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Singapore Government

PRESS RELEASE

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[AMENDED SPEECH]

**SPEECH BY DR TONY TAN KENG YAM, DEPUTY PRIME MINISTER
AND CHAIRMAN OF TECHNOPRENEURSHIP 21 COMMITTEE,
SINGAPORE, - "THE US-SINGAPORE PARTNERSHIP-
STRENGTHENING THE CONNECTION" HELD ON 9 MARCH 2000
AT 9.15 AM AT RITZ CARLTON HOTEL, SAN FRANCISCO**

National Archives of Singapore

Good morning,
Friends from the USA and Singapore

STRENGTHENING THE CONNECTION

The United States is a good partner of Singapore. You are our largest trading partner. Almost all your multinational corporations are in Singapore. The Singapore-US Business Council that is co-hosting this event is a manifestation of our close business relationship Your universities host many of our students. Even in the area of defence and security, the US military is using our facilities, after they vacated the Subic Bay and the Clarke airbase in the Philippines, to maintain its presence in our part of the world. California in particular, has

served as a gateway for Singapore into the US, just as Singapore is your gateway into Asia.

But the world is changing. Rapid technological changes and globalization have brought about great discontinuities reminiscent of the first and second industrial revolution. How do we build on our partnerships and make our connections in preparation for the onslaught of these changes?

This TechVenture event the first held outside of Singapore hopes to explore with you the opportunities for partnerships with Singapore as the world moves into the exciting but less certain New Economy. I must say that the presence of so many key players both from the Valley and Singapore at this event is indeed gratifying. It signifies the importance both regions attach to being connected with each other. It provides the platform for all of us to better understand each other, establish first rate sustaining relationships amidst the challenges brought about by the vagaries of the changes to explore the great opportunities opening up around the world.

Technopreneurship/Technology Entrepreneurship

The cause of the recent Asian financial crisis is still being debated. But in my view, it would be simplistic to attribute the cause of the crisis as just a problem of KKN (corruption, cronyism and nepotism). Globalization and its effects certainly played a part. Just as torrential funds from all corners of the earth were poured into emerging economies in the first half of the 1990s, the seamless modern telecommunication enables the same funds to flow out of the region just as quickly at the touch of a button.

We were fortunate that Singapore was not too adversely affected by the crisis but other countries in the region fared very much worse. Some Governments fell and political alliances were realigned. The outcome could not be said to be inconsequential. But just as suddenly as the financial crisis set upon us, the region has recovered with equal rapidity. This great volatility will be the order of the day.

The new world economy brings with it great challenges. The world of digital revolution has created new enterprises and new business models that had rendered many established ones obsolete. Unless we are able to ride the waves of these changes, respond to these challenges of the globalized economy, we could be left by the wayside.

The US and particularly the Silicon Valley has been at the forefront of these changes. But Asia is waking up also to the new realities. Globalization could level the playing field and would not necessarily favour the established player, as shown by many industry examples. The late comer could leapfrog their more established competitors.

But Asia also presents tremendous potential. Its population is more than half the world's. Its economy is growing, the recent financial crisis notwithstanding. A large population base with growing affluence makes for a great market. The modern telecommunication means that bring about globalisation also brings the demands and ways of the more developed markets to Asia.

Singapore recognises this. Since our independence, we have been working hard to make ourselves attractive to foreign investments. We provided a high skilled and disciplined workforce to yield significant productivity gains to investors. We continued to move up the value-added ladder to better differentiate ourselves from those trying to catch up. We were constantly being ranked as the most competitive environment with the best workforce.

However, with the Internet economy and the fast response that is crucial to make or break an enterprise, being diligent and skilled will not be adequate.

As a people and society, we need to be innovative and enterprising. We have to have an environment that will throw up people able to innovate and spark brilliant ideas, willing to take the risk to convert those ideas to commercial fruition. We have to have people able to assess and value those ideas and take the risk of investing in them. We have to have people able to manage and take those ideas and grow them into successful companies.

We believe we have the conditions for technopreneurship development. We have a stable political system. We have safe and comfortable cosmopolitan living conditions, excellent for the family. We have English as the working language. We are a meritocratic society. Our liberal immigration policy has attracted many foreign talents. We believe that we can develop an environment where people can unleash their innovative and enterprising spirit, where people can identify new opportunities and have the gumption to turn these opportunities into reality.

To lay the foundation for technopreneurs to flourish, the Government embarked on a comprehensive plan to foster a conducive environment for

entrepreneurship.

We built on our education system to inculcate in our people a more analytical and risk taking mindset, on top of their strengths in science and mathematics. More overseas renowned institutions have set up campuses and alliances in Singapore to tap on the large catchment of talent pool in the region.

We changed our rules and regulations to make it easier for businesses to start, to attract funds to invest in these start ups, to enable growing companies to seek capital from the stock exchanges, to allow those who fail honestly to start afresh and to liberalise the immigration of foreign talent. We built the infrastructure to bring together a thriving community of technopreneurial players, physically and in cyberspace through our broadband interactive network. We made available a US\$1 billion Technopreneurship Investment Fund, not to invest directly into start ups, but as co-investments with private sector venture funds.

