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**SPEECH BY MR LEE YOCK SUAN,
MINISTER FOR TRADE AND INDUSTRY AND
SECOND MINISTER FOR FINANCE,
AT THE SINGAPORE-BRITISH BUSINESS COUNCIL LUNCHEON
AT CONRAD INTERNATIONAL HOTEL
ON TUESDAY, 15 APRIL 1997 AT 12.45 PM**

I am happy to have this opportunity to meet Council Members here at this luncheon. The meetings of the Singapore-British Business Council or SBBC have been well attended and this reflects the keen interest on both sides to forge closer business ties between our two countries.

UK-SINGAPORE ECONOMIC RELATIONS

The strong ties between Singapore and Britain date back to 1819. The UK has always been one of Singapore's top trading and investment partners. British firms are no strangers to this part of the world. Between 1980 and 1995 our bilateral trade grew at an average of 8.4 per cent per year. Last year, Singapore imported S\$4.6 billion worth of goods from Britain and exported \$4.1 billion to Britain.

Britain is Singapore's fourth largest manufacturing investor, after the US, Japan and the Netherlands. Cumulative manufacturing investments stood at \$3.3 billion at end-95, in terms of fixed assets. The UK was also

Singapore's fifth largest overseas investment destination. In 1994, this amounted to more than \$1.8 billion in direct investments.¹

SINGAPORE-BRITISH BUSINESS COUNCIL

SBBC has an important role to play in further enhancing our bilateral economic relations. Recent successes include the establishment of the Regional Headquarters here of Jardine Matheson, British Gas and Bovis; Rolls Royce's joint venture in repair and overhaul facilities with SIA; and British Petroleum's involvement in the Seraya Chemicals plant in Singapore. In UK, the Thomson Medical Centre and the Parkway Group are expanding their healthcare operations; while Intraco has acquired the LDV automobile leasing company in Birmingham. In Asia, Jardine Matheson and Temasek Holdings have formed a joint venture in a water treatment plant in Shenyang, China, and Keppel has joined Shell and British Oxygen in Suzhou.

For joint ventures to work, the partners must feel comfortable with each other. Joint missions, involving businessmen of both countries to markets of mutual interest, are a good way to bring together potential partners. The Council has contributed by organising a joint mission to Myanmar in February 1996. It is planning another to Vietnam later this year.

The players that have entered into partnership so far are the large corporations. Very often, however, it is the small and medium-sized enterprises (SMEs), which lack the resources and know-how to venture overseas. I am glad that the Council has adopted an "SMEs Initiative" as one of its targets. Some 40 British companies have been introduced to Singapore partners, and SBBC has organised an SME mission to the UK and Scotland.

¹ 84% in financial sector, 10% in business services, 1.5% in manufacturing

To help the council focus on the key sectors, three sectoral committees for the SMEs Initiative were formed: information technology, electronics, and healthcare. Since the last SBBC meeting in Belfast in November 1996, the National Computer Board (NCB), working with the British Department of Trade and the Economic Development Board (EDB), has led a mission of Singapore information technology (IT) companies to the UK. Three seminars on electronics and IT were held in London. The SBBC has certainly been active in promoting business activities between our two countries.

SINGAPORE'S COMMITMENTS

Singapore is committed to maintaining its position as a top investment location and the gateway to this region. My Ministry is constantly monitoring our cost and competitiveness to ensure that Singapore remains attractive to investors. Singapore already has a world class business infrastructure, including efficient transportation and communications linkages with the world; a skilled workforce; and a conducive environment for research and development (R&D) and innovation activities. This will ensure that we are capable of supporting high end manufacturing and services activities and that we offer potential investors a total business package which is competitively priced and value-for-money.

To improve further, we have undertaken several initiatives. For example, we are investing \$7 billion to reclaim several islands off Jurong to create a large and well serviced location for an integrated petroleum and petrochemical industry of world scale and competitiveness. We are also developing an island-wide multimedia broadband network that will deliver fast Internet access and online multimedia applications and services to homes,

schools and offices. This network, called Singapore One, will offer information-based companies a good test site for pioneering innovative applications of IT.

The Government has also established a \$4 billion R&D Plan and a \$500 million Innovation Development Scheme to promote R&D and innovation in Singapore. Through these and other schemes, Singapore is able to co-share risks and rewards with potential partners from all over the world.

CONCLUSION

Before I close my brief remarks, may I congratulate the Co-Chairmen, Sir Charles Powell and Mr Cheong Quee Wah, and all Members for the good progress made by the SBBC since its inception in October 1994. I wish you continued success in your future joint endeavours.

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