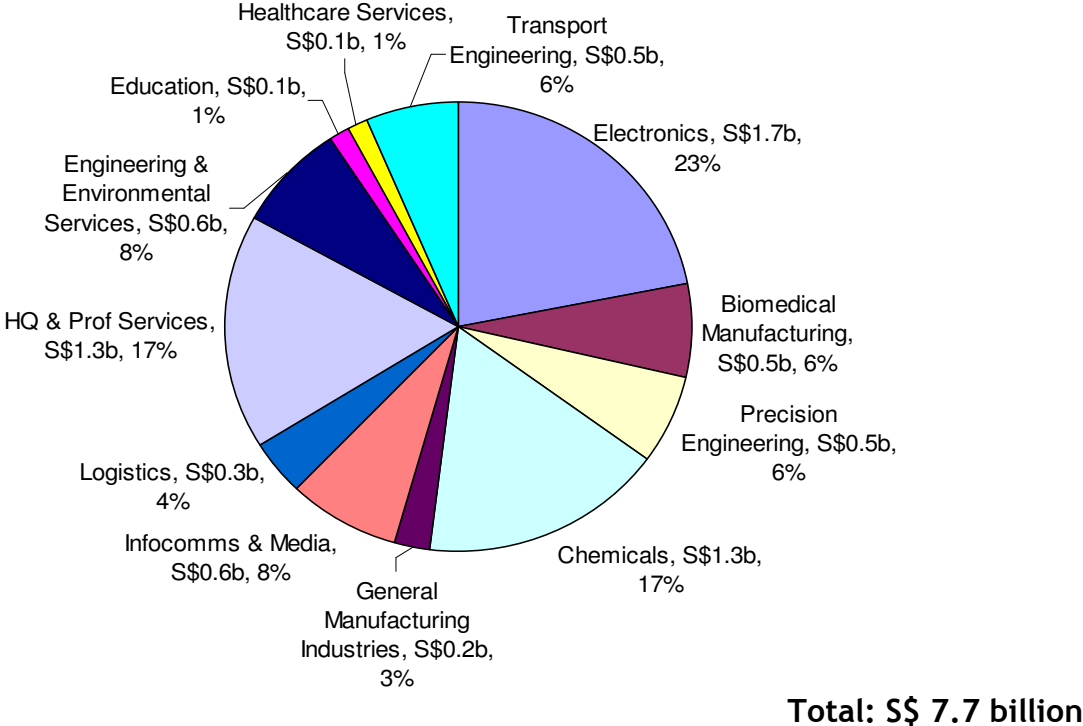
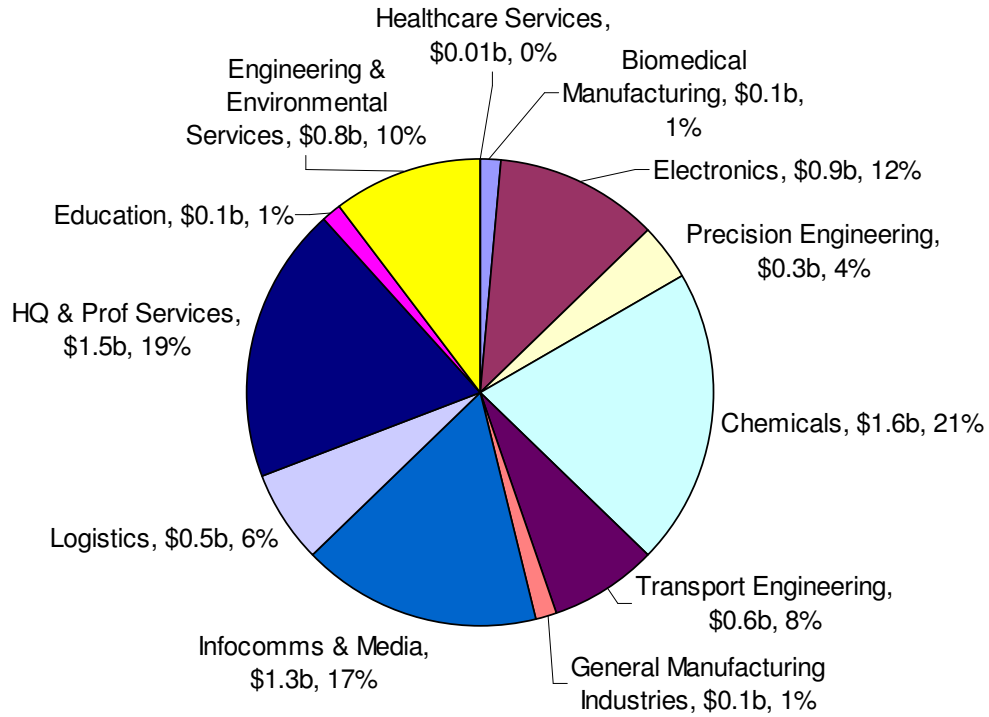


