

**SPEECH BY SENIOR MINISTER OF STATE FOR MINISTRY OF
TRADE AND INDUSTRY CHEE HONG TAT IN PARLIAMENT
AT THE DEBATE ON PRESIDENT’S ADDRESS, 17 MAY 2018**

We Must Grow Our Economy

1. Mr Speaker, I rise in support of the motion.
2. Sir, we must and we will pursue economic growth. We must grow so that Singaporeans can have good jobs and the opportunities to change the world. We must grow so that we have the resources to build our home, to take care of one another, and to protect ourselves. We must grow for our children, to give them a better future.
3. Singapore is now a more mature economy. Our workforce will not increase as quickly as before. In GDP terms, we will not grow as fast as before. Some analysts say we could be the slowest growing country in the fastest growing region.
4. But growth is much more than just GDP. We can grow in many more dimensions. Earlier this week, Minister Chan Chun Sing painted the vision of “Singapore Unlimited”. We can grow in productivity, so that our companies and workers do things smarter, faster and better than others. We can grow in skills, so that if you want to get difficult things done reliably and creatively, you will get it done through Singaporean workers and Singaporean companies. We can grow in innovation, so that if companies want to create products and services to serve the fastest growing region in the world, which is Asia, they will come to Singapore to turn their ideas into reality.
5. To grow, we must do three things. First, we must be pro-business in our rules and regulations. Second, we must be pro-Singapore – believe that our local companies and workers can compete with the very best. Third, we must be pro-talent so that our people can have the best opportunities in Singapore.

Pro-business in Rules

6. The Government’s role is not to pick winners, or to think that we know how to run companies better than our entrepreneurs, that we know more about business operations than our workers on the ground.
7. Our focus is to set good rules and regulations, to protect our consumers and to foster a pro-business environment. We do not take this responsibility lightly. Because poorly designed or outdated rules can have unintended consequences. Where possible, we want to allow market forces to work efficiently, so that enterprises can compete fairly and achieve the best outcomes for society and consumers.
8. And we know, we have to regularly review our rules, because technology and business models change. When rules are set smartly, fairly and in a pro-business manner, our people and our companies benefit. This nimbleness sets us apart from

other countries. Companies want to set up shop in Singapore because they know here, they can operate in a trusted and reliable environment which is dynamic and connected with the world. They can pioneer a new business idea in Singapore, prove that it works and then export it elsewhere.

9. Our Government agencies are fully on board. We will do the following:

a. First, we will pro-actively seek feedback from businesses to make it part of our DNA and our instincts to be pro-enterprise; to continuously improve our rules and licensing framework and; to speed up processes and facilitate new business ideas. One example is how AVA and SCDF worked with the Singapore Manufacturing Federation to enhance regulations for cold stores. Previously, fire-prevention compartment walls in cold stores posed hygiene concerns as they could attract pests.

Based on industry feedback, the agencies worked with SMF to allow an alternative insulation material which will retard the spread of fire, without posing hygiene risks. It is a win-win outcome, which helps companies save several thousands of dollars per year for each cold store. It also demonstrated how Government agencies can work with industry partners and adopt pro-business approaches, without affecting regulatory objectives.

b. Second, we will cut red tape and simplify our licensing regime to reduce compliance costs for businesses. The Pro-Enterprise Panel (PEP) is currently working with the Association of Catering Professionals Singapore to do a deep dive into the regulatory requirements for the food sector. The food industry is not the biggest sector in our economy, but we chose to start with this as a pilot because the regulatory improvements can benefit many of our SMEs and workers.

Currently, companies can have up to 14 touch-points with different government agencies before they can set up a food shop. We asked ourselves, is it really necessary to have 14 touch-points? This is Singapore, we can do better. The PEP is working with Smart Nation and Digital Government Office and GovTech on this review. We have set for ourselves an ambitious target to streamline the 14 forms into one form, and to correspondingly reduce the time taken and licence fees which companies have to pay to start a food business. I don't know if our pilot will succeed, but we will try. As Minister Ong Ye Kung advised us when we embarked on the review, "Think big, start small, act fast." We will begin with this pilot, learn from the experience and extend the concept to other sectors subsequently. I believe these moves can have a positive impact on businesses by reducing regulatory costs and speeding up the application processes. They also help to shape a positive pro-enterprise culture amongst our government agencies.

c. Third, we will encourage experimentation via mechanisms such as regulatory sandboxes. The Monetary Authority of Singapore (MAS) has introduced a regulatory sandbox framework for the financial technology or

FinTech industry. This encourages stakeholders to experiment within a well-defined “safe” space. Other agencies like MOH and EMA have also started their own regulatory sandboxes for telemedicine and the energy sector respectively.

