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Singapore Government

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SPEECH BY MR HON SUI SEN, MINISTER FOR FINANCE,  
AT THE OFFICIAL OPENING OF GM SINGAPORE PTE LTD  
AT ANG MO KIO INDUSTRIAL ESTATE ON 10 MARCH '80 AT 3.30 PM

It gives me special pleasure today to officiate at the opening of GM Singapore Pte Ltd in Ang Mo Kio Industrial Estate. This occasion is of significance for a number of reasons.

First, it marks the establishment at last of a General Motors plant in Singapore. Older generation Singaporeans can perhaps remember an abortive investment proposal or two dating from pre-World War II days.

Second, this opening is the culmination of one process, the completion of one project, in the implementation of the General Motors concept of the "world car" and its international sourcing of components. As an idea, it might be said that off-shore sourcing is not altogether new. After all, it has been the *raison d'être* for the facilities many multinationals have set up overseas where lower labour material and other costs have more than offset the additional cost of transportation home. However, for the US automobile industry, with its assembly of cars from such a great multiplicity of component parts, it has been traditional to seek supplies for assembly from plants nearby. It is therefore a bold and imaginative new strategy for General Motors to switch to worldwide sourcing for component parts of the highest quality and the lowest possible cost so that they can fully meet the challenge of producing a compact, fuel efficient car which will be more than competitive in any market in the world.

Third, the occasion demonstrates that Singapore can satisfy the necessary conditions for establishing automotive components plants manufacturing for world markets. The General Motors "world car" concept is that such plants with their

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economies of scale and established in countries with the greatest comparative advantage must displace small plants everywhere catering only to domestic markets. Just as Singapore is host to many major multinationals whose feeder plants manufacture at competitive cost a wide range of items from simple semiconductors to precision-machined aircraft parts, Singapore, we believe, can provide all requirements for plants set up under General Motors' "world car" concept.

In Singapore, we have the advantage of a growing pool of literate, disciplined and trained labour. In addition, since a consequence of international sourcing is the establishment of inevitably long supply lines, a working environment must be preserved where labour disputes and stoppages with their effect on interruption of supplies, are kept to a minimum. A harmonious industrial relations climate has been fostered. Our wages plus fringe benefits, in relation to productivity, are competitive internationally. Our industrial infrastructure, including banking, finance, insurance, port and especially shipping services, is very well developed. It is evident that we have all the right conditions here. And the Government, ever mindful of investor interests, will continue to actively support policies and provide conditions conducive to profitable investment in Singapore.

In addition to providing a favourable industrial climate, the Government has designated the auto parts industry for priority promotion in the 1980's. Watching developments in the world's automotive industry, we are aware of the increasingly fierce competition, especially in the manufacture of compact models to cope with the need for fuel economy in the face of ever increasing oil prices. In the United States, legislation aimed at economy in oil consumption requires that by 1985, any manufacturer's fleet of new cars must average 27.5 miles per gallon. To achieve this standard at internationally competitive cost, the trend, led by General Motors but adopted also perforce by other manufacturers, is now to source from anywhere in the world as long as price, quality and delivery are right.

Singapore's policy in the automotive industry is, accordingly, to meet industry needs by actively encouraging the development of high volume production of automotive parts and

components to supply world market demand. We welcome the first automotive components project by General Motors in Singapore. We are interested to see that it is in the field of electronics. We believe that electronics is becoming a key element in cars, that soon, every new car will have its own on-board computer or micro-processor. With its already developed electronics industries, a greater shift of attention to manufacturing of automotive electronics products should cause little difficulty either in manufacturing facilities or qualified personnel. Besides development in automotive electronics, Singapore is also ready and keen to participate in the manufacture of precision mechanical components. For such operations, the Singapore Government will lend support, as for GM Singapore Pte Ltd present plant, with generous tax and other incentives. The need to produce low cost, safe and fuel efficient cars is the challenge for today's car industry. We in Singapore feel we can play a positive role, together with the automotive industry, in helping to meet this goal.

May I say in conclusion, Mr President, how happy I am to be associated with the official opening of GM Singapore Pte Ltd this afternoon. I wish the company every success in the future.

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