

2012 Annual Asia Competitiveness Institute Conference

**“Development Strategies for Indonesia as an  
Emerging Middle Power, Competitiveness Ranking  
and Simulation Studies on  
100 Asian Economies”**

30-31 July 2012  
Orchard Hotel, Singapore

***Conference Summary***



## **Contents**

Summary of 2012 Asia Competitiveness Institute Conference	03-04
Conference Highlights and Presentations	04-12
Conference Highlights (Plenary Sessions)	13-14
Conference Program	15-22
Media Coverage	23-35

## **Summary of 2012 Annual Competitiveness Institute Conference on “Development Strategies for Indonesia as an Emerging Middle Power, Competitiveness Ranking and Simulation Studies on 100 Asian Economies”**

Conceived in August 2006, the Asia Competitiveness Institute (ACI) is a research centre at the Lee Kuan Yew School of Public Policy (LKYSPP), National University of Singapore (NUS), which aims at providing pioneering insights and critical thinking to promote competitiveness in order to raise living standards through productivity-driven economic growth. The institute is guided by our Founding Patron, **Mr George Yeo**, the former Minister of Foreign Affairs for Singapore, and an International Advisory Panel that comprises a committee of esteemed leaders in the public and private sectors.

Driving synergy and collaboration among the thought leaders in competitiveness, public policy and economics from government, industry, and academia is essential to ACI's mission and strategy. On that note, ACI held our inaugural Annual Conference on 30-31 July 2012, which consisted of over ten sessions in which we launched our competitiveness studies on *34 Greater China Economies, 35 States of India, ASEAN-10 Economies and 33 Indonesian Provinces, as well as the Global Liveable Cities Index for 64 Cities*.

About 300 policymakers, economists and academics convened for 1.5 days of plenary discussion and presentation on topics including competitiveness, industrialization, sustainable economic development, and the role of leadership in the economy. Overseas participants included representatives from government agencies in 33 Indonesian provinces.

On Day One of the conference, **Professor Tan Chorh Chuan**, President, National University of Singapore and **Professor Kishore Mahbubani**, Dean, Lee Kuan Yew School of Public Policy welcomed all participants

The Opening Remarks was delivered by the Guest-of-Honor, **Mr Teo Ser Luck**, Minister-of-State for Trade and Industry, Republic of Singapore. Minister Teo underlined the importance of a city's liveability to its level of competitiveness, and the use of competitiveness benchmarks as a tool for policymakers to monitor their progress and motivate change within their own economies. This was followed by a keynote address on the role of the government and public policy formulations in emerging Asia by **Professor Steven Kelman**, Li Ka Shing Professor, at the Lee Kuan Yew School of Public Policy.

Distinguished Luncheon Speaker **Mr Gita Wirjawan**, Minister for Trade, Republic of Indonesia, spoke on “Development Strategies for Indonesia as an Emerging Middle Power”. Distinguished Speaker **Mr Nguyen Cam Tu**, Deputy Minister for Industry and Trade, Socialist Republic of Vietnam spoke on “Dynamic Leadership and Sustainable Economic Development of Vietnam: Vision 2030”, while **Dr Luky Eko Wuryanto**, Deputy Minister for Infrastructure and Regional Development of the Coordinating Ministry of Economic Affairs, Republic of Indonesia, spoke on “Rapid Economic Growth for Indonesia and Challenges to Infrastructure Bottlenecks”. **Mr Jusuf Wanandi**, Co-Chair, Pacific Economic Cooperation Council spoke on “Dynamic Leadership and Sustainable Economic Development of Indonesia: Vision 2030”, **Mr Fong Ngai**, Director of Hong Kong's Economic and Trade Office spoke on “Future of Hong Kong as a Strategic and Differentiated SAR of China”.

Day Two of the conference commenced with a keynote address on “Dynamic Leadership and Sustainable Economic Development of Malaysia: Vision 2020” by **Dato’ Sri Mustapa bin Mohamed**, Minister for International Trade and Industry, Malaysia. In addition to hearing about Malaysia’s ambitions for the future, participants were also given the opportunity to learn about Taiwan’s economic restructuring plans from the Representative for Taipei Representative Office in Singapore, **Mr Hsieh Fa-Dah** who spoke on “A Golden Decade to Restructure Taiwan’s Economy and to Further Enhance Her Vibrancy”.

The highlight of the conference included an invigorating conversation with the Distinguished luncheon Speaker **Mr Tharman Shanmugaratnam**, Deputy Prime Minister and Minister for Finance and Manpower, Republic of Singapore, who spoke on “Asia’s Competitive Environment and Policy Challenges”.

Senior representatives from various ministries and statutory boards of the Singapore’s government also spoke at the conference where they shared insights about Singapore and the region. These distinguished speakers include **Mr Ong Ye Kung**, Deputy Secretary-General for Singapore’s National Trade Union Congress, **Mr Teo Eng Cheong**, Chief Executive Officer for International Enterprise Singapore, **Mr Wong Hong Kuan**, Chief Executive for Singapore Workforce Development Agency and **Mr Khoo Teng Chye**, Executive Director for the Centre for Liveable Cities, Ministry of National Development.

**Professor Tan Kong Yam**, Co-Director of ACI, delivered the conference’s Closing Remarks.

ACI’s Annual Conference had proven to be a success for the Institute and the future of competitiveness studies. Join us for next year ACI conference on 26-27 November 2013, please visit ACI’s website: <http://lkyspp.nus.edu.sg/ac/>.

**Professor Tan Kong Yam**  
*Co-Director, Asia Competitiveness Institute*

**Associate Professor Tan Khee Giap**  
*Co-Director, Asia Competitiveness Institute*

# Conference Highlights and Presentations (Day 1, 29 July 2012)

## Conference Welcome Remarks



**Professor Tan Chorh Chuan**  
**President**  
**National University of Singapore**



**Professor Kishore Mahbubani**  
**Dean**  
**Lee Kuan Yew School of Public Policy**



From Left to Right: Professor Kishore Mahbubani, Professor Tan Chorh Chuan, Mr George Yeo, Mr Teo Ser Luck, Mr Narayana Murthy, Dr Luky Eko Wuryanto and Mr Nguyen Cam Tu



## Conference Opening Remarks: Minister-of-State Teo Ser Luck



**Guest of Honor:  
Mr Teo Ser Luck  
Minister-of-State for Trade and Industry**

## Keynote Address



### **“The Role of the Government and Public Policy Formulations in Emerging Asia”**

**Professor Steven Kelman  
Li Ka Shing Professor,  
Lee Kuan Yew School of Public Policy, National University of Singapore &  
Weather Head Professor of Public Management,  
John F Kennedy School of Government, Harvard University  
United States of America**



**“Making Tripartite Relations Work to ensure Inclusive and Robust Economic Growth”**

**Mr Ong Ye Kung  
Deputy Secretary-General  
National Trade Union Congress, Singapore**

**“Vision and Missions of Emerging Indonesia as another Asian Growth Miracle”**

**Professor Umar Juoro  
Adjunct Senior Research Fellow,  
Asia Competitiveness Institute, Lee Kuan Yew School of Public Policy, National University of Singapore  
Chairman, Supervisory Board, Bank of Indonesia & Commissioner, Bank Internasional Indonesia – Maybank**



***Distinguished Luncheon Speaker: Mr Gita Wirjawan***



**Distinguished Luncheon Speaker:  
Mr Gita Wirjawan  
Minister for Trade  
Republic of Indonesia**



**“Dynamic Leadership and Sustainable Economic Development of Vietnam: Vision 2030”**

**Mr Nguyen Cam Tu**  
**Deputy Minister for Industry and Trade**  
**The Socialist Republic of Vietnam**



**“Dynamic Leadership and Sustainable Economic Development of Indonesia: Vision 2030:”**

**Mr Jusuf Wanandi**  
**Co-Founder & Vice Chair, Board of Trustees,**  
**Centre for Strategic and International Studies Foundation,**  
**Jakarta**  
**Co-Chair, Pacific Economic Cooperation Council & President**  
**Director, The Jakarta Post**  
**Indonesia**



**“National Competitiveness Strategies for Vietnam: Some Policy Recommendations”**

**Dr Vu Minh Khuong**  
**Senior Research Fellow**  
**ACI-LKYSPP-NUS**



**“Shifting Drivers of Growth and Their Impact on Asian Economies”**

**Associate Professor Tilak Abeysinghe**  
**Senior Research Fellow**  
**ACI-LKYSPP-NUS**





**“Future of Hong Kong as a Strategic and Differentiated SAR of China”**

**Mr Fong Ngai**  
**Director**  
**Hong Kong Economic & Trade Office (HKETO)**  
**Government of the Hong Kong Special Administrative Region**



