

I bh19990714b

To:

cc: (bcc: NHB NASReg/NHB/SINGOV)

Subject: (Embargoed) Speech by Mr Lim Boon Heng, 14 Jul, 2 pm

Singapore Government

PRESS RELEASE

Media Division, Ministry of Information and the Arts, #36-00 PSA Building, 460 Alexandra Road, Singapore 119963. Tel: 3757794/5

=====

EMBARGO INSTRUCTIONS

The attached press release/speech is EMBARGOED UNTIL AFTER DELIVERY.

Please check against delivery.

For assistance call 3757795

=====

SPRINTER 3.0, Singapore's Press Releases on the Internet, is located at:

<http://www.gov.sg/sprinter/>

=====

EMBARGOED UNTIL AFTER DELIVERY

PLEASE CHECK AGAINST DELIVERY

# National Archives of Singapore

ADDRESS BY MR LIM BOON HENG, MINISTER WITHOUT PORTFOLIO, SECRETARY-GENERAL, NATIONAL TRADES UNION CONGRESS AND CHAIRMAN, PRODUCTIVITY AND STANDARDS BOARD AT THE OPENING CEREMONY OF THE LOGISTICS ENHANCEMENT AND APPLICATION PROGRAMME ON WEDNESDAY, 14 JULY 1999 AT 2PM AT NCB AUDITORIUM

Distinguished Guests

Ladies and Gentlemen

Good afternoon,

1. Singapore has over the years built on its strength as a transportation and

distribution hub to become one of the leading logistics centres in the world. The logistics sector is vital to the nation's trading and manufacturing activities and a key service sector in the economy. In fact, despite the regional crisis last year, Singapore's transport and communications sector grew by 5.5%. It is therefore critical for Singapore's long term survival to maintain an efficient and competitive logistics sector.

2. It was with this in mind that the Logistics Enhancement and Application Programme or LEAP was introduced two years ago. The seven projects completed under this programme have since reaped numerous benefits to the industry. Collectively, these efforts will help to make our logistics sector more competitive and attractive in the coming years.

### Global Outlook in the Logistics Industry

3. The global outlook for logistics is positive. According to a study by Michigan State University, the global market for logistics reached US\$2.89 trillion in 1996, or approximately three times the size of the US domestic market. The study also revealed that the size of the third-party logistics industry is growing rapidly worldwide. Manufacturers are outsourcing their logistics operations to third party logistics providers in order to enhance their supply chain competitiveness.

4. Over in Asia, several key challenges for the logistics industry have also emerged. First, there is a need to expand the reach and depth of services provided. This has led to the formation of many alliances and mergers to improve the total logistics service provided. Second, users of logistics are looking for integrated solutions in managing the flow of goods, information, documents and finance. Finally, there is a shortage of qualified personnel.

5. Singapore must gear up to meet these challenges and the competition from other aspiring hubs. To be a 'total integrated transport and logistics hub', we must look beyond Singapore as a hub for physical flow but to also make it a hub for logistics and information management.

## National Archives of Singapore

6. In 1997, we announced four key thrusts during the LEAP launch. They are still relevant today. The four thrusts are developing technical know-how; developing manpower; developing infrastructure development; and enhancing the business process. Given the above challenges, I would like to focus our attention on two aspects namely, developing technical know-how and developing manpower.

### Developing Technical Know-How

7. The Internet has proven to be powerful tools for on-line global communication. The proliferation of e-commerce has also affected the nature of logistics functions in the supply chain. Cycle times are much shorter. Therefore higher level systems are needed for planning, tracking and communicating. Existing ways of managing inventory have become obsolete. New systems using IT will result in vastly improved productivity.

8. Online applications are eliminating intermediaries. This has substantial implications on the future of logistics companies servicing them. Singapore logistics companies will have to critically review their capabilities to be able to deliver door-to-door. They must find ways to use IT as a competitive tool. This includes integrating the Internet into the corporate supply chain and implementing enterprise-wide Web management processes to develop Internet-ready products and services.

