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SPEECH BY MR HON SUI SEN, MINISTER FOR FINANCE, AT THE
OPENING OF THE XXXIXTH WORLD CONGRESS OF THE ASSOCIATION
INTERNATIONALE DES SKAL CLUBS (AISC) HELD AT THE
SHANGRI-LA HOTEL ON MONDAY, 13 NOV 78 AT 10.00 AM

As Minister in charge of tourism, may I bid you all welcome and say how happy we are that the Association Internationale Des Skal Clubs should be holding its XXXIXth World Congress here in Singapore. Tourism is a leading sector of our economy. The presence of so many of the ablest and most distinguished professionals in the travel trade at this Conference to discuss new ways of promoting tourism provides the Singapore Tourist Promotion Board and private sector members of our own travel industry a golden opportunity to learn from the experiences of their overseas colleagues so that they can further improve on their own performance.

I hope, however, that in your discussions and tours over the next few days, you will yourselves also be able to learn something of Singapore and appreciate the total environment (physical, cultural and human) of our tourist industry and its many facets. To get the acquaintance going, I would like to review our industry's performance, and, secondly, to speak of some of the basic elements moulding the growth of our tourist industry.

The growth of tourism in Singapore has been nothing short of phenomenal. Tourist arrivals, as indicator of the buoyancy of the market, rose by about three times during the period 1970-1977, rising from slightly over half a million tourists in 1970 to 1.7 million tourists by the end of last year. More significantly, even during the recession years of 1974 and 1975, tourist arrivals were still on an uptrend, growing at an annual rate of 11-12 per cent. This good performance, at a time of great economic difficulties, helped to cushion our economy from some of the worst effects of the world recession. With the recession now behind us, we are looking forward to a period of higher tourist growth. Indeed, I am informed by my Singapore Tourist Promotion Board that Singapore expects to attain the two

million visitors per year mark some **time in December 1978**. The Board is therefore preparing a grand welcome for the lucky second millionth visitor to arrive in Singapore and will treat him as its special important guest during his entire stay here.

Undoubtedly, the boom in the tourist trade in Singapore has rewarded those of our entrepreneurs who had the foresight to invest in the infrastructure of the tourist industry. The hotel occupancy rate, an indicator of the profitability of the hotel business, rose from an average of 71 per cent in 1970 to a high of 83 per cent in 1977. This year, it has been hovering in the higher eighties, and even reached 92 per cent in August. Viewed against a background of continual new hotel room additions (the number of hotel rooms doubled from 5,249 in 1970 to 10,547 in 1977), this achievement was really remarkable. In the next few years when ever more tourists are expected, we shall need considerably more investment in hotels and related infrastructure.

According to the latest projections of tourist arrivals done by the Singapore Tourist Promotion Board, the number of tourists arriving by air, sea and land will grow at a conservative annual rate of 10 per cent to reach 2.8 million tourists by 1982. To meet this target, many more hotel rooms than currently available will be required. In this respect, it is heartening to note that our entrepreneurs, true to the tradition of creating capacity to anticipate demand, are in the process of constructing new hotels/expanding existing hotels to add 3,300 rooms to our capacity in the next few years. Meanwhile, planning and building approvals have also been given to developers to add 4,200 hotel rooms to our capacity. Fortunately, also, we have recently been able to consider and provide, if needed, even more ideal sites for tourist facilities in the Raffles International Centre and the large area of reclamation beyond it to the sea. Concept plans have been finalised. With more development projects on the way, we should be able to meet tourist demand in a controlled way which would, at the same time, give a reasonable return on capital to our entrepreneurs.

I have painted for you a relatively rosy picture of our tourist industry. We could not have made as much progress as we had were it not for the goodwill and confidence that travel executives like yourselves have in our ability to sustain the interest of tourists and accommodate their demands. We have no secret or unique formula for success. The Singapore

experience may, however, provide a good case study of how one can go about promoting the industry in this part of the world.

Our tourism promotion policy is an extension of our liberal economic philosophy that there should be as free and unimpeded as possible an exchange of goods, services and travellers across international boundaries. This policy helps us to maximise our only natural advantage, namely, our strategic location.

Situated at the heart of Southeast Asia, Singapore is within short distances of all Asian capital cities and countries. It is also easily accessible to citizens of Europe and America, being serviced by thirty international airlines making scheduled flights into and out of Singapore. Indeed, we are one of the most accessible countries in the world as we have kept our visa formalities down to the minimum. For citizens of many countries with whom we have diplomatic relations, they can have visa free entry so long as they possess valid passports.

Consistent with our philosophy of free trade, we have adopted an open ~~sky~~ policy whereby we allow all airlines to fly here provided some reciprocity is given to our national airline. In consonance with this policy, we have developed and will continue to develop our airport infrastructure. A new airport is now being built at Changi to the east of the island at a cost of S\$1.5 billion. Phase I of the new airport will be completed in early 1981 and Phase II in 1983.

Our free trade policy has also helped to promote Singapore as a shoppers' paradise with a duty free shopping image. We have no duties on imports except for a few revenue items such as tobacco and liquor. There are also no excise or sales taxes on consumer items. As a result, tourist shoppers here are getting full value for every dollar of purchase. As we provide a wider range of goods in our shops for our tourists, we hope to encourage more tourist traffic. This will in turn lead to more shops being opened providing a better and wider range of goods and services.

Tourists, having been attracted here by our easy accessibility and duty free shopping, will also, I believe, find the people of Singapore warm and courteous, our city clean and green, and our traditions rich and varied. This belief is based on the market feedback that we have. Many of our tourists do give high marks to the warmth and courtesy of Singaporeans and the greenness and cleanliness of our island. Our ability to treat our

visitors well may stem partly from our heritage which exposed us early in our history to the peoples of the world, and partly from our ethnic make-up, a nation of four races living together in harmony.

Although we have made considerable progress in our tourism development, our share in the world market is relatively very small, amounting to only 0.68 per cent of the world total in 1976. World tourism developments do therefore attract considerable attention here. From press reports, exciting developments are happening in the North American and European tourist markets where air fares are being progressively lowered. We in Singapore fully support lower air fares as there is evidence to show that in the American and European markets, cheaper air fares have generated larger consumer demand to the benefit of the airline operators and the aerospace industry as a whole. We do not, however, favour exclusive marketing arrangements whereby national airlines in promoting tourist traffic from one country to another bypass other countries in the region. Such restrictive protectionistic arrangements will check the growth of tourism to the detriment of regional economic development and better international understanding.

It now gives me great pleasure to declare the XXXIXth World Congress of the Association International Des Skat Clubs open.

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