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Subject: (Embargoed) Speech by Mr Lim Swee Say, 20 Apr 2000, 4 pm

Singapore Government

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**SPEECH BY MR LIM SWEE SAY, MINISTER OF STATE FOR
COMMUNICATIONS & INFORMATION TECHNOLOGY
AND TRADE & INDUSTRY,
AT THE OPENING OF SINGAPORE TELECOM E-CONTENT
CENTRE, 20 APR 2000 AT 4 PM AT TAMPINES TELEPARK**

National Archives of Singapore

Ladies and Gentlemen,

1. It has only been three weeks since we liberalised the telecommunication market in Singapore. Yet much has happened in these three weeks --- 66 new licences have thus far been issued; and the cost of telecommunication services has come down. As the competition in the marketplace heats up, we can expect the pace of innovation in our information communications sector to pick up too. On the whole, the liberalisation of

the telecommunications industry is progressing well so far.

2 From the consumer's point of view, liberalisation means more players; more players mean a wide choice and keener competition; keener competition means lower pricing. It looks like a sure win situation for the consumers. Or is it?

3. Let me paint a scenario of a possible outcome of liberalisation. Assuming that lowest pricing is all that the consumers care about, the industry players would end up engaging in a price war to respond to consumers' preference. Quality of service could decline as a result of cost cutting; the overall capacity might not increase fast enough to meet the growing demands due to a cut back in infrastructure investment; the technology gap could widen due to a lack of investment in next generation technologies. Even though the consumers may enjoy low price telecommunication services in the short term, they could end up with poor quality services, shortage of capacity, and outdated technology in the medium to long term. Obviously, this is not the outcome we had wanted for Singapore and our consumers when we took the bold step to bring forward the liberalisation of the telecommunication market by two years.

4. What we want is the scenario in which competition will not only lead to more competitive pricing, but more importantly higher quality of service and faster pace of innovation and investment in infrastructure and emerging technologies. Consumers, industry players and government agencies must work together to strive for this outcome because it is the only way to sustain the healthy growth of the info-communications

industry for the long term benefits of consumers and our economy. In other words, we hope our industry players will compete not only by improving productivity and passing on savings to the consumers; but also by investing in new capacity and technologies, and coming up with innovative ideas to offer consumers the highest levels of service quality. Consumers, we hope, will do their part by not just looking at pricing as the sole factor in their selection of service providers. We hope they will attach some importance to higher level of service quality, and be prepared to pay slightly more for better quality services. Only by functioning effectively in a mutually reinforcing manner, will we be able to create the right business climate and commercial incentives for the industry to upgrade, invest and improve continuously. Our national information infrastructure will then be one of the best, if not the best in the Asia Pacific region.

5 We need such a world class national information infrastructure to help us realise our aim of positioning Singapore as a info-communications hub. The e-revolution is moving fast across the globe. We can either be a pioneer or an early adopter, or a laggard, in embracing the fast changing technology. The choice is obvious. By being an early adopter, not only will we be able to exploit the full potential and enjoy the full benefits of the technology ahead of the competition, we can also serve as the regional platform for technology development, innovation deployment and business management. We are fully aware that we are not the only economy that aspires to be a leading regional hub. One key issue is the quality and capacity of our connectivity with the regional economies. To serve the growth of a knowledge economy and information based activities in the region, we need a regional information infrastructure that is readily

available, and easily and economically accessible. We also need to create an environment that is conducive for the hosting, development and delivery of Internet content. In short, *connectivity, content, service quality* and *price competitiveness* are key attributes that will make Singapore a leading global hub for the New Economy in the Asia Pacific.

6. We are well positioned in terms of Internet connectivity. Today, Singapore has the most number of regional links in the region, being connected directly to 33 countries. We have at least 45 Mbps of bandwidth each to China, India, Japan, Korea, Hong Kong, Taiwan, Australia and Europe. Our connectivity to US will more than double in the next quarter, to over 800 Mbps by June and over 1 giga bps by the end of the year. Having liberalised the telecommunication market, we are encouraging more global players to further strengthen our national and regional information infrastructures by adding capacity in the forms of submarine cable landings and satellite services.

7. We are also well positioned for the hosting, development and delivery of Internet Content. Internet content providers can reach out to the regional markets from Singapore. They can also make full use of the advanced national information infrastructure in Singapore to test out new business models, and new media and application services in broadband Internet, wireless Internet and Internet appliance and so on, before tackling the Asia-Pacific markets.

8. We welcome the opening of Singapore Telecom Internet Exchange (or SingTel IX) e-content Centre as it will strengthen our position in becoming

a leading content hub and info-comm hub.

9. SingTel IX, established in September 1995, is today a regional leader in providing Internet connectivity globally. In terms of quality of service, its network facilities, technical support services, and network operations and management are comparable to the best in its class. Its e-content centre came into operation in October 1999, and has rapidly grown to become a regional leader. Today, I am happy to learn that SingTel has committed to invest some \$60 million to expand operations to four new locations: Australia, Japan, Taiwan and Hong Kong, by the third quarter of this year. With its extended regional backbone, SingTel will be able to serve its customers better, and contribute to the realisation of e-ASEAN in time to come.

11. Let me conclude by reiterating that our goal is to be an early adopter in embracing the e-revolution, and become a global info-communications hub in the region. With the liberalisation of the telecommunications market, we aim to create an environment that is conducive for the industry to grow and better serve the needs of consumers in Singapore, as well as consumers in the region with global connection. I commend SingTel for its pioneering efforts in building up regional and global connectivity, and content hosting capability. I congratulate the management and staff of STIX on the official launch of the e-content centre, and wish you all the very best in your exciting endeavours. Thank you.