

OPENING ADDRESS BY MRS JOSEPHINE TEO, MINISTER, PRIME MINISTER'S OFFICE, AND SECOND MINISTER FOR MANPOWER & HOME AFFAIRS, AT THE MANUFACTURING SOLUTIONS EXPO AND SINGAPORE INNOVATION AND PRODUCTIVITY CONFERENCE 2017, 25 OCTOBER 2017 AT 9 AM, SINGAPORE EXPO

Mr Douglas Foo, President of the Singapore Manufacturing Federation,
Distinguished Guests,
Ladies and Gentlemen,

Introduction

- 1 Thank you for inviting me to join you at the Manufacturing Solutions Expo (MSE) and Singapore Innovation and Productivity Conference (SIPC) 2017.

Current Manufacturing Landscape

- 2 The manufacturing sector is a key driver of Singapore's economic growth, accounting for 20% of GDP and half a million jobs. The sector is also setting a good pace for economic growth; in the last three quarters, growth averaged more than 10%.
- 3 One reason why we have been able to grow is because the world is our market. It means at the same time, however, that competition is keen and competing on cost alone will not give us an edge.
- 4 But this is nothing new and Singapore manufacturers have long been used to the idea that they have to compete on value. Our manufacturers know that they need to innovate to produce better products, invest in technology to produce them more efficiently, and be more responsive to changing customer needs.
- 5 Many multi-national manufacturers based in Singapore have consistently done so. Take for example Panasonic, which first started manufacturing refrigeration compressors in Singapore in the 1970s. Production was labour-intensive. After a decade, the production facilities were upgraded. Faced with a tighter labour market situation, Panasonic introduced automation equipment. This effort has

since become a routine; ever year, some part of the factory floor sees new a newly automated process.

- 6 Today, as the global business environment continues to evolve, Panasonic continues to transform. Over the next five years, Panasonic's manufacturing plant in Singapore is set to become a Smart Factory. Its machines will be fitted with sensors to detect problems early, before the production line is forced to come to a stop. Machines will be able to "talk" to each other, and to pass parts from one operation to another directly.
- 7 Many MNCs in Singapore continue to thrive because they have never stopped transforming. What about our Small and Medium Enterprises? SMEs contribute a quarter of the output in our manufacturing sector and employ six in 10 of the manufacturing workforce. They are part of the critical supporting industries for manufacturing and are equally impacted by the evolving landscape. To be meaningful and sustainable, any sectoral transformation in manufacturing must therefore involve SMEs.

Need for SMEs to Adopt a Mindset Shift

- 8 Fortunately, we now see more SMEs adopting a mindset shift, and embracing transformation.
- 9 Let me share one example. An Sing Trading is a manufacturer and distributor of motor vehicle spare parts. In this business, managing inventory is essential to good customer service. But it is also tedious because most of the time, it is still a manual process of stock-taking, uploading details and images of all the products into the database.
- 10 An Sing discovered an online B2B solution powered by Excess Inventory Guru Pte Ltd. It is a proven solution pre-approved by IMDA to manage excess inventory in an automated manner.

- 11 The company implemented the solution and has since increased its productivity by 20%. Its workers are now freed up to do higher value-added tasks like product servicing and distribution, to help grow its topline.

Role of TACs as Industry Enablers

- 12 As companies like An Sing Trading responds to the need to transform, Trade Associations and Chambers (TACs) can help them along the journey. TACs not only understand businesses, but are also able to reach out to a wider pool of SMEs. They are therefore well-placed to support SMEs as they transform, and help them overcome common challenges.

- 13 In this regard, the Singapore Manufacturing Federation, or SMF, is on the right track, with its focus to help the manufacturing industry embrace digitisation. Today's events exemplify their effort to shepherd the industry. Given its importance to the survival and health of all businesses, I hope the SMF will continue to champion digitisation among our SMEs.

- 14 TACs can also work together where there are synergies, and become more effective enablers. We are about to witness the signing of MOU for "The Manufacturing Alliance" amongst SMF, Singapore Infocomm Technology Federation (SITF), Singapore Precision Engineering and Technology Federation (SPETA) and Singapore Industrial Automation Association (SIAA).

- 15 Through this MOU, the alliance members will collaborate to jointly develop and roll out initiatives with a wider reach. Hopefully, this will help to deepen the capabilities of our manufacturing sector.

Government Support

- 16 To encourage more of such partnerships, the Government has enhanced its funding support. High impact, multi-TAC projects under the Local Enterprise and Association Development or LEAD programme can now be supported for up to 90% of the costs, up from the 70% that is usually granted. The

Government has set aside \$100 million to help TACs drive enterprise and industry development.

- 17 Besides helping TACs through LEAD, the Government provides funding support to companies like An Sing Trading through the Lean Enterprise Development, or the LED scheme. This is a joint effort by the Ministry of Manpower, Workforce Singapore, SPRING and other government agencies.
- 18 As part of the LED scheme, SMEs can access over 40 ready-to-go solutions designed for a wide range of industries and business functions via the government website Tech Depot, an online platform launched in April this year.
- 19 Since its launch in October 2015, the LED scheme has helped more than 5,000 companies like An Sing Trading make progress in their productivity drive.
- 20 I strongly encourage SMEs to visit Tech Depot and see if there are suitable ready-to-go solutions for your business needs. Please also join me at the LED Symposium next month where I will share more on our efforts and how we can learn from the experiences of other SMEs.

Conclusion

- 21 The manufacturing sector remains a key growth engine for Singapore for the foreseeable future. I'm glad to see the companies being supported by their TACs to transform and grow. I wish you success because that will also mean improved employment outcomes for Singaporeans. Thank you once again for inviting me.