

**SPEECH BY MINISTER OF STATE FOR TRADE AND INDUSTRY LOW YEN LING AT MINISTRY OF TRADE AND INDUSTRY'S COMMITTEE OF SUPPLY DEBATE 2023 ON 28 FEBRUARY 2023**

*“Strengthening Our Partnerships to Emerge Stronger Together”*

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**A. Introduction**

1. Mr Chairman,
2. Minister Gan Kim Yong and Second Minister Tan See Leng have shared about the Enterprise 2030 strategy. The vision and plan is to build a vibrant ecosystem of Singapore enterprises that are future-ready and globally competitive. Let me elaborate on how we will stand behind our Singapore enterprises and support them on their journey to becoming stronger and better.

**B. Supporting Enterprises to Emerge Stronger**

3. Mr Shawn Huang asked about how the Government has supported businesses through the COVID-19 pandemic. Throughout the crisis, the Government came up with many schemes to help businesses survive and adapt to the changing economic conditions.

***Government extended critical support: wages, financing & energy costs***

- i. First, we extended critical life support for major cost items that businesses needed to incur to stay up and running.
  - i. We launched the Jobs Support Scheme, or JSS in short, in Budget 2020 to boost wage support for employers to help them keep their local employees in those uncertain times. Members will remember from the start of the pandemic till March 2022, the JSS paid out a total of \$28.1 billion to 180,000 employers.
  - ii. Second, we provided financing support to help ease the cashflow and financing constraints of businesses as they faced slowing economic growth, weaker trade and higher prices.
    - i. For example, we introduced the Temporary Bridging Loan Programme, which supported \$23 billion worth of loans to more than 30,500 companies.
- iii. Third, we enhanced our assistance for business transformation which was important for the survival and growth of our enterprises.

- i. Between 2020 and 2022, a total of 55,500 local companies embarked on productivity, capability development, and internationalisation projects.
4. This year, we expect global growth to moderate amid tight financial market conditions and elevated energy prices. As a result, business costs and cashflow constraints remain top of mind for our SMEs. We understand that being able to access financing is critical for SMEs and businesses, as Mr Shawn Huang, Mr Derrick Goh and Ms He Ting Ru have highlighted.
5. I want to assure members that MTI and our economic agencies will not let up our efforts to ensure that enterprises have suitable access to financing. The **Enterprise Financing Scheme (EFS)** launched in 2019 to support businesses in their various stages of growth has aided thousands of businesses. In 2022, 12,000 businesses secured financing through government schemes like the EFS and the Temporary Bridging Loan Programme. 99% of these businesses were SMEs and the majority, or over 80% of applicants were successful in getting the funds they need.
  - i. As Deputy Prime Minister Lawrence Wong announced in his recent Budget speech, we will extend the prevailing enhancements to the various schemes under the **EFS** by one year, till 31 March 2024. The schemes are namely the EFS-SME Working Capital Loan, EFS-Trade Loan, and EFS-Project Loan. Let me elaborate.
  - ii. We will extend the current enhanced maximum loan quantum parameters of \$500,000 for the **EFS-SME Working Capital Loan** and \$10 million for the **EFS-Trade Loan**. For the EFS-Trade Loan, we will also maintain the current enhanced Government risk-share level at 70%. The extension of these enhancements will help our enterprises cope with higher working capital and cashflow needs, given the current economic uncertainties and supply chain pressures that have led to lengthened payment cycles.
  - iii. Furthermore, we will extend the period of support for domestic construction projects under the **EFS-Project Loan** scheme. As the construction sector is still recovering from the pandemic, we will continue to support them to cope with the higher costs of construction materials. This will enable our construction companies to secure vital financing to carry out existing projects and secure new ones, as construction activity steadily picks up the pace toward pre-pandemic levels.
  - iv. All mentioned enhancements to our financing schemes will help businesses to cope with near-term cashflow constraints and secure necessary financing for different business needs.

6. The EFS-Venture Debt scheme was introduced in 2015 to help catalyse the Singapore market for venture debt, which is a form of alternative debt financing typically for high-growth startups.
  - i. To expand our support to a wider range of financing tools, the Government will enhance the **EFS-Venture Debt** programme to include venture debt loans backed by Redeemable Convertible Preference Shares (RCPS). This will benefit startups that require more flexible loan repayment plans, including early-stage and high-growth startups in fast-expanding sectors such as Deep Tech.
  
