

The Twenty-Seventh Singapore Economic Roundtable

May 2017

Jointly organised by
**Institute of Policy Studies
& The Business Times**

Edited by
**Manu Bhaskaran
Faizal bin Yahya
Mooris Tjioe**

The Singapore Economic Roundtable

The Singapore Economic Roundtable (SER) is a forum of leading economists, policy makers and business leaders who gather twice a year to discuss important issues that affect Singapore's position in the global economy. It deliberates on the role that government agencies and the private sector in Singapore should play in meeting new challenges facing the Singapore economy.

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The Institute of Policy Studies (IPS) was established in 1988 as an independent think-tank to study and generate public policy ideas in Singapore. IPS became an autonomous research centre of the Lee Kuan Yew School of Public Policy at the National University of Singapore in 2008. Today, IPS continues to analyse public policy, build bridges between thought leaders, and communicate its findings to a wide audience. The Institute examines issues of critical national interest across a variety of fields, and studies the attitudes and aspirations of Singaporeans through surveys of public perception. It adopts a multi-disciplinary approach in its analysis and takes the long-term view in its strategic deliberation and research.

The Twenty-Seventh Singapore Economic Roundtable. May 2017

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Institute of Policy Studies

Lee Kuan Yew School of Public Policy

National University of Singapore

1C Cluny Road House 5

Singapore 259599

Tel: +65 6516 8388 Fax: +65 6777 0700

Web: www.lkyspp.nus.edu.sg/ips

Registration Number: 200604346E

THE TWENTY-SEVENTH SINGAPORE ECONOMIC
ROUNDTABLE

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Adjunct Senior Research Fellow
Institute of Policy Studies, Singapore

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Senior Economist
Economic Surveillance and Forecasting Department
Economic Policy Group
Monetary Authority of Singapore

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1.

Foreword

Mr Manu Bhaskaran

Adjunct Senior Research Fellow

Institute of Policy Studies

The Twenty-Seventh Singapore Economic Roundtable (SER) was held in May 2017. The Institute of Policy Studies (IPS) convened the SER with two broad objectives. The first was to assess the appropriateness of monetary and fiscal policy settings, given the cyclical prospects for the economy. A second aim was to select a longer-term issue of interest so as to understand the structural aspects of the economy's future — and to then examine the policy changes that might be needed to preserve and enhance long-term growth potential. In the first session, there was a general consensus that the monetary policy stance was well calibrated given the prospects for the economy. There were several participants who, however, suggested fiscal policy could be used more actively to keep the economy on a healthy trajectory. In addition, some remarked that the industry transformation that was underway seemed to be too reliant on government

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incentives. There was a need to study why private enterprises that should have every reason to restructure were not doing so quickly enough.

The second session focused on Singapore's role as a regional hub so as to examine challenges to that role and what policy interventions might be needed. Concerns were expressed as to how China's One Belt, One Road initiative might affect Singapore by developing ports and airports that could compete against Singapore. However, several participants questioned how sustainable China's strategy would be, given that opposition was growing against the initiative. Most participants said so long as Singapore kept upgrading itself its advantages of location, good infrastructure and critical mass would enable it to see off any new competitors. One critical point that was emphasised in the discussions was that Singapore needed to ensure harmonious relations with the neighbours who comprised its hinterland to ensure its hub status.

IPS was encouraged by the quality of the presentations and the insights expressed during the discussions and will continue to convene the SER regularly.

2.

Recent Economic Developments¹

Ms Geraldine Koh

Senior Economist, Economic Policy Group

Monetary Authority of Singapore

2.1 The International Economy

The world economy expanded at a faster pace in Q4 2016. This can be attributed to firming momentum in advanced countries and China. When paired with an on-going trade recovery in Asia ex Japan, the underlying pace of global economic activity has shown signs of an incipient pickup. In summary, global economic growth is expected to increase slightly to 4 per cent in both 2017 and 2018, from 3.9 per cent in 2016.

¹ The views and analyses contained in this presentation are the author's and should not be attributed to the MAS.

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Figure 2.1

GDP Growth Forecasts (%)		
	2017F	2018F
Total*	4.0	4.0
G3*	1.8	1.8
US	2.1	2.4
Japan	1.4	1.1
Eurozone	1.7	1.6
NEA-3*	2.3	2.2
Hong Kong	2.2	2.1
Korea	2.6	2.5
Taiwan	2.1	2.0
ASEAN-4*	4.7	4.7
Indonesia	5.2	5.3
Malaysia	4.4	4.4
Philippines	6.5	6.3
Thailand	3.3	3.3
China	6.6	6.2
India**	7.3	7.6

1

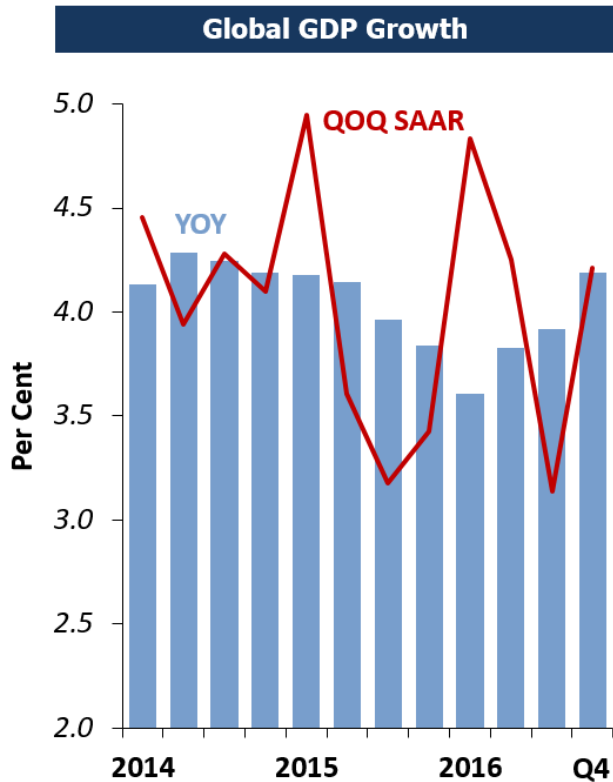
2 Sources: CEIC; Consensus Economics, May 2017; and
EPG, MAS estimates

3 * Weighted by shares in Singapore's NODX

4 ** Figures are reported on a Financial Year basis; FY2017
refers to the period from April 2017 to March 2018

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Figure 2.2



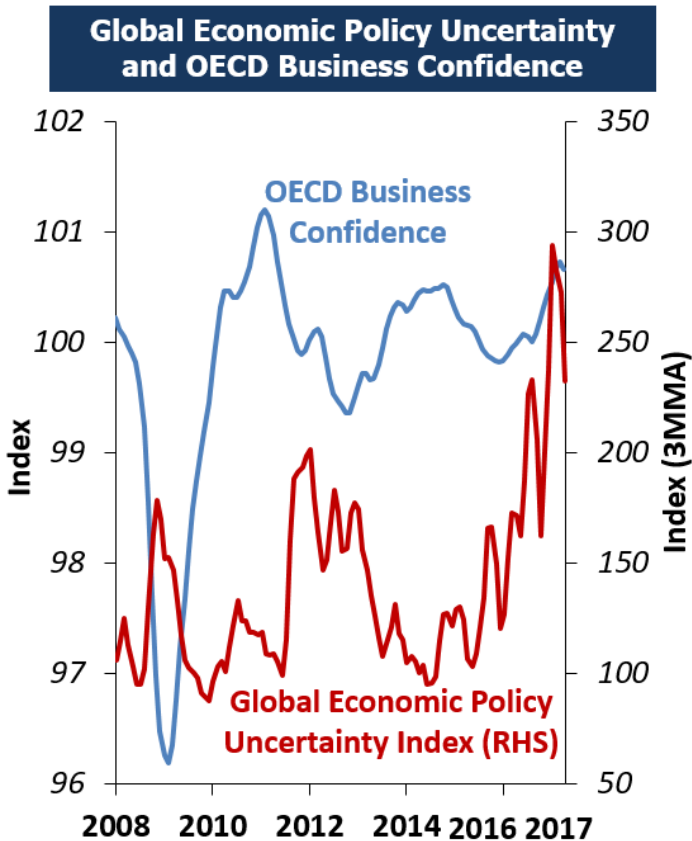
Source: CEIC, Consensus Economics, May 2017 and EPG, MAS estimates

Taking a closer look at the G3 economies, average growth accelerated from 1.6 per cent in the first half of 2016, to 2.1 per cent in the second half. A number of forward-looking indicators further suggested that the cyclical upturn in the advanced economies would continue in the near term. In March this year, the OECD composite leading indicator rose

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to its highest reading in 18 months, while the global manufacturing PMI turned up significantly from this trough in early 2016.

Figure 2.3



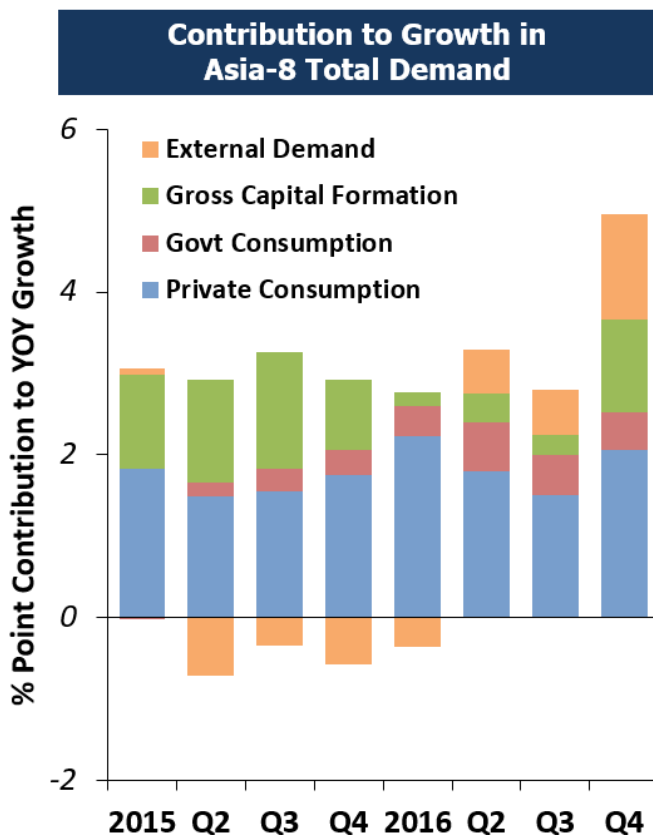
Moreover, there was a discernible rise in economic sentiment, which could catalyse higher spending and risk-taking. However, the surge in confidence coincided with

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rising levels of global economic policy uncertainty. Historically, such episodes of positive movements in business confidence and policy uncertainty had been rare, as uncertainty is usually expected to hurt economic activity. When households and firms are more sanguine, expectations can only be maintained if some of the prevailing uncertainties and risk factors continue to dissipate.

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Figure 2.4



Over the last three years, growth in the Asia-8 economies consisting of ASEAN-4, NEA-3 and India has been sustained by resilient domestic demand, while external demand has played a diminished role. However, since Q2 2016, external demand for goods and services from the Asia-8 has turned around, and is no longer a drag on growth as seen from the

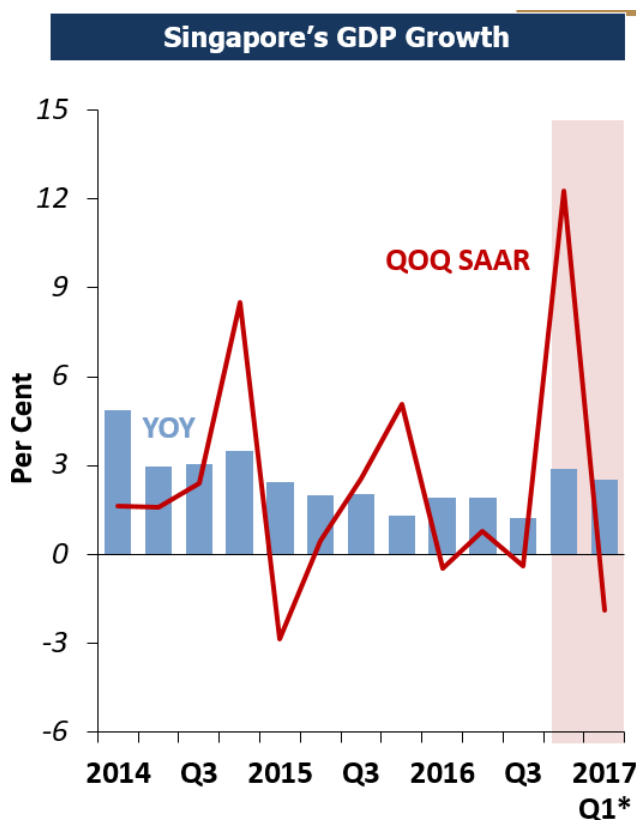
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orange bars in Figure 2.4. The strong performance by the ASEAN-4 and NEA-3 exports in H2 2016 was largely driven by the rebound in commodity and capital goods exports.

Given the extensive production networks in the region, the export upturn was matched by an increase in intermediate goods imports. Going forward, although structural factors such as a defragmentation of regional supply chains are likely to dampen the prospects for a longer-term trade revival, the ongoing improvement in the global economy should underpin Asia-8's external demand in the near term.

