

20 OCT 1997

PRESS RELEASE

Release No. 25/SEP15-1/97/09/09

97-1451-22

**ADDRESS BY MR LEE YOCK SUAN,
MINISTER FOR TRADE AND INDUSTRY
AND SECOND MINISTER FOR FINANCE,
AT THE TDB AWARDS PRESENTATION CEREMONY
AT THE RITZ CARLTON BALLROOM
ON TUESDAY 9 SEPTEMBER 1997 AT 3.00 PM**

It is my pleasure to be here this afternoon at the TDB Awards Presentation Ceremony for the Approved International Trader and Approved Oil Trader incentives. I am also delighted that several scholarships will be given to deserving candidates today.

IMPORTANCE OF INTERNATIONAL TRADING FOR SINGAPORE'S ECONOMIC PROGRESS

Since Singapore was founded in 1819, almost 180 years ago, international trade has played a vital role in our country's economic growth and development. Since independence in 1965, we have been concerned that our entrepot trade with the region would diminish and we have redoubled our efforts to build up our links with the global manufacturing and trading network. Today, Singapore has managed to become the world's 13th largest exporter of goods and the 12th largest exporter of services according to the World Trade Organisation.

Last year, our total trade amounted to S\$362 billion or three times our

Gross Domestic Product. This is one of the highest trade-to-GDP ratios ever achieved by any country.

Much of our nation's success in the global trade arena stems from our open trade policy, coupled with a strategic geographical location and a conducive business environment. As a result, many international companies have set up their bases in Singapore and have contributed talent and resources to help develop Singapore into an international trading hub.

RELEVANCE OF AIT AND AOT SCHEMES

As part of the government's plans to enhance Singapore's attractiveness as a business location, we implemented the Approved Oil Trader (AOT) and Approved International Trader (AIT) incentives in 1989 and 1990 respectively. These schemes have proven effective in positioning Singapore as the region's premier international trading hub.

In 1996, the AOT and AIT companies' physical offshore trading activities generated revenues worth about US\$86 billion. This is approximately a 23 per cent rise over the physical trade conducted in the previous year. To date, we have more than 120 AOT and AIT companies. They have contributed significantly to our economy by providing employment and engaging in a whole range of trade-related activities.

These companies serve as a catalyst for the growth of local ancillary services such as the transportation, logistics and banking services. Last year, they utilised US\$125 billion of banking and financial services alone. The AOT

and AIT incentives have helped the companies to penetrate the booming Asia-Pacific region and expand their businesses here.

GROOMING INDIGENOUS TRADERS

With the intense global competition, Singapore cannot take its economic success for granted. Though we have boosted the presence of foreign mega traders here, we are still a long way from having our home-grown 'sogoshoshas' or trading houses. We need to groom our local companies to join the league of AIT/AOT companies. I am therefore pleased to note that to date, 17 local companies have received the AIT and AOT incentives.

DEVELOPMENT OF SINGAPORE'S MANPOWER

Manpower is our most valuable asset. To develop our local capabilities we must continue to invest heavily in our human resources. One of the best ways of doing so is to award scholarships to deserving candidates to enable them to pursue the best education possible.

It is heartening that several AOT and AIT companies which have benefited from our incentives have come forward today to extend their commitment to Singapore by offering scholarships. Launched in 1995, the TDB Joint Scholarship programme has since awarded five scholarships. Four more joint scholarships will be given out today, making a total of nine to-date. In addition TDB will be presenting another three of its own scholarships, making a total of seven scholarships to be awarded today. The TDB Joint Scholarships with companies symbolise the mutually benefiting partnership which we wish to

encourage. The contributions from the participating companies both in terms of their commercial presence and in the development of a younger generation of Singaporeans will help maintain our country as a premier international trading centre.

I would like to congratulate the 21 companies receiving TDB's awards as well as the seven students receiving the scholarships today. I wish all of you continued success in your future endeavours. Thank you.

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