

**SPEECH BY MINISTER OF STATE FOR TRADE AND INDUSTRY LOW YEN LING
AT MTI'S COMMITTEE OF SUPPLY DEBATE 2024 ON 1 MARCH 2024**

“Transform our Businesses”

Mr Chairman,

Introduction

1. The world we face today is vastly different from what it used to be. Minister Gan Kim Yong shared how global uncertainties have strained our small, open economy. It's no longer business as usual. Change, continual transformation, and innovation form the present order of things.

2. To thrive in the new normal, we need a positive mindset to embrace transformation. Change is always challenging. However, during the COVID-19 pandemic, businesses managed to overcome the resistance to change.

3. Our enterprises have shown the ability to transform to secure a better future. MTI and our economic agencies are committed to supporting their transformation journey for the long haul.

Today, I'll elaborate on how the Government is ramping up critical support for companies to transform and thrive. As highlighted earlier by Mr Shawn Huang, we are determined to help businesses seize fresh opportunities in new growth areas such as sustainability and digitalisation.

a. I will delve into how, for instance, we will drive sectoral transformation for the Marine and Offshore Engineering (M&OE) industry, as mentioned by Mr Gan Kim Yong earlier, and continue the momentum of positive change in our heartland enterprises.

b. I will also share how the government will help accelerate the green transition of our Singapore enterprises to benefit and to future-proof our businesses.

c. In addition, I will touch on how we will help companies capture emerging digital opportunities for their next bound of growth.

4. Finally, I will update you all on how we will deepen our partnerships with trade associations and chambers (TACs), as mentioned by many members, to drive industry transformation plans and efforts.

A. Preparing Sectors and Companies for Future Growth Opportunities

5. To help Singapore companies and our industries future-proof themselves and transform, the government has rolled out 23 Industry Transformation Maps and refreshed the plans for 2025.

These efforts cover strategic areas such as innovation, digitalisation, jobs and skills, to internationalisation, productivity and sustainability. Many sectors have shown progress in their roadmap, and we will not let up our efforts to support their transformation.

6. The M&OE sector, as Minister Gan had mentioned earlier, is undergoing substantial changes. I agree with Mr Shawn Huang that this traditionally labour-intensive sector will need to transform to stay competitive. To this end, we aim to turbo charge the M&OE sector to capture emerging opportunities in areas like offshore wind and maritime decarbonisation.

7. Today, several trailblazers in the sector have pivoted their businesses to serve in these growing markets that I mentioned. I'll give you a quick example.

a. One company that really stands out for raising its green capabilities is Penguin International. This is a homegrown shipbuilder and shipowner and one of the world's largest aluminium shipbuilders.

Penguin International has spent the last few years futureproofing itself, building up its in-house capabilities in designing, constructing, and operating green vessels. Currently, the company is working with Shell to build and operate three electric ferries.

These eco-friendly ferries are expected to cut carbon dioxide emissions by about 6,000 tonnes annually. How much is 6,000 tonnes? This is comparable to the environmental impact of roughly 18,000 one-way road trips from Singapore to Bangkok. That is the impact of three electric ferries.

8. In the next five years, MTI will support the M&OE industry's transformation with a S\$100m Support Package for enterprise and workforce transformation.

a. Companies can raise their productivity with funding support from the Productivity Solutions Grant (PSG) and strengthen new capabilities with the help of the Enterprise Development Grant (EDG).

b. Besides offering near-term transitional support for M&OE companies to fulfil their pre-committed contract deliveries, we will refresh the M&OE Industry Digital Plan to encourage greater adoption of sector-specific productivity-boosting digital solutions as well.

c. To equip our M&OE workers for the future, Workforce Singapore and Enterprise Singapore will work together and develop an M&OE Jobs Transformation Map that charts emerging career pathways and highlights capability-building opportunities.

d. In addition, new career opportunities are being identified. The Association of Singapore Marine and Offshore Energy Industries (ASMI), Workforce Singapore, and EnterpriseSG will work together and launch a Marine Digitalisation Champion Programme later this year.

This will equip Singaporeans with fresh digital skills for higher-value work in the M&OE sector. Furthermore, Workforce Singapore will expand its Career Conversion Programme to include

Offshore Wind to develop local mid-career talents for offshore wind farm development and operations.

e. Crucially, we will lay the foundation for a strong talent pipeline by nurturing interest in M&OE careers among our youth. MTI will work closely with the industry and ASMI to enhance the sector's attractiveness and encourage more M&OE companies to offer industry scholarships.

