

29 MAY 1995

PRESS RELEASE

Release No.: 31/APR
15-3/95/04/27

95-GCW-1

**OPENING ADDRESS BY MR GOH CHEE WEE,
MINISTER OF STATE FOR TRADE AND INDUSTRY
AND COMMUNICATIONS,
AT TRANSPORT INDIA 95 ON 27 APRIL 1995
AT SHANGRI-LA HOTEL AT 9.00 AM**

Introduction

Singapore is privileged to host this visit by the decision-makers in the transport sector in India. We also welcome the prominent Indian businessmen visiting Singapore and hope that fruitful business contacts and linkages will be established arising from the visit.

The staging of Transport India '95 at this time is most opportune. The event will further Singapore's understanding of India's economic needs and create new opportunities for closer co-operation.

Bilateral Economic Relations

The engine for close co-operation has already been set in motion by the governments of both countries. Following Prime Minister Goh Chok Tong's visits to India in January 1994, there have been several high level visits from India including Prime Minister Narashima Rao's visit in September 1994. Singapore and India have also concluded a shipping agreement in 1994. This is aimed at promoting and developing maritime trade and transport between the two countries.

Such governmental initiatives have paved the way for warm and friendly relations between the two countries. Bilateral trade between Singapore and India is at an all-time high. In 1994, bilateral trade surged by 20 per cent to reach S\$3.1 billion. This is a significant improvement over the previous year.

The growth in bilateral trade has been largely induced by developments in both countries. In recent years, Singapore has embarked on a "go-regional" policy aimed at building an external wing to its economy. At the same time, India has been pursuing a steady path of major economic reform since 1991. The thrust towards economic liberalisation has made India more attractive as a trading partner and a location for foreign investments.

Transport system

An efficient global transport infrastructure and network is integral to the development and expansion of international trade. Transport can hinder trade if it is costly, or if it is subject to unfavourable commercial practices and regulatory environments. Furthermore, poor transport connections will result in higher import prices and lower foreign exchange earnings that can be derived from exports.

As countries in the region undergo rapid economic development, overcoming transport infrastructure deficiencies is becoming a priority concern. There will be an extensive need for the introduction of new transport systems, the building of infrastructure and the injection of modern equipment into the transport and distribution sectors.

Growing Economies

The Asia Pacific is expected to register phenomenal growth in the coming decades. The economic growth of Asia Pacific countries is expected to average seven per cent annually for the next few years. In comparison, the world's economy is projected to expand by two to 2.5 per cent.

In terms of percentage share of world trade, the World Bank estimates that the Asia-Pacific will account for 40 per cent of the world economic activity by the year 2000. As Asia's economic development gathers momentum, demand for transport services will increase.

By and large, the existing infrastructure in most countries in the Asia Pacific is inadequate to meet the region's economic needs. The Asian Development Bank has estimated that regional demand for infrastructure, of which transportation is a key area, will be a staggering US\$1 trillion a year for the rest of the decade. Singapore and India occupy strategic geographical positions in the world map. Both countries can work together in capitalising on the new opportunities in transport development that are fast emerging.

India is undergoing economic transformation. It has departed from past economic policies and embarked on a new course. If India is able to achieve its projected economic growth of six per cent per year till the end of this decade, there will be opportunities relating to growing demand for technology, industrial inputs and infrastructure. The transport sector will need to expand to keep up with the pace of economic growth.

Singapore Companies

Singapore companies have shown great interest in the Indian economy since the reforms started. They have invested in the areas of aquaculture, food products, computer peripherals, electrical and electronic components, textiles and garments. Recent major projects by Singapore companies include the S\$250 million Bangalore IT Park, the S\$100 million IT Park in Haryana and a S\$750 million airport project in Bangalore.

I would like to urge Singapore companies to further explore the investment opportunities in the transport sector in India. Our companies have the experience in emerging markets in this region. This experience can be replicated in India. Singapore companies can also consider joint ventures as many of them may not be familiar with the Indian business environment.

A number of Singapore companies have already begun tapping opportunities in India's transport sector. Neptune

Orient Lines (NOL) which started direct liner operations in India five years ago, is now one of the major liner operators in India. NOL is also exploring investment opportunities in land support services such as container freight station and container depot operations in India. Another major Singapore investor, CWT Distribution has signed a joint venture agreement to develop a distripark in New Bombay.

Well-defined framework

In the midst of burgeoning opportunities for infrastructure development, it is essential that a clearly defined institutional and legal framework be established. Investors need to be assured that attention is given to streamlining administrative bottlenecks and minimising procedural requirements. In this regard, liberalisation and deregulation policies will enhance the participation of private enterprises and stimulate the growth of commercially viable services. We therefore welcome the liberalisation initiatives undertaken by India in the transportation sector.

Indian Companies

The co-operation between Singapore companies and their counterparts in India can extend beyond direct investments and project implementation. Indian corporations could use Singapore as a base to tap into the fast-growing Southeast Asian and East Asian markets. They could also team up with Singapore companies to invest in the region.

I am pleased to note that the number of subsidiaries and branches of Indian companies being established in Singapore, either individually or in collaboration with Singapore companies, is increasing. Presently there are more than 42 joint-ventures between Singapore and Indian companies. The growing presence of Indian companies in Singapore should further expand the economic and trade relations between the two countries.

Conclusion

The strong bilateral ties between India and Singapore have enhanced the scope of mutual economic co-operation, in particular, in transport infrastructure development. The holding of Transport India '95 is therefore timely. I wish all of you every success in your ventures.

Excellencies, distinguished guests, ladies and gentlemen, it is my honour to declare open Transport India '95.

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