

**UNEDITED TRANSCRIPT OF SENIOR MINISTER GOH CHOK TONG'S WRAP-UP INTERVIEW WITH SINGAPORE MEDIA IN LIBYA, 8 MAY 08**

Q: "Perhaps you could share with us a little bit about your meeting with Colonel Gaddafi this morning?"

Mr Goh: "Well, this has turned out to be a very interesting, useful and potentially productive visit. I saw their top leaders, from ministers, Deputy Prime Minister, Prime Minister and leader, his Excellency Colonel Gaddafi himself. I had a good conversation with Colonel Gaddafi. I was interested in finding out from him the direction in which the Libyan economy will be taken into. It's important for us to get this feel because unless we are sure of the clarity of direction of the Libyan economy, it will be a bit difficult for us to consider investing in the economy in a big way and he shared with me his concerns about the current system that they have. In his words, the world has changed. So what he has done for the Libyan economy over the last 30 years might be right but the world has changed and so it must be the way they do things in the economy. Basically, they would like to diversify the economy so that it is less dependent on oil and most importantly, to transform the Libyan society from a consuming society into a productive society. In other words, to remove either partially or maybe at some stage even completely their very heavy subsidies that they have for the Libyan people, subsidies in essential foodstuffs, like education, which of course I think is justifiable but here it is free education, healthcare, some subsidies are justifiable, but over here is totally free healthcare. Housing, when a Libyan gets married he is given a flat something like our three-room flat worth maybe US\$100,000 or so. Then petrol, heavily subsidized US10 cents per litre. In Singapore, I think our petrol price is about US\$1.50 a litre. So, in another words the petrol price here is 1/15 of the Singapore price. It is way below world market.

"They are conscious that the oil cannot last forever. It may last next 30, 40 years but it cannot last forever. So it is better to change the new system where subsidies will be minimized and they are in fact thinking of cash transfer to the people. And again we share with you what the leader Colonel Gaddafi said, it is better to give them cash instead of subsidizing them. Then they can decide what to do with the cash, they can spend it, they can save it, they can invest it. It is up to them, it is their money. So, this may sound very familiar to Singapore's policy. I give you cash. You decide what to do with it. Instead of subsidising you and there will be wastage, abuse, distortion in the economy. I thought that was quite revealing as to where they want to take the Libyan economy to. But at the same time because they are now debating within themselves and this is not a done deal, they have to persuade the People's Congress, they have to persuade the communes, the people in general before they can move in this direction. So, it is not a done deal and therefore policies and regulations may change. They want to move into a more competitive economy, they are worried about being exploited. So, people come, they change rules and regulations which therefore make it difficult for an investor. You may negotiate with one party and rules may change when a new party comes in. So, it is quite complex

in this current situation. So, I would say, whilst there are many things we can do together, I think we have to move quite gingerly to understand how the whole economy will be transformed, to understand the players over here and to understand the rules and regulations and in particular once something is signed, whether those agreements will be abided by new people who may be implementing the agreement."

Q: "What's your impression on Colonel Gaddafi?"

Mr Goh: "Well, he came across to me as an introspective person, thinking about the problems of the country, reflective and certainly an astute person."

Q: "Did you get the impression the Libyan reform will persist?"

Mr Goh: "I think once they come to a firm decision, we will persist. At this stage I would say perhaps a little too early to make a firm conclusion that reforms will persist because there is still this internal debate going on. The system is one people's democracy, they won't use the term democracy but it amounts to that. It is a direct people's democracy. Everybody has a say. Three million Libyans those above 18 would have a say and they have something like 300,000, how many thousand?"

Q: "30,000."

Mr Goh: "30,000 communes, each commune would have 100,000 members."

Q: "100 members."

Mr Goh: "100 members, then from there they discuss. So, this process is taking place. So until I am clear that this has been accepted by the People's Congress at the top they are not sure whether the reforms will persist. But if I have to make a guess, I think probably they have to reform the economy. They know it, they know it. They would find a way to reform but it may take a little while before they do so."

