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SPEECH BY SENIOR MINISTER MR LEE KUAN YEW AT THE SMA TRIBUTE DINNER ON 30 MARCH 1992 AT WESTIN PLAZA, RAFFLES BALLROOM

Over the past 31 years, the manufacturing sector has grown by 10% a year. The MNC's were a big part of this growth. This has transformed Singapore from an entreport to an economy with substantial manufacturing base.

2. In the 1990s economic growth will not be as high as the 1980s. We are at a higher income level and are at the limits of our land size and population growth.

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At the same time many countries are ready to go faster along the route we had travelled - Malaysia, Thailand, Indonesia, Mexico, China, Vietnam, India, Pakistan, and many others.

3. At present some 40% of our young go into tertiary education. By the year 2000, it will be 60%. They must acquire skills in engineering, information technology, biotechnology and financial management.

A better educated and trained workforce is the way to improve productivity and to work a restructured and diversified economy.

4. Every economy whether developing or developed faces the need to restructure. Technology does not stand still. It is difficult for those involved. Some businesses must decline because the conditions for their business have become unfavourable.

For example, changes in consumer behaviour have irreversibly affected our retail sector, where the small shops are dogged by low productivity and labour shortage. The shopkeepers and the government have recognised the problem. Together, they have to rationalise the sector: sell the shops to sitting tenants at a discount and let them decide whether to stay in the business or sell or let out.

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This will free up the system and end up in a better use of the shops. The only viable solution is to have fewer shops which are upgraded and can compete.

5. The government will help and facilitate the process of change. Business associations should help their members identify market trends and decide how to meet the challenges. But the businessmen themselves must be alert, nimble and

flexible in a period of fast change in social habits and lifestyles. To survive they must accept and exploit change.

6. Hong Kong showed how they have expanded their economic base. Hong Kong manufacturers now employ 2-3 million people in Guangdong, about 3-4 times the 70,000 engaged in manufacturing in Hong Kong. Their manufacturers have benefitted from the competitive labour costs in China.
China has benefitted from the creation of jobs, the foreign exchange and transfer of technology. It is a win-win situation for all parties involved. We can do this also in the growth triangle.

7. Singapore business should expand first into the ASEAN region before venturing further afield. ASEAN is the fastest-growing region in the world and the prospects are good with the agreement on the ASEAN Free Trade Area and the endorsement of the growth triangle at the January ASEAN Summit.

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8. In November last year, we lifted an embargo on investments in Vietnam. Our businessmen who have visited Ho Chi Minh City have reported favourably on the liveliness of the people. I myself will soon visit Vietnam to have discussions with the Vietnamese Prime Minister on his economic programme.

9. You have also signed a Memorandum of Understanding with the Vietnam Chamber of Commerce to promote more investment missions between the two countries. These are encouraging beginnings.

10. I wish you well. How well you do depends on how enterprising you are. That is what private enterprise mean.

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