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SPEECH BY THE MINISTER FOR FINANCE, MR HON SUI SEN, AT THE
20TH ANNIVERSARY DINNER OF THE ECONOMIC DEVELOPMENT BOARD AT
THE MANDARIN HOTEL ON SATURDAY, AUGUST 1, 1981, AT 7.30 P.M.

I am very pleased to be able to speak to you tonight as guest of honour at this especially important function of the EDB -- its 20th anniversary. As you may have concluded from the remarks of the EDB Chairman, Mr Ngiam Tong Dow, the EDB is special to me in several ways. First, I spent some of the most challenging and satisfying years of my civil service career when I was its Chairman in the 1960's. The task then was to develop virtually from scratch an organisation that would be the chief instrument and prime mover not only of Singapore's industrialisation, but also, because industry was to be a leading sector of Singapore's economy, of Singapore's rapid economic growth. Then, in the 1970's, as the Minister responsible for economic development, I had to ensure that the EDB under successive capable leaders would deliver the goods and maintain the pace of our industrial growth in the most difficult circumstances brought about by the oil crisis and by unsettling changes in the world economic order. Last but not least, it was during my years with the EDB that I developed close personal ties with many colleagues which have grown into lasting friendships.

It is therefore not easy for me to express the emotions I feel on this special occasion. Perhaps I can describe it best as not unlike seeing a son attain his majority. You are happy, secretly relieved, that he has developed so satisfactorily and made such a good start. But as the ever-caring parent, you are anxious still for his future. In the same way with the EDB, you are naturally pleased by its achievements in the last 20 years, but you try also to evaluate its strengths as you ponder the challenges it will face in its task of advancing Singapore into the world community of industrial nations.

Perhaps it would be appropriate here for me, wearing the Minister's hat, to express the Government's appreciation for the job the EDB has so commendably done in the last 20 years. The EDB has not always been given due credit for its successes since by conscious policy it has sought not to publicise itself but rather to give the limelight to the projects it has brought to Singapore. However, I feel the EDB will not take it amiss if on this special occasion I recount what I think are its strengths.

(1) The EDB has unique experience in industrialisation.

Its performance in its 20-year history has been admired, even envied, by both developed and developing countries. Largely through its efforts, Singapore has made a success of export-oriented industrialisation. The classical prerequisites

for industrialisation hitherto were a home market and the availability of natural resources. Today, Singapore serves as a model for industrialisation for many of the less developed countries and the EDB as the model organisation for promoting such industrialisation. Among the countries which have requested directly or indirectly through the United Nations for assistance from the EDB and some of its individual officers are Egypt, Nigeria, Malta, Sri Lanka and Costa Rica.

The EDB is today commendably cost effective. Its "cost of sales" is $\frac{1}{2}$ percent on the sales dollar. In other words, the EDB spends 0.5 cents for every dollar of fixed asset investment it secures. If total investment in the projects it promotes is considered instead of just the fixed asset component, this figure will be even further reduced.

As a government service organisation, the EDB has gained international recognition for its competence, professionalism and motivation. Hundreds of letters from multinational corporations all over the world attest to this. Its intimate knowledge of the Government machinery and its close contacts and influence with all levels of Government personnel have facilitated the tasks of all investors establishing new industries.

it is quickly responsive and innovative. When world economic conditions change, the EDB is responsive enough to change its thrust so as to moderate the negative impact. It is also quick to seize an opportunity such as in promoting aircraft service activities when our open skies policy was adopted. Some of the newest ideas in development planning, manpower training, industrial estate development and international investment promotion were first discussed in the EDE's boardroom and offices and tried out sometimes in its operational divisions before they became full bloom programmes implemented by the appropriate Government ministry or agency, themselves often offshoots of the EDB such as the Jurong Town Corporation, DBS, SISIR, NPB, SIM, and many of the Temasek companies. Even the Product Display Centre of the Singapore Manufacturers was originally an EDE activity.

Internally, the EDB is also fortunate to have some singular strengths.

- (1) It has benefitted throughout its history from good, solid leadership - both at Board level as well as in its own senior management.

Two of its present Board members have been on it for more than 15 of its 20 years!

It has a strong "core" of senior management, 18 out of 22 of its officers in positions above Group Head level have more than 10 years' experience in the Board.

