

SPEECH BY MR HENG SWEE KEAT, MINISTER FOR FINANCE, AT THE 2015 ASIA COMPETITIVENESS INSTITUTE ANNUAL CONFERENCE ON THURSDAY, 26 NOVEMBER, AT 9.15AM, AT THE MARINA MANDARIN HOTEL

Singapore, a connected and trusted home base for companies to go global

Professor Wang Gungwu

Excellencies

Distinguished Guests

Ladies and Gentlemen

1 Good Morning. Thank you for inviting me.

2 This annual conference by ACI seeks to stimulate discussion among policy makers, business leaders and academics on what we have to do to realise the productive potential of our region. Harnessing the potential of our region is critical to enabling our people to realise their aspirations, and to improving the quality of life.

3 Today, we are launching seven publications to share knowledge, and signing six MOUs to pave the way for advancing our mutual understanding. All these are important needs and meaningful contributions to realising the potential in our region.

4 In the last few decades, most countries in Asia have made very good progress in realising their economic potential. Hundreds of millions of people have been lifted out of poverty, and there is a growing middle class that is now providing new impetus for growth in the region. With economic growth, the resources generated have allowed governments in the region to take care of vulnerable groups and to invest in the future, including in our young.

5 But we must not be complacent. We are far from achieving the full potential in Asia. While much has been done, there is much more to do. In particular, there is much more to do in restructuring our economies and in integrating our region. That is how we can continue to grow both the actual growth rate, as well as growing the growth potential.

6 One major reason for the strong economic growth in the last few decades in Asia has been our openness to trade and investment. But unfortunately, the Doha Round of global trade talks has stalled. I hope the coming Nairobi meeting can re-inject some momentum.

7 Asia has been a major beneficiary of globalisation, and many policy makers and people in the region recognise this. And that is why I think it is most encouraging that policymakers in Asian economies continue to show strong commitment to free trade. As Professor Kishore Mahbubani mentioned earlier, in the confusing state of the global economy, there still seems to be many trade agreements within the region.

8 It is not difficult to understand when we realise the benefits that have been brought by this openness to trade and investment. Earlier on, talking to some of our colleagues in the region, we spoke of how intra-ASEAN investment has grown following the growth in intra-ASEAN trade. The trends are actually positive. If you look at projections by the World Bank, IMF and others, even though growth has slowed across the world, the potential and projected growth rate within the region remain above the global average. Indeed, there is much for ASEAN and the Asian region to continue to seize opportunities.

9 Very recently, ASEAN Leaders came together to sign the Declaration on the ASEAN Community, of which a key part was the ASEAN Economic Community. This will serve to create a single market and a single production base of over 600 million people. So this is a significant move by the ASEAN leaders.

10 The negotiations on the Trans-Pacific Partnership (TPP), of which several ASEAN members are members of, have been concluded. And work is going on in the Regional Cooperation Economic Partnership (RCEP). China's One-Belt One-Road initiative, as well as the AIIB, will in the coming years have significant impact in the region, especially in the area of infrastructure investment. Indian Prime Minister Modi not only reaffirmed his Look East policy, but said we should not just Look East, but Act East. And Japan and Korea too are also building linkages in the region.

11 While you can be a purist and say that this is a very untidy spaghetti bowl of regional trade deals and it is not ideal, and I agree that it is not ideal, it is nevertheless a practical way to inject momentum to trade liberalisation and deepen integration in the region. I hope that over time, we should seek to multi-lateralize all these different regional deals. .

12 For all these reasons, **Singapore supports these regional and global trade partnerships that connect Asia more comprehensively to the rest of the world, and I believe and hope that the next step we can take will be the Free Trade Area for the Asia-Pacific, once we are able to do the RCEP.**

13 The partnerships will benefit all of us – by improving economic connectivity across the region, boosting capacity for trade, by creating fresh opportunities for investment, we can all benefit.

14 Companies in Asia, especially SMEs, can benefit from bigger markets and achieve economies of scale. Consumers in the region can benefit from having more competitive products and workers in the region can look forward to higher growth, higher productivity and higher wages.