Q: "Did you talk about supply of oil from ....?"

Mr Goh: "No, I never when I go to a place ask for any specific request. That is the surest way of putting them off. That means you come here with an agenda, no. I come here to discover for myself what Libya is like. I was intrigued that they want to learn from Singapore. I asked them point blank why do you choose Singapore? Because unless they are convinced that you are sincere, you have done your homework, you think Singapore is the best partner, there is no point just going through the rhetoric that Singapore is a good partner. So, they have done their homework. They have chosen Singapore because in terms of population we are about the same size. In terms of experience, moving into knowledge-based economy, we are ahead. So, they want to tap that experience on how we are able to restructure our economy to move up to be what we are today."

Q: "Can you elaborate more what kind of partnership in terms of ...(indistinct).. able to cooperate..?"

Mr Goh: "They want us to share our experience with them and I made it very clear that I am not here to say how much we know and we are here to teach you. Learning is a two-way process. So, I made it very clear, we are here to learn. If there is something which we can share with you, you can learn from us, we will do it. There are many areas which they want to learn from us and I told them we'll share our experience with you. Human resource development they are quite keen. Training of people for the new economy, new for Libya, that is something which they want to do. They have free education and many people go to university, but they are discovering for themselves that the quantity but not necessary quality and certainly there are many people lacking skills for the present global economy and they want us to help them over there. They also want us to train their police. I mean I was a bit surprised why choose Singapore to train the police, but not the entire police force, but to train the trainers for certain skills which they are lacking. So, they speak highly of Singapore. But at the same time as I told them, this hoped project, let us see what we can do before we commit ourselves. We signed a memorandum of understanding, they wanted it. It is a simple MoU. The MoU actually calls for the setting up of a working committee so that we have contact persons, one on their side, one on our side. On our side is Senior Minister of State Iswaran, on their side Dr Jibril, their Chairman of the Libyan Economic Development Board. So, there are these two contact points and then from here they work on the agenda, in other words we are thinking step-by-step approach. The working committee will then, working group will then identify and assess the agenda which we can do together. They may submit a long list as I told them to but we will then go through the list to see what we can do because when Singapore commits itself, we deliver. So, we will go through the list and thereafter we may see how we can progress this, but working group is something which we have agreed upon."

Q: "Is there anything that you can take from the Libyans, any lessons?"

Mr Goh: "Well, I think there are, but perhaps I would let Mr Mah share his experience, what lessons can we take away from them and maybe later on Zainul can say a few words in response to other questions and perhaps wrap it up, wrap up the media interview."

Mr Mah: "Well, let me first of all say this is my first trip to Libya. It is an eye-opener in several ways. First of all is to see that the infrastructure, the roads are fairly well developed despite many, many years of embargo, economic sanctions and secondly it is also to see that generally people are by and large quite... there is no obvious sense of poverty. Everybody has something. Obviously the distribution of wealth has been well taken care of. But having said that I think the realisation that they are so dependent on oil and gas, 90, 95 per cent and I think the need for them to diversify puts them at a crossroads in terms of their future direction, the future direction of their economy. This is where we came in to the picture and they have

read Mr Lee Kuan Yew's book, *Third World to First*, they have seen our position in economic competitive rankings. They have come to visit Singapore. So, I think they believe what we have done over the last 40 years they are also interested to do in going forward. So, there is a complementarity of interests and this is where we have to go into specifics as to how we can help one another, to share our experience. There are several areas part of what has been mentioned, there is also waste water management. I think they are interested in waste water management or waste water treatment for obvious reasons. There is also discussion about airport management because they are keen to develop Libya into a transit hub. Port management and one other area is probably the area of urban development, looking at some of the urban management rules and regulations and laws. So, there will be a follow-up discussions on this."