**“Potential Bilateral Economic Cooperation in Central and Western China”**

**Mr Teo Eng Cheong**  
**Chief Executive Officer**  
**International Enterprise Singapore**

***Distinguished Dinner Speaker: Dr Luky Eko Wuryanto***



**“Rapid Economic Growth for Indonesia and Challenges to Infrastructure Bottlenecks”**

**Dr Luky Eko Wuryanto**  
**Deputy Minister for Infrastructure and Regional Development**  
**Coordinating Ministry of Economic Affairs**  
**Republic of Indonesia**

# Conference Highlights and Presentations (Day 2, 31 July 2012)

## Keynote Address



### Keynote Address:

**“Dynamic Leadership and Sustainable Economic Development of Malaysia: Vision 2020”**

**Dato' Sri Mustapa Bin Mohamed**  
**Minister for International Trade and Industry**  
**Malaysia**

## Special Topics



**“A Golden Decade to Restructure Taiwan’s Economy and to Further Enhance Her Vibrancy”**

**Mr Hsieh Fa-Dah**  
**Representative**  
**Taipei Representative Office in Singapore**



**“Productivity Drive Competitive Wages and Social Inclusivity”**

**Mr Wong Hong Kuan**  
**Chief Executive**  
**Singapore Workforce Development Agency**

**Distinguished Luncheon Speaker: Deputy Prime Minister Tharman Shanmugaratnam**



**Lunch Talk:  
"Asia's Competitive Environment and Policy Challenges"**

**Mr Tharman Shanmugaratnam  
Deputy Prime Minister  
Minister for Finance & Minister for Manpower  
Singapore**

**Special Topic**

**"The CLC Framework for Liveable and Sustainable Cities"**

**Mr Khoo Teng Chye  
Executive Director  
Centre for Liveable Cities  
Ministry of National Development  
Singapore**



## Closing Remarks



**Professor Tan Kong Yam  
Co-Director  
ACI-LKYSPP-NUS**

## 2012 ACI Conference Administrative Team

**The ACI Conference Administrative Team led by Ms Yap Xin Yi, Management Assistant Officer and Special Assistant to Directors, ACI-LKYSPP-NUS.**



**From left to right:**

**Ms Tang Zhi Hui, Ms Chang Li Lin, Ms Yap Xin Yi, Ms Estelle Yip, Ms Vicky Lee, Ms Jorrie Andrean, Ms Amanda Lim, Ms Charis Chua and Ms Amabel Quek**



# Conference Plenary Sessions

## Plenary Session 1

### “Competitiveness Ranking and Simulation Studies on 33 Indonesian Provinces”



This session will re-examine basic fundamentals of the Indonesia economy as a rising middle power with consistent, balance and inclusive growth in the context of an emerging Asia. An analysis on restructuring of the Indonesian manufacturing sector since 1980s would be conducted. Following the ranking and simulation study for the 33 Indonesian provinces which we would update annually, and policy themes would also be discussed on development potentials for selected local provinces.

## Plenary Session 2

### “Competitiveness Ranking and Simulation Studies on ASEAN-10, 2000-2010”



This session will re-examine the economic development trends, achievement and integration of ASEAN over the past decade. Following the ranking and simulation studies for ASEAN-10 economies which we would update annually whereby we examine four environments including (i) Economic vibrancy, openness to trade and attractiveness to investors; (ii) Effective government and institutions (iii) Financial markets, business efficiency and labour market flexibility, (iv) Social infrastructure resiliency and physical infrastructure supports. Policy themes would also be conducted on development potential and restoring of competitiveness for selected economies including Vietnam and Myanmar.

## Plenary Session 3

### “Competitiveness Ranking and Simulation Studies of 34 Greater China Economies, 2000-2010”



This session will re-examine fundamentals of the Chinese economy as a global engine of growth. A comparative impact study on major global engine of growth including USA, European Union, Japan and China to 11 Asian economies over past three decades would be presented. Following ranking and simulation study for the 34 Greater China economies which we would update annually whereby we examine four environments including (i) economic vibrancy, openness to trade and attractiveness to investors; (ii) effective government and institutions (iii) financial markets, business efficiency and labour market flexibility; (iv) social infrastructure resiliency and physical infrastructure supports. Policy themes would also be conducted on development potential for selected regional economies for China.



## Plenary Session 4

### (A) “Competitiveness Ranking and Simulation Studies for 35 States and Federal Territories of India, 2000-2010”



This session will examine fundamentals of the Indian economy as an emerging economy. A relative competitiveness study is being conducted between China and India, 1994-2009. Following the ranking and simulation studies for the 35 Indian states and federal territories, ACI will update the ranking annually. ACI will also put forward a policy proposal for creating industrial development zones in India for attracting foreign direct investment and employment creation.

### (B) “Competitiveness Ranking and Simulation Studies on 100 Asian Economies including ASEAN-9, 22 Indonesia Provinces, 34 Greater China Economies and 35 States of India, 2000-2010”



The session will end with a report on relative competitiveness of 100 Asian economies whereby we examine four environments: (i) economic vibrancy, openness to trade and attractiveness to investors; (ii) effective government and institutions; (iii) financial markets, business efficiency and labour market flexibility and (iv) social infrastructure resiliency and physical infrastructure supports. Such undertaking would be of interests to multinational corporations, policy makers, senior government officials and academics who are interested to see the nexus between openness to trade and economic competitiveness.

## Plenary Session 5

### “Indices on Cost of Living, Purchasing Power and Wages for Expatriates and Average Residents for 109 Cities”



This session will introduce two indices which measure cost of living, purchasing power and wages for expatriates and average residents from 109 cities which would be updated annually. We have computed ranking according to various categories of basket items including alcoholic beverages and tobacco, clothing, communication, healthcares, foods, education, household supplies, housing, transportation, recreation and cultural activities. Such indices would be most useful for stake holders including policy makers, senior government officials, international investors, private bankers, financial

## Plenary Session 6

### “Global Liveable Cities Index for 64 Cities”



This session will introduce a Global Liveable Cities Index where by 64 cities of different sizes cutting across major continents including Europe, Americas, Asia and Middle East. International and emerging cities were ranked and simulated to see how each city can further improve its liveability. 36 Asian cities were also separately ranked and simulated as these are rapidly growing cities which needed identification on weaknesses and reform measures most. The assessment covers five categories of indicators including economic vibrancy, environmental sustainability and friendliness, security and safety, cultural diversity and social harmony, governance and effective leadership.

# Conference Program

2012 Annual Asia Competitiveness Institute Conference on  
**“Development Strategies for Indonesia as an Emerging Middle Power, Competitiveness Ranking and Simulation  
 Studies on 100 Asian Economies”**

30-31 July 2012, Orchard Hotel (Level 3, Ballrooms 2 & 3), Singapore

Organized by

Asia Competitiveness Institute (ACI) at Lee Kuan Yew School of Public Policy (LKY School), National University of Singapore (NUS)

Dress Code: Business Attire

Monday, 30 July 2012	
0830 – 0900	<b>Conference Registration</b>
0900 – 0915	<b>Welcome Remarks</b> Professor Tan Chorh Chuan President National University of Singapore
0915 – 0930	Professor Kishore Mahbubani Dean Lee Kuan Yew School of Public Policy National University of Singapore
0930 – 0950	<b>Conference Opening Remarks</b>  <b>Guest of Honour:</b> Mr Teo Ser Luck Minister of State, Ministry of Trade and Industry Singapore
0950 – 1020	<b>Keynote Address: “The Role of the Government and Public Policy Formulations in Emerging Asia”</b>  <b>Keynote Speaker:</b> Professor Steven Kelman Li Ka Shing Professor, Lee Kuan Yew School of Public Policy National University of Singapore & Weatherhead Professor of Public Management, John F Kennedy School of Government, Harvard University United States of America  <b>Moderator:</b> Associate Professor Tan Khee Giap Co-Director, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore
1020 – 1045	<b>Question &amp; Answer Session</b>
1045 – 1100	<b>Coffee/Tea Break</b>

