

SPEECH BY MR LEE YI SHYAN
SENIOR MINISTER OF STATE, MINISTRY OF TRADE AND INDUSTRY
AT THE OFFICIAL OPENING OF THE INTERNATIONAL FURNITURE FAIR
SINGAPORE / 32ND ASEAN FURNITURE SHOW, THE DÉCOR SHOW AND
HOSPITALITY 360⁰
FRIDAY, 13 MARCH 2015, 10.15 AM, SINGAPORE EXPO

Mr Ernie Koh, President, Singapore Furniture Industries Council (SFIC)

His Excellency Dr Michael Pulch

Ambassadors,

Distinguished guests,

Ladies and gentlemen,

Good morning!

1. It is a pleasure to join you at the opening of the International Furniture Fair Singapore 2015 (IFFS) and the 32nd ASEAN Furniture Show (AFS). I am told that this year's edition is even larger than last year's - with over 480 exhibitors from 39 countries. My heartiest congratulations to the *Singapore Furniture Industries Council (SFIC)* – the organiser of the two shows.

Staying competitive amidst a changing economic landscape

2. As an export-oriented industry, our furniture industry has maintained a healthy growth rate over the years. The industry's revenue rose by 2.8% from 2013 to

reach an estimated \$6.3 billion¹ in 2014 while maintaining productivity growth. This is the result of their constant upgrading efforts and focus on creating value in design, branding and pursuit of qualities in their products.

3. As Singapore's economy goes through the current phase of restructuring, the furniture industry and other industry verticals have to quicken the pace of change to stay ahead of competition. Let me explore with you, possible ways forward for the industry to re-invent and transform itself.

Growth opportunities in urbanising Asia

4. In the coming two decades, Asia will continue to urbanise. Existing cities will grow larger, new cities will spring up. When people purchase new homes, they will need furniture. If they live in large houses, they will need certain type of furniture. If they live in apartments like us in Singapore, they will need furniture which is space-saving, multi-purpose, elegant but functional, and compatible with modern and digital lifestyle.

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5. Hence if we zoom in to furniture best suited for apartment living, we ought to have specialist expertise in space solutions. Our firms in this segment are no longer furniture manufacturers, but specialists in space solutions drawing upon design and incorporating innovations.

¹ Information provided by the SFIC, Feb 2015.

Creating unique value

6. Having an understanding of what export markets need is therefore critical to our firms' ability to provide furnishing solutions to the end customers. As connected smart devices become ubiquitous, it is hard to imagine a large piece of sofa or bed in the middle of the room remaining "unconnected" and "dumb". Question is what do we need to add, to make it useful to the end customers?
7. Jackson Global, a specialist manufacturer of window covering systems, has designed a new series of smart curtain and blinds systems with the use of light and humidity sensors. The system responds to external environmental conditions such as the amount of sunlight and moisture, and draws by itself to maintain an optimal indoor temperature and lighting for home users.
8. Just a few days ago, I also read that IKEA is beginning to market tables or desks that can charge up your smart phones. Perhaps someone is looking at embedding touch-screen tablets on the coffee table? Or wardrobe mirrors that analyses your mood or make-up needs for a particular day?
9. Sometimes the best way to create value is to "borrow" ideas from other industry verticals.
10. Apple Watch is an example. Apple is working with medical institutions to use Apple Watch as data collection device for health and fitness research. It is also working with banks and commercial partners to enable Apple Watch as a

payment device. This is Apple's attempt to make its new smart watch indispensable for individuals embracing digital lifestyles. What would our furniture designers do to create furniture solutions that fit right into the lifestyles of smart living or an aging population?

Growing sales in the international market

11. For our local firms to grow, internationalisation is an important pathway. Our industry players have internationalised for many years – nearly all have established overseas production bases, and have been exporting to Asia, Europe and the Americas.

12. But to stand out from the competition is never easy. Local customization is often needed to capture a significant share of the market.

13. Consider the example of *Scanteak*. They collaborated with *OutofStock*, a Singaporean design studio, to create a unique line of home furniture called "Prologue" that is tailored to the Japanese way of living. Market response has been positive and Scanteak continues to enjoy steady revenue growth in Japan.

14. Having knowledge of export markets is also important for market entry. *Sitra Holdings, Ewins and Getz Brothers* are companies with complementary products – Sitra offers outdoor timber products, Ewins offers natural veneer cladding, and Getz offers interior flooring materials. Last year, they came

together to conduct a feasibility study of the Philippines market. They are now engaging an in-market consultant to help them seek deals and arrange business matching meetings with prospective clients in the Philippines.

Ample government support

15. At the company level, furniture firms should make full use of **Capability Development Grant (CDG)**. I am encouraged to see the furniture industry's receptiveness towards building new capabilities. In the last 3 years, more than 60 projects from the Singapore furniture industry have been supported with CDG.

16. For example, *Matsushita Greatwall*, a manufacturer and distributor of bedding products such as King Koil mattresses, invested over \$1 million in high-tech machinery to streamline and automate its mattress production line using the CDG. This has allowed the company to achieve manpower savings of 16 per cent while simultaneously attaining a 20 per cent increase in output.

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17. To further strengthen our furniture industry, I am pleased to announce that JTC will be setting up a **JTC Furniture Hub @ Sungei Kadut**. The **Furniture Hub** will be the first specialised high-rise and multi-tenanted development to cluster furniture companies and related service providers together. Through clustering, they can redesign their business processes to maximise operational efficiency.

18. Within the hub, SFIC will be managing a training institute, design lab and a showroom for both trade visitors and the general public. Having these co-located with our industrialists will foster collaborations and strengthen the furniture industry ecosystem. The hub will help local enterprises improve productivity, enhance competitiveness, and establish Singapore as an ideal sourcing location for the furniture industry.

Conclusion

19. IE and SPRING Singapore have been working with SFIC to develop initiatives that will help transform the industry's capabilities in innovation, design and exports through the LEAD² programme. I would also encourage SFIC and companies within the industry to make use of other resources, such as our Centres of Innovations, research institutes under A*STAR, our universities, and facilities under the DesignSingapore Council, to research on user interface ergonomics, environmental friendly materials and advanced construction methods. There are unlimited possibilities.

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20. Our economy has reached an inflexion point. We need to quicken our restructuring and create much greater value through product innovation and higher productivity. I look forward to SFIC's continued leadership to make this quantum leap toward the future, together. Thank you.

² LEAD stands for Local Enterprise and Association Development Programme, jointly administered by IE Singapore and SPRING Singapore.