

# Singapore



*A monthly update  
from the  
Singapore Embassy*

September 2003

## U.S.-Singapore Free Trade Agreement Ratified, Comes into Force January 2004

The long-awaited United States-Singapore Free Trade Agreement (USSFTA) is set to go into effect in January 2004. At a White House ceremony on 3 September, President Bush formally signed into law the necessary legislation required to enact the agreement.

Flanked by senior cabinet and congressional members, President Bush addressed an East Room audience that comprised senior officials,

business representatives and diplomats, including Singapore Ambassador to the United States Chan Heng Chee.

“We support free trade in America because it is vital to the creation of jobs,” President Bush said. “It’s vital to the success of our economy.”

The President added that the agreement between the U.S. and Singapore was historic, as the first between the United States and an Asia-Pacific country. He also praised the strong intellectual property, environmental and labour protections enshrined in the USSFTA.

“We’ve worked hard for two-and-a-half years for this moment,” said Ambassador Chan after the ceremony. “It is generally recognised in the U.S. that we are free traders, we have good governance, transparency, and we are a good

defence partner, a good friend of the U.S.”

President Bush’s action came after both chambers of the U.S. Congress each delivered a strong vote in July for the USSFTA. The Senate vote was 66 to 32, while the House of Representatives voted 272 to 155 in favour of the agreement.

Singapore is the U.S.’ 12th largest trading partner with two-way transactions worth about \$40 billion annually. The USSFTA commits Singapore to maximum liberalisation for bilateral trade in goods and services and includes state-of-the-art commitments in e-commerce, customs cooperation, transparency and the protection of intellectual property rights. In addition, the USSFTA will benefit the U.S. by enhancing its position as a potential investment destination for Singapore investors. ♦

President Bush signing the USSFTA implementing legislation.



## Ex-U.S. Ambassador to Singapore Named Honorary Consul-General

Steven Green to be based in Miami

# Prime Minister Goh Says Changes, Sacrifices Now Will Yield Future Benefits

*In his most recent National Day Rally address to the country, Singapore Prime Minister Goh Chok Tong pledged that better days lay ahead, but only if citizens adjust and adapt to the many challenges facing the city-state.*

At the rally — Singapore's equivalent to the American President's annual State of the Union speech — Prime Minister Goh also announced that the ruling People's Action Party supports Deputy Prime Minister (DPM) Lee Hsien Loong as its next leader. Prime Minister Goh indicated that he will step down within the next year or two, in order to give DPM Lee time to establish himself at the helm before the next general elections, due by 2007.

"No one doubts Lee Hsien Loong's competence, his leadership qualities and his commitment to Singapore," Prime Minister Goh said. "Foreign leaders and investors respect him. This is important for Singapore."

Singapore Prime Minister  
Goh Chok Tong



File image

DPM Lee has served in politics for nearly 20 years. Besides acting as Deputy Prime Minister, Mr. Lee also is Minister of Finance and Chairman of the Monetary Authority of Singapore, Singapore's de facto central bank. He is a retired brigadier general and is the son of Singapore's Senior Minister and first Prime Minister, Lee Kuan Yew.

## **Terrorism: Still Lurking**

In his rally speech, Prime Minister Goh also touched upon the terrorist threat against Singapore and the rest of the region. He said although the recent arrest of Riduan Isamuddin, one of the leaders of the Southeast Asian-based Jemaah Islamiyah (JI) terrorist group, was a significant, positive development, JI terrorists remain a threat. Despite recent crackdowns, their support infrastructure is largely intact and several other leaders are still at large, planning further terrorist attacks.

"No country is safe from terrorists," Prime Minister Goh cautioned. "Experts have stressed that the fight against terrorism will take a long time... We are dealing with an ideological movement, a movement that has many sympathisers around the world."

## **Keeping the Economy Competitive**

Prime Minister Goh devoted a substantial part of his National Day address to Singapore's ongoing economic difficulties. While acknowledging that times are tougher than many young Singaporeans have known, he said the future is bright, especially if the nation's youth will adapt to the changing global economic environment.

Singapore's strengths remained. For instance, Prime Minister Goh commented that many international analysts and companies have noted Singapore's strong points, including the way it handled the SARS crisis earlier this year. For example, he cited a global financial ratings agency that gave Singapore its highest credit rating in May. The agency, Fitch, upgraded Singapore because of its proven ability to cope with economic shocks and success in containing the SARS outbreak.

The key, Prime Minister Goh said, is to build on this reputation to bring in more investments and create new jobs. To succeed on a sustained basis, Singapore must adapt to the reality of stronger global competition.

