

**SPEECH BY MR CHAN CHUN SING,
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DURING MINISTRY OF TRADE AND INDUSTRY (MTI)'S
COMMITTEE OF SUPPLY DEBATE,
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“EMERGING STRONGER AS ONE NATION”

Introduction

1. Mr Chairman, Singapore has faced challenging economic situations triggered by disease outbreaks before – SARS in 2003; H1N1. Through each episode, we internalised important lessons, strengthened our collective resilience, and emerged stronger.

2. Today, COVID-19 is badly hurting our tourism and aviation sectors. International visitor arrivals may fall by more than 25% this year. Retail and food services have also been severely affected. The disruption of supply chains has also slowed the recovery of the manufacturing sector, especially electronics.

3. The eventual economic impact of COVID-19 could be worse than SARS as China now accounts for more than 19% of global GDP and 27% of global manufacturing value added. The quantitative and qualitative impact of China's slowdown and the potential of a global pandemic cannot be underestimated.

4. Many of us are concerned how the COVID-19 situation will affect our livelihoods. I want to reassure all Singaporeans that the Government's immediate priorities are to help our businesses stay afloat and to help our workers stay employed. To this end, we have introduced a comprehensive set of relief measures in the Stabilisation and Support Package.

- a. Measures like the Enhancement of the Enterprise Financing Scheme – SME Working Capital Loan will support businesses with cash flow issues that may arise in the short term.
- b. The \$1.3 billion Jobs Support Scheme and the \$1.1 billion enhancement of the Wage Credit Scheme will safeguard employment and wage growth.

Emerging Stronger

5. Mr Chairman, beyond the immediate measures to address the challenges ahead, we must also aspire to emerge stronger, be one of the first to recover and seize the new opportunities. This Government is committed to not just the present, but also our future. Emerging stronger is our goal.

6. Our most immediate task is to rejuvenate the tourism and related sectors. The Singapore Tourism Board (STB) has formed a Tourism Recovery Action Task Force (TRAC), comprising leaders from both the private and public sectors. We will also commit resources to –

- a. Support the upgrade of hotels and attractions during this period of lower activity;
- b. Anchor a strong pipeline of leisure and business events in the recovery; and
- c. Step up marketing efforts to reach new sources of tourists.

7. International investors remain committed to Singapore as we forge ahead with plans to enhance our attractiveness as a tourist destination. Large-scale tourism projects such as the Integrated Resorts expansion, Sentosa-Brani Masterplan and rejuvenation of the Mandai precinct all continue to make good progress. They will contribute to the growth of our tourism sector in the medium term.

8. Beyond tourism, we must also press on with our efforts to transform our economy. Mr Teo Ser Luck and Mr Liang Eng Hwa both asked about MTI's plans for the longer term. We must prepare for two sets of long-term driving forces.

Reordering of Global Supply Chains

9. First, we must prepare for the reordering of global supply chains. Technology, especially digital technologies; rising trade tensions and protectionism and now domestic resilience to disease outbreaks have all added impetus to the reordering of the global supply chains.

10. All companies, big and small, local and multinational, have to fundamentally re-examine the resilience of our supply chains. Diversification of supplies, manpower sources and markets are not options – but imperatives.

11. The ensuing contest to attract top investments and talent will be intense. Developing countries with plentiful land and labour are cutting costs aggressively. More developed countries are poaching top executives and building their own Smart Cities to rival Singapore. The OECD's Base Erosion and Profit Shifting initiative, or BEPS 2.0, will also impact how countries compete for investments.

12. To differentiate ourselves, we can no longer rely on tax incentives alone. Instead, Singapore must continually build real and new capabilities, augment our Singapore Core with global talent, and find new ways to anchor key economic activities here.

Technology

13. Now the second driving force - technology. We are undergoing technological advancements in multiple fields – medical, robotics, artificial intelligence, and energy. These are not just incremental shifts, but disruptive and discontinuous change.

14. The emergence of new technologies provides us with new economic opportunities and yet challenges. Sectors in which we did not use to have a comparative advantage before, like agri-tech and new urban mobility solutions, are now emerging opportunities.

15. On the flipside, technology is now challenging sectors which are well established in Singapore. Banking is being disrupted by the rise of FinTech. Retail is increasingly displaced by e-commerce. Some legal, consultancy and IT services can now be delivered electronically across borders.

16. Whether we can win depends on two things. First, externally, whether we can extend and enhance our connections; second, internally, whether we can adapt our environment and businesses to the two forces of global supply chains being reordered and emerging technology.

