

## **Lessons from Intraco, Singapore's original trailblazer**

***Dr Faizal bin Yahya***

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Former government-linked companies such as DBS Bank and Singapore Airlines have become world-class Singapore brands. But not many people would immediately think of INTRACO as a Singapore brand or remember its contributions to Singapore's early industrialisation.

INTRACO, which is listed on the Singapore Exchange, describes itself today as a company trading in materials and infrastructure, and providing supply and installation of building-related products. This is quite a change from its goal when the International Trading Company — INTRACO's original name — was set up by the Singapore Government in late 1968. At the time, INTRACO was tasked to explore new overseas markets and find new sources of raw materials at competitive prices to support Singapore's export-oriented industrialisation (EOI) strategy. Created alongside DBS and the Jurong Town Corporation (JTC), INTRACO was considered by the then-Finance Minister Goh Keng Swee as the most complex, difficult and challenging undertaking among the three institutions.

In 1972, INTRACO was listed on the Singapore Exchange to raise capital and to align the company's operations with market rules. Two years later, the Government incorporated it into the portfolio of its main investment holding company, Temasek. Over the next 30 years, INTRACO created export markets for Singapore products and sourced for imports for the domestic market.

It was only in 2003 that the Government divested the company as part of a larger move to reduce its shareholdings in government-linked companies, either because they were already successful commercial entities or because they had outlived their original purpose. In INTRACO's case, unlike its pioneer peers DBS and JTC, it had lost its relevance as a state enterprise. This was despite it "blazing a trail" overseas for Singapore, as Dr Goh had put it when the company was first created. What were the main reasons for INTRACO's fate and are there lessons for nation-building we can draw from its experience?

### **HONOURING CORPORATE PIONEERS**

In its early days, INTRACO promoted Singapore's products and services overseas through trade fairs and trade missions, a role later assumed by Singapore's Trade Development Board — now known as International Enterprise Singapore — when it was created in 1983. INTRACO developed economic and trade links with countries in the Communist bloc, China in particular, and emerging economies in Africa, West Asia and Australasia, allowing Singapore to pursue its EOI strategy and becoming a reputable, thriving destination for investors. Foreign companies who looked to start their business in Singapore would also engage INTRACO as their local agent.

In the 1970s, it fulfilled another “national service” function, using its trading links to develop a rice stockpile after the Singapore Government realised that the volatility of rice prices and supply could be a major factor for social instability in the island nation.

But as the global economy changed with the demise of the Cold War, INTRACO was not able to reinvent its business model. With the collapse of the Berlin Wall in 1989 and thereafter the fall of the Soviet regime, INTRACO’s ability to trade in a more liberalised global trading regime came into question. Singapore’s establishment of full diplomatic relations with China in 1990 was an added death knell.

As we reflect on the reasons for INTRACO’s decline, several stand out. As the global environment changed with the thawing of geopolitical tensions, INTRACO’s key purpose and business leverage were blunted. Internally, INTRACO as a whole was not able to redefine itself from a middleman between suppliers and consumers, and become a significant player in value-adding activities, such as logistics, information technology and infrastructure development, all of which were burgeoning sectors in Singapore and the region.

Thereafter, many experienced traders who had built up knowledge of far-flung markets left to set up their own trading companies. With increasing domestic competition, INTRACO also faced an exodus of senior personnel in the mid-1980s that resulted in the company losing its strategic focus and direction. Despite having some notable figures leading its ranks such as Sim Kee Boon, Bernard Chen, Mr Chandra Das and Mr Ngiam Tong Dow, INTRACO could not overcome the odds.

Ultimately, as shown by INTRACO, Singapore’s economic achievements are not a guarantee of future success. There is a need to continually transform and redefine itself to stay relevant and useful in an ever-changing global economic environment. Unlike INTRACO, as a nation-state Singapore cannot be simply divested.

While INTRACO is no longer associated with the Singapore Government, it is still a key part of our economic history. INTRACO blazed a trail for Singapore’s early industrialisation, building up a corps of traders and staff who were knowledgeable about different overseas markets. This allowed a young independent Singapore to plug into global trade and also secure supplies for nation-building at home.

At a time when the state had very few levers to create jobs and build the nation, INTRACO helped fulfil Singapore’s immediate economic development objectives; it also laid the foundations for modern Singapore.

As we mark SG50, perhaps we should honour more of our corporate pioneers by documenting and noting their efforts in our economic development and nation-building, lest they be forgotten by current and future generations of Singaporeans.

**The writer, Dr Faizal Yahya, a research fellow at the Institute of Policy Studies in the National University of Singapore, is author of the book “INTRACO: Blazing A Trail Overseas For Singapore?”**