

**SPEECH BY MR CHEE HONG TAT,  
SENIOR MINISTER OF STATE FOR TRADE AND INDUSTRY AND EDUCATION,  
DURING THE COMMITTEE OF SUPPLY DEBATE UNDER HEAD V  
(MINISTRY OF TRADE AND INDUSTRY)  
ON MONDAY, 4 MARCH 2019**

**“Strengthening capabilities of enterprises and workers”**

**INTRODUCTION**

1. Mr Chairman, business leaders must take the lead in enterprise transformation, as they know their business and customers best. The Government will provide customised support through our enterprise development schemes.
2. As Minister Chan said, our efforts are centred around three “Ups”: Level Up, to strengthen companies’ capabilities; Scale Up, to help enterprises grow in Singapore and abroad; and Team Up, to encourage companies to work together for win-win outcomes.

**LEVEL UP – STRENGTHENING BUSINESSES’ CAPABILITIES**

3. **Mr Teo Ser Luck** suggested that companies must **Level Up** and strengthen their capabilities. Let me touch on three aspects where companies can do so: skills training; adopting technology; and business process re-engineering.

Skills Training

4. Enterprise transformation must start with its people, to redesign jobs and upskill workers. Transformation may be technology-driven, but it should remain human-centric and people-led.
5. Earlier, Minister shared that we will enhance the **Productivity Solutions Grant (PSG)** to support employer-led training. Enterprises which qualify for PSG can apply for a training subsidy to cover 70% of their out-of-pocket training expenses, capped at \$10,000 per enterprise. This is on top of existing SkillsFuture subsidies and the funding for pre-scoped productivity solutions under PSG. MTI will work with SkillsFuture Singapore on the implementation.

Adopting Technology

6. Another priority is to encourage companies to make good use of technology. Regardless of size and sector, all companies need to embrace technology as a tool to improve productivity, reduce operating costs and develop better products and services.

7. **Mr Low Thia Khiang** suggested having more public sector research flow into industries. We share similar views. MTI has been doing this under the Research, Innovation and Enterprise 2020. We encourage our research agencies to collaborate with industry players so that companies can benefit from the R&D and commercialise the intellectual property. There are more than 1,500 industry projects deploying more than 1,000 technologies developed by our researchers. We want to grow these numbers over time.

8. Defence-related research also benefits our companies. For example, optronics<sup>1</sup> technology which originated from defence research was used by an SME to measure water quality in our reservoirs. There is scope to explore having more of such collaborations. However, I am sure Mr Low would agree that not everything from defence research can flow into the commercial sector, as some are classified projects to protect national security.

### Business Process Re-engineering

9. Enterprises can also re-engineer their business processes by harnessing the value of design and using design thinking. I look forward to welcoming Design Singapore to the MTI family from 1<sup>st</sup> April. We can further strengthen the synergies with economic agencies to grow design capabilities in our enterprises and workforce, and use design as an enabler to improve Singapore's competitiveness.

### **SCALE UP – SUPPORTING ENTERPRISES TO GROW**

10. Next, we will support companies on their growth journeys, to **Scale Up** their operations locally and overseas.

### Startups

11. We have built a vibrant startup ecosystem through a range of measures such as financing, networks, infrastructure and mentorship. To succeed, we must remain open to ideas and talent, including attracting overseas startups and entrepreneurs to operate here and use Singapore as a hub for the region. Several Members have made this point as well.

12. A number of our startups originate from the universities and polytechnics. I am encouraged to see young Singaporeans stepping forward to start their own business and turning their passion into possibilities. The nature of the industry is such that a few will succeed but many will fail, and some may even fail repeatedly.

13. But this is part of the learning process and what we need to build an enterprising society. It includes a "never-say-die" attitude, the courage to take calculated risks and the resourcefulness to translate innovative ideas into reality.

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<sup>1</sup> Optronics technology refers to technology, devices or systems to source, detect and control light.

## Internationalisation

14. For enterprises that are ready to expand beyond Singapore, we will help them to develop their internationalisation capabilities and expand into overseas markets, tapping on our extensive Free Trade Agreement networks. For many years, IE Singapore, now Enterprise Singapore (ESG), has been supporting our companies in foreign markets through its overseas offices, working closely with EDB and other Government agencies.

15. In 2018, seven in 10 Singapore businesses surveyed by the Singapore Business Federation have activities in overseas markets. For companies that have internationalised, overseas revenue forms nearly half of their total revenue, and has grown more quickly than local revenue. Not surprising, as in overseas markets, there is a greater potential for growth.

