

ktk19991005b

To:

cc: (bcc: NHB NASReg/NHB/SINGOV)

Subject: (EMBARGOED) Speech by AP Khoo Tsai Kee, 5 Oct 99, 2 pm

Singapore Government

PRESS RELEASE

Media Division, Ministry of Information and the Arts, #36-00 PSA Building, 460  
Alexandra Road, Singapore 119963. Tel: 3757794/5

=====

EMBARGO INSTRUCTIONS

The attached press release/speech is EMBARGOED UNTIL AFTER DELIVERY.

Please check against delivery.

For assistance call 3757795

=====

SPRINTER 4.0, Singapore's Press Releases on the Internet, is located at:

<http://www.gov.sg/sprinter/>

=====

Embargoed Until After Delivery

Please Check Against Delivery

OPENING ADDRESS BY ASSOC. PROF. KOO TSAI KEE, SENIOR PARLIAMENTARY SECRETARY FOR  
NATIONAL DEVELOPMENT, AT THE 5TH ASIA CONSTRUCT CONFERENCE ON TUESDAY, 5 OCTOBER 1999  
AT 2.00 PM AT THE ORCHARD HOTEL (BALLROOM 3)

Emerging From The Economic Crisis: Lessons Learnt And Strategies For Recovery

Good afternoon ladies and gentlemen.

2 First of all, let me extend a very warm welcome to all delegates at this 5th AsiaConstruct Conference, especially those of you who have come from abroad. I understand from the Building & Construction Authority (BCA) that there are more than a dozen countries represented here. I hope you will enjoy your stay with us and also find time to take in some of the sights and sounds of Singapore.

## Recovery

3 The theme for this conference "Emerging from Crisis: Lessons Learnt and Strategies for Recovery" is indeed timely in the light of the region's recent turnaround. Market sentiments over the global economic outlook have changed from pessimism to optimism in the past 9 months. The general consensus is that the worst is over for the Asian economic crisis. Currencies have stabilised. Consumer spending, production and exports have recovered. Stock markets have rallied and investors are coming back to the region.

4 There is now a general feeling of confidence in the region – perhaps tempered with caution, but confidence nonetheless.

## Lessons Learnt

5 The Asian crisis has shown very clearly that the era of the nation-based economy is fading and we are now living in an age of global interdependence. The crisis started in July 1997 in Thailand and spread north to South Korea and south to Indonesia. Even economies that were fundamentally sound were affected. Indeed, the traditional mindset of sweeping our own backyard is no longer a guarantee for prosperity. This crisis has highlighted the growing importance of regional and international cooperation in the new millennium.

## Challenges:

### The Global Interdependence Paradigm

6 Global interdependence of economies and business activities is a worldwide phenomenon and the construction industry is no exception. Many countries, most notably South Korea, now recognise that the long-term underlying current of globalisation is inevitable. Going against this trend is likely to result in a significant loss of growth and competitiveness in the long run. The only real long-term solution is to accept it and restructure industry to meet the challenges ahead.

7 In order to reap the full benefits of this global interdependence paradigm, we should understand that it is based on a synergistic win-win relationship and "abundance mentality". This means accepting that there is plenty for all of us; plenty in our combined capacity to create even more for ourselves and everyone else. By working together, learning from one another and helping each other grow, everyone benefits.

8 Asia is the most active construction market in the world. If we can adopt such an enlightened mindset of mutual cooperation, there will be a bright future ahead for the construction industry in Asia.

9 However, despite the vibrancy of the Asian construction market, the reality is that the market environment of most countries in this region is still relatively closed. Outsiders are rarely able to penetrate the local market. Singapore is an exception in this regard and we have benefited greatly from our open environment.

10 Open tendering is practised by the public sector, and most of the private sector also adopt a similar approach. As a result, clients have the choice to select the best and the most efficient consultant and contractor in a transparent manner. All costs are laid down at the outset and clients can be assured that no hidden costs will surface later in the construction stage. This reduces the amount of risk and hence increases cost efficiency in the industry.

