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07/05/97 11:39 AM

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Subject: (EMBARGOED) Speech: Mr Tan Soo Khooon, 5 Jul, 7.30 pm

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**SPEECH BY MR TAN SOO KHOON, PRESIDENT OF THE
SINGAPORE CLOCK AND WATCH TRADE ASSOCIATION
AT THE ASSOCIATION'S 68TH ANNIVERSARY CELEBRATION
ON SATURDAY, 5 JULY 1997 AT 7.30 PM AT THE
MANDARIN BALLROOM, MANDARIN SINGAPORE**

On behalf of the Singapore Clock and Watch Trade Association, I extend a warm welcome to all of you to our 68th Anniversary celebration. We are privileged to have the Minister for Community Development, Mr Abdullah Tarmugi and Mrs Tarmugi, as our Guests-of-Honour and we thank them for gracing the occasion.

2 Singapore's total trade in clocks and watches is now close to \$3 billion. In 1996, total trade was \$2.93 billion, approximately 12.7 percent more than the 1995 figure of \$2.6 billion.

3 **The total trade for the first quarter of 1997 amounts to \$726 million. This represents a 5 percent increase over the total of \$690 million for the corresponding period in 1996.**

4 **Compared to the early 1990s, the rate of growth in the clock and watch trade has slowed down. This lower rate of growth reflects the difficulties in the retail trade. Like other consumer products the clock and watch trade in Singapore is facing increasing competition from other countries in the region. Our retailers and distributors are also faced with problems such as higher operating costs and higher rentals. Feedback gathered from our members indicate that these higher overheads erode profit margins considerably.**

5 **I mentioned last year that we need long-term solutions to tackle deep-rooted problems. In the area of pricing, for example, we have been encouraging our members to price their products at a realistic level in order to compete effectively with other countries in the region. This will also foster long-term confidence with our customers.**

6 **We also need to take bold measures to solve deep-rooted problems. It is no use lamenting our difficulties without doing anything. High wages and high rentals will not disappear by wringing our hands in dismay. Some major department stores have started to turn around after suffering several years of financial losses. They have achieved this not because the business environment has improved but more because they took hard-headed decisions and innovative measures to reduce costs and overheads. In some cases, down-sizing their operations was an effective solution. We should therefore tackle our problems by**

re-examining some of the ways we do business and see where we can make changes.

7 Many retailers still rush for expensive locations in shopping centres.

It is not uncommon to find watch retailers rushing for the best locations at the highest rentals, and taking large premises when smaller space would suffice. Is there, therefore, a need to succumb to pressure from landlords, commit oneself to high rentals, and subsequently complain of high overheads?

8 In labour-short Singapore, is there a need to employ an excessive number of persons to man a shop when most of the time sales assistants are in fact just waiting for customers to walk in?

9 We in the clock and watch trade must therefore respond to the difficulties in the retail sector by taking our own measures instead of expecting help from other quarters. Some difficulties are caused by factors beyond our control but they are not beyond our ability to overcome them. We may not be able to eliminate fully the problems facing us but we should be bold enough to make fundamental changes that will help us avoid some of the difficulties. Our objective must ultimately be to stay lean and trim so that we can compete effectively with our counterparts in other countries who may not be confronted with such difficulties.

10 Before I conclude, may I just make three more points. The Association

will be holding a one-week course on watch precision timing at the end of this year. This course will be conducted by a Swiss expert and it is part of our efforts to upgrade the skills of watch technicians in Singapore. Secondly, I am pleased to announce that the Association is finalising the purchase of new premises at Seah Street. Financing of this purchase will be from the Association's funds as well as from proceeds via the subsequent sale of the Association's present premises in Geylang.

11 Thirdly, the Association will be launching its Homepage on the Internet tonight. The Internet is rapidly evolving into a rich source of information and an important means of communication. Through the SCWTA Website our members will be able to complement their use of traditional media such as newspapers and television to communicate with the public. As a forward-looking industry, the clock and watch business is always exploring new technology and applying it where appropriate. It must continually exploit new means of communication and the Internet provides a new opportunity for us to reach out to customers.

I hope our members will utilise our Homepage as an important business tool.

12 I wish all of you an enjoyable and pleasant evening. Thank you.