2.2 The Domestic Economy

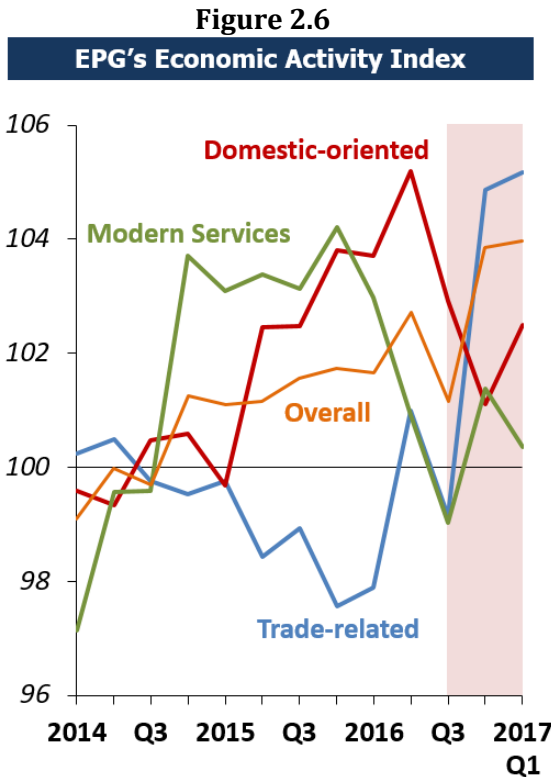
Figure 2.5



The domestic economy has shown improvement since MAS' October review, with average sequential growth coming in at 5.2 per cent Q1 SAAR over Q4 2016 and Q1 2016 compared to the flat growth in the preceding two quarters. However, the improvement has been accompanied by a pickup in volatility. GDP grew by 2.3 per cent in Q4 SAAR, before

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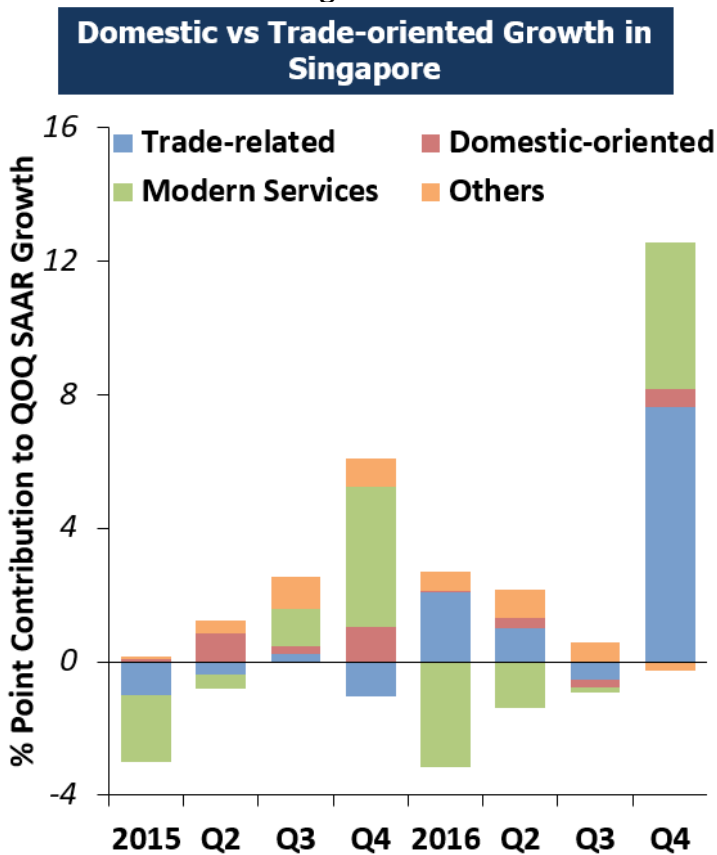
contracting by 1.9 per cent in Q1 2017. The growth profile has some states of unevenness across the sector as well. Based on EPG's economic activity index, the trade related sector was a leading driver of growth. The modern services cluster recorded strong growth in Q4 but waned in early 2017. There is however, unevenness in growth across the sector as well. Based on the EPG's economic activity index, the trade related sector was a leading driver of growth.



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The modern services cluster recorded strong growth in Q4, but waned in early 2017. Public construction was resilient but weaker consumer spending weighed on sectors such as retail and food services. Some unevenness was also observed in the corporate sector, with SMEs lagging in recovery, in comparison to large companies.

Figure 2.7

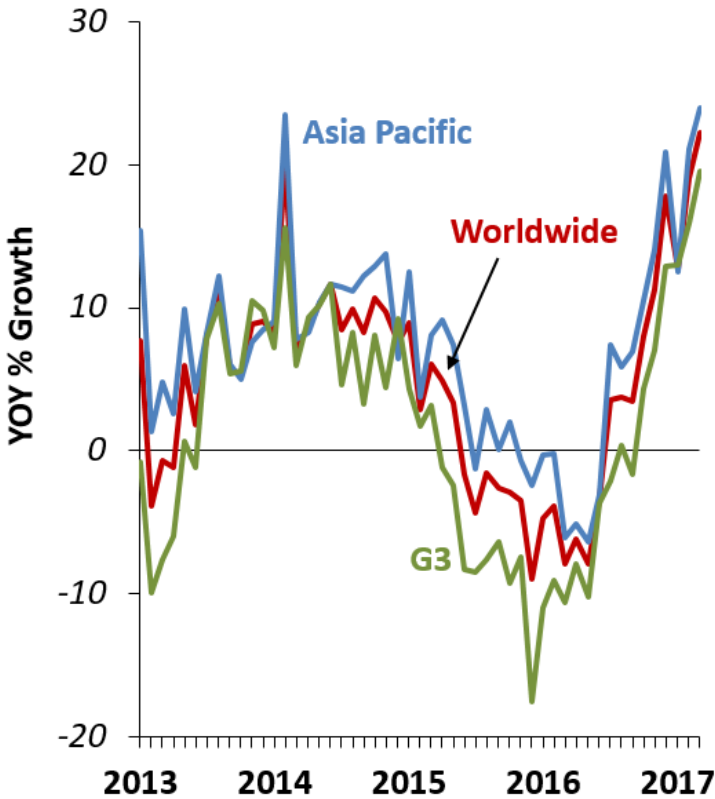


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Looking ahead, Singapore should continue to benefit from the global cyclical uplift. The momentum seen in trade-related sectors in Q4 — particularly in the IT associated segments — was expected to be sustained, albeit at a more moderate pace.

Figure 2.8

Global Chip Sales by Region



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Global chip sales — a key indicator for the health of the electronics sectors — have been robust in recent months. Going forward, new mobile phone launches together with increasing semiconductor intensity and electronics products will provide support for the domestic electronics industry. Even so, recovering the rest of the manufacturing and technological trends driving financial and ICT services, respectively, should continue to bolster the modern services cluster.

In contrast, spending on discretionary retail items and other services was expected to be dampened by the subdued labour market. Overall, the Singapore economy is expected to grow by 1 to 3 per cent this year, keeping pace with the 2 per cent growth recorded in 2016. Even as Singapore remains plugged into the global IT supply chain, its role in manufacturing production has evolved. Compared to previous cycles, global IT demand will have a differentiated impact across the domestic economy and its upturn.

As part of a global phenomenon, manufacturing firms have over time extended their reach across the stages of production. Comparatively, the largest share of research and design activities and output value will not translate to previous levels of merchandise export performance. Frequent shifts in production mix have been a feature of Singapore's export sector.

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Figure 2.9

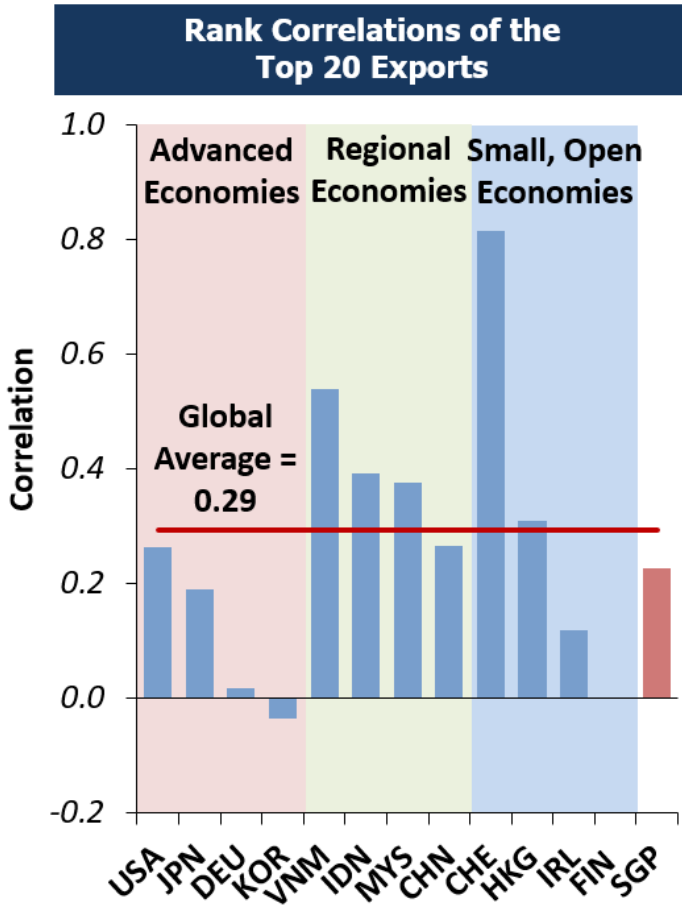
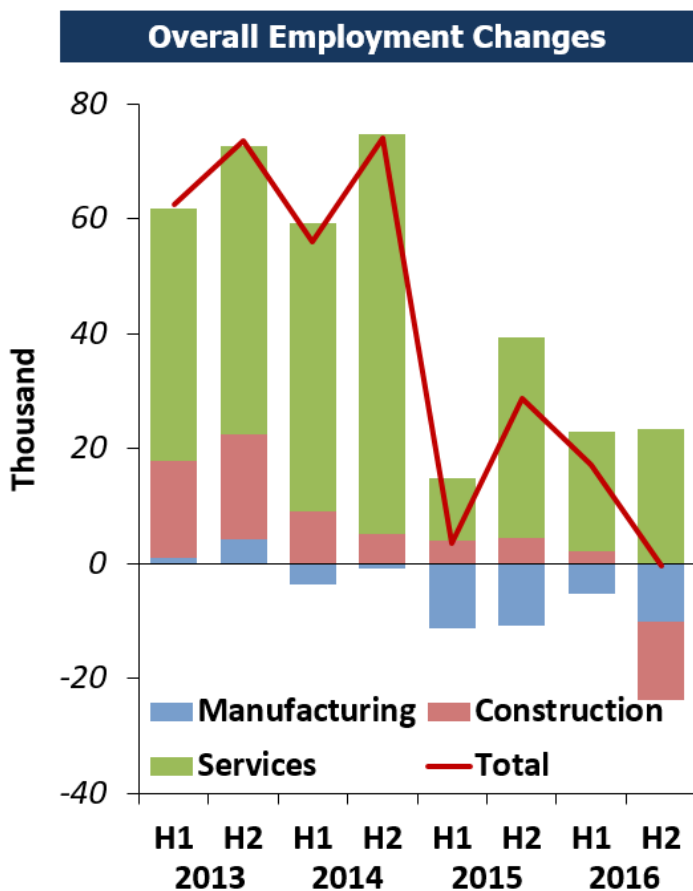


Figure 1.9 shows the correlation of exports between 2005 and 2015. Singapore has a relatively low correlation rank, which means that there is little overlap of products across the two periods. As a small open economy, Singapore has had to constantly reinvent itself so as to attract quality investment and to create new business opportunities.

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2.3 The Labour Market and Inflation

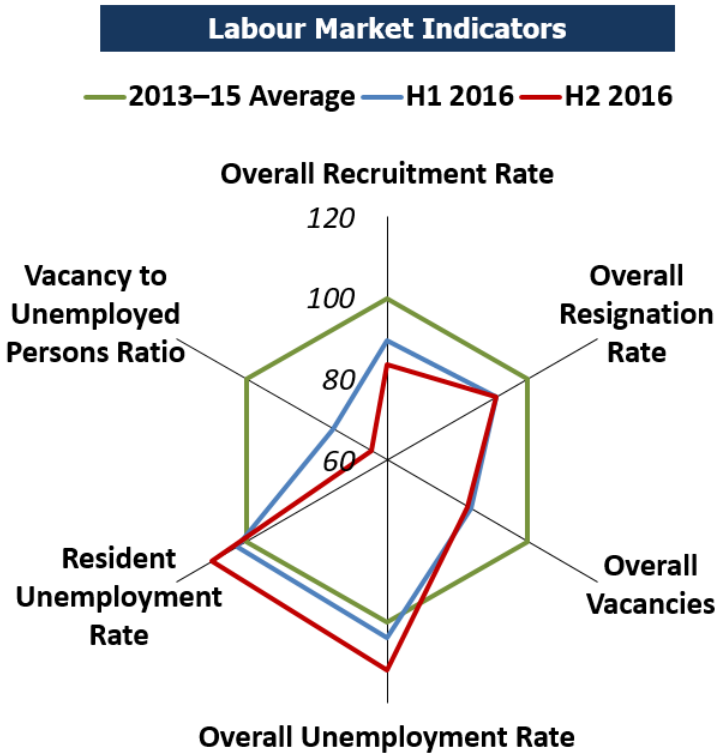
Figure 2.10



Turning to developments in the labour market and consumer prices, overall net employment growth was flat in H2 2016, as employment gains in the services industries were offset by contractions in manufacturing and construction.

