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Subject: Speech by Mr Lim Swee Say, 10 Apr 2000, 9 am

Singapore Government

PRESS RELEASE

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SPEECH BY MOS (T&I) LIM SWEE SAY

ASIA-MEXICO 2000 BUSINESS MEETING

**10 APRIL 2000, 9.00 A.M.
RAFFLES HOTEL, CASUARINA B ROOM**

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Distinguished Guests,

Ladies and Gentlemen,

I am pleased to join you here at the opening of the Second Asia-Mexico Business Meeting, and the unveiling of plaque for the opening of the Trade Commission of Mexico in Singapore.

2 On behalf of the Singapore Government, I would like to extend our warmest welcome to all the distinguished representatives of 15 Mexican states, as well as legal experts and executives from various associations in Mexico to Singapore. Your visit to Singapore and Asia presents an excellent opportunity for Singapore and Asian businessmen to learn more about the economic situation, investment opportunities, and legal framework for foreign investments in Mexico. We wish you a fruitful stay here.

Potential Benefits of Investing in Mexico

3 Before 1910, Mexico's economy was based on agriculture. Within ninety years, Mexico has transformed its economy to become one of the most industrialised economies in Latin America.

4 Mexico is strategically located between North and South Americas. Its geographical advantage is complemented by its large consumer base of 94 million, rich natural resources, competitive labour costs, and ever-improving infrastructure. As a leading trade and investment hub in its region, Mexico is an attractive investment destination for businesses from around the world.

5 Mexico is also an attractive regional gateway. It has established free trade agreements (FTAs) with quite a few neighbouring countries, and is part of the North American Free Trade Area (NAFTA). Just recently, it has concluded FTA negotiations with the European Union and Israel. These trade agreements mean that firms established in Mexico will be able to enjoy preferential access to a huge consumer base and the tariff-preferential status provided for under these free trade agreements. It is therefore no wonder

that foreign direct investment amounting to US\$10.5 billion were attracted to Mexico in 1999. On the whole, Mexico is indeed well positioned to play an even greater regional role in the years to come.

Mexico-Singapore Trade and Investment

6 Here in Singapore, we are doing the same in reinventing our economy so as to play a greater role in this part of the world. With our sound economic and financial foundation, coupled with a strong tripartite partnership among the government, labour movement and business community, our economy is staging a strong rebound from the regional economic crisis. GDP grew by 5.4% last year. We could do even better this year. Looking ahead, our aim is to sustain the growth of our economy at between 4% and 6% over the next 10 years. We are repositioning our economy towards becoming a Knowledge Based Economy. To this end, we are building new capabilities in value creation, and gearing up for the fast emerging New Economy globally. We strive to strengthen our competitive position as a leading business hub in the Asia Pacific, and at the same time strengthen our connections with leading regional hubs in other parts of the world. Working in partnership as a global network, we believe we can compete even more effectively in the New World Economy, one that is characterised by globalisation, technology, speed and innovation.

7 In this regard, I am pleased to say that Singapore and Mexico are no strangers to each other. As of 1999, Singapore businesses had invested US\$110 million in Mexico. Mexico is Singapore's largest trading partner in Latin America, and Singapore is Mexico's largest trading partner in Southeast

Asia and second largest export market in Asia. Our bilateral trade as at end 1999 was US\$1.3 billion. However, taking into consideration Singapore's total overseas investments of US\$40 billion as at end 1997, and the huge trading capacities of the two countries, there is definitely much untapped potential in trade and investment between our two countries and our two regions.

Efforts to Increase Bilateral Trade and Investments

8 We are seeing encouraging trends in recent years. Our bilateral trade has grown at an annual average of 33% over the past 10 years. Even during the Asian economic crisis in 1998, Mexico-Singapore trade registered an impressive 25% growth. It shows that more and more Singaporeans are discovering Latin America, and more specifically, Mexico. The same can be said of Mexicans towards Singapore, as bilateral trade is almost balanced. As both our economies strive to diversify and broaden our markets, we can expect our bilateral trade and investments to continue to grow healthily in the years ahead.

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9 The opening of the Trade Commission of Mexico in Singapore, and major initiatives such as today's seminar are most timely because Singapore, along with Asia, is rebounding strongly from the economic crisis. Asian businesses are looking out for expansion opportunities in the region, as well as beyond. I am sure they will benefit from these major initiatives which will certainly help bridge information and knowledge gaps between the two countries and regions.

10 On our part, we are reaching out to Mexico too. Singapore has always recognised the need to proactively pursue bilateral and multilateral initiatives to further link up our two regions. The Singapore Trade Development Board organises frequent trade missions to Mexico and Latin America to encourage business tie-ups. To further facilitate trade and investment between our two countries and regions, Singapore will be opening a trade office in Mexico this year. More significantly, both President Zedillo and Prime Minister Goh agreed in September last year for Mexico and Singapore to explore the possibility of a bilateral FTA. Since then, Mexican and Singapore officials have made good progress in our FTA discussions. In particular, both sides have recently agreed that negotiations on a bilateral FTA between Mexico and Singapore would commence from 1 July 2000. We believe that a FTA between our two countries, covering both investment and trade, will definitely add much impetus to the growing trade and investments between Singapore and Mexico.

11 On the multilateral front, Singapore and Mexico are both members of the East Asia Latin America Forum (EALAF), which aims to strengthen inter-regional co-operation in all dimensions, including political, cultural, and economic. Singapore and Mexico can contribute to greater understanding and interaction among countries in the two regions, and help to speed up trade and investment among us.

Conclusion

12 We are glad that you have selected Singapore as the venue to kick off this series of meetings between Asian businessmen and Mexican officials and

business representatives. The potential and opportunities in Mexico are great. We look forward to strengthening trade and investment links between our two countries. I wish you a fruitful meeting, and to all our friends from Mexico, I wish you a successful trip to Singapore and Asia.

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