9. At the national level, we have to ensure that our current IT infrastructure is E-commerce ready and that they can support all key international transactions and integration among supply chain stakeholders across different borders.

10. In view of these IT developments, TDB and the National Computer Board recently completed an IT Masterplan for the logistics industry. The objective is to develop an industry framework to exploit the use of IT. The IT Masterplan has identified some key opportunities, such as e-commerce, which the logistics industry can offer as competitive services to their clients. However, in order to be effective, e-Commerce must be embraced by the whole industry. Details of this Masterplan will be shared with industry through a forum in the later part of the year.

#### Manpower Development

11. Another critical area is the development of relevant skills in the sector. For Singapore to maintain its competitive edge, we must be transformed into a knowledge-based economy. In such an economy, the basis for competition will be how fast we can learn and apply knowledge. Let me cite you a vivid example of the fierce competition we are up against.

12. NMP Mr Zulkipli Baharuddin manages a logistics company. He has observed that the highly educated and computer literate workers in Ireland have enabled logistics companies there to provide leading edge solutions to major PC companies. They offer trade financing to PC buyers and raw material sellers. They take on configuration and sub-assembly work. They carry out repairs. They are able to handle all the out-sourcing requirements of their clients.

13. Compare that with what we have here in Singapore. Very often, individual staff members are assigned specific work in a typical warehouse receiving operation. There are workers to receive goods from the containers; there are forklift drivers to move goods within the warehouse; there are materials handlers trained to input data into the computer system and there is an administrator who communicates with customers and does simple financial tasks.

14. We need a total change in mindset because our workers do have the capability to undertake a variety of tasks and responsibilities. Our workers can be trained to do multiple functions. The Productivity and Standards Board is looking into how jobs can be re-designed to facilitate multi-tasking. Planning, analytical, IT skills and the ability to perform multiple-tasks are critical to our competitiveness.

15 Our workers must also be prepared to embrace change and new job requirements. This could be done through training, re-training and job redesign. The Government has provided incentives and schemes to assist companies to build up talents. One such scheme is the Skills Re-development Programme. I urge more companies to invest in training and participate in these programmes.

#### New LEAP 99 projects

16. We must seek to improve continuously. I am glad that the government-private sector collaboration mechanism has worked well under LEAP. I am pleased to announce the following six new LEAP projects for 1999.

i "LogisNet", a gateway website for all enquiries or information on Singapore's logistics sector, will be launched. This website will serve as a platform for logistics providers, users and auxiliary service providers to exchange information electronically. An on-line directory of the logistics companies in Singapore will also be featured.

ii An industry survey was conducted to evaluate the use of IT in logistics operations. The survey findings of the study will provide the industry with important performance indicators on the use of IT in logistics operations.

iii A Logistics Seminar series will be organised. These seminars will help to keep the industry up-to-date on the current global and regional trends and the latest technology for the industry.

iv PSB has successfully proposed a new work item for the international standardisation of radio-frequency communication protocol for electronic freight container seal within ISO (International Organisation for Standardisation). This standard enhances productivity by reducing the manpower needed to check the movement of containers and inspection of seals.

v Promotional missions will be organised to encourage leading logistics companies to use Singapore as a hub to offer integrated logistics services for the region. Besides showcasing the capabilities of existing logistics companies in Singapore, the missions will help to encourage strategic tie-ups between our local companies and the MNCs engaged in logistics.

vi A Pallet Standardisation Working Group under the Efficient Consumer Response (ECR) Singapore has been formed to look into the reduction of supply chain costs and increase in productivity through standardisation of pallet sizes.

17. I am confident that these six new LEAP projects will continue to enhance the competitiveness of the logistics sector. The Government will continue

I bh19990714b

its commitment to support and facilitate the private sector through the provision of sound economic policies and a conducive business environment.

18. While the outlook for the logistics industry remains one of positive growth and opportunity, the future holds many challenges. Let us keep our eyes focused on these opportunities and work together to meet these new challenges.

.....

National Archives of Singapore