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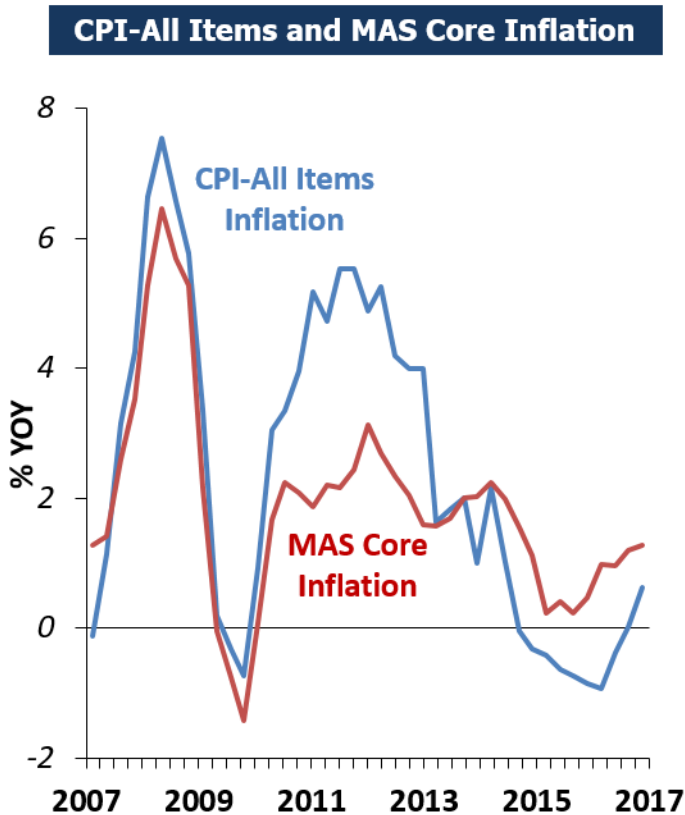
Figure 2.11



Resident net employment gains were also counterbalanced by a decline in foreign headcount. Several other indicators also show that the labour market remains soft. For example, recruitment and resignation rates stayed below the three-year historical averages. Both the overall and resident unemployment rates also picked up slightly, in part reflecting an increase in net entrance to the labour force in Q4 last year.

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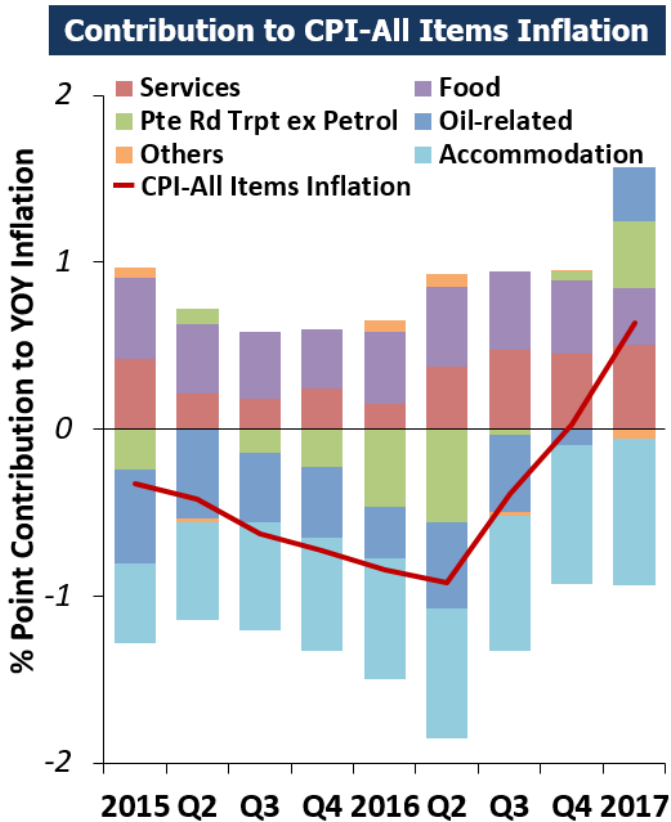
Figure 2.12



In Q1 2017, MAS core inflation edged up by 0.1 percentage points from the previous quarter to 1.3 per cent year on year. CPI-All Items inflation experienced a steeper upturn, rising from 0 to 0.6 per cent over the same period. This was driven by the turnaround in the prices of oil-related items, which have a larger weightage in the overall CPI basket.

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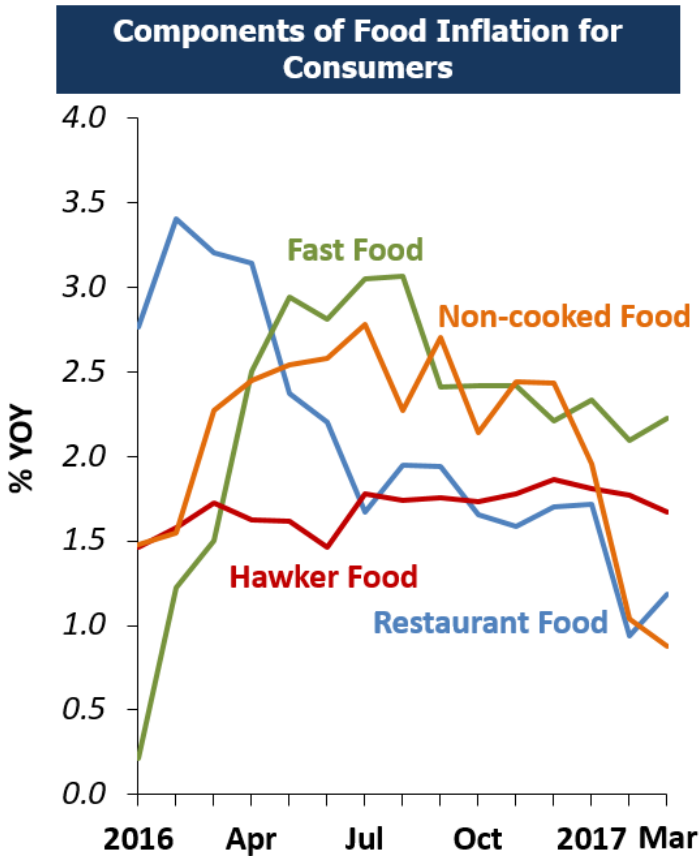
Figure 2.13



Amid heightened supply conditions, global food commodity prices have risen steadily and begun to filter through to imported food inflation, which rose by 2 per cent year-on-year in Q1, reversing a 2.5 per cent decline in 2016.

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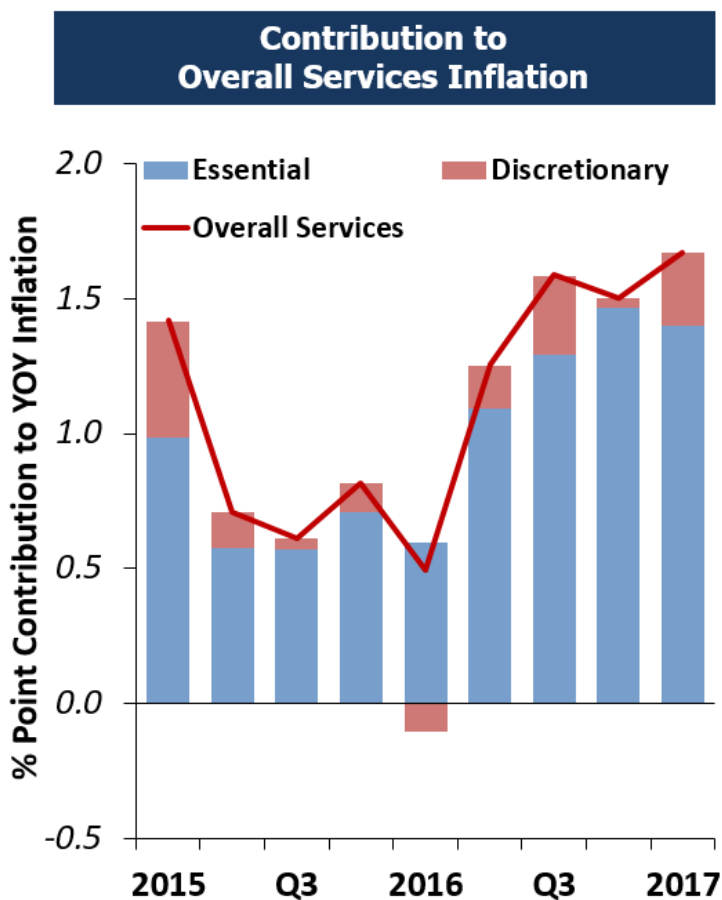
Figure 2.14



Nonetheless, consumer prices for food items and services have been relatively benign. Non-cooked food inflation moderated in Q1, reflecting a milder than usual seasonal pickup in food prices during Chinese New Year, as well as a high base in the previous year due to weather related disruptions to food supplies. Meanwhile, price increases for hawker food remain stable.

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Figure 2.15

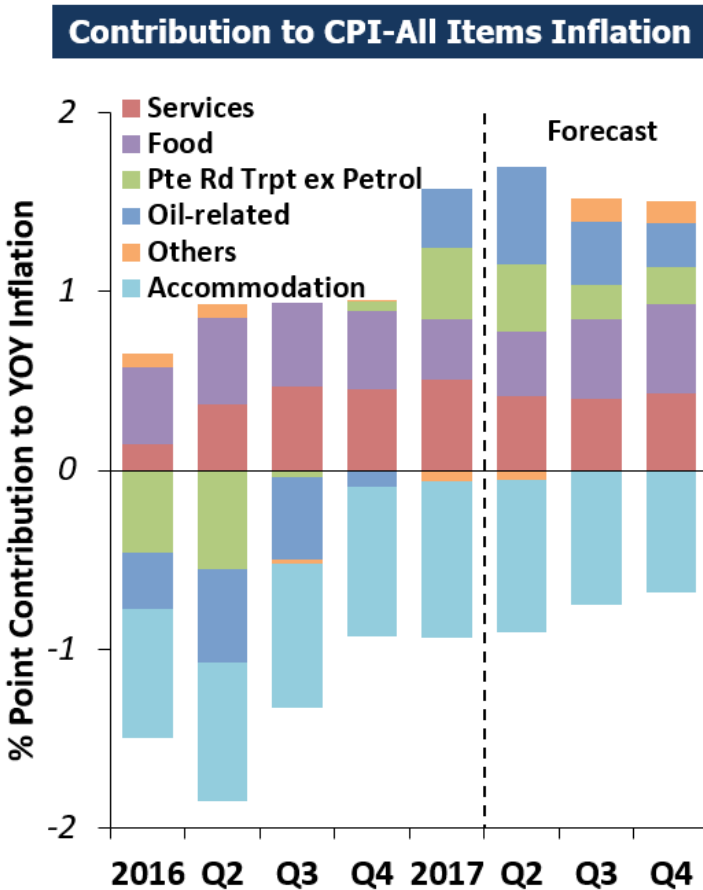


Discretionary services installation such as personal care and recreation have been relatively muted due to weaker demand. This contrasts with a steady rise in the cost of essential services, which are influenced more by underlying demographic and structural trends. The overall price of retail goods also fell by 0.5 per cent in Q1, driven by declines in

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clothing and household durables. Underlying demand-driven price pressures are likely to remain subdued for some time until the labour market strengthens.

Figure 2.16



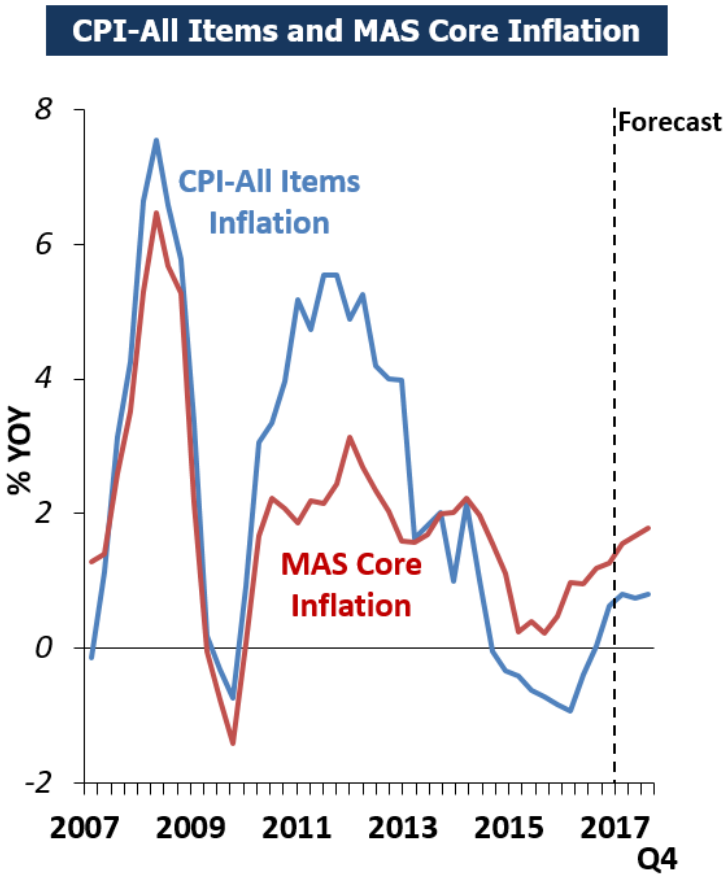
Announcements in administrative price increases from late last year, which include upward revisions to car park fees

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and increases in water prices, are in line with the need to reflect true underlying scarcity value of resources. These will contribute directly to higher inflation for households in the short term, and could also add to higher costs for some businesses. While firms will pass on some of these cost increases to consumers, the extent of the pass-through is expected to be modest. As consumer sentiment remains cautious, the risk of significant upward price adjustments and subsequent second round effects is expected to be low.

