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SPEECH AT SEMINAR ON "OPPORTUNITIES FOR COSMETIC SALES IN ASEAN IN THE NEW
MILLENNIUM" TO BE HELD ON 8 JULY 99 AT 9.30 AM, FORT CANNING LODGE, YWCA

BY

MRS YU-FOO YEE SHOON

SENIOR PARLIAMENTARY SECRETARY

MINISTRY OF COMMUNITY DEVELOPMENT

National Archives of Singapore

Good morning

Ms Shirley Ong, President of the Cosmetic, Toiletry and Fragrance Association of
Singapore (CTFAS)

Distinguished Guests

Ladies and Gentlemen

INTRODUCTION

I would like to thank the ASEAN Cosmetic Association (ACS) and the Cosmetic, Toiletry and Fragrance Association of Singapore (CTFAS) for inviting me to address this grouping of businesspersons. I believe this seminar will provide participants the opportunity to exchange views and discuss how the cosmetics industry could further respond to the opportunities and challenges in the world as well as in the region.

SINGAPORE'S TRADE IN COSMETICS

2. In the last 3 years, Singapore's total trade in cosmetic products with the world and the ASEAN region has slowed down. This is not an unexpected development in view of the economic crisis. In 1998, Singapore's total trade in cosmetic products with the world totalled S\$1.4 billion, of which 13 per cent (or \$188.3 million) was with the ASEAN region. Although there was a fall in Singapore's exports of cosmetic products to the ASEAN region, our imports of these products from ASEAN increased by 4 per cent to S\$86.2 million in 1998, as compared to 1997. Singapore's exports of cosmetics to the world also rose slightly to \$684.4 million, with the bulk comprising re-exports. Last year, Singapore's main export markets of cosmetic products were the US, Hong Kong, United Arab Emirates, Japan and Malaysia, which comprised 66 per cent of Singapore's global exports of the products.

POTENTIAL GROWTH AND OPPORTUNITIES

3. Of late, there have been more optimistic forecasts of a recovery in the regional economic situation, with falling interest rates and a strong rally in the stock markets. Consumer confidence also seems to have returned. Like other industries, the cosmetic industry should take steps to prepare itself to ride on this expected wave of economic recovery.

4. There is a potential market for cosmetic products, which are non-homogeneous. Firstly, the growth prospects are promising because fragrances and cosmetics are no longer considered luxury goods. They have become daily necessities both for the working population and for those not working but who believe that they deserve and need to take better care of their physical being. Secondly, in the past, cosmetics were associated with womenfolk but now, men too are catching on to grooming and skin care products. The trend is increasing and represents another potential growth area.

RESEARCH & DEVELOPMENT (R&D)

5. As incomes increase, both in the region and globally, consumers tend to become more discerning and demanding. Companies ought to take advantage of these specific demands and preferences to create their own specific niches. A key aspect of strengthening market share is the need to keep improving one's product in response to rising demand and expectations. Thus, there is a dire need for the cosmetic industry to continuing engaging in R&D programmes to strengthen their competitiveness.

CONSUMER SAFETY AS MAIN PRIORITY

6. At the same time, the safety of consumers should remain of paramount importance. In Singapore, this task falls under the purview of the Ministry of Health. I note that consumers today are not only a more affluent lot, but they also tend to be more conscious of their rights and will not stand for deception by irresponsible and unscrupulous fly-by-night companies. Thus, any company which genuinely wants to stay long in the business, must continue to research and develop products to directly suit the market, while taking on the responsibility of providing their consumers true and honest product information. This could be one of the key tasks that the ACA and CTFAS could set themselves to ensure that their members do not make false and irresponsible claims on their products, just for the mere sake of bottom-line profitability.

E-COMMERCE FOR EDUCATING CONSUMERS

7. The INTERNET has been used extensively by many industries as a vehicle for global business and communications. The Cosmetics Industry is no exception and many of the big and small cosmetic companies are exploiting the potential of this new-age tool to publicise and market their products. In this connection, I would like to encourage cosmetic companies to enhance the use of the INTERNET to educate consumers about their products. More information on the safety element of using various cosmetic products should be made easily and readily available via such "virtual cosmetic counters".

ACA TO INCLUDE NEW ASEAN MEMBERS

8. The collaborative work of the ASEAN Cosmetic Association and its members in promoting cosmetic trade and industry in the region is a commendable one. In addition to its work in promoting the development of the cosmetic industry, the ACA also helps to forge friendship amongst the various ASEAN member countries and to bridge the different cultures of the various nations. The ACA will further entrench this role when it expands its membership to include the associations from all ASEAN member countries, and not just the current five, viz Indonesia, Malaysia, the

Philippines, Singapore and Thailand.

9. On 30 April 1999, ASEAN admitted Cambodia as its tenth member, fulfilling its vision to establish an organisation of all Southeast Asian countries. With the addition of Cambodia, ASEAN now boasts a total population of about 500 million, a total area of 4.5 million square kilometres, a combined gross national product of US\$ 685 billion, and a total trade of US \$720 billion. With the expansion, new ASEAN member countries should be encouraged to form their own cosmetic associations in time to come, so that these can also form part of the ACA family. Indeed, the ACA can then think of ways of helping the new members to upgrade their cosmetic industries or establish link-ups with relevant companies in the older ASEAN members.

CONCLUDING REMARKS

10. In closing, I would like to wish the ACA and CTFAS every success in their future endeavours. I hope you will have a stimulating discussion and a successful seminar.

11. Thank you.

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