

**SPEECH BY MR S ISWARAN,
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THE GROUND-BREAKING CEREMONY OF JTC LOGISTICS HUB @ GUL AND
LAUNCH OF THE LOGISTICS INDUSTRY TRANSFORMATION MAP ON
16 NOV 2016, 10:00AM, AT 3 GUL CIRCLE**

Distinguished Guests,

Ladies and Gentlemen,

Good morning.

Introduction

1. It is my pleasure to be here with you at the Ground-Breaking Ceremony of the JTC Logistics Hub @ Gul.

The Singapore Logistics Industry – an Integral Part of Our Economy

2. Logistics is a critical enabler of our economy and our everyday lives. It connects suppliers to manufacturers, and merchants to consumers, both domestically and across borders. Comprising over 5,000 firms covering contract logistics, freight forwarding and trucking, the Logistics industry is part of the Transport & Storage sector which employed over 230,000 workers and contributed 7.4% of our GDP in 2015.¹

3. Over the years, Singapore has successfully built up and maintained our status as the Leading Logistics Hub in Asia². We are the choice location for supply chain management activities by many leading manufacturers and brand owners. The top logistics firms in the world have established a significant presence in Singapore, and

¹ Source: DOS and MOM

² Singapore has been ranked 5th on World Bank's Logistics Performance Index in 2014 and 2016. Number 1-4 are European countries.

many local logistics enterprises have grown in strength and capabilities over the years to compete in the global arena.

Growth Opportunities Fueled by Global Trends

4. Despite the current challenging economic climate, the logistics industry globally continues to enjoy good growth. Our Logistics industry is expected to continue on this growth trajectory, fueled by global trends:

- a. Asia's economy is set to grow by US\$1 trillion in 2017. The accompanying growth of the Asian Middle Class will increase consumerism in the region. This **Rise of Asia** is further bolstered by the growing network of trade agreements in the region, which will continue to promote the manufacturing and trade. Singapore's central location and its strong network of trade agreements continue to position us well to serve the region;
- b. **Emerging business and technology trends** such as omni-channel retail, 3D printing, robotics, and digitalisation will disrupt supply chains. This presents new opportunities for logistics companies to further differentiate their value proposition to clients, especially in meeting the new normal of shortened, agile and more complex supply chains.
- c. **Technological advancements** will help to future-proof the logistics industry. A new generation of collaborative robots and automated solutions, with significantly improved performance and enhanced sensing capabilities, will replace manual handling. Autonomous forklifts, trucks and other vehicles, even drones, will improve labour efficiencies. Coupled with the application of data analytics and the Internet-of-Things, we can expect the Logistics industry to deliver more integrated, faster and safer supply chains.

Logistics ITM to Support Transformation for Long-Term Growth

5. Today, I am pleased to announce the launch of the Logistics Industry Transformation Map (ITM). The ITM sets out the plan to transform Singapore's Logistics industry to capture the growth opportunities, while dealing with the challenges that the industry will face such as limited land for new facilities, slowing local employment growth, and increased competition from the region. This plan is the collaborative effort of the Economic Development Board (EDB), International Enterprise Singapore (IE Singapore), JTC Corporation (JTC), SPRING Singapore and Workforce Singapore (WSG), in partnership with industry players, unions, and trade associations.

6. The Logistics ITM will support enterprise-level efforts to transform and grow through productivity and innovation. It aims to nurture a strong Singaporean Core through talent development. This in turn will help our companies, in particular the small and medium-sized enterprises (SMEs), to scale-up and internationalise. Our trade associations will be keenly involved as change agents to help amplify the reach and impact of the ITM. The transformation of the logistics industry is expected to achieve a value-add of S\$8.3 billion and introduce 2000 new PMET jobs over the next five years.

Boosting Enterprise Level Transformation Efforts

7. To stay ahead of the increasing competition, our logistics companies must stay committed to achieving operational excellence. This can be done by **leveraging technology and adopting best-in-class supply chain practices** to improve productivity.

8. Many of our companies have built new best-in-class facilities or retrofitted existing facilities to maximise space utilisation. One example is DHL's Advanced Regional Centre which includes a specialised automation system with robotic shuttles to pick and store products from 72,000 locations spread over 26 levels. Another example is YCH's Supply Chain City, which has an automated storage and

retrieval system that is integrated with ramp-up warehousing as well as high-tech supply chain management equipment such as drones, robotic arms and automated guided vehicles.

9. These best-in-class facilities not only lead to more productive, expanded and flexible handling capacities, they also improve the work environment and job design for workers. Therefore, we want to encourage more of them.

a. EDB and SPRING Singapore will work closely with key enterprises to support them in implementing technologies that push the frontier of productive operations in Singapore. The Centre of Innovation for Supply Chain Management at Republic Polytechnic (COI-SCM) will also guide companies in evaluating and implementing process methodologies and technologies that best fit their needs.

b. In addition, the Government will invest in next-generation infrastructure solutions with high specification units that provide opportunities to deploy automation. The JTC Logistics Hub @ Gul is a prime example of such an initiative. Beyond efficiency and productivity gains, the co-location of depot operators and logistics companies in the Logistics Hub also promotes collaboration, which enhances the competitiveness of the logistics value chain.

10. Besides operational excellence, it is important that our companies, especially the SMEs, also specialize and **deepen their capabilities in key sectors**. Some examples would include food and healthcare logistics, e-commerce fulfillment, and aerospace service logistics. In this way, our limited resources can achieve maximum benefit.