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Figure 2.17

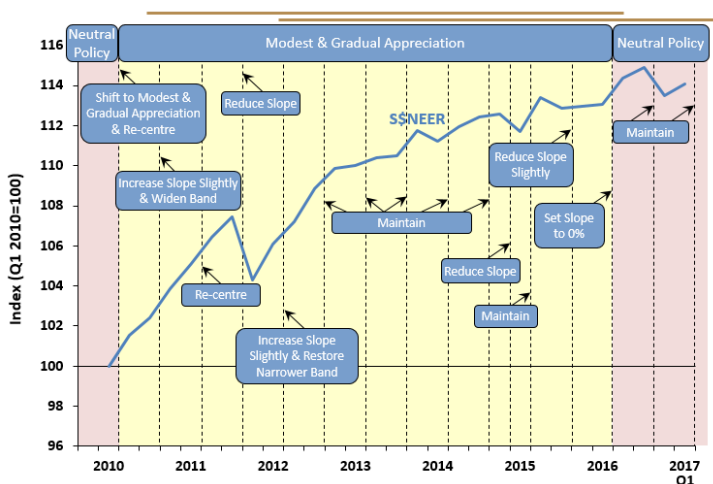


MAS inflation forecasts for 2017 remain at 1 to 2 per cent for core inflation, and 0.5 to 1.5 per cent for CPI-All Items inflation. The projected pick up of inflation from last year will reflect the contribution of energy-related components and impact of administrative price increases rather than general demand-induced price pressures.

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2.2 Macroeconomic Policies

Figure 2.18



For macroeconomic policy, MAS has kept the Singapore Dollar NEER (Nominal Effective Exchange Rate) at zero per cent. GDP in 2017 is not expected to be markedly different from 2016. Although core inflation is projected to rise this year, the increase is expected to be restrained. The MAS believes that a neutral policy stance for an extended period will be appropriate to ensure medium-term price stability. Together with a fiscal policy stance that is expected to be mildly positive, the macroeconomic policy mix is expected to be in line with a steady expansion of the economy towards its potential growth rate.

3.

**Macro-economic Outlook and
Implications for Policy**

Mr Benjamin Shatil

Economist and Vice President

Emerging Asia Research

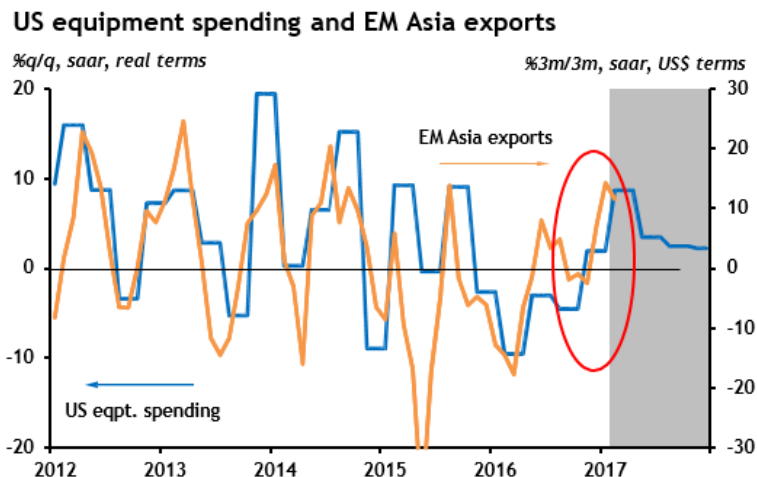
JP Morgan

3.1 Components of Singapore's Growth

Mr Shatil's view was that the global cycle had been quite supportive to Singapore's economy as a whole and for the region as well for the past two to three quarters. The US economy's business capital expenditure (CapEx) and business investment over the last two quarters were also increasing, translating into a further lift for the Singapore economy.

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Figure 3.1



Sources: BEA and national sources

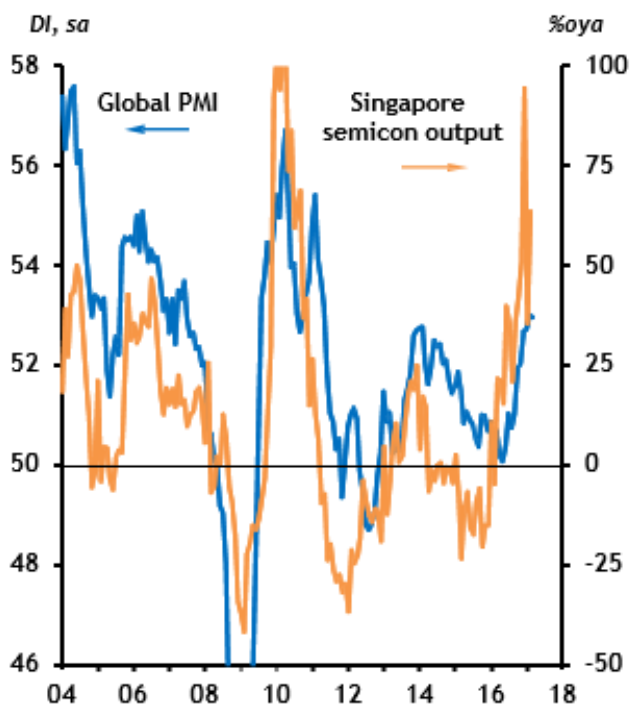
This increase in CapEx and business investment can be observed in the blue line's positive movement going into early 2017, in Figure 3.1. JP Morgan however forecasts that US CapEx in the second half of 2017 is likely to slow. When comparing performance between regions — particularly Asia's exports versus the CapEx cycle in the US — Mr Shatil noted that they were quite closely related, or at least appeared to be so, in the past. Thus, he said while Singapore had benefited from a cyclical lift in the past few quarters, it was entirely likely that the trend would slow, going into the future. Furthermore, Mr Shatil sought to make the point that

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much of the economic growth in the previous quarter had been narrowly concentrated in the technology sector.

Figure 3.2

Global PMI and SG semicon output



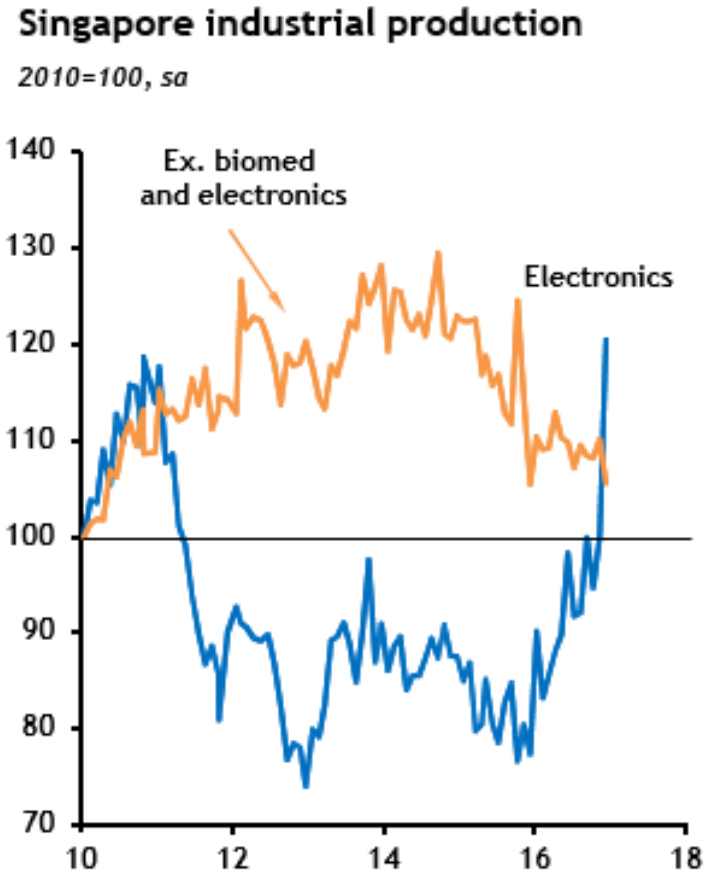
Sources: DOS, Markit, J.P. Morgan

Looking at the global cycle, when using the global PMI as an indicator for the business cycle as we can observe in Figure 3.2, we can observe a turn in global demand in 2017. But if we look at how that has filtered into the domestic economy, it

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seems to be predominantly in the tech space, and within the tech space, specifically in semiconductor output.

Figure 3.3



Sources: EDB, J.P. Morgan

Observation of other indicators seems to yield a similar story. For instance, if performance in production over the last

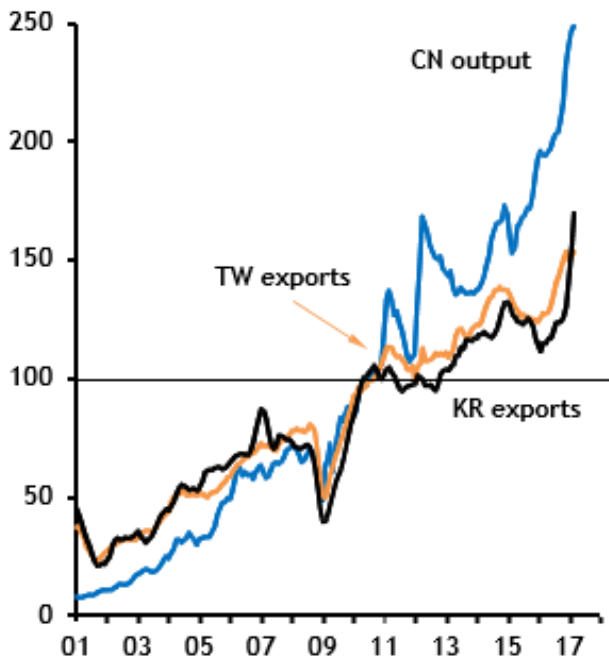
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quarter were to be split, one would observe in Figure 2.3 that there is a clear divergence between the production performance of electronics on one hand, and everything else in the other. Thus, Mr Shatil expressed caution over the components of Singapore's growth, and reiterated that there were expectations for a normalisation in the tech cycle going into the future, on a cyclical basis.

Figure 3.4

EM Asia semicon. output and exports

Index, 2010=100, sa, US\$ terms for exports



Sources: KCS, NBS, MOF

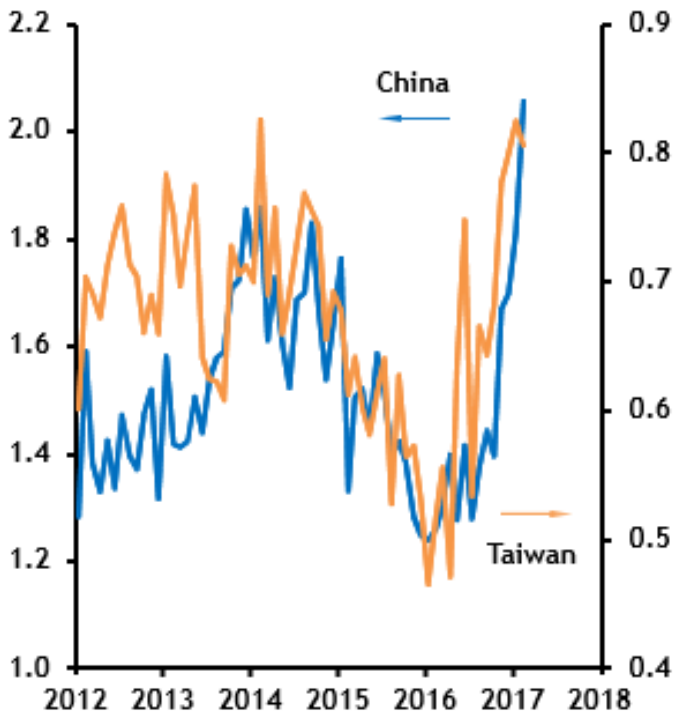
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Mr Shatil pointed out that the region was experiencing a very similar production trend as well, with many North Asian exporters seeing a similar upswing in semiconductor and tech demand, as can be seen in Figure 3.4.

