

Singapore Government

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08-1/80/04/11. 18 APR 1980

Acc. No. NARC

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SPEECH BY MR HON SUI SEN, MINISTER FOR FINANCE,
AT THE OFFICIAL OPENING OF HITACHI ELECTRONIC DEVICES (S)
PTE LTD, 60 BENOI ROAD ON FRIDAY, 11 APRIL '80 AT 2.45 PM

Three years ago, I met the top executives of Hitachi Ltd and discussed the concept of a colour TV picture tube factory in Singapore. This opening ceremony marks the conclusion of many months of careful project study, gestation and implementation; it heralds the successful commencement of operations and celebrates the birth of a new business venture. I am therefore especially delighted to be here today to participate in the opening ceremony and to witness the realisation of the business concept.

While this opening ceremony is of symbolic significance to the company, this project is also of special significance in many ways. First, for Singapore, this project represents the new types of industries that are being encouraged. The manufacture of colour picture tubes is capital-intensive and requires advanced technology. It is one of the first of its kind in this region. The local availability of colour picture tubes will enhance the competitiveness of Singapore-made colour TV industry. Since most of the tubes will be exported directly or indirectly, the company has made and will have to continue to make substantial investments in sophisticated equipment incorporating the latest technologies in order to ensure the highest product quality. Therefore, high levels of industrial skills are required in the production process, the testing of products and the maintenance of equipment. This project will therefore bring significant economic benefits to the country.

Second, for Japanese and other companies, this project typifies the many investment opportunities in Singapore. This investment was motivated by the rapid increase in production of colour TV receivers by multinational companies in Singapore and other parts of the Far East. In the same way, although the Singapore consumer market may be small, its industrial market can be substantial, arising from the large-scale modern production facilities set up by multinationals. This industrial market can be for products ranging from production machinery and test equipment, to electronic components, metal and plastic parts as well as tooling. With our lower costs, available skills, efficient infrastructure, and tax incentives, such investment opportunities can be turned into profitable ventures.

Third, for the two countries, Japan and Singapore, this project, being a joint-venture between Hitachi Ltd and the Economic Development Board, signifies yet another instance of economic cooperation. Japan is our largest trading partner, accounting for 15% of our total trade. Japan is also one of the largest investors in our manufacturing industries, with more than \$1 billion of investments in gross fixed assets. As Japan restructures her industries to advance to higher technologies, we should benefit from continued inflow of investments by Japanese middle technology industries. However, we are now also actively pursuing new areas of cooperation, extending beyond the traditional areas of trade and manufacturing investments, such as in the areas of manpower training and brain-service industries. We are seeking assistance in the training of engineers and computer software personnel. We consider that Singapore can offer many

advantages to Japanese brain-service industries that are seeking to internationalise their businesses. Other than having lower costs and being closer to markets in this region, Japanese brain-service industries can tap the linguistic capabilities in Singapore to translate Japanese technologies into the languages of the intended markets. Sophisticated brain-service industries such as plant design, engineering services, computer software, etc, are heavily dependent on blueprints, manuals and other documentation. Technical as well as linguistic competence are required to translate and develop all such software.

Finally, for Hitachi Electronic Devices, this project symbolises the company's confidence in the long-term investment climate in Singapore. This project promises profitable returns, but only in the long term. Being skill and capital-intensive, such a project needs several years to build up into a viable operation. The electronics industry is fiercely competitive and constantly threatened by sudden technological obsolescence. Projects with long gestation periods are therefore all the more risky. For projects that are of significant economic benefit to Singapore, such as this, the government through the Economic Development Board is prepared to share in the risk-taking.

Hitachi Electronic Devices broke ground on this site in August 1978. Exactly one year later, cold running of the machinery was started. By November 1979, the company was in commercial production. Such an impressive record of smooth and quick implementation is largely due to the careful planning and the strong support given by Hitachi Ltd, as well as the commendable effort put in by the management and staff of the Singapore company. I congratulate all concerned for their achievement.

It is now my pleasure to declare Hitachi Electronic Devices (Singapore) Pte Ltd officially open. I wish the company continual success in its operations.