Stronger Globally

17. To emerge stronger globally, Singapore must continually enhance our value as a connectivity hub.

18. We need to adapt to changing supply chains by expanding and upgrading our network of FTAs. In November last year, we concluded text-based negotiations for the Regional Comprehensive Economic Partnership (RCEP). If all goes well, we hope to sign this agreement by the end of this year to deepen connections between ASEAN and other RCEP Participating Countries, which together account for almost 30% of global GDP. We are also making progress in FTA negotiations with the Eurasian Economic Union, MERCOSUR and Pacific Alliance.

19. Our FTAs have provided our businesses access to billions of consumers beyond Singapore's shores by reducing tariffs and lowering non-tariff barriers. In response to **Mr Teo Ser Luck's** question, our 25 FTAs are with economies that represent more than 85% of global GDP. Having FTAs in different regions facilitates diversification and enables our businesses to capitalise on opportunities around the world.

20. The benefit of each FTA goes far beyond our economic relations with just the other party. Our FTAs enhance our ability to compete for investments as a network of 25. Companies which operate in Singapore can use our FTAs to build up supply and value chains which are resilient to single-market disruptions. At the same time, many companies also find it advantageous to access the Southeast Asia region and the world through Singapore. This creates many opportunities for businesses in Singapore and allows them to create good job opportunities for Singaporeans.

21. **Mr Leon Perera** asked about the FTA negotiation process. In order to achieve the best outcomes for Singapore, we consult and involve many different stakeholders – including trade associations, unions and business chambers, in the lead up to FTA negotiations. Post FTA implementation, we continue to engage industry to regularly enhance our trade agreements, where possible. For example, we upgraded our FTA with China to provide our businesses with new benefits like enhanced investment protection and greater access to China’s legal, maritime and construction services sectors. We also upgraded our FTA with New Zealand last year, and now businesses can clear their goods through the New Zealand Customs much faster.

22. We also adapt our trade agreements to the emergence of new technologies. For example, we have started work on the Digital Economy Agreements, or DEAs. By guarding against digital barriers, and by addressing issues that arise from emerging technology such as Artificial Intelligence, DEA provides a trusted environment for trade in the digital era. I am pleased to note that we have substantially concluded DEA negotiations with Chile and New Zealand. Negotiations with other likeminded partners, including Australia, are also progressing well.

23. As we enhance our trade agreements, we must help our companies take advantage of them. **Mr Douglas Foo, Mr Saktiandi Supaat and Mr Teo Ser Luck** asked how we can do more to support businesses in seizing opportunities in the region and beyond. In 2019, Enterprise Singapore supported 2,600 enterprises. Moving ahead, we will significantly strengthen our support to companies that want to go international, in five ways.

- a. First, we will extend the enhanced 70% support under the Market Readiness Assistance (MRA) for another three years, till 31 March 2023. To better support companies who are new to internationalisation or are expanding into new markets, the grant cap will be raised to \$100,000 per new market, per company over the enhancement period. We have also expanded the scope of eligible activities to include in-depth FTA consultancy services and support for additional overseas business development activities such as the cost of deploying a staff overseas.
- b. Second, we will extend the Double Tax Deduction Scheme for Internationalisation (DTD_i) for another five years, till 31 December 2025. This will encourage more Singapore companies to increase their market development and investment activities overseas. The enhancements will now cover new categories of expenses incurred for third party consultancy and overseas business missions.
- c. Third, we will launch the Grow Digital initiative under the SMEs Go Digital programme to help SMEs to grow their business overseas via both B2B and B2C digital channels to access new customers and markets. For a start, the programme will focus on China, India and Southeast Asia. Minister S Iswaran will share more details at MCI’s COS Debate.

- d. Fourth, we will work with the Singapore Business Federation (SBF) to launch the GlobalConnect@SBF in April. GlobalConnect will be an international advisory centre to provide dedicated market access support for companies new to internationalisation, with a focus on Southeast Asia and the emerging markets.
- e. Fifth, we will increase support levels for young Singaporeans under the Global Ready Talent (GRT) Programme so that more graduates can take on work opportunities abroad and gain exposure to Southeast Asia, China and India. This will strengthen the pipeline of local talent to support businesses in expanding overseas in the medium- to long-term

24. **Mr Teo Ser Luck** will be pleased to note that our suite of internationalisation support goes beyond providing financial support. We also focus on the facilitation of knowledge transfers to companies, as suggested by Mr Teo.

- a. Through a network of Overseas Centres, Enterprise Singapore works closely with companies to provide advisory support and in-market assistance. They also run frequent seminars to equip SMEs with essential knowledge to embark on their internationalisation journey.
- b. To better understand the industry, we have been seconding public service officers to Trade Associations and Chambers (TACs), through the Local Enterprise and Association Development (LEAD) Programme. These officers have been actively involved in helping the TACs spearhead new internationalisation projects for the industry. And we will do more, where we can, to second more officers to the TACs.

