

**Speech by Mr Sam Tan Chin Siong
Parliamentary Secretary for Trade and Industry,
during the Committee of Supply Debate under Head V
(Ministry of Trade and Industry) on 8 March 2010**

1. Mr Chairman sir, I would like to certainly thank the members for their views and their contributions on important issues: internationalisation of our companies riding on the Asian waves as well as consumer protection. My Minister and MOS had earlier talked about Singapore's internationalisation efforts. So on this subject, Mr Teo Ser Luck, Mdm Ho Geok Choo and Mr Wee Siew Kim asked how Singapore is tapping on both China and India's growth.

2. In the foreseeable future, G3 countries will remain the key drivers for Singapore's external demand. But emerging markets in Asia, particularly in China and India, also present exciting opportunities for us. Already, the share of trade with Asia has been increasing. Ten years ago, China and India accounted for 5.7 per cent of our total trade. Today, this has risen to 13 per cent. The potential for further growth is therefore very strong.

3. In order to realise this potential, Singapore needs to capitalise on two key trends which will underpin the rise of Asia. First, Asia will experience a surge in its middle-class. In China alone, this strata, which is often defined as people enjoying an income of at least RMB 25,000 a year, currently accounts for 12 per cent of China's population, and this is expected to grow to 75 per cent by 2030. Similarly, India's middle-class will also grow from around 5 to 10 per cent today to about 90 per cent by 2030. This trend is also seen in varying degrees across most of Asia. What this means is a rise in the spending power, which will drive demand for quality products and services that will go beyond healthcare and education, into other lifestyle services.

4. Second, more Asians will live, work and play in rapidly urbanising city centres. In China, we are seeing strong signs of this, with large migrant populations moving into cities. By 2025, there will be eight megacities in China with populations of more than 10 million each. In India, the three megacities in Mumbai, Delhi and Kolkata will also have some of the largest and fastest growing cities in the world. This rapid urbanisation will add to the demand for infrastructure development and new services.

5. Against this backdrop, Singapore is well-positioned to leverage on strengths that we have built up over the years, such as systems integration and modern services provision. For example, our ST Electronics was a key player in setting up Beijing metro's state-of-the-art command and control system. Many Singapore companies can provide high quality and high value products and services that have the potential to meet the rising demands in Asia. For example, Etonhouse provides quality pre-school and international school education in Indonesia, Malaysia, India and China. BreadTalk group and Charles & Keith have also established a strong retail presence within Asia, in countries such as Malaysia, Thailand and China. And they can scale up their operations in major new cities with the rise of China, and also other parts of Asia.

6. Going forward, our economic agencies will step up efforts to help companies expand overseas. We will continue to strengthen our bilateral ties, improve existing trade and investment facilitative agreements, help companies understand the evolving markets better, and enhance our outreach and also our ground presence.

7. In many ways, we are reaping the benefits of our pro-active engagement of key markets, having recognised the value of growing our external wing early. In China, we undertook the Suzhou Industrial Park (SIP) project 15 years ago, with the intent of transferring our developmental experience to China. In the process, we established strong bilateral economic ties and also built up the Singapore brand name in China.

This has contributed to Singapore and our companies' familiarity with the Chinese business environment. It also further deepened our partnership with China. We have embarked on the Tianjin Eco-city and this is our second G-to-G flagship project.

8. Bilateral ties were further enhanced via the China-Singapore FTA (CSFTA) and the ASEAN-China Free Trade Area (ACFTA) agreements, which came into force recently. These FTAs have lowered trade barriers and also created new opportunities for Singapore-based companies.

9. To make deeper inroads into China, we established seven provincial-level business councils, with the latest two being in Jiangsu and Guangdong. These councils are set up in regions where Singapore businesses have a strong interest. Co-chaired by Ministers or Ministers-of-State, these councils promote economic cooperation and facilitate networking between the business communities of both countries.

10. We have had considerable success with the councils. For example, under the auspices of the Singapore-Jiangsu Cooperation Council, a consortium of Singapore companies comprising Yanlord, Surbana and Sembcorp secured a choice site from the Jiangsu province for the Nanjing Eco High Tech Island project. Through the council, IE Singapore was able to uncover downstream opportunities for other Singapore players. IE has helped the Consortium to link up with over 25 Singapore companies, including SMEs on this project. In 2009 alone, IE has organised over 170 outgoing missions for close to 700 Singapore-based companies to help them internationalise their business.