1100 – 1300	<p><b>PLENARY SESSION 1: Competitiveness Ranking and Simulation Studies on 33 Indonesian Provinces</b></p> <p>This session will re-examine basic fundamentals of the Indonesia economy as a rising middle power with consistent, balance and inclusive growth in the context of an emerging Asia. An analysis on restructuring of the Indonesian manufacturing sector since 1980s would be conducted. Following the ranking and simulation study for the 33 Indonesian provinces which we would update annually, and policy themes would also be discussed on development potentials for selected local provinces.</p> <p><b>Distinguished Speakers:</b></p>
1100 – 1120	<p><b>“Making Tripartite Relations Work to ensure Inclusive and Robust Economic Growth”</b></p> <p>Mr Ong Ye Kung Deputy Secretary-General National Trade Union Congress, Singapore</p>
1120 – 1140	<p><b>“Vision and Missions of Emerging Indonesia as another Asian Growth Miracle”</b></p> <p>Professor Umar Juoro Adjunct Senior Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore Chairman, Supervisory Board, Bank of Indonesia &amp; Commissioner, Bank Internasional Indonesia–Maybank Indonesia</p>
1140 – 1150	<p><b>Question &amp; Answer Session</b></p> <p><b>Core ACI Team Members:</b></p>
1150 – 1210	<p><b>“Development Strategies for Indonesia as a Rising Middle Power in the Context of Emerging Asia”</b></p> <p>Professor Tan Kong Yam Director, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</p>
1210 – 1230	<p><b>“Indonesia: Rethinking Competitiveness and The Momentum of Industrialization”</b></p> <ol style="list-style-type: none"> <li>1. Dr Linda Low Senior Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> <li>2. Mr Mohammad Rafiz Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> </ol>
1230 – 1250	<p><b>“Competitiveness Ranking &amp; Simulation Studies for 33 Indonesian Provinces: Public Policy Options and Effective Implementation ”</b></p> <ol style="list-style-type: none"> <li>1. Associate Professor Tan Khee Giap Co-Director, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> <li>2. Mr Mulya Amri Research Associate, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> </ol> <p><b>Moderator:</b> Professor Geoffrey Yu Senior Advisor Lee Kuan Yew School of Public Policy National University of Singapore</p>
1250 – 1300	<p><b>Question &amp; Answer Session</b></p>

1300 – 1430	<p><b>Lunch</b></p> <p><b>Distinguished Luncheon Speaker:</b> Mr Gita Wirjawan Minister, Ministry of Trade Indonesia</p> <p><b>Moderator:</b> Professor Kishore Mahbubani Dean Lee Kuan Yew School of Public Policy National University of Singapore</p>
1430 – 1605	<p><b>PLENARY SESSION 2: Competitiveness Ranking and Simulation Studies on ASEAN-10, 2000-2010</b></p> <p>This session will re-examine the economic development trends, achievement and integration of ASEAN over the past decade. Following the ranking and simulation studies for ASEAN-10 economies which we would update annually whereby we examine four environments including (i) Economic vibrancy, openness to trade and attractiveness to investors; (ii) Effective government and institutions (iii) Financial markets, business efficiency and labour market flexibility, (iv) Social infrastructure resiliency and physical infrastructure supports. Policy themes would also be conducted on development potential and restoring of competitiveness for selected economies including Vietnam and Myanmar.</p> <p><b>Distinguished Speaker:</b></p> <p><b>“Dynamic Leadership and Sustainable Economic Development of Vietnam: Vision 2030”</b></p> <p>1430 – 1450 Deputy Minister Nguyen Cam Tu Ministry of Industry and Trade The Socialist Republic of Vietnam</p> <p><b>“Dynamic Leadership and Sustainable Economic Development of Indonesia: Vision 2030”</b></p> <p>1450 –1510 Mr Jusuf Wanandi Co-Founder &amp; Vice Chair, Board of Trustees, Centre for Strategic and International Studies Foundation, Jakarta Co-Chair, Pacific Economic Cooperation Council &amp; President Director, The Jakarta Post Indonesia</p> <p>1510 – 1520 <b>Question &amp; Answer Session</b></p> <p>1520 – 1540 <b>Core ACI Team Members:</b></p> <p><b>“Competitiveness Ranking and Simulation Studies on ASEAN-10: Enhancing Inclusive Growth and Greater Economic Integration”</b></p> <ol style="list-style-type: none"> <li>1. Associate Professor Tan Khee Giap Co-Director, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> <li>2. Dr Linda Low Senior Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> <li>3. Dr Ruby Toh Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> </ol>

1540 – 1555	<p><b>“National Competitiveness Strategies for Vietnam: Some Policy Recommendations”</b></p> <p>Dr Vu Minh Khuong Senior Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</p> <p><b>Moderator:</b> Dr Eduardo Araral Assistant Professor Lee Kuan Yew School of Public Policy National University of Singapore</p>
1555 – 1605	<b>Question &amp; Answer Session</b>
1605 – 1615	<b>Coffee/Tea Break</b>
1615 – 1800	<p><b>PLENARY SESSION 3: Competitiveness Ranking and Simulation Studies of 34 Greater China Economies, 2000-2010</b></p> <p>This session will re-examine fundamentals of the Chinese economy as a global engine of growth. A comparative impact study on major global engine of growth including USA, European Union, Japan and China to 11 Asian economies over past three decades would be presented. Following ranking and simulation study for the 34 Greater China economies which we would update annually whereby we examine four environments including (i) economic vibrancy, openness to trade and attractiveness to investors; (ii) effective government and institutions (iii) financial markets, business efficiency and labour market flexibility; (iv) social infrastructure resiliency and physical infrastructure supports. Policy themes would also be conducted on development potential for selected regional economies for China.</p> <p><b>Core ACI Team Members:</b></p>
1615 – 1635	<p><b>“Competitiveness Ranking and Simulation Studies for 34 Greater China Economies: Industrial Upgrading of Coastal Provinces, Rapid Urbanization and Further Regional Economic Integration.”</b></p> <ol style="list-style-type: none"> <li>1. Professor Tan Kong Yam Director, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> <li>2. Associate Professor Tan Khee Giap Co-Director, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> <li>3. Associate Professor Gu Qingyang Senior Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> </ol>
1635 – 1655	<p><b>“Shifting Drivers of Growth and Their Impact on Asian Economies”</b></p> <p>Associate Professor Tilak Abeysinghe Senior Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</p> <p><b>Distinguished Speakers:</b></p>
1655 – 1715	<p><b>“Future of Hong Kong as a Strategic and Differentiated SAR of China”</b></p> <p>Mr Fong Ngai Director Hong Kong Economic &amp; Trade Office (HKETO) Government of the Hong Kong Special Administrative Region</p>
1715 – 1735	<p><b>“Potential Bilateral Economic Cooperation in Central and Western China”</b></p> <p>Mr Teo Eng Cheong Chief Executive Officer International Enterprise Singapore</p>



1735 – 1800	<p><b>Moderator:</b> Professor Ramkishan Rajan Adjunct Senior Research Fellow, Asia Competitiveness Institute Visiting Professor Lee Kuan Yew School of Public Policy National University of Singapore</p> <p><b>Question &amp; Answer Session</b></p>
1800 – 1900	<p><b>Asia Competitiveness Institute International Advisory Panel Meeting</b></p>
1900 – 1930	<p><b>Official Dinner</b></p>
1930 – 2130	<p><b>Reception</b></p> <p><b>“Rapid Economic Growth for Indonesia and Challenges to Infrastructure Bottlenecks”</b></p> <p><b>Distinguished Dinner Speaker:</b> <b>Mr Luky Eko Wuryanto</b> <b>Deputy Minister for Infrastructure and Regional Development</b> <b>Coordinating Ministry of Economic Affairs</b> <b>Indonesia</b></p> <p><b>Moderator:</b> Professor Kishore Mahbubani Dean Lee Kuan Yew School of Public Policy National University of Singapore</p>
<b>END OF CONFERENCE DAY ONE</b>	

**Tuesday, 31 July 2012**

0830 – 0900	<p><b>Conference Registration</b></p>
0900 – 0915	<p><b>Day 2 Welcome Remarks</b></p> <p>Associate Professor Tan Khee Giap Chair, Singapore National Committee for Pacific Economic Cooperation Co-Director, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore Professor Kishore Mahbubani</p>
0915 – 0945	<p><b>Day 2 Keynote Address: “Dynamic Leadership and Sustainable Economic Development of Malaysia: Vision 2020”</b></p> <p>Dato’ Sri Mustapa bin Mohamed Minister Ministry of International Trade and Industry Malaysia</p> <p><b>Moderator:</b> Professor Kishore Mahbubani Dean Lee Kuan Yew School of Public Policy National University of Singapore</p>
0945 – 1000	<p><b>Question &amp; Answer Session</b></p>
1000 – 1015	<p><b>Coffee/Tea Break</b></p>