9. I am glad that together with our agencies, ASMI has developed a new Industry Plan that sets out strategies to enable businesses to seize new green growth opportunities and get equipped for longer-term transformation. ASMI will share its plans in the next few months.

B. Revitalising our Heartlands

10. Sir, over in the heartlands, we see encouraging signs of growing business transformation. I want to reassure Ms Foo Mee Har, Mr Saktiandi Supaat and Mr Shawn Huang. Earlier on, they spoke very passionately about this topic. I want to assure them that our heartland enterprises are making good progress in digitalisation and retail innovation.

11. Today, more than 17,000 heartland shops have adopted e-payment solutions; more than 9 in 10. Today, more than 12,000 heartland shops now have an online presence; about two-thirds. Those who have embraced digital transformation have gained a bigger customer base beyond their neighbourhoods, beyond footfall, to even online customers, and some shops have attracted overseas customers as well.

Bee Choo Origin, a hair product company that started in Ang Mo Kio as a hair salon in 2007, is a good example. Its owner, Madam Cheah Bee Chew, who began as a home-based hairdresser, grew her humble salon into a global hair treatment company.

It began selling its products online in 2020, due to COVID-19, and saw its revenue rise by 25% in just three years. Today, Bee Choo Origin has 170 stores spanning 11 markets and is entering its next lap of growth under the leadership of Mdm Cheah's 34-year-old daughter Estee.

Heartland businesses are transforming

12. The retail sector is evolving rapidly with the growth of technology, e-commerce and fast-changing consumer preferences. The Government is committed to supporting the retail sector and businesses to transform, innovate and capture new opportunities.

13. I think members will remember last year, during the MTI COS debate, I announced the Sprout@AMK [宏茂桥创新天地] initiative to introduce fresh retail concepts to heartlanders in Ang Mo Kio Town Centre. I am happy to share that these novel retail kiosks will be rolled out very soon.

Alongside this, we also welcome the first batch of retailers under the Heartland Innovation and Transformation (HIT) Programme [创新在邻里计划] who will be unveiling their products in Ang Mo Kio.

14. I am very heartened that some retailers from this new wave of shops have come up with concepts and innovative products for better health and well-being to meet the needs of our society. I will give you a preview of some of these novel concepts.

a. For example, this company, Project Enigma, uses 3-D printing to produce puzzles and toys to improve people's learning and health.

Besides their retail kiosk in Ang Mo Kio, Project Enigma has started a puzzle museum and library at Henderson CC and is also running community workshops. They do not just confine their presence to their shop; they went out beyond that, to the community centres to do events and raise awareness. My MTI colleagues have placed many of their interesting puzzles and toys in the Members Room. You might want to tinker with these and exercise different parts of your brain muscles.

b. Another interesting example is Tea Dojo, which offers freshly brewed, healthier, syrup-free bubble tea. The Nutri grade of this Peach Oolong tea is Grade A. Members can enjoy this bubble tea served in the Members room. These bubble teas are made from a specially invented tea machine. Many of our heartland enterprises are coming up with novel concepts, business concepts and revenue models.

15. Besides the retail transformation in Ang Mo Kio, we will pilot two heartland rejuvenation projects in Bukit Gombak and Tampines West.

a. Bukit Gombak Neighbourhood Centre will be turned into a Modern Heritage Heartland Hub [邻里特色文化基地]. From 5 to 7 April next month, Bukit Gombak will hold the "Rasa Gombak Day Out", a first-of-its-kind festival that will showcase the history and heritage of the popular neighbourhood centre.

b. Over at the other side of the island, Tampines West Neighbourhood Centre will be transformed into a Heartland Events Hub [新兴社区活动站].

Last October, some of you would have noticed, the Tampines West Merchants' Association worked with the Singapore Retailers' Association to organise Wunderground. This was a pop-up event featuring collaborations between urban city lifestyle brands. The event at the heartlands attracted more than 30,000 visitors in just ten days, average of 3,000 a day. Residents can look forward to more such events in the future.