Stronger Through Innovation

25. These measures will help Singapore compete internationally. But they must be complemented by measures to strengthen ourselves internally, so that we can harness the two global trends to emerge stronger. Specifically, we must emerge stronger through innovation, transformation, and – doing it together – as an entire ecosystem.

26. Let me start with innovation. Public investment in research and innovation has grown over the last 25 years. This puts us in a good position to harness the technological revolution and turn old constraints into new opportunities.

- a. We have a small population, less than 1% of ASEAN. So we leverage the advanced manufacturing sector to propel ourselves from a labour-intensive industry to one empowered by Industry 4.0 technologies. This has also allowed us to establish our niche in producing ‘high mix, low volume, high quality and knowledge intensive’ products, entrenching our position in the global value chains.
- b. We have limited land. So we leverage agri-food technologies to transcend both size and geography, producing high-value crops like strawberry and kale on this sunny island.

- c. We have a finite carbon budget. So we explore innovative solutions to transform waste into value-added products. This has allowed us to couple environmental sustainability with economic prosperity.

27. Going forward, we must do more to translate Singapore's research edge into an economic advantage. We have ear-marked \$300m to support startups in key emerging technology areas like pharmbio and advanced manufacturing. We will also continue to drive the adoption of technologies through the Industry Transformation Maps (ITMs) and to seize new opportunities in emerging sectors, especially in the deep tech sector.

28. My colleague, SMS Koh Poh Koon, will elaborate.

Stronger through Transformation

29. The use of technology must be complemented by the transformation of business processes.

30. We recognise that not all enterprises are at the same stage of development. But regardless of your stage of growth, you will have a fair chance to succeed. We will customise our assistance to our enterprises' needs and level of ambition.

- a. For local enterprises with high growth potential, we will provide dedicated support to deepen their capabilities, enabling them to become leaders in their respective fields. An example of such dedicated support is the new Enterprise Leadership for Transformation (ELT) Programme.
- b. For smaller enterprises, we will enhance access to the wide array of enterprise-centric enablers, through channels like the SME Centres, the TACs and the GoBusiness platform.
- c. For Heartland Enterprises, we will provide additional assistance, through schemes like Heartland Enterprise Upgrading Programme (HEUP), so that they too have a good shot at growth and expansion.
- d. Our assurance to all local businesses is this. As long as you have the drive and ambition, we will partner you.

31. My colleague, SMS Chee Hong Tat, will elaborate.

Stronger Together

32. Finally, to emerge stronger, we must do so together, as One Team Singapore.

33. Over the years, we have established a strong tripartite partnership among the Government, the TACs, and the unions. This partnership is critical. As key touchpoints to businesses and workers, TACs and the unions help provide the Government with crucial ground sensing and feedback on key economic policies.

34. Moving forward, we will do more to strengthen our partnership with the TACs to drive industry transformation efforts.

35. My colleague, SPS Tan Wu Meng, will elaborate.

Singaporeans at the Heart of our Economic Strategies

36. Mr Chairman, we are committed to sharing the benefits of economic growth with all Singaporeans and improve their lives.

37. **Mr Saktiandi Supaat and Mr Desmond Choo** asked about how efforts to grow the economy have translated into positive worker outcomes.

a. When we grow the economic pie, we create good jobs. More than half of our local workforce is made up of PMETs. This is one of the highest proportions in the world, and the number of PMET jobs continues to rise – from about 1.2 million in 2016 to 1.3 million in 2019.

b. We also share the fruits of economic growth. Real median income for Singaporeans grew at 3.7% per annum from 2016 to 2019, which is higher than the 3.2% per annum in the preceding three years.

38. Economic growth is necessary to create good jobs for Singaporeans, but this does not happen naturally. The critical link between growth and jobs is skills. Singaporeans must have the right skills to take on the jobs that growth creates.

39. The Government has put in significant investments in our education and training system over many years.

a. We now have strong pre-employment training (PET) and continuing education and training (CET) systems, and our SkillsFuture movement, which are all well-regarded globally.

b. There are capability building programmes to transfer overseas capabilities and expertise to our local workforce, such as the Capability Transfer Programme.

c. We have also placed strong emphasis on grooming local leaders within key sectors. **Mr Leon Perera** would be pleased to know that the SkillsFuture Leadership Development Initiative (LDI) has supported over 1,000 Singaporeans in acquiring corporate leadership competencies and experiences. In particular, the ASEAN Leadership Programme (ALP) will equip our business leaders with the knowledge and network to ride on the growth of Southeast Asia.