1015 – 1230	<p><b>PLENARY SESSION 4:</b>  <b>(A) Competitiveness Ranking and Simulation Studies for 35 States and Federal Territories of India, 2000-2010</b>  <b>(B) Competitiveness Ranking and Simulation Studies on 100 Asian Economies including ASEAN-9, 22 Indonesia Provinces, 34 Greater China Economies and 35 States of India, 2000-2010</b></p> <p>This session will examine fundamentals of the Indian economy as an emerging economy. A relative competitiveness study is being conducted between China and India, 1994-2009. Following the ranking and simulation studies for the 35 Indian states and federal territories, ACI will update the ranking annually. ACI will also put forward a policy proposal for creating industrial development zones in India for attracting foreign direct investment and employment creation.</p> <p>The session will end with a report on relative competitiveness of 100 Asian economies whereby we examine four environments: (i) economic vibrancy, openness to trade and attractiveness to investors; (ii) effective government and institutions; (iii) financial markets, business efficiency and labour market flexibility and (iv) social infrastructure resiliency and physical infrastructure supports. Such undertaking would be of interests to multinational corporations, policy makers, senior government officials and academics who are interested to see the nexus between openness to trade and economic competitiveness.</p> <p><b>Distinguished Speakers:</b></p>
1015 – 1035	<p><b>“A Golden Decade to Restructure Taiwan’s Economy and to Further Enhance Her Vibrancy”</b></p> <p>Mr Hsieh Fa-Dah  Representative  Taipei Representative Office in Singapore</p>
1035 – 1055	<p><b>“Productivity Drive Competitive Wages and Social Inclusivity”</b></p> <p>Mr Wong Hong Kuan  Chief Executive  Singapore Workforce Development Agency</p>
1055 – 1105	<p><b>Question &amp; Answer Session</b></p> <p><b>Core ACI Team Members:</b></p>
1105 – 1125	<p><b>“Competitiveness Ranking &amp; Simulation Studies on 35 States and Federal Territories of India: Creating Industrial Investment Zones and as the Second Factory of the World?”</b></p> <p>Professor Tan Kong Yam  Director, Asia Competitiveness Institute  Lee Kuan Yew School of Public Policy  National University of Singapore</p>
1125 – 1145	<p><b>“China-India Relative Competitiveness Index: 1994-2009”</b></p> <p>Associate Professor Tan Khee Giap  Co-Director, Asia Competitiveness Institute  Lee Kuan Yew School of Public Policy  National University of Singapore</p>
1145 – 1205	<p><b>“Competitiveness Ranking and Simulation Studies on 100 Asian Economies including ASEAN-9, 22 Indonesia Provinces, 34 Greater China Economies and 35 States of India, 2010”</b></p> <p>Dr Linda Low  Senior Research Fellow, Asia Competitiveness Institute  Lee Kuan Yew School of Public Policy  National University of Singapore</p> <p><b>Moderator:</b>  Professor Kanti Prasad Bajpai  Visiting Professor  Lee Kuan Yew School of Public Policy  National University of Singapore</p>
1205 – 1230	<p><b>Question &amp; Answer Session</b></p>

1230 – 1430	<p><b>Lunch</b></p> <p><b>“Asia’s Competitive Environment and Policy Challenges”</b></p> <p><b>Distinguished Luncheon Speaker:</b> Mr Tharman Shanmugaratnam Deputy Prime Minister, Minister for Finance &amp; Minister for Manpower Singapore</p> <p><b>Moderator:</b> Associate Professor Tan Khee Giap Co-Director, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</p>
1430 – 1520	<p><b>PLENARY SESSION 5: Indices on Cost of Living, Purchasing Power and Wages for Expatriates and Average Residents for 109 Cities</b></p> <p>This session will introduce two indices which measure cost of living, purchasing power and wages for expatriates and average residents from 109 cities which would be updated annually. We have computed ranking according to various categories of basket items including alcoholic beverages and tobacco, clothing, communication, healthcares, foods, education, household supplies, housing, transportation, recreation and cultural activities. Such indices would be most useful for stake holders including policy makers, senior government officials, international investors, private bankers, financial managers, professionals working abroad and ordinary citizens.</p>
1430 – 1505	<p><b>Core ACI Team Members:</b></p> <p><b>“Construction of Indices on Cost of Living, Purchasing Power and Wages for Expatriates and Average Residents for 109 Cities”</b></p> <ol style="list-style-type: none"> <li>1. Dr Grace Aw Adjunct Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore &amp; Senior Lecturer, Curtin University, Australia</li> <li>2. Dr Vu Minh Khuong Senior Research Fellow, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> <li>3. Associate Professor Tan Khee Giap Co-Director, Asia Competitiveness Institute Lee Kuan Yew School of Public Policy National University of Singapore</li> </ol> <p><b>Moderator:</b> Professor Geoffrey Yu Senior Advisor Lee Kuan Yew School of Public Policy National University of Singapore</p>
1505 – 1520	<p><b>Question &amp; Answer Session</b></p>
1520 – 1545	<p><b>Coffee/Tea Break</b></p>

1545 – 1730	<p><b>PLENARY SESSION 6: Global Liveable Cities Index for 64 Cities</b></p> <p>This session will introduce a Global Liveable Cities Index where by 64 cities of different sizes cutting across major continents including Europe, Americas, Asia and Middle East. International and emerging cities were ranked and simulated to see how each city can further improve its liveability. 36 Asian cities were also separately ranked and simulated as these are rapidly growing cities which needed identification on weaknesses and reform measures most. The assessment covers five categories of indicators including economic vibrancy, environmental sustainability and friendliness, security and safety, cultural diversity and social harmony, governance and effective leadership.</p> <p><b>Distinguished Speaker:</b></p>
1545 – 1615	<p><b>“The CLC Framework for Liveable and Sustainable Cities”</b>  Mr Khoo Teng Chye  Executive Director, Centre for Liveable Cities  Ministry of National Development  Singapore</p>
1615 – 1630	<p><b>Question &amp; Answer Session</b></p>
1630 – 1700	<p><b>Core ACI Team Members:</b></p> <p><b>“Ranking The Liveability of the World’s 64 Major Cities: The Global Liveable Cities Index”</b></p> <ol style="list-style-type: none"> <li>1. Associate Professor Tan Khee Giap  Co-Director, Asia Competitiveness Institute  Lee Kuan Yew School of Public Policy  National University of Singapore</li> <li>2. Professor Woo Wing Thye  Senior Research Fellow, Asia Competitiveness Institute  Lee Kuan Yew School of Public Policy  National University of Singapore &amp;  University of California, Davis  United States of America</li> <li>3. Dr Linda Low  Senior Research Fellow, Asia Competitiveness Institute  Lee Kuan Yew School of Public Policy  National University of Singapore</li> </ol> <p><b>Moderator:</b>  Professor Seetharam Kallidaikurichi E  Visiting Professor and Director, Institute of Water Policy  Lee Kuan Yew School of Public Policy  National University of Singapore</p>
1700 – 1715	<p><b>Question &amp; Answer Session</b></p>
1715 – 1730	<p><b>Closing Remarks</b></p> <p>Professor Tan Kong Yam  Director, Asia Competitiveness Institute  Lee Kuan Yew School of Public Policy  National University of Singapore</p>
<b>END OF CONFERENCE</b>	

# Media Coverage

Channel NewsAsia, 30 July 2012

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Title : Indonesia looks to improve economic competitiveness  
By :  
Date : 30 July 2012 2247 hrs (SST)  
URL : [http://www.channelnewsasia.com/stories/afp\\_asiapacific\\_business/view/1216698/1/.html](http://www.channelnewsasia.com/stories/afp_asiapacific_business/view/1216698/1/.html)

SINGAPORE: Indonesia is looking at ways to improve its economic competitiveness.

One way to achieve this is to triple the number of its taxpayers.

This, according to its Trade Minister Gita Wirjawan who spoke at the Lee Kuan Yew School of Public Policy's Annual Asia Competitiveness Conference.

Like the past few years, the value of investments realised in Indonesia rose to 24 per cent in the second quarter from the same period last year.

This is a firm testament that the business and investment climate has improved, said Indonesia's trade minister.

Going forward, tripling the number of taxpayers from 10 million individuals and corporates to 30 million could make the tax regime more competitive.

"Part of the reason why it's becoming more attractive is that public listed companies in Indonesia only have to pay 20 per cent tax rates. Given the fact that there will be more and more people paying taxes in Indonesia, given the large population, given the increase in fiscal space for the government, the government in the country can make the tax regime more competitive," said Trade Minister Gita Wirjawan.

An improved tax regime would mean a bigger government coffers.

And this could be used to help develop soft and hard infrastructures and to spend more on education.

Other officials said more manufacturing activity will be relocated from China to Indonesia because of rising cost. But they highlighted technology capability should be developed to advance Indonesia's manufacturing sector.

Indonesia's highly profitable banking sector can be another area of focus to raise competitiveness.

The focus of the central bank right now is to improve the efficiency of the banking system in Indonesia.

Umar Juoro, chairman, Supervisory Board, Bank of Indonesia, said: "The central bank would like to see the banks be competitive, so lending rates should be lower, by improving internal bank management - so that is their focus."