16. In the past three years, we have ramped up our efforts to transform and to revitalise the heartlands. We supported the Federation of Merchants' Association Singapore (FMAS) and Heartland Enterprise Centre Singapore (HECS) to hold more than 60 placemaking activities, all over Singapore in different neighbourhood centres, including the three successful runs of Heartlands Festivals.

Through these campaigns, businesses have reported a one-third increase in footfall and a 20 per cent rise in sales. Collectively, these initiatives strengthen each precinct's identity and allow businesses to differentiate their products and enhance their value proposition.

17. On the ground, we are glad that heartland shops and merchants are stepping up with fresh ideas to co-curate events that make our neighbourhoods more exciting and vibrant.

a. For example, Bold at Work is a co-working space provider and youth engagement consultant in Jurong East. They turned parking lots in Yuhua into an interesting space for live music performances, carnival games and workshops. That in turn drew a lot of people to the whole place, catalysing demand for the products and services of the heartland shops there.

18. We will announce more creative ways to reach out to the audiences and customers in the heartlands. We will launch the Heartland Enterprise Placemaking Grant [邻里企业社区营造计划] to support our heartland enterprises in creating delightful experiences in the housing estates. We will make available funding of up to \$10,000 for eligible heartland enterprises to organise placemaking projects.

19. I am sure many good ideas are out there waiting to be explored. We want to encourage our heartland enterprises to come forward with exciting proposals. Let's look forward to the new possibilities that we can co-curate together.

20. 我国的中小微型企业是我们经济的中流砥柱，中小微型企业占我国注册公司总数的百分之 99，雇佣多达百分之 70 的劳动力，为我国经济带来动力和活力。

21. 而我们位于邻里的企业，除了扮演经济方面的重要角色，更是社区邻里的情感联络站，承载了我们许多的成长记忆，也让我们的社区更有凝聚力。因此贸工部致力于支持我们的中小微型企业以及邻里企业，具备足够的能力应对未来经济的挑战。

22. 这包括各项帮助中小微型企业转型的计划和措施，以及振兴我们邻里企业的计划，为全国的邻里社区注入更多的活力。

23. 过去三年，我们支持新加坡全国商联总会和新加坡邻里企业中心，举办了 60 多场的邻里社区导览活动，包括在一年一度的邻里节。

24. 在这些活动举办的期间，一些商家跟我们分享，表示访客量增加了三分之一，而销售额也增长了百分之二十。

25. 通过这一系列的活动，国人也对各个邻里的历史以及独特之处，有了更深入的了解。邻里商家也更有信心地建立品牌，运用科技扩大他们的客户群，甚至是像刚才我提到的 **Bee Choo Origin** 一样，将他们的业务拓展到从宏茂桥的一家，拓展到海外 11 个市场，带动新的商机和发展的机遇。

26. 除了政府和商会与商团牵头的项目之外，我们的邻里企业也积极地主办了活动。刚才我的英语演讲有分享。

27. 这些活动“化平凡、为非凡”，为我们的邻里企业带来新的活力。

28. 所以为了鼓励更多邻里企业自动自发办活动，贸工部宣布推出“邻里企业社区营造计划”，为符合条件的邻里企业提供高达 1 万元的津贴，支持我们邻里企业为社区营造富有创意的独特体验，推动邻里经济的发展。

29. 我们希望通过这一系列新的计划和津贴，鼓励中小企业和微型企业和邻里企业，发挥创意，把握经济转型的机遇，带动我们新加坡经济可持续的发展。

C. Supporting Companies Through the Green Transition

30. The green transition presents both opportunities and challenges to enterprises. I want to reassure Ms He Ting Ru and Mr Neil Parekh that the Government will continue to deepen and widen our support for businesses through the different stages of their sustainability journey.

Boosting Support for the Sustainability Journey

31. First, we are enhancing our existing support to help businesses to become more sustainable through the Energy Efficiency Grant (EEG).

32. In 2022, we launched the Energy Efficiency Grant (EEG) to help enterprises defray rising energy costs.

a. Since then, Mr Edward Chia and Mr Mark Lee would be glad to know that almost 2,000 companies have used the EEG.

b. For example, CF F&B is a drink stall in a food court. I want to give such examples so that you know the EEG can be used by not just the bigger SMEs, but also by the heartland merchants or even a food stall in a food court. CF F&B used the grant to procure three energy-efficient water heaters that led to cost savings of about 80 per cent.

