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Subject: [EMBARGOED] Speech by Mr Lim Swee Say, 9 May 2000, 11.00 am

Singapore Government

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SPEECH BY MR LIM SWEE SAY, MINISTER OF STATE FOR
TRADE & INDUSTRY AND COMMUNICATIONS &
INFORMATION TECHNOLOGY, AT DHL'S OFFICIAL
GROUNDBREAKING AND OPERATIONAL HEADQUARTERS
AWARD CEREMONY

ON 9 MAY 2000 AT 11.00 AM AT CHANGI AIRFREIGHT CENTRE

National Archives of Singapore

Distinguished guests, Ladies and Gentlemen

1. Having gone through a difficult period in the past two years, Asian economies are growing again. For Year 2000, most Asian economies are projected to grow at between 4% and 7%.

2. Post crisis Asia will be different from before. We will see the emergence of a New Asia, one that embraces the twin forces of globalisation and technology, and participates actively in the e-Revolution. This New Asia will present many new and better opportunities as well as challenges for global and regional manufacturers and logistics providers, especially air logistics providers.

3. Today, I would like to highlight just three growing trends in the New Economy. First, the Internet has led to the birth of a global marketplace, a radical change in distribution, and a greater need for timely information management. Second, higher consumer expectations and hyper-competition are shortening time-to-market and increasing the extent of product and service customisation. Delivery is likely to be in smaller log size but more frequent shipments. Third, globalisation of productions and markets has led to growing complexity in supply chain management.

4. As a result, manufacturers look to air logistics companies and third party logistics providers for time-critical deliveries and fulfilment through innovative solutions that will optimise their global supply chains. In this regard, the importance of further strengthening Singapore's air logistics industry cannot be overstated. We see growing opportunities. For example, in 1999, airfreight movements through Changi Airport registered strong growth of almost 17%, outstripping the growth rate of 9.5% for passengers, to about 1.5 million tonnes.

5. Within the air logistics industry, air express players are likely to grow even more rapidly. The global air express sector has been growing at 20% per year and is expected to increase its air cargo market

share by more than 6 times to 36% by 2017. The explosive growth of the air express market is likely to be sustained, particularly in Asia. According to a Boeing Co. market research report, the Asia Pacific air express market is projected to grow by at least 18% annually till 2017.

6. DHL's new facility will capitalise on the opportunities presented by these growing trends. It demonstrates the commitment of DHL to develop stronger logistics and supply chain management capabilities here in Singapore. Equipped with sophisticated shipment management systems, DHL's Regional Air Express Hub will be a transshipment centre for all express packages originating from and delivering to Southeast Asia, Middle East and Europe.

7. Complementing this facility is DHL's Express Logistics Centre which will offer integrated supply chain solutions, including supply chain design, internet logistics applications development, product configuration, returns and repairs. With these solutions in place, manufacturers will be able to optimise their supply chains for greater effectiveness. For example, Stratus Computer is leveraging on DHL to customise its servers before delivery to its Asian customers. This will further enhance Singapore's competitiveness as a business hub.

8. The establishment of DHL's facility is an important milestone for Singapore. It will be the largest Regional Air Express Hub in Singapore, and will greatly enhance our position as an integrated logistics and e-commerce hub in Asia.

9. In recognition of DHL's strong commitment to grow its regional responsibilities in Singapore, I am pleased to announce that DHL has been awarded Operational Headquarters status by EDB. I would like to congratulate DHL on the ground-breaking of its Regional Air Express Hub and its OHQ award, and I wish DHL every success in the years ahead.

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