11. We have also gained an early foothold in India. In 1992, Ascendas opened its IT Park in Bangalore, right after India embarked on economic reforms in 1991. Since then, Singapore developers have established more IT Parks in various parts of India. Progressively, we strengthened our G-to-G engagements, cemented by the India-Singapore Comprehensive Economic Cooperation Agreement (CECA).

This has received a boost through the Trade-in-Goods Agreement under the ASEAN-India Free Trade Area (AIFTA) that came into force this year. Reflecting a mutual desire to strengthen and also to deepen bilateral economic ties, a 2nd review of CECA will be launched later this year.

12. Within ASEAN, my Minister earlier pointed to the benefits of increased integration. Bilaterally, we have also made steady progress in our economic engagement efforts. In Vietnam, for example, we embarked on a joint Vietnam-Singapore Industrial Park, or VSIP in short, in 1996. Today, we are already into our 4th VSIP project. More importantly, we have moved up the value chain, from developing industrial parks to integrated township developments. These projects have also facilitated our companies' ventures. For example, coffee processor Goldroast leverages on its premises in the 2nd VSIP to now process and export Vietnamese coffee beans to the world.

13. As the Asian economic landscape evolves, we need to deepen our knowledge on the emerging opportunities. IE Singapore and EDB will continue to support Singapore companies, and engage Asian businesses to promote greater bilateral trade and investments. To this end, IE Singapore and EDB will also consider expanding their ground presence in key emerging regions, such as cities in central China.

14. More global companies will seek to penetrate emerging markets in Asia. At the same time, Asian enterprises' ambitions to expand their international reach will also grow. So with our established hub status, efficient and business-friendly environment, strong financial sector and comprehensive FTAs with key markets, Singapore offers a compelling value proposition as a dual-purpose gateway for companies "seeking Asia" and for companies "going global". As an indicator, we have managed to attract nearly 3,000 Chinese companies here. One of them, AAC Acoustic Technologies Holdings Inc., a China-based global leader in miniature acoustic components, set up its regional headquarters and R&D centre in Singapore

in 2009. This regional headquarters is to coordinate its global expansion and also to enhance product development capabilities.

15. Beyond Asia, our economic agencies will also help companies explore opportunities in other fast growing or emerging markets such as the Middle East and Latin America. Developments in these countries create demand in various sectors such as infrastructure projects, transportation and logistics services, urban solutions, lifestyle and consumer products, which can benefit many of our local companies & SMEs.

16. Finally sir, I will touch on an issue closer to home. I thank Mr Lim Biow Chuan and Mr Yeo Guat Kwang for their active roles in championing consumer protection, and for their feedback and concerns. CASE's active role in consumer education forms the basic level of our consumer protection framework, and we are supportive of CASE's work and efforts. In fact, we have significantly increased our funding by about 30 per cent to CASE since 2008, and we continue to be open to providing more resources for new educational programmes for the vulnerable which has been highlighted by Mr Yeo Guat Kwang which cannot be reached by CASE's current efforts. Secondly, the Consumer Protection (Fair Trading) Act has provisions for civil remedies, with appropriate and practical channels for redress and compensation. This will apply to sub-standard gold jewellery and timeshare sales raised by both MPs. In addition, the mandatory cooling-off period for timeshare sales has been extended from three to five days to address pressure selling, while a 60-day refund period was also added.

17. Finally, the Consumer Protection (Trade Descriptions and Safety Requirements) Act is a criminal law carrying a fine and imprisonment term. This Act is reserved for false trade descriptions with clear criminal intent and harm, and for unsafe products. While it is not practical to screen all the products upfront, this Act empowers SPRING to screen higher-risk products such as electrical and gas appliances prior to sale. Our product safety framework will also be enhanced to make it easier and faster for SPRING to recall unsafe products.

For the incident of toy safety issue mentioned by Mr Yeo Guat Kwang, SPRING has identified the distributor of the toys. This distributor has recalled the toys from the market. SPRING has also visited island-wide to 109 shops, push carts, stalls in 16 major shopping areas and found that four of them are selling those toys. And these four shops have been asked to stop selling the toys.

18. Mr Lim Biow Chuan asked for the status of the Lemon Law so MTI has been working on this matter. As the Lemon Law is quite a complex issue cutting across many sectors, careful steps must be taken to ensure a balance and effective legislation is put in place to safeguard the interests of consumers and businesses. So MTI is currently studying the necessary legislative changes and will complete the public consultations on these proposed changes by this year.