Despite the Muslim fasting month Ramadan, where inflation traditionally spikes, the government remains confident that the index will unlikely tip over 5 per cent in July and August.

- CNA/cc

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Released on July 30th, 2012

The principle of “One Country, Two Systems” has given Hong Kong a strategic position as part of China, yet with a system different from that of the Mainland of China, the Director of the Hong Kong Economic and Trade Office in Singapore, Mr Fong Ngai, said today (July 30).

He said Hong Kong has enjoyed the best of both worlds. Its special linkage to the Mainland has provided huge business opportunity, while at the same time its traditional strengths can be retained, making it one of the best international trading, logistics and financial centres in the world.

“If Hong Kong joins the China-ASEAN Free Trade Area (CAFTA), it would give a vote of confidence in each other’s economies. This would in turn induce more investment into ASEAN (Association of Southeast Asian Nations) and help promote stronger links between ASEAN and the Mainland of China via Hong Kong,” he said.

Mr Fong made the remarks at the 2012 Annual Asia Competitiveness Institute Conference organised by the Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy, National University of Singapore.

The Director said Hong Kong has enjoyed a high degree of autonomy enshrined in the Basic Law. “Hong Kong uses ‘Hong Kong, China’ to conclude and implement agreements with foreign states and regions. Hong Kong is a separate customs territory and has joined international bodies like the World Trade Organization, Asia-Pacific Economic Cooperation, and the World Customs Organization as an individual member,” he noted.

Mr Fong said that Hong Kong has world-class infrastructure, a low and simple tax regime, free flow of information, an educated workforce and rule of law. It is also strategically located at the heart of Asia – reaching half of the world’s population within five hours’ flight time and enjoying close proximity to major cities in the Mainland.

“These strengths have earned Hong Kong top spots in various world rankings. The Heritage Foundation’s annual Index of Economic Freedom has ranked Hong Kong as the world’s freest economy for 18 consecutive years. Hong Kong also came first for the second consecutive year in the World Competitiveness Yearbook 2012 published by the International Institute for Management Development,” he said.

Citing financial services, Mr Fong said Hong Kong’s fundamental strengths have enhanced its strategic importance to China as its global financial centre.

“We are China’s premier offshore RMB centre, a global fund-raising platform and an international asset management centre,” he said. He called on the business sector to use Hong Kong as the platform to tap the huge business opportunity in the Mainland of China which is open to the world and ASEAN countries in particular.

The two-day conference is being held on July 30 and 31, drawing the attendance of some 250 participants with speakers from governments, think tanks, academia and the business sector.



Ser Luck: S'pore remains open to foreign companies

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## Ser Luck: S'pore remains open to foreign companies

Mr Teo said Singapore has to be "liveable" to remain competitive in the wake of rapid regional growth. -my paper  
Joy Fang

Tue, Jul 31, 2012  
my paper

Singapore remains open to foreign and home-grown companies and talent, as they contribute by "enhancing productivity and plugging the gaps" in the country's labour force, said Minister of State for Trade and Industry Teo Ser Luck yesterday.

These comments were made even as measures are being put into place to tighten foreign hiring.

The Government has acted in recent years to slow the inflow of foreigners, such as by increasing levies and reducing the number of foreigners a company can employ for every Singaporean employee.

Since last year, foreign-worker levies have been raised gradually. And, by next year, employers have to pay about \$150 to \$330 more per foreign worker.

At a conference in Orchard Hotel, Mr Teo said Singapore has to be "liveable" to remain competitive in the wake of rapid regional growth.

This means allowing foreign businesses to contribute to the Singapore economy and placing an emphasis on continued training to maintain a relevant workforce.

Efforts by Singapore on this front have placed it as the fourth most-liveable city in Asia, he added.

The conference was organised by the Asia Competitiveness Institute of the Lee Kuan Yew School of Public Policy.

It was held to discuss development strategies for Indonesia, and how 100 Asian economies were ranked in terms of their competitiveness.

Mr Teo said Singapore is also poised to tap on the growth of emerging Asian economies.

"With greater regional connectivity, decreasing barriers to trade and good growth in domestic demand, intra-Asia trade is expected to increase and will benefit regional economies," he said.

[joyfang@sph.com.sg](mailto:joyfang@sph.com.sg)



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**Media Statement: MITI Minister Attends 2012 Annual Asia Competitiveness Institute Conference (ACI) in Singapore, 31 July 2012**

The Malaysian Minister of International Trade and Industry, Hon. Dato' Sri Mustapa Mohamed participated at the 2012 Annual Asia Competitiveness Institute (ACI) Conference organised by the Lee Kuan Yew School of Public Policy in Singapore on 31 July 2012.

At the Conference, Dato' Sri Mustapa Mohamed delivered a Keynote Address on the *“Dynamic Leadership and Sustainable Economic Development of Malaysia: Vision 2020”*. Among others, the Minister shared the development of Malaysia's economic growth from the 1970s to the present day. The Minister further provided details of the New Economic Model (NEM) which lays down the framework for transforming Malaysia from middle-income to a high-income economy by 2020, whilst addressing recent challenges facing Malaysia's economy.

In his Address, Dato' Sri also stressed that Malaysia has always carried out a development agenda that is inclusive in nature and focused on narrowing income disparity, as well as sustainable in its outlook and implementation. Over time, the Malaysian Government has more than proven its track record in significantly achieving these objectives.

He also apprised the Conference on business opportunities in Malaysia arising from the Economic Transformation Programme (ETP). Malaysia is on track to achieving an average GDP growth per annum between 5 per cent to 6 per cent in the medium term due to a focused approach towards development and growth under the NEM.

The ACI Conference was attended by about 250 participants, mainly leading academicians, private sector and Government officials from Singapore and various countries, including senior representatives from 33 Indonesian Provinces. Other leading Speakers at the Conference include Mr. Tharman Shanmugaratnam, Deputy Prime Minister, Minister for Finance and Minister for Manpower Singapore and Mr. Gita Wirjawan, Minister of Trade Indonesia.

Malaysia's participation in this Conference has helped promote the Government's initiatives to attract investments and to share best practices with other countries in the region, both public and private sectors, that would help Malaysia become a high income economy by the year 2020.

At the sidelines of the Conference session, Dato' Sri Mustapa Mohamed also had one-to-one meetings with various CEOs of major Singaporean and multinational companies to promote trade and investment in Malaysia.

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### Asean's economic growth to be at par with China, India by 2015: Mustapa

Business Foreign 2012-07-31 15:24

SINGAPORE, July 31 (Bernama) -- Come 2015, when the Asean Economic Community (AEC) is ready, the region's economic growth will be at par with China and India, says International Trade and Industry Minister Datuk Seri Mustapa Mohamed.

Noting that the grouping has a bright future, Mustapa said, "We've to reform and achieve more by being more competitive and be looked at as a very productive production-based.

"We're gradually evolving into a single market. By 2015, when the Asean Economic Community is ready, I believe and I'm convinced, Asean will be a more competitive and most dynamic region in the world.

"In my view, in terms of economic potential and future, Asean has the similar growth potential as China and India," he said in his keynote address entitled "Dynamic Leadership and Sustainable Economic Development of Malaysia Vision 2020" at the 2012 Annual Asia Competitiveness Institute Conference here today.

The minister also participated in a question-and-answer session moderated by the Lee Kuan Yew (LKY) School Dean, Prof Kishore Mahubani, after the keynote address.

The conference was jointly hosted by the Asia Competitiveness Institute (ACI) at the Lee Kuan Yew School of Public Policy (LKY School) and National University of Singapore.

Also present was Malaysia's High Commissioner to Singapore Datuk Md Hussin Nayan.

Speaking to Bernama later, Mustapa said Asean ministers have been putting a lot of effort towards realising AEC.

He said Asean has to continue pushing for a set of uniform regulations such as for cross-border movement of goods which is still a problem in some member countries.

"We've been talking about that and what's important is that, in Asean, we're very frank, we share all the issues and what are the problems (at hand)," he said.

Mustapa said the AEM was established to protect Asean citizens and ease their fear of their business being "swallowed" by foreigners.

"This is why we've to develop the Asean Economic Community in 2015, hopefully with the AEC, there will be a greater Asean, we think as one.

"When we think as one, hopefully, the border issues, tariff barriers and connectivity will be reduced to take us (Asean) to the next level.

"By putting their houses in order in the midst of preparations for the AEC, Asean is going to be a big magnet for investors and visitors as it is ready.

"By that time, we'll be able to compete even more with countries like China and India," he said.

As a group, Mustapa said, "Our population is more than 600 million people compared to China and India which have 1.2 billion and 1.1 billion, respectively.

"In terms of GDP (gross domestic product), we're two trillion of the GDP in Asean," he said.

