

**SPEECH BY MR LEE YI SHYAN,
SENIOR MINISTER OF STATE FOR TRADE AND INDUSTRY AND NATIONAL
DEVELOPMENT
AT THE 4TH ASIA-SINGAPORE INFRASTRUCTURE ROUNDTABLE
AT MARINA BAY SANDS CONVENTION CENTRE, SINGAPORE
ON WEDNESDAY, 15 APRIL 2015, 1.35PM**

Mr Yin Zonghua (尹宗华), Vice Chairman of China Council for the Promotion of International Trade (CCPIT);

Mr Nasrul Hamid, State Minister for the Ministry of Power, Energy & Mineral Resources, Government of the People's Republic of Bangladesh;

Your Excellency Mr Duan Jielong (段洁龙), Ambassador of the People's Republic of China to the Republic of Singapore;

Distinguished Guests,

Ladies and Gentlemen,

Good afternoon.

1. It is my pleasure to join you at this Infrastructure Roundtable – the fourth in the series. I want to thank CCPIT and the China Enterprises Association in Singapore for co-organising this round-table with IE Singapore. I think the partnership is timely as it reflects the increasing collaborations between Chinese and Singaporean firms in infrastructure development in China and 3rd countries.

Asia's demand for Infrastructure is huge

2. Asia's needs for infrastructure and the resulting investments are huge. In China, it is estimated that US\$4.3 trillion will be needed between 2010 and 2020. In India, the amount is estimated to be US\$2.1 trillion. In Southeast Asia, estimates put it at the ballpark of US\$1 trillion. Still, Asia is larger than these regions and countries.

3. But having the need for infrastructure does not automatically lead to infrastructure investments. In many developing countries, structuring infrastructural projects for project feasibility study alone is challenging, let alone project financing. But economic and social development cannot take place unless they are supported by enabling infrastructure. Infrastructure investment is therefore an urgent priority for most if not all developing countries. In this regard, ADB has published papers on the key role of infrastructure in promoting and sustaining rapid economic growth in Asia¹.

¹ This includes ADB's "Infrastructure for a Seamless Asia" paper published in September 2009. A March 2015 ADB paper also highlighted the importance of cross-border infrastructure financing in South Asia and Southeast Asia, in promoting trade and investment flows.

Contributing to a larger good

4. Singapore is willing to contribute to this larger good. There are 3 areas Singapore can, working with partners and multi-lateral agencies and international organisations, make meaningful contributions: (a) Singapore can share its own developmental experience, (b) Singapore can provide a platform for infrastructure project scoping, and (c) Singapore can play a role in infrastructure project financing.

Sharing Singapore's developmental experience

5. Singapore has developed on the basis of small geographical footprints and financial sustainability. Small physical space requires Singapore to plan our city very carefully and for the long term. Financial sustainability means whatever investments we make in infrastructure must generate economic returns, directly or indirectly, for us to repay our loans and generate further resources to invest in the future.

6. Our public sector has built up experience across various sectors from energy, public utilities, waste management to transport and connectivity. Our companies have also built up their expertise and track record across the infrastructure value chain. This includes masterplanners like Surbana, Jurong Consultant, project developers like Sembcorp Industries and Keppel Infrastructure and engineering consultants like Meinhardt.

7. If we look at the functional area of urban development, it is not difficult to see that water, or the lack of it, has become a strategic security issue for Singapore. And I think it will be no different for any other country. Hence generating enough drinking water for the population, and the resulting water conservation measures have always been a core design feature of our water infrastructure and urban planning.

8. In developing new water supply sources, we have found two viable methods over time. One is desalination from sea water. Two is the recycling of municipal waste water. With the good fortune of improving membrane technology and energy efficiency, some of our companies such as Hyflux, Sembcorp and Keppel have become experts in water reclamation.

9. Besides water reclamation, we have also enlarged our water catchment areas over time. Building on naturally occurring reservoirs, we have dammed up most rivers leading to the sea. By 2011, the water catchment area has increased from half to two-thirds of Singapore's land surface. Singapore plans to increase our water catchment area to 90% by 2060. Singapore is now one of the very few cities in the world that employs the city's open drainage network as part of its water catchment areas.

Providing a platform for project scoping

10. The second area in which Singapore can contribute towards Asia infrastructure building is to provide a platform and meeting place where expertise in project scoping and feasibility study can be found. Whether it is power plant, toll road, seaport, airport, township, public housing, water treatment, public health or education, Singapore can offer itself as a knowledge center for these functional

expertise and to focus on specific sectoral opportunities. For instance, Singapore has experience scoping complex private public partnership projects such as Singapore sports hub, and Tuaspring desalination plant and district cooling system.

