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Subject: (EMBARGOED) Speech by Mr Chan Soo Sen, 10 Aug 99, 8.30AM

Singapore Government

PRESS RELEASE

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SPEECH BY MR CHAN SOO SEN, PARLIAMENTARY

SECRETARY (PRIME MINISTER'S OFFICE & MINISTRY

OF HEALTH) AT THE F&N COCA-COLA (SINGAPORE) PTE LTD

NATIONAL DAY OBSERVANCE CEREMONY 1999 ON

TUESDAY, 10 AUG 99 AT 8.30 AM, 457 JALAN AHMAD IBRAHIM

Mr T Burke McKinney

President & Chief Operating Officer
F&N Coca-Cola (Singapore) Pte Ltd

Mr Tobias Hanbury
General Manager

Mr S Thiagarajan
Assistant Executive Secretary
FBIWU

Comrades & Friends
Ladies & Gentlemen

Good morning, and Happy National Day

I am very happy to join you this morning at your National Day Observance Ceremony. Compared with last year, we feel much better. Economic outlook of Singapore and that of our region as well as trading partners have started to brighten up. Market sentiments have improved. The Straits Times Index has returned to pre-crisis level. Some forecasts expect our economic growth to also return to near pre-crisis level. If all goes well, we can expect to be alright this year.

2 While we are pleased that difficult times are behind us, I do feel bad times do bring out the best of human character. If a society is cohesive, bad times bring out the spirit of unity. Every time the society goes through bad times remaining united in one heart, its cohesion will be further strengthened. It is like pottery. It must be fired at high heat before it strengthens and beautifies. Bad times are baptisms of fire for cohesion of our society.

3 Singapore is unique when recession struck. Instead of panicking or pushing blames, our government, employers and labour movement got together to map out a strategy not only to overcome the crisis, but also to ensure long-term competitiveness. In the true spirit of tripartitism, the government initiated measures to reduce business costs. The workers accept pay-cuts and reduction in employer's share of CPF contribution, in order to save jobs. We accepted short-term sacrifices by individuals for long-term good of the country. We achieved a consensus that the most important objective was to ensure viability of businesses, and that the best welfare was jobs. Our collective measures and the spirit of unity have been an important factor contributing towards our recovery. Our collective efforts earned high praises from many business observers and the most prestigious business publications. We have maintained, if not enhanced, the confidence of investors and potential investors. Many are convinced Singapore is the best and most secure

investment location in the region.

4 We can be proud of these achievements. We can be optimistic. But we cannot be complacent. Although macro economic figures have improved, the crisis is not over yet. Situation in some parts of the region remains uncertain. Sudden deterioration can undermine confidence, lead to capital flight and sharp drop of the market. The recovery is still fragile. We must not lower our guard. But we are confident that if our united people working hand-in-glove with our good government, we shall get through any crisis together, emerging stronger and more cohesive.

5 Let us also remember that competition will get stronger. The less competitive businesses have all been eliminated in the financial crisis. So our neighbours are emerging from the financial crisis leaner, trimmer and more competitive. Their workers are willing to work harder, and their wages are lower because of lower currency rates. They will be formidable in industry, certainly in food and beverage industry. They will also do better in the service sector. These are our traditional areas of strength. We must strengthen ourselves, or we will lose out in the competition.

6 As a nation, we must be able to convince the investors that investments in Singapore have good value and make good sense. Although business costs in Singapore may be higher, we more than make up for the higher costs by offering better values. Our excellent workforce, high quality infrastructure, clear and transparent policies, good legal structures, as well as safe living environment for expatriate staff, are all factors contributing to values. Our pro-business commitment through the spirit of tripartitism gives the unique value that cannot be found elsewhere in the world.

7 Of these factors that contribute values, I am more concerned about the quality of our workforce. I was once in the Chinese Development Assistance Council (CDAC), a community self-help group devoted to improving the lot of the less fortunate. One of the key programmes of CDAC was skills training. Throughout my stay with CDAC from 1992 to 1996, I had tremendous problems recruiting workers for skills training. Economy was good then and there was a shortage of labour. Workers were more interested in getting more pay by working overtime. Few were interested in upgrading their skills. All these changed after I left. As recession struck in 1998, retrenchment increased and the threat of retrenchment became real. CDAC was able to more than double the number of skills training awards. The threat of retrenchment made skills training a matter of great urgency for more workers.

8 With the improvement of the economy and employment prospects, we may again face difficulties attracting workers to go for skills training. I most sincerely hope I am wrong. Even before the regional financial crisis started, the government and the labour movement have already warned about the prospect of structural unemployment. As you know, structural unemployment comes about because of mismatch between supply and demand of workers' skills profile. As the technology level goes up, lower-skilled workers face the prospect of unemployment if they do not upgrade their skills level. The financial crisis accelerated the structural unemployment problem. Many of the jobs lost during the period of recession would be lost forever. The jobs that are left will change because of the introduction of new technologies and work procedures. Our workers must be prepared to learn new skills in order to fit into these new jobs.

9 I hope our employers continue to invest strongly in upgrading the skills of their workers in order to increase productivity. This makes sense for employers as higher productivity leads to greater efficiency and profits. I also hope that the workers reciprocate by continuing to show strong support for skills training especially skills upgrading courses organised by the employers. There are also many other skills upgrading courses available through the Skills Redevelopment Programme (SRP), as well as community self-help groups. Many of these are free or require only some token payment from the participants. In some schemes, participants are even given allowances to compensate for the loss of income. All of us like to have things for free. We should seize these opportunities for free training like hot cakes.

10 The spirit of tripartitism must remain and be strengthened. It has served us well and will continue to serve us well. Together we will make Singapore a world-class destination for investment. We will create more and better jobs. We shall not be satisfied with just being the best in our region. We must do even better and benchmark ourselves with the best in the world. We know that leading world-class companies like Coca Cola decide on where to site their investment projects with a world view. We would ensure that we remain in their hearts as one of the best investment locations.

11 At this last National Day of this millennium, let us look forward to the coming millennium with confidence and pride. In the spirit of tripartitism, let us stay united, ready to change, and ready to charge together towards a better tomorrow. Have a good National Day!

Thank you.

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