Chart 7: TBS Commitments by Industry (2007, 2008)

2007



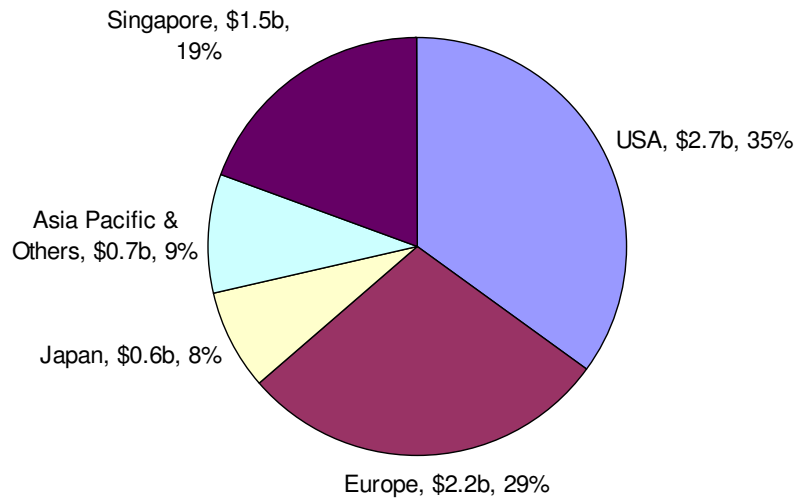
2008



Total: S\$ 7.81 billion

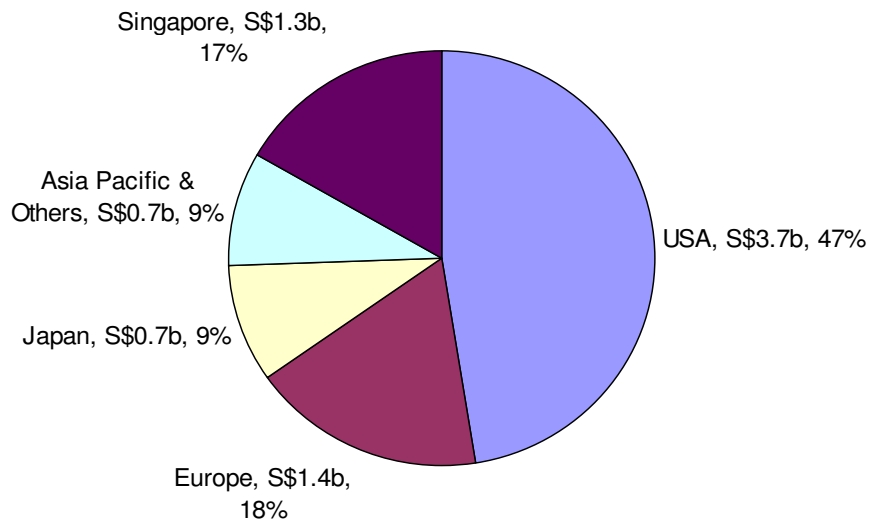
Chart 8: TBS Commitments by Region (2007, 2008)

