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# PARLIAMENT OF SINGAPORE

## PRESS RELEASE

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**SPEECH BY THE SPEAKER OF PARLIAMENT  
MR TAN SOO KHOON  
AT SCCCI's LUNAR NEW YEAR GATHERING  
ON SATURDAY, 5 FEBRUARY 2000 AT 11.30 AM**

Mr Tay Beng Chuan,

President of the Singapore Chinese Chamber of Commerce & Industry,

Distinguished guests,

Ladies and gentlemen.

I am happy to be here with you at this Lunar New Year gathering. For the first time in 3,000 years, the Year of the Dragon is coinciding with a new millennium. As we embark on this new year, it is worthwhile to reflect on the year that has just passed.

Singapore Economy – 1999 Performance and 2000 Outlook

2 The Year of the Rabbit has turned out to be much better than expected. This time last year, the Singapore economy had just experienced its first recession since 1985. Wages had been cut, and probably so were *Hong Baos* that were traditionally given out. Although there were some nascent signs of improvement in the external economy, significant uncertainties – such as the impact of the Brazilian *real* float on Asia – remained. However, as the year progressed, it became clear that the worst had passed.

3 Singapore turned out to be one of the fastest-recovering economies in Asia. Our economy grew by 5.6 percent for the whole of 1999, far surpassing our initial estimates of –1 percent to +1 percent at the beginning of the year. This was possible due to the various positive external factors, such as the strong upswing of the electronics cycle, the gradual recovery in the regional economies including Japan, and continued growth in the US and the EU. Domestically, the key to our quick recovery was our decisive action to cut costs. This strengthened our competitiveness, boosted our exports, and reduced job losses. The two cost-cutting packages introduced by the Government in 1998 - the first amounting to \$2 billion and a second one amounting to \$10.5 billion were instrumental in helping many businessmen weather the crisis in 1999. Not only that the cost-cutting packages ensured that we continued to attract new investments even during the worst of the crisis.

4 Looking forward, our prospects for 2000 are good. The strong demand for electronics products is expected to continue. Although there is some lingering risk of a sharp fall in US stock prices, growth is likely to stay robust in Europe and the US. Within the region, the regional economies are well on the road to recovery, although the unrest in Indonesia remains a concern. MTI has

thus projected the Singapore economy to grow at between 4.5 to 6.5 % this year.

5 But favourable external factors is just part of the equation. Our success must depend on how we respond to the external environment, in bad times as well as in good times. Companies must continue to develop new products so as to create new business and they must continue to search for new markets. As the rest of the region emerges from the economic crisis, our competitors will become leaner and compete with us. We must therefore continue to pursue, as we have done for many years, a strategy of selling high value-added products and services. To do this our workers needed to be trained, and re-trained to equip themselves with new skills to master new technology. Companies have responded well to the Skills Redevelopment Programme even during the difficult times, but even now as we get out of the crisis, the need to have a highly-skilled workforce takes on even more urgency. New technology evolves every day. Skills upgrading will be an on-going process if Singapore is to remain a player in the global economy.

6 Another important strategy that is taking place in the global economy is the forging of collaborative partnerships and strategic alliances amongst companies. Companies that would otherwise be competing with one another now get together to pool their resources, thereby reducing costs, enjoy further economies of scale and improve their productive capabilities. This allows the groupings to tap on one another's capabilities, knowledge and strength, share technology and market information, and bring about new products and services to satisfy the ever-growing demand of consumers everywhere.

Ultimately, such alliances result in better performances by the companies and

bring about enhancement of shareholder values of the companies. A recent example of such a strategy is the purchase by Singapore Airlines of a 49 percent stake in Virgin Airlines. Singapore Telecoms' proposed merger with Cable & Wireless HKT of Hong Kong will allow both companies to embark on a variety of ventures in the region and increase their share of the highly competitive telecommunications industry.

7 Another example, perhaps on a much smaller scale is the successful Furniture Mall in Singapore, where a group of well-known local furniture retailers have got together to pool their resources, enjoy attractive rental rates from their landlord and share certain operational costs. I understand that since participating in the Furniture Mall, members of the grouping have enjoyed improvements in sales and profits.

8 Collaborative alliances can therefore benefit big groupings as well as small groupings. Even small and medium enterprises can, for example, group together to bid for large projects that each of them might not have the resources to take on individually.

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9 In his speech earlier on, your President has touched on the SME21 Report and the need for SME's to enhance their own capabilities. By encouraging its members with significant synergies to combine their resources, SCCCI can help them seize new opportunities and face the challenges that will be brought about by increasing globalisation and changes in the market place.

Role of the SCCCI

10 Since its inception in 1906, the SCCCI has undergone several phases of evolution. When Singapore was still under British colonial rule, the SCCCI acted as the representative of local overseas Chinese organisations. It also served as the guardian of Chinese customs and code of ethics. After Singapore became independent, the SCCCI has been committed to promoting local trade and industry, improving skills through education and training, and contributing towards society and Chinese culture.

11 I am heartened that the SCCCI intends to continue with these efforts in the new millennium. I commend the SCCCI on its proactive approach to lead and prepare its members and the business community for the challenges of a knowledge-based economy. It is encouraging that the SCCCI plans to develop its Institute of Business into a reputable business institution providing quality management training to SMEs, especially the Chinese educated or mandarin speaking businessmen in Singapore and the region.

12 At the same time, the SCCCI intends to use its role as a secretariat for the World Chinese Entrepreneur Convention to strengthen its information and business network with Chinese business communities throughout the world. This truly attests to the SCCCI as being not only the representative body of the Chinese business community in Singapore, but also a leading Chinese business association in the world.

13 The SCCCI has played a pivotal role in preserving and promoting Chinese culture and traditional values. Although English will remain as the common working language for all Singaporeans, it is important for each ethnic group to retain and build upon its cultural heritage. I am glad that the SCCCI

will continue to participate in community development projects, such as the restoration and extension of the Sun Yat Sen Villa as a national monument. It deserves our whole-hearted support.

14 With Chinese New Year being the most important festival in the lunar calendar, I am happy that Chamber members can gather today to celebrate the New Year together. As the Year of the Dragon rears its majestic head, I hope that your business will also grow in scope and importance.

15 I wish Chamber members and all present here, success in your business endeavours and a Happy and Prosperous Year of the Dragon.

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