11. Many related disciplines for project scoping or structuring are based in Singapore. This includes project finance banks (DBS, UOB), insurance companies, credit rating agencies and infrastructure advisories. Platforms like this roundtable, the World Bank-Singapore Infrastructure Finance Summit and the Project Finance International (PFI) Asia Best Practice awards, allow the regional industry to meet and serve as avenues for projects to be discussed amongst stakeholders and potential partners.

12. Singapore is also well connected to the regional market. This allows our neighbours to tap on the expertise here readily. The 8,000 multi-nationals based here stand ready to complement the knowledge pool with their market insights in Asia and the region.

Infrastructure financing

13. As a financial centre, Singapore is fast developing expertise in infrastructure financing. We offer infrastructure financing options such as: (a) project financing for green field infrastructure projects, (b) bond financing for bundling projects to raise capital for future pipeline development, (c) business trust to list infrastructure assets and is useful for capital recycling, and (d) infrastructure funds for equity.

14. Many infrastructure players are already utilising Singapore for their financing needs. For example, Singapore has a strong Business Trust Act to protect business trust listings. This has been tapped on by Singapore companies such as Keppel Infrastructure Trust but also by Hong Kong company Hutchinson Ports Trust. Most recently, Hainan Airlines from China also raised bonds in Singapore.

15. In recent years, IE Singapore has enhanced our partnership with various development banks to gather and develop the relevant expertise. In March 2014, IE Singapore and Asian Development Bank commenced operations of the **Asia Infrastructure Centre of Excellence (AICOE)** to structure more bankable projects with governments of various countries.

16. Singapore is now in advanced discussions on being a founding member of the **Global Infrastructure Facility (GIF)**. The GIF coordinates the efforts of multilateral development banks, private sector financiers, and governments interested in infrastructure investment in emerging economies. It enables collective action on complex projects that no single institution can achieve alone. Singapore is proud to work with other global founding partners such as Australia, Canada, China, Japan and the World Bank Group to enable such a facility.

Partnership with China

17. I am pleased to note the partnership between IE Singapore as well as CCPIT and CEA for this Roundtable. The Singapore-China friendship is warm and underpinned by substantial cooperation in a variety of fields. Singapore was China's largest foreign investor for both 2013 and 2014. Increasingly, Chinese companies

are also internationalising by using Singapore as a base to expand their regional operations.

18. As Chinese infrastructure players go global, there is scope to partner Singapore companies with strong engineering capabilities as well as financial institutions with innovative and wide-ranging project financing tools. This would further complement the One Belt One Road initiative, which helps to enhance infrastructure connectivity in the region.

19. Singapore and China continue to have many successful collaborations in the infrastructure space. The Singapore-Suzhou Industrial Park and Sino-Singapore Tianjin Eco-City are internationally acclaimed examples of bilateral cooperation where Singapore companies have shared our urban planning experiences overseas.

20. A recent study suggests that China and Singapore companies have collaborated successfully on more than 100 projects globally² and I believe this list is not exhaustive. For example, Sembcorp Design and Construction entered a 50-50 joint venture agreement with Sinohydro Corporation Ltd in July 2014, to undertake the S\$500 million contract from the Land Transport Authority of Singapore for construction of Marina South station and tunnels for the Thomson Line.³ It is expected to be completed by 2021.

21. Last year, Singapore engineering company, ISDN, signed an agreement with China Huadian Engineering Co. Ltd. for the development of mini-hydropower projects across Indonesia. China Huadian will act as ISDN's technology and project development partner. It may also become an investment partner. Their partnership is likely to extend beyond Indonesia into other Southeast Asian countries.

MOU Singing between IE Singapore and Bangladesh's Ministry of Power, Energy and Mineral Resources

22. Under this backdrop of strong and diverse partnerships, I am also pleased to note that IE Singapore and Bangladesh's Ministry of Power, Energy and Mineral Resources will sign a Memorandum of Understanding (MOU) to address the demand for electricity in Bangladesh. Bangladesh was Singapore's 2nd largest trading partner in South Asia in 2014, and remains an important partner for collaborations in the infrastructure sector. The signing of this MOU will further strengthen friendly relations between our two countries and promote further economic cooperation, especially in the power sector.

Conclusion

23. This is the fourth of the series of round tables since the first one held in October 2013. Taking stock, IE estimates that this series of roundtables has

² Reference:

http://repository.shareinvestor.com/sqxnet/2014/0217/20140217_115114_I07_BF28AB07F27AD39348257C8200124713/20140217_115114_I07_BF28AB07F27AD39348257C8200124713.1.pdf
<http://www.isdnholdings.com/download/press/ISDN%20News%20Release%205%20April%202013%20China%20Huadian%20MOU%207.pdf>

³ Reference: http://www.btinvest.com.sg/markets/news/90676.html?source=si_news

catalysed over \$4 billion worth in regional projects involving more than 20 companies. I am hopeful therefore that with 160 of you present today, we can further catalyse more infrastructure projects to benefit more economies and peoples. May I wish you a successful conference.

24. Thank you.