

Significant Investments Bill is part of Singapore's security strategy in turbulent world: Gan Kim Yong

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The upcoming Significant Investments Review law is part of Singapore's strategy to boost economic resilience and security – one of three key approaches in weathering the turbulent global order, said Minister for Trade and Industry Gan Kim Yong on Thursday (Nov 9).

This is even as Singapore expands connectivity to other markets and seeks new areas of cooperation, he said at the 39th Singapore Economic Roundtable, a biannual meeting of private sector economists, business leaders and policymakers to discuss major macroeconomic issues facing the domestic economy.

Introduced in Parliament earlier this month, the proposed law will scrutinise investments in “critical entities” not covered by existing sectoral legislation, so the risks of such investments can be managed more effectively.

When passed into law, the legislation would be timely, amid a rapidly evolving and increasingly complex operating landscape, said Gan, who added that it would “strengthen our position as a trusted hub for businesses to invest with confidence in a stable, safe, and secure Singapore”.

In his speech, he noted that globalisation was “at an inflection point”, as security plays a growing role in driving international economic policy.

Supply chains are being disrupted due to geopolitical conflict, and there is “a heightened sense of zero-sum competition” as major powers battle for economic supremacy, he said.

Greater volatility and eroded trust have changed supply-chain decisions, and economies are rolling out subsidies to attract investments.

Gan pointed out three shifts that foreshadow “a major reorganisation of the global economy”.

First, alliances are being reorganised as countries seek new partners, and investment flows are becoming more concentrated among countries that are geopolitically aligned. Second, global supply chains are being reorganised to lower risks. Third, priorities are being rebalanced, with economic imperatives increasingly weighed against national security considerations.

As a small and open economy, Singapore must adapt to these changes, he explained.

Even while staying open to trade and investment, the country must be equipped to address the increasingly complex operating landscape. The proposed Significant Investments Review law would be one such move.

Another strategy is to expand connectivity to regional and international markets, to widen Singapore's economic space.

“We will therefore need to continue to support and strengthen the rules-based global trading architecture by reinforcing key multilateral institutions,” he said, highlighting the Republic’s support for reforming the World Trade Organization’s dispute-settlement system.

Finally, Singapore must seek new areas for cooperation, to deepen collaboration and strengthen the city-state’s relevance as a global business hub.

Gan named sustainability and the digital economy as two areas with potential for cooperation. He added that it would also be important to forge new methods of collaboration, to respond to shifts in the global economic landscape.

In a question-and-answer segment during the roundtable, attendees discussed the changing nature of competitors’ economic strengths and Singapore’s ability to maintain its appeal.

The Republic must be both cost-competitive and high-quality, they said. Participants also highlighted Singapore’s rule of law, successful crisis management and ability to attract global talent.

Other topics discussed included the importance of balancing foreign talent needs, the shift to focus on innovation, and the transformation of the city-state’s manufacturing sector.