

Welcome Address by Dr A. Chockalingam,
Chairman of the Singapore Chemical Industry Council
SCIC Ltd – Year End Networking Reception
The Intercontinental Hotel, Friday 20th November 2009, 7:00 pm

Fellow SCIC members, friends of the chemical industry, our partners from the various Government Agencies.

Ladies and gentlemen,

A very good evening to all of you.

The year 2009 started out being an uphill challenge to many companies across our entire chemical sector's supply chain. In January 2009 the total manufacturing output of Singapore decreased by 29.1% compared to the same month a year ago. Output of the chemicals sector declined 24.0% that month and all segments of the sector had reduced production due to weak market demand. In June, EBD had report that the chemical industry output had contracted by 18.9% on a year-to-date basis.

However, there is some truth to the saying that there is a silver lining behind every dark cloud. Yes, we have not completely rebounded from the economic slump yet but in this second half of the year, we have seen the chemical industry slowly head towards the road to recovery. Monthly manufacturing performance reports have indicated that the decline in industry output has reduced over the last quarter. We have also heard from a number of members that their production volumes are back in a healthy region again. Of course, it will be quite

a while before we see full recovery but I believe there is much we can be thankful for.

As the industry picks itself up, we must prepare ourselves for other issues that are already knocking on our doorsteps. One of these issues is climate change and what is to be expected post-Kyoto Protocol. All over the world, industries and governments are looking to the upcoming COP 15 discussions in Copenhagen for indications whether more concrete initiatives and resolutions are expected. Singapore, small as we may be, has also faced increasing pressure amongst the developing nations to increase its commitment towards mitigating its carbon emissions. We have been informed that legislation on energy conservation and management are in the pipeline which will have implications especially on large energy users. As one of the largest carbon emitters in the country, we, the chemical industry, will definitely be looked upon to also do our part.

It is therefore critical that the industry come together and proactively engage all relevant stakeholders in addressing climate change and carbon emission issues. Let us not wait for the legislation to knock on our doors. We need to show that the industry is doing its part and are willing to extend a helping hand in sharing our best practices in these areas to other industrial sectors in Singapore. This is vital for the sustainability of our industry in the near future and the longer term. I know that there are many good initiatives that you already have in place and in the coming months SCIC will be approaching you to find out more about such initiatives so that we can make a collective effort in sharing such best practices. We will also be actively engaging the relevant government authorities in providing industry inputs to the

proposed legislation to ensure that as we do our part, we are not unduly burdened by legislative requirements that will impede our businesses.

There is another issue that we need to focus on as we forge forward in growing our industry, and that is Human Capital. In this knowledge-based and technology-based economy of ours, one growing concern has been the transfer of knowledge from industry experts from one generation to another. It is always a challenge to ensure that all the experience and expertise gained by the earlier generation of industry practitioners can be effectively passed on to the next generation. It could be a classic case of what we see in Chinese kungfu movies, where the master typically only imparts 90% of his skills to the student. It could also be a case where certain knowledge can only be gained through experience and is very difficult to impart. Either way, we know that there is a growing pool of these experienced hands that are fast approaching their retirement age but still have the energy and enthusiasm to continue contributing to the industry. It would be a waste to lose them purely because of their age. On this note, I would encourage industry members present this evening to consider the possibilities of retaining these experts and to continue tapping on their knowledge, especially in training up the next generation of practitioners who can carry the torch and bring our industry to the next level of growth and performance.

The outlook for 2010 continues to be a cautious and conservative one, but this evening let us celebrate the good that 2009 has had to offer us. Let us look ahead with optimism, rallying together to

overcome the challenges ahead, knowing that every challenge always presents itself with an opportunity as well.

Have an enjoyable and pleasant evening. Thank you.