10. There is some risk when we embark on regulatory reviews and implement regulatory sandboxes. Some of the pilots could fail and some of the new rules may not work well. But we have to try, as remaining status quo and playing it safe is simply not tenable when we have to compete with other cities in the world for ideas, investments and talent. In such an environment, the most dangerous strategy is to make no bold moves. As Mr Teo Ser Luck said, we must “embrace failure for success”. What is important is to learn from the failure and have the resilience to bounce back and try again.

11. Being pro-business in our rules is much more than the economy. It is about shaping our social norms and social compact. It is about supporting risk-taking and overcoming our fear of failure. In the process of trying something new, we learn and become more resilient and more resourceful. Such changes can have a significant and lasting impact on our societal culture and the kind of society we want Singapore to be.

12. Recently, I met the 3 Singaporean students who started Binjai Brew – Rahul, Abilash and Heetesh. They are engineering students at NTU, and spent a year together at UC Berkeley for their overseas attachment. Rahul did an internship with a brewery in Richmond, California and that was when they picked up the interest and knowledge to brew their own beer. The 3 young men experimented with different brewing techniques. They adopted an engineering approach, building their own fridge to control the temperature, measuring the results of different recipes and brewing methods.

13. And after some months of trial and error, they produced good quality beer which they shared with their friends at NTU – not just one variety but seven different types of beer. I have tried their beer; it is very good. Unfortunately, they were not able to continue with their brewing on campus. The students told me that NTU has been very supportive and encouraging, and offered to find ways to help them continue while complying with the law. The PEP secretariat and I have also offered our help. We met the 3 young men over dinner and had a good discussion on how our current licensing regime could be reviewed to lower the barriers of entry for micro-brewers to test out new products during an initial trial period, before applying a more rigorous set of rules when they subsequently scale up their production and sales. My colleagues and I are looking into this suggestion, and we will discuss with the regulatory agencies. Again, I don't know if we can successfully implement this regulatory change, but we will give a shot.

14. I told Rahul, Abilash and Heetesh that I admire their enterprising spirit, their willingness to take risks and try something different, and their dedication in applying their engineering training to perfect the recipes and brewing techniques. These attributes will be valuable for them in future, whichever career path they choose. I hope more of our young people can have similar opportunities to pursue their passion, and have support from their families and society to take a less trodden path.

Pro Singapore-enterprise

13. Next, we must believe in our enterprises and our people. Singapore companies and workers can compete with the very best in the world and come out on top. To thrive and grow, Singapore companies know that they have to sell to the world. To develop products and services for the rest of the world, they have to prove their viability in Singapore. We must give them the opportunities and help them to succeed.

14. The Government will give fair consideration to Singapore companies when we procure products and services to seek out creative and innovative ideas from our companies, to partner them in our government projects and to enable them to build a track record to compete overseas.

15. For example, the Health Promotion Board appointed Activate Interactive, a local SME, to develop the Healthy 365 mobile app and provide the steps trackers for the first season of National Steps Challenge. All 100,000 trackers were taken up by our enthusiastic participants. Activate built on this success to spin off another company – Actxa - to venture into the wearables industry. Actxa is now able to hold a place in the wearables market among well entrenched competitors such as Apple and Garmin, and it is developing new innovative products and expanding into overseas markets.

16. We have many good local companies run by talented Singaporeans. I met Syafiq Yussoff last month. He is the founder and CEO of Riverwood, a home-grown logistics company. Syafiq dropped out of school when he young as he had to support his family. But he never stopped learning. While working as a personal trainer, he picked up useful business lessons and ideas from his clients. He then started Riverwood, armed with only two vans and four employees. Through hard work, taking calculated risks and learning from initial mistakes, Syafiq has grown his company to where it is today, with more than 60 vehicles and over 100 workers. Over 80% of his employees are Singaporeans. He has also given back to society to help others by supporting the Yellow Ribbon programme for ex-offenders and mentoring young people to help them succeed.

17. Syafiq also impressed me with his drive to constantly innovate and grow his business. Riverwood has applied technology and productivity measures extensively to boost its competitiveness. Last year, Amazon picked Riverwood as the vendor to deliver their products in Singapore. Syafiq is now looking at supplying halal food products to Japan. I asked him why Japan, since the country does not have a large Muslim population. He explained that the Japanese are interested in halal food products to serve the growing market for Muslim tourists and to prepare for Tokyo Olympics in 2020. So there is an opportunity for Riverwood to enter the market and apply their logistics capabilities and the trusted Singapore brand name to ensure process integrity and quality assurance for halal food products.