7. The Covid-19 pandemic and the start of the Ukraine-Russia war last year have led to a heightened business cost environment in many parts of the world. Domestic energy and electricity prices are likely to remain elevated in the near-term, as the global energy market stays volatile.
  - i. On the back of steeper electricity and fuel costs, we launched the **Energy Efficiency Grant (EEG)** in September 2022. This grant provides local enterprises in the Food Services, Food Manufacturing and Retail sectors with up to 70% support to invest in energy-efficient equipment in pre-scoped categories such as LED lighting, air-conditioners, and refrigerators.
  - ii. I would like to assure Mr Derrick Goh that we are all committed to supporting companies across all sectors to become more energy-efficient. The EEG complements our wide range of energy efficiency initiatives. For instance, the National Environment Agency (NEA)'s Energy Efficiency Fund supports businesses in the manufacturing sector, while the Building and Construction Authority's Green Mark Incentive Scheme for Existing Buildings 2.0 covers building owners. In addition, we have the Resource Efficiency Grant for Emissions which targets emissions-intensive facilities such as manufacturing facilities and data centres. On top of all these grants, we have the Energy Efficiency Technology Centre, which is a collaboration between NEA and the Singapore Institute of Technology, aimed to help SMEs make informed decisions on the measures they can take to improve their energy efficiency.
  - iii. As DPM Lawrence Wong announced in his Budget speech, we will extend the **Energy Efficiency Grant** by one year till 31 March 2024, to help our businesses cope with higher electricity prices. This will also enable companies in their transition towards a lower-carbon future. The Ministry of Sustainability and the Environment (MSE) will provide more details about the Government's plans for the NEA's Energy Efficiency Fund. I wish to assure members that we are taking a holistic approach to encourage businesses to adopt energy-efficient practices.
  - iv. I am glad to report that many SMEs in the Food Services, Food Manufacturing and Retail sectors in Singapore are tapping on the

Energy Efficiency Grant. Since its launch in September last year, we have received more than 1,000 applications from nearly 500 companies for the grant. Among them is Mexipolis Pte Ltd, an F&B business which used the grant to buy an energy-efficient cooking hob for their restaurant that could cut their energy cost of cooking by some 30%. Another company is food manufacturer Soltem Foods Pte Ltd, which bought energy-efficient refrigerators to reduce their power bills.

***MTI keeps careful eye on economy & reviews schemes***

8. I assure members that MTI and our economic agencies review the effectiveness of our measures regularly and monitors the economic conditions closely. We will not hesitate to finetune our schemes or introduce new measures when the need arises.
9. I have shared the Government's plans to bolster support for enterprises in the year ahead. I would like to assure the House and Mr Derrick Goh that we are continuing to ensure that enterprises can easily identify and access the support schemes that they may require.
  - i. Since 2020, the GoBusiness portal has provided SMEs with one-stop access to more than 100 government support schemes and information on more than 200 licences issued by some 30 Government agencies. Anyone starting a business can easily incorporate the business using the GoBusiness portal, as well as directly apply for the licences they need all at their fingertips.
  - ii. The portal's e-Adviser feature helps businesses identify the relevant support schemes for their needs – from eligibility criteria for grants and loans to tax incentives and business solutions. Last year, about 40,000 businesses benefitted from the help that GoBusiness offers to select and apply for the right support scheme. All these translates into cost and time savings which are very critical for SMEs.
  - iii. Minister Gan spoke about the importance of how companies must transform their businesses to take advantage of new growth opportunities.
  - iv. We strongly encourage all Singapore enterprises who are looking for support to grow and scale their business to adapt and grow to get onto GoBusiness.gov.sg to tap into the available help.

**C. Building Capabilities of Heartland Enterprises**

10. In my COS speech last year, I talked about how heartland enterprises constitute an important fabric of our society – because they inject vibrancy into our neighbourhoods, provide jobs and offer opportunities for promising local businesses to grow.
11. In the midst of a changing consumer enterprise landscape, heartland enterprises need to stay relevant and competitive. To energise and support

our heartland shops, we announced a four year initiative called **Our Heartlands 2025**. Over the past twelve months, **Our Heartlands 2025** made great strides over three areas: deepening digital and manpower capabilities of heartland shops, upgrading capabilities of TACs to better support enterprises, and revitalising the heartlands.

12. As Mr Derrick Goh pointed out, there still lies great potential for heartland enterprises to innovate, digitalise and to build greater capabilities. The transformation of our heartlands is a multi-year effort and we will continue to help our heartland enterprises sharpen their competitive edge.

13. Let me highlight two core capabilities that the Government will help our heartland enterprises to grow this year.

今年，我们将着重协助邻里企业加强两项核心能力：那就是数码能力和创新能力。

14. First, digital capabilities. I am happy to announce that we will press on with **Heartlands Go Digital 3.0**, following the sustained success of the Heartlands Go Digital programme. Heartland enterprises made significant progress to upgrade digital capabilities since the launch of Heartlands Go Digital in October 2020. Today, nine in ten heartland shops across Singapore offer at least one e-payment solution. In addition, two-thirds offer various digital platforms such as Google Business Profile, Carousell, Shopback etcetera.

i. Let me cite an example of World Tea House, which is a heartland shop in Tampines that specialises in fruit tea made from fresh fruits. This shop participated in the Heartlands Go Digital Programme in 2022. Within just six months, World Tea House observed an average 25 per cent increase in customers' spend per eFave transaction. The use of eCards allowed World Tea House allowed it to reach out to a younger consumer base through its digital platform.

