

Speech by Mr Lee Yi Shyan, Minister of State for Trade & Industry and Manpower at the APEC SME Ministerial Meeting on 2 October 2010, at 1130am, Gifu, Japan

Minister Ohata,
Chair of the 17th APEC SME Ministerial Meeting

Introduction

Good afternoon. It is my pleasure to join you at the 17th SME Ministerial Meeting here in Gifu, Japan. I would like to thank Minister Akihiro Ohata, the Japanese government for the warm hospitality extended to all of us during this meeting.

What Singapore had done in response to the Economic Crisis

2. The past two years has been a tumultuous time for the world economy. I believe each APEC economy had put in place measures to deal with the downturn. This year, we meet in happier times. As we look back on how we each coped with the crisis, I believe there is much sharing and learning that we can do collectively. Let me begin by sharing with you some of the key initiatives introduced by Singapore to help SMEs during the crisis.

Access to Financing

3. First, the Singapore government introduced a Special Risk Sharing Initiative (SRI) and a series of enhancements to existing financing programmes to improve credit access, and encourage lending to viable companies.

4. Under these programmes, some \$8.4 billion worth of new loans were approved in 2009. More than 13,000 enterprises, of which more than 90% were SMEs, benefited from these programmes.

Saving Jobs

5. Second, Singapore introduced the Jobs Credit Scheme in 2009 to save jobs. It was a business relief measure aimed at reducing employers' labour costs and

easing cash flow during a time of sharply falling demand and tightened credit conditions. When the scheme ended in June this year, more than 100 thousand employers (of which the vast majority are SMEs) employing about 1.4 million workers had benefited from the scheme. The scheme cost the government more than \$4.3 billion.

Building SME Capabilities and training workers

6. Third, to prepare our SMEs for the upturn, Singapore launched a \$200 million programme to help SMEs develop new capabilities and strengthen existing operations. Under the project named "BUILD", over 2,600 capability upgrading projects involving more than 3,000 companies were initiated in various capability areas, such as technology innovation, intellectual property management, design, branding and service excellence. We expect these projects to generate new value-added of \$4.5 billion and create 13,000 new jobs.

7. These three areas of focus formed an important part of Singapore's stimulus package in 2009, totaling \$20.5 billion.

Moving forward, plans for Singapore

8. We are relieved to note that these measures have been effective. Our real GDP grew by 17.9% in the first half of 2010. Unemployment rate, meanwhile, has been lowered to 2.2% in Jun 2010. To achieve long-term sustainable economic growth, Singapore will focus on building up the capabilities we need for quality growth over the next decade.

9. Going forward therefore, the Singapore government will first launch a sustained initiative to help enterprises and workers raise productivity. Second, we will enhance our support for the growth of more globally competitive Singapore companies.

Through productivity improvements

10. In the area of productivity improvement, we have set a national target to achieve 2-3% annual productivity growth for the next 10 years. To drive the national

productivity effort, a Deputy Prime Ministerial level National Productivity and Continuing Education Council (NPCEC) had been formed, with representation from industry, unions and the Government. The council will also direct efforts in building up the infrastructure for vocational training of workers who have left schools.

11. A critical thrust of this national effort is the improvement of productivity in our SMEs. Our SMEs contribute half of Singapore's GDP, and account for 6 out of every 10 persons employed. However, these enterprises are not as productive as non-SMEs. Hence, there is much room for improvement. We intend to raise the productivity of our SMEs at three levels:

12. At the *sectoral* level, drawing up productivity plans for each sector, taking into account the specific characteristics of the sector, so as to address the gaps and boost the productivity of the sector.

13. At the *firm* level, providing assistance to the broad base of SMEs. For this purpose, we have launched an SME Productivity Roadmap to create awareness of productivity, train SMEs in productivity tools, and facilitate them to implement productivity improvement programmes.

14. At the *individual* level, supporting continuous education and training through a newly launched Productivity Initiatives in Services & Manufacturing (PRISM) framework. This framework covers a range of productivity-related programmes including seminars and training courses to equip the workforce with tools to make them more productive.

Growing Globally Competitive Companies

15. Second, develop in our companies growth capabilities to commercialise their research and development (R&D) and expand overseas. A key part of this is to support research, innovation and enterprise. The Singapore Government had just announced a \$16.1 billion programme to be committed over the next five years, with the long-term aim for Singapore to be among the most research-intensive, innovative and entrepreneurial economies.

16. Singapore will also help our SMEs build other capabilities, such as business leadership. For example, a \$30 million programme was launched recently with the aim of injecting 2,000 fresh university graduates and polytechnic students into SMEs over the next 5 years.

Working together towards regional economic integration

17. Earlier on, we received an update in the SMEWG progress report. The report highlighted the importance of promoting free open trade and investment by 2010 in developed economies, and by 2020 in developing economies.

Singapore's SMEWG projects

18. The importance of market access as a major component of sustainable economic growth for our SMEs had been reflected in recent years in the calls by the APEC Economic Leaders. In response to these calls, the SME Ministers at the 16th SME Ministerial Meeting held in Singapore endorsed Singapore's proposal to carry out a feasibility study on the establishment of an "APEC SME Market Research and Capability Development Centre (SMRC)".

19. Following on from this proposal, Singapore commenced a study on the best practices in internationalization for SMEs with Japan, the United States and Chinese Taipei, culminating in a workshop earlier this week where preliminary findings were shared with participants from the APEC economies. We will commence the next phase of the study with four other economies. Singapore would like to share the outcomes of this study at a workshop on the margins of the 18th SME Ministerial Meeting in Big Sky, Montana, US. Thank you for your support thus far, and I look forward to your participation in the study and the workshop.

Conclusion

20. In closing, as we share and learn together, I believe we will have fruitful discussions over the next two days. More importantly, I hope the discussions will translate into effective and relevant programmes to drive the successful growth of SMEs in the APEC economies in the years to come. Thank you.