

# S'pore well-positioned to reap gains in Belt & Road: Shanmugam

## Singapore

HAVING recognised early on the benefits of China's One Belt, One Road initiative, 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 this morning.

Singapore's competitive advantage lies partly in the fact that it is well-governed, upholds the rule of law, has a highly educated population and is a respected financial centre and port, he said.

Singapore has also been an "active proponent" of China's growth since the opening up of the country in 1978, and was among the earliest supporters of China's Asian Infrastructure Investment Bank, which will fund projects under One Belt, One Road. "The Belt and Road initiative offers tremendous economic opportunities. If connectivity improves, people travel, investment flows increase, we will benefit if we are ready and smart," said Mr Shanmugam, who was a former foreign minister.

Calling China's initiative a game changer and "the most ambitious infrastructure project in history", Mr Shanmugam noted figures that showed Singapore was already benefiting significantly from One Belt, One Road.

For example, one-third of China's total "Belt and Road" related investments in all countries is in Singapore. In return, Singapore's investments in China account for 85 per cent of the total "Belt and Road" investments made by all countries there.

One Belt, One Road is expected to bring trillions of dollars in infrastructure spending to over 60 countries.

Mr Shanmugam was speaking at a forum organised by the Asia Competitiveness Institute, which is part of the Lee Kuan Yew School of Public Policy. His speech was the latest in a series of remarks from Singapore's leaders in support of what has been called China's bid to recreate the Silk Road.

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

But observers say relations between the two countries are on an even keel, following the announcement in June that Chinese Premier Li Keqiang had accepted an invitation to visit Singapore.

In a wide-ranging speech on Monday that also dwelled on geopolitics, Mr Shanmugam sought to place the One Belt, One Road initiative in the context of US-China rivalry and the shifting power balance in the world.

China, he said, was likely to con-



**Mr Shanmugam: "If connectivity improves, people travel, investment flows increase, we will benefit if we are ready and smart."**

tinue its rise as a superpower, despite domestic problems it is grappling with such as corruption and an ageing population. And while the US has not gone into actual decline, the relative positions of the two countries will change.

The One Belt, One Road initiative is a result of China's rise, and may well accelerate its rise, he said, noting that China was already the largest trading nation in the world.

Mr Shanmugam praised One Belt, One Road as a "bold, innovative and ambitious" project. It is rooted in the history of the Silk Road, at a time when the centre of gravity of world trade was in China and India.

China furthermore is able to translate One Belt, One Road into reality, given its resources, its centralised political system that is able to muster the nation's will towards a clear goal, and its great leap forward in technology and science, he said, noting in particular its advancements in telecommunications, quantum satellites, high speed rail and rail in permafrost conditions.

China's strategic investments abroad have at times created tensions, but they have also helped forge strong relationships and are likely to, on the whole, "predispose many countries towards the Belt and Road initiative," he noted.

In contrast, the US has in recent times defined its interests more narrowly and taken an "America First" approach, he observed. The US has of late "wondered aloud" on positions once considered fundamental, such as its commitment to free trade.

Mr Shanmugam said that some of these moves are understandable, since the US has been bearing a disproportionate share of costs – includ-

ing security costs. "If there continues to be a perception that the US is withdrawing or reducing its global footprint... and if the US continues with anti-trade rhetoric, removes itself from trade agreements, targets countries with economic sanctions, and there are tariff wars, then more countries may find the Belt and Road initiative to be more attractive," he said.

For China, One Belt, One Road is not without its risks, noted Mr Shanmugam. The Silk Road passes through Central Asia, one of the toughest regions of the world, where other powers – including Russia, India, Turkey and Iran – have their own interests, which may not be aligned with China's. Enhanced connections can also be used by traders as well as terrorists.

Infrastructure also does not create its own supply and demand, it merely facilitates them – and so, if there is a trade war, the trade routes that One Belt, One Road seeks to build up will be affected, he said.

A key to the success of One Belt, One Road is for China to convey "benign intentions" and to work harmoniously with other countries within the current international framework and receive their trust and support, he said.

In this overall unfolding situation, Singapore's interest is in developing good relations with as many countries as possible, including China and the US, and in latching on to One Belt, One Road and other growth opportunities, said Mr Shanmugam.

He said the "forgotten cities" along the once-prosperous Silk Road are a stark warning to Singapore that nothing can be taken for granted. "The world can pass us by in an instant... We need to keep improving, we need to keep reinventing and finding new ways to add value," he said.

Singapore will have to work hard to meet the fierce competition that will arise, including the ports that its neighbours are building to challenge Singapore's, he said.

As a small state, Singapore also has to tread a fine balance in international relations, he said.

On the one hand, Singapore is too small to influence overall trends – it is an observer and a price-taker. "So we observe, we say things clearly, when our own interests are affected, and hope that there will be wisdom, peace and stability." On the other hand, small states that are "intimidated or cajoled by bigger states" will soon lose their sovereignty and autonomy.

"The issue is existential. 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," he said. THE STRAITS TIMES