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Subject: (Embargoed) Speech by Mr Chan Soo Sen, 22 Jul 2000, 7.30 PM

Singapore Government

MEDIA RELEASE

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**SPEECH BY MR CHAN SOO SEN, PARLIAMENTARY SECRETARY
(PRIME MINISTER'S OFFICE & MINISTRY OF HEALTH), AT THE
SINGAPORE CLOCK & WATCH TRADE ASSOCIATION'S 71ST
ANNIVERSARY DINNER AND DANCE ON SATURDAY, 22 JUL
2000 AT 7.30 PM AT NEPTUNE THEATRE RESTAURANT**

Mr Tan Soo Khoon
Honorary President
Singapore Clock & Watch Trade Association

Mr Anthony Lim
President
Singapore Clock & Watch Trade Association

Mrs Stella Lee
Chairman
Organising Committee
SCWTA Annual Dinner and Dance

His Excellency Mr Raymond Loretan

Ambassador
Embassy of Switzerland

Distinguished Guests

Ladies and Gentlemen

I am very happy to join you here this evening at your 71st Anniversary Dinner and Dance. I would like to congratulate the Singapore Clock and Watch Trade Association for having done well through these years. The Association has witnessed the great depression years in the 1930s, the war years in the 1940s, the turbulent years in the 1950s, our nation-building in the 1960s and 1970s, our economic take-off in the 1980s and 1990s, with short spells of recession in between.

2 We are emerging from the latest recession to what we hope will be the many opportunities of the new economy. Compared with last year, we feel more confident and our economic outlook is much brighter. Most can hope for and look forward to a better year. However, the road to recovery is bumpy and uneven. Many small and medium-sized enterprises are still not feeling the uplift of better macro economic indicators. Many are in fact very concerned about strong competition, not only from competitors in Singapore, but also those from the region. Retail and wholesale are sectors that really feel the heat.

3 Many are concerned about rising business costs, noting that many of the cost-cutting measures introduced during the recession are coming to an end. Wage bills will go up as employers' contributions to CPF will be restored in stages. Globalisation and e-commerce will cause profound change on the traditional ways of doing business. Changing taste of customers and the need to be responsive towards these changes are major challenges.

4 Clock and Watch trade is familiar with these challenges. Indeed you have experienced much changes in the last decades. These changes will speed up. There are many opportunities, and there are risks. Let me illustrate with my own experience as a customer.

5 Forty years ago, when I was really young, I remember clocks and watches to be items of value to be used for a lifetime. Each family probably has a family clock displayed prominently in the living room. Relative to the wages then, a clock cost a small fortune but was built to last. Indeed the clock might have been there for generations, and have much sentimental value to the family. The same goes for watches. I remember being given my first watch when I was going to Primary one. It was an old watch passed over from one of my cousins. It was passed to my younger brother when I

was given an adult-sized automatic watch at 12 as a birthday present. I used this watch for more than 15 years.

6 Those were times when the market was more orderly and predictable. The clocks and watches were mostly distributed through authorised dealers, virtually all may be your Association's members. Although the demand in terms of number was lower, since most could not afford to buy clocks and watches often, the margins were good. There was also a demand for repairs and services.

7 Things are of course very different today. Quartz technology has reduced the production costs of clocks and watches, and lowered entry barrier to the industry. Many new players come into the scene. Many cheap and good clocks and watches are available through a wide array of distribution channels. Certainly watches have become items of fashion. Nowadays, people own many watches to be worn on different occasions matching different clothing. There are so many styles, shapes and sizes. While the demand in terms of number has soared, the margins for many items have shrunk. Most of the clocks and watches are channeled through a wide array of distributors. Indeed with e-commerce, more will be channeled directly to the customers, bypassing many of the traditional distribution

channels.