

**TRANSCRIPT OF SPEECH AND INTERVIEW WITH MINISTER S ISWARAN,
MINISTER FOR COMMUNICATIONS AND INFORMATION AND MINISTER-IN-
CHARGE OF TRADE RELATIONS, AT FTA DAY, THURSDAY, 22 OCTOBER
2020, 9.40AM, SBF CENTER**

Good morning to everyone who is tuned in, friends and colleagues from the Ministry and various agencies. I would like to keep my remarks fairly concise, primarily to emphasise a few key points, which I think are worth reiterating in the current environment, and then segue into questions that are pertinent and uppermost on your minds.

Let me start by saying that, obviously, we are in a challenging economic environment. And how we emerge from this is going to depend critically on the manner of our response. That is true of countries, and it is true of the global economy. Because if we treat this as a reason, or an excuse to retreat into inward-looking policies, then while that might give us some short-term sense of righteousness in the case of some, in the long-term, it is going to do great harm to the potential for growth, opportunities, and the raising of living standards for all our people.

This is true, whether you're a small country or a big country, because ultimately, we need the global connectivity in order to realise the full potential, leveraging off each other's competitive advantage, in order to create a bigger whole. So that the whole is more than the sum of the parts.

I think that requires both political will and a certain level of courage and conviction on the part of citizens and governments. Because if it is hard in normal times to talk about free trade, then it is even harder when the economic environment is more challenging. And yet, we have to make the case to stay the course. Because that is the only way we can ensure the continued global connectivity and the opportunities that we all seek out.

That is why, in the case of Singapore, we have persevered with our global strategy of how to integrate more with economies. You know of our FTAs - 25 FTAs covering about 85% of global GDP. And they yield tangible value to our companies. MTI estimates, I think in 2018, about \$1.2 billion of tariff savings, but the FTAs actually offer us a lot more than that. Because when you have FTAs, individual FTAs give us bilateral advantages, but when we have this network of FTAs, it also creates an important overall network effect, which enhances the value proposition of countries and economies that sit at the nodes of these networks. And Singapore is one such country. So, it is critical that we continue on this path. This is why Singapore continues on various initiatives, for example we concluded the EU- Singapore FTA a year or so ago, and we are persevering with the RCEP and so on, because these are important initiatives that will signal to the world, that it is not just Singapore, but our like-minded partners remain committed to the cause.

I would say that we are now bringing this openness and connectivity into the digital domain. Because that is really the new frontier for global trade and economic progress. Whilst our past FTAs have focused on the movement of goods, movement of services and so on, tariffs etc., I think we increasingly need to look at the movement of data, of bits and bytes. We need to increasingly look at how the different systems are

interoperable, in other words, interoperable standards, and how we can then facilitate those digital flows. Whether it is e-commerce, whether it is e-payment solutions, whether it's about businesses using their corporate ID across borders etc. It is important that we are able to facilitate that.

And there are different measures about how much the digital economy is going to grow by. But all the measures are consistently predicting a surge. And our COVID-19 experience has reinforced this. Businesses have seen the value of digitalisation, especially with regard to SMEs. In the past, when we used to talk about digitalisation, SMEs used to give us a polite hearing, and treat it as well, "okay, it's a nice to have", and then I think it became a kind of "good to have". But these days, they all recognise it is a "must have", for now and for the future. So that's a very important transition. It then creates a very fertile ground on which we can build a stronger digital platform for Singapore's economic future.

This is an area we want to work on. And whether it is our traditional FTAs, or our Digital Economy Agreements, we want to make sure that our companies are able to fully benefit from them. This is why this event like the FTA Day and the work that SBF is doing, and also what MTI, Enterprise Singapore and our various other economic agencies are doing, is key. Because it's not just about securing agreements with other countries. It's about ensuring that as a result of that, our businesses are now able to take advantage of those agreements, understand what they are, where are the areas where they stand to gain and to take full advantage of those provisions.

This is why SBF's efforts with the business community are an important part of this overall strategy that we have embarked on. This FTA Day is a very important initiative because it serves as an important crescendo, if you like, in the annual calendar, where we're able to synthesize the different trends, bring it to the attention of the business community, and have an opportunity for us to engage and interact like we're doing now.