With the growth in 2015, "our market will become bigger," the minister said.

Mustapa said the growing middle-class in all the Asean countries was important for the market.

"It's a good base (but) we still have to do a lot more," he added.

The ACI conference was attended by about 250 participants, mainly leading academicians, private sector and government officials from Singapore and various countries including senior representatives from 33 Indonesian provinces.

Leading speakers at the conference include Tharman Shanmugam, the Deputy Prime Minister of Singapore, who is also the Minister for Finance and Minister for Manpower and Gita Wirjawan, Indonesia's Minister of Trade.

Malaysia's participation in this conference helped promote the government's initiatives to attract investments and

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to share the best practices with other countries in the region, both public and private sectors, that would help propel Malaysia to become a high income economy by 2020.

On the sidelines of the conference, Mustapa also had one-to-one meetings with various chief executive officers of major Singaporean and multinational companies to promote trade and investment in Malaysia.

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The screenshot shows the BERNAMA website interface. At the top, there is a navigation bar with categories like Banking & Finance, Auto, Aviation, Maritime, Education, Property, and Greater KL. The main header features the BERNAMA logo and the text 'MALAYSIAN NATIONAL NEWS AGENCY'. Below this is a search bar and a navigation menu with options like 'ABOUT BERNAMA', 'GENERAL', 'POLITICS', 'BUSINESS', 'SPORTS', 'FEATURES', 'WORLD', 'E-NEWSLETTER', 'LIST NEWS', and 'ARCHIVED NEWS'. The main content area displays a news article titled 'Malaysia On Track For 5-6 Pct GDP Growth, Says Mustapa' by Tengku Noor Shamsiah Tengku Abdullah. The article text discusses the government's confidence in meeting its economic targets despite global uncertainties. To the right of the main article is a sidebar with 'Other News' and several advertisements, including one for 'fstep' (Financial Services Training and Employment Programme) and another for 'KISTAA KIST AVIATION ACADEMY'. The bottom of the page features a footer with a date and page number.

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**Malaysia On Track For 5-6 Pct GDP Growth, Says Mustapa**

By Tengku Noor Shamsiah Tengku Abdullah

SINGAPORE, July 31 (Bernama) -- Malaysia is on track to achieve the targeted five to six per cent gross domestic growth this year, says Minister of International Trade and Industry Datuk Seri Mustapa Mohamad.

Despite the global financial uncertainties, Mustapa expressed confidence that Malaysia would achieve its target growth.

"Our economy grew 4.7 per cent in the first quarter, while the second quarter number will come out in a month's time.

"So far, we are okay and enjoy macro economic stability," he told Bernama after delivering a keynote address entitled "Dynamic Leadership and Sustainable Economic Development of Malaysia Vision 2020" at the 2012 Annual Asia Competitiveness Institute Conference here on Tuesday.

The minister later participated in a question-and-answer session moderated by Dean of the Lee Kuan Yew School at the National University of Singapore, Prof Kishore Mahbubani.

The conference was organised by the School's Asia Competitiveness Institute.

Also present was Malaysia's High Commissioner to Singapore Datuk Md Hussin Nayan.

Mustapa in his keynote address shared the development of Malaysia's growth from the 1970s to the present, and provided details of the New Economic Model (NEM) which lay down the framework for transforming Malaysia from a middle-income to a high-income economy by 2020, whilst addressing recent challenges facing Malaysia's economy.

He stressed that Malaysia has always carried out a development agenda that is inclusive in nature and focused on narrowing income disparity, as well as being sustainable in outlook and implementation.

Over time, he said, the Malaysian government has more than proven its track record in significantly achieving these objectives.

He also apprised the conference of business opportunities in Malaysia arising from the Economic Transformation Programme (ETP).

The conference was attended by about 250 participants, mainly leading academics as well as private sector and government officials from Singapore and various countries including senior representatives from 33 Indonesian provinces.

Leading speakers at the conference included Tharman Shanmugam, the Deputy Prime Minister of Singapore and also the Minister for Finance and Minister for Manpower, and Gita Wirjawan, Indonesia's Minister of Trade.

Malaysia's participation at the conference helped promote the government's initiatives to attract investments and to share best practices to help propel the country to a high-income economy by 2020.

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## Singapore businesses urged to look to western, central China

By YASMINE YAHYA

THE slowdown in China will not alter the fact that the country, especially its western and central areas, will remain a key market for Singapore.

IE Singapore chief executive Teo Eng Cheong said at the annual Asia Competitiveness Institute Conference yesterday that while the coastal regions have the biggest economies, the central and western provinces have greater growth potential.

This is partly because China's central government is rolling out policies to help these inland areas catch up with their coastal neighbours, added

Mr Teo.

The gross domestic product (GDP) of Chongqing grew 14 per cent in the first six months of this year while Sichuan's expanded by 13 per cent. Both are in western China.

Hunan in central China recorded GDP growth of 11.5 per cent in the first half of the year while Hubei's rose 11.7 per cent.

"GDP growth rates for traditional coastal powerhouses like Guangdong and Zhejiang pale in comparison," Mr Teo said.

Western and central China are also drawing businesses because manpower and natural resources such as water, electricity and land are cheaper

there than in the coastal cities, he added.

Furthermore, transport and logistics systems between the inland regions and the coastal ports have improved tremendously in recent years, he noted.

There are also some "push" factors from the coastal provinces.

"A shortage of labour in traditional manufacturing hubs in eastern and southern China is a commonly cited reason for companies to consider a shift further inland," Mr Teo said.

"Manufacturing costs along the coastal provinces are now much higher."

Major companies have already begun putting serious money into cen-

tral and western China, he noted.

Samsung has invested US\$7 billion (S\$8.7 billion) in a water fabrication plant in Xian while CapitaLand is developing a \$4 billion project in Chongqing.

Singapore's bilateral trade with the major provinces of central and western China has also increased in the past two years, Mr Teo said.

For example, Singapore's bilateral trade with Chongqing last year was worth US\$426 million, a huge jump of 291 per cent.

The Asia Competitiveness Institute is part of the Lee Kuan Yew School of Public Policy.

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## 拥有高达6亿消费者 亚细安市场商机处处

夏婧 报道  
xiaj@sph.com.sg

亚细安拥有一个高达6亿消费者的巨大市场，这为新加坡和区域其他国家提供的机会不单只是商品和消费品的出口，还有可出口的服务，例如废水处理、洁净科技、城市规划和专业服务。

贸工部政务部长张思乐昨日在李光耀公共政策学院亚洲竞争力研究所（Asia Competitiveness Institute）举办的年度研讨会上指出，亚细安各国为2015年前建立亚细安经济共同体（AEC）的目标而努力，这将促使区域经济体系更统一，贸易更开放。“作为一个单一的市场和生产基地，亚细安将更具竞争力，人民也能从更活跃的经济发展中受惠。”

他说，不断扩大的亚洲中产阶

级将进一步刺激经济的增长。根据美国麦肯锡研究所（McKinsey）的估算，中国城镇的中产阶级将从2005年的43%增加至2025年的76%。印度则由5%激增至超过40%。亚细安本身就是一个拥有高达6亿消费者的巨大市场，这为新加坡和区域其他国家提供的机会不单只是商品和消费品的出口，还有可出口的服务，例如废水处理、洁净科技、城市规划和专业服务。

这个年度研讨会的主题为“印度尼西亚的发展战略，竞争力排名和亚洲经济体的模拟研究”。

### 中国劳动力成本上涨 为印尼就业创造机会

李光耀公共政策学院亚洲竞争力研究所联合所长陈光炎博士认为，中国劳动力成本上涨等问题为印尼的工业化和创造就业开启了机

会的窗口。不过目前它的经济发展还是受到了交通、供电等基础设施不足，员工受教育程度有限、官员贪污等方面的制约。

此外，他将印尼与中国作比较，已故中国领导人邓小平从上世纪八十年代开始着手将中央财政和投资的决定大权由北京下放到各省。他还规定，地方党政官员是否能获得擢升要与地方经济表现挂钩。这样的改革措施使过去被动、官僚的地方政府变得活跃起来，积极地引入投资、改善基础设施、创造就业机会，推动经济发展。相比之下，印尼在1998年苏哈托总统下台后，也开始将中央集权下放，陈博士认为，各省推选出来的官员有潜能复制邓小平在中国权利下放的成功经验。

### 陈企业博士发表 印尼各省竞争力报告

他指出，印尼33个省的竞争力排名、各自的优劣势可作为一个评分表，激励他们相互学习、相互比

较，给予较弱省份压力，继而奋起直追。此外，相邻的省份也可以携手合作，加强整体竞争力。

另一方面，亚洲竞争力研究所联合所长陈企业博士根据最新研究结果，列出了在印尼竞争力排名前20位的省份。在整体排名中，雅加达（DKI Jakarta）以1.73分位居第一，大幅高出排名第二东爪哇（Jawa Timur）的积分0.66分。东加里曼丹（Kalimantan Timur）则以0.54分位列第三。这项排名是陈博士率领的研究小组通过对宏观经济稳定性、政府和法规设置、金融、商业和人力状况，生活和基础设施发展质量这四个方面进行评估后，所得出的结果。

新加坡国际企业发展局局长张永昌昨日在亚洲竞争力研究所举办的研讨会上，针对中国经济议题发表演讲时透露，从1992年至2011年，新中贸易总额由54亿元增加到1014亿元，高达18倍。在今年首5个月，贸易总量已经达到了417亿元。



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**Title** : Jobs a future key challenge, says DPM Tharman  
**By** :  
**Date** : 31 July 2012 2215 hrs (SST)  
**URL** : <http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1216964/1/.html>

SINGAPORE: With the global economy in the doldrums, the key challenge for the world in the future is jobs.