Today, less than 10 months since we launched the concept plan, I am encouraged by the progress made. We have been experiencing tremendous buzz and vibrancy with many people launching and investing in new high growth start ups in a similar manner to the activity which the Valley has felt over the last decade. There is a pulsating effervescence of ideas, people congregating in Singapore from around the world interacting, exchanging and building on these ideas. Increasingly, more and more of these ideas are turning into ventures.

Announcements

I have no doubt that US companies would likewise be positioning themselves to not just tap on the huge potential of the global economy, but to pre-empt competition. This would be a natural evolution. The Internet is a double edge sword. It provides the convenience to access the global market, but it too opens up the home market to competition. While the Internet provides the communication channel, business cannot be simply done through Internet. Knowledge about markets and people is still critical to make the success of any undertaking.

Since the launch of US\$1b Technopreneurship Investment Fund (or TIF for short), we have to date invested in 21 funds and committed US\$443m (up to end of Feb 2000) from the 1 billion fund in less than 6 months. Out of these 21 funds, 8 funds are in partnership with the US based venture capitalists including Sequoia Capital, Doll Capital, Global Catalyst Partners, Crystal Internet

Ventures, J.H. Whitney, Origin Partners, Warburg Pincus and Walden International. Today, I am pleased to announce another partnership with another US partner. Together with the TIF fund, Singapore will be committing US\$100m to the US \$1billion ePlanet Fund with Draper Fisher Jurveston to connect the 2 regions of Asia and the US.

Start up companies from both Asia and the US would also be able to access the financing as well as the networking strengths of the VCs to tackle the global markets. This is an excellent channel to bridge the two regions. We are certainly excited about this partnership and look forward to more such partnerships.

Singapore- US - Making the Connection

To forge even stronger linkages with the US, Singapore is growing its presence here. I am pleased to announce the setting up of a new Singapore office here to serve as the nucleus of the exchange between Singapore and USA.

Aptly named as Connect@sg (where “sg” stands for “Singapore”), this new office will house the National Science and Technology Board together with Infocommunications and Development Authority Singapore, Contact Singapore and the Singapore American Business Association (SABA). US interests could use this office as an entry into Singapore.

Connect@sg will be a visible icon for Singapore companies going for global presence. It will serve as the point providing them business support and facilitation. This exchange will provide both the soft and hard networking infrastructure to enhance the available business infrastructure in the Valley. It will also provide additional office space for relevant agencies such as research institutes and centres or other government agencies which have the intention to set up offices in the US.

This centre will also provide business amenities such as, meeting rooms as well as transitional office space – incubator space – so as to help address the immediate office needs of those Singapore start-up companies when they first arrive in the US for their business pursuits. So in a way, it is the first & best place for them to be connected to the rest of US and to home, Singapore. Already 2 Singapore startups LightSpeed and NewsTake will be taking incubation space in this new centre.

The Kent Ridge Digital Lab, one of Singapore’s leading IT and

Communications research institutes, will be the first research institute to set up its office called the “Cradle Factory” in Connect@sg. This new setup aims to take business ideas prevalent here, substantiate the ideas with the technologies that KRDL has developed back home and incubate these ideas into startups. “CRADLE FACTORY” is an excellent example of how US companies can actively and systematically access and leverage on the many exciting technologies that are available in Singapore’s research institutions. Such collaborations enable good business ideas in the US to be quickly developed and brought to fruition in the marketplace. We look forward to more such collaboration between VCs and other outside parties with our research institutes.

Singapore Consulate

California is an important State to Singapore. The Californian economy is the 7th largest in the world. California is also a centre for high technology development in electronics and information technology, and home to large MNCs and advanced research and development facilities.

Singapore and California share substantial economic and commercial linkages. In 1998, Singapore was California’s 6th largest export market, absorbing US\$4.72 billion worth of exports. California continued to maintain its position as the largest exporter to Singapore among all US states, accounting for 30.1% of all US exports to our country.

We value our cooperation with California. In May 1999, Prime Minister Goh Chok Tong and Governor Gray Davis signed a Memorandum of Understanding (MOU) to reiterate the commitment of both sides to economic and IT cooperation. The MOU serves to establish a formal relationship to foster technology, business development and investment opportunities.

In addition, we have strong people-to-people ties. Many Singapore students choose to be educated in California. Singaporeans are also attracted to California for vacations. Americans from California are frequent visitors in Singapore.

Today, I would like to announce the setting up of a Singapore Consulate in San Francisco to further promote the bilateral economic and cultural links between Singapore and Silicon Valley.

The setup of this consulate testifies to the importance that Singapore attaches to

the critical link with the Silicon Valley and to encourage greater synergy and high tech partnerships between the 2 countries.

Conclusion

We have come a long way since we launched our Technopreneurship drive in August last year. When we first started, many were hesitant about the role of the government in this drive. However, the partnership and commitment of our international partners such as DFJ and many others to Singapore is testimony that we are on the right track.

What we aim to create is a holistic, sustainable long-term environment for technopreneurs to succeed. In making critical connections with our partners like the US, we believe we will succeed in being the heartbeat for Asia in this high tech arena.

What you will be exploring over the next 2 days are issues that could be critical to both our development as we move into the future. We have brought some of the more promising startups from Singapore as a demonstration of the developments in our region

I encourage all of you to network and make the connection. For this connection to be lasting, I would like to invite you to come to Singapore. It is only when you are in Singapore and see for yourself the opportunities that abound in our region that the real significance of making the connection will strike home.

I wish all a fruitful connection over the next 2 days.

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