

**OPENING REMARKS FOR IN-CONVERSATION SEGMENT WITH  
MR S ISWARAN, MINISTER FOR TRADE AND INDUSTRY  
(INDUSTRY), AT THE TOURISM INDUSTRY CONFERENCE 2018,  
17 APR 2018 (TUE), 10.20am**

1 Thank you, Chaly. Let me start by saying it's a pleasure to be here, as always. The Tourism Industry Conference is an important platform for our engagement with the industry, to see how we can continue to chart the future of the tourism sector in Singapore.

2 Lionel has covered quite a lot of ground. I just want to focus on a few points which I think are worth emphasising because these are key elements that should guide all of us in the way we think about the industry and how we want to take it forward in the future.

3 Let me start by reiterating the data points. As noted earlier, the visitor arrival numbers and tourism spending figures are at historical highs. I think what is important to note is that we had growth in all 10 major markets. We can attribute that to the rising tide in Asia in general, which is an important factor. But equally, it is also the work that STB has done in collaboration with their partners in reaching out to key markets. The Tier 2 markets are noteworthy. Let me talk about the top three markets – China, Indonesia and India.

4 If you look at the Chinese market, overall visitor arrivals were up 13%. That is more or less in sync with what we would expect, and will probably continue to grow. But if you look at the visitor arrivals from Tier 2 cities, they have grown by 22%. This is almost twice the overall market growth, and certainly twice the Tier 1 cities' growth rate, so these markets are a rich source of tourism arrivals. Lionel talked about Chongqing. I think there are many other cities in China that we can access collectively in order to benefit from the growth from that very important source market.

5 If you look at the Indonesian story, it is also an interesting one. In general, there has been some concern that the Indonesian market has been flat-lining slightly for us. But if you look at the Tier 2 city performance, visitor arrivals grew by 6.5%, about three times the overall market growth rate. This tells us that these are areas where we have opportunities, and where there is growing aspiration. I have been to several of these cities, and it is not just about consumer spending; you see innovation activity taking place and it is buzzing. We should tap on those markets and see how we can participate in the opportunities that arise from it.

6 The Indian market is a slightly different story, where the overall market is rising, whether it is a Tier 1 or a Tier 2 city. The differentiating thing about this market is the fact that certain types of products are doing very well in these markets, such as cruise and family-oriented products. Therefore, the way we collaborate and access those opportunities is worth noting. But there are distinct patterns in Tier 2 cities that are emerging. The connectivity is improving, and we should be looking at this.

7 So when you put it all together and look at the overall economic outlook, the data [on the forecasted global economic growth] is at 3.1%. But I think the fact that the global centre of gravity for economic growth is shifting to Asia is noteworthy. We have a rising middle class with higher disposable incomes and aspirations for consumption. What that means is that for the foreseeable future, we can see prospects. This is also reflected in the tourism numbers – according to the UN World Tourism organisation (UNWTO), 279 million visitors came to Asia Pacific in 2015, and the projection is that it will nearly double to 535 million by 2030. In other words, in the next 12 years or so, you will see visitor arrival numbers increasing significantly.

8 Within that, intraregional travel, which is Asia travelling to Asia, comprises 80% of Asia's visitor arrivals. That tells you a big story that while we focus on our source markets beyond Asia, the proximate markets of Asia

are markets that we should be looking at and curating in terms of marketing strategies. China, in particular, over the next 3 years, is going to be the largest outbound travel market with 100 million trips. As Chaly was reminding me, 100 million trips basically means less than one quarter of Chinese households will have one person making a trip overseas annually. That is very low. He calls it the tip of the iceberg. I suspect it is more like a drop in the ocean because you are going to see this grow significantly, and there are certain markets that are already seeing a surge in the flow from China.

9 So there is scope for us to see the potential, participate in it and position ourselves well within the spectrum of opportunities. It is driven by these elements of economic growth, connectivity, the openness of markets and greater linkages, as well as marketing.

10 Looking ahead, we know there are concerns: geo-political tensions, fluctuations in global economy and trade protectionism. But if I may just share one perspective with you. Let me give you my time frame reference. I came into politics in 1997, and that was the year of the Asian Financial Crisis. A few years later, we had the dotcom bust and the SARS epidemic. In 2009, we had the Global Financial Crisis. When the Integrated Resorts (IRs) came into the market, there was also a lot of concern about how they would disrupt the market. And more recently, there was concern that we are losing our competitive edge, but we now see record numbers.