This is an altered circumstance. Usually, we'll be in a big conference room and we can talk to each other and see each other, but I think whether it's virtual or physical, the spirit remains the same. And I'm looking forward to having a very good conversation with all of you.

**TRANSCRIPT OF INTERVIEW BETWEEN MINISTER S ISWARAN AND
CHANNEL NEWSASIA PRESENTER DAWN TAN AT
FTA DAY 2020, 9.50AM, SBF CENTER**

CNA	<p>The business community was already being encouraged to explore overseas opportunities before this pandemic. This (the pandemic) has kind of pushed them over to the other edge. Should they still be considering exploring overseas business in this environment, as uncertain as it is?</p>
Min Iswaran	<p>There are two things here - one is digitalisation, and the other is internationalisation. In the past, there was a tendency to think of the two as separate strategies. One, is how do I get my business processes onto digital platforms. For example, maybe I start with e-commerce or online marketing, and then I get into e-payments, and so on, and things like that. Internationalisation was seen as a separate track, because I have to assess a market and then decide whether I want to set up shop there and so on.</p> <p>But increasingly, I think the two are really fused. And you could say that businesses are born global today, or at least born international. Because the moment you start a business, you now have the opportunity to market your products, your services, your capabilities, on digital platforms that access global markets. It also gives you the opportunity to strike partnerships with partners from around the world. Because now you're not limited by whether you have the resources to access that market, it's a lot easier. The barriers have been reduced significantly.</p> <p>In this current environment, the primary focus of businesses would be how am I going to survive this downturn? MTI has projected that this year, our economy will contract between 5 to 7%, that's quite a severe contraction. But at the same time, I would say that even as businesses are dealing with this, what are going to be the highest priorities? How do I reduce costs? How do I enhance my supply chain resilience? And how do I secure new markets and opportunities?</p> <p>And for all of this, digital strategy and digitalisation makes a big difference. Because with digital strategies, you will be able to operate more efficiently. For example, subscribing to cloud-based services for certain aspects of your business, you will be able to access new markets, because you can go on to these online platforms, and market your products and services. And at the same time, you are now also able to strengthen your resilience as a business, because I'm able to diversify my supply chains in a way that perhaps I never was able to.</p> <p>So, for all these reasons, I think it's very important for businesses to take this not just as a short-term challenge to be overcome, but also as a long-term opportunity, which we can use to build our resilience as you put it, and our competitiveness for the future economy of Singapore.</p>
CNA	<p>So talk to me then about the relevance of the existing FTAs that we have, the 25 or so that we have. In an environment where we do have a couple of DEAs now and more in the works, how do companies leverage on the existing FTAs still, in this very changeable world? We keep talking about transformation.</p>
Minister Iswaran	<p>This is where I think today's sessions are going to be very important, plus the work that MTI and ESG, have been doing, putting out information on our trade agreements etc. There's also a tariff calculator on a converter etc. and it is now</p>