Singapore's Deputy Prime Minister and Minister for Finance and Manpower Tharman Shanmugaratnam said this at the annual Asia Competitiveness Institute Conference organised by the Lee Kuan Yew School of Public Policy on Tuesday.

High youth unemployment rates are a key factor behind recent protests in the Middle East and North Africa.

Jobless rates amongst youths are also on the rise in Europe and the US.

Speaking at a conference attended by top officials, academics and business leaders in the region, Mr Tharman said this could spell serious long-term consequences for these economies.

"You have a wasted generation, that will find it unable, later on, to get back into the mainstream of an economy and society," he said.

Asia, particularly Singapore, South Korea and China, should watch closely the effects of long-term unemployment among young people in advanced economies because the same situation could also unfold in their economies.

While small and medium enterprises play a key role in creating jobs, Mr Tharman said Asian governments need to lend a helping hand.

For example, these firms can be clustered by industry so that subsidies can be provided to encourage technology sharing and skills development.

Besides banking services, there's also a need to increase small and medium sized firms' access to other forms of financing.

"Capital markets allow for much more differentiated risk, where you can have higher risk instruments for investors who are willing to take a higher risk. The Asian capital markets now are still much undeveloped from that point of view. The venture capital, and the early stage investment industry is still relatively undeveloped," he said.

Another key to growth would be developing human capital by getting more tertiary students to go beyond a general degree and specialise.

- CNA/cc

# Lack of quality jobs is major challenge globally: Tharman

By AARON LOW  
ECONOMICS CORRESPONDENT

CREATING enough quality jobs is one of the greatest challenges facing countries around the world, Deputy Prime Minister Tharman Shanmugaratnam said yesterday.

Mr Tharman told a conference here that not doing so could mean more polarised politics but success can ensure the foundations of an inclusive society.

"If you connect the dots, you can't help but come to the conclusion that the key challenge for the future is jobs. Not just the quanti-

ty of jobs but the quality of jobs," he added. "In fact, we are now - if you look globally - in the midst of a jobs crisis, a very severe jobs crisis, that has not been seen in decades."

Mr Tharman, who was speaking to South-east Asian policy-makers and academics at the Asia Competitiveness Institute conference at the Orchard Hotel, noted that youth unemployment in advanced economies is very bad.

It has hit about 23 per cent in Europe overall but is higher in countries like France and Spain. It is a similar story in the United

States, with 17 per cent of youth without a job.

This lack of work could lead to permanent effects on an entire generation, warned Mr Tharman, who is also Minister for Finance.

"The experience in many economies has shown that once young people are unemployed for an extended period, it often has permanent effects.

"The risk is that whole lives are blighted in these societies, and you end up with a wasted generation, who find it difficult to get back into the mainstream of the economy and society."

**This lack of work could lead to permanent effects on an entire generation, warned Mr Tharman.**

And it is also crucial to keep creating jobs for mature, middle-level workers.

Mr Tharman noted that the em-

ployment prospects of such workers in the US are declining even as wages stay stagnant. The problem could intensify with another 184 million graduates from China and India entering the global workforce in the next 20 years.

"There are political ramifications of this job polarisation. When the middle becomes insecure, politics gets more polarised and becomes more fragmented," he added.

The challenge for Asia's emerging economies is helping its young people. Depending on how policy-makers deal with the situa-

tion, they could be a demographic dividend or demographic deficit.

He said one solution is simply to equip the younger generation with the right skills rather than with just a general degree.

"The reality in both advanced economies and emerging ones like China is that there are only so many jobs for people with a general academic degree," he said.

So it is important to move away from the academic bias and towards nurturing people with the right applied skills that companies need, he said.

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30 股市

2012年8月1日 星期三 联合早报

尚达曼：

## 亚洲须防步欧美高失业率后尘

尚达曼指出，包括新加坡的亚洲四小龙，现在正密切关注在欧美发生的情况，因为四小龙的发展水平与欧美发达经济体的差距没那么小，更加前车可鉴，所幸现在还可以旁观并且设法避免重蹈人家的覆辙。

王阳发 报道  
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副总理兼财政部长尚达曼表示，亚洲国家必须警惕预防步上欧美等国高失业率的后尘，以免一代人受到永久性的影响。

尚达曼说：“如果你连接各点，从先进国到多数的发展中国家，你会不得不得出这个结论，即就业是未来一个重大的挑战。不仅要提供足够的工作，还需要良好的工作。”

他指出：“环顾全球，我们现在正处于一个就业危机，其规模是几十年来未见的。在许多经济体的经验显示，一旦年轻人持续一段较长时间无业，这往往会有永久性的

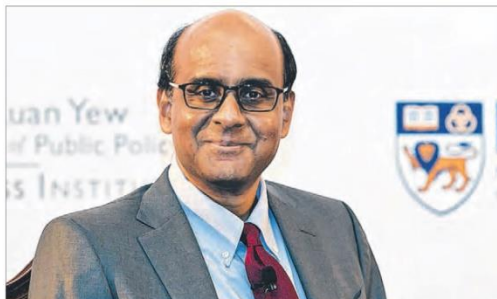
影响。其危险是，这些人的一生都在这些社会里颓丧了，造成被浪费掉的一代人，他们很难重回主流经济和社会。”

尚达曼昨日是在李光耀公共政策学院亚洲竞争力研究所（Asia Competitiveness Institute）的年度研讨会上发表午餐演讲。

### 欧洲失业率高达20%

欧洲正面对着严峻的挑战，失业率高达20%，有些地方的年轻人失业率高达50%。美国的失业率也居高不下。

尚达曼认为，一个国家是否能够建设包容性的社会——大家能够分享到经济发展的果实，取决于它如何应付这个就业危机。



尚达曼：环顾全球，我们现在正处于一个就业危机，其规模是几十年来未见的。许多经济体的经验显示，一旦年轻人持续一段较长时间无业，往往会有永久性的影响。

他说，即使在中等阶层，情况也令人担心。美国的中等阶层就发现，就业前景一天不如一天，他们不再再有工作安全感。就业市场变得两极化，最上层的获得非常好的待遇，而很多工作都不需要大专水平，中等阶层对工作没有安全感。他表示，这就业市场的两极

化，有政治上的后果。当中等阶层没有安全感时，政治也将变得两极化、更离析分崩，人们对贸易、投资、全球化的态度出现转变，情况非常具挑战性。

包括新加坡的亚洲四小龙，他指出，现在正密切关注在欧美发生的情况，因为四小龙的发展水平与欧美发达经济体的差距没那么小，更加前车可鉴，所幸现在还可以旁观并且设法避免重蹈人家的覆辙。

他指出，亚洲中等阶层人口快速增长，据预测在今20年，中国和印度将有1亿8400万大专毕业生加入劳动市场，这几乎等于是一个美国人口那么多。中等阶层人口的增长虽然带来购买力上升，但也是一项大挑战。

新兴经济体面对另一大挑战——非常年轻的人口结构。例如

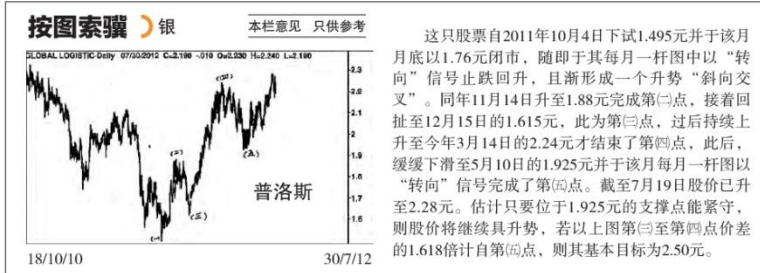
### 基础设施投资很有必要

他说：“当顺风转为逆风的时候，制度改革将是使国家或省份显得不同的重要因素。”他指出，这不是资金的问题，改革将允许投资流入、吸引优质的工作前来。

亚洲竞争力研究所所长陈企业博士昨日向与会者发表“中国——印度相对竞争力指数”研究报告时表示，比较中印之不同情况和发展之后，对于要先把蛋糕做大还是要先确立分享蛋糕的方法，他的答案不时在变化。

他说，先确立分享蛋糕的方法，可能到头来蛋糕不够大。不过目前来说，看到中国现在面对的问题，可能是先确立分享蛋糕的方法为宜，因为有关问题可能变得难以应付。

他指出，该项研究显示，有一个教训可以汲取的是，基础设施的投资很有必要，以便解除瓶颈，以免阻碍外来投资，同时有助通货膨胀没那么高。





## Creating enough quality jobs a huge challenge ahead: Tharman

By **MALMINDERJIT SINGH**  
[SINGAPORE] Both developed and emerging economies face a serious future challenge of generating a large quantity of jobs as well as ensuring that these are of quality, says Deputy Prime Minister Tharman Shanmugaratnam.