33. We will help more businesses invest in energy-efficient equipment. From 1 April, local food services, retail, and manufacturing companies can continue to receive enhanced support of up to 70 per cent.

a. The EEG will be open to other industries, such as maritime, construction, and data centres, by the end of this year. MTI is working closely with the industry to onboard additional sectors as necessary. We will also streamline the application process by consolidating all EEG applications from different sectors on the Business Grants Portal.

b. The EEG complements existing schemes like the Enterprise Sustainability Programme (ESP) to provide holistic end-to-end support. For example, companies can tap into the ESP for

consultancy support to pinpoint areas for efficiency gains before applying to buy energy-efficient equipment under EEG.

34. Secondly, we will enhance the existing Resource Efficiency Grant for Emissions (REGE) by lowering the qualifying carbon abatement threshold from 500 tonnes to 250 tonnes per annum. This will enable more businesses to tap into the grant for their projects.

35. Finally, we will extend the Enterprise Financing Scheme (Green) till 31 March 2026 and expand its scope to cover companies adopting green solutions. As Mr Edward Chia pointed out, data centres and chip manufacturers would do well to use schemes like EFS (Green) to reduce their emissions.

- a. A company that has benefitted from EFS (Green) is Koollogix. It provides cooling technologies for data centres. It tapped into this scheme to transform and complete a new lab facility. This, together with its other transformation efforts, led to a tenfold increase in revenue just within two years.

36. As the world embraces sustainable goals and practices, customers and investors will increasingly expect businesses to be more transparent about their carbon footprint. The Ministry of Finance has announced that climate-related disclosures will be mandated for large companies in Singapore in the coming years.

37. Therefore, businesses need capabilities and resources to track and report their carbon footprint.

- a. To this end, we will provide funding support of up to 30% to large companies to kickstart their sustainability reporting journey.
- b. While smaller companies will not be affected by the new regulations, sustainability reporting will help them to stay relevant as disclosure of carbon footprint data becomes commonplace.

Mr Derrick Goh would be pleased to know that we will provide funding support of up to 70% and work closely with carbon service providers to offer a basic sustainability reporting package for small businesses. This will supplement the pre-scoped carbon accounting solutions offered under IMDA's Advanced Digital Solutions scheme.

38. In addition, to help businesses pursue sustainability-related collaborations while maintaining healthy competition, the Competition and Consumer Commission of Singapore (CCCS) has developed an Environmental Sustainability Collaboration Guidance Note.

Enhanced Measures to Equip Workforce

39. For businesses to be successfully sustainable, workers must also keep pace. Hence, we are boosting our support for the workforce to upskill and to reskill to seize new opportunities in the green economy.

- a. Last year, we set up the Green Skills Committee to develop skills and training programmes aimed at fostering a low-carbon economy. This year, we will continue to build on two focus areas: (i) sustainability reporting and (ii) energy.
- b. To develop skills in sustainability reporting, we will provide salary support to sustainability reporting service providers to train interns.
- c. This year, we will launch training programmes for the energy sector to address clean energy skill gaps identified by the sector.
- d. Minister Gan spoke about how Singapore is establishing a vibrant carbon services and trading ecosystem.

I am glad to announce that EDB and EnterpriseSG are working with NUS and NTU to develop training programmes in carbon management, services and trading. These courses will certainly help workers capture the potential in this growth sector.

D. Leverage Digitalisation for the Next Bound of Growth

40. Another emerging area which offers exciting prospects is the digital economy. Singapore companies have made good progress in digitalisation. In 2022, digital technology adoption by SMEs reached 94 per cent, a 20 per cent jump from 2018. I think many of us will agree that the COVID-19 pandemic has really catalysed the adoption of digital tools and technology.

41. With the rise of technologies like GenerativeAI (GenAI), digitalisation has become more urgent and dynamic than ever before. Currently, only 4 per cent of businesses use AI and machine learning. We want to share more about how we are helping our enterprises to adopt GenAI. I also want to assure the Members, Mr Derrick Goh, Mr Keith Chua, Ms Mariam Jaafar and Mr Neil Parekh, that MTI will support businesses in the next lap of enterprise digitalisation.