16. To **Mr Henry Kwek's** query, ESG supported over 570 internationalisation-related projects in 2018, a 25% increase compared to 2017. We worked with partners to help our companies enter new markets. Last year, ESG added eight new partners to its Plug & Play Network, which has recently expanded to two new countries, UAE and Cambodia.

17. As **Ms Cheryl Chan** highlighted, these initiatives and partnerships provide large firms and SMEs with in-market support to help them with their overseas expansion.

18. We have seen Singapore companies taking on more ambitious projects overseas, which entail larger investments over longer periods of time. While these efforts may reap long term returns in the future, banks may be hesitant to provide financing, given the higher level of risk. The Government will increase our support for these projects.

- a. In his Budget Speech, the Minister for Finance announced the new **Enterprise Financing Scheme (EFS)**, which will be launched this October. EFS brings ESG's financing schemes under a common umbrella scheme, making it easier for our companies to access financing support.
- b. The Government will raise the maximum insurance cover for overseas project financing under EFS to \$50 million, and increase the maximum tenure to 15 years. To support companies that are internationalising via mergers and acquisitions (M&A), the scheme will provide a higher maximum loan cover of \$50 million for such projects to allow companies to quickly build new capabilities and expand overseas.
- c. The Government will support a higher risk-share for loans to young enterprises under EFS, for both domestic and international projects. We will also provide a higher risk-share for enterprises venturing into challenging markets, as they do face higher hurdles in obtaining financing.

## Scale-up SG Programme

19. I agree with **Ms Cheryl Chan** that we should provide tailored support to nurture local enterprises that can grow and contribute significantly to our economy. Minister Chan mentioned the **Scale-up SG programme**, to groom high-growth enterprises into future global champions.

- a. Through this programme, we will help enterprises develop and implement long-term plans tailored to their specific growth priorities, in areas such as innovation and international expansion.
- b. For instance, a healthcare services company with overseas operations may aim to double its footprint through M&A, and expand upstream by developing its own products. Through Scale-up SG, the company will receive targeted support to develop a commercially viable product prototype, as well as to shortlist and validate acquisition targets.

20. When these companies grow and succeed in future, I hope they will also provide opportunities to other local companies. In this way, we can sustain our scale-up efforts and grow more Singapore companies into globally competitive enterprises.

## **TEAM UP – COLLABORATIONS AND PARTNERSHIPS**

21. Sir, let me move to the third “Up”: **Team Up**.

22. As noted by **Mr Teo Ser Luck** and **Mr Leon Perera**, collaborations among enterprises can support capability development to test-bed innovative solutions, and form business alliances to capture opportunities here and overseas.

23. For example, Rolls-Royce and KA Industrial Engineering, a local SME, have worked together on an automated system for loading and unloading fan blades. Previously, the process was carried out by multiple technicians dressed in protective suits, due to the high temperatures. With the automated system, a single technician can manage the process away from the furnace, improving both productivity and worker safety. Importantly, working with Rolls-Royce helps KA Industrial Engineering open doors to other clients.

24. Partnerships can be among enterprises of all sizes, and with trade associations and chambers too. Last year, ESG facilitated over 30 collaborative initiatives and supported over 40 companies to win new projects in overseas markets.

25. We enhanced PACT last year. This will continue to support collaborations between enterprises of all sizes. I encourage companies to band together to tap on PACT to benefit from one another’s strengths, develop deeper capabilities and successfully internationalise.

## CONCLUSION

26. Sir, let me conclude by reiterating MTI's commitment to support enterprises in their transformation journeys. Our conversations cannot start with Government agencies telling companies to buy equipment, adopt IT solutions or appoint consultants. We should not pretend that we know what each firm needs to improve its products and services. That must come from the business owner based on a good understanding of what his or her customers require.

27. Likewise, businesses should not begin the conversation by asking what grants they can obtain from the Government. We want to encourage entrepreneurs, not grant-repreneurs who seek to maximise their grant amount instead of focusing on how they want to transform and grow their business.

28. Enterprise transformation must start with a vision of what the business wants to achieve, what problems it wants to solve and what capabilities it needs to build to reach its goals. Then we look at what schemes and grants can best support the company. Our efforts must be enterprise-centric and transformation-focused, not scheme-centric and grant-focused.

29. MTI will continue to work with other Government agencies and industry partners to review our policies and processes to achieve this outcome. We believe this is effective in helping businesses to build deep capabilities and for Singapore to grow a thicker layer of fast-growing local companies. Thank you.