2007



Total: S\$ 7.7 billion

2008



Total: S\$ 7.8 billion

Chart 9: Total Skilled Employment Created (1999 - 2008)

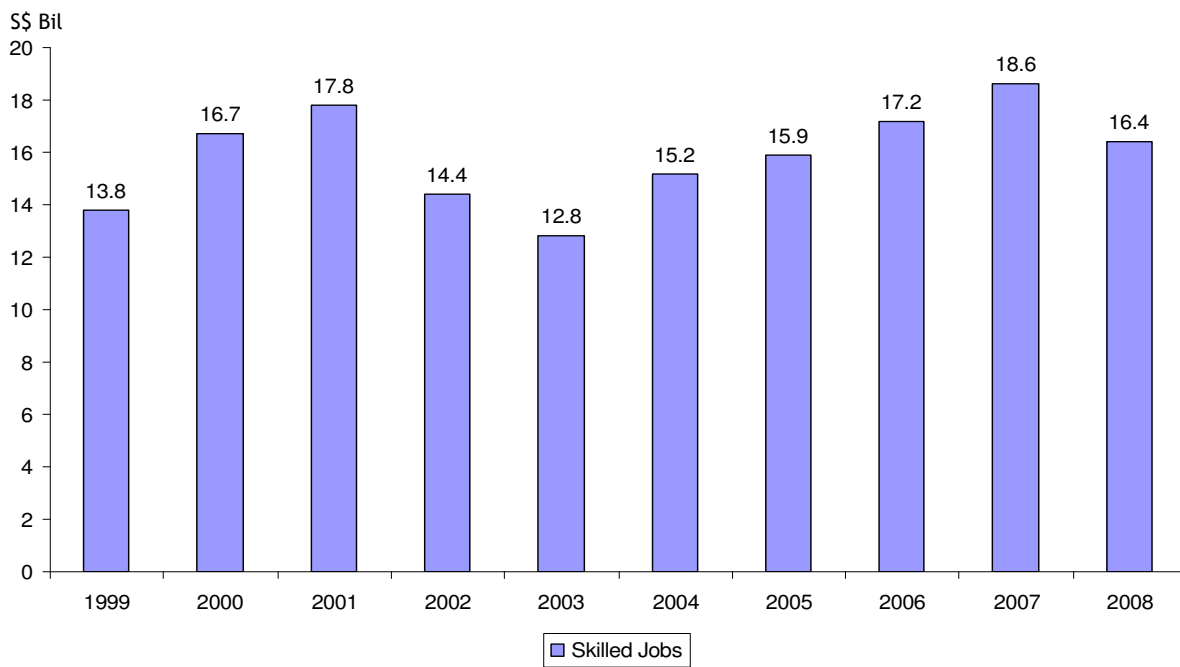
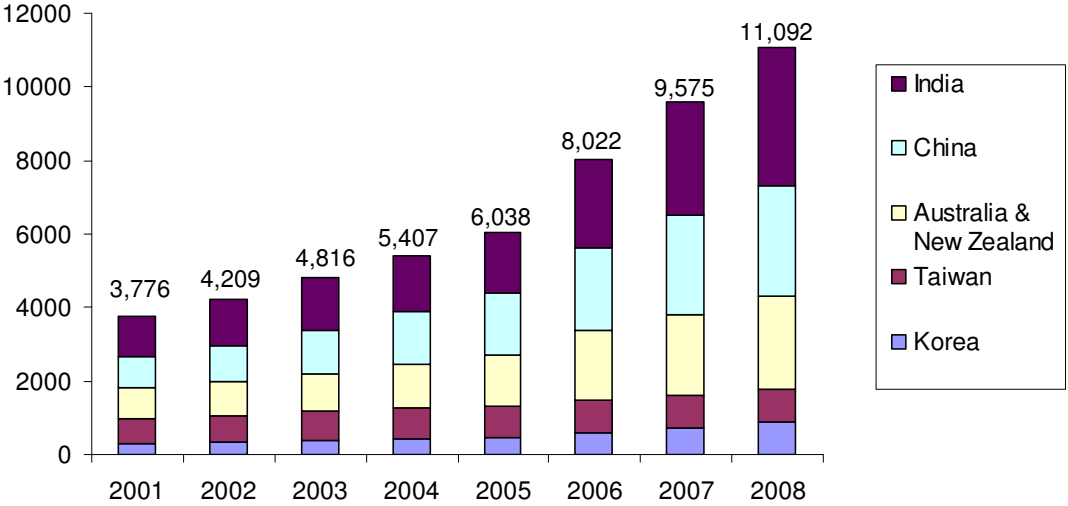


