



As a small city-state, Singapore must continue to embrace trade and openness. Diversifying import sources and export destinations is the best way to grow the economy and enhance resilience to demand and supply shocks. Attracting international talent is also critical to augment the skills and capacity of the country's workforce, says the writer. ST PHOTO: LIM YAOHUI

# S'pore: Staying relevant and resilient in a deglobalising world

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For *The Straits Times*

Like many other countries in the developed and developing world, Singapore has been a tremendous beneficiary of globalisation. We have thrived on openness to the world, as Deputy Prime Minister Lawrence Wong observed in a speech on Tuesday at the Singapore Economic Policy Forum.

So recent indications that globalisation has gone into reverse gear are a concern, and should provoke thinking of how Singapore can stay relevant and resilient in a world where multilateralism is faltering. The decision by the United

States to impose sweeping controls on the export of semiconductor chips to Chinese firms is a significant escalation of the intensifying economic and strategic rivalry between the US and China. It will accelerate technological bifurcation between the world's largest economies, with adverse consequences for the rest of the world. Amid the Covid-19 pandemic, war in Europe and soaring inflation, free trade in much of the world has ceded ground to reshoring, "friendshoring" and export controls.

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## REPRISING THE ROLE OF A GO-BETWEEN

Since its beginnings as a 14th-century trading port and an entrepot under British rule, Singapore has thrived as a meeting place of different

cultures and trades. In the 1990s and early 2000s, the Republic plugged itself as a "gateway" for Western companies seeking to invest in Asia. Over time, however, this intermediary role became less relevant as multinationals gained direct experience in the developing economies throughout the region.

Now, with mistrust growing between the West and China, trade and investment flows have been impaired. Even more significantly, people-to-people ties have suffered. In the first six months of 2022, the number of US student visas issued to Chinese nationals fell by over 50 per cent from pre-pandemic levels. Meanwhile, China's Confucius institutes (its overseas language and cultural centres) are viewed with increasing suspicion in Europe.

Under these circumstances, Singapore could reprise its role as a neutral meeting ground – a value-adding interface and a lubricant for international trade and cultural exchange. Singapore already hosts many American, European and Chinese multinational firms, while students from all over the world study in our institutions of higher learning.

A Chinese national recently shared with me that he had decided to remain in Singapore for further studies instead of applying to a European institution, given the increasingly fraught ties between China and the West. Unsurprisingly, Singapore is seen as more welcoming of Chinese businesses and students than countries where anti-Chinese sentiment is on the rise.

Singapore's openness to companies and people of all nationalities makes it a natural meeting point between East and West. This is beneficial not just to Singapore as facilitating interaction among different groups, whether in work or informal settings, can help to foster mutual understanding.

## ROLE OF THE STATE

For Singapore to play this role today, it must be trusted by international partners – governments, companies and investors. In foreign policy, Singapore does not choose sides, but takes positions based on principle and enlightened national interest. It will however become increasingly challenging to be friends and partners with

all. For instance, global technology standards are at risk of bifurcation as US-China rivalry intensifies. Here, too, Singapore can play a part alongside like-minded partners in championing multilateral governance and standards setting to safeguard interoperability across different systems.

As a small city-state, Singapore must continue to embrace trade and openness. Diversifying import sources and export destinations is the best way both to grow the economy and enhance resilience to demand and supply shocks. Attracting international talent is also critical to augment the skills and capacity of our workforce.

This global orientation can only be sustained if it brings tangible benefits to Singaporeans across the socioeconomic strata.

A three-pronged policy approach is therefore needed. First, citizens must be equipped with skills to benefit from globalisation. This requires a high-quality education and training system to support Singaporeans, young and old, in partnership with employers and unions.

Second, it is important to attract more locals to take up essential service jobs, given limits to immigration and the size of the workforce. For instance, the Minister for Health has indicated that Singapore will need 24,000 more nurses and healthcare staff by 2030 to support the ageing population. Where necessary, jobs in the care and other service sectors should be redesigned with better pay and progression to draw in local workers.

Third, there is a need to further strengthen social security, in view of the high cost of living in a global city. This may require innovative ways of providing financial assurance while trying not to blunt incentives for work and enterprise.

## ROLE OF INDIVIDUALS

Citizens, on their part, will need to acquire cross-cultural competencies to work well with colleagues and partners from different parts of the world. Students can gain exposure to different cultures through overseas exchange programmes and internships. Those in the workforce should embrace overseas work opportunities that will give them valuable experience and position them for regional or global responsibilities.

In an era of heightened geopolitical contestation, it is also important for citizens to possess a degree of media literacy – to be able to discern fact from falsehood, and opinion from obfuscation. Otherwise, there is a risk of becoming ensnared by hostile information campaigns and foreign interference, which could strain social cohesion and even constrain Singapore's foreign policy.

Residents of a global city will naturally face a high cost of living and intense competition for jobs. Workers will therefore need to continually update their skill sets to remain employable and command good wages. This may entail investing time and effort to acquire new skills or deepen existing ones.

It is just as important to be adaptable in the workplace, and flexible in one's choice of job or vocation. Not everyone can secure employment in job roles that can be exported or assigned to professionals anywhere in the world. Singaporeans must therefore be also prepared to take up good jobs in domestic sectors that cannot be easily offshored.

## FINDING SOLUTIONS TO GLOBAL CHALLENGES

Even as the world becomes more divided, the collective challenges facing humanity are growing. To continue earning a good living, Singapore must remain relevant by generating new ideas and developing solutions to the greatest challenges of our time – sustainability, security, digital governance and other issues that matter to the global commons.

This requires a spirit of innovation across the public, private and people sectors: for the individual, a sense of curiosity and willingness to try out new ways of doing things. It also requires Singapore to remain plugged into global networks and leverage cross-cultural competencies to work with international partners.

Here It Is Going To Happen is the title of a recently published book on the life and contributions of Singapore's pioneer economic advisor, Albert Winsemius. These were the words of the Dutch economist when he visited Jurong before its development as Singapore's first large-scale industrial estate.

For Singapore to stay relevant some 60 years on, it needs to be where the action is. Government, businesses and citizens must be poised to take up new opportunities and tackle the world's most complex challenges. "Here it is going to happen" remains an apt vision for Singapore as a global city equipping itself for the future.

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