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**KEYNOTE ADDRESS BY PRIME MINISTER GOH CHOK TONG,**  
**AT THE REGIONALISATION FORUM, ON FRIDAY, 21 MAY 93,**  
**AT THE MANDARIN SINGAPORE, AT 9.00 AM**

Stay Competitive

The business of Government is to make it possible for its citizens to continuously improve their quality of life. This requires strong and steady economic growth. And continuous efforts to compete for investments. Going regional is part of these efforts. It is not to hollow out investments from Singapore, but to strengthen the Singapore economy and business community.

Our priority of attracting high-quality investments into Singapore remains. Going regional must not be at the expense of this.

2 I was in China last month. I was astounded by what I saw. I have been to China several times before, the first time in 1971 when the Cultural Revolution was in full swing. The last time was in 1990, a year after Tiananmen. China has changed. I saw how much a large country with vast resources and abundant

talent could achieve once it decided to open up and embrace the market economy. I saw bountiful opportunities, and how they could increase our national income. At the same time, I felt the competition, and wondered how it might affect Singapore and ASEAN.

3 Singapore had a head-start in the region with the free market economy. But our success as well as that of the other NIEs has convinced others who regulated their economies to jog down the same free-market avenue to growth and prosperity. Can we stay ahead? Will we remain attractive to investors and businessmen?

4 Consider the competition. Between 1979 and 1992, Shenzhen transformed itself from a sleepy village of 27,000 farmers into an instant Hong Kong with 2.6 million people. I did not see 'cangkuls'. I saw hand-phones. Shenzhen had grown at a mind-boggling rate of 46% pa. to become a big, modern city.

5 There is also Zhuhai, a nearby once-equally -sleepy fishing village of 20,000 fishermen. Its growth was slower than Shenzhen's, deliberately so. Even then, it now supports a population of 600,000, with a planned eventual size of 2.5 million. It is selective with its industries, going for medium and high-tech, to support better paying jobs for a better educated and better trained people. The

mayor told me that he had travelled to many countries before deciding on the model for Zhuhai. He had picked Singapore. So Zhuhai is like an instant Singapore, right down to its clean and green environment. It is reputed to be the cleanest city south of the Yangtze. The mayor is going to compete for high-tech industries, and attract talent. He has replaced fishing nets with computer networks. He has grand plans, an international airport, a bridge to Hong Kong, and over the horizon, a link-up with Hainan Island.

6 There are many more areas in China which want to be like Singapore. Several believe that they can be better than Singapore.

7 It is not just China which is opening up. There is now a convergence of economic wisdom. Almost every country is embracing the free market philosophy. Singaporeans must fully grasp the implication of this, and the intensity of competition that we are up against. Last October, I told NTUC delegates that at our present stage of development, we are like being chased by tigers with a cliff in front. Having gone to China, I could feel the reverberations of the tigers closing in. Our challenge is to stay ahead of the tigers. Better still, let us use the onslaught of the chasing tigers to somersault up the cliff.

Going Regional

8 Going regional is part of our long-term strategy to stay ahead. It is to make our national economy bigger, our companies stronger and some of them multi-national.

9 This forum is to get our businessmen, public officials and Singaporeans to look outward, to work together to plug into the thriving regional economies and to grow with them. It will be wrong, however, to conclude from the holding of this forum that Singapore businessmen are insular and domestic-oriented.

10 Our economy has always been outward-looking. Modern Singapore was founded as a free port to service the trade of this region with the then industrialising West. Our external wing was in fact our first wing. We took off on this first wing and Singapore grew to be a thriving entrepot.

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11 Even as our entrepot trade declined in relative importance in the 1970s, Singapore never turned inward. We did not rely on our internal market to sustain our economy. Instead, we went out to seek foreign investments and export markets. Our global outlook and traditional links will help us in the next stage of our development, which is encouraging Singapore businessmen, not just to trade, but to work and invest in the region.

12 Going regional is part of our economic evolution, from an entrepot for raw produce and simple machineries and consumer goods, to a manufacturing base serving MNCs, to be a financial services and communications hub, to OHQs, and to be part of what Kenichi Ohmae calls a region state, a borderless natural economic zone “drawn by the deft but invisible hand of the global market for goods and services”,<sup>1</sup> joining Singapore to other economic areas.

13 Going regional is, therefore, about investing our expertise and capabilities in other growth areas in the region, interlocking them with our domestic economy. It is to strengthen our domestic economy, expand our natural economic zone, and ratchet up our standard of living. That is the mission of our regionalisation drive.

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<sup>1</sup> Kenichi Ohmae, *The Rise of the Region State*, published in *Foreign Affairs*, Spring 1993.