15.

首先是数码能力。随着[邻里企业数码化计划]持续取得成功，我们将再接再厉，推出[邻里企业数码化计划 3.0]。

i. Heartlands Go Digital 3.0 will expand partnerships with new private sector partners and Institutes of Higher Learning (IHLs) to deepen the digital and manpower capabilities of heartland shops across a holistic range of capability development areas. These include digital marketing, visual merchandising, service excellence, and financial management knowledge provided through business advisory services, in-shop training and group-based upgrading projects across different precincts and trades.

即将展开的[邻里企业数码化计划3.0]，将扩大和新的伙伴以及高等学府的合作，通过商业咨询、店内培训，联合各个邻区与行业的小组，为项目进行提升，全面加强邻里企业在数码行销、视觉营销、客户服务和财务管理等方面的能力。

16. Second, innovative capabilities. We want to encourage more innovative shops to embark on product or business model innovations. This will boost the revenue of heartland shops and attract more footfall to the heartlands. We will launch the **Heartland Innovation and Transformation Programme** to support enterprises in their journey of growth in the heartlands.

第二是创新能力。我们希望鼓励更多新创企业，利用邻里商圈这个平台，推出新产品或试验新颖的商业模式，吸引更多人到邻里消费。为此，我们将推出[创新在邻里]计划，协助和鼓励新创企业在邻里社区起步和发展。

- i. In recent years, specific initiatives such as the Heartland Innovation Challenge and Visual Merchandising Programme have supported many heartland enterprises to innovate in their businesses.

For instance, gelato shop Denzy Collective collaborated with Tampines West Merchants' Association (TWMA) and Temasek Polytechnic to create fresh gelato flavours sustainably. Using blemished fruits supplied by the merchants in Tampines West, Denzy Collective transformed the ingredients into a new, exotic flavour of gelato called Christmas Orange. With the help of Temasek Poly, the new gelato was launched with attractive branding and marketing. To let Members savour this refreshing innovation, I have arranged for Denzy Collective's Christmas Orange gelato to be served in Parliament Members Room after the MTI COS. I hope you will enjoy it and continue to extend your support to our heartland businesses as they strive to improve, innovate and delight their customers.

近年来有不少邻里企业通过“邻里创新挑战”和“视觉营销计划”等援助措施，采纳了创新的营业方式。希望大家在国会享用茶点时都有机会尝试 Denzy Collective 的冰淇淋。卖创意冰淇淋的 Denzy Collective 就是其中一个例子。它联合了淡滨尼西商联会以及淡马锡理工学院，以可持续的方式开发了新的冰淇淋口味。Denzy Collective 利用淡滨尼西商联会向区内水果摊和超市所收集的表面有瑕疵的水果开发出一种新口味，称为圣诞橙口味。淡马锡理工学院则协助 Denzy Collective 设计新包装及推销新产品。这个创新概念，说明了年轻一代的消费者，更加注重食物来源的可持续性，也愿意为可持续发展尽一份力。

- ii. First, we will construct and make available modular temporary spaces in mature heartland precincts. Under the HIT initiative, aspiring and innovative entrepreneurs can use these spots to test out new business ideas. We will first pilot this at Ang Mo Kio Town Centre, which we envision to be a Heartland Innovation and Entrepreneurship Town. This will complement HDB's (Housing and Development Board) efforts to

provide access to flexible shop and retail spaces across precincts. Senior Minister of State Sim Ann will announce the details of the scheme as part of the Ministry of National Development's COS segment.

首先，我们将在成熟组屋区开辟临时的、能够灵活使用的邻里商店和零售空间，让新创企业在参与“**创新在邻里**”期间，试验新的商业概念。

- iii. Second, we will provide a conducive ecosystem to build enterprise innovation capabilities and scale. This includes a range of innovation and entrepreneurship courses conducted by partners such as IHLs and the Heartland Enterprise Centre, Singapore (HECS) to build enterprises' knowledge and know-how. Furthermore, we will offer opportunities for heartland shopkeepers and merchants to learn from the best practices of successful entrepreneurs who are familiar with or well-versed in the heartlands, merchants' associations and grassroots communities.

