

SINGAPORE SPOTLIGHT

A QUARTERLY BULLETIN FROM THE SINGAPORE HIGH COMMISSION

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The Resilience Package: S\$20.5 billion



Finance Minister Shanmugaratnam delivers 2009 budget

Singapore Finance Minister, Tharman Shanmugaratnam, delivered the 2009 Budget in January, outlining a number of unprecedented measures to help Singapore ride out the current financial downturn.

The total package, costing S\$20.5 billion (£9.6 billion), focused on measures to (a) save jobs through a Jobs Credit Scheme; (b) stimulate bank lending through a new Special Risk Initiative (SRSI); (c) lighten the tax burden; (d) help households; and (e) build homes for the future.

For the first time, the Government dipped into Singapore's official reserves to draw down S\$4.9 billion (£2.3 billion). This will be

used to fund two "extraordinary measures" – the Jobs Credit Scheme and the SRSI.

The SRSI seeks to ensure that viable companies continue to have access to credit to sustain their operations and keep jobs. The Government will take on up to 80% of the lending risk for working capital loans and trade finance, which could lead to S\$11 billion (£5 billion) of loans this year.

The Jobs Credit Scheme encourages companies to preserve jobs by reducing costs. Employers will receive a 12% cash grant on the first \$2,500 of each month's wages for each employee.

To access the official reserves the Government was required to seek the approval of President S R Nathan, even though it has built up sufficient savings since its term began in 2006. Mr Shanmugaratnam said that it would provide "full flexibility" in the current crisis. He also emphasised that while other countries had been forced to borrow huge sums to deal with the downturn, Singapore had "substantial" reserves, "well in excess" of its liabilities.

Navy joins international anti-piracy coalition in the Gulf of Aden

Deputy Prime Minister and Minister for Defence, Teo Chee Hean, has announced that the Republic of Singapore Navy will join Combined Task Force 151 to tackle piracy in the Gulf of Aden. The force comprises vessels from more than 20 countries and became operational in January. Mr Teo announced that a Landing Ship Tank with two Super Puma helicopters and 200 personnel would complete a three-month tour of duty off the coast of Somalia, where more than 100 vessels were attacked in 2008.

He also stated that a KC-135 Air Tanker was being deployed for a three month tour of duty to aid the Nato-led International Security Assistance Force in Afghanistan. Minister Teo said that deployments in Afghanistan had "a direct link to Singapore's security" and would "prevent extremists from using Afghanistan to export terrorism."

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Singapore chairs APEC



Further financial cooperation



Legal services hub



Singapore Day 2009

Singapore gears up for Asian Youth Games

Over 1,000 athletes aged between 14 and 17, from 45 different countries, are expected in Singapore from 29 June – 7 July for the first ever Asian Youth Games.

Mr Oon Jin Teik, Co-Chair of the Singapore Asian Youth Games Organising Committee, said that "this is the first time a multi-sports games is being organised in a record time of under 12 months... While the planning timeframe has been extremely tight, I'm happy to update that we're on track to deliver a quality games that will provide a new games experience for participants and spectators."

The Asian Youth Games will provide a stern test of organisational and logistical capabilities in advance of Singapore's hosting of the inaugural Youth Olympics in August 2010. Singapore won the bid to host the Youth Olympics in February 2008.



Frasia, the Games mascot, was introduced in March.

APEC officials reject protectionism



Ravi Menon, 2nd Permanent Secretary at the Ministry of Trade and Industry chairs the Senior Officials' Meeting

Senior APEC (Asia-Pacific Economic Cooperation) trade and finance officials met in Singapore in February and reaffirmed their commitment to resist protectionist measures in responding to the economic downturn. They also agreed on initiatives to accelerate regional economic cooperation.

It was the first time in APEC's history that there has been a joint meeting of trade and finance officials - an indication of how the

group views trade as essential to ending the global recession, which originated from a financial crisis.

"There was strong consensus that restrictions on trade and investment would only deepen and prolong the economic downturn" said Mr Ravi Menon, 2nd Permanent Secretary of the Singapore Ministry of Trade and Industry, and Chair of the meeting.

In order to resist protectionism, APEC has also indicated that it will seek the successful conclusion of the World Trade Organization (WTO) Doha Round of trade talks.

Singapore is the current Chair of the forum of 21 Pacific Rim countries and regions, and has outlined the theme of its chairmanship as "Sustaining Growth, Connecting the Region."

