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Subject: (Embargoed) Speech by Mr Yeo Cheow Tong, 13 Jan 2000, 9.30am

# *Singapore Government*

# ***PRESS RELEASE***

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**KEYNOTE ADDRESS BY MINISTER YEO CHEOW TONG  
MINISTER FOR COMMUNICATIONS AND INFORMATION  
TECHNOLOGY AT TDB INTERNATIONAL DAY, 13 JAN 2000 AT  
9.30AM AT SUNTEC INTERNATIONAL CONVENTION AND EXHIBITION**

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1 We began this millennium on a positive note. The Y2K bug that everyone feared turned out to be largely non-existent. The global markets are looking bright, with world trade projected to grow by more than 5% this year. Nearer home, as the export-led recovery in the ASEAN countries gathers momentum, domestic demand appears to be recovering strongly too. Consequently, investor confidence is returning. These developments augur well for Singapore's open economy. Moreover, given the strong performance of our major trading partners, the US, Europe, Japan and Malaysia, we are confident of a sustainable trade recovery for Singapore.

## **Emergence of a New Economy**

2 International trade has long been the lifeblood of Singapore's economic success. From a small trading outpost in the early 1800s, we grew to become one of the world's major trading nations today. Yet, significantly it was only during the last 3 decades that our trade volume began to grow exponentially. This has been largely brought about by the globalisation of business, rapid economic growth in the region, and the development of Singapore as a regional business hub.

3 The challenge facing us is how to maintain our position as a leading trading nation, given the increasing pace of globalisation and rapid technological changes. It is generally accepted now, that the globalisation of trade and commerce, the rapid technological advances in the telecommunications and IT industry, and the pervasiveness of the Internet will very quickly lead to the emergence of the new "Digital or Net Economy".

4 Already, companies now have new and exciting online possibilities to market their products and services worldwide. Given today's one-click technology, the global marketplace has become smaller and the competition has grown more intense. To survive and succeed in the Net Economy, businesses must learn to compete on a global basis and against others who can consistently offer better and more innovative products at more competitive prices.

## **Call on Singapore Companies to Globalise**

5 This is why we have been urging local companies to venture beyond Singapore's shores and seek out new markets both for ideas and market share. Our companies must realise that the most valuable commodity traded these days is creativity, especially web-related creativity.

6 In international trade, a radically different approach is taking shape. E-commerce has become the new trading mode. The operative word in business today is "dot.com" and the question on every investor's lips is whether the company has a "dot.com" business to complement its traditional business. The pressure is certainly great on companies worldwide to develop an online presence.

7 While the Internet offers tremendous opportunities to businesses to reach out to a larger customer base, it has also helped to level the playing field for companies, both large and small. This is ultimately what makes the medium so dynamic and exciting. It challenges traditional norms and makes heroes out of anyone with an infocomm focus.

8 We, indeed, are standing on the threshold of significant change. Our companies would do well to embrace the new economy with a positive spirit. We must be ready not only to incorporate the latest technologies to existing systems but also aspire to be the first in ideas and innovation.

### **The Knowledge Based Economy and Its Implications**

10 As Singapore strives to be a Knowledge Based Economy (KBE) and society in this decade, it is important for us to prepare our people for that transition. The government will review its policies and regulatory frameworks to ensure their relevance and effectiveness in stimulating the continuing growth of our economy. We will also gear our people and our companies towards meeting these challenges.

11 Where it used to be enough to possess the basic know-how in one's area of expertise, the knowledge worker of today must be able to go beyond conventional boundaries to seek the latest information, so as to make sound decisions. Service sectors should be liberalised as much and as quickly as possible. Consumers will then have more choices, better quality and a wider range of services at more competitive prices. This would help to enhance Singapore's position as a globally competitive business hub.

12 Moreover, as competition in a KBE becomes increasingly intense, companies will have to innovate across the entire value chain. Collaborations between companies and across borders will be the norm. Take the recent merger of SIA and Virgin Air. Clearly what both companies had placed on the bargaining table was not just their resources but their resourcefulness. Likewise, it was a bold move on NOL's part to acquire APL, one of the world's largest shipping lines. With this acquisition, NOL was able to immediately raise its stakes as well as its status as an international player. I commend SIA and NOL for having the vision to be global giants. In the coming years, we will need to build up more Singapore Davids in a world of Goliaths.

13 At the same time, we must think global and go global. In a globalised economy, our companies must recognise that they can become successful if they can carve out their own niches in their respective industries. The encouraging factor is that despite the current trend of mega-mergers and acquisitions by large global corporations, size need not be a defining competitive advantage in a KBE. Our companies can enjoy the distinct edge of being small and agile. They can react more nimbly, re-orientate their business strategies and seize market opportunities quickly. We believe such innovative companies can help to shape the future development of the Singapore Economy in the 21st century.

## **A Vibrant E-Commerce Hub**

14 One of the key goals of the Government in the New Economy is to make Singapore an E-Commerce hub. An important aspect of this strategy is to encourage companies to set-up their regional E-Commerce trading centers in Singapore. I am therefore happy to announce the approval of the first two companies under the Approved Cyber Trader incentive scheme administered by TDB. The companies are Kian Ann Engineering Ltd and ECXA, a joint venture between Sumitomo and Boston-based NECX.

15 Over the next five years, these two companies will conduct more than US\$700 million in E-Commerce business, have a total business spending in Singapore of more than \$80 million, and employ more than 70 people in their E-Commerce operations. Kian Ann and ECXA are also expected to use Singapore's banking and financial services to the tune of more than US\$1.3 billion. In achieving our aspiration of becoming an E-Commerce hub, the Singapore Trade Development Board will be working towards having at least 25 more of such E-Commerce operations in Singapore over the next five years.

## **TDB's Trade 21 Blueprint**

16 Let me end by touching briefly on TDB's Trade 21 Blueprint. Trade 21 aims to position Singapore as a vibrant global trading hub in high value-added industries in sectors such as international trade, exhibition management, trade logistics and retail. The Board has also mapped out an ambitious plan to grow trade to \$500 billion by 2005, out of which local enterprises will contribute \$175 billion.

17 I strongly encourage all companies to consider adopting more innovative business models. They should also look into developing new and emerging services such as leasing, industrial auctioning, international franchising and branding services. At the same time, we must not forget the globalisation drive.

18 The Government will continue to establish external linkages for our businessmen to penetrate more effectively into new markets worldwide. We will do this at both the official as well as the business level. On your part, you may wish to take advantage of TDB's network of overseas office. This year, another 3 new TDB offices will be opened: these are in San Francisco; Sao Paulo, Brazil; and Dhaka, Bangladesh. TDB's Mexico centre will also be upgraded to a full-fledged office.

19 With that, let me close by commending the TDB for successfully organising International Day and for bringing the business community together in this meaningful exchange. I wish all participants a rich and fruitful seminar and every success in your business dealings in the New Year.

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