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### Economic and Pension Reform

One of the ways the Singapore government will seek to reduce business costs and enhance its competitiveness is by reforming its Central Provident Fund (CPF), the nation's employee saving and pension system.

The CPF's basic philosophy is to enable workers to save for old age. Over the years, other objectives have been added to the CPF, such as saving for housing and medical expenses.

And while those objectives remain valid today, the mandated contributions have increased employers' wage costs.

But looking ahead, Singapore's growth rates are expected to be lower, while competition from other countries will be greater. Accordingly, the Singapore government will lower the CPF contribution rate and make several other changes designed to reduce costs, yet still provide for the

needs of Singaporeans, particularly in their retirement years.

Prime Minister Goh closed his address by urging Singaporeans to adjust and adapt. He reminded citizens that "in a mere 38 years, we have transformed a small, unpromising island into a vibrant city-state with a first world standard of living... We have done it before, and we will do it again." ❖

## Ex-U.S. Ambassador to Singapore Named Honorary Consul-General

Singapore has appointed former ambassador Steven J. Green as the country's Honorary Consul-General for Florida, based in Miami. Since September 2002 he has also held the honorary post of special advisor to the Singapore government.

Speaking to Singapore's *Straits Times* newspaper, Ambassador Green said that he was delighted at the "opportunity of continuing to be helpful to Singapore."

As Honorary Consul-General, he said he would seek to create more opportunity for commercial activity between

both countries, focusing on multinationals as well as small and medium-sized ventures.

Ambassador Green previously served as U.S. Ambassador to Singapore from November 1997 to March 2001 and was also on the President's Export Council under former President Bill Clinton. Ambassador Green currently owns an investment company, Greenstreet Partners.

Ambassador Green attended the University of Miami and the New York Institute of Finance. He is married and the father of two daughters. ❖



Steven J. Green

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*The Embassy of Singapore to the U.S. has consulate offices in New York and San Francisco, and an honorary consul-general in Los Angeles.*

# BUSINESS

Business Briefs

Business Briefs

## **Changi Airport Among World Favourites: IATA**

Singapore's Changi Airport is the world's second favourite international airport, according to a survey released recently by the International Air Transport Association (IATA).

Dubai, whose terminal was completed in 2000, was rated first, with Hong Kong and Copenhagen's Kastrup in third and fourth place respectively. Greater Cincinnati Airport was the only U.S. airport in the top 10 (ninth place).

IATA's survey was based on interviews conducted late last year, with some 70,000 travellers at each of 51 major airports around the world participating. None of the world's 10 busiest passenger airports — headed by Atlanta's Hartsfield with nearly 77 million passengers last year, Chicago's O'Hare, London's Heathrow and Tokyo's Haneda — were in the top tier for passenger satisfaction.

## **Singapore #2 in Economic Freedom: CATO Institute**

Singapore has the second freest economy in the world — ahead of the U.S. — according to a report released in July by the Washington, DC-based CATO Institute. Hong Kong was rated first, followed by Singapore, the U.S., New Zealand, the United Kingdom, Canada, Australia, Ireland, Switzerland, and the Netherlands.

CATO, which prepared the report in conjunction with the Fraser Institute of Canada and more than 50 think-tanks around the world, used 38 separate variables for each country. The key factors, according to the report's authors, are personal choice, voluntary exchange, freedom to compete and the protection of persons and property.

## **Hewlett Packard Sets Up Multi-Million Dollar Research Centre in Singapore**

California-based Hewlett Packard (HP) announced that it will invest more than US\$28.6 million over the next three years in a new research and development centre in Singapore.

The centre is expected to be fully operational in 18 months and will employ more than 50 engineers, HP said.

"With this R & D investment, HP is bringing some of the most advanced networking technology skills to Singapore for the first time," said Mr. Paul Chan, HP's Managing Director for the Asia-Pacific region. "This is a long term investment in Singapore's technology base and builds on our excellent track record there."

"This networking R & D lab is symbolic of the long-standing partnership between HP and Singapore and marks yet another milestone in the HP-Singapore 33-year old relationship," said

Mr. Teo Ming Kian, Chairman, Singapore Economic Development Board.



## **IBM Opens Business Resiliency Centre in Singapore**

New York-based IBM has opened a new Business Resiliency Centre in Singapore, the latest of 120 data recovery centres that IBM runs worldwide.

The centre will complement two other data recovery facilities here and was set up following increased demands from IBM's regional customers based out of Singapore.

IBM said the centre will offer companies uninterrupted access to computer systems, as well as data centre and facilities management services for their mission-critical applications.

