

S'pore in 'a position to benefit' from Belt and Road push

Its edge includes good governance, educated workforce, financial centre and port, says Shanmugam

Elgin Toh

Having recognised early the benefits of China's One Belt, One Road push, Singapore has actively supported it and is well-positioned to make gains from it, Home Affairs and Law Minister K. Shanmugam said in a lecture yesterday.

Singapore's edge lies in its good governance, the rule of law, its educated workforce and its respected financial centre and port, he said.

Singapore has also been an "active proponent" of China's growth since its opening-up, and was an early supporter of the China-led Asian Infrastructure Investment Bank, which funds Belt and Road projects.

One Belt, One Road – unveiled by President Xi Jinping in 2013 – seeks to enhance links between Asia, Europe and Africa by building roads, railway and other infrastructure in a network of projects covering more than 60 countries.

Describing it as a "game changer" that is bold, innovative and ambitious, Mr Shanmugam said: "If connectivity improves, people travel, investment flows increase; we will benefit if we are ready and smart."

He cited figures that showed Singapore is already benefiting: 30 per cent of China's Belt and Road investments in all countries are in Singapore. In return, Singapore's investments in China account for 85 per cent of total Belt and Road invest-

ments there by all countries.

Mr Shanmugam's speech, at an Asia Competitiveness Institute forum, was the latest in a series of remarks by Singapore's leaders in support of China's bid to recreate the Silk Road.

The Republic was one of three South-east Asian countries whose heads of government did not attend the Belt and Road Forum in Beijing in May, causing some to raise questions about bilateral ties.

But observers say relations are on an even keel, with a June announcement that Chinese Premier Li Ke-qiang will be visiting Singapore.

In a wide-ranging speech, Mr Shanmugam also placed the Belt and Road Initiative in the context of shifting geopolitics. China, said the former foreign minister, was likely to continue its rise as a superpower, despite domestic problems like corruption and an ageing population. And while the United States has not gone into actual decline, the relative positions of the two countries will change.

One Belt, One Road, a result of China's rise, may well accelerate that rise, he said, noting that China is already the largest trading nation in the world. China is also able to translate plans into reality, given its resources, its ability to muster the nation's will towards a clear goal, and its great leap forward in technology and science, he added.

China's strategic investments abroad have at times created tensions, but they have also helped forge strong ties and are likely to "predispose many countries towards the Belt and Road Initiative".

In contrast, the US has in recent times defined its interests more nar-

rowly, wavering on once fundamental issues like free trade, he noted.

Mr Shanmugam said the shift is understandable, since the US has hitherto been bearing a disproportionate share of security costs. But if it continues, "more countries may find the Belt and Road Initiative to be more attractive".

For China, the initiative is not without risks, he said, as the Silk Road passes through Central Asia, a very "tough" region where other powers – Russia, India, Turkey and Iran – have their own interests.

A key to China's success is to convey benign intentions and to foster trust by working within the international framework, he added.

In this unfolding situation, Singapore's interest is in developing good relations with as many countries as possible and in latching on to One Belt, One Road and other growth opportunities, he said.

"The world can pass us by in an instant... We need to keep... finding new ways to add value," he said.

Singapore has to work hard to meet competition that will arise, such as from neighbouring ports built to challenge Singapore's ports, he said.

As a small state, Singapore is a price-taker. But if it gives in to bigger states, it will lose its sovereignty.

Said Mr Shanmugam: "If we allow ourselves to be bullied or seduced by bigger powers, that can break or severely stress our own domestic social compact, which is built on multiracialism. Once broken, it will be difficult, if not impossible, to put together this compact again."

elgintoh@sph.com.sg



Home Affairs and Law Minister K. Shanmugam speaking at the 2017 Asia Economic Forum at the Lee Kuan Yew School of Public Policy yesterday.
ST PHOTO: SEAH KWANG PENG



VIDEO
Shanmugam: Singapore well-positioned to make gains.
str.sg/4HSv

Firms urged to 'act fast to secure first-mover advantage'

Chia Yan Min
Economics Correspondent

Singapore companies keen to tap opportunities in Belt and Road countries "must act fast to secure our first-mover advantage", said Mr Liew Mun Leong, the chairman of Changi Airport Group and Surbana Jurong Group.

While the projects on offer might

be too huge for small and medium-sized enterprises (SMEs) to take on alone, Singapore firms can come together to form consortiums, the former CapitaLand chief executive added.

Mr Liew was speaking yesterday at this year's Asia Economic Forum, co-organised by the World Bank Group and the Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy (LKYSPP) at the Na-

tional University of Singapore.

The forum focused on the impact and implications of China's Belt and Road Initiative (BRI), which calls for massive development of trade routes and infrastructure across 60 countries, mainly in Asia and Europe.

Mr Liew, who is provost's chair and practice professor at LKYSPP, said the BRI could be the sole remaining locomotive propelling

global growth in the coming years as other efforts to lift trade, such as the Trans-Pacific Partnership, have run into roadblocks.

Besides infrastructure, there will also be opportunities for Singapore firms to provide services in BRI countries – including in development consultancy, IT, logistics and financial services, he noted. "We must be prepared to enter into international collaboration... to address



Mr Liew Mun Leong said Singapore SMEs can form consortiums to take on bigger Belt and Road projects.

BRI market demand," he said.

SMEs can also tap these opportunities, said Mr Liew.

"In terms of infrastructure development, the fact is that many of these are mega projects, which can be handled only by big developers... But small companies can join a con-

sortium to participate," he said.

In response to a question about dealing with poor corporate governance and corruption when doing business in China, Mr Liew said his approach is to make sure business partners understand that "under the table" deals are out of the question.

"For a company going to China, it is not sustainable to pay bribes if you want to be there for the long term. You will get caught, they will get caught," said Mr Liew, who has been doing business in China for more than two decades.

chiaym@sph.com.sg