11 I strongly encourage international groupings such as AsiaConstruct to work towards improving the economic well-being and quality of life of all stakeholders in the region. Apart from promoting mutual cooperation and business opportunities, AsiaConstruct could be a useful platform for promoting the development of construction industries in Asia. In this regard, AsiaConstruct has played an important role through the collection and dissemination of useful information and data on various construction industries. Developing countries could use this information to benchmark themselves against advanced countries and thus strengthen themselves.

12 For the past five years, AsiaConstruct has been a loosely knit regional networking forum for the Asian construction industry. As we move towards more liberal economic policies and harmonisation of work practices, AsiaConstruct members should consider formalising their working groups and creating a functional secretariat. This would serve as a firm foundation for AsiaConstruct to assume larger responsibilities and represent the collective interest of Asian construction industries in the global forum.

#### New Financial Engineering Methods

13 During this decade, Asia has emerged as a major construction market. The Engineering News Record estimated that construction spending for Asia in 1998 was about US\$ 1.1 trillion. Despite the crisis, Asia remains one of the largest non-mature construction markets in the world. The long-term demand for infrastructure development will still be strong in the region as good infrastructure facilities are essential in supporting and stimulating economic growth.

14 The recovery of Asian economies will provide greater windows of opportunity for investment in the construction and related industries around the region. While existing facilities are being expanded and upgraded, many new critical projects will be revived. Examples of infrastructure projects in the pipeline include the first high-speed Beijing-Shanghai Express Railways, the 30-km Kowloon Canton Railway line, the Chennai new outer harbour in India, an alternate highway from Colombo to Kandy, the Pulangi 5 Hydro Electric Power plant in the Philippines and the Deep Tunnel Sewage System here in Singapore.

15 It is apparent that there is no shortage of potential infrastructure projects and Asia will remain the region of opportunities for construction investment for many years to come. The biggest challenge now is how to pay for these projects.

16 In the developed world, private sector participation in infrastructure developments through Build-Operate-Transfer or BOT and Private-Financed-Initiative or PFI has been successful because financiers and developers can expect a return on their investments through operation of the facility.

17 In the developing world, however, BOT and PFI have not achieved the same measure of success either because governments do not have the funds or users cannot afford to pay for the services. Therefore, new approaches in financial engineering are needed for the developing world. One example could be allowing the private sector to pay for the infrastructure and then, in order to provide further income flow, granting them development rights elsewhere, such as on land adjoining a new train interchange or other strategic locations. More thought should be given to other viable approaches to raise money for infrastructure projects.

#### Knowledge-Based Industry

18 It is sometimes said of the construction industry that we are so caught up in producing immediate results, or "sawing", that we forget to "sharpen the saw". In this era of the knowledge-based economy, life-long learning is a must to keep up with progress. Therefore, I urge everyone in the construction value chain to strive for continuous improvement.

19 Workers should upgrade their skills constantly, professionals should keep abreast of new technology in their field of expertise, companies and organisations should adopt best practices and benchmark themselves against the best. We must "sharpen our saw" constantly to remain competitive. There is no room for complacency and contentment.

20 To achieve the vision of a world-class builder in the knowledge age, the concerted efforts of major players in the industry will be essential. There is a need for all stakeholders to adopt a long-term developmental mindset and capitalise on the improving market sentiment in the region to bring about the necessary changes to the construction industry. Only then can the industry sustain its development in the future and contribute to economic growth.

21 The construction industry should always be mindful of the role it plays in nation-building. Its products, that is, buildings and infrastructure, are its legacies to our nations, and these should last for posterity. Recent events have shown us that "product failures" in the construction industry can have dire consequences on the lives of our citizens. I therefore urge all parties in the Asian construction industry to take pride in the work that you produce and adopt high standards of professionalism.

Concluding Remarks

22 To conclude, the Asian economic crisis has raised awareness of the inter-dependence of economies. There is a pressing need for our construction industries to work together, share ideas and learn from each other's experience. I therefore encourage participants of this conference to network with one another and open up greater opportunities for future collaboration and cooperation.

23 It is now my pleasure to declare the 5th AsiaConstruct Conference 1999 open. I wish all participants a rewarding time at this conference.

24 Thank you.

\* \* \* \* \*

National Archives of Singapore