Ko Kheng Hwa, Managing Director of the Singapore Economic Development Board (EDB), said there is a concerted effort by the EDB to promote the disaster recovery and business continuity industry. ♦

## Becoming an Education Hub

The thirst for education is creating increasingly huge flows of knowledge globally, especially between the developing and developed worlds. Because of Singapore's excellent position between these two groups of nations, the growing education market in Asia presents a major opportunity for the city-state to play a significant role in providing a wide range of educational services both in Singapore and in other parts of Asia.

The Singapore Economic Development Board (EDB) began the process of developing Singapore as an education hub several years ago by recruiting some of the world's most prestigious universities to set up Singapore campuses or develop partnerships and other links with Singapore's universities.

For example, from the U.S., the University of Chicago Graduate School of Business, Johns Hopkins University, Georgia Tech, MIT, University of Pennsylvania's Wharton School, Stanford University and Cornell

University all have a presence in Singapore. In addition, the EDB has attracted institutions, such as INSEAD and the Technical University of Munich.

### Building a "Global Schoolhouse"

Two recent developments have served to further Singapore's position as an international educational hub. Last month, the country unveiled a blueprint to capture a larger slice of the growing demand for higher education in Asia. Called the "Global Schoolhouse," the plan calls on Singapore to: (1) continue to attract high quality foreign institutions into Singapore, (2) further develop Singapore's own local institutions, and (3) bring in large numbers of international students.

"We hope that with the development of the private education market, the total education sector can grow to about five percent of the economy in the next decade or so," said Brigadier-General George Yeo, Singapore's Minister for Trade and Industry. "If we can double or triple the number of international students in Singapore to 100,000 or 150,000, there will be all kinds of spin-offs for our economy."

Minister Yeo noted that the demand for higher education is projected to exceed seven million students by 2025, with Asia to account for 70 percent of this demand. "Singapore will increasingly become a global player in this education market," he said.



### Online University

This summer, Singapore also became host to the world's first online university, Universitas 21 Global (U21 Global), a venture between U.S.-based Thomson Learning and Universitas 21, a network of 16 research-intensive universities, including the University of Edinburgh and the National University of Singapore. The online university, which launched its MBA programme, sees Singapore as a springboard to reaching other Asian markets, particularly China and India.

Singapore's Acting Minister for Education Tharman Shanmugaratnam praised U21 Global as a pioneering venture. "It pushes the boundaries of both cross-university collaboration and e-learning, by bringing together a whole network of highly-reputed universities, developing new content and creating a new e-learning technology platform," he said.

E-learning is an increasingly important niche in the higher education business. Minister Tharman pointed out that the e-learning market in the Asia-Pacific is expected to reach US\$400 million by 2005. ❖



# Singapore Celebrates National Day, U.S.-Singapore Free Trade Agreement Passage

The timing was perfect. Less than 24 hours after the U.S. Senate approved the implementing legislation for the U.S-Singapore Free Trade Agreement (USSFTA), the Singapore Embassy hosted its annual National Day reception on 1 August to mark Singapore's 38th year of independence. The Senate action, with followed similar passage in the U.S. House of Representatives a week earlier, lent an especially joyous atmosphere to the event.

Singapore Ambassador Chan Heng Chee welcoming James Kelly, Assistant Secretary of State for East Asian and Pacific Affairs, to the Embassy.



Adding to the cheer was a special treat that delighted the 400 assembled guest: a performance by a traditional Chinese lion dance troupe, complete with accompanying drums and cymbals.

**Excellent U.S.-Singapore Relations**  
Singapore Ambassador to the U.S. Chan Heng Chee told the U.S. officials, businessmen and women, and representatives from the diplomatic and cultural communities present that bilateral relations between the U.S. and Singapore have never been better.

Among other highlights, she noted that Singapore and the U.S. have worked together on the war on terrorism, and that Singapore was the first Asian mega port to sign on to the U.S.' Container Security Initiative, which is being implemented by the U.S. Customs Service. Ambassador Chan also mentioned that

Singapore has a small contingent of civilian police in Baghdad.

"Our defence relations have continued to be deeper and wider. But the jewel in the crown is the completion and passage of the USSFTA. We look forward to more projects together," Ambassador Chan said.

U.S. Under Secretary of State for Economic, Business and Agricultural Affairs Alan Larson was the guest-of-honour at the event. He echoed Ambassador Chan's sentiments, saying "the USSFTA is a gold-standard type agreement...But our relationship with Singapore is broader than just trade. We share a common vision of a peaceful, prosperous, secure world that's rooted in the principles of stability and good governance, free from terrorism, free from the threat of weapons of mass destruction." ❖

*Singapore*