	<p>on a mobile platform.</p> <p>But what's the crux of it? The crux of it is that we have these agreements, now our businesses must be able to take advantage of them. What it means is, if I'm a business, I first have to decide which are the markets I'm interested in based on my strategy and my assessment of opportunities. And then, do we have FTAs that cover those markets? And if we do, and there's a good chance we will because we cover 85% of global GDP, then the next question will be, so what are the elements in there?</p> <p>Very often, the elements include market access provisions, like tariff concessions. We must make sure that we are able to declare our goods - there are all these technical terms like Rules of Origin, etc. Basically, to make sure that your products are eligible for those kinds of tariff concessions.</p> <p>There are trade facilitation arrangements under these FTAs, which make it easier for businesses to transact across borders. And there are other aspects of these agreements, which give you greater protection for your investment. Because there are usually some investment protection clauses in the sections or chapters.</p> <p>Understanding this in detail for the market that you're interested in, is important. It's a bit like any other due diligence any business will do. But this is in the context of the market that you're interested in and the FTAs.</p> <p>And I would say that in the current environment, its perhaps even more salient as you will be looking for more opportunities. Singapore has always been a market, but we also acknowledge that Singapore is obviously not a very big market. You have to use Singapore as the base, but from Singapore, then the world is our oyster. We have to think in those terms.</p> <p>The other aspect of this would be that you don't have to navigate this on your own. And this is why I wanted to emphasise the fact that the government is very cognizant of the fact that our businesses must benefit from this. When the businesses benefit, they have opportunities, and then they will be able to create job opportunities for people. There's a compelling business and people-centric reason why we're doing this.</p> <p>What we want to do then is, MTI, you know, provides not just informational assistance. We also have, for example, grants for them to get consultancies - market readiness assistance in the context of FTAs, so that companies can get expert advice in order to assess this better.</p> <p>And we also have the work that we do with partners like the trade associations and chambers like SBF, and there are others as well. Because this is really to bring these high-level agreements closer to our businesses. In the end, that's what counts and in particular, our focus is on SMEs, because the big businesses tend to have the resources and the know-how to aggregate and derive the benefits. But the SMEs, they may be key, but they may not know how to do it or may not have the resources to do it. And this is where the assistance that we are rendering, both as government but importantly, in partnership with the business community, is key.</p>
CNA	<p>We spoke in the past, Minister, about the importance of rules-based multilateralism. That was before the COVID-19 pandemic. So much has changed since then. That conversation has become even more crystallised in</p>

	<p>terms of its importance in terms of how important is one trade agreements are going to be? And yet we do see this sort of split, depending on where you are in the world, in terms of attitude about free trade, and its value. We don't have a choice. You've said free trade is in our DNA, Singapore is all about free trade. How concerned are you about this rise of what we've termed the nativist rhetoric and this populist pressure that we're seeing around the world?</p>
<p>Minister Iswaran</p>	<p>I think it's something we need to take seriously. Because if it continues unchecked, and if it gathers momentum, then we do have the risk of a fracturing of the global economy, disruptions that may be quite severe to supply chains, and in general, significant dampening of global opportunities.</p> <p>Because if you think about the global economy, a lot of the progress that we've seen, the growth that we've seen over the last several decades, certainly post-World War Two, but even in more recent times, is because of this effort to create multilateral institutions supported by all countries and in particular, the major powers. Because they recognised that this was in the common interest of the global community. And what we need to do is really to create opportunities where we can work with one another for the betterment of all our people.</p> <p>But to do that in a fair way, hence rules-based. It doesn't matter how big you are, what your competitive advantages, etc, you can engage the global community in knowing that there's a rules-based system and knowing that there are mechanisms for redress if you feel that the rules have not been observed.</p> <p>And this is why, for example, the WTO is an important part of that global economic architecture, because you really need an institution where there is global membership, and a commitment to abide by the rules. And the WTO also has dispute resolution mechanisms and other channels, including a tribunal, where if there are disputes, they can be taken up and resolved. Once we have that architecture, it creates a baseline from which we can do more. But if you don't have that, then it becomes a much more challenging environment, because it's more about what can we negotiate bilaterally, individually and so on.</p> <p>Bilateral agreements, regional agreements are important. But they are important as complements, as supplements, to a multilateral system. Because in the end, and that's always been Singapore's strategy, we are ardent proponents of a rules-based multilateral system, because we see that as the bedrock of the global trade and economic architecture. And then we want to overlay on that bilateral and regional agreements, because we know from experience that these agreements can help us push the frontiers faster, working with like-minded partners. You pull them together and you create a much better outcome for everyone.</p> <p>The work that we are doing, not just Singapore, but working with like-minded partners, there are several aspects I can highlight.</p> <p>One of them is in the WTO itself, how can we ensure that the WTO remains relevant. There's this joint statement initiative that we have with Japan and Australia, which is really to bring e-commerce into the WTO and establish standards. It's a little bit late, because e-commerce has been around for a while, but better late than never. And I think more importantly, the process will then start establishing parameters and norms about how to think about these issues</p>