Chart 10: Number of overseas companies from Asia Pacific excluding Japan (2001 - 2008)



ANNEX B

PROJECTS WITH GROUNDBREAKING/OPENING IN 2008

SOITEC (France) - 7 NOVEMBER 2008

This new facility is Soitec's first overseas manufacturing operation, and Singapore's first silicon-on-insulator (SOI) wafer fabrication plant. Soitec is the world market leader with 80% share in SOI wafers. As Singapore's first 300mm SOI substrate manufacturing facility, Soitec's presence enhances Singapore's semiconductor ecosystem and testifies to our competitiveness in the global semiconductor industry. Soitec's S\$700 million investment in Singapore is expected to produce one million 300mm SOI wafers every month, with 500 staff when it is fully operational.

RENEWABLE ENERGY CORPORATION (Norway) - 31 OCTOBER 2008

Renewable Energy Corporation (REC), a world leader in solar technology, broke ground for its integrated solar manufacturing complex in Singapore, slated to be the largest in the world. REC will be investing some S\$3 billion and employing about 1,300 people for the first phase of the project. When the complex is fully developed, REC could produce up to 1.5 GW of solar products in Singapore for global markets.

APPLIED MATERIALS (USA) - 8 JULY 2008

Applied Materials, a leading supplier of manufacturing systems to the high tech industries, including semiconductor, LCD and photovoltaic, is setting up a US\$70 million Operations Centre in Singapore. The Centre will serve as a key manufacturing and consolidation centre for a wide range of Applied Materials' products, including its most advanced semiconductor equipment. Apart from manufacturing, the Singapore Operations Centre will also have significant financing, purchasing, sales and engineering functions.

SILTRONIC SAMSUNG (Germany/Korea) - 19 JUNE 2008

Siltronic Samsung Wafer Pte. Ltd., a joint venture of Samsung Electronics Co. Ltd. and Siltronic AG, commissioned a new fab in Singapore for the production of 300 mm wafers. The facility is one of the world's largest and most advanced factories for 300 mm wafers. By 2010, the joint venture should reach a monthly capacity of 300,000 wafers and provide over 800 jobs. The overall investment in this project amounts to US\$1 billion.

3M (USA) - 2 MAY 2008

A recognized leader in research and development, 3M produces thousands of innovative products for dozens of diverse markets. When completed, this new plant will produce a wide variety of specialty films. Coatings is one of the most important and innovative platforms for 3M. This facility will be 3M's most advanced coating facility outside US. 3M envisions to grow Singapore into a SuperHub - one that does not only manufacture goods, but also conducts active R&D to deliver new product innovations to the market.

GOODRICH CORPORATION (USA) - 17 FEBRUARY 2008

Goodrich Corporation, a leading global supplier of systems and services to the aerospace and defense industry, opened its new 530,000-square-foot aircraft component and systems maintenance and repair campus in Singapore. The new campus brings together several Goodrich service businesses under one roof and represents Goodrich's largest Maintenance Repair and Overhaul (MRO) campus worldwide. Besides providing a full range of MRO services, the campus will also perform original equipment manufacturing as well as research and development activities.

