

SPEECH BY MINISTER OF STATE FOR TRADE AND INDUSTRY ALVIN TAN

MTI'S COMMITTEE OF SUPPLY 2024

1 MAR 2024

"Connect to strengthen our status as a global business node."

Mr Chairman,

INTRODUCTION

1. We have recovered robustly from the difficult pandemic years.
 - i. Amidst geopolitical and macroeconomic tensions, global inflationary pressures, and heightened investor uncertainty, Singapore, through **EDB** attracted S\$12.7 billion in Fixed Asset Investment commitments in 2023. These projects will create 20,045 new jobs.
 - ii. This exceeded EDB's medium-term goals and is partly why Singapore remains Asia's most competitive economy, and the world's fourth most competitive economy, according to the **International Institute for Management Development (IMD)**.

2. As the world's Global-Asia node, Singapore is a hub for cultures, ideas and commerce. How can we strengthen our position as the world's hub?
 - i. First, by strengthening our appeal as a vibrant destination for residents and tourists alike; and
 - ii. Second, by deepening and widening our connections and international partnerships.

BUILDING A VIBRANT LIFESTYLE AND ECONOMIC HUB

3. Let me begin with our tourism sector, which has rebounded strongly. There has been a resurgence in visitor arrivals and an energetic revival of our city as a bustling hub of eclectic experiences.

4. In 2023, our international visitor arrivals recovered to **13.6 million**, which is **71% of our 2019 levels**, while our tourism receipts for the first three quarters of 2023 reached **98% of the same period in 2019**.

5. We have launched new local experiences to capture the winds of recovery. MOS Low was your heartlands guide and I will be your tourism guide:

- i. We opened **Bird Paradise** at our **Mandai Wildlife Reserve**, **HyperDrive** at **Sentosa**, and **Van Gogh: The Immersive Experience at Resorts World Sentosa**.
- ii. We also enjoyed a vibrant calendar of signature events, such as the **Formula 1 Singapore Airlines Singapore Grand Prix** and the inaugural edition of **ART SG** as part of **Singapore Art Week**.
- iii. Then we have our live entertainment which resumed with unparalleled vitality, as Singapore played host to prominent acts such as **BLACKPINK**, **Ed Sheeran**, **Jacky Cheung** and of course a particular act that is currently taking Singapore by storm.

6. Our Meetings, Incentives, Conventions, and Exhibitions industry, or MICE for short, have also made a very strong comeback.

- i. In 2023, we hosted some of the world's **LARGEST** MICE events, like **Asia Tech x Singapore**, **Gastech**, and **Herbalife's APAC Extravaganza**.
- ii. We also welcomed **NEW** events like the **25th World Congress of Dermatology** - our largest medical congress to date; and the **transport logistic and air cargo Southeast Asia**, the first edition in the region.
- iii. Then we have our homegrown events, which many of you have participated in, such as our **Singapore International Energy Week**, our **Singapore International Cyber Week**, the **Singapore Week of Innovation and Technology (SWITCH)** and of course, the **Singapore Fintech Festival**, which continued year after year to attract a significant turn out.
- iv. Conference organisers tell me that they choose Singapore because of our position as a global meeting point for talent, for ideas, and for business. Even during massive disruptions like COVID-19, Singapore continued to deliver safely and reliably, and these conference organisers remember, and they are bullish about our prospects to continue to play host to world-class events even if there are future disruptions. The confidence in us is strong.

7. Similarly, we remain confident in our tourism sector. This year, we expect international visitor arrivals to reach between **15 to 16 million** and bring in approximately **S\$26.0 to 27.5 billion** in tourism receipts.

8. **Mr Liang Eng Hwa, Mr Neil Parekh and Mr Edward Chia** asked how we plan to facilitate tourism recovery and ensure we remain attractive despite intensifying global competition. We are doing so in two ways.

9. First, through investments. We will provide a boost to our tourism sector, through an injection of **over S\$300 million** to our **Tourism Development Fund 4**. This will develop and market new products and experiences, including supporting local enterprises as they develop new intellectual properties, rejuvenate existing tourism offerings and upskill our tourism workers.

