



24 April 2008

To: All Media

**Remarks by Dr Tony Tan Keng Yam, Deputy Chairman and Executive Director,  
Government of Singapore Investment Corporation (GIC)**

I would like to clarify some of my remarks made at the GIC Staff Conference on 21<sup>st</sup> April 2008, in order to put these remarks into perspective.

In particular, I wish to draw your attention to the following paragraph:

*“We could be facing a recession which is longer, deeper and wider than any recession that we have encountered in the last thirty years. The economic downturn can be mitigated if decisive and timely actions are taken by policy makers in the United States and elsewhere. If policy makers respond strongly and appropriately, investment markets and sentiments can turn around sharply.”*

Let me state clearly that this is not GIC’s forecast for the global economy. It is a scenario which GIC is considering. As part of GIC’s risk management discipline, GIC continuously reviews a range of economic scenarios which can affect GIC’s investment strategy.

GIC is presently working on three basic scenarios: an optimistic scenario – no recession in the US or globally, and the credit crisis ends; a pessimistic scenario – a deep, prolonged global recession; and a middle scenario – a mild US recession, but no global recession.

In normal times, there will be a central scenario with a dominant probability, with the optimistic and pessimistic scenarios as outliers, each with much lower probability. However, in light of the current fluid and uncertain times, the probability of the pessimistic scenario, while not the highest, has risen to a level that warrants serious consideration by GIC. That is why I highlighted this scenario at the GIC Staff Conference.

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