

# PRESS RELEASE

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AT THE SINGAPORE INTERNATIONAL CHAMBER OF COMMERCE (SICC)  
ANNUAL GENERAL MEETING (AGM) CUM LUNCHEON  
AT PAN PACIFIC HOTEL BALLROOM  
ON FRIDAY, 17 JUNE 1994 AT 1.30 PM**

## **SINGAPORE : AN INTERNATIONAL MANUFACTURING AND BUSINESS HUB**

### **Introduction**

Singapore has often been held up as a model of successful economic planning and development. Indeed, our experience bears out the truth of the maxim that "national prosperity is created, not inherited". When we first embarked upon our economic development programme, our lack of natural resources and small market size meant that to survive, we had to plug into the global trade and investment network. We had to make ourselves useful to the rest of the world, so that investors would put their factories here, and traders would ship their goods through our port.

The government proceeded to market Singapore as an investment location to multinational corporations at a time when other developing countries were viewing them with intense suspicions. Their investments injected much-needed capital, technological and management expertise, created jobs for Singaporeans, and opened up international markets for our products.

At the same time, we invested in a good education system, built up an efficient transport and communications infrastructure, and developed financial and business services to facilitate economic activities.

Our economic policies succeeded -- our Gross Domestic Product (GDP) has increased 40 times, from \$2.2 bn in 1960 to \$89 bn in 1993. Trade volumes have expanded from about \$8 billion to \$260 billion in these 33 years. Singapore is today not only a manufacturing, trading and communications hub, but also a key financial centre, together with Zurich, London, New York and Tokyo.

But we cannot afford to be complacent. We are now running in the Next Lap against tough competitors, many of whom are prepared to sacrifice and go that extra mile. The challenge is how to emerge from the Next Lap as a developed country.

To succeed, we must continue to remain an active player in the global economy. Our domestic economy will remain the linchpin of our prosperity. We will continue to examine and identify competitive strategies to further strengthen it. At the same time, we will create more economic space by spreading our wings abroad, by participating as a partner in the growth of the region.

#### **Tapping on the growing Asia Pacific to move into the region...**

The Asian Development Bank (ADB) has forecast that Asia will grow by 7.2 per cent this year and next, compared with world growth of 1.8 per cent in 1994 and three per cent in 1995. International investors have recognised the huge potential of the dynamic Asian markets, and have been pouring substantial funds into the region. In China alone, foreign investors committed about US\$120 billion in new projects in 1993, up 90 per cent over 1992.

Many Singapore companies have over the years built up the capability and capacity to operate beyond our limited shores. A not insignificant number had in fact gone regional even before the government started to encourage the private sector to do so. By 1991, Singapore had over \$11 billion in private direct investments overseas, or almost 16 per cent of our Gross National

Product (GNP). So while we have been encouraging a greater entrepreneurial spirit, it would be wrong to conclude that Singapore lacks entrepreneurs.

But more can and should be done. Our level of private investment abroad is only about half that of Switzerland (30 per cent of GNP) and the Netherlands (36 per cent). With the heightened interest and the abundant regional opportunities, there is no reason why our external economy should not rapidly approach that of these two countries.

The signs are promising. Over lunch with key Singapore Manufacturers Association (SMA) members yesterday, I was told that about a quarter of SMA members already have operations or offices in the region, and another 40 per cent are actively exploring opportunities. This is indeed encouraging.

The rapid regional economic growth has vastly expanded the market for industrial products, consumer goods and professional services. Companies that have the necessary resources, capability and products should seriously look into how they can competitively cater to the demand. Others can enter into joint ventures with foreign companies that wish to enter into the region, but lack the local knowledge and links.

#### **Strengthening our domestic economy**

However, while the income from our external economy will provide a useful boost to our GNP, we must not forget that the key to our continuing prosperity is still our domestic economy. We must therefore ensure the right balance in our efforts between the two sectors. The growth of our external economy should complement, not hollow out, our domestic economy. It is only from strong foundations at home that our businesses can successfully branch out into the region.

Our strategies for strengthening the domestic economy are aimed at two key objectives.