Figure 3.5

Singapore: NODX to China and Taiwan

USD bn, sa, both scales



Source: IE Singapore, J.P. Morgan

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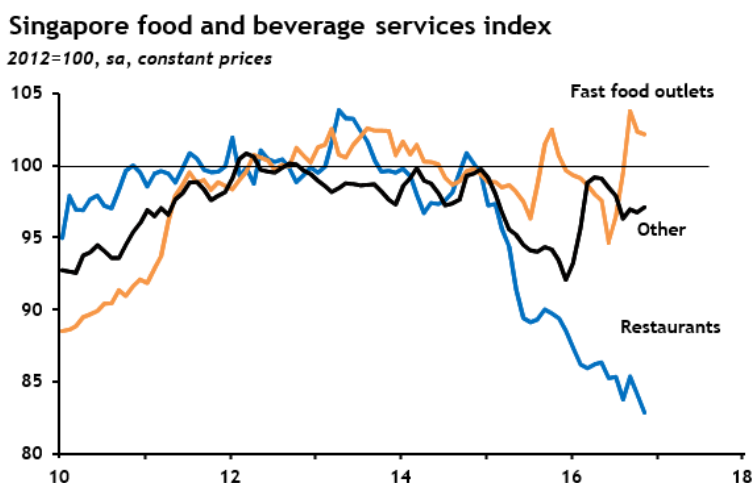
Singapore's exports to the aforementioned economies have also improved considerably over the past few quarters, further cementing the view that the recent upswing is due in a large part to the increase in semiconductor output — not just in Singapore, but across the region as well.

Given the increase in electronics output, Mr Shatil said the upswing in the corresponding tech demand was likely to either be impulse-driven, fuelled by specific instances such as the release of the new iPhone 8 later in the year, or simply an inflection in global demand.

3.2 Domestic Economic Activity does not correspond to Export Activity

Mr Shatil however expressed worry that while the global cyclical lift had percolated into the domestic economy, there had not been a parallel increase in domestic activity.

Figure 3.6



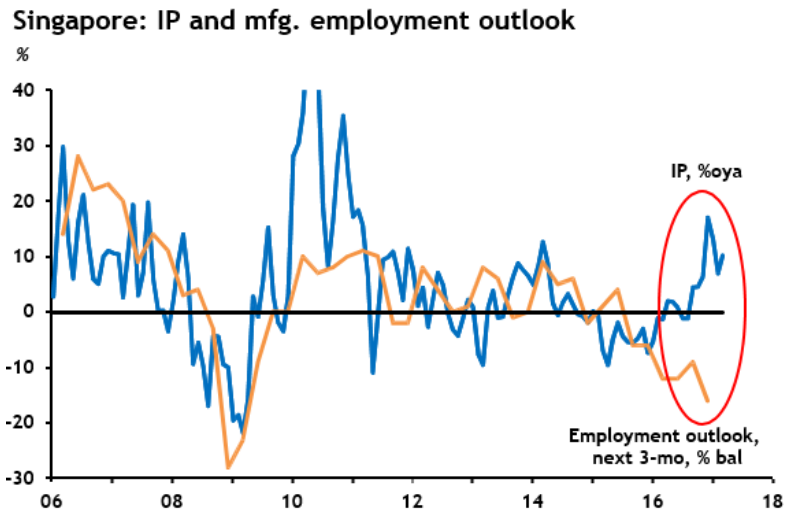
Source: DOS, J.P. Morgan

Using the domestic food industry as an example, Mr Shatil noted that lower-cost food options were performing steadily, while restaurants — which were noted to be more sensitive to discretionary spending — were putting up a relatively weak performance, as can be seen in Figure 3.6. Linking it back to the global cyclical lift, Mr Shatil said it was worrying

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that from the example with the food and beverage services index, said lift did not seem to be feeding through into the domestic economy. While the cyclical lift was likely to be short term, the weak structural factors over the medium term were likely to have a dominant negative impact on the domestic economy.

Figure 3.7



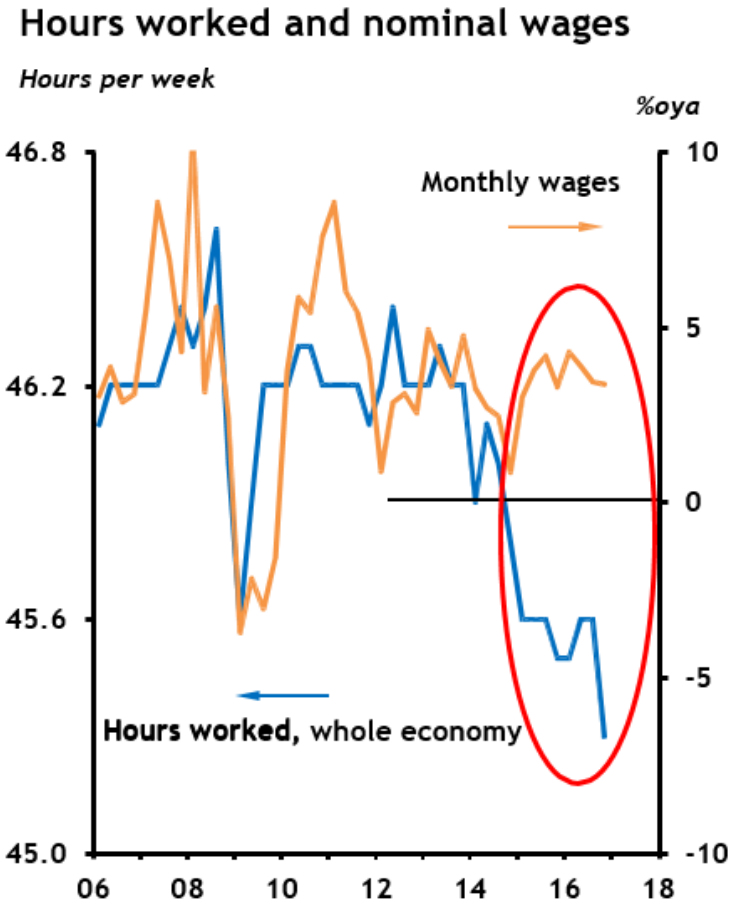
Source: DOS, J.P. Morgan

This can be illustrated in Figure 3.7 where a rise in production in the tech sector sharply contrasts business expectations for their employment needs over the next three months. Mr Shatil said that while the labour market and

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domestic activity tended to move in line with external cycles, the trend highlighted in Figure 3.7 was unusual.

Figure 3.8



Source: DOS, J.P. Morgan

Moving on to other labour statistics such as the number of hours worked per worker, nominal wages and the number of

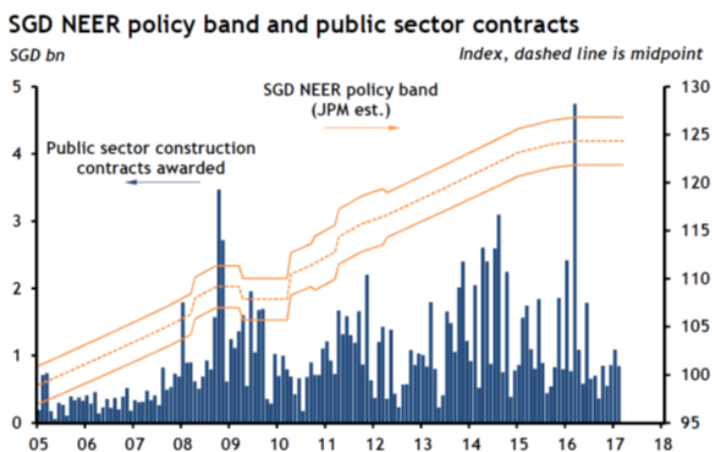
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retrenchments over the last quarter, Mr Shatil noted that even as the labour market had been quite weak, wage growth had actually held up relatively well. He postulated that the wage gains in question were concentrated in specific industries. However, his overall view was that the issue for policy would be labour market weakness, rather than wage growth.

On inflation, Mr Shatil forecast that there would be no inflationary impulse coming from the property and rental markets.

3.3 MAS NEER Policy Likely to remain Neutral

Figure 3.9



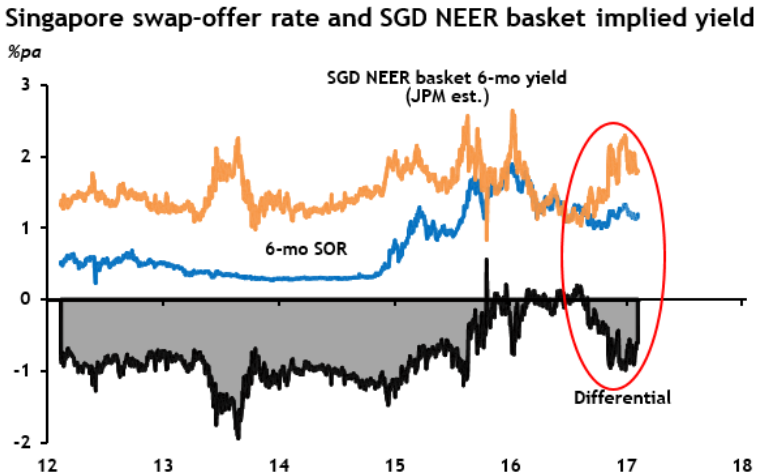
Source: BCA, J.P. Morgan

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As there would be no expectations of a non-oil rise in prices pressures, Mr Shatil said it was unlikely that there would be any change in MAS' NEER policy. When comparing the policy band with the measure of fiscal spending in the economy, Mr Shatil noted that whenever the MAS had set a neutral policy — or a flat slope, as seen in Figure 3.9, one could observe a very sharp acceleration in public sector contracts being awarded, i.e., sharp increases in public infrastructure spending. Thus, given the current neutral policy band, many market participants anticipating a pickup in government spending in 2017 have been left disappointed. Overall, Mr Shatil said fiscal spending was unlikely to step up aggressively, and would remain moderately positive — as per MAS' forecast as well.

3.4 Unusual Market Expectations for the Singapore Dollar

Figure 3.10



Source: Bloomberg, J.P. Morgan estimates

Directly commenting on the six-month Singapore Swap-Offer Rate (SOR) versus the SGD NEER basket six-month yield (JP Morgan estimate), Mr Shatil pointed out that despite MAS maintaining a neutral NEER stance, the six-month SORs had been decreasing even as the implied yield continues to rise. He said that this would normally be consistent with an appreciation policy bias on the Singapore Dollar, which was not the current stance that MAS was taking. He said this divergence was likely to do with excess liquidity in Singapore

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especially given recent increases in local deposits over the last two to three quarters, and expressed surprise as to why people would hold Singapore Dollars under such conditions.

3.5 Possibility and Impact of a US Tax Amnesty

Figure 3.11

EM Asia: Repatriation under '04-06 Homeland Investment Act
USD bn

	Trade balance with US, '04	Repatriation under HIA	% of total
Total	..	361.9	100.0
Top 5 countries	9.1	218.2	60.3
Netherlands	-11.7	94.4	26.1
Switzerland	2.3	35.8	9.9
Bermuda	-0.4	35.0	9.7
Ireland	19.3	27.6	7.6
Luxembourg	-0.3	25.4	7.0
Emerging Asia	232.9	22.1	6.1
China	162.3	2.5	0.7
Hong Kong	-6.5	5.5	1.5
India	9.5	0.8	0.2
Indonesia	8.1	0.1	0.0
Korea	20.0	1.2	0.3
Malaysia	17.3	4.2	1.1
Philippines	2.0	0.4	0.1
Singapore	-4.0	5.5	1.5
Taiwan	13.0	1.3	0.4
Thailand	11.2	0.7	0.2
Vietnam	-4.2	0.0	0.0

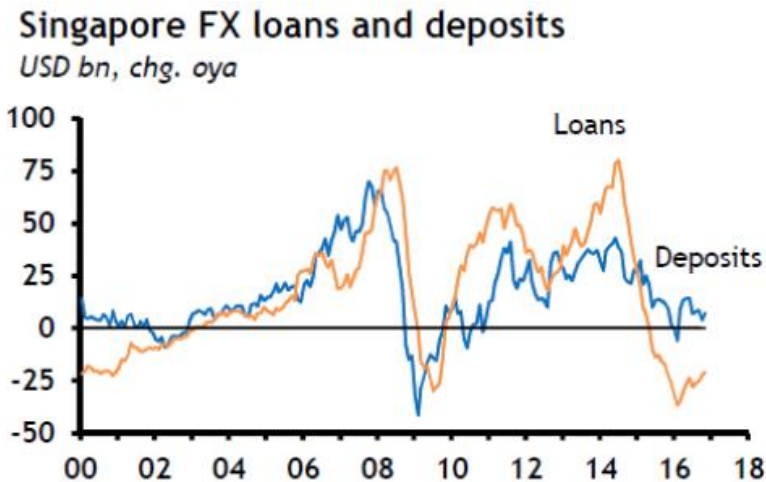
Source: BEA, IRS, J.P. Morgan

Mr Shatil highlighted the probability of a policy seeking to repatriate US corporate profits, back to the US, likened to the Homeland Investment Act of 2004–2005. Such a policy would see a withdrawal of dollars from all over the world, back to

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the US. While Singapore does not run a large trade surplus with the US — thus limiting its vulnerability to such a policy — the two economies with the largest outflows in the 2004–2005 Homeland Investment Act was actually Hong Kong and Singapore. This was because many companies parked their profits in these two countries. While the sums involved in 2004–2005 were not absolutely large, the sums now look to be around 10 to 20 times larger. Mr Shatil also mentioned that companies JP Morgan had spoken to expressed their desire to repatriate their profits to the US should there be a second iteration of the Homeland Investment Act.