It has developed over the years extensive industry knowledge retained in the management core I mentioned previously. Six out of every 10 EDB senior officers have had some working experience in industry before joining the Board. They come from multinational corporations such as Ford, Union Carbide, Beechams, Motorola, Intel, General Electric, Exxon, IHI and NMB.

It possesses a valuable network of 11 international offices with direct access to the leaders of business and industry around the globe. In New York, Los Angeles, Stockholm, London, Tokyo and Melbourne for instance, each EDB office has more than 10 years of cumulative business contact.

- (2) Its officers are both willing and able to work the rigorous schedules and pace of the international business executive.
- (3) It is a favoured place to work for the young scientist, engineer or business school graduate. I am told the response rate to EDB personnel recruitment advertisements runs 2 to 3 times higher than for other statutory boards in Singapore!

Its excellent performance to date and its valuable strengths notwithstanding, the EDB does not claim to be a perfect organisation. There is room for its improvement - for example, in long-range industrial development planning and in the promotion of engineering and R & D activities, an effort which the EDB has just begun. It also has less financial expertise than its knowledge of industry since, in the 1970's, after DBS was established and took over EDB's then portfolio of equities and loans, the EDB itself has invested less in industry than during the preceding decade. Again because light industries needs for financing were hived off with a fund of \$3 million to the DBS, it has been wrongly criticised, for not paying sufficient attention to the development of the smaller local industries - something the EDB is nevertheless trying to correct. It has to date given \$137 million in loans to the smaller local companies and this amount is fast growing. Organisationally also, the EDB may need some attention. Like other Government bodies, it has to improve its personnel function to ensure that its existing officers stay fully motivated, dedicated and abreast of the times in all of its multi-disciplines and that new talent is continuously recruited. I am sure these tasks are recognised by the EDB management under Mr Ngiam's leadership and are being addressed so that I need not dwell on them. I only mention them here because the EDB must be fully equipped professionally and well organised institutionally to face what I believe will be its toughest challenge yet.

The EDB's present and future task will be to lead Singapore by the end of this decade into the forefront of newly industrialising or developed nations. This task will not be easy for we have to contend with some world economic constraints.

- (1) World economies are expanding very slowly, if at all.

The forecast for world trade growth is virtually zero after discounting for inflation. Industries have some tendency to regionalise rather than internationalise because of the risks of raw material shortages, market protectionism and the high cost of shipping.

- (2) Because of rapid improvement in manufacturing process technology in the last ten years especially in computer aided design and production, spectacular productivity increases and cost reductions have been achievable without industries having to go to lower cost countries.

- (3) As the technological sophistication of all types of industries increase, their need for highly trained manpower and industry-university cooperation increases as well. This is why we are expanding the NUS, NTI and the Polytechnic as fast as we can. I am told that a leading electronics company recently setting up a silicon wafer fabrication facility chose a location where it can work with eight universities.

In our aim of restructuring the Singapore economy, we compete with several of the more successful developing countries as well as with the developed countries themselves. A Boston consultant's report for the restructuring of Swedish industry reads exactly like our own and so do the French, British, German and American "reindustrialisation" programmes.

In Singapore we do not believe in subsidies but many of our competitors do. It is to our credit that recently we have been able to wrest several high technology capital intensive projects from countries that offer cash grants of as much as 40% of fixed investments. But the EDB tells me that we lose many such projects.

Some of today's high technology industries whilst not large consumers of labour, are large consumers of other resources - namely land, water and power. They are high technology because they are the results of new material science applications and in some instances their environmental impacts are as yet unknown.

I have stated some of the problems the EDB will have to contend with in its work during the decade. The world problems we cannot change or influence. We can only moderate their impact on us. Some Singapore problems like our constraint on land use, we also cannot do much about. However, we hope, through maximum inter-Ministry and inter-agency cooperation within the Government to eliminate the kind of problems we may unwittingly create for ourselves. Although I feel EDB's third decade will be the toughest since its inception, I am not altogether pessimistic of its outcome. I am confident the EDB will rise to the challenge as it has done in the past. On this note, I would like on behalf of all the guests present here to congratulate the EDB for booming of age with such achievement, confidence and grace and to wish it every success for the years ahead.