

TEXT OF SPEECH BY MR. TANG SEE CHIM, PARLIAMENTARY SECRETARY TO MINISTER FOR FINANCE AND LEADER OF THE SINGAPORE DELEGATION TO THE 12TH SESSION OF THE ECAFE COMMITTEE ON TRADE NOW IN SESSION IN BANGKOK

Bangkok, 10th January, 1969.

DELEGATION OF SINGAPORE GOVERNMENT

May I take this opportunity to offer my delegations's congratulations to you Mr. Chairman on your election to chair this Session. I wish to share with my fellow-delegates in expressing our appreciation and heartfelt thanks to the Royal Government of Thailand for the warm and generous hospitality extended to us.

The economy of Singapore during the past year has continued to expand. The robust health of Singapore's economy is demonstrated by the upward swing in trade. Total trade for the period November 1967 to October 1968 was valued at US\$2,913 million - up 11% from the corresponding period for 1966/1967.

The expansion in foreign trade is reflected by the increase in cargo handled in the Port of Singapore, which is now the fourth largest port in the world in terms of tonnage handled. From December 1967 to November 1968, a total of 34.3 million freight tons were discharged and loaded at the Port as compared with 30.0 million freight tons for the corresponding period in 1967. This represents an increase of 14.1%. More ships have also called at Singapore during the past year. 11,600 vessels with a total tonnage of 47 million tons called in the first 9 months of 1968, showing an increase of 15.0% and 11.5% respectively over the same period for 1967. In view of the rapid expansion in the handling of cargo, Singapore is going ahead with her plans to construct a terminal to cater for the container ships of the near future.

Singapore's trade remains largely of an entrepot nature, i.e. we import from neighbouring countries raw materials such as rubber, coffee, copra, etc. which are re-exported. We also served as a distribution centre, again mainly for our neighbouring countries, of manufactured goods such as machinery and capital equipment imported from the developed countries. We also import a large amount of crude petroleum which is re-exported after processing. Domestic exports of Singapore-manufactured goods are now beginning to form an increasing proportion of the total exports, and the pattern of imports has therefore changed in the past few years, reflecting the growing needs of capital equipment, machinery, raw materials and semi-finished products required by the new industries.

It can therefore be said that Singapore's trade expansion is partly attributable to the continued development in the manufacturing sector of the economy. As our industries grow, they require more raw materials, machinery, etc. all of which have to be imported. An indication

of the continued expansion of our manufacturing sector is given in the quarterly index of industrial production which showed that the 1st, 2nd and 3rd quarters of 1968, the indices were 121.3, 129.4 and 131.4 respectively, which compares favourably to an average index of 111.1 for the whole of 1967 (the base year being 1966). At the end of 1968, it is estimated that there are 224 pioneer firms in production - an increase of 65 firms over 1967. These have a total investment in fixed assets of US\$152.9 million and a combined output of US\$311.1 million. In addition to these pioneer firms already in production, there are 46 other pioneer industries in various stages of implementation. Examples of goods exported from Singapore which are manufactured or processed locally are notably petroleum products, wheat flour, condensed milk, refined sugar, steel products, tyres and tubes.

Thus, while Singapore will continue to serve its traditional role as the region's collection and distribution centre, it is hoped that in the not too distant future, she will also become a major supplier of various types of consumer goods to the ECAFE countries.

At this juncture, I would like to emphasize the importance of trade with ECAFE countries for Singapore. Total trade with ECAFE countries was

...../3

valued at US\$1,895 million and US\$1,928 million for 1966, 1967 respectively, and US\$1,599 million for the period January to September 1968. This accounted for 78%, 76% and 73.8% of Singapore's total world trade in 1966, 1967 and the 9-month period for 1968 respectively. Nine out of the first ten largest Singapore trade partners are members of ECAFE. Statistics show that Singapore's trade with ECAFE countries will continue to increase in the coming years and that there is tremendous potential for further expansion of trade in the ECAFE region. We therefore hope, in the near future, that with further regional and international co-operation and goodwill among member countries, we will be able to export more of our locally-manufactured products to both our neighbours and distant friends.

Singapore's policy is to trade with every country irrespective of ideology. We are also happy to co-operate with our neighbours and support regional economic co-operation. In this respect, I am pleased to say that Singapore is playing its part towards trade liberalization. While it is true that a few quotas and tariffs have been imposed in recent years on different commodities and goods, this is a measure that had to be taken reluctantly to protect our infant industries in order to give them a chance to survive. But even then we have always tried to maintain our traditional free trade policy. For example, imports into Singapore for re-export purposes are not subject to restriction. Furthermore, it is our intention to reduce the present number of restricted items as quickly as possible. We feel that as and when our locally-manufactured products are able to compete with foreign imports, they should do so. We believe that healthy competition is the best way of ensuring the progress of our industries and maintaining the quality of our industrial products. Proof of our belief that trade liberalization is concomitant with economic development is seen in the fact that whereas in 1966 there were more than 50 items under import restrictions and licensing this number was reduced to 38 items in 1967 and further reduced to 21 in 1968. The number of items subject to protective duty is comparatively few: less than 300 items with tariff levels from 10% to 25% ad valorem. Even then, these restricted commodities and goods are subject to constant review by a special committee to ensure that there is no unnecessary prolonging of restrictions. I would like, at this juncture, to assure you of Singapore's active support to all regional or international efforts at trade liberalization and expansion.

For Singapore, 1968 has been a significant year in terms of trade expansion. We welcomed many trade missions, official and unofficial, from various countries. Many new industries were set up. In the field of export promotion, in order to enhance the export capability of Singapore-made products, a trading corporation with the backing of the State was set up to assist Singapore manufacturers in selling their products abroad. A Singapore Development Bank was also set up with a view to assisting in the financing of various industrial and trade projects. As previously mentioned, 1968 has been a prosperous year for Singapore. More significant is the fact that trade between Singapore and ECAFE member countries continues to increase.

In conclusion I would like to thank you Mr. Chairman once again, and to thank the hard-working Secretariat for the efficient way in which this Session is being organized. I would also like to remind the distinguished delegates present here that Singapore will be hosting the 25th Plenary Session of ECAFE in April this year. 1969 is also a significant year for Singapore in that we will be celebrating our 150th Anniversary of the founding of Singapore. On behalf of my colleagues, I therefore assure you of our highest regards and sincerely welcome all of you to Singapore in April 1969.

13TH JANUARY, 1968.

TIME ISSUED: 1515 HOURS,