- i. We are boosting this fund because it has introduced exciting attractions and lifestyle events here. I got to launch some of these, including **TRIFECTA** – Asia’s first snow, surf, and skate lifestyle destination, and also of course, the year-round exclusive homeporting of Disney Cruise Line’s latest cruise ship, **Disney Adventure**, which will start in Singapore next year.
- ii. Over the past two years, the Fund has also helped over 100 local tourism businesses become more productive and more sustainable.
- iii. We encourage all our tourism companies to make full use of the top-up to grow your business.

10. Second, we are also developing a pipeline of high quality and first-of-its-kind experiences here in Singapore, that we will launch in the coming years. This will help us to maintain international mindshare and strengthen our appeal as a compelling destination. Let me share some more exciting news as your in-House tour guide:

- i. First, we are improving accessibility in Sentosa with **Sensoryscape**, a new attraction that will connect Resorts World Sentosa and Sentosa’s beaches.
It has multi-sensorial gardens that pique the senses and showcase digital light displays in the night. Some of us had a sneak peek and we look forward to the soft launch this month.
- ii. At **Resorts World Sentosa (RWS)**, I broke ground on **Universal Studios Singapore’s Minion Land** just two years ago and we look forward to its launch next year. Next year, RWS will also launch the new **Singapore Oceanarium**, which will be an expansion of the S.E.A Aquarium to over 3 times its current size. As part of RWS’ expansion, there will also be a new waterfront lifestyle development, and a driverless transport system between the mainland and RWS.
- iii. Third, we have a strong line-up of leisure and business events. Together with a suite of world-class live entertainment events, we will host high-quality MICE events this year, such as the **Global Sustainable Tourism Council Global Conference**, its first in Singapore, and **NRF 2024: Retail’s Big Show Asia Pacific**, which is a significant tradeshow for our region’s retail industry.

iv. Also, when **Marina Bay Sands' (MBS)** expansion is completed in the later part of this decade, it will allow us to host more notable live entertainment and MICE events. The expansion will include a 15,000-seat world-class entertainment arena, more MICE spaces, and an iconic, luxury all-suite hotel tower with a public rooftop attraction.

11. To continue enhancing Singapore as a vibrant lifestyle and economic hub, we must continue building our creative economy, as **Ms Usha Chandradas** suggested. I will share how we are doing so.

i. First, Singapore already hosts many high-quality arts and cultural experiences that enhance our attractiveness as a lifestyle destination. Our year-round arts and cultural calendar features events such as **Singapore Art Week** and **Singapore International Festival of Arts**, as well as cultural festivals in **Chinatown, Little India** and **Kampong Gelam**.

ii. These events, which many of you have attended, are popular with locals and visitors alike, and STB will continue to work with event organisers to improve and grow their appeal, and look out for new themes, and new arts and cultural experiences with international appeal.

iii. The **DesignSingapore Council**, a subsidiary under EDB, drives the growth of our design sector. The council provides funding and coaching for design research and product development, partners with companies to adopt design for business growth, and nurtures industry-ready design talent.

iv. **Ms Jean See** also highlighted the potential of harnessing creative talent to redefine businesses. In addition to **DesignSingapore's** efforts, broad-based schemes such as our **Enterprise Development Grant (EDG)** will allow our businesses to engage creative professionals to build their strategic brand as well as their marketing capability.

12. There is more good news. Singapore and China implemented a mutual 30-day visa exemption starting on 9 Feb 2024. We expect this to boost arrivals and spending across our retail, F&B, and tourism-related sectors. This longer visa exemption has also made it more convenient for Singaporeans to travel to China for leisure and business, boosting two-way traffic.

13. As we continue to put Singapore on the world map, we welcome people from all over the world – but not just as a tourist destination, but also as a business hub.

STRENGTHENING OUR BUSINESS HUB STATUS THROUGH INTERNATIONAL PARTNERSHIPS AND NETWORKS

14. **Min Gan** shared how our trade networks help grow our economy. I will focus on how we are extending our connections to be a stronger and more vibrant business node.

