



## MEDIA RELEASE

# 7<sup>th</sup> Singapore-Zhejiang Economic and Trade Council meeting highlights opportunities arising from Zhejiang's rapid development

- **Senior Minister of State Grace Fu co-chaired Singapore-Zhejiang Economic and Trade Council meeting for the first time.**
- **Council highlighted opportunities for Singapore companies in marine economy, modern services and urban solutions.**
- **32-member business delegation visits Hangzhou, Ningbo and Zhoushan to explore opportunities.**

MR No.: 045/11

Singapore, Thursday, 24 November 2011

1. Despite the challenges of a volatile global economy this year, bilateral relations between Singapore and Zhejiang have strengthened with emergence of new collaboration opportunities, driven by Zhejiang's 12<sup>th</sup> Five Year Plan and announcement of Zhoushan Archipelago as China's fourth state-level new area<sup>1</sup>. The opportunities were highlighted at the 7<sup>th</sup> Singapore-Zhejiang Economic and Trade Council (SZETC) meeting, of which International Enterprise (IE) Singapore is the Singapore Secretariat.

2. The Council meeting was co-chaired by Ms Grace Fu, Senior Minister of State (SMS) for Information, Communications and the Arts, and Environment and Water Resources for the first time, together with Zhejiang Vice Governor Gong Zheng. SMS Fu<sup>2</sup> is the newly appointed Co-Chairman of the SZETC, taking over from Mrs Lim Hwee Hua, former Minister, Prime Minister's Office and Second Minister for Finance and Transport.

3. The Council recapped achievements in 2010-2011, and discussed the work plan for 2012. Through the SZETC, IE Singapore will help companies explore collaboration in

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<sup>1</sup> The other three state-level new areas are Shanghai's Pudong New District, Tianjin Binhai New Area and Chongqing's Liangjiang New Area.

<sup>2</sup> SMS Fu was previously the Co-Vice Chairman for the Singapore-Tianjin Economic and Trade Council.

marine economy, urban solutions, trade, as well as modern services such as e-commerce, Infocomm Technology (ICT) and tourism.

4. Said SMS Fu, "Zhejiang is growing and urbanising rapidly, with the government placing focus on raising the standard of living for its people. In line with its development and 12<sup>th</sup> Five Year Plan, Singapore companies can exchange knowledge and expertise in three key areas. They are the marine-related sectors, modern services and urban solutions. Our similarities as export-oriented economies also allow for greater trade cooperation and joint exploration of third markets as our enterprises seek to expand their businesses. The Singapore-Zhejiang Economic and Trade Council will be key to driving this cooperation."
  
5. Singapore-Zhejiang economic ties have grown healthily, with bilateral trade increasing by 73% to reach US\$3.09 billion from January to September 2011, compared to the same period in 2010. Singapore's cumulative actual foreign direct investments in Zhejiang grew over 250% from US\$0.74 billion in 2003, to US\$2.64 billion as at end September 2011. There are now more than 970 Singapore projects in the province. Singapore is Zhejiang's 5<sup>th</sup> largest foreign investor, with major investments in high-tech industries, infrastructure, logistics, manufacturing, real estate and textiles.

### **Key Engines of Growth**

#### Zhejiang's 12<sup>th</sup> Five Year Plan

6. In its 12<sup>th</sup> Five Year Plan, Zhejiang aims to achieve a GDP growth of 8% in 2011; with a 10% growth in exports and foreign trade, as well as a 12% growth in retail spending. It will focus on developing its infrastructure, transport and energy sectors.

7. Another key area is the development of modern services. In line with the State Government's call to transform China's economic model into one based on greater innovation and value-add, the province targets to grow its services sectors to account for 48% of GDP by 2015<sup>3</sup>. This includes financial services, master planning, software packaging and tourism-related areas like hospitality and leisure services. Singapore's experience in the services sectors allow us to contribute to Zhejiang's needs, meeting the rising demand for higher quality of products and services.

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<sup>3</sup> The modern services sectors currently account for 43% of Zhejiang's GDP.

