

A trade that requires nerves of steel

WHILE Singapore serves as a profitable hub for Regency Steel Asia, its being here also poses the biggest challenge to the steel distributor.

"Singapore is a very competitive market due to the government's open market policy," says Gui Boon Sui, the company's chairman. "Despite the small scale of the market, however, it has attracted some of the world's best steel traders and distributors to set up their operations here. Any company which intends to establish an operation here must ensure its own ability to compete, otherwise it may be squeezed out of business."

Being keenly aware of the competition — and being constantly reminded of it — have kept Regency Steel on its toes and ahead of the pack, thanks to its "core strength" and a forward looking management team that has managed to anticipate problems and challenges ahead of others, according to the company's chairman.

"The kind of strategic planning which is frequently done at the top management level allows us to plan ahead to prepare for any market adversity before it comes and to take the opportunity when it arrives," says Mr Gui, who has more than 40 years of industry experience.

Regency Steel, which chalks up annual sales of about US\$200 million, boasts extensive global sales and steel sourcing networks as well as a diversified range of customers, which the company has cemented "solid and long term relationship" with.

Mr Gui says Regency Steel also has a strong understanding and knowledge of the core markets and industries. It has an experi-



Mr Gui: 'Strategic planning allows us to prepare for any market adversity before it comes and to take the opportunity when it arrives.'

enced team, a brand name and "corporate reputation". And the company has strong financial backing from Mitsui and Company, its parent company.

According to him, the only chink in Regency Steel's armour is the lack of talent to support the company's fast expansion. Currently, Regency Steel has 70 staff on its payroll.

"Our core and unique strength is accumulated through our years of experience in the business and through the dedication of the staff," Mr Gui says. "To support and reinforce our business growth, we may consider engaging more foreign talent to be trained and hired here and then sent abroad to help in our overseas business expansion plans."

Set up in January 2004, after Mitsui and Company acquired Hong Leong Asia's steel operations, then one of the largest steel stockists in the region, Re-

gency Asia concentrates on providing steel to service the marine, shipbuilding, shiprepair and conversion, downstream refineries and construction industries.

The company has invested about US\$100 million in steel stocks, logistics infrastructure and internal operating and control systems. It plans to invest another US\$20 million in the next two to three years on a new warehouse and other service-providing facilities and equipment.

Regency Steel ships steel to high-growth markets in the Middle East and Asia where there is a heavy focus on energy and shipbuilding, which the company considers are its core strength. And Singapore seems an ideal hub for its export business.

"Singapore is more accessible to other high-growth markets and regional countries due to its geographical location which allows better and

quicker connectivity through the frequent availability of vessels and its efficient port facilities," Mr Gui says.

For Regency Steel, Singapore is more than just a steel offshore and re-export trading hub. "Singapore also provides a stable market because of its pro-business government and policy," Mr Gui says. "And it is also an efficient information centre giving timely and up-to-date information."

Steel, a business requiring huge capital investment, is vulnerable to price

swings and foreign exchange risks.

"If information is not obtained timely and effectively, allowing us to make prompt decisions, this will inevitably expose the company to substantial risks," Mr Gui says. "A pro-business government with a stable policy will allow us to make a long-term business plan and ensure its executability."

Looking ahead, the challenge for Regency Steel is to secure enough quality steel from reputable mills to cope with demand from the energy, shipbuilding and construction sectors. The company is already forging alliances and partnerships with some of its strategic suppliers to ensure long-term supply.

"To succeed in this business, we need critical mass," Mr Gui says. "Our target within the next three to five years is to achieve a turnover of half a million tonnes for the company. Singapore, being a small market, can only meet part of the target. We must spread our wings to other high-growth countries to tap their growing potential."

"We are also making new plans and investments for our steel distribution business in Singapore so as to turn our operations here into a modernised and sophisticated steel distribution hub for the region."



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THE BUSINESS TIMES

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