11. **Internationalisation would be another key driver for growth**. Let me cite the example of I.M. Holdings. With presence in market like Myanmar, Indonesia, Brunei and China, I.M. Holdings aims to grow its revenue rapidly in the next few years. This SME has made the strategic decision to seek out good opportunities in

other markets and develop a niche solution to grow within its sector. This year, I.M. Holdings secured new customers from Japan and Australia who are now distributing their seafood and fruit produce into Asia through their network. We hope to see more home-grown businesses reinvent themselves and internationalise to become Globally Competitive Companies (GCCs). The government will continue to support our companies in their overseas market expansion through IE Singapore.

Building Up an Innovation Eco-System for Logistics

12. Today, Singapore is proud to be the chosen base in Asia for the Centres of Excellence and Innovation for leading logistics players such as SingPost, SATS, DB Schenker, Kuehne+Nagel, DHL, UPS, and Yamato. While the Government will continue to support these key industry players in their enterprise-level innovation activities, **more can be done to catalyse innovation activities for the rest of the Industry.**

- a. In that regard, the Government will work with research institutions and universities to develop capabilities such as operations research, supply chain analytics, and supply chain risk management to support emerging opportunities in digital supply chains, lights-out logistics operations, and e-commerce logistics. Companies can then tap on the expertise in these institutions either to kick start or to complement their own research and innovation efforts.
- b. To create a more vibrant innovation and research ecosystem, we need to foster a strong demand for such innovations. To this end, the Government will continue to promote Singapore as a choice location for leading manufacturers and brand owners to base their supply chain management activities and decision making.

Anchoring Growth in a Strong Singapore Core

13. The transformation of the Singapore Logistics Industry brings with it exciting opportunities for its workforce. **Rank-and-file jobs will require more skills, while new professional roles will also emerge.** Let me illustrate with an example. Mr Pang Jin-Zhou is a Solutions Engineer at Bollore Logistics. He is an Industrial and Systems Engineer by training who switched over to the Logistics Industry 2 years ago. His job involves working with Bollore's clients to drive productivity gains by designing and implementing automation systems.

14. **Demand for specialist roles like Jin-Zhou's is expected to increase over the next few years,** along with others that look at Logistics IT systems and data management, innovation and process improvement, programme management and specific industry verticals. Individuals can acquire the requisite niche and emerging skills through WSG's Industry Catalyst Programme.

15. Apart from new professional roles, **career progression opportunities in the Logistics industry are also expected to improve.** This is exemplified by Mr Kevin Sandhu. Kevin joined Yang Kee Logistics 15 years ago as a Traffic Controller with a GCE "O" Level certificate. Today, he is the Deputy General Manager for the company's Transport and Yard Operations, and he holds a Bachelor of Science in Logistics. The industry's appreciation for on-the-job learning coupled with strong training support from the Government's SkillsFuture initiatives, will continue to facilitate career progression like Kevin's. For mid-careers keen to enter the industry, the Professional Conversion Programmes (PCP) under the Adapt & Grow initiative will also enable them to make a smooth crossover.

16. By mid-2017, the Government will launch the **Skills Framework for Logistics.** It will be formulated after rigorous consultation with Logistics companies, industry associations, education and training providers, and unions. The Skills Framework will be a guide for individuals and companies on the career pathways, job roles, requisite skills and wages of jobs in the Logistics Industry.

17. The **Logistics Industry Career Guide** that I am happy to unveil today will share more information about logistics careers. The guide is a joint effort between

EDB, SPRING Singapore, Workforce Singapore and the industry, led by the Singapore Logistics Association.

Strengthen TACs to Act as Change Agents

18. In this entire effort, our Trade Associations and Chambers (TACs) will be an important and valuable partner. With their deep understanding of the industry and their members' needs, our TACs would be critical change agents who can help to amplify the impact of the ITM throughout the industry.

19. Hence, I am pleased to announce today that the **Singapore Logistics Association (SLA) has been awarded a LEAD Plus** by SPRING Singapore. The LEAD+ programme aims to raise the capabilities of TACs that are playing a significant role in industry transformation. Under LEAD plus, SLA would be able to strengthen its capacity to drive industry projects that will help its members internationalise, adopt technology and improve productivity. It will also increase its membership by 20% over the next few years³.

20. Besides SLA, the Government will also continue to work closely with the Container Depot Association Singapore (CDAS), Singapore Aircargo Agents Association (SAAA@Singapore) and the Singapore Transport Association (STA) to implement impactful industry-level projects that derive greater productivity through resource pooling and technology implementation.

A More Integrated Singapore's Urban Logistics System for Better Resource Utilisation and Liveability

21. Our domestic or urban logistics system also needs to transform in the longer term. DPM Tharman shared earlier this month on the Government's intent to build a

³ SLA currently has over 500 members.

more integrated urban logistics system. The plan, which encompasses short to medium-term initiatives, such as the federated locker system and consolidated logistics solutions, and long-term initiatives such as an integrated goods-mover system, will be driven under the Logistics ITM. By harnessing technology and new business models in logistics, we will be able to collectively improve the urban logistics system for greater resource optimisation, productivity and liveability.

Conclusion

22. Through the strategies outlined in the Logistics ITM and with the strong support of our logistics companies, unions and associations, I am certain that we can succeed in the Singapore Logistics industry's transformation to become operationally excellent and innovative. More importantly, we will be able to build up a strong core of Singaporean logistics talent and logistics firms to underpin the competitiveness and future growth of the Industry.

23. In conclusion, I wish every success to JTC and the SMEs and operators that will benefit from this JTC Logistics Hub @ Gul initiative. Thank you.