15. **Mr Neil Parekh** emphasised the importance of trade to Singapore given our very small size and small domestic market. Between 2005 and 2023, our total trade in goods and services more than doubled, from around **S\$890 billion** to more than **S\$2 trillion**; and currently stands at around three times our GDP.

16. Amidst growing global geopolitical tensions and protectionist trade policies which were also concerns raised by **Ms He Ting Ru**, we must continue to strengthen our global trade competitiveness. How? Let me suggest three ways:

- i. First, we must continue to advance trade and investment with our partner economies, especially in growing markets;
- ii. Second, we must help our local companies scale up and internationalise; and
- iii. Third, we must encourage new trade flows for in-demand areas.

Advancing trade and investment collaborations with partner economies, especially those in growing markets

17. **Mr Parekh** asked how we are helping companies seize these new opportunities in growing markets. My MTI colleagues and I have been travelling the world to strengthen our economic ties. We are uncovering new markets, new business opportunities, and new partners for our companies. Some of these journeys are 30 hours one way, but they are worth doing and I will be making more of these trips. Let me take you around the world from a trade and business lens:

18. First stop: India, a country I visited a few times last year. We continue to advance our collaborations with India, which the **World Economic Forum** projects to be the world's third largest economy by 2030. It is already the world's most populous nation, and one of its youngest too.

- i. Between 2012 and 2022, Singapore's investments into India grew by more than five times. In 2022, India was Singapore's 11th largest trading partner and India will remain a key market of strategic importance to Singapore.

- ii. At the inaugural **India-Singapore Ministerial Roundtable in 2022**, our countries identified five mutually beneficial areas for collaboration. We have started to see some fruits of success from this work.
- iii. For example, on the digital front, India and Singapore operationalised the world's first paperless Letter of Credit transaction backed by interoperable **electronic Bills of Lading (eBLs)** using IMDA's TradeTrust framework.
This showcases how digital tech can make international trade easier and also more accessible.
- iv. We are also helping our students gain greater exposure to India's markets. **Enterprise Singapore**, in partnership with the **Confederation of Indian Industry (CII)** announced the **India Ready Talent (IRT)** internship programme in February 2024. IRT offers our university and polytechnic students internship opportunities in India to deepen their understanding of India's business environment.

19. Now from India, let's travel to Latin America – a region I have been traveling to extensively over the last few years:

- a. Minister Vivian Balakrishnan and I were just in Brazil in December to sign a new Free Trade Agreement with the **MERCOSUR**, the Common Market of the South comprising Argentina, Brazil, Paraguay, and Uruguay.
- b. This is our first trade agreement with all four South American economies, which will strengthen our ties with this market comprising over **270 million** people and business opportunities in infrastructure development, agrifood, oil and gas, as well as advanced manufacturing, just to name a few.
- c. To date, more than **150 Singapore companies** have commercial interests in Latin America. This builds on the FTA we signed with the **Pacific Alliance** bloc in 2022, which comprises Chile, Colombia, Mexico and Peru. With these two agreements, we have combined access to a market in Latin America of more than **500 million** people.

20. From India and Latin America, let us now travel to the Middle East and Africa.

- a. During PM Lee's visit to Saudi Arabia and the UAE in October 2023, we signed several agreements including MOUs on recognition of halal certifications. Singapore companies can now look forward to exporting halal food products to both countries.

- b. Africa also presents many opportunities. Africa is the most youthful population in the world and by 2050, more than a quarter of the world's population will be African¹.
- c. Last year, I joined PM Lee on his trip to Africa, where we signed agreements with South Africa and Kenya. In August, we hosted African business and political leaders at the **7th Africa Singapore Business Forum (ABSF)** organised by **Enterprise Singapore**. This business forum attracted over **500 delegates** and connected **200 businesses** from Asia and Africa to explore collaborations while using Singapore as a node to facilitate Asia-African trade.
- d. The **Singapore Business Federation** led business delegations to these regions, and we met with them on the ground. They were there to explore commercial opportunities and I invite more companies to join future business delegations to expand their reach into these promising and high potential emerging markets.

21. Beyond FTAs, we are also pioneering new agreements in new growth engines.

- a. We now have four **Digital Economy Agreements (DEAs)**, to facilitate end-to-end digital trade by promoting the use of digital tools, enabling open and secure data flows and building trust in digital systems.
- b. We also developed **Green Economy Agreements (GEAs)** to support emissions reduction while spurring economic growth and also create new jobs in the green economy. Our GEA with Australia has catalysed collaborations in scientific research, green shipping corridors, and co-innovation programmes for our SMEs. We invite more companies to join us on this green journey.

Support local companies to scale and internationalise

22. Through our journey around the world, we explored abundant opportunities for our companies back home. **Mr Edward Chia** asked how we are helping them use these agreements. This leads me to my second point of how we are helping our companies internationalise and enter growth markets.

- i. Through **Singapore Business Federation**, we actively reach out to help companies understand and use FTAs, including through outreach sessions and consultations. More than **1,600 companies** benefited from these efforts in 2023.
- ii. In the past year, **Enterprise Singapore** also supported Singapore companies to secure deals, access new market opportunities and grow overseas through **460 overseas projects**.

¹ Source: IMF, 2023; African Development Bank, 2023

- iii. These companies are expected to grow their annual revenue by **S\$5.2 billion** based on Enterprise Singapore's support.
23. As an open economy, our firms are inevitably exposed to global supply chains shocks. **Ms He Ting Ru** pointed out that Singapore companies are therefore having to deal with new risks. We note she asked specific questions on manpower which we will defer to MOM to address.
- i. We cannot fully shield our companies from these risks, but we can provide financing and help them build their capabilities.
 - ii. For example, they can use our **Market Readiness Assistance (MRA)** and **Enterprise Development Grant (EDG) grants** to defray the costs of venturing outside and exploring new markets.
 - iii. We also offer a **200% tax deductible** on eligible expenses for international market expansion and investment development activities through our **Double Tax Deduction for Internationalisation (DTDi)** scheme.
24. **Mr Desmond Choo** would be pleased to know that there are many success stories from our work in helping Singapore companies to internationalise. One such company is **iFAST**.
- i. **iFAST** is a homegrown fintech firm that provides investment products and services, digital banking and pension administration services.
 - ii. iFAST designed a customer acquisition and onboarding strategy for iFAST Global Bank (iGB), a UK-based digital bank, and developed a go-to-market strategy to strengthen its regional presence.
 - iii. iFAST aims to reach S\$100B of assets under administration by 2030. We look forward to more of such success stories to strengthen Singapore companies' presence worldwide.

Encourage new trade flows

25. Beyond signing agreements and encouraging companies to internationalise, we are also pursuing new trade flows in areas such as carbon credits as well as biofuels.
- i. We have built a vibrant carbon services and trading ecosystem for our companies. Today, there are over **120 carbon services and trading firms** in Singapore, an increase from **70** since 2020.

- ii. New entrants include firms like **Bain & Company** which has established its **Global Sustainability Innovation Centre** here in Singapore, and the **International Emissions Trading Association (IETA)** which opened its Asia hub here in June last year.
26. We are also growing our biofuels ecosystem.
- i. Our strong network of energy and agri-commodities traders makes us home to a growing pool of companies that trade biofuels and its feedstock, such as **Mewah**, which sells biodiesel globally. To produce the bio diesel, they use various raw materials including used cooking oil.
27. We will continue to grow our ecosystem with our industry partners, to better support the trade of goods and services that contribute to climate action – and make Singapore the heart of sustainable trade flows.

CONCLUSION

28. Sir, this year's Budget addresses the present challenges we face and charts the direction for our nation in a very uncertain future. To do all that we set out to do – we need the resources to provide and care for our people and set them on a strong footing for the future. That is why the work that MTI does is so important.

29. MTI is at the forefront of **GROWING** our economy in a time where growth is elusive, **UNLOCKING** the potential in resources like energy and our people, in light of new and exciting discoveries in tech and science. **TRANSFORMING** our sectors to grow green and digital, as we are confronted with climate change, and **CONNECTING** more widely and deeply to the world, when instincts compel countries to look inward.

30. Sir, MTI will continue to do all of this. Because building a strong, vibrant, innovative economy will help secure Singapore's future in a more tumultuous world.

31. Thank you.