Zhoushan Archipelago New Area – China's fourth state-level new area

8. The Zhoushan Archipelago is designated as China's fourth state-level new area. With sub-provincial status, special preferential policies for investors can be expected; development of the marine economy will also become a key focus. This is a major initiative by the Central Government to advance the country's Marine Economy Development. With Zhoushan and Singapore sharing many similarities as port cities, Singapore companies can exchange knowledge and expertise in port-related services, including port and logistics management, marine engineering equipment, marine leisure and tourism, as well as marine science and technology services. Singapore can also provide customised training in marine-related industries.

Partnering Privately-Owned Enterprises

9. Zhejiang achieved GDP growth of 11.8% last year, the fourth highest in China<sup>4</sup>. Growth was spearheaded by Zhejiang's Privately-Owned Enterprises (POEs), the largest pool<sup>5</sup> in China. These POEs account for 70% of Zhejiang's GDP, and sustain 90% of its workforce. Singapore companies can partner these POEs for domestic and international expansion. Singapore companies can leverage the POEs' network to penetrate the vast China consumer market, while Zhejiang companies can tap into Singapore's strong infrastructure and networks to expand into the region.

Business mission

10. The Council meeting is part of an IE Singapore-led business mission to Hangzhou, Ningbo and Zhoushan in Zhejiang province from 21 - 24 November 2011. The delegation comprises 32 representatives from 23 Singapore-based companies covering education, financial services, infrastructure, marine and transport and logistics; as well as officials from the Ministry of Trade and Industry, IE Singapore, Economic Development Board and Infocomm Development Authority.

11. During the mission, the business delegation visited the Hangzhou Urban Planning Exhibition Centre, Ningbo-Zhoushan Port Groups, key city development zones, as well as Singapore companies' projects - the Singapore-Hangzhou Science and Technology Park, Ascendas' largest project in China; and CapitaLand's Raffles City Ningbo. SMS Fu also called on key provincial and municipal leaders, including Zhejiang Acting Governor Xia Baolong, Zhejiang Vice Governor Gong Zheng, Hangzhou Mayor Shao Zhanwei and Ningbo Executive Vice Mayor Liu Haiquan.

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<sup>4</sup> Top 3 cities are Guangdong, Jiangsu and Shandong. Source: China Yearly Statistical Book.

<sup>5</sup> 180 out of the top 500 POEs in China are located in Zhejiang.

12. Tomorrow, SMS Fu will grace and speak at the 6<sup>th</sup> Business Forum in Shanghai, organised by the Shanghai Singapore Business Association – Singapore Club Shanghai (SSBA-SCS), and supported by the Singapore Chinese Chamber of Commerce & Industry (SCCCI). Themed “Entrepreneurship in Innovation and Internationalisation”, the forum will focus on building enterprises and doing business in China.

Annex 1: Opening speech by Senior Minister of State Grace Fu at the 7<sup>th</sup> SZETC meeting in Zhoushan

Annex 2: Chinese terms

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#### **Note to Editor**

Please use ‘IE Singapore’ or ‘IE’ if an acronym for ‘International Enterprise Singapore’ is required. In addition, unless otherwise stated, the use of statistics cited in our media releases, website or Statlink, should be attributed to IE Singapore.

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#### **About International Enterprise Singapore**

International Enterprise (IE) Singapore is the government agency driving Singapore’s external economy. We spearhead the overseas growth of Singapore-based companies and promote international trade.

We partner Singapore-based companies in their international expansion through our “3C” framework of assistance (Connections, Competency and Capital), and through our global network in over 35 locations spanning many emerging markets.

We also anchor global trading companies in Singapore and position the country as a base to expand into the region in partnership with Singapore-based companies. Visit [www.iesingapore.com](http://www.iesingapore.com) for more information.

### **About Singapore-Zhejiang Economic and Trade Council**

The Singapore-Zhejiang Economic & Trade Council (SZETC) was established on 18 November 2003. The launch of SZETC was witnessed by then Singapore Prime Minister Goh Chok Tong and Chinese Premier Wen Jiabao. Senior Minister of State for Information, Communications and the Arts and The Environment and Water Resources, Ms Grace Fu and Zhejiang Vice Governor, Mr Gong Zheng, are Co-Chairmen of the Council.

