

Singapore Government

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MC/OCT/5/79 (Defence)

SPEECH BY MR BERNARD CHEN, MINISTER OF STATE FOR  
DEFENCE, AT THE OFFICIAL OPENING OF JOHNS SINGAPORE  
PTE LTD AT 102 GUL CIRCLE, JURONG ON FRIDAY,  
5 OCTOBER 1979 AT 3.30 PM

The world today is very much smaller than it was even a decade ago. The major industrial economies have become more interdependent with their trade and industrial activities inextricably linked to one another. With this gap between nations closing rapidly, manufacturing companies are now more than ever prepared to examine the possibility of investing offshore in order to achieve an efficient international division of labour and to maximise the use of the resources of both the host and investing countries. This mutual utilisation of resources and facilities commonly known as a feeder plant concept is of economic benefit to both participants. The concept entails that a firm establishes an oversea subsidiary to manufacture parts and components for re-export back to the parent company for final assembly into finished products. This mode of operation enables the firm to fully exploit the resources available in its international operating environment.

Singapore with its skilled and disciplined workforce, well-developed infrastructure and strategic location is an ideal site for companies to implement this feeder plant strategy. We strongly welcome the establishment of such plants.

Johns Singapore, a wholly-owned subsidiary of Johns Consolidated Ltd Australia, is a good example of such feeder plants. The company will initially manufacture the clamping and injection units of plastic injection moulding machines for re-export back to Australia for final assembly into complete machines. We hope that the successful implementation of this first phase project will encourage the company to progressively backward integrate into the complete manufacture of injection moulding machines in Singapore for direct export to regional and world markets.

Some other successful examples of feeder plants in Singapore are Sundstrand, Matsushita, General Electric, Hitachi and Siemens.

These and other multi-national companies have played an important role in Singapore's industrialisation programme. They have brought with them their capital, technology, management knowhow and employment opportunities as well as export market outlets for Singapore. They have contributed significantly to our economic growth. Their continued presence is necessary to enable Singapore to progress further into its second phase of capital and skill intensive industrialisation programme.

To enable the Government to maintain and to continue to attract desirable industries to establish in Singapore, it is crucial that the Singapore workforce continue to adopt a good work attitude and maintain a healthy industrial relationship with the management at all times.

Productivity must be increased in higher proportions than increases in wages. To achieve this, the Government through the Vocational and Industrial Training Board and the Economic Development Board has stepped up its effort in the training of skilled workers in order to increase the supply of this category of workforce. Organisations and companies will also be encouraged to establish in-house training programmes to upgrade the skills of their employees. Such in-house training programmes will be given a further boost with the launching of the Skills Development Fund.

I would like to extend my heartiest welcome to Johns (Singapore) Pte Ltd to join the growing international manufacturing community in Singapore. I take great pleasure in declaring this factory open and wish it every success.

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