Mr Goh: "For me the most important lesson is an affirmation of what we know that a welfare state and subsidies will lead Singapore to ruin. This is from the leader Colonel Gaddafi himself. Libya is in the sense a welfare state all the subsidies that they have. But they, the leader himself told me that it is not working, the people are not happy, they want more and more. He said they have given so much they want more and says this is not working. Well, we are now going to make them pay for many of the business services. Of course this is something which we know. But for me coming here, seeing a country with so much oil wealth saying that giving money to people alone, giving heavy subsidies is wrong, you know to change a policy, that is a very important lesson for us that we must never make a mistake, change our policy and go the other way and give more subsidies. Even when you give out cash to people, growth dividends, what other dividends did we give? All those GST offset, we could see not enough more. So, I think even at some stage when we give out growth dividends, I would tell the Prime Minister please be careful. It's never enough. You must find a formula where you don't go beyond what you can afford to give. But that to me tells me of a human nature that there is never enough. Don't go down that welfare route which we all know. Any question for Zainul? Question which are meant for me which he can answer. No, no let them ask questions."

Mr Zainul: "I think maybe Iswaran will follow up on the working group."

Mr Goh: "You want to see a bit about the working group....."

Mr Iswaran: "Are there opportunities here, I think the answer is yes. It is driven by the government, it has got the fiscal resources, oil revenues, they want to build their Infrastructure in certain sectors. Again it is quite clear it has to be private sector-led, our private sector has to find ways to partner credible, capable Libyan parties to accept the projects. I think any progress we make has to be deliberate, meaning you've got to get more familiar with the corporate culture and legal infrastructure here as much as the business opportunity environment here. It is a new market for us, one or two companies that are here at the moment, so the potential is there for them to oversee. So this working group, the way I see it, will help to perhaps prioritise few areas where we can facilitate the private sectors of both sides to come together

to working intensively and see for the projects to come out of it and possibly one or two items of cooperation at the G-to-G level as well where they have sought our assistance."

Mr Goh: "We understand here that if they expect the Singapore government, the public sector to help them in many areas, they must make it worthwhile for our private sector to come. The Singapore government is not looking for profits or consultancy fees. So when they help them, there must be some gifts, some benefits to Singapore as an economy. They understand there must be several projects which will be parceled out on a negotiated basis or on a commercial basis for our private sector, then that makes it worthwhile for us to help them in a big way because our private sector companies would benefit. And this is something which they have to provide us in the working group and if they do that, then it is in a sense worthwhile for us to really go big. And if we come to that stage, one of the areas where Iswaran will have to look into is to advise whether we should set up a presence over here. If there are sufficient activities, we must have a physical presence over here to know people who are the private sector companies that or partners that we can look towards to, who are the people who decide in which areas as in which we want. But without the physical presence over here it is not possible for us to really get to know their people. So, he would have to later on recommend whether there is a need for some physical economic presence over here. Now, this is somewhere down the road. Let's move one step at a time."

Q: "Are you looking at like a high commission?"

Mr Goh: "No, probably an economic office, an International Enterprise office."

Q: "Speaking to the businessmen here, what are the concerns for working in Libya?"

Mr Goh: "You also spoke to the businessmen? Are you able to answer the question, concerns of the business people working in Libya."

Mr Zainul: "I think there are business, people in business who are already in Libya. HPL for example and they have the head-start and advantage in knowing the opportunities and potential, but I think more of our businessmen should be here, get to know more people and see how they work because Libya is not like the Gulf states. So, it is understanding Libya, understanding the players is as important as understanding the potential prospects. But if I may just add on SM a little my impression, I mean I was first here in 1973 attending an international youth conference and now back here after 35 years, I can see there is a lot of infrastructural and physical development. But as mentioned by the leader himself to SM, he recognises the need for a mindset change and this will be a big challenge for them and this is where I think our people, the private sector included will also into how they can be a service provider for training and even to a certain extent for

education and this is one area we can look into. Even their leaders are interested in this and they are also turning to Singapore for such help.”

Mr Goh: “I will answer your question and then we break up for lunch because we have to go to the airport at 3 p.m.

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