



IPS Corporate Associates Lunch: Understanding US Foreign Relations in the Region

By Andrew Yeo
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Mr Kirk Wagar, the United States Ambassador to Singapore, spoke on America's presence in the region at a lunch dialogue with members of the Institute of Policy Studies ([IPS Corporate Associates programme](#)) on 18 May 2015. IPS Director Janadas Devan moderated the ensuing wide-ranging question-and-answer session.

Ambassador Wagar began by saying that many would not consider Singapore — an island-nation consisting of five million residents — to be the most intuitive choice for strong US ties. However, Singapore is also the platform for the 620 million people of Southeast Asia (the largest foreign investor in China), and the second largest foreign direct investor into India (behind Mauritius). “No other city on the planet touches the reach that Singapore can,” he said.

He pointed to various global accolades that Singapore had won as a place to do business, and highlighted a little known factoid — that Singapore is ranked number one for start-ups in Southeast Asia — as evidence of the fruits of difficult policy decisions taken by previous administrations of the government under Mr Lee Kuan Yew. Noting the occasion of Singapore's 50th year of independence, he detailed American involvement with the nation “every step of the way”. Addressing what has been referred to as President Obama's “pivot” to the East, he said that they had always been in the region and never really left, pointing to the presence of more than 3,600 American businesses based in Singapore. Companies such as Citi and ExxonMobil, which have their regional headquarters in Singapore and have made significant investments here, and entertainment companies including Disney and Pixar, which operate here, are all examples of American economic engagement, he said.

Ambassador Wagar expressed optimism for ASEAN economic progress, as analysts have predicted that in the future a majority of the world's middle-class would be in the region. “In ASEAN alone, this population is projected to reach more than 700 million by 2030 and 64% of the world's middle class will reside in Asia,” he said. ASEAN's economy has also been forecasted to eclipse Japan's by then to become the world's fourth largest single-market economy, after the European Union, the US and China.

The ties between America and Asia have not merely been economic, Ambassador Wagar said. “It is also about the ties between the peoples of Asia and the citizens of the United States,” he pointed out. This, he said, is evidenced by how there are currently more Singaporean students in the US, as well as American students in Singapore, than at any

point in history. The US also works with Singapore and other ASEAN nations to advance security, as well as develop institutions such as rule of law and transparency. “So Singapore is not just important for our companies trying to come through here, but it’s important for all these countries in the region because of the platform that you provide,” he said.

Question-and-Answer Session

Questions from the audience ranged from the US presence in Asia — and whether this would continue in spite of the outcome of the Presidential election next year — and the Ambassador’s thoughts on societal and economic developments in Singapore and the region.

Ambassador Wagar made clear that America’s presence in the region was tied to its own national interest. “When you have an economy like ours that depends on the integration to global commerce, among other things, and you have 3.2 billion people who are going to be here in 2030, where are we going to be? So it is in our national interests to be here,” he said. As for whether the outcome of the next Presidential election would impact US interest in Asia, the Ambassador said he did not expect any change in interest — the congressional delegations who visited Singapore were bipartisan in nature, he said.

On Asia, a member of the audience asked the Ambassador for his thoughts on the outcome of rapid urbanisation in the region. Ambassador Wagar began by praising the environmental conversations going on in Asia, describing them as being a lot more substantial than just about saving trees. He noted that issues of environmental quality were tangible issues that drove conversation here, and pointed to energy, food and water security as particular concerns in the region. He took the time to praise Singapore’s role in these debates, saying that people from elsewhere in his position were coming to Singapore to join in these conversations, and that Singapore is in a leadership position when it came to environmental issues.

Attendees at the dialogue were also interested in the Ambassador’s thoughts on Singapore. What worried him about the island-state, a member of the audience asked. Ambassador Wagar said he would not describe what he was about to say as a worry but something he felt Singapore could improve on. He highlighted the issue of diversity, noting that diversity was a great strength of the world’s best companies. Pointing to how only 7% of women served on boards here, he used this as an example where Singapore could improve, saying that “businesses are not getting the benefits of multiple points of view”. He added that Singapore would also have to find strategies to retain its position as the destination of choice for a diverse population and “maintain its happy medium”.

Would Singapore ever be able to have its own Silicon Valley, another audience member asked. “I think that Singapore has about 90% of the ingredients for a Silicon Valley”, Ambassador Wagar replied. However, there were some challenges for start-ups, he said, pointing to rules that require minimum salaries before employment passes are issued, as well as strict local bankruptcy laws. Elaborating, he said that many start-ups pay in options and not salaries, and thus may not be able to meet the dollar amount required for an employment pass to be issued to an individual. Bankruptcy laws, while serving a purpose,

made it difficult for people to bounce back. Describing how many companies in Silicon Valley do not succeed, he said that this was an accepted norm for many venture capitalists. He noted, however, that the relevant Singapore government agencies were working on this issue, and observed the positive trend of many young Singaporeans looking at the rest of Southeast Asia as their market. "I see your younger generation being much more integrated in ASEAN, which is going to be your laboratory for a lot of these start-ups," he said.

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