

**SPEECH BY MR TEO SER LUCK,
MINISTER OF STATE FOR TRADE & INDUSTRY
AT THE SINGAPORE FURNITURE INDUSTRIES COUNCIL (SFIC) LUNAR
NEW YEAR CELEBRATION
ON 25 FEB 2015, 11.45 AM**

Mr. Ernie Koh, President of Singapore Furniture Industries Council Distinguished guests

Ladies and gentlemen

Good afternoon.

1. A very Happy Lunar New Year to everyone. I am delighted to be here today to celebrate this festive occasion with the Singapore Furniture Industries Council (SFIC).

Recent Performance of the Furniture Industry

2. Singapore's economy has grown at a modest pace over the past few years, with our GDP growing at 2.9% in 2014. The global economy has also been sluggish, with the recent recovery in the US being offset by slower growth in China and other economies. Against this backdrop, our furniture industry is doing reasonably well. In 2014, our furniture industry's revenue rose by 2.8% from 2013 to reach an estimated \$6.24 billion¹.

SFIC's Role in Growing the Furniture Industry

3. Singapore's furniture industry has had to overcome our domestic land and manpower constraints, and find creative ways to grow sustainably. It has also had to adapt to global trends such as customers seeking greater customisation.

4. The SFIC has played an important role in helping our furniture industry respond to these challenges and take advantage of new opportunities. For instance, the SFIC Institute, in partnership with NTUC's Employment and Employability Institute and the Workforce Development Agency, launched the

¹ Information provided by the SFIC, Feb 2015.

Creative Craftsman Apprenticeship Programme in Feb 2014. Under this programme, potential craftsmen are matched with participating employers and can look forward to improving their carpentry skills, including on-the-job training and mentorship sessions with their new employers. 18 apprentices have graduated in Nov 2014, and another 17 are currently participating in this programme.

5. The SFIC has taken steps to help members to benchmark their productivity against their peers. The Singapore Furniture Outlook 2014 provides the average revenue and value add per worker for furniture manufacturers, furniture contract manufacturers and furniture retailers². This is the first time these sub-sectors are tracked separately and also provides a vantage point for members to compare themselves against international counterparts.

Government Support for Industry Development

6. The Government has provided strong support to our furniture companies to upgrade their capabilities and internationalise. For example, Cathay Interiors, a company specialising in fitting out building interiors, invested in wood-working machinery to automate its production process in 2013. Supported by SPRING Singapore's Capabilities Development Grant, this initiative has enabled the company to reduce the man-hours spent on panel cutting by up to 90% and enhance its ability to respond to short-term demand spikes.

7. Internationalisation is an important part of growing our furniture industry, and many of our furniture companies have done well in this. Notable examples include Scanteak, which now operates retail stores in Japan, Taiwan and the USA, and Commune, which has opened stores in Malaysia, Indonesia, Taiwan and China.

8. In 2014, IE supported 5 trade shows and business missions led by SFIC under the International Marketing Activities Programme or iMAP which defrays

² The VA/worker for Manufacturers, Contract Manufacturers and Retailers stand at S\$35K, S\$36K and S\$74K respectively. *Singapore Furniture Outlook 2014*, SFIC, Sep 2014.

some of these costs while facilitating establishment of trade contacts in key markets such as Germany, China and the USA.

9. Today, I am delighted to announce that the SFIC can now tap on the Local Enterprise Association Development or LEAD scheme, to engage in-market consultants³ to help their members target overseas markets. These consultants possess strong networks in target markets, which are particularly helpful when representing our companies to source for as well as bid for contracts. I understand that three groups of SFIC members have stepped forward to embark on the programme – the Building Materials Group, the Home Living Group and the Office Sector Group.

10. For example, participants from the Building Materials Group are banding together to offer a complementary product offering which includes wall boards, timber flooring and ceiling finishes. An appointed consultant will start hunting for deals by arranging business matching meetings with prospective clients in the Philippines⁴. I hope that this scheme facilitates business development and helps participants gain a stronger foothold in high-growth markets.

Conclusion

11. Let me close by wishing each of you continued success in the Lunar New Year. The Government will continue to work with partners such as the SFIC to support the growth of our furniture industry. I would like to urge individual businesses to seize the opportunities and make use of the support which Government is providing for growth and internationalisation. I am confident that with everyone playing their part, Singapore's furniture industry will continue to grow from strength to strength.

12. Thank you.

³ Up to 70% of consultancy costs (specific to helping companies to seek deals) are supported.

⁴ The Philippine construction industry is expected to grow strongly, bolstered by an overall economic growth of 6.1% in 2014. Source: Philippine Statistics Authority, 29 Jan 2015.