To:
cc: (bcc: NHB NASReg/NHB/SINGOV)
Subject: Speech by Yeo Cheow Tong, 5 Apr 2000, 10am.

Singapore Government

PRESS RELEASE

Media Division, Ministry of Information and the Arts, #36-00 PSA Building, 460 Alexandra Road, Singapore 119963. Tel: 3757794/5
SPRInter 4.0, Singapore's Press Releases on the Internet, is located at:
http://www.gov.sg/sprinter/

==========

KEYNOTE ADDRESS BY MR YEO CHEOW TONG, MINISTER FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY, AT THE OPENING OF COMDEX ASIA 2000 ON 5 APRIL 2000

Good morning, ladies and gentlemen

We are being swept into a new, high-growth e-economy, one powered by the Internet and other related infocomm technologies.

The Singapore government recognised the vast economic potential of the Internet economy several years ago. Together with the private sector, we have invested heavily in Internet IT infrastructure and Internet business infrastructure to give Singapore the first-mover advantage in the region. A broadband infrastructure, Singapore ONE, which provides the necessary bandwidth to carry multimedia-rich content and applications, is now accessible by more than 99% of homes, all schools, and a number of public libraries and community centres. High-speed, peer-to-peer Internet links have also been established with countries in the Asia-Pacific, US and Europe to provide the global connectivity. Secure infrastructure to support Internet commerce in Singapore, such as the public key infrastructure with digital certificates, has also been put in place.

In June last year the Government announced its intention to formulate the Infocomm 21 Masterplan to develop Singapore into a dynamic and vibrant

Infocomm Capital with a thriving and prosperous Internet Economy by 2010. I am pleased to note that the major strategies of Infocomm 21 have largely been formulated. So far, three main components have been announced, namely:

· Bringing forward the full liberalisation of the telecoms industry to 1 April 2000, ;
· Developing and attracting the infocomm manpower and talents, and
· 'Dot-coming' the people sector.

Other components of Infocomm 21 will be released in the next two months. Today, I shall focus on the strategies for developing Singapore into a leading global infocomm hub in the Asia-Pacific.

DEVELOPING SINGAPORE AS AN INFOCOMM HUB

In the new cyber-world, we want to position Singapore as a leading infocomm hub in the Asia-Pacific for telecommunications services, e-business transactions, and distribution of digital goods and services.
The first major step in realising this vision was the full liberalisation of the telecommunications industry on 1 April. The next step is to grow the infocomm industry into the next major sector of growth in Singapore's knowledge-based economy.

Singapore's current infocomm industry, comprising hardware, software, services and telecommunications, chalked up S$20 billion in sales revenue in 1998, and contributed to between 5% to 6% of Singapore's GDP. Our goal is to double the size of the industry by 2005, with exports constituting 70% of total sales revenue, up from about 50% today. We will focus on new growth areas such as e-commerce application software, e-commerce services, broadband applications, content hosting and development, mobile and wireless communications, mobile Internet services, and embedded software in information appliances and smart devices. These focus areas are projected to grow at the rate of between 60% and 200% worldwide in the next few years. Except for information appliances and smart devices, Singapore has already established a good headstart in these high-growth areas through the implementation of Singapore ONE and E-Commerce

Masterplan, and R&D efforts at the Centre for Wireless Communications, Kent Ridge Digital Laboratories and other research institutes and centres. Many of our educational institutions have also included these areas in their curricula, in anticipation of the new Internet economy.

The Infocomm Development Authority of Singapore, or IDA, has identified three main thrusts for accelerating the growth of the new infocomm industry.

Jumpstarting the Interactive Broadband Multimedia (IBBMM) Industry

The first thrust is to jumpstart the development and growth of an interactive broadband multimedia (IBBMM) industry in Singapore, to make Singapore the multimedia capital of the region. The Singapore ONE infrastructure will be the ideal platform for the development, pilot testing and deployment of innovative IBBMM content, applications and services. The government is committed to creating a multi-player, competitive environment that makes access to broadband services cost-effective to developers and consumers alike. One policy change is the open interconnect access to SingTel's and SCV's broadband infrastructures so that other players can come in to offer broadband services as well. The IDA is now reviewing the broadband open access regulatory framework to be implemented with the view to mandate open access and provide consumers with the flexibility and freedom to choose their service providers and the services they wish to subscribe to. Details of this will be announced in due course. A number of the new facilities-based operators licensed recently have also indicated that they will be deploying their own broadband access infrastructure, including fibre and via wireless technologies. The IDA will also undertake a comparative selection exercise to award fixed wireless broadband services before the end of the year. There will therefore be multiple broadband access networks and infrastructure in place and this bodes well for consumers given the additional competition here. Concurrently, the IDA is reviewing the minimum quality of service framework for broadband access service providers to raise the overall technical performance.

I am pleased to announce the government's provision of a **S$150 million** package to stimulate both the demand for and supply of IBBMM content and services.

On the demand side, we will continue to offset the costs of infrastructure and equipment to enable broadband access at the 'last mile'. Benchmarked against the rest of the world, our local service providers are already offering competitive prices for broadband access through ADSL and cable modems today. But we want to accelerate the take-up rate further to form a sizeable user base that is attractive and worthwhile for major content and service providers to come onboard. The target is to build up a critical mass of 200,000 users of Singapore ONE, from about 100,000 today, by the end of the year.