15 With all this, our people can grow and prosper to create a better home in Asia

Singapore as a trusted home base: Growing and sharing knowledge

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16 Within this framework of regional and global partnerships, I believe that each country and region can make a special contribution. Everyone will have a role to play, and in fact, very often, multiple roles.

17 One area which I hope Singapore can contribute is to be a “trusted home base”, with strong and deep connections within Asia, and between Asia and the world. **We hope to become a trusted home base for companies from which they can access the rest of the region**, and in that way, help catalyse developments, in particular industries and niches.

18 A trusted home base has to perform many functions, for it to be relevant to policy makers, business leaders and workers in the region. Let me highlight just one – that of building and promoting deeper understanding of the dynamics of growth and development in the region; and building trust in the region, which is so essential for promoting closer cooperation that we all seek.

19 I am glad that in the last few decades, our universities and research institutes have dedicated their resources to studying Asia. In fact, in this room, we have many eminent Asia scholars, including, of course, the Chairman of the ACI governing board Professor Wang Gungwu. This is research undertaken by people with a strong knowledge of the context of the region, and enriched by interactions with academics and think tanks from outside the region, and from international bodies like the World Bank and the IMF.

20 In NTU, for instance, we have the S. Rajaratnam School of International Studies (RSIS), and in NUS, we have a number of different think tanks: the Institute of South East Asian Studies-Yusof Ishak Institute, the East Asia Institute, and Institute of South Asian Studies, and Middle East Institute etc. We also have the Asian Bureau of Economic Research, focusing on economic issues.

21 In this regard I should specially mention the Asia Competitiveness Institute (ACI). Strong robust research establishments such as ACI help to elevate knowledge of Asian markets and their potential competitiveness as a measure of market maturity. For instance, ACI's research into competitiveness has helped to shed light on market maturity in ASEAN; the readiness of market for innovative solutions offered by SMEs and a whole range of studies which Professor Kishore Mahbubani mentioned earlier.

22 There are studies on the characteristics of different regions and provinces within big countries such as China, India and Indonesia. These studies help policy makers understand the need for change, and how they can continue to work to restructure the economy, improve rules and regulations and create the potential for higher growth. It also helps us understand the areas of complementary strengths within regions and across our entire Asian region.

23 Case in point: The Indian Government is supportive of ACI's role as a neutral research body to assess competitiveness of its regions in 2015 Master Plan for Strategic Regional Economic Development of India.

24 The signing of MOUs we are going to witness later this morning indicate our mutual trust and willingness to share knowledge to further the Asian economic cause. Each of the think tanks is doing important and interesting work, and by pooling our knowledge, we can enhance our understanding even further, and learn to see different perspectives from different parts of the world.

25 These MOUs are really the start of future collaborations within the region. I hope that over time, Singapore will be a trusted port-of-call for Asian economic research, that businesses can tap on and contribute to the strong base of accumulated knowledge capital here as business leaders and academics gain deeper understanding of the region, and that researchers will be able to take advantage of that connectivity and to propose solutions to many economic issues and new modes of collaboration.

26 I hope that Singapore can play our modest role in creating an environment of mutual trust and cooperation amidst the competitive dynamics of economies. With trust, we can weave stronger long-term bonds with our stakeholders, enable closer dialogue between our partners, and reinforce the image of Asia as a trusted and sustainable economic entity, thereby attracting investments, creating jobs and playing our parts in contributing to global growth

Conclusion

27 I hope that all this may also enable ASEAN to realise its potential to become the fourth largest economy grouping in the world by 2030, and that in this effort, our researchers, academics and think tanks can make a very important contribution. On that note, I hope we take this opportunity to build stronger relationships to integrate ASEAN economies, and for Asia to be integrated with the rest of the world.

28 Knowledge is the basis of the new economy. I trust that this conference will be a conducive conduit for this exchange of knowledge and to set the groundwork for greater cooperation, greater knowledge sharing, and creating a better life for all our people. Thank you very much.

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