It will be working with other APEC members to lay the foundation for a possible Asia-Pacific Free Trade Area, simplify business regulations and improve logistics and transport networks to enhance connectivity among member nations.

The APEC Economic Leaders Meeting will take place in Singapore from 14-15 November.

Singapore endorses OECD standard

Singapore announced on 6 March that it would endorse the Organisation for Economic Development and Cooperation's (OECD) standard for the effective exchange of information. The standard will enable Singapore to extend further cooperation on information exchange through its Double Taxation Agreements (DTAs) with other countries. The Singapore Government indicated that

it will introduce legislation to implement the standard by the middle of 2009, and will then hope to negotiate DTAs with further countries.

The OECD developed the Convention on Mutual Administrative Assistance in Tax Matters to aid cooperation between countries, and as fears have grown about the extent of tax evasion across the globe, the number of signatory countries has increased markedly. It has also been backed by the UN

Committee of Experts on International Cooperation in Tax Matters.

The Singapore Government stated, "The decision to endorse the OECD Standard is in keeping with Singapore's role as a trusted centre for finance and a responsible jurisdiction, with strong and consistent regulatory policies and a firm commitment to the rule of law. The Standard is consistent with Singapore's system of banking confidentiality, which does not shelter criminals."

Role for SWFs in financial crisis



Dr Tony Tan at the World Economic Forum in Davos

Long-term institutional investors such as the Government of Singapore Investment Corporation (GIC) have a key role to play in the reform of the global financial system. This was the message of Dr Tony Tan, GIC Deputy Chairman and Executive Director, at the annual meeting of the World Economic Forum in Davos at the end of January.

Dr Tan said that such investors, which include Sovereign Wealth Funds, will be important providers of capital to financial institutions and companies, in place of more traditional investors such as hedge funds and private equity funds, which have been severely damaged by the current crisis.

As a result, he argued that they should be providing inputs to the central banks and governments that are currently designing new financial regulation.

"Governments and central banks are likely to end up taking over and owning large swathes of assets from distressed holders as part of the deleveraging process," said Dr Tan. Governments will eventually need to sell off such assets on a massive scale to reduce debt and exit businesses better managed by the private sector. This will "inevitably need to involve long-term international institutional investors as key players," he added.

Focus on: Legal services

Singapore is developing its reputation as a global legal services hub. The Government has focused on liberalising legal practices in order to make it easier for foreign firms to locate and operate in Singapore. It has also sought to improve the quality of legal education services, recognising that good quality lawyers are essential for a vibrant legal sector.

Global law firms recognise growing importance of South East Asia



UK Legal Firm Eversheds opened its South East Asia Headquarters in Singapore in January.

Eversheds is one of the world's largest full service law firms and has offices in major cities across the UK, Europe, the Middle East and Asia. It also has business groups specialised in the needs of international organisations operating in Africa, India, Japan and North America.

Commenting on the new office Bryn Hughes, Chief Executive Designate of Eversheds, said: "Our Singapore office will

become a hub for Eversheds and our clients in South East Asia. Our strength in the financial services industry, and technology sectors, compliments the infrastructure and dynamism of the Singapore marketplace."

Eversheds' move was mirrored by Walkers, who opened their new Singapore office in February. Grant Stein, global managing partner said, "The opportunities presented in Singapore make it a logical next step in the process of expanding Walkers' global development and meeting our clients' demands. Singapore has enjoyed excellent growth in

International arbitration centre to open



Artist's impression of Maxwell Chambers

Minister for Law, K Shanmugam, has confirmed that a new state-of-the-art centre for arbitration hearings will open in July. Maxwell Chambers is to be located in a conservation building which has been renovated to include facilities such as verbatim recording, transcribing of witness testimony and instantaneous translations.

Singapore is fast becoming a centre for international commercial arbitration, which is a viable alternative to the court system for many

companies. In 2007 the Government signed an agreement with the Permanent Court of Arbitration (PCA) to establish a PCA facility in Singapore – the first such facility in Asia. The International Chamber of Commerce International Court of Arbitration is also due to open an office in Singapore shortly.

Mr Shanmugam said: "Our advantage is our connectivity and world class infrastructure, our judicial philosophy in respect to arbitration and being accessible at a much lower expense than some of the other popular arbitration centres."

recent years and we have no doubt it will continue to do so in the future, despite more difficult current conditions."

