

17 JUN 1993

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**SPEECH BY MR LIM BOON HENG,
SENIOR MINISTER OF STATE FOR TRADE AND INDUSTRY,
AT THE OFFICIAL OPENING OF GARDENIA'S NEW BAKERY
ON 8TH JUNE 1993, 10.30 AM**

Mr Didi Dawis, Chairman, QAF Limited;

Mr Wong Fong Fui, Group Managing Director, QAF Ltd;

Distinguished guests;

Ladies and gentlemen:

I am pleased to join you this morning for the opening of Gardenia Foods (S) Pte Ltd's new bakery.

2. Gardenia has become a household name in Singapore, and this opening marks yet another important milestone in the company's short but dynamic 10-year history. In that period of time, I understand Gardenia has become not only the major supplier of bakery products in Singapore, but has also established successful bakery operations in Malaysia and Thailand. In particular, the company's experience in the food industry has helped to dispel some popular misperceptions about traditional industries.

3. Bread and related bakery products have traditionally been viewed as mature products requiring craft skills rather than technological expertise. Under this traditional view, all bakeries must be small enterprises. In Singapore's context, this means low volumes which cannot meet the cost of rising rentals. Additionally, such small enterprises are unable to attract workers because they pay low wages. In these conditions, the problems of the bread industry can only be solved by a quantum jump in thinking, a radical departure from the traditional view. From what I have been informed about the new bakery, the method of baking bread is indeed a quantum jump from this traditional view. For instance, I understand this \$18.5 million plant is fully automated. Human intervention is minimal from the time the raw materials are loaded into the mixing vats to the time the end-products appear as loaves of bread, ready-sliced and packaged. As a result, the production capacity is an impressive

8,000 loaves of bread per hour involving only 60 people.

4. In modern-day bread-making, a good knowledge of food and nutrition sciences in its product formulation is also necessary in addition to technology. The contents of a loaf of bread today is not limited to just flour and yeast. They include a number of other ingredients that enhance the flavour and nutritional value of bread. The bakery industry therefore also needs to keep abreast of new developments in food technology, research in nutritional fields and trends in market tastes.

5. Food processing is a growing business in the Asia-Pacific region. Demand for high quality food will continue to increase as the level of affluence rises in tandem with rapid economic growth. Singapore provides a good base for food processing companies to venture into the region and to support operations in the region. Singapore's image in the food processing industry has been very positive. This has been built upon the stringent standards Singapore has set for itself in environmental and hygiene control. I am told that multinational companies prefer to send their staff in the region to train in Singapore because the subsidiary companies here help their staff develop the right culture in operating a modern plant.

6. Conventional theory on such mature products is that they are difficult to export and that there must be a large domestic market if a company is to grow. A critical factor for success in export markets lies in a company's ability to apply managerial and technical skills developed locally over the years to market their products in other countries. Gardenia is a good example of a company which has not been limited by its physical boundaries but has expanded successfully by investing in bakery plants in the region.

7. This new plant reflects Gardenia's willingness to invest and upgrade its manufacturing facilities in Singapore. With its forward-looking philosophy and its success in going abroad,

Gardenia will surely continue to perform well in its ventures.

8. With higher volumes of production, Gardenia will achieve higher levels of productivity. As such, the cost increases in making packaged bread would be contained. I hope that Gardenia would be able to pass the benefit on to the consumer in the form of steady prices.

9. On this note, I would like to congratulate the management and staff of Gardenia and wish them every success in the years ahead. It gives me great pleasure now in declaring Gardenia Foods (S) Pte Ltd's new bakery open.

Thank you.

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