

**EMBARGOED TILL DELIVERY
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**ADDRESS BY MR RENNY YEO, PRESIDENT OF SMa
SMa APPRECIATION NIGHT**

25 June 2009 (Thursday), 6:00pm – 10:00pm, Sheraton Hotel, Ballroom

Good evening

Our Guest-of-Honour, Mr Lim Hng Kiang, Minister for Trade and Industry

Your Excellencies

Fellow Council Members

Valued Members of SMa

Distinguished guests

Ladies and Gentlemen

1. A warm welcome to our SMa Appreciation Night. I am pleased that you have taken time to join us this evening.
2. 2008 has been an eventful and volatile year for the global economy. Though initially started as a Sub-Prime Crisis in the US, the detrimental effects soon snowballed into a massive financial tsunami, taking its tolls on other economic giants, such as Europe, Japan and even Asia, to a greater extent.

3. Singapore, being a trading nation, our economy took a hard tumble too. Manufacturing is one of the worst-hit sectors, showing sharp decline by almost 10%, comparing 2008 figures with that of 2007.

Review of 2008

4. Despite the economic challenging times, Singapore Manufacturers' Federation (SMA) has a relatively good performing year. SMA and its subsidiaries' consolidated income reached S\$30 million in 2008, representing an increase of 27% compared to S\$23 million in 2007. A total of 34 trade fairs were held in 2008, creating numerous opportunities for members to leverage on bilateral free trade partnerships to develop overseas markets. Our Centre for Corporate Learning (CCL) has conducted 281 programmes, benefitting almost 10,000 workers. That was in addition to public seminars, talks and conferences as well as customized training programmes to address companies' specific training needs. Our Enterprise Development Centre (EDC@SMA) has successfully reached out to more than 7,000 companies to-date, serving as a "Business Clinic" and strengthening management capabilities of SMEs.

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5. Steadfast to our commitment to develop skills and groom talents, our School of Management (SOM) has conducted more than 40 academic programmes at various levels and disciplines, including 14 part-time programmes. This evening, we are delighted to have SOM's Top five students as part of the learning opportunity and exposure where they can network and learn from the industry leaders.

Appreciation for Partners, Members and Staff

6. This evening holds special meaning to me as President of SMA, our Council and staff. On their behalf, I would like to take this opportunity to thank our government partners such as SPRING Singapore, International Enterprise (IE) Singapore, Singapore Workforce Development Agency (WDA), Economic Development Board (EDB), and Agency for Science, Technology and Research (A*STAR), foreign delegations and Members for their confidence in SMA and continued support.

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7. In addition, I would like to thank our Council and Industry Group Committee members, as well as the Secretariat team, who put in great efforts:
- to introduce new programmes and initiatives to improve business capabilities,
 - to develop programmes to cater to every training need,
 - to organize more trade missions and fairs to create more business opportunities, both in local and overseas markets.

Crisis creates Opportunities

8. While I can share that the economy outlook is rather cautious, the economic recovery is largely dependent on how fast our other trading partners rebound from the financial crisis. However, what I see are new growth opportunities.
9. Take for example: When the oil crisis peaked in the late 1970s, the manufacturing sector shifted from a labour-intensive market to one that focused on higher value-add industries and skills development. This was also the age where we kick-started the drive for automation, mechanisation and computerisation amongst our various industry

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groups. And, Singapore's value-added manufacturing of chemicals and petroleum products underwent rapid expansion, contributed significantly to our economy.

10. In the 1987 stock market crash, the manufacturing sector learnt to embrace technology developments and innovations. A cluster development strategy was developed to leverage on synergies at the firm and industry levels. Mutually-supporting industries were identified, and developed as clusters to support niche areas e.g. aerospace, electronics, petrochemicals and other precision engineering components. This method enabled us to emphasise on common core capabilities within the cluster, thus improving productivity and cost efficiency.

11. The 1997 Asian Financial Crisis came and hit the sector really hard. Especially for our electronics industry, which till 1999, accounted for almost 44% of value-added manufacturing in the country and was the world's largest producer of computer disk drives. However, this made manufacturers in the electronics and other industries, even more resolute to push on with improving competitiveness, equipping labour

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force with relevant skills, developing new capabilities and venturing into overseas markets.

12. The dawn of 21st century gave birth to our evolution into very high value-added technology and knowledge-based manufacturing such as biomedical and pharmaceutical manufacturing, research and development. Technology and innovation still remain as the crucial factors to enhance competitiveness and develop new markets.

Future of Manufacturing

13. Amid all these transformations, SMA is honoured to have ridden the journey with our manufacturing fraternity and government counterparts. Moving forward, the landscape for manufacturing and the supporting industries will be different. Our present crisis is unprecedented and if we do not chart our future growth directions meticulously, our manufacturing sector is likely to head for a tough ride.
14. In this regard, I am pleased to announce that SMA will be collaborating with EDB, A*STAR, IE Singapore and SPRING

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Singapore to prepare our members for the next wave of manufacturing evolution.

15. Presently, our local manufacturers are having a sub-contractor mindset and have grown accustomed to supporting the multi-national corporations (MNCs). This formula might have worked for the past decades, but it does not guarantee to remain effective moving forward. Therefore, our manufacturers need to realise the need to innovate and create new products, so as to retain their competitiveness in the market, should there be a day when these MNCs decide to relocate to a country that offers lower cost of production.