第二，我们将营造一个鼓励创新的生态环境，以提升企业的创新创造能力。同时为邻里商家以及熟悉社区、商联会和基层组织的企业家牵线搭桥，让它们有机会互相交流、分享最佳方案，并改善创新概念。

17. 随着消费习惯和商业环境的不断变化，我们的邻里企业必须与时俱进，维持竞争力。邻里转型的步伐虽然已经启动，但不是一朝一夕就能够完成的。邻里企业在创新、数码化和能力建设方面，还有很大的增长空间。在这方面，政府将致力于协助邻里企业持续扩大规模、提升竞争力，维持竞争优势。

#### **D. Strengthening Partnerships with Intermediaries to Move Forward as One**

18. As we broaden our support for heartland enterprises, we are also deepening partnerships with key partners to boost our drive for transformation. All over the world, the pace of digital acceleration is accelerating. Our enterprises must continue to adapt and transform to stay relevant and competitive. The Government recognises that it cannot drive business transformation efforts alone. We need like-minded partners to work with us to multiply our outreach and support more enterprises.
19. Central to this approach are our Trade Associations and Chambers (TACs). TACs will continue to be torchbearers for new industry initiatives, and we remain committed to strengthening these partnerships with them.
20. Several MPs, including Mr Edward Chia, Mr Raj Joshua Thomas, Mr Desmond Choo, asked about how we can boost the capabilities of TACs, and how these organisations can take on more roles in industry and enterprise transformation. We have been doing this and will continue to do more. In 2022, the Singapore Chinese Chamber of Commerce and Industry (SCCCI) launched the TAC Competency Framework and Growth Model which Mr Raj Joshua Thomas spoke about, which provides resources for TACs to identify existing gaps and the critical skills they need on their growth journey.

21. At COS last year, I also announced three initiatives to strengthen our TACs' human capital and digital capabilities.
  - i. I am happy to share that these programmes have gotten off to a good start. For example, the next generation of TAC leaders comprising 10 TAC Fellows from 8 different TACs is being groomed and developed under the TAC Fellowship Programme. As part of the 6-month programme, they will co-create solutions together to address common challenges and develop ideas to capture new opportunities.
22. Our network of 11 SME Centres partner TACs to uplift and support our SMEs. Last year, the SME Centres helped more than 27,000 enterprises through their business advisory services and capability-building workshops.
  - i. .
23. Moving forward, we will double up our existing efforts to support TACs in their industry development. Let me elaborate on our plans to leverage two key opportunity areas.
24. First, enterprise digitalisation. We will launch the **Digital Transformation Programme** this year. The programme will assist SMEs in developing their digital transformation roadmap, curate suitable technology solutions and access training support to digitalise.
  - i. Through SGTech, we will intensify our bottom-up industry efforts to spur enterprise digitalisation with a "3S" framework of Strategy, Solution and Skills. This new centre represents SGTech's strong commitment to spurring enterprise digitalisation. It also builds on SGTech's past efforts, like its partnership with Meta and Enterprise Singapore to help local SMEs leverage technology to transform and prepare for the post-Covid economy.
25. The other key opportunity area that we will focus on is sustainability. The Singapore Chinese Chamber of Commerce & Industry (SCCCI), The Sustainable Energy Association of Singapore (SEAS), and SGTech formed a **Sustainability Alliance** last year.
  - i. Moving ahead, the Alliance will kickstart initiatives to uplift the sustainability capabilities of other TACs and their members. First, it aims to enable SMEs to start tracking their carbon emissions. In addition, SGTech will develop a guided programme for SMEs to reduce their environmental footprint and the SEAS will advise on energy solutions. We encourage other TACs to join in and tap on this sustainability Alliance.
26. There are many pockets of opportunities for enterprises to develop their competence, expand overseas, and transform. The various initiatives helmed by our TACs are vital stepping stones for enterprises to attain greater heights. I would like to spur enterprises to take advantage of these opportunities.

27. On this note, the Government is also committed to deepening our partnership with the industry and TACs to enhance consumer protection. Fair trading practices and strong consumer confidence are key pillars of a healthy economy.
  - i. MTI regularly reviews our consumer protection regime to ensure that consumers' interests are safeguarded. I would like to thank President of the Consumers Association of Singapore (CASE), Mr Melvin Yong for his useful suggestions to address consumer concerns and emerging issues in areas such as e-commerce. As we continue to examine the current policies, we are prepared to do more to strengthen our consumer protection regime without affecting well-intentioned businesses. We will continue to work closely with our partners including CASE, in this effort.

#### **E. Conclusion: Facing our Challenges and Moving Forward Together**

28. Chairman, as we close ranks in partnership with our enterprises and the TACs, we have made steady progress on our journey to transform and seek new growth potential.
29. Together, we can face the challenges ahead and ride new waves of change and opportunity as one people, in partnership and solidarity to overcome and succeed as one.
30. Thank you.