

PRESS RELEASE

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**SPEECH BY DR YEO NING HONG, MINISTER FOR COMMUNICATIONS AND INFORMATION AND SECOND MINISTER OF DEFENCE,
AT THE CIVIL AVIATION CHIEF EXECUTIVE MANAGEMENT SEMINAR
AT THE RAFFLES CITY CONVENTION CENTRE
ON TUESDAY, 17 JUNE 1986 AT 9.45 AM**

I would like to extend a warm welcome to all our guests from the various countries who are here today for the Civil Aviation Chief Executive Management Seminar. I understand this is the first time that this Seminar is held in the Asia/Pacific Region. It is therefore an added pleasure and honour for us in Singapore to host this Seminar.

Civil aviation plays a vital role in providing economic, social, and cultural links between a country and the rest of the world. Like international trade, civil aviation today is an indispensable component of the modern world economy. Singapore strongly believes in the merits of free trade. The economic arguments for free trade for the greater prosperity of all countries have been well advanced and are well-known. Similarly, a freer regime in air transport will be of benefit worldwide.

THE IMPORTANCE OF AIR TRANSPORT INDUSTRY

We, in Singapore believe that a liberal aviation policy is in the best interests of a nation and its economy. We therefore welcome all airlines to operate to Singapore.

As testimony of our liberal policy, Singapore is directly linked to 87 major cities in 52 countries and is served by 44 scheduled international airlines. Last year, we saw four new international airlines introducing scheduled

air services into Singapore. This year an additional airline has just inaugurated air services to Singapore and another is expected in the later half of the year. As a measure of Singapore's position as a major hub in international air transportation, our Changi Airport is ranked by the International Civil Aviation Organisation (ICAO) as the ninth busiest airport in the world, in terms of international commercial passengers and cargo handled in 1984.

I mentioned earlier that a liberal aviation policy is in the best interest of a nation's economy. Let me illustrate with Singapore's experience. Last year, 1985 saw Singapore making a negative growth of -1.8 per cent in our GDP, the first negative growth registered in over 20 years. In spite of the recession, and its consequential slowdown in many sectors, our air transport sector managed a positive growth of 5.9 per cent, helping the depressed economy from suffering a worse fate. This clearly shows the role that our vibrant air transport industry can play in helping to stabilise and uplift our economy.

Of course, during more buoyant economic conditions, the growth rate of our air transport industry was much larger. Indeed, over the last decade and a half, air transport in Singapore grew at a phenomenal rate. Air passenger traffic grew by almost six-fold from 1.7 million in 1970 to 9.9 million in 1985 representing an average compounded growth rate of 13.6 per cent per annum. The growth for air cargo traffic is even more spectacular. It increased more than fourteen-fold from 21,000 tonnes in 1970 to nearly 300,000 tonnes in 1985 representing an average compounded growth rate of 19.4 per cent per annum.

The importance of the air transport industry to Singapore is also underscored by the industry's contribution of \$1.2 billion to the economy in 1985. This represents 6.4 per cent of Singapore's gross domestic product. In 1985 a total of 18,000 workers was employed in the industry at a high value added per worker of \$65,000.

GOVERNMENT'S LONG-TERM PLANNING

Needless to say, this rapid growth in the air transport industry would not have been possible without Government's long-term planning and extensive investment in the construction and development of airport infrastructure and facilities. To date, the Government has invested a total of \$1.7 billion in Changi Airport to provide the impetus for continued expansion of civil aviation in Singapore with widespread multiplier benefit on the rest of the economy. For the next ten years, we will spend another \$1.2 billion to expand and upgrade the facilities of Changi Airport. Of this, \$500 million will be spent in the next five years to build our second passenger terminal and ancillary facilities which will be completed by 1989.

This substantial investment in airport facilities is a testimony of our confidence in the future growth of the air transport industry and our commitment to encourage the development of air transport industry for the benefit of Singapore and the international economy.

There is great potential in the air transport industry worldwide and in the Asia Pacific region, in particular. This is especially so with the significant reduction in fuel cost seen over the past six months. As Chief Executive Officers of your respective civil aviation authorities, you can make an important contribution to the international economy in your critical role. By the nature of your job as chief executives of Aviation authorities, you are probably the most internationalist of all professionals. Collectively, you appreciate more than any other group of professionals, the importance of free trade and free movement for the world, and the dangers protectionism in any form poses to the world economy. Collectively, it is our duty to sound the alarm, and resist those who seek to

increase protectionism for short-sighted short-term sectarian gains, that will have to be paid for at a high price in the longer term by the world community at large. Collectively, we can strive to ensure greater growth for our individual countries and greater growth for the international economy. This gathering of Chief Executive Officers from countries in the Asia/Pacific Region to exchange ideas and to share with each other valuable experiences will no doubt contribute further to making the vision of the Asia Pacific Region as the fastest growth region come true.

May I conclude by wishing you all successful deliberations during the next few days of discussions and a fruitful and enjoyable stay in Singapore.

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