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MINISTER FOR TRADE AND INDUSTRY
AND SECOND MINISTER FOR FINANCE
AT THE OPENING CEREMONY
OF THE ASEAN-EU PARTENARIAT '97
ON 10 NOVEMBER 1997 AT 9.40 AM
AT CONVENTION HALL 6, SUNTEC CITY**

PARTNERSHIP: KEY TO SURVIVAL IN A BORDERLESS WORLD

I am delighted to join you here this morning for the launch of the first ASEAN-EU Partenariat. It is one of the largest business matching meetings involving some 500 small and medium-size enterprises (SMEs) from ASEAN and the European Union. I bid all our foreign guests from both the EU and our ASEAN neighbours a warm welcome and wish you a pleasant stay in Singapore.

The Importance of Strategic Alliances

The Nineties have been an exciting and challenging time for businesses. Companies have to operate in an increasingly global, high-tech and competitive environment. Countries that are productive and technologically advanced have vast opportunities beyond their borders. With the advent of Internet and electronic commerce they can have instantaneous access to a wide network of customers overseas. Entrepreneurs have to adjust quickly to the new environment and form strategic alliances to help them compete in the global marketplace.

Globally Cooperative

Kenichi Ohmae, a management guru has summed this up. He said, 'Companies are just beginning to learn what nations have always known : in a complex, uncertain world filled with dangerous opponents, it is best not to go it alone'. For companies, large or small, it means that for them to be globally competitive, they must be globally cooperative.

Indeed, strategic alliances have evolved as one of the key business strategies of the 1990s. Companies can derive synergy from alliances which enable them to compete more effectively. On its own, a company may have the technology but lack market access; or its manpower may be inadequate to develop, market and service products for globe-spanning markets. Alliances give companies a head-start in tapping new business opportunities abroad in unfamiliar markets, with different business practices, legal frameworks and cultural preferences.

Examples of Alliances

Even large multi-national companies have found it necessary to seek alliances with foreign partners which can complement their own strengths. As an example, take the Dutch electronics giant, Philips. For 94 years, the corporate culture of Philips was based on self-sufficiency. Then in the 1980s, Philips realised that this principle was obsolete. So it replaced this with the principle of multiple ventures with partners overseas. The compact disc technology jointly developed by Philips and Sony is a good example of successful business collaboration between competitors from Europe and Asia. There are many other such examples.

SME Alliances

Alliances are particularly useful and even necessary for SMEs. With their limited know-how and resources, accessing international markets is a difficult challenge. A strategic alliance allows them to tap the resources, skills and experiences of their partners.

Choosing the Right Partners

However, choosing partners can be time-consuming, difficult and even risky without assistance and guidance from knowledgeable third parties. Many countries have set up programmes to facilitate the selection of partners, both locally and overseas. For example, the Canadians have their Strategic Alliance Centre. Set up in 1993, the Centre has linked up many Canadian and American companies. In Singapore, the Singapore Productivity and Standards Board is spearheading the effort to upgrade and modernise our SMEs. Last year, it organised a business-matching seminar with Germany. Earlier this year, two business-matching missions were organised – one to Canada, and another to Chile.

In Europe, we of course have the Europartenariats which were established in 1987. I am told that, to date, these have involved some 26,000 SMEs in over 100,000 business meetings.

The Importance of the Partenariat

This ASEAN-EU Partenariat goes one step further. It is the first time a Partenariat is hosted outside Europe. Instead of organising initiatives within Europe, it is done on a region-to-region basis, between 16 European countries &

ASEAN. Not only is this historic and innovative, it also makes good economic sense for our SMEs from the two regions to work together for mutual benefit.

ASEAN and EU Economies

There is great potential for synergy between ASEAN and the EU. The EU is the world's largest trading entity, accounting for one fifth of world trade. It comprises some of the most advanced developed countries in the world. The ASEAN countries have enjoyed rapid growth for many years. Today, ASEAN is the fourth largest trading entity in the world, accounting for 7 per cent of world trade. It is committed to establish a Free Trade Area by 2003, and is working on the framework for an ASEAN Investment Area by 2010 to make the region even more attractive for investments.

Despite the recent economic difficulties in the region, the prospect for future growth remains bright for the ASEAN countries especially after a period of adjustment and consolidation. The economic ministers at the recent Asian-Europe Economic Ministers Meeting (ASEM) held in September in Japan affirmed their confidence in the future growth prospects of the region. The currency devaluations have made the exports from ASEAN more competitive in world markets, especially those products with a high local content. Compared to Europe, ASEAN economies are starting from a low base and have young populations. They have high savings rates. The governments here have invested heavily in education and infrastructure and the workers are eager to improve their livelihoods. Although the financial sectors in some ASEAN countries have to make tough adjustments, there are few structural impediments to future growth which is expected to remain high after this period of correction.

On that optimistic note, it is now my pleasure to declare the Partenariat open. I wish each and every company here fruitful business meetings over the next two days.

Thank you.