40. However, as **Mr Saktiandi Supaat** noted, employers must have the right mind-sets for these programmes to succeed. They need to start investing in our local workers and prevent an over-reliance on foreign employees. Only then will we be able to improve localisation over time.

Supporting 40s/50s Workers

41. Indeed, we must not – and we must never – be complacent. Today, many have jobs that did not exist a mere decade ago. We are preparing for future jobs that do not yet exist now. The rate of technological change will only quicken. If we do not support our workers in refreshing and advancing their skills, not only will they lose employability over time, businesses will suffer, and our economy will lose its competitiveness.

42. We are particularly aware of the concerns amongst our midcareer workers - those in their 40s and 50s. Job security is of utmost importance to them. They have significant financial commitments as they provide for their families, often with school-going children and retired parents. Many of them completed their formal education more than 20 years ago, and moved on to establish their careers in one company, and may not have the opportunity to reskill and upskill.

- a. Those who are employed now are worried if they will still have a job in the near future because of keen job competition and also because of technological disruption.
- b. Those who have been retrenched are worried if they can re-enter the workforce and find a job that matches their skillsets and pay expectations. In 2018, only 58.6% of resident workers aged 40 and above managed to re-enter the workforce six months after retrenchment – lower than the 70% for those in their 30s.

43. **Mr Desmond Choo, Mr Henry Kwek, and Mr Saktiandi Supaat** asked what more can be done to support midcareer workers in their 40s and 50s. This needs to be done at a tripartite level – businesses offering more employment and upgrading opportunities; workers making an effort to re-skill; the Government supporting businesses and workers in their endeavours. All three parties must pull our weight together in order to get this done.

44. I will talk about the support for businesses in general. Minister S Iswaran will share more details of mid-career training programmes for the Info-Communications and Technology (ICT) sector at MCI's COS Debate later. Minister Josephine Teo and SMS Chee Hong Tat will also elaborate on plans to increase reskilling capacity and to help workers make career transitions at MOM's and MOE's COS Debates respectively.

45. Through the Skills Future Mid-Career Support Package, we have set ourselves the target to double the annual job placements for locals in their 40s and 50s to 5,500 by 2025. I will now share three key ways in which companies can play an important role in supporting this national effort – redesign, reskill, and recruit.

46. **First, redesign.** Businesses should seek to actively redesign their jobs to create new opportunities for existing and new workers, including those in their 40s and 50s, even as they pursue enterprise transformation. As part of the Next Bound of SkillsFuture, businesses can now tap on the **enhanced Productivity Solutions Grant (PSG)**, which now includes consultancy services for job redesign. We want to make job redesign a key component of enterprise transformation.

47. Second, reskill. As **Mr Desmond Choo** noted, when businesses grow and transform, they have an important role to play in actively reskilling their workers, rather than poaching from others.

- a. The Next Bound of SkillsFuture will also see an enhanced focus on businesses driving enterprise and workforce transformation in tandem. Under the SkillsFuture Enterprise Credit (SFEC), eligible employers will receive a one-off \$10,000 credit to cover up to 90% of out-of-pocket expenses for supportable enterprise development and workforce transformation programmes, including reskilling and job redesign. \$3,000 of the SFEC will be reserved for the latter. My colleague, SMS Chee Hong Tat, will elaborate.
- b. This is also why, from 1st April this year, worker outcomes will be included as a mandatory condition for companies that apply for Enterprise Development Grant (EDG) funding. These outcomes may include wage increases, creation of skilled jobs for Singaporeans, job-redesign, and worker training.

48. Third, recruit. Businesses need to offer suitable placement opportunities for our mature workers. The Government will support by giving a Hiring Incentive to employers who hire local jobseekers aged 40 and above through eligible reskilling programmes. Such programmes include Professional Conversion Programmes (PCPs), Place-and-Train (PnT) programmes and career transition programmes by SSG's CET Centres. For each eligible worker, the government will provide 20% salary support for six months, capped at \$6,000 in total.

49. I urge all employers to come forward, transform their business, and at the same time create new opportunities for all workers, including our older workers. This has always been a critical part of our growth strategy and an important chapter of the Singapore story.

Conclusion

50. Mr Chairman, if there is anything we have learnt from past challenges and the current COVID-19 situation, it is that we should never underestimate the strength and resilience of our people. As we battle COVID-19, we must also strive to emerge stronger.

51. The journey ahead is full of both opportunities and challenges. But if we stand together – Government, businesses, unions and citizens – I am certain we can overcome any challenge, and emerge stronger to chart a better future for all in Singapore. MTI's tagline this year is: To emerge stronger.