Figure 3.12



Source: MAS, J.P. Morgan, MAS data for Asian Currency Unit

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As for the risk of such a policy to Singapore, Mr Shatil went on to note that Singapore's deposit growth has been largely flat, as seen in Figure 3.12 and any pullback in deposits or repatriation in US profits, could potentially disrupt the domestic banking sector, especially since the onshore dollar deposit base in Singapore was not particularly high.

4.

Singapore and the Global Economy

Mr Irvin Seah

Executive Director

Economics and Currency Research

DBS Bank Ltd

**4.1 Chinese Consumer Demand as a Driver
for Singapore Tech Sector Growth**

Mr Seah agreed that Singapore's economic growth was largely led by the recent manufacturing rally. He however suggested that the sudden surge in demand for cheap semiconductors was not simply due to an increase in US demand, but also from China. In 2016 alone, for every dollar that the US economy grew, the Asia-10 economies grew by US\$3.50, for a total of US\$1.1 trillion. Consumer demand from China was thus likely to be a key driver in terms of semiconductor production. This period has also coincided with China loosening monetary policy especially with regards to credit to consumers. Previously, China's growth slowed especially towards the second half of 2016, due to a slowdown in credit. Easing credit conditions in China

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presently could thus be seen as an attempt to revitalise growth. China could thus very well experience a “first-high, next-low” — high first half economic growth, followed by lower second half economic growth.

4.2 Structural Weakness in Labour Market

As compared to the weakness in the labour market being cyclical, Mr Seah said that much of it could be attributed to structural issues. Citing disruptive technology in the retail sector, increases in productivity and efficiency would naturally lead to less demand for labour. Mr Seah cited the increasing prominence of e-commerce in the retail sector as one possible example of this disruption, where e-commerce has taken on never-before-seen significance within the sector. Thus, as labour-intensive domestic industries increasingly transition to a technology-intensive model, Singapore would likely continue to see weakness in the labour market.

On the other hand, Mr Seah did express that cyclical factors were likely to be playing a role in the general slowdown as well. Employers in the current business climate were generally unlikely to increase their headcount without increased business, or in specific industries, without seeing their order books being filled first. There would be a certain degree of uncertainty in terms of outlook of the companies

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and thus, the labour market, as companies would not increase their headcount without a tangible increase in their business. This was however described as a “lag effect”, and would be expected to resolve itself in due time.

4.3 Singapore is Likely to be Experiencing Productivity Gains

Commenting on Mr Shatil’s chart showing monthly wages against hours worked in the economy, Mr Seah suggested that this represented higher productivity to some extent. He however reiterated that there was over-dependence on foreign workers in the Singaporean economy, and that the quota imposed on foreign workers was supporting wages for local workers.

4.4. Increased Fiscal Spending in an Economy without a Recession

Mr Seah noted Mr Shatil’s point on how when there were recessions, the MAS would turn to a neutral NEER policy, with a corresponding increase in public sector construction contracts. However, Mr Seah said much of the fiscal spending in recent years had been focused on long-term infrastructure and Singapore’s long-term capacity for growth. He also

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attributed a significant amount of this investment to policies aiming to achieve some social objective.

4.5 Risk of Second Order Effect of Inflation to be higher than Expected

Mr Seah said that the pricing behaviour of retailers may be hard to predict, and may lead to a higher-than-expected second order effect on inflation. He expressed caution over this area, and warned that inflation could thus be higher than expected.

4.6 Market Expects Singapore Dollar to Appreciate

Noting Mr Shatil's point on the unusual movement of the six-month Singapore Dollar SOR, Mr Seah said the market expects the Singapore dollar to appreciate. He also stated that he saw the "unusual" movement as a reversal of trend back to the norm in terms of the interest rate differential, and consistent with expectations that MAS may switch to an appreciation stance in due time.

5.

Discussion

5.1 Structural Weakness in the Labour

Market is expected and necessary

Some participants picked up on the presenters' points suggesting lingering structural weakness in the labour market, and suggested that this was largely due to two main reasons. First, industry-wide problems in sectors such as Oil and Gas have understandably led to weak employment statistics, but only for those specific sectors. The second reason however, was suggested to be due to Singapore's general over-reliance on foreign labour. It was said that foreign worker dependency was in excess of 50–60 per cent in manufacturing, which was high by any standard. Thus, the current labour market weakness could be seen as being part of a drawn-out, painful restructuring process whereby the economy is seeing companies try to become more productive without cheap foreign labour.

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In addition, a participant, citing data on returns to capital and profits, observed that the return to capital and profits as a share of GDP had gone down. In theory, this would signal to employers to cut back on labour — the participant thus expressed surprise that the labour market was not weaker than it currently was. Thus, even with an uptick in exports — which could be attributed to increased commodity prices instead of increase export volume, the labour market may potentially weaken even further.

5.2 Disparate Domestic Economic Growth between Sectors

A participant cited employment data, pointing out that around 60–70 per cent of the 18,000 retrenchments in the year 2016 were of PMETs (Professionals, Managers, Executives and Technicians). Of that, a substantial number of them were 40 years old and above and tertiary educated. Postulating that a large number of these retrenchments were from the finance sector, he linked it to how the finance sector had also contracted severely even as it used to account for approximately one-third of GDP growth before 2016.

A participant said that the general upswing in Asian exports as a whole — and especially China — had more to do with commodity prices rising, rather than export volume rising by

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the same amount, given that many of those countries exported commodities.

Overall, participants agreed that if one were to omit the bio-medical, technology and semi-conductor sectors, domestic growth in Singapore looks to be stagnant, counter to what they would have normally expected to see given the positive external cycle.

5.3 Positive External Cycle Due in Part to Increasing Commodity Prices

Participants agreed that much of the positive economic upswing particularly in exports had to do with commodities performing well within the last year. Some cautioned however that linking commodities to performance was an inexact science, where commodities were either increasing in price or decreasing in price depending on the provider of the price. Participants also agreed that should commodity prices continue rising, it would continue to support a positive economic cycle. Conversely, should commodity prices fall, it would likely have exactly the opposite effect.

5.4 Urgent Need to Increase Productivity

Some participants warned that should economic growth slow as a result of productivity loss from an ageing population,

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Singapore would likely lose attractiveness to MNCs as compared to countries in the region with a younger population. Participants generally called for two things — a revisit to the topic of increased foreign labour to supplement the domestic workforce, as well as a general push to Singaporean companies to venture overseas. A participant outlined this model by stating that should Singaporean companies find success overseas, they would be able to grow faster than in Singapore, and repatriate profits — boosting nationwide productivity. Participants pointed out that, when compared to countries such as Japan and Taiwan, which both had significant business presence in foreign countries, Singapore's net income from abroad tended to be negative. This difference was attributed to Singapore's economy being Multi-National Corporation (MNC) driven, as compared to that of Japan and Taiwan's indigenously driven overseas businesses.

5.5 Limited Risk to Singapore Dollar in Case of US Tax Holiday

Participants noted estimates that Singapore held approximately US\$50 to US\$70 billion in US corporate profits. However, as this amount was held in offshore US dollars, there would be limited impact of the foreign exchange rates of the Singapore Dollar. The potential

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disruption that would arise however, would likely be from the impact of this repatriation on liquidity. As a US Tax Holiday would be global, any shrinking in the deposit base in Singapore would not be able to be covered by the international market, which would be facing the same outflow of US dollars. In conclusion, the end scenario may simply see US dollar rates increasing, with Singaporean banks having less appetite in making overseas loans in US Dollars in the near term.

A participant did caution however, that should the US declare a tax holiday, the repatriated profits would likely go towards creating jobs in the US, and potentially “take away” jobs from Asia, particularly in high-tech manufacturing.

5.6 Kick-Starting a Culture of Entrepreneurship in Singapore

Some participants concluded that many of the problems mooted during the Roundtable such as weakness in the labour market could be addressed by encouraging more entrepreneurship in Singapore. Following that, a participant lamented the investment environment in Singapore, where Singaporeans tended to invest in property in the low interest rate environment of the last few years. They said this money would have been better invested in small companies and

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start-ups. To that end, a stock exchange for start-ups was suggested so as to provide a platform for retail investors to invest in start-ups.

5.7 Cautionary Word on Automation

Several participants voiced concerns on the social impact of automation. As investment in disruptive technology, disruptive practices and automation continues to rise, many participants were of the view that many previously meaningful jobs would be lost, creating pressure on society to find jobs of equivalent value for those displaced. As one participant put it, governments simply cannot afford to have large swathes of workers thrown into unemployment — the political costs would simply be too high and destabilising. Thus, as Singapore's economy pushes towards automation and disruption, action needs to be taken to ensure that those displaced eventually find work of equal or higher value.

6.

Conclusion

Overall, participants agreed that the current calibration of monetary policy was appropriate. There were however, sentiments that more could be done in terms of a greater effort at counter-cyclical fiscal spending. On the other hand, other participants worried that any effort to increase fiscal spending would potentially be stymied by leakage through imports and other related factors. There were also concerns over the nature of industry transformation being too government-led. Participants said that where the private sector was not taking the lead in transformation for themselves, policymakers would need to try to understand why this was the case and in particular to examine whether policies in place might have affected the incentive structure facing the corporate sector.

7.

**Special Session:
Singapore's Role as a Hub for the
Region**

Dr Yu Hong

Senior Research Fellow

East Asian Institute

National University of Singapore

**7.1 The Purpose of the One Belt One Road
(OBOR) Initiative**

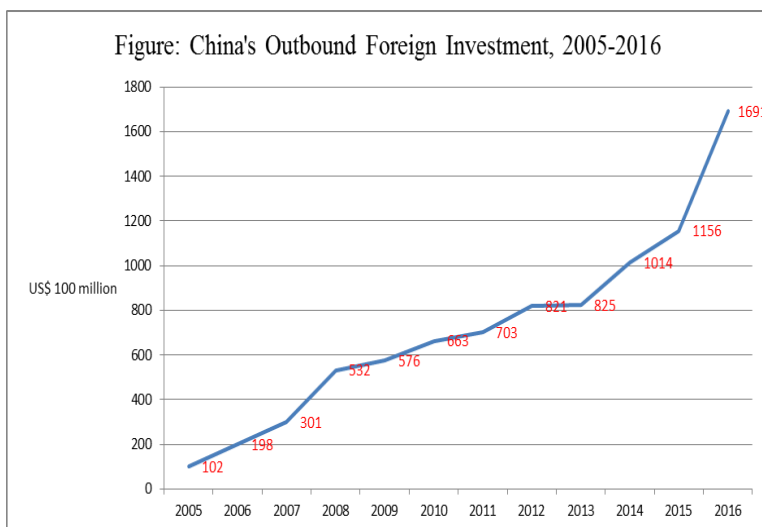
Dr Yu Hong stated that the OBOR initiative was a manifestation of China's aspiration to play a rule-shaping role in the economic governance of the region and beyond. OBOR

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is characterised by China's push to improve inter-regional connectivity, based on China's understanding that this connectivity is crucial to further globalisation, as well as China's experience in the importance of reliable and efficient infrastructure to expanding trade. OBOR is thus premised on two things — soft and hard physical connectivity, aiming to forge and integrate an extensive network of regional infrastructure such as railways, roads, seaports, airports and energy grids; as well as common digital communication technology.

7.2 Tipping Point for China's Outbound Investment

Figure 7.1



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Source: American Enterprise Institute and Heritage Foundation, 2016

As of 2015, China's outbound foreign investment has exceeded the inflow of foreign investment. This may signal China's increasing prominence as a global investor, and ties in with the OBOR initiative serving as a key driver in advancing China's interests overseas.

7.3 OBOR as a Direct Response to China's Economic Challenges

Dr Yu stated that China had a few major economic challenges, such as the need to find a new source of economic growth, and the more serious issue of domestic production overcapacity. OBOR was thus engineered to directly address these challenges. For instance, China's growth had already come down from 9.5 per cent in 2011, to about 6.7 per cent in 2016, with this being further down from double-digit growth in the preceding decade. The OBOR initiative will allow China to export domestic industrial overcapacity, and facilitate outward investment while expanding market access for Chinese companies. The realisation of OBOR will allow China to sustain economic growth at home, while accelerating the "painful" economic restructuring as well.

7.4 Singapore's Importance to OBOR

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Dr Yu stated that Singapore positive and long-term bilateral relationship with China would play an important role in Singapore's involvement with the OBOIR initiative. Since China's economic reform and opening policy in the late 1970s, China has gone on to become Singapore's largest trading partner. China has also been Singapore's top destination for foreign direct investment since 2013, now accounting for around 17 per cent of all Singapore outbound direct investment. Already, Singapore currently takes over 50 per cent of Chinese outbound investment, with over 6,500 Chinese companies established here. Dr Yu also noted that increasing numbers of Chinese companies were choosing to site their regional headquarters, investment vehicles or research and innovation centres in Singapore, and predicted that many of these companies would seek to list on the Singapore stock exchange for fund-raising in the future. Overall, Singapore provides strong incentives for Chinese companies to invest here, and the trends stated above will likely continue into the foreseeable future.