The Council aims to promote economic exchanges and cooperation between Zhejiang Province and Singapore, and is formed by leaders, government officials and private sector representatives from Singapore and Zhejiang.

The Council endeavours to achieve its objective through the following:

- a) exchange of economic data and information, and familiarise each other on the respective economic policies;
- b) promote, guide, and assist in bilateral trade and investment;
- c) organise exchange activities in the areas of economic, trade, and investments;
- d) coordinate and help companies solve problems in joint businesses;
- e) other work that are mutually beneficial for economic and social development.

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**ANNEX 1**

**OPENING SPEECH BY MS GRACE FU,  
SENIOR MINISTER OF STATE FOR INFORMATION, COMMUNICATIONS AND THE  
ARTS, AND ENVIRONMENT AND WATER RESOURCES, CUM CO-CHAIRMAN OF  
SINGAPORE-ZHEJIANG ECONOMIC AND TRADE COUNCIL (SZETC),  
AT THE 7<sup>TH</sup> SZETC MEETING  
24<sup>TH</sup> NOVEMBER 2011, SHERATON HOTEL, ZHOUSHAN**

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Your Excellency Vice Governor Gong Zheng,  
Distinguished Council Members,  
Ladies and Gentleman,

Good Morning.

1. On behalf of the Singapore delegation, I would like to express our deepest appreciation to Vice Governor Gong, the provincial and city officials for hosting us in Hangzhou, Ningbo and Zhoushan. I am honoured to co-chair my first Singapore-Zhejiang Economic and Trade Council (SZETC) meeting with Vice Governor Gong. This is my first visit to Zhoushan, and I look forward to seeing more of the city in the afternoon.

2. The bilateral relationship between Singapore and Zhejiang has strengthened since the SZETC was established in 2003. Building on the strong foundation that former Co-Chairman, Mrs Lim Hwee Hua had established, I hope to sustain the momentum of our growing bilateral relationship.

**Singapore- Zhejiang Strong Bilateral Relations**

3. When the SZETC met last year, the global economy was recovering from the 2009 economic recession. Despite global uncertainties, Zhejiang's GDP grew 11.8 percent, the fourth highest in China. The volatile global economy did not dampen companies' confidence.

4. In the first nine months of 2011, Singapore-Zhejiang bilateral trade increased by 73 percent to reach US\$3.09 billion, compared to the same period in 2010. Investments have also grown steadily over the years. Singapore's cumulative actual foreign direct investments in Zhejiang have increased from US\$0.74 billion, to US\$2.64 billion as at end of September since the SZETC established in 2003. This represents an average annual growth of 30 percent.

### **Progress and milestones**

5. Last year, Singapore-Zhejiang collaboration in key sectors such as environmental services, transport and logistics made good progress. The Council Secretariat will give a comprehensive report shortly, but let me first highlight a few noteworthy accomplishments.

6. First, connectivity between Singapore and Zhejiang, as well as the Yangtze River Delta has been enhanced with the launch of Jetstar Asia's direct flights between Singapore and two Zhejiang cities - Hangzhou and Ningbo.

7. Second, the Singapore-Hangzhou Science and Technology Park, Ascendas' largest investment in China to-date, has completed its phase one development of 56,000sqm. I am heartened to know that other Singapore players have leveraged the Park to build their presence in Zhejiang. Phase Two of the development has commenced, and I am confident that when completed, the Park will provide a top quality environment for talents and businesses.

8. Third, to capitalise on Ningbo's positioning as one of China's major wine hub gateways for the region, Singapore's YCH Group will offer end-to-end supply chain management services using state-of-the-art, temperature-controlled wine logistics facility within the Ningbo Free Trade Zone area by 2012. Their facility and logistics services will add value to the overall wine distribution networks within Ningbo and its surrounding region.