The government will also co-share some of the costs for the provision of the international leased circuits through the broadband infrastructure, as this is still a major cost item today. With full liberalisation of the telecommunications industry, more players are expected to come in to provide these leased circuits and prices are expected to fall in the near future.

On the supply side, an IBBMM Content Hosting Scheme will be set up to attract content providers to host or hub their content in Singapore. Modeled along the lines of the highly successful Online Hosting Scheme of Singapore ONE, this new scheme will co-share the risks of content providers who intend to develop and deploy IBBMM content in an untried market. With this financial offset, content providers will be more willing to develop new and innovative content for our market.

The government will also incentivise the development of new media services brought about by the convergence of technologies, to make broadband services more accessible to consumers. Examples of new media services are those provided by wireless Internet (WAP), interactive TV and new information appliances.

In addition to the IBBMM package, there will be a major initiative to broadband-enable high-rise commercial buildings or industrial parks to create many cyber-precincts in Singapore. With such facilities, start-up companies or MNCs that want to go into IBBMM development can do so within a short space of time, and use Singapore ONE as the testbed. The broadband enabling of buildings in the Chai Chee Industrial Estate and Suntec City are prime examples of the many cyber-precincts that will be available in Singapore to house start-ups and

brandname infocomm and electronics companies. We are also encouraging hotels to offer broadband services and facilities to their guests. The Singapore Tourism Board has a Hotel Refurbishment Scheme which encourages hotel owners to enhance the overall guest experience through IT upgrading as part of their refurbishment projects. As such, hotels that broadband-enable their rooms could qualify for additional tax allowances. We recognise that the provision of broadband access will increasingly be the norm for all the new buildings located within key cities. It is thus important for existing building owners to reposition themselves by retrofitting and upgrading their buildings to provide broadband access to their tenants and guests.

Building New Capabilities and Leveraging on Innovation

The second thrust is to build new capabilities that are needed for the new Internet economy, which thrives on speed, global scaling, intellectual capital and venture capital. Besides technology prowess, new infocomm companies, especially local enterprises and start-ups, must possess know-how of operating in a global marketspace, quick time-to-market, and creation and protection of intellectual capital. To help the local enterprises along, IDA will expand the scope of the highly successful IT Local Industry Upgrading Programme (LIUP). Together with the global technology players, IDA will involve partners such as venture capitalists, patent lawyers, and financial and business consultants. Such is the model of success in Silicon Valley for infocomm and other high-tech industries. Our target is to have 200 local enterprises participating actively in the enhanced Infocomm LIUP by end of 2002.

IDA, together with EDB and NSTB, will also facilitate collaboration between industry players and research institutes in key emerging technologies. Such collaboration can be conducted through joint development projects or competency centres focused on cutting edge technologies such as 3G wireless and mobile computing, speech recognition and language translation, and embedded software technology. Our target is to have 10 such key collaborative projects by the end of 2002.

IDA will continue to actively promote innovation in the infocomm industry, as the development of innovative products and services remains a key driving force

for Singapore to remain competitive in the new Internet economy. The convergence of computing, communications and content has created new demands and opportunities where our local enterprises can capitalise on. The Innovation Development Scheme will be applied to cover new growth areas of infocomm development. The National IT Award will be revamped to reward innovation in the new infocomm sectors.

Fostering Strategic Partnerships and Alliances Overseas

The third thrust is to foster strategic partnerships and alliances overseas, to help our local companies regionalise and globalise. Through such overseas linkages, local enterprises can tap on foreign resources and talent, and expand into regional and global markets. It was announced last month that IDA is setting up an outpost in Silicon Valley to help local enterprises enter the US market. In addition, this outpost aims to tap into the latest buzz in the vibrant US infocomm sector to help identify new business opportunities and to matchmake US and Singapore companies. IDA will also work closely with and leverage on infocomm industry associations to create more of such synergistic partnerships and alliances.

In addition, we will strengthen our linkages with emerging regional markets such as India and China. Both have ambitious plans to be infocomm superpowers in their own right and there are vast synergies to be reaped in co-operating with them to grow the regional market. Just last week, I signed a Memorandum of Understanding with the Indian Minister of IT to set up a task force for infocomm collaboration between Singapore and India.

Besides the immense market potential due to sheer population size, both India and China are also great sources for original Asian content. Singapore, with its multi-lingual and multi-cultural population, is well positioned to translate, digitise and convert these content to interactive broadband multimedia, and to repackage and redistribute them worldwide.

Both India and China are also churning out large pools of talented infocomm professionals, which Singapore can draw upon to meet our anticipated shortfall in infocomm manpower over the next 10 years. We will also attract promising Asian entrepreneurs to set up ‘dot-com’ companies in Singapore and to create new jobs

for Singaporeans.

CONCLUSION

We are living in exciting times. What we are seeing of the Internet economy today is but the tip of the iceberg. No one knows for sure how big this economy will grow. Projections for the future are constantly being revised upwards. Unless countries embrace the changes and leverage on the technologies, they would be left behind. We cannot afford to be complacent. There is no turning back.

On that note, I wish all of you a successful exhibition and a most pleasant and fruitful day ahead.