

To:
cc: (bcc: Jeannie LEE/MTI/SINGOV)
Subject: Speech by Mr Tang Guan Seng, 24 May 2000, 9.30 am

Singapore Government

MEDIA RELEASE

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OPENING ADDRESS BY MR TANG GUAN SENG, SENIOR PARLIAMENTARY SECRETARY FOR TRADE AND INDUSTRY, ON 24TH MAY 2000, 9.30 AM FOR THE PRESENTATION, "BRANDENBURG, THE NEW CAPITAL REGION OF GERMANY IN THE CENTER OF EUROPE" AT MANDARIN HOTEL

1. Good morning distinguished guests, ladies and gentlemen. I would like to extend a warm welcome to the Brandenburg business delegation to Singapore.

Partnership with Germany

2. The four-day Business.Connect mission from 22 May 2000 to 25 May 2000, which brings together Small and Medium Enterprises (SMEs) from Brandenburg and Singapore, marks another significant milestone in fostering collaboration between German and Singaporean businesses. It facilitates business networking between companies from both countries, resulting in the exchange of ideas and the formation of potential business ventures. Such business partnerships help our SMEs overcome the limitation of size.

3. I am glad to note that over 110 business matching meetings have been arranged between SMEs from the two countries. As Brandenburg is particularly noted for its key strengths in the Information and Communications, Medical, and Environmental industries, our SMEs in these industries can certainly benefit from the meetings. The potential for business collaboration is certainly immense.

4. Singapore's relationship with Germany has strengthened considerably over the past 40 years, both at the national and business levels. Over the last ten years alone, the German community in Singapore has doubled to about 3,000. There are German bankers, German lawyers and German hoteliers in Singapore. Germany is an ideal partner for Singapore as she brings technological know-how to our local businesses. In return, our local businesses can offer marketing expertise and skilled manpower.

SMEs as Preferred Partners for Collaboration

5. Our SME entrepreneurs have come a long way. They are more educated and technology-savvy with a global mindset. Many are second-generation entrepreneurs who have taken over their family businesses. Some are well-qualified professionals who left secured jobs in MNCs, the public sector and tertiary institutions to seek the thrill of setting up their own businesses. They make excellent business partners for our overseas counterparts.

6. Many of our local SMEs have already risen to the global challenges and have ventured overseas to seek out new markets and strategic partners through programmes such as Business.Connect and SingaporeConnect. The Business.Connect programme was started by PSB in 1997. Since its inception, PSB has facilitated over 45 business matching events with more than ten countries, which include, among others, the USA, Canada, Japan, Switzerland and of course Germany. A total of 3,000 companies, both local and foreign, were involved in the business matching and numerous joint ventures have been established.

7. One successful example is a joint venture between a Singapore multimedia company, Dreamation, and two Canadian multimedia and entertainment companies, Icestorm Digital and Enzyme Digital. The partnership emerged from a Canadian business-matching mission. They will be embarking on a project to develop cutting-edge computer games that incorporate advanced animation technology and artificial intelligence. The joint venture is worth an estimated S\$40 million.

8. I am pleased to note that there are also successful joint ventures between German and Singapore companies. For example, Pressta and Eastlink set up a joint venture company specialising in aluminium and uPVC fabrication machinery, panel saws, tools and accessories. Werzalit and Lian Hup Timber are collaborating on wood recycling equipment. Werzalit is transferring its technology to its Singapore counterpart.

SME Hub

9. The partnership between local and foreign SMEs is a mutually beneficial one. Foreign SMEs can establish a foothold in Singapore, to expand into the Asia Pacific. Our local SMEs, being more familiar with the business culture in this region, will add much value as business partners. Foreign and local SMEs can collaborate in areas such as joint manufacturing, market penetration, technology venture and franchising.

10. The introduction of foreign SMEs will push our local inward-looking SMEs to upgrade continuously. Our SMEs will be exposed to the best practices of these foreign SMEs and be spurred on to greater innovation and business excellence. We would like to see more foreign SMEs hubbing in Singapore. Foreign SMEs like our German counterparts can come here and partner our local companies to co-invest in the region.

11. Singapore is well placed to provide hub services because of our strategic location. We have strong ties with other economies in the region, a good banking and financial infrastructure, an advanced communications and transportation network and a skilled workforce. More importantly, we have political stability, which is a critical factor for a conducive business environment.

Strategies for a Vibrant SME Hub

12. Singapore strives to attract foreign SMEs by assisting them to settle down here and to foster strategic partnerships with local SMEs. The Productivity and Standards Board (PSB in short), the lead agency for SME development in Singapore, will lend emphasis to the following three areas.

13. First, PSB will work with other economic agencies like Jurong Town Corporation (JTC) and the Economic Development Board (EDB) to promote the establishment of foreign SME Business Centres similar to the German Business Centre in Singapore. These centres can provide business support services to enable foreign SMEs to integrate quickly into the local business environment and social community. Second, foreign SMEs specialising in industry sectors such as precision engineering and life sciences can be clustered together for strategic benefits such as greater synergy and reduced operational costs. Lastly, platforms for partnerships between local and foreign SMEs will also be created through business matching, trade fairs and exhibitions held in Singapore, overseas and even on the Net.

Conclusion

14. We certainly look forward to forging closer economic linkages

with Germany and organising more business matching events, trade fairs and exhibitions, as well as, investment seminars with relevant counterparts from your country. We would also like to urge more German SMEs to consider Singapore as a base to expand their operations into Asia Pacific.

15. With this, I wish you a very fruitful seminar. Thank you.