Pro-Talent

18. Third, we must have the best talent in Singapore. The Government has rolled out several initiatives over the past few years to calibrate the total number of foreign workers in Singapore and safeguard the well-being of Singapore workers. These

include training and skills-upgrading for our workers under programmes such as SkillsFuture, Professional Conversion Programme and Adapt & Grow.

19. We also implemented the Fair Consideration Framework, and the Tripartite Standard on the Employment of Term Contract Employees. Companies with unfair or discriminatory hiring practices know they will run into trouble with the authorities. About 150 companies have improved their HR practices and moved out of the Watch-list. This shows that a differentiated approach is effective in sending the correct signals to companies and incentivising them to adopt good practices that will benefit Singapore and Singaporean workers.

20. Mr Speaker, to be pro Singapore-worker is not just about having safeguards. And it is certainly not about building walls and closing our doors to new immigrants and global talent. With Singapore's ageing population, such an approach will only hurt the country and our people. To be pro Singapore-worker, I believe the more effective way is to grow our economy and help our companies to do well, so that they can provide better jobs, better pay and better life for our workers.

21. Singapore produces many talented people through our world-class education system. Singaporeans are held in high regard for our work ethic and reliability. Our workers are highly skilled and trustworthy, and we have the ability to work in a diverse environment with people from different cultures and backgrounds. The made-in-Singapore Dyson motor is an example how our people are collaborating with the best talent in the world. Dyson, a British company which manufactures household appliances like vacuum cleaners, uses its Advanced Manufacturing facility in Singapore to produce almost all the digital motors they use for their appliances sold throughout the world. Yvonne Tan who is Dyson's research and development engineering manager, has overseen the production of more than 20 million digital motors since joining the company in 2015. We also have Singaporeans holding senior positions in MNCs. Linus Lee heads Twitter's data science team in Singapore. Clarence Chew led Decathlon's entry into Southeast Asia and Australia.

22. Interacting with our students gives me confidence that our society and our education system have produced many young people with the resilience, resourcefulness and gumption to compete with the best in the world. I attended the graduation ceremony for Ngee Ann Polytechnic's School of Business and Accountancy recently, where I met Emmett Goh and Lynette Lau. Emmett did well at ITE and earned a place in Ngee Ann Poly. He won the Tay Eng Soon Gold Medal at the recent graduation ceremony. But it was not all rosy for him from the start. He was once arrested for getting into a fight with schoolmates when he was 16. After that incident, he decided to turn his life around. During his time at NP, he did a six-month internship at Metta Nairobi, an entrepreneur's club that brings startup communities together in Kenya. He got to network with local business partners and CEOs of companies. Emmett has many dreams he wants to pursue, including joining a private equity firm, running an exotic resort and becoming an inspirational speaker.

23. Lynette's story is equally impressive. During her time with NP, she did a 6-month internship with Grab Indonesia where she travelled across 10 cities to conduct market research for its business expansion. She successfully devised a new method to reduce the backlog of driver signups and increased their productivity. She even

picked up Bahasa Indonesia during her internship. Lynette is now running a startup, Pixcels, which provides photobook services and aspires to own a successful business one day.

24. To maximize the potential of our people, Singapore's economy must have the capacity to generate good jobs and provide our people access to the best opportunities, the best networks and the best ideas. We cannot rely on MNCs alone to achieve this, but neither should we look inward and only focus on local SMEs. I agree with Mr Liang Eng Hwa that the two need to go hand-in-hand. We need an economy with strong companies, whether they are local offices of MNCs, large local enterprises or Singapore SMEs.

25. To grow our economy, we have to develop Singaporean talent and also attract talent to our shores so that we can compete with other top-tier cities in the world. It is not just about growing our economic capital, but also our intellectual capital. This is why Silicon Valley remains the "centre of the tech universe". Nearly three-quarters of its skilled workers in computing, architecture and engineering are foreign born. More than 40% of US companies in the 2017 Fortune 500 list were founded or co-founded by someone who is foreign-born or has parents who are immigrants. Similarly, many of our start-ups in Singapore have co-founders who are foreign-born. Some have now become Singaporeans.

26. Besides bringing talent into Singapore, we should also think of ways to tap on the large talent pool in our region, a point which Mr Liang Eng Hwa made in his speech. We want to grow a group of regional talent who are familiar with Singapore and whom our companies can work with, both in Singapore and when they expand overseas. Not only bringing the region into Singapore, but also bringing Singapore into the region. Enhancing such connectivity will provide more win-win opportunities, and help our companies to succeed when they expand overseas. Ultimately, what we want is to strengthen Singapore to benefit Singaporeans.

