

**KEYNOTE ADDRESS BY  
MR LEE YI SHYAN, SENIOR MINISTER OF STATE FOR TRADE AND INDUSTRY AND  
NATIONAL DEVELOPMENT,  
AT THE OPENING CEREMONY OF ISSEC,  
12 NOVEMBER 2013, SINGAPORE  
INTERCONTINENTAL HOTEL, 1520HRS**

Distinguished Guests,

Ladies and Gentlemen,

1. Good afternoon. It is my great pleasure to join you today at the opening ceremony of the ISSEC for Shanghai. This collaboration is the first of its kind between IE Singapore (IE) and the Singapore Chinese Chambers of Commerce & Industry (SCCCI).

2. Amid a sea of global economic uncertainty today, opportunities abound in Asia. Asia's economic potential, buoyed by increased domestic demand will be supported by positive demographic trends. By 2030, the global middle class is set to grow by three-folds, of which, 85% of this growth will come from Asia<sup>1</sup>. Notably, Asia's urban population is projected by the United Nations to increase by another 1.4 billion by 2050 to reach 3.3 billion<sup>2</sup>.

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<sup>1</sup> OECD

<sup>2</sup> "World Urbanization Prospects: The 2011 Revision", United Nations, 2012

3. To ride on Asia's growth, Singapore companies need to develop strong capabilities and actively scout for opportunities in the region to grow and scale their business. It is necessary for companies to look overseas for growth due to Singapore's small domestic market and limited resources. Against this backdrop, Singapore needs to build up a pool of globally competitive companies that has the capacity to innovate and create value, and able to navigate the challenging global market.

4. China continues to be one of the most attractive markets in this region for Singapore companies. As the world's second largest economy, China's economy projected to grow at 7.25 per cent in 2014<sup>3</sup>. The new leadership under President Xi Jinping and Premier Li Keqiang have not only reiterated their commitment to maintaining economic progress, but have also introduced policies and other economic reforms to create sustainable growth. Notably, these reforms focused on domestic consumption and higher value-add industries instead of its traditional economic model of being manufacturing-heavy and export-led.

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<sup>3</sup> International Monetary Fund

4. China's push for domestic consumption is tightly coupled with rising urbanisation in large cities. Its urban population is expected to grow by an additional 310 million to reach 1.1 billion<sup>4</sup> by 2030. China's cities will also become home to 70 per cent of the total population, generating 75 per cent of its GDP<sup>5</sup>. In addition, the country's expanding middle-class would see urban household income doubled in the next decade<sup>6</sup>. In a nutshell, China's policy reforms and urbanisation trends will spur an increasing demand for goods and quality services, bolstering the healthcare and financial sectors. Singapore companies have a strong reputation of trust and quality in these areas, and can readily tap into these opportunities.

5. To help Singapore companies access opportunities in China, Singapore has several bilateral platforms in place such as the China-Singapore Joint Council for Bilateral Cooperation (JCBC), Joint Steering Councils for Suzhou Industrial Park and the Sino-Singapore Tianjin Eco-City, as well as seven provincial cooperation councils. These business councils are useful platforms to facilitate Singapore business interests in China at the provisional level. Through these channels, Singapore can drive economic discussions and complement China's growth with

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<sup>4</sup> China Human Development Report 2013, United Nations Development Programme

<sup>5</sup> China Human Development Report 2013, United Nations Development Programme

<sup>6</sup> Mapping China's Middle Class, McKinsey

Singapore's capabilities. For example, at the 10<sup>th</sup> JCBC meeting concluded in Singapore last month, several agreements between China and Singapore companies were inked.

6. Singapore's cumulative investments in China have also seen a 12 per cent increase, reaching US\$59.3 billion in 2012<sup>7</sup>, making Singapore China's third largest investor, with projects totalling over 20,000<sup>8</sup>. This is a significant indicator for a small country like Singapore and also reflects our companies' confidence in China's potential. This also means there is a comprehensive web of established knowledge networks and relationships that companies new to China can tap on.

7. Entering a new market is challenging. SMEs need to invest resources in understanding the market, manage regulations and processes and build connections, even before entering new markets. I urge Singapore companies to work closely together to make new breakthroughs. By banding together, Singapore companies can reap potential cost benefits and leverage on Singapore's branding holistically. Through closer cooperation and knowledge sharing, I am confident our companies will be better prepared to achieve long-term sustainable growth.

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<sup>7</sup> PRC Embassy in Singapore

<sup>8</sup> PRC Embassy in Singapore

## **Closing**

8. As China's economy evolves, its market is becoming increasingly sophisticated. Chinese consumers are increasingly looking for increased reliability, value and quality in their purchases. As such, to stay relevant, Singapore companies must enhance their value propositions and build on their core competencies. Through assistance such as the SEC, the government will work closely with Singapore companies to create and deliver new value for their customers and businesses.

9. On this note, I wish you a fruitful afternoon ahead. Thank you.

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