7.5 Potential Benefits to Singapore from OBOR

Dr Yu stated that many domestic firms in China currently lacked the knowledge and expertise to invest or expand their businesses in and along the planned OBOR routes,

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particularly in Southeast Asia. Thus, there would be many who would view Singapore as an ideal springboard for their expansion into Southeast Asia. He said Singapore was able to play a role in allowing Chinese companies to showcase their products and services before moving into the surrounding regions and countries, and that it was likely that Singapore would serve as a primary investment destination for Chinese companies.

Furthermore, Dr Yu said that while China was the centre for hard infrastructure construction and infrastructure financing, Singapore has the unique expertise in “soft infrastructure”, such as project planning and infrastructure management. Singapore’s roles as a finance and shipping hub would also make it an even more attractive springboard for the infrastructure-intensive OBOR initiative.

Singapore’s role and expertise in acting as a finance hub would also likely come to the fore with the expansion of the OBOR initiative. Singapore’s experience as a founding member of the Asian Development Bank (ADB) further adds to (repetition, delete?) Singapore’s credibility.

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Figure 7.2

1: Infrastructure Performance of East Asian Economies in the 2015-2016 Global Competitiveness Index

Country	Quality of overall infrastructure	Quality of roads	Quality of railroad infrastructure	Quality of port infrastructure	Quality of air transport infrastructure	Quality of electricity supply
China	51	42	16	50	51	53
Japan	7	8	1	22	25	21
Republic of Korea	20	17	10	27	28	38
Singapore	4	3	8	2	1	3
Malaysia	16	15	13	16	21	36
Brunei Darussalam	39	35	n/a	49	55	59
Indonesia	81	80	43	82	66	86
Thailand	71	51	78	52	38	56
Vietnam	99	93	48	76	75	87
Cambodia	102	94	100	83	100	108
Lao PDR	78	83	n/a	130	94	72
Philippines	106	97	84	103	98	89
Myanmar	135	136	96	123	132	118

Source: The Global Competitiveness Report 2015–2016, World Economic Forum, 2015

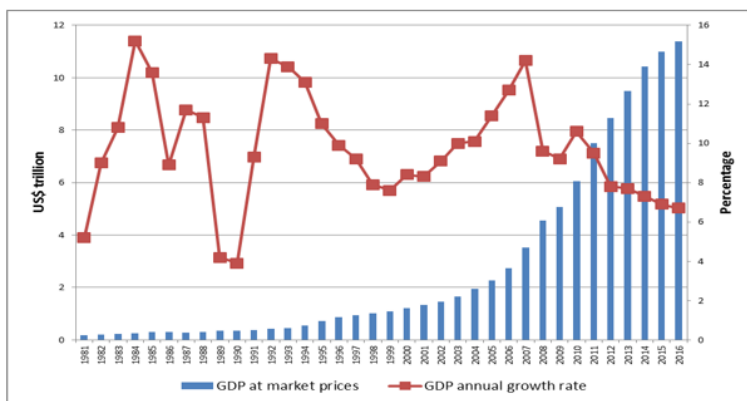
From Table 7.2 above, we can observe that many Asian countries — in particular from ASEAN — perform poorly in the infrastructure development index when compared internationally. Overall, these countries face an urgent need for infrastructure upgrading, which will require large amounts of infrastructure investment. Construction of railways, ports, and reliable energy supplies will be required. Thus, there exists great potential for Singapore’s infrastructure development-related companies to partner Chinese companies to take the lead in financing these infrastructure projects.

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7.6 Threats to OBOR

Figure 7.3

Figure 3: Chinese Economic Growth, 1981-2016



Source: World Bank Database

Dr Yu stated that the progress of the OBOR initiative could depend on the performance of the Chinese economy. China had also exhibited weakness in trade, with exports and imports in 2015 contracting by 3 per cent and 14 per cent respectively as compared to 2014. Going further, he cited the importance of China's state-owned enterprises (SOEs) playing a dominant role in advancing the OBOR strategy, and called out the risk of over-accumulation of corporate debt in these SOEs when paired with China's tightening control over outward capital flows, as forces that could slow down or even stop outward investment in the future.

7.7 OBOR's Threat to Singapore

To begin with, much of the region's economic growth and increased export demand was due at least in part, to China's breakneck economic growth. The sharper-than-expected slowdown in China's economic growth may trigger a reaction from the Chinese authorities in due time, in the form of increasingly strict regulations or outright restrictions on outward investment flows. This would jeopardise the progress of the OBOR initiative.

Approximately 85 per cent of Singapore's overall container volume is accounted for by the transshipment business. With the increase in trade infrastructure and connectivity as a direct result of the OBOR initiative, Singapore's importance as a hub could be potentially diluted. Citing the Melaka Gateway Project (MGP), he added that many such infrastructure projects would be partially or fully funded by the Chinese, with the MGP itself being fully funded, invested and constructed by Chinese companies. The mega-project is scheduled to be completed in 2019, and will be a mixed development project comprising one natural island, and three reclaimed islands each with a dedicated purpose. Overall, cargo and cruise shipments reaching Malaysia and the surrounding region and heading for China could seek more cost-efficient and time-saving transit ports and bypass

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the ports of Singapore. Thus, trade that used to go through Singapore, may end up “returning” to Malaysia to some extent, reducing Singapore’s transshipment volumes.

7.8 Conclusion

While Singapore’s strategic advantage as a shipping hub may come under threat from OBOR’s resulting infrastructure such as mega ports and connectivity projects, Singapore’s ports are far more competitive than smaller ports in the region in terms of strategic and geographical advantages, as well as the sophistication of services provided. Consequently, it is likely that most of the smaller ports in the surrounding region would not be able to compete. However, Singapore thus has an urgent need to consistently upgrade its own port capacity and facilities so as to keep up with the changes wrought by the OBOR initiative, so as to remain relevant.

8.

**Singapore's Transportation Hub Status
into the 2020s – The Salience of Non-
Economic Considerations**

Associate Professor Alan Chong

Associate Professor

Centre for Multilateralism Studies

S. Rajaratnam School of International Studies

8.1 Singapore as an Air Hub

Citing a service ecosystem, Professor Chong said Singapore was attractive to commodity traders, banks, ship management companies and operating companies. However, he also pointed out one of Singapore's greatest strengths was its strong diplomatic relations with the rest of the trading partners in ASEAN. Looking at the rest of ASEAN as Singapore's "hinterland", Professor Chong stated that Singapore should never have disputes with that hinterland, so as to minimise disruptions.

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On Singapore as an air hub, Professor Chong began with Singapore's 1973 agreements with Malaysia to return the Flight Information Region (FIR) section over the whole of East Malaysia (i.e., Sabah and Sarawak). Since then, Singapore's FIR covers several areas of interest, such as the southern half of the disputed South China Sea region with China, and territory claimed by Indonesia as their sovereign airspace. Singapore currently depends on diplomatic channels and international organisations such as the International Civil Aviation Organisation (ICAO) to maintain oversight of the FIR. Under the existing arrangement, Singapore maintains oversight on these FIR areas largely because of Singapore's competencies, radar facilities and overall ability to manage airspace of that size. Looking at rival air hubs in the region such as Bangkok, Kuala Lumpur and potentially Manila and Jakarta, Professor Chong advocated working with these rival hubs instead, and from that, our FIR zones would never need to diminish.

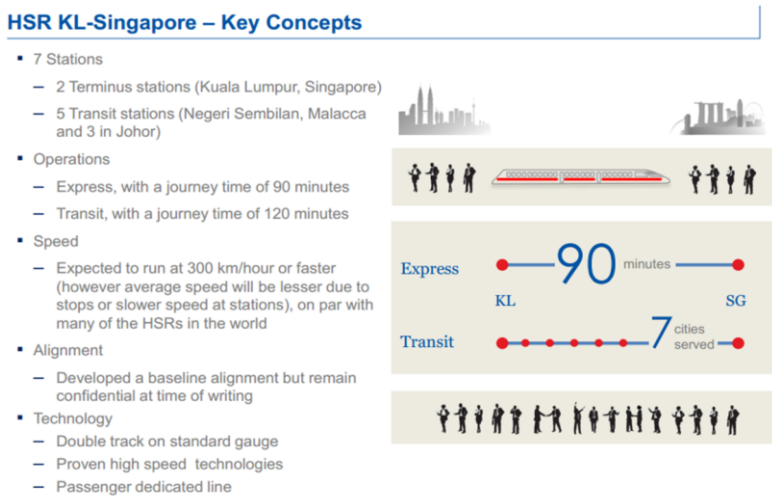
Furthermore, Professor Chong believed that the proposed Project Jewel project at Changi Airport was a "masterstroke" in terms of re-imagining what an airport should be like. He said that in the future, airports could be destinations in and of themselves instead of simply being refuelling stops, with increasing varieties of activities catering to tourists or casual travellers being added eventually.

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Professor Chong said Singapore would be able to value-add to ASEAN air travel by creating a new niche in aviation safety. With several countries creating their own budget airlines, it was likely that the regional demand for aviation safety consulting and other services such as troubleshooting engineering for aircraft or maintenance facilities would be useful for the region. He also said Singapore could use the chairmanship of ASEAN in 2018 to propose an Air Safety Identification Zone to defuse tensions over the South China Sea, potentially paving the way for greater intra-ASEAN aviation cooperation, with an eye on a more substantive open skies approach eventually.

8.2 Singapore-KL High Speed Rail

Figure 8.1



Speaking specifically about a potential Singapore-KL high-speed rail link, the Singapore-KL high-speed rail looks set to run through the major population centres in West Malaysia. There would be expectations of profitability from the project given the high population density along the proposed route, and trackside businesses would be expected to start up as well.

However, Professor Chong was of the view that the rail would face some problems. First, the state authorities might disagree with the federal government's decision to build a

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high-speed rail. This is because the rail has high potential to cause disruption among traditional state-level voting bases. Thus, he said there was potential for some politicians to not support the high-speed rail so as to preserve their carefully cultivated power bases. Citing an example in the existing KTM line, he wondered if there was a reason why the KTM line seemed to be kept away from the major population centres, and did not “disturb anything”. A high-speed rail would however demand increased traffic so as to remain profitable, thus potentially creating fresh problems for the federal government to consider. Further obstacles may manifest, coming from existing forms of connectivity between Singapore and Kuala Lumpur such as airlines may not be supportive of the new high-speed rail link. Investments along the North-South highway may also lose their value, in a form of competition for resources.

9.

Discussion on Singapore's Role as a Hub for the Region

9.1 Questions on China's Approach Towards OBOR-Related Projects

A participant opened the session by asking if China's model of infrastructure development for the OBOR initiative was sustainable. From foreign investment to the contractors hired to carry out construction, China tended to be solely involved in nearly every facet of these projects. Most or all of the equipment tends to come from China, similar to the composition of the labour force assembled to complete said projects, down to the cooks in the canteens. Financing by Chinese institutions was also said to not be very transparent, with inflated costs. Such deals also tended to be politically driven. Combined together, the Chinese model of infrastructure development in the countries along the OBOR routes have left many of the countries in heavy debt to China. Thus, while the projects get completed at the end of the day,

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they may not benefit the community. The participant asked if China would continue utilising such a model as time went on, or if there would be a different kind of model going forward.

In reply, a participant stated that Chinese companies responsible for construction of OBOR infrastructure sometimes found it difficult to procure the right kind of equipment and labour they required. Also, the fundamental motivation of China's push for the OBOR initiative was to help them with their domestic overcapacity problems. China would thus continue to utilise the same state-driven, state-oriented investment approaches abroad for the foreseeable future.

9.2 OBOR a Long-Term Plan for China

In addition to the previous point, a participant stated that China was taking a long-term view on these projects, and seemed willing and able to make short-term losses in the building of these infrastructure projects. In the long term, they hoped to increase Chinese influence in these countries, building relationships through these projects. While there are hopes for eventual viable economic returns in the future — such as through increased receptiveness towards doing business with China — these were not concerns that were foremost in China's considerations for OBOR. The participant said many Asian countries would ultimately welcome Chinese

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funding and support for infrastructure projects, given how urgently they needed these investments in infrastructure to realise their development potential.

9.3 Will OBOR Investment be Constructive or Destructive?

A participant said China's OBOR initiative raised serious questions about the meaning of partnership in an era of globalisation. He questioned who the winners and losers would be in this initiative, and stated that globalisation tended to produce more losers than winners. Would the OBOR initiative result in foreign investment that would strengthen domestic capacities to build new talent and niche industries that would strengthen the domestic economy? Or would it simply physically transform the landscape? The participant said this would be a question that would be revisited several times as the OBOR initiative progresses.

9.4 Why are there Stalled Chinese Investments in Malaysia?

Citing the Malaysian Finance Ministry's recent termination of an agreement with a Chinese company to develop the Bandar Malaysia project, a participant asked if the move could be

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seen as a break point from the perceived trend of how China was aggressively investing in Malaysia.