	<p>and socialise everybody and we can then move on to other things relevant to the digital economy.</p> <p>That is why we are working on some of the other regional initiatives, like RCEP, which we hope to sign. And that again, it is to demonstrate that the momentum is there.</p> <p>We have to make a common cause with like-minded partners. And there are many around the world, who might be thinking about this. Even at the start of COVID, we were coming up with statements about keeping supply chains open and working with partners for that. That is an important example, making sure that the global community stands up to say that we know that there is this instinct to turn inward, but we must stay open.</p>
CNA	<p>And how confident are you Minister, about that spirit of collaboration? Because what I hear you say is, a lot of how we recover and go forward hinges on integration and the belief that the collaboration is going to work and is going to be good for everybody. How confident are you?</p>
Minister Iswaran	<p>I would say, if you're in this business of trade, and many of my colleagues from MTI will tell you, you have to be an optimist, because if you decide to be pessimistic, then it would be a lot harder. You have to believe in the opportunities and the possibilities. But I do think it is an optimism born out of a recognition of the realities, of what can be done. Not just about the potential but of what we've seen in the past, so we know what can be accomplished and how it can benefit and cascade.</p> <p>The key is making sure people see this and understand it. And I would say an important additional point is this. While we talk a lot about free trade and the benefits, if we are really to be confident about the way forward and about the opportunities that are being created, we must make sure that as a Government and as a people, we are also investing in the capabilities of our businesses and the skills of our people. Because, when you trade, there are going to be winners and losers. That's inevitable. We have to mitigate the impact on the companies or the individuals who may feel that this is working against them. And how do we do that? Not by resisting, but by helping them to adapt to it. And in fact, not just to adapt, but to pivot into opportunities. Now, that's key.</p>
CNA	<p>When we talk about FTAs, there is a lot of sensitive issues about it as well and that's about employees, foreign employees from certain nationalities and so on. How do the FTAs impact in that sense? We know we need the contribution from workers from other nationalities.</p>
Minister Iswaran	<p>The starting point of our FTAs, and I want to emphasise this, is we are embarking on this because we want to benefit our businesses and create opportunities for our people. If we don't accomplish that, then I think it's a bit of a moot exercise. Why do all of these if the benefits do not crystallize for our enterprises and also, it does not result in jobs and career opportunities? So that's a starting point. So when we embark on these FTAs, first there are those bilateral benefits – with individual countries, there are ways that we can do more together, but the network value is something that should not be underestimated either. Because when we have these portfolios of FTAs, with Singapore as the node, we also become an attractive location, not just for businesses that want</p>

to do business in Singapore, but they want to do business through Singapore in the region or even international.

And that is why, we have, I think at last count about 900 or so regional headquarters here. And they are here, not just because of Singapore and what we have to offer as a market, but also because they see the value of Singapore's economic connectivity through these FTAs. And that in turn, creates new kinds of job possibilities, because it is no longer just about local jobs, but regional and international jobs, all different kinds of functions, etc. And I think we are all very familiar with the various new possibilities that have been created.

When it comes to the flow of talent, our approach has always been this - what we want to do is first, make sure that our people have the skills and know-how to benefit fully from these opportunities. Which is why we invest heavily, not just in pre-employment training, but continuing education, SkillsFuture, and the Techskills Accelerator programmes etc. Essentially, what we are doing is, we are investing heavily in our people, both fresh graduates but also mid-career Singaporeans, to allow them to segue into those opportunities and get the most out of it. At the end of the day, we want to have that Singapore core in the economy.

We have also said very clearly that our Singapore core must be complemented with a judicious complement of talent from abroad. We need that for a couple of reasons. The first is, sometimes we just have a talent deficit. This is apparent for example, in the tech sector. The sector is moving so fast, there is a global shortage, Singapore is no exception, and no matter how hard we try and train our people, we are still going to have a gap. And we need to find ways to complement our local talent pool, carefully, but in a very effective way.

Another reason why we need the talent from overseas is that we also need the diversity, for international functions. So, for example, when Google comes to Singapore and talks about their 1 billion user plan, they are looking at the whole region. And it creates great opportunities for Singaporeans, but it also means that they want to bring in people from abroad who will complement the Singapore team, because they need those capabilities to have a broader international strategy. So, our approach has always been to focus on opportunities for Singaporeans, make sure that we can make the most out of it, and allow for a judicious complement from abroad.