The new office will be spearheaded by John Rogers, who underlined the strategic benefits of locating in the City:

"Singapore's position as a key South East Asian hub for many international law firms and financial institutions will provide [Walkers] an excellent platform for growth in Singapore, India, and all of the members of the ASEAN," he said. "With the new office, Walkers is affirming its

long-term commitment to the region."

The Government has encouraged foreign firms to locate in Singapore in recent years by liberalising the legal system. In December 2008 the Ministry of Law awarded Qualifying Foreign Law Practice (QFLP) licences to six companies, allowing them to practice Singapore law. So far only six of the world's largest companies have been awarded QFLP licenses, including British firms Allen & Overy, Clifford Chance, Herbert Smith and Norton Rose.

Rolls-Royce marine relocates to Singapore

Rolls-Royce's marine division, which employs 8,000 people worldwide and has its main manufacturing operations in the UK, has announced that it is to move its global headquarters to Singapore. However, Marine Division President John Paterson explained that "we

are not moving our business to Asia"

Instead, the move is a reflection of the increasing importance of Asia-Pacific markets, where a significant proportion of global commerce shipping activity takes place. More than 80% of all commercial shipbuilding takes place in Asia.

The company has also announced that proposals to open a £75 million jet engine factory in Singapore have been delayed, because of major disruption to the delivery schedules of aircraft manufacturers such as Airbus and Boeing. The factory was due to open later this year, but has now been held back for at least twelve months.

Star-studded production begins world tour



In March the Singapore Repertory Theatre (SRT) welcomed the latest production from Oscar-

winning British Director Sam Mendes.

The production of Shakespeare's *The Winter's Tale* visited Singapore as part of the World Tour of the Bridge Project, an unprecedented three-year partnership between the SRT and other theatres in Greece, New Zealand, Germany, Spain, USA and the UK.

Stars involved included Hollywood actor Ethan Hawke and Golden Globe nominated British actress Rebecca Hall.

Education pioneer given freedom of the City



Mrs Ng Gim Choo was awarded the freedom of the City of London in February, in recognition of her contribution to education after founding Eton House in 1995 which provides high quality educational environments for children in South East Asia.

DIARY DATES

Singapore Day comes to London

The third annual Singapore day will take place at Hampton Court Palace, Surrey on 25 April. The event will draw Singaporeans across the UK and Europe. It boasts authentic hawker food, as well as musical and comedy performances featuring a range of Singapore stars.

For more information visit: www.app.singaporeday.gov.sg/

Singapore Arts Festival, 15 May – 14 June:

Music, theatre and dance combine to make the greatest event in Singapore's arts calendar. Visitors will be able to enjoy over 400 separate performances involving artists from 20 different countries.

Singapore best at making a good impression

A survey of 200 countries and territories has indicated that when it comes to making a good impression, no where does it better than Singapore.

The 'nation brand perception' survey, undertaken by East West Communications, was based on analysis of news coverage in leading media from the second to the last quarter of 2008. The UK was tenth in the list.

There was further success in March 2009 when Singapore was ranked as the tenth most attractive environment for developing the travel and tourism industry (amongst 133 countries). Singapore was the highest placed Asian country in the World Economic Forum Travel and Tourism Competitiveness Report 2009.

Singapore improved six places from last year's report and was awarded high marks for its transport infrastructure and the sustainability of its tourism industry. It was also placed first for its policy environment, indicating that its rules and regulations are highly conducive to the development of its travel and tourism industry. This includes policies that facilitate foreign ownership and Foreign Direct investment, well-protected property rights and few visa restrictions.

River Safari aims to raise awareness of wetlands conservation

Wildlife Reserves Singapore (WRS) has announced that Asia's first freshwater river themed attraction will open in 2011. Over S\$140 million (£64 million) is to be invested in the River Safari, which will be located within the 89-hectare compound of the Singapore Zoo and Night Safari. The attraction is to be part of an enduring vision for the city's Mandai Nature Reserve, a unique cluster of nature-themed attractions in a tropical wetland and rainforest setting. It is expected to attract about 750,000 visitors annually.

The WRS hopes to acquire many new species of wildlife via exchange programmes with international zoological institutions and will plant over 30,000 trees, which it is hoped will educate visitors. Fanny Lai, Group CEO of WRS, said "The aim of River Safari is to create a greater awareness of freshwater habitat conservation. The term 'wetlands' is often used to describe these rich habitats, which carry the most species per unit. However, their biodiversity is disappearing at a faster rate than the forest and marine biomes, with a reported 50% decline in the freshwater species population index in 30 years since 1970."

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