In reply, another participant stated that Malaysia had its own political culture, which was one of a patron-client. Some politicians would have gotten to where they were through their links to companies. As most of the political parties in the Barisan had companies linked to their key personnel and had delivered bridges, wells, reservoirs and other infrastructure — should Chinese companies and funding intervene and cut out the Malaysian companies, said politicians would lose support. If Chinese companies were to enter Malaysia and adopt a take-it-or-leave-it approach towards infrastructure development, they would be unlikely to be popular in Malaysia. Singapore by comparison, was said to have done the “right thing”, by setting up a joint company to run the SG-KL project.

9.5 Impact of Technology Allowing Airlines to Bypass Singapore

Participants also asked about developments within air travel, such as the increasing introduction of long-haul planes that had the capability to bypass Singapore entirely. It was suggested that for corporate flyers, Singapore would remain attractive going into the future due to its relatively higher

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level of safety as compared to other major cities in the region. Employees or company representatives could be housed in Singapore, easily flown out to markets in the region within a few hours, and flown back once they were done. In that regard, Singapore would need to maintain excellent relations with its ASEAN neighbours to preserve this hub status, to boost the attractiveness of this model of doing business in the region. To that end, the government of Singapore could work with large companies to encourage this model of doing business.

9.6 High-Speed Rail Link and Singapore's Labour Market

On issues arising from the high-speed rail link between KL and Singapore, a participant asked if this would realistically change the labour market in both areas, given how it would be easier for Singaporean companies — specifically IT companies, to hire IT experts in Singapore, rather than depend on local workers who have gone through skills conversion courses. The participant stated that it was more likely that large companies and the government would tend to hire only the best workers, thus ruling out local workers who have gone through some form of skill-conversion course. He wondered if this would cause tensions between locals and foreigners, and if locals were more likely to lose out. In reply,

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it was said that the difficulty of harmonising qualifications of skills would likely ensure that Singaporean workers and qualifications maintained an edge over that of Malaysia's. The high-speed rail would do nothing to resolve such a conflict, and while businesses ultimately had the final say over the quality of a worker with Singaporean qualifications against that of a Malaysian, a participant expressed confidence that foreign investors would favour Singapore regardless. Another participant further remarked that the high-speed rail was unlikely to cause conflicts within Singaporean civil society, as long as the government correspondingly increased social spending and spending on infrastructure.

10.

Conclusion

In the end, participants agreed that China's OBOR initiative seemed to be borne out of a need to address domestic, rather than foreign issues. OBOR's success was also in no way guaranteed. China's power to ensure OBOR's success — soft or otherwise, had limits, and the best way to ensure that success would be to obtain buy-in from countries along the OBOR route. However, opposition towards OBOR from countries such as India had just started to mount — unlike previously when India used to refrain from criticism of the initiative. While it would bode well for India to participate in the initiative — and some participants said that it would be essential to OBOR's success — it however remains to be seen if India will do so.

As for Singapore's role, Singapore's diplomatic adeptness was cited several times as a strong tool to allow it to capitalise on opportunities arising from the OBOR initiative, as well as to protect the regional hub status. Overall, both opportunities and challenges would arise from the OBOR initiative. Singapore is, however, well positioned to benefit overall from it.

THE TWENTY-SEVENTH SINGAPORE ECONOMIC
ROUNDTABLE

Appendix 1: List of Participants

Chairperson

Mr Manu BHASKARAN
Adjunct Senior Research Fellow
Institute of Policy Studies

Speakers

Associate Professor Alan
CHONG
Centre for Multilateralism
Studies
S. Rajaratnam School of
International Studies

Monetary Authority of
Singapore
Mr Benjamin SHATIL
Economist
Vice President, Emerging Asia
Research
JPMorgan

Ms Geraldine KOH
Senior Economist
Economic Surveillance &
Forecasting
Economic Policy Group

Dr YU Hong
Senior Research Fellow
East Asian Institute

Discussant

Mr Irvin SEAH
Executive Director
Group Research
DBS Bank Ltd

Participants

Mr ANG Yuit
Vice President
Membership & Training
Association of Small &
Medium Enterprises

Ms Asees BAJAJ
Economist
Centennial Asia Advisors
Mr BOEY Xianjie

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Vice President Capital Markets DBS Bank Ltd	Mr Timothy LIM Assistant Vice President Claims & Risk Management PSA Corporation Limited
Mr Alan CHAN Director SBA Mobile Solutions LLP	Ms Selena LING Head, Treasury Research & Strategy Global Treasury OCBC Bank
Mr Rolf GERBER Board Director LGT Bank (Singapore) Ltd	Mr Johannes LOH Research Director Public Affairs & Policy Blackbox Research Pte Ltd
Mr David HOE Director Cuscaden Capital Pte Ltd	Mr Max LOH Country Managing Partner, Asean and Singapore Ernst & Young LLP
Mr Vikram KHANNA Associate Editor The Business Times Singapore Press Holdings Ltd	Mr LOH Wei Meng Operations & IT Director DPEX Headquarters DPEX Worldwide Express (S) Pte Ltd
Ms Deborah LEE Advisor Public & Government Affairs ExxonMobil Asia Pacific Pte Ltd	Mr LUI Seng Fatt Chairman Strategic Capital Global
Mr LEONG Teng Chau Senior Director Research & Publications Singapore Chinese Chamber of Commerce & Industry	Mr NADIM Ali Kapadia Senior Assistant Director Research and Enterprise Division Ministry of Trade and Industry

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Ms Michele NG Public & Government Affairs Manager Public & Government Affairs ExxonMobil Asia Pacific Pte Ltd	Economic Policy Group Monetary Authority of Singapore Mr Jason SIMON Vice President Global Operations Aeris Secure
Mr NG Yan Hao Policy Analyst Economic and Political Affairs Embassy of the United States of America	Mr Nirmal SINGH Chairman Lotus Life Foundation Limited
Mrs ONG-ANG Ai Boon Director The Association of Banks in Singapore	Mr SONG Seng Wun Director Private Banking CIMB Bank Berhad
Mr RAGHUNATHAN Ranganathan Partner Consulting/Finance PricewaterhouseCoopers Consulting (S) Pte Ltd	Dr SOON Teck Wong Director Economic Accounts Division Department of Statistics Mr SOON Weilun Correspondent The Business Times Singapore Press Holdings Ltd
Dr Arup RAHA Group Chief Economist CIMB Group	Mr Jimmy SUROTO Assistant Vice President Commercial PSA Corporation Pte Limited
Dr Ori SASSON Director S2T Analytics Pte Ltd	
Ms Celine SIA Executive Director Economic Surveillance & Forecasting	Mr Eric TAN Chief Executive Officer GSK Global Pte Ltd Mr Jason TAN

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Economist Centennial Asia Advisors	Associate Professor TOH Mun Heng Department of Strategy and Policy NUS Business School National University of Singapore
Ms TAN Yi Bing Head (Economic Strategy) Economic Strategy Unit Economic Programmes Directorate Ministry of Finance	Mr Kelvin WONG Assistant Managing Director Economic Development Board
Mr TANG Weylin Deputy Director Programmes/International Relations National Research Foundation	Mr Sam WONG Partner Advisory Ernst & Young LLP
Mr Edward TEATHER Senior Economist, ASEAN and India UBS Investment Research UBS AG	Mr YONG Pow Ang Senior Leader Writer <i>Lianhe Zaobao</i> Singapore Press Holdings Ltd
Observers Mr Nicholas CHIA Economist Centennial Asia Advisors	Mr Dennis TAN Macro Strategist Research Barclays Bank PLC
Mr HUANG Junjie Economist Economic Surveillance & Forecasting Department Economic Policy Group Monetary Authority of Singapore	Ms WU Jingyu Economist Economic Surveillance & Forecasting Economic Policy Group Monetary Authority of Singapore Institute of Policy Studies Ms Angelin AU YONG
Ms LEONG Wen Shan Freelance Editor	

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ROUNDTABLE

Assistant Manager (Fund
Raising)

Mr Wilfred LAU
Research Assistant

Ms CHUA Mei Yun
Intern

Mr LOW Han-tzen
Associate Director

Dr FAIZAL Bin Yahya
Senior Research Fellow

Mr Mooris TJIOE
Research Assista

Appendix 2: Curricula Vitae of Presenters, Discussants & Chairperson

Manu BHASKARAN is an Adjunct Senior Research Fellow at the Institute of Policy Studies. He is also concurrently Partner and Member of the Board, Centennial Group Inc, a policy advisory group based in Washington DC where he heads the Group's economic research practice. Mr Bhaskaran co-leads the Institute's work in the area of economics. His major area of research interest is the Singapore economy and the policy options it faces. Prior to his current positions, he worked for 13 years at the investment banking arm of Societe Generale as its Chief Economist for Asia. He began his professional career at Singapore's Ministry of Defence, focusing on regional security and strategic issues. Mr Bhaskaran graduated from Cambridge University with a Master of Arts and also has a Master in Public Administration from Harvard University.

Alan CHONG is an Associate Professor at the Centre for Multilateralism Studies, S. Rajaratnam School of International Studies in Singapore. He has published widely on the notion of soft power and the role of ideas in constructing the international relations of Singapore and Asia. These ideational angles have also led to inquiry into some aspects of "non-traditional security" issues in Asia. His publications have appeared in *The Pacific Review*; *International Relations of the Asia-Pacific*; *Journal of Southeast Asian Studies*; *Asian Survey*; *East Asia: an International Quarterly*; *Politics, Religion and Ideology*; the *Review of International Studies*; the *Cambridge Review of International Affairs*, *Armed Forces and Society*, the *Journal of Strategic Studies*, *Global Change, Peace and Security*, and in the *Japanese Journal of Political Science*. He is also the author of *Foreign Policy in Global Information Space: Actualizing Soft Power* (Palgrave, 2007), and co-editor (with Dr Faizal bin Yahya) of *State, Society and Information Technology in Asia* (Ashgate, 2014). He is currently working on several projects exploring the notion of "Asian international theory". His interest in soft power has also led to inquiry into the sociological and philosophical foundations of international communication. In the latter area, he is currently working on a manuscript titled "The International Politics of Communication:

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Representing Community in a Globalizing World". In tandem, he has pursued a fledgling interest in researching cyber security issues and international discursive conflicts. He has frequently been interviewed in the Asian media and consulted in think tank networks in the region.

Geraldine KOH is a Senior Economist in the Economic Policy Group at the Monetary Authority of Singapore (MAS). She joined the MAS in 2010 and currently covers the United States and Singapore economies. Ms Koh began her career with the United Kingdom Government Economic Service and has degrees from the University of Nottingham and Yale University.

Irvin SEAH is the Executive Director for Economics and Currency Research at DBS Bank in Singapore. He joined DBS in 2006 and is currently in charge of the macroeconomic coverage of Singapore, Malaysia and Vietnam. Apart from supporting the bank's investment strategies and advising DBS clients on macroeconomic issues, his opinions on the economy are often featured in the media.

Mr Seah began his career in the Singapore Ministry of Trade and Industry (MTI), Economics Division, as a government economist under the Economist Service Scheme. In his career with the ministry, Mr Seah was deeply involved in a wide range of government initiatives. He was also a trade economist as well as a trade negotiator in MTI. Apart from trade related research work, he was also involved in the World Trade Organisation and several Free Trade Agreement negotiations.

Fluent in Mandarin, Mr Seah holds a Master of Business (Applied Economics) from the Nanyang Technological University.

Benjamin SHATIL is an Economist in the Emerging Asia Research group, focusing on Southeast Asia as well as regional Emerging Markets Asia macro themes. He is the lead economist for Singapore, Thailand, and Vietnam, and the sovereign credit strategist for Asia. Before joining JPMorgan, he worked as a Research Fellow at the University of Tokyo and the Lee Kuan Yew School of Public Policy. Mr Shatil holds degrees from the University of Cambridge and Yale University, and speaks Mandarin Chinese and Japanese. In 2014, he was awarded the Consensus Economics Forecast Accuracy Award.

YU Hong is a Senior Research Fellow at the East Asian Institute, National University of Singapore. His research interests cover regional economic development in China, the “One Belt, One Road” initiatives, the Asian Infrastructure Investment Bank and the infrastructure financing and improvement in Asia, China’s state-owned enterprises, and railway sector reform. Dr Yu’s research articles have appeared in a number of international peer-reviewed journals such as *Journal of Contemporary China*; *Asian Survey*; *China: An International Journal*; *East Asia: An International Quarterly*; *The Copenhagen Journal of Asian Studies*; *Journal of Infrastructure, Policy and Development* and *Asian Politics & Policy*. He is the author of the monograph *Economic Development and Inequality in China: the Case of Guangdong* (Routledge, London and New York, 2011). He co-edited the book *China’s Industrial Development in the 21st Century* (World Scientific, Singapore, 2011). His most recent book is *Chinese Regions in Change: Industrial Upgrading and Regional Development Strategies* (Routledge, London and New York, 2015). He is also the author of several book chapters. Dr Yu serves as a reviewer for many international journals on Asian and industrial studies, including the *Journal of Contemporary China*; *Energy Policy*; *China: An International Journal*; *East Asia: An International Quarterly*; *China Perspectives* and *Journal of Infrastructure, Policy and Development*. He is regularly interviewed by local and international media such as Phoenix Television. He obtained his PhD from the University of Sheffield, United Kingdom.