

Singapore to open up insurance, telecoms sector this year: Goh

SINGAPORE will further liberalise its insurance and telecommunications sectors this year, Prime Minister Goh Chok Tong said yesterday.

"These are the two areas you can see some movements in the year 2000.

"There should be some announcements coming from the Government in the next six months on steps we would take on accelerating the pace of liberalisation in these two key areas," Goh said in an interview in Singapore yesterday.

The Government has been working on opening up its insurance sector along lines seen in the banking sector.

"You are going to see further liberalisation in the insurance sector, of course the impact will not be as big as for banking in the financial sector," Goh said.

Meanwhile, Singapore is upbeat about its economic prospects this year, but has lingering market concerns and tempered optimism about the outlook for Indonesia.

In a Reuters Television interview, Singapore Prime Minister Goh Chok Tong said yesterday steady growth would continue in 2000 but refrained from making a new government forecast.

"I would expect firm growth for this year," Goh said. "We have a reputation for being conservative in our forecast.

"If our reputation remains true, then growth will be higher than our forecast... But at this stage, I would not want to tinker with it."

Singapore's current forecast for growth in 2000 is a range of 4.5 to 6.5 per cent.

Goh said in his new year's address that Singapore's economy grew 5.6 per cent year-on-year in 1999, helped by a strong fourth quarter that saw preliminary growth of 8.2 per cent year-on-year.

Yesterday, the prime minister said robust growth in the electronics sector as well as an improving regional picture were key to fourth-quarter gains.

Goh also said Singapore planned further liberalisation of its insurance and telecommunications sectors within the next six months, following banking sector reforms in 1999.

In his new year's address Goh had said developments in the US share market were a "dark cloud" for the local

economy. After a volatile first trading week of the new year in Singapore, Goh said yesterday that heavy buying of Internet-related stocks was a cause for concern.

He said the focus on such shares and related initial public offerings was a euphoria that could have side effects.

"I am a little worried that people are getting carried away, chasing Internet stocks," he said.

Another nagging issue from 1999 for Singapore was the CLOB share impasse with Malaysia, and Goh said Singapore would take the dispute over the suspended shares to the World Trade Organisation if no solution could be reached bilaterally.

Goh said he hoped to meet Prime Minister Datuk Seri Dr Mahathir Mohamad early next month to resolve outstanding bilateral issues.

"In the ultimate, if there is no solution, Singapore has no choice but to take the matter to the World Trade Organisation.

"Perhaps the shareholders may also take Malaysians to the courts in Malaysia," he said.

Malaysia imposed curbs on capital flows in September 1998, effectively freezing shares worth some US\$4.3 billion (US\$1 = RM3.80) traded on Singapore's Central Limit Order Book (CLOB) over-the-counter market.

Goh spoke with Reuters ahead of an official trade mission to Indonesia this week.

He said Indonesia faces security and political risks that could splinter the country and negate any efforts to stimulate investment there.

"The risk of Indonesia splintering is always there. I myself hold the view that it won't happen in the short term, but the risks are there," Goh said.

He said such issues would ultimately determine the success of any investment effort for that nation.

"The security situation in Indonesia causes potential investors to be cautious," Goh said.

"I go (to Indonesia) with some ideas, but I'm also rather hesitant at this stage as to whether ideas can bear fruit because it depends very much on Indonesia more than on Singapore." — Reuter