

IPS Corporate Associates Breakfast: Ensuring the Singapore Economy is Future Ready

Wilfred Lau
IPS Research Assistant



Source: flickr, Anthony Muñoz

Yeoh Keat Chuan, Managing Director of the Singapore Economic Development Board (EDB), spoke at an IPS Corporate Associates (CA) breakfast last month on the shape and direction of Singapore's future economy.

To an audience of about 45 CA members and IPS staff, Mr Yeoh described the transition towards an innovation-driven economy. This would hold many economic opportunities for the mid-to-long term, he said. With 55% of Asians expected to live in cities by 2030, demand for urbanisation, the movement of goods and people, and business services will present opportunities for Singapore as a model city.

On technology, Mr Yeoh listed advances such as 3D printing, of which the aerospace and medical device sectors are early adopters. Currently, Singapore manufactures one-third of all hearing aids. Due to the differing shapes of ear canals, 3D printing is set to become the next step in the manufacture of hearing aids.

While Mr Yeoh acknowledged that Singapore's biggest limitation is its land scarcity, he added that having a small domestic market was not an insurmountable challenge to growth.

The mission of the EDB has always been to create good jobs and sustainable economic growth for Singapore. However, EDB's approach has recently shifted to what can be best described by the terms "Attract", "Transform" and "Create".

One way it has done so has been by attracting investments from MNCs, while supporting the growth of local enterprises, to build competitive industries ("Attract"). Looking ahead, many opportunities will be niche and adjacent to existing industries in Singapore, Mr Yeoh said. For example, the emerging space and satellite industry requires expertise in many areas, such as aerospace, engineering and infocomms, all of which Singapore has capabilities in.

"Transform" focuses on restructuring existing industries in Singapore to better suit its resource profile and the shifting aspirations of its citizens. Mr Yeoh cited the maritime industry, which employs 120,000 people — of which 20,000 are Singaporeans. The industry is moving towards reduced reliance on unskilled foreign labour through productivity improvements.

A third strategy that the EDB is working on is to help companies launch and build new businesses from Singapore for global and regional markets ("Create"). Mr Yeoh cited technology company Philips Medical, which worked together with Singapore hospitals to create the "From Hospital to Home" initiative. Heart surgery patients can now be sent home faster, with equipment to track their vital signs. Patients measure these, which are then fed to healthcare practitioners so that they can take action if something is amiss. This has also helped to ease stresses on Singapore's healthcare system. After setting up in Singapore, Philips also formed a partnership with EDB's investment arm, looking at investment opportunities for start-ups around the region and bringing them to Singapore.

Another example is Unilever Foundry, a venture capital arm of consumer goods multinational Unilever. Based in Singapore, it is a platform for start-ups and entrepreneurs to work together, receive mentorship from marketing professionals and access funding from Unilever Ventures, which provides venture capital. For example, Unilever Foundry is currently working with a local branding start-up to launch a social media campaign in Indonesia.

In the next 10-15 years, an estimated S\$8-\$10 billion worth of fixed asset investments and about 15,000 to 20,000 jobs are expected to be created yearly, though these would have to be carefully managed in order to keep Singapore on a positive growth path.

Question and Answer Session



During the Question and Answer session, facilitated by IPS Adjunct Senior Research Fellow Manu Bhaskaran, participants raised their concerns about Small and Medium Enterprises (SMEs). Why do they seem weak locally, and how can we rejuvenate the SME scene and stagnant industries?

Mr Yeoh pointed out that the EDB established the Partnerships for Capability Transformation (PACT) in 2010, which helps SMEs to work with MNCs to reach high supplier standards. There are currently 15 such collaborative projects which will benefit over 75 SMEs. These involve industries such as biomedical sciences and electronics. The EDB is looking to take PACT further with its targeted approach to helping industries. Mr Yeoh pointed to overseas expansion as an engine of growth for SMEs.

Mr Bhaskaran asked how Singapore can overcome a lack of space to become a truly global city. Mr Yeoh said that by 2030, two-thirds of the workforce would be Professionals, Managers, Executives and Technicians (PMETs). This leaves a small proportion of the workforce in labour-intensive sectors, which is unprecedented globally.

One way to solve this lack of labour and land for large manufacturing facilities is to leverage on resources in the region. The EDB is working on multinational collaboration in this respect. For example, Singapore firms on Indonesia's Batam Island employ 50,000 workers for activities which complement their operations in Singapore. Mr Yeoh also mentioned collaborative initiatives with Malaysia, where he chairs a steering committee with his Malaysian counterpart to develop the Iskandar region. This has resulted in companies establishing facilities in Malaysia to complement their Singapore operations. For example,

while the design and engineering processes are done in Singapore, manufacturing steps such as casting and forging are done in Malaysia. Mr Yeoh reflected on how the region has changed — while Southeast Asia used to be seen as an export-oriented production base, it now represents an unexplored market, presenting Singapore the opportunity as a good base and launchpad to access the region.

Asked if foreign firms setting up in Singapore would aid in job creation, especially in an age of automation, Mr Yeoh replied that he believed these companies would still create good jobs. Current efforts need to be focused more on the quality than quantity of engineers available, and EDB is working with the Singapore Institute of Technology (SiT) on work-and-study and apprenticeship programmes. The aggressive expansion of industry leaders like Google and Facebook, and rising interest in the technology industry, could attract more people into these fields, he added. He also told the audience about Edwards Lifesciences, a medical equipment specialist that employed over 1,000 people in Singapore. Already, many companies have their most advanced manufacturing plants in Singapore, which Mr Yeoh said is a step in the right direction.

The discussion also touched on the future of corporate leadership in Singapore, developments that EDB was hoping to see over the next decade, and whether this customised, industry-specific mode of economic transformation will continue over the next 10–15 years. On leadership, Mr Yeoh said one of the keys to building strong leaders was for employees to gain overseas experience, and for companies to have robust leadership development programmes. Concluding, Mr Yeoh said the business model of the future would revolve around platforms that can bring players together, aggregating demand and innovation at the intersection of industries.

Wilfred Lau is a Research Assistant at the Economics and Business research cluster at IPS.

If you have comments or feedback, please email ips.eneews@nus.edu.sg



© Copyright 2016 National University of Singapore. All Rights Reserved.

You are welcome to reproduce this material for non-commercial purposes and please ensure you cite the source when doing so.