For the full list of project announcements, please visit: www.sedb.com

SELECTED CKI INTENSIVE PROJECTS SECURED IN 2008**HALLIBURTON (USA)**

Halliburton, one of the world's leading oil and gas equipment manufacturing and services company, opened its new manufacturing and technology centre in Singapore. The centre will manufacture complex oil and gas tools which are able to withstand extremely harsh conditions underground. The Centre is Halliburton's first such facility outside of the United States that is able to manufacture these sophisticated tools. The company will also carry out development activities in Singapore. The establishment of this world-class facility affirms the significance of Singapore's oil and gas industry and how it is becoming more knowledge and innovation intensive.

AUTODESK (USA)

Autodesk, Inc. is the world leader in 2D and 3D design software for the manufacturing, building and construction, and media and entertainment markets. The company has established a new R&D facility at Fusionopolis, which is home to an active community of 130 researchers, product engineers and developers. Through this project, Singapore has become one of Autodesk's larger R&D hubs around the world, undertaking core product development for a range of products, including the company's flagship AutoCAD software.

UBISOFT (France)

Ubisoft is Europe's top video game developer and publisher, which has created global hit titles such as *Prince of Persia*®, *Assassin's Creed*TM and *Tom Clancy's Ghost Recon*®. In 2008 it established a studio in Singapore, which is its first in Southeast Asia. Located in Fusionopolis, Ubisoft Singapore will grow to be some 300-people strong, working closely with other Ubisoft studios worldwide on the development of titles for portable and home consoles.

VESTAS (Denmark)

Vestas, the world's top wind technology company, is developing its largest global wind technology R&D centre outside of Denmark in Singapore. Vestas has committed to investing up to S\$500 million over 10 years in its Singapore R&D centre. By 2012, the centre is expected to employ about 300 researchers. Besides this wind technology R&D centre, Vestas had earlier in 2007 set up its regional headquarters in Singapore which will serve its Asia-Pacific customer base comprising over 5,000 wind turbines.

TOLL HOLDINGS (Australia)

Toll Holdings, one of Asia's leading providers of integrated logistics services, announced a S\$400 million (US\$272 million) redevelopment programme to transform its Loyang Supply Base into a world-class asset. The Toll Offshore Petroleum Services (TOPS, previously known as Singapore Offshore Petroleum Services) base is currently home to 200 oil and gas services companies and is the key offshore logistics hub in Southeast Asia. The integrated services of a port facility, workshops, warehouses and laydown yards provide oil and gas companies an efficient infrastructure to service projects and supply equipment to locations as far away as Russia. The redevelopment will be over the span of the next five years, from now till the end of 2013.

PROCTER & GAMBLE (USA)

The Procter & Gamble Company (P&G), the world's largest consumer goods company, opened its fragrance manufacturing operation in Singapore after selecting from 18 possible sites in the region. The multi million dollar, 6,500-square-metre plant is its first perfume operations in Asia, and is supported by a team of 40 perfumers. The plant aims to produce five million kg of perfume annually and make 100 different fragrances, supplying around 10 per cent of P&G's perfumes.

ELI LILLY (USA)

Eli Lilly officially opened the expanded Lilly Singapore Centre of Drug Discovery ("LS-CDD") in The Biopolis on 14 October 2008. This expansion, worth US\$150 million, is slated to take place over the next 5 years. At steady state, the headcount will be tripled to 150 people, which made LS-CDD the largest corporate R&D centre in Singapore. It was initially established in 2001 as a systems biology unit, focusing on oncology biomarker discovery. The new LS-CDD will be focused on translating basic research into effective therapies for patients in cancer and metabolic diseases (e.g. diabetes) through the use of stem cell biology and epigenetics.

For the full list of project announcements, please visit: www.sedb.com

PREP-UP - PREPARING FOR THE UPTURN

PREP-UP is an EDB support programme in science, technology and engineering training for companies to position themselves for the upturn.

It is a S\$100 mil initiative to boost Singapore's workforce capabilities, and will allow companies to build and retain a pool of experienced manpower within an industry, through:

- Assisting companies in upgrading the workforce's skills
- Developing postgraduate capabilities for industry
- Providing training opportunities for fresh graduates

It is designed to complement WDA's efforts through SPUR (Skills Programme for Upgrading and Resilience).