

EMBARGOED UNTIL AFTER DELIVERY

SPEECH BY MR GOH CHEE WEE,
MINISTER OF STATE
FOR TRADE & INDUSTRY AND COMMUNICATIONS
AT THE OPENING OF
THE INTERNATIONAL FURNITURE FAIR SINGAPORE (IFFS) 96
ON FRIDAY, 1 MARCH 96 AT 10 AM

Mr Choo Yong Fee,
President of the Singapore Furniture Industries Council

Distinguished guests

Ladies and gentlemen

1. A very good morning to you. It gives me great pleasure to be here today to open the *International Furniture Fair Singapore (IFFS) '96*.

2. Since its inception in 1987, the Singapore Furniture Industries Council has built up the *IFFS* from a home-grown event into a flagship event that is well-established within the international furniture community. The growth can be seen in the size and number of visitors. This year, the *IFFS* has expanded its exhibition space to 28,000 square metres, and is expecting an estimated 16,000 trade visitors.

Asia: A Burgeoning Furniture Market

3. There is tremendous market potential for the expansion of the furniture and furnishings industry in Asia. This has very much to do

with the dynamic growth that Asian countries are experiencing and the growing affluence of the region. The International Monetary Fund has predicted that world incomes will grow by \$7.5 trillion between 1990 and 2000, and that half of these gains will be contributed by developing Asia.

4. The new Asian middle class, numbering 14-15 million households in the mid-1990s is expected to hit 75 million households¹ by the beginning of the next decade. The eagerness of the Asian middle-class to upgrade its living standards will spark off a huge demand in quality goods, including furniture and furnishings.

IFFS as a Springboard into Asia

5. Major international companies, recognising Singapore's strategic location in the midst of the booming economies of Asia and its strong business links within the region, have increased their presence at *IFFS 96*.

6. Leading international furniture companies from Australia, Europe and the United States, are using *IFFS* as a springboard into the region and the first place to preview their latest product designs.

7. *IFFS 96* also sees an increased participation of a number of Asian furniture exhibitors. Furniture companies, especially from China, Indonesia, the Philippines and Taiwan, have enhanced their

¹ Source: *Consumers Asia 95*

participation significantly, demonstrating the premium these companies attach to the *IFFS* as a key regional event.

Strategies to stay ahead: Forging Alliances

8. It is at events such as *IFFS* that new business contacts are made and the seeds of future alliances sown.

9. Like all other lucrative businesses, the furniture industry attracts fierce competition. While the emphasis on quality furniture design is one of the key ingredients of business success, I would encourage local companies to form strategic alliances with international firms to gain leverage in an international trading environment characterised by global production and changing patterns of trade and investment flows.

10. For example, many of Singapore's furniture companies have regionalised to capitalise on the region's production resources as well as to promote their products in these expanding markets. Given our experiences in marketing in Asia, Singapore furniture companies could form mutually beneficial alliances with European furniture makers, for instance, by tapping on their technical know-how while offering the benefits of our distribution network in Asia.

Master Franchising / Franchising

11. Another way in which symbiotic relationships can be built between local and international companies is through franchising or master franchising.

12. Franchising can be a “win-win” situation for both the franchisor and franchisees. By tapping on the franchisees’ local investment experience and knowledge, the franchisor gains in terms of smaller investment start-up costs and the spread of business risks. In turn, the franchisee can enjoy economies of scale from purchasing a proven and successful business formula, and through access to the design and R&D capabilities of the franchisor. Very often, the time taken to set up operations for the franchisee is also far shorter.

Conclusion

13. The future international business environment will become increasingly competitive. To stay ahead, furniture companies will not only need to strengthen their presence in existing markets, they would also have to keep exploring and tapping new markets.

14. I am sure that this five-day trade event will be very fruitful in creating opportunities for both our local and foreign firms to develop new and long-lasting business relationships. I wish all participants at *IFFS 96* and the concurrent events, the *13th ASEAN Furniture Show* and the *3rd Office International*, every success in your business undertakings. On this note, I take great pleasure in declaring the *International Furniture Fair 96* open.