27. Mr Speaker, I am glad that various industry leaders, journalists, government officials and academics have supported a balanced approach on talent development. In a recent ST article, Maybank Kim Eng economist Dr Chua Hak Bin said while there should not be a relaxation of the foreign worker policy across the board, there is a need to look at certain sectors which require talent from abroad to support their growth, and allow Singapore to seize opportunities and be at the forefront of change. Dr Chua is right that we cannot compete with other top-tier cities in the premier league if we do not have the best talent.

28. Ravi Menon, Managing Director of the Monetary Authority of Singapore, has framed the issue very well. He said: "It is about growing the Singaporean talent base as well as being a magnet for the world's talents. Most of all, being open in spirit and mindset, staying open to diversity, being comfortable working in multicultural settings, thriving in a globalised world, having an enterprising spirit, always seeking new and better ways to do things."

29. I agree with Ravi that this is how we can create more opportunities for our people to grow our economy, to enable our companies and our workers to do well, and to create a better future for our next generation.

30. Sir, in Mandarin, please.

[Mandarin Section]

31. 蔡其生先生认为，政府和企业之间应该互信互鉴。我同意他的看法。这能帮助政府更好地了解企业的需要，帮助企业取得成功。企业做得好才能为员工提供好的工作，支持终生学习和技能提升。

32. 我从政之前曾多次和蔡先生接触，从他的身上学到了很多，包括他从商的经验 and 见解。我记得当时他身为中华总商会会长，我们一起合作建设了裕廊的商团中心。这是政府同商会合作的一个重要项目，宗旨在于支持商会的发展以及加深政府同企业之间的合作，打造一个“亲企业,亲员工”的大环境。

33. 另一个合作领域是检讨政府条规。政府机构必须了解条规对中小企业在运作成本方面的影响，聆听反馈，减少不必要的条规。

34. 让我举一个例子。卫生科学局不久前对被禁用了超过 20 年的中药延胡索进行复审，决定对延胡索草药解禁，并从今年 6 月 1 日起，批准使用含有延胡索成分的中成药。卫生科学局是收到医药保健品商会的反馈，在查阅资料后决定，只要根据中药药典的用法，含有延胡索的草药基本上是安全的，因此决定解禁。本地中医师和中药店等都欢迎这个好消息。这例子反映了政府部门与中医药界的密切合作，在确保中医药安全的同时，也给予中医最大的发挥空间,为病人带来最大的好处。

Conclusion

35. Mr Speaker, in the 1960s, our pioneer generation of leaders made two strategic economic decisions which were contrarian to the policies adopted by most developing countries at that time. First, we rejected import substitution and instead relied on free trade and export-driven growth. Second, we attracted MNCs to invest in Singapore and made this a key pillar of our economic development strategy. These enabled Singapore to move from third world to first in one generation.

36. In the 1990s and 2000s, we made bold moves to liberalise our services sector ahead of other countries in Asia by privatizing government-owned entities in industries like telecommunications and power, and opening up our services sector to market competition. These changes spurred our local corporations to become more productive and competitive. Entities like Singtel and DBS are now leading companies in Asia, and have created wealth, good jobs and career development opportunities for many Singaporeans. And there is room for them to grow further by tapping on the rise of Asia over the next decade.

37. We are now in a world where some countries are starting to turn inwards, and become more xenophobic and less welcoming to trade and foreign investments. As a small open economy, Singapore must resist these forces of populism and protectionism. Let us have the courage to once again take a contrarian position by keeping Singapore open and connected with the world, and to boldly experiment with

innovative ideas and transform our economy. And we must continue to grow, so that we have the resources to hold our society together and invest in new infrastructure and capabilities. To achieve these goals, we need to be pro-business and pro-worker, and ensure that the fruits of economic growth can benefit all Singaporeans.

38. During his 60th birthday dinner in 1983, Mr Lee Kuan Yew said “The past 24 years were not pre-ordained. Nor is the future. There will be unexpected problems ahead, as there were in the past. They have to be met, grappled with, and resolved. For only a people who are willing to face up to their problems and are prepared to work with their leaders to meet unexpected hardships with courage and resolution, deserve to thrive and to prosper.”

39. Mr Lee’s words are a useful reminder for all of us and a new generation of Singaporeans to look ahead with confidence as we write the next chapter of the Singapore story, facing the future together with the same pioneering spirit as our lion-hearted forefathers who built this land.

40. Mr Speaker Sir, I support the motion.

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