9. Fourth, in the area of Info-communications, Wilmar Consultancy Services is working with Yiwu Transportation Development Limited Company to jointly develop an e-logistics Public Information Platform. This enables effective and efficient sharing of data services among the city government, traders, logistic enterprises, and custom reporting. The project will raise Yiwu's vibrancy as a small commodities market [小商品市场].

### **Areas for Further Collaboration**

10. Moving forward, the Council workplan for 2012 will dovetail Zhejiang's 12<sup>th</sup> Five Year Plan, and see the Province's continued focus on service industries, R&D and innovation; as well as emphasis in the development and promotion of its marine economy, infrastructure, transport and energy sectors.

11. The recent announcement of the Zhoushan Archipelago as China's fourth state-level new area<sup>6</sup> will also advance the overall strategy of marine development in the Yangtze River Delta region and boost the growth of Zhejiang. This provides impetus for our collaboration.

12. The marine economy is one new area to look at. Singapore's development as a global maritime port city is a good basis for collaboration. Figures show that the Ningbo-Zhoushan port is the second largest marine port in the world<sup>7</sup>. Zhoushan's growth in this area is immense. Collaboration with Singapore need not be restricted to hardware; Singapore can bring in players from the maritime and port services ecosystem. Together, we can complement and play on our respective strengths to create win-win partnerships.

13. Currently, Singapore's Ottomen Estate Resources is taking the lead to develop Xugong Island in Shengsi County into a tourism destination. The island's prime location in the waters of Shanghai, north eastern Zhejiang and the Zhoushan Archipelago will enhance its development as an international marina club. Singapore companies can participate in its development such as environmental services, retail and resort facilities and others.

14. Geographical wise, the Council hopes to see more companies expand their horizon in Zhejiang to explore second tier cities such as Jiaxing, Shaoxing and Yiwu. Singapore's own economic success did not come easy. Economic restructuring was a periodic call throughout the 46 years since our independence. Our companies have grown along with us and developed strong capabilities in the services sectors.

15. Another potential area of partnership is with the Privately-Owned Enterprises (POEs). We encourage Singapore companies to work with Zhejiang's POEs for both domestic and international expansion. One potential area is e-Commerce. Singapore companies can leverage the booming e-commerce economy to pilot new ideas with the POEs. For example, our logistics players can offer supporting services for their e-commerce expansion through their high-tech inventory tracking, delivery systems and distribution networks.

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<sup>6</sup> The other three state-level new areas are Shanghai's Pudong New District, Tianjin Binhai New Area and Chongqing's Liangjiang New Area.

<sup>7</sup> Shanghai ranks first, followed by Ningbo-Zhoushan, and Singapore. Source: <http://www.marineinsight.com/marine/top-10-biggest-ports-in-the-world-in-2011/>



16. We also encourage these POEs to work with Singapore to grow beyond China. As export-oriented economies, Singapore and Zhejiang enterprises can explore third markets together. By leveraging Singapore as a base, and tapping our comprehensive network of Free Trade Agreements, Zhejiang enterprises can internationalise and open new markets in Southeast Asia and beyond.

**Closing**

17. Finally, I would like to thank the Zhejiang provincial and city governments for the strong support rendered to our companies in Zhejiang over these years. There remains much that Singapore and Zhejiang can work together on. I look forward to working closely with Vice Governor Gong to promote greater bilateral cooperation and exchanges.

Thank you!

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**ANNEX 2****CHINESE TERMS**

International Enterprise (IE) Singapore	新加坡国际企业发展局（企发局）
Singapore-Zhejiang Economic and Trade Council (SZETC)	新加坡—浙江经济贸易理事会
Ms Grace Fu Senior Minister of State, Ministry of Information, Communications and the Arts & Ministry of the Environment and Water Resources	傅海燕女士 新加坡新闻、通讯及艺术部兼环境及水源部高级政务部长
Co-Chairman Singapore-Zhejiang Economic and Trade Council (SZETC)	联合主席 新加坡—浙江经济贸易理事会
Mr Gong Zheng Zhejiang Vice Governor	龚正先生 浙江省副省长
Co-Chairman Singapore-Zhejiang Economic and Trade Council (SZETC)	联合主席 新加坡—浙江经济贸易理事会

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