11 The message in all of this is that we, in Singapore and in the tourism industry in particular, are resilient. But the resilience must be underpinned by coordinated action, strategic thinking, and cooperation on the ground. So I think this is where we need to focus our work. There are three areas: technology, innovation and collaboration. Lionel has touched on them, so I want to just go through them briefly because I believe these elements are going to be recurrent themes in many of the engagements we have, between the industry and the government, as well as within the industry.

12 On technology, you know what you can do with that – whether it is in terms of marketing, improving your product, or improving your processes. If I could use some examples, I think data and our ability to harness this new resource is going to be a defining feature of how we go forward. STB has taken a strategic view, with MTI’s support, and developed this data capability. The Tourism Information and Services Hub (TIH) is an example. But like all data-based activities and platforms, scale is going to be important. In other words, the more you participate in it, the greater the diversity of participation, and the greater value that can be derived for all who participate. So I encourage you to check it out for yourself and make the analysis. The cost of entry is minimal, so there are low barriers to entry, but the benefits that can be derived are significant.

12 The second aspect is in terms of our tourism product. Technology can refresh, enhance, and sometimes fundamentally transform the product that we have. And we should be looking at this actively. This message is not unique to the tourism industry, because every sector has to have a strategy for technology and data.

13 The final point I will make on technology is about business transformation. Tourego’s mobile tourist tax refund solution is an example. There are many others that we are working on, and you have seen some in Lionel’s presentation. Again, it is about how we can reinvent some aspects of what we do, perhaps the entire process, in order to achieve new value propositions.

14 The second piece is on innovation. There are many examples of it, from a content, product, or process point of view. The example of Grand Park City Hall epitomises the way we can work together. One of the challenges that we have in the hotel industry is the check-in process, as there are security requirements that you have to comply with, which slows down the process and can diminish the customer experience. So this is about working with the

Ministry of Home Affairs, industry players and STB, to see if we can use facial recognition technology to make the process a more seamless one. Regulatory sandboxes are an example of our approach. We may not be able to make a system-wide change immediately, but we can look at it in pockets, to start testing it out, and scale it if it works.

15 Another aspect is collaboration. We have talked about the different modes of collaboration – private-private, public-private, and even international collaborations. In Singapore, there are examples of what the Orchard Road Business Association and the Little India Shopkeepers' and Heritage Association have done. There are many other examples. The key message I want to impart to industry players and the trade associations and chambers, especially those in this sector, is to be proactive about it. You know your members, you know their needs, you understand the trends. So, we need a collective response on how we can work together, and the government agencies, STB in particular, would be happy to partner you to see how we can address these, and be prepared for the future.

16 At the end of it all, we do want to ensure that this effort results in good quality jobs for Singaporeans. While it is about customer experience and businesses, it is also about creating jobs that Singaporeans can aspire towards and do well in. We have seen the value-added growth over the last two years, and it has been strong. Importantly, the growth has been underpinned by productivity growth.

17 If you look at the two numbers, what it tells you is that we have become more manpower-lean in the accommodation sector; the data on manning ratios that Lionel shared also illustrates that. And this is important. We are not looking at reducing numbers for the sake of it. It is about redeploying our people to the real value-added areas, or the high touch points, and then using technology and other measures to address other aspects of our operations.

18 Complementing the evolution of careers in the tourism sector is the Skills Framework for Tourism. It is focused on ensuring that we can work with employers to invest in our people, so that they can take on different and bigger responsibilities, across a wider set of tasks. I think this is going to be a win-win proposition, but it means that employers need to come on board, focus on how you can redesign jobs, and also look at the HR practices that can engender a more productive and rewarding career in the tourism industry.

19 To wrap up, I think the prospects are very strong. As seen from our recent experience, if we are focused in our efforts, target the right market segments, and position ourselves well, we will be able to achieve significant success going forward. Yes, there will be cycles, and we will have to weather the down-cycles, but I think when you look at the long term trend, the upside far outweighs the downside.

20 Thank you very much.