"If you connect the dots, across the advanced world and for much of the developing world, you have to conclude that the key challenge for the future is jobs; not just the quantity of jobs but the quality of jobs. We are now – if you look globally – in the midst of a jobs crisis, on a scale not seen in decades," he said at a conference on regional economies yesterday.

"Even in the emerging world, there is a very serious challenge of jobs – both in the quantity of jobs available to satisfy the needs of the young population as well as the quality of jobs that will enable them to keep bettering their lives."

The ability of countries to do this effectively has serious consequences on their socio-economic well-being, Mr Tharman said.

"Indeed, how well we meet this challenge of providing good-quality jobs will determine if we succeed in the higher objective of achieving inclusive societies, where everyone benefits from growth – because jobs, and the quality of jobs, are the foundation for an inclusive society."

Mr Tharman said the jobs crisis is most pronounced in the advanced economies. "In Europe, youth unemployment is now on average about 23 per cent, which is remarkable. In the worst affected European economies like Spain and Greece, it is about 52 per cent. Even in France and the UK, it is about 22 per cent, which is extraordinary – it means that one in five young people (of working age) do not have a job. In the US, it is also much higher than it has been historically – a little lower than Europe but still extremely high, something like 16 or 17 per cent."

Such challenges also exist in the emerging world, where youth unemployment in the Middle East and North African (MENA) countries stands at about 25 per cent, Mr Tharman said.

One of the implications of prolonged periods of youth unemployment is the psychological damage on an entire cohort of society, he noted. "Once you are unemployed for an extended duration, it has permanent effects. Short-term unemployment is not so bad – you can get back into another job, learn a new skill and so on. But once you are unemployed for a long period, it has permanent effects."

Mr Tharman said the risk of having a generation of youth who do not have the experience of a job, let alone a permanent one, will result in a lost generation that finds it hard to get back into the mainstream of society. He said there was increasing evidence from phenomena in developed economies such as Japan's "ice age", when there was very little hiring of young people in the economy, causing youth unemployment to double.

"That generation of youth that went through the 'ice age' when they had much reduced hiring is permanently different from previous generations, in an enduring way. Different in their orientation towards work, different in terms of the willingness of employers to hire them . . . Once we go through an extended period of youth unemployment, something happens that is not just for a period but for many years into the future," he explained.

Besides youth, Mr Tharman said the jobs crisis was affecting mature workers such as those doing middle-level jobs in advanced economies like the US, who are now experiencing a decline in their wage and employment prospects.

"So what used to be the bedrock of American society – a broad middle class – is now no longer there. The security is no longer there and the incomes are stagnant. What the US is seeing now is job polarisation – polarisation meaning the top end is doing well, at the bottom end there is still some demand, but the middle is gradually disappearing."

"Less demand for workers in the middle and lost prospects for wage and income improvement. This is a very serious challenge for the advanced economies," he said.

# Focus on wages to help S'pore stay on top

Study shows Republic lags behind other top cities in gross hourly pay



By AARON LOW

POLITICS  
360

IT USED to be that a conversation starter would be asking what one had for lunch or how the children are doing.

These days, though, hardly a conversation goes by without a mention of the \$90,000 certificate of entitlement or the \$900,000 Housing Board flat.

Indeed, the rising cost of living has been one of the hottest political issues of late and looks set to remain so.

Inflation has hovered at around 5 per cent over the past 18 months and is unlikely to abate by very much soon.

The consumer price index is likely to rise by 4 per cent to 4.5 per cent for the whole year – far higher than Singapore's historical average of about 2 per cent.

Singapore's reputation for being an increasingly expensive

place to live in has been reinforced by numerous surveys conducted by consultancies and banks on the cost of living.

Consulting firm Mercer, for instance, ranks Singapore the sixth most expensive place for expatriates to live in, among 214 locations.

UBS Wealth Management went one step further and compared 73 cities on not just the cost of living but also the purchasing power of workers in each city.

It ranked Singapore the 10th most expensive place to live in. It also said that Singaporeans earn only 36 per cent of what New Yorkers do.

Is living in Singapore that tough? Are residents really so much worse off compared with workers in New York?

An answer came this week in the form of a new study conducted by researchers at the Lee Kuan Yew School of Public Policy. It suggested that Singapore residents do not have it that bad, and in fact are better off in some ways than their counterparts in New York.

The team of researchers from the Asia Competitiveness Insti-

tute (ACI), led by Associate Professor Tan Khue Giap, used a different approach to measure the cost of living.

He created two different indices, one for expats and one for residents, reasoning that both groups have different lifestyles. The main difference between the two indices was the weights attached to each item in the basket.

For expats, consumption was tilted towards drinks, food, clothing and rent. For locals, the index was based on the World Bank's study of spending habits and had a higher weighting on transport, recreation and household supplies.

The study found that, yes, Singapore is a very expensive place to live in – for expats. In fact, it ranked fifth in the world, and was the second-most expensive city in Asia after Tokyo.

For locals, however, the picture was markedly different. Singapore emerged as the 61st most expensive city to live in – out of 100 locations.

And when it came to purchasing power – which is what you can buy with every dollar you have – Singaporeans are actually

34 per cent better off than New Yorkers, Singapore came in 25th for purchasing power, that is, in the top half.

This study is probably a more accurate representation than previous studies of the costs of living here for residents.

Yet, if casual conversations and online grouses are anything to go by, many Singapore residents find the cost of living a problem. What accounts for this?

It could be that rising costs are just part of the problem; the other is income. After all, if incomes rise faster than prices, no one would really complain.

On this front, the ACI study shows that Singapore is not faring too well.

Gross hourly pay for the average Singapore worker was US\$17.71 (S\$21.90) last year. That puts Singapore at 51st out of the 60 top cities featured in the ACI study. Singapore's wages were all about 17 per cent lower than that of the average worker in New York.

In contrast, workers in Copenhagen had a gross hourly income of US\$61.42 – more than three times Singapore's – while work-

ers in Luxembourg were paid US\$40.18.

To be fair, the numbers do not take into account taxes which, if included, would likely boost Singapore's ranking, given its low personal income tax.

But the gross hourly pay figure is an average number and does not take into account the level of income inequality in Singapore. Data from the Manpower Ministry shows that about 908,900 workers, or 46.7 per cent of all workers, had monthly incomes of less than \$2,500 last year.

That means that for about half of workers, gross hourly pay is equal to or less than \$14.20, based on the average of 44 hours worked a week. This is much lower than the average wages ACI used in its study.

Thus, the reason many people, especially those at the bottom end of the scale, complain is that, for them, incomes are not keeping up with rising costs of living.

The Government has flagged the need to raise incomes as a priority and said last year that it wants to raise real incomes by 30 per cent over 10 years, or roughly about 3 per cent a year.

But this is a very difficult task. Last year, for instance, real incomes grew by just 0.9 per cent, eroded by the high level of inflation. This was much lower than the real wage growth of 2.9 per cent workers enjoyed in 2010.

There have been other steps taken to address the gap.

The National Wages Council has recommended that low-wage workers earning up to \$1,000 monthly enjoy a minimum built-in increment of \$50 this year.

The labour movement has also embarked on a plan to work with companies directly to raise productivity, by offering funding to the companies. The catch is that the companies also need to raise the wages of the workers in turn, after reaping gains from productivity improvements.

These are moves in the right direction and the Government needs to keep its focus on incomes if it wants Singapore to be a top global city.

Otherwise the complaints in casual conversations might turn into mass disgruntlement. Then the cost to society and government could be very high indeed.

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**Brought to you by**

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