- a. We encourage businesses to start exploring and using AI. Interested companies can tap on EnterpriseSG and IMDA's newly launched Generative AI Sandbox for SMEs to gain hands-on experience with GenAI. The sandbox will feature affordable and easy-to-use solutions applicable to a broad spectrum of sectors. I will cite two ways our SMEs can use marketing and sales solutions. This will really help them to grow their top line and bottom line.
 - i. They can use GenAI to help them use marketing and sales solutions to generate unique content, such as customised emails and product images for their marketing campaigns.
 - ii. Another area is customer engagement solutions which can also allow SMEs to engage customers on a much larger scale better. These GenAI-powered chatbots can simplify the information search process and that allows businesses to free up resources and become more productive. They can allow their staff to focus on higher value work, serve customers and focus on functions such as business development.

- b. We want to encourage our SMEs to participate in this sandbox and get a head start in using GenAI solutions.

E. Deepening Industry Partnerships through TACs

42. Sectoral transformation, the green transition, and seizing digital opportunities. The Government cannot drive these efforts alone. Many members talk about the importance of TACs. Indeed, TACs are critical industry multipliers we work with to drive industry transformation. Let me elaborate.

- a. Since 2022, we have supported 30 TACs to spearhead industry initiatives benefiting some 14,000 companies through the Local Enterprise and Association Development Programme (LEAD).
- b. We partnered with TACs to set up SME Centres island-wide to offer SMEs capability development programmes. Last year, more than 30,000 SMEs benefitted from these services. I want to reassure Mr Derrick Goh that SME Centres will continue supporting business transformation efforts particularly in digitalisation and sustainability.

43. TACs also represent the interests and needs of their respective industries and form a vital bridge between the industries' private sector and the Government. Our close partnerships with TACs help us understand and address critical concerns from the ground.

- a. Business costs and competitiveness are top-of-mind issues for many SMEs and businesses today. While there is no magic bullet for these pain points, the private sectors and public sectors and union representatives have come together to co-create solutions to overcome these challenges.

AfA on Business Competitiveness

44. We will form an Alliance for Action (AfA) on Business Competitiveness co-chaired by myself and Mr Mark Lee, who represents SBF.

- a. The AfA will forge solutions with the industry and adopt recommendations to help businesses become more competitive in the long term.
- b. This complements existing efforts by the Pro-Enterprise Panel (PEP) to enhance the regulatory journey for businesses.

Uplifting TACs' capabilities

45. To enable TACs to be effective change agents, the Government has invested substantially in developing their capabilities.

46. Mr Derrick Goh, Mr Keith Chua and Mr Shawn Huang would be glad to know that MTI is working with SBF, our apex business chamber, to develop more capability programmes for TACs, including their staff.

- a. Over the next five years, SBF will build shared resources for TACs to support their members in critical areas like digitalisation, sustainability, and internationalisation.
- b. We will also continue to work with SBF to boost the capabilities of TACs' secretariats to serve their members better. SBF will share more details on this effort in the later part of this year.

47. Finally, with the TACs and the industry, we will improve business practices and strengthen consumer protection. The Consumer Protection Fair Trading Act (CPFTA) already provides for civil remedies for unfair practices such as deception and false claims. Thank you, Mr Melvin Yong, President of the Consumers Association of Singapore (CASE), and Mr Louis Chua for their suggestions on enhancing consumer protection.

We appreciate the close partnership with CASE, and all the work that CASE has done to support consumers. For example, CASE's Price Kaki app allows consumers to compare prices of many different household items and cooked food and the unit pricing makes it easier to compare. MTI, CCCS and the economic agencies will continue to work closely with CASE to protect consumer interests as consumer purchasing habits evolve.

F. The Government Is Committed to Helping Businesses Succeed

48. This sustained spirit of collaboration and cooperation between the private sector, public sector and TAC industry associations gives us the grit and resilience to overcome challenging circumstances.

49. Our gumption to embrace transformation will set a formidable front against the odds. Let us stay the course. Let us keep up the momentum of transformation – from reshaping industry, whether it's M&OE or heartland enterprises, energising our heartlands and seizing the potential in the digital economy as well as the green economy.

By taking shared ownership of our transformation path, we will set the sails of positive change and ride new waves of opportunities to reach the harbour of a thriving future for Singapore and Singaporeans.

50. Thank you.