## Key Principles in Going Regional

14 Cdre Teo Chee Hean has released his Interim Report on Promoting Enterprise Overseas. I want to add to that by highlighting five key guiding principles.

15 Firstly, spread out our investments. Do not put all our eggs in one basket. This makes not only good economic sense but also sound politics. The region is vast and abound with opportunities. Our businessmen should investigate all prospects. Wherever we are welcome, and wherever the prospects appear viable, we should explore them. Although China beckons, there are also opportunities elsewhere. India and Vietnam will become attractive as they open up and welcome foreign investments. We should be amongst the first to get through the door.

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16 Secondly, consolidate and build upon our strengths in the traditional areas: Malaysia and Indonesia, as well as the other ASEAN countries. We have done well in these areas and they will continue to grow handsomely in the future. Our fascination with new markets in China and elsewhere should not weaken our historical link with our traditional partners.

17 Thirdly, go into the new markets with a long term view. Go for a steady and durable relationship. Do not go for quick exploitative profits. We have a good reputation in the region precisely because our businessmen have gone for long-term partnerships. Let us build on this goodwill.

18 Fourthly, our investments must benefit the host countries, just as the MNCs in Singapore have benefitted us. Be generous in technology transfer and manpower training. This will help them grow faster and we can then grow with them. Re-invest and expand just as the MNCs have done in Singapore.

19 Finally, be good corporate citizens. Get involved and support the host community in their cultural, artistic, sports and civic activities. Invest some of your returns to help enhance their community life, just as Shell, Mobil, Citibank and many others have helped to enrich our lives in Singapore.

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### Investing in Big Countries

20 Now, let me deal with how can manage our investments abroad in a coherent manner so as to optimise our efforts. I would recommend a 3-prong approach.

## Approach I

21 Let our businessmen follow their own instincts. Let them go to where they think they have the best chance of succeeding. This is what our SMEs are doing.

22 During my recent trip to China, I met quite a number of Singaporean businessmen there. Some have been doing business in China for many years, not just trading but also in manufacturing. Their investments are small, geographically scattered, over several provinces and many cities.

23 I am also aware that Singaporean businessmen in Thailand and Malaysia have followed up long established trading links to set up manufacturing operations or invested in tourism related projects. Vietnam is another country in which some of our businessmen have quietly established a toehold.

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24 Government will encourage, assist and facilitate their efforts by supporting them through its various agencies like EDB and TDB.



## Approach II

25 Government or a Singapore consortium will identify a few major projects in selected cities in different regions or countries. These projects should make use of the capabilities and expertise available in Singapore according to an organised Singapore Inc basis. They should have economic linkages and spin-offs to a wide range of Singapore business entities. The Batam/Bintan project with Indonesia falls under this category.

26 Through such a project, Singapore can transfer its experience in master planning, development and operational management to the host country. Properly executed, such a project will be highly visible and can become the flagship of economic cooperation between Singapore and the host country. It will generate goodwill and business opportunities for Singapore.

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## Approach III

27 A third approach is to pick one suitable province or a state which has the potential to be an NIE and whose leaders are keen to tap our experience and expertise in drawing up and executing their economic development plans. This approach will enable us to build up a broad and deep relationship with provincial

leaders, which in turn can be used to help our businessmen in securing some of their development projects.

28 As an example, we can try and forge close relationships with, say, the Shandong Province in China. The province has a population of 85 million, which is bigger than Germany's 81 million, the United Kingdom's 58 million or France's 57.7 million. The potential benefits of helping such a province to become an NIE are enormous.

We have in fact used this approach in developing economic ties with Johor, Malacca, and the Riau Province. This direct link with a province must, of course, have the full support of the central government of the country concerned.

29 The three approaches are not mutually exclusive. They can and should be proceeded with simultaneously.

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### Joining Forces with Others

30 There is so much we can do in the region. Our problem is that our manpower resources are limited. We can overcome this constraint by joining forces with others. Fortunately, a number of countries see the advantage of working with us to tap the opportunities in the region.

31 Prime Minister Narasimha Rao of India is happy to supply trained manpower for Singapore ventures overseas should we need them. When Chancellor Kohl of Germany visited us recently, he suggested that Germany team up with Singapore to invest in China. In Japan, I spoke to Akio Morita, Chairman of Sony and joint Chairman of the Japan-Singapore Economic Advisory Council, to get the Council to study how Japanese industrialists and Singapore investors can co-operate in investments in China and the region. He was supportive.

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### Conclusion

32 The Government has taken a number of initiatives to help our businessmen expand into the rapidly-growing region. Just as we had tapped into the rapidly growing OECD economies in the past 30 years to transform ourselves from a

developing country to an NIE, we should now use our experience and resources to help the expanding regional economies become NIEs. East Asia will become prosperous. Singapore is in the midst of it. We will all benefit from growing regional.

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