First, to remain competitive as a vital node in the global manufacturing network. Over the long term, the manufacturing sector will continue to contribute no less than 25 per cent of our GDP, while employing 20 per cent of the total workforce. We will continue to vigorously promote high-tech and high value-added investments, and urge and assist existing manufacturers to move up the technological ladder.

We will encourage existing companies to regionalise, but in a way that enables their local pool of highly skilled and highly trained workers to focus on more sophisticated and demanding products. The parent company here can also provide critical technical services and support to its regional subsidiaries.

Our second aim is to develop and expand sophisticated services and capabilities which will enhance our attractiveness as a vibrant and cosmopolitan business hub. This enables us to strategically move beyond being merely a manufacturing location, towards being a regional base for both multi-national companies (MNCs) and local companies, undertaking a wide range of high value added, high quality services.

Our limited land and labour means that such resources will remain expensive as long as we have good economic growth. We will offset these higher cost factors by continuing to improve the quality of our land and infrastructure, and the capabilities of our human resources. A highly efficient operating system and environment will help our companies to compete successfully in the international arena.

#### **Human Resources**

Our people are undoubtedly our most crucial resource. The government will continue to invest heavily in educating and training Singaporeans to ensure that we have the technical and professional manpower to power our economic development and growth. And where we lack talent, we must be prepared to recruit

them from abroad to supplement and enrich our existing talent pool.

To remain viable in the increasingly competitive market place, companies must continue to upgrade their operations and productivity levels. Workers too will have to play their part, by remaining relevant through acquiring the necessary new skills and expertise. NPB will assist and facilitate this process by developing effective training programmes applicable in and outside the workplace.

In this age of fast moving technology, we will also need to support the emerging needs of industry. For example, last year, the Economic Development Board (EDB) set up the Precision Engineering Development Centre to build up design and process engineering capabilities in precision engineering. EDB will continue to work with the relevant Polytechnics and bodies to organise other courses that are needed from time to time.

#### **Technology and Innovation**

We will also need to stimulate more research and development activities in Singapore. Through human ingenuity and creativity, new products and new markets are created. Creative Technology is a good example. A single product, SoundBlaster, launched the company into world prominence. But while we have our Sim Wong Hoo, technological entrepreneurs are still a relatively rare breed in Singapore.

However, as we develop more broad-based technological capabilities, and as more research and development (R&D) activities are carried out locally, we increase the chances of more technological entrepreneurs emerging. Recognising this, the Government has set aside \$2 billion to promote Research and Development by both corporations and entrepreneurs over the period 1991-95. We therefore look forward to the emergence of more Creative Technologies.

### **Quality of Life**

As our population becomes more educated, more affluent, their quality of life takes on greater importance. A quality working and living environment is crucial also for not only retaining local talent, but also attracting them from abroad. While living conditions and recreational facilities in Singapore are as good as, if not better than in most other big cities, the arts and cultural scene is still somewhat behind. Again, much has been and will be happening here.

An example is the Singapore Festival of Arts. Not only has the number of well-produced and enjoyable performances been increasing, but so has the audience. I hope many of you would have caught at least one or two of the splendid performances brought to Singapore from around the world during the current Festival. The active nurturing of a vibrant and dynamic arts and cultural scene will help to further enhance the quality of life for all Singaporeans. We should find Singapore in the years ahead a more gracious city, and a more lively and interesting place to live and work in.

### **National Teamwork: SICC as partner to government**

Let me end by touching on the role of the SICC members. An important factor in our economic success has been the strong support and mutual respect between the three major groups : government, business, and labour. Tripartite committees, such as the National Wages Council (NWC), and the National Productivity Council, have contributed to this healthy relationship. More recently, we have seen how government's support for and partnership with Singapore companies have helped in our regionalisation drive.

Through the years, the members of the SICC have been strong, committed partners to Singapore's economic growth. At the same time, Singapore has proven an efficient and competitive base for you to work from. Companies now in Singapore are well

positioned to expand into Asia, and many have already done so. I thank you for your contributions to Singapore's economic development, and challenge you to move forward with us into an exciting and prosperous future.

With that, let me close by thanking you for inviting me to join you at today's luncheon. I wish you all success in the coming years.

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