

1 MAR 1986

Singapore Government

PRESS RELEASE

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Release No.: 24/FEB
08-1/86/02/21

ADDENDUM TO THE PRESIDENTIAL ADDRESS
TO THE NEW PARLIAMENT

MINISTRY OF FINANCE
AND
MINISTRY OF TRADE AND INDUSTRY

The Economic Committee, set up in April 1985, has completed its task. It has focused its attention on reviving the economy from the current recession, and on charting a longer-term course for the economy for the next decade. The main strategies have been identified after extensive consultation with the private sector. Its Report entitled "The Singapore Economy : New Directions", which is attached, represents a broad consensus view of the best way forward for the Singapore economy.

2 The short-term measures to improve our international competitiveness and overcome the present recession are outlined in the Report. They are mainly in the areas of fiscal policy. The Government intends to use fiscal policy to stimulate economic growth. Taxation policy will encourage private investment and entrepreneurship, and improve the international cost-competitiveness of our products and services. The tax burden, in particular Corporate Tax and Income Tax, will be lightened and kept moderate.

3 Apart from fiscal policy, the Government will take steps to avoid competing unfairly with the private sector in industrial and commercial activities. It will continue to privatise state-owned companies, except where there are overriding reasons of national or defence interests.

Ministries and Statutory Boards will contract out to the private sector some services hitherto provided in-house, where this will not affect operational efficiency and cost. Such measures will encourage the private sector to play a bigger role in our economy.

4 In the longer term, although we may have to adjust our economic policies from time to time to cope with the prevailing economic conditions, our broad strategies will persist.

5 By the 1990s, we must become a developed nation. Our aim is to be as developed as the West in terms of maturity of our economy, and yet more competitive. Our niche in the global economy of the future is to be an international total business centre, and a major exporter of services. To achieve this, we need to allocate our scarce resources to the correct uses. We will need to:

- (a) maintain a high savings and a high investment rate;
- (b) create a conducive business environment;
- (c) depend on private sector initiative;
- (d) promote offshore activities; and,
- (e) nurture both MNCs (Multi-National Corporations) and local companies.

6 The Government will study the Report of the Economic Committee in detail. Feasible proposals will be implemented expeditiously.

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