

**SPEECH BY CHAIRMAN OF AGENCY FOR SCIENCE,
RESEARCH AND TECHNOLOGY, MR LIM CHUAN POH AT THE
SME GROWTH EXCELLENCE RECOGNITION 2010
AT BALLROOM 2 AT THE FULLERTON HOTEL SINGAPORE ON
18 MAY 2010**

Mr Ken Sansom, Chairman DP Information Group,

Ms Chen Yew Nah, Managing Director DP Information Group,

Ms Tan Siew Meng, Head Commercial Banking HSBC,

Distinguished Guests,

Ladies and Gentlemen,

A very good morning to all of you.

I am glad to join you at this annual "SME Growth Excellence Recognition" award ceremony.

Let me first congratulate the companies that are being recognized today and acknowledged the presence of the others who are here to join in the celebration.

All of you have done well.

Challenges and Opportunities in the Next Decade

Indeed, we are all glad that the global economy has moved out of recession and our own economy has rebounded strongly with a 2010 GDP forecast of between 7% to 9%.

However, we are also mindful that the situation in Greece almost brought Europe to the brink and that there are major reforms that are needed in some of the member countries to put the whole European Monetary Union on a firmer footing.

Asia, overall, has done much better during this crisis and has in fact led the world in the recovery.

The global crisis has also reinforced the discernible shift of economic centre of gravity to Asia.

We have a window of opportunity over the next 5 to 10 years for Singapore companies to create a strong presence in Asia before other players catch up and compete with us.

At the same time, we are increasingly facing the constraints of land and energy as well as the growth of our workforce.

It is simply not sustainable to continue growing our economy through the expansion of our labor force.

Therefore, we need to go beyond our existing model to sustain our economic growth, to raise our incomes and to raise our living standards.

Productivity-based Economy – Next Phase of Economic Development for Singapore

In January this year, the Economic Strategies Committee (ESC) presented a new economic blueprint for Singapore that was accepted by our Government.

The Committee proposed that Singapore embark on our next phase of economic development – one that is focused on productivity driven growth.

We have set ourselves an ambitious target of 2-3% productivity growth in the next 10 years compared with that of 1% in the last 10 years.

This is the only way for us to continue our growth without expanding our use of resources and also to ensure that growth is inclusive by helping those at the lower end of the income ladder to move up.

This shift to productivity driven growth requires us to upskill all our people and increase the innovative capacity of our country.

I don't intend to go over all the recommendations of the ESC but just provide a few relevant highlights.

Need to Boost Skills in Every Job

First, the upskilling of our people.

The upskilling of our workers will enable them to deliver higher productivity, take up high-quality jobs with higher wages.

The focus here is to make life long learning an integral part of our society while at the same time, we seek to put in place a world class Continuation Education Training system with many opportunities and pathways for our workers to upgrade themselves.

Companies will therefore do well to avail yourself of the support given by the government in this regard.

Diversifying our Corporate Landscape

Second is the deepening of capabilities among Singapore Companies to Seize Opportunities in Asia.

This will serve to diversify our corporate landscape with a good mix of MNCs and globally competitive local enterprises and strengthen Singapore's long-term competitiveness.

It is therefore crucial that Singapore companies find innovative ways of delivering higher-value products and services in order to seize the opportunities in Asia and establish strong leading positions in key market niches over the next 5 to 10 years.

Leveraging our knowledge creation and innovation capacity will become key sources of competitiveness.

The ESC has set ourselves the goal to double the number of Singapore enterprises with annual revenues of over S\$100 million from 500 to 1,000 by the year 2020.

It recognizes that much of this growth will come from the SMEs internationalizing your markets and has recommended for the government to support this effort through catalyzing the supply of growth capital among other measures.

One good evolution of this event some years down the road will be to celebrate those who you who have since moved on to be among the 1000 companies.

Pervasive Innovation

Third is to make innovation pervasive so that value is created across a wide segment of our society thereby contributing to our productivity driven growth.

Interestingly, many of you here share this belief.

This was revealed in a 2009 SME Development Survey conducted by DP Information Group and I am greatly encouraged by the result.

According to the results of the survey, 82% of the SME respondents acknowledged that they benefited from technology innovation.

While "Increased Productivity" remained as the top benefit derived from the adoption of technology innovation, it is encouraging to note that there was a two-fold increase in SMEs who have used technology to "Develop new innovative products/services".

In addition, while 59% of the SME respondents planned to maintain their R&D investment, 23% intended to increase their R&D expenditure.

All this augurs well for our drive towards an innovation driven high-productivity economy.

Public-Private Partnership – The Role of A*STAR

Let me now say a few words on how A*STAR can work with you in this regard.

First and foremost, as a public sector research organization, we have a role to help Singapore companies increase their productivity and competitiveness through technology upgrading.

A*STAR, in partnership with SPRING, has an outreach platform for local SMEs called Growing Enterprises with Technology Upgrade or GET-Up.

This platform provides companies with access to talents, technologies and facilities in our research institutes.

To date, 300 SMEs had tapped on our GET-Up programme to improve their technological capabilities, innovation, productivity, and competitiveness.

Recently, as part of the ESC recommendation, we have enhanced the outreach capacity of GET-UP with the participation of the Centres of Innovation in our Polytechnics.

I would like to strongly encourage all the companies here to take a careful look at what GET-UP has to offer you.

Conclusion

In conclusion, let me once again congratulate the recipients of the awards.

Let me also acknowledge the good work of DP Information and HSBC as what you seek to achieve in this event is consistent with the focus of ESC.

I hope that through recognition and encouragement of this event, many of you here will be among the 1000 companies with turnover of over \$100m in the near future.

Thank you very much.