16. There is an urgent need for Singapore manufacturing sector to :
 - Move up the value chain to stay relevant,
 - Nurture new breed of manufacturers with new capabilities by exploiting new technologies to create new products and services,
 - Cluster together to venture into new emerging markets to bid for projects/tenders and work as value chain partners to deliver the final products and services,

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- Build an indigenous capability to create a “made in Singapore” branding that represents good quality, reliability and value.
17. Therefore, it is important for Singapore Manufacturing Sector to transform itself for future growth. To address this concern, SMa has put in place a Manufacturing Excellence Initiative (MEI) with the objective of upgrading our manufacturers’ capabilities to meet the challenges in the future.

SMa Strategies

18. Over the last 6 months, our council members and I have drawn up a MEI framework to implement the transformation. Under the MEI vision, we envisage a 7 stage progression to provide a quantum leap for our Singapore manufacturing sector to meet the demand in the future. These are:
1. Conduct a **Competitive Analysis** to understand our gaps and map out our opportunities
 2. **Nurture Start-ups** to grow new indigenous capabilities in product design, innovation and services
 3. **Strengthen Manufacturers’** capabilities to go up the value chain

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4. Drive **Industry Collaboration** to cluster and complement to achieve greater outcomes
 5. Provide “hunt in a pack” approach to gain **Business Expansion** and **Market Access**
 6. Build a **National Branding** which stands for quality, reliability and value.
 7. Provide the **Thought Leadership** to ensure sustainable growth
19. To kick-start this process, SMA would like to take this opportunity to work with the government to commission a manufacturing sector review study to draft Singapore manufacturing roadmap for the next 5 years. The competitive analysis study will not only help the relevant government agencies to formulate appropriate policies to grow the manufacturing sector, it will also set directions to assist the manufacturers in preparing for the next wave of growth. This will be the most important first step in the proposed MEI framework.
20. To ensure that SMA is able to deliver the other 6 programmes, SMA has already started collaborating with key government agencies and partners to embark on beneficial projects to help our members and the manufacturing community.

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21. For example, in April 2009, SMA signed a Memorandum of Understanding (MOU) with Singapore Institute of Manufacturing Technology under A*STAR and Singapore Environment Council to launch the Sustainable Manufacturing Programme to help our members to review and develop eco-friendly manufacturing practices and products.

22. In May 2009, SMA signed an MOU with another A*STAR subsidiary – Exploit Technologies to establish a SMA Angel Networking platform to facilitate technology innovation and adoption by our members and to explore potential investment and mentorship of new manufacturing related start-ups.

23. Given the recent emphasis on the needs to focus on green and sustainability, it is likely that our 11 Industry Groups within SMA will also rejuvenate and align themselves to meet the changing demands especially in the areas related to environment, energy, safety, security and healthcare.

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24. SMa is also actively partnering with IE Singapore to explore opportunities in emerging markets and to assist companies in their overseas expansion plans. Our recent trade expedition to Fuzhou in May 2009 is one good example, where SMa led its largest-ever contingent of 103 participating companies. Supported by IE Singapore and Singapore Consulate-General in Xiamen, this trade fair has achieved such great success, all thanks to the efforts put in by our Mission leader and Chairman of China Business Committee, Mr Poh Choon Ann, and his team.
25. Also, SMa will be promoting the Exporter Development Programme developed by IE Singapore to equip members with relevant industry and regulations knowledge, as well as to facilitate their start-up plans in the emerging markets.
26. These are just some of the initiatives which SMa has embarked to assist our members to upgrade, and if possible, move up the value chain. SMa will continue to work with government and strategic partners to build new capabilities for our members to assist them to stay relevant and ready to compete in the future.

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27. With all the 7 programmes in place, it is my hope that we will nurture a new breed of manufacturers by forming clusters of collaboration to pursue new products and venture into new emerging markets. Ultimately, we are working towards the creation of a “Made in Singapore” branding that represents good quality, reliability and value.
28. SMA would like to champion the upgrading of SMEs in the manufacturing sector to prepare them for the next upturn. As the federation for the manufacturing sector, with more than 2,600 members ranging from MNCs to SMEs, SMA is able to drive the above proposed projects across the value chain. With the assistance and funding from Singapore government to strengthen the secretariat capabilities, SMA is well-placed to implement the MEI framework to achieve the desired outcomes.
29. I have outlined the key strategic programmes that will propelled SMA forward as a leading association; to represent our manufacturing community and to drive sustainable growth through serving industry-specific needs. This would not have been possible if not for the

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support given to me by my council and the respective government agencies. My sincere appreciation for all the assistance they have given to me.

Conclusion

30. Before I conclude, I would like to extend my appreciation to Trade and Industry Minister Mr Lim Hng Kiang, for taking time from his busy schedule to join us this evening.

31. My gratitude goes out to our long-time member and partner, Asia Pacific Breweries, for sponsoring the beer tonight. So please support APB and drink more Tiger. And our '*Lao Da*' Mr Poh Choon Ann, who is also our Vice President, for sponsoring the wines. Special thanks to NAFA Chinese Orchestra too, for giving us a delightful symphony performance later this evening.

32. Last but not least, I would also like to thank our honourable Excellencies and delegates, distinguished guests, Council Members and valued members of SMA who have